

**PUBLIC ACCOUNTS COMMITTEE**

**SUBMISSION TO THE  
INQUIRY INTO THE EFFECTS OF THE ONGOING EFFICIENCY DIVIDEND  
ON SMALLER PUBLIC SECTOR AGENCIES**

This submission is written from the perspective of a stakeholder in Australia's collecting institutions,<sup>1</sup> which are covered by the definition as determined by the Committee. I am a member of several Friends organisations (or the equivalent) of national collecting institutions, have made donations (both financial and objects) regularly visit exhibitions and participate in public programs, and I use their collections. The submission is written by me personally and not on behalf of any one specific institution.

The submission addresses several of the terms of reference, but not all.

**Introduction**

The function of Australian collecting institutions, as expressed in their various Acts, is to:

- develop and maintain a national collection – whether it be art (National Gallery of Australia), library material (National Library of Australia), historical material (National Museum of Australia), or material of military history (Australian War Memorial), archives, film and sound, and maritime history, and
- exhibit, or make available for exhibition or use, to make the most advantageous use of the collections in the national interest.

By their nature, the responsibilities of these organisations are increasing exponentially. The very basis of their existence is that they will continue to collect for the nation in perpetuity, (in the case of the National Library there is a legal requirement), to ensure that they are developing a national collection. There is inherent rigour in their collection policies and their obligations increase. Donations of objects are increasing.

These functions differentiate their role from all other government agencies.

**1. The efficiency dividend has a disproportionate impact on smaller agencies**

The initiation of this Inquiry acknowledges that the ability of smaller agencies to make efficiencies is far more limited than organisations with large budgets. This is particularly in the case of staffing. Professional staff are required to develop and maintain the collections, and to make them available for use by the Australian public. When key staff – such as curators – are on leave, there is no-one to step into the position. In larger organisations, there is more

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<sup>1</sup> The term collecting institutions and the museums sector are interchangeable for the purposes of this submission.

capacity to back-fill positions. In the case of one particular institution that I am familiar with, most junior positions are on short term contracts and, if the positions are filled, it may not be appropriate to put staff in more senior positions, despite the obvious professional development benefits. Appropriate security staff are also required to ensure that the collections are protected and there is a limit to the reduction in numbers of this important staff component.

The proportion of funding for wages in the overall budget is one particular element faced by the museum sector. With the ongoing efficiency dividends, some institutions' budgets are getting smaller, but staff costs and expenses are increasing against a decreasing wage base, exacerbated by the current decentralisation regime for wages. The wage cost index – around 2-1/2% - does not meet the wage requirements and expectations of staff. Wage outcomes have been tracking at approximately 4 per cent for approximately the past five years. Smaller agencies find it difficult to pay satisfactory wage increases and to improve the levels of wages relative to other similar agencies. Why should staff who are committed to their work receive overall lower salaries than their counterparts in other government agencies?

Most other government agencies have limited public visitation. Organisations in the museums sector pay greater utility costs, as their buildings are open to the public for long hours. There are increased cleaning charges for public conveniences as OH & S standards must be met. Higher public traffic also means greater wear and tear on the public areas of the organisations' facilities.

## **2. Is the efficiency dividend is now affecting the capacity of smaller organisations to perform core functions?**

I strongly believe that the imposition of an efficiency dividend is now affecting the capacity of collecting institutions to fulfill their core functions.

At least one institution I am aware of is making cuts to its core collecting activities as a result of the efficiency dividend.

Their location (in most cases) in the national capital puts additional imposts on collecting institutions to be open to the public every day – they all see this as part of their core functions.

Collecting institutions generally own their own buildings and are responsible for ongoing maintenance. The efficiency dividend comes off the depreciation allowance in balance sheets, but there is no capacity for collecting institutions to make efficiencies in capital expenditure. The podium at the National Library required significant maintenance; lifts require replacement; public conveniences must be maintained; buildings require on-going maintenance and funds must be found, putting greater strain on other budget lines.

The objects taken into the collection, either by purchase or donation, require appropriate recording, storage, exhibition and research. Frequently, conservation is required before anything can be done with the object. There

is no economy of scale in undertaking the tasks above – more time and skills are required to work with more objects.

### **3. What measures are being taken and the effect on the agencies' functions, performance and staff arrangements**

Collecting institutions are ambitious in their capacity to fulfill their charters, and public expectations are high. Australians compare the activities undertaken by these organisations with similar collecting institutions around the world, which have considerably more resources behind them. International visitors also compare Australian institutions with others around the world, and it is important that they maintain their high reputations, both here and abroad.

I believe that the services to the public offered by collecting institutions are being severely diminished.

Some are seriously considering reducing the opening hours to the public, and/or reducing services offered during the opening hours.

At least one institution has decided to reduce the number of travelling exhibitions, thereby limiting access to the wider Australian audience. This impact will be noticed more in following financial years, as current traveling exhibitions will run their course, but new shows will not be developed. This will have an impact on regional galleries, museums and libraries around Australia, which may have programmed these high standard exhibitions into their programming. Frequently, regional organisations will build an exhibition program and consequent public program around an exemplary travelling exhibition such as those mounted by the national institutions. The presence of a travelling exhibition may also assist a regional gallery in networking and partnering with other galleries and arts organisations in their region.

One organisation is reducing the numbers of its flagship publication from 10 times annually, and other institutions are cutting back on their collection-based publication programs. This will limit the institutions' capacity to disseminate information about their collections, thus reducing audiences' access. Reductions in publications also mean that they will not capitalise on and disseminate the research undertaken as part of their intellectual scholarship.

The number of publications given on a complimentary basis to, and exchanged with, other collecting institutions around the country and the world will be reduced, thereby losing valuable promotional opportunities of both the collection and the organisation. Users of the publications, both here and elsewhere will be consequently disadvantaged.

Other cuts being made could include reductions in travel and related expenditure – to see exhibitions outside Canberra; to work with artists, authors and others to develop collections; to work with colleagues in other institutions further enhancing the work of all collecting agencies; and to

arrange loans from other institutions for future use, whether in research or exhibitions.

As public buildings, open to the public all week, and in some cases in the evenings, utility costs are higher and a high level of public visitation results in increased usage of buildings and additional cleaning and associated costs.

Collecting institutions will no doubt make attempts to reduce energy consumption where possible. However, as is shown, they are limited in this action by the nature of their activities.

I understand that the organisations make modest savings through the formalised networking opportunities offered as a result of an inquiry conducted in the early years of the previous government into opportunities for efficiencies across the sector.

#### **4. How the application of the efficiency dividend is affected by nature of the agency's work**

National institutions in the museums sector should, and do take a leadership role, around the country and in the region. As leading agencies, they provide professional development opportunities for staff in smaller organisations as part of their ongoing activities. Often staff in a regional institution may not have had the opportunity to work with a professional, for example in working on installation of a travelling exhibition.

At least one institution has a role to assist similar institutions in the region, and its capacity to do so is being eroded.

All staff from national collecting institutions play a leading role in international and national arenas and forums including conferences and involvement in national and international professional committees, and the impact of the efficiency dividend will limit their participation.

The impact of the efficiency dividend may limit the institutions' capacity to innovate (through lack of staff time and resources) and to stay abreast of advances in, for example, digital technology, meaning that the institutions' visibility in the online world will be significantly reduced.

All staff are entitled to ongoing professional development to enable them to stay up-to-date with technology and innovations, and the capacity of institutions to undertake this important role may be reduced. Institutions and their staff must remain relevant as we move into the twenty-first century and as they continue to build their collections for future generations of Australians.

#### **Summary**

There appears to be an assumption that collecting institutions have an infinite capacity to do more with less. This is definitely not the case. There is a point

at which they are no longer able to meet their legislative requirements and the public's expectations.

Australia's cultural heritage should be valued, sustained and shared. It represents our identity, our history and our future. Institutions from the museums sector, including museums, galleries, libraries and archives hold a mirror to our lives and help us find ways through social issues.

The values of Museums Australia, the professional national organisation for the museums sector express the purpose of these institutions appropriately:

- ... the museums sector as resources for social development, based on equality of opportunity and support for intellectual, cultural and social diversity.
- ... an understanding of heritage as including natural and cultural, tangible and intangible dimensions. Heritage is conserved through particular objects and people, sites and places, events and narratives, music and performance, song, dance, scientific research, history and other human activities that convey knowledge and bear cultural meaning.
- ... governments and communities share responsibility to support and resource the conservation and communication of the nation's heritage.
- ... the distinctive work museums and galleries pursue in conjunction with communities in preservation, research, interpretation, education and public programming is critical to the conservation of the nation's memory.

There must be recognition that collecting institutions are different to most other government agencies. I strongly recommend that they be exempted from the impost of the efficiency dividend.

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