

Agency name:	Australian War Memorial					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total funding (\$m)	\$62.020	\$62.333	\$83.417	\$99.547	\$189.502	\$174.391
Ongoing funding (Bill 1)	\$37.979	\$37.590	\$37.399	\$38.634	\$39.471	\$39.575
Capital works funding (CDAB only)	\$7.343	\$7.305	\$7.304	\$7.339	\$7.345	\$7.410
One-off funding (Bill1 and Bill 2)	\$16.698	\$17.438	\$38.714	\$53.574	\$142.686	\$127.406
Estimated annual total funding required	<p>The current operating loss for FY 2022-23 is \$10.5m, and the current cash shortfall is estimated at \$3.3m for the same year.</p> <p>The cash loss forecast for FY 2023-24 is \$3.1m.</p> <p>The difference between the operating loss and the cash loss is mainly attributable to unfunded depreciation on the asset base.</p>					
Estimated annual capital funding required	<p>Current depreciation is estimated at \$15.294m in FY 2022-23. Significant investment in new warehouses, WWI galleries, and ICT infrastructure and software over that time have increased the Memorial's asset base with no associated funding for capital refresh.</p> <p>A depreciation allowance is built into Bill 1 ongoing funding stream and was set as part of Operational Sunlight budget reform in 2010 at \$7.3m. Due to ongoing efficiency dividends, this has not grown since even though the Memorial's asset base has increased over that time.</p>					
Estimated annual one-off funding required (if applicable)	Not applicable.					
Explain the impacts of any shortfalls in funding on your ongoing program delivery and/or operations	The Memorial has a short term strategy to utilise surplus cash reserves (from commercial revenue sources) to fund the current annual funding					

	<p>shortfalls during the construction of new galleries under the Development project.</p> <p>Once construction is complete, staffing levels and outcomes must be significantly reduced to achieve a financial sustainable position, unless additional government funding is provided to support the new gallery spaces and address the current structural deficit.</p>
Explain any differences between nominal versus real funding	The above funding is in real terms (post indexation).
Provide further detail on the areas of greatest need	<p>Pay levels for the majority of the Memorial's staff is well below the APS median salary rates, which results in difficulty in attracting and retaining suitably qualified and experienced staff. Absorbing the standard APS pay increases further reduces the funding available to support Memorial programs. As a small agency, there is little room left for productivity gains without significant investment in our operating model, but the Memorial is limited in terms of funds or resources to achieve these improvements. 87% of the Memorial's annual budget is directed to non-discretionary costs.</p> <p>There is a need to invest further in the ICT framework to improve productivity, support adequate collection storage for digital collection artefacts and expand the digital offering to our visitors.</p> <p>Depreciation of the asset base has outstripped the actual funding provided to refresh and maintain the Memorial's \$1.5bn asset base.</p> <p>In FY 2022-23 there is an \$8.0m funding gap between annual asset depreciation and the funding provided for capital replacement.</p>
Outline how the efficiency dividend has impacted the agency	<p>The Efficiency Dividend applied to Bill 1 has resulted in a cumulative reduction in ongoing funding (in nominal terms) of \$5.56m since 2017-18, and \$0.96m in Bill 2 Collection Development and Acquisition Budget (CDAB).</p> <p>Since 2011-12, Bill 1 funding has been cumulatively reduced by \$13.36m due to the ongoing application of the Efficiency Dividend.</p> <p>Over time, this has led to a restriction on hiring resources to deliver key outcomes, and an underinvestment in key corporate infrastructure to</p>

improve productivity such as ICT. Pay rises for staff have been capped over the years due to reduced affordability.

The successful touring exhibition program has been scaled down following the cancellation of government funding. There has been increased reliance on corporate partnerships to support digital engagement programs and other key public programs.

The Memorial's Collection funding is now used predominantly to support staff preserving the collection rather than acquiring new cultural and heritage items.