

PART THREE
Accountability and management

STATEMENT ON GOVERNANCE

The National Museum of Australia guides the delivery of its outputs through its corporate governance framework as well as through a number of management initiatives and other corporate activities.

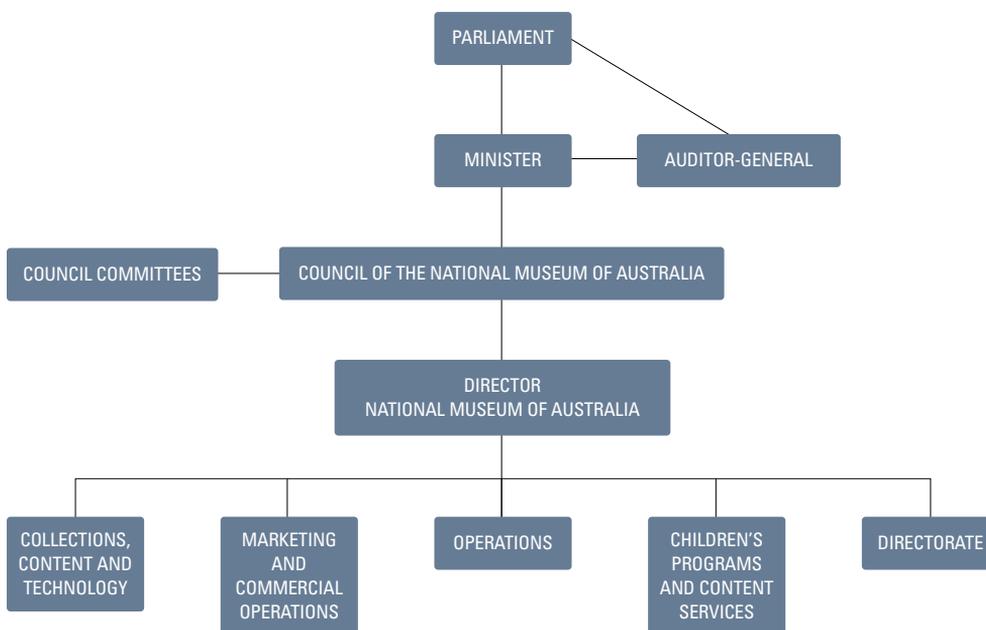
LEGISLATIVE FRAMEWORK AND PORTFOLIO STRUCTURE

The Museum's key corporate governance and accountability legislation include:

- the *National Museum of Australia Act 1980*, which established the Museum as a Commonwealth statutory authority, and the *National Museum of Australia Regulations 2000*. This legislation defines the National Museum's role, functions and powers including its corporate governance framework
- the *Commonwealth Authorities and Companies Act 1997*, which provides a single set of core reporting, auditing and accountability requirements for directors of Commonwealth authorities such as the National Museum of Australia. It deals with other matters such as banking and investment and the conduct of officers. It also states that directors are responsible for the preparation and content of the report of operations in accordance with the *Commonwealth Authorities and Companies (Report of Operations) Orders 2002*
- the *Public Service Act 1999* which covers the powers of the Director of the National Museum in relation to the management of human resources.

The functions and powers of the Museum are in Appendix 2.

The Museum's chain of reporting and accountability to the Government at 30 June 2003 was:





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■ *The Council of the National Museum of Australia (left to right): David Barnett, Marcus Besen, Ron Webb, Dawn Casey, Andrew Reeves (until November 2002), Tony Staley, Sharon Brown, John Thame, Cathy Santamaria. Absent: Benjamin Chow, Christopher Pearson.*

NATIONAL MUSEUM OF AUSTRALIA COUNCIL AND COMMITTEES

The Council of the National Museum of Australia is responsible for the overall performance of the organisation including the strategic direction and establishment of goals for management. The Council works with senior management in developing, executing, monitoring and adjusting the appropriate strategies.

The *National Museum of Australia Act 1980* provides for a Council comprising a Chairman, the Director and not less than seven or more than ten members. All members are appointed by the Governor-General and, apart from the Director, are part-time and appointed for terms of up to three years, although terms of appointment can be extended. The Director is appointed for a period not exceeding seven years.

The current membership of the Council provides a mix of relevant skills and experience in the areas of business, financial and strategic management, journalism, museum management and government policy and administration. Remuneration for non-executive members is determined by the Commonwealth Remuneration Tribunal.

During 2002–2003, one member was appointed to Council for a term of three years, three members were reappointed to Council for a term of three years and one member reappointed for one year. The term of one member lapsed on 24 November 2002. The Council usually meets every two to three months, and four meetings were held during 2002–2003. Details of Council members are in Appendix 1. The Executive Director, Arts and Sport from the Department of Communications, Information Technology and the Arts attends Council meetings as an observer.

As part of its ongoing commitment to maximise its performance, enhance the quality of Council discussion and decision-making, and to ensure that it is kept up-to-date with Government changes to corporate governance responsibilities, the Museum provides Council members with corporate governance information as it becomes available, including Australian National Audit Office documents and guidelines.

The Council has policy and procedures for the disclosure and resolution of any matter which may give rise to actual or potential conflicts as a result of a matter to be considered by the Council. Members are required to make the nature of that interest known at the commencement of a Council meeting and details of such disclosures are recorded in the minutes of the meeting.

The Council has four committees to assist in the execution of Council responsibilities. These are the:

- Audit and Finance Committee
- Collections Committee
- Development Committee
- Exhibition Content Review Committee.

Details of Council Committees are in Appendix 1.

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group, consisting of the Director and four General Managers, provides strategic and operational leadership to the National Museum.



George Serias

■ General Managers Freda Hanley, Greg Andrews, Darryl McIntyre and Suzy Watson and Director Dawn Casey

INTERNAL AND EXTERNAL SCRUTINY

INTERNAL AUDIT

An external provider, KPMG, was engaged during the year to provide internal audit services for the next three years. The major focus of the 2002–2003 program was directed to human resource and financial management arrangements within the Museum.

EXTERNAL AUDIT

The Australian National Audit Office (ANAO) continued to audit the Museum's annual financial statements.

The ANAO's performance audit of risk and insurance management in government agencies was completed during the year, and its report is expected to be presented to parliament late in 2003.

RISK MANAGEMENT AND FRAUD CONTROL

As part of the Government's public sector requirements, all Commonwealth agencies are required to have risk management plans aimed at efficient and effective delivery of government programs and at promoting sound business practices.

The Council Audit and Finance Committee and Museum management ensure that appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place and are effective.

Consolidation of the National Museum's risk management framework during the year contributed significantly to the staff's individual and collective understanding of the importance of effective risk management.

This consolidation was achieved by the Risk Management Unit, senior management and the cross-divisional Risk Management Working Group working cooperatively to establish an increased individual and collective understanding by staff of the importance of effective risk management. Particular activities included:

- development of a corporate risk register, risk treatment schedule and risk management instruction manual to accompany the Museum's risk management plan
- the integration of risk management into the business planning for all of the Museum's public programs and significant public events
- risk management and insurance included as a standing item in the Director's report to each Council meeting ensuring that the Council has a formal role in the monitoring of risk management and performance
- external consultants, Walter and Turnbull, were engaged to draft a fraud risk analysis plan consistent with the Commonwealth's Fraud Control Policy. It is expected that Council will consider this early in 2003–2004. Training for staff will accompany implementation of the plan.

The Museum intends to review its risk management plan in the second half of 2003–2004 and risk management training courses for staff will commence in late 2003.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* requires each Commonwealth Government agency to publish a statement setting out its role, functions, decision-making powers, consultative procedures, the documents available for public inspection, and access to such documents. This statement is available in Appendix 12.

There were three formal requests made for access to documents under section 15 of the Act. These requests concerned:

- the Museum's funding review for the 2002–2003 Budget
- the Government's reappointment of the Director in December 2002
- the Review of Exhibitions and Public Programs.

PRIVACY LEGISLATION

The Museum provides information as required to the Privacy Commissioner for inclusion in the *Personal Information Digest*. No reports by the Privacy Commission under section 30 of the *Privacy Act 1988* concerning actions or practices by the Museum were received during 2002–2003.

MAJOR REVIEWS

Two major reviews of the Museum's programs and operations were conducted during the year. These were:

Review of Cultural Agencies — Encouraging Best Practice

This review was undertaken by the Government to examine current operational practices and emerging issues for 11 cultural agencies including the Museum, the National Library of Australia, the National Gallery of Australia, the National Archives of Australia, the Australian National Maritime Museum, the Australia Council, the Australia Business Arts Foundation, Film Australia Ltd, Film Finance Corporation Australia, the Australian Film Commission and the Australian Film, Television and Radio School. The review also considered the long-term funding and governance arrangements of the Bundanon Trust and the National Institute for Dramatic Art.

The review concluded that cultural agencies compare favourably to best practice benchmarks for both corporate and operational activities. Review recommendations included a number of proposed collaborative initiatives, including achievement of economies of scale and rationalisation of costs for storage of collections, development of strategies to maximise investment in and management of digitisation activities, examination of potential benefits to share conservation facilities across the agencies, and development of data and research into entry fee impacts.

The review also established new funding arrangements for the preservation of the national collections.

The current arrangements of free admission to the Museum and paid entry to major temporary exhibitions, as well as for some public programs, is to continue.

Review of Exhibitions and Public Programs

At its meeting on 1 November 2002 Council approved the terms of reference for a review of the Museum's exhibitions and public and schools programs as well as the membership of the review committee. The terms of reference were to:

1. examine the aims and content of the Museum's exhibitions, both permanent and temporary, and schools and public programs. The examination will include the following:
 - (i) whether the Museum has complied with its role and functions as set out in the *National Museum of Australia Act 1980*, its charter and other relevant documents
 - (ii) whether the Government's vision in approving funding for the development of the Museum has been realised.
2. consider and make recommendations on the future priorities to be addressed by the Museum, including the continuing relevance of its Act, in the development of permanent and temporary exhibitions and schools and public programs.

The members of the Review Committee were

- Dr John Carroll, Reader in Sociology, La Trobe University, Melbourne (Chair)
- Mr Richard Longes, Director, Investec Australia Ltd Investment Bank
- Dr Phillip Jones, Senior Curator of Anthropology, South Australian Museum
- Dr Patricia Vickers-Rich, Professor of Vertebrate Palaeontology and Director of the Monash Science Centre, Monash University, Melbourne.

In accordance with section 15 of the *Commonwealth Authorities and Companies Act 1997* which requires agencies to advise the responsible Minister of significant events, on 1 November 2002 the Minister for the Arts and Sport was advised of the review's terms of reference and the membership of the Committee.

The Chairman of the Museum's Council publicly announced the commencement of the review on 3 January 2003. A secretariat was established within the Department of Communications, Information Technology and the Arts to manage the conduct of the review, in particular the seeking of submissions and undertaking consultations.

The Director of the National Museum presented a major written submission to the Review Committee, a copy of which is available on the Museum's website, and provided substantial background information and documentation in response to specific issues and questions raised by committee members. The Review Committee also met with the Museum's Council and the Museum's Director and senior staff, as well as calling for public submissions and meeting with academics, museum specialists, heads of related institutions and experts in a variety of relevant disciplines to discuss exhibitions and programs and to identify issues that should shape the Museum's future development.

The Chair of the Review Committee is expected to present the Committee's report to the Museum's Council on 15 July 2003.

FORMAL DECISIONS/NOTIFICATIONS/MINISTERIAL DIRECTIONS

There have been no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the Museum's operations. In July 2002, the responsible Minister advised the Museum of a new general policy regarding foreign exchange risk management and in May 2003 the Council was advised of a new general policy on cost recovery.

SIGNIFICANT EVENT

In accordance with section 15 of the *Commonwealth Authorities and Companies Act 1997* which requires agencies to advise the responsible Minister of significant events, on 1 November 2002 the Minister for the Arts and Sport was advised of the establishment of the Review of Exhibitions and Public Programs, its terms of reference and the members of the committee.

LEGAL ACTIONS

No legal actions were commenced against the Museum during the year.

OMBUDSMAN

No new issues or matters about the Museum were referred to, or raised with, the Commonwealth Ombudsman's Office.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

The establishment of an OHS framework to ensure integration of health and safety management into the Museum's daily operations was a high priority last year. This year the Museum placed considerable focus on the effective integration of OHS and risk management to manage the safety and health of all visitors, staff, volunteers and contractors on Museum sites.

During the year particular emphasis was given to:

- increasing the awareness of front of house staff and volunteers to the important roles that they play in the management of OHS. These work groups were selected for separate attention because their work environments vary considerably from the office-based employment of other staff
- OHS training including courses for managers and supervisors to emphasise their specific responsibilities, and for plant operators to ensure that all relevant staff were trained and licensed as required.

The majority of the recommendations arising from the 2001 Comcare investigation were addressed during the year. The Museum intends to address the few outstanding matters by late 2003.

Elections were held during the year to ensure that all Museum sites had their full complement of health and safety representatives (HSRs), deputy HSRs, first aid officers and fire wardens. Relevant training was provided to new HSRs and first aid officers, as well as refresher training for designated first aid officers. Additionally, in recognition of the unique work environment on board the PS *Enterprise*, the Museum provided first aid training to volunteers.

The Museum's Occupational Health and Safety Committee, comprising the Safety and Risk Manager, HSRs and management representatives, met four times during the year to assist with the implementation of the OHS framework and address operational issues affecting all Museum activities. This committee is responsible for the development, implementation and distribution of safety guidelines for the Museum, and the monitoring of safe work practices and related training for staff.

The site safety teams in each Museum site continued workplace inspections and hazard reporting and worked closely with the Safety and Risk Manager to improve levels of workplace safety.

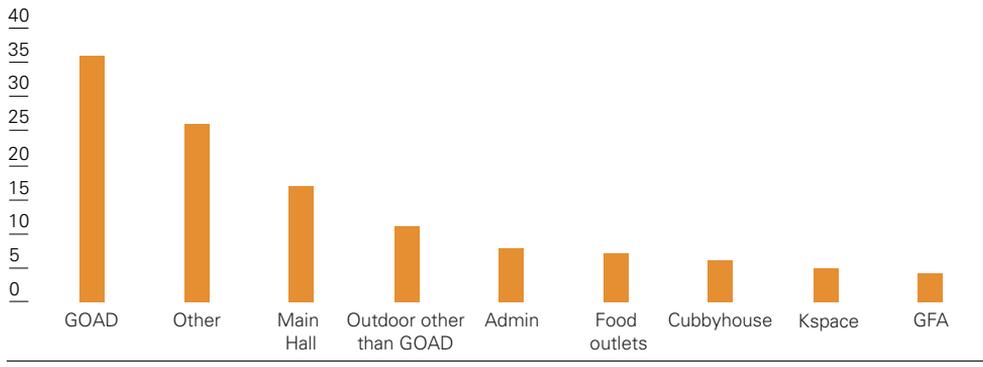
Some of the key safety improvements made during the year included the:

- significant redesign of the bus and coach parking area, including the installation of speed bumps and improved signage to reduce the speed of transiting vehicles — undertaken after extensive consultation with the National Capital Authority, ACT Department of Urban Services, Action Buses and the Bus and Coach Association
- replacement of the gravel surfaces in the Garden of Australian Dreams with black 'soft-fall' recycled rubber to reduce the risk of visitors slipping — selected in consultation with various suppliers, other organisations and the architect responsible for the design of the Garden
- introduction of control measures, such as padding on posts and impact matting in the cubbyhouse area, a dedicated children's space near the Nation gallery — undertaken to prevent potential injury, especially to children.

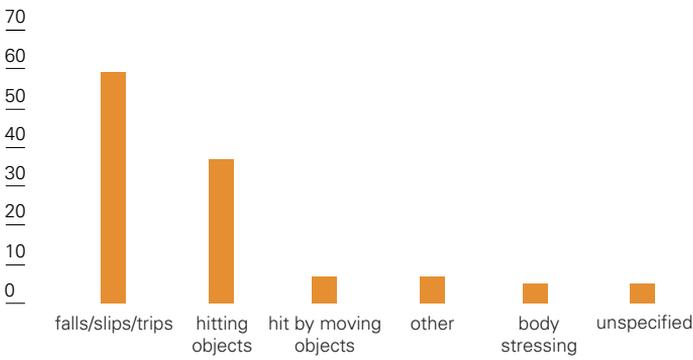
In recognition that safety for contractors on site at the Museum is also important, a contractor site book was developed and released during the year. This book is aimed primarily at improving contractor safety awareness and applies to their work practices while on Museum sites.

There was an increase in the total number of injuries reported by staff, visitors and contractors, with 134 injuries compared to 105 the previous year. However, all but four of these injuries were of a minor nature and there was a decrease in the number of serious injuries and dangerous occurrences. The introduction of new streamlined incident reporting procedures at the commencement of the year, together with greater staff awareness of the need to report all incidents, may have contributed to this increase in figures.

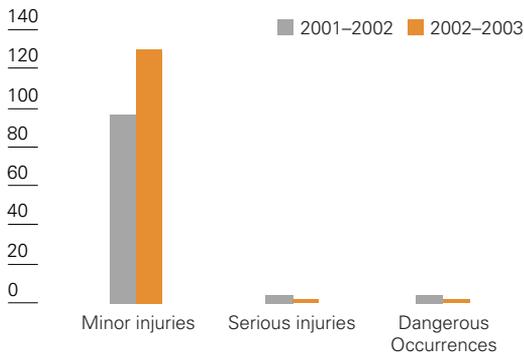
Four incidents were reported to Comcare in accordance with section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. There were no fatalities or provisional improvement notices recorded during the period.



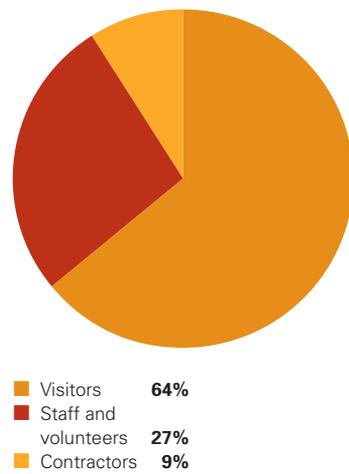
Location of injury



Causes of injury



Category of incident



Category of person injured

INDEMNITIES AND INSURANCE

In accordance with section 16 of *Commonwealth Authorities and Companies (Report of Operations) Orders 2002* which requires reporting on indemnities and insurance premiums for officers, the Museum confirms that it has:

- directors and officers' liability insurance cover through Comcover, the Commonwealth self-managed insurance fund
- not entered into any deeds of indemnity in relation to directors and officers' liability.

A review of insurance coverage was undertaken by the Museum to ensure that its insurance cover was appropriate for its activities. The risk management strategies and activities implemented by the Museum resulted in it being qualified to receive the maximum five per cent discount offered by Comcover under its Risk Management Benchmarking program.

SERVICE CHARTER

The Service Charter was revised during the year to ensure it reflected the new range of facilities and services offered by the Museum, as well as the standards of service which visitors can expect. It is now available via the Museum's website (www.nma.gov.au) and will also be available in pamphlet form in 2003–2004. The new charter is contained in Appendix 13.

The Museum's complaint handling procedure was also reviewed during the year and a dedicated email address, yourcomments@nma.gov.au, was put in place. Mechanisms for monitoring, responding and recording complaints were also upgraded.

Visitor feedback is an effective way to identify where operational changes should be made by the Museum. During the year, more than 1488 written comments were received from visitors regarding its services, programs, exhibitions, the building and facilities. Most of the feedback represented questions or suggestions, with 25 per cent of the remaining comments positive and 12 per cent negative. Most of the negative comments related to wayfinding and lighting issues and these were addressed by the Museum during the year through its reviews of wayfinding and lighting.

ENVIRONMENTAL PERFORMANCE AND ECOLOGICALLY SUSTAINABLE DEVELOPMENT

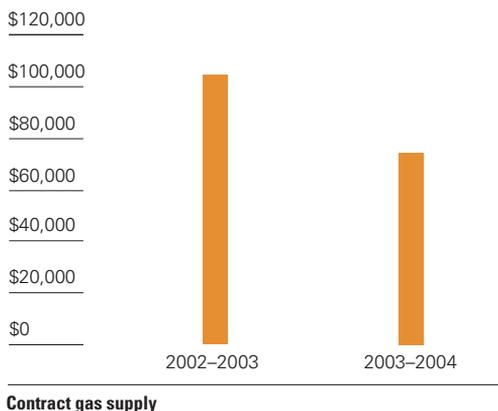
In accordance with section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*, government agencies have been required since 2000–2001 to include in their annual reports information detailing the environmental performance of the organisation and the organisation's contribution to ecologically sustainable development (ESD).

On a broad ecological scale, the Museum continued its commitment to resource conservation through improved energy management and the implementation of a number of sustainable resource use initiatives. The table below details the Museum's activities during 2002–2003.

SECTION/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
Section 516A(6)(a)	How the activities of the organisation accord with the principles of ESD	<p>The Museum's commitment to the promotion of ecologically sustainable development is demonstrated through its exhibition content, its schools programs, its public programs and its administrative and decision-making processes. For example, the Tangled Destinies gallery emphasises the interrelationship between human history and the land, and public programs such as the <i>23° South</i> conference and specific schools programs also play their part in promoting ESD.</p> <p>The Museum promotes, whenever possible, a sustainable environment by contributing to the protection and improvement of the Canberra environment through its partnership with the Australian National University, Australian National Botanic Gardens, CSIRO Black Mountain, Environment ACT, Lower Sullivans Creek Catchment Group and the National Capital Authority. The Museum contributes both expertise and funding to the Lower Sullivan's Creek Catchment ecological survey which is a nationally significant project, aiming to develop a bio-diversity management plan for the Lower Sullivans Creek Catchment area</p>
Section 516A(6)(b)	How the administration of legislation by the organisation accorded with the principles of ESD	<p>The Museum's functions, as set out in the <i>National Museum of Australia Act 1980</i>, are consistent with the goal of ESD, that is programs which 'improve the total quality of life, both now and in the future, in a way that maintains the ecological processes on which life depends'.</p> <p>In summary, the Museum's functions are to:</p> <ul style="list-style-type: none"> • develop and maintain a national collection of historical material • exhibit historical material from the National Historical Collection or historical material that is otherwise in the possession of the Museum • exhibit material that relates to Australia's past, present and future • conduct research relating to Australian history • disseminate information relating to Australian history <p>Also see (a) above</p>

SECTION/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
Section 516A(6)(b)	How the outcomes specified for the organisation in an Appropriations Act contribute to ESD	<p>The Government's outcome for the National Museum as specified in the 2002–2003 Portfolio Budget Statement is that:</p> <p>'Australians have access to the National Museum's collections and public programs to encourage awareness and understanding of Australia's history and culture.'</p> <p>An increased awareness and understanding of Australia's history and culture by the public is relevant to ESD principles although not directly contributing to ESD</p>
Section 516A(6)(c)	The effect of the organisation's activities on the environment	<p>The following activities have the potential to affect the environment:</p> <ul style="list-style-type: none"> • the delivery of programs at Museum sites on Acton Peninsula and Mitchell, Canberra • the carrying out of administrative operations of the organisation <p>See (d) below</p>
Section 516A(6)(d)	The measures (if any) taken by the organisation to minimise this impact	<p>Energy savings were achieved through the implementation of lighting strategies and a new building management system, the provision of a power factor correction which is aimed at reducing the overall operating cost by \$8000 per annum, and the revision of the existing gas contract</p> <p>Review of the Museum's recycling program led to an increase in paper, toner cartridge and glass/plastic bottles recycling in the administration areas as well as day-to-day waste in the café areas</p> <p>Ensuring all cleaning chemicals used by the Museum's cleaning contractors met the specifications set out in AS/ANZ ISO 14001:1996 'Environmental Management Systems — Specification with guidance for use' and AS/ANZ ISO 14004:1996 'Environmental Management Systems — General guidelines of principles, systems, and supporting techniques'</p> <p>Installation of a new energy monitoring system together with independent monitoring of the heating, ventilation and air conditioning system to enable tracking of energy usage at Acton</p> <p>Following a review of gas usage, the annual contracted quantity of gas was reduced, resulting in a 28% saving in gas energy costs in 2002–2003. See table below</p> <p>Changes to exhibition lighting with the replacement of 50 watt dichroic lighting by 35 watt lighting thereby creating a higher light output but reduced colour fade. The lighting will also reduce energy lighting costs by approximately 10–15 per cent in 2003–2004</p>

SECTION/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
		<p>Changes to the programming of the lighting control systems and reduction of the wattage of lighting in the Hall from 500 watts to 300 watts resulting in reduced power consumption, increased lamp life and improved lighting conditions on cloudy days. This methodology will be extended throughout the galleries and operational areas in 2003–2004</p> <p>Changes to the temperature and humidification control strategies improved the humidity control in the gallery areas and it is hoped will also lead to reduced energy consumption. The new energy monitoring system will also allow tracking of changes in energy usage when operational and control strategies are revised</p> <p>Ongoing protection of culturally significant sites on the Acton Peninsula, in conjunction with the National Capital Authority</p> <p>Provision of alternative homes for local arboreal mammals when disrupted by Museum works to ensure its impact on local wildlife is minimised</p>
Section 516A(6)(e)	The mechanisms (if any) for reviewing and increasing the effectiveness of those measures	The commitment made in last year's annual report to develop an Environmental Management Plan (EMP) has been progressed although the plan has not yet been finalised. It is expected that it will be implemented across the Museum by the end of 2003. The plan will incorporate guidelines for all Museum activities to reduce its environmental impact and promote efficient use of resources management of air quality, biodiversity, energy, waste and water on Acton Peninsula, as well as community and staff education. A review mechanism will be an integral part of the plan



DISABILITY STRATEGIES

The National Museum recognises the importance of the *Disability Discrimination Act 1992* in ensuring the identification and removal of barriers preventing people with disabilities from access to its programs and services, and the elimination by employers of discriminatory practices. It endeavours to meet its obligations under the Act through implementation of the *Commonwealth Disability Strategy* and the Museum's Disability Action Plan.

Details of the Museum's performance during the year in implementing the *Commonwealth Disability Strategy* is set out in Appendix 14.

ADVERTISING AND MARKET RESEARCH

In accordance with reporting requirements contained in section 311A of the *Commonwealth Electoral Act 1918*, the total payment by the Museum to advertising and market research organisations in 2002–2003 was \$1,156,449 and comprised:

- advertising agencies \$453,553
- market research organisations \$118,307
- media advertising organisations \$584,589

A detailed list is shown in Appendix 15.

OTHER ACCOUNTABILITY AND PLANNING MECHANISMS

STRATEGIC PLANNING

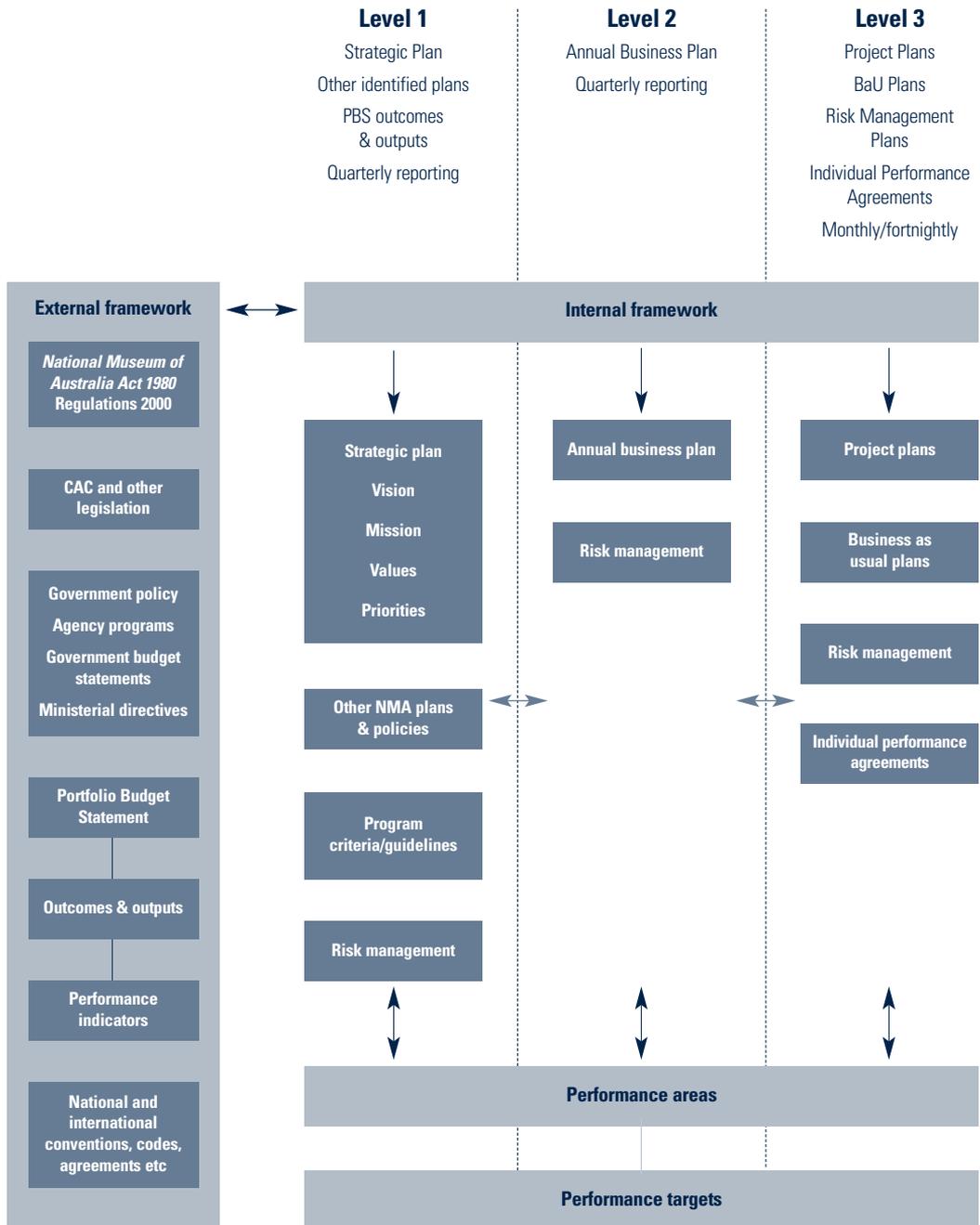
The staged development of a new five-year strategic plan commenced during the year. Phase 1, involving staff consultation and the identification of issues, was completed. Phases 2 and 3 have been delayed following the announcement of the Review of Exhibitions and Public Programs.

It is expected that the new Strategic Plan will be finalised in 2003–2004.

As part of its ongoing program of strategic development and review, the National Museum's planning, reporting and performance management system was updated during the year. Once implemented in 2003–2004, the new system will comprise:

- three levels of planning, reporting and performance management
- the adoption of a modified quadruple bottom line reporting approach
- a management model driven by strategy.

PLANNING, REPORTING AND PERFORMANCE MANAGEMENT



BUSINESS PLANNING

Business planning and performance reporting are key components of the Museum's strategies to deliver its outcome and outputs for its stakeholders. At the beginning of each financial year business units complete a business plan which is linked to the strategic objectives of the Museum. The business planning process also identifies the key risks for the delivery of the Museum's objectives, as well as strategies for minimising these risks.

Divisions report performance and progress against business plan initiatives throughout the year. Each month management reports are prepared providing updates on achievements and future issues, as well as progress against key performance indicators.

EVALUATION AND REVIEW

The Museum is committed to an ongoing process of evaluation and review of all its programs to ensure their continued effective delivery to customers and clients. Specifically targeted internal evaluations and reviews during the year included:

- wayfinding — despite improvements made to wayfinding in the Museum, feedback continued to indicate that this was an area affecting the visitor experience. A study was commissioned during the year to identify specific areas for improvements and these will be addressed next year
- lighting — in response to visitor comments about the darkness of some gallery areas, a review of lighting was undertaken during the year. As a result of this review, the Eternity and Torres Strait Islander galleries were relamped, replacing all showcase lights with lights which have a greater beam angle. At the same time the heat load of the new lamps were reduced to aid conservation of objects and assist in the reduction of energy costs. New fittings were also installed in the First Australians gallery to provide greater levels of light to access areas such as stairs and walkways

Horizon and Nation as well as other parts of the First Australians gallery will be fitted with new lamps and, where possible, light levels in the public access areas will be increased next year.

Relamping also occurred in Tangled Destinies and lower parts of the Nation gallery to balance energy output and assist with maintaining conservation standards. A review of lighting in these areas will be undertaken later in 2003 to assess the standard of lighting for public access

- competitive tendering and contracting — the Museum's standard proforma agreements were reviewed to ensure they maintained legal accuracy and that best practice contract management was being applied. External legal advisers, Deacons and Simpsons, were engaged to undertake this work which has now been completed. Staff workshops will be conducted next year to familiarise them with the new procedures and forms.

COMMERCIAL PERFORMANCE

SPONSORSHIP DEVELOPMENT

Sponsor and donor contributions are an essential element in meeting the Museum's core objectives relating to exhibitions, education, access and collection development. In 2002–2003 the Museum significantly extended its range and number of activities to secure support philanthropically as well as increase its sponsorship and business partnerships.

This year saw a significant increase in cash, in-kind sponsorship and donations over the prior year. The following contributions are highlighted:

- support from Mr and Mrs Chau Chak-Wing, Mr Cui Zhen Ji and Mrs Liao Wen Ying, and sponsorships from Linkage Communications Co Ltd, China Southern Airlines Co Ltd, China Hotel by Marriott and Australia LNG Pty Ltd for the international exhibition *Stories from Australia: Aboriginal and Torres Strait Islander Peoples* in Guangzhou, China to mark the 30th anniversary of relations between China and Australia
- a major new media partnership with APN News and Media Ltd which will greatly enhance the Museum brand and exhibitions and outdoor advertising campaigns interstate. The partnership also contains educational media and print benefits and support for the new Endowment for Education
- a new sponsorship agreement from Sanyo through support of Sky Lounge and a major sponsor of the forthcoming *Outlawed! Discover the Stories Behind the World's Rebels, Revolutionaries and Bushrangers* exhibition next year
- continuing sponsorship by Rosemount Estate Wines (Southcorp), Qantas for Talkback Classroom, Fujitsu and Sun Microsystems through the provision of technological assistance and equipment, and SAS for the Museum's SAS Visions Theatre
- renewal of support by Doma Hotels Canberra, the Museum's preferred accommodation supplier, incorporating promotion of Museum exhibitions to the tourist market



Dragi Markovic

■ Sponsors of *Stories from Australia*, Cui Zhen Ji with Cui Liao Wen-Ying, with Dawn Casey



Dragi Markovic

■ APN's Educational Media CEO Brian Wexham and Dawn Casey

- sponsorship by the Grace Removals Group of the Museum’s touring exhibition program as well as support of the new Endowment for Conservation
- increased sponsorship by Douwe Egberts (Harris Coffee), including support for the new Endowment for Acquisitions.

A full list of Museum sponsors is in Appendix 16.

The Corporate Circle Program, a benefit driven program introduced by the Museum last year for ACT companies, increased its activities and membership in 2002–2003. Two new functions were also introduced by the Museum:

- Museum with a Twist — a cocktail reception which provided corporate supporters with a ‘behind the scenes’ tour of the Acton facility and the collections storage areas at Mitchell
- Getting Down to Business — an evening function which included a private tour of temporary exhibitions.

PHILANTHROPY

A philanthropic program was launched in Sydney and Melbourne during the year, with the goals of increasing the level of knowledge about the Museum with corporate leaders and achieving a capital base of \$60 million over 20–25 years. Known as the Endowment Program, donations are sought to support the Museum’s work in conservation, acquisitions, exhibitions and education. Several major donations were made to the program during the year.

The program is supported by significant individuals who act as ‘ambassadors’ on behalf of the Museum to assist in achieving the financial targets for each of the endowment program areas and to provide introductions or referrals to corporate leaders and philanthropists. The Museum is honoured to have the current ambassadors:

Sydney	Rod McGeoch AM
	Kathryn Greiner AO
	John Elvy
	Katie Young AOM
	Peter Falk
	Jack Thompson AO
	Richard Neville
	Brian Wexham
Melbourne	Andrew Scott

A corporate luncheon program designed to increase the knowledge of the Museum for potential donors or sponsors, both individual and corporate, continued with luncheons held in Melbourne and hosted by prominent individuals and companies such as Mrs Heather Lustig, Mr Marc Besen, Shell and DKW Executive Resourcing.

MERCHANDISING AND RETAIL

Merchandising and retail operations enable the Museum to raise commercial revenues while at the same time enhancing visitors' experiences through the provision of merchandise that is largely inspired by its exhibitions and its unique building.

In response to limited commercial returns in its first year of operation, a detailed review of retail activities was undertaken in 2002–2003 with the majority of recommendations successfully implemented during the year. This has seen a substantial increase in the net return from the retail operation, in contrast to the prior year's loss. As a result the Shop met its financial targets.

Key areas for retail enhancement during 2002–2003 were:

- Shop merchandise was reviewed and improved to better meet customer preferences, including the development of a larger range of souvenir and children's products (both paper-based and three-dimensional)
- a reduction in price points throughout the Shop to improve response to customer demographics
- physical reconfiguration of Shop layout, including the creation of a central service area
- aggregation of product merchandising, including creation of a dedicated publications area
- creation and implementation of a new branding and signage package
- reorganisation of staffing to improve sales levels and the revised Shop space
- ongoing development of e-commerce arrangements, licensing agreements and wholesale sales
- benchmarking against industry standards, both domestic and international
- improved retail performance reporting
- a reduction of retail stock on hand (excluding publications inventory).

VENUE HIRE

The Museum is a venue for a range of corporate events from conferences, meetings and gala dinners, to breakfasts, product launches and cocktail receptions. In conjunction with the Hyatt catering team, use of the Museum's facilities for venue hire maintained its high levels of the previous year. More than 750 private functions were attended by approximately 63,000 people for a range of events such as banquets, cocktail parties, launches and seminars.

Over the next two years the Museum will focus its venue marketing on the convention industry as well as the identification of new corporate markets.

RESOURCES, ESTIMATES AND OUTCOMES

FINANCIAL OUTCOME FOR 2002–2003

The Museum's financial statements disclose an operating surplus for 2002–2003 of \$32,173,480 (2001–2002: \$25,591,596). This result includes income from Government for the Capital Use Charge of \$28.233 million (which is repaid to Government). If the Capital Use Charge income is removed, the Museum delivered an underlying operating surplus of \$3.940 million in 2002–2003 (compared to an underlying deficit in the prior year of \$3.721 million).

The Museum's appropriation for 2002–2003 was \$67.565 million, which was provided by the Government to continue the development of the Museum's operations following opening of the new Acton facility in 2001. The Museum also received a capital appropriation of \$1.971 million in 2002–2003 which represents supplementation for unfunded depreciation in the prior year.

The table below indicates the estimates approved by the Minister for the Museum and the outcome in terms of actual expenditures for 2002–2003.

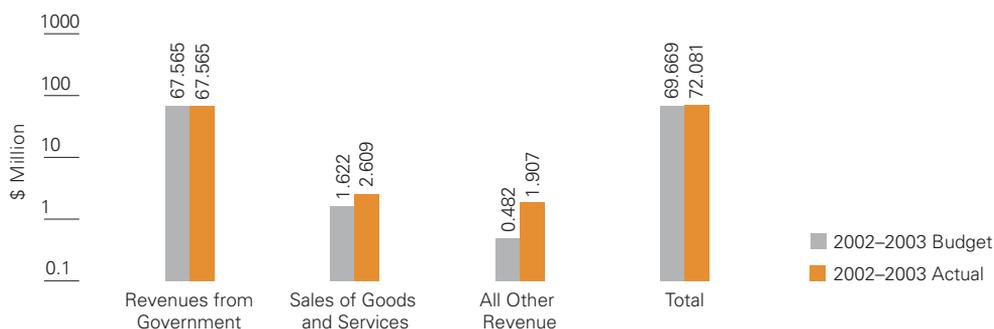
	BUDGET 2002–2003 \$'000	ACTUAL 2002–2003 \$'000
Employee Expenses	11,652	13,197
Administrative and other operating Expenses	29,714	26,710
Capital Use Charge	28,233	28,233
Less Revenue from Independent Sources	–2,104	–4,516
Net Resources Used from Government	67,495	63,624

STATEMENT OF FINANCIAL PERFORMANCE

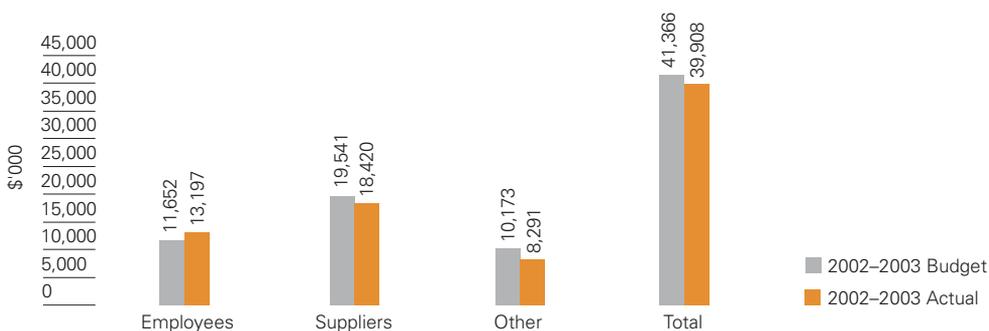
Appropriation revenues from Government increased by \$5.013 million from \$62.552 million in 2001–2002 to \$67.565 million in 2002–2003. The additional appropriation resulted from the Government's decision to increase resources to the Museum following the completion of the National Museum of Australia Funding Review in 2001–2002.

Revenues from non-government sources increased substantially (by 41 per cent) to \$4.516 million (2001–2002: \$3.205 million). This included an 11 per cent increase in gross revenues from the sale of goods and services, a 145 per cent increase in investment income and a 98 per cent increase in other revenues.

Total expenses showed a slight decrease over the past two years, moving from \$40.165 million in 2001–2002 to \$39.908 million in 2002–2003.



Operating Revenues



Operating Expenses

STATEMENT OF FINANCIAL POSITION

The statement of financial position discloses an increase in the Museum's net assets of \$13.098 million, from \$256.608 million in 2001-2002 to \$269.706 million in 2002-2003.

A full revaluation of the National Historical Collection was conducted in 2002-2003.

The revaluation resulted in an increase in the asset revaluation reserve of \$7.187 million.

Cash at bank as at 30 June 2003 totalled \$2.726million (2001-2002:\$3.534m) and investments totalled \$22.920million (2001-2002:\$12.153m). The investments primarily comprise reserves for depreciation and employee provisions.

STATEMENT OF CASH FLOWS

Net cash received from operating activities increased by 8 per cent in 2002-2003.

This was primarily due to the increased Commonwealth Appropriation.

Cash used for operating activities rose slightly from the prior year due to increased cash payments for salaries, which moved from \$10.876 million to \$12.417 million.

Capital Use Charge paid during the year totalled \$29.048 million, which comprised the payout of the accrual for 2001-2002 of \$0.815 million, and payment for the 2002-2003 year of \$28.233 million in June 2003.

MANAGEMENT PERFORMANCE

COLLABORATION WITH OTHER NATIONAL CULTURAL INSTITUTIONS

The Museum acknowledges that the sharing of knowledge, expertise and resources on common services wherever possible with other national cultural institutions is important to maintain and improve standards of service. The Corporate Management Forum, a regular meeting of national cultural institutions based in Canberra, continued to meet during the year. Some of the key issues discussed by the forum during the year included:

- the accrual reform process, Commonwealth budgetary arrangements, depreciation policies and the financial implications of the Review of Cultural Agencies — Encouraging Best Practice, financial reporting and general financial issues
- the impact on insurance in the 'post-September 11' environment, knowledge management, digitisation, the transfer of employee entitlements across agencies, the Cultural Management Development Program and the Advanced Workplace Skills program
- the development of educational programs
- forecasting of exhibitions and public programs over the next five years.

CONSULTING AND CONTRACTING SERVICES

The Museum is committed to achieving the best value for money in its procurement practices including contracted services for internal audit, information technology hardware and support, media, transactional banking, cleaning, catering, security and exhibition design. Purchasing practices and procedures are consistent with the Commonwealth Procurement Guidelines and are also in accordance with the *National Museum of Australia Act 1980* and better practice principles. The National Museum's Procurement Guidelines are reviewed annually to ensure consistency with Commonwealth policy.

The total number of consultancy services provided to the Museum in the period 2002–2003 was 94 and the total expenditure on consultancy contracts during the year was \$1.115 million. Major services involved program evaluation, market research, information and communication technologies and financial services.

FACILITIES MANAGEMENT

Agency-wide initiatives were undertaken during the year to strengthen the Museum's performance-based maintenance regimes. The most significant of these was the development and introduction of a new fixed-price facilities maintenance contract which shares part of the risk with the maintenance contractor as well as allowing the Museum greater certainty about the cost base for maintenance and repairs.

Procedures and systems were also revised for the management of major contracts for all building maintenance and repairs, cleaning, security and related services such as lease management and fleet management.

As part of its proactive focus towards facilities management, the Museum started a review of its computerised maintenance management system to provide staff with a more useable and flexible maintenance tool. The coverage of the system will be expanded in 2003–2004 to incorporate the plant and equipment at the Mitchell sites into the facilities management contract and the 25-year lifecycle asset management report. Additionally, the building management system was modified to better track environmental conditions within exhibition areas.

Major facilities management projects commenced or completed during the year included:

- the addition of a new 140-square-metre storage area to the existing loading dock three area at the Acton site to provide a storage area for retail operations and for the catering contractor's equipment, and enable more efficient use of space within the Museum. The space has also been fitted with wash down bays to reduce water waste
- lease of the former Hospice (now called the Annex) following lengthy negotiations and consultations with the National Capital Authority and the Australian Heritage Commission. Planning for the base building refurbishment and fitout commenced in the second half of the year with the preparation of a conservation plan, completed by Eric Martin and Associates, and the engagement of a construction management team. The refurbishment works will commence in the first half of 2003–2004 and Museum staff currently working from leased premises in Braddon are expected to move to the Annex in March 2004. The Annex will also be the principal location of the Museum's Library, improving public access
- relocation of the PS *Enterprise* to the Acton Peninsula from the Kingston foreshore owing to the redevelopment occurring on that site. New mooring facilities were required to ensure safe mooring in all types of weather
- the establishment of an exhibition maintenance regime together with a specialised exhibition lighting maintenance program.

In response to visitor feedback about acoustic levels in the Hall, an acoustic consultant specialising in public building acoustics was engaged. The report has been received and recommendations will be implemented next year.

Two of the three remaining building defects were rectified during the year with only minor work outstanding on the third. This is expected to be completed by August 2003.

ASSET MANAGEMENT

Revision of the National Museum's asset management plan for fixed plant and equipment assets commenced during the year to match the new facilities maintenance costing for maintenance. It is expected that the new plan will be implemented in 2003–2004 with the Mitchell sites incorporated into the 25-year maintenance and lifecycle plan. Reassessment of the lifecycle plan will also provide a more detailed cost plan over the next five-year period.

Asset management is monitored through the Council's Audit and Finance Committee.

SECURITY

As a result of heightened concerns about security in Australia over the past year, security was reviewed and upgraded at the Acton site and the main storage facilities at Mitchell, providing Acton security officers with improved control of offsite areas.

Further reviews of security at all Museum sites will be undertaken in 2003–2004 to determine the scope of works required to ensure all the Museum's facilities operate to the required high standard of security.

There was an increase in VIP visits to the Museum compared to the previous year, with the Museum providing specialised security for VIP parties on 90 occasions. All these visits were coordinated with the Australian Federal Police (AFP) Protective Security Intelligence Unit. The Museum also assisted the AFP and the Attorney-General's Protective Security Coordination Centre by providing an operating venue in which they could conduct a number of their training courses.

PEOPLE MANAGEMENT

The Museum values highly the performance and capability of its people. It is committed to attracting, developing and retaining high-quality staff commensurate with a public museum of national and international standing.

WORKPLACE AGREEMENT

A significant highlight during the year was the successful negotiation of the *National Museum of Australia (Productivity and Performance) Workplace Agreement 2002–2005*. This new, three-year certified agreement represents the Museum's response to the challenging environment in which it operates and is an outstanding result from a highly consultative, inclusive and cooperative negotiation. It builds on the sound foundation of employment conditions contained in the previous certified agreement and introduces several key enhancements.

The agreement will deliver a 12 per cent pay increase over three years and is designed to support ongoing change during a period of consolidation and new challenges. The hard work done in negotiating the agreement and its predecessor is reaping rewards in assisting continuing organisational performance improvement and delivering real productivity improvement and will assist the Museum in maintaining the high quality workforce it requires.

The certified agreement also demonstrates the commitment of Museum staff to maximising the value for taxpayers' money through a cooperative approach to productivity improvement. The agreement to performance targets aligned to the 2002–2003 Budget funding decision and commitment to a range of cost efficiencies and operational initiatives will help focus the Museum's overall performance. This will be supported by a new framework for individual performance management.

Productivity gains in the agreement flow from initiatives in four main areas:

- organisational performance targets to provide a focus for staff and help the Museum deliver the results expected of a world-class cultural institution
- an enhanced performance management framework to better integrate performance management with the Museum's strong business and project planning focus
- operational and cost savings initiatives, including office and workplace accommodation changes, improvements to visitor host rostering, greater use of technology, and a reduction in the accrual of unused personal leave
- improved operational flexibility to improve the capacity for organisational change, including less prescriptive consultation arrangements, clearer dispute resolution arrangements, more effective excess staff provisions and more flexible recruitment arrangements.

This positive outcome is the result of a great deal of hard work by the Museum's Certified Agreement Working Group. As was the case with the previous certified agreement, the new one was endorsed by an overwhelming majority of staff. The 'yes' vote was 96.6 per cent of the 178 votes counted, representing approval by 77 per cent of eligible staff.

On a recent visit to your Museum I inadvertently left my camera behind ... the camera arrived safe and sound about 15 minutes after I arrived at my home! ... Staff such as this are a valuable resource and they are part of the reason that people visit a second time.

May 2003 visitor

STAFFING AND RECRUITMENT

Museum staff are employed under the *Public Service Act 1999* and employment conditions are established under legislation applying to the Australian Public Service.

At 30 June 2003 the Museum employed 242 staff consisting of 202 ongoing and 40 non-ongoing employees, representing an increase of 16 in the number of staff over the reporting period. A full breakdown is shown in the tables on page 96.

The Museum continued to consolidate and stabilise its overall staffing through recruitment, resulting in an overall decrease in the percentage of non-ongoing staff from 38.9 per cent at 30 June 2002 to 16.5 per cent at 30 June 2003. Between February and May 2003, the Museum conducted a bulk recruitment round for visitor services hosts with four ongoing and nine non-ongoing hosts commencing in May 2003. The selection process included the innovative combination of assessment centre and interviews which also provided an order of merit listing of an additional 30 people to fill host vacancies if they occur before May 2004. The Museum intends to repeat the bulk process each year.

NATIONAL MUSEUM OF AUSTRALIA STRUCTURE — JUNE 2003



Number of staff by category

STATUS	MALE	FEMALE	TOTAL
Ongoing full-time staff SES	1	1	2
Ongoing full-time staff non-SES	49	86	135
Ongoing part-time SES	0	0	0
Ongoing part-time non-SES	16	46	62
Non-ongoing full-time SES	1	2	3
Non-ongoing full-time non-SES	8	18	26
Non-ongoing part-time SES	0	0	0
Non-ongoing part-time non-SES	2	9	11
Temporary movements SES	0	0	0
Temporary movements non-SES	0	3	3
Total	77	165	242

Number of staff by Division

DIVISION	ONGOING	NON-ONGOING	TOTAL
Directorate	7	1	8
Marketing and Commercial Operations	24	8	32
Operations	87	10	97
Collections, Content and Technology	61	18	79
Children's Programs and Content Services	23	3	26
Total	202	40	242

Number of staff by level and gender

STAFF SPREAD ACROSS LEVELS	MALE	FEMALE	TOTAL
SESB2	1	1	2
SESB1	1	2	3
EL2	9	10	19
EL1	10	11	21
APS6	10	36	46
APS5	16	18	34
APS4	10	22	32
APS3	4	17	21
APS2	16	48	64
APS1	0	0	0
Total	77	165	242

WORKPLACE DIVERSITY

The Museum is committed to workplace diversity and equity through the creation of an inclusive environment that values and utilises the skills and knowledge of all the people who work at the Museum and the contributions they bring through their different backgrounds, experiences and perspectives.

The principles of the Museum's 2001–2004 Workplace Plan continued to be implemented, particularly in working toward a staffing profile that accurately reflected the cultural diversity of modern Australia. Vacancies were advertised in the ethnic community and Indigenous media, including radio, and applications for employment encouraged from suitable candidates from a non-English speaking background. As a result of this proactive approach, the Museum's staffing figures of people from culturally and linguistically diverse backgrounds almost doubled during 2002–2003.

As at 30 June 2003, the Museum staff who identified themselves from particular groups were:

GROUP	NUMBER OF STAFF	
	2001–2002	2002–2003
Person of Aboriginal or Torres Strait Islander descent	10	10
Person with a disability	4	5
Person from a culturally and linguistically diverse background	11	20
Women	142	165

The new work level standards and associated capability framework developed last year to underpin a consistent approach to job classification and recruitment have been progressively implemented during the year. The project developers, Yellow Edge Pty Ltd, also reported on the application of the work level standards and capability framework to a range of human resource management policies and practices, including individual performance management, learning and development, and rewards and recognition. This work contributed to the negotiation of a new performance management framework under the certified agreement and underpins continuing redevelopment of the Museum's human resource management framework.

PERFORMANCE MANAGEMENT

Through the new certified agreement the Museum is committed to implementing a new individual performance management framework by the end of the appraisal cycle in June 2004. The existing Performance Management Scheme, introduced in 2000–2001, was reviewed and staff suggestions for improvement were taken into account in the design of the new framework. The introduction of more effective individual performance arrangements is expected to generate significant productivity in support of the pay increases under the new certified agreement.

DEVELOPMENT OF THE MUSEUM'S PEOPLE

Staff are encouraged to identify their development needs through discussion with their manager and the development of individual performance agreements. They are also encouraged to develop their skills by participating in external seminars, forums and committees which are relevant to their field. Details of these activities are in Appendix 10.

With certification of the *National Museum of Australia (Productive and Performance) Workplace Agreement 2002–2005*, the Museum moved towards maximising opportunities for employees to pursue developmental opportunities. The agreement provides access and financial assistance to study leave for all staff, with special provisions for staff to learn languages other than English.

During the year three staff took part in cultural management programs and five staff attended advanced workplace skills training. Section managers received occupational health and safety training and a specific seminar series was established for visitor service host supervisors, focusing on the unique issues associated with managing a large front of house team.

A strategic learning and development framework for staff will be developed in 2003–2004 which will be linked to the Museum's new work levels standards, capability profile and performance management framework.

My favourite thing in the Museum is the Hosts, because they are very lovely people and very helpful!

Amity, aged 19

CONSULTATIVE ARRANGEMENTS AND EMPLOYEE RELATIONS

The Museum has had a good working relationship with staff representatives and the Community and Public Sector Union, with no matters notified to the Australian Industrial Relations Commission during the year. A highly consultative and cooperative approach to the certified agreement negotiations and other workplace issues during the year has helped the Museum address a range of workplace issues without any disruption to operations or services.

Formal consultation during the year focused on the Certified Agreement Working Group, with the former Workplace Relations Committee last meeting in May 2002. The Working Group met 14 times during the year.

It was agreed under the new certified agreement that the Museum would significantly redevelop its consultation arrangements to provide an opportunity to improve internal communications on important issues and provide staff with better ways to have their

views taken into account in the Museum's decision making processes. Consequently two new consultative bodies were developed:

- the Museum Consultative Forum will provide an opportunity for staff representatives to provide input into the Museum's high level strategic decision making
- the Workplace Development Committee will provide a forum for formal consultations on broad management issues such as employment policies and guidelines, organisational change, accommodation and the introduction of new technology.

WORK EXPERIENCE

Throughout the year there was keen interest from high school students within the ACT and around Australia to carry out work experience with the Museum. Over 40 inquiries were received and 13 high school students were placed across most areas at the Museum. In the second half of 2002–2003, the Museum implemented a more flexible and inclusive policy with the aim of enabling a greater number of students to be accepted in future years.

POST-SEPARATION EMPLOYMENT

There were no applications for post-separation employment during the year.

BETTER SERVICE DELIVERY

The Museum's human resource management and workplace relations operations were consolidated and strengthened during the year by combining the two functions into one operational team. This approach has resulted in improved integration and strategic planning of people management issues in the Museum, as well as linkages with overall Museum objectives and improved service delivery. Staff were also surveyed on the quality of internal human resource management and workplace relations services and feedback from this has been taken into account in business and work planning processes.