



# Museum governance and funding: International issues requiring local analysis and informed solutions

Leon PAROISSIEN

## **Abstract**

Museums with quite different histories, specialisations and geographic locations are experiencing economic pressures, generating new models of governance and funding that challenge established professional museum practices. This is especially the case in countries where museums have traditionally been primarily government-funded. No sooner have museums built the raising of sponsorship and philanthropy into their programs and staffing needs, than they are faced with further strategies to minimise expenditure or raise complementary funding: amalgamations of long-established museums, private-government partnerships in governance, joint acquisitions with partner museums, and the outsourcing programs to not-for-profit entities or to the corporate sector.

This paper will focus on strategies adopted by art museums in response to changing missions and to financial and administrative restrictions, but look at developments in other museums, drawing on examples in Australia, Taiwan and Mainland China as well as elsewhere.

*Keywords: Museums, governance, funding, government, Taiwan, Australia*

Addressing issues of governance and funding of museums, the focus of this paper is on combined models of government-private funded museums, rather than museums that are entirely government-supported or those quite independent of government (private museums). At the outset, I should make clear that I am not advocating any particular form of museum governance.

Appropriate forms of governance may be determined by many factors, ranging from local cultural and administrative traditions to available sources of financial support, including provisions of government tax incentives encouraging donation to non-profit public institutions. All models have both advantages and defects. International meetings such as the present INTERCOM conference provide a special opportunity to study the interaction between traditional models of museum governance across different cultures, and encourage consideration of local solutions possible, after an informed analysis of options - including ethical responsibilities of good governance.

During the second half of the twentieth century, ICOM (the International Council of Museums) and various national museum associations addressed diverse issues concerning both the definition of a museum and the principles of good conduct and management (including a code of ethics) that should frame how museums behave. Issues included the obligation to protect collections, but also new questions as to the legitimacy by which collections have been assembled; respect for the rights and wishes of source communities from which collections have been derived; and the need to stimulate greater involvement of local audiences in the life and programs of a museum.

However the diversity of models of museum governance and funding affecting museums throughout the world - and even within a single country - requires discriminating analysis to understand how

these interact with an increased emphasis on required professional conduct and securing of public trust. It is not possible to advocate any "universal" recommendations. It is imperative, nevertheless, to understand how different models may interact and shape museums' operations in particular ways.

ICOM's own Code of Ethics for Museums (2006) remains quite brief in its coverage of the responsibilities of governing bodies. It states the most basic principles and conditions required for a museum to be an institution that serves the public interest:

## **Institutional Standing**

### **1.1 Enabling Documentation**

The governing body should ensure that the museum has a written and published constitution, statute, or other public document in accordance with national laws, which clearly states the museum's legal status, mission, permanence and non-profit nature.

### **1.2 Statement of the Mission, Objectives and Policies**

The governing body should prepare, publicise and be guided by a statement of the mission, objectives and policies of the museum and the role and composition of the governing body.<sup>1</sup>

The Code of Ethics of the American Association of Museums (AAM)<sup>2</sup> - first drawn up in 1925 - has evolved over many years from an initial emphasis on questions of professional conduct of individuals to care of collections and their interpretation, and subsequently to the social responsibility of governing bodies. However the AAM's code, too, remains a necessarily general statement of principles - especially in a society that supports perhaps the greatest range of types

<sup>1</sup> ICOM *Code of Ethics for Museums* (Paris: International Council of Museums (ICOM), 2006; in English, French & Spanish) p.1; <<http://icom.museum/ethics.html>>; Code section 1 (1.1, 1.2).

<sup>2</sup> <[www.aam-us.org/museumresources/ethics/coe.cfm](http://www.aam-us.org/museumresources/ethics/coe.cfm)>.

of museums in the world.

Responsibility for analyzing the evolving nature of museum governance and funding principles therefore rests strongly with each individual museum in the context of the societies to which they belong. However today's unprecedented access to comparative information about international models and practices provides every museum and governing authority opportunities to make decisions well informed by comparative models, including an understanding of the ethical principles at stake in achieving good governance and securing an institution's public reputation.

In recent years, museums traditionally funded wholly or partly by government have been endeavoring (or forced by changing government policies) to raise increasing proportions of their resources from both their own commercial activities and support from the private sector.

It is often stated that museums have generally experienced a decline in government funding since the 1980s. This may be true - but at the same time a very inadequate and misleading statement. We have to ask how the factor of a general decline in government funding (either absolutely or proportionally *within* museums' budgets) has occurred in a period of unprecedented establishment, building and rebuilding of museums worldwide.

In fact, we must comprehend the complexity of museum institutions as they are today, carrying forward old responsibilities of collection, public access, modest exhibition and education programs (perhaps a small, quiet bookshop or none at all), to becoming greatly transformed, complex public institutions of "civil society." This development has involved museums "remaking themselves" as multi-purpose cultural institutions offering a variety of facilities and programs and commanding large new audiences.

Museums in capital cities of developed countries have added a huge range of facilities and public amenities that have redefined their place in public awareness: signature architectural projects creating new or transformed buildings; the addition of large, purpose-designed temporary exhibitions spaces; education complexes and lecture theatres inside the institution for recurrent events and continuous "public programming" ; special amenities for members and docents or volunteer guides; cafes, restaurants, large museum stores; facilities for disabled visitors; programs to attract more diverse social constituencies as expanding audiences for museums. All of these factors have entirely transformed museums' positioning, and how they are perceived as cultural institutions of direct stimulus to social and economic development of a whole society.

The above picture of museums' transformation worldwide over three decades has to be reconnected to the observation that museums have also experienced a decline in government funding during the same period. It has to be understood that museums have undertaken complex redevelopment of their own mission and resources during this time span. Their capacity to generate resources and earn income from both greater amenities provision and greater social support - in order to pursue their cultural aims more purposively - has become part of the progressive leadership sought for museums today.

Therefore government funding has declined as part of much larger processes of change whereby a cost-shifting has occurred worldwide. It has involved a greater mix of public-sector and private-sector support for cultural institutions and a greater entrepreneurial consciousness by museums themselves. Such changes bring many new resource-opportunities for museums. However they also pose many new challenges to ensure that the fundamental

mission and purposes of institutions are maintained at the core of their resource-development and programming (amidst complex, multi-sided institutional development and resource expansion).

This is why analysis and discussion of good governance is acutely important at this time. It is crucial for museums themselves as they enter uncharted waters - in questions of the potential conflicts of resource-development with fundamental principles of museum purposes and ethical probity - that they should never allow their mission and core purposes to be eclipsed by entrepreneurial zeal.<sup>3</sup> Threats may come from the increased pressure of commercial interests (perhaps through increased reliance on sponsorship). However they may also be the result of governments themselves taking initiatives that are contrary to the best "public good" principles and interests of museums.

#### **Boards of trustees and governments: Partnerships or hierarchies**

The English-speaking world (that is, the U.K. and the constellation of former British dominions or colonies historically - but not the United States) has tended to adopt and modify the tradition of museums being the responsibility of one or other level of government - regardless of whether they were originally established through initiatives of an individual citizen or a group of enthusiasts for a particular activity. Governments have accordingly tended to provide basic funding and appoint boards of trustees with delegated responsibility to care for collections and oversee programs.

In Australia during the latter part of the twentieth century major state museums - especially art museums - began to raise a steadily increasing percentage of their annual budgets, and significant non-government contributions were also raised for the capital costs of new and expanded buildings.

Meanwhile boards steadily adopted greater responsibility not only for overseeing the financial operations of a museum but also for clarifying the mission of the institution, and for determining staffing levels and conditions of employment. The Art Gallery of New South Wales (AGNSW) in Sydney - the state art museum of Australia's most populous state - was once entirely government-funded. However since the late 1990s, the AGNSW has raised more than half its annual budget. This of course is far from the high percentage of non-government funding common to many government museums in the United States. The late Stephen Weil, Smithsonian Institution Fellow, referred to privately governed public institutions in the United States being "engaged in what in essence is perpetual fund-raising."<sup>4</sup>

For a long-established art museum with large collections and extensive programs such as that of the Sydney's state gallery, to raise more than half its own budget annually is actually exceptional in the Australian context. Australia has a relatively recent history of corporate sponsorship for the arts and for museums, and has no significant tradition of philanthropy comparable to the United States.<sup>5</sup>

However Sydney's Museum of Contemporary Art (MCA) is an unusual case study. It is a smaller museum (I was Founding Director from 1989 until 1997), and it managed to raise ninety percent of its annual budget during its early years, the remainder of the annual budget being provided by

<sup>3</sup> For an overview of issues faced by museums entering the marketplace see "Editorial: 'He Who Pays the Piper Calls the Tune' : Sponsorship, Patronage and the Intellectual Independence of Museums", *Museum Management and Curatorship*, Vol. 15, No. 4, 1996, pp. 345 - 350.

<sup>4</sup> Stephen Weil, "Museums in the United States: The Paradox of Privately Governed Public Institutions," *Museum Management and Curatorship*, vol. 15, no. 3, p. 251.

<sup>5</sup> An exceptional Australian museum bequest was that of Alfred Felton to the National Gallery of Victoria, Melbourne, in 1904.

income from a bequest and from government grants. Originally a small campus gallery of the University of Sydney, the state government eventually provided a disused building in a magnificent location on Sydney Harbour, for a strategic expansion and transformation of a neglected university gallery for contemporary art. In its new incarnation as a public “museum,” the MCA's resource-development was driven by a very clear vision of its desired future, and nurtured by a sense of growing community ownership that manifested itself in unprecedented levels of support for that vision. The Museum now has annual grants from Federal and state governments, but still remains more self-supporting than other major Australian art museums.

### **Governments and governance**

Such are the financial pressures on museums in many countries that governments are now framing or implementing their own income-saving, income-earning, or “cost-shifting” initiatives - often without consulting the museum profession about likely operational or ethical implications. For example, several years ago the Italian Government passed a law that would have allowed the Italian Ministry of Cultural Property and Activities to lease its museums to private companies for five years or more, giving the companies freedom to engage in promotional or profitable activities outside the longstanding cultural policies of the museums. Following opposition from ICOM-Italy and museum directors from all over the world, the proposal was modified to take into account the fundamental ICOM definition of museums as non-profit institutions.<sup>6</sup>

In a context in which governments delegate governance to boards of trustees, those museum boards, together with their professional staffs, are in the best position to know their institutions and their communities -

and therefore to determine the vital principles that should govern their institutions and shape strategic approaches to their management.

Australian museums with well-defined objectives and strategic resource development can clearly achieve substantial community support, even in the absence of an established national pattern of philanthropy. It has therefore astonished museum professionals recently to learn that the New South Wales (NSW) state government, having tightened the budgets of its major museums in recent years, is now proposing to reduce costs further by amalgamating two of Sydney's oldest and most highly respected museums: the Australian Museum (founded in 1831) and the Museum of Applied Arts and Sciences (known as the Powerhouse Museum and founded in 1881). A press release of 23 June 2006 proposing a “Grand Vision for the [single] Museum of NSW” said that it followed a government “Audit of Assets and Expenditure” that was conducted the previous February. It claimed that the “new overarching Museum NSW Trust would be able to better co-ordinate overlapping functions and focus the roles of both museums” including educational programs, research projects, common ticketing across all venues, regional outreach projects for community collections, conservation, collection management and storage, and exhibition planning, programming and marketing.

The Smithsonian Institution in Washington - incorrectly titled in the press release - was cited as one of two guiding models for the amalgamation of two of Sydney's major museums - at a time when the Smithsonian itself is undergoing major public scrutiny as

---

<sup>6</sup> See Giovanni Pinna, “The Real Cost of Turning Museums into Businesses,” *ICOM News*, no. 2, 2002, p. 4.

being in a state of crisis: resource crisis; buildings crisis; mission and moral crisis:

*The Smithsonian Institution, our national museum and also a scientific research complex, is at a crisis point. Many of its 20 venues, such as the National Museum of Natural History and the National Air and Space Museum, need tens of millions of dollars in work. Desperate for funds, the Smithsonian has made arguably improper arrangements with big business, and it has accepted funding from corporations with an all-too-obvious interest in what goes on view in the institution's museums. But the real crisis is this: Congress seems to have barely noticed. ...*

*The budget pressures have apparently weakened the Smithsonian's ethical foundations too. The Smithsonian's leaders and their congressional overseers are allowing too much of our national museum to be transformed into a series of pavilions where, in exchange for sponsorship money and other deals, corporations may determine what parts of the American story should be told.<sup>7</sup>*

The two models cited by the government have very particular histories that have not been analyzed. First, the evolution and national role of the Smithsonian sets it apart in the United States. Rather than illustrating the economies of a multi-campus institution, the Smithsonian is rare in having been established through an outstanding philanthropic bequest to the USA from abroad, and being now substantially dependent on the American Congress as a uniquely national institution. It is one of the largest complexes of museums in the world, comprising more than 600 buildings.

The other model cited in relation to the proposed Sydney amalgamation, Museum Victoria in Melbourne, also has very particular origins. Historically, it presents the opposite model to that being proposed by the NSW Government. Having been founded on the

concept of the British Museum with a single institution housing a library, art gallery and various museum collections, Melbourne's original umbrella institution ultimately divided and spawned three separate institutions, all of which developed dramatically once separated. The Museum of Victoria, as it was originally titled, was one of these and, after separation from the State Library and National Gallery of Victoria in 1945, it went through various manifestations until the 1990s when it expanded by adding two campuses elsewhere in Melbourne: Scienceworks Museum (an interactive science center and museum - in 1992) and an Immigration Museum (1998).

Each of the two Sydney museums that are proposed for amalgamation already spans a broad spectrum of disciplines. The Powerhouse Museum's collection and programs include history, science, technology, design, industry, decorative arts, music, transport, and space exploration. Meanwhile the Australian Museum includes natural science, anthropology and diverse natural history disciplines.

These long-established museums have their own community support bases (membership organizations), and their own histories of research, of donations, of partnerships, of sponsorship and of bequests that specifically name the institution as the chosen beneficiary. The Australian Museum has 6,500 members and the Powerhouse Museum has a similar number. Each has an active donors program. Each raises approximately a third of its annual recurrent budget, the other two thirds being provided by the state government. There is a great danger that rationalizing services may be of little benefit to either museum, while it might drastically narrow their social support. The

<sup>7</sup> Tyler Green, 'The Air and Space Museum is falling: Why is Congress ignoring neglect at the Smithsonian Institution?', Los Angeles: *The Los Angeles Times*, 10 July 2006.

sense of community involvement and ownership of each, established over a very long period around very different collections, programs and activities, will likely be diminished, and any economies in amalgamating services risk being lost through reduction of non-government funding.

Another controversial subject of government intervention is admission charges. In 1991 the state government of New South Wales (NSW) decided that state museums should charge admission, regardless of the wishes of their boards of trustees. The subsequent year's funding for each museum removed an amount based on the admission figures of the previous year. This was in essence a budget cut.

Governments have the prerogative to vary budgets, and they often do. However, by tying budget cuts specifically to a blanket proposal relating to admission charges, the state government was overriding the strategic decision-making role of the museums themselves in making financial decisions according to prioritized professional objectives, and social (and community) outcomes. In this instance the Director and trustees of the Art Gallery of NSW (the major art museum in Sydney) chose not to charge general admission but continued to charge for special exhibitions, claiming that a large attendance would bring considerable income from retail activity, the restaurant and cafe, membership (currently well over 30,000 members) and philanthropy. Director Edmund Capon was correct, and the better financial performance of the museum on the basis of "value-adding" services and "cost-recovery charges" for these services - after protecting the basic principle of free admission to the building and permanent collections - proved him right. This set a precedent that was later emulated by other state museums - especially art museums. Some museums, including the two museums currently proposed for amalgamation in

Sydney, have by contrast continued to charge admission.<sup>8</sup>

### **International models for comparative review**

Today's access to travel and communication gives museum authorities unprecedented access to international museum models for comparative review. There is much more critical knowledge to draw upon in evaluating what might be most suitable to local cultural and administrative conditions. The observations I turn to now have arisen from having been founding director (from 2001 until 2003) of a new museum in Taipei - the Museum of Contemporary Art (MOCA Taipei).<sup>9</sup> I would like here to contrast the Australian museum tradition with the context of Taiwan, in which an innovative museum governance structure was established in Taipei in order to create a new type of institution for Taiwan - in terms of its programming content and new fields of cultural coverage, and its founding structures of support.

The value Taiwan accords to its museums could be the envy of museum professionals in many countries. Taiwan has a tradition of museums being government entities and of cultural life being important to the society. The oldest museum in Taiwan - the National Taiwan Museum - was founded in 1908, during the Japanese colonial period. It has a collection (also begun in the Japanese period) spanning Natural History and Anthropology. However it was the National

---

<sup>8</sup> In 2003 Museum Victoria (with government agreement) reduced the general admission charge for the Melbourne Museum campus from \$15 to \$6 in the face of declining admissions and competition from Melbourne's National Gallery of Victoria. See Fran Cusworth, "Museum Pledge", Melbourne: *Herald-Sun*, 16 May 2003.

<sup>9</sup> Bernice Murphy, currently National Director of Museums Australia, worked with me on the establishment of the Museum of Contemporary Art in Sydney and on the early development of MOCA Taipei. She has contributed important insights to this paper.

Palace Museum - the building of which opened to the public in 1965 - that has established perhaps the most powerful model and precedents for the governance and administration of museums in Taiwan.

The Palace Museum's collection, as many people are aware, has had a special role in Chinese history and is one of the great museum collections of the world. Consequently the Palace Museum has a pivotal role in the cultural policy of Taiwan's Central Government. Museums established subsequently in Taiwan, such as the Taipei Fine Arts Museum (1983), have followed the role of the Palace Museum in reporting directly to government - a city government in the former museum's case - and in being largely government-funded.

Like Japan, and in recent years, Mainland China,<sup>10</sup> there are museums and collections in Taiwan that are privately funded. For example, the Chang Foundation in Taipei - one of many foundations in Taiwan - has an outstanding collection assembled by a single family and open to the public since 1991. The Foundation's purpose is to promote interest in traditional Chinese art, and it shows two or three exhibitions from the collection each year.

Philanthropic cultural institutions and programs in Taiwan are more often clearly the initiative of a particular individual, and any sharing of responsibility is likely to be foremost amongst family and friends. This tends to be a preferred Asian model. In the Western tradition - especially evident in the English-speaking world - board members tend to be appointed either for the resources or skills they might bring to a museum (or other cultural body) as a whole board, rather than for any family or business connections they may have alone.

MOCA Taipei arose out of the Taipei City Government's program of restoring historic buildings and seeking cultural activities for these buildings. Originally the Chang An

Road building - a former school of the Japanese colonial period - was to be a contemporary branch of the Taipei Fine Arts Museum. However the City decided to establish a new international Museum, providing 49% of the funding, and assembling a consortium of business leaders who, as the Contemporary Art Foundation,<sup>11</sup> would co-fund the Museum for a guaranteed period of five years.

The creation of any new model requires a redefinition of roles and responsibilities within governance and management on the one hand, and between donors and museum professionals on the other. Having substantial funding from the private sector guaranteed for a period may provide a level of security and allow a museum to focus on its core activities. However, like many continental European museums, positive contributions to visitors' experience through provision of amenities such as the establishment of a museum store and café - now anticipated worldwide - may not be a priority for museums already secure in guaranteed funding. MOCA Taipei, however, established such amenities as an important provision for audience development during its founding years.

While such a partnership is unprecedented for a museum in Taiwan, governments initiating partnerships with the private sector to collaborate on cultural projects is a concept that does have other precedents in Taiwan - and in other Asian countries such as Japan. In other parts of the world, such initiatives are more likely to come from the community first, with governments subsequently accepting a degree of responsibility for a resulting institution.

---

<sup>10</sup> For example, the recently-established Museum of Contemporary Art, Shanghai.

<sup>11</sup> MOCA Taipei's Website lists members of the Board as a number of corporations. This is quite unlike the requirement of non-profit entities in most other countries where individual members themselves have a clear legal responsibility for the affairs of the organisation.

While MOCA Taipei is called a museum, the collection is actually very small. In essence MOCA is a “Kunsthalle” in the European (German) sense, showing two or three temporary exhibitions concurrently. Again, there are precedents elsewhere in Asia for exhibition spaces devoted purely to temporary exhibitions of work of living artists; this grows out of the tradition of public exhibitions of work by art societies and art schools - and of salons and official exhibitions.<sup>12</sup>

The creation of MOCA Taipei occurred within such a short timeframe that the Museum's mission, the further adaptation of the historic building to its new purposes, and the meshing of traditional government museum practices and those of a new, independent entity, had to be addressed experimentally while the earliest programs were already unfolding.

There is no comparable institution in Taiwan, and there is no other model of a museum part-funded by a consortium from the private sector. Internationally, the Museum of Contemporary Art in Los Angeles provides one of the closest earlier models. In the late 1970s the Los Angeles City Government worked with a committee of collectors and others who advocated the establishment of a new museum for contemporary art, and the city was instrumental in providing a purpose-built museum (designed by Arata Isozaki and opened in 1986) as the “cultural increment” within a major city property development. MoCA Los Angeles is governed and funded by a non-profit company, established specifically to run the Museum.

Meanwhile the collaborative support of the City of Taipei and of the private sector for the MOCA Taipei's foundation and ongoing support, and the growing assistance in the realization of programs from many sources in Taiwan and elsewhere in the world, have contributed to furthering appreciation of the

work of living Taiwanese artists (an important founding objective), and promotion of the potential of a vibrant, evolving society, proud of its own cultural creativity.

### **Public-private partnerships and outsourcing**

I would now like to return to the Australian situation briefly to take up another example of the museum profession having to respond to a government initiative that impacted negatively on museum governance - in this case one driven by applying principles of business competition to local government.

The outsourcing of services and programs by museums is not in itself against the interests of an institution. As is regularly the case with libraries, museums now contract out many services to the private sector - for example, exhibition design, catalogue production, conservation, packing, freight, storage, cafés, function catering and marketing. In the area of conservation, the state government of South Australia (Adelaide is the capital) established a central conservation laboratory some years ago, and this facility has serviced a number of museums as well as private clients for two decades.

A further Australian example is a self-funding, non-profit company established by the Federal Government to manage major touring exhibitions that are indemnified under the Australian Government Indemnity program. When first established in the 1980s, Australian art museums had neither the financial reserves individually nor the expertise to take charge of such exhibitions

---

<sup>12</sup> Two contemporary examples on a vastly different scale compared with MOCA Taipei are Japan's fifth national art museum, due to open in Tokyo early in 2007 that will not have a permanent collection but will organize temporary exhibitions and provide a venue for major art groups. Meanwhile in Beijing the World Art Museum of China Millennium Monument opened early in 2006 with an ambitious program of international exhibitions that will include many loans of major historical works from European museums.

by themselves. Today that organization (Art Exhibitions Australia) still exists. However museums have gained a hugely diverse range of managerial expertise over the decades and now tend to organize their own exhibitions, often in direct collaboration with partner museums nationally and internationally.

A very different history in Australia revolves around the Biennale of Sydney that was first established modestly in 1973, but later evolved into a more complex enterprise under an independent, non-profit company. The Biennale of Sydney is now an event respected for its curatorial independence in reshaping a new concept or theme for each exhibition over three decades. Even though the Art Gallery of New South Wales was a significant partner in the operations of the Biennale from 1976 - as was the Museum of Contemporary Art from the late 1990s - it nevertheless suits Sydney's two major art museums that the Sydney Biennale - with the event's multi-million dollar budget for each festival to be raised from diverse sources - should remain independent of the two museums.

In Taiwan, by contrast, commercial companies have been contracted to provide comprehensive organizational roles as well as marketing for major international exhibitions. Newspaper groups in other countries - such as The Times in London - have already set examples by sponsoring major exhibitions for many years. However, some Taiwanese newspaper groups have evolved public-event-planning sections that have been applied to undertaking the greater part of organizing very large exhibitions from abroad. The United Daily News and The China Times have notably been contracted for such organizational roles in the case of major exhibitions in Taiwan in recent years.

Returning to Australia: in the 1990s Australia followed Britain in experimenting with a government-enforced practice that

proved very damaging to the self-determination desirable for museums. When privatization of government services, and private-public partnerships began to be widely applied by governments, the Kennett Liberal (conservative) Victorian State Government (1992 - 1999) legislated that all local government authorities should apply Compulsory Competitive Tendering (CCT) to as many of their operations as possible - including the administration of local government museums and galleries.

The Victorian government's decision led to confusion, as the museum profession scrambled to define those core activities that should not be put out to tender (this comes back again to the need for clear ethical principles at the core of a museum's mission and conduct). There was apprehensive speculation at the time that private operators, or even large public museums, might bid to take over the operations of small local government museums - simply by tendering for government contracts and promising an undercutting of costs.

However just as the Blair Labour Government in Britain abandoned CCT in favor of what was called a Best Value Regime (BVR) framework - the requirement to demonstrate "best value," not simply lowest costs, for expenditure of public funds or the planning of new initiatives through the local government tendering processes - the incoming Bracks Victorian Labor Government (elected 1999) similarly came to a decision to abolish CCT.

### **Government "branding" of museums**

There is perhaps a more ominous shift occurring that adversely affects museum governance and the raising of non-government funding: this is government "branding" of museums - or bringing museums "closer to government" in overarching promotion of what a current government is supporting.

A number of governments in Australia have insisted on clearer “branding” of cultural institutions - as bearing logos or identifiers that signify them as “belonging” to the relevant government. This may mean the abandoning of individual museum logos in favor of government coats of arms, or the juxtaposing of a government credit on all correspondence, signage and publications.

In the case of the government of Western Australia, the collection of the Art Gallery of Western Australia is now identified on every exhibition label as the property not of the gallery itself, but the “state collection” . This weakens any sense that the museum itself has a delegated, independent role in assembling the permanent collection as “belonging to the people” of the community in which it is located - irrespective of the government in power at a particular time. This greater “politicization” of cultural heritage invites mischievous appeals for political interference.

Some of the state galleries elsewhere in Australia have successfully defended their historical identity as separate institutions that have been resourced by government funding, but independent of particular governments of the day in the shaping of their own decisions on collections, resource-allocation, exhibitions development and public programming.

A similar pattern is evident in the United Kingdom. For example, London's National Gallery Director, Charles Saumarez Smith, in discussing the museum situation in England, has recently referred to the “arm's length” principle of state funding of museums since World War II as being an important and necessary counter-response to the politicization of museums in Nazi Germany. He then signals with alarm that the U.K. Department of Culture, Media and Sport has reversed this important principle. The Department, Saumarez Smith argues, “has changed forever the nature of the relationship

between the government and museums and has introduced the supposition ... that national museums will in future act as the agents of central government policy, not as free-standing, self-governing, semi-autonomous public bodies, but as government agencies, as much subject to the mechanisms of state control as any other non-departmental public body.”<sup>13</sup>

Developments in the U.K. will clearly merit attention. As has been shown earlier, governments are today more interventionist in museum governance - but keep changing their minds on important governance issues.

I would now like to turn finally to issues that are raised by the actions of museums themselves rather than by governments.

### **Collections as income-earning assets**

Australian art museums today receive little, if any, funds from governments for acquisitions. This is at a time when art prices - even for the work of living artists - have soared. Strategies to sustain the vitality of collection displays with little or no government funding have included (occasionally) joint purchases with partner museums and long-term loans. Ron Radford, recently appointed Director of the National Gallery of Australia, in discussing future directions of the Gallery, has decided to make long-term loans and disperse its small collection of European old masters to the older state galleries - institutions with long-established collections providing a more meaningful context, he argues, for the works than in the National Gallery itself - an institution that opened as recently as 1982.<sup>14</sup>

Both these strategies - joint purchases and long-term loans - represent collegial co-

<sup>13</sup> Charles Saumarez Smith, *The Nation's Museums: Politics and Policies*, *Museum Management and Curatorship*, vol. 19, no. 2, p. 191.

<sup>14</sup> “Hanging in the Balance” , Interview with Ron Radford by Steve Meacham, *Sydney Morning Herald*, 23-24 September, 2006, p. 13.

operation that seeks new ways of securing and keeping works in the public domain. Museums are not seeking to benefit financially from such collaboration. However, Ron Radford has also pointed to a trend that is negatively affecting the continued mounting of major exhibitions by the National Gallery - a field in which the institution has been very active in the past: "Galleries are less willing to lend, and when they do they have fees which weren't there before."<sup>15</sup>

Museums in the United States, Australia and elsewhere have recently been placed under pressure to follow the reporting regimes of for-profit companies, and value their collections as assets in annual balance sheets. This has been profoundly challenging to the ethical foundations of museum collections - understood as permanent, inalienable cultural heritage. While most museums have de-accessioning policies that do permit selective removal of works, such policies generally seek above all to protect the integrity of collections long-held. Museum professionals have also argued that the value of collections cannot - or must not - be considered an asset that may be "commercialized" to support very different kinds of activities for an institution (or provide resources such as staff salaries).

In a series of essays on museum governance, Marie C. Malaro has challenged the ethical basis of lending for profit.<sup>16</sup> Published before the full extent of the Guggenheim's Museum's global program became evident, Malaro concludes her essay as follows:

*To cope [with current problems] they [people] lower standards and no longer question what once was unacceptable. I think we can see this in the museum community. Rather than address our basic problem - the need to sort out what it means to be a nonprofit so the sector can work toward a surer foundation - rather than do this, "we define our problem down" to merely one of*

*money - if only we had more money, everything would be fine. In doing this, in focusing so much attention on earning income, we are forgetting what we are all about, and every day it seems to bother us less. For want of a better term, I call this a serious ethical problem.*<sup>17</sup>

An attorney and museum studies professor, Malaro was exploring what she already identified in the early 1990s as a growing trend to "lend for profit" as presenting a clear ethical dilemma for museums - in contrast to a legal issue:

*The term "ethics" as used here refers to a professional code of conduct-conduct that a profession considers essential in order to uphold the integrity of that particular profession. In essence, such a code of ethics reflects the reasoned group judgment that certain standards of conduct should be followed in order to sustain the effectiveness of the profession. Also, professional codes depend on that group's commitment to public service and personal accountability because normally such codes are promulgated by self-education, self-motivation, and peer pressure. As we talk about ethical considerations, therefore, we will be asking whether there are reasons not mandated by the law, but based on generally accepted professional wisdom, which should cause us to explore more carefully the ramifications of this growing trend to "lend for profit."*<sup>18</sup>

Malaro's primary concern is about museums blurring the distinction between their basic non-profit identity and seeking to profit from use of collections as income-earning assets. Her argument revolves around the privileges extended to the non-profit sector - the United States perhaps

<sup>15</sup> "Hanging in the Balance", op. cit.

<sup>16</sup> Marie C. Malaro, *Museum Governance: Mission Ethics Policy*, Washington, Smithsonian Institution Press, 1994, pp. 108 - 117.

<sup>17</sup> Marie C. Malaro, op. cit., p. 117.

<sup>18</sup> Marie C. Malaro, *Museum Governance: Mission, Ethics, Policy*, op. cit. pp. 109-110.

having the largest such sector in the world<sup>19</sup> - and the risk of endangering this status by engaging in an entrepreneurial use of collections themselves. To Malero “[t]he nonprofit sector, by not having to depend on the will of the majority, gives us the opportunity for real diversity - a benefit that cannot be duplicated by government itself.” Her general argument clearly highlights the dangers of museums becoming market-oriented rather than mission-oriented.

However Malero does not attempt to describe what are acceptable commercial activities, or define the threshold across which sanction lines should be drawn. Nevertheless the pragmatic and ethical questions Malero poses about lending for profit are incisive and fundamental to museums' identity. In the United States the battle undertaken by museum professionals to avoid showing collections as assets on balance sheets has been vigorous and noisy. If collections are used as a means for earning income, then the argument against capitalizing collections as assets in balance sheets begins to be jeopardized at its foundations.

A further moral issue affecting museums arises from the tendency to charge fees for lending from collections. This threatens to disadvantage museums in countries that have limited historical collections, when perhaps compared with those with extensive historical collections in Europe, the United States and elsewhere.

In parallel with various commercial transactions undertaken between museums as described by Marie Malero, there are contrasting and more encouraging examples of collegiality between museums in different parts of the world - and especially new relationships between museums and indigenous communities. While work on the provenancing of indigenous remains and repatriation of such remains steadily proceeds in different parts of the world, the

repatriation or restitution of other cultural material may be supplemented by other initiatives involving the building of relationships with living communities - as part of a stimulus to ongoing cultural development. In recent years, there has been a growing number of collaborative research and museum professionals have the opportunity to educate their boards, and through them, to inform and influence relevant government officials.

Public-private partnerships in the governance of museums are already well established in many countries, and being introduced into further countries and diverse socio-cultural settings where museums have formerly been entirely government-created entities. Museum professionals are already finding themselves faced with significant shifts in the structure and funding of their institutions, and unless they act with decisive analysis, issue-setting and initiative, they may not be well equipped to steer evolving debates or frame their decision-making appropriately in the longer term.

The museum profession must more actively become the voice of public consciousness-raising about museum ethics and responsibility - locally, nationally and internationally - not only on issues that affect the day-to-day management of museum collections and programs, but also on issues of governance, ethical operations and public stewardship. If museums do not regain the initiative in steering public debate and projection of their policies, codes of conduct, and framework principles of governance, there is a serious risk that they may see the

---

<sup>19</sup> We can contrast the situation in the United States, with its long tradition of non-government support for museums, with that in Russia - where there is no such tradition and in the 1990s Russia's museums found themselves in a situation where they had to replace up to two thirds of their traditional government funding with sponsorship, grants and other community support. See Vladimir Tolstoy, “The Growth of Museum Associations in Russia,” *ICOM News*, No. 2, 2002, p. 8.

initiative of appraisal increasingly captured by the public media.

Museums will remain under severe scrutiny for serious defaulting on standards of public trust (as has happened in the sensational antiquities prosecutions internationally, and repatriation of illicitly trafficked, highly expensive acquisitions having to be “deaccessioned” and restituted from US museums to the governments of Italy and Greece). There is a huge general cost to public trust if institutions and their governing bodies are found wanting.

Museums - like their collections themselves - carry and transmit long memory-trails and condensed historical lessons of judgment in public consciousness. Conservation projects, and long-term loans (as well as returns), between museums and source communities. In such cases, new partnerships have been forged that may seem to be unequal in terms of material assets. However they may become transformed and placed on a different basis of co-cultural partnerships and positive exchange of resources in cultural terms.<sup>20</sup>

In concluding: There may be a tendency on the part of museums to see actions of boards of trustees and of governments as being outside their professional control. Nevertheless, as this paper has sought to explore, governments, boards, and museum professionals are never isolated centers of authority, influence or agency. Governments regulate non-profit organizations; boards

lobby governments; and - most importantly - museum professionals have the opportunity to educate their boards, and through them, to inform and influence relevant government officials.

Public-private partnerships in the governance of museums are already well established in many countries, and being introduced into further countries and diverse socio-cultural settings where museums have formerly been entirely government-created entities. Museum professionals are already finding themselves faced with significant shifts in the structure and funding of their institutions, and unless they act with decisive analysis, issue-setting and initiative, they may not be well equipped to steer evolving debates or frame their decision-making appropriately in the longer term.

The museum profession must more actively become the voice of public consciousness-raising about museum ethics and responsibility - locally, nationally and internationally - not only on issues that affect the day-to-day management of museum collections and programs, but also on issues of governance, ethical operations and public stewardship. If museums do not regain the initiative in steering public debate and projection of their policies, codes of conduct, and framework principles of governance, there is a serious risk that they may see the initiative of appraisal increasingly captured by the public media.

#### About the author

Leon Paroissien, Adjunct Professor, Design and Architecture, at the University of Canberra; Visiting Fellow, Graduate Course in Sustainable Heritage Development, Research School of Pacific and Asian Studies, the Australian National University; and President, Object: Australian Centre for Craft and Design. He was Founding Director of the Museum of Contemporary Art, Sydney, from 1989 until 1997 and Founding Director of the Museum of Contemporary Art, Taipei, from 2001 until 2003.

<sup>20</sup> For one of many examples of such collaboration see, Julia Harrison, “Shaping Collaboration: Considering institutional culture,” *Museum Management and Curatorship*, vol. 20, issue 3, September 2005, pp. 195 - 212.