
Australian Museum Trust

AUDIT OPINION

The audit of the Museum's financial statements for the year ended 30 June 2010 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Collections Database (Repeat Issue)

I have previously recommended the Museum complete its program of recording its collections on an electronic database as soon as possible.

In recent years, I reported the absence of an appropriate database impacts the Museum's ability to discharge its stewardship responsibilities over its collections. Museum management has again advised that completion of this task is dependent on the availability of funds. The Museum is part of a funding bid to The Treasury, which is being prepared and coordinated by the Department of Communities, to allow electronic databasing of its collections.

The Museum continues to process new and old items to the electronic database as resources allow. They are unable to determine when this work will be completed largely because of the number of collection items. Total collection items exceed 18 million objects and the number recorded in the collections electronic database was approximately 1.6 million (8.9 per cent) at 30 June 2010.

The Museum added approximately 48,000 items to its collection database in 2009-10. At this rate, it will take the Museum another 341 years to record its current collections in the electronic database.

Performance Audit

In September 2010, I released my performance audit report on *Knowing the Collections: Australian Museum*, which looked at the information the Museum holds on its collections, its inventory controls and how well it can locate the objects in its care.

The report concluded the Museum is doing much to improve access to its collections. However, a lack of information on its collections limits its ability to fully achieve its stated objectives. Despite efforts to digitise its information, much of the collection remains unregistered or poorly catalogued. Much of the information is still held on paper, cards, slides and old photographs.

The full report, including the Museum's response, can be obtained at:

www.audit.nsw.gov.au/publications/reports/performance/2010/museum_collections/collections_contents.htm.

PERFORMANCE INFORMATION

The Museum provided the following information regarding its performance.

Year ended 30 June	2010	2009	2008	2007	2006
Visitor numbers ('000s)	375	322	333	318	297
Admission fees (\$m)	3.3	2.5	1.9	1.8	2.1
Temporary exhibitions	8	5	8	9	8
Website visits (m)	9.4	14.0	21.0	23.3	17.1
Value of Collection (\$m)	767	767	767	530	530

Source: Annual Report 2009-10 unaudited

In 2009-10, visitor numbers increased by 52,647 to 374,601 (322,065 in 2008-09), a 16.4 per cent increase over the previous year. Revenue from admission fees increased by 30.0 per cent compared to the previous year. The price of admission fees increased between three and 60.0 per cent across all categories in 2008-09 and, whilst admission fees did not increase in 2009-10, the effect of the increase in 2008-09 further bolstered revenues in 2009-10.

The increase in visitor numbers was primarily due to continued public interest in the Museum's exhibitions, which included:

Temporary exhibitions with top-up admission fees

Exhibition Name	Exhibition Start Date	Exhibition Finish Date	Visitors
When Mammoths Roamed	10 April 2009	24 July 2009	42,885
Egyptian Treasures: Art of the Pharaohs	13 September 2009	6 December 2009	60,139
Wildlife Photographer of the Year and My Photo Studio	24 December 2009	26 April 2010	39,094
Total Attendance			142,118

Temporary exhibitions with no top-up admission fees

Exhibition Name	Exhibition Start Date	Exhibition Finish Date
Climate Change - Our Future, Our Choice	2 May 2009	16 August 2009
Menagerie: Contemporary Indigenous Sculpture in Australia	5 September 2009	15 November 2009
Amazing Backyard Adventures	5 December 2009	18 April 2010
Yiloga! Tiwi Footy	15 May 2010	14 November 2010
Alive display and events arena	22 May 2010	20 September 2010

The Museum's website continued to provide interaction between the Museum and the public, with 9.4 million (14.0 million) visits to the sites. Of the 2.9 million visits to the 'australianmuseum.net.au' site, 43.0 per cent were international visitors.

The 'Museum in a Box' program delivered teaching resources to nearly 63,000 school students across New South Wales during the year.

OTHER INFORMATION

Human Resources

This year I reviewed the following areas relating to human resources:

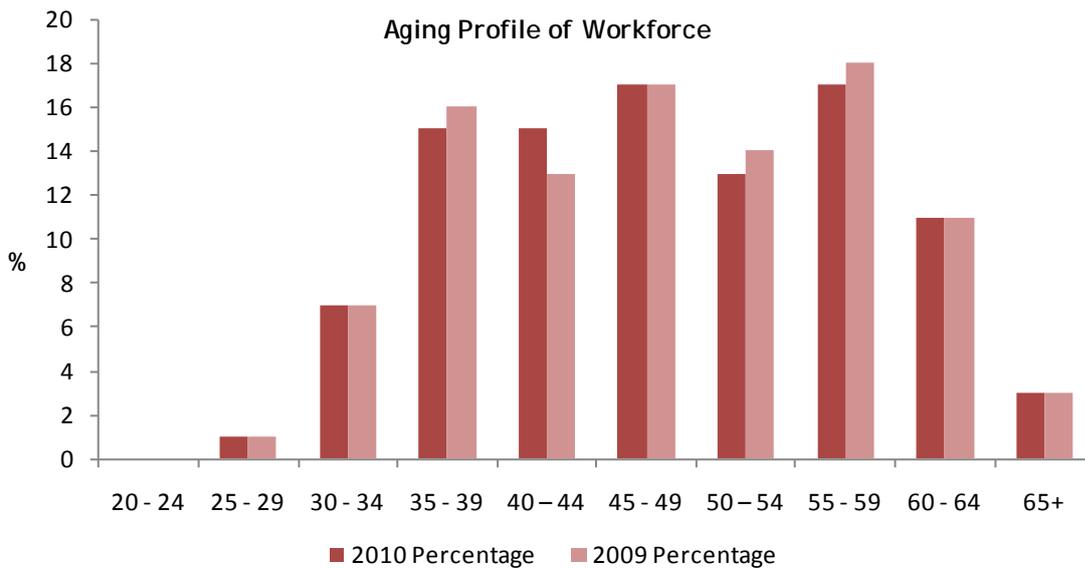
- employee age profile to identify the number of employees nearing retirement age and actions taken to address any risks arising
- management of annual leave balances in excess of threshold policies
- use of contract staff.

Issues identified from my review will be reported in a management letter to the Museum. A summary of the results of my review follows.

Workforce Ageing

At 30 June 2010, 31.0 per cent (32.0 per cent) of the Museum’s employees were over 55 years of age and 44.0 per cent (46.0 per cent) were over 50. A large number of these employees are likely to retire over the next five to ten years increasing the risk of a significant loss of knowledge and skills for the Museum.

The age profile of Museum employees is shown below:



At 30 June Age Group	2010		2009	
	No. of Employees	%	No. of Employees	%
Up to 39	43	23	44	24
40-44	27	15	24	13
45-49	32	17	30	17
50-54	24	13	26	14
55-59	32	17	32	18
60-64	20	11	20	11
65+	5	3	5	3
Total	183	100	181	100

Source: Information provided by Museum (unaudited)

The Museum does not have a strategic staff succession plan in place to address the ageing workforce risks. It advised it is having difficulties developing one under the existing Government staff freeze. The Museum does, however, provide opportunities for younger staff to act in higher positions, exposing them to relevant experiences and issues, which go some way to addressing the problem.

The Museum's low staff turnover rate, allows more stable employment and provides new staff with the opportunity to build knowledge and experience over time. In that sense, the Museum believes it may be better placed to deal with an ageing workforce than other general Government departments with higher turnover rates and/or younger aged profiles.

The Museum also provides considerable support for retirees to keep them engaged with the salaried workforce. Retirement does not necessarily mean loss of knowledge. The vast majority of Research and Collections (Science) retirees continue productive work at the Museum and, from this perspective, the 'real' turnover rate is considered very low.

The Museum currently has 18 Senior Fellows who were former researchers/curators/collection managers at the Museum. They are provided with a workspace, access to infrastructure and an honorarium of up to \$1,000 per annum for research-related expenses. The more active Fellows apply for research grants, some of which cover the salaries of technical officers and post doctoral positions, they supervise students, publish scientific papers and contribute to the promotion of the Museum's science through, for example, articles in Explore Magazine.

Annual Leave Balances

I recommend the Museum develops and implements additional procedures requiring all staff with excessive leave balances to have a leave management plan in place to further reduce leave balances within an acceptable timeframe.

The Museum has attempted to actively manage employees with excessive annual leave balances in recent years. A monthly report of annual leave balances is generated for executive management's information and action. However, the number of employees with annual leave balances in excess of 40 days has increased from 27 employees at 30 June 2009 to 30 employees at 30 June 2010. Employees in this category represented 8.4 per cent (7.7 per cent) of total.

The Museum's liability for annual leave increased by 23.7 per cent, from \$1.5 million at 30 June 2009 to \$1.8 million at 30 June 2010.

Liabilities for excessive annual leave generally increase over time as salary rates increase, which impacts cash flow requirements. The health and welfare of staff can also be adversely affected if they do not take sufficient leave.

Use of Contract Staff

I recommend the Museum establish a central register of all contractors. The Museum should review its use of contractors to ensure it is not excessive and the Museum is receiving value for money by engaging contractors.

The Museum advised it does not have a central registry for contractors. No reviews are performed to identify if the reliance on contractors is excessive or to ensure the use of contract employees represents value for money.

The Museum does not believe maintaining a contractor's register would be cost effective. Controls are in place to assess each proposal on its merit and the Director-General's approval is needed for any contractors who replace staff. Appointments are generally short term placements. Each vacancy, and the proposal to fill it with contract staff, is carefully assessed against need, cost, duration, skills requirement and any special circumstances such as the need to fill at very short notice.

FINANCIAL INFORMATION

Abridged Statement of Comprehensive Income

Year ended 30 June	2010 \$'000	2009 \$'000
Government contributions	27,992	29,733
Sale of goods and services	8,053	6,651
Other revenue	2,804	5,749
TOTAL REVENUE	38,849	42,133
Personal services expenses	22,819	22,560
Other operating expenses	11,866	13,089
Other expenses	5,791	5,030
TOTAL EXPENSES	40,476	40,679
(DEFICIT)/SURPLUS	(1,627)	1,454
OTHER COMPREHENSIVE INCOME	--	--
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	(1,627)	1,454

Total revenue from all sources declined by \$3.3 million in 2009-10. Revenues from the sale of goods and services increased by \$1.4 million, mainly due to the increase in visitor numbers, but Government capital contributions fell by \$2.3 million and prior year revenues included an insurance recovery of \$2.8 million.

Abridged Statement of Financial Position

At 30 June	2010 \$'000	2009 \$'000
Current assets	10,574	10,720
Non-current assets	1,027,460	1,029,584
TOTAL ASSETS	1,038,034	1,040,304
Current liabilities	4,046	4,713
Non-current liabilities	392	368
TOTAL LIABILITIES	4,438	5,081
NET ASSETS	1,033,596	1,035,223

The Museum spent \$3.5 million in 2009-10 on additions to property, plant and equipment. The major items of expenditure were:

- \$2.8 million to complete capital improvements at the College Street site
- \$700,000 for upgrades to the Lizard Island Research Station.

MUSEUM ACTIVITIES

The Museum is constituted under the *Australian Museum Trust Act 1975*. Trustees are appointed by the Governor on the recommendation of the Minister for the Arts for a term of up to three years.

The objectives of the Museum are to propagate knowledge about the natural environment of Australia and to increase that knowledge, particularly in the natural sciences of biology, anthropology and geology. The Museum is responsible for the control and management of the Museum.

For further information on the Museum, refer to www.austmus.gov.au.