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To: [Committee, NCET \(REPS\)](#)
Cc: [Joe PREVEDELLO](#)
Subject: Joint Standing Committee on the National Capital and External Territories inquiry into Canberra's national institutions
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Attachments: [The Australia Institution A proposal .doc](#)

Committee Secretary
Joint Standing Committee on the National Capital and External Territories
Parliament House
Canberra ACT 2600
jscncet@aph.gov.au

Dear Sir/Madam

Please accept my submission to the Joint Standing Committee on the National Capital and External Territories inquiry into Canberra's national institutions which has been established to assess the institutions viability and relevance to sustainably grow their profile, visitor numbers, and revenue.

I note that the Joint Standing Committee has set the following terms of reference;

1. creating a strong brand and online presence;
2. experimenting with new forms of public engagement and audience participation;
3. conducting outreach outside of Canberra;
4. cultivating private sector support;
5. developing other income streams; and
6. ensuring the appropriateness of governance structures;

I believe that my submission addresses all these terms but principally by addressing the fundamental structural problem that besets the institutions, namely their inefficient individual and separate governance structures.

My experience, which informs this submission, includes that from 1996 – 2005 I was Acting CEO and Deputy Director of Questacon the National Science and Technology Centre (roles as First Assistant Secretary and Assistant Secretary) during a time when the organisation had quasi-statutory authority status. This was status was revoked in 2006 when the independent board was dissolved and a Departmental structure put in place.

I had responsibility for 250 staff, a \$30million budget, and a \$3million capex.
During my time we

- Had significant growth in NSTC numbers from 180,000pa to over 400,000pa.
 - Sustained repeated annual growth in Outreach Program visitor numbers
 - Increased revenue across Outreach Programs over five-year period
 - Increased staffing
 - Lowered cost of delivery of programs as measured by annual per capita costs
 - Maintained high public safety standards as measured by annual KPAs.
 - Major sponsorship programs with Shell, NRMA, BHP, Fuji Xerox Qantas et. al.

- Major accommodation reviews and relocations

My time at Questacon was a time of growth and expansion at the same time as lowered costs and increased staff. We were able to achieve approximately 45% own generated income. Questacon was, and still is I believe, the only Canberra based institution with a general admission charge for all activities.

I would be happy to present personally to the inquiry.

Regards

Neil Hermes

[Redacted signature]

[Redacted signature]

The Australia Institution ... a proposal

Vision

***The internationally and nationally acclaimed organisation
for the celebration, education and inspiration of all Australians***

Summary

Australia has over a dozen major national, cultural, collection based, tourism oriented and/or speciality research organisations funded by the Commonwealth. They are mainly located in Canberra. They make a significant contribution to the life of the nation. As a group, they are the major component of ACT tourism and its major driver. Individually some are better known to the wider public and have a strong public identity.

Each organisation and collection currently contribute in a unique but independent way to the nation, to nationhood, to everyday Australians and to Canberra. However, currently the Federal Government does not maximise the significant nation building dividends.

The governance of these organisations is diverse, complex and in many ways, inefficient. There is huge duplication, waste and professional inefficiency. Because of the dispersed structure the professional public service oversight is fragmented.

Responsibility for the organisations is regularly moved between various Ministers and Portfolios. In the main the organisations are run in a policy and intellectual sense independent of Government. With some exceptions and generally, most have little connection to government priorities. With some exceptions, there is a significant disconnect with the broad desires and aspiration of a public beyond narrow interest groups.

The Federal Government could gain from restructuring current expenditure and the current administrative arrangements. This proposal provides significant opportunities for economic and administrative benefits;

- Major popular national building initiative
- Significant administrative savings
- Opportunity to expand programs and staff
- Major economic benefits for Australia and Canberra
- Opportunities to create high level patronage and industry leverage

CURRENT SEPARATE INSTITUTIONS

Over a dozen institutions that could be readily included in *The Australia Institution* are quickly identified. They are national and some international leaders in their fields.

- They have strong public engagement roles, and many have large and important collections. Most have a certain level of self funding (the highest is Questacon at about 45% self-funded, but most struggle to achieve 10%, in the USA the Smithsonian overall is 35%).
- They have a range of legal identities from parts of Government Departments to Trusts, Executive Agencies and Statutory Authorities.
- Most have regular, significant and uncoordinated requests for major building works. Unfunded proposals are a major and unseen expensive waste of public funding.
- There are a wide range of uncoordinated national outreach programs.
- Many have independently run retail shops, workshops, members programs, sponsorship and foundations etc.
- All have administrative functions including bookings, front of house, payroll, accounts, risk management, legal, business management, training, marketing, public relations, hospitality, volunteers, building management etc. Many of these functions are either over resourced or under resourced and have inefficiency of scale or under skilled managers and processes.
- Professional opportunities and development between the agencies is almost nonexistent. Internal professional identity and opportunity is jealously guarded to the loss of opportunity for most of the institutions staff.

Of initial interest in this discussion could be following 14 institutions;

National Portrait Gallery	Canberra
Questacon National Science and Technology Centre	Canberra
National Gallery of Australia	Canberra
Museum of Democracy OPH	Canberra
National Film and Sound Archive	Canberra
National Botanic Gardens	Canberra
National Museum of Australia	Canberra
National Capital Exhibition	Canberra
National Herbarium	Canberra
Australian National Wildlife Collection	Canberra
Australian National Insect Collection	Canberra
National Library	Canberra
National Archives	Canberra
National Maritime Museum	Sydney

Other Commonwealth institutions with significant exhibitions or tourism profiles which for various reasons may perhaps not be considered as part of this proposal include:

Australian War Memorial	Canberra	a ceremonial role with major museum
CSIRO Discovery	Canberra	an interactive science centre with a corporate role
Australian Inst of Sport	Canberra	a training facility with a significant public interface
Royal Australian Mint	Canberra	a production facility with a small public interface
AIATSIS	Canberra	a collection with research functions.
Bundanon	Nowra	Arthur Boyd's Trust and art centre.

Beyond internal cost efficiency, a new umbrella organisation could do things that the current parochial systems do not encourage.

In the past there have been PPP's mooted for development of national institutions. These have involved building of new infrastructure such as exhibition space associated with commercial developments eg car parks, theatres and food outlets. With a single umbrella organisation these opportunities would be able to be more comprehensively assessed.

The new organisation could look at opportunities for amalgamations of current organisations eg. Botanic Gardens with Herbarium and natural history collections with Questacon.

An umbrella organisation could ensure that future wasteful proposals did not develop their own lives in government departments independent of Government.

The NCA has indentified physical locations in Canberra for major new institutions that may be built in the coming fifty to hundred years. Currently there is no rational way in which this can be managed by the Commonwealth. There is no one place where the excesses of the expensive and aborted Air and Space proposal (which I managed) in the 1990s could be contained.

The American Smithsonian model has merits which could, and I believe should, be examined as a potential model as a better governance structure for Australia's national institutions.

THE SMITHSONIAN INSTITUTION

An organisation which has served the USA well is the Smithsonian. It is the world's largest museum and research complex includes 20 museums and galleries. Each Gallery has its own identity, but each is managed under the fiscal umbrella of the Smithsonian.

The Smithsonian is credited with contributing to national pride in Washington as a city and as the nation's intellectual, cultural and scientific centre which is separate from the national political identity of the capital.

The Smithsonian has an annual budget of \$1 billion, 6,400 employees and 6,200 volunteers. Importantly it receives about 65 percent of its funding from the federal government while generating additional funding from private contributions and business revenues. The Smithsonian reaches Americans in all 50 states through such programs as the Smithsonian Institution Traveling Exhibition Service, a single national outreach program.

The Smithsonian Institution has a Board of Regents. Ex Officio Members are the Chief Justice and Vice President. By statute there are 3 Senators and 3 Representatives. There are 9 other appointed members.

Recent Board 17 members

Chief Justice	Barbara Barrett
Vice President	Steve M. Case
	France Córdova, Chair
Senator Thad Cochran	Shirley Ann Jackson
Senator Patrick J. Leahy	Robert P. Kogod
Senator Jack Reed	John W. McCarter, Jr.
Representative Xavier Becerra	David M. Rubenstein
Representative Tom Cole	Roger W. Sant
Representative Sam Johnson	Patricia Q. Stonesifer

The Smithsonian is 20 Federal Cultural Institutions in Washington and New York

D.C. Metro Area

- African American History and Culture Museum
- African Art Museum
- Air and Space Museum
- Air and Space Museum Udvar-Hazy Center
- American Art Museum
- American History Museum
- American Indian Museum
- Anacostia Community Museum
- Arts and Industries Building
- Freer Gallery of Art
- Hirshhorn Museum and Sculpture Garden
- National Zoo
- Natural History Museum
- Portrait Gallery
- Postal Museum
- Renwick Gallery
- Sackler Gallery
- Smithsonian Institution Building, The Castle

New York City

- American Indian Museum Heye Center
- Cooper-Hewitt, National Design Museum

THE NAME

The Australia Institution is a working title. Over time the organisation would need to develop its unique identity through a strong name.

It would develop an identity which resonated with all Australians and was a matter of great pride **The Australia Institution** is accurate but archaic. The Smithsonian Institution is also archaic, but it is reduced to Smithsonian by appreciative Americans. Similarly in Australia, the National Science and Technology Centre is known as Questacon.

In the new organisation, each museum or gallery could maintain its own identity, but the overarching organisation would also eventually have its own identity. In this, the name is important.

Another suggestion for a title is, for example, **The Flinders** (Matthew Flinders created the name "Australia", worked in many fields of research and endeavour and is generally associated with positive sentiments towards his contacts with indigenous Australians). Many other options would need to be researched and tested.

DEVELOPING THE CASE

A review of the individual operations of the 14 Institutions listed could be completed.

This review could include all internal costs by functional category (eg front of house, travelling exhibitions etc) the overhead departmental costs, costs of preparing unrealised capital works. It should also include the unrealised proposals generated in the public service such as the proposal for the Air and Space Museum. There should be assessment of proportion of funds sourced from government compared to self raised funds.

This review could then assess the potential economic benefits derived from creating an umbrella of administrative, building management, marketing and other services.

IMPLEMENTATION PLAN

An implementation plan could include internal public service review and report, external review. It could propose an in the creation of an interim agency which would

- Examine legal and governance restructuring
- Review and propose new administrative orders
- Review and co-locate administrative functions
- Develop new identity
- Implement staged resource management reviews and restructures
- Review and implement amalgamations
- Implement set self funding targets
- Achieve targeted cost savings in a planned period

THE AUSTRALIA INSTITUTION - STAKEHOLDER OPPORTUNITY AND IMPACT

Federal Politicians as local members

In Canberra

- Provide a new broader level of electorate focus on Australian pride

Outside Canberra

- Currently outreach is fragmented and inefficient use of \$
- Huge opportunity for coordinated regional exhibitions out of Canberra

Finance

- Save \$ through efficiencies due to duplicate services
- Increased profile/opportunity for national sponsorship of institutions
- Opportunities for PPPs

VIPs, Leaders, Notable Australians

- Greater profile/opportunity to be involved (boards) at the highest level

Sponsorship

- Increased profile/opportunity for national sponsorship of institutions
- Opportunities associated with PPPs

Local members/Canberrans

- Strengthening of City's National identity separate from base for politicians/government

ACT Business /ACT Government

- Huge opportunity for significant increase in ACT tourism by coordination of ACT's largest tourism asset

Institution Staff

Removal of employment silos leading to

- increased opportunities in larger employment pool
- building of a new larger professional identity
- sharing of institution skills/resources
- Increased numbers of staff

Potential Losers

- Existing Boards/senior management