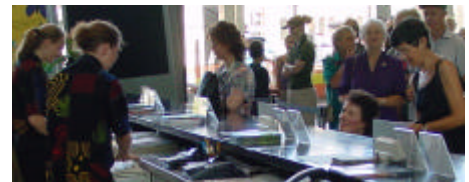




Environmetrics



BOOK NOW AT
TICKETEK
www.ticketek.com



Discussion Paper

Charges dropped!

Admission fees to cultural attractions

Gillian Savage
March 2001

Environmetrics Pty Limited
ABN 61 003 546 192
Locked Bag 2116
North Sydney 2059
Tel: (02) 9954 0455
Fax: (02) 9954 9046
Email: mail@environmetrics.com.au
Web: www.environmetrics.com.au



A turn in the tide of the user-pays principle is evident in the area of cultural heritage. While the 80s and 90s saw the implementation of entry fees at museums and galleries across the country, recent decisions point to a substantial reversal of this trend with the removal of fees at several major institutions.

The first to remove general entry fees was the National Gallery of Australia when the new Director, Brian Kennedy, made this one of his early reforms. Then the MCA in Sydney followed last year by brokering a sponsorship from Telstra which allowed the removal of entry fees for twelve months. Now the new National Museum of Australia has announced that they will have no fee for general entry in the first year. Counter to this trend is the new Melbourne Museum which will have an entry fee of \$12 when all sections are open in mid-March, making it the most expensive museum in the country.

The trend towards free admission to the major cultural heritage collections is a major issue in Britain right now as the Blair government implements its promise of “free admission to all” for the national museums. Free entry has been extended to children and pensioners, and, come September, general entry fees will be scrapped if deals to permit VAT recovery are allowed. If VAT recovery is not allowed, a standard entry fee of £1 will prevail. This move in Britain is likely to lend support to the swing away from entry fees in Australia.

So strong was the push to charge fees that it must, at times, have taken considerable nerve to resist.

As the fees in Australian institutions are abandoned, institutions, such as the Art Gallery of NSW, which held out against the introduction of fees, may feel vindicated in their stance. So strong was the push to charge fees that it must, at times, have taken considerable nerve to resist.

Between 1980 and 1993, an average of 4.4 Australian museums per year began imposing a general charge on their visitors.¹ In Britain in 1984 none of the national museums charged an entry fee, but 10 years later almost half were doing so. The number of American museums charging fees for admission increased over a similar period from 32 percent to 55 percent².

Perhaps it is time to review this social experiment and evaluate the effects entry fees have had on Australian museums and galleries.

1. Spring J. *Museums 1993: Art museums, museums and public galleries in Australia*, Australia Council research paper no. 12, May 1994.

2. Britannica.com: URL <http://www.britannica.com/bcom/eb/article/8/0,5716,127668+28+117298,00.html>



A guaranteed way to lose visitors

Evidence is abundant that admission fees have reduced visitor numbers. Add an entry fee and lose visitors, remove it and gain them. The MCA knows.

Since scrapping their \$12 admission fee in May 2000, the Museum of Contemporary Art has more than doubled its visitor numbers. According to the Sydney Morning Herald, the MCA welcomed over 115,000 visitors in a five-month period with free admission, compared to only 44,000 in the same period the previous year with an admission fee of \$12.

MCA's free admission doubles its visitors

The Newcastle Regional Museum knows it too—visitor numbers multiplied almost four-fold after entry fees were removed in 1996.

Patrick Filmer-Sankey, then director of the Newcastle Regional Museum, studied the effect of fees. In a paper presented in 1992¹, he compared the pre- and post-fee

“Where previously the Museum had enjoyed an average income per visitor of \$2, it now takes about \$0.61 per visitor, but it does so from nearly four times as many people. Turnover in the Museum shop and cafe, income from the carpark and donation-boxes has risen as predicted, in proportion to the increased visitation.”

visitation to the Australian Museum, the Powerhouse Museum and the Museum of Victoria and reported a 50 to 80 percent reduction in museum visits after entry fees were introduced. This trend is consistent with figures from the 1998 Senate inquiry where decreases ranging from 39 to 75 percent were reported. Environmetrics *Venue Monitor*[®] data over the same period also indicate that visitor numbers drop after fees are introduced.

The Powerhouse Museum allows free entry one Saturday each month. Visitor numbers on free Saturdays are about double the numbers on other Saturdays.

Patrick Filmer-Sankey

Findings from overseas studies provide strong support for decreased visitation once an entry fee is introduced—50 percent drop at the Auckland

Institute and Museum, 55 percent at the London Science Museum, 35 percent at the Victoria and Albert Museum.

Of course, all these comparisons of visitor numbers depend on the accuracy of counts. Where there is a ticketed entry gate, visitor counts are likely to be quite reliable, however where there is no controlled point of entry visitor numbers are usually based on estimations which, at times, can be unrealistically optimistic. In the case of the MCA, the free entry numbers are quite sound because each visitor

1. 'Collateral damage—The effect of the introduction of general entry fees on museum visitation', paper presented at the 1992 CAMA conference by Patrick Filmer-Sankey.



passes through a single doorway and is given a lapel sticker. A sticker count at the end of the day reveals the number of visitors.

Fees impact some visitors more than others

There are cases where the introduction of fees do not result in a dramatic drop in visitation. Where most visitors are from out of town and repeat visitation is not important, the introduction of an entry fee will have less impact. Willingness to pay is influenced by newness and by factors such as the amount charged and the type of experience offered. Willingness to pay shows a degree of price inelasticity so that the price may increase up to a certain point with few visitors dropping out. Several studies conducted by Environmetrics which investigated the effects of entry fees showed that low entry charges have a minimal effect on the intention to visit for one-time visits. This price inelasticity of demand varied between \$3 to \$8 depending on the type of institution and the experience being offered.

Support for this finding is gained from anecdotal evidence, for example, at the Queensland Museum.

The application of modest admission charges to cover some of the public costs of maintaining our natural and cultural heritage assets does not seem to deter visitors and is not seen as having a significant adverse effect on access and equity.

The Queensland Museum

However, while a small admission charge may not put off one-time visitors, it does deter repeat visits. In our research we regularly encounter the view that an entry fee converts frequent visitors to occasional visitors and reduces the number of spontaneous visits that are made.

An entry fee converts frequent visitors to occasional visitors.

An entry fee deters or eliminates 'spur of the moment' and short visits. How many of us have paid just to 'wander in to have a look'? And how often do you pay to try something unknown?

Furthermore,

A point of entry charge may compel some visitors to maximise their value for money by seeing all the attractions at one time. This may diminish the quality of the visit and reduce the incentive to make regular return visits.

Museum of New Zealand Te Papa Tongarewa, 1994

Our research shows that with an admission charge of \$8 (allowing for differences between venues), some 6 to 32 percent of potential visitors say they will 'visit less often'. In a 1994 report¹, the Museum of New Zealand also documented overseas studies showing a similar observation that 'admission charges have been a



disincentive, particularly for family groups and locals, to return regularly to a museum.’

For venues where the entry price for a family is more than \$20, our research indicates that families adopt a ‘major outing’ mode of operating. This mode impacts on all of the elements of the leisure budget—time, energy and money. In major outing mode, people allocate more time and plan to meet transport and food costs. The entry price is just one cost element of the outing. For families, entry fees are likely to turn museum visits into occasional special outings or cause them to be dropped altogether.

Entry fees provide income, or do they?

Larger metropolitan museums in Australia get only 10-12 percent of their total income from entry fees. Proponents of entry fees argue that this amounts to a considerable sum. Nonetheless, the economic benefit needs to be weighed against the cost of losing a large number of potential visitors.

There is some evidence that this income stream comes at a dollar cost in addition to the social cost of reduced accessibility. When visitor numbers are reduced and visitors pay an entry fee, other revenue streams deriving from museum shops, cafes and programs, are reduced.

Since removing its admission fee, the MCA has reported an increase in donations, a 77 percent increase in shop sales, ‘improved attendance of public programs and special events and greater interest in corporate tours and venue hire’.

Patrick Filmer-Sankey reported financial stability at the Newcastle Regional Museum despite removing the entry fee in 1996. Although visitors were spending less per person, the increased number of visitors compensated for this.

Where previously the Museum had enjoyed an average income per visitor of \$2, it now takes about \$0.61 per visitor, but it does so from nearly four times as many people. Turnover in the Museum shop and cafe, income from the carpark and donation-boxes has risen as predicted, in proportion to the increased visitation.

Patrick Filmer-Sankey

<p>“This is an ideal of generosity that attracts generosity.” N. MacGregor</p>	<p>In some cases, the small amount spent by a much larger number of visitors can equal the income derived from a smaller number of fee paying visitors.</p> <p>Entry fees can also impact on an institution’s ability to win funding from sponsors. It is interesting that Telstra was willing to enter a sponsorship arrangement with MCA</p>
--	--

1. *Admission Charges—The Issues*, Museum of New Zealand Te Papa Tongarewa, 1994.



which had free entry as its central plank—thus generating great goodwill in the community.

Administrators of other institutions have noted the benefit of free entry when seeking funds from benefactors.

We find that the capacity to attract private funds, particularly for buildings, is greatly enhanced because the museum is free. This is an ideal of generosity that attracts generosity.

N. MacGregor, National Gallery, UK

Since adopting general free entry, cash sponsorship agreements exceeding \$80,000 in value have been struck with a number of others of significantly greater value under discussion.

Newcastle Regional Museum

It seems that the income provided by entry fees comes at the cost of lost income opportunities from other sources.

So what if they miss out?

Does it really matter if cultural institutions have low visitor numbers? It matters to the extent that publicly funded institutions have a mandate to serve the community that pays for them—this means the whole community, not just those who are more able to afford the cost of entry fees.

Even without entry fees, the typical profile of museum audiences shows a skew towards upper income brackets and higher levels of education. It is likely that the introduction of entry fees reinforces this profile and makes educational cultural attractions like museums even less accessible to those with lower incomes or less education.

Low income earners are price sensitive.

Both international and local studies affirm that low income earners are price sensitive—an entry fee becomes a substantial barrier for low income groups.

Another group which is likely to be discouraged by an entry fee are those who have rarely been to museums or galleries in the past. Non-visitors, lapsed visitors and irregular visitors often find museum/galleries daunting or intimidating places. At the least, the unfamiliarity of the environment can generate uncertainty and ambivalence in potential visitors. Unsure about the experience offered, the existence of an entry fee becomes another good reason not to go. This makes it harder for museums and galleries to attract new audiences and extend the reach of their educational mission.



The MCA notes the following changes in audience since the removal of their entrance fee.

We find we are getting younger groups walking through the museum, people who would not necessarily have come to the MCA, older people and office workers coming back three times.

Alan Piggot, MCA general manager

Museum as ‘civic temple’

One common argument for free entry is that because museums are public property and vital to the cultural life of the nation, admission should be free of charge. It is argued that the public has already paid through their taxes.

Supporters of entry fees, however, consider it reasonable that visitors of museums should be charged for the private benefit they receive as a result of direct use. After all,

Why should people in Townsville have their taxes contributing to the maintenance of the museum in Brisbane?

Senator Hogg, Senate Inquiry 1998

One of the main rationales for the existence of museums—education to the population at free cost.

Advocates for free entry make the important distinction between cultural goods and commodities in the marketplace. They argue that museums, galleries and other cultural institutions are not merely attractions operating in the entertainment industry. They argue that they make important contributions to the fabric of society through core functions such as education, maintenance and preservation of heritage collections and the development of knowledge. Accordingly, they argue that these places should belong to the public domain and not be confused with buying and selling in the commercial market.

The imposition of an entry fee undermined one of the main rationales for the existence of museums—that of education to the population at free cost. In doing so, it also did away with the notion of ‘the public’ as the main reason for the existence of museums. Citizens now became tourists. Rather than ‘the public’, a singular entity bound by a common identity, ‘museum audiences’ are now described as ‘market niches’...

Senate Inquiry 1998

The Senate Committee recommendation was that key national and state museums, at least, should be freely accessible because they represent the cultural role of museums.



Not-so-free entry

One way that many cultural institutions have found to balance the demands of social responsibility, on the one hand, with a need for funds and the ‘user-pays’ principle on the other, has been to offer free entry to the general collection while charging fees for special exhibitions and programs.

The following table details the entry fee arrangements for major museums and galleries in Australia.

Table 1. Entry fees

	Museum/Gallery	General entry adult / child	Details
Sydney	Australian Museum	\$8 / \$3	Free under 5s and Seniors Fees for special exhibitions
	Powerhouse Museum	\$9 / \$2	Free under 5s and over 60s. Free one Saturday per month Fees for special exhibitions
	Museum of Sydney	\$7 / \$3	Few extra fees
	Art Gallery of NSW	Free	Fees for special exhibitions
	Museum of Contemporary Art	Free	Fees for special exhibitions
	Aust Natnl Maritime Museum	\$10 / \$6	\$20 / \$10 museum + all boats
Brisbane	Queensland Museum	Free	Fees for special exhibitions
	Queensland Art Gallery	Free	Fees for special exhibitions
Adelaide	SA Museum	Free	Fees for special exhibitions
	SA Art Gallery	Free	Fees for special exhibitions
Perth	WA Museum	Free	Fees for special exhibitions
Melbourne	Melbourne Museum	\$12 / \$6	Fees for special exhibitions
Canberra	National Museum of Aust	Free	Fees for special exhibitions
	National Gallery of Aust	Free	Fees for special exhibitions
	Australian War Memorial	Free	Few extra fees
	Questacon	\$10 / \$5	Few extra fees
	Old Parliament House	\$2	Few extra fees



In order to address issues of equity, some fee-charging institutions offer free entry to young children and the elderly, and discounted entry to those on government benefits.

In policy parlance, cultural institutions which combine free entry to the general collection with fees for special exhibitions are distinguished between core services and value-added services. Most submissions to the 1998 Senate Committee inquiry, including those from opponents of entry fees, accepted that charges for value-added services were legitimate.

The definition of value-added services may vary from service to service, however the following distinctions can be made.

Core/basic access services

- access to facilities
- reference help
- access to permanent collection

Value-added services

- reproduction services
- access to temporary exhibitions
- access to special attractions
- 'extra' consultancy services
- venue hire

Charging only for value-added attractions overcomes some of the negative effects of charging general entry fees. This strategy allows visitors free entry to a significant portion of the institution, thus dealing with the issue of equity by providing access to a potentially rich experience for all visitors. At the same time, the earning opportunities presented by special exhibitions are not denied.

An indirect benefit of charging only for value-added services is that a favourable public image as a free-entry community cultural institution can be maintained. As stated earlier, having such an image encourages private sponsorship and promotes community participation which has economic and social benefits.

The Senate Committee inquiry also accepted the distinction between core functions and value-added services, but made this comment as a fundamental guiding principle in determining how much to charge visitors for value-added services:

Charges for value-added services for personal non-commercial use should generally not go beyond marginal cost recovery. The fixed costs of maintaining the institution and its core services for future generations must be acknowledged as a public responsibility.

Senate Inquiry, 1998



This is to say that the charge placed on value-added services should do no more than cover the costs of these services and not be used to subsidise core services.

Some industry observers warn of 'blockbuster syndrome' in which cultural institutions are drawn towards putting disproportionate energy into income returning exhibitions thus drawing resources away from less visible core functions such as long-term development of the collection, curation and research. Exhibition programs which are directed primarily by the need to attract mass paying audiences may compromise the independence of programming which responds to education goals or to the diverse needs of the wider community.



As part of the question of free access, museums and galleries have sought to meet their obligations to serve the whole community by taking their services out into the community through outreach services such as travelling exhibitions or resource boxes.

Cultural institutions have also been quick to use the capabilities of the internet to give wider access to their collections. AMOL, an industry-wide initiative, is developing a national database of collection records from museums and galleries across the country. They currently give access to 400,000 collection records and over 1,000 museum listings.



Similarly, PictureAustralia is a service which allows on-line access to 270,000 digitised images from significant photographic collections in eight major institutions around the country.

These initiatives reflect the commitment of cultural institutions to equitable access by the whole community. The debate about entry fees and user pays is grounded in the framework of social good and brings the balance between community benefit and personal benefit into question.

It appears that the tide which brought about the introduction of entry fees for many cultural institutions is receding, leaving in its wake a swag of user fees. Perhaps the experiment has also given us a clearer understanding of the community responsibilities of these major custodians of culture.

