

**Submission  
No 132**

## **INQUIRY INTO MUSEUMS AND GALLERIES**

**Name:** Dr Desmond Griffin

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SUBMISSION TO  
THE NSW LEGISLATIVE COUNCIL INQUIRY  
INTO MUSEUMS AND GALLERIES

Des Griffin, AM FRSN, Gerard Krefft Fellow, Australian Museum<sup>1</sup>

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I appreciate the opportunity to make a submission to this inquiry. I will address the following of the terms of reference:

MUSEUMS: POLICY, FUNDING AND SUPPORT

- a) NSW government policy, funding and support for museums and galleries, museum and gallery buildings and heritage collections, including volunteer managed museums and museums managed by councils

MUSEUMS: RESEARCH AND COLLECTING, ACCESS TO PROGRAMS

- c) opportunities to revitalise the structure, reach, and impact of museums and galleries, and their research and collecting priorities
- d) access to the collections of the Museum of Applied Arts and Sciences, the Australian Museum and any other state collections held in trust for the people of New South Wales, and programs that promote physical and online access

POWERHOUSE MUSEUM: PROPOSED MOVE TO PARRAMATTA

- e) the sale of the Powerhouse Museum site in Ultimo and its proposed move to Parramatta, and whether there are alternative strategies to support museum development

MUSEUMS: EFFICIENCY DIVIDENDS AND BUDGETS

- g) the impact of the efficiency dividend on the budgets of museums and galleries over the last 10 years, and funding levels compared to other states

The terms of reference are addressed in separate submissions

Recommendations are at the end of each section.

I am prepared to appear before the Committee of Inquiry to elaborate on any of the submissions.

I summarise the submissions below and provide a brief CV by way of background. The information below is not repeated in the four submissions.

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## SUMMARY

NSW Government policies over recent decades have focused on central control, especially in respect of financial matters and adopted neoliberal economic model of small government. The result has been a decline in cultural spending and investment. Other states including Victoria and Queensland have invested more successfully and cultural infrastructure and programs now surpass those of Sydney in quality. Little effort has been made to understand important developments in museums which

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have enhanced their contribution to cultural life, access to collections and understanding of Australian society and its history.

The poor investment in museums across the state has resulted in modest development of regional art museums but almost none in respect of other kinds of museums. There is no meaningful funding program for smaller museums and support of them and reliance on local government is unrealistic.

The proposal to move the Powerhouse Museum to Parramatta is based on no feasibility study, no evaluation of need within Sydney or elsewhere and no consideration of alternatives. Funds likely to be available from sale of the Ultimo site are wholly inadequate to meet the costs of the move. The arguments advanced by some people supporting the move are based on limited understanding of the possibilities and difficulties and amount to little more than rhetorical assertions that opposition to the move is driven by eastern suburbs privilege. The proposal to move the Powerhouse should be abandoned forthwith.

Over the decades since the late 1980s government has used efficiency dividends to encourage greater accountability. Together with other reductions in funding it has instead decimated museum staffing and programs. The basis of this approach to funding has not been evaluated.

The potential growth and diversity of museum contribution to community benefit has been compromised. A complete re-evaluation of policy is essential and should include an appreciation of the cultural, educational and economic contribution of museums.

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## **Background**

I was appointed to the Australian Museum as Assistant Curator (Marine invertebrates) in May 1966 and promoted through Curator to Senior Research Scientist by 1975 when I was appointed Assistant Director, then Deputy Director of the Museum. I was appointed Director in August 1976. I retired from that position in September 1998.

I am currently Gerard Krefft Memorial Fellow, Australian Museum, an honorary position commemorating one of the early directors of the Museum.

I have had more than 30 papers published on management, leadership and policy in museums and on the return of cultural property. I was the joint editor, with Leon Paroissien, of the e-book *Understanding Museums: Australian Museums and Museology* (National Museum of Australia, 2011).

In 1998 through 2000 I led reviews of the exhibition program of the Melbourne Museum for Museum Victoria and of specific aspects of the Museum of New Zealand Te Papa Tongarewa for the New Zealand Ministry for Culture and Heritage.

I was the Chairman of the Council of Australian Museum Associations Inc (CAMA) from 1988 through 1993 and the first President, from 1993 until 1996, of Museums Australia (the single association representing museums of art, history

and science). One of the achievements of CAMA and Museums Australia was the strong role played in the establishment and development of what became the Heritage Collections Council of which Australian Museums On-Line (AMOL) was a major component. I was elected a Life Member of Museums Australia in 1996.

I was instrumental in the development, for CAMA and Museums Australia, of a policy on museums in Australia and indigenous peoples *Previous Possessions, New Obligations*.

More recently I have written on climate change, industrial relations, economics and education in online journals. I have published one book on education, *Education Reform: the Unwinding of Intelligence and Creativity* (Springer, 2014).

I was appointed a Member of the Order of Australia (AM) on 26 January 1990 in recognition of services to museums.

I was elected a Fellow of the Royal Society of New South Wales in June 2014.

I received the 2016 ICOM [International Council of Museums] Australia Individual Award "recognising sustained international achievement over a long period" in May 2016.

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**MUSEUMS: POLICY, FUNDING AND SUPPORT**

**Term of reference**

**a) NSW government policy, funding and support for museums and galleries, museum and gallery buildings and heritage collections**

*Though governance of museums is the responsibility of boards of trustees, the financial contribution of government and the employment of staff by government can give the Minister and departmental staff opportunities for intervention in the museum's conduct of its business.*

*Neoliberal policies, which amongst other things seek to limit the size of government, have impacted museums since the late 1970s resulting in severe declines in staff numbers and elimination of many programs. The competitive environment in respect of funding has meant no progress in development of common policies across all museums and galleries. Attempts to amalgamate some of the museums were based on misunderstandings. Forcing museums to value collections wasted resources for no benefit.*

*The policies of government and administration of governance in NSW from 1970 has been less than positive. Employment of senior staff on limited term contracts within a "Senior Executive Service" has not led to uniformly more competent executive leadership and there has not been significant improvement in governance. Capital expansion has been low, except for the Art Gallery of NSW.*

*NSW government policies have failed to address a number of important issues concerning the operation of museums including the level of autonomy which would improve performance and advances in understanding how museums best achieve their role. The approach has been merely instrumental.*

*Developments in museums and galleries in Melbourne and Brisbane have been markedly superior.*

*It seems that there is a view that if government instructs that certain things happen, it will be achieved. Centralised control generally fails because the centre is unfamiliar with local conditions and the culture and practice "on the ground. Attempts to advance by introducing "corporate planning" have not achieved promised benefits because of a lack of understanding of the process and less than meaningful involvement of central agencies.*

*Establishment and Funding*

Museums in NSW are established as legal entities by acts of Parliament and governed by boards appointed by the Minister. The Director is responsible to the Board. Policy, as it concerns the purposes for which the museum is established, is

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the responsibility of the board. Staff are employed in accordance with conditions determined from time to time by government.

When first established boards were responsible for employment of staff and for the entire control of the Museum. Over time staff have come to be subject to public service conditions.

The majority of funding is provided by government. The Minister is responsible for ensuring the museum is conducted in a manner consistent with the purposes established for it.

That government contributes the funds and employs the staff can give opportunities for intervention to staff of the minister's office and department. This is of critical importance since precise responsibilities are sometimes confused if not in conflict, especially at senior management level.

These issues of establishment, funding, governance and staffing are critically important for museums in Australia in their influence on policies and programs.

### *Government Policies*

Policies of government concerning relative roles of the private sector and government which have developed since the 1970s in particular have had significant impact on museums, as on other entities within government. The notion of small government, "new public management", and employment conditions established by the Greiner government, put in place mandates for accountability and efficiency and executive employment.

In brief, executive staff have been employed on limited term contracts; efficiency dividends have been put in place to "encourage doing better with less". Museum collections have been financially "valued". As well, general salary increases awarded by arbitration have had to be absorbed by museums without increases in funds from government. The failure of government to link funding to performance together with the ongoing funding reductions reflects a failure by government to understand the level of autonomy which would advance knowledge organisations like museums (and other agencies not concerned solely with administration of legislation or regulation).

Government policies relating to museums have supposedly encouraged access and attention to "customers". In fact museums themselves have pursued significant development of education functions including enhancing the understanding of learning in the museum environment and, more recently, the use of social media in providing access to museum objects and enhancing engagement. Museum staff as well as academics and other researchers studying museums have driven very substantial gains in how museums can become more effective in their collections, scholarship and education functions and public programming.

Finally, capital development is almost entirely funded by government and therefore subject to constraints based on views about debt.

Galleries and museums have generated substantial funds from sponsorships, special exhibitions and commercial operations as well as special purpose grants from the Commonwealth Government. Imposition of a general admission charge led to declines in audience numbers.

With little doubt the greatest impact on the funding of museums in the last 20 years has been the ongoing reduction of government funding.

It is entirely relevant to point out that when the proposal to build an IMAX theatre in Sydney surfaced in the 1980s, no serious consideration was given to siting it with one or other of the museums. In almost all other cities in the world IMAX theatres have been co-located with a museum or a science centre, bringing substantial revenue to those institutions! The Melbourne Museum benefits from both an IMAX theatre *and* parking.

In 46 years the Australian Museum has had two modest increases in space and plans for staged development have not materialised: the overall plan for the Museum to address William Street, envisaged first in the late nineteenth century, have progressed as far as a very interesting new entrance a year ago. The Powerhouse has been modified in unpleasant ways in the last five years.

The Australian Museum was, in the 1960s through 1980s, the leading natural history museum in Australia in terms of its research and public programming, notably the only state museum constructing and touring major exhibitions developed in-house. In almost all respects the Museum has declined to the state it was in the early 1950s: recently there has been an appropriate and welcome increase, small at present, in scientific research staff. Possibly further capital funding is to be available which is also welcome.

#### *Museums interstate and overseas*

Comparison with major museums in other states is instructive. Whilst development has been uneven, with disruptions in Western Australia and the Northern Territory particularly, South Australia, Victoria and Queensland have seen major capital expansions and significant financial support as well as important changes in leadership.

The relatively new Melbourne Museum, Scienceworks and Immigration Museum (all part of Museum Victoria) have developed important programs in new and renovated buildings. As has the National Gallery of Victoria, with two major venues, one renovated, one new. In Brisbane, the cultural precinct of Southbank has seen relatively new buildings for the Queensland Museum, the Queensland Art Gallery and recently and entirely now building for the Gallery of Modern Art.

Significantly, whilst separate museums of contemporary or modern art have been constructed in Melbourne and Brisbane, Sydney's MCA (Museum of Contemporary Art) is not significantly funded by state government.

The Art Gallery of NSW has had some fine additions; surprisingly recent developments have accommodated a major donation of contemporary art! (I am aware of proposals for expansion of the Gallery and criticisms of that: I do not intend to comment further on that or on recent staffing changes.)

In staffing and program development engagement of consultants is encouraged. It is worth noting that at the Queensland Art Gallery and Gallery of Modern Art (QAGOMA), all public programming as well as merchandising and food catering/dining services are conducted entirely in-house as is marketing and security. The "commercial" activities generate a profit. Something similar is seen at the Queensland Museum.

At Museum Victoria public programming once contracted out has been brought back in house. The Museum has won numerous awards for its exhibitions and its

attention to research and collections are substantial. Arts Victoria is extremely supportive of the special exhibitions exclusive to the city which attract substantial tourist numbers but more importantly generate interest from local audiences. Staff numbers have not decreased though they have not increased much either.

In these museums staff commit beyond the "call of duty" because of their loyalty to the enterprise, the role it plays and the opportunity they have to contribute their knowledge, experience and skills.

### *Conclusion*

A significant study of over 20 museums around the world conducted in the 1990s identified cohesive leadership and visitor-focused public programming to be the leading features of successful museums. Museums which had established a demonstrable administrative distance from central government were clearly more successful than those where day-to-day involvement of government was strong.

In NSW attention to best museum practice in governance and leadership by government has been minimal. As a result the contribution of boards has often been less than positive and genuine understanding of the precise requirements for effective leadership has not always been to the fore.

Reorganisations of internal staffing structure have occurred but they generally make little difference. Assignment of functions to private contractors often compromises quality. Adoption of new Australian accounting standards only made financial presentations more opaque and confounded the management of external funding for multi-year projects.

Considerable resources were devoted to the financial valuation of museum collections, a completely pointless exercise in an accounting sense, whilst resources for digitisation of the collections and for effective marketing and advertising was at times severely restricted.

Leadership of (non art) museums in Australia has passed to Melbourne and Brisbane in scholarship, exhibition development, education and collection access. Over several years Arts NSW attempted to have the Australian Museum, Powerhouse Museum and some other museum brought together in a single administrative unit: the model cited was Museum Victoria and its success in recent years. There was no understanding that the success of Museum Victoria was not due to amalgamation but to superior leadership! Until the 1990s, with a couple of notable exceptions, leadership at Museum Victoria was poor, indeed sometimes corrosive: authentic leadership made the difference.

That large organisations require a great deal more than unproductive coordination has been ignored. That model failed in other places such as Queensland where centralised services failed to deliver results. As government employment in NSW declined over the period from the early 70s and accountability was emphasised, attention to leadership development gradually disappeared, presumably to be funded by the individual museums (with diminished funds): attempts at development of shared policies and cooperation failed because of the increasingly competitive funding environment. And more.

Despite evidence which shows it to be not so, the drive to private sector involvement and encouragement of competitive behaviour continues. There seems little interest in understanding developments in museums internationally. That claims are made about the re-established Powerhouse Museum in

Parramatta being comparable to the Smithsonian Institution reflects that ignorance.

### ***Recommendations***

**1.1 Governance of museums should be strengthened by ensuring that appointees to boards have a genuine interest in the achievement of the museum or gallery and are prepared to work to advance that. The appointment should be accompanied by clear guidelines as to their role as trustees. Persons appointed to chair boards should have experience in effective leadership of teams.**

**1.2 Government should recognise that the unique contribution to be made is in ensuring pursuit of best practice, as understood on a world-wide basis, and the encouragement of cohesive and supportive organisational environments. Support for attendance at meetings and conferences relevant to that should be supported and attendance by significant staff should be actively encouraged and feedback required.**

**1.3 Policies which genuinely encourage sharing of knowledge and experience in those programs common to all museums should be put in place and competition actively discouraged as inimical to progress.**

**1.4 A new understanding of strategic planning as developing the values and authentic representation of the museum's purposes and contribution should be put in place.**

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**MUSEUMS: RESEARCH AND COLLECTING, ACCESS TO PROGRAMS**

**Terms of reference**

- c) *opportunities to revitalise the structure, reach, and impact of museums and galleries, and their research and collecting priorities and***
- d) *access to the collections of the Museum of Applied Arts and Sciences, the Australian Museum and any other state collections held in trust for the people of New South Wales, and programs that promote physical and online access***

I have chosen to address these two issues together because of their relationship. Comments above have addressed some aspects.

*Museums have very substantially and dramatically advanced their concern with and development of programs for their audiences and vigorously pursued the use of electronic communication and social media. They also show much greater concern for particular audiences including people of different ethnic origin and indigenous peoples and their cultural material and practice.*

*Visiting is a social activity and learning is a major feature of the visit. Visitor numbers are not by themselves the principal indicator of performance. Attention to performance indicators has not always been helpful.*

*The introduction of general admission charge was poorly managed by government and has not in the end made any difference to the ongoing drive to reduce funding. What difference has been made to the NSW economy as a result of these financial reductions is not clear. Recent gains in stater revenue have nothing to do with superior financial management.*

*Programs to provide remote access to collections have mostly been abandoned in Australia except for biological material.*

*NSW has a poor representation of museum diversity and grants for infrastructure and operational funding are minimal. Museum make a contribution to the community well beyond attraction of tourists. The expectation that local museums will be supported by local government is unrealistic in the context of the constraints that central government places on that tier of government.*

*Some History*

Once upon a time, museums gathered objects of beauty or cultural or historic significance, as determined by curatorial expertise, and placed some of them on display; as the museum expanded more staff were hired and as higher education became more generally available more of the staff hired were university trained.

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This has only happened in Australia in the last 50 or so years. As more was learned about the conservation issues affecting these objects trained staff were hired in that area: that only in the last 40 years or less.

In the last 30 years far more attention has been given to education and to the interpretation of exhibitions as well as to presenting some of the best objects from other museum collections in "blockbuster" exhibitions.

Almost no museum now pursues the proposition that "objects speak for themselves". In Australia there has been increasing interest in Indigenous cultural practice and Indigenous art and life. There has been very enhanced understanding of the "rightness" of recognising Indigenous ownership of cultural material of special significance and of the "wrongness" of removal of objects of significance from other peoples and countries. Trade in illegal removal of cultural material is costed at more than the trade in illegal drugs.

Most recently the advances have been in the exploitation of social media and "new technology", in documenting collections and enhancing visitor interaction. Learning engagement can now take place over huge distances using high speed electronic connections. Or at least that is the potential. Understanding of visitor interests and attitudes has also expanded beyond simply how people learn of museums and what they find most popular. The revolution has been dramatic! It would be fair to say that these opportunities have been almost everywhere embraced.

### *Visitors*

As with all enterprises which interact with the public meeting the expectations of the audience requires active engagement. It is not always understood that the audience of museums is complex and that a principal though not exclusive determinant of audience participation relates to socioeconomic background to a much greater extent than distance does. Different levels of effort are required therefore.

Further, placing physical access to collections, exhibitions and programs close to a suburb does not necessarily lead to significant increases in attendances from that area. Pricing is also important since until recently museums were free to enter. High visitor numbers can be due to high frequency of visiting by a small sector of the population.

These issues are well understood by most staff in established museums. Media commentary on museums does not always recognise these advances. Museums may still be described as static and of limited interest, attention may be given mainly to already well-known artists or to traditional stereotypes such as museums hoarding indigenous items without recognition of Indigenous rights.

People suddenly faced with a requirement to pay for what was previously free simply no longer access that service or opportunity; the debate around Medicare and patient contribution for visits to General Practitioners is an example. The increase in offerings of temporary exhibitions, sometimes touring from interstate or overseas, the huge increase in use of electronic and social media and changes in patronised sources of information have posed huge challenges.

The introduction by the NSW Government of a policy that museums could introduce a general admission charge, or delete programs, was clumsy and dictatorial, based on the simplest proposition: half a million visitors per year charged \$1 each would generate \$500,000! The Art Gallery with its more easily

mounted and more frequent major exhibitions could survive by increasing its prices for those exhibitions and not impose a general admission charge. Other museums had no such luxury and would have had to sack hard working and committed staff or impose a fee.

In the event it didn't matter, government simply found other ways to make further incisions in the finances of museums. It is reasonable to ask whether museums, and their educational and other community functions are valued at all! This is not quite what has happened in some other countries such as France and even the UK, even though there have been some funding reductions. There is a recognition that if the museums serve the local community they more likely will also attract tourists. People don't visit Paris, London or New York, or Berlin, Vienna or Madrid to stay in fancy hotels but to enjoy the extraordinary cultural experiences of museums and performing arts there!

The variety of programs offered by the Art Gallery of NSW have at most times in the last 30 years attracted substantial attendances. Participation in touring exhibitions, especially of its own productions has reached much of the state.

#### *Access to Collections*

In the 1990s museums through the auspices of Museums Australia established projects concerned with collection digitisation to provide electronic access (and a major collection conservation project). Funding was provided by state museums and by the Commonwealth Government. The Heritage Collections Council eventually was closed down in 2002.

With the exception of programs concerning biological material there are now no national programs to digitise museum collections. Gaining electronic access to the holdings of Tom Roberts or John Olsen artworks requires going to the individual website of every gallery! However, the *Atlas of Living Australia* provides access to a huge range of material in every major museum collection together with supplementary tools such as interactive distribution maps.

The hope that children and adults alike might be able to gain access to the vast holdings of museums no matter where they lived has been abandoned. Just as has the National Library's outstanding program *Trove* to digitise and provide access to the nation's newspapers! What is the commercial return?

#### *Performance indicators*

The view that accountability required metrics and that without them one could not know if success was being achieved meant a lot of time put into developing criteria which didn't necessarily reflect what was most likely to lead to success in the medium to long-term. There is a lot of evidence that metrics like visitor numbers, loans, hits on the website don't reflect the investment necessary for longer term success. That is better understood by considering what processes are in place which encourage genuine innovation, pursuit of high standards and features of social interaction related to leadership. Those issues were mostly ignored.

Visitor numbers reflect only a part of the museum's performance. What is going on behind the scenes, the scholarship, the collection management and conservation, the programs to achieve community support and develop leadership are also important.

Developing programs to achieve ongoing advancement of knowledge requires financial resources for staff development. That is achieved in part by attendance at professional meetings and visits to other enterprises. These are essential activities and not some kind of "junket" that one hears so much about when it involves politicians.

Associations representing museum professional interests are important as they are in every single area of human endeavour and every industry. In Australia, in most states, branches of the single association representing museums, Museums Australia (the amalgamation of several different organisations achieved in 1993) encourage museum development, partly funded by state government. These membership organisations are funded by member contributions but also by sponsorship and government grants. Government support is at a low level. In NSW support of the NSW branch of Museums Australia ceased in the 1990s and a government funded organisation Museums and Galleries NSW was established. Its funding is limited and as a government organisation it cannot represent as a primary purpose the members of Museums Australia and staff of museums.

### *Regional museums and museums of other kinds*

The next point to be made with respect to NSW is that the diversity of museums is low with a number of regional art museums but a very small number of minimally resourced history museums. Consultant Kylie Winkworth has addressed this point.

Consultant Kylie Winkworth has addressed the issue of museums in NSW and the subject areas of their collections. History, migration, economic development and much else are poorly represented or absent. Regional museums are poorly supported. Regional Galleries on the other hand are better developed and supported.

There is a view held by some politicians that regional museums have to demonstrate contribution to tourism to gain support. That is to disenfranchise community interests, the responsibility to people who pay their taxes. Museums of local history make a significant contribution to identity and more. These museums are often managed and run by volunteers and may not have the features of large, better resourced and newer museums. But in acknowledging that little has been done by government help improve the situation: they simply languish.

NSW is the only state without a major history museum. The Museum of Sydney, some house museums within the Sydney Living Museums portfolio and others managed by the National Trust of Australia (NSW) represent this genre. The Powerhouse, in an earlier life, had a network of regional museums in cities such as Broken Hill. They were abandoned.

Infrastructure support for regional museums is poor and the policy that after initial central government support local government has to assume full responsibility is unrealistic. Grant funds are extremely limited. There is no scheme to recognise smaller museums which may have national significance such as *Shear Outback* (and the collection of other museums in Hay in south western NSW) and the *Age of Fishes Museum* in Canowindra in central western NSW. Both focus on specific and unique material and activities which for the most part are not dealt with in other museums in the state or even elsewhere in Australia.

### **Recommendations**

**2.1 Support should be given to provision of electronic access to museum collections and where necessary to a program of digitisation of collections**

**2.2 The overall program for museums in the State needs reconsideration to recognise their contribution to education, the diversity of collections and community interests and the role of museum in enhancing understanding of the history and recent development of regions and local areas.**

**2.3 The program of grants for regional and local museums should be substantially expanded to recognise that local government cannot fund major infrastructure developments; special provision should be made for support of operational funding for museums of national significance.**

**2.4 Strategic considerations of museum achievements should abandon simple metrics such as visitor numbers in favour of, but not limited to, assessments of innovation, staff development and leadership development.**

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**POWERHOUSE MUSEUM: PROPOSED MOVE TO PARRAMATTA**

**Term of reference**

***e) the sale of the Powerhouse Museum site in Ultimo and its proposed move to Parramatta, and whether there are alternative strategies to support museum development***

*The proposal to sell the Ultimo site currently occupied by the Powerhouse Museum and move the Museum and its collections to Parramatta fails any reasonable consideration on grounds of feasibility and benefit either to residents of Sydney or of western Sydney. The costs will not be covered by the proceeds of the sale of the Ultimo site. The packing, conserving transporting and reinstalling exhibitions and collections are likely to be very costly and take many years.*

*It is not established that the presently preferred site on Parramatta is entirely suitable. Assertions that the present Ultimo site is unsuitable are strongly contested.*

*The Discovery Centre in Castle Hill housing the Powerhouse Museum, Australian Museum and other collections, and intended to develop public programming, offers residents in the area, including Parramatta, considerable opportunities: it is doubtful that further value would be added by a Powerhouse Museum in Parramatta relatively close to Castle Hill.*

*The promotion by some of those people who support the move has attributed selfish motives to those who oppose the move and others have spoken of the Parramatta museum as a new Smithsonian. The former ignores the real concerns of many experienced and knowledgeable persons and the latter assertion is fanciful and lacks awareness of the actual Smithsonian Institution in Washington DC.*

*If the Government genuinely wishes to provide enhanced cultural opportunities in western Sydney then it should start with that as the goal instead of trying to fit the goal around a real estate development opportunity. Involvement of all the main cultural institutions in the Sydney CBD would seem a much more positive contribution.*

*Consideration should be given to the kinds of programming which the MCA is delivering to less advantaged youth in the western suburbs.*

The proposal to move the Powerhouse Museum to the western suburbs, specifically Parramatta, is one of the most ridiculous proposals concerning cultural institutions in the history of this state. It's rationale and costing are more than seriously flawed, the promoted reasons and outcomes are laughable and the major considerations which the government has addressed have been concealed

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from public view. No feasibility study has been conducted. No evaluation of cultural impact has been conducted.

There is a peculiar aspect of the funding: removal, transport, setting up as well as construction of the new museum will be funded by the sale of the Ultimo site. Funds from infrastructure sales and or leases will go mostly to sport leaving way less than half for cultural infrastructure. When one considers that cultural offerings including museums attracts as big an audience over time as does sport, the relative allocation hardly seems equitable or economically or culturally sensible. Attention to sports – only some remember – is driven by its colour and movement and the volume of advertising which flows from it.

The report by Price Waterhouse Coopers (PWC) for Infrastructure NSW points to the underinvestment in cultural infrastructure in this state compared with that in most other states: about \$40 less per person. And cultural spending decreased by 23% between 2007 and 2010.

Government has for decades had an economically illiterate approach to infrastructure spending – sorry investment. The entirely false comparison with households and rhetoric about not leaving future generations with a debt from the present leads to approving new expenditure mainly by offsetting it against the sale of existing infrastructure, some of it revenue producing.

The debt which should not be left to the future is the debt incurred to prop up operational (recurrent) funding. Debt incurred for infrastructure, on the other hand, can be amortised over the productive life of the infrastructure. In the event that investment is not made, the debt left to future generations is the unpriced eventual obligation to meet now urgent present needs. Think public transport. It is precisely this rationale which leads households to acquire debt by borrowing to acquire the assets represented by housing. Over the period following the GFC interest rates have declined: there is no better time to borrow. And government borrowings incur a lower interest rate than commercial borrowings. Is government borrowing and investing? NO! (Neither is the majority of business.)

Two important features of the Museum would lead any person seriously considering a move to doubt the feasibility and economics of it. The Museum contains thousands of objects of various sizes, many requiring special conservation treatment should they need to be moved. Many are not items of domestic furniture which can be easily replaced or simply put on a truck and offloaded at the other end. There is no evidence that these issues have been addressed.

A storage space at Castle Hill occupied by the Museum and other institutions from Sydney CBD is to be opened shortly. The Museum's website says, "The Discovery Centre is temporarily closed for major refurbishment. When it reopens in 2016 it will deliver a significant new cultural facility at Castle Hill and provide world class storage for the collections of three of our state cultural institutions: the Australian Museum, Sydney Living Museums and the Museum of Applied Arts and Sciences. The refurbishment will also include exciting new public displays and educational facilities."

This Centre not far from Parramatta. In fact it takes 45 minutes to drive from the Sydney CBD to Parramatta and 25 minutes from Castle Hill to Parramatta. What will be the added value of a stripped down Powerhouse Museum over and above the Discovery Centre?

There are other considerations flowing from the Centre: it will be a joint facility. That offers the opportunity for collaborative programming which could not be achieved by a standalone Powerhouse at Parramatta.

Are there are other suburbs which would be more suitable for a removed Powerhouse having regard to the Centre at Castle Hill?

There are those who have publicly supported the proposed move who have sought to depict opposition to it as no more than a wish by already advantaged residents of Sydney who lack appreciation of the need for western suburbs residents to benefit from cultural facilities. The argument is simplistic and ignores the real reasons for the opposition. This is not some issue of class warfare and the problems do not benefit from name calling and posturing.

Others supporting the move speak of a Smithsonian Institution in Parramatta. That displays complete ignorance of the nature of the Smithsonian with its collections of major museums including the Air and Space Museum and a slew of other National Museums, each of which at times have recorded the highest attendance of any museum in the world.

It would appear from documents obtained by FOI means that the intention is that funds for the move and re-establishment of the Powerhouse would not exceed the amount obtained from sale of the existing Ultimo site. That has been estimated to be not much more than \$200 millions. The likely cost of the move and reinstallation would be up to \$1 billions and likely take more than 10 years. There are suggestions that the NSW government's intention is for local government to take over the funding of the Museum once it is sited at Parramatta. That would be a travesty!

The assertion that substantial number of tourists who would want to visit will be happy to travel to Parramatta is fanciful.

If the Government genuinely wishes to provide substantially enhanced cultural opportunities in western Sydney then it should focus on that and not base everything on a proposal which in essence is about further real estate development in Ultimo.

Several people have suggested a multidimensional creative centre in western Sydney involving all the cultural institutions in the CBD of Sydney: Powerhouse, Australian Museum, Art Gallery, Living Museums and so on. It has great merit.

It should also be noted that the Museum of Contemporary Art (MCA) is very active in certain western Sydney areas in innovative programs addressing specific issues related to disadvantage and youth. Such programming ought to be extended to other museums.

There should be a consideration of other cultural developments in western Sydney and an evaluation of what is already on offer and particularly what local financial support there is. Is the Riverside Centre in Parramatta being fully supported by the Parramatta Council?

The fact is that the NSW Government has been pathetically ignorant in its approach to museum development, continually carping about lack of expenditure in suburbs and rural areas but expecting Sydney institutions to provide the needed support. When they contributed funds to national programs in conservation and documentation, that contribution was ignored.

It is time the NSW government stepped up to the mark. It is time that the media (some of which depicting the debate as some kind of class warfare) did a better job of reporting the situation!

### ***Recommendations***

**3.1 The proposal to sell the Ultimo site of the Powerhouse Museum should be abandoned as totally unfeasible**

**3.2 Provision of quality museum and related cultural opportunities in suburbs of Sydney distant from the CBD should be re-evaluated taking account of the contribution that major institutions in the CBD can contribute and the institutions and programs already existing there. Special consideration should be given to programs supporting marginalised sectors of the community including indigenous and migrant youth.**

SUBMISSION TO  
THE NSW LEGISLATIVE COUNCIL INQUIRY  
INTO MUSEUMS AND GALLERIES

Des Griffin, AM FRSN, Gerard Krefft Fellow, Australian Museum<sup>1</sup>

**MUSEUMS: EFFICIENCY DIVIDENDS AND BUDGETS**

**Term of reference**

***g) the impact of the efficiency dividend on the budgets of museums and galleries over the last 10 years, and funding levels compared to other states***

*Efficiency dividends have been applied to museums and many departments and agencies over the last several decades. In the case of an enterprise with a budget of \$10 millions over a 10 year period the process strips out some \$1.9 millions, 14 per cent of total funds. That withdrawal of funds has coincided with other effective deletions, including requiring salary increases to be met without additional operational funding. Capital funding which has increased space has not benefitted the institution as it should because often no additional operational funds have been provided.*

*The response to reductions in funding has been to reduce staff by offering voluntary redundancies, itself a further cost in meeting accumulated leave entitlements. Because more qualified and experienced staff are often those taking advantage of the offer, the museum is left with less experienced and less qualified staff and therefore diminished capacity to manage programs now contracted out to the private sector.*

*Uncertainty about funding has led to more staff being hired on a variety of part-time and temporary appointments. Staffs in various cultural institutions have been reduced by up to half in the last decade and a half or so.*

*Moves to ever smaller government agencies to free up opportunities for an allegedly more effective and efficient private sector and reduce competition for capital borrowings is based on inadequate understanding of success in business and poor economics. The proposition that the private sector more effectively and efficiently delivers programs and services is very problematic and is not supported by experience in other domains. (Think of the recent debacle with IBM and the Australian Bureau of Statistics over the Census.)*

*Capital investment in infrastructure is at an appallingly low level despite favourable interest rates. Comparison with the unproductive actions of business in favouring larger dividend payments instead of diversification is seldom highlighted: it all favours the already wealthy. Meanwhile government falls further behind in meeting its legitimate obligations in a mixed economy!*

In the last 20 years it has become standard financial practice for governments to apply an "efficiency dividend" to the appropriations of every agency. The stated purpose is to encourage better economic performance. The appropriation based on previous years' allocations, sometimes modified by various considerations, adjusted by an allowance for cost inflation, then has a percentage reduction

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<sup>1</sup> *The comments in this submission are personal views and do not represent the views of the Australian Museum.*

applied to it. The rate varies from 1.5 per cent to 2.5 per cent. The rate would appear to be arbitrary.

To understand the financial impact of efficiency dividends consider an enterprise with a budget of \$10 millions at year 0 in an environment with inflation at 3 per cent pa and with no variations due to new or deleted programs or other financial issues. After 10 years of growth adjusted for inflation at 3 per cent it would have available to it funds totalling \$13.439 millions. Adjustments for inflation over the period would total \$3.439 million. But the same enterprise with the same initial adjustment for inflation but with a 1.5 per cent efficiency dividend applied will have a budget of only \$11.554 millions, a difference of \$1.885 millions; that is a decline in real terms of 14 per cent.

In addition to efficiency dividends, government, in most years, has also determined that salary increases granted by the arbitration process have had to be absorbed by the organisation, with no supplementation. Whilst that might be suitable for an organisation with a high degree of influence in the determination of the salary variation process, it is not in the case of government organisations. No museum determines its annual or triennial salary variations and no submission to the arbitration authority is sought from the museum. And often significant increases in space and other opportunities funded by capital grants incur a requirement for additional staff; frequently no additional operational funding increases is provided.

The result of the consequent reductions in appropriations is that some staff have to be told they will no longer be employed. This has been achieved by offering voluntary redundancies. Most often all these "strategies" result in the more highly qualified staff leaving first since they are more likely to obtain employment elsewhere rather than wait around for the axe to fall in the following years. The reduction in funding and ongoing uncertainty also leads to hiring part-time or temporary staff in preference to long-term appointments. That means as well that over time there is not only a loss of knowledge but also less likelihood of being able to recruit the best people.

The consequences are obvious: a loss of expertise and experience. The usual strategy in this small government environment is to contract out work which can no longer be done within the organisation. That is based on the assumption that the private sector is cheaper, not least because it need only be hired when needed and is likely to be more efficient anyway since it would need to make a profit and the lower cost is assumed to be less because of the impact of competition.

Clearly the result is considerable. But ask any person familiar with the nature of organisations and their dynamics and knowledgeable about drivers of effectiveness and their response is that the application of efficiency dividends is a blunt instrument. Its application demonstrates lack of understanding of the nature of organisations. The consequences are severe.

A review some decades ago of the ABC Orchestras in the states and territories drew attention to the inequity of efficiency dividends and recommended their use cease. No notice was taken of that!

A study by the Centre for Public Policy pointed out recently that where governments had retained at least a core of skilled and knowledgeable staff conduct of large scale contract programs had been completed more efficiently.

The general experience with contract staff is that, partly because the new imperative is efficiency the tendency is to seek the cheapest supplier and product. That often means the quality of the outcome is compromised. Unless skilled staff with project management experience are retained, management of contracts will result in less than adequate outcomes. Opening up business to the private sector often leads to corruption and misappropriation of funds.

In numerous industries and areas the experience has been that work ends up costing more than it would had staff been employed by the enterprise and the quality of the outcome is less. What all this also does is transfer substantial amounts of power from core operational staff to financial controllers who may have little actual understanding of the specific programs and what constitutes acceptable results. Where staff are engaged in-house the culture of the organisation has significant influence in determining acceptable quality standards. Accountability is clearly with the institution's management and cannot be assigned to another entity or party!

The result of the declines in funding has been a halving of staff numbers at the Australian Museum and the Powerhouse Museum. At the former, staff have been lost in all areas of scientific research and collection management, as well as public programming. Extension programs at the Australian Museum – a Museum Train and "Museum on the Road", which took small exhibitions to libraries and similar centres all over the State, have disappeared, the train because of closing down of rail lines. The library has been closed down. Indigenous staff have departed. Education and Exhibition staff numbers have declined. Public programming has declined.

As at this time, there have not been severe declines in staff at museums and galleries in Victoria or Queensland. There have been in the Commonwealth which has resulted in cancellation and cutbacks in programs. The staging of a major exhibition of Indigenous material from the British Museum at the National Museum of Australia was followed by imposition of a 2.5 per cent efficiency dividend.

What, precisely, is the point?

The argument has been advanced from time to time that government agencies should behave more like a business. The implication often is that government departments and agencies do not perform at the level of the private sector which presumably means that productivity is lower. The assertion is typical of those who would not hesitate to search for simple solutions to complex problems. The facts are that most government agencies are more complex than the private sector organisations at least in respect of the controlling forces of politics and media scrutiny: they have less control over their own futures. In any event the competence of leadership in government is somewhat higher in the public sector than it is in business!

Government agencies by the way are unable to retain unused funding at the end of each financial year and superior productivity does not translate to a higher level of retained funds. In the private sector many large organisations are now using retained earnings to buy back stock and applying the funds to larger dividends in pursuit of the notion that the enterprise's prime responsibility is to increase the wealth of the shareholder. Unfortunately that is being achieved at the expense of the future since the attention to growth and diversification is compromised! So much for superior private sector performance.

The rhetorical urging for adoption of a business model is based on a flawed understanding of what it is that goes to make commercial business effective in the longer term, an understanding derived from simplistic economics and the bravado of some business analysts.

### ***Recommendations***

**4. 1 The imposition of efficiency dividends should be abandoned forthwith as contributing nothing positive to the development of museums.**

**4.2 Requiring salary increases to be funded within previous operational fund allocations as some kind of default position should be abandoned**

**4.3 Consideration of annual operational funding should involve a far more in depth consideration of programs and achievements and future opportunities**

**4.4 Efforts should be made to encourage the retention of those staff who have demonstrated superior achievement when variations in staff numbers become inevitable**

**4.5 Engagement of private contractors should require justification in terms of the long-term development of additional skills and the quality of the outcomes likely to be achieved as well as the potential for job diversification and enrichment: the benefits from commitment of museum staff as opposed to contract service provision should be mandatory.**

**4.6 Capital allocations should reflect impacts on future expenditures and opportunity costs.**