

AusHeritage Ltd
Australia's international network for cultural heritage services

17 July 2008

Mr Russell Chafer
Secretary
Joint Committee of Public Accounts and Audit
Parliament House
Canberra ACT 2600

Dear Mr Chafer

Inquiry into efficiency dividend

I am writing on behalf of the Board of Directors and the Chairman of AusHeritage Ltd, Australia's network for promoting the cultural heritage industries abroad, regarding the *Inquiry into the Australian Government's Efficiency Dividend* and its impact on small Commonwealth agencies.

Our comments focus on the second term of reference:

Whether the efficiency dividend is now affecting the capacity of smaller agencies to perform core functions or to innovate;

and relate to the Commonwealth cultural organisations including the National Archives of Australia, the National Film and Sound Archive, the National Gallery of Australia, the National Library of Australia, the National Museum of Australia and the Australian National Maritime Museum.

We are concerned that the ongoing application of the efficiency dividend on Commonwealth cultural agencies impacts on their capacity to sustain and develop services related to Australia's ongoing engagement in the Asia-Pacific. While this is not the primary function of these organisations, some of them have long histories related to the development of resources linked to the region. In addition, our cultural institutions have the knowledge and skills to contribute to the sustainability of robust civil societies in the Asia-Pacific and play an innovative role in fostering cross-cultural understanding of our neighbours, by all Australians.

The ongoing application of the efficiency dividend erodes the capabilities of our cultural agencies to support Australia's long term engagement in the Asia-Pacific at a time when we see a significant growth in the influence and power of states in the eastern hemisphere.

By way of example, AusHeritage Chairman, Vinod Daniel and Deputy Chairman, Bruce Pettman are currently in Beijing meeting with representatives from the State Administration of Cultural Heritage, People's Republic of China (PRC). At a key dialogue session AusHeritage has been advised that 30 billion Yuan (approximately AUD\$5.5 billion) will be assigned to cultural heritage projects in the PRC to 2015!

The following short report discusses these points in more detail. Please do not hesitate to contact AusHeritage if you require further information.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Ian Cook', written in a cursive style.

Ian Cook
For the Chairman
& Board of Directors

Joint Committee of Public Accounts and Audit Inquiry into efficiency dividend

We are all affected by history, I think we don't always realise it, but when we think of our own lives, how what has happened to us in the past, has shaped the way we look at other people, the ways we look at the world, the ways in which we react to things, I think we all understand just how important the past can be, and what is true for individuals is also true for peoples and nations.¹

Background

Almost half the world's people live within the eastern hemisphere and most of the population centres across the Asia-Pacific are within a twelve-hour flight from most Australia's cities.

Notwithstanding Australia's historical connections with Europe and the United Kingdom, and our close association with the United States of America, are there any commentators who believe that Australia's future lies outside the Asia-Pacific?

Australia's trade relations with Japan, Korea, China and Southeast Asia are considerable and the emergence of India as a rapidly developing major economic global powerhouse will ensure the ongoing, critical need for Australia's engagement with its neighbours.

If Australia is to become an integral player, both economically and politically in the region, to become part of the new world order, and not be seen as an outsider, then Australia must improve its understanding, cultural awareness and knowledge about the customs, languages and social practices of the diverse peoples that live near us.

Australia needs a deep understanding of the cultural heritage of the region – its landscapes, its memories, built environments, its intangible heritage, its literature and languages, beliefs and philosophies and other cultural processes.

¹ Opening remarks from Professor Margaret MacMillan, Professor of International History, University of Oxford and the Warden of Saint Anthony's College in her presentation *Dangerous games: The uses and abuses of history*, the Lowy Institute for International Policy, 9 July 2008, see <http://www.lowyinstitute.org/Publication.asp?pid=850>.

The role of Commonwealth cultural agencies

The Commonwealth cultural institutions have the capability to provide for all Australians, a conduit into the cultural domains of Asia and the Pacific. Our federal collecting institutions including the National Archives of Australia, the National Film and Sound Archive, the National Gallery of Australia, the National Library of Australia, The National Museum of Australia and the Australian National Maritime Museum hold key resources related to Asia and the Pacific. By making these resources available through face-to-face and on-line services, researchers, commentators, students and the wider community have a base from which to understand our history and how we relate to the rest of the world.

It is AusHeritage's view that the resources and interpretive skills of the Commonwealth cultural agencies create a medium to ensure informed and considered understanding of the region so that Australia can successfully negotiate its future.

The efficiency dividend

Many Australians share the view that we live in momentous times. Climate change, the oil crisis, the threat of pandemics, terrorism and the possibilities of a world food catastrophe make our future uncertain and unprecedented in human history.

Australians need their foundational cultural institutions to be ready and able to support the challenges faced at home and regionally. AusHeritage sees the Commonwealths efficiency dividend as reducing capacity at a time when existing resources need to be expanded to accelerate Australia's engagement in the region.

It is evident that small agencies have less capacity to respond to budget reductions. We believe that the efficiency dividend has a disproportionate effect on innovation and service provision within small agencies compared with larger ones. It is a function related to economies of scale.

In these turbulent times the effective and efficient use of public resources is vital for Australia's sustainability. AusHeritage notes; however, that in the Commonwealth seeking to reap an appropriate return on its investment from the Commonwealth cultural agencies, it needs to ensure that the ongoing application of the efficiency dividend is not having a negative effect on operations. AusHeritage suspects it is.

AusHeritage proposes that the efficiency dividend detracts from the capacity of cultural institutions to help Australians and the Australian government achieve an informed and culturally aware understanding of our place in Asia and the Pacific and our future engagement with our neighbours.

AusHeritage therefore recommends that the Commonwealth Government cease the efficiency dividend practice as it currently applies to small agencies. Such funds could be strategically deployed to enhance programs within the cultural institutions that address Australia's engagement with the Asia-Pacific.

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