



Baking the Cake Differently—An Australian Perspective on Museum Funding and Business Models

by Regan Forrest and Sue Hodges

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Ask the average person on the street, whether in Sydney or Seattle, what they think of when you say “Australia,” and chances are they won’t mention anything to do with museums. While Washington has the Smithsonian and London has the British Museum and the South Kensington trio of the Science Museum, Natural History Museum, and the Victoria & Albert, Australia’s museums haven’t quite made their way into Australia’s or the world’s consciousness. This is not to say that Australia doesn’t have a vibrant museums sector: Canberra, the nation’s capital, boasts several major institutions, and museums represent its main tourism offer. Other Australian cities also have museums that can hold their heads high in any international arena. It’s just that our national identity is more tied to kangaroos, koalas, the beach and the outback. It’s an odd disconnect since it does not represent how most of us live.

Australia’s population of 21.5 million (2011 Census) might be small for the country’s vast size, but is highly concentrated in urban and suburban conurbations. Over two-thirds of the population lives in six major cities, with a further 20% living in smaller cities and large towns. It’s the sprawling suburbs, not the rugged outback, that most Australians call home. But superficial similarities between industrialised nations conceal differences in the way museums are funded and viewed by society. It is these differences we seek to explore in this article.

The two authors of this article have collaborated on several projects in the past and have decided to author this

article jointly in order to bring together two different but complementary views of the Australian cultural economy. Regan, having lived in the UK and worked on exhibition projects across four continents, brings an international perspective to the current state of museum funding in Australia. Meanwhile, Sue draws on her personal experiences as Director of SHP and her recent international work to describe how her arts-focused business has tackled recent economic challenges and led her to create a recipe for repositioning the skills of the cultural sector in a challenging marketplace.

The authors’ recent respective international research activities show that the Australian situation is not unique and that solutions need to be found at a global level if the museums sector is to remain sustainable. Using a baking metaphor, we contend that the Australian funding “cake” has a distinctive mix of ingredients, but also suggest that these ingredients can be combined in new and interesting ways in order to gain better outcomes for the cultural sector nationally and internationally. We first describe the basic funding ingredients, then outline how different approaches and business models may help increase the size of the cake and still have something left over for the icing.

Where Do the Ingredients Come From? Museum Funding in Australia

According to the Australian Bureau of Statistics (ABS), there are 1183 museums in Australia, which are divided into “Art Museums / Galleries,” “Social History Museums,” “Historic Properties,” and “Natural / Science / Other” museums. On average, these museums receive

about two-thirds of their income from Government sources (ABS, 2010). From a U.S. standpoint, where museums would be lucky to receive half this amount (Manjarrez, Rosenstein, Colgan, and Pastore, 2008), this might seem a luxurious state of affairs, since Australian museums aren't in the position of having to earn or raise funds just to keep their doors open and lights on. A very small proportion of their income comes from donations or sponsorship (see Figure 2).

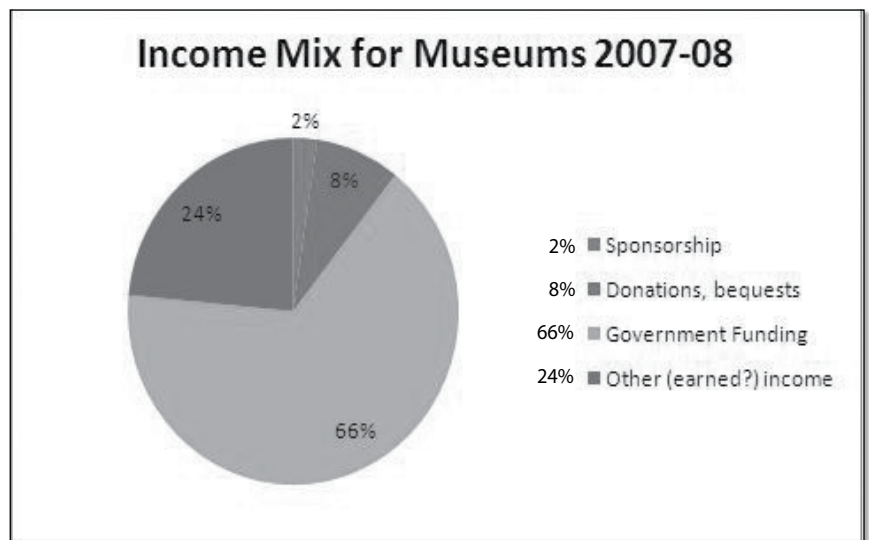
But the current funding model is a double-edged sword: since government has always been the principal funder of arts and culture, such funding is assumed to be primarily a government responsibility. The logic is: we pay our taxes; our contribution is made. Why pay twice?

This sort of reasoning might help explain why Australia does not have an established culture of either corporate or private philanthropy (with the notable exception of sports sponsorship). It is true that Australia has far fewer wealthy individuals or large companies than the U.S. But there is also not the same kind of social expectation for the wealthy to give to good causes. The Australian corporate sector has been criticised for its poor track record of philanthropic giving (Steffens, 2011), and affluent individuals give an average of less than half of one percent of their incomes to charity (Madden & Scaife, 2008). In this context it is not surprising that museums face difficulties "topping up" their government incomes and raising the additional funds needed for expansions or exhibition refurbishments.

Further reflecting this cultural difference,

	Art Museums/ Galleries	Social History Museums	Historic Properties	Natural, Science and other Museums	Total
Number of Museums	165	712	247	59	1183
Number of Admissions ('000)					
<i>Paid</i>	2177.7	2890.2	2574.1	2161.2	9803.2
<i>Free</i>	10771.9	5888.5	1154	3099.9	20914.3
Total	12949.6	8778.7	3728.1	5261.1	30717.5
Proportion of free admissions					
	83%	67%	31%	59%	68%
Mean attendance by museum type ('000)					
<i>Paid</i>	13.2	4.1	10.4	36.6	8.3
<i>Free</i>	65.3	8.3	4.7	52.5	17.7
Total	78.5	12.3	15.1	89.2	26.0
Proportion of total museums					
	14%	60%	21%	5%	100%
Share of total museum visits					
	42%	29%	12%	17%	100%

Summary of Australian museums by type of museum, type of visit (free or paid admission) and total number of visits (ABS, 2010).



Average breakdown of museum income from all sources (ABS, 2010).

is the role of museum boards. While the maxim "Give, Get, or Get out!" might resonate in an American context, many Australian museum board members actually receive payment. Boards perform a "governance" function, not a "giving" function. There are signs of change: the Museum of Contemporary Art in Sydney's recent AU\$53 million redevelopment was achieved largely due to the fundraising

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(continued from page 29)

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efforts and personal contributions of the museum's board. ("The new MCA has philanthropy at its core," 2012). So far, however, such examples are the exception not the rule.

Thus, although museums receive relatively generous levels of government funding, they are also highly dependent on this income. This in turn makes them particularly vulnerable to political changes and associated budget cuts. While it is likely that government will not cease being the principal funder of Australian museums in the foreseeable future (many state and national museums fulfil legislatively-mandated roles), the current massive budget cuts in the UK are a sobering example of how quickly things can change with economic fortunes. Government might produce the cake (so far at least), but the icing and cream are not all that easy to come by. And the cake is getting just that little bit smaller each year.

As an example, the 2010 Australian federal budget forced arts agencies to absorb a 1.5% "efficiency dividend"—an annual reduction in budgetary expenditure for the same output. Such efficiency dividends have become a regular feature of federal budgets over recent years and have had a disproportionate effect on relatively small portfolios such as arts and culture. This has resulted in massive job losses across the cultural sector at both state and federal levels, either through redundancies or because positions are not renewed. At the time of writing, the federal government's much-anticipated National Cultural Policy sits in budgetary limbo. And the Global Financial Crisis has also cut consumer and

business confidence, further drying up the limited pool of sponsorship funds.

Necessity Breeds Invention

After years of absorbing gradual cuts, the cultural sector was jolted into considering new business models and income sources by the global financial crisis. This has unearthed tensions: how do we balance the income potential of offering premium-rate exclusive experiences with a philosophy of access for all? Will accepting large amounts of sponsorship dollars lead to accusations of selling out and perceptions that the museum has been compromised by private interests?

The changing environment has also affected those design firms, interpretive consultancies, and exhibit builders for whom the cultural sector was a major client base. As the number of exhibition projects has shrunk, the number of companies competing for each job has grown: the cake isn't big enough for everyone anymore. New ways of conceptualising interpretive work for museums are required to avoid lean times in the future.

SHP is a heritage-based business in Melbourne that has been operating since 2001. For many years, 90% of SHP's work was government-based. However, when SHP's core business of interpretation and heritage suffered during the economic downturn, it provided the impetus for the company to think creatively about how its established skills and competencies could be applied to new markets and non-traditional client bases. SHP made the strategic decision to either run projects or participate in joint ventures, rather than fighting over the



International developer Lend Lease is converting this former television studio into residential apartments. SHP's role was to design heritage interpretation that could be incorporated into the site's built form, landscaping and public realm. Courtesy SHP.

subcontractor crumbs. This was based on the belief that, although the typical “supply chain” of project procurement favours architects and construction firms as lead contractors, there was no reason why interpreters—historians, curators, interpretive designers and so on—could not apply their skills to work in non-traditional sectors as well as run and manage projects.

This position was hard won. Most cultural consultancies are familiar with the frustration of being subcontracted by architects and industrial and graphic designers to produce “content”—exhibition plans, copywriting and curatorial work—but being excluded from the wider processes of concept and design development, production and implementation. The consequence is that content production feels the full brunt of time and budgetary pressures without the power to affect decisions or project outcomes. The authors believe that the way to break out of that cycle is to adopt an “If you can’t join ‘em, beat ‘em!”

philosophy, based on the premise that there is no reason that a content provider can’t run a job and gain the lucrative profit margin. The ingredients needed are confidence, knowledge and very hard work. Our recipe, after some trial and error, is as follows:

Understand the funding context you work in.

Read as much as you can about global and national economics and identify how your industry is positioned within the wider economic framework. Analyse your current markets to determine whether you still fit within them or whether you need to diversify.

Assess your value.

Develop a value proposition: what core skills and services do you have? What value will they be to your clients or the organisation you work for? Outline a vision for the site, exhibition or project, focussing on how you can unlock its cultural meanings and values. Follow this up with strong economic arguments about

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(continued from page 31)

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how the planned interpretation will link to identified target markets and create economic, social, or cultural capital for the client. Finally, try to show how your skills can help the clients exceed their expectations.

Analyse the competition.

Assess the market offers of other companies from allied fields, such as architecture, digital media, marketing and branding, and look at how you can create a similar market presence. Understand the work of these other professionals and undertake a project management course so that you can manage jobs involving design, architecture, digital media, construction, film production, special effects fabrication and so on. Remember that your skills in researching, understanding, and delivering strong content-based experiences put you at a great advantage over your competitors—many clients are looking for strong stories to form the core of their projects. Combine this with an understanding of interpretive media, and you are way ahead of your competitors.

Identify your transferable skills.

What skills do you have that could be applied to other industries? For example, can the content creation skills you have used in your curatorial work also be used in developing an app, or theming a residential development?

Learn new skills.

Learn about other industries and the jargon associated with them, so that you can talk knowledgeably to both clients and suppliers. Do short courses in areas such as app development and industrial design so that you can knowledgeably manage a job from start to finish. Learning about other fields will also give you a much greater range of concepts, approaches, and media to use in your work and improve your employability.

Embrace new technology.

Don't be afraid of new media. Like traditional media (exhibitions, signs, etc.), digital media is based around a standard project management structure—concept development, design/content development, production, and implementation. Knowing the basics of new media and the audiences for each platform will open up opportunities for you in many fields.

Bake the cake.

Take the leading role in defining the scope of works and in subcontracting other disciplines so that you can run the whole project!

We are taking this recipe with us on our long journey to understand how the cultural sector can become more sustainable. We welcome your ideas and suggestions. Change is not easy, but it's better than being left with the crumbs! ✨