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## Thinking Big: How the Tim Fairfax Family Foundation is collaborating to bring social impact investing to the arts

by Nicole Richards | March 4, 2015



A consortium of public and private funders in QLD has built an innovative fund that's poised to bring new levels of sustainability to arts organisations in the Sunshine State and beyond.



**"The Arts Business Innovation Fund (ABIF) gives organisations the opportunity to invest in their business, in order to create a stronger business model,"** says Brisbane-based Cathy Hunt, Director of **Positive Solutions**, an organisation that supports cultural and arts enterprises.

"A nonprofit organisation should have access to the same types of finance as a for-profit business," Hunt says. "Diversity of funding and finances is critical to sustainability and social impact investing is simply broadening the opportunities and allowing organisations to use funds to develop their business in order to fulfil their mission."

Under the **ABIF**—the first of its kind in Australia—organisations have an opportunity to change their future by investing in innovative business ideas, as opposed to having funds that are restricted to the creation of art and delivering public programs.

The consortium comprises of **Foresters Community Finance**, **Positive Solutions**, **QUT Creative Enterprise Australia (CEA)**, **Arts Queensland** and the **Tim Fairfax Family Foundation (TFFF)**. All five organisations were keenly aware of the changes to arts funding, exacerbated by significant funding cuts from the QLD State Government two and a half years ago.

"Attracting philanthropic dollars from interstate for Queensland organisations is a constant challenge," says Sam Jorgensen, Executive Officer of TFFF. "There's a lot of competition and the majority of foundations are based in the southern states with some only funding programs within their home state."

"Philanthropy in Queensland has really helped, but we knew we needed to think about new ways of doing something for the longer term."

Early discussions started as far back as 2008 at the Australia 2020 Summit, which led to the **Arts Plus, New Models, New Money** report developed by Arts Queensland and the **Centre for Social Impact**.

"We all knew that we needed to find a way to create a more sustainable arts sector and the conversation has been evolving since then," Hunt says.

A change in government led to the introduction of an EOI process for a grant-based innovation fund, but as Hunt explains, the challenge was to do things differently.

"Positive Solutions, Foresters and CEA went back to the government and said 'if we want the sector to be innovative, we have to be innovative in how we fund and finance—it's not just up to the sector to change.'"

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A new proposal was developed that would not only provide grants, but also build capacity and rethink business models by introducing access to new sources of funding such as debt financing through no interest loans.

**“As a sector we’ve got to look at the whole way we go about building assets and building capacity to survive and thrive into the future,” Hunt explains. “That survival can’t rest on grants alone.”**

When Hunt brought the idea to TFFF, it was embraced without hesitation.

“The TFFF is acutely aware of the dialogue in the sector at large, so we know we have to explore different models to bring new funds in,” Jorgensen says.

“Straight away we saw this as a great opportunity to both build capacity and to demonstrate to the sector our willingness to try new methods. After all, that’s what we’re asking them to do when we talk to them about exploring new business models, revenue streams and diversification of income.

“For us, it’s very important as a foundation to be trying to help however we can. We’re constantly encouraging people to diversity their funding base and we know it’s hard, but now the ABIF is another way we can help.”

TFFF’s involvement sent an important signal to the sector according to Hunt. “TFFF and Sam are incredibly respected for their knowledge of the sector—they are deeply connected with relationships across so many arts organisations. Their involvement showed that we’re all singing from the same songbook and trying to create a path forward.”

TFFF has contributed \$500,000 (in addition to the Queensland Government’s funding of the same amount) to build a million dollar fund in 2014-15 for arts organisations. The fund, managed by Foresters Community Finance with support from the consortium, will provide grants and no interest loans while requiring applicants to match funding with their own capital or by securing additional support.

Importantly, TFFF’s contribution has been raised from the Foundation’s corpus, rather than being reallocated from the existing grants pool.

“Technically these are new dollars to the sector,” explains Jorgensen. “We haven’t diminished our grant pool but taken these funds from corpus so it will be an investment that will be reported on quarterly along with our other investments.”

**“It’s so important,” Hunt says, “for the sector to see that this is not just another attempt to pull traditional forms of funding away or shuffling dollars from one part of the equation to another; instead we’re trying to grow the pie.”**

Launched in late September 2014, flexibility is integral to the ABIF application process with potential applicants encouraged to discuss their ideas with the consortium. “Rather than do an endless feasibility study we wanted to get started so we’re encouraging arts organisations with an idea to come and talk to us. The process is not prescriptive—we know it might take organisations several months to get their proposal right. This isn’t a case of ‘here’s an application form and it’s due on this date.’”

The response from the arts sector in Queensland has been very positive, with the first proposal received by the investment committee in recent days and several more expected before the end of the financial year. The initiative has sparked considerable interest from interstate.

“At TFFF we hope it goes further than arts,” Jorgensen says. “This is an initiative that bridges public, private and social sector funding and it’s opportunities like these that we hope will encourage organisations—especially arts organisations—to think big again.”

**“We know that their plans are often hampered by lack of funding and that they’re constantly having to scale down and rationalise things. We’d love to see them use the ABIF as an opportunity to dream about the future.”**

*For more information about the Arts Business Investment Fund, read the details [here](#) from **Forresters Community Finance**.*

*Visit the **Tim Fairfax Family Foundation** website [here](#) or the **Positive Solutions** website [here](#).*

*Photo courtesy Aaron Veryard at [Shockwave](#).*

## WORKSHOPS

There are no upcoming events at this time.



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