

NATIONAL PORTRAIT GALLERY OF AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The *National Portrait Gallery of Australia Act 2012* established the National Portrait Gallery of Australia (NPGA) on 1 July 2013 as a Commonwealth authority and statutory agency.

The NPGA's role is to increase the understanding and appreciation of the Australian people – their identity, history, culture, creativity and diversity – through portraiture. The functions of the NPGA are expressed in the *National Portrait Gallery of Australia Act 2012*, which requires the NPGA to develop, preserve, maintain, promote and provide access to a national collection of portraits; and develop and engage a national audience in relation to that collection and other portraits through exhibitions, education, research, publications, and public and online programmes. The Act calls for the NPGA to use every endeavour to make the most advantageous use of the national collection in the national interest.

In fulfilling its national charter, the NPGA will:

- develop and maintain a representative collection of high-quality portraits of subjects who have made a major impact upon Australia
- enhance the cultural value and accessibility of portraiture through displays, exhibitions, publications, partnerships and online programmes
- foster enquiry, research, discussion, interpretation, participation and enjoyment of portraiture through learning and public access programmes.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources.

Table 1.1: Agency resource statement—Budget estimates for 2014–15 as at Budget May 2014

Source	Estimate of prior year amounts available in 2014–15 \$'000	+ Proposed at Budget 2014–15 \$'000	=	Total estimate 2014–15 \$'000	Actual available appropriation 2013–14 \$'000
Opening balance/reserves at bank	9,396	–		9,396	–
REVENUE FROM GOVERNMENT					
Ordinary annual services¹					
Outcome 1	–	11,487		11,487	11,767
Total ordinary annual services	–	11,487		11,487	11,767
Other services²					
Non-operating	–	199		199	–
Total other services	–	199		199	–
Total annual appropriations	–	11,686		11,686	11,767
Payments from related entities³					
Amounts transferred on restructuring	–	–		–	2,935
Total	–	–		–	2,935
Total funds from government	–	11,686		11,686	14,702
FUNDS FROM OTHER SOURCES					
Donated funds transferred from special account ⁴	–	–		–	5,723
Sale of goods and services	–	565		565	615
Other	–	1,126		1,126	1,226
Total	–	1,691		1,691	7,564
Total net resourcing for agency	9,396	13,377		22,773	22,266

All figures are GST exclusive.

The NPGA is not directly appropriated as it is a *Commonwealth Authorities and Companies Act 1997* (CAC Act) body. Appropriations are made to the Attorney-General's Department which are then paid to the NPGA and are considered 'departmental' for all purposes.

1. Appropriation Bill (No. 1) 2014–15.

2. Appropriation Bill (No. 2) 2014–15.

3. Cash reserves transferred by the Department of Regional Australia, Local Government, Arts and Sport to the NPGA on its establishment as a separate entity.

4. Balance of the previous NPGA Special Account transferred to the NPGA on its establishment as an independent entity.

1.3 BUDGET MEASURES

Measures announced in the 2013–14 Mid-Year Economic and Fiscal Outlook (MYEFO) and other measures not previously reported in a portfolio statement are summarised in Part 2 of Table 1.2.

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO

The NPGA has no new post-MYEFO measures.

Part 2: MYEFO and other measures not previously reported in a portfolio statement

	Programme	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000
Measures						
Temporary increase in the efficiency dividend	1.1					
Departmental expenses		–	(120)	(273)	(426)	(265)
Efficiency Dividend— a further temporary increase of 0.25 per cent	1.1					
Departmental expenses		–	(30)	(60)	(91)	(91)
Total measures		–	(150)	(333)	(517)	(356)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes that contribute to government outcomes over the budget and forward years.

The NPGA's outcome is described below together with its related programme, specifying the performance indicators and targets used to assess and monitor the performance of the NPGA in achieving government outcomes.

Outcome 1: Enhanced understanding and appreciation of Australian identity, culture and diversity through portraiture by engaging the public in education programs and exhibitions, and by developing and preserving the national portrait collection

Outcome 1 strategy

The NPGA will develop and maintain an outstanding collection of high-quality portraits across time and media that reflects the diversity and culture of Australia by:

- seeking out significant portraits for acquisition by sale, commission or gift with an emphasis on the diversity of subjects
- maintaining, conserving, storing and protecting the collection and supporting the effective management of all collection material and associated documentation.

The NPGA aims to increase the understanding of, and the engagement with, the collection and the art of portraiture by:

- providing a rich and innovative exhibition programme and programme-themed enhancements to collection displays
- touring exhibitions regionally, nationally and internationally.
- providing learning programmes and resource materials as well as public programmes suitable for all ages and abilities
- relaunching the NPGA website to allow enhanced access to the NPGA's collection, programmes and resources.

The NPGA will increase support for the collection and programmes by developing creative collaborations and encouraging philanthropy by:

- seeking out opportunities to develop collaborative partnerships with other cultural institutions and organisations to enhance the range and delivery of NPGA programmes
- developing relationships and fostering partnerships with stakeholders and organisations that recognise achievements by Australians
- optimising formal sharing opportunities with the network of international portrait galleries
- seeking out opportunities for increased commercial, philanthropic and sponsorship support of the NPGA.

The NPGA will achieve organisational excellence by:

- operating ethically and in an environmentally sustainable way
- diversifying funding sources
- optimising returns to government and the Australian public through efficient, ethical and effective financial management
- providing staff with a professional environment in which to work.

Outcome 1 expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by programme.

Table 2.1: Budgeted expenses for Outcome 1

	2013–14 Estimated actual expenses \$'000	2014–15 Estimated expenses \$'000
Outcome 1: Enhanced understanding and appreciation of Australian identity, culture and diversity through portraiture by engaging the public in education programs and exhibitions, and by developing and preserving the national portrait collection		
Programme 1.1: Develop, maintain and provide access to Australia's national portrait collection		
Revenue from government		
Ordinary annual services (Appropriation Bill No. 1)	11,767	11,487
Revenues from other independent sources	1,841	1,691
Expenses not requiring appropriation in the budget year ¹	2,660	2,379
Total expenses for Outcome 1	16,268	15,557
	2013–14	2014–15
Average staffing level (number)	53	52

1. Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses related to artwork which is appropriated as an equity injection; depreciation and amortisation expenses related to long-lived assets such as the NPGA building; and resources received free of charge.

Contributions to Outcome 1

Programme 1.1: Develop, maintain and provide access to Australia's national portrait collection

Programme 1.1 objective

The NPGA seeks to increase the understanding of the Australian people – their identity, history, culture, creativity and diversity – by developing, maintaining and providing access to a national collection of portraiture.

Programme 1.1 expenses

	2013–14 Estimated actual \$'000	2014–15 Budget \$'000	2015–16 Forward estimate \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000
Annual departmental expenses					
Departmental item	13,608	13,178	13,385	13,529	13,686
Expenses not requiring appropriation in the budget year ¹	2,660	2,379	2,472	2,549	2,609
Total programme expenses	16,268	15,557	15,857	16,078	16,295

1. Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses related to artwork which is appropriated as an equity injection; depreciation and amortisation expenses related to long-lived assets such as the NPGA building; and resources received free of charge.

Programme 1.1 deliverables

Develop, maintain and provide access to a representative collection of high-quality portraits of subjects who have made a major impact upon Australia.

Deliverables	2013–14 Estimated actual	2014–15 Budget	2015–16 Forward estimate	2016–17 Forward estimate	2017–18 Forward estimate
Works acquired in accordance with collection development policy	100%	100%	100%	100%	100%
Percentage of collection digitised	74%	74%	74%	74%	74%
Percentage of collection stored in accordance with international museum standards	100%	100%	100%	100%	100%
Number of temporary and travelling exhibitions delivered	2	2	2	2	2

Programme 1.1 key performance indicators					
<p>The NPGA is committed to building and maintaining an outstanding collection of portraiture for the nation and providing access to the collection, in Canberra, regionally, nationally and internationally. This will be achieved through the ongoing development of the portrait collection and delivery of an innovative and diverse exhibition and collection display programme underpinned by a range of public access learning programmes and events.</p> <p>The performance of the programme will be measured through increased access to the collection and enhanced levels of visitor satisfaction.</p>					
Key performance indicators	2013–14 Estimated actual	2014–15 Budget	2015–16 Forward estimate	2016–17 Forward estimate	2017–18 Forward estimate
Visitor interactions					
Total number of visits to the organisation	620,000	620,000	620,000	620,000	620,000
Total number of visits to the organisation's website	250,000	250,000	250,000	250,000	250,000
Number of onsite visits to the NPGA by students as part of an organised educational group	9,500	13,000	13,000	13,000	13,000
Participation in public and school programmes					
Number of people participating in public programmes	9,000	12,000	12,000	12,000	12,000
Number of students participating in school programmes	16,500	16,500	16,500	16,500	16,500
Quantity of school learning programmes delivered					
Number of organised programmes delivered onsite	350	500	500	500	500
Number of programme packages available online	5	5	5	5	5
Number of educational institutions participating in organised school learning programmes	340	400	400	400	400
Visitor satisfaction					
Percentage of visitors that were satisfied or very satisfied with their visit	>90%	>90%	>90%	>90%	>90%
Programme survey rating (by teachers)					
Percentage of teachers reporting overall positive experience	80%	80%	80%	80%	80%
Percentage of teachers reporting relevance to the classroom curriculum	75%	75%	75%	75%	75%

Programme 1.1 key performance indicators (continued)

Key performance indicators	2013-14 Estimated actual	2014-15 Budget	2015-16 Forward estimate	2016-17 Forward estimate	2017-18 Forward estimate
Expenditure mix					
Expenditure on collection development (as a % of total expenditure)	1.5%	1.5%	1.5%	1.5%	1.5%
Expenditure on other capital items (as a % of total expenditure)	13.2%	13.2%	13.2%	13.2%	13.2%
Expenditure on other (i.e. non-collection development) labour costs (as a % of total expenditure)	42.7%	42.7%	42.7%	42.7%	42.7%
Other expenses (as a % of total expenditure)	42.6%	42.6%	42.6%	42.6%	42.6%
Collection management and access					
Annual number of acquisitions made	100	100	100	100	100
Annual number of objects accessioned	100	100	100	100	100
% of total collection available to the public	74%	74%	74%	74%	74%
% of total collection available to the public online (text)	95%	95%	95%	95%	95%
% of total collection available to the public on display	12%	12%	12%	12%	12%
% of total collection available to the public on tour	0.4%	0.4%	0.4%	0.4%	0.4%
% of total collection digitised	74%	74%	74%	74%	74%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The NPGA has no administered funds.

3.1.2 Special accounts

The NPGA has no special accounts.

3.1.3 Australian Government Indigenous expenditure

The NPGA has no Indigenous-specific expenses.

3.2.2 Analysis of budgeted financial statements

Budgeted comprehensive income statement

After adjusting for expenses not requiring revenue appropriations in the year that the expense is incurred, such as depreciation on long-lived assets, which is funded in accordance with the NPGA's asset replacement plan, and depreciation related to collection development, which is funded through an equity injection, the NPGA is budgeting for a small surplus in each of the budget and forward years to reflect the proportion of own-source revenue set aside for capital acquisitions.

To achieve this, the NPGA is budgeting to grow its own-source revenue base from 15.46% of annual revenue in 2014–15 to 17.50% in 2017–18, an increase of 16.65% over the budget and three forward years. It is also budgeting to implement more efficient work practices to ensure that its employee and supplier expenses increase at a rate of less than 3% over the same period.

Budgeted departmental balance sheet

Budgeted cash and cash equivalents include donations to the NPGA of approximately \$6m which have been accumulated over a number of years. The NPGA's Foundation Fund committee is charged with setting the guidelines for the use of these funds.

The remainder of budgeted cash and cash equivalents is available to meet liabilities for employee entitlements and to assist in funding future asset purchases.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
EXPENSES					
Employee benefits	5,801	5,437	5,680	5,828	5,878
Suppliers	6,263	6,225	6,157	6,123	6,130
Depreciation and amortisation	4,204	3,895	4,020	4,127	4,287
Total expenses	16,268	15,557	15,857	16,078	16,295
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	615	565	715	965	1,015
Interest	300	250	300	300	300
Rental income	298	300	308	316	324
Other	628	576	518	460	502
Total own-source revenue	1,841	1,691	1,841	2,041	2,141
Gains					
Other	410	410	410	410	310
Total gains	410	410	410	410	310
Total own-source income	2,251	2,101	2,251	2,451	2,451
Net cost of (contribution by) services	14,017	13,456	13,606	13,627	13,844
Revenue from government	11,767	11,487	11,544	11,488	11,545
Surplus (deficit) attributable to the Australian Government	(2,250)	(1,969)	(2,062)	(2,139)	(2,299)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–
Total comprehensive income (loss)	(2,250)	(1,969)	(2,062)	(2,139)	(2,299)
Total comprehensive income (loss) attributable to the Australian Government	(2,250)	(1,969)	(2,062)	(2,139)	(2,299)

Note: Impact of net cash appropriation arrangements

	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000
Total comprehensive income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	–	100	100	100	300
Less depreciation/amortisation expenses previously funded through revenue appropriations ¹	2,250	2,069	2,162	2,239	2,599
Total comprehensive income (loss) as per the statement of comprehensive income	(2,250)	(1,969)	(2,062)	(2,139)	(2,299)

Prepared on Australian Accounting Standards basis.

1. The NPGA does not receive funding for its total depreciation expenses on long-lived assets; rather, funding is appropriated based on capital requirements. Also, funding for collection acquisition is received through an equity injection.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	9,396	9,791	9,031	8,465	8,931
Trade and other receivables	198	198	198	198	198
Other financial assets	–	100	199	299	299
Total financial assets	9,594	10,089	9,428	8,962	9,428
Non-financial assets					
Land and buildings	67,428	65,717	64,846	63,275	62,488
Property, plant and equipment	12,369	11,291	10,299	9,647	7,824
Heritage and cultural assets	29,648	30,059	30,835	31,610	31,820
Intangibles	279	492	476	549	382
Inventories	78	78	78	78	78
Total non-financial assets	109,802	107,637	106,534	105,159	102,592
Total assets	119,396	117,726	115,962	114,121	112,020
LIABILITIES					
Payables					
Suppliers	740	740	740	740	740
Total payables	740	740	740	740	740
Provisions					
Employee provisions	1,507	1,607	1,706	1,806	1,806
Total provisions	1,507	1,607	1,706	1,806	1,806
Total liabilities	2,247	2,347	2,446	2,546	2,546
Net assets	117,149	115,379	113,516	111,575	109,474
EQUITY					
Parent entity interest					
Contributed equity	119,399	119,598	119,797	119,995	120,193
Retained surplus (accumulated deficit)	(2,250)	(4,219)	(6,281)	(8,420)	(10,719)
Total parent entity interest	117,149	115,379	113,516	111,575	109,474
Total equity	117,149	115,379	113,516	111,575	109,474

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity—summary of movement (budget year 2014–15)

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014			
Balance carried forward from previous period	(2,250)	119,399	117,149
Adjustment for changes in accounting policies	–	–	–
Adjusted opening balance	(2,250)	119,399	117,149
Comprehensive income			
Surplus (deficit) for the period	(1,969)	–	(1,969)
Total comprehensive income	(1,969)	–	(1,969)
Of which:			
Attributable to the Australian Government	(1,969)	–	(1,969)
Transactions with owners			
Contributions by owners			
Equity injection—appropriation	–	199	199
Sub-total transactions with owners	–	199	199
Estimated closing balance as at 30 June 2015	(4,219)	119,598	115,379
Closing balance attributable to the Australian Government	(4,219)	119,598	115,379

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,767	11,487	11,544	11,488	11,545
Sale of goods and rendering of services	913	865	1,023	1,281	1,339
Interest	300	250	300	300	300
Other	430	576	518	460	502
Total cash received	13,410	13,178	13,385	13,529	13,686
Cash used					
Employees	5,493	5,337	5,581	5,728	5,878
Suppliers	6,168	6,225	6,256	6,223	6,130
Total cash used	11,661	11,562	11,837	11,951	12,008
Net cash from (used by) operating activities	1,749	1,616	1,548	1,578	1,678
INVESTING ACTIVITIES					
Cash received					
Donations	197	–	–	–	–
Total cash received	197	–	–	–	–
Cash used					
Purchase of property, plant and equipment	873	1,221	2,308	2,144	1,212
Purchase of heritage and cultural assets	335	199	199	198	198
Total cash used	1,208	1,420	2,507	2,342	1,410
Net cash from (used by) investing activities	(1,011)	(1,420)	(2,507)	(2,342)	(1,410)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	–	199	199	198	198
Contributions from restructuring	8,658	–	–	–	–
Total cash received	8,658	199	199	198	198
Net cash from (used by) financing activities	8,658	199	199	198	198
Net increase (decrease) in cash held	9,396	395	(760)	(566)	466
Cash and cash equivalents at the beginning of the reporting period	–	9,396	9,791	9,031	8,465
Cash and cash equivalents at the end of the reporting period	9,396	9,791	9,031	8,465	8,931

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
NEW CAPITAL APPROPRIATIONS					
Equity injections—Bill 2	–	199	199	198	198
Total new capital appropriations	–	199	199	198	198
Provided for:					
Purchase of non-financial assets	–	199	199	198	198
Total items	–	199	199	198	198
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	–	199	199	198	198
Funded internally from departmental resources ²	1,637	1,531	2,618	2,454	1,522
Total	1,637	1,730	2,817	2,652	1,720
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,637	1,730	2,817	2,652	1,720
Less additions by creditors/borrowings	(119)	–	–	–	–
Less gifted assets	(310)	(310)	(310)	(310)	(310)
Total cash used to acquire assets	1,208	1,420	2,507	2,342	1,410

Prepared on Australian Accounting Standards basis.

1. Includes current Bill 2 and prior year Act 2, 4 and 6 appropriations and special capital appropriations.

2. Includes funding from current Bill 1 and prior year Act 1, 3 and 5 appropriations, donations and contributions, gifts, internally developed assets and relevant agency receipts.

Table 3.2.6: Statement of asset movements (2014–15)

	Buildings \$'000	Other property, plant & equipment \$'000	Heritage & cultural \$'000	Computer software & intangibles \$'000	Total \$'000
As at 1 July 2014					
Gross book value	69,929	13,959	29,746	294	113,928
Accumulated depreciation/ amortisation and impairment	(2,501)	(1,590)	(98)	(15)	(4,204)
Opening net book balance	67,428	12,369	29,648	279	109,724
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase—appropriation equity ¹	–	–	199	–	199
By purchase—appropriation ordinary annual services ²	432	521	–	268	1,221
Assets received as gifts/donations	–	–	310	–	310
Total additions	432	521	509	268	1,730
Other movements					
Depreciation/amortisation expense	2,143	1,599	98	55	3,895
Total other movements	2,143	1,599	98	55	3,895
As at 30 June 2015					
Gross book value	70,361	14,480	30,255	562	115,658
Accumulated depreciation/ amortisation and impairment	(4,644)	(3,189)	(196)	(70)	(8,099)
Closing net book balance	65,717	11,291	30,059	492	107,559

Prepared on Australian Accounting Standards basis.

1. 'Appropriation equity' refers to equity injections or administered assets and liabilities appropriations provided through Appropriation Bill (No. 2) 2014–15, including collection development and acquisition budgets.

2. 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2014–15 for depreciation and amortisation expenses, departmental capital budgets or other operational expenses.

Estimated operating expenditure in income statement for heritage and cultural assets	\$'000
Preservation and conservation	940
Total operating expenditure on heritage and cultural assets	940

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an accrual accounting basis, having regard to Statements of Accounting Concepts, and in accordance with the Finance Minister's Orders, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Revenue from government

Amounts appropriated for ordinary annual services are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Employee expenses

Employee expenses consist of salaries, leave entitlements, redundancy expenses, superannuation and non-salary benefits.

Supplier expenses

Supplier expenses consist of administrative costs, consultants' costs, travel expenses, property operating expenses, expenses related to NPGA programmes and legal expenses.

Cash

Cash includes notes and coins held and any deposits held with a bank or other financial institution.

Assets

Assets are made up of cash (including donations received and held on deposit), receivables, the gallery building and related infrastructure, works of art and plant and equipment. All assets are held at fair value.

Liabilities

Liabilities are made up of employee salary and leave entitlement and amounts owed to creditors.