



Community and Public Sector  
Union (PSU Group)

# **Inquiry into Canberra's national institutions**

May 2018

## Executive Summary

Our national institutions are struggling to cope under the pressure of years and years of budget cuts. The Government's continued approach to funding fails to recognise the unique characteristics of cultural institutions such as relatively fixed high costs related to building and maintaining their collections and the buildings in which they are housed.

The efficiency dividend has driven many of the budgetary pressures. Its ongoing impact has been known for a long time, by both sides of politics, but has been ignored. On top of APS wide efficiency dividend increases, cultural institutions have had additional budget cuts and were hit by an extraordinary additional 3 per cent efficiency dividend in 2015 which ripped \$36.8 million from institutions over four years.

Over the last decade, cultural institutions have been starved of funding. An analysis of expenses since 2008-09 shows there has been little real growth for cultural institutions despite increasing public expectations.

The unique characteristics and size of institutions has meant that institutions have fewer options when considering how to absorb budget cuts. The impact of budget cuts has fallen on other functions such as travelling exhibitions, outreach, preservation and staffing. The cuts have been harmful to the collection and recording of Australia's cultural heritage and has resulted in worse access and reduced services for the Australian community.

Staffing levels have fallen over the last ten years across all national institutions. Workloads have increased as positions are left unfilled and duties are divided amongst remaining staff. This, in turn, increases the stress and negatively impacts core functions such as collection and preservation.

There are reports of increasing use of casuals, contractors and labour hire which is affecting the quality of work done. Even where agencies have the funding to hire additional staff such as from the Modernisation Fund, the average staffing level cap is forcing them to engage casuals, hire contractors and use labour hire to do work when it would be more cost effective for the government to employ non-ongoing staff.

Members report a reduction of services to the public because of these budgetary pressures. Agency heads have confirmed this publicly and at Senate Estimates over many years. Exhibitions, preservation and collection, access to facilities, public facing activities and programs have all been cut back.

The growing expectations of capturing, maintaining and developing digital collections has created additional work but with no extra ongoing funding. Some agencies have been forced to cut and redirect funding. The focus on the online also ignores the continuing importance of physical collection. Digital collections are not a replacement for physical collections. One-off supplementation is far from adequate given ongoing costs.

Budget cuts have also meant institutions can do less outreach such as travelling exhibitions unless externally funded and face-to-face outreach has been scaled back.

Private funding, whether through philanthropy, sponsorship or commercial activities, cannot fix the problem. While there has been an increase it has not filled the gap and most institutions are still mostly reliant on public funding. Private funding is unreliable and does not go towards the work that needs to get done like preservation, collection or cataloguing, rather it goes towards more short-term projects and exhibitions. It also requires significant investment to attract funding and draws resources away from core functions.

Staff are doing the best under the circumstances but for our national institutions to thrive, the Government must end the efficiency dividend and develop a new funding model. The average staffing level cap must also end so institutions can best determine how to use their resources.

## Recommendations:

1. The Government repairs some of the damage done with an immediate funding injection without restrictive caveats so that damage to core functions can be repaired.
2. The Government exempts the cultural collecting agencies from all future efficiency dividends.
3. The Government works with the CPSU to develop a funding model that recognises the unique characteristics of cultural institutions.
4. The Government ends the average staffing cap associated with its Smaller Government agenda, which is driving outsourcing and the use of labour hire.

## Introduction

*"A public institution is something that creates a public good over a long period of time, and I think the inquiry will be an opportunity to really articulate what is the long-term public good that institutions are providing for Australians."*

*"We're not just little businesses, we're not like running a milk-bar where you have a transaction. National institutions, over generations, create a public good which grows in value and it enriches Australia, because the cultural enrichment of Australia is just so important for any number of reasons. You can't have economic prosperity and you can't have security unless you have cultural prosperity and unless Australians can enjoy their place in this nation."<sup>1</sup>*

- David Fricker, Director General of the National Archives of Australia

Australia's publicly funded cultural institutions have a legislative mandate to collect, maintain and exhibit Australian and international art and cultural artefacts to both educate and inform the public, and preserve Australia's political, social and cultural history. These institutions have been hit hard by a range of budget and funding cuts and greater unfunded obligations to digitise of collections.

Our collective Australian cultural assets are an ongoing national investment. They are huge, and practically priceless. These are not machines, policies or governments services that can be simply replaced or ignored. They require appropriate development, maintenance and preservation. Altogether, our cultural institutions employ a fraction of the APS, but have a massive volume of public interactions, both at the visitor and service delivery level – cultural institutions punch above our weight, per employee, in meeting public expectations in this space.

This submission will focus on:

- The budgetary pressures our cultural institutions are experiencing;
- the impact of these pressures on the activities of our cultural institutions including on digitisation and conducting outreach outside of Canberra; and
- the limitations of relying on private sector and philanthropic support.

Australia's national arts and cultural institutions are spread across several Commonwealth Government areas. The national institutions focused on in this submission are:

- National Archives of Australia (NAA)
- National Gallery of Australia (NGA)
- National Library of Australia (NLA)
- National Portrait Gallery (NPG)

<sup>1</sup> Sally Pryor (2018, 31 March). Deja vu: inquiry into funding cuts for Canberra's cultural institutions has a familiar ring. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/deja-vu-inquiry-into-funding-cuts-for-canberras-cultural-institutions-has-a-familiar-ring-20180329-h0y5b5.html>

- The Museum of Australian Democracy (MOAD)
- National Film and Sound Archive (NFSA)
- National Museum of Australia (NMA)
- Australian War Memorial (AWM).

## Budgetary pressures

*The budget for cultural institutions is miniscule when compared to the overall federal budget. By cutting anything from us it barely registers on the overall budget but has a great impact on each agency. We are being asked to be more efficient, by caring for an ever-expanding collection with ever diminishing or static resource base we are being efficient. Unfortunately, it has reached a tipping point where we are struggling to do the minimum.*

- CPSU member

Cultural institutions have suffered considerable budget appropriation cuts in recent years and have struggled to fulfil their legislated mandate within the ongoing funding. A survey of CPSU members at cultural institutions found that 99% said their institution had been affected by budget cuts.

These budgetary pressures have meant that cultural institutions are cutting exhibitions, struggling to meet their mandate to grow collections, and reducing the amount of innovative work they undertake, including the digitisation of collections.

Our national institutions are struggling to cope with budget cuts, while fulfilling their important role as custodians of our national culture and heritage<sup>2</sup> because:

- Cultural institutions have a high proportion of relatively fixed costs related to maintaining their collections and the buildings in which they are housed.
- Cutting discretionary functions, such as travelling exhibitions, have a disproportionate impact on the community.
- For many cultural institutions growing their collection is an important part of their role. In an environment of cuts and funding pressure, this is exceptionally difficult to do.
- Finally, as small organisations, they have smaller budgets and these fixed costs mean they have minimal options when considering how to absorb budget cuts.

The Government's approach to funding cultural institutions fails to acknowledge any of the difficulties that national institutions face. As one member told the CPSU:

*Cultural Institutions are really suffering for all the budget cuts. Our funding is being stripped, staff being cut yet we are still expected to be caring for the collection. We can't do it all without the appropriate resourcing.*

The consequence of every budget cut – however small it might appear – means national institutions must decide that something vital to defining and maintaining the cultural collection does not get done. It has not resulted in 'more with less' but rather 'much less with even less'. The years of cuts has resulted in no other option but to cut staff and thereby risk inability to carry out their statutory functions.

Members have told the CPSU that rather than focusing on what other functions and activities can be provided to the community, managing the impacts of budget cuts has become an increasing priority for national institutions.

<sup>2</sup> Joint Committee of Public Accounts and Audit (2008b). Report 413: The efficiency dividend and small agencies: size does matter. Commonwealth of Australia. Canberra, Australia. p.114

*Managing the budget has become the ONLY driver for any activity. Considerations such as best practice, highest scholarship, customer service have gone out the window, and, consequently job satisfaction.*

*There is the reprioritisation of projects with emphasis on capitalised projects at the expense of ongoing refreshing of permanent galleries, research. There is the relocation of teams to save money on accommodation, leading to lack of meeting rooms, and relocation of the library away from curators, researchers and other staff.*

The budget cuts have also added to pressures on infrastructure.

*The collection infrastructure, IT and research knowledge systems are barely making it. Risk to these areas are becoming greater the daily cost of supplying a space for people to come and view work is increasing with time, but budgets are decreasing.*

The real losers have been the Australian public. The collection and recording of Australia's cultural heritage has been harmed by years of budget cuts and our cultural institutions are struggling to provide the level of access and services that the Australian community deserves and expects. While more funding is urgently needed, the damage that has already occurred cannot be undone.

### Efficiency dividend

The efficiency dividend has been the primary cause of budgetary pressures on our cultural institutions. Its impact has been widely known but has been ignored. Nearly a decade ago, the Acting Director General of the National Library suggested that it was ten years prior that the Library *'had got to the point where (the efficiency dividend) was no longer about efficiencies but cuts to service delivery and operations'*<sup>3</sup>.

The efficiency dividend was first introduced in the 1987-88 Budget as an annual 1.25 per cent reduction to agencies' departmental funding.<sup>4</sup> It currently applies at a portfolio level, enabling portfolio Ministers to distribute efficiency dividend cuts between entities within their portfolio.<sup>5</sup>

**Table 1: Efficiency Dividend timeline: federal government**

Years	Rate	Notes
1987-88 to 1993-94	1.25%	
1994-95 to 2004-04	1.00%	
2005-06 to 2007-08	1.25%	Coalition increased efficiency dividend to 1.25% from 2005-06 to 2007-08.
2007-08	1.25% [2.25%]	ALP introduced an additional 2% efficiency dividend pro rata from December to 30/6/09, effective rate approximately 2.25%.
2008-09	3.25%	Additional 2% efficiency dividend increase as a "one-off".
2009-10	1.25%	
2010-11	1.25%	Election commitment to reduce efficiency dividend to 1%, later withdrawn. The ALP's 2010 election policy made the base rate 1.25% ongoing.
2011-12	1.50%	Efficiency dividend scheduled to decrease to 1% before election, increased 1.5% for 2 years, but could be applied across portfolios. The 2011-12 MYEFO included an announcement there would be a one-off 2.5% increase in 2012-13 to 4% with some small agencies exempt.

<sup>3</sup> Dr Warwick Cathro (2008, August 21) Joint Committee of Public Accounts and Audit: inquiry into the effects of the ongoing dividend on smaller public sector agencies. Canberra, p.40.

<sup>4</sup> Joint Committee of Public Accounts and Audit (2008b) Report 413: The efficiency dividend and small agencies: size does matter, Commonwealth of Australia, Canberra, Australia. p.1

<sup>5</sup> Penny Wong (2011, April 21), Driving efficiencies in government, media release. Retrieved from <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F738113%22>

2012-13	4.00%	Excluding cultural institutions (and small agencies) which remained at 1.50%.
2013-14	1.25%	2013 Economic Statement included an announcement by Labor that the efficiency dividend was to be increased to 2.25% by Labor for three years. The Coalition matched this increase and committed to an additional 0.25% increase for three years.
2014-15	2.5%	
2015-16	2.5%	A 3 per cent "efficiency target" has been imposed on cultural and collecting entities in the Communications and Arts Portfolio.
2016-17	2.5%	In the most recent budget further increases to the efficiency dividend were announced. The efficiency dividend rate was scheduled to reduce to 1% in 2017-2018. Instead the Turnbull Government has increased the rate, to 2.5% for 2017-2018 and then 2% in 2018-2019 and 1.5% in 2019-2020.
2017-18	2.5%	Projected but subject to Government and budget decisions.
2018-19	2.0%	Projected but subject to Government and budget decisions.
2019-20	1.5%	Projected but subject to Government and budget decisions.

In the December 2008, the Joint Committee of Public Accounts and Audit released their Report of the Inquiry into the Effects of the Efficiency Dividend on Smaller Public Sector Agencies. The 2008 Inquiry into concluded that for cultural institutions, a number of factors made *"imposition of the efficiency dividend in its current form inappropriate"*.<sup>6</sup> The Joint Committee recommended that the first \$50 million of all agencies' appropriations be exempt from the efficiency dividend.<sup>7</sup> This would have made a significant impact on the cultural and collecting institutions. The then Labor Government did not adopt that recommendation.<sup>8</sup>

There was some subsequent recognition of the impact the efficiency dividend had on smaller agencies such as national institutions. When a one-off 2.5 per cent increase to the efficiency dividend was announced in the November 2011 Mid-Year Economic and Fiscal Outlook (MYEFO), Minister Wong commented that *'we recognise smaller agencies, the CPSU and our ACT members have had concerns about how efficiency dividend measures impact on core operations of agencies such as our cultural institutions and the courts. A small number of agencies will be exempt from the one-off increase in the efficiency dividend...'*<sup>9</sup>. In the context of national institutions, these included:

- NGA
- NMA
- NLA
- NFSA
- NAA
- MOAD
- AWM

However, despite members of both major political parties, on many occasions, over many years, publicly commenting that the efficiency dividend is an ineffective instrument, it remains a key feature of agency funding arrangements and has been increased.

In the 2015-16 MYEFO, the Turnbull government announced it would seek specific savings from a very small part of Government expenditure by imposing an additional 3 per cent efficiency dividend on the cultural agencies within the Communications and Arts portfolio. This 3 per cent equated to a \$36.8 million cut over four years.<sup>10</sup> Applying the whole four years' worth of cuts in just one year represented a saving to

<sup>6</sup> Joint Committee of Public Accounts and Audit (2008) Report 413: The efficiency dividend and small agencies: size does matter. Commonwealth of Australia. Canberra, Australia. p.56

<sup>7</sup> Joint Committee of Public Accounts and Audit (2008) Report 413: The efficiency dividend and small agencies: size does matter. Commonwealth of Australia. Canberra, Australia. p.10

<sup>8</sup> Australian Government. (2010). Government Response to Report 413 'The Efficiency Dividend and Small Agencies: Size Does Matter'. Canberra, Australia: Commonwealth of Australia. Retrieved from

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jcpaa/efficdiv/execmin.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jcpaa/efficdiv/execmin.htm)

<sup>9</sup> Penny Wong (2011, April 21), Driving efficiencies in government, media release. Retrieved

from <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F738113%22>

<sup>10</sup> The Australian Government (2015). Mid Year Economic and Fiscal Outlook. Canberra, Australia: Commonwealth of Australia. p.152.

government of just 0.0085 per cent from a total government expense budget of \$432,234 million in 2015-16.<sup>11</sup> The actual saving was even less per annum and was miniscule compared to the functional damage it caused to these cultural institutions.

Calculated from the Portfolio Additional Estimates Statements for each agency, Table 2 details the financial impact of this target on agencies in the Communications and Arts portfolio by financial year.

**Table 2: 3% efficiency dividend cut to cultural institutions 2015-16 – 2018-19<sup>12</sup>**

	2015-16 ('000)	2016-17 ('000)	2017-18 ('000)	2018-19 ('000)	Total ('000)
AFTRS	-\$ 361	-\$ 837	-\$ 843	-\$ 850	-\$ 2,891
ANMM	-\$ 333	-\$ 769	-\$ 770	-\$ 772	-\$ 2,644
NFSA	-\$ 387	-\$ 890	-\$ 897	-\$ 905	-\$ 3,079
NGA	-\$ 496	-\$ 1,143	-\$ 1,148	-\$ 1,153	-\$ 3,940
NLA	-\$ 1,485	-\$ 1,490	-\$ 1,495	-\$ 1,499	-\$ 5,969
NMA	-\$ 622	-\$ 1,432	-\$ 1,440	-\$ 1,447	-\$ 4,941
NPG	-\$ 173	-\$ 398	-\$ 400	-\$ 431	-\$ 1,402
MOAD	-\$ 207	-\$ 476	-\$ 479	-\$ 482	-\$ 1,644
Screen Australia	-\$ 4,307	-\$ 2,000	-\$ 2,000	-\$ 2,000	-\$ 10,307
Total	-\$ 8,371	-\$ 9,435	-\$ 9,472	-\$ 9,539	-\$ 36,817

The National Gallery of Australia reported that 3 per cent efficiency dividend meant their operating grant has been reduced by more than 5 per cent in a single year while the National Library reported it was required to find \$1.5 million in 2015–16 with further savings needing to be identified.<sup>13</sup>

Financial pressures were exacerbated by an additional increase to the Efficiency Dividend in the 2016-17 Budget which increased the standard annual efficiency dividend by 1.5 per cent in 2017-18, 1.0 per cent in 2018-19 and 0.5 per cent in 2019-20.<sup>14</sup>

While \$8.152m was provided back to national cultural institutions from the Public Service Modernisation Fund (funded by \$500m from the increased efficiency dividend),<sup>15</sup> the majority of funding provided was towards shared service arrangements or capital upgrades with only the AWM receiving \$4m to continue to deliver core activities.

Furthermore, several institutions received less than their cut from the increased efficiency dividend. For example, the National Portrait Gallery received less (\$150,000) from the Public Service Modernisation Fund than the savings (\$400,000) they had to find because of the efficiency dividend.<sup>16</sup>

Even where funding was reinstated through the Modernisation Fund, there are far more restrictions on how it can be used. For example, a member explained how funding for the National Library to upgrade critical digital infrastructure and increase access to Australian content via Trove<sup>17</sup> *“has severe restrictions on how it can be spent, so that “business as usual” tasks have had to be set up as special projects, and staff have been shuffled to cover the roles, and contractors brought in. It seems inefficient overall to have to keep repackaging our core activities as collecting institutions.”*

<sup>11</sup> The Australian Government (2015). Mid Year Economic and Fiscal Outlook. Canberra, Australia: Commonwealth of Australia. p.74.

<sup>12</sup> Data from 2015-16 Portfolio Additional Estimates Statements of cultural and collecting agencies in Communications and Arts Portfolio

<sup>13</sup> National Library of Australia (2016). Annual Report 2015-16, National Library of Australia, Canberra, Australia. p.16

<sup>14</sup> Commonwealth of Australia (2016, May) Budget 2016-17 - Budget Paper No.2 - Part 2: Expense Measures. Retrieved from [http://www.budget.gov.au/2016-17/content/bp2/html/bp2\\_expense-08.htm](http://www.budget.gov.au/2016-17/content/bp2/html/bp2_expense-08.htm)

<sup>15</sup> Philip Hamilton and Simon Speldewinde (2017, November 14). The Public Service Modernisation Fund: a quick guide. Parliament of Australia. Retrieved from

[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1718/Quick\\_Guides/Publicservice](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/Quick_Guides/Publicservice)

<sup>16</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eefc15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.pdf;fileType=application%2Fpdf#search="committees/estimate/ce2e003c-8d74-483c-817a-e4eefc15baf8/0000"](http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eefc15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.pdf;fileType=application%2Fpdf#search=)

<sup>17</sup> National Library of Australia (2017). Annual Report 2016-17, National Library of Australia, Canberra, Australia. p.1

These cuts from the efficiency dividend have been on top of a further ‘\$29.4 million in savings have been incurred by the national cultural and collecting institutions since 18 September 2013’<sup>18</sup>. These savings included a failed attempt at a “shared services” hub.

In the 2014-15 Budget, the Government announced it would achieve savings of \$2.4 million over four years from 2014-15 by consolidating the back-office functions of the following Canberra-based collection agencies: National Portrait Gallery, National Gallery of Australia, National Library of Australia, Old Parliament House, National Film and Sound Archive, National Museum of Australia and the National Archives of Australia.<sup>19</sup> This “shared services” attempt for national institutions caused long-term damage to agencies that lost staff. The National Archives, for example, lost six staff and the “shared services” portfolio hub was disbanded before completion.

### Expenses

An analysis of expenses from 2008-09 and 2015-16 annual reports shows modest average increase in expenses highlighting that for most cultural institutions, there has been little growth in expenses and for some such as the NLA, there have been real funding cuts.

**Table 3: Expenses from Portfolio Budget Statements<sup>20</sup>**

Agency	2008-09 (\$m)	2016-17 (\$m)	Change	%	% p.a.
AWM	\$ 50.5	\$ 75.9	25.348	50%	6%
NAA	\$ 72.1	\$ 89.6	17.547	24%	3%
NFSA	\$ 27.6	\$ 33.6	6.016	22%	3%
NGA	\$ 52.7	\$ 76.4	23.69	45%	5%
NLA	\$ 70.1	\$ 71.9	1.874	3%	0%
NMA	\$ 47.8	\$ 50.1	2.296	5%	1%
MOAD	\$ 14.9	\$ 18.3	3.44	23%	3%

N.B. NPG did not have a separate annual report in 2008-09

For the National Gallery and Australian War Memorial, the increased expenses can be explained.

The NGA increase may be explained by supplier expenses for income generating events. When examining Portfolio Budget Statements, they show a decline in estimated actual expenses for collection development, management, access and promotion from \$57m in 2013-14<sup>21</sup> to an estimated \$30.6m in 2016-17<sup>22</sup>.

The Australian War Memorial receiving most of its funding boost from 2012-13 onwards which was \$55.4m in estimated actual budgeted expenses. This is primarily due to a range of ANZAC related Budget measures announced in 2013-14 (\$10m)<sup>23</sup>, 2014-15 (\$6.1)<sup>24</sup> and most notably \$36.4m over four years announced in 2015-16.<sup>25</sup> While expenses went up, the Portfolio Budget Statements show a decline in estimated actual spending on the national collection from \$28.2m in 2012-13 to an estimated \$17.2m in 2016-17. Furthermore, the end of the special Centenary of the First World War measures is likely to mean a fall in funding.

<sup>18</sup> Department of Communications and the Arts (2016). Response to question on notice, Question No. 2820. 21 March 2016.

<sup>19</sup> Commonwealth of Australia (2014, May). Budget 2014-15 - Budget Paper No.2 - Part 2: Expense Measures. Retrieved from [http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-05.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-05.htm)

<sup>20</sup> Data from relevant agency 2009-10 and 2017-18 Portfolio Budget Statements

<sup>21</sup> Commonwealth of Australia (2014). Portfolio Budget Statements 2014-15 - Budget Related Paper No. 1.2 - Attorney-General's Portfolio - National Gallery of Australia. p.406

<sup>22</sup> Commonwealth of Australia (2017). Portfolio Budget Statements 2017-18 - Budget Related Paper No. 1.3 - Communications and the Arts Portfolio - National Gallery of Australia. p.177

<sup>23</sup> Commonwealth of Australia (2013, May). Budget 2013-14 - Budget Paper No.2 - Part 2: Expense Measures. Retrieved from [http://www.budget.gov.au/2013-14/content/bp2/html/bp2\\_expense-24.htm](http://www.budget.gov.au/2013-14/content/bp2/html/bp2_expense-24.htm)

<sup>24</sup> Commonwealth of Australia (2014, May) Budget 2014-15 - Budget Paper No.2 - Part 2: Expense Measures. Retrieved from [http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-23.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-23.htm)

<sup>25</sup> Commonwealth of Australia (2015, May) Budget 2015-16 - Budget Paper No.2 - Part 2: Expense Measures. Retrieved from [http://www.budget.gov.au/2015-16/content/bp2/html/bp2\\_expense-22.htm](http://www.budget.gov.au/2015-16/content/bp2/html/bp2_expense-22.htm)



## The impact of budget cuts

The CPSU surveyed staff at the national institutions about the impact of budgetary pressures on their institution. The results were:

- Nearly nine in ten (89.0%) reported increased workloads;
- Three quarters (75.2%) reported unfilled vacancies and increased reliance on casuals, contractors or labour hire; and
- Three quarters (73.4%) reported activities being cut back.

The heads of national institutions have publicly commented on the impact of budget cuts:

- The Director-General of the National Archives has stated that *"per year we're running at about \$4 million less than we were a few years ago, so it's a reality. That's how I approach it,"*<sup>26</sup>
- The head of the National Gallery stated the past year had been "challenging" because of "efficiency dividends that we have needed to take account of, and the reductions in appropriation because of that." Of \$3.94m in savings over four years, more than half of the savings were from reducing staff by 20 FTE.<sup>27</sup>
- The head of the National Library revealed in 2017-18 Budget Estimates that the savings from the efficiency dividend were \$6.9m from 2014-15 to 2018-19.<sup>28</sup>

## Staffing

*"A vacuum is created, and corporate knowledge and institutional history walks out the door. It is nothing short of disastrous. The effects of any sort of departure, let alone in some cases full departmental exodus, can take a long time to be seen on the face of an organisation, all the while staff are struggling just to maintain a baseline of service while all the new recruits "catch-up"...if this gets too much for those who remain - they eventually leave too or stay and become disillusioned and cynical."*

- CPSU member

During February 2016 Senate Estimates Hearings, the heads of the various cultural institutions made it clear that their cultural institution had to reduce staffing numbers to meet the 2015-16 MYEFO efficiency dividend of 3 per cent:

- The Director of the NGA told the Hearing that with two thirds of Government funding going to salaries, *"we probably will have to lose staff. That sum of money would translate into more than 10 staff, which would be quite substantial for us"*.<sup>29</sup>
- CPSU members advised that the NGA announced a recruitment freeze in response to the efficiency dividend cuts and informed staff that there would be more than twenty jobs lost by the end of the 2015-16 financial year.
- Similarly, the Director of the NLA said that *"close to 50 per cent of the Library's expenditure is on salaries, so the NLA will work in the way that I expect all of my colleagues work and that is that first*

<sup>26</sup> Sally Pryor (2018, 31 March). Deja vu: inquiry into funding cuts for Canberra's cultural institutions has a familiar ring. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/deja-vu-inquiry-into-funding-cuts-for-canberras-cultural-institutions-has-a-familiar-ring-20180329-h0y5b5.html>

<sup>27</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee%202017%2005%2024%205043%20Official.pdf;fileType=application%2Fpdf#search=committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000](http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee%202017%2005%2024%205043%20Official.pdf;fileType=application%2Fpdf#search=committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000)

<sup>28</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee%202017%2005%2024%205043%20Official.pdf;fileType=application%2Fpdf#search=%22committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000%22](http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee%202017%2005%2024%205043%20Official.pdf;fileType=application%2Fpdf#search=%22committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000%22)

<sup>29</sup> Australian Parliament (2016, February 16). Parliamentary debates (Hansard). Senate Environment and Communications Legislation Committee. p.85

*of all we will seek to work with natural attrition as best we can and with redeployment as best we can. But we do think that...*" in the order of 8-10 jobs will be lost.<sup>30</sup>

- At the National Portrait Gallery, the Director noted that *"rather like the NLA, a very high proportion of our operating budget goes towards salaries. Therefore, regrettably, there will be an impact on our staff. The knack will be to keep that to a minimum"*.<sup>31</sup>
- The head of the NFSA reported that *"in the expenditure mix of the National Film and Sound Archive, employee benefits make up 70 per cent of our appropriation, about 20 per cent is supply expenses—you will appreciate that there is very little discretion in that space; it only amounts to about \$5 million per annum—and property operating expenses only make up 10 per cent. So, we are confident, unfortunately, that we will have to look at our staffing base again. ... this time around staffing losses will be unavoidable, but that we did not—and still do not—know the scale"*. Members advised that the NFSA called for voluntary redundancy expressions of interest, having a target number of around fifteen.<sup>32</sup>
- The National Gallery of Australia's director Gerard Vaughan told senators at an Estimates hearing in May it had to shed 20 of its 237 staff after a \$3.94 million cut in December 2015.<sup>33</sup>

Because of Government's budget cuts, cultural institutions have lost highly skilled and competent staff. Over four in five (85.7%) reported that their institution lost experienced employees with valuable corporate knowledge because of budgetary pressures. Many members spoke about the effect staffing cuts had on their institutions. The loss of corporate knowledge and the impact it had on core activities such as collection and preservation as frequently cited:

*We don't have the staff to fulfil our obligations. Without staff we can't add to the collection and continue to care for it let alone put on major and minor exhibitions of significance.*

*Several senior access examination staff, essential to clear records for public access, left the organisation. This has exacerbated already very serious delays with opening records for access.*

*We have experienced staff reductions. Remaining staff are wholly focused on core activities, with very little time for necessary, long term development work.*

*The capacity of the organisation to collect preserve and share the physical manifestations of the National audio-visual memory has been critically compromised by funding cuts. We do not have sufficient staff to carry out core functions to the highest standards as operational staff have been replaced with corporate staff.*

Worryingly, a member at the National Archives reported that *"due to lack of staff, the Preventive program that monitors pest activity in the repositories have not been running as previous. This has resulted in at least one outbreak of insects that infested and damaged collection material."*

The head of the NAA has stated on the record that *"we have tremendous backlogs from requests from the public to access records in the collection, records that require declassification have to be carefully examined, and we need to consult with other agencies around Australia and sometimes overseas... There's a legislative requirement in there to make sure that we've made a decision within 90 days. It's in my annual reports that we don't meet that deadline, and for sure that's a resourcing issue."*<sup>34</sup>

The workload pressures are such that the NAA has sought to amend the laws to allow us greater time to respond to an inquiry or to an access application and has also sought to limit the number of records a person can seek access to within a 30-day period. A member explained that *"These changes are because*

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<sup>30</sup> Australian Parliament (2016, February 16). Parliamentary debates (Hansard). Senate Environment and Communications Legislation Committee. p.82-83

<sup>31</sup> Australian Parliament (2016, February 16). Parliamentary debates (Hansard). Senate Environment and Communications Legislation Committee. p.84

<sup>32</sup> Australian Parliament (2016, February 16). Parliamentary debates (Hansard). Senate Environment and Communications Legislation Committee. p.84

<sup>33</sup> Doug Dingwall (2018, 27 March). Inquiry launched into Canberra's museums, galleries after funding, staff cuts. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/inquiry-launched-into-canberras-museums-galleries-after-funding-staff-cuts-20180327-h0y0hp.html>

<sup>34</sup> Sally Pryor (2018, 31 March). Deja vu: inquiry into funding cuts for Canberra's cultural institutions has a familiar ring. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/deja-vu-inquiry-into-funding-cuts-for-canberras-cultural-institutions-has-a-familiar-ring-20180329-h0y5b5.html>

*of budgetary pressures. Where we once had a large pool of officers to meet the demand, we now have about half that number for 10 years ago.”*

These anecdotal reports of inadequate staffing are confirmed by reported staffing levels. An analysis of actual average staffing level figures from the Budget papers over the decade show a decline for all national institutions since 2008-09.

**Table 4: Average Staffing Levels at national institutions (2008-09 to 2017-18)**

Agency	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change	%
AWM	290	281	272	292	312	329	301	265	286	283	- 7	-2%
NAA	446	446	418	429	429	416	405	395	390	375	- 71	-17%
NFSA	192	195	205	215	213	206	178	176	164	164	- 28	-13%
NGA	242	232	242	242	245	257	243	237	217	217	- 25	-10%
NLA	433	442	439	430	434	423	427	421	383	383	- 50	-12%
NMA	250	250	259	225	221	221	218	215	223	226	- 24	-11%
NPG					0	53	52	51	49	49	49	
MOAD	80	78	77	77	72	72	70	70	70	73	- 7	-10%

It is worth noting that Table 4 does not include labour hire and other contractors who may be employed to get around the Average Staffing Level cap.

In the 2015-16 Budget, the Coalition committed to capping the size of the Australian Public Service around or below 2006-07 levels (167,596).<sup>35</sup> This has meant that regardless of funding levels or operational requirements, agencies are forced to have a maximum average staffing level.

The average staffing level cap is forcing agencies that have the funding to hire additional staff to engage casuals, hire contractors and use labour hire to do work that permanent APS employees should be doing. For example, much of the work funded from the Public Service Modernisation Fund is being done using labour hire when it would be more cost effective for the government to directly employ staff. The arbitrary cap is creating a perverse incentive to spend critical funding on labour hire, and those employees are paid significantly less with far worse conditions than the equivalent APS employees.

Many ongoing tasks driven by national purposes (legislation and public charters) are no longer being undertaken by ongoing employees. Three quarters (73.3%) of members surveyed reported observing contractors or labour hire workers doing work that was ongoing that should be done by ongoing staff. Members provided a range of examples of core work now done by contractors, digitisation and ICT work being frequently mentioned:

*Core activities of collection management such as description, preservation and digitisation are now performed by contractors. So much of our core business is skilled work, best performed with accumulated experience and an understanding of how to maintain data integrity. It is very time intensive to either source skilled workers in the contractor pool or train generically-skilled contractors to even perform at a basic level in our specialist systems.*

*Digitising staff are all contract workers even though there is ongoing work. ICT jobs are all becoming outsourced instead of training and developing staff that work here.*

*Contractors have been put in at APS4 level but given the responsibility of an APS6. Staff are frequently kept on contracts for 1 year, then transferred to another job for a week before going back to the previous job. All so that the institution doesn't have to review a position and make it permanent. Digitisation is frequently outsourced as a preference to doing it in-house.*

<sup>35</sup> Australian Government (2016, May). 2016-17 Budget, Budget Paper No.4 Part 2: Staffing of Agencies. Retrieved from [http://budget.gov.au/2016-17/content/bp4/html/09\\_staff.htm](http://budget.gov.au/2016-17/content/bp4/html/09_staff.htm)

*We have contracted Accessioners who are the only staff doing accessioning. Ongoing staff just administer them. They get all the training and skills development and we don't. Then, that expertise walks out the door.*

*A lot of our art handlers and many installers are on short term contracts. This would be okay if this gives them job experience to get a permanent role, but often it extends for many, many years.*

*The Audio Visual technician role for our public programs and exhibitions is filled by contractors. This is an ongoing position and has been empty since Jan 2017. Previously the position was held by permanent staff. It is not a short-term project-based position, it is an ongoing role.*

*Contract staff and labour hire casuals (from Ranstad) are working alongside ongoing permanent staff, performing the same duties - just under different conditions and for a different rate of pay.*

*Many positions are sitting unfilled now and to continue with our workload we are relying on contract staff. With staff cuts we have lost a lot of experience and corporate knowledge, and with increasing use of contractors we are spending more money on their salary and more time on training. We are not retaining these skills and experience either as there is a high turnover, so it is very inefficient and costly.*

Many members commented that this increasing reliance on contractors and labour hire is affecting the quality of work done.

*IT people were sacked, DAP staff were sacked and replaced later by contractors causing considerable problems and delay and loss of quality as they learned to do what the permanent employees were doing expertly. It is massively inefficient, there is a short term saving at huge long-term cost.*

*Standards have declined across the board, particularly because of the use of contractors. Not their fault, it's insufficient training (no time), revolving door of contractors (no chance to build experience), then we spend more time cleaning up the errors. We watch good people just walk out to the next contract and all the effort to train them goes with them. It's costly, frustrating and disheartening.*

Where vacant roles have not been filled or outsourced, work duties have been reallocating to remaining staff, increased their existing workloads.

*Floor staff, both security and guides and lower level employees have been made redundant. Through natural attrition, positions have not been re-filled and current staff are being asked to fill in for two peoples' jobs at one salary.*

*With decreased staff there is more pressure on the remaining staff. This impacts on staff stress levels. None of us want to deliver poorer programs, so we end up working harder with fewer resources. In that we also feel the need to consistently justify the value of our institution.*

*Lots of additions to work load as duties get divided rather than positions filled. Some duties are then lost and unattended to due to lack of man power or appropriate hand overs. People are given duties that are higher than their current duty statement and not paid correctly. There is a culture of relying on people's love of cultural institution to get work done rather than paying them appropriately. There is also an undervaluing of staff as some positions are ranked very low and will not be raised appropriately.*

Members reported these increased workloads are increasing the stress on remaining staff. It is affecting the workplace culture at our national institutions, leading to worse outcomes and a less effective workforce.

*The overall feeling created from these cut backs is a negative one which seems to run true across the organisation, causing low productivity and a generally poor output.*

*Increased staff on stress leave; increased bullying; staff are being asked to do jobs for which they are untrained; staff fill in for higher-level staff who have left, but are not paid at that higher level; new short-term staff are not receiving training (resulting in damage to the collection)*

*Because of these cutback, staff mental health state is a burning issue. There is no certainty and staff feel vulnerable.*

*Cuts at administrative level across the board at the NGA has had the impact of higher level staff taking on work (on top of already unsustainable workload) which is not a good use of skills or expertise and in the long term probably costlier to the institution in terms of burnout and stress-related illnesses.*

*Hugh increase in duties for all staff - unremunerated. this has led to a lot of stress and emotional problems for staff. Many staff have resorted to counselling with EAP and/or anti-depressants. some staff have quit.*

*No backfilling, loss of empty positions, possible job cuts hanging over our heads.*

*The work pressure has caused several of my colleagues to move on. Often when we lose someone their position ceases to exist.*

An example was provided by a member whose health was affected by intense workloads. Their area lost their support staff, in addition to losing one staff member out of a team of three. This led to an increase in workload for the remaining staff who had to take on the work duties of the support staff, and at the same time manage their existing responsibilities. The remaining staff had to work consecutive weekends but could not take TOIL due to the rest of their workload.

The feelings of staff at our national institutions is best summed by the comment from one respondent. They are passionate about their work but the budgetary pressures and threats to their roles are limiting what they can do.

*I have loved my job and nurtured my career as a collection manager and archivist, and I am known to be a high achiever. But due to our bizarre funding cycles, I still periodically face career instability and have a constant fear of restructures that may push me into unrelated jobs. My colleagues and I are very passionate about our careers and releasing the budgetary strangle-hold on us would allow us to move forward more confidently with the systems and processes that are doing justice to the collections, but also naturally delivering more efficiency as we embrace new technologies. Allow us (the experts) to steer our sector without shackling us, and we'll be able to better deliver the efficient services to the Australian public.*

## Activities

*Watching the institution cannibalize itself and find new creative ways to make excuses for corner cutting and decreasing services and care for the collection has been a moral sapping exercise. It is telling that as funding is cut government transparency decreases, and collections supposedly for the access of the Australian public are restricted through reduced services and increased costs.*

- CPSU member

Years of budget cuts have affected what cultural institutions are able to do. Over two thirds (68.8%) of members reported a reduction of services to the public because of budgetary pressures. Only one in ten (11.01%) said there was not.

The CPSU is far from alone in saying this publicly. NAA Director General David Fricker has stated *"we're doing less with less because we have to operate with the capacity that we have and do the best that we can. So, without question we're delivering fewer public services now than we were five years ago."*<sup>36</sup>

These sentiments have been affirmed by other agency heads. At 2017-18 Budget Estimates, the head of the National Portrait Gallery stated that *"the options for finding savings are relatively narrow"* and that *"It ends up being a question of adjusting the program—for instance, postponing a large and costly project until a subsequent year or making an already costly project cheaper by rearranging expensive loans, for example, for an exhibition. That is the kind of adjustment that we would make."*<sup>37</sup>

The 2017-18 Budget Estimates revealed that:

- At the NGA, they had *"to cut back, to a certain degree, the turnovers of the permanent collection"*. Rather than changing areas every six months, it would happen every nine or twelve months.<sup>38</sup>
- The NLA responded to cuts by *"savings through a whole range of programs and reducing our collecting, so serials collecting we have reduced by 33 per cent over the last six years. We have reduced some of our exhibition programs. We have stopped some functions."* Overseas serials that are outside the South-East Asia area are not collected any more. The Library also no longer manages a consortium that arranged and leveraged deals on e-resources for organisations across Australia, including schools as there was no revenue stream.<sup>39</sup>
- The head of MOAD stated that *"our budget situation has meant that we have not been able to do significant big exhibitions"* and that as a result they have been having fewer free days and increased fees to students for their school programs.<sup>40</sup>

These 2017-18 Budget Estimates revelations from the heads of cultural institutions about cuts to activities because of budget pressures were not a one off. They are far too frequent and a regular occurrence during the Estimates process.

Other cuts to cultural institution activities over the past few years have included:

<sup>36</sup> Sally Pryor (2018, 31 March). Deja vu: inquiry into funding cuts for Canberra's cultural institutions has a familiar ring. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/deja-vu-inquiry-into-funding-cuts-for-canberras-cultural-institutions-has-a-familiar-ring-20180329-h0y5b5.html>

<sup>37</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlinfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.pdf;filetype=application%2Fpdf#search="committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000"](http://parlinfo.aph.gov.au/parlinfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.pdf;filetype=application%2Fpdf#search=)

<sup>38</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://Parlinfo.Aph.Gov.Au/Parlinfo/Download/Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/Toc\\_Pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.Pdf;Filetype=Application%2Fpdf#Search="Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/0000"](http://Parlinfo.Aph.Gov.Au/Parlinfo/Download/Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/Toc_Pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.Pdf;Filetype=Application%2Fpdf#Search=)

<sup>39</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://Parlinfo.Aph.Gov.Au/Parlinfo/Download/Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/Toc\\_Pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.Pdf;Filetype=Application%2Fpdf#Search="Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/0000"](http://Parlinfo.Aph.Gov.Au/Parlinfo/Download/Committees/Estimate/Ce2e003c-8d74-483c-817a-E4eef15baf8/Toc_Pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.Pdf;Filetype=Application%2Fpdf#Search=)

<sup>40</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlinfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.pdf;filetype=application%2Fpdf#search="committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000"](http://parlinfo.aph.gov.au/parlinfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.pdf;filetype=application%2Fpdf#search=)

- the National Gallery of Australia closed NGA Contemporary and two food and drink outlets due to the efficiency dividend.<sup>41</sup>
- National Library has closed reading rooms on all public holidays, stopped stack retrieval on Saturdays and curtailed the institution's trade publishing program. Closing access to researchers on public holidays, shortening operating times to the reading room and ceasing Saturday stack retrievals are significant. Many researchers, for example those working on family history, undertake this work outside of normal business hours. These steps severely limit their ability to access public records. This has also occurred at the NAA where reading room hours have been reduced during the week and no longer open on weekends
- At Old Parliament House, the research library, fellowships and summer scholarships to study Australian prime ministers has been discontinued, while the Australian Prime Ministers Centre has moved to an online-only format.<sup>42</sup>

Members have also advised that a range of other activities have been affected by budget cuts and provided examples:

- At the NLA: collaborative projects are not being undertaken without funding; the library moved to a 'cost recovery' model when taking records into Trove from other institutions; cataloguing and describing material is being done at a lesser or lower standard than before; no longer automatically digitises all new acquisitions which used to be available through its online catalogue; overseas collecting is being curtailed, as is the collecting of non-unique Australian material; if an item is already in another Australian public library it is being passed over, or the library is placing a lower bid than before; pre-publication services have been scaled back; the inclusion of classification numbers in our catalogue records reduced significantly; no longer produce any of our own merchandise anymore; NLA publishing program has been reduced with the NLA magazine ceased publication; Libraries Australia has stopped performing various functions associated with data quality on the Australian Bibliographic Database; the NLA abandoned Dewey decimal numbers in our cataloguing, which negatively affected state and public libraries who suffered cuts previously that made them unable to catalogue for themselves; there is less attention to conservation of records heading to reading room/researchers; and the program to support University of Canberra students with internship and mentorship has been abandoned. NLA staff do not have the time to claim missing titles from publishers, and selection decisions for new donated material can be delayed by up to a year for some things. There is no longer has a person employed to manage/coordinate protecting the collection from harm and the NLA no longer able to provide widescale care for our collection at large (preventive measures) which opens our collection to risk of loss/damage, a member explaining that *"we can't afford to treat all the publications with rusting staples, and we are told to use cheaper housing plastics that will degrade over time, as they are cheaper right now."*
- The NGA has *"removed all the small exhibition spaces in the newly refurbished spaces because it can't afford to do rehangs in these areas"*. Members were also concerned that storage projects have been reduced and changeovers are happening less frequently and *"this is not always great for works"*. The NGA Research Library was cut heavily in 2016 - leaving no management level professional librarians in the organisation; further cuts to the NGA library's acquisition budget have reduced its capacity to serve our visitors with the latest art reference/research material, making it difficult to uphold reputation as Australia's leading visual art library.
- NFSA staff report that they are hard pressed to digitise all the current content before it degrades. NFSA members also provided a long list of activities that have ceased in the last few years including: onsite visitor programs being severely cut back; the school holiday program ended in 2014 when staff were made redundant; the national School Screen program and online 'connected classroom' program has ceased; while NFSA still takes school groups in Canberra, students used to be shown an audio/visual presentation plus the exhibition, but now the A/V component has closed; less promotion to tour groups means that visitor numbers have dropped; although the website Australian Screen still runs, the collection building has closed; the Arc Cinema program has been cancelled and the NFSA shop and library have closed; collection access fees have increased, including for footage sales to documentary makers and industry. Perversely while 'usage fees' for

<sup>41</sup> Stephen Jeffery (2016, 11 December). Outside funding pays for new Trove content after National Library cuts. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/outside-funding-pays-for-new-trove-content-after-national-library-cuts-20161208-gt6pxw.html>

<sup>42</sup> Stephen Jeffery (2016, 11 December). Outside funding pays for new Trove content after National Library cuts. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/outside-funding-pays-for-new-trove-content-after-national-library-cuts-20161208-gt6pxw.html>

footage have increased incoming work has dropped off as a result, possibly resulting in an overall loss of revenue. Similarly, loan fees have increased and where loan fees were waived for certain cultural institutions these waivers have been abolished, consequently loan numbers have reduced.

- At the NAA, CPSU members report that budget cuts mean it is stripping back preservation and cutting back on services that are needed to take care of the collection adequately; no longer physically stabilising collection items before they are accessed by researchers; new transfers have been halted as have individual descriptions of the collection by staff, it is now reliant on volunteers; reduced ability to preserve the analogue collection or digitise items for provision online to the public; fewer exhibitions are developed in-house and more are 'bought in' from other institutions; waiting times to access records have dramatically increased, and the NAA is not able to release all the cabinet records due for release on 1 January each year; there is less frequent delivery of records to reading room/researchers; the NAA is no longer a NATA accredited lab that provides services to other institutions, the public and manufacturers; and its intern program to graduates in Cultural Heritage and Conservation has been abandoned. This internship program has been running for at least 15 years, but we no longer have the resources to provide this service to our future Conservation professionals.
- The NMA: cancelled its oral history program; cut back on the collection of materials from Commonwealth Persons, restricting it to Governor Generals and Prime Ministers and select significant ministers.
- At MOAD: the collection backlog at has grown substantially and their oral history program has ground to a halt.

### Creating a strong brand and online presence

*For certain categories of material, our institution previously automatically digitised all new acquisitions and made these available through our online catalogue. Due to cuts to our digitisation team, this work no longer occurs, and remote users therefore cannot easily access as much as of our collection as they would have been able to be had those cuts not occurred.*

- CPSU member

An important way the public accesses our national institutions is online. Visits to the websites of Australia's national institutions have been steadily growing as more and more records are added. For example, between 2014-15 and 2016-17, visits to the National Library of Australia website increased from 28 million to 30.61 million.<sup>43</sup> There is still much more to do, for example, only 6.65% of the NLA's total collection is available to the public online.<sup>44</sup>

However, despite the importance of digitisation, it is one of the areas most affected by budget cuts. CPSU members at the NAA reported that *"proactive digitisation by NAA has ceased, and digitisation – access to online imaged records - is now on a user pays basis, with the 'first' user paying, after which free access is provided to all online. An example of proactive digitisation was the WW1 service dossiers, now all available online without exception, all 400,000. The same can't be said for the WWII service dossiers, not even close!"*. Members also raised concerns that work digitising *"the photographic collection is again being pushed aside, in the waiting lane, and vinegar syndrome is not being fully addressed"*. Similarly, at the NFSA members are concerned that *"important digitisation of at risk material has not been able to be increased and may need to be scaled back. This places this content at risk due to obsolescence and deterioration"*.

<sup>43</sup> Calculation based on figures from National Library of Australia Annual Report 2014-15 and 2016-17.

<sup>44</sup> National Library of Australia. (2017). Annual Report 2016-17. p.37



There are growing expectations to capture, maintain and develop digital collections which are not being adequately funded. David Fricker, Director General of the National Archives has long been diverting the archive's resources into the costly goal of keeping pace with developments in digital technology.<sup>45</sup>

Digital collections are also not a replacement for physical collections. As the National Library stated in their recent annual report, *"It might be assumed that any growth in digital collections would be mirrored by declining growth in physical collections. This is not the Library's experience."*<sup>46</sup> A number of members commented that the focus on digitisation has been at the expense of preserving physical collections, a clear result of the failure to provide additional funding for digitisation.

*The Executive focuses on one business area at the expense of others e.g. digital records while ignoring legacy hard copy records.*

*Core tasks are either not being done or done poorly. The care of the collection is being sacrificed for digital access, yet the standard of our digital service is extremely poor.*

A creating a strong online presence with public access to the total collection of our national institutions requires more ongoing funding, particularly for institutions such as the National Archives and National Library. One-off supplementation is far from adequate given ongoing costs.

## Outreach

One of the key functions of the cultural institutions is to provide access to collections. Travelling exhibitions are a key way of sharing collections with people in regional and remote communities. The impact of the efficiency dividend on travelling exhibitions has been significant. Over half (52.9%) of members stating that budgetary pressures affected their institution's ability to conduct outreach programs or capacity outside of Canberra, such as travelling exhibitions. Less than one in ten (7.7%) said it did not.

The National Archives no longer sends exhibitions of material to regional areas unless externally funded and is looking at stopping the touring of original objects. The National Archives are unable to provide staff to assist travelling exhibition venues with the installation of original objects. Once member commented:

*We are not extending our public presence which is a sad thing. The Archives needs champions to prosper. Things like exhibitions of our collections stimulate interest in the community*

The NAA is not the only institution that will undertake travelling exhibitions only if third party funding is secured. The NGA annual report recorded that 'in 2014–15, the NGA's travelling exhibitions toured to thirteen venues around Australia' – however many of these were to capital city galleries, with the only non-capital city mentioned being Bendigo.<sup>47</sup> However, CPSU members at the NGA reported that the approach of the NGA was now to only undertake travelling exhibitions where external funding was secured despite travelling exhibitions being fundamental to outreach.

*NGA Traveling exhibitions have been reduced and staff are unable to afford to travel to promote and educate around Australia in the way they did before. It's seen as an indulgence rather than work!*

*We have less outreach without traveling exhibition program. If we can't secure external funding, we just don't travel shows. We rely increasing on private money, but this has its own set of issues. Less change overs and small free exhibitions which don't bring in money.*

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<sup>45</sup> Sally Pryor (2018, 31 March). Deja vu: inquiry into funding cuts for Canberra's cultural institutions has a familiar ring. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/deja-vu-inquiry-into-funding-cuts-for-canberras-cultural-institutions-has-a-familiar-ring-20180329-h0y5b5.html>

<sup>46</sup> National Library of Australia (2017). Annual Report 2016-17. Canberra, Australia. p.9

<sup>47</sup> National Gallery of Australia (2015). Annual Report 2014-15. Canberra, Australia. p.35.

*In many cases travelling exhibitions do not go ahead unless they can get external government grants or private funding. In the past we were able to send a few out self-funded as it increased access to the collection*

The NFSA ran, until 2015, the Big Screen Festival: 'A travelling film festival, presenting new and archival Australian films to audiences across regional and rural Australia'<sup>48</sup>. This has ceased, meaning that important link to regional communities has been lost. Finally, the MOAD reported that its key exhibit 'Behind the Lines' appeared at fewer venues, and the organisation had 'an increased focus on onsite and online activities'<sup>49</sup>. A NFSA member explained that the "NFSA were forced to cut all our major outreach programs to regional Australia and even the big cities. Our focus became the website for outreach purposes."

The National Library has also scaled back the face-to-face outreach. There have been attempts to use online alternatives, but this has not filled the gap created.

*Libraries Australia/Trove has reduced the amount of outreach undertaken on a face to face basis, instead trying to plug the gap through use of online forums.*

*We cannot go on donor visits or have a presence at conferences which is a bad look for the leading national body.*

*Historically we had booths at major conferences, however these were completely stopped several years ago.*

*We are now focussing on web-based everything as we can no longer put on travelling exhibitions and secondary school learning programs.*

## Problems with private funding

*There is a place for private support to institutions, of course, through acquisitions, cultural partnerships and support of short term programs, so that individuals and community can be involved in contributing to the cultural life of our country. But the basic operation of the institution cannot rely on this type of funding to carry out the work for the institution defined in its charter. The aims of a cultural institution should be closely aligned to the basis on which it was established in the first place - as a service to the public of Australia, to enrich Australia's cultural life. To remove the government support from cultural institutions is a statement that culture is only for those who can afford it, for the rich. When in fact the strength of a nation and community is the inclusion of all its citizens in its cultural identity, and cultural life.*

- CPSU member

For some time, cultural institutions have supplemented government funding with donations and fundraising. Some are better placed than others to achieve this, dependent on their governance arrangements. The *Public Governance, Performance and Accountability (PGPA) Act 2013* provides rules about how agencies can structure their arrangements. For example, non-corporate PGPA entities including NAA and MOAD have limited scope for fund raising, to keep, store, then use funds. Corporate PGPA entities have much wider scope but are still dependent on various approvals and subject to ministerial direction in some areas.

A previous CPSU report found that cultural institution annual reports reveal that over the period 2009 – 2015, the split between government funding and funds from donations/fundraising and commercial activities has not changed significantly. However, a CPSU analysis of 2016-17 annual report data since suggests that has been a shift and increasing reliance on funds from donations/funding and commercial activities.

<sup>48</sup> National Film and Sound Archive (2016), Big Screen. Retrieved from: <http://nfsa.gov.au/bigscreen>

<sup>49</sup> Museum of Australian Democracy (2015) Annual Report 2014-15. p.20.

**Table 5: Income from Government funding<sup>50</sup>**

	<b>2014-15</b>	<b>2016-17</b>	<b>Change</b>
Australian War Memorial	69.2%	65.6%	-3.6%
Museum of Australian Democracy	98.6%	89.7%	-9.0%
National Archives	79.2%	83.4%	4.2%
National Film and Sound Archive	76.9%	90.8%	13.9%
National Gallery	52.3%	54.0%	1.7%
National Library	76.4%	76.5%	0.1%
National Museum of Australia	92.6%	76.7%	-16.0%
National Portrait Gallery	82.8%	47.0%	-35.8%

However, while some institutions such as the National Gallery, War Memorial and National Portrait Gallery are less reliant on government funding, most are still reliant on ever shrinking government funding and some are increasingly reliant. This was confirmed by survey results that found only half reported increased reliance on private sector/other revenue streams.

The continuing cuts to activities shows that even with proportionally less reliance, it is not making up for budgetary shortfalls from cuts.

*With limited budgets, less money is spent on storage or time for work conservation. More is focused on exhibitions/loans anything that may bring further money in. This is unfortunate as we are meant to preserve the collection for the future.*

*we have been asked to decrease our operational funding which supports those activities and the staff that do them, the impact is substantial, the day to day work cannot be covered by Capital funding or outside sources, in particular for the core protection roles (Registration, Conservation etc) which are not at all glamorous or understood by the public, which are not of any interest to philanthropic monies. Sadly however, the acquisitions have continued to increase so staff are being asked to look after more objects which less staff and dwindling resources. It is purely do to the ability and professional capacity of the existing staff that this is not reflected in risk to the collections however, if the budget cuts increase this may not be able to be maintained.*

CPSU members have a range of concerns about the growing push for private sector and philanthropic funding for activities at a time when budgets are being cut. Less than fifteen per cent of members surveyed were supportive or strongly supportive of national institutions being more reliant on private sector support. Nearly three in five (59.6) were unsupportive or strongly unsupportive. Even those who were supportive stated it was because there was a lack of funding or were strongly of the view that private interests should not dictate what cultural institutions do:

*Our national cultural institutions play a critical role in documenting, preserving and interpreting Australia's past to illuminate the present and the future for the nation. This fundamental work should be adequately supported by government. While there is some role for the institutions to generate own-source income, this should not occur at the expense of fundamental functions such as collection development, care and interpretation.*

*There is no reason why we shouldn't encourage private sector involvement. The Government is unlikely to support the cultural sector as it isn't viewed as a priority.*

*Philanthropy is good, but it should be recognised as only offsetting costs. The more we become dependent on the private sector the more we face interference in content and programs.*

The reliance of a public institution on the private sector to fund operational costs and salaries is problematic and it is the responsibility of the Commonwealth. In addition, private sector finding is not appropriate,

<sup>50</sup> Based from calculations from the 2014-15 and 2016-17 Annual Reports of cultural institutions

particularly for core business. For example, the National Archives, and the Australian War Memorial hold the records of the Commonwealth Government. The public may question the integrity of these records – this essential evidence of Government action – if archival core businesses were dependent on private sector funding.

*National Institutions have a statutory responsibility laid down by the Government to conduct their collecting activities and provide access to the Australian public. Therefore, the Australian Government should provide enough support to ensure the national institutions are well funded to conduct their work in line with their statutory responsibilities.*

A greater reliance requires a significant investment from cultural institutions to attract funding. Members reported that cultural institutions must compete amongst each other for scarce. Several members also cited the experience of the United States, highlighting that the Global Financial Crisis had a significant impact and philanthropic donations dried up. There was also a concern that should institutions be successful in attracting significant non-government funding, the government may respond by further cutting its contribution with one member stating:

*There is a persistent sense that any achievements an institution makes in the way of private funding might be met with reduced public funding. Any reduction in public funding can only reduce our capacity to undertake core business.*

Members were asked what the impact of this increased reliance on private sector funding has been. Many spoke about the resources being diverted away from core functions. There is a growing focus on short-term revenue generation at the expense of the core roles of preservation and collection. Choices of events, programs and activities are being shaped by budgetary pressures.

*Time and effort is diverted into fundraising instead of what we are they for. It becomes the sole focus of all effort. Also, it skews what we do. 'if you give us money we will digitise your collection, arrange and describe your collection, make it available'. In other words, if you can pay you can skew the collection focus to your own agenda. It is undemocratic and unrepresentative, and we are supposed to be here for ALL Australians, not just the rich ones, or those with a barrow to push.*

*The Museum spends a lot of money chasing revenue and corporate support that is difficult to secure and hard to maintain.*

*Short-term goals have seen new projects not thought through and have impacted on the workflows of other sections because of the need for alternative revenue streams.*

*It's much harder to carry out projects that don't have an immediate 'front-of-house' popular appeal.*

*Increase in staffing in these areas that try and source this sort of income stream and a decrease in other critical functions of the Gallery.*

*Changes in choice of exhibitions and events - aimed more towards programs that will attract sponsors. Focus on conservation of 'hero' objects (e.g., royal Daimler at NMA) which is likely to attract sponsorship or bequests at expense of other objects. Blatant branding on cultural products.*

*Anecdotally, organisations have been less able to direct their own work as many private sector sources of funding want to support specific events, items, or other big-ticket activities which may or may not be the best way forward for the agency and may lessen funding available for conservation and business as usual*

*The impact has been huge. Appealing to the lowest common denominator, to try to attract different audiences, allowing marketing staff to take over from curators in steering the direction and choice of exhibitions. When you must factor heavily the profitability of an exhibition you then start making curatorial decisions based on this factor which effect the integrity and quality of the exhibition. To hold a National Institution to ransom by making them find creative sources of funding leads to compromise.*

Many members emphasised private sector support is generally short term and/or one off, unreliable and can be affected by economic cycles. The factors that drive people to donate are complicated and varied, and often rely on factors such as self-interest or personal identification with a cause<sup>51</sup>. Members noted that often money that is donated or raised is tied to a specific project, not necessarily the work that needs to be done. This means that the agencies that receive private sector support may not be the same agencies that need this support the most. It is important that funding for these organisations is not left to the whims of the private sector. These agencies need guaranteed adequate public funding to ensure that Australia's art and culture is preserved, staff are not overworked, and exhibitions continue and are able to travel to regional areas.

*Public funding is neutral and funds the everyday operation of an institution. Private funding must be "won" by "attractive" and "interesting" projects. It's not something that can be relied upon as a "regular" source of income from year to year, for the "business as usual" activities.*

*Too inconsistent - sometimes support is only short-term or for something specific. It means an added burden trying to get that support and such support is not always forthcoming. It could also lead to a skewed collection as only niche things might be supported by certain groups. Neutrality could be lost; too as private support might not want controversial or non-mainstream things which are supposed to be represented in the collection*

*This private sector support is unreliable, comes with caveats and conditions, and is fickle so that we can never plan. We become continual spruikers of our collection, and only the "sexy" or marketable projects get supported, instead of the ones which will only hold true value in the years to come. Everything is short term, last minute and inefficient as we continually scrabble to create, promote and sell projects, which we can then quickly get up and running with an immediately visible pay off.*

*It isn't a sustainable funding model and can mean less emphasis on the areas of the collection that need to be focused on, rather than what will attract funding. External funding usually then drives the focus of the institution so we can be seen to be achieving, are a good investment & attract more funding, rather than being led by what is best for the collection.*

Members provided many examples of important work done by national institutions that the private sector and philanthropy are unlikely to support. These included collection preservation, long term research and in deputy publications, access to archival and immigration information, cataloguing work, digitisation, registration, general administration, building maintenance and storage.

*Preservation activities are not always glamorous and even the ugly and boring need to be reserved, not just the beautiful and spectacular.*

*Preservation is niche, so is warehouse storage which is incredibly important for our passive preservation needs, but who wants a wing of a warehouse in an outer suburb named after them? There is so much energy spent on branding, trying to communicate what we do, what is in the collection & how to engage with it, having a sponsor or sponsors logo prominently displayed can muddy the waters.*

*Cataloguing work is important as it provides access to researchers and others to the documentary history of the nation. It is also relied upon by small libraries who do not have the budgets nor staff for cataloguing work. However, cataloguing is not a glamorous undertaking so is not something that attracts support unless it's for a high profile specific collection which is treated as a project.*

*The private sector and philanthropy are an excellent source of funding for attractive projects, where the material involved is particularly interesting and the concept can be easily 'sold'. Unfortunately, most of collection material is not easy to 'sell' in this way even though the research value of the material is undeniable. This means that without appropriate government funding a large portion of the collection is unlikely to receive the benefits of technological innovation, such as digitisation.*

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<sup>51</sup> Department of Family and Community Services (2005). Giving Australia: Research on Philanthropy in Australia Report. pp 30-35.

The ceasing of funding to Trove provides a good example of what can occur when there is reliance on private funding rather than Commonwealth funding for the public good. The NLA has a significant digital collection which feeds into Trove, a public research database the NLA has made available since 2009. Reportedly accessed by more than 70,000 users daily<sup>52</sup>, Trove has been described as 'a type of digital aggregator that pulls together historical material from sources, including other institutions, all over Australia'<sup>53</sup>.

The 2016-17 Budget cut funding for Trove (which has since been restored). This meant that it was reliant on funding from state and territory libraries and community organisations to continue digitisation. While the infrastructure continued to be funded by contributors, the aggregation of content from universities, museums, galleries, archives and other organisations stopped.<sup>54</sup>

Finally, it is worth noting that often private donations do not come in the form of cash. For example, the NGA head stated "*traditionally and historically, most of the nongovernment contributions to the NGA have been through donations to the collection. these have been fantastic donations, but they are not cash donations; they are simply additions to the collection.*"<sup>55</sup> These donations of works are an undeniably valuable component to growing collections, but they do not enable the institutions themselves to determine the areas in which collecting is undertaken.

Given the vital role in preserving and disseminating our history, and mandates requiring this, our cultural institutions should not be required to seek significant non-government funds to continue their work.

## Conclusion

*We are wasting such an important opportunity to use our cultural institutions as community hubs of creativity, learning, support and wellbeing. While the tax payer is paying for these public spaces we should be deepening our engagement and make them more relevant. We need vision and support from our politicians to be able to achieve this.*

- CPSU member

The funding model for our national institutions is broken. Years of budget cuts have eroded their core functions, resulting in reduced activities and cuts to community outreach. The demands of an online presence and digitalised collections has increased pressure on each institution and the average staffing level cap has driven the outsourcing of work to labour hire and contractors.

The damage caused by Budget cuts has reached a point where the Australian public is worse off, experiencing reduced services, and poor value for investment. In many instances, it has compromised the collection and recording of Australia's cultural heritage in a way which cannot be easily be repaired, replaced, fixed or overcome even when more money is available in the future.

Private sector funding, commercial activities and philanthropy cannot, and arguably should not, fill the gap caused by budget cuts. It cannot generate enough revenue, and it does not secure long-term core functions like preservation and collection. What national institutions need is for the Government to recognise that they are not like other agencies, they have unique characteristics and play a key role in preserving our cultural heritage, and as such must be funded properly.

<sup>52</sup> Alexandra Back (2016, March 11). Australian and international arts institutions, researchers throw support behind Trove. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/australian-and-international-arts-institutions-researchers-throw-support-behind-trove-20160307-qncn97.html>.

<sup>53</sup> Paul Daley (2016, March 15). National Library's trove: a great digital democracy under threat. Guardian Australia. Retrieved from: <http://www.theguardian.com/books/2016/mar/14/national-librarys-trove-a-great-digital-democracy-under-threat>

<sup>54</sup> Stephen Jeffery (2016, December 11). Outside funding pays for new Trove content after National Library cuts. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/outside-funding-pays-for-new-trove-content-after-national-library-cuts-20161208-qt6pxw.html>

<sup>55</sup> Parliament of Australia (2017, May 24). Estimates (Hansard). Senate Environment and Communications Legislation Committee. Retrieved from [http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc\\_pdf/Environment%20and%20Communications%20Legislation%20Committee\\_2017\\_05\\_24\\_5043\\_Official.pdf;fileType=application%2Fpdf#search="committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/0000"](http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/ce2e003c-8d74-483c-817a-e4eef15baf8/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2017_05_24_5043_Official.pdf;fileType=application%2Fpdf#search=)

As recommended in the 2008 Joint Committee on Public Accounts and Report, there should be the development of a new funding model that recognise the importance of funding the mandate for growth and development of collections and the proportion of their expenses apportioned to depreciation.<sup>56</sup>

There is so much more potential for our national institutions, but the current arrangements are holding them back. One member best summed up the situation:

*We do amazing things even in the currently straitened financial circumstances. But there are so many more amazing and innovative things we could do if we weren't perpetually operating with a skeleton staff.*

The CPSU is more than willing to work with the Government to fix the current situation for our national institutions. As a sign of good faith and acknowledgement, the Government must end the efficiency dividend and exempt cultural institutions from the efficiency dividend. The Government should also end the average staffing level cap to let national institutions allocate resources more effectively to meet their needs.

**Recommendation 1:** The Government repairs some of the damage done with an immediate funding injection without restrictive caveats so that damage to core functions can be repaired.

**Recommendation 2:** The Government exempts the cultural collecting agencies from all future efficiency dividends.

**Recommendation 3:** The Government works with the CPSU to develop a funding model that recognises the unique characteristics of cultural institutions.

**Recommendation 4:** The Government ends the average staffing cap associated with its Smaller Government agenda, which is driving outsourcing and the use of labour hire.

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<sup>56</sup> Joint Committee of Public Accounts and Audit (2008). Report 413: The efficiency dividend and small agencies: size does matter, Commonwealth of Australia, Canberra, Australia. p.xvi.