CONSIDERATIONS REGARDING FINANCING ISSUES IN OPERA HOUSES: SHOWCASING THE NATIONAL OPERA OF BUCHAREST

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Abstract: My paper sets out to examine two major existing management models of opera houses in the world, Bucharest National Opera and Wiener Staatsoper, with a focus on their funding systems and current financial issues. The concept of financial autonomy is explored against the backdrop of American and European opera houses. Along these lines, the paper touches on the current public funding model of Bucharest National Opera, arguing that a hybrid German-American combined funding model may be more apt to maximize on its outreach and cultural productions.

Keywords: opera house, model, funding, public, private

One of the most complex art forms remains the opera. As part of our humanity heritage, it uniquely and harmoniously combines theatre, music and literature. The prestige, taste for and dissemination of opera throughout the world will continue to exist, despite the financial, management, cultural and governance challenges that opera houses all over the world are faced with. At a time when both economic stress and cultural stakes are very high, the mere existence of opera houses worldwide has been severely threatened in the last few years by increasing costs involved by each performance. Since the average audience for opera is limited to only 2% or 3% of the population, depending on the region of the world, opera, wherever performed, has turned more and more into a synonym of high costs performance.

Financing issues have existed in opera houses worldwide for a long time. Typically, the costs of running opera houses have always been greater than their earned revenues and in recent recessive economic times the situation has worsened visibly. For many of them, their last year's financial statements indicate their net worth down substantially with sizable debts that are looming in coming years. One single performance of an opera requires an orchestra (which rarely consists of fewer than 60 members), solo singers and a chorus of at least 30 members. In addition to the remunerations of all these performers, the house must cover the costs for stage technicians, hair dressers, make-up artists, props, managers, costumes, sets, etc., as well as for the maintenance and/or acquisition of essential technological resources (mechanical transport carts, principally, state-of-the-art engines controlled by computer equipment). With such high costs, it is generally reflected that opera houses worldwide cannot possibly acquire financial balance exclusively by means of the production or performance generated income (however high their ticket prices can raise), therefore they are obliged to additionally rely both on public funding from governments and tax deductible private donations and sponsorship. Depending on the country, the local cultural policies and tax laws, as well as the missions and objectives assigned to opera houses, public funding may account for the majority or just a small portion of the financial resources.

The concept of “financial autonomy” represents not only the ultimate strategic objective of opera houses but also a key to financial stability, success and economic survival. It refers to the volume effects of theatre size, production volume and physical capacity, the more directly financial effects of ticket prices and costs, as well as the cost of performances (Agid and Tarondeau, 2010). In more specific terms, financial autonomy is associated with the direct funding coming from box offices as a ratio of the total budget, being directly linked to the size and physical capacity of the respective theatre, a feature which, at least in Europe, represents a historical given. A well known recent case shows the Italian opera houses, in their quest for financial autonomy, forced to cancel their performances in 2010 because of strikes over government efforts to reorganize their administration. These strikes called the whole world’s attention to the fact that Italy’s main opera houses had been in fact part of a long-running drama, being almost all dependent on government financing and suffering frequent labour stoppages (and the threat of them), amidst a most powerful struggle between local and central control (*The New York Times*, 2010). Financial autonomy is therefore important and may be achieved by several well-directed management strategies: casting famous artists, increasing seat occupancy rate, and, last but not least, promoting a good artistic policy in what regards the choice of opera and artists. Measured by the ratio resulting from box office divided by total income, several important opera houses in the world display the following financial autonomy ratio:

Table 1. Financial autonomy of opera houses

Over 30%	**15-30%**	**Less than 15%**
Chicago Lyric	Vienna Staatsoper	Brussels Monnaie
Detroit	Paris, Opéra National	Graz
Zurich	Lausanne	Berlin
Staatsoper		
Seattle	Dresden	Kőln
New York City Opera	London ENO	Tallinn
London Royal Opera	Munich	Stuttgart
Montreal	Salt Lake City	Berlin
Deutsche		
Miami	Copenhagen	Nuremberg
San Diego	San Francisco	Mainz
Vancouver	Zuid	Athens
New York Metropolitan	Rostov	Turin
Regio		
Los Angeles	Prague Statni	Rome
Santa Fe	Hamburg	Berlin
Komische		
Geneva	Amsterdam	
Heidelberg		
Barcelona	Aarhus	Lyon

Houston	Helsinki	Frankfurt, Städt.Bùhnen
Madrid Real	Leeds Opera North	Oslo
	Vienna Volksoper	Leipzig
	Washington	Ostrava

Note: Measured by the ratio: box office divided by total income (after Agid and Tarondeau, 2010:29).

The first category of opera houses is mainly represented by the American lyrical theatres whereas the last two categories display opera houses that are scattered mostly across the European continent. Characteristically, American opera houses are large, well-filled, with low volume of operatic activities, as compared to their small(er) sister European theatres that have low(er) occupancy rates and a high volume of operatic activities. Costs-wise, the high ticket prices combined with low cost per ticket provide more financial autonomy for the American theatres, whereas the relatively low ticket prices, combined with high cost per ticket lead to high(er) dependency on external funding for the European opera houses. Hence, a clearly demarcating distinction between the American and the European operatic spaces of activity points to a more diverse range of historical and geographical contexts and factors that have brought about the development and, we claim divergence, of two main funding models, the German/European on the one hand, and the American model, on the other, as two dissimilar lines in almost every way. The two dominant models display several differences regarding their origins and development, macroeconomic structures, production models, professional, organizational and cultural features, artistic resources and most importantly, funding systems and financial constraints.

Today, more than one century after the founding of the renowned Met (Metropolitan Opera 1883), every American state boasts having at least one large size opera house or company, with a total annual turnover of €700 million for 2,300 performances and 4.3 million tickets sold (Scorca and Rourke, 2010). Most opera companies in Europe are concentrated in the German-speaking area (Austria, Germany, Switzerland), with a total annual turnover of €2,400 millions, 6,600 performances and well over five million tickets sold each season. Although hosting basically the same total audience as American houses, German opera houses actually perform three times as often in front of a three times smaller audience and in three times smaller auditoriums and opera houses (Agid and Tarondeau, 2010:41). Additionally, German opera houses have adopted the so-called *repertory* model, which consists of 15 to 40 opera titles with no less than 150-200 performances a year (Uecker, 2008), whereas American houses have settled for the *stagione* model, involving 2-10 titles and not more than a total of 80 performances a year. With regard to artistic resources, German/European opera houses benefit from their own permanent orchestras, in-house singers, ballets and choruses. They boast unique traditions in the training of young singers, common knowledge being that there is no better place for young artists to learn and experience in their art than in a European theatre. In opposition to the permanent character of the artistic resources within the European operatic space, American opera houses are more (and better) characterized by the term “flexibility”, which enables their management system to adjust to external conditions by taking the liberty to hire only the people they need and for exactly the purpose and time span when they are needed. As a result, American young singers do not typically get the chance to experience first-hand productions, as the number of opera houses is smaller than in Europe and productions are significantly fewer. Subsequently, in their attempt to make the transition from student to professional singing, an increasing number of American and Asian young singers come to Europe and gain their experience here.

These two different dominant models are further distinguished by their financial economic dimension, i.e., funding. Whereas most opera houses in Europe depend on public subsidies for more than 80% of their funding, American opera houses operate as economic entities that rely on the funding of private donours for more than 40%. American box office revenues represent approximately 38% and, with Government and public money representing no more than 2%, other earned revenues seem to be complementing the funding (Scorca and Rourke, 2010). Surprisingly enough, German opera houses display an average box office and earned revenues of only 10% and 20%, despite the considerably large number of performances and vast seasonal repertory (Gambert, 2008). The different funding system of the two dominant models will result in a series of important financial constraints for both the American opera house model and the German/European one. As each American opera house is fully dependent on its ownership for its contributed revenue and on its public for box office and earned revenue, they are extremely sensitive to economic crises and financial swings and a good many of them are known to have temporarily disappeared due to lack of constant incoming funds. Nonetheless, private donours contributions usually manage to substantially ease financial tensions and diminish the many financial constraints caused by working agreements. Across the German space, Musiktheaters totally depend on their Land’s public subsidies and most of the time costs, (Uecker, 2008) derived from working agreements, outgrow public subsidy, consequently, the future of the German opera house is mostly dependent on the evolution of public subsidies.

Against the general background examined above, the Bucharest National Opera stands out as an important South-Eastern European operatic space, whose cultural, artistic productions are currently subordinated to the Romanian Ministry of Culture and National Heritage. At a European level, in point of opera audience, Romania is placed at the bottom of the list, exceeding only Poland, despite the average number of 25-30 performances per month (Centrul de Studii, 2007). With most funds used for covering salary costs (65%), the most pressing economic issues of the Bucharest National Opera are generally caused by a mismatch between the number of employees and production necessities, mis-distributed within its current functional departments. Ranked with a medium-size auditory (approximately 950 seats), the Bucharest National Opera does not rely on ticket earned income, the ticket prices being very low, compared to an equally sized Western-European opera house.

Facing a large series of financial, economic, management and administrative challenges, the Bucharest National Opera House is currently struggling to develop a more succesfully combined management model so as to expand, promote and innovate its artistic product. Several common professional training projects have been developed recently (starting 2013) in partnership with Teatro alla Scala of Milan (Scenart, studi-Opera) and non-reimbursable funds have been attracted, however they prove inefficient for a large-scale, national operatic activity that the National Opera House of Bucharest represents and intends to promote. Borrowing the German/European pattern alone, seems to be, at least for an Eastern European medium sized Opera House, hardly any sufficient. This is for now reflected by the low occupancy rates, high volume of operatic activities, large number of operas, many old productions and few co-productions as well as relatively low ticket prices combined with high cost per ticket that leads to high dependency on external funding.The Bucharest National Opera of Romania, being located in a country that has over the years provided the European opera scene with quite a few, extremely talented and technically refined artists, has the capacity to maximize on its artistic resources on its way up towards becoming a prestigious opera house. With a more aggressive sales policy and lower volume of operatic activities, including high ticket prices combined with low cost per ticket (promoted by the American model and ensuring good financial autonomy), the Bucharest National Opera may attract, build loyalty in and involve a broad(er), wealthy audience, much like an American opera house, whose common objective this still is (Studi Opera, 2010). Likewise, since the Romanian opera house cannot continue to manage with public funding alone (as in the German model), a strictly and carefully managed collaboration with private donours and/or national sponsors may prove to be extremely beneficial, and coupled with a rise in artistic quality, the cultural product can be thus financially and economically maximized. As the Bucharest National Opera House is unable to fully adopt the American management model due to obvious physical (auditorium size), economic and geographical constraints and the German model of management is mostly insufficient, under these circumstances, we argue that a combined, hybrid model may represent a better, viable solution for the present and future as well. Both models can arguably be tailored to operate more successfully for their increasing number of consumers worldwide and show enough room on both sides to adjust to new, more successful combined strategies to overcome forthcoming challenges.

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