

LAND

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NATION

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PEOPLE

PART THREE  
Accountability and management



## GOVERNANCE

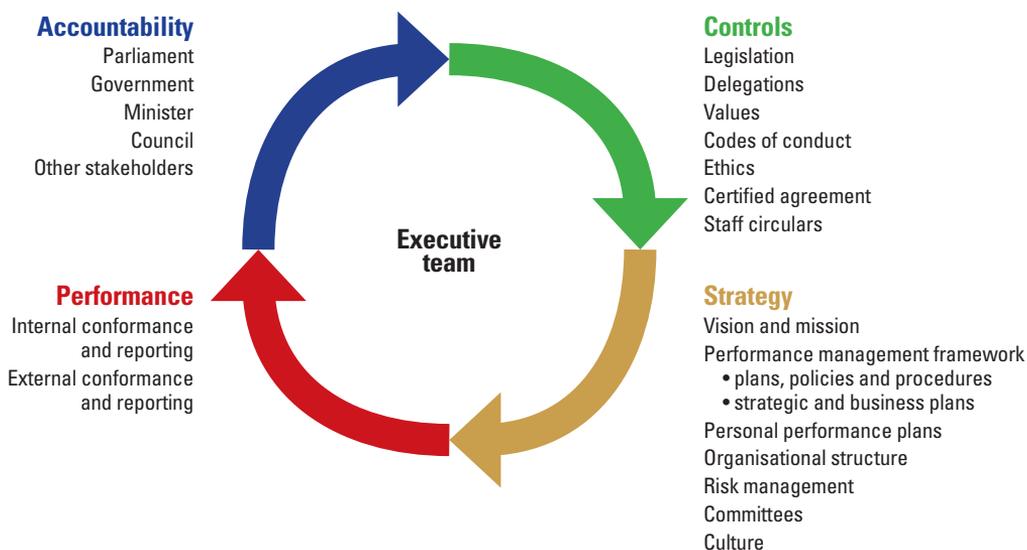
National Museum of Australia guides the delivery of its outputs through its corporate governance framework. This comprises the Museum's enabling legislation and other legislative instruments, managerial and organisational structures, corporate policies and strategies, and resource management practices.

### LEGISLATION

The key legislative instrument defining the broad function and activities of the Museum is the *National Museum of Australia Act 1980*. This act established the Museum as a Commonwealth statutory authority and, along with the National Museum of Australia Regulations, defines its role, functions and powers. The functions and powers of the Museum are in Appendix 2.

The *Commonwealth Authorities and Companies Act 1997* provides a single set of core reporting, auditing and accountability requirements for directors of Commonwealth authorities. 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* covers the powers of the Director of the National Museum of Australia in relation to the management of human resources.



**Governance model**

## COUNCIL AND COMMITTEES

The Council of the National Museum of Australia is responsible for the overall performance of the organisation, including setting the strategic direction and establishing 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 10 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 skills and experience in the areas of business, financial and strategic management, journalism, museum management and government policy and administration. The Commonwealth Remuneration Tribunal determines remuneration for non-executive members.

During 2003–2004, the terms of three non-executive members lapsed and four new members were appointed to the Council for terms of three years. The term of the Director (executive member) expired on 14 December 2003 and an Acting Director was appointed. On 24 June 2004 the Acting Director was subsequently appointed Director for a period of three years.



George Serras

*The Council of the National Museum of Australia (left to right) Craddock Morton, Timothy Duncan, David Barnett, Marian Gibney, Benjamin Chow, Cathy Santamaria, the Hon. Tony Staley, Christopher Pearson, John Hirst, John Fleming, Sally Anne Hasluck. Absent: John Thame*

The Council usually meets every two to three months, and four meetings were held during 2003–2004. Details of Council members are in Appendix 1. A senior officer from the Department of Communications, Information Technology and the Arts, attends Council meetings as an observer.

The Museum provides Council members with information on Government changes to corporate governance responsibilities as it becomes available, including Australian National Audit Office (ANAO) documents and guidelines.

The Council has policy and procedures for the disclosure and resolution of any matter for its consideration that may result in conflict of interest. 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.

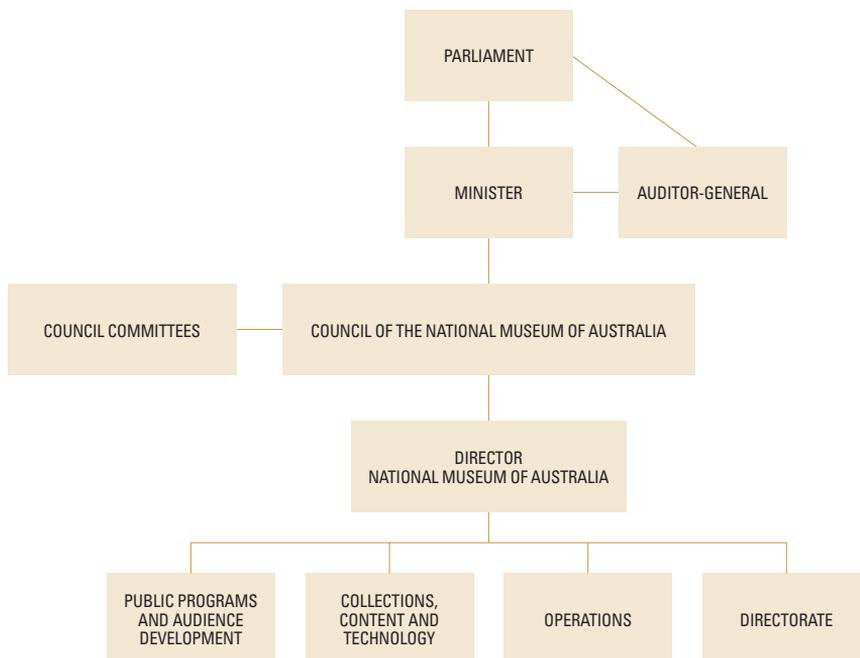
The Council has three committees to assist in the execution of its responsibilities. These are:

- Audit and Finance Committee
- Collections Committee
- Development Committee.

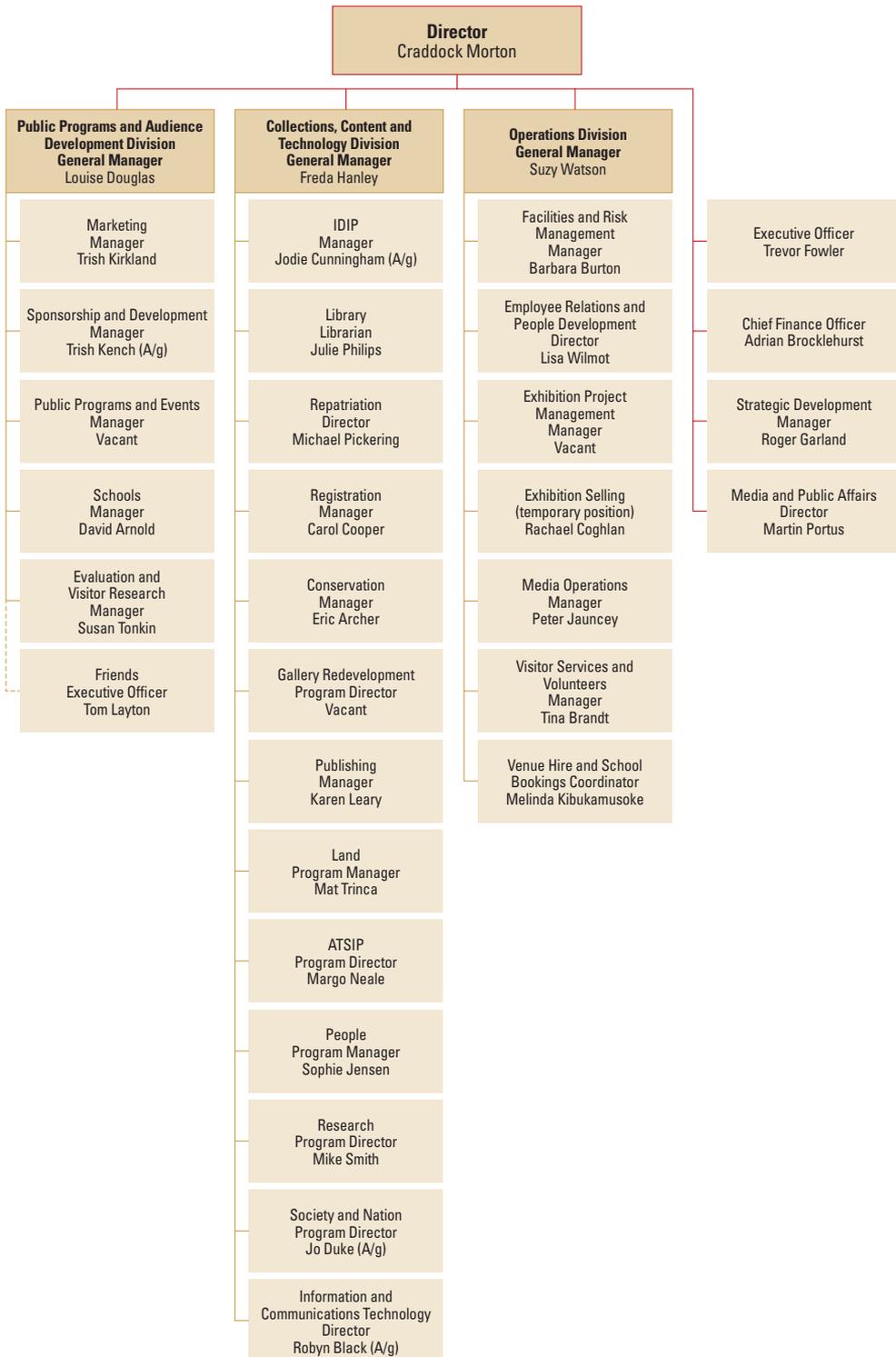
Details of Council Committees are in Appendix 1.

## ACCOUNTABILITY CHAIN

The Museum’s chain of reporting and accountability to the Government at 30 June 2004 was:



NATIONAL MUSEUM OF AUSTRALIA STRUCTURE — JUNE 2004



## EXECUTIVE MANAGEMENT GROUP

The Executive Management group, comprising the Director and three General Managers, provides strategic and operational leadership to the Museum.



George Serras

*Museum Director Craddock Morton with General Managers Louise Douglas, Suzy Watson and Freda Hanley*

## PERFORMANCE MANAGEMENT FRAMEWORK

The Museum continued to improve its Performance Management Framework. In the second half of the year the Museum reviewed and updated its vision and mission statements and developed a new strategic plan for 2004–2007 to better reflect its long-term goals. The new statements and a summary of the strategic plan follow.

### **Vision**

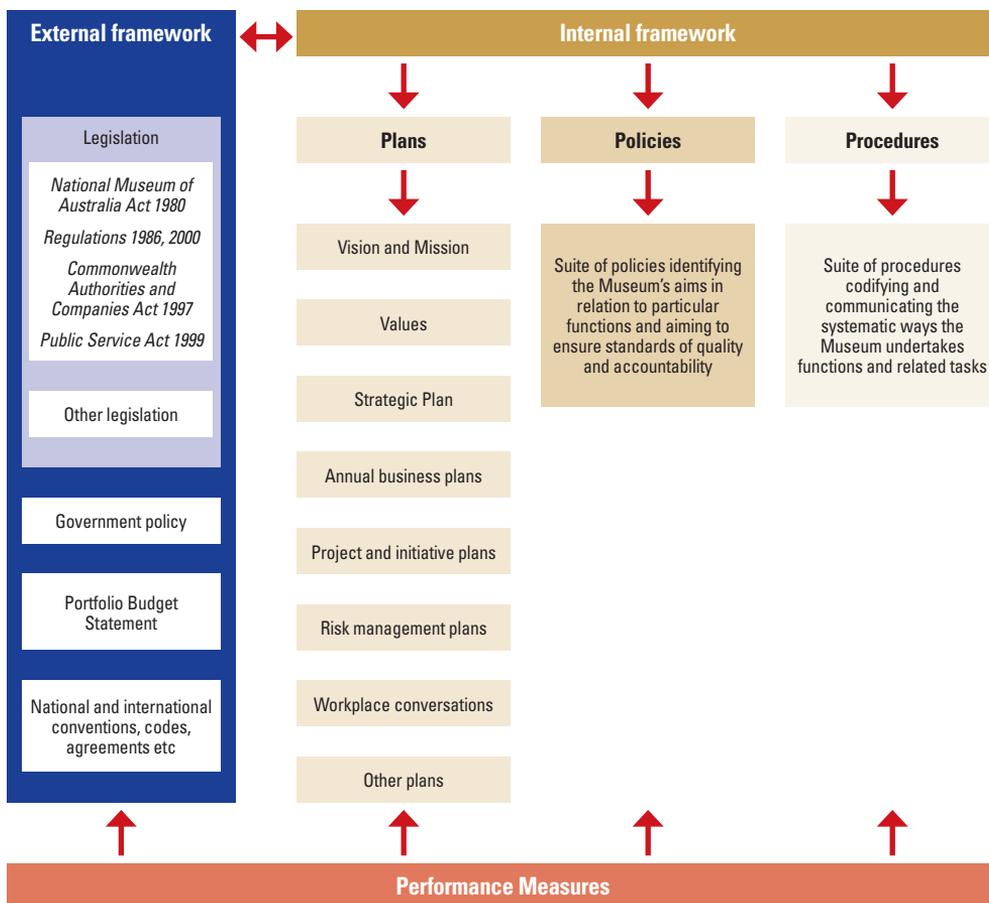
*A recognised world-class museum exploring Australia's past, illuminating the present, imagining the future.*

### **Mission**

To promote an understanding of Australia's history and an awareness of future possibilities by:

- developing, preserving and exhibiting a significant collection
- taking a leadership role in research and scholarship
- engaging and providing access for audiences nationally and internationally
- delivering innovative programs.

## PERFORMANCE MANAGEMENT FRAMEWORK — OVERVIEW



### Strategic Plan

Council approved the *Strategic Plan 2004–2007* in June, for implementation at the start of the new financial year. The plan sets out key strategic three-year priorities and business priorities for 2004–2005. These priorities are to:

- enhance exhibitions, programs and services
- care for the National Historical Collection
- sustain research and scholarship activity
- engage national audiences
- strengthen business processes
- enhance staffing and workplace development
- augment asset development and planning
- strengthen resource base.

## **Business planning**

Business planning and performance reporting are key components of the Museum's approach to delivering outcomes and outputs for its stakeholders. Museum business units complete annual business plans, which are linked to the Museum's strategic priorities. The business planning process identifies key risks for the delivery of the Museum's objectives and includes risk minimisation strategies.

The Museum has an ongoing commitment to improving the integration of strategic and business planning and reporting, including the use of relevant performance measures.

## **Values, behaviours and objectives**

The Museum developed a new statement on values and behaviours, which are in addition to the observation of the Australian Public Service values as set out in the *Australian Public Service Act 1999*.

The Museum's values statement reads:

The National Museum of Australia operates with the highest ethical standards. It embraces truth and the pursuit of knowledge for its own sake and recognises the importance of aesthetic considerations. The Museum acknowledges the contributions of all Australians to the country's historical development and accepts a fundamental requirement for fairness and equity in its activities.

In operating within the framework established by such values, the Museum:

- develops and preserves the National Historical Collection
- upholds scholarly and professional integrity
- makes best use of its resources
- values and is open-minded to new ideas
- promotes continuous learning
- strives to be innovative and creative
- anticipates and responds to its diverse audience needs.

## **Policies and procedures**

As part of its commitment to continuous improvement, the Museum began a comprehensive review of its suite of policies and procedures, many of which were drafted prior to the opening of the Museum at Acton in 2001. It is envisaged that the policies will be updated over the coming two years and that operating procedures will also be reviewed and standardised.

## INTERNAL AND EXTERNAL SCRUTINY

### INTERNAL AUDIT

An external service provider, KPMG, delivers internal audit services to the Museum under a three-year service contract. The major reviews completed by the internal auditors during 2003–2004 concerned:

- financial compliance
- human resource compliance
- protective security
- asset management
- Goods and Services Tax/Fringe Benefits Tax compliance
- procurement and contract management
- costing and pricing of Museum goods and services.

A review of facilities management was underway at 30 June 2004.

### EXTERNAL AUDIT

The ANAO continued to audit the Museum's annual financial statements.

The ANAO's report on the Museum's 2003–2004 financial statements was unqualified and was signed on 30 July 2004 (see Part 4).

The ANAO completed its performance audit of investment management in government agencies during the year. The report is expected to be presented to Parliament late in 2004.

### RISK MANAGEMENT AND FRAUD CONTROL

To ensure efficient and effective delivery of programs and to promote sound business practices, the government requires all Commonwealth agencies to have risk management plans. The Museum has a commitment to fostering a culture of risk management throughout the organisation, through its risk management framework.

The framework comprises a risk management plan, and an instruction manual and proformas for staff, as well as ongoing training. The Museum encouraged compliance amongst all staff this year by issuing a ready-reference tool in the form of a mousepad depicting the Museum's risk matrix and recommendations for risk treatment. The Museum is also working towards having risk management and occupational health and safety reporting included within its performance management framework for managers. The risk management framework and its components are to be reviewed in the first half of 2004–2005 as part of the ongoing review cycle.

The Museum also continued to participate in Comcover's Annual Risk Management and Insurance Benchmarking program. Through this program the Museum gains a performance-based discount on its Comcover insurance premium, as well as assistance in continuously improving its own processes.

Another achievement during the year was the finalisation of the Museum's fraud risk analysis plan, developed in accordance with the Commonwealth Fraud Control Policy. The Council's Audit and Finance Committee endorsed the plan and it is expected that training will commence for all staff early in 2004–2005.

There were no reports of fraud during the year.

#### **FREEDOM OF INFORMATION**

The *Freedom of Information Act 1982* requires each Australian Government agency to publish a statement setting out its role, structure and functions, the documents available for public inspection, and access to such documents. This statement is available in Appendix 10.

There were no formal requests for access to documents under section 15 of the Act during 2003–2004.

#### **PRIVACY LEGISLATION**

The Museum provides information as required to the Privacy Commissioner for inclusion in the Personal Information Digest. No reports by the Privacy Commissioner under section 30 of the *Privacy Act 1988* concerning actions or practices by the Museum were received during 2003–2004.

#### **FORMAL DECISIONS/NOTIFICATIONS/MINISTERIAL DIRECTIONS**

Under Section 28 of the *Commonwealth Authorities and Companies Act 1997* the Minister for Communications, Information Technology and the Arts must consult Council members before notifying them of a general policy of Government. The Minister wrote to the Museum in February 2004 regarding a new general policy on a *National Code of Practice for the Construction Industry*.

During the year the Museum also received Council appointment notifications.

#### **SIGNIFICANT EVENT**

There were no significant events advised to the Minister by the Museum during 2003–2004 in accordance with the *Commonwealth Authorities and Companies Act 1987*.

#### **LEGAL ACTIONS**

As at 30 June 2004 the Museum was party to a legal action relating to a workplace injury involving a contractor's employee. The Museum is defending this action.

#### **OMBUDSMAN**

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

## OCCUPATIONAL HEALTH AND SAFETY

This year saw the Museum's occupational health and safety (OHS) management system further integrated into daily operations. As part of this integration, the Museum maintains a full complement of trained health and safety representatives (HSRs), deputy HSRs, first aid officers and fire wardens at all sites. Other measures continued or implemented included:

- training courses for managers and supervisors to help emphasise their roles and responsibilities within the Museum's OHS management system
- OHS and risk induction presentations for new employees
- regular presentations for visitor hosts to build on the work of the HSRs and maintain awareness of OHS responsibilities
- training in correct workstation use, accompanied exercise charts and workstation setup demonstrations
- increased monitoring of use of the Museum's contractor site book, which is aimed at improving contractor safety awareness
- training in manual handling for visitor hosts involved with setting up staging for events and functions.

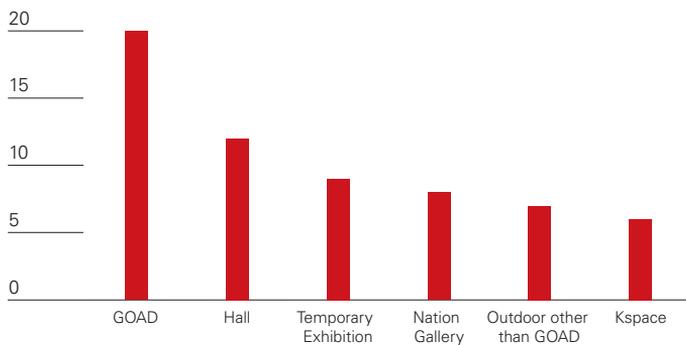
The Museum's OHS Committee met four times during the year and minutes of all meetings were placed on the intranet and staff noticeboards. The committee comprises management representatives, health and safety representatives from four designated work groups, the General Manager Operations and the safety and risk manager.

A medical surveillance program was implemented for staff who work with the small number of potentially hazardous substances identified in NHC material. The program involves annual retesting of the staff members.

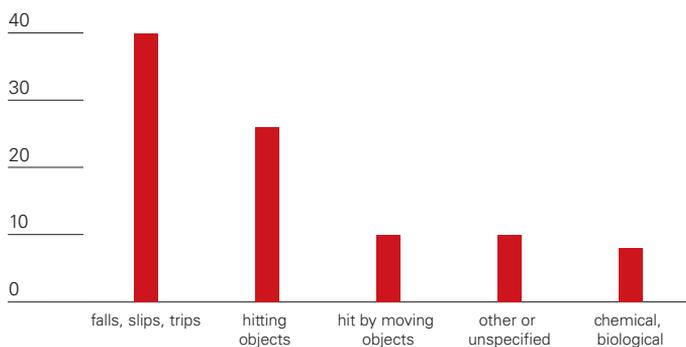
As part of the ongoing program of risk reduction in areas of high visitor usage, safety improvements were made to the Garden of Australian Dreams. These included the application of non-slip surfacing to the mound and surrounding areas, as well as the installation of rubber edging around parts of the water feature.

Staff, visitors or contractors reported a total of 94 injuries during the year, a decrease over the 134 incidents reported last year. Four serious personal injuries and one dangerous occurrence were reported to Comcare in accordance with section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

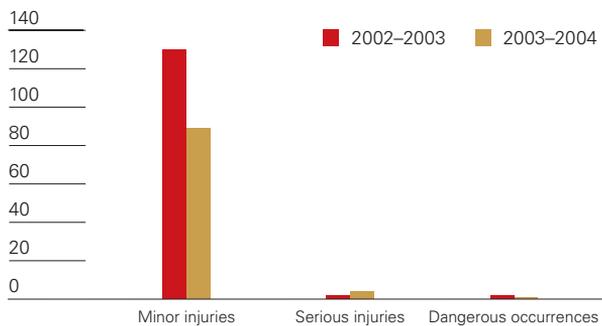
There were no fatalities or provisional improvement notices recorded during the period.



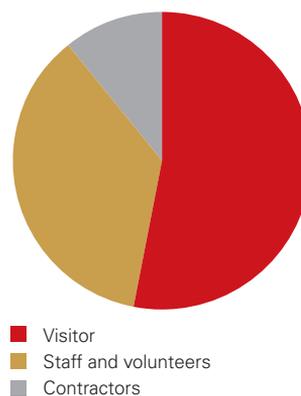
**Location of injury**



**Causes of injury**



**Category of incident**



**Category of person injured**

## INDEMNITIES AND INSURANCE

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

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

As part of its annual insurance renewal process, the Museum reviewed its insurance coverage to ensure that it remained appropriate for its activities. The Museum's risk management strategies and activities resulted in it qualifying to receive a discount offered under the Comcover Risk Management Benchmarking program.

## SERVICE CHARTER

The Museum's Client Service Charter is available to the public as a pamphlet and on the Museum's website. The Client Service Charter is contained in Appendix 11.

During the year, the Museum received more than 1200 written comments from visitors regarding services, programs, exhibitions, the building and facilities. Ninety-three per cent of the feedback was positive. Most negative comments related to exhibitions and exhibition content, with several comments received about the Review of Exhibitions and Public Programs.

The Museum uses visitor feedback to improve its services and amenities. Examples in 2003–2004 include:

- In direct response to feedback from visitors, the lighting in the temporary exhibition *Rare Trades* was rectified within 24 hours of the exhibition's opening.
- In the development of text panels for the *Outlawed!* exhibition, legibility of type was improved in response to previous comments from visitors.
- Considerable work was completed during the year to improve the wayfinding map and information for visitors.

## 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 has continued to commit 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 2003–2004.

PARAGRAPH/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
Paragraph 516A(6)(a)	How the activities of the organisation accord with the principles of ESD	<p>Continued promotion of ecologically sustainable development is demonstrated through the content of the Museum's permanent and temporary exhibitions, its programs designed for students, its public programs and its administrative and decision-making processes.</p> <p>Some examples include the Tangled Destinies gallery, which emphasises the interrelationship between human history and the land, as well as public programs such as various public conferences and specific school programs.</p> <p>Whenever possible, the Museum also contributes to the protection and improvement of the Canberra environment via its partnerships with the Australian National University, Australian National Botanic Gardens, CSIRO Black Mountain, Environment ACT, Lower Sullivans Creek Catchment Group and the National Capital Authority.</p> <p>An ongoing project that the Museum contributes both expertise and funding to is the Lower Sullivan's Creek Catchment ecological survey. This is a nationally significant project that aims to develop a biodiversity management plan for the Lower Sullivans Creek Catchment area.</p>
Paragraph 516A(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 spirit of ESD principles. These include programs that '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"> <li>• develop and maintain a national collection of historical material</li> <li>• exhibit historical material from the NHC or historical material that is otherwise in the possession of the Museum</li> <li>• exhibit material that relates to Australia's past, present and future</li> <li>• conduct research relating to Australian history</li> <li>• disseminate information relating to Australian history.</li> </ul> <p>Also see (a) above.</p>
Paragraph 516A(6)(c)	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 Performance 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>
Paragraph 516A(6)(d)	The effect of the organisation's activities on the environment	<p>The Museum's activities have the potential to affect the environment through consumption of energy, waste production, and the impact on local waterways, flora and fauna.</p> <p>See (e) on the following page.</p>

PARAGRAPH/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
Paragraph 516A(6)(e)	The measures (if any) taken by the organisation to minimise this impact	<p>Various strategies have been put in place to reduce environmental impact.</p> <p>These include the reduction of energy consumption, increase in waste recycling, the use of environmentally friendly chemicals and the provision of alternative homes for local arboreal mammals when disrupted by Museum works to ensure its impact on local wildlife is minimised.</p> <p><b>Reduction of energy consumption:</b> An energy monitoring system was installed to allow independent monitoring of the heating, ventilation and air conditioning system to enable accurate tracking of energy usage across the Acton site. This will assist in the development of energy management strategies leading to potential cost savings.</p> <p>Following a review of natural gas usage and requirements, a reduction was made in the annual contracted quantity of gas to be supplied, resulting in an annual reduction of gas energy costs.</p> <p>Ongoing changes to lighting in the exhibition and administration areas include the replacement of 50 watt dichroic lighting by 35 watt lighting which actually provides a broader light output at a reduced lux level leading to reduced energy consumption. Lighting costs are expected to reduce as the changes are further implemented during in 2004–2005</p> <p>To further reduce energy consumption, changes were made to the programming of the lighting control systems and the wattage of lighting in the Hall was decreased from 500 watts to 300 watts. These measures have resulted in reduced power consumption, increased lamp life and improved lighting conditions on cloudy days. This methodology will continue to be extended throughout the galleries and operational areas in 2004–2005.</p> <p>Changes to the temperature and humidification control strategies improved the humidity control in the gallery areas and may 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><b>Recycling:</b> An ongoing review of the Museum’s recycling program has led to an increase in paper, toner cartridge and glass/plastic bottles recycling in the administration areas. Recycling bins will be progressively installed in the restaurant/ café areas.</p> <p>All cleaning chemicals used by the Museum’s cleaning contractors meet 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>

PARAGRAPH/ ITEM	REQUIREMENT	ACTIVITY/CONTRIBUTION
Paragraph 516A(6)(f)	The mechanisms (if any) for reviewing and increasing the effectiveness of those measures	The Museum's Environmental Management System (EMS) is currently in its final stage of development. It is expected to be implemented early in 2004–2005 and has been developed to meet or exceed the requirements of ISO 14001. The EMS 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 and Mitchell sites, as well as guidelines on community and staff education. A review mechanism will be an integral part of the EMS.

## DISABILITY STRATEGIES

The National Museum recognises the importance of the *Disability Discrimination Act 1992*. Compliance with the Act helps identify and remove barriers that might prevent people with disabilities from accessing Museum programs, services and employment opportunities. The Museum meets its obligations under the Act by implementing 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 are set out in Appendix 12.

## 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 2003–2004 was \$1,493,720 and comprised:

- advertising agencies
- market research organisations
- media advertising organisations.

A detailed list is shown in Appendix 13.

## COMMERCIAL PERFORMANCE

### SPONSORSHIP AND DEVELOPMENT

Corporate sponsorship and partnerships are secured to support Museum programs and to extend and enhance activities such as marketing and technology. In 2003–2004, the Museum increased its success in sponsorship and development activities by negotiating agreements with the potential to deliver more than \$1.5 million in sponsorship. Substantial support was provided by:

- The APN News & Media Group entered their second year as a major media partnership, offering outdoor advertising promotion for the Museum brand and for the *Outlawed!* exhibition locally and interstate.

- Doma Hotels Canberra, the Museum's preferred accommodation supplier, renewed support for the Museum for the third year, providing a sponsorship fee, free-of-charge room nights, assistance with tourism promotion and promotion of the *Outlawed!* exhibition.
- Lockwood Security Products contributed a substantial cash sponsorship and exhibition support to secure Presenting Rights for *Outlawed!* in Canberra, Melbourne and Brisbane.
- Novell is assisting the Museum to develop a personalised online website called My Museum



Richard Neville reveals the future at Getting Down to Business

The Museum's innovative Corporate Circle Program continued to engage business supporters and provided opportunities to build additional linkages Australia wide. A key benefit provided for sponsors and Corporate Circle members was the annual networking forum *Getting Down to Business* held on 19 February 2004. The event attracted more than 260 of Canberra's public and private decision makers and featured a keynote presentation by futurist, Richard Neville.

A full list of Museum sponsors and supporters is in Appendix 14.

## MERCHANDISING AND RETAIL

Merchandising and retail operations enable the Museum to raise commercial revenues while at the same time enhancing visitor 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 and implemented in 2002–2003, with further enhancements undertaken in 2003–2004. This contributed to a turnover increase of 4.4 per cent to \$1,034,152 in 2003–2004.

In March, the Museum conducted a visitor survey which showed an improvement in all areas of retail service compared with the previous year, including:

- Shop price range rating of very good to good increased by ten per cent
- Shop variety of stock increased to a very good/good rating of 84 per cent
- Shop presentation and appearance increased by three per cent to 97 per cent for a rating of very good/good
- Shop customer service was 100 per cent at the very good/good rating, up seven per cent on the prior year.

Key areas for retail improvement during 2003–2004 included:

- a 13 per cent growth in average spend per Museum visitor
- an eight per cent increase in conversion rate (that is, the percentage of Museum visitors who purchase from the Shop during their visit)
- the Shop conducted an exhibition in conjunction with the Chief Minister's Office (ACT) as part of the Nara sister city 10th anniversary. The official delegation from Nara visited the Museum as part of their stay in Canberra.
- continued development of stock and suppliers, such as a visit to Alice Springs where time was spent with the Northern Territory Food Group. This facilitated an increase in the range of native bush foods and potential for program activities using this theme. The trip also involved meeting with Desert advocacy group, which represents over 36 Indigenous communities around Alice Springs. This has strengthened the Museum's Indigenous product range.

Retail staff were also active in forming an ACT cultural shops forum, including key members (Retail Managers) from the National Gallery of Australia, Questacon, Parliament House Shop, National Library, Old Parliament House and Screen Sound Australia.

## VENUE HIRE

The Museum is a popular venue for a range of corporate events including conferences, meetings, product launches, gala dinners, awards presentations and cocktail receptions.

This year the Museum continued to focus on marketing its venue to the convention industry. Key relationships were developed within the industry to help promote the Museum as a venue to local, national and international markets. This resulted in participation in promotional events such as the Asia–Pacific Incentives Meetings Expo, the Canberra Showcase in Sydney and Melbourne and the Canberra Convention Bureau's 'Top Secret' events.



George Seirras

Getting Down to Business *in the Museum's Hall*

## RESOURCES, ESTIMATES AND OUTCOMES

### FINANCIAL OUTCOME FOR 2003–2004

The Museum's financial statements disclose an operating surplus for 2003–2004 of \$764,754, compared to a \$32,173,480 surplus in 2002–2003. The prior year surplus included \$28.233 million in revenue from Government for funding of the Capital Use Charge, a scheme which ceased in 2002–2003.

The Museum's appropriation for 2003–2004 was \$40.320 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 \$0.050 million in 2003–2004 which related to the implementation of the Budget Estimates Framework Review outcomes.

The table below indicates the estimates approved by the Minister for the Museum and the outcome in terms of actual expenditures for 2003–2004.

	<b>BUDGET 2003–2004 \$'000</b>	<b>ACTUAL 2003–2004 \$'000</b>
Employee expenses	14,162	14,306
Administrative and other operating expenses	18,900	22,911
Depreciation and amortisation expenses	10,288	7,837
Less revenue from independent sources	-3,100	-5,499
Net resources used	40,250	39,555

### STATEMENT OF FINANCIAL PERFORMANCE

Appropriation revenues from government decreased by \$27.245 million from \$67.565 million in 2002–2003 to \$40.320 million in 2003–2004. The reduction in appropriation resulted from the cessation of the government's Capital Use Charge framework.

Revenues from non-Government sources increased substantially (by 22 per cent) to \$5.499 million (2002–2003: \$4.516 million). This included a 13 per cent increase in gross revenues from the sale of goods and services, and a 138 per cent increase in investment income.

Total expenses were 12.9 per cent higher than the prior year, moving from \$39.908 million in 2002–2003 to \$45.054 million in 2003–2004.

### STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position discloses an increase in the Museum's net assets of \$0.815 million, from \$269.706 million in 2002–2003 to \$270.521 million in 2003–2004.

Cash at bank as at 30 June 2004 totalled \$3.270 million (2002–2003: \$2.726 million) and investments totalled \$26.734 million (2002–2003: \$22.920 million). The investments primarily comprise reserves for depreciation and employee provisions.

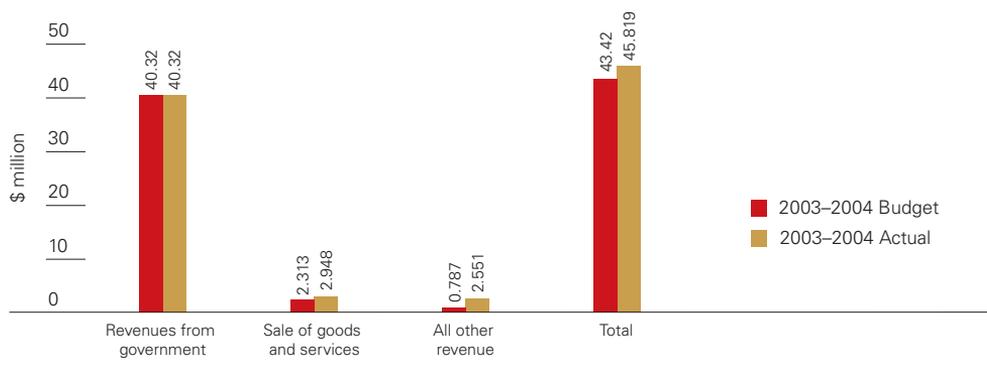
An increase in non-financial assets from \$0.809 million in 2002–2003 to \$1.811 million in 2003–2004 relates to the financial impact of the refurbishment of the leased Annexe building on Acton Peninsula. The Museum contributed to the refurbishment on behalf of the lessor, the National Capital Authority, with those contributions representing prepaid lease costs in 2003–2004.

## STATEMENT OF CASH FLOWS

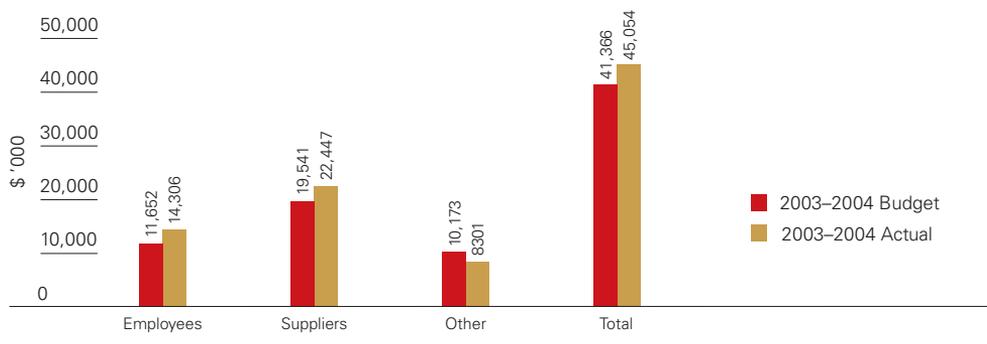
Net cash received from operating activities decreased from the prior year by 81 per cent. This was primarily due to the cessation of the Capital Use Charge framework by the Australian Government. If this impact is precluded, net cash from operating activities decreased 11 per cent on the prior year.

Cash received for operating activities, precluding the impact of Capital Use Charge funding changes, increased by five per cent. Cash received from the sale of goods and services, investment income and other non-government sources all increased in 2003–2004.

Cash used for operating activities increased by 22 per cent from the prior year primarily due to increased cash payments for suppliers, including exhibition costs.



### Operating revenues



### Operating expenses

## 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:

- implementation of the recommendations from the Review of Cultural Agencies — including issues relating to collection conservation and storage, procurement activities, and shared services
- benchmarking functions across institutions to improve operational efficiency and effectiveness
- ongoing accrual reform issues, federal budgetary arrangements, and depreciation policies
- staff development activities, including the continuation of the successful Cultural Management Development Program and the Advanced Workplace Skills Program
- forecasting of exhibitions and public programs
- fraud management.

### 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 Australian Government policy.

The total number of consultancy services provided to the Museum in 2003–2004 was 67 and the total expenditure on consultancy contracts during the year was \$606,500. Major services involved program evaluation, market research, information and communication technologies and financial services.

### FACILITIES MANAGEMENT

The major project during the year was the refurbishment and fitout of the Administration Annexe (the building formerly known as the ACT Hospice). The building is on a long-term lease from the National Capital Authority. All works were completed within budget and in accordance with the Annex Conservation Management Plan, which required retention of the original footprint of the former hospice. Base building and fitout works were completed in March 2004. This enabled Museum staff and services to be relocated

in April from offices in the suburb of Braddon. By consolidating its staff in two locations (Acton and Mitchell) instead of three, the Museum gained substantial operational benefits. The Museum's Library, which also moved from Braddon to the Annexe, became more accessible to staff and the public.

Following the completion of the first year of its facilities maintenance contract, the Museum engaged an independent consultant to review the contract's operation and conduct an audit of work carried out by the contractor. It is expected that the consultant will recommend some streamlining of processes and reporting requirements under the contract. In addition, the facilities maintenance contractor is required under contract to provide an annual condition assessment of the plant and equipment to feed into the review of the 25-year Asset Management Plan.

Work continued during the year to improve the acoustic clarity and sound levels in the Hall. The Museum engaged an acoustic engineer, whose report recommended installing specialised speakers and applying acoustic treatment to a number of surfaces in the Hall. The design and placement of the acoustic treatment is being done in consultation with the building architect and is expected to be finalised in 2004–2005.

Other major facilities management projects commenced or completed during the year included:

- building an additional storage area at Loading Dock 3 to provide space for retail operations and catering equipment
- installation of sunshades in the Amphitheatre to enhance the use of that space for public programs
- reconfiguring the South Back of House area to provide improved staff accommodation, security of exhibition changeover material and to accommodate Records Management
- improving non-slip coating to public areas, installing additional Early Warning Information System speakers, and improving maintenance access to the Garden of Australian Dreams
- reviewing the conducted heating ventilation and air conditioning at the Acton site and the main storage repositories to assess operational adequacy and identify future requirements for inclusion in the Museum's 25-year Asset Management Plan
- reviewing the chilled water capacity to assess future load and operational requirements
- reviewing the heating ventilation and air conditioning systems at 9–13 Vicars Street Repository to determine asset condition and replacement strategy
- installing an energy monitoring system to allow tracking of energy use in targeted areas of the Museum
- implementing energy management strategies, including revised lighting configurations to reduce power consumption, installation of power factor correction controllers and revised lighting parameters for exhibition areas

- commencing implementation of the Museum's environmental management system with stage one energy and environmental audits carried out
- completing stage one installation of carbon filters in gallery areas to further refine environmental conditions for Museum and loaned objects.

The final outstanding building defect on the Acton building, remaining from the Acton Alliance, was rectified during the year. This was weatherproofing large panel windows and the weather shield on the external aluminium cladding adjacent to Circa.

## ASSET MANAGEMENT

During the year, the Museum developed a consolidated maintenance program to cover all fixed plant and equipment assets across all Museum sites. This enables the organisation to monitor maintenance projects and costs more efficiently.

With the benefit of three full years of operational information from the Acton site, the Museum is reassessing its 25-year asset maintenance and lifecycle plan. This will help with development of a more detailed asset replacement and refurbishment plan for the next five-year period.

Financial management of assets is monitored through the Council's Audit and Finance Committee.

## SECURITY

In light of ongoing concerns about security in Australia, a further review of the security was conducted at all Museum sites to assess the standard of security activities. The review included audits of security operating procedures, emergency procedures and associated procedures and practices. It made a number of recommendations for improvements to the Museum's operations and activities. The recommendations of the review were all implemented during the year and included measures such as:

- revising the operational activities of security staff
- installing additional security related equipment
- implementing additional maintenance cycles for security equipment
- providing additional staffing awareness bulletins
- revising a number of internal procedures.

The Museum's Security Coordinator meets regularly with other agency security advisers located within and around the Parliamentary triangle. Strategic planning is in place to assess any further requirements under escalated levels of threat.

The Museum provided specialised security for VIP parties on 75 occasions. These visits were coordinated with the Australian Federal Police Protective Security Intelligence Unit. The Museum also continued to assist the Australian Federal Police and the Attorney-General's Protective Security Coordination Centre by providing an operating venue in which to conduct training courses.

## PEOPLE MANAGEMENT

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

## WORKPLACE AGREEMENT

A significant highlight during the year was the implementation of the *National Museum of Australia (Productivity and Performance) Workplace Agreement 2002 to 2005*.

The agreement delivers a 12 per cent salary rise over the life of the agreement. This included a 3.5 per cent salary increase from 1 July 2003. A further 0.5 per cent increase, from the same date, was also delivered in recognition of the commitment of staff to the implementation of the Museum's new staff performance framework Workplace Conversations (see page 82).

Productivity gains in the agreement flow from initiatives in these areas:

- the alignment of organisational performance targets with staff performance agreements
- 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
- greater 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.

In line with government policy Australian Workplace Agreements continue to be available to Museum employees.

## 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 and, in particular, the Museum's Workplace Agreement.

At 30 June 2004, the Museum employed 244 staff consisting of 201 ongoing and 43 non-ongoing employees, which represent a full-time equivalent number of 213. A full break down is shown in the following table. An additional breakdown, by employment category and division as at 30 June 2004 and by level respectively are in the next two tables.

### Staffing by employment status

STATUS	MALE	FEMALE	TOTAL
Ongoing full time PEO	0	0	0
Non-ongoing full time PEO	1	0	1
Ongoing full-time staff SES	0	2	2
Ongoing full-time staff non-SES	48	65	113
Ongoing part-time SES	0	0	0
Ongoing part-time non-SES	12	51	63
Non-ongoing full-time SES	0	0	0
Non-ongoing full-time non-SES	6	19	25
Non-ongoing part-time SES	0	0	0
Non-ongoing part-time non-SES	0	15	15
Temporary movements SES	0	1	1
Temporary movements non-SES	7	17	25
<b>Total</b>	<b>74</b>	<b>170</b>	<b>244</b>

### Staffing by division

DIVISION	ONGOING	NON-ONGOING	TOTAL
Directorate	17	4	21
Operations	90	13	103
Collections, Content and Technology	71	21	92
Public Programs and Audience Development	23	5	28
<b>Total</b>	<b>201</b>	<b>43</b>	<b>244</b>

### Staffing by APS level

STAFF SPREAD ACROSS LEVELS	MALE	FEMALE	TOTAL
PEO	1	0	1
SESB1	0	3	3
EL2	9	11	20
EL1	9	11	20
APS6	12	28	40
APS5	12	19	31
APS4	8	29	37
APS3	5	15	20
APS2	18	54	72
APS1	0	0	0
<b>Total</b>	<b>74</b>	<b>170</b>	<b>244</b>

## INDIVIDUAL PERFORMANCE MANAGEMENT

Between July 2003 and January 2004 the Museum introduced Workplace Conversations, an innovative new staff performance management framework and a key productivity initiative in the *National Museum of Australia (Productivity and Performance) Workplace Agreement 2002 to 2005*.

Following a successful three-month trial, commencing in June 2003, the Museum undertook training for all staff in October and November and supervisors commenced initial performance discussions under the new framework in November. The new framework was implemented six months ahead of schedule.

Workplace Conversations uses a 'guided conversation' approach and has been well received by managers and staff. It uses Museum-specific Work Level Standards to clarify job roles and expectations. It also uses an associated Museum-specific Capability Profile to identify and reinforce work behaviours that support the Museum's objectives

Evaluation of Workplace Conversations has been integral to its successful implementation. A final overall evaluation report on the first performance cycle is due in August 2004.

### **Development of the Museum's people**

Through Workplace Conversations, Museum staff are encouraged to identify individual learning and development needs and to further their skills through external development activities relevant to their field. A number of staff presented papers at conferences and seminars, undertook research and attended technical and professional workshops. Staff professional activities are listed in Appendix 8. In addition, five staff took part in cultural management programs and four staff attended advanced workplace skills training.

The *National Museum of Australia (Productive and Performance) Workplace Agreement 2002 to 2005* also enables staff to access Museum-sponsored study leave, with special provisions for staff to learn languages other than English.

Other staff training included:

- Workplace Conversations training for all staff provided an introduction to the new staff performance management framework and helped staff improve their communication, negotiation and conciliation skills
- seminars on occupational health and safety for all managers and supervisors
- refresher courses for first aid officers, fire wardens and section health and safety representatives.
- regular and comprehensive orientation program for all new Museum employees.

### **Consultative arrangements and employee relations**

During the year the Museum implemented new, more collaborative, staff consultation arrangements in accordance with the *National Museum of Australia (Productivity and Performance) Workplace Agreement 2002 to 2005*. Two new consultative bodies, the

Museum Consultative Forum and Workplace Development Committee were established, replacing the former Workplace Relations Committee. The new arrangements focus on dealing with issues at the appropriate level within work groups. The forum met twice during the year and the committee three times.

### Workplace diversity

The Museum values the skills and knowledge of all staff, and the contributions they bring through their different backgrounds, experiences and perspectives. By promoting an inclusive environment, the Museum demonstrates its commitment to workplace diversity and equity.

During the year the Museum continued to encourage a staffing profile reflecting modern Australia's cultural diversity. This was done through recruitment strategies and through initiatives such as the Indigenous Support Group for current employees.

The Museum continued to successfully implement the Government's *Charter of Public Service in a Culturally Diverse Society*. In its 2003 report to Parliament, the Department of Immigration and Multicultural and Indigenous Affairs acknowledged that the Museum had achieved 100 per cent of key performance indicators relevant to its roles as a purchaser and a provider of services, and cited several Museum practices as examples of better practice.

As at 30 June 2004, the Museum staff who identified themselves as being from target groups were:

GROUP	NUMBER OF STAFF	
	2002-2003	2003-2004
Person of Aboriginal or Torres Strait Islander descent	10	7
Person with a disability	5	5
Person from a culturally and linguistically diverse background	20	30
Females	165	170

### Better service delivery

The Museum continued to strengthen its human resource management and workplace relations operations during the year. Payroll processing services, including those previously noted by the Museum's auditors, were improved. The Museum began a review of its human resource information system to ensure best performance for the future. The review will be a key strategic priority for the human resources area during 2004-2005.

### Post-separation employment

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

### **Educational and developmental placements**

The Museum continued to be a highly sought after venue for secondary and tertiary students seeking work experience. More than 50 high school students from the ACT and surrounding country NSW enquired about placement with the Museum. Of these, 12 were placed and worked across most areas of the Museum. Approximately 30 tertiary students were involved in paid and unpaid work experience, project work and research activities. During the year the Museum also supported the Public Service Commission's Senior Women in Management Program by providing a temporary placement in the Visitor Services area.

#### **Facing image**

*Errol Flynn as Robin Hood in Outlawed!* photo: National Museum of Australia

*Wedding dress worn by Caroline Spencer in 1870* photo: Dragi Markovic

*Tasmanian kelp armour made by Vicki West for the First Australians gallery* photo: Dragi Markovic