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Introduction

In 1888, the *Concertgebouw* in Amsterdam was built for 600,000 guilders, entirely financed by the private sector. (Bank & Nouhuys, 2006: 25) A century later, in 1983 the building required an extensive renovation. The city council of Amsterdam decided that the budget for this project mainly had to be acquired in the market. In an era of withdrawing government finances, the *Concertgebouw* had to turn into a 'school example' to welcome a new generation of wealthy private individuals who were willing to invest in art. (Bank & Nouhuys, 2006: 26-27)

A large scale capital fundraising campaign, led by Thomas Harris, an American specialist in the field of fundraising, resulted in a turnover of 34 million guilders of private funding. (Bank & Nouhuys, 2006: 29,34) The proportion public - private funding was approximately 30 - 70%, which was exceptional for the Dutch subsidy culture at the time. Businesses invested 49% and private individuals 20% of the total building budget. (Bank & Nouhuys, 2006: 34)

In *De Metamorfose van het Concertgebouw* Jan Bank and Tom van Nouhuys elaborate on 25 years of successful cultural entrepreneurship of Erik Gerritsen, Martijn Sanders and many others who made the *Concertgebouw* the thriving cultural organization it is today. (Bank & Nouhuys, 2006) However, the impressive fundraising campaign for the renovation of the *Concertgebouw* represents one of the scarce examples of large scale private support for the arts in the Netherlands.

Since the 1980s the Ministry of Education, Culture and Science has tried to encourage the cultural sector to emancipate by making use of new chances offered by the economy and the market. For instance, in September 2006 a two-and-a-half year program called *Programma Cultuurmecenaat* is launched under the wing of bureau *Kunst & Zaken* to help arts organizations develop the competence to acquire private funding and to inform the cultural sector of effective fundraising techniques. (van der Hoeven, 2006: 2)

However, what is the progression derived from this encouragement? It seems as if private funding has just started to play a minor part in the budget of performing arts organizations. Director of the *Chassé Theater* in Breda, Cees Langeveld (2006) discusses in his thesis on the economy of theatre topics, such as economic establishment theories, the market and economies of scale, price

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differentiation and so forth. Yet, Langeveld does not provide any information by which parties theatres are financed. He does not discuss nor mention private funding once in all 331 pages. (Langeveld, 2006)

Hence, in order to determine how government encouragement of performing arts organizations to acquire private funding has progressed, the proportion of private funding in the total income of these organizations is required. This study is limited to theatre accommodations. The central research question of this master thesis is as follows.

Central Research Question:

What partition does private funding currently make in the total income of professional theatre accommodations in The Netherlands and how has government policy influenced this partition over the last 15 years?

In this master thesis, firstly private funding of theatre accommodations and government encouragement of the latter are discussed according to the academic literature. This discussion takes place in chapter 1 and 2.

On the other hand, the proportion of private funding in the exploitation and construction budgets of theatre accommodations is approximated by means of a social survey and face-to-face interviews. The results of this empirical study are presented in chapter 4 and 5. Chapter 3 presents the associated sub questions, hypothesis and research method. This thesis concludes with a summary and recommendations for future research.

Chapter 1: Private Funding of Theatre Accommodations

Chapter One: Private Funding of Theatre Accommodations

1.1 Introduction: History of Private Funding in the Netherlands

The Netherlands has a beautiful history of private support for the arts. Virtually every museum in Amsterdam, Den Haag and Rotterdam is founded by involved and generous citizens. Particularly between 1880 and 1940 art maecenatism was thriving. When among others the *Concertgebouw*, the *Mauritshuis* and the *Rijksmuseum* were founded, the middle class was the purveyor of culture. The private sector was responsible for the flourishing of the cultural life in the Netherlands. (Albrecht, 2004: 7) Theatre accommodations were businesses of private parties, which were commercially exploited. (Bevers & Hitters, 1990: 152) However, this changed drastically after the Second World War. As from the foundation of most art initiatives, private cultural entrepreneurs forced the government to subsidize them, their main goal being to persuade the government to support their venture financially. (Bevers & Hitters, 1990: 154)

Since 1919, a gradual shift from private to public support for the arts had taken place. During the Second World War the German occupiers introduced their system of structural state subsidies for the arts in the Netherlands, which was continued by the Dutch government after the war. At this point, private support for the arts had largely diminished. (Hitters, 1996: 32) What changed was an increased number of people becoming involved with financing art and culture. What used to be the responsibility of a few inspired individuals was now spread over many private individuals, institutions, governments and companies. (Smithuysen, 1990: 258-259)

In this master thesis, the current spread of the financial responsibility for the arts is examined, starting with the role of private parties in funding the arts, and in particular the theatre sector. In this chapter, the first part of the central research question is approximated according to academic studies.

What partition does private funding currently make in the total income of professional non-profit theatre accommodations in the Netherlands?

1.2 Private Funding: Business Agreement or Friendship?

Although the second half of the 20th Century was the most prosperous period in Dutch history, private funding of art and culture was largely replaced by public funding. After the Second World War, donations to art and culture by individuals and businesses became scarce. (Amesz, 2003: 4) However, in the 1980s this climate started to change. The government aimed to restrain public expenditures by encouraging the acquisition of private funding by arts organisations again to decrease dependence of government support. In the 1980s and 1990s sponsoring of the arts by businesses developed into a common phenomenon. Individual donations on the other hand, remain minimal in our country, while it constitutes a large source of income for the arts in, for instance the United States. (Heilbrun & Gray, 2001: 267)

As a result, the *Amsterdamse Kunsten Coalitie* published *Nieuw Cultuurmecenaat* in 2004, in which they plead for intensified individual private support for the arts as an addition on government subsidies. (Albrecht, 2004) This required a change of culture; an overall alteration of mentality, for arts organisations as well as for the business world, the government and intermediaries between arts institutions and artists. (Albrecht, 2004: 10) Encouraging individual private support became one of the spearheads of cultural policy on State level. (Ministry of EZ and Ministry of OC&W, 2005) Writer, art reviewer and expert on private funding in the arts Renée Steenbergen already referred to the next decennium as the 'Third Golden Age' of private capital. She perceived potential art donors in the upcoming wealthy after-war generation. (Steenbergen, 2006)

Private funding implies sponsoring as well as maecenatism, terms which are often confused. Therefore, the following sub paragraphs define the terms private funding, sponsoring and maecenatism in detail, in particular applied to the performing arts sector.

1.2.1 Hitters' 3 Ideal Typical Models of Art Patronage

Performing arts organizations receive revenue from ticket sales. This revenue is referred to as earned income. Earned income in the performing arts is defined by dividing it into performance and non-performance income. For theatre accommodations the former comprises of tickets sales and the latter consists of

Chapter 1: Private Funding of Theatre Accommodations

income by letting out their hall for hire, selling programs, books and merchandising. (Heilbrun & Gray, 2001: 155)

However, in every economically advanced country, the arts obtain significant government grants and in some cases support from businesses and private individuals. In Western Europe this additional funding is provided for mainly by the government. The private sector is said to contribute minimally, particularly compared to the United States where private funding is the main source of income for arts organizations. (Heilbrun & Gray, 2001: 250)

Most performing arts organizations in the Netherlands receive government grants, since they are not able to cover the operating expenditures by ticket sales only. One of the various reasons for this governmental interference is that the performing arts should be accessible for all Dutch citizens. However, Heilbrun and Gray comment that 'generous government aid allows arts companies to charge low ticket prices, which pleases audiences and stimulates attendance, but holds down earned income.' (Heilbrun & Gray, 2001: 268) This leads to an insuperable dependence on government support, unless alternative financial sources are tapped.

The lack of earned income in the performing arts sector is defined as 'the earnings gap'. The earnings gap consists of the difference between operating expenditures and earned income. This gap is covered by unearned income, which is also referred to as contributed income. (Heilbrun & Gray, 2001: 152-153) Contributed income can be divided into public and private funding. Public funding is provided for by the State, Provinces, Municipalities and public funds. Private funding comprises financial support from individuals, foundations and corporations. (Heilbrun & Gray, 2001: 152-153)

In *Patronen van Patronage; Mecenaat, Protectoraat en Markt in de Kunstwereld* Erik Hitters (1996) distinguishes three ideal typical models that reflect the essence of art patronage. These models are based on the history of private and public interference with art and culture. The first model concerns maecenatism and is privately financed. The second model is called protectorate and is publicly financed. The third is the market and is commercially financed. (Hitters, 1996: 57-58)

Table 1.1 Hitters' 3 Ideal Typical Models of Art Patronage

Model	1. Maecenatism	2. Protectorate	3. Market
Financed	Privately	Publicly	Commercially
Example Benefactor	Individual donator	Municipality	Sponsor

Source: (Hitters, 1996: 57-58)

The most important component of the first model is the individual donator and the exponent pre-eminently for the third model is the phenomenon sponsoring. (Hitters, 1996: 172) Both models are based on support from private parties. Therefore, 'private funding' can be divided into maecenatism and sponsoring. In the following sub paragraphs, maecenatism and sponsoring are defined in detail.

1.2.2. Classical Maecenatism

The term maecenatism originates from the counsellor of Emperor Augustus, Gaius Cilnius Maecenas, who was a benefactor for the arts and science in ancient Rome. (Hitters, 1996: 71) Maecenatism has a long history of great and generous commissioners for the arts, such as emperors, popes, wealthy families and influential entrepreneurs. Bram Kempers (1987) has studied maecenatism relations in the shape of commissioning and long term employment of artists by private individuals in Medieval and Renaissance Italy. However, Erik Hitters (1996) has claimed that in the Netherlands this kind of maecenatism has never really existed.

Compared to France, Spain and Italy there had rarely been any support from courtly, royal or governmental circles in our country. (Hitters, 1996: 20) Hitters stated that his ideal typical model of maecenatism has derived from the kind of private funding that existed in the 19th Century and the first half of the 20th Century in the Netherlands. (Hitters, 1996: 72) In the 19th Century, the performing arts were mostly financed out of private capitals of the 'old' elite as well as the 'new' wealthy industrials, particularly in urban areas. Numerous cultural initiatives came from for instance factory owners, such as *Van Nelle* and *Philips* to improve the working environment for their employees. (Hitters: 1996: 97-98)

Thus, a certain sense of private initiative for art and culture existed since the second half of the 19th Century. However, the main goal of these private initiators appeared to be persuading Municipalities to take over the responsibility

of these cultural and artistic initiatives. (Hitters, 1996: 21) The literature on this subject repeatedly emphasized that private initiatives for art and culture in the first half of the 20th Century primarily focused on the acquisition of structural government subsidy. Once this acquisition succeeded, private maecenases withdraw. (Bevers & Hitters, 1990: 154) After 1945, most city theatres were subsidized by the Municipality and private support diminished. (Bevers & Hitters, 1990: 152)

Yet, in the 1990s art maecenatism returned to the fore again, but it took a different shape, since arts organizations and the cultural sector in general had changed along with the social, economical and political climate in the Netherlands. In the next paragraph the aim is to define what 'modern' maecenatism comprises.

1.2.3 Defining Modern Maecenatism

Giep Hagoort and Gabriëlle Kuiper (2005) define current maecenatism as 'either individuals or companies that are exceptionally involved in the cultural state of being of an art organisation, without receiving any compensation for it.' (Hagoort & Kuiper, 2005: 67) However, Hitters (1996) claims that unselfish support, without any demand for compensation, is exceptional. The maecenas always gains some sort of respect, a reputation or even power. (Hitters, 1996: 71-72) However, he does emphasize that in maecenas relations there is no direct profit motive. (Bevers & Hitters, 1990: 130)

Arjo Klamer (2003) compares a maecenas relationship to a friendship. A friendship requires reciprocity. Gifts are exchanged, but this occurs not according to the quid pro quo as is common in a market exchange. In a friendship, the compensation in return for a gift is not stated in a contract.

'A gift is the transfer of a good without an explicit specification of a quid pro quo. (...) Friends expect friendly gestures in return for their friendly gestures; donors expect some form of appreciation or another; and those who give presents at Christmas expect to receive presents in return.' (Klamer, 2003: 243)

A gift can be a certain amount of money, but it can also be material, time or knowledge. When there is a gift exchange there is no contract in which the value of the gift is priced. (Klamer, 2003: 243) Klamer claims that the arts

cannot continue to exist without the exchange of gifts. (Klamer, 2003: 247)
Concluding, in this master thesis 'modern' maecenatism is defined as follows.

Definition of Maecenatism:

Maecenatism is a type of private support to the arts in which involved individuals, companies and foundations voluntarily - and without a direct profit motive - contribute to a certain artist or arts organisation, without a specific expectance of a compensation that equals the monetary value of the contribution.

1.2.4 The Rise of Art Sponsoring

The history of art sponsoring does not date back as far as the history of maecenatism. Not until the 1980s, sponsoring started to develop in the Netherlands, when due to the grown welfare after the Second World War, public interest for art and culture increased. Since the arts reach a large target group, the business world was interested and willing to organise sponsoring activities to appeal to this group. The government encouraged the arts sector to acquire additional resources by means of sponsoring, by providing for legal and fiscal facilities. (Bever, 1993a: 65)

However, there is a paradox in the attitude of the government towards the phenomenon sponsoring in the arts sector. On the one hand the government encourages the acquisition of sponsor deals, while on the other hand its territory of responsibility for the arts is strongly defended. Bever emphasizes the following.

'Taking care of the arts belongs to the domain of the welfare state which will barely concede ground, even in times of economic crisis and recession.' (Bever, 1993a: 107)

Sponsoring should exclusively be seen as an additional source of income, alongside the structural government subsidies. (Bever, 1993a: 65) It often happens that cultural organisations are founded by private individuals or companies and function successfully without government subsidies for a couple of years. However, no matter how thriving the organisation is, eventually the government starts to interfere and takes over the entire financial responsibility as yet. (Bever, 1993a: 65)

A positive effect derived from this tendency is that arts organisations start acquiring extra income from sponsoring, hoping it will lead to structural government subsidies.

'Who manages to acquire sponsoring, enlarges the chance to get a positive assessment by the subsidizers, which increases the chance to receive even more sponsor deals, etcetera.' (Bevers & Hitters, 1990: 187)

The negative effect is that, once the government takes over the financial responsibility, arts organisations lose the incentive to acquire sponsors and become more and more dependent on governmental support.

Subsequently, once arts organisations receive structural government subsidy, it is perceived as a quality label, while highly qualitative art can also be produced when solely privately financed. Chapter 2 elaborates more thoroughly on the influence of the government on the acquisition of private funding by arts organizations.

1.2.5 Defining Art Sponsoring

Hagoort and Kuiper define sponsoring as being 'a business transaction with the business world, derived from mutual marketing-, communication-, and financial goals.' (Hagoort & Kuiper, 2005: 68) Within commercial businesses, the marketing and PR department is responsible for sponsoring. In the 1980s the main goal of sponsoring the arts was to reach a large target group, while nowadays businesses try to improve their 'corporate image' by sponsoring an arts organisation. By sponsoring the arts, a company can distinguish itself from the competition. (Thijssen, 1998: IV-V) For instance, art forms such as classical music have a certain elitist appeal with which businesses wish to be associated. Also, 'culture sponsoring can yield sympathy for the company. Goodwill is the key word.' (Thijssen, 1998: VI)

In a quantitative scientific research, Geert-Jan Thijssen (1998) explores the possibilities and existing kinds of sponsoring of theatre accommodations listed at the *VSCD*.¹ He defines sponsoring as a business agreement between

¹ VSCD stands for 'Vereniging van Schouwburg- en Concergebouwdirecties', which can be translated into 'Association of Theatre and Concert Hall Directors'.

sponsor and beneficiary. The sponsor provides money and/or to money valuable performances and the beneficiary delivers communication, entrance tickets and other compensations. (Thijssen, 1998: 9) Thijssen emphasizes that in a sponsor deal there is a win-win situation for both parties; both the sponsor and the beneficiary benefit within the agreement. (Thijssen, 1998: 10)

What distinguishes sponsoring from maecenatism is formulated by Thijssen (1998) into the aspects 'business agreement' and 'benefits for both parties'. (Thijssen, 1998: 10) The conditions for a maecenas relation are not formulated in a contract or agreement and a maecenas may receive a compensation in return for his or her gift, but this does not influence the size of the donation. Simone Scholts (1992) acknowledges:

'The difference between sponsoring and maecenatism lays in the intention of the compensation requested by the giver.' (Scholts, 1992: 31)

The sponsor always intends to achieve a commercial goal, while donators mostly have an altruistic or idealistic goal in supporting the arts.

Concluding, the following definition of art sponsoring is formulated.

Definition of Art Sponsoring:

Art Sponsoring implies a business agreement between the sponsor and beneficiary in which a compensation is formulated that equals the size of the money or material provided for the beneficiary, which benefits both parties.

1.3 Theatre Accommodations vs. Theatre Companies

It is important to make a distinction between theatre accommodations – presenting and staging theatre performances - and theatre companies, which produce theatre productions. In the literature on art sponsoring it is often claimed that a theatre production is not an attractive 'product' to sponsor, because of its – sometimes - controversial, temporary and intangible character. (Bever & Hitters, 1990: 186-187; Scholts, 1992: 32-33; Amesz, 2003: 17)

Thijssen claims in his research that sponsor deals are mostly acquired in the more accessible genres, such as musicals, cabaret and classical music,

instead of less accessible genres like drama, modern dance and ballet. (Thijssen, 1998: 57)

In 2005, Sara Oomen writes her master thesis on the attitude of business leaders towards private funding of theatre companies. She emphasizes five reasons why theatre productions have difficulty in attracting sponsors.

1. 'Businesses are often not personally interested in theatre productions.
2. Drama is too unpredictable and therefore too risky for businesses who wish to be sure of their returns.
3. The organisations of theatre companies and businesses differ too much, so they do not get along very well.
4. The audience of theatre companies is too small in order to lead to effective marketing for businesses.
5. Theatre productions are not very suitable for businesses to invite their clients to, because they often do not speak the Dutch language.' (Oomen, 2005: 49)

An important outcome of Oomens' research is that theatre companies that owning a theatre building have easier access to alternative ways of financing than when they do not own their own venue. (Oomen, 2005: 51)

In her academic study, Simone Scholts (1992) concludes on the acquisition of extra resources by theatre accommodations and theatre companies, that accommodations attract more sponsors than producing companies do. (Scholts, 1992: 76) Only the slightly larger theatre companies with a more national appeal focus on the acquisition of sponsors. However, they mainly receive material sponsoring. (Scholts, 1992: 76)

A theatre accommodation appears to be more attractive for sponsors, for instance because of its appealing building, its historical façade, its authentic foyer or its characteristic appearance that is typical for the city in which the theatre is located. The building often provides catering facilities so that sponsors can, for instance rent the building for a staff outing or treat for their relations.

1.4 Private Giving Schemes

As discussed in paragraph 1.2, unearned income will be referred to as contributed income and consists of private and governmental funding. (Heilbrun & Gray, 2001: 152-153) For this research, private funding is divided into

Chapter 1: Private Funding of Theatre Accommodations

sponsoring and maecenatism, based on the 3 ideal typical models of art patronage of Hitters. (Hitters, 1996: 57-58)

Paragraph 1.2 already elaborates on the difference between maecenatism and sponsoring. The factors that separate the two are a contract or agreement in which a compensation is formulated that equals the size of the contribution and a commercial direct profit motive. Table 1.1 shows the partition of contributed income of theatre accommodations, based on the theories of Heilbrun and Gray (2001), Hitters (1996) and examples of different giving schemes by Smithuijsen (1990).

Table 1.1 The Model of Contributed Income of Theatre Accommodations

Contributed Income		
Public Funding	Private Funding	
Government subsidies	Sponsoring	Maecenatism
State subsidy	Business Sponsoring	Individual Gifts
Province subsidy	Charity Lotteries	Friends Associations
Municipality subsidy	Business Clubs	Private Funds
Public Funds		

Sources: (Heilbrun & Gray, 2001: 152-153; Hitters, 1996: 57-58; Smithuijsen, 1990: 147, 155, 186)

The categories below 'sponsoring' and 'maecenatism' in table 1.1 are referred to as 'giving schemes'. Giving schemes are 'formats' in which private parties sponsor or donate to theatre accommodations. Sponsoring is divided into business sponsoring, charity lotteries and business clubs. Business clubs are often classified as business maecenatism. (Bakker, 2005) Yet, members of theatre business clubs mostly receive compensations similar to business sponsors. These compensations are stated in a contract. (Theater de Veste, 2007b; Rotterdamse Schouwburg, 2007; Stadsschouwburg Utrecht, 2007) Therefore, in this master thesis, business clubs are classified as sponsoring.

Maecenatism comprises the giving schemes individual gifts, friends associations and private funds. The following sub paragraphs elaborate on these private giving schemes.

1.4.1 Sponsoring: Giving Schemes

The most common giving scheme within the category sponsoring is business sponsoring. Business sponsoring is already discussed in detail in sub paragraph 1.2.4 and 1.2.5.

Business clubs appear scantily in the theatre sector. In 2005 Han Bakker publishes his research on the encouragement of business clubs in the Netherlands. Bakker (2005) concludes that business clubs are most common in cultural heritage organizations, cultural buildings and art collections. Yet, he does not mention business support for theatre. (Bakker, 2005)

An example of contacting and involving the business world with theatre productions is a project by the *Academy of Arts Utrecht* and theatre company *Growing Up in Public* in Utrecht.² They have produced a version of Shakespeare's *Othello* and invited businesses to watch the performance and discuss afterwards which parallels exist between this classic piece and the modern business world. (Huijsmans, 2007: 8) The empirical part of this master thesis, presented in chapter 4 and 5, provides further insights on the use of business clubs by theatre accommodations.

The *BankGiro Loterij* is the culture lottery of the Netherlands, but supports mostly visual arts organizations, such as the museum *Boymans van Beuningen* in Rotterdam, the *Groninger Museum*, the *Van Gogh Museum*, the *Rijksmuseum* and many more. (BankGiro Loterij, 2007) In addition, together with the *Postcode Loterij* and *Sponsor Bingo Loterij*, the *BankGiro Loterij* funds *Stichting DOEN*, which is a foundation that supports many cultural initiatives. In the theatre sector, *Stichting DOEN* mostly funds theatre festivals. (Stichting DOEN, 2007) Consequently, one may conclude that lotteries are not an extensive source of private funding for theatre accommodations.

1.4.2 Maecenatism: Giving Schemes

Private giving schemes categorized under maecenatism are individual gifts, friends associations and private funds. These giving schemes will be discussed below.

Examples of individual private gifts before 1990 are rare in the professional theatre sector. (Bevers & Hitters, 1990: 152) In 1992 Scholts

² Academy of Arts Utrecht = Hogeschool voor de Kunsten Utrecht, HKU

concludes that the acquisition of extra resources by means of donations is almost non-existent in the theatre sector. However, most recently in a debate on the influence of public versus private money on the arts, researcher and writer Renée Steenbergen states that, in the current 'subsidy culture' in the Netherlands, private individuals or maecenases have continued to play an important role in supporting the arts on the background. (Tijdelijk Museum, 2007) The existence of this maecenatism is not visible for many people, because current maecenases are mostly anonymous and very modest. Steenbergen wants to alter the stereotype that the arts in the Netherlands solely exist in a subsidy culture. She claims that gifts by private individuals comprise 1.5 times the total budget for art acquisition of museums. (Tijdelijk Museum, 2007) Consultant and fundraiser Thomas Harris claims that private individual support for art and culture is expanding in the Netherlands. The partition between private and business support for the arts is 1:2 according to Harris. (Amesz, 2003: 26)

However, arts organisations fear for exertion by private parties. Steenbergen (2007) does not understand this fear and claims that involvement is often confused with exertion. Because of the dominance of the government in financing the arts, cultural organisations are not used to receiving gifts anymore. In an earlier article in *de Volkskrant* Steenbergen (2006) claims that, since the government encourages the privatisation of the arts sector, private initiatives have become more prominent. Gifts become more common; for instance with the reintroduction of name plates for patrons of the *Concertgebouw* or with the involvement of charity lotteries, such as *Stichting DOEN* and *BankGiro Loterij* in giving to art and culture. (Steenbergen, 2006: 27)

Steenbergen foresees that the after-war generation will bring forth many private investors in the arts. (Steenbergen, 2006: 27) However, it remains unclear whether this applies to the theatre sector.

Friends associations originate from local committees around the 1930s that are established to raise private money for their local orchestra or theatre company. (Bever & Hitters, 1990: 154-155) Today friends associations are often employed as a survival strategy. They are for instance approached to raise money for large renovations. (Bever & Hitters, 1990: 155-156) Theatre *De Appel* in Den Haag has used its friends association to survive decreasing government support. Theatre *De Kleine Komedie* in Amsterdam has received

support from their friends associations for a extensive renovation. In chapter 4, the empirical research will provide a clear overview of the contributions by friends associations of theatre accommodations.

The Netherlands enclose numerous private funds that support art and culture. The major fund that contributes to the theatre sector in particular is the *VandenEnde Foundation*, founded by media tycoon Joop van den Ende and his spouse Janine van den Ende. The *VandenEnde Foundation* grants an average of 4 million Euro a year to various theatre initiatives. Its goal is to support talented young and established artists, to stimulate participation in art and culture, and encourage cultural entrepreneurship. (VandenEnde Foundation, 2007a) The Foundation supports theatre companies as well as festivals and accommodations in establishing educational projects, marketing and fundraising campaigns, and audience acquisition activities.

Examples of theatre accommodations that are supported by the *VandenEnde Foundation* are the *Rozentheater*, the *Gasthuis* theatre and the *Stadsschouwburg in Amsterdam* and *Huis aan de Werf* in Utrecht. Contributions range from 30,000 to 136,000 Euro, varying from incidental grants to structural grants on a yearly basis. (VandenEnde Foundation, 2007b)

Besides the *VandenEnde Foundation*, there are other large private funds such as the *VSB Fonds*, the *Prins Bernhard Cultuurfonds* and *Bouwfonds cultuurfonds*. These funds contribute to a wider range of art and culture forms. Small private funds that support the theatre sector in particular are for instance the *kfHein Fonds*, the *Debman Foundation*, the *Elize Mathilde Fonds* and *Stichting Dioraphte*.

On an even smaller level the *Prins Bernhard Cultuurfonds* provides an opportunity for individuals, foundations and businesses to start a 'CultureFund by Name'. These funds are introduced by the *Prins Bernhard Cultuurfonds* at the end of the 1980s and currently they administer 195 CultureFunds by Name. The funds are based on a large gift or a legacy. Its destination is explicitly determined by the fund holder. (PBCfonds, 2007a) Within 5 years, the fund holder needs to build up an amount of 50,000 Euro. In case one transfers 10,000 Euro on a yearly basis, approximately 4,800 Euro can be deducted from the income taxes. Therefore, it takes 5,000 Euro a year to establish a CultureFund by Name.

There are only 14 CultureFunds by Name that support performing art forms other than music, such as dance, drama, cabaret, costume design and stage design. The majority of the CultureFunds contribute to projects concerning classical music, cultural heritage and nature conservation. (PBCfonds, 2007b)

1.4.3 Special Giving Schemes

Lastly, there are special giving schemes in which performing arts organizations acquire private funding in a creative manner. A first example is the *National Ballet*, which copes with severe financial difficulties, worsened by the fear for cut backs in the government subsidies in the future by Secretary of State of Education, Culture and Science Ronald Plasterk. (Heerma van Voss, 2007: 19) Derived from a lack of money for costumes, the *National Ballet* gives members and friends the opportunity to 'adopt' a tutu.

There are different gradations in acknowledging donations. For a donation of 100 euro friends receive an acknowledgement in the program booklet, but one can also buy an entire tutu for 2500 Euro, for which one receives an invitation for the premiere and will be photographed with the solo performer who wore the costume in question. (Heerma van Voss, 2007: 19)

The ticket prices of the *National Ballet* increased 42% in the past ten years to a limit of 30 Euro. (Heerma van Voss, 2007:19) Thus, increasing the ticket price is no option, therefore an appeal to their 1850 Friends is made. The 'Adopt a Tutu' campaign has brought in 42.000 Euro. (Heerma van Voss, 2007: 19)

Another example is theatre company *Alaska*, which originally attracted several sponsors for its new performance called *Sic transit gloria mundi*. The storyline concerns subjects such as globalization, stock markets and hedge funds, which inspired them to place a wall with business logos in the scenery. (van Ditzhuijzen, 2007a: 8) The project holds 40 shareholders. A tile with logo on stage can be obtained for 99 Euro, but there are more options; for 5,000 Euro a character is named after the sponsor and an entire scene is purchased for 10,000 Euro. (van Ditzhuijzen, 2007a: 8) The theatre company does not charge entrance fees to this entirely sponsored theatre performance, to offer an alternative to the direct benefit principle that the government wants to

introduce.³ Here it is not the audience that pays more, but the business world does. (van Ditzhuijzen, 2007b: 9)

1.5 The Need for Private Funding in the Performing Arts

The next issue that will be discussed is for what purpose theatres acquire private funding. Thijssen (1998) answers this question in his master thesis in which he explores the possibilities and existing kinds of sponsoring of theatre accommodations listed at the *VSCD*. He states that most of these theatre accommodations engage in sponsor deals for three reasons. First, the financial resources provided by a sponsor are used to strengthen the quality of their theatre program. Second, sponsoring offers possibilities to build a network. Lastly, sponsoring is used to finance rebuilding and renovations. (Thijssen, 1998: 100)

Income from sponsoring is mostly used for incidental projects and special activities, because the investigated theatres fear that, once they receive additional income for exploitation costs, the government will cut back in the subsidies. (Thijssen, 1998: 17) In this paragraph, scientific literature is examined to determine why theatres put effort in acquiring private funding, as an addition to the dominant government subsidies.

In his research on sponsoring for theatre accommodations in the Netherlands, Thijssen (1998) lists a number of pros and cons of sponsoring for theatres. The first advantage of sponsoring is that it provides more financial space to realise different goals, such as improving the accommodation. Secondly, it can encourage cultural organisations to adopt the market oriented approach, for instance concerning marketing and management, of their sponsors. Thirdly sponsors can provide new contacts and communication channels. (Thijssen, 1998: 12-13)

The disadvantages Thijssen (1998) mentions are mostly connected with the consequences cultural organisations fear. In the first place it is the creation of financial dependence. Despite the fact that some theatres depend on

³ Direct Benefit Principle = het Profijtbeginsel.

government subsidy for 100 per cent of their contributed income, this fear does not exist for these subsidies.

The second disadvantage is the lack of continuity of a sponsor deal. However, clear agreements can be made on the period of financial support. The third disadvantage is that the extra work created by the acquisition of sponsors. The last disadvantage is that sponsors might interfere with the artistic content of the cultural organisation. Thijssen (1998) overrules this fear by stating that in 99 per cent of the sponsor deals no interference with the artistic content has been observed. (Thijssen, 1998: 14) Renée Steenbergen (2006) claims that, in the Netherlands, involvement is still confused with interference.

'There is a widespread fear for donors who wish to rule and control along with the organizations they support, while apparently there is no objection to the fairly forcing guidelines of the four yearly art plans which the government prescribes its beneficiaries.' (Steenbergen, 2006: 27)

So overall, one can conclude that a stable balance between private and public support in the arts sector is still lacking.

1.6 Private Funding in the Netherlands vs. the United States

This paragraph focuses on three academic studies concerning private funding of the arts in general and private funding of the theatre sector in the Netherlands. Firstly, a recent publication of *Giving in the Netherlands* by Prof. Dr. Theo Schuyt (2005) is discussed. The second research is a master thesis by Simone Scholts (1992) and the third is the master thesis research of Sara Oomen (2005). Appendix 1 provides the results of these researches in more detail.

Prof. dr. Theo Schuyt is professor of philanthropy at the University of Amsterdam and leads the academic project *Giving in the Netherlands* which is published once every two years. The last publication appeared in 2005 and presents research results from the year 2003. Schuyt researches and estimates gifts by households, legacies and funds, the business world and the so-called charity lotteries.

In 2003, 619 million Euro of private funding have been directed to the cultural sector. (Schuyt, 2005) The number of people that contribute financially

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to the cultural sector has increased from 9% in 1999 to 13% of the total Dutch population in 2003. (Schuyt, 2005) The largest private contributor to culture is the business world, which has given €516 million. Households contribute almost as much as funds do. (Schuyt, 2005)

Schuyt (2005) does not specify what art forms are included in his quantitative research on gifts to art and culture. A more useful research appeared in 1992, by Simone Scholts on private funding of theatre companies and theatre accommodations.

Scholts (1992) has investigated whether the introduction of budget financing encouraged the theatre sector to earn extra resources, besides the subsidies and ticket sales. She concludes that in average 85% of both theatre accommodations and theatre companies have been active in – trying to - acquire extra resources in the past. This acquisition ranges from sponsoring by large businesses, to local sponsors, to the issuing bonds, to engaging private funds. (Scholts, 1992: 43)

On the other hand, 86% of the accommodations is planning on acquiring extra resources in the future, while only 65% of the theatre companies have made these plans. (Scholts, 1992: 43) Striking is that Scholts does not mention the possibility of the contestants giving social desirable answers. Since the government encourages cultural organizations to acquire private funding, it would be no surprise if the contestants gave answers that would strengthen their position in the eyes of the government.

Results of Scholts' (1992) study, derived from a survey among theatre managers, aggregately show received returns as well as expected returns of the acquisition of extra resources. However, 'expected' returns from the acquisition of extra resources does not provide empirical results. Unfortunately, the results do not provide any information on the size of the contributions theatre accommodations and theatre companies receive. She also does not show absolute numbers of how many organizations receive no extra resources at all.

Scholts (1992) only presents the partition of the different kinds of extra resources acquired or expected to acquire, which is sounds as follows. 35% of the total extra sources is generated or expected to generate through monetary sponsoring, 24% through material sponsoring, 17% through private funds and 15% through friends schemes, 9% through other schemes. (Scholts, 1992: 44)

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Scholts (1992) concludes that theatre accommodations are certainly interested in acquiring extra resources, but they do not want to become dependent of these resources. The extra resources are mainly used for incidental projects. Another interesting conclusion is that 65% of the theatre companies, yet only 38% of the theatre accommodations feel very much encouraged by the government to acquire extra resources. (Scholts, 1992: 46) In both groups, approximately one third does not feel encouraged. A often heard argument is the lack of time and lack of a sufficient budget to effectively acquire extra resources. However, the latter argument is often used as well as a reason to start acquiring extra resources. Overall, the most important notion arises that the acquisition of extra resources should not be punished by the government by deducting it from the subsidies. (Scholts, 1992: 54)

In 2005 postgraduate student Sara Oomen writes her master thesis on how theatre companies are financed and what kind of attitude business leaders have towards alternative ways of financing, besides subsidies. Alternative financing is defined as gifts from private persons – donators, friends and Maecenases – and from businesses – sponsors. (Oomen, 2005: 4) Oomen (2005) concludes that theatre companies have received 6% of the total income through alternative financing. (Oomen, 2005: 32) As it concerns the attitude of theatre companies towards government subsidy, Oomen remarks that most of the theatre companies need more money than they receive in subsidy. (Oomen, 2005: 42)

Yet, most of the theatre companies perceive subsidy as an acknowledgement. It gives them the right to exist. Some business leaders claim that they rather receive enough subsidy, instead of spending so much effort and time in acquiring many different financiers. Most business leaders do not want to be totally dependent on government subsidy, despite of the time and effort it would save them. (Oomen, 2005: 44)

The theatre companies are afraid that the government will cut back in the subsidies more and more. Therefore, business leaders feel the urge to invest in acquiring sponsors and making contact with business circles. (Oomen, 2005: 47-48) Despite of the fact that, in the past, attempts to contact businesses for sponsoring have failed. (Oomen, 2005: 48) Two third of the business leaders

perceive their audience as potential financiers, besides the income of the box office. (Oomen, 2005: 52)

Again it is not clear in this study by Oomen (2005) exactly what amounts of private funding the questioned theatre companies receive. However, it does provide useful insights in the most recent attitude of theatre company managers towards private funding. The empirical study in chapter 4 and 5 will provide more clarity on the proportion of private funding of theatre accommodations in the Netherlands.

In the United States, arts organisations that function on a non-profit basis are usually supported by private parties, such as trustees, foundations, friends associations and private individuals. In *Creative Industries* R.E. Caves (2001) discusses the development of for-profit performing arts organisations in the nineteenth century all gradually turning into 'donor-supported non-profit organisations'.

'The clubs formed to implement non-profit status invariably sought higher performance quality than what other organizational forms delivered.' (Caves, 2001: 238)

Besides aspiring higher artistic quality, performing arts organisations such as symphony orchestras and opera companies struggle with high fixed costs and contract failures. This cannot be covered by their earned income. They therefore seek for an endowment, to finance wages for the artists, attract great artistic leaders and to form a permanent and stable organisation. These elements will lead to improved performance quality. Wealthy maecenas Henry Lee Higginson, single-handedly covers all deficits of the Boston Symphony at the end of the nineteenth century. (Caves, 2001: 240) Other US orchestras are heavily supported financially by wealthy donor groups. Heavy competition for these wealthy backers on the one hand and competition among patrons to make a successful cultural investment on the other hand creates 'a process of Darwinian survival' and makes room for upgrading quality. (Caves, 2001: 246)

'The historical cases clearly indicate that NPOs emerge from clubs formed in a social context of continuing interchange and (perhaps) competition for rank and esteem among potential donors and beneficiaries.' (Caves, 2001: 250)

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The wealthy in the United States feel obliged to donate and they behave altruistically. However, they perceive cultural institutions as a social infrastructure by joining boards and often function as fundraisers themselves. Thus, non profit organizations in the United States sustain their base of donors through maintaining a network of social obligations and competition. (Caves, 2001: 251)

European performing arts organisations used to have diverse sponsors, such as individual artists, groups of artists, cultural societies, periodicals, publishers, charity organisations, theatres and impresarios. (Caves, 2001: 243) However, Caves (2001) claims the following.

'The really important contrast to America, however, was the failure of the donor-supported, self-perpetuating, non-profit organisation to emerge, although the European orchestras eventually found a substitute in ongoing government support.' (Caves, 2001: 244)

Concluding, Caves emphasizes that the non-profit form becomes dominant in performing arts organisations, due to the need for extra resources to cover high fixed costs and improving performance quality. However, Henry Hansmann (1981) concludes that the dominance of the non-profit form is a response to the need for price discrimination in the arts sector. (Hansmann, 1981: 341) Once performing arts organisations receive private donations, they decrease the ticket price. However, the donators are mostly visitors as well, so that contributions seem to be a form of voluntary price discrimination.

'If the organisations involved could engage in price discrimination, they might be able to capture enough of the potential consumer surplus to enable them to cover their costs.' (Hansmann, 1981: 343)

Yet, discriminatory ticket pricing is difficult, because it is hard to predict how much individuals are willing to pay for good seats over bad seats. It is also possible to ask private individuals to volunteer to pay an extra amount on top of the ticket price. In the US, at least 40% of the performing arts attendees occasionally contribute. (Hansmann, 1981: 344)

Hansmann explains that the goals of performing arts organisations to acquire private funding is to improve artistic quality, to produce works that refine the audiences' taste and to reach out to broader audiences. (Hansmann, 1981: 347)

1.7 The Influence of Size on Private Funding of the Arts

In 2004 Frank and Geppert publish an empirical note on sponsoring of cultural institutions, such as theatres and museums in Berlin and Hamburg in 2000 and 2001. Compared to government subsidies, according to cultural organisations sponsoring has the disadvantage that certain smaller organisations are overlooked by sponsors. Frank and Geppert (2004) have investigated whether this is true. They pose on the one hand reasons why businesses would favour sponsoring large recipients and on the other hand reasons why businesses would favour sponsoring smaller ones. (Frank & Geppert, 2004: 143)

Reasons why sponsorship would increase with size is that large institutions have more visitors to spread over the fundraising costs. Secondly, larger institutions are also usually better known by sponsors. Therefore they can attract the attention of potential sponsors more easily. Lastly, the 'mainstream' artistic product of larger organisations tends to appeal more to potential sponsors. (Frank & Geppert: 2004: 145)

Reasons why sponsorship would decrease with size is that smaller audiences can consist of a more relevant group of people for their marketing goals. However, audiences are not necessarily homogeneous, in the sense that for instance they all are eager to buy the same product. Secondly, cultural events are sponsored just to invite the staff, relations or customers to. In this case, the size of the cultural organisation does not have an influence on the decision whether or not to sponsor the organisation. Lastly, businesses sponsor smaller organisations if they are led by altruistic considerations and if they sense that special benefits are attached to smaller events. (Frank & Geppert: 2004: 145)

Frank and Geppert (2004) measure an average of 2% of the total revenue acquired by sponsoring in Berlin and 15% in Hamburg. An amount of 20% of the cultural organisations in their sample do not receive any sponsoring at all. This difference coheres with the fact that in 2000 in Berlin government subsidies

comprise €230 per capita while in Hamburg this amount is only €87. (Frank & Geppert, 2004: 147) The authors remark that probably the municipality of Hamburg has decided on decreasing the subsidies, because there is a large willingness to sponsor in Hamburg. However, it can also be the case that businesses feel responsible to sponsor the arts, because the subsidies are not sufficient.

Frank and Geppert (2004) conclude that in Hamburg and Berlin the elasticity of sponsoring with respect to the number of visitors is smaller than 1. So sponsors are not only interested in large, commercial, mainstream organisations. (Frank & Geppert, 2004: 153) However, Scholts (1992) contradicts this statement. She concludes in her research that small theatre accommodations do not expect extra resources from sponsors and foundations. They often do not have a marketing department which is concerned with the acquisition of sponsors. (Scholts, 1992: 76)

Thus, how the size of theatre accommodations in reality relates to the amount of sponsoring in the Netherlands in 2006 will result from the survey held for this master thesis, presented in chapter 4.

1.8 Summary

In this chapter, the first part of the central research - *What partition does private funding currently make in the total income of professional non-profit theatre accommodations in The Netherlands?* - is approximated according the existing academic studies on private funding.

Recent studies on private funding in the arts do not present concrete quantitative data. Schuyt (2005) presents gifts to art and culture, but the theatre sector is included in his population is uncertain. Scholts' (1992) study shows 'expected' returns from the acquisition of extra resources by theatre accommodations and therefore cannot be empirical. She does not provide information on the size of the contributions, and neither does Oomen (2005). In Oomens' study it is not clear exactly what amounts of private funding the questioned theatre companies receive.

The term private funding is defined in terms of what it comprises nowadays in the Dutch theatre sector. This master thesis focuses on private funding of theatre accommodations, which can be divided into maecenatism and

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sponsoring. Maecenatism is a kind of private support to the arts in which involved individuals, companies and foundations voluntarily - and without a direct profit motive - contribute to a certain artist or arts organisation, without a specific expectance of a compensation that equals the value of the contribution. The difference with sponsoring is that a maecenas relation is not based on a contract. A sponsor deal derives from a quid pro quo and is often incidental and temporary.

Different private giving schemes within the theatre sector are examined. Giving schemes are 'formats' in which private parties sponsor or donate to theatre accommodations. Sponsoring is divided into business sponsoring, charity lotteries and business clubs. Maecenatism comprises the giving schemes individual gifts, friends associations and private funds. Business sponsoring is the most common giving scheme, as well as private funds. Friends associations take a third place.

Lastly, different studies and publications are discussed on the purpose of acquiring private funding by theatre accommodations. It appears that theatre accommodations acquire private funding, on top of the government grants, to strengthen the quality of their theatre program, to build a network and to finance rebuilding and renovations. (Thijssen, 1998: 100)

Chapter Two: Government Encouragement towards Privatization of the Arts

2.1 Introduction

Performing arts organizations depend for almost half of their total income on government subsidies. (CBS Statline, 2002) Yet, at the same time, the government invests in initiatives, such as *Programma Cultuurmecenaat*, launched under the wing of bureau *Kunst & Zaken* to advise arts organizations in generating private funding and acquiring effective fundraising techniques.

The goal of this chapter is to examine for what underlying motives the Dutch government encourages arts organizations to generate private funding and what progression has derived from this encouragement. The second part of the central research question is approximated according to the available academic literature - *how has government policy influenced the partition of private funding in the total income of professional theatre accommodations in The Netherlands over the last 15 years?*

Originally government interference in the economy derives from unsatisfying outcomes of the price mechanism. (Koopmans, 2003: 18) The price mechanism depends on the relation between demand and supply. Some facilities cannot or can only develop limitedly in the market. Therefore these are supported financially by the government. (Koopmans, 2003: 20)

The widespread unemployment in the 1930s paves the way for increased government intervention in the Netherlands. In the prosperous '50s and '60s, the expenditure quota increases with the main goal of building the welfare state.⁴ The government takes over what used to be done by private persons, churches and charitable organizations, such as taking care of elderly people, poor people and the handicapped.

However, in the 1970s and '80s the collective expenditures continue to increase, while the shortage in the government budget grows rapidly. To

⁴ 'A welfare state is a democracy, in which the private sector takes charge of the largest part of the production, while the government specializes in guaranteeing a decent living for all citizens, especially by creating an extensive social security system.' (Koopmans, 2003: 33)

illustrate this, in 1983 a period of economic recession recommences. The expenditure quota reaches a height of 67% of the GDP. (Koopmans, 2003: 33) The reason for this increase is that, in a period of recession, unemployment grows, which requires more government spending on social security allowances. Therefore, the tendency seems to be that in periods of economic stagnation, government expenditure increases and in times of economic booming it decreases. Accordingly, in the 1980s government spending was exploding.

Consequently, in the second half of the 1980s and the 1990s government policy is fixed on cutting back and economizing on the expenditures. Many tasks are transferred to the market and privatized. Government policy is being rationalized and focused on efficiency. The use of for instance the direct benefit principle leads to extra income for individual goods, such as museums, universities, and tunnels by demanding a higher fee.⁵

This focus on economizing and rationalizing in general government policy reflects on cultural policy as well. Since the 1970s and 1980s cultural policy experiences the same development towards rationalization and more market orientation. The next paragraphs elaborate on the government trying to return the responsibility for the arts back to the private sector. Various measures taken by the government to encourage more independence on subsidies of performing arts organizations are discussed. In the last paragraph the financial infrastructure of theatre accommodations is charted.

2.2 Government Encouragement of Emancipation of the Arts

Before World War Two the arts are primarily financed by the private sector. In the nineteenth century the wealthy middle class initiates charity organizations to support the arts, such as *Vereniging Rembrandt* and builds cultural accommodations such as the *Concertgebouw* and various city theatres. Between 1880 and 1940 art maecenasism is thriving. It is a period of economic development, in which liberal politics are typical for the Netherlands. It is the time of indifference of the government towards the arts. The general opinion within the Dutch government is that the arts just have to pay its way. The often-cited statement in 1862 by the liberal Minister of Internal Affairs J.R. Thorbecke

⁵ Direct Benefit Principle = het Profijtbeginsel.

reflects the attitude of the Dutch State towards the arts in this period. (Boekman, 1989: 40)

'... It is of no concern of the government. The government is not to judge over science and art'. (Boekman, 1989: 42)

In 1939 Emanuel Boekman publishes one of the best-known interpretations of this statement. Boekman emphasizes Thorbeckes' intention to state that:

'Promoting and encouraging the arts in general can be of governments' concern. However, the creative mind of an artist cannot be inspired by payment.' (Boekman, 1989: 42-43)

According to Thorbecke, the arts have to conquer its place in the free market. The government should not judge over art and science. This does not derive from indifference, but it is the only way for the arts to become strong and independent. (Boekman, 1989: 45) Thorbecke pleads for free development of forces, not weakened by government support. (Boekman, 1989: 46)

However, after the Second World War this is about to change. The next sub paragraph shortly elaborates on the development of government support for the arts.

2.2.1 Development of Government Support for the Arts

According to Bevers and Hitters (1990) private initiatives for art and culture in the first half of the twentieth Century are primarily focused on the acquisition of structural government subsidy. Once this acquisition succeeds, private maecenases withdraw. (Bevers & Hitters, 1990: 154) The private support, mostly by religious 'clusters' and their private organizations, fade away proportionate to the increase of government support after World War Two.⁶

Hans van Dulken (2002) provides a clear overview of the development of government support for the arts. Due to the economic prosperity in the 1960s,

⁶ With 'clusters' or 'zuilen' I refer to private religious cluster organizations that derive from a compartmentalization along political and religious lines, also called 'verzuiling'. These clusters have had a heavy influence on the Dutch cultural life until the early 1990s.

the government starts to take over the entire responsibility of the arts. Art becomes part of the government policy to create “well-being” in the Netherlands. In the 1970s the subsidies for the arts experience a sensational increase. In the 1960s subsidies captured less than 50% of the total income of arts organisations. Now subsidies have grown to be the most important source of income for theatres. The governments’ budget for the arts increases from 0.09% to 2.3% of the total State budget. Public expenses are financed out of the economic growth, due to the spectacular growth of the national income in the 1960s and 1970s.

In this period the cultural sector expands dramatically. Besides the positive effect of this expansion of boosting the Dutch cultural life enormously, it also has negative effects on the performing arts sector. In the 1970s the awareness arises that, because of the spectacularly increased subsidy for the arts, cultural organisations have become indifferent about the relationship with their audience. Especially the performing arts sector does not put any effort in audience acquisition. There is no financial interest in achieving a larger audience, because subsidies provide in their financial needs. Consequently, the public interest for theatre declines substantially. An I.O.O.-report in 1971 states that the partition between the contribution of ticket-buyers and the government subsidies to theatre companies and accommodations appears to be 1:14.⁷ (van Dulken, 2002: 112)

In order to understand this problem, a closer look at the way theatres are subsidized in the 1970s is in place. The progressive growth of government subsidies to theatre the last thirty years has taken place, not only because the growing number of theatre companies, but more importantly because of the increasing shortage in the exploitation of these theatre companies. This shortage in the exploitation is not only caused by the so-called Baumol’s Cost Disease, but also by the increase of employees and non-salary costs.⁸ The earned income of

⁷ I.O.O. stands for Instituut Onderzoek Overheidsuitgaven.

⁸ The ‘cost disease’ of the performing arts, Baumol defines as an explanation for the fact that, except in periods of rapid inflation, the costs of artistic activities almost universally rise faster than any index of the general price level. So the cost of live performance rises at a rate persistently faster than that of a typical manufactured good. W.J. Baumol and W.G. Bowen, *Performing Arts – the Economic Dilemma*, New York, 1966.

theatre companies does not increase because there is not enough public interest. Subsidies are based on covering the exploitation deficit of theatres. Yet, this does not encourage theatre companies to enlarge their earned income and is therefore an extremely ineffective and expensive system. (van Dulken, 2002: 112,113)

2.2.2 Deregulation, Emancipation, Privatization through the Introduction of Budget Financing

At the end of the 1970s a turnover occurs; public expenses can no longer be financed out of the economic growth. During the second half of the 1970s a period of economic recession and stagnation has recommenced. The awareness grows that the current system of public facilities has come to be uncontrollable and unaffordable. Therefore, increasing the rationality of government support becomes the key word of this period.

In the 1980s, the government is still forced to cut back in subsidies for the public sector. Government support has to decrease; public organisations have to be altered, reorganised and some are to be left to the market.

'In the early eighties the key words are deregulation, emancipation, privatisation and market forces'. (van Dulken, 2002: 24)

In 1982 Eelco Brinkman becomes Secretary of State of Well-being, Healthcare and Culture. He puts a definite end to the justification of government support for art and culture as a political well-being ideology. He focuses on the economic aspects of cultural policy to decrease the dependence of the cultural sector on government support. Brinkman points at the importance of efficient management for subsidized organizations and the need to find other sources of income. To encourage the latter, art organizations will no longer be cut back on subsidies whenever they receive other sources of income through fundraising. This principle is based on a new technique of financing; budget financing.

Until recently government support was based on financing the exploitation shortage of art organizations on a yearly basis. Excesses on the exploitation results had to be refunded to the Ministry of Finance. With budget financing this can be prevented. It increases the accuracy of budget management, efficient spending and economic planning in art organizations. It also encourages public-private partnerships.

However, at the end of the 1980s a visitor contributes 13 guilders whereas the government contributes 84 guilders per ticket. The factor audience has become of marginal importance. (van Dulken, p. 124)

According to results of the academic study by Simone Scholts (1992), budget financing does not provide enough incentive for theatre organizations to increase their earned income, at least not through private funding. Her research on the acquisition of private funding of theatre accommodations and theatre companies shows that 38% of the theatre accommodations feel encouraged by the government – and the budget financing method - to acquire private funding. (Scholts, 1992: 46) However, the reason for this is not as much the budget financing method, but mostly theatres having shortages in their budgets, which have to be covered with, among others private funding. Another 33% of the theatre accommodations do not feel encouraged by the government to acquire private funding, because of a lack of time, employees and budget to establish efficient fundraising activities. (Scholts, 1992: 46)

2.2.3 The 15% Earned Income Measure to Increase Box Office Income

In 1992 Hedy d'Ancona, the new Secretary of State of Well-being, Healthcare and Culture (1989-1994), presents *Nota Cultuurbeleid 1993-1996* in which she states that an upper limit to the share of subsidy in the total income of arts organizations is required. She cuts back 5% of the total budget for the arts and a minimum of 15% of the total income of performing arts organizations has to be acquired out of the market. With the market she implies entrance fees, sponsoring and donations.

The 15% earned-income-measure causes a commotion; the newspapers report the expectation of extremely high ticket prices in the performing arts. Professor and researcher employed at the Erasmus University of Rotterdam, Berend Jan Langenberg (1992) publishes an article as a reaction on this commotion. He points at the fact that the market share of subsidized art organisations is decreasing. This endangers the political credibility of art subsidization. (Langenberg, 1992: 448) Economist and researcher René Goudriaan has published several researches on the elasticity of demand for the theatre sector. On the long run he calculates an elasticity of (-)1.5, which does not give any perspective on the increase of income when ticket prices are higher. (Langenberg, 1992: 449)

However, the Ministry of Finance speaks in a 'Reconsideration' research of a price increase of 20 to 50%. (Ministry of Finance: 1992) Langenberg emphasizes that, the exploitation deficit will continue to grow, unless the theatre sector increases its ticket prices, its sponsoring and its fundraising activities.

In 1995 two researches by Bureau Berenschot and the SCP on the current financial performance of the performing arts conclude that the 15% earned income measure has not led to radical changes. (van Dulken, 2002: 127) Their marketing and PR skills are not developed enough to acquire a larger audience and expand their earned income.

2.2.4 Cultural Entrepreneurship: a Hot Topic

Since the 1990s the Ministry of Education, Culture and Science has been urging the cultural sector to make use of new chances offered by the economy and the market. Secretary of State d'Ancona communicates this strategically in her culture note *Investing in Culture 1993-1996*. As a result applicants for subsidy not only have to prove the quality of their artistic activities as well as their professionalism and accurate management, in order to be considered for subsidy. She also starts subsidizing several support institutions that advice and educate cultural organizations on management, marketing and entrepreneurship, such as *Kunst & Zaken, Atana* and *Kunstenaars en CO*.

Rick van der Ploeg is the first State Secretary of Culture to use the term 'cultural entrepreneurship' as the cornerstone of his cultural policy in *Culture as Confrontation 2001-2004*. There are different definitions of cultural entrepreneurship. Giep Hagoort (2006) describes cultural entrepreneurship as:

'To recognize and avail opportunities in society through an explicit cultural mission in order to create a vital cultural climate'. (Hagoort, 2006: 14)

The culture note *More than the Sum 2005-2008* by State Secretary Medy van der Laan (1999-2004) points at the need to cut back in the arts budget, but does not explicitly mentions plans to encourage cultural entrepreneurship. However, in 2005 the Ministry of Economic Affairs and the Ministry of Education, Culture and Science publish a joint letter called *Our Creative Potential*, which announces plans to link the economic business world with the creative business world. With the latter they refer to:

'The arts and cultural heritage, the media and entertainment, as well as creative business services: design, architecture, computer games'. (EZ and OCW, 2005: 3)

The business world can find inspiration and utilization in the creative sector, while the creative world can learn from economics to discover more marketing opportunities. The following remark typifies what politicians have been claiming since the 1970s.

'Creative business sectors receiving subsidy are far too unilaterally dependent on the government. They have too little access to private funding from philanthropists and sponsors, and their entrepreneurship is insufficiently developed.' (EZ & OCW, 2005: 4)

Two goals of the *Program for the Creative Industry*, among other action points, are to improve the financial state of creative organizations and encourage cultural entrepreneurship and management. The motivation for these action points derives from the undesirable side effects of too much dependence on subsidies in the cultural sector. When an arts organization receives subsidy it tends to work as an official certification and economic potential seems inferior in the arts. Being subsidized seems like the highest level an art organization can achieve. Cultural organizations also focus too much on the prescriptions of the Council for Culture.⁹ This obstructs artistic innovation. A misunderstanding lays in the idea that public success is equated to low quality. The *Program for the Creative Industry* believes that therefore the development of alternative ways of financing, such as donations, investments and sponsorships in addition to their own earned income and subsidies would benefit the arts greatly. (EZ and OCW, 2005: 22-23)

As far as encouraging donations to art and culture is concerned, a lot of work needs to be done. The giving culture in the Netherlands is highly under developed. Yet, the policy makers are convinced that in the Netherlands there is potential for giving relations. (van der Hoeven, 2006: 2) An awareness of the possibility of investing in art and culture needs to be spread, so the government will no longer be seen as the sole financial supporter.

⁹ The Council for Culture = de Raad voor Cultuur.

However, one may remark a paradox in this plan. *Our Creative Potential* remarks righteously:

'On the one hand they are given support for those tasks the market itself fails to realize. On the other hand, they are encouraged to set foot in the market.' (EZ en OCW, 2005: 23)

Still this cabinet wishes to encourage cultural organizations to strengthen their commercial infrastructure with a budget of €15,450,000. (EZ and OCW, 2005: 52) Words are soon transformed into deeds. On 7 September 2006 Secretary of State of OC&W Maria van der Hoeven opens the first official cultural investment fund for Dutch performing arts and museums, called the *Triodos Cultuur Fonds*. (OCW, 2006) At the same time on 1 September 2006, a two-and-a-half year program called *Programma Cultuurmecenaat* is launched under the wing of bureau Kunst & Zaken to help arts organizations develop the competence to create patronage relationships and to inform the cultural sector of effective fundraising techniques. (van der Hoeven, 2006: 2)

In order to encourage private funding in the cultural sector the cabinet has taken two more measures. In the first place a brochure is published in 2004 on the fiscal benefits of donating and dedicating inheritance to art and culture. (van der Hoeven, 2006: 3) In the second place Minister van der Hoeven has proposed to the Dutch Parliament the concept of Matching Grants. Such a grant is a subsidy that functions as a bonus to encourage cultural organizations to generate private funding. This measure should also contradict the fear that generating private funding will be 'punished' by cut backs in the subsidy granted to the organization in question. The matching instrument will first be tested in the film sector.

2.2.5 Cut backs in the Art Budget?

Ever since Secretary of State Brinkman introduced budget financing and later on Secretary of State d'Ancona established the 15% earned income rule, cultural policy has emphasized cut backs in the art budget. Nonetheless, van Klink (2005) points out in his research on the efficiency of art policy in the Netherlands that, in the period of 1946 to 2005, the art budget has constantly risen in the total of government expenditures.

'In every time frame the percentage of increase is larger than that of the total State budget.' (van Klink, 2005: 282)

The State art budget grows six times faster than the total State budget does. By investigating the State budget from 1952 until 2002 van Klink discovers the results listed in table 6 in Appendix 2. In 2005 the total State art budget is €356 million while the total State expenditure is €121 billion. The art budget has only increased in percentages from 0.291 to 0.294 since 2002. (van Klink, 2005: 188) So despite the plans to cut back in the art budget, the State has not economized in the arts yet. In fact, the budget has continuously increased.

Van Klink concludes that the reason for this continuous increase lies in the enormous lobby pressure that the art sector imposes on politicians, so that they are forced to grant subsidies. Another reason is, according to van Klink, that the culture note system is just inviting and attracting an ocean of requests. The system stirs up the urge to produce art. This makes it impossible to reduce the art budget. (van Klink, 2005: 286-287)

Although significant cut backs haven't taken place yet; the government has been encouraging arts organizations to become more independent. Not only should the arts sector become more financially independent so the government can decrease the art budget; arts organizations should also find other sources of income so that more artistic activities can be financed.

2.3 The Financial Infrastructure of Theatre Accommodations

To conclude chapter 2, the current financial situation of theatre accommodations is discussed. The costs of theatre accommodations are often divided between the proprietor of the theatre building and the operator of the theatre. A theatre has to cover costs of capital and exploitation costs. (Langeveld, 2006: 281) Exploitation costs comprise running costs, such as overhead costs, programming and rent. The operator of the theatre is responsible for these costs. (Langeveld, 2006: 281) The costs of capital include rent, maintenance, insurance, water, gas, light and depreciation. These costs are often shared between the operator and the proprietor. (Langeveld, 2006: 282)

Chapter 2: Government Encouragement towards Privatisation of the Arts

The first as well as the most recent statistics listed at the *CBS* on the finances of the performing arts date back to 2002.¹⁰ Table 2.1 below reproduces the data of this research. The population consists of:

'Professional performing arts: theatres and concert halls; performing arts accommodations that are part of the Municipality'.¹¹ (CBS Statline, 2002)

In total, the financial data of 296 theatres are used to produce these statistics.

An important outcome of this *CBS* research is the income from the private sector, besides from the box office, being defined in only 1% income through sponsoring. (CBS Statline, 2002) Income from private donations, friends' memberships, corporate donations and gifts is not defined. Performing arts accommodations within this population receive 46% of their total budget through government subsidies. So almost half of the total income consists of subsidies.

Table 2.1 Returns, Subsidies and Expenses Performing Arts 2002 N=296

	Total Performing Arts Accommodations X €1000,000	Average per Accommodation X €1000	Percentage of Total In %
Audience related returns	€177	€598	34%
Rental non theatrical events	€21	€71	4%
Returns catering, leasing	€58	€195	11%
Other company returns	€23	€77	4%
Income sponsoring	€7	€24	1%
Subsidies from Municipality	€184	€621	35%
Other subsidies	€56	€189	11%
Total Exploitation Returns	€526	€1,776	100%
Labour costs personnel	€189	€639	34%
Other costs personnel	€19	€64	4%
Direct performance costs	€150	€507	27%
Other performance costs	€19	€65	4%
Other company costs	€157	€532	28%
Other expenses	€18	€60	3%
Total Expenses	€553	€1,866	100%

Source: (CBS Statline: 2002)

Since the *CBS* has not published more recent statistics, another source is used to complete the current financial infrastructure of theatre accommodations.

¹⁰ Central Bureau for Statistics

¹¹ (SBI 92321)

Chapter 2: Government Encouragement towards Privatisation of the Arts

Table 2.2 VSCD: Returns, Subsidies and Expenses Performing Arts N=136 2002, N=147 2005

	Total Performing Arts Accommodations X €1000,000		Average per Accommodation X €1000		Percentage of Total In %	
	2002	2005	2002	2005	2002	2005
Income Performances	€126	€150	€926	€1,020	26%	30%
Income Cultural Rent	€22	€27	€162	€184	5%	5%
Income Commercial Rent, Catering, Sponsors	€115	€79	€846	€537	24%	17%
Subsidies from Municipality	€183	€189	€1,346	€1,286	38%	38%
Contribution Province, State and Public Funds	€31	€50	€228	€340	7%	10%
Total Exploitation Returns	€458	€495	€3,370	€3,430	100%	100%
Program Costs	€132	€150	€971	€1,020	28%	30%
Accommodation and Housing	€93	€112	€684	€762	20%	23%
Personnel Stage Functions	€143	€152	€1,051	€1,034	31%	31%
Publicity and Organisation	€55	€48	€404	€327	10%	9%
Catering Purchases and Employees	€42	€33	€309	€224	9%	7%
Total Expenses	€465	€495	€3,419	€3,367	100%	100%

Source: (van den Berg, 2006)

Table 2.2 displays the average balance of 136 VSCD-members in 2002 and 147 members in 2005.¹² The balance by the CBS and the upper balance of 2002 by the VSCD show many similarities. Both show that the partition between subsidies and earned income is respectively 45 to 55%. This partition changed a bit in 2005 to 48 to 52%. Most of the earned income, approximately 26 to 34%, comes from the box office, or 'audience related returns', as it is formulated by the CBS. Private funding for the performing arts accommodations is not separately calculated.

Although table 2.2 and 2.3 provide an overview of the organizational costs and revenues, they do not offer a clear insight into the private contributions. According to the CBS data, the earnings gap in the performing arts is 45% of expenditures in 2002. The VSCD data show an earnings gap of 46% in 2002 and 48% in 2005. (van den Berg, 2006) So one may conclude that the gap is increasing. This means that either the subsidies or the private funding have to increase to help these performing arts organizations break even.

¹² VSCD = Association of Theatre and Concert hall Directors.

2.4 Summary

This chapter approximates the progression of government encouragement of the acquisition of private funding by arts organizations and theatre accommodations in particular. The second part of the central research question is approximated. *How has government policy influenced the partition of private funding in the total income of professional theatre accommodations in The Netherlands over the last 15 years?*

After the Second World War, the Dutch government increasingly interferes in common goods, which used to be facilitated by private persons, churches and charitable organizations. However, in the 1970s and 1980s the government expenditure quota reaches a height of 67% of the GDP, while the shortage in the government budget grows rapidly. (Koopmans, 2003: 33) Consequently, in the second half of the 1980s and the 1990s government policy is fixed on cutting back and economizing on the expenditures. Many tasks are transferred to the market and privatized. Government policy is being rationalized and focused on efficiency

Accordingly, cutting back in the art budget is an important spearhead in cultural policy. Secretary of State Brinkman introduces budget financing in 1982 and later on Secretary of State d'Ancona establishes the 15% earned income rule ten years later. Yet, according to the literature this does not encourage theatres to enlarge their earned income. (van Dulken, 2002: 112,113; Scholts, 1992: 46)

Since the 1990s the Ministry of Education, Culture and Science continues to urge the cultural sector to make use of new chances offered by the economy and the market. In 2005 the Ministry of Economic Affairs and the Ministry of Education, Culture and Science publish a joint letter called Our Creative Potential, which announces plans to link the economic business world with the creative business world. An amount of 15,450,000 Euro is spent on various projects that are supposed to encourage cultural organizations to strengthen their commercial infrastructure. (EZ and OCW, 2005: 52)

Despite all measures to encourage the cultural sector to emancipate, van Klink (2005) points out that in the period of 1946 to 2005, the art budget has constantly risen in the total of government expenditures. The State art budget grows six times faster than the total State budget does. (van Klink, 2005: 282)

Van Klink (2006) claims that the government still has not succeeded in cutting back in the art budget, because of the enormous lobby pressure that the art sector imposes on politicians, so they are forced to grant subsidies. Moreover, the culture note system makes it impossible to reduce the art budget, because it stirs up the urge to produce art and just invites and attracts an ocean of requests. (van Klink, 2005: 286-287)

The VSCD shows that the earnings gap of theatre accommodations has increased from 46% in 2002 and 48% of their total income in 2005. (van den Berg, 2006) It appears that theatres are not increasing their earned income, despite of continuous government encouragement during the past 25 years. The empirical study presented in chapter 4 provides current quantitative data of the partition of private funding in the total income of Dutch theatre accommodations. In the following chapter the research method of this empirical research is discussed.

Chapter Three: Empirical Research on Private Funding of Theatre Accommodations

3.1 Introduction

Chapter 1 of this master thesis presents an overview of what the term 'private funding' comprises and in what proportion it actually exists in the theatre sector in the Netherlands according to academic literature. Chapter 2 focuses on the history of government encouragement of the arts to acquire private funding. It provides an outline of previous studies on the financial infrastructure of theatre accommodations. In this chapter, the empirical study of this thesis is introduced.

Encouraging the acquisition of private funding has been a spearhead in cultural policy since the 1980s. Whether this encouragement is effective for theatre accommodations has not been tested yet. There are no actual academic studies on the proportion of private funding in the theatre sector yet.

Recently, Sara Oomen (2005) has investigated the attitude of business leaders of theatre companies towards private funding, which resulted in a highly interesting thesis. However, the theatre companies' income through private funding is not specified. Simone Scholts (1992) has merely studied whether theatre managers are planning to acquire private funding. This led to socially desirable answers. Gert Jan Thijssen (1998) has examined the existence of sponsor income of VSCD theatres. Unfortunately, he excluded a large amount of theatres that are not listed at the VSCD.¹³ Moreover, he does not take into account private giving schemes other than sponsoring.

In conclusion, none of these academic studies present a complete overview of the partition of private funding in the total income of Dutch theatre accommodations. The following chapters 4 and 5 provide clarity on all income through private funding of theatre accommodations in 2006. This chapter presents the sub questions, hypothesis and research method used to acquire these data.

¹³ VSCD = Association of Theatre and Concert Hall Directors

The central research question is repeated once more below.

What partition does private funding currently make in the total income of professional theatre accommodations in The Netherlands and how has government policy influenced this partition over the last 15 years?

3.2 Defining the Variables

In order to clarify the central research question, three variables are defined in detail. In the following sub paragraphs the terms 'private funding', 'theatre accommodations' and 'government policy' are discussed.

3.2.1 The Definition of 'Private Funding'

Private funding is considered part of the contributed income of, in this case a theatre accommodation. (Heilbrun & Gray, 2001: 155) Private funding consists of support from individuals, foundations and corporations. (Heilbrun & Gray, 2001: 152-153) Revenues from ticket sales are not included. Private funding is divided into 'sponsoring' and 'maecenatism', as is discussed in chapter 1. Sponsoring is characterized by its profit motive, in its business agreement and in the benefits for both parties. (Thijssen, 1998: 10) Sponsoring and maecenatism are defined as follows:

Art Sponsoring implies a business agreement between the sponsor and beneficiary in which a compensation is formulated that equals the size of the money or material provided for the beneficiary, which benefits both parties.

Maecenatism is a type of private support to the arts in which involved individuals, companies and foundations voluntarily - and without a direct profit motive - contribute to a certain artist or arts organisation, without a specific expectance of a compensation that equals the monetary value of the contribution.

Chapter 3: Empirical Study on Private Funding of Theatre Accommodations

Table 3.1 shows examples of sponsoring and maecenatism in order to make a distinction between the different 'giving schemes'. These giving schemes are discussed in detail in paragraph 1.3.

Table 3.1 The Partition of Contributed Income of Theatre Accommodations

Contributed Income		
Public Funding	Private Funding	
Government subsidies	Sponsoring	Maecenatism
State subsidy	Business Sponsoring	Individual Gifts
Province subsidy	Charity Lotteries	Friends Associations
Municipality subsidy	Business Clubs	Private Funds
Public Funds		

Sources: (Heilbrun & Gray, 2001: 152-153; Hitters, 1996: 57-58; Smithuijsen, 1990: 147, 155, 186)

3.2.2 The Definition of 'Theatre Accommodation'

This research focuses on private funding of professional non-profit theatres in the Netherlands. The *CBS* identifies four types of 'performance accommodations'. (CBS, 1994: 26)

1. The specific theatre accommodation, in which only performing art activities take place. Examples of specific theatres are city theatres and concert halls.
2. The multifunctional stage where, besides performing art performances, congresses, exhibitions, seminars and fairs are held.
3. The social-cultural centre, which is an accommodation for leisure and educational activities in general.
4. Churches that are used occasionally for performing art performances.

Only specific theatres will be taken into account, to ensure the strict use for performing art performances. In the past seven years *CBS* has only produced statistics in which theatres and concert halls are researched aggregately. Theatres and concert halls are defined as being governed on a daily basis and being specifically used for the performing arts. (CBS, 2007a) The building is either owned by the legal body that governs the theatre, or by the Municipality or a private landlord.

In this empirical research, merely specific theatres presenting theatre performances are included. Theatre performances exist in the genres drama, comedy, puppet theatre and youth theatre. (CBS, 2007b) In *Economie van het Theater* Cees Langeveld (2006), director of the *Chassé Theater* in Breda, distinguishes three variants of theatre accommodations. The first variant is the theatre accommodation, founded by private parties, but in times of adversity sold to the Municipality. The second is the theatre that is founded and exploited by private parties, but financially supported by the Municipality. The third variant is the theatre that is owned as well as managed by the Municipality. The staff is composed of civil servants; expenses are financed within the Municipality budget. (Langeveld, 2006: 40-41) In the first two cases, the theatre is either managed by a foundation, by a private partnership or by a limited partnership.¹⁴ Nowadays, a common scheme is the foundation with a supervisory board. (Langeveld, 2006: 42)

3.2.3 The Population

An objective research population is obtained through *AdresData* by *EM-Cultuur*. In the category *Dutch Performing Arts*, under the group *Performing Arts Accommodations*, the address list *Theatres / Concert halls* is used. (AdresData, 2007)

Initially, the *CBS* has been approached, but this institution is not certified to provide the list of theatres and concert halls used for its statistics to students. This list of *EM-Cultuur*, published by Bureau Menno Heling and *DataMagic*, consists of 476 theatres and concert halls. Yet, only theatre accommodations, that predominantly program theatre performances, are included in this research.

The list is manually filtered, excluding concert halls, pop music temples and amateur theatres. The Internet is used to track down program information, in order to separate the theatres from concert halls and the amateur from the professional theatres. This reduced the list to 249 professional theatre accommodations. Appendix 3 presents the list of theatre accommodations that responded to the survey discussed in paragraph 3.5.

¹⁴ Private Partnership = Besloten Vennootschap, B.V.

Limited Partnership = Naamloze Vennootschap, N.V.

3.2.4 Sub Populations within Theatre Accommodations

The theatre accommodations that are included in this research can be segmented into three sub populations. The first sub population is based on the number of seats of the largest hall in the particular theatre accommodation. This size determinant is chosen over the possible determinant of the largest number of seats in total, because a theatre accommodation with one single hall of 500 seats can be perceived as a larger theatre than one with three halls containing 200 seats each. The definition of the size category is commonly used in other studies, such as in the master thesis of Claudia de Graauw (2001) on volunteers of theatre accommodations.

The second sub population is derived from the regions in which the theatre accommodations are located. The region division managed by the Ministry of Education, Culture and Science – OC&W - is used. (Cultuurnota, 2005) The regions are arranged into land districts and covenant cities. Each of these regions has a governmental committee consisting of civil servants of Provinces and Municipalities that make agreements with the Ministry on cultural policy.

The third sub population divides the government supported theatre accommodations from the 'independent' theatres. This last sub population is based on the *VSCD* membership. In order to become a member of the *VSCD* a theatre has to stage at least 40 professional performing art performances a year. (VSCD, 2007) The annual membership fee depends on the number of visitors and ranges from 1,280.- to 2,880.- euro. (VSCD, 2007) Not every theatre in the Netherlands is a member of the *VSCD*, because the membership is relatively expensive. *VSCD* members are usually the larger theatres.

Table 3.2 and 3.3 present the size and region categories, table 3.4 the third category concerning the financial situation of theatre accommodations and table 3.5 shows the division between *VSCD* members and non-members. In the empirical study presented in chapter 4, the population is segmented into every category defined in this paragraph.

Table 3.2 Sub Population Size

Size	Definition
Small	≤ 150 seats
Medium	> 150 and < 500 seats
Large	> 500 seats

Source: (de Graauw, 2001)

Table 3.3 Sub Population Regions

Region	Definition
North	Friesland, Groningen
East	Drenthe, Overijssel, Gelderland
South	Noord-Brabant, Limburg, Zeeland
West	Noord-Holland, Zuid-Holland
Center	Flevoland, Utrecht
Covenant Amsterdam	Amsterdam
Covenant Den Haag	Den Haag
Covenant Rotterdam	Rotterdam

Source: (Cultuurnota, 2005)

Table 3.4 Sub Population Financial Situation

Financial Situation	Definition in % of Total Income
Dependent	0% Government Subsidy
Independent	>0% Government Subsidy

Table 3.5 Sub Population VSCD Membership

VSCD Membership	Definition
Member	Member of the VSCD
Non-member	Not a member of the VSCD

3.2.5 The Definition of 'Government Policy'

In chapter 2, the cultural policy of the Dutch government is discussed in detail. However, merely general cultural policy on State level is examined, while most theatre accommodations are solely supported by the Municipality. Since decisions on State level reflect on the policies of Municipalities mainly policy on State level is discussed. In chapter 5, the influence of the Municipality on the acquisition of private funding is examined through qualitative interviews.

3.3 Sub Questions

This research on private funding of theatre accommodations in The Netherlands focuses on two topics. The first topic concerns the size and development of private funding in theatre accommodations. The second topic concerns the role the government has played in encouraging this development during the past 15 years.

The two major sub questions are listed below. Each sub question is divided into more detailed questions.

1. What partition does private funding currently make in the total income of professional non-profit theatre accommodations in The Netherlands?

Chapter 3: Empirical Study on Private Funding of Theatre Accommodations

- 1a. What private giving schemes are mostly used in theatres and what scheme is most cost-effective?
 - 1b. For what purpose do theatre accommodations need and use private funding?
 - 1c. What is the influence of size and geographic region on private funding of theatre accommodations?
 - 1d. Has private funding of theatre accommodations changed during the past 15 years?
2. What is the progression that derived from government encouragement of private funding of theatre accommodations during the past 15 years?
 - 2a. Do theatres feel encouraged by the government to acquire private funding?
 - 2b. What is the influence of geographic region on the sense of encouragement of theatre managers by the government to generate private funding?
 - 2c. Are revenues for theatre accommodations through private funding punished by a decrease in government subsidies?

3.4 Hypotheses

Each sub question is linked to a hypothesis. In the conclusion of the empirical research, the results are compared to the hypotheses.

Hypothesis 1 The Partition of Private Funding in the Total Income of Theatres

In 2002, CBS statistics show that performing arts accommodations bring in only 1% of the total exploitation returns through sponsoring. (CBS Statline, 2002) Since individual giving and maecenatism is not that common in The Netherlands, one cannot expect income through maecenatism to exceed income from sponsors. *Therefore, the proportion of private funding in the total income of theatre accommodations will amount to less than 2%.*

Hypothesis 1a Private Giving Schemes

Chapter 1 discusses the most common giving schemes in the theatre sector, including individual gifts, friends associations, private funds, sponsoring and business clubs. Steenbergen (2006) claims that, since the government

encourages cultural organizations to acquire private funding, private initiatives for the arts have become more prominent. Yet, examples of generous individuals are rare in theatre sector. (Bever & Hitters, 1990: 152)

There is actually no CultureFund by Name under the wing of the Prins Bernard Cultuurfonds that contributes to theatre accommodations. Larger private funds, such as the VandenEndeFoundation do contribute to theatre. (VandenEnde Foundation, 2007b)

Friends associations used to belong to the past, replaced by sponsoring. (Bever & Hitters, 1990: 160) Yet, recently friends schemes seem to become increasingly popular again. (Heerma van Voss, 2007) Bakker (2005) emphasizes that business clubs are more common in museums and cultural heritage institutions. (Bakker, 2005)

Since the 1980s, sponsoring is a common phenomenon in the theatre sector. Yet, the main problem is that the government seems to be constraining a development towards more support from the private sector. The government does not want to hand over its responsibility to the market. (Bever, 1993a: 65)

Altogether private funds are probably the largest source of private funding for theatre accommodations. Sponsoring will take a second place, while contributions from individual giving schemes, such as friends clubs and gifts will be on the third place. Contributions from business clubs are expectedly minimal.

Hypothesis 1b The Purpose of Private Funding for Theatre Managers

According to Thijssen (1998), theatre accommodations acquire private funding on top of government grants, to strengthen the quality of their theatre program, to build a network and to finance rebuilding and renovations. (Thijssen, 1998: 100) This most likely has not changed since 1998, because theatre accommodations tend to only acquire private funding for extras and incidental projects. In Scholts' study (1992) theatre directors claim that they do not wish to become dependent of private parties in their programming. Since the government provides in the basic needs, theatre managers only turn to the private sector in case of need for additional financial resources.

Concluding, theatre managers will only approach private financiers for extras, such as interior changes, special projects and improvements of the artistic program and building.

Hypothesis 1c The Influence of Size and Geographic Region

Frank and Geppert (2004) conclude that in Hamburg and Berlin sponsors are not only interested in large, commercial, mainstream organisations, but also in small cultural organizations (Frank & Geppert, 2004: 153) However, Scholts (1992) contradicts this statement by claiming that in the Netherlands small theatres often do not have a marketing department which is concerned with the acquisition of sponsors. (Scholts, 1992: 76) Larger theatres have more employees and more financial means to hire for instance a consultant to set up a fundraising campaign.

For that reason small theatres will probably receive less private funding than larger theatres, since they do not have the expertise, time and means to acquire private funding.

The density of theatre accommodations is higher in urban areas than in rural regions of the Netherlands. (de Graauw, 2001) As a result, theatres in urban have more competition in acquiring private funding.

In rural areas, theatre managers are able to acquire more private funding than in urban regions. Thus, in the urban conglomeration in the Netherlands called 'Randstad', theatres will generate the fewest private funding.

Hypothesis 1d Private Funding of Theatres during the past 15 years

Scholts points out that 86% of the theatres accommodations is "planning" to acquire private funding in the future. (Scholts, 1992: 43) Scholts (1992) does not take into account that theatre managers give a socially acceptable answer that they are indeed planning to acquire private funding, because the government is encouraging them to acquire private funding.

I expect that currently theatres have not increased their acquisition of private funding during the past 15 years, since government subsidies for theatre accommodations are actually increasing as VSCD data shows. In 2002, 46% of the total income of theatre accommodations consists of government subsidies. In 2005 this percentage is 48%. (van den Berg, 2006)

Receiving increasing amounts of government subsidies, theatres will not have enough incentive to increase their acquisition of private funding.

Hypothesis 2 The Progression of Government Encouragement the past 15 years

Beyers emphasizes in his studies that the Dutch government does not seem to want private parties to take over their responsibility for the arts. (Beyers, 1993a: 65) Most recently, van Klink (2005) publishes quantitative data on government expenditure on art and culture, which appears to have risen faster than the total State expenses. (van Klink 2005: 282)

Consequently, it seems that substantial cut backs in art subsidies have not occurred yet. This decreases the incentive of theatre managers to acquire private funding. *So overall encouragement of the government concerning the acquisition of private funding has seemingly not progressed much in the past 15 years.*

Hypothesis 2a Attitude of Theatres towards Government Encouragement

Government policy has tried to encourage the acquisition of private funding in theatres continuously since the 1980s. The government has introduced various measures, such as the introduction of budget financing and the 15% earned income measure. Consultancy bureaus such as *Kunst & Zaken*, *Kunst en MeerWaarde*, *Atana* and *Kunstenaars en Co* are heavily financed by the Ministry of OC&W to improve cultural entrepreneurship in the cultural sector.

However, in the beginning of the 21st Century, the Ministry of OC&W concludes that arts organizations still have too little access to private funding. (EZ & OCW, 2005: 4) Nevertheless, the Ministry remains convinced that there is potential for giving relations in the arts in the Netherlands. (OCW, 2006b: 2) In 2005 the Ministry of Economic Affairs and the Ministry of OC&W publish a joint letter called *Our Creative Potential*, in which various projects are announced. The goal of this letter is to encourage cultural philanthropy and to restrict the dependence of arts organizations of government subsidies. (EZ & OCW, 2005)

Whether these measures work successfully or not is still to be questioned. The cultural policy of the Ministry of OC&W concerns the entire cultural sector. Yet, specific art forms require specific approaches.

Accordingly, theatre managers will not feel encouraged by the government to acquire private funding, because they are not specifically approached.

Hypothesis 2b Influence of Geographic Region on Sense of Encouragement

In the culture covenant agreements, published in the Cultuurnota 2005-2008, only land district South and West mention intentions to arrange projects concerning culture and economy. (Cultuurnota, 2005b; Cultuurnota, 2005c) Whether these projects include encouragement of private funding is not defined. Yet, the other land parts and covenant cities do not mention anything on this subject.

Thus most of the encouragement by the Province and Municipalities to generate private funding takes place in the regions South and West.

Hypothesis 2c Decrease of Subsidies once Private Funding is acquired

Secretary of State van der Hoeven has proposed to the Dutch Parliament the concept of matching grants to contradict the fear that generating private funding will be “punished” by cut backs in the subsidy granted to the cultural organization in question. (van der Hoeven, 2006: 3)

However, in various debates among cultural organizations the fear for these ‘punishments’ once private funding is generated, are frequently expressed. For instance in the debate *Buit ons toch uit!* on private funding of museums, which is an initiative of the *Boekmanstichting*, *D66* and the *Mondriaanstichting*. (Boekmanstichting, 2002). Reinier Sinaasappel of the *Singer Memorial Foundation* gave an example of the common fear for the shift of government funding to private funding.

‘I fear that government financing and private funding is not and-and, but that it will shift. Whenever we are successful in generating private funding, I fear that the government will cut back.’ (Boekmanstichting, 2002: 9)

Presumably, government subsidy decreases whenever private funding is acquired by theatre accommodations.

3.5 Research Method

The empirical study of this master thesis practises a quantitative and a qualitative data collection method. The quantitative method is the social survey, which purpose is to answer all sub questions, except for question 2 and 2c. The

characteristic of this method is that the same information is collected from all questioned theatre accommodations. In this way variation between the theatres can be measured.

The qualitative data collection method is the face-to-face interview, in which question 2 and 2c are answered. The focus of these interviews is on the private funding of the building costs of theatres. Private funding of building costs occurs in case of renovations, extensions to the theatre building or when theatres are newly build. The face-to-face interview is semi-structured, which implies that a combination of quantitative and qualitative data is gathered.

The social survey is administered in order to empirically research the partition of private funding in the total income of theatre accommodations, in the exploitation in the book year 2006. The questionnaire consists of four components.¹⁵ The first component requires data concerning the size and region of the theatre. The second concerns the partition of private funding in the total income of the theatre in question and the division between the opted giving schemes. The third component questions to what extent theatre managers feel encouraged by the Dutch government to acquire private funding. The last component lists different reasons for acquiring private funding.

The survey is sent by e-mail to the entire population; 249 theatres have received the questionnaire. In order to generate results that are representative for the whole population, approximately 30% of the theatre accommodations need to participate.

There are no open questions in this survey. Yet, the third and fourth components provide the option to give comments as an addition to the given answer. It takes only a few minutes to fill in the survey. The survey is addressed to directors or business leaders, who have access to financial records of the theatre accommodations. The survey is submitted by direct mail instead of paper mail for environmental reasons; to save a few trees.

After the social survey 4 accommodations and one professional fundraising consultant are selected to confer a face-to-face interview. The selection is based on two factors; whether the theatre went through a building project recently or in the past and whether the business leader is available for an interview. The interviews are held among four business leaders of theatre accommodations and

¹⁵ The questionnaire is presented in Appendix 4.

one consultant.¹⁶ The interview questions are structured in three subjects. The first subject is *Private Funding of the Renovation, Extension or New Building*. The second subject is *Private Funding of the Exploitation* and the third subject is *The Relationship with the Municipality*.

3.6 Summary

In this chapter the empirical research of this master thesis is introduced. It presents the sub questions, hypothesis and research method used. Firstly, the central research question is clarified by defining the terms private funding, theatre accommodations and government policy.

Private funding is divided into sponsoring and maecenatism and consists of support from individuals, foundations and corporations. (Hitters, 1996: 57-58; Heilbrun & Gray, 2001: 152-153) Theatre accommodations are classified as 'specific theatre accommodations', in which only performing art activities take place. (CBS, 1994: 26) The focus of this research is on accommodations that present theatre performances. Theatre performances exist in the genres drama, comedy, puppet theatre and youth theatre. (CBS, 2007b) Theatre accommodations are segmented into four categories; size, region, financial situation and VSCD membership.

A concise version of the hypotheses is outlined below.

1. *The proportion of private funding in the total income of theatre accommodations will amount to less than 2%.*

1.a Private funds are probably the largest source of private funding for theatre accommodations. Sponsoring will take a second place, while contributions from individual giving schemes, such as friends clubs and gifts will be on the third place.

1.b Theatre managers will only approach private financiers for extras, such as interior changes, special projects and improvements of the artistic program and building.

1.c Small theatres will probably receive less private funding than larger theatres. In rural areas, theatre managers are able to acquire more private funding than in urban regions.

¹⁶ The reports of these interviews are presented in Appendix 5.

Chapter 3: Empirical Study on Private Funding of Theatre Accommodations

1.d Receiving increasing amounts of government subsidies, theatres will not have had enough incentive to increase their acquisition of private funding during the past 15 years.

2. Encouragement of the government concerning the acquisition of private funding has seemingly not progressed much in the past 15 years.

2.a Theatre managers will not feel encouraged by the government to acquire private funding.

2.b Most of the encouragement by the Province and Municipalities to generate private funding takes place in the regions South and West.

2.c Presumably, government subsidy decreases whenever private funding is acquired by theatre accommodations.

These hypotheses will be tested by conferring a survey among 249 professional theatre accommodations and five qualitative interviews, discussed in chapter 4 and 5.

Chapter Four: Private Funding and the Exploitation of 70 Theatre Accommodations

4.1. Introduction: the Response Rate

The quantitative part of this empirical study is a social survey.¹⁷ A questionnaire has been directed to 249 professional theatre accommodations in the Netherlands. The selection of this population has been discussed in paragraph 3.2.3 of the previous chapter.

Three weeks of direct mail has resulted in a response rate of 28%, which represents a total of seventy theatre accommodations. Appendix 3 encloses a list of these respondents. In order for this survey to produce representative results, the geographic spread of the response is compared to the geographic spread of the total population in table 4.1.

Table 4.1 Geographic Spread of Response

Regions		Total Population Abs.		Total Population %		Response Abs.		Response %	
North		21		8½%		9		13%	
Centre		27		11%		11		16%	
South		43		17¼%		15		21%	
East		38		15¼%		4		6%	
West – Total		120		48%		31		44%	
	Rotterdam		14		5½%		3		4%
	Amsterdam		41		16½%		9		13%
	Den Haag		13		5%		4		6%
	West - remainder		52		21%		15		21%
The Netherlands		249		100%		70		100%	

The theatre accommodations in the eastern region are not highly represented. The western region is not highly represented either due to a low response rate from theatres in Rotterdam and Amsterdam. The regions north, centre, south, west – remainder and the city of Den Haag are highly represented. This will be taken into account in the data analyses. In the next two paragraphs the results derived from the survey are presented and discussed.

¹⁷ The survey can be found in Appendix 3.

4.2. General Results on Private Funding

The survey results show that Dutch theatre accommodations receive in average 5.5% of their total income from private funding in 2006. Twenty-two theatres do not receive any private funding, so 69% of the total population receives some sort of private funding.

Out of seventy surveyed theatre accommodations, sixty venues are – partly – financed by the government. This implies that theatres are private subsidized organizations or part of the Municipality. The other ten venues do not receive any government support.

Table 4.2 shows that government supported theatres receive in average 0.9%-point more private funding than independent theatre accommodations.

*Table 4.2 Private Funding of Theatres as Part of Total Income (in %)
Distinction made by Financial Situation*

Financial Situation	% Private Funding	Number	Std. Deviation
>0% Government Subsidy	5.7%	60	11.0%
0% Government Subsidy	4.6%	10	10.5%
Total Average	5.5%	70	10.9%

Another distinction is made regarding the membership of the VSCD.¹⁸ The results of the survey show that non-members receive approximately 1.0 percent point more private funding than members do. The annual membership fee depends on the number of visitors and ranges from 1,280.- to 2,880.- euro. (VSCD, 2007)

*Table 4.3 Private Funding of Theatres as Part of Total Income (in %)
Distinction made by VSCD membership*

VSCD	% Private Funding	Number	Std. Deviation
VSCD Member	5.1%	41	9.2%
No VSCD Member	6.1%	29	13.0%
Total Average	5.5%	70	10.9%

Forty of the surveyed business leaders filled in the monetary amounts of private funding received in 2006. This resulted in the data presented in table 4.4. The results are not representative for the whole population. However, the average amounts of private funding provide a general idea of what amounts of

¹⁸ Association of Theatre and Concert Hall Directors

Chapter 4: Private Funding and the Exploitation of 70 Theatre Accommodations

money are concerned with private funding of the exploitation of theatre accommodations.

Table 4.4 Absolute Average Amounts of Private Funding received by Theatres in 2006 (in €) N=40

Giving Scheme	Average Amount	Lowest Amount	Highest Amount
Individual Gifts	€7,500	€5,000	€10,000
Private Funds	€73,535	€4,000	€570,000
Friends Associations	€10,225	€1,400	€30,000
Lotteries	€100	€100	€100
Sponsoring	€31,400	€1,600	€100,000
Business Clubs	€37,800	€10,000	€60,000
Total Private Funding	€69,142	€3,000	€610,000

4.3 The Influence of Size on Private Funding of Theatres

The surveyed theatres are divided into three size categories. The number of seats of the largest hall determines these categories. The results show that small theatres earn a higher percentage of private funding than medium and large sized theatres do.

Table 4.5 Private Funding of Theatres as Part of Total Income (in %) per Size Category

Size in Number of Seats	Average % Private Funding	Number of Theatres
Small: < 150	7.0%	19
Medium: 150 – 500	5.6%	23
Large: > 500	4.5%	28
Total	5.5%	70

Table 4.6 shows what giving schemes are most common in small, medium and large sized theatres. The percentages reflect the partition of the different giving schemes within their income through private funding. For example, small theatres earn 2.9% of their total private funding by means of individual gifts. Consequently, this percentage represents the size of the share of gifts within the total private funding of small theatres.

The general partition shows that sponsoring is the most important source of private funding. Giving schemes such as gifts, lotteries and business clubs hardly occur.

Small and medium sized theatres receive the largest share of private funding through private funds. On the contrary, for large sized theatres private funds provide only modest contributions. Sponsoring is the largest source of the private income for large theatres.

Chapter 4: Private Funding and the Exploitation of 70 Theatre Accommodations

Business clubs are only common in large theatres. Yet, these do not receive any individual gifts, whereas small and medium sized theatres do receive a small percentage of their private funding by gifts. Only one medium sized theatre receives a tiny contribution from a lottery.

'Other' sources of private funding are defined as free services and discount on advertising space, contributions by private individuals through membership fees and special offers.

Table 4.6 Proportions of Giving Schemes within the Total Private Funding of Theatres (in %) per Size Category N=70

Size	Gifts	Private Funds	Friends Associations	Lotteries	Sponsors	Business Clubs	Other
Small	2.9%	46.2%	21.3%	0%	22.7%	0%	6.9%
Medium	1.9%	37.5%	15.6%	0.1%	30.5%	0%	14.5%
Large	0%	9.4%	10.3%	0%	63.6%	14.3%	2.4%
Total	1.4%	27.4%	16.0%	0.1%	42.5%	5.4%	7.2%

Diagram 4.1 Reasons for Acquiring Private Funding per Size Category

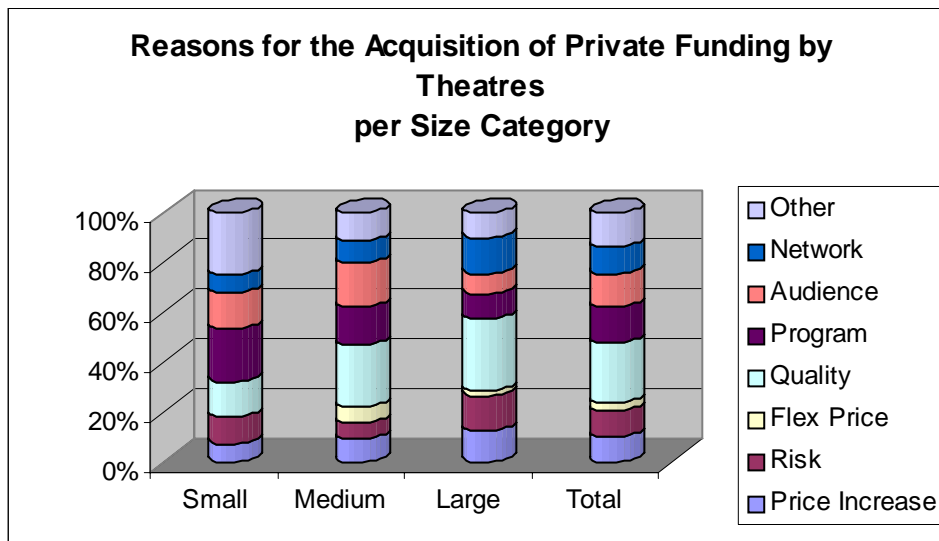


Diagram 4.1 indicates how many small, medium and large sized theatres have selected eight reasons for acquiring private funding. Only selections made by the 48 theatres that actually receive private income in 2006 are taken into account.

Below, the eight options are briefly described, followed by an abbreviation. These options are also used by Gert-Jan Thijssen in his academic study on sponsoring of VSCD theatres in 1998. (Thijssen, 1998)

- Other, namely...: **Other**
- To create a network with the business world: **Network**
- To expand the audience acquisition: **Audience**
- To expand the program: **Program**
- To improve the artistic quality of the program: **Quality**
- To maintain or enhance a flexible pricing policy: **Flex Price**
- To cover risks of deficits in box office revenue: **Risk**
- To cover price increases of expensive performances: **Price Increase**

In general, the respondents mostly generate private funding to improve the artistic quality of the program. Small theatres mainly acquire private funding to expand the program, while medium and large theatres mostly acquire private funding to strengthen the quality of the program. Large theatres prioritize acquiring private income as a means of covering risks and as a way to expand their network, more than small and medium sized theatres do. For all categories counts that maintaining a flexible pricing policy is prioritized the least.

Some other reasons mentioned in the survey by contestants are cited below.

- 'To cover a possible future decline of government subsidies by creating a new source of income.'
- 'To decrease the dependence of government subsidy.'
- 'To finance an extensive renovation.'
- 'To finance the renovation and decoration of the foyer.'
- 'To finance incidental projects.'

4.4 The Influence of Region on Private Funding of Theatres

The second column of table 4.7 shows per region how many of the surveyed theatres receive 0% private funding. In the third column the average percentages private funding are listed per region.

Striking is that theatres in the east of the Netherlands and theatres in Amsterdam and Den Haag have acquired private funding above average. In the north and in Rotterdam the percentage private funding is remarkably low. However, one must take into account that theatre accommodations in the east, Rotterdam and Amsterdam are not very highly represented due to a low

Chapter 4: Private Funding and the Exploitation of 70 Theatre Accommodations

response rate in these regions. Therefore, these results are not 100% representative.

Table 4.7 Private Funding of Theatres as Part of Total Income (in %) per Region and Theatres with 0% Private Funding (in %) per Region N=70

Region	% Theatres with 0% Private Funding	Average % Private Funding	Number of Theatres	
North	56%	2.5%	9	
Centre	36%	3.2%	11	
East	0%	14.4%	4	
South	33%	4.3%	15	
West – Total	44%	8.1%	31	
	Rotterdam	33%	1.7%	3
	Amsterdam	22%	7.9%	9
	Den Haag	25%	19.25%	4
	West - remainder	27%	3.7%	15
The Netherlands	31%	5.5%	70	

Table 4.8 provides percentages of theatres' total private funding per region, per giving scheme. For example, in the north of the Netherlands theatres acquire in average 8.3% of their total private funding through gifts.

Table 4.8 Proportions of Giving Schemes within the Total Private Funding (in %) per Region

Region	Gifts	Private Funds	Friends Associations	Lotteries	Sponsors	Business Clubs	Other	Total	
North	8.3%	12.4%	2.4%	-	65.2%	-	11.7%	100%	
Centre	-	33.2%	27.2%	-	39.6%	-	-	100%	
East	-	33.3%	1.0%	-	39.5%	26.2%	-	100%	
South	-	11.8%	19.0%	-	57.2%	7.0%	5.0%	100%	
West – Total	1.4%	34.2%	13.8%	-	34.4%	5.4%	10.8%	100%	
	Rotterdam	11.2%	37.5%	5.5%	0.1%	45.7%	-	100%	
	Amsterdam	-	74.8%	1.6%	-	23.6%	-	100%	
	Den Haag	1.3%	20.1%	48.6%	-	-	30.0%	100%	
	West - remainder	0.4%	11.7%	13.6%	-	48.6%	11.4%	14.3%	100%
The Netherlands	1.4%	27.4%	16.0%	0.1%	42.5%	5.4%	7.2%	100%	

Theatres in Amsterdam receive almost 75% of their private funding from private funds, while in other regions this percentage is considerably smaller. Theatres in Den Haag receive almost half of their private funding from a friends association, whereas they have not engaged in any sponsor deal.

Private gifts to theatre accommodations are only common in the north and in the *Randstad*.¹⁹ Business clubs mainly exists outside the *Randstad*. The

¹⁹ The 'Randstad' is the urban area in the west and center of the Netherlands.

southern and northern regions earn more than 50% of their private funding through sponsoring. In Den Haag sponsoring of theatre accommodations appears to be non-existent. Particularly in the north and west, other ways of acquiring private funding are used, such as for instance memberships.

4.5 The Influence of Government Policy on Private Funding

Before answering the question whether theatre managers feel encouraged by the government to acquire private funding, they have to determine what percentage of their total income is devoted to government subsidies. The results show that Dutch theatre accommodations receive in average 45.7% over their total income through government subsidies. Nine theatres do not receive any government subsidy and six theatres receive 100% of their total income through government subsidies. Small theatres receive most government subsidy, compared to the other size categories.

Table 4.9 Government Subsidies as Part of Total Income (in %) per Size Category N=70

Size	% Government Subsidies
Small	52.6%
Medium	40.2%
Large	44.8%
Total	45.7%

Diagram 4.2 and 4.3 show results derived from the question whether or not theatres feel encouraged by the government to acquire private funding. In general 38% of the theatre accommodations in the Netherlands hardly feel encouraged or do not feel encouraged at all by the government to acquire private funding, while a majority of 46% of the theatres feel encouraged or strongly encouraged. The remaining 16% of the theatres are neutral or do not share an opinion on this subject.

Some directors add reasons for not feeling encouraged by the government to acquire private funding.

- 'Acquiring alternative financing results in a decrease in subsidies.'
- 'Possible financiers are not willing to indirectly subsidize our Municipality!'
- 'The Municipality owns the theatre building and does not allow private investments.'

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- 'As long as there is no agreement on an annual budget, sponsoring only interferes with the Municipality.'

Others note the following reasons why they do feel encouraged by the government to acquire private funding.

- 'I feel encouraged by the government to acquire private funding, because subsidy continues to decrease.'
- 'Government financing is not sufficient for expanding extra or innovative activities, so it is necessary to turn to private sources.'
- 'We are strongly encouraged by the Municipality; after recent conversations with the Municipality we will develop more activities to attract private funding.'
- 'I feel strongly encouraged, because the Municipality forces us to attract sponsors in order to be able to decrease its subsidies.'
- 'I feel encouraged, because the government provides not enough subsidy to perform all our ambitions, so we will have to find other financial sources.'

Diagram 4.2 Government Encouragement of Theatres in the Netherlands

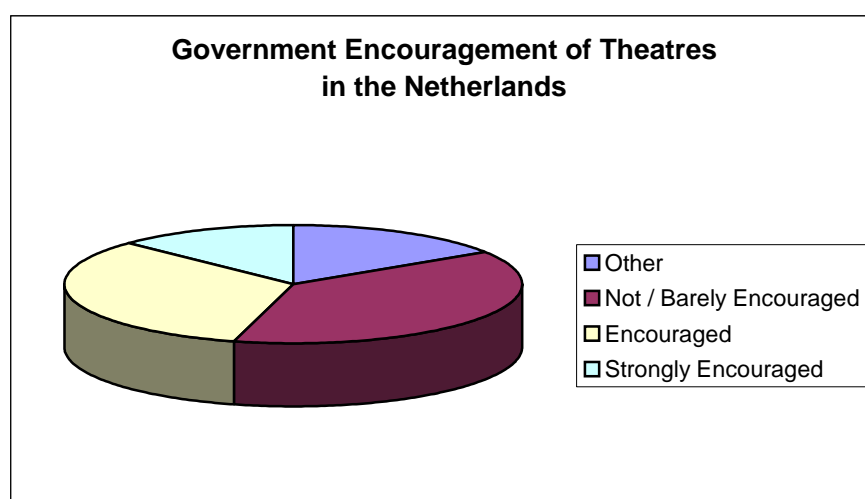


Diagram 4.3 Government Encouragement of Theatres per Region

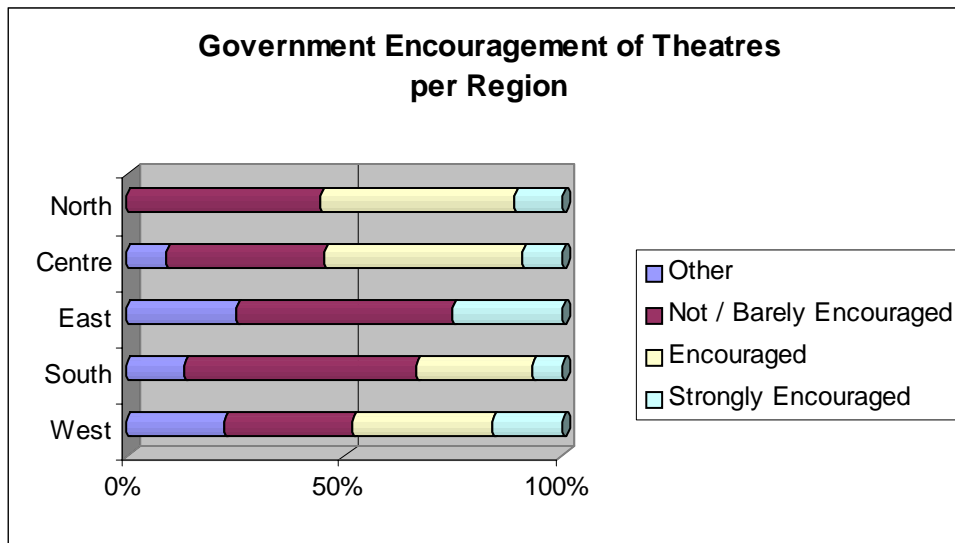
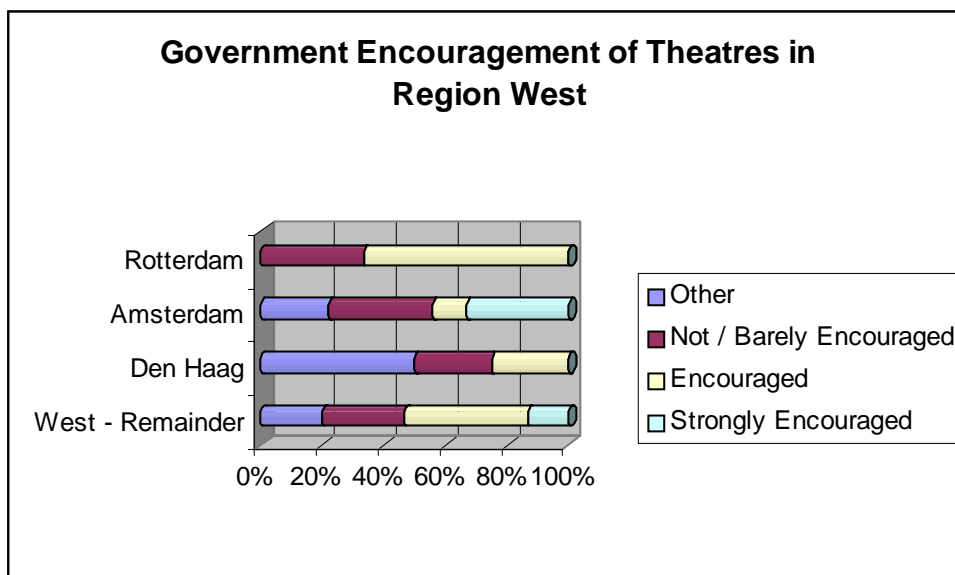


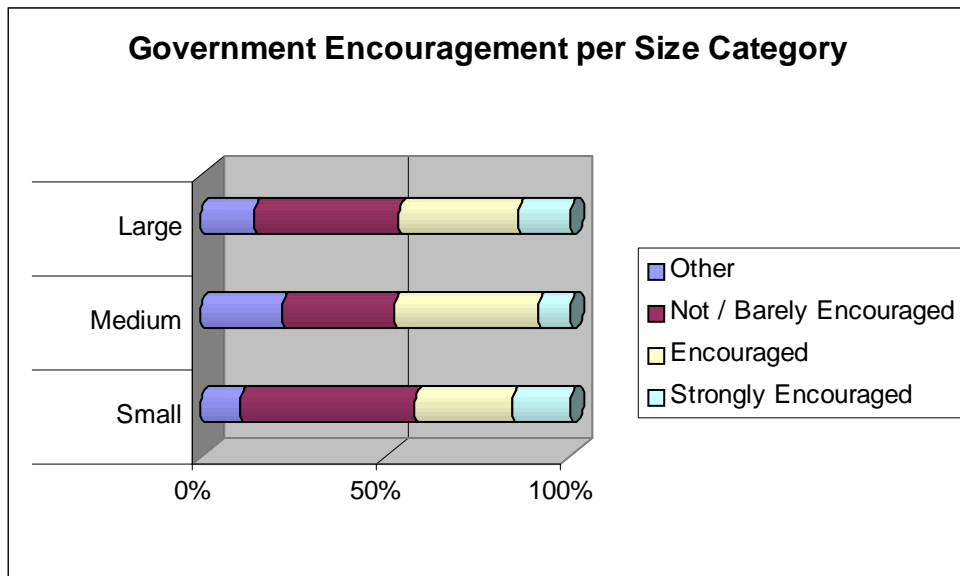
Diagram 4.4 Government Encouragement of Theatres in Region West



Particularly in the south, theatre managers feel the least encouraged by the government to acquire private funding. Theatre managers in the north and centre of the Netherlands feel most encouraged.

Diagram 4.5 shows the influence of size on the opinion of theatres whether or not they feel encouraged by the government to acquire private funding. The majority of small theatres do not feel or barely feel encouraged by the government, while the majority of the medium and large theatres does feel encouraged.

Diagram 4.5 Government Encouragement per Size Category



4.6 The Changes since 1992

In Chapter 2 a study similar to this master thesis is discussed. This study is performed in 1992 by Simone Scholts (1992) and investigates the acquisition of alternative financial sources by theatre accommodations and theatre companies. By comparing the survey results presented above to Scholts' results, further conclusions can be made concerning changes in the field of private funding in the theatre sector during the past 15 years.

Diagram 4.2 shows that in 2007 46% of the theatre managers feel encouraged or strongly encouraged by the government to acquire private funding. In 1992 this percentage is only 38%. This implies an increase of 8 percent point. However, the percentage of theatre managers who do not feel encouraged or feel hardly encouraged has increased as well, from 33% in 1992 to 38% in 2007. (Scholts, 1992: 46)

The reasons for theatre managers to feel encouraged or to not feel encouraged by the government to acquire private funding have changed a lot over the past 15 years. Table 4.10 lists the differences between 1992 and 2007 in reasons to feel or not feel encouraged by the government to generate private funding.

Table 4.10 Reasons for acquiring private funding in 1992 compared to 2007

Government Encouragement	Theatre Accommodations in 1992	Theatre Accommodations in 2007

Encouraged, because...	The possibilities that budget financing has to offer. ²⁰	The decreasing and insufficient subsidies, which forces theatres to look for other sources of income.
Not Encouraged, because...	Lack of budget, time and employees to perform sponsor plan	Generating private funding leads to cut backs in government subsidies.

Source (Scholts, 1992: 47)

In 1992 Scholts concludes that private individual gifts hardly exist in the theatre sector. (Scholts, 1992: 64) This has not changed in the past 15 years, since the survey of 2007 shows that only 1.4% of theatres total private funding is devoted to gifts.

Sponsoring is still underdeveloped in the theatre sector in 1992. Only a handful of theatre accommodations are experienced in acquiring financial sponsoring. Theatre managers perceive sponsoring as an insubstantial financial source that can never be structural. (Scholts, 1992: 67) This situation has changed severely. Thijssen (1998) concludes in 1998 in his research of 75 *VSCD* theatres that 79.2% of these theatres receive income from sponsoring. Striking is that he points out that 61.2% of the sponsor deals are structural contracts that cover more than 2 years. Only 38.8% of the sponsor deals concern an ad hoc or incidental sponsor contribution. (Thijssen, 1998: 100)

Sponsoring continues to become more common up to recently. Almost half of the total private funding of theatres is earned through sponsoring. The results of 2007 presented in table 4.4 show that in 2006 sponsoring has brought in approximately 23,000 euros per theatre accommodation. Yet, the data presented in table 4.4 are not 100% representative, because these are retrieved from merely 40 theatre accommodations.

Another important conclusion stated by Scholts is that private funding is often acquired by theatre accommodations to finance renovations and restorations of the theatre building. (Scholts, 1992: 46) Thijssen (1998) concludes as well that the most common reason for theatre managers to acquire sponsoring is to finance rebuilding and renovations, but also improving the quality of the theatre program and to build a network. (Thijssen, 1998: 100) This has not changed until 2007. However, in the survey of 2007 only few

²⁰ Budget financing was a new measure implemented in the early '90s by the government, discussed in more detail in Chapter 1.

theatre managers have mentioned the acquiring private funding to finance building projects. Therefore, the next chapter presents information obtained through interviews in which private funding of theatre building projects is discussed in more detail.

4.7 Conclusions

The most striking conclusion derived from the quantitative survey is that in 2006, seventy Dutch theatre accommodations have acquired 5.5% of their total income by private funding. This percentage is considerably higher than the estimated maximum of 2% in hypothesis 1. As is discussed in chapter 2, the *CBS* only distinguishes the giving scheme sponsoring, which is said to comprise 1% of the total income of performing arts accommodations. (*CBS Statline*, 2002) Income from private donations, friends' memberships, corporate donations and gifts is not defined.

Moreover, the *VSCD* does not separately calculate any type of private funding. (van den Berg, 2006) Scholts (1992) and Oomen (2005) do not provide a decisive percentage neither. Consequently, the 5.5% private funding derived from the survey provides a completely renewed insight in the current financial situation of theatre accommodations in the Netherlands. One must take into account that 31% of the surveyed theatres do not receive any kind of private funding.

Hypothesis 1a expresses the expectation that contributions by private funds will comprise the largest part of theatres' private funding. Yet, the survey results contradict this hypothesis. In general, sponsoring is the largest source of private funding for theatre accommodations, bringing in 42%. Private funds take a second place with 27% and friends associations bring in 16% of the total private funding.

The main reason for theatre accommodations to generate private funding is to improve the quality of the program. Other reasons theatre managers come forward with is to decrease the dependence of government subsidies, to finance renovations and to realize incidental projects. This confirms hypothesis 1b.

Hypothesis 1c predicts small theatres to generate less private funding than medium sized and large theatres. However, the survey has produced contradicting results. Small theatres acquire in average 7% of their total income

by private funding, which is 1.5%-point above average. Large theatres generate even 1%-point below average.

Hypothesis 1c also expresses the expectance that theatres in rural areas will easier generate private funding than theatres in urban regions. However, the survey results do not confirm this expectance. Theatres in city Den Haag generate the highest percentage of private funding. Yet, the rural eastern region produces high percentages of private funding as well. Particularly in the north and centre of the Netherlands, theatres acquire low percentages private funding. The factors that determine the influence of the geographic region on the height of theatres' income through private funding is further discussed in the qualitative research in chapter 5.

In the past fifteen years, private funding of theatre accommodations has changed regarding the rise of sponsoring in the 1990s. Business sponsoring has evolved into a promising giving scheme for theatre accommodations. Individual gifts to theatres have remained minimal, but friends schemes and private funds are developing into an important source of private funding. So hypothesis 1d can be overruled, since sponsoring as well as maecenatism is mounting for theatre accommodations. Hypothesis 1d states that theatre managers will not have increased the incentive to acquire private funding, because of the continuously increasing subsidies. Yet, theatres in fact have increasingly acquired private funding, mainly in order to improve the quality of the program, since government subsidies do not suffice anymore.

Since 1992, the number of theatre managers that feels encouraged or strongly encouraged by the Dutch government to acquire private funding has increased with 8%-point in 2006. However, the number of theatre managers that does not or hardly feels encouraged has increased as well, but with merely 5%-point. Yet, in 2006 the majority of the theatre managers feels encouraged or strongly encouraged by the government to acquire private funding. So hypothesis 2 can be rejected.

The surveyed theatre managers argue that they feel encouraged by the Dutch government to acquire private funding, because the Municipality does not provide sufficient subsidy to perform all of their ambitions. They feel forced to generate alternative sources of income, such as private funding. Theatre managers who do not or hardly feel encouraged claim that they fear for

decreasing subsidies once private funding is acquired. Moreover, some declare that their Municipality restrains private support.

Hypothesis 2b is overruled by the outcome of the survey that theatre managers in the southern region feel least encouraged by the Dutch government to acquire private funding. Theatre managers in the north and centre of the Netherlands feel most encouraged. In the next chapter, the sense of encouragement by the Dutch government of theatre accommodations is further explored, particularly in funding renovation and construction projects.

Chapter Five: Private Funding of Renovation and Construction Projects

5.1 Introduction

In this chapter, the qualitative component of the empirical study charts cash flows that have not been examined in the previous chapter yet. The quantitative research presented in chapter 4 has mapped the private funding of the exploitation costs of theatre accommodations. The qualitative part examines the private funding involved in renovation and construction projects of theatre buildings.²¹ It comprises five interviews conferred among four theatre directors and one consultant. The criteria for selecting candidates for the interviews include whether the theatre accommodation has recently undergone a large-scale construction project. Moreover, theatres are selected with regard to the geographic position. Theatres located in different regions are approached. The theatres that have been subjected to an interview are listed in table 5.1.

Table 5.1 Classification Theatres included in qualitative empirical study

Theatre Accommodation	Size Category	Region Category	Financial Situation	Building Project	Year Project
Theater Heerlen	Large	South	Government Supported	Renovation & Extension	2005
Theater de Veste	Medium / Large	West	Government supported	Newly-built theatre	1995/96
Theater Dilligentia	Medium	Den Haag	Government supported	Renovation	2002/03
Theater De Lieve Vrouw	Small / Medium	Centre	Government supported	Renovation & Extension	2006/07

The first interviewee is the director of *Theater de Veste* Jan Bartels. *Theater de Veste* has opened its doors in 1996. It is a modern building in the city centre of Delft, designed by the architect Jan Hoogstad. The theatre stages 140 professional theatre performances annually. The venue comprises of one hall called the *Rabozaal*, which includes 510 seats. (Theater de Veste, 2007a)

The second interviewee is Bas Schoonderwoerd, director of *Theater Heerlen*. When *Theater Heerlen* was firstly built in 1961, it was located in the

²¹ Paragraph 2.4 elaborates on the distinction between exploitation costs and capital costs, which separates the cash flows examined in chapter 4 and 5.

midst of a pasturage. (Philippens, 2007) Through the years the city centre has surrounded the theatre. *Theater Heerlen* has played an important role in the culture history of Heerlen. Besides staging theatre and music performances, much of the regions' club life takes place in the theatre; from brass bands to school theatre groups, have performed in the theatre.

In 2002, *Theater Heerlen* closes for four years, in which a large scale renovation takes place and a new hall is attached to the building, which is one of the most innovative theatre stages of Europe. *Van Dooren Advies* has consulted *Theater Heerlen* in the acquisition of sponsors and other private parties in a fundraising campaign. Consequently, the third interviewee is consultant Job van Dooren, director and senior advisor of consultant agency *Van Dooren Advies* in Amsterdam.

Since 1984 Job van Dooren has been a pioneer in the acquisition of private funding for building projects in the cultural sector. Until today *Van Dooren Advies* is the market leader in fundraising advice, with approximately two hundred successful acquisition campaigns for public buildings.

The fourth candidate is Matti Austen, director of *Theater De Lieve Vrouw*. This theatre is built on the foundations of the old Gracht church in 1989. After seventeen years of functioning as a theatre, cinema and café, the building is in need of a renovation. The basement, which used to be exploited by an external organization as a pop music stage, is converted into a new film hall. The theatre hall is completely rebuilt and extended as well as the theatre café. After a building project of one year, the theatre has reopened on 30 September 2007. It currently encompasses one theatre hall with 248 seats and three small film halls.

The last interviewee is Geoffrey Dijkstra, business coordinator of *Theaters Diligentia and PePijn*. Since 1645, the theatre building in which *Theater Diligentia* resides is located on the Lange Voorhout in Den Haag. (Theater Diligentia, 2007) Originally, two private houses have been united in one building, which used to be property of the Lordship van Tuyll van Serooskerken, but is sold to the *Society of the Practise of Empirical Philosophy* in the beginning of the 19th Century. Since 1821 the building is used as an auditorium and concert hall. In the past two Centuries, the building has evolved into a modern theatre accommodation. Today, *Theater Diligentia* mostly programs cabaret, stand-up comedy, music theatre and drama performances.

In 2002 and 2003, *Theater Diligentia* is completely renovated. The large hall comprises of 500 seats and the small hall includes 96 seats. (Theater Diligentia, 2007)

These five interviews focus on three subjects. The first subject concerns the private funding of the theatre construction projects. The second subject entails questions on the role of the Municipality in the construction project. The interviewees are questioned whether they feel encouraged by the government to acquire private funding. The last subject focuses on private funding of the theatre exploitation costs. Detailed reports of the interviews are presented in Appendix 5.

5.2 Private Funding of Theatre Construction Projects

In most cases the operator of the theatre accommodation - the foundation or NV - takes the initiative to start a construction project. Except for the newly-built *Theater de Veste*, which has been an initiative of the Municipality of Delft. The need to renovate or extend a theatre accommodation mostly derives from outdated safety and technical facilities.

"The facilities were outdated and needed a complete renovation." (Theater Heerlen)

"The theatre did not meet the safety and ARBO-requirements anymore. So a renovation was necessary to refresh the user function of the building."²² (Theater Diligentia)

All of the four theatre buildings are owned by the Municipality. In all cases, the Municipality finances the major part of the construction project. Job van Dooren estimates that private parties contribute in average 10 – 20% to theatre construction budget.

The partition public – private investments in the construction projects of the interviewees are listed in table 5.2. Public investments imply governmental contributions by the Municipality. In case of *Theater Heerlen* and *Theater De Lieve Vrouw* the Province has invested as well. *Theater Heerlen* has received 2.5 million Euro from the Province of Limburg for its construction project, which

²² The ARBO requirements derive from the ARBO law, which ensures that the employer is obliged to ensure the health and safety of its employees. (www.arboplus.nl)

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represents 5.4% of the total construction budget. *Theater De Lieve Vrouw* has obtained 300,000 Euro from the Province of Utrecht, which comprises 9% of the total construction budget.

Van Doorens' estimated proportion of private investments appears too optimistic. The large theatres have all generated less than 10% of the total budget through private funding. Yet the smallest theatre, *Theater De Lieve Vrouw*, has acquired the highest percentage of private funding; 15% of its total construction budget.

Table 5.2 The Partition Public – Private Investments in Theatre Building Projects

Theatre Accommodations	Public Investment	Private Investment	Total Budget
Theater de Veste	-	-	100%
	€7.3 mln.	-	€7.3 mln.
Theater Heerlen	96.4%	3.6%	100%
	€43.6 mln.	€1.7 mln.	€45.3 mln.
Theater De Lieve Vrouw	76% (+9% loan)	15%	100%
	€2.8 mln. (+€300,000 loan)	€500,000	€3.3 mln.
Theater Diligentia	93%	7%	100%
	€9.0 mln.	€650,000	€9.65 mln.

All theatres use the public means to cover the foundation of the construction project. Private funding is mostly invested in 'extras', extensions and the interior. Schoonderwoerd illustrates this as follows.

"The Municipality pays for all the costs that derive from the basis of the revitalization and extension; from the material costs during the renovation to the maintenance costs in the future. Private parties are approached to finance all the extra facilities that complement the 'basic' theatre." (Theater Heerlen)

"In most cases the Municipality funds the 'basis' of the building. Private businesses and individuals are approached to finance the interior and the extras that improve the theatre." (Van Dooren Advies)

According to Van Dooren, the most common giving schemes in the acquisition of private funding are private funds, business sponsors, business clubs and private individuals. Van Dooren claims the 'Adopt a Seat' format to be the most successful giving scheme for private individuals. Both *Theater Heerlen* and *Theater Diligentia* make use of this format. Table 5.3 presents what giving

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schemes are involved in the private funding of the discussed construction projects.

Table 5.3 Private Funding of the Theatre Building Projects: the Giving Schemes

Theatre Accommodations	Seat Adoption	Individual Gifts	Private Funds	Sponsors	Total Private Funding
Theater de Veste	-	-	-	-	0%
	-	-	-	-	€0
Theater Heerlen	6%	-	-	94%	100%
	€100,000	-	-	€1.6 mln.	€1.7 mln.
Theater De Lieve Vrouw	-	-	70%	30%	100%
	-	-	€350,000	€150,000	€500,000
Theater Diligentia	11%	4%	62%	23%	100%
	€75,000	€25,000	€400,000	€150,000	€650,000

Private funds and sponsoring are the most lucrative giving schemes in funding theatre construction projects. Van Dooren confirms this conclusion, since his experience is that usually sponsoring is good for almost half of the total private funding. A quarter of the total private funding is brought in through private funds. Friends associations, business clubs and other individual giving schemes do not bring in much private funding for theatre building projects.

Van Dooren recommends a maximum of 20% of the total acquired private funding to be returned to the sponsors in the shape of compensations.

“There are certain kinds of privileges you are obliged to offer to your sponsors, such as free theatre tickets. This is very expensive. However, it cannot simply be replaced by ‘creative’ compensations such as a custom made art work or attending a repetition.” (Van Dooren Advies)

Compensations other than free tickets are, in case of *Theater Heerlen*, advertisement in the shape of placing sponsor names in the brochure, on the ‘sponsorplaque’ in the entrance hall and various halls carry the names of the largest sponsors. *Theater Diligentia* has modestly painted sponsor names on the foyer wall. The theatre management has set clear boundaries for sponsor compensations.

“A very large sponsor was willing to sponsor a great deal of the renovation, but requested that the theatre was named after the particular business name. We decided that this was out of the question, so unfortunately we had to reject the offer.” (Theater Diligentia)

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Theatre directors often experience difficulties in acquiring sponsors. Generating sponsor income requires more time and energy than applying for government subsidy or funding from private foundations.

"We have invested a great deal of energy in acquiring sponsors, while it does not bring in as much as private funds. A problem is that businesses are simply more interested in sponsoring larger city theatres. Moreover, businesses are not interested in sponsoring Theater De Lieve Vrouw, because their relations are not interested in our artistic program." (Theater De Lieve Vrouw)

"Businesses are not that interested in sponsoring 'bricks'. We had difficulties with private funds and sponsors, demanding that their contribution is spent on a 'tangible' part of the theatre. Particularly private funds wish to receive specific invoices on where their money was spent on and how. In a large construction project such as ours, this is hard to administer." (Theater Diligentia)

Motives for businesses to sponsor theatre construction projects often relate to the personal interest in theatre of the decision makers, the employees, and more importantly the business relations. Nevertheless, in the end businesses sponsor cultural organizations for commercial goals.

"The choice to sponsor a theatre may be influenced by personal preference of the decision makers for theatre. Yet, in large companies there are more than one decision makers, so this counts for only a small amount of sponsors. Mostly business oriented motives prevail. Businesses are eager to sponsor a theatre once it has a good atmosphere to invite their relations to. Another important motive to sponsor theatre is to make its city more lively. A theatre can make a city more interesting for people to move to." (Van Dooren Advies)

Concerning the development of private funding of theatre accommodations during the past 15 years, van Dooren claims that since the early 1990s the volume of private funding of art and culture has increased substantially. However, capital, construction and exploitation costs increase continuously as well. So the amount of private funding of theatre accommodations relatively has not changed much since the 1990s.

5.3 The Role of the Municipality in Construction Projects

The interviewed theatre directors all have good relationships with their local council. Before the start of the construction project the Municipality determines the amount of the planned investment. Van Dooren perceives the tendency that it has become standard for Municipalities to demand that approximately 10% of the investment in theatres is contributed by private parties. The Municipality of Heerlen for instance requested *Theater Heerlen* to generate 10% of the building budget independently. On the contrary, the local councils of the other interviewees do not make any demands on to what extend the theatre directors acquire private funding for the construction project.

“The Municipality does not interfere in our acquisition of private funding. We just receive our basic needs. We finance extra activities through other sources of income. The Municipality provides the freedom for us to do this.” (Theater Diligentia)

In the survey, discussed in chapter 4, the candidates are questioned whether or not they feel encouraged by the government to acquire private funding. In the interviews, this question is posed once again in order to be clarified by the interviewees.

“We only finance extra activities and incidental projects with private funding, in order for the Municipality to remain responsible for the basic facilities of the theatre. Yet, the government does not succeed in encouraging private funding of the arts, because the fiscal facilities are still not attractive for businesses and private individuals.” (Theater Heerlen)

“Small cultural organizations do not have enough time, employees, budget and expertise to invest in a proper acquisition campaign. The Ministry of OC&W finances for instance *Programma Cultuurmecenaat* by *Kunst & Zaken*. Yet this is not enough to encourage the cultural sector fully in acquiring private funding. The government should reserve a special budget from which small cultural organizations can invest in proper fundraising.” (Van Dooren Advies)

In chapter 1 academic studies are discussed proving that the acquisition of private funding in the arts sector leads to cut backs in government subsidy. The interviewees are questioned whether they fear for decreasing subsidies once private funding is generated. All four of the interviewed theatre directors claim that this statement is unfounded. Yet, Van Dooren recognizes the described fear.

“It indeed happens, that Municipalities decrease their subsidies as soon as private funding can cover the remaining costs. This does not encourage theatres to acquire private funding. Yet, mostly Municipalities do not understand that it is perceived as a punishment once private funding leads to decreases in subsidies. Therefore it is important that, right before the acquisition campaign starts, clear agreements are made with the Municipality.” (Van Dooren Advies)

The interviewees do not fear for decreasing subsidies once private funding is generated.

“If private funding is earmarked to a special series or project, the Municipality will not decrease its subsidy. We have a good relationship with the Municipality.” (Theater De Lieve Vrouw)

5.4 Private Funding of the Theatre Exploitation

All four of the theatres exploit a friends association, except for Theater De Lieve Vrouw which only has ‘Lieve Vrouw Pass’-holders. The theatre directors are questioned on how the benefits of a friends association are in proportion to the costs of the privileges for friends. The friends of Theater Heerlen and the pass holders of Theater De Lieve Vrouw bring in as much revenue as they receive in return in the shape of privileges. Friends of Theater Diligentia are given 70% of their membership fee back through benefits. The friends of Theater de Veste obtain 50% of their contribution in return. The business coordinator of Diligentia is planning to increase the fee a few euros. Conversely, for Theater Heerlen, a friends contribution of €25,- is a maximum.

“My experience is that one cannot ask more than €25,- for a membership. Otherwise only the rich can enjoy certain benefits we offer.” (Theater Heerlen)

To conclude the interview the following question is posed. Are theatre building projects 'sponsor-able'?

"Yes. Businesses rather invest in construction projects, because of the incidental character. They have to invest once in the building, they receive recognition and are invited for the grand opening. Businesses are usually not interested in sponsoring the theatre exploitation, because it is structural. Businesses like to switch sponsor projects more often." (Van Dooren Advies)

"Private parties will never be eager to finance an entire theatre building. This will always remain the responsibility of the Municipality. Private parties are not interested in sponsoring 'bricks'." (Van Dooren Advies)

"Businesses like to sponsor theatre projects, because these are visible for the whole city. In Delft we have a lot of technical businesses that employ international researchers, the university houses many international students, IKEA houses its international education center in Delft. An international program in our theatre is interesting for these businesses." (Theater de Veste)

5.5 Conclusions

The theatre directors subjected to an interview have acquired 3 – 15% of their total building budget through private funding. Contributions made by private parties amount from 500,000 Euro to 1.7 million Euro, in a total construction budget that varies between 3 and 45 million Euro.

Sponsors and private foundations bring in most private funding. Yet, sponsors request expensive compensations so one may conclude that private foundations are most cost effective.

Motives for businesses to sponsor theatre building projects often depend on the staffs' personal preference for theatre, but commercial goals seem decisive. The atmosphere of the theatre needs to be suitable for the reception of business relations. Moreover, businesses are more eager to invite their relations to theatres that program accessible genres.

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According to Job van Dooren, in the past fifteen years private funding of theatre accommodations has expanded in volume. Yet, relatively it has not increased, since exploitation and building costs have risen proportionately.

Hypothesis 2a can be confirmed, given that none of the directors feel encouraged by the central government to generate private funding. Fiscal facilities are not attractive for donating to theatre accommodations and gifts to theatres cannot be deducted from the income tax for most theatres do not have a common good declaration. Van Dooren claims that small theatres do not have enough time, employees, expertise and budget to initiate an effective fundraising campaign. Large theatres often have a sufficient budget at their disposal to hire a professional expert on fundraising. Van Dooren argues that the government will encourage theatres to start or extend fundraising activities by providing a budget to hire an expert.

The local councils of the interviewees appear quite indifferent towards to what extent the theatre managers acquire private funding for their construction project. The measures taken at State level meant to encourage the acquisition of private funding do not reflect much on the cultural policy at Municipality level. However, the interviewees state that acquired private funding is never 'punished' by a decrease of subsidy by the Municipality. So hypothesis 2c can be rejected.

On the contrary, van Dooren claims that cut backs in government subsidy once theatres generate private funding are quite common. Yet, this can be prevented by making clear agreements with the Municipality on the proportion public – private support. In construction projects, generally the Municipality invests in the 'basic' facilities and private parties contribute to extra facilities, such as extensions and the interior of the theatre.

An upcoming giving scheme in the private funding of theatre construction projects is seat adoption. 'Adopt a Seat' schemes have not been examined in the existing Dutch literature yet. This type of individual giving – maecenatism - indicates a positive perspective for the future of private funding in the Dutch theatre sector.

Summary

Since the 1980s, the Ministry of Education, Culture and Science has tried to encourage the cultural sector to emancipate by acquiring private funding. Whether this encouragement has been effective for theatre accommodations is uncertain. There are no actual academic studies that present a complete overview of the partition of private funding in the total income of Dutch theatre accommodations. This research has mapped various private cash flows through a survey among seventy professional theatre accommodations and five interviews with theatre directors and a fundraising consultant.

'What is the score?' The most striking conclusion derived from the survey results is that Dutch theatre accommodations have acquired 5.5% of their total income by private funding in the book year 2006. This percentage is considerably higher than *CBS* data show. The *CBS* only distinguishes the giving scheme sponsoring within the costs and benefits of performing arts accommodations, which comprises 1% of the total income. (*CBS Statline*, 2002) Other academic studies do not provide a decisive percentage neither. (Scholts, 1992; Oomen, 2005; van den Berg, 2006) Consequently, the 5.5% private funding derived from the survey provides a completely renewed insight in the current financial situation of theatre accommodations in the Netherlands.

On the exploitation balance of surveyed theatre accommodations, sponsoring is the largest source of private funding, bringing in 42%. Private funds take a second place with 27% and friends associations bring in 16% of the total private funding.

Small theatres acquire private funding above average, in contrast to large theatres that generate private funding below average. In theatre construction projects, business sponsors and private foundations bring in most private funding. Yet, businesses request expensive compensations so one may conclude that the private foundation is the most cost effective giving scheme.

Since 1992, the number of theatre managers that feels encouraged or strongly encouraged by the Dutch government to acquire private funding has increased. In 2006, the majority of the theatre managers feels encouraged or strongly encouraged by the government to acquire private funding. The surveyed theatre managers argue that they feel encouraged, because the Municipality

Summary

does not provide sufficient subsidy to perform all of their ambitions. They feel forced to generate alternative sources of income, such as private funding.

On the contrary, all of the interviewed theatre directors do not feel encouraged by the government to generate private funding. They claim that fiscal facilities are not attractive for donating to theatre accommodations.

Moreover, the local councils of the interviewees appear quite indifferent towards to what extent the theatre managers acquire private funding for their construction project. The measures taken at State level meant to encourage the acquisition of private funding do not reflect much on the cultural policy at local level. However, the interviewees state that acquired private funding is never 'punished' by a decrease of subsidy by the Municipality.

According to Job van Dooren, private funding of theatre accommodations has expanded in volume during the past fifteen years. Yet, relatively it has not increased, since exploitation and building costs have risen proportionately. However, business sponsoring increasingly draws the attention in the theatre sector, whether it concerns sponsoring of newly built theatres or businesses that buy a tile in the scenery of a production by theatre company *Alaska*. The rise of maecenatism in the theatre sector manifests in expanding and reinvented friends associations, increasing contributions by various private funds en innovative giving schemes, such as the 'Adopt a Seat' concept. These developments indicate a positive perspective for the future of private funding in the Dutch theatre sector.

Recommendations for Future Research

Academic studies on private funding of theatre accommodations are scarce. Consequently, 'the wheel had to be invented' in determining the most effective and efficient research method. The social survey among theatre directors lead to several difficulties. It appeared that theatre directors are in average no excellent bookkeepers. The data acquired from the survey was often incorrect. For future studies, I would recommend an investigation of annual accounts of theatre accommodations, in order to retrieve the proportion of private funding in the exploitation budget.

In examining the proportion of private funding in the exploitation of theatre accommodations I realized that theatre building projects involve many private parties as well. An interesting subject for future studies is the estimation of the proportion and incentives of private parties in funding theatre building projects. Femke de Vos Burchart has already studied the process of two newly built theatres from the angle of cultural policy. Her master thesis is called *Huizen voor een veranderende kunst? : over de rol van actoren in het beleidsproces van de nieuwbouw van het Nieuwe Luxor te Rotterdam en het Rabotheater te Hengelo* and is published in 2002 at the Erasmus University in Rotterdam.

Another recommendation can be made concerning friends associations of theatre accommodations. Many of these friends associations bring in as much revenue as is returned in the shape of privileges to the friends. An interesting study may be the calculation of the price elasticity of membership fees of friends associations and its possibilities to differentiate. Through this research, for instance the best balance between costs and benefits can be determined.

Recommendations

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Appendix 1 Academic Studies on Private Funding

Table 1, 2 and 3 show the results of *Giving in the Netherlands* by Theo Schuyt (2005).

Table 1 Data 1995 compared to 2003

Gifts to	Percentage of total gifts	Amount in Euros
Art & Culture 1995	3%	73,5 mln
Total Gifts in the Netherlands 1997	100%	2,5 bln
Culture 2003	12%	619 mln
Total Gifts in the Netherlands 2003	100%	5,2 bln

Source: (Schuyt, 1997) (Schuyt, 2005)

Table 2 Amount of donators to culture

Year	1999	2001	2003
Number of people that give to culture, % of total population	6%	12%	13%

Source: (Schuyt, 2005)

Table 3 Gifts to culture in € x million

	1995	1997	1999	2001	2003
Households	14	27	25	33	31
Legacies	-	-	1	6	11
Funds	13	17	25	22	35
Companies	57	49	116	274	516
Charity Lotteries	-	-	-	-	26
Total	84	93	167	335	619

Source: (Schuyt, 2005)

Below, the partition of different categories of acquiring extra resources, that came out of the survey results, is listed in Table 1.5. The results derive from the survey question of 'what kind(s) of extra resources do you receive or do you expect to receive during the acquisition?' (Scholts, 1992: 44)

Table 4 Division of acquisition and reception of different kinds of extra resources

Categories of Extra Resources	Theatre companies %	Theatre accommodations %
Sponsoring: money	31.58	35.19
Sponsoring: material goods and services	31.58	24.07
Resources from private funds	18.42	16.67
Donations from Friends scheme	13.16	14.81
Donations from other than Friends scheme	0.00	5.56
Other	5.26	3.70
Total Private Funding	100	100

Appendix 1

Source: (Scholts, 1992: 44)

Table 1.3 shows the average earnings of Dutch theatre companies. These data derive from Oomens' research in the shape of conferring interviews, examining annual reports and policy plans.

Table 5 Average Earnings of Dutch Theatre Companies in 2005

Source of Income	In % of Total Income
Income from Subsidies	70
Income from Ticket Sales	25
Income from Other sources	6

Source: (Oomen, 2005: 32)

Appendix 2

Appendix 2 State Expenditure on the Arts

Table 6 State Expenditure on the Arts in the Netherlands

	1952	1965	1971	1977	1985	1989	1994	1999	2002
Total State Art Budget (million)	4.0	28.7	70.5	186.5	234.0	394.4	459.2	263.8 €	358.6 €
Total State Expenditure (billion)	5,597*	15,006*	35.2	83.4	130.2	151.2	179.5	99.6 €	122.9 €
National Income (billion)	20,290*	56,880*	118.5	256.3	347.4	431.0	538.3	318.2 €	369.8 €
Art Budget in % of State Expenses	0.07	0.19	0.20	0.22	0.18	0.26	0.255	0.26	0.29
Art Budget in % of National Income	0.019	0.05	0.06	0.07	0.065	0.09	0.085	0.08	0.10

*these amounts are in millions instead of billions.

Source: (van Klink, 2005: 114-184)

Appendix 2

Appendix 3 The Population

List of Surveyed Theatre Accommodations

Time period 10 May – 31 May 2007

1. Schouwburg Agnietenhof, Tiel
2. Schouwburg Almere, Almere
3. Theater het Amsterdamse Bos, Amsterdam
4. Arsenaaltheater, Vlissingen
5. De Balie, Amsterdam
6. De Snijzaal, 't Barre Land, Utrecht
7. Beauforthuis, Austerlitz
8. Theater de Beun, Heiloo
9. Theater Bonheur, Rotterdam
10. Huis van Bourgondië, Maastricht
11. Theater Branoul, Den Haag
12. Theater Casca de Luifel, Heemstede
13. Deventer Schouwburg, Deventer
14. Theaters Diligentia en PePijn, Den Haag
15. De Flint, Amersfoort
16. Frascati, Amsterdam
17. Het Gasthuis, Amsterdam
18. Goudse Schouwburg, Gouda
19. Grand Theatre, Groningen
20. De Groene Engel, Oss
21. Schouwburg de Harmonie, Leeuwarden
22. Jeugdtheater Hofplein, Rotterdam
23. Hoftheater, Raalte
24. Isala Theater, Capelle aan de IJssel
25. Theater Junushoff, Wageningen
26. Stadsgehoorzaal, Kampen
27. Theater 't Kielzog, Hoogezand
28. Theater Kikker, Utrecht
29. De Kleine Komodie, Amsterdam
30. Theater de Klinker, Winschoten
31. Theater Klooster, Woerden
32. Theater De Kom, Nieuwegein
33. Schouwburg de Kring, Roosendaal
34. Theater het Kruispunt, Barendrecht
35. LAK Theater, Leiden
36. Theater de Lawei, Drachten
37. Leidse Schouwburg, Leiden
38. Theater De Lieve Vrouw, Amersfoort
39. Lucent Dans Theater, Den Haag
40. Stadsschouwburg de Maagd, Bergen op Zoom
41. Theater de Maaspoort, Venlo
42. Muiderpoorttheater, Amsterdam
43. Munttheater, Weert
44. Theater de Muzeval, Emmen
45. Ostadetheater, Amsterdam
46. Paardenkathedraal, Utrecht
47. Theater het Park, Hoorn
48. Parkstad Limburg Theaters, Heerlen
49. Parktheater, Eindhoven

Appendix 3

50. Plaza Futura, Eindhoven
51. PleinTheater, Amsterdam
52. Theater de Poorteriej, Zaltbommel
53. Posthuis Theater, Heerenveen
54. Theater Provadja, Alkmaar
55. Rotterdamse Schouwburg, Rotterdam
56. Theater de Schuur, Zevenbergen
57. Theater Schuurkerk, Maassluis
58. Singer Theater, Laren
59. Schouwburg Sittard Geleen, Sittard Geleen
60. Stadstheater, Zoetermeer
61. Theaters Tilburg, Tilburg
62. Schouwburg Velsen, IJmuiden
63. Schouwburg Venray, Venray
64. Theater De Verbeelding, Purmerend
65. Theater de Veste, Delft
66. Vestzaktheater Schelleboom, Oosterhout
67. Theater Brakke Grond, Amsterdam
68. Vrij Theater, Den Haag
69. Theater aan het Vrijthof, Maastricht
70. Theater Wildeman, Linschoten

Appendix 4 The Questionnaire



Vragenlijst over private financiering van theaters

1. Uw gegevens

Naam				
Functie				
Theater / Plaats				
Aantal stoelen in theater	Zaal 1:	Zaal 2:	Zaal 3:	Zaal 4:
Interesse in onderzoeksrapport	JA / NEE			

2. Private financiering van uw theater

2.a Aandeel van private financiering op totale begroting 2006*			%
2.b Onderverdeling van de private inkomsten	100 %	€ * 1.000	
Particuliere giften / schenkingen / legaten	%		
Particuliere fondsen	%		
Vriendenvereniging	%		
Loterijen	%		
Sponsoring	%		
Bedrijfsmecenaat / Business Club	%		
Overig, namelijk:		%	

* Onder private financiering wordt verstaan: alle financiering door individuen, particuliere fondsen en bedrijven

3. Stimulering van private financiering door de overheid

Sinds het begin van de jaren '80 heeft de Nederlandse overheid – Rijk, Provincie en gemeente - de culturele sector gestimuleerd om hogere eigen inkomsten en alternatieve vormen van financiering - zoals private financiering - te werven.

3.a Aandeel van overheidssubsidie op totale begroting 2006				%
3.b Voelt u zich door het overheidsbeleid gestimuleerd private financiering te werven? **				
O Sterk gestimuleerd	O Gestimuleerd	O Niet / nauwelijks gestimuleerd	O Anders, namelijk...	
Uw eventuele toelichting:				

** Vervang s.v.p. een O door een X om uw keuze aan te geven

Appendix 4

4. Private financiering algemeen

4. Wat zijn redenen voor uw theater om private financiering te werven? (meerdere antwoorden mogelijk)**			
<input type="checkbox"/> Opvangen prijsstijging van dure voorstellingen	<input type="checkbox"/> Risicodekking tekorten recettes	<input type="checkbox"/> Instandhouding flexibel prijsbeleid	<input type="checkbox"/> Versterking kwaliteit van de programmering
<input type="checkbox"/> Uitbreiding programmering	<input type="checkbox"/> Uitbreiding publiekswerving	<input type="checkbox"/> Netwerken	<input type="checkbox"/> Anders, namelijk...
Uw eventuele toelichting:			

** Vervang s.v.p. een O door een X om uw keuze aan te geven

Uw gegevens worden anoniem verwerkt en zullen niet worden doorgegeven aan derden. Mocht u interesse hebben in het onderzoeksrapport dat uit deze enquête voortkomt, dan kunt u dit aangeven in de enquête.

Hartelijk bedankt voor uw medewerking!

Appendix 5 Interviews

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Interview Van Dooren Advies, Amsterdam

Interviewee: Job van Dooren, Director and Senior Advisor

Date: 25 September 2007

Time: 11.00 AM

Location: van de Veldestraat 9, Amsterdam

A. General information on Van Dooren Advies

Since 1984 Job van Dooren is a pioneer in the acquisition of sponsors for the cultural sector. Until today Van Dooren Advies is the market leader in fundraising advice, with approximately 200 successful acquisition campaigns for public buildings.

Van Dooren Advies not only advises art and cultural organizations, but charity, sports, health care, environmental and educational organizations as well. In case an organization in one of these sectors wishes to acquire extra financial means, but does not have the required time or expertise, can hire Van Dooren Advies to guide the organization through a structured acquisition campaign. The usual process starts with research on the sponsor potential of the market in which an organization is located. Secondly, a strategic plan is formulated. Then Van Dooren Advies negotiates with potential sponsors and subsidizers, to acquire the maximum amount of private funding the market has to offer for this certain organization.

Van Dooren not only supervises the acquisition of private funding. He also guides organizations to create an image in the market, build a network and establish effective fundraising. Van Dooren is experienced in different giving schemes or 'financial engineering'. Examples are as follows.

- Founders
- Structural sponsors
- Material sponsoring
- Friends and supporters associations
- Subsidies
- Preferred suppliers
- Private foundations
- Business friends
- Business clubs
- (business) Donators and members
- Major gifts
- Periodical gifts: annuities and legacies
- Debentures
- Share participations

B. The Interview: Private Funding of Theatre Accommodations

1. In financing building projects of theatre accommodations, what partition between public and private funding is most common in your experience?

Usually private parties contribute 10 - 20% to the building budget. 20% is the maximum, since private parties will never be willing to finance an entire theatre building. This will always remain the responsibility of the Municipality.

For the building of a theatre, three different objects need to be funded; the building material – ‘the bricks’ -, the interior and the exploitation. Private parties are not interested in sponsoring ‘bricks’. So in most cases the Municipality funds the ‘basis’ of the building. Private businesses and individuals are approached to finance the interior and the extras that improve the theatre.

In the exploitation of theatres, sponsoring is good for almost half of the total private funding. A quarter of the total private funding is brought in through private funds. Friends associations, business clubs and other individual giving schemes do not bring in much private funding.

2. Is this partition the same for the private funding for building projects of theatre accommodations?

We mostly acquire private funding from the following sources.

- Subsidy budgets other than structural subsidies
- Private foundations
- Business sponsors
- Business donators
- Private individuals: friends and neighboring citizens

Private individuals usually are not eager to donate money to theatre building projects, except for the ‘Adopt a Seat’ format, which is quite successful. I perceive an increase of wealthy individuals who start their own foundation to support local initiatives. However, private foundations for theatre accommodations are rare. The only well known example is the VandenEndeFoundation of Joop van den Ende. Yet I have acquainted wealthy families in Schijndel and in Deurne that are very involved with the local cultural

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life and support various cultural organizations. In Schijndel an entire theatre is built with solely private funding.

However, in general I do not perceive an increase of private individual support for the arts. Usually large sponsors are responsible for the largest part of contributions for theatre building projects.

We often found business club after large building acquisition campaigns, because the business contacts are fresh and businesses bind more easily.

3. What partition would you advice between the income from private funding and the costs of the compensation for the sponsors?

For building projects we advice that the compensation for sponsors comprises of a maximum of 20% of the total acquired private funding. There are certain kinds of privileges you simply are obliged to offer to your sponsors, such as free theatre tickets. This costs a lot of money. Yet it cannot be replaced by 'creative' compensations such as for instance a custom made art work or attending a repetition. For museums the compensation for sponsors is much cheaper, because giving a free museum ticket to your sponsors costs less than giving a theatre ticket.

For the acquisition of private funding for the theatre exploitation we advice a maximum spending on compensations of 50% of the total acquired private funding. For the exploitation this percentage is much higher, because it usually concerns a smaller budget in which common compensation costs have a larger impact.

4. Is financing theatre building projects more interesting for sponsors than financing the theatre exploitation?

Yes. Businesses rather invest in building projects, because of the incidental character. They have to invest once in the building, they receive recognition and are invited for the grand opening.

Businesses are usually not interested in sponsoring the theatre exploitation, because it is structural. Businesses like to switch sponsor projects more often.

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5. How much of the acquired private funding has to be paid to Van Dooren Advies by theatre accommodations? Can small theatres afford your advice?

Yes, every organization can, because we bring in so much private funding that the amount we charge is only a small percentage of the total acquired private funding.

6. What mostly hampers the acquisition of private funding for theatre accommodations?

Firstly, theatres are no football stadiums that can be papered with nametags. You have to be modest in mentioning business names. Secondly, as I mentioned before, the compensations for sponsors that theatres can offer are expensive. It is hard to save enough net sponsor income.

7. What are the motives of private parties to finance theatre building projects?

The choice to sponsor a theatre may be influenced by personal preference of the decision makers for theatre. Yet, in large companies there are more than one decision makers, so this counts for only a small amount of sponsors.

Mostly business oriented motives prevail. Businesses are eager to sponsor a theatre once it has a good atmosphere to invite their relations to. Another important motive to sponsor theatre is to make its city more lively. A theatre can make a city more interesting for people to move to.

8. Do you perceive a trend in the Netherlands of building and renovating cultural buildings?

No, it is just a coincidence that in Amsterdam Joop van den Ende is building two theatres, the Stadsschouwburg is renovating and expanding, and the Stedelijk museum is being renovated for years now. Many municipalities in the Netherlands wish to build a theatre, while the region does not need another theatre. For instance in Hengelo the Municipality and the citizens have requested the building of a theatre, while the theatre in Enschede could easily cover the demand for theatre performances as well. This constant building and renovating of theatre accommodations has been the case for almost 30 years now.

C. The influence of the Government on Private Funding in the Theatre Sector

9. What is your experience with the attitude of the government towards private funding of theatre accommodations?

The Dutch government could do more to encourage the acquisition of private funding. In the 1990s there was a budget for investment projects in the State budget for art and culture, founded by Dick van der Neut. Small cultural organizations could use this budget to hire a consultant as Van Dooren Advies to advise them in acquiring private funding. However, this budget was removed once Rick van der Ploeg was assigned Minister of OC&W.

Yet small cultural organizations do not have enough time, employees, budget and expertise to invest in a proper acquisition campaign. The Ministry of OC&W finances for instance Programma Cultuurmecenaat by Kunst&Zaken. Yet this is not enough to encourage the cultural sector fully in acquiring private funding. The government should reserve a special budget from which small cultural organizations can invest in proper fundraising.

10. So not all cultural organizations can afford the advice of Van Dooren Advies?

No, not all cultural organizations can. A small theatre company called 'het Vervolg' in Maastricht could afford our advice, with the help of this special budget of OC&W, which does not exist anymore.

Large theatres such as the Parktheater in Eindhoven, Theater Heerlen and Carré in Amsterdam can easily afford us out of their exploitation budget.

11. Theatre directors complain that the Municipality decreases its subsidies once a theatre acquires private funding. What is your experience?

It indeed happens, that Municipalities decrease their subsidies as soon as private funding can cover the remaining costs. This does not encourage theatres to acquire private funding. Yet, mostly Municipalities do not understand that it is seen as a punishment once private funding leads to decreases in subsidies. Therefore it is important that, right before the acquisition campaign starts, clear

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agreements are made with the Municipality. We always make sure that the Municipality records a fixed budget for the building project, before we start acquiring private funding. For instance, with the Stedelijk Museum the Municipality determined a budget of €67 million. After that agreement we have acquired €20 million from private parties. The Municipality has to stick to the agreed amount instead of lowering its contribution with the newly acquired €20 million.

12. What has changed in the attitude of the government towards private funding of theatre accommodations during the past 15 years?

I do not think the attitude of the government has changed. Yet private funding is perceived as more and more important for the cultural sector. It has become standard for Municipalities to demand that 10% of the investment in theatres is contributed by private parties.

Since the early 1990s the volume of private funding of art and culture has increased substantially. Yet, building costs increase continuously as well. So I would rather say that the amount of private funding of theatre accommodations relatively has not changed much since the 1990s.

D. Conclusions

Table 7 Financial facts on theatre accommodations according to Van Dooren Advies

	In % of total budget
Contribution to Building by Municipality	80% – 90%
Contribution to Building by Private Parties	10% - 20%
	Compensation for Sponsor in % of Total Private Funding
Building Projects	Max. 20%
Exploitation	Max. 50%

Interview Theater de Veste, Delft

Interviewee: Jan Bartels, Director

Date: 18 September 2007

Time: 15.00 AM

Location: Vesteplein 1, Delft

A. General information on the theatre

Theater de Veste was built in 1995/1996 and comprises of one hall with 510 seats. According to the size categories which are used in this research, Theater de Veste is a large theatre. Jan Bartels has worked as the director of Theater de Veste for almost 3 years. The theatres' income consists of government subsidies, but also of a great deal of private funding.

Table 8 General Financial Information on Theater de Veste, Delft

Source of Income	% of Total Income	
Private Funding	4,45%	
Government Subsidies	44%	
Private Giving Schemes	% of Total Private Funding	Abs.
Private Funds	15%	€6,000.-
Friends Association	50%	€20,000.-
Sponsoring	10%	€4,000.-
Business Club	25%	€10,000.-
Total Private Funding	100%	€40,000.-

Members of the business club contribute €180.- per person on an annual basis and receive the following privileges. (Theater de Veste, 2007b)

- priority in making reservations
- discount on the rent of halls
- publication of business name in the brochure
- the possibility of presenting the company
- possibilities for relation marketing

A membership of the friends association costs €22.50 per person on an annual basis. Friends of Theater de Veste receive the following privileges.

- a friends pass which represents 10% discount on the ticket price
- priority in receiving the brochure
- the friends newsletter
- every year a performance devoted to the friends for €8.50 instead of €19.50 per person

B. The Interview: Private Funding of the Building

1. What legal body governs Theater de Veste?

I work for the Theater de Veste Foundation ('Stichting Theater de Veste'), which functions under the supervision of an executive committee called the 'Raad van Toezicht'.

2. Who owns the theatre building?

The Municipality.

3. Who was in 1995 responsible for building and establishing the theatre?

The Municipality initiated the plans to build a theatre in the city centre of Delft. They determined the goal and mission of this theatre and what it was going to contribute to the citizens of Delft. They assigned an architect from Rotterdam and determined the budget of approximately 16 million guilders, which was not a large amount of money to build a new theatre with. However, this amount could not be superseded.

A committee and director were assigned for the decision making process on the interior of the theatre. However, before the committee was assigned, most decisions were already made.

One large stage was built and a small stage was going to be built later, but remained a closing entry. At the end of the building process, the small stage was reduced to a space which was too small to stage theatre productions in. Consequently, Theater de Veste is limited in its programming, because they cannot program performances that are produced for small stages. Since there is no 'vlakke vloer' theatre in Delft, certain small sized productions can not be performed anywhere in Delft. This shows how a certain decision of the Municipality can influence the cultural supply in a city.

As I have mentioned earlier, the Municipality has invested 16 million guilders. Yet, I do not know whether they have also acquired sponsors for this building project. I do know that certain civil servants have closed deals with the building

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industry. However, the data on the precise partition of the contributors to this building project have to be acquired at the Municipality of Delft.

4. How much of the building financing was contributed by sponsors?

The Municipality of Delft did not permit its archive to leave the building, so publication of financial data on the public – private investment in the newly built Theater de Veste cannot be published in this thesis, because of secrecy.

5. Does the Theater de Veste Foundation have to pay for the total rent?

Yes. We receive 1.5 million euro subsidy from the Municipality every year, from which we have to pay €600,000 rent for a year. That leaves €900,000 to cover exploitation costs. Some theatres do not have to pay any rent or share their rent with other companies that are housed in the same building. However, we have to pay for the total amount, because it is a separate building in the city centre.

6. Do you pay for maintenance and restorations out of the exploitation budget?

Some large restorations are paid for by the owner of the building; the Municipality. Other maintenance and restoration costs are covered by our exploitation budget.

C. The Relationship between Theater de Veste and the Municipality of Delft

7. In the survey you state that you feel strongly encouraged by the Government to acquire private funding. Why is that?

When we wish to extend our activities and realize new ambitions, we do not feel like waiting until the Municipality provides the financial means for it. That is why we take the responsibility ourselves and find alternative funding on our own.

I am also planning, after I have acquired a large sum of private funding for a certain project, to 'seduce' the Municipality to contribute a certain amount as well.

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8. Do you mean you wish to encourage the Municipality to start working with the so called 'matching grants'? This means that the Municipality matches the amount a cultural organization has acquired from private sources with the same amount.

Well, that might be a good idea! I haven't heard of this 'matching grant', but if the Municipality is willing to encourage cultural organizations to acquire private funding, for us this might be a good method.

9. Are you afraid that government subsidies will decrease?

Exploitation costs increase continuously. Our budget tightens by the day and I expect that the Municipality is not planning on filling the increasing gap. Therefore I think it is necessary, particularly to finance special projects, to increase our income through private funding.

D. Private Funding of the Theatre Exploitation

10. A membership at the business club of Theater de Veste costs €180.-. Is there a possibility that you can increase your income from this business club by making differentiations in the contributions?

Yes. Since January 2007 we have started a new foundation for larger business contributions. This foundation has a special goal; to acquire private funding in order to finance our international theatre program. Firms can contribute different amounts to our theatre for a period of 3 years.

At first we asked van Dooren Advies for advice to realize the acquisition for this foundation. However, we did not click that well and besides, their propositions sounded to me as activities that we could operate as well on our own. So I decided not to work with van Dooren Advies.

11. How many friends are in the friends association of Theater de Veste?

We have 1,800 friends at the moment. They brought in €20,000.- in 2006. The membership fee amounts to €22,50, we return 50% of the revenue back to our friends in the shape of privileges.

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12. Is there a good balance between the costs and the benefits of the Friends Association?

We haven't really defined an amount that the Friends Association should bring in. The committee governing the Friends Associations devotes the revenue every year to various purchases such as lounge furniture in the theatre café. Recently the Friends Association has financed the publication of a book on theatre history.

13. Is there a good balance between the costs and benefits of the Business Club?

When I started working at Theater de Veste, the business club did not function well. We've decided that it should bring in a yearly amount of €10,000. Other income from the business club is spent on the special theatre show for business club members.

For the new business foundation we've decided that it cannot cost us more than 20% of the amount that it brings in. Because we have invested in the initiation of this foundation, we exceeded the 20%, but next year we will do better.

14. Is your Friends Association a separate foundation? If so, what are the advantages and what are the disadvantages?

The disadvantage is that the committee sometimes interferes with our policy and plans. These people are volunteers and most of them are active for the theatre since its establishment in 1996. However, at that time the theatre was in a different phase. At the moment, the theatre is evolving and becoming more professional. This can sometimes cause misunderstandings with the committee of the friends foundation.

The advantage is that, in case you do not have a good relationship with a subsidizing party, the friends foundation can function as a separate and 'neutral' party in applying for financial support for a certain project. Another advantage is that a separate foundation reflects reliability on potential friends. People feel that a separate foundation takes good care of their contribution and makes sure that it is appointed to the right goal.

15. Do you inform your private financiers of where their contributed money goes to?

We always inform our Friends whenever a project is financed with their contributions. For the new business foundation we have formulated a goal, which we wish to accomplish with their contributions; to expand the international program and get international artists to Delft.

16. Is it hard to find sponsors for a theatre?

No, not at all. And I am not even talking about finding sponsors for financing the building costs, because I did not take part in the acquisition for the building. I am talking about finding sponsors for theatre projects and activities in our theatre. For our new foundation we are busy acquiring sponsors by showing them our concrete plans of extending our international programming.

Businesses like to sponsor theatre projects, because these are visible for the whole city. In Delft we have a lot of technical businesses that employ international researchers, the university houses many international students, IKEA houses its international education center in Delft. An international program in our theatre is interesting for these businesses. However, mostly our contacts at these companies are personally interested in theatre and therefore engage in sponsor deals with the theatre. Personal interest in theatre is mostly the reason for decision makers of companies to sponsor theatres.

17. How do you acquire sponsors?

I contact the companies personally. I find these contacts through members of my executive committee or friends committee. I use my existing contacts to acquire potential sponsors.

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18. How long do you expect these sponsor contracts to last?

I expect them to sponsor the theatre for 3 years and then turn to another project.

E. Conclusions

Table 9 Conclusions Theater de Veste, Delft

Legal Body	Stichting Theater de Veste with Raad van Toezicht	
Owner of Theatre Building	Municipality of Delft	
Building Project	New Theatre in city centre of Delft	
Year of Building Project	1996	
Funding of Building Project	In Euros	% of Total
Contribution Municipality	€7,3 mln.	?
Contribution Sponsors	?	?
Total Funding	?	100%
Total Private Funding	?	?

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Interview Parkstad Limburg Theaters, Heerlen

Interviewee: Bas Schoonderwoerd, Director

Date: 21 September 2007

Time: 15.00 AM

Location: Burgemeester van Grunsvenplein 145, Heerlen

A. General information on the theatre

When it is firstly build in 1961, Theater Heerlen – then called Stadsschouwburg Heerlen – is located in the midst of a pasturage. (Philippens, 2007) Through the years it becomes surrounded by the city center. The theatre plays an important role for the culture history of Heerlen. Not only does it stage theatre and music performances. All of the regions' club life, from brass bands to school theatre groups, have performed in the theatre.²³ 'Almost the entire after-war generation has celebrated carnival here.' (Philippens, 2007) Consequently, as soon as the need for renovation is announced, the Municipality as well as the theatre direction realize that removal of the theatre is no option. The theatre closes for 4 years, in which a large scale renovation and extension takes place.

The Municipality finances the basis of the renovation and finances the 'basic' version of the Middenzaal / Vlakkevloerzaal, attached to the theatre building. For the optimization of this stage with a sound system, lighting, electric operating system to move different stage parts and lifting techniques extra financial resources are raised through contributions by the Province and private parties.

The Middenzaal / Vlakkevloerzaal, which is one of the most innovative theatre stages of Europe, is named after its largest contributor; the 'LIMBURGzaal'.²⁴ The Rabobank is the largest sponsor or 'Founder' of Theater Heerlen and mostly contributed to the renovation of the large stage, now called the 'RABOzaal'. The ING Bank has financed the small theatre stage, which is renewed to stage singer-songwriters and cabaret. Naturally, this stage is called the 'INGzaal'.

Other sponsors funded the following facilities.

- The DSMtheatercafé: for live music and drinks after the performance;
- The THUIS & PARTNERSlounge: for special receptions and VIP treatments;
- The VEBEGOfoyer: the foyer for the RABOzaal;
- The AZLlounge: the lounge on the first floor;

²³ From the experience of the author.

²⁴ From now on I will refer to this newly built Middenzaal / Vlakkevloerzaal as the LIMBURGzaal.

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- The STIENSTRAbalkon: the balcony on the first floor.

For private individuals and businesses the 'Adopt a Seat' project is launched by Foundation Mecenaz Parkstad Limburg Theaters. The adoption lasts for a period of ten years. By adopting a seat private individuals and businesses finance the optimization of the new LIMBURGzaal. The prices for adopting a seat are as follows. For businesses the prices are excluding 19% tax.

- The Large Stage: €500.- (partner €400.-)
- The LIMBURGzaal: €400.- (partner €300.-)
- The Small Stage: €300.- (partner €200.-)
- The Theatercafé: €750.-

Privileges for seat adopters are as follows.

- A personal seat for ten years;
- Nametag on the adopted seat;
- Name on the 'sponsorplaque' at the entrance of the theatre;
- The 'opening book' of the new theatre;
- A yearly special offer of Parkstad Limburg Theaters;
- A miniature seat designed by a well-known artist.

Besides private funding for the renovation and extension, Theater Heerlen receives private funding from various private funds, such as the Foundation for Special Cultural Activities.²⁵ Table 1 presents the general financial information concerning the exploitation of Theater Heerlen.

Table 10 General Financial Information on Theater Heerlen

Source of Income	% of Total Income
Private Funding	0%
Government Subsidies	?
Private Giving Schemes	% of Total Private Funding
None	0%
Total Private Funding	0%

The Friends association 'Vrienden van Parkstad Limburg Theaters' consists of a group of over 750 friends. Friends of Parkstad Limburg Theaters pay €25.- per theatre season and €15.- for partners.²⁶ They receive the following privileges.

- Free entrance to introductions and reviews of performances and general rehearsals;

²⁵ In Dutch: Stichting Bijzondere Culturele Activiteiten.

²⁶ Theatre Season: July until June.

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- A free Friends theatre performance, once per theatre season;
- A special Friends Evening and Friends Day;
- The Friends brochure, twice per theatre season;
- Special offers during the theatre season.

B. The Interview: Private Funding of the Renovation and Extension

1. What legal body governs Theater Heerlen?

Theater Heerlen is emancipated / privatised since 1995 and is fused with the Wijngrachttheater Kerkrade into Parkstad Limburg Theaters in 1999. Its legal body is the so called 'limited company'.²⁷ I will refer to it as NV. An NV implies a shared ownership of the partnership and shareholders. Parkstad Limburg Theaters is governed by a structured NV, which means that the shareholders have transferred their responsibility to the governing committee.

2. Who owns the theatre building?

The Municipality of Heerlen.

3. Does the NV have to pay for the total rent?

The rent is shared between the owner of the building – the Municipality of Heerlen - and the user – the NV.²⁸ The exact partition is to be determined in the future. However, the NV estimates a monthly rent of €511,000.

4. Who will pay for maintenance and upkeep of the new theatre in the future?

The Municipality has stated to cover all costs that derive from the revitalization and extension of the theatre. Consequently, the maintenance costs will rise enormously in the future with all the new facilities. Therefore, the Municipality has determined to grant €700,000 per year for maintenance and upkeep of the theatre building and its facilities.

²⁷ In Dutch: naamloze vennootschap.

²⁸ With rent I refer to the Dutch 'kapitaallasten'.

5. Who has initiated the plans to renovate and extend Theater Heerlen?

In 2000 the NV has originally initiated the plans to renovate and extend Theater Heerlen. The facilities are outdated and need a complete renovation. The region of the east of southern Limburg – Parkstad Limburg – also lacks a leveled – vlakkevloer - theatre stage and a (pop) concert stage. In order to program small theatre productions designed for leveled stages and large pop events as well, Theater Heerlen needed an extension to its accommodation with a ‘Middenzaal/ Vlakkevloerzaal’. This extension will be referred to as the LIMBURGzaal. The LIMBURGzaal stages leveled ‘vlakkevloer’ productions, such as certain drama, dance, multimedia and stand-up comedian performances as well as large pop events. The small stage is renewed as well. The large stage needed extensive renovation in order to attract large qualified companies, such as the Nationale Reisopera, the Nationale Ballet, national and international musical and show companies. So the renovation not only implies revitalizing the theatre venue, but also revitalizing the cultural supply. This is necessary in order to increase the number of theatre-goers.

In 2002 the theatre closes for the so called ‘revitalization’; to refresh its function. Yet, not until 2004 the Municipality of Heerlen takes responsibility in establishing this extensive revitalization and extension and becomes project leader. However, the NV has some decisive power as well. A political discussion delays the renovation another year, so that in 2005 this huge project starts and ends in early 2007. The grand opening takes place on 17 April 2007.

6. What parties have invested in the revitalization and extension of Theater Heerlen?

The Municipality pays for all the costs that derive from the basis of the revitalization and extension; from the material costs during the renovation to the maintenance costs in the future. At the moment, the Municipality has contributed 91% of the in total €45.3 million for the revitalization and extension.

So the Municipality has provided for the basis. The Municipality has demanded that €4.5 million is brought in by private parties to finance all the extra facilities that complement the ‘basic’ theatre. Currently €4.2 million is contributed by three parties:

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- Sponsors
- Foundation Parkstad Limburg Theaters
- The Province of Limburg

The contributions of these parties are invested in the optimization of the LIMBURGzaal. The funding of this optimization consists of sponsoring, revenue from the 'Adopt a Seat' project and a large amount of subsidy provided for by the Province of Limburg.

7. What was the Role of van Dooren Advies in the acquisition process?

The Municipality has hired Job van Dooren to make an inventory of the sponsor potential of the revitalization and extension of Theater Heerlen. In this inventory research, Van Dooren concludes that there actually is modest sponsor potential for the theatre in the region. There aren't much large firms in southern Limburg, but the market has enough potential to bring in the required amount of private funding.

Yet, Theater Heerlen does not have any contacts in the business world. Thus van Dooren foresees a difficult task. He estimates a potential sponsor contribution of €1.5 to €2.5 million for the LIMBURGzaal. However, optimizing this stage requires an €3 million private funding on top of €8.5 million that is contributed by the Municipality. The Province has therefore contributed the additional amount. Theater Heerlen is also one of the first cultural organizations with a Triodos Cultuurfonds loan.

The NV has to work on the acquisition of private funding on its own, advised and supported by the Municipality and van Dooren Advies. However, sponsors should not be approached by the Municipality since potential sponsors might get the impression that they are asked to sponsor in order for the Municipality to reduce its contribution.

8. What were the motives of large firms to sponsor Theater Heerlen?

The Rabobank is the largest sponsor of Theater Heerlen and is therefore called the 'Founder'. Its contribution comes from three different budgets.

- the philanthropy budget;
- the contributions from employees and customers budget;

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- the companies' sponsor budget.

Because the sponsored amount originates from three different sources, the Rabobank has three different motives to sponsor Theater Heerlen. The philanthropy source sponsors Theater Heerlen for an ideal reason; to support the cultural life in the region. The motives of the second source reflects the interest of the employees, who enjoy theatre performances and therefore are interested in free tickets. The third source is the Rabobank as a commercial business, that sponsors Theater Heerlen for client acquisition, for their relations and other marketing minded motives.

However, the first large sponsor that we have acquired is EVEBO, a family business. This company sponsors Theater Heerlen, because they feel that its cultural function is important for the city of Heerlen and the region. This more idealistic motive is reflected on their request for compensation. They are not as strict and demanding in their formulation of the compensation as the Rabobank was.

9. What is the advantage in acquiring private funding from individuals through a separate foundation? (Foundation Mecenas Parkstad Limburg Theaters)

All the private funding that is acquired through the 'Adopt a Seat' project is used for the revitalization and extension. None of it is used to cover for instance overhead costs. A separate foundation that is concerned with appointing its revenue to the specific goal of building the new LIMBURGzaal seems for private individuals and businesses trustworthy. We use a separate foundation for the transparency it reflects.

C. The Relationship between Theater Heerlen and the Municipality of Heerlen

10. Do you feel encouraged by the Government to acquire private funding?

Heerlen has a left wing local council that share the opinion the capital should not control public goods. Therefore the Municipality is not that experienced with private funding of cultural institutions. Consequently, we only finance extra activities and incidental projects with private funding, so that the Municipality remains responsible for the basic facilities of the theatre.

Yet, the government does not succeed in encouraging private funding of the arts, because the fiscal facilities are still not attractive for businesses and private individuals. Gifts to most theatre accommodations can not be deducted from the income tax, because most theatres do not have a so called 'common good declaration'.²⁹ This declaration is necessary in order for the government to recognize the theatre accommodation as a charity worthy organization, which may be subsidized indirectly through tax deduction. For theatres it is very hard to acquire such a declaration.

D. Private Funding of the Theatre Exploitation

11. Is there a good balance between the costs and the benefits of the Friends Association?

Actually, our friends bring in as much as they receive in return. So the friends association does not bring in much revenue. The reason for this, is that we do not have time to put effort in expanding the revenue from friends. It is currently not our priority. The possibility of becoming a friend of Theater Heerlen is mostly useful to attract potential seat adopters.

12. Are you planning on increasing or differentiating the contribution of the Friends Association?

We are currently not going to change the format. We've differentiated the options for private individuals in supporting us by initiating the 'Adopt a Seat' project. This offers a possibility for certain individuals to contribute a higher amount to the theatre. The contribution of €25.- for the friends association is a maximum which we cannot exceed. My experience is that one cannot ask more than €25.- for a membership. Otherwise only the rich can enjoy certain privileges. We wish to give everyone the opportunity to profit from the benefits we offer.

We also perceive our friends association as a continuum. With a maximal annual contribution of €25.- we can assure continuous support.

²⁹ In Dutch: 'Algemeen Nut Verklaring'

13. *Is your Friends Association a separate foundation?*

No it is not. It functions well this way.

14. *I heard Theater Heerlen is frequently supported by a thriving business club?*

Yes, that would be the Foundation Special Cultural Activities.³⁰ This foundation is a very idealistic business club, founded 25 years ago. Business men from southern Limburg visited great performances in the Concertgebouw in Amsterdam and wondered why such performances could not be shown in Limburg. They decided to raise money for the programming of special performances, which could not be afforded by Theater Heerlen otherwise. Today, they still contribute €300,000 on a yearly basis for performances they select together with the theatre staff. Most recently they financed the programming of the musical *Evita* by Joop van den Ende Theaterproducties and the LSO with Marijn Simons. We allow them to program special projects for free. This is a unique cooperation.

E. Conclusions

Table 11 Conclusions on Funding of Revitalizing Theater Heerlen

Legal Body	NV Parkstad Limburg Theaterswith structure	
Owner of Theatre Building	Municipality of Heerlen	
Building Project	Revitalising / Renovation Theater Heerlen Extension with LIMBURGzaal	
Year of Building Project	2005	
Funding of Building Project	In Euros	% of Total Funding
Municipality of Heerlen	€41.1 mln.	91.0%
Province of Limburg	€2.5 mln.	5.4%
Foundation Parkstad Limburg Theaters (Seat Adoption)	€100,000	0.2%
Sponsors	€1.6 mln.	3.4%
Total Funding	€45.3 mln.	100%
Total Private Funding	€1.7 mln.	3.6%

³⁰ In Dutch: Stichting Bijzondere Culturele Activiteiten.

*Interview Theater De Lieve Vrouw, Amersfoort***Interviewee: Matti Austen, Director****Date: 10 October 2007****Time: 11.15 AM****Location: Lieve Vrouwestraat 13, Amersfoort****A. General information on Theater De Lieve Vrouw**

Theater De Lieve Vrouw – TDLV - runs one theatre hall of 248 seats and three small film halls. It comprises of a theatre as well as a cinema and café. It is built on the foundations of the old Gracht church in 1989.

Table 12 General Financial Information of Theater de Lieve Vrouw, Amersfoort

Source of Income	% of Total Income
Private Funding	0%
Government Subsidies	40%

On 30 September 2007 the theatre is reopened after an extensive renovation that started in September 2006. The basement, which used to be exploited as a pop stage by an extern organization, is build into a new film hall. The theatre is hall is completely rebuilt and extended as well as the theatre café, in order to meet the safety and ARBO requirements.

Theater De Lieve Vrouw does not exploit a friends association. Yet they do have members who own 'De Lieve Vrouw Pas', which costs €15.- on a yearly basis. Pass holders benefit from the following benefits.

- Discount on tickets
- Exclusive offers every two months
- Free brochure every two months
- Discount on De Lieve Flint performances in Theater de Flint

2. The Interview: Private Funding of the Renovation and Extension*1. What legal body governs TDLV?*

The artistic organization is Stichting Theater De Lieve Vrouw and the organization that exploits the theater café is Stichting Theatercafé De Lieve Vrouw.

2. Who owns the theatre building?

The Municipality of Amersfoort owns the building.

3. Who has initiated the plans to renovate and extend TDLV?

The foundation of TDLV initiated the plans at a time that the Municipality decided to renovate all basic cultural facilities in Amersfoort. However, TDLV was not included in these plans. We immediately presented a concrete plan of a renovation and extension, because TDLV is an important cultural facility for Amersfoort, since we've increased our visitor numbers from 15.000 in 1998 to 60.000 in 2005.

In cooperation with Kunst & Zaken, we arranged an expert meeting in November 2005, to which all potential financiers were invited. We already informed the Municipality of Amersfoort and the Province Utrecht of our plans. Yet, at the end of my presentation of our renovation and extension plans, the Province and Municipality both revealed the amount they were going to contribute.

4. What parties have invested in the renovation and extension of TDLV?

Initially, our proposal to the Municipality was to contribute 1/3 of the total building costs. Another 1/3 would be acquired from private parties and TDLV would pay for the remaining 1/3. This plan appeared highly ambitious, but what made it impossible to operate, was that the Municipality had just arranged a sponsor meeting for 750th anniversary of the city Amersfoort. This resulted in €750,000.- worth of culture sponsoring. As a result, all possible culture sponsors were already committed to this event. Hence it was hard to find remaining sponsors to finance the building project of TDLV. Therefore, in the process, the partition was altered to a contribution of 50% by the Municipality and 50% by TDLV. The Province Utrecht contributed 13.5% (€300,000.-), private funds approximately 16% (€350,000.-), sponsors 7% (€150,000.-) and the Municipality provided a loan of the remaining 13.5% (€300,000.-). Besides these contributions, a brewery sponsored material, such as for instance the tap in the theater café.

5. What businesses have sponsored the renovation and extension of TDLV?

Our largest sponsor is a brewery, which has contributed the most substantial amount of €150,000. We have invested a great deal of energy in acquiring sponsors, while it does not bring in as much as private funds. Businesses are simply more interested in sponsoring larger city theatres. We have made agreements with a bank and five real estate businesses as well. Yet, the real estate businesses in particular cannot be considered sponsors, since they just made a small contribution of €5,000 without any compensation for it. The motives of these sponsors were based on goodwill and this is not the only cultural project to which they contribute. It is always the same group who takes responsibility for the cultural life in Amersfoort.

Initially, I approached one of the managers of a real estate firm who I knew personally. This manager wanted to contribute to our renovation, but first had to ask for permission at the board. To avoid a complicated process I suggested contributing only a small amount, of which I knew no permission was required. After this was settled I approached some other real estate firms to contribute as well. With some peer pressure, the others agreed to make the same small contribution. Yet, in the total costs of the building project, these contributions can be considered insignificant.

6. Were the contributions of the private parties directed to a specific goal?

Yes. Particularly the private funds requested specific projects to which the contributions had to be directed. The VSB Fonds for instance, funded the interior of the theatre hall.

C. The Relationship between TDLV and the Municipality of Amersfoort

7. Is it true that the Municipality of Amersfoort has decreased the exploitation subsidy of TDLV for 2008?

Yes. The interest of the loan will be deducted from our exploitation subsidy. However, with our extended theatre hall and third film hall, we will attract many more visitors, while the rent of the building remains, in agreement with the Municipality, the same as in 2006. Before we started the building project, we

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agreed with the Municipality that we are not planning on renovating the theatre for millions when afterwards the rent would increase. The pop stage in the basement did not pay for any rent, so for the Municipality nothing will change. Besides, TDLV has paid for the pop stages' energy bill for years.

8. In the survey you state that you do not feel encouraged by the Municipality to acquire private funding. Why is that?

Businesses are not interested in sponsoring TDLV, because their relations are not interested in our artistic program. We do have 3,000 TDLV pass holders, but these only pay for their own brochure and activities.

9. Do you fear that, once you generate a large amount of private funding, the Municipality will decrease the exploitation subsidy of TDLV?

No. If private funding is earmarked to a special series or project, the Municipality will not decrease its subsidy. We have a good relationship with the Municipality.

10. Is the private funding of the building project incorporated in the budget of TDLV of 2006?

No, it is not incorporated in the budget of 2006. The Municipality guards the renovation budget, because it's the owner of the building. However, we are probably going to devote a special page to the funding of the renovation in the annual report of 2007.

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D. Conclusions

Table 13 Conclusions on Funding of Renovation and Extension Theater De Lieve Vrouw

Legal Body	Stichting Theater De Lieve Vrouw Stichting Theatercafé De Lieve Vrouw	
Owner of Theatre Building	Municipality of Amersfoort	
Building Project	Renovation and extension theatre hall, theatrecafé and third film hall TDLV	
Year of Building Project	2006 / 2007	
Funding of Building Project	In Euros	% of Total
Municipality of Amersfoort	€2.2 mln	67%
Loan TDLV	€300,000.-	9%
Province Utrecht	€300,000.-	9%
Private Funds	€350,000.-	11%
Sponsors	€150,000.-	4%
Total Funding	€3.3 mln	100%
Total Private Funding	€500,000.-	15%

*Interview Theaters Diligentia and PePijn, Den Haag***Interviewee: Geoffrey Dijkstra, Business Coordinator****Date: 11 October 2007****Time: 11.30 AM****Location: Lange Voorhout 5, Den Haag****A. General information on Theater Diligentia en PePijn**

The theatre building in which Theater Diligentia resides has been located on the Lange Voorhout in Den Haag since 1645. (Theater Diligentia, 2007) Originally, the building comprised of two fused private houses. In the beginning of the 19th Century, a conveyance of property takes place from former proprietor the Lordship van Tuyll van Serooskerken to the Society of the Practise of Empirical Philosophy with its motto 'Diligentia'. Since 1821 the building is used as an auditorium and concert hall as well. In the past two Centuries, the building evolved into a modern theatre accommodation. Today, Theater Diligentia mostly programs cabaret, stand-up comedy, music theatre and drama performances. The largest hall comprises of 500 seats and the small hall includes 96 seats.

In 2002 and 2003, Theater Diligentia is completely renovated. However, the historic character is maintained. A new glass roof is placed above the entrance hall, through which a 17th Century wall is visible. In this way, scars of at least 28 renovations in the past 350 years remains perceptible. (Theater Diligentia, 2007)

In 1964, 'the living room for cabaret artists' Theater PePijn is founded. In 2001, Theater Diligentia buys this small theatre for the symbolic amount of 1 guilder. (Theater Diligentia, 2007)

The Friends Association *Stichting Vrienden van Theaters Diligentia en PePijn* offer the following privileges. The annual membership fee is €25.-.

- Priority over the reservation of tickets;
- Tickets can be exchanged into a voucher;
- Discount on a selection of performances;
- Invitation for special performance, once per season.

Table 14 General Financial Information of Theater Diligentia en PePijn

Source of Income	% of Total Income
Private Funding	0,6%
Government Subsidies	40%
Private Giving Schemes	% of Total Private Funding
Friends Association	100%
Total Private Funding	100%

B. The Interview: Private Funding of the Renovation of Theater Diligentia

1. What legal body governs Theater Diligentia en PePijn?

The foundation called *Stichting Theaters Diligentia en PePijn*.

2. Who owns the theatre building?

The building used to be owned by the society called *Maatschappij Diligentia*. Yet, when we approached the Municipality of Den Haag in 2001 to finance the renovation of the theatre, the Municipality and the society agreed on a transfer of ownership. The Municipality bought the building for a symbolic amount. The society may still arrange meetings and use the building for free though.

3. Who initiated the plans to renovate Theater Diligentia?

We, the artistic organization *Stichting Theaters Diligentia en PePijn* initiated the plans to renovate the theatre building. The theatre did not meet the safety and ARBO-requirements anymore. So a renovation was necessary to refresh the user function of the building. Except for the walls, almost the entire building is rebuilt.

4. Who was responsible for the fundraising and what parties invested in the renovation?

The foundation was responsible for the fundraising for the renovation. We firstly acquired €700,000 from private parties. Then we asked the Municipality to invest in the project as well. The Municipality determined an investment of €9 million. This amount has not changed during the building process.

Private parties that have made contributions are firms such as AEGON and Mazda and mostly private funds such as the VSB Fonds, Fonds 1818 and Bouwfonds Cultuurfonds. We have also acquired 50 seat sponsors. One can adopt a seat for 3 years for €1,500.

5. Was it difficult, finding sponsors for the renovation?

Yes, it was hard finding sponsors. Businesses are not that interested in sponsoring bricks. We had difficulties with private funds and sponsors, demanding that their contribution is spend on a 'tangible' part of the theatre, such as a certain bar in the upper foyer. In a large building project such as ours, this is hard to administer. Particularly private funds wished to receive specific invoices on where their money was spend on and how.

6. What do sponsors receive in return?

Their names are modestly mentioned in the building. For instance, Mazda is visible on the wall in one of the foyers.

A very large sponsor was willing to sponsor a great deal of the renovation, but requested that the theatre was named after the particular business name. We decided that this was out of the question, so unfortunately we had to reject the offer.

7. Does the Municipality currently pay for maintenance costs?

The maintenance costs are divided between us and the Municipality. We also pay a fixed amount of rent to the Municipality.

C. The Relationship between Theater Diligentia and the Municipality of Den Haag

8. In the survey you claim that you do not feel encouraged by the government to generate private funding? What is the reason for stating this?

The Municipality does not interfere in our acquisition of private funding. We just receive our basic needs. Extra activities we finance through other sources of income. The Municipality provides the freedom for us to do this.

9. Do you fear that, once you generate a large amount of private funding, the Municipality will decrease the exploitation subsidy?

No, as I said, the Municipality provides in our basic needs. Other activities are financed through for instance private funding.

D. Private Funding of the Theatre Exploitation

11. Is there a good balance between the costs and the benefits of the Friends Association?

We do not receive subsidy for our artistic programming. Our friends cover part of the programming costs. We did not approach them for our renovation, because we wish to address our friends in less prosperous times. Our friends are mostly well educated socially engaged people of in average 35 years old. As far as the costs and benefits are concerned; we give them 70% of their membership fee in return in the shape of privileges.

12. Are you planning on increasing or differentiating the contribution of the Friends Association?

We are planning on increasing the membership fee a few euros.

13. Does Theater Diligentia have potential for a thriving business club?

A business club does not suit Theater Diligentia well, because we do not wish to appear elitist. We invite business clubs in our theatre, but we do not wish to attach us to one.

E. Conclusions

Table 15 Conclusions on Funding of Renovation and Extension Theater Diligentia

Legal Body	Stichting Theaters Diligentia en PePijn Stichting Vrienden van Theaters Diligentia en PePijn	
Owner of Theatre Building	Municipality of Den Haag	
Building Project	Extensive Renovation	
Year of Building Project	2002 / 2003	
Funding of Building Project	In Euros	% of Total
Municipality of Den Haag	€9 mln	93%
Seat Adopters	€75,000.-	0.8%
Gifts and Donations	€25,000.-	0.2%
Private Funds	€400,000.-	4.3%
Sponsors	€150,000.-	1.7%
Total Funding	€9,650,000.-	100%
Total Private Funding	€650,000.-	7%