



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Effects of the ongoing dividend on smaller public sector agencies

WEDNESDAY, 17 SEPTEMBER 2008

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JOINT STATUTORY
COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
Wednesday, 17 September 2008

Members: Ms Grierson (*Chair*), Mr Georgiou (*Deputy Chair*), Senators Mark Bishop, Boyce, Bushby, Feeney, Hogg and Lundy and Mr Baldwin, Mr Bevis, Mr Bradbury, Mr Butler, Ms King, Mr Morrison, Mr Neumann and Mr Robert.

Members in attendance: Senator Feeney, Ms Grierson and Mr Robert.

Terms of reference for the inquiry:

To inquire into and report on:

The effects of the ongoing efficiency dividend on smaller public sector agencies, including:

- whether the efficiency dividend has a disproportionate impact on smaller agencies, including whether or not smaller agencies are disadvantaged by poorer economies of scale or a relative inability to obtain funding for new policy proposals;
- whether the efficiency dividend is now affecting the capacity of smaller agencies to perform core functions or to innovate;
- what measures small agencies are taking to implement the efficiency dividend, and the effect on their functions, performance and staffing arrangements;
- any impacts of the efficiency dividend on the use by smaller agencies of “section 31” agreements to secure non-appropriation receipts (eg through user charges and cost recovery) —noting that these receipts are not subject to the efficiency dividend;
- how application of the efficiency dividend is affected by factors such as the nature of an agency’s work (for example, cultural, scrutiny, or regulatory functions) or the degree of discretion in the functions performed by smaller agencies; and
- if appropriate, alternatives to an across-the-board efficiency dividend to encourage efficiency in the Commonwealth public sector, including consideration of whether certain agencies should be exempted from the efficiency dividend, or whether the rate of the dividend should vary according to agency size or function.

For the purposes of its inquiry the Committee defines “smaller agencies” as those with an operational budget (that is to say, departmental as distinct from administrative appropriations) of \$150 million per annum or less.

WITNESSES

FORSTER, Mrs Carolyn, President, Australian Federation of Friends of Museums 1

KEAN, Ms Judy, Committee Member, Australian Federation of Friends of Museums 1

Committee met at 12.48 pm**FORSTER, Mrs Carolyn, President, Australian Federation of Friends of Museums****KEAN, Ms Judy, Committee Member, Australian Federation of Friends of Museums**

CHAIR (Ms Grierson)—I welcome our witnesses to our efficiency dividend inquiry. I thank the Australian Federation of Friends of Museums for attending. We have received a letter from you. Do you wish to make a brief opening statement before we proceed to a few questions?

Mrs Forster—Yes, I would. Thank you for having us here today. One of the key ways that the national collecting institutions meet their obligations to establish and maintain truly national collections and to make these available to all Australians is through outreach programs. Travelling or touring exhibitions are one of the primary ways that this has been achieved. The Commonwealth has recognised the importance of such programs through initiatives such as Visions of Australia. The national collecting institutions have a very good record of touring their collections to regional museums and galleries and other venues throughout Australia. Such exhibitions have not only brought national collections to an Australia wide audience but in many cases, and even more importantly, stimulated communities to tell their own related stories and brought new skills and capacities.

In many cases, regional museums, galleries and other venues hosting such activities are either wholly volunteer run or rely substantially on the support of volunteer and member groups. It is this constituency with which AFFM is concerned and for whom we speak—organisations such as, for example, the Devonport Regional Gallery in Tasmania, the Uralla Historic Society in New South Wales, the Friends of Araluen in Alice Springs, the Qantas Outback Founders Museum in Longreach and many more.

In their submissions to this committee, all of the national collecting institutions point to the impact of the efficiency dividend on core staffing and in many cases on exhibition programs, including travelling exhibitions. The trickle down effect of these reductions by national institutions will be felt as keenly if not even more so in many regional communities. Typical exhibitions toured by national institutions incorporated themes and objects outside the scope of many regional museums, galleries, libraries and historical societies. They are supported by specialist staff who travel with exhibitions and in doing so transfer valuable skills, knowledge and expertise. They are also accompanied by highly skilled education resources and other supporting programs, including catalogues and other interpretative material.

The development of such exhibitions is very often beyond the resources of all but the national collecting institutions and their state counterparts, and rely heavily on highly skilled staff. Volunteer and members groups and their host institutions highly value such exhibitions and find them a stimulus for attracting new audiences, enabling a broader reach into their communities and acquiring new skills and expertise, and a rallying point around which volunteers develop or renew their commitment. They also help build a sense that the collections held by national collecting institutions are truly accessible to all Australians.

In many cases, the volunteer and member resources which support regional cultural activities described above have taken years to build and in many cases are difficult to sustain. It is AFFM's

concern therefore that the reductions in core programs that our national collecting institutions will be forced to make in order to meet ongoing efficiency dividends will not only adversely impact on the institutions themselves but on the thousands of volunteers who are the backbone of many cultural organisations in regional and remote Australia.

CHAIR—Thank you very much. In our inquiry in Sydney last week, the Australian National Museum presented. They told us that they had hundreds of volunteers involved in their program. Specifically for this inquiry, though, could you give us some examples of services that you think may be being offered as add-on programs or by volunteers that have come about because of efficiency dividend cuts to programs and services in these types of culturally organisations?

Mrs Forster—Do you mean what additional things that these volunteers are supplying to them?

CHAIR—Yes, We know the value of volunteers. We know some of the value adding that they are doing. But do you see them taking on functions that you would not expect volunteers to take on that would normally be covered by the funding to that institute or organisation?

Mrs Forster—They very often run extra functions that they have initiated around an exhibition that is coming. For example, in Tasmania, the members program of the art gallery and museum there is entirely staffed and run by volunteers.

CHAIR—So community participation programs.

Mrs Forster—Yes.

CHAIR—These are ones that try to increase participation or visitors.

Mrs Forster—Exactly. They would put extra programs around a visiting program, so that that would engage people further out in the community. Once again going back to that Tasmanian model, they even have a young members group, which has just been established, and that is reaching out to a younger demographic.

CHAIR—Do you know of any examples of where they take on an equal role to a paid staff member?

Ms Kean—It is very well-observed that there is a distinction between those positions which are properly paid and volunteers. The code for volunteering in these organisations is that volunteers do not replace paid positions but augment the programs that are offered. That is the case in most of the national and state institutions. But you find that in many of the regional institutions where there are not as many paid staff that there is a greater reliance on volunteer and member organisations because they are often the only option for the supply of especially education and interpretive programs. There tends to be a greater reliance on volunteers and members in those smaller regional institutions.

CHAIR—Do you think volunteer numbers have grown because of the efficiency dividend? Do you have any data on that? Do you collect on data on the trend in terms of volunteering across these—

Ms Kean—The Australian Federation of Friends of Museums does not collect that specific data, no. It is mainly concerned with the supportive role that member and volunteer organisations play in their institutions. There may be data out there which is being collected, but it is not being collected through the Australian Federation of Friends of Museums.

Mr ROBERT—With respect to the efficiency dividend, can you put your finger on what the impact of the extra two per cent will be in a very tangible way? For example, will services be cut by x amount that will have this tangible impact on you? Is there something demonstrable that you are seeing right now?

Ms Kean—It is important to say that the Australian Federation of Friends of Museums and its member organisations are one step removed from that direct relationship, so it is not possible for us to speak on the specific impact that it will have on the national institutions. However, in looking at the submissions which those institutions have made, they made very clear reference to the impact on staffing resources in particular and on outreach programs, such as travelling exhibitions. From our member organisations, which are all over Australia, we have a very clear sense of how important those particular programs are to them and how significantly they rely on key expert staff within those national institutions to develop and tour. That is a direct impact on members of the Australian Federation of Friends of Museums which we are aware of.

Mr ROBERT—Can you quantify that impact? Mrs Forster, in her opening remarks, spoke in general terms about impacts on volunteers and the requirement, perhaps, for more volunteers to make up for lack of staff and services. But considering that you are the only second-round effect agency—and agency not directly impacted but facing possible flow-on impacts of the extra dividend—is there anything tangible that you are already experiencing now that you could let the committee know about?

Mrs Forster—We have not got any hard statistics, just colloquial chat that is saying that if they cannot get an exhibition coming then they are not going to be able to get people to come to their museum. Interest in museums wanes if they do not have this sort of extra top-up coming through.

Mr ROBERT—But that would appear to be anecdotal at present.

Mrs Forster—Yes, at this point.

Ms Kean—It is also true to say that most of the national institutions have maintained these outreach programs to date. They have found a way to maintain that commitment to continue to access external resources that are there to supplement, for instance, exhibition touring programs. It is really in the latest iteration of that process that they have expressed, and we have observed them expressing, that concern about their ability to do so. Many of them have referred specifically to touring exhibition programs and outreach programs. Given that many institutions develop these programs up to two or four years in advance, it will take some time for that impact to be felt on the ground. The Australian Federation of Friends of Museums has an annual conference or symposium where it brings its members together. The next one is in Hobart at the end of October. At that stage, we will have a better opportunity to speak specifically to those organisations about how they see the flow-one effect impacting them down the track.

Mr ROBERT—Considering that this is the 21st year over four governments of the efficiency dividend, starting at 1.25 per cent, dropping to one per cent and now with an extra two per cent slug for the year, reflecting back on the longevity of that 21 years—and I know that you are only speaking anecdotally, and I respect that—are you seeing greater anecdotal evidence of concern now than you have seen over the previous 21 years of the dividend being in place?

Mrs Forster—I have not been associated with this over that long period of time, but there has been more recent concern about what is being received in local areas, yes.

Ms Kean—Again, the areas of programming that the national institutions are now speaking specifically about are different. But to answer your question, I cannot give you trend data or a sense of how it is impacting now as opposed to 21 years ago.

CHAIR—We have had evidence on cuts to cultural programs, particularly exhibitions. My impression is that groups such as yours do a great deal in adding to fundraising efforts and attracting benefactors and sponsors et cetera. That is an important source of revenue, and even more so because of the efficiency dividend. That extra revenue gained is of great importance now. Can you tell us something about your efforts in terms of trying to raise that benefactor base for cultural institutions?

Mrs Forster—Individual museums and galleries do that. But within the symposiums and our activities, we always try to have a component in which people can learn more about philanthropic approaches and how to go about raising funds. That is part of what we do in our—

CHAIR—So you attract them in and then you have ‘you can give more’ type brochures—

Mrs Forster—We give extra information to our member groups. We are also available for informal chats. If people want to find out how to go about something, then we will put them in touch with people so that they can raise the profile of their organisations.

CHAIR—Do you produce a ‘friends of’ type newsletter or magazine?

Mrs Forster—Yes, we do.

CHAIR—How do you fund that?

Mrs Forster—We fund that through our subscriptions. The way we raise the money is that the fees are set according to the number of members in an organisation. If you have under a certain number of people—from one to 100 members, say—it is only \$45 a year for that subscription. It goes up from there. The highest fee that we charge is \$550, but that is if you have well over 3,000 members.

CHAIR—I can only refer to the Newcastle regional gallery, but their friends of the gallery magazine is such a professional publications that you would pay quite a considerable amount for that in terms of marketing. It is the main ongoing marketing for our gallery, besides its exhibition advertisements et cetera. If that is anything to go by, I know the professional work that is put in by friends of cultural organisations and the quality materials that they are able to publish through those subscriptions. Thank you very much. You are representing an army out there.

Mrs Forster—A very large group of people.

CHAIR—They devote themselves selflessly. It has given us evidence that we had not received, and we welcome that. I hope that it will hope more conversations among the friends of, supporters of and volunteers in cultural institutions. Thank you very much for presenting today.

Resolved (on motion by **Senator Feeney**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.04 pm