

**NATIONAL GALLERY OF  
AUSTRALIA**



## **NATIONAL GALLERY OF AUSTRALIA**

### **Section 1: Overview, appropriations and budget measures summary**

#### **OVERVIEW**

The purpose of the National Gallery of Australia (the Gallery) is to serve the public by enhancing understanding and enjoyment of the visual arts. It will serve the public through the effective and efficient use of its collections, which will be developed, researched, preserved, displayed, interpreted, promoted and complemented with exhibitions and loans. The Gallery's aim to provide access to works of art and information about them locally, nationally and internationally.

This purpose is consistent with the National Gallery of Australia Act 1975 which directs the Gallery to:

- Develop and maintain its collection of works of art;
- Exhibit, or make available for exhibition by others, works of art from the Gallery's collection, or works of art that are in the possession of the Gallery; and
- Use every endeavour to make most advantageous use of the national collection in the national interest.

Outcomes and outputs of the Gallery relate to the above purpose and the Gallery's legislated obligations.

#### **APPROPRIATIONS AND RESOURCING**

The total appropriation for the NGA in the 2004-05 Budget is \$37.853m.

The total appropriation includes an equity injection of \$4.000m for the purchase of works of art.

Table 2.1.1 illustrates the total appropriations for the Gallery for 2004-05 by the price of outputs.



Table 1.3: Revenue from independent sources

## REVENUE FROM INDEPENDENT SOURCES

The Gallery for the 2004-05 financial year estimates revenue from independent sources will total \$9.320m. This figure represents 21.6% of total revenue and consists of sales of goods and services, interest, gifts of works of art and donations. The Gallery falls outside of the Governments cost recovery arrangements.

Table 2.1.1 illustrates revenue for the Gallery generated from independent sources by the price of outputs.

**Table 1.3: Revenue from independent sources**

|                                     | Estimated<br>revenue<br>2003-04<br>\$'000 | Estimated<br>revenue<br>2004-05<br>\$'000 |
|-------------------------------------|---|---|
| <b>Departmental revenues</b>        |   |   |
| Sales of Goods and Services         | 5,455                                     | 6,820                                     |
| Interest                            | 735                                       | 700                                       |
| Gifts of works of art and Donations | 2,425                                     | 1,800                                     |
| <b>Total estimated revenue</b>      | <b>8,615</b>                              | <b>9,320</b>                              |

## **ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The Gallery will receive an equity injection of \$4.000m in 2004-05 to acquire new works of art to develop the collection. The injection shown in Table 1.1 is accounted for in the Capital Budget Statement (Table 3.4) and Appropriation Bill (No. 2) 2004-05.

The purchase of new works of art enables the Gallery to meet its requirements to develop and maintain a national collection of works of art under the National Gallery of Australia Act 1975.

The works acquired will enable the Gallery to continue to:

- enhance the understanding and enjoyment of visual arts;
- tell the story of the development of indigenous and non-indigenous Australian art; and
- provide a representative collection of Australian and International art.

The purchase of works of art from the capital injection is supplemented by other acquisitions through purchase, gift or bequest.

In 2001-02 work began on refurbishing and enhancing the Gallery building. The project cost is in part funded by a loan from government of \$20.700m to be drawn down in 2005-06. This loan will be repaid over an eight-year period commencing 2006-07.

The National Gallery of Australia has not been appropriated any administered capital or loans in 2004-05.

## Section 2: Outcomes and outputs information

### **OUTCOMES AND OUTPUT GROUPS**

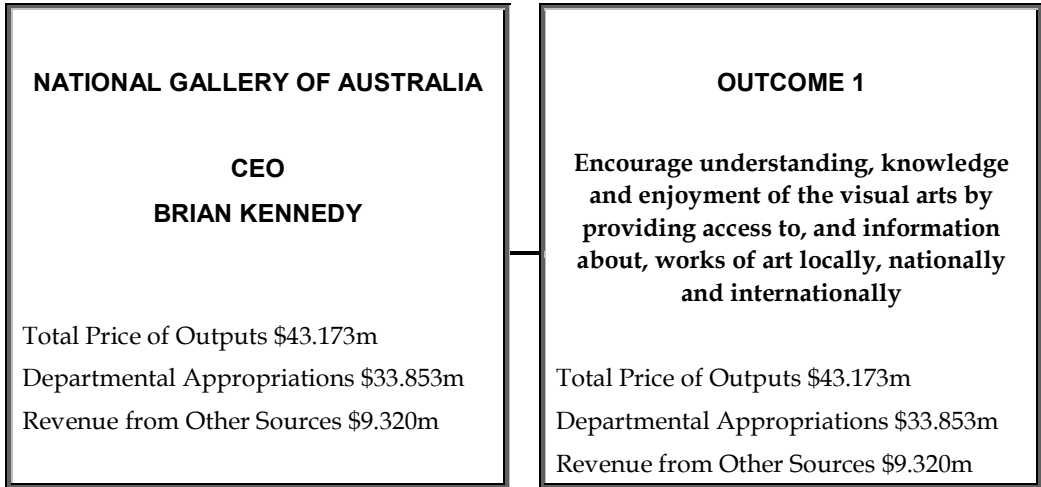
The NGA works to achieving the outcomes specified by Government. The following section provides an agency overview, and then each outcome is discussed in turn. The map on the following page shows the relationship between the outcomes.

#### **Output cost attribution**

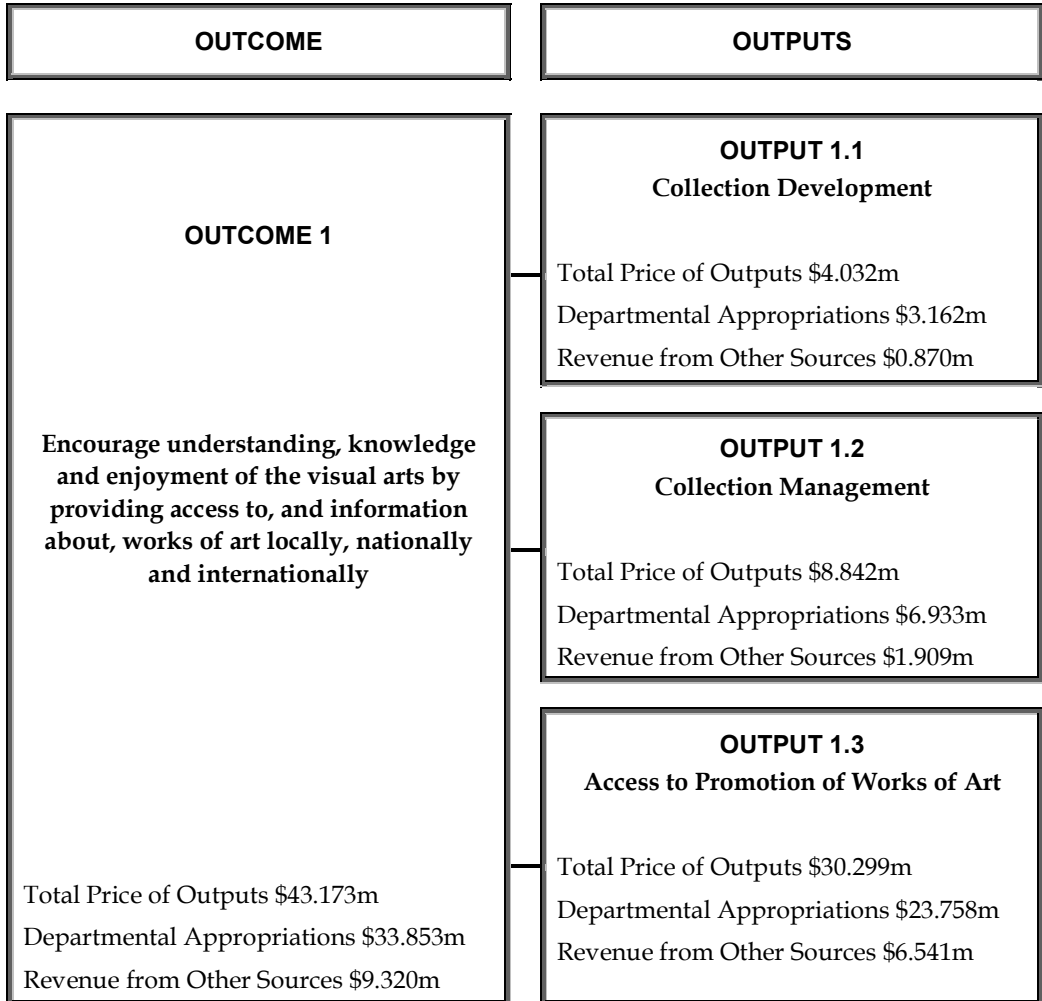
The Gallery has adopted an activity based costing style model to allocate costs to outputs. The model operates as follows:

- Direct supplier costs, direct employee costs and depreciation for plant and equipment are directly allocated to project codes. Certain projects are then allocated directly to outputs. If the project does not relate directly to an output then it is treated as an overhead and allocated to outputs based on cost drivers.
- Where an employee's time is spent on numerous different projects a time record is kept. Salary costs for these employees are allocated based on the percentages provided from the time record report.
- Depreciation of the collection is allocated evenly to outputs. Building depreciation is allocated to specific project codes based on the percentage of the building space that a project occupies.

**Map 1: Outcome structure**



**Map 2.1: Outcome 1 – contributing outputs**



Note: Revenue from Government (Appropriations) contributes 78.4% to the Total Price of Outputs for Outcome 1.

**CHANGES TO OUTCOMES AND OUTPUTS**

There have been no changes to the Gallery’s outcome and output structure.

## **OUTCOME 1 — DESCRIPTION**

### **Encourage understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally**

The enhancement of people’s understanding and enjoyment of the visual arts is an aim of the Government as it confers social benefits on the Australian community and enhances the reputation of Australia in the international art world. The main focus is on developing and maintaining a quality collection and providing access to and information about both the collection and works of art on loan to the Gallery.

The Gallery leads the way in Australia in developing a premier collection and through the use it makes of the collection in service to the public. The Gallery develops, researches, preserves, displays, interprets and promotes the collection complemented with exhibitions, outward loans and access to works of art. In addition the Gallery enhances the understanding and enjoyment of the visual arts through an innovative public program, information in multimedia and published forms and a diverse education program.

In 2004-05 the Gallery will continue to develop and maintain the collection. It will continue to provide access to the collection through exhibitions, displays and public programs in the National Gallery building, which is based in Canberra. Access will also be provided nationally and internationally through travelling exhibitions and loans of works from the collection.

### **Measures affecting Outcome 1<sup>1</sup>**

There are no measures affecting Outcome 1 for the Gallery.

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<sup>1</sup> This relates to measures disclosed in the 2004-05 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook (MYEFO)*).

## OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004-05 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1** and **E1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for the NGA).

**Table 2.1.1: Total resources for Outcome 1 (\$'000)**

|   | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 |      |
|---|--|---|------|
| <b>Departmental appropriations</b>  |  |   |      |
| Output 1.1 Collection Development   | 3,132                                    | 3,162                                   |      |
| Output 1.2 Collection Management  | 6,850                                    | 6,933                                   |      |
| Output 1.3 Access to and promotion of works of art  | 23,160                                   | 23,758                                  |      |
| <b>Total revenue from government (appropriations)</b>   | <b>33,142</b>                            | <b>33,853</b>                           |      |
| <b>Contributing to price of departmental outputs</b>  | <b>79.4%</b>                             | <b>78.4%</b>                            | (C1) |
| <b>Revenue from other sources</b>   |  |   |      |
| Output 1.1 - Collection Development   | 861                                      | 870                                     |      |
| Output 1.2 - Collection Management  | 1,723                                    | 1,909                                   |      |
| Output 1.3 - Access to and promotion of works of art  | 6,031                                    | 6,541                                   |      |
| <b>Total revenue from other sources</b>   | <b>8,615</b>                             | <b>9,320</b>                            |      |
| <b>Total estimated resourcing for Outcome 1</b><br>(Total revenue from government and from other sources) | <b>41,757</b>                            | <b>43,173</b>                           | (E1) |
|   | 2002-03                                  | 2003-04                                 |      |
| <b>Average staffing level (number)</b>  | 225                                      | 220                                     |      |

## **OUTCOME 1 — CONTRIBUTION OF OUTPUTS**

The National Gallery of Australia plans to deliver three outputs to achieve the outcome of encouraging understanding, knowledge and enjoyment of the visual arts. The outputs represent the key components delivered by the Gallery in collection development, collection management and access to and information about the collection and works of art.

### **Output 1.1 - Collection Development**

The National Gallery aims to build a collection of works of art of outstanding quality through acquisition, gift and bequest and through disposal.

### **Output 1.2 - Collection Management**

The National Gallery's collection is accessioned and documented in order to account for each work in the collection. Works of art are catalogued to provide information about the collection and to enable access to that information. The National Gallery stores, secures and conserves its collection in order to preserve it for the Australian people now and in the future.

### **Output 1.3 - Access to and Promotion of Works of Art**

The National Gallery provides access to works of art by displaying, exhibiting and lending its collection, as well as borrowing works from other sources. Access to works from the collection which are not on display is also provided. The National Gallery enhances the understanding, knowledge and enjoyment of art by providing information about and promoting the benefits of works of art through visitor services, education, and public programs and through multimedia. The Gallery seeks to achieve the widest possible audience both in attracting visitors to the Gallery and by sending works of art around Australia and overseas thereby improving access to works of art and providing information about them.

## **PERFORMANCE INFORMATION FOR OUTCOME 1**

The Gallery has developed several performance indicators to measure performance against outcome 1. These can be clearly seen in table 2.2.1. The majority of these indicators are the same as in 2003-04. In 2003-04 the estimated total price for the three outputs (Collection development, Collection Management and Access to and promotion of works of art) that make up outcome 1 were \$4.003m, \$8.755m and \$29.599m respectively. In 2004-05 the total prices are estimated to be \$3.891m, \$8.532 and \$29.237m.

Table 2.2.1: Performance information for Outcome 1

**Table 2.2.1: Performance information for Outcome 1**

| <b>Effectiveness - Overall achievement of the outcome</b> |   |
|---|---|
| Improved understanding and knowledge of the visual arts   | 85% of visitors to the Gallery, or to works displayed by the Gallery, believed their understanding and knowledge of the visual arts was improved through such visits  |
| Enhanced enjoyment of the visual arts                     | 85% of visitors to the Gallery, or to works of art displayed by the Gallery, enjoyed their experience of the visual arts  |
| Increased access to works of art                          | 1,350,000 people saw works of art from the national collection or exhibitions<br>2,500 works of art from the national collection loaned nationally and internationally  |
| <b>Performance information for departmental outputs</b>   |   |
| <b>Output 1.1</b>   | <b>Quality</b>  |
| Collection development                                    | 100% of acquisitions consistent with acquisition policy<br>100% of acquisitions researched and documented   |
|   | <b>Quantity</b>   |
|   | 350 works acquired during the year<br>50 works of art deaccessioned during the year   |
|   | <b>Price</b>  |
|   | Costs associated with acquiring and deaccessioning works of art \$4.032m  |
| <b>Output 1.2</b>   | <b>Quality</b>  |
| Collection management                                     | 4% of the national collection reviewed to assess its condition and maintenance requirements<br>100% of works of art identified for maintenance treated in accordance with priorities  |
|   | <b>Quantity</b>   |
|   | National collection of 134,000 items stored to appropriate standards<br>1,800 works of art subjected to conservation treatment  |
|   | <b>Price</b>  |
|   | \$49.90 per item stored<br>\$1,196.85 per work of art treated<br>\$8.842m   |
| <b>Output 1.3</b>   | <b>Quality</b>  |
| Access to and promotion of works of art                   | 85% of visitors satisfied with displays and exhibitions<br>85% of attendees satisfied with Gallery events   |
|   | <b>Quantity</b>   |
|   | 1,350,000 people saw works of art from the national collection or exhibitions<br>110,000 attendees at Gallery events<br>2,000,000 people accessed information via the Gallery's research library, collection study room and website |
|   | <b>Price</b>  |
|   | \$17.24 per visitor<br>\$56.16 per attendee at events<br>\$0.41 per user access<br>\$30.299m  |

## **EVALUATIONS**

The outputs delivered by the Gallery will be monitored on an ongoing basis through the actively seeking feedback through the Gallery's Service Charter, correspondence, visitor surveys and feedback from venues for the Gallery's exhibitions and works of art.

## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Departmental**

The budgeted financial statements are prepared on an accrual basis. An analysis of the budgeted statements for 2004-05 are provided below.

#### **Statement of financial performance**

The Gallery is budgeting for a zero operating profit for 2004-05 and the forward estimate years. Each year has an identified surplus, \$3.501m in 2004-05, which is required to be spent on capital purchases such as works of art and the building. The works of art purchases are funded through donations and the Gallery contributes funds each year towards the refurbishment and enhancement of the building.

Total revenue is expected to be \$43.173m, a increase of \$1.416 from the 2003-04 estimated actual. This increase is due to revenue from independent sources increasing by \$0.705m and increased funding from economic parameter adjustments.

Total expenses are estimated to be \$39.672m which is an increase of \$1.551m. Supplier, employee and depreciation costs are all projected to increase in 2004-05. Exhibition costs such as freight and insurance have substantially increased.

#### **Statement of financial position**

The Gallery's net asset position is projected to improve in 2004-05. This is mainly due to capital expenditure on the building and works of art. The Gallery receives a capital injection of \$4.000m per annum and donations for the purchase of works of art. The building refurbishment and enhancement project is continuing into 2004-05. The Gallery's liabilities are budgeted to decrease from the 2003-04 estimated actual as payment arrangements for particular works of art will have been met in July 2004.

#### **Statement of cash flows**

The cash balance is budgeted to decrease by \$3.730m due to capital expenditure on the building.

## **BUDGETED FINANCIAL STATEMENTS**

### **Departmental financial statements**

#### **Budgeted Departmental Statement of Financial Performance (Operating Statement)**

This statement provides a picture of the expected financial results for the NGA by identifying full accrual expenses and accrual revenues which highlights whether the NGA is operating at a sustainable level.

#### **Budgeted Departmental Statement of Financial Position (Balance Sheet)**

This statement shows the financial position of the NGA. It helps decision-makers to track the management of the NGA's assets and liabilities.

#### **Budgeted Departmental Statement of Cash Flows**

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

#### **Departmental Capital Budget Statements**

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

#### **Departmental Non Financial Assets — Summary of Movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Table 3.1: Departmental statement of financial performance

**Table 3.1: Budgeted departmental statement of financial performance  
for the period ended 30 June**

|  | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|--|--|---|--|--|--|
| <b>Revenues from ordinary activities</b>   |  |   |  |  |  |
| Revenue from Government  | 33,142                                   | 33,853                                  | 32,587                                   | 33,182                                   | 33,395                                   |
| Goods and Services   | 5,455                                    | 6,820                                   | 7,367                                    | 7,673                                    | 8,176                                    |
| Interest   | 735                                      | 700                                     | 500                                      | 500                                      | 500                                      |
| Dividends  | -  | -                                       | -  | -  | -  |
| Revenue from sales of assets   | -  | -                                       | -  | -  | -  |
| Net foreign exchange gains   | -  | -                                       | -  | -  | -  |
| Other  | 2,425                                    | 1,800                                   | 1,800                                    | 1,800                                    | 1,800                                    |
| <b>Revenues from<br/>ordinary activities</b>   | <b>41,757</b>                            | <b>43,173</b>                           | <b>42,254</b>                            | <b>43,155</b>                            | <b>43,871</b>                            |
| <b>Expenses from ordinary activities<br/>(excluding borrowing costs expense)</b>                         |  |   |  |  |  |
| Employees  | 15,539                                   | 15,950                                  | 16,228                                   | 16,590                                   | 16,955                                   |
| Suppliers  | 14,557                                   | 15,580                                  | 14,157                                   | 14,213                                   | 14,411                                   |
| Grants   | -  | -                                       | -  | -  | -  |
| Subsidies  | -  | -                                       | -  | -  | -  |
| Depreciation and amortisation  | 7,940                                    | 8,092                                   | 8,308                                    | 8,804                                    | 8,923                                    |
| Write-down of assets   | 85                                       | 50                                      | 50                                       | 50                                       | 50                                       |
| Value of assets sold   | -  | -                                       | -  | -  | -  |
| Net foreign exchange losses  | -  | -                                       | -  | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| <b>Expenses from ordinary<br/>activities (excluding borrowing<br/>costs expense)</b>                     | <b>38,121</b>                            | <b>39,672</b>                           | <b>38,743</b>                            | <b>39,657</b>                            | <b>40,339</b>                            |
| Borrowing cost expense   | -  | -                                       | -  | 613                                      | 613                                      |
| Share of net profits/losses of associates<br>and joint ventures accounted<br>for using the equity method | -  | -                                       | -  | -  | -  |
| Correction of fundamental error  | -  | -                                       | -  | -  | -  |
| <b>Operating surplus or deficit from<br/>ordinary activities</b>   | <b>3,636</b>                             | <b>3,501</b>                            | <b>3,511</b>                             | <b>2,885</b>                             | <b>2,919</b>                             |
| Gain or loss on extraordinary items  | -  | -                                       | -  | -  | -  |
| Correction of fundamental error  | -  | -                                       | -  | -  | -  |
| <b>Net surplus or deficit attributable<br/>to Commonwealth</b>   | <b>3,636</b>                             | <b>3,501</b>                            | <b>3,511</b>                             | <b>2,885</b>                             | <b>2,919</b>                             |

Note: The net surplus is made up of funds required to be applied for capital purposes related to development of the national collection and building refurbishment and enhancement.

**Table 3.2: Budget departmental statement of financial position  
as at 30 June**

|  | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|--|--|---|--|--|--|
| <b>ASSETS</b>  |  |   |  |  |  |
| <b>Financial assets</b>                              |  |   |  |  |  |
| Cash   | 13,222                                   | 9,492                                   | 9,252                                    | 8,197                                    | 7,184                                    |
| Receivables  | 394                                      | 394                                     | 394                                      | 394                                      | 394                                      |
| Investments accounted for under<br>the equity method | -  | -                                       | -  | -  | -  |
| Other investments                                    | -  | -                                       | -  | -  | -  |
| Accrued revenues                                     | 58                                       | 58                                      | 58                                       | 58                                       | 58                                       |
| Other  | -  | -                                       | -  | -  | -  |
| <b>Total financial assets</b>                        | <b>13,674</b>                            | <b>9,944</b>                            | <b>9,704</b>                             | <b>8,649</b>                             | <b>7,636</b>                             |
| <b>Non-financial assets</b>                          |  |   |  |  |  |
| Land and buildings                                   | 118,991                                  | 123,537                                 | 145,989                                  | 145,470                                  | 144,920                                  |
| Infrastructure, plant and equipment                  | 2,997                                    | 3,037                                   | 3,058                                    | 3,064                                    | 3,047                                    |
| Heritage and cultural assets                         | 1,596,710                                | 1,599,760                               | 1,605,460                                | 1,611,610                                | 1,617,710                                |
| Inventories  | 1,196                                    | 1,146                                   | 1,096                                    | 1,046                                    | 996                                      |
| Intangibles  | 460                                      | 420                                     | 350                                      | 220                                      | 62                                       |
| Other  | 126                                      | 126                                     | 126                                      | 126                                      | 126                                      |
| <b>Total non-financial assets</b>                    | <b>1,720,480</b>                         | <b>1,728,026</b>                        | <b>1,756,079</b>                         | <b>1,761,536</b>                         | <b>1,766,861</b>                         |
| <b>Total assets</b>                                  | <b>1,734,154</b>                         | <b>1,737,970</b>                        | <b>1,765,783</b>                         | <b>1,770,185</b>                         | <b>1,774,497</b>                         |
| <b>LIABILITIES</b>                                   |  |   |  |  |  |
| <b>Interest bearing liabilities</b>                  |  |   |  |  |  |
| Loans  | -  | -                                       | 20,700                                   | 18,113                                   | 15,526                                   |
| Leases   | -  | -                                       | -  | -  | -  |
| Deposits   | -  | -                                       | -  | -  | -  |
| Overdrafts   | -  | -                                       | -  | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| <b>Total interest bearing liabilities</b>            | <b>-</b>                                 | <b>-</b>                                | <b>20,700</b>                            | <b>18,113</b>                            | <b>15,526</b>                            |
| <b>Provisions</b>                                    |  |   |  |  |  |
| Employees  | 4,210                                    | 3,736                                   | 3,849                                    | 3,964                                    | 4,082                                    |
| Capital Use Charge                                   | -  | -                                       | -  | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| <b>Total provisions</b>                              | <b>4,210</b>                             | <b>3,736</b>                            | <b>3,849</b>                             | <b>3,964</b>                             | <b>4,082</b>                             |
| <b>Payables</b>                                      |  |   |  |  |  |
| Suppliers  | 4,383                                    | 1,172                                   | 661                                      | 650                                      | 512                                      |
| Grants   | -  | -                                       | -  | -  | -  |
| Dividends  | -  | -                                       | -  | -  | -  |
| Borrowing costs                                      | -  | -                                       | -  | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| <b>Total payables</b>                                | <b>4,383</b>                             | <b>1,172</b>                            | <b>661</b>                               | <b>650</b>                               | <b>512</b>                               |
| <b>Total liabilities</b>                             | <b>8,593</b>                             | <b>4,908</b>                            | <b>25,210</b>                            | <b>22,727</b>                            | <b>20,120</b>                            |

Table 3.2: Departments statement of financial position (continued)

**Table 3.2: Budget departmental statement of financial position  
as at 30 June (continued)**

|   | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|---|--|---|--|--|--|
| <b>EQUITY</b>                                 |  |   |  |  |  |
| <b>Parent equity interest</b>                 |  |   |  |  |  |
| Contributed equity                            | 84,715                                   | 88,715                                  | 92,715                                   | 96,715                                   | 100,715                                  |
| Reserves                                      | 1,010,711                                | 1,010,711                               | 1,010,711                                | 1,010,711                                | 1,010,711                                |
| Statutory funds                               | -  | -                                       | -  | -  | -  |
| Retained surpluses or accumulated<br>deficits | 630,135                                  | 633,636                                 | 637,147                                  | 640,032                                  | 642,951                                  |
| <b>Total parent equity interest</b>           | <b>1,725,561</b>                         | <b>1,733,062</b>                        | <b>1,740,573</b>                         | <b>1,747,458</b>                         | <b>1,754,377</b>                         |
| <b>Outside equity interest</b>                |  |   |  |  |  |
| Contributed equity                            | -  | -                                       | -  | -  | -  |
| Reserves                                      | -  | -                                       | -  | -  | -  |
| Retained surpluses or accumulated<br>deficits | -  | -                                       | -  | -  | -  |
| <b>Total outside equity interest</b>          | <b>-</b>                                 | <b>-</b>                                | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total equity</b>                           | <b>1,725,561</b>                         | <b>1,733,062</b>                        | <b>1,740,573</b>                         | <b>1,747,458</b>                         | <b>1,754,377</b>                         |
| Current liabilities                           | 1,578                                    | 1,546                                   | 3,633                                    | 3,633                                    | 3,507                                    |
| Non-current liabilities                       | 7,015                                    | 3,362                                   | 21,577                                   | 19,094                                   | 16,613                                   |
| Current assets                                | 14,996                                   | 11,216                                  | 10,926                                   | 9,821                                    | 8,758                                    |
| Non-current assets                            | 1,719,158                                | 1,726,754                               | 1,754,857                                | 1,760,364                                | 1,765,739                                |

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June**

|   | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|---|--|---|--|--|--|
| <b>OPERATING ACTIVITIES</b>                             |  |   |  |  |  |
| <b>Cash received</b>                                    |  |   |  |  |  |
| Appropriations  | 34,371                                   | 33,853                                  | 32,587                                   | 33,182                                   | 33,395                                   |
| Goods and services                                      | 5,826                                    | 7,120                                   | 7,667                                    | 7,973                                    | 8,476                                    |
| Interest  | 735                                      | 700                                     | 500                                      | 500                                      | 500                                      |
| Dividends   | -  | -                                       | -  | -  | -  |
| Other   | 2,125                                    | 1,500                                   | 1,500                                    | 1,500                                    | 1,500                                    |
| Extraordinary Items                                     | -  | -                                       | -  | -  | -  |
| <b>Total cash received</b>                              | <b>43,057</b>                            | <b>43,173</b>                           | <b>42,254</b>                            | <b>43,155</b>                            | <b>43,871</b>                            |
| <b>Cash used</b>  |  |   |  |  |  |
| Employees   | 15,539                                   | 16,550                                  | 16,245                                   | 16,609                                   | 16,974                                   |
| Suppliers   | 14,879                                   | 15,766                                  | 14,338                                   | 14,391                                   | 14,709                                   |
| Grants and subsidies                                    | -  | -                                       | -  | -  | -  |
| Borrowing costs   | -  | -                                       | -  | 613                                      | 613                                      |
| Other   | -  | -                                       | -  | -  | -  |
| Extraordinary items                                     | -  | -                                       | -  | -  | -  |
| <b>Total cash used</b>                                  | <b>30,418</b>                            | <b>32,316</b>                           | <b>30,583</b>                            | <b>31,613</b>                            | <b>32,296</b>                            |
| <b>Net cash from/(used by) operating activities</b>     | <b>12,639</b>                            | <b>10,857</b>                           | <b>11,671</b>                            | <b>11,542</b>                            | <b>11,575</b>                            |
| <b>INVESTING ACTIVITIES</b>                             |  |   |  |  |  |
| <b>Cash received</b>                                    |  |   |  |  |  |
| Proceeds from sales of property,<br>plant and equipment | -  | -                                       | -  | -  | -  |
| Proceeds from sales of financial<br>instruments         | -  | -                                       | -  | -  | -  |
| Bills of exchange and promissory notes                  | -  | -                                       | -  | -  | -  |
| Repayments of loans made                                | -  | -                                       | -  | -  | -  |
| Other   | -  | -                                       | -  | -  | -  |
| Extraordinary items                                     | -  | -                                       | -  | -  | -  |
| <b>Total cash received</b>                              | <b>-</b>                                 | <b>-</b>                                | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>  |  |   |  |  |  |
| Purchase of property, plant<br>and equipment            | 17,918                                   | 18,587                                  | 36,611                                   | 14,010                                   | 14,001                                   |
| Purchase of financial instruments                       | -  | -                                       | -  | -  | -  |
| Bills of exchange and promissory notes                  | -  | -                                       | -  | -  | -  |
| Repayments of loans made                                | -  | -                                       | -  | -  | -  |
| Other   | -  | -                                       | -  | -  | -  |
| Extraordinary items                                     | -  | -                                       | -  | -  | -  |
| <b>Total cash used</b>                                  | <b>17,918</b>                            | <b>18,587</b>                           | <b>36,611</b>                            | <b>14,010</b>                            | <b>14,001</b>                            |
| <b>Net cash from/(used by) investing activities</b>     | <b>(17,918)</b>                          | <b>(18,587)</b>                         | <b>(36,611)</b>                          | <b>(14,010)</b>                          | <b>(14,001)</b>                          |

Table 3.3: Departmental statement of cash flows (continued)

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June (continued)**

|  | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|--|--|---|--|--|--|
| <b>FINANCIAL ACTIVITIES</b>  |  |   |  |  |  |
| <b>Cash received</b>   |  |   |  |  |  |
| Appropriations - contributed equity  | 4,003                                    | 4,000                                   | 4,000                                    | 4,000                                    | 4,000                                    |
| Proceeds from issuing<br>financial instruments   | -  | -                                       | -  | -  | -  |
| Proceeds from loans  | -  | -                                       | 20,700                                   | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| Extraordinary items  | -  | -                                       | -  | -  | -  |
| <b>Total cash received</b>   | <b>4,003</b>                             | <b>4,000</b>                            | <b>24,700</b>                            | <b>4,000</b>                             | <b>4,000</b>                             |
| <b>Cash used</b>   |  |   |  |  |  |
| Repayments of debt   | -  | -                                       | -  | 2,587                                    | 2,587                                    |
| Capital use charge paid  | -  | -                                       | -  | -  | -  |
| Dividends paid   | -  | -                                       | -  | -  | -  |
| Other  | -  | -                                       | -  | -  | -  |
| Extraordinary items  | -  | -                                       | -  | -  | -  |
| <b>Total cash used</b>   | <b>-</b>                                 | <b>-</b>                                | <b>-</b>                                 | <b>2,587</b>                             | <b>2,587</b>                             |
| <b>Net cash from/(used by) financing<br/>activities</b>                                  | <b>4,003</b>                             | <b>4,000</b>                            | <b>24,700</b>                            | <b>1,413</b>                             | <b>1,413</b>                             |
| <b>Net increase in cash held</b>   | <b>(1,276)</b>                           | <b>(3,730)</b>                          | <b>(240)</b>                             | <b>(1,055)</b>                           | <b>(1,013)</b>                           |
| Cash at the beginning of<br>the reporting period   | 14,498                                   | 13,222                                  | 9,492                                    | 9,252                                    | 8,197                                    |
| Effect of exchange rate movements<br>on cash at the beginning of the<br>reporting period | -  | -                                       | -  | -  | -  |
| <b>Cash at the end of the reporting<br/>period</b>                                       | <b>13,222</b>                            | <b>9,492</b>                            | <b>9,252</b>                             | <b>8,197</b>                             | <b>7,184</b>                             |

Table 3.4: Departmental capital budget statement

**Table 3.4: Departmental capital budget statement**

|   | Estimated<br>actual<br>2003-04<br>\$'000 | Budget<br>estimate<br>2004-05<br>\$'000 | Forward<br>estimate<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 |
|---|--|---|--|--|--|
| <b>CAPITAL APPROPRIATIONS</b>               |  |   |  |  |  |
| Total equity injections                     | 4,003                                    | 4,000                                   | 4,000                                    | 4,000                                    | 4,000                                    |
| Total loans                                 | -  | -                                       | 20,700                                   | -  | -  |
| Previous years' output appropriation        | 1,229                                    | -                                       | -  | -  | -  |
| <b>Total</b>                                | <b>5,232</b>                             | <b>4,000</b>                            | <b>24,700</b>                            | <b>4,000</b>                             | <b>4,000</b>                             |
| <b>Represented by</b>                       |  |   |  |  |  |
| Purchase of non-financial assets            | 4,003                                    | 4,000                                   | 24,700                                   | 4,000                                    | 4,000                                    |
| Other                                       | 1,229                                    | -                                       | -  | -  | -  |
| <b>Total</b>                                | <b>5,232</b>                             | <b>4,000</b>                            | <b>24,700</b>                            | <b>4,000</b>                             | <b>4,000</b>                             |
| <b>PURCHASE OF NON-FINANCIAL ASSETS</b>     |  |   |  |  |  |
| Funded by capital appropriations            | 4,003                                    | 4,000                                   | 24,700                                   | 4,000                                    | 4,000                                    |
| Funded internally by departmental resources | 10,715                                   | 11,388                                  | 11,411                                   | 10,011                                   | 10,298                                   |
| <b>Total</b>                                | <b>14,718</b>                            | <b>15,388</b>                           | <b>36,111</b>                            | <b>14,011</b>                            | <b>14,298</b>                            |

**Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2004-05)**

|                                      | Land         | Buildings      | Specialist military equipment | Other infrastructure plant and equipment | Heritage and cultural assets | Computer Software | Other intangibles | Total            |
|--------------------------------------|--------------|----------------|-------------------------------|--|------------------------------|-------------------|-------------------|------------------|
|                                      | \$'000       | \$'000         | \$'000                        | \$'000                                   | \$'000                       | \$'000            | \$'000            | \$'000           |
| Carrying amount at the start of year | 4,750        | 114,241        | -                             | 2,997                                    | 1,596,710                    | 460               | -                 | 1,719,158        |
| Additions                            | -            | 6,100          | -                             | 513                                      | 8,800                        | 275               | -                 | 15,688           |
| Disposals                            | -            | -              | -                             | -  | -                            | -                 | -                 | -                |
| Revaluation increments               | -            | -              | -                             | -  | -                            | -                 | -                 | -                |
| Recoverable amount write-downs       | -            | -              | -                             | -  | -                            | -                 | -                 | -                |
| Net transfers free of charge         | -            | -              | -                             | -  | -                            | -                 | -                 | -                |
| Depreciation/amortisation expense    | -            | (1,554)        | -                             | (473)                                    | (5,750)                      | (315)             | -                 | (8,092)          |
| Write-off of assets                  | -            | -              | -                             | -  | -                            | -                 | -                 | -                |
| Carrying amount at the end of year   | <b>4,750</b> | <b>118,787</b> | <b>-</b>                      | <b>3,037</b>                             | <b>1,599,760</b>             | <b>420</b>        | <b>-</b>          | <b>1,726,754</b> |
| <b>Total additions</b>               |              |                |                               |  |                              |                   |                   |                  |
| Self funded                          | -            | 6,100          | -                             | 513                                      | 4,800                        | 275               | -                 | 11,688           |
| Appropriations                       | -            | -              | -                             | -  | 4,000                        | -                 | -                 | 4,000            |
| <b>Total</b>                         | <b>-</b>     | <b>6,100</b>   | <b>-</b>                      | <b>513</b>                               | <b>8,800</b>                 | <b>275</b>        | <b>-</b>          | <b>15,688</b>    |

## **NOTES TO THE FINANCIAL STATEMENTS**

The budgeted financial statements are prepared on an accrual basis. Below are notes, which explain major variations between the projected 2003-04 financial statements and the budgeted financial statements for 2004-05 and forward estimates to 2007-08.

### **Budgeted Departmental Statement of Financial Performance**

- Revenue from government will increase in 2004-05 due to an increase in economic parameters.
- Sales of goods and services revenue is forecast to be higher in 2004-05 than levels projected in 2003-04 due to anticipated higher levels of visitor attendance to the Gallery resulting primarily from the exhibitions planned for 2004-05.
- Other revenue primarily includes gifts of works of art and donations. By their nature these items will fluctuate from year to year.
- Operating expenses for employees are projected to increase each year in line with agency workplace agreements and cost of living adjustments.
- Operating expenses for suppliers are projected to decrease mainly due to a reduction in the level of expenditure in asset leasing and improved efficiencies across operations.
- Borrowing costs in 2006-07 and 2007-08 relates to a Government loan for refurbishment and enhancement of the Gallery building.
- The budgeted net operating result for the 2004-05 and forward estimate years are estimated to be zero except for donations of works of art or money for works of art and the capital contribution required to meet the cost of building refurbishment and enhancement.

### **Budgeted Departmental Statement of Financial Position**

- The cash balance for 2004-05 is projected to be lower than 2003-04 due to the expected expenditure on refurbishment of the building.
- Land and buildings assets are projected to increase due to the impact of planned refurbishment of the building.
- Heritage and cultural assets are projected to increase each year due to the government equity injections for acquisitions of \$4.000m and donations.
- In 2005-06 the Government will lend the Gallery funds to be applied to refurbishment and enhancement of the Gallery building.
- Employee provisions and payables include all remuneration entitlements owing and are projected to fall in 2004-05 due to the anticipated fall in employee numbers. In the forward estimate years the figure is expected to increase in line with pay increases in agency workplace agreements.
- Supplier provisions and payables at 30 June 2004 will include \$3.226m owing on the purchase of works of art under current purchase agreements. The supplier provisions and payables decrease in future years reflecting the payments made against agreed settlement terms.
- Capital equity is budgeted to increase by \$4.000m per annum and represents appropriation funds provided to purchase works of art as part of the ongoing development of the national collection.
- Reserves represent an asset revaluation reserve. The outcome of future revaluations can not be assessed and have thus not been included in the 2004-05 budget or forward estimates.

### **Budgeted Departmental Statement of Cash Flows**

- Cash used for operating activities includes a borrowing cost from 2006-07 for the government loan which will be applied to the building refurbishment and enhancement project.
- Cash used in investing activities for acquiring property, plant and equipment in 2004-05 includes projects agreed or required by government including the cost of improvements to building to assist in protecting the national collection. These costs are considerably more in 2005-06 as the Gallery draw down the \$20.700m loan from government to be applied to the refurbishment and enhancement of the Gallery building.
- Payments for works of art can vary significantly from year to year depending on the availability of works appropriate to the collection, settlement terms and the extent of donations and bequests in any year.
- The equity injection in 2003-04 included an additional one off amount of \$0.003 as a result of the Business and Economic Framework Review.

## Section 4: Purchaser/Provider and Cost Recovery arrangements

### **PURCHASER/PROVIDER ARRANGEMENTS**

#### **Cross Agency Overview**

The Gallery does not have any purchaser/provider arrangements.

### **COST RECOVERY ARRANGEMENTS**

#### **Summary of Cost Recovery Impact Statement**

The Gallery does not have any cost recovery arrangements.

