

NATIONAL GALLERY OF AUSTRALIA

PART C: AGENCY ADDITIONAL ESTIMATES STATEMENTS

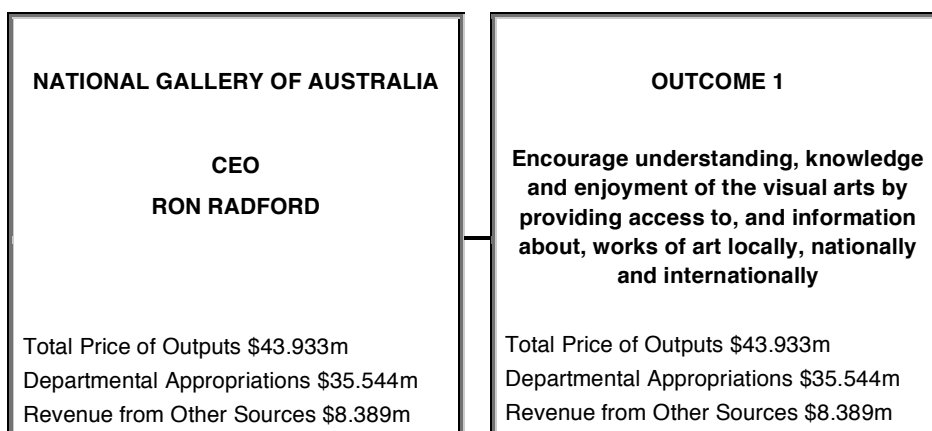
NATIONAL GALLERY OF AUSTRALIA

Section 1: Overview, variations and measures

OVERVIEW

There have been no significant changes to the National Gallery of Australia's (Gallery) role/mission, outcomes and outputs and/or its evaluation, competitive tendering and contracting and purchaser provider practices as a result of Additional Estimates.

Map 2: Outcomes and output groups for the agency



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Gallery will receive \$1.691m in additional appropriations for 2004-05 as a result of supplementation for increased building depreciation. The Gallery's building assets were revalued as at 30 June 2004 and as a result the value of these assets increased by \$41.024m. Consequently, the depreciation charge on the building assets also increased.

Other variations to appropriations

	2004-05 (\$'000)	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)
Outcome 1				
Variations in departmental appropriations				
Depreciation of Gallery buildings	1,691	1,953	2,440	2,418
Indexation adjustment	-	94	189	190

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004-05

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
Encourage understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally	33,142	33,853	35,544	1,691	-
Total	33,142	33,853	35,544	1,691	-

Note 1: 2003-04 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:
Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings - Rephasings - Other Reductions +/- Section 32

REVENUE FROM INDEPENDENT SOURCES

Table 1.6: Revenue from independent sources

	Budget estimate 2004-05 \$'000	Revised estimate 2004-05 \$'000
DEPARTMENTAL REVENUE		
Sales of Goods and Services	6,820	5,754
Interest and Dividends	700	835
Gifts of Works of art and Donations	1,800	1,800
Total non-appropriation departmental revenue	9,320	8,389

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Gallery's structure and definitions of Outcomes and Output groups has not changed as a result of the additional estimates process. The quality and quantity measures have remained static; however the price of the Output groups has increased due to the Gallery's appropriations increasing by \$1.691m.

Output cost attribution

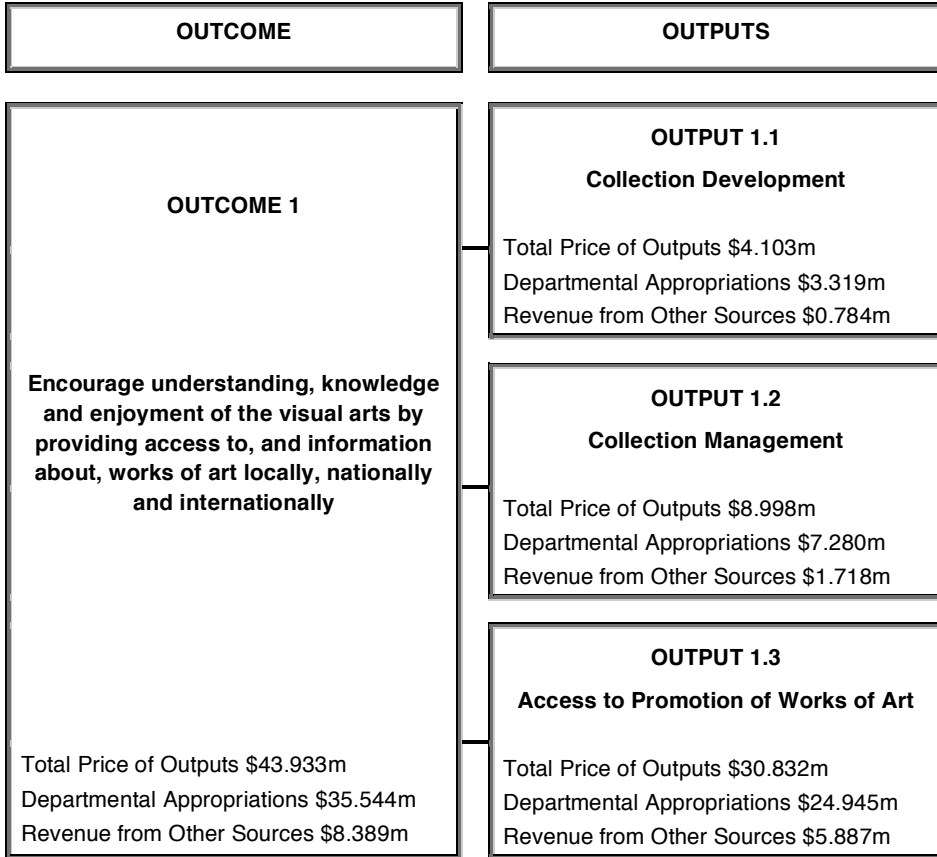
The Gallery has adopted an activity based costing model to allocate costs to outputs. The model operates as follows:

- Direct supplier costs, direct employee costs and depreciation costs for plant and equipment are directly allocated to projects. Certain project costs are then allocated directly to outputs. If the project cost 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 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 projects based on the percentage of the building space that a project occupies.

Table 2.1: Performance information for Outputs affected by Additional Estimates - Outcome 1

Output	Performance information 2004-05 budget	Performance information 2004-05 revised
Output 1.1 Collection development	Quality 100% of acquisitions consistent with acquisition policy 100% of acquisitions researched and documented Quantity 350 works acquired during the year 50 works of art deaccessioned during the year Price Costs associated with acquiring and deaccessioning works of art \$4.032m	Quality No change - as per Budget Quantity No change - as per Budget Price Costs associated with acquiring and deaccessioning works of art \$4.103m
Output 1.2 Collection management	Quality 4% of the national collection reviewed to assess its condition and maintenance requirements 100% of works of art identified for maintenance treated in accordance with priorities Quantity National collection of 134,000 items stored to appropriate standards 1,800 works of art subjected to conservation treatment Price \$49.90 per item stored \$1,196.85 per work of art treated \$8.842m	Quality No change - as per Budget Quantity No change - as per Budget Price \$50.78 per item stored \$1,217.92 per work of art treated \$8.998m
Output 1.2 Access to and promotion of works of art	Quality 85% of visitors satisfied with displays and exhibitions 85% of attendees satisfied with Gallery events Quantity 1,350,000 people saw works of art from the national collection or exhibitions 110,000 attendees at Gallery events 2,000,000 people accessed information via the Gallery's research library, collection study room and website Price \$17.24 per visitor \$56.16 per attendee at events \$0.41 per user access \$30.299m	Quality No change - as per Budget Quantity No change - as per Budget Price \$17.55 per visitor \$57.15 per attendee at events \$0.42 per user access \$30.832m

Map 3: Outcome 1 – contributing outputs



Note: Revenue from Government (Appropriations) contributes 80.9% to the Total Price of Outputs for Outcome 1.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Gallery's budgeted financial statements with a focus on expected changes in 2004-05 as a result of Additional Estimates compared to Budget is provided below:

Budgeted departmental statement of financial performance

The Gallery is budgeting for an operating loss of \$3.413m. Total revenue is estimated to be \$43.933m, a net increase of \$0.760m from the 2004-05 budget. The net increase is a result of:

- Increased appropriation funding (\$1.691m) for additional depreciation expenses following the revaluation of the Gallery's building assets;
- Increased interest and dividend revenue (\$0.135m) resulting from incorporating the accounts of the National Gallery of Australia Foundation and the Gordon Darling Australasian Print Fund for the 2004-05 financial year. The National Gallery of Australia Foundation and Gordon Darling Australasian Print Fund are entities controlled by the National Gallery of Australia. The Gallery has incorporated the budget information of these two entities into the Gallery's 2004-05 additional estimates budget in order to address an inconsistency in reporting of budget and actual information to Government; and
- Decreased sales of goods and services revenue (\$1.066m) as a result of a review of the exhibition and publication programs. This review took place subsequent to the preparation of the 2004-05 Portfolio Budget Statements.

Total expenses are estimated to be \$47.346m, a net increase of \$7.674m from the 2004-05 budget. The net increase is a result of:

- Increased depreciation expense (\$7.829m) following the revaluation of the Gallery's building and cultural assets and the purchase of additional computer assets; and
- Decreased operating expenses (\$0.180m) as a result of a review of the exhibition and publication program.

The Gallery is budgeting for a loss of \$3.413m in the 2004-05 financial year, due to an increase in depreciation expense of \$5.654m arising from a revaluation of heritage and cultural assets at 30 June 2004.

Budgeted departmental statement of financial position

The significant changes to the statement of financial position as a result of Additional Estimates are:

- Increase in the value of financial assets (\$3.176m) and payables (\$0.005m) following the incorporation of the accounts of the National Gallery of Australia Foundation and the Gordon Darling Australasian Print Fund for the 2004-05 financial year. The National Gallery of Australia Foundation and Gordon Darling Australasian Print Fund are entities controlled by the National Gallery of Australia. The Gallery has incorporated the budget information of these two entities into the Gallery's 2004-05 additional estimates budget in

order to address an inconsistency in reporting of budget and actual information to Government; and

- Decrease in the value of cultural assets (\$0.354m). In the 2004-05 budget it was anticipated that the Gallery's cultural assets would increase by the value of the annual equity injection (\$4.000m) and the value of budgeted donations received (\$1.800m). This increase has now been offset by an increase in the accumulated depreciation corresponding to the increase in the depreciation expense for the cultural assets.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental statement of financial performance

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

Budgeted departmental statement of financial position

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

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide 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 statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded 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: Budgeted departmental statement of financial performance

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

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenue from government ¹	33,142	35,544	34,634	35,811	36,003
Goods and services	3,598	5,754	6,067	6,343	6,555
Interest	841	755	555	555	555
Dividends	131	80	75	75	75
Revenue from sale of assets	323	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other revenues	4,998	1,800	2,300	2,300	2,300
Revenues from ordinary activities	43,033	43,933	43,631	45,084	45,488
EXPENSE					
Expenses from ordinary activities (Excluding borrowing costs expense)					
Employees	15,695	16,300	16,450	16,600	16,750
Suppliers	15,258	15,050	13,550	13,699	13,850
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation ²	7,922	15,921	16,327	17,350	17,481
Write-down of assets	104	75	50	50	50
Value of assets sold	274	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other expenses	-	-	-	-	-
Expenses from ordinary activities (Excluding borrowing costs expense)	39,253	47,346	46,377	47,699	48,131
Borrowing costs expense	-	-	-	613	613
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	3,780	(3,413)	(2,746)	(3,228)	(3,256)
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or (deficit)	3,780	(3,413)	(2,746)	(3,228)	(3,256)
Outside equity interests in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government ³	3,780	(3,413)	(2,746)	(3,228)	(3,256)
Net credit (debit) to asset revaluation reserve	-	-	-	-	-
Net exchange difference recognised as a direct debit (credit) to equity	-	-	-	-	-
Adjustments arising from standards recognised as direct debit (credit) to equity	-	-	-	-	-
Initial adjustments from transitional IIG consensus view recognised as direct debit (credit) to equity	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	3,780	(3,413)	(2,746)	(3,228)	(3,256)

Notes 1, 2 and 3: refer to Notes to the Financial Statements

Table 3.2: Budgeted departmental statement of financial position

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

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	15,726	9,904	10,886	10,353	10,046
Receivables	452	412	412	412	412
Investments accounted for under the equity method	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	1,201	1,243	1,243	1,243	1,243
Accrued revenues	408	413	413	413	413
Other financial assets	-	-	-	-	-
Total financial assets⁴	17,787	11,972	12,954	12,421	12,114
Non-financial assets					
Land and buildings	159,732	162,672	183,596	182,098	180,536
Infrastructure, plant and equipment	3,276	3,191	3,233	3,448	3,346
Heritage and cultural assets	2,834,842	2,834,488	2,834,152	2,834,321	2,834,491
Inventories	1,116	1,041	992	941	891
Intangibles	424	384	369	349	329
Other non-financial assets	163	163	163	163	163
Total non-financial assets	2,999,553	3,001,939	3,022,505	3,021,320	3,019,756
Total assets	3,017,340	3,013,911	3,035,459	3,033,741	3,031,870
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	20,700	18,113	15,526
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other interest bearing liabilities	-	-	-	-	-
Total interest bearing liabilities	-	-	20,700	18,113	15,526
Provisions					
Employees	3,942	3,460	3,564	3,671	3,781
Capital use charge	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	3,942	3,460	3,564	3,671	3,781
Payables					
Suppliers	6,179	2,645	2,135	2,123	1,985
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	-	-	-	-	-
Total payables	6,179	2,645	2,135	2,123	1,985
Total liabilities	10,121	6,105	26,399	23,907	21,292
EQUITY					
Parent entity interest					
Contributed equity	84,715	88,715	92,715	96,715	100,715
Reserves	2,288,995	2,288,995	2,288,995	2,288,995	2,288,995
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	633,509	630,096	627,350	624,124	620,868
Total parent entity interest	3,007,219	3,007,806	3,009,060	3,009,834	3,010,578
Outside equity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	3,007,219	3,007,806	3,009,060	3,009,834	3,010,578
Current assets	19,068	13,176	14,109	13,525	13,168
Non-current assets	2,998,272	3,000,735	3,021,350	3,020,216	3,018,702
Current liabilities	8,069	4,635	6,816	6,911	6,883
Non-current liabilities	2,052	1,470	19,583	16,996	14,409

Note 4: refer to Notes to the Financial Statements

Table 3.3: Budgeted departmental statement of cash flows

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

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	7,037	5,834	6,142	6,418	6,630
Appropriations	34,371	35,544	34,634	35,811	36,003
Interest	933	755	555	555	555
Dividends	-	-	-	-	-
Other	-	1,800	2,300	2,300	2,300
Extraordinary items	-	-	-	-	-
Total cash received	42,341	43,933	43,631	45,084	45,488
Cash used					
Employees	16,030	17,382	16,346	16,493	16,640
Suppliers	15,054	15,086	13,862	14,008	14,288
Grants	-	-	-	-	-
Borrowing costs	-	-	-	611	613
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	31,084	32,468	30,208	31,112	31,541
Net cash from/ (used by)	11,257	11,465	13,423	13,972	13,947
Operating activities					
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	395	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	398	-	-	-	-
Cash used					
Purchase of property, plant and equipment	16,284	21,287	37,141	15,918	15,667
Purchase of financial Instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	16,284	21,287	37,141	15,918	15,667
Net cash from/ (used by) investing activities	(15,886)	(21,287)	(37,141)	(15,918)	(15,667)

Table 3.3: Budgeted departmental statement of cash flows (continued)

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

	Actual	Revised	Forward	Forward	Forward
	2003-04	Budget	estimate	estimate	estimate
	\$'000	2004-05	2005-06	2006-07	2007-08
		\$'000	\$'000	\$'000	\$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,003	4,000	4,000	4,000	4,000
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	20,700	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	4,003	4,000	24,700	4,000	4,000
Cash used					
Repayments of debt	-	-	-	2,587	2,587
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	-	-	-	2,587	2,587
Net cash from/ (used by) financing activities	4,003	4,000	24,700	1,413	1,413
Net increase or (decrease) in cash held	(626)	(5,822)	982	(533)	(307)
Cash at the beginning of the reporting period	16,352	15,726	9,904	10,886	10,353
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	15,726	9,904	10,886	10,353	10,046

Table 3.4: Departmental capital budget statement

Table 3.4: Departmental capital budget statement

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	4,003	4,000	4,000	4,000	4,000
Total loans	-	-	20,700	-	-
Total	4,003	4,000	24,700	4,000	4,000
Represented by					
Purchase of non-current assets	4,003	4,000	24,700	4,000	4,000
Other	-	-	-	-	-
Total	4,003	4,000	24,700	4,000	4,000
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	4,003	4,000	24,700	4,000	4,000
Funded internally by Departmental resources	10,013	14,082	11,942	11,918	11,667
Total	14,016	18,082	36,642	15,918	15,667

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	5,900	153,832	-	3,276	2,834,842	424	-	2,998,274
Additions	-	6,098	-	959	10,750	275	-	18,082
Disposals	-	-	-	-	-	-	-	-
Net Revaluation increment / decrement	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(3,158)	-	(1,044)	(11,404)	(315)	-	(15,921)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	300	-	-	300
Carrying amount at the end of year	5,900	156,772	-	3,191	2,834,488	384	-	3,000,735
Total additions	-	6,098	-	959	6,750	275	-	14,082
Self funded	-	-	-	-	4,000	-	-	4,000
Appropriations	-	6,098	-	959	10,750	275	-	18,082
Total	-	6,098	-	959	10,750	275	-	18,082

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The Gallery's budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Significant Variations

Significant variations within the budgeted financial statements, when compared to the 2004-05 budget estimates are identified with a note and the following explanatory information.

Departmental

Note 1 - Revenue from Government

Revenue from government will increase in the revised 2004-05 budget and in forward years as a result of supplementation for increased building depreciation. The revenue from government in the forward years budgets have been subjected to a further increase due to an indexation adjustment. The table entitled "Other variations to appropriations", which can be found in Section 1 of this document, shows the value of the increases by year.

Note 2 - Depreciation and Amortisation expenses

The budgeted depreciation and amortisation expenses have increased following the revaluation of the Gallery's building and cultural assets and the purchase of additional computer assets.

Note 3 - Net Deficit

The Gallery is budgeting for a loss of \$3.413m in the 2004-05 financial year due to an increase in depreciation expense of \$5.654m arising from a revaluation of heritage and cultural assets at 30 June 2004.

Note 4 - Financial Assets

The value of financial assets has increased by \$3.176m following the incorporation of the accounts of the National Gallery of Australia Foundation and the Gordon Darling Australasian Print Fund for the 2004-05 financial year. The National Gallery of Australia Foundation and Gordon Darling Australasian Print Fund are entities controlled by the National Gallery of Australia. The Gallery has incorporated the budget information of these two entities into the Gallery's 2004-05 additional estimates budget in order to address an inconsistency in reporting of budget and actual information to Government.