

National Portrait Gallery of Australia

Entity resources and planned performance

NATIONAL PORTRAIT GALLERY OF AUSTRALIA

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NATIONAL PORTRAIT GALLERY OF AUSTRALIA

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The National Portrait Gallery of Australia's (NPGA) role is to present the face of Australia, by using portraiture to increase the understanding and appreciation of the Australian people—their identity, history, culture, creativity and diversity. 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 programs. The Act calls for the NPGA to use every endeavour to make the most advantageous use of the national collection in the national interest.

The NPGA has four strategic themes which underpin the fulfilment of its national charter and align with broader government objectives. They are to:

- To enliven the collection through acquisitions and commissions that tell important Australian stories, and enhanced digitisation of and remote access to the collection
- To engage audiences through innovative exhibitions, learning programs and visitor experiences, and a creative exhibition touring program
- To enlarge support for the NPGA through its Foundation, sponsorships, government and individuals
- To enhance resources, by strengthening the NPGA's financial resilience, empowering its staff, maintaining its iconic building and building relationships which further the aims of the NPGA.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the NPGA for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for the NPGA's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 - Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: NPGA resource statement — Budget estimates for 2017–18 as at Budget May 2017

	2016–17 estimated actual \$'000	2017–18 estimate \$'000
Opening balance/cash reserves at 1 July	13,173	13,436
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	11,037	10,809
Annual appropriations - other services ^(b)		
Equity injection	196	193
Total annual appropriations	11,233	11,002
Amounts received from portfolio department	-	150
Total funds from Government	11,233	11,152
Funds from other sources		
Interest	484	496
Sale of goods and services	1,193	1,267
Other ^(c)	480	500
Total funds from other sources	2,157	2,263
Total net resourcing for NPGA	26,563	26,851
	2016–17	2017–18
Average staffing level for NPGA	49	49

(a) Appropriation Bill (No.1) 2017–18.

(b) Appropriation Bill (No.2) 2017–18.

(c) Includes donations to the Foundation.

The NPGA is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to the NPGA and are considered "departmental" for all purposes.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

There are no new measures relating to the NPGA for the 2017–18 Budget.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The NPGA's outcome is described below together with its related program. The following provides detailed information on expenses for the outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the National Portrait Gallery of Australia can be found at: www.portrait.gov.au/document/27

The most recent annual report can be found at: www.portrait.gov.au/document/282

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

Budgeted expenses for Outcome 1

This table shows how much the NPGA intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
Program 1.1: Develop, maintain and provide access to Australia's national portrait collection					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	11,037	10,809	11,684	11,674	11,712
Payment from related entity	-	150	250	294	-
Revenues from other independent sources	1,907	2,013	2,122	2,215	2,310
Expenses not requiring appropriation in the budget year ^(a)	2,541	2,909	2,266	2,554	2,878
Total expenses for Program 1.1	15,485	15,881	16,322	16,737	16,900
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	11,037	10,809	11,684	11,674	11,712
Payment from related entity	-	150	250	294	-
Revenues from other independent sources	1,907	2,163	2,372	2,509	2,310
Expenses not requiring appropriation in the budget year ^(a)	2,541	2,909	2,266	2,554	2,878
Total expenses for Outcome 1	15,485	15,881	16,322	16,737	16,900
	2016–17	2017–18			
Average staffing level (number)	49	49			

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

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>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</p>
<p>Program 1.1 – Develop, maintain and provide access to Australia's national portrait collection The NPGA houses the national collection of portraits of Australians, reflecting the breadth and energy of Australian culture and endeavour. Subjects in the collection are individuals who have, and who will, continue to shape our nation and define our collective persona. As a member of a group of national collecting institutions, the NPGA is unique in its exclusive use of portraiture to explore Australian culture, history, individual achievement and identity. This unique nature is further enhanced by a dual focus on both subject and artist. The NPGA has identified four strategic pillars which underpin its aim to be an inspirational art museum of international standing. They are:</p> <ul style="list-style-type: none"> • enliven the collection • engage with audiences • enlarge support • enhance resources.
<p>Delivery The NPGA program is delivered in the following ways:</p> <ul style="list-style-type: none"> • Through collection development, conservation, management and digitalisation. • Through on site and travelling exhibitions, education, public and online events which create high levels of engagement and satisfaction. • With an increasing level of engagement and collaboration • With a focus on self-generated revenue and private giving, and a commitment to maintain and develop its iconic building.

National Portrait Gallery of Australia

Performance information		
Year	Performance criteria	Targets
2016–17	<p>Enliven the collection - through acquisitions and commissions that tell important Australian stories, and enhanced digitisation of and remote access to the collection.</p> <p>Engage with audiences - through innovative exhibitions, learning programs and visitor experiences, and a creative exhibition touring program.</p> <p>Enlarge support for the NPGA - through its Foundation, sponsorships, government and individuals.</p> <p>Enhance resources - by strengthening the NPGA's financial resilience, empowering its staff, maintaining its iconic building and building relationships which further the aims of the NPGA.</p>	<p>Expected to meet criterion. Grow the portrait collection in accordance with the collection development policy (target 100%). Commission 2 artworks. Increase the percentage of the collection which is digitised (target 80%). Maintain and preserve the collection with appropriate storage, display and air quality to minimise preventable deterioration or impairment of the collection (target 0% preventable deterioration or impairment).</p> <p>Expected to meet criterion. Reach a million people a year through exhibitions, education and public programs, and online. Mount greater than 6 exhibitions per year including travelling exhibitions. Visitor satisfaction target greater than 91%. Engage with 8 regional galleries through the travelling exhibition program.</p> <p>Expected to meet criterion. Sponsorship, partnership and in kind revenue target greater than \$360,000. Grow private giving. Three collaborations/initiatives with overseas institutions.</p> <p>Expected to meet criterion. Deliver the building preventative maintenance plan (target 75% planned versus 25% reactive maintenance). Grow commercial revenue by 5%.</p>
2017–18	<p>Enliven the collection - through acquisitions and commissions that tell important Australian stories, and enhanced digitisation of and remote access to the collection.</p> <p>Engage with audiences - through innovative exhibitions, learning programs and visitor experiences, and a creative exhibition touring program.</p>	<p>Grow the portrait collection in accordance with the collection development policy (target 100%). Commission 2 artworks. Increase the percentage of the collection which is digitised (target 82%). Maintain and preserve the collection with appropriate storage, display and air quality to minimise preventable deterioration or impairment of the collection (target 0% preventable deterioration or impairment). Reach a million people a year through exhibitions, education and public programs, and online. Launch a Portrait Prize. Mount greater than 6 exhibitions per year including travelling exhibitions. <i>Visitor satisfaction target greater than 92%.</i> Engage with 8 regional galleries through the travelling exhibition program.</p>

Performance information		
Year	Performance criteria	Targets
2017–18 continued	<p>Enlarge support for the NPGA - through its Foundation, sponsorships, government and individuals.</p> <p>Enhance resources - by strengthening the NPGA's financial resilience, empowering its staff, maintaining its iconic building and building relationships which further the aims of the NPGA.</p>	<p>Sponsorship, partnership and in kind revenue target greater than \$400,000.</p> <p>Grow private giving.</p> <p>Three collaborations/initiatives with overseas institutions.</p> <p>Deliver the building preventative maintenance plan (target 75% planned versus 25% reactive maintenance).</p> <p>Grow commercial revenue by 5%.</p>
2018–19 beyond	<p>Enliven the collection - through acquisitions and commissions that tell important Australian stories, and enhanced digitisation of and remote access to the collection.</p> <p>Engage with audiences - through innovative exhibitions, learning programs and visitor experiences, and a creative exhibition touring program.</p> <p>Enlarge support for the NPGA - through its Foundation, sponsorships, government and individuals.</p> <p>Enhance resources - by strengthening the NPGA's financial resilience, empowering its staff, maintaining its iconic building and building relationships which further the aims of the NPGA.</p>	<p>Grow the portrait collection in accordance with the collection development policy (target 100%).</p> <p><i>Increase the percentage of the collection which is digitised (target 84%).</i></p> <p>Maintain and preserve the collection with appropriate storage, display and air quality to minimise preventable deterioration or impairment of the collection (target 0% preventable deterioration or impairment).</p> <p>Reach a million people a year through exhibitions, education and public programs, and online.</p> <p>Commission 2 artworks.</p> <p>Mount greater than 6 exhibitions per year including travelling exhibitions.</p> <p><i>Visitor satisfaction target greater than 93%.</i></p> <p>Engage with 8 regional galleries through the travelling exhibition program.</p> <p>As per 2017-18</p> <p>As per 2017-18</p>

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of NPGA finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There is no material difference between the entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Comprehensive income statement

The NPGA is budgeting for a surplus in the budget and forward years that reflects the donations expected to be received by the NPGA Foundation after adjusting for expenses not requiring appropriation in the year. Expenses not requiring appropriation include:

- depreciation on long-lived assets which is funded in accordance with the NPGA's asset replacement plan
- depreciation related to collection development, which is funded through an equity injection.

The NPGA is budgeting to grow its own-source revenue over the budget and forward years whilst implementing more efficient work practices to ensure that its employee and supplier expenses are affordable.

Budgeted departmental balance sheet

Budgeted cash and cash equivalents include donations to the NPGA of approximately \$8 million which have been accumulated over a number of years. The NPGA's Board 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 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	5,404	5,461	5,519	5,606	5,694
Suppliers	5,914	6,093	6,297	6,446	6,334
Depreciation and amortisation	4,167	4,327	4,506	4,685	4,872
Total expenses	15,485	15,881	16,322	16,737	16,900
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,193	1,267	1,344	1,404	1,466
Interest	484	496	508	521	534
Other	480	650	770	834	560
Total own-source revenue	2,157	2,413	2,622	2,759	2,560
Gains					
Other	540	560	580	600	620
Total gains	540	560	580	600	620
Total own-source income	2,697	2,973	3,202	3,359	3,180
Net (cost of)/contribution by services	(12,788)	(12,908)	(13,120)	(13,378)	(13,720)
Revenue from Government	11,037	10,809	11,684	11,674	11,712
Surplus/(deficit) attributable to the Australian Government	(1,751)	(2,099)	(1,436)	(1,704)	(2,008)
Total comprehensive income/(loss) attributable to the Australian Government	(1,751)	(2,099)	(1,436)	(1,704)	(2,008)
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	550	550	550	550	550
less heritage and cultural depreciation expenses previously funded through revenue appropriations ^(a)	2,301	2,649	1,986	2,254	2,558
Total comprehensive income/(loss) as per the Statement of comprehensive income	(1,751)	(2,099)	(1,436)	(1,704)	(2,008)

(a) The NPGA does not receive funding for its total depreciation expenses on long-lived assets; rather, funding is appropriated based on capital requirements. Also, from 2009–10, the Government replaced Appropriation Bill 1 revenue appropriations for the heritage and cultural depreciation expenses of designated Collection Institutions, with a separate capital budget (the Collection Development Acquisition Budget, or CDAB) provided through Appropriation Bill 2 equity appropriations. For information regarding CDABs, please refer to Table 3.5 Departmental Capital Budget Statement. The adjusted result in the budget and forward years reflects donated cash and artworks to the NPGA Foundation.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	13,173	13,436	13,699	13,962	14,225
Trade and other receivables	383	383	383	383	383
Other financial assets	29	29	29	29	29
Total financial assets	13,585	13,848	14,111	14,374	14,637
Non-financial assets					
Land and buildings	73,976	72,700	72,162	71,434	70,483
Property, plant and equipment	8,788	7,562	6,267	4,900	3,458
Heritage and cultural assets	32,172	32,551	32,924	33,294	33,662
Intangibles	295	262	227	190	151
Inventories	113	113	113	113	113
Other non-financial assets	52	52	52	52	52
Total non-financial assets	115,396	113,240	111,745	109,983	107,919
Total assets	128,981	127,088	125,856	124,357	122,556
LIABILITIES					
Payables					
Suppliers	590	590	590	590	590
Other payables	322	322	322	322	322
Total payables	912	912	912	912	912
Provisions					
Employee provisions	1,511	1,524	1,537	1,550	1,563
Total provisions	1,511	1,524	1,537	1,550	1,563
Total liabilities	2,423	2,436	2,449	2,462	2,475
Net assets	126,558	124,652	123,407	121,895	120,081
EQUITY					
Parent entity interest					
Contributed equity	129,193	129,386	129,577	129,769	129,963
Retained surplus (accumulated deficit)	(2,635)	(4,734)	(6,170)	(7,874)	(9,882)
Total parent entity interest	126,558	124,652	123,407	121,895	120,081
Total Equity	126,558	124,652	123,407	121,895	120,081

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017–18)

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	(2,635)	129,193	126,558
Adjusted opening balance	(2,635)	129,193	126,558
Comprehensive income			
Surplus/(deficit) for the period	(2,099)	-	(2,099)
Total comprehensive income	(2,099)	-	(2,099)
of which:			
Attributable to the Australian Government	(2,099)	-	(2,099)
Transactions with owners			
Contributions by owners			
Equity Injection - Appropriation	-	193	193
Sub-total transactions with owners	-	193	193
Estimated closing balance as at 30 June 2018	(4,734)	129,386	124,652
Closing balance attributable to the Australian Government	(4,734)	129,386	124,652

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,037	10,809	11,684	11,674	11,712
Sale of goods and rendering of services	1,300	1,381	1,465	1,530	1,598
Interest	484	496	508	521	534
Contributions	380	400	420	440	460
Net GST received	404	411	421	427	409
Other	100	250	350	394	100
Total cash received	13,705	13,747	14,848	14,986	14,813
Cash used					
Employees	5,391	5,448	5,506	5,593	5,681
Suppliers	6,185	6,358	6,559	6,699	6,555
Total cash used	11,576	11,806	12,065	12,292	12,236
Net cash from/(used by) operating activities	2,129	1,941	2,783	2,694	2,577
INVESTING ACTIVITIES					
Cash used					
Purchase of artwork	196	193	191	192	194
Purchase of property, plant and equipment and intangibles	2,666	1,678	2,520	2,431	2,314
Total cash used	2,862	1,871	2,711	2,623	2,508
Net cash from/(used by) investing activities	(2,862)	(1,871)	(2,711)	(2,623)	(2,508)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	196	193	191	192	194
Total cash received	196	193	191	192	194
Net cash from/(used by) financing activities	196	193	191	192	194
Net increase/(decrease) in cash held	(537)	263	263	263	263
Cash and cash equivalents at the beginning of the reporting period	13,710	13,173	13,436	13,699	13,962
Cash and cash equivalents at the end of the reporting period	13,173	13,436	13,699	13,962	14,225

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	196	193	191	192	194
Total new capital appropriations	196	193	191	192	194
Provided for:					
Purchase of non-financial assets	196	193	191	192	194
Total Items	196	193	191	192	194
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ^(a)	196	193	191	192	194
Funded internally from departmental resources ^(b)	2,966	1,978	2,820	2,731	2,614
TOTAL	3,162	2,171	3,011	2,923	2,808
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,162	2,171	3,011	2,923	2,808
less gifted assets	(300)	(300)	(300)	(300)	(300)
Total cash used to acquire assets	2,862	1,871	2,711	2,623	2,508

(a) Includes both current Appropriation Bill No.2 and prior year appropriations and special capital appropriations.

(b) Includes sources of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB), donations and contributions, gifts, internally developed assets, s74 Retained revenue receipts and proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017–18)

	Land	Buildings	Other property, plant and equipment	Heritage and cultural	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017						
Gross book value	10,256	72,607	15,188	32,589	469	131,109
Accumulated depreciation/amortisation and impairment	-	(8,887)	(6,400)	(417)	(174)	(15,878)
Opening net book balance	10,256	63,720	8,788	32,172	295	115,231
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase - appropriation equity ^(a)	-	-	-	193	-	193
By purchase - appropriation ordinary annual services ^(b)	-	1,158	500	-	20	1,678
Assets received as gifts/donations	-	-	-	300	-	300
Total additions	-	1,158	500	493	20	2,171
Other movements						
Depreciation/amortisation expense	-	2,434	1,726	114	53	4,327
Total other movements	-	2,434	1,726	114	53	4,327
As at 30 June 2018						
Gross book value	10,256	73,765	15,688	33,082	489	133,280
Accumulated depreciation/amortisation and impairment	-	(11,321)	(8,126)	(531)	(227)	(20,205)
Closing net book balance	10,256	73,765	15,688	33,082	489	113,075

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2017–18, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017–18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.