



**Canberra
Business
Chamber**

SUBMISSION PAPER

Inquiry into Canberra's National Institutions

8 May 2018

Contents

Introduction.	3
Addressing the Terms of Reference	3
Canberra Business Chamber Response.	3
The key Issues	3
About Canberra Business Chamber	4
Background.	4
Business Objective.	5
ACT and the Region	5
National	5
Recognising the Value of National Institutions Support	6
Developing National Institutions Value	6
Cultural Value	6
Fisical Imperatives	6
Conclutions.	7

Introduction

The Canberra Business Chamber supports the Joint Standing Committee on the National Capital and External Territories inquiry into Canberra's national institutions. The Chamber welcomes the broad scope in which the Committee is prepared to look at this matter and seeks to put forward information to assist the Committee with its deliberations. The Chamber would also welcome the opportunity to present before the Committee to elaborate on any of the matters discussed within this submission.

Members of the Chamber are interested in business growth and prosperity of the Canberra and the region and recognise that the Canberra's national institutions play a significant role in both local and international business.

Addressing the Terms of Reference

Whilst the response provided by the Chamber does not specifically respond directly to each of the identified Terms of Reference, our input provides a business perspective of the value and worth of Canberra's national institutions. We do not have the expertise to provide detailed suggestions about innovative service delivery, this is a matter best advised by the institutions themselves. Our response goes to the crux of the matter which is about the preservation of national collections in the interests of all Australians and the need to fund them accordingly. Without the appropriate funding, brand development, online and interactive service delivery (beyond Canberra) including outreach programs are not possible to a standard that is befitting of the national collections. Further detailed scoping work needs to be undertaken regarding governance structures as they provide the platform to unlock future income streams and private sector support.

Canberra Business Chamber Response

The Key Issues

Recognise the cultural worth of the national institutions and their contribution to national identity. This includes the need to explore alternative economic budget modeling for national institutions that recognise cultural value. The qualitative data from these institutions fail to represent the benefits of culture in a manner that is commensurable with competitive bids from other sectors with equal calls on the public purse. The accounting of the cultural value of our national institutions would allow decisions to be made based on a holistic view of these institutions and the value that results from public investment.

Exempt the national cultural institutions from the efficiency dividend, maintain appropriate Average Staffing Levels (ASL) and restore funding to an appropriate level. Ongoing efficiency dividends since 1987 achieved its initial intention of driving efficiencies and reducing ASL levels. However, 30 years later, the application of an efficiency dividend on relatively small Government bodies means that their ability to curate and grow their collections and diversify their service delivery is restricted. Current funding for these national institutions is on par with their 2007 budgets which doesn't account for CPI, wages growth and increased utility costs. This means the effective funding of these institutions is below 2007 funding levels. Governments of any persuasion can not expect that reductions in funding beyond current levels will not have an impact on the national assets housed within these cultural institutions.

Innovation in services delivery is hampered by current funding models and governance.

Significant work has been undertaken globally on the sharing, curation and delivery of collections both physically and electronically. Access to technology and expertise to drive innovation is a key component to diversifying the service delivery. Resourcing of the institutions needs to reflect the specialist nature of this type of initiative which may need to include a review of the governance arrangements that provide greater freedom to enter into commercial arrangements.

This may also include the promotion of the national institutions as a collective and better cross promotion. The critical mass of Australian creativity, culture, history, knowledge and research in Canberra provides an opportunity to attract international and domestic visitors for the benefit of all the institutions. Increasing visitor numbers and a more integrated visitor experience approach could foster innovative service delivery models that would otherwise not be possible as standalone institutions.

About Canberra Business Chamber

The Chamber is an employer organisation representing over 5,000 organisations and businesses in direct membership, and over 10,000 affiliated industry and association groups across the ACT Region. Members of the Chamber are typically small to medium sized businesses and community organisations.

The Chamber's aim is to represent the interests of the private sector, by providing access and avenues for members and industry to both Federal and Local Government to assist shape and develop policies that are in the best interest for ACT business.

This submission is in response to the Joint Standing Committee on the National Capital and External Territories inquiry into Canberra's national institutions.

Background

The Chamber welcomes the inquiry into Canberra's national institutions as a means of opening the dialogue with the broader community about the value and worth of these institutions and their increasing importance to the fabric of the nation and its identity. Whilst we were disappointed that the Terms of Reference did not specifically identify a broader economic assessment of the worth of these institutions it is a crucial factor when looking at their viability and relevance and commensurate funding.

Cultural and creative institutions, including museums and galleries, have found themselves under many accountability pressures in recent years. Such pressures have several origins, including: government demands for 'delivery', changing public attitudes to institutions and fashion in the measurement of outcomes¹.

Museums and galleries deliver many benefits to individuals, communities and the economy, not least of which include the promotion of cultural tourism, which leads to positive economic impacts and strong community identity. This also includes the roles that these institutions play in fostering international leadership around culture and the way in which this contributes to diplomacy.

As the Australian Institute for the Conservation of Cultural Materials pointed out, 'museums and galleries have a strong part to play in both cultural tourism and the development of liveable cities'².

The Chamber recognises that the primary focus of this inquiry is squarely on the national institutions' and the innovative delivery of services to underpin their ongoing viability. However, the Committee needs to recognise that these institutions have a symbiotic relationship with ACT businesses. These businesses are an integral part of the successful visitor experience for these institutions. Without the supporting infrastructure of transport services, accommodation, services and food, the visitor experience, well before stepping through the institutions front door, will be hampered.

1. Museums and Galleries in Britain, Economic, social and creative Impacts, Tony Travers, London School of Economics, December 2006.

2. Museums and galleries in New South Wales, First Report, 18 December 2017, NSW Submission 50, Australian Institute for the Conservation of Cultural Materials, p 6.

Business Objective

ACT and the Region

The prime concern for ACT businesses is to maintain their competitiveness, recognising that they compete with businesses in other States and regions, including the wider Capital Region, and internationally.

ACT businesses vary widely in their employment, scale and market focus across a wide variety of industry sectors, as defined by the Chamber and the Australian Bureau of Statistics (ABS). Around 97% of these businesses are small to medium enterprises (SMEs), employing zero or less than 20 people.

Canberra's national institutions are an important tourist attraction that does create economic benefit across the region.

National

Canberra's national institutions are the nations assets and attract visitors domestically and internationally. These institutions are custodians of collection of artwork, sculpture, artefacts and other objects of artistic, cultural, historical, or scientific importance.

Favourable terms of trade, continued positive promotion campaigns and efforts of the many tourism businesses and their employees mean the visitor economy continues to grow much faster than the rest of the economy. In 2016-17, tourism GDP increased by 4.9% compared to 2% real GDP economy wide, a \$54.7 billion contribution to the economy – driving growth in jobs and export earnings. Tourism employment saw an increase of 3% compared to the national average of 1.3%. This is an increase of 17,500 people in direct tourism employment for the year to June 2017. The latest international visitor numbers indicate growth of 7 per cent in the year to September 2017.

Government forecasts tell us that international visitors to Australian are likely to rise to 15 million in 2026-27³. This is an 87% growth on 2016-17 numbers when we had 8 million visitors. This demonstrates the dramatic rise that can occur over the medium term including the increase in economic growth and jobs.

By 2026-27 total tourism spend will provide a \$225 billion stimulus to Australia's economy⁴ that would make it close to Australia's biggest export earner. With domestic tourism expenditure also expected to grow substantially, the visitor economy could be one of the biggest drivers of new Australian jobs in the next decade.

Importantly continued growth in visitor numbers will also boost revenue collection for the Government producing substantial increases in collections of ticket tax (passenger movement charge), boosting GST collection and building on the more than \$8 billion in tax already contributed by the sector.

However, achieving or if possible exceeding these growth predictions is not guaranteed⁵. Ongoing and persistent promoting of Australia and its value proposition as a visitor destination is required. Iconic Australian locations and national institutions should be the flagship of these promotions which could be better utilised to promote the national institutions in Canberra. This would grow visitor numbers across the national institutions, engage visitors in a richer Australian cultural experience, stimulate economic growth and boost Government revenue.

3. Tourism Research Australia, 2017, p.1.

4. Tourism Satellite Account, 2016-17, p.3.

5. Australian Chamber – Tourism: 2018-19 Pre-budget Submission December 2017.

Recognising the Value of National Institutions Support

The national institutions provide the country with an understanding of its history, propagate ideas, debate or knowledge; provide a stepping-stone into Australia's culture and life; create intergenerational links and understanding. They also help the government deliver educational or social initiatives by reacting to current affairs and providing a context for analysis and promoting Australian ideas and creativity overseas. Their outreach programs support this through providing greater access to the collections and greater brand recognition of the institutions.

Developing National Institutions Value

Access to collections and knowledge held within these institutions through travelling exhibitions, programs and the lending of collections to regional galleries and museums etc. is a fundamental way of promoting Australian culture and heritage and more importantly sharing the nations assets. Due to the costs involved in such outreach programs there has been a notable reduction in the presence of such events.

Alternative ways to access the collections through online and other activities needs to be explored. Many international cultural institutions have online access to collections to reach a greater audience and promote the institution. However, this may not be appropriate for some collections and requires a great deal expertise in the curation to ensure currency and rich visitor experience to support the institutions brand.

Internationally there has been extensive work in developing cultural institutions brands and online/virtual experiences and programs that engage the public using latest technology and innovations. Many of these innovations have come from partnering with the private sector in ways that allow collections to be viewed from different perspectives and context.

Cultural Value

21st century cultural institutions are places of transition. The populations which they serve are increasingly diverse. Technology is altering the ways in which information is accessed and the processes by which culture is formed. As public institutions, museums and galleries are expected to be responsive and adaptive to these changes at a time when public investment is decreasing. These institutions must compete for public resources by justifying the value they contribute to individuals and to society. This justification has for far too long been based on bottom line operational costs and revenue and does not consider the cultural value of these institutions.

Fiscal Imperatives

One of the key issues impacting the financial viability of many national institutions is the need to deliver efficiency dividends. The Federal Government's annual efficiency dividend is applicable to all government departments including cultural institutions. This has resulted in several institutions undertaking organisational reviews and workforce planning processes to ensure long term sustainability and maximise efficiency. Many of these institutions have small comparative Average Staffing Levels (ASL) compared to other government departments. The Commonwealth has imposed an efficiency dividend on national cultural institutions since 1987.

The efficiency dividend, an annual funding reduction for Commonwealth government agencies, has been in place for more than 30 years. While it is by no means the only mechanism by which the government seeks efficiencies in its operations, the efficiency dividend is 'the most readily acknowledged across-the-board budget mechanism for promoting improvements in agencies' efficiency'. The dividend has attracted attention in recent years in relation to increases (particularly the application of additional imposts over and above the ongoing annual reduction) and its impact on agencies.

The Government's assessment of the cultural institutions in Australia is that they are worth more than \$10 billion. Curation of these valuable assets is not 'optional', they belong to the Australian public and should be maintained to preserve our cultural identity and heritage.

Conclusions

The Chamber recognises that the inquiry into Canberra's national institutions is focused on the sustainability of these institutions through innovative service delivery methods and governance structures. However, the value of these institutions to the nation goes far beyond the bottom line.

The Chamber is fully aware that the economic viability of the nation's institutions and the increasing pressure on the Federal Budget to fund both operations and infrastructure. However, there needs to be broader thinking around how these institutions contribute to the nation's identity, knowledge capital and need to be funded accordingly to ensure their ongoing viability.

The value of these institutions beyond the quantitative measures needs to be considered to ensure there is a more holistic approach to decision making. This is particularly important with any fiscal decision making relating to public investment.