

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 purpose of the National Portrait Gallery of Australia (NPGA) is to present the faces of Australia. The NPGA uses portraiture to tell their stories and 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 priorities, which underpin the fulfilment of its national charter and align with broader government objectives. They are:

- To enliven the collection through acquisitions and commissions that reveal important Australian stories, and enhanced digital interaction 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, Circle of Friends, partners, government and individuals.
- To enhance resources, by strengthening the NPGA's financial resilience, supporting our 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.

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 2018–19 as at Budget May 2018

	2017–18 estimated actual \$'000	2018–19 estimate \$'000
Opening balance/cash reserves at 1 July	24,581	24,844
Funds from Government		
Annual appropriations—ordinary annual services ^(a)		
Outcome 1	10,809	11,685
Annual appropriations—other services ^(b)		
Equity injection	193	191
<i>Total annual appropriations</i>	<i>11,002</i>	<i>11,876</i>
Amounts received from related entities		
Amounts from portfolio department	150	250
<i>Total amounts received from related entities</i>	<i>150</i>	<i>250</i>
Total funds from Government	11,152	12,126
Funds from other sources		
Sale of goods and services	1,155	1,073
Interest	655	671
Other ^(c)	520	540
Total funds from other sources	2,330	2,284
Total net resourcing for NPGA	38,063	39,254
	2017–18	2018–19
Average staffing level (number)	49	49

(a) Appropriation Bill (No.1) 2018–19.

(b) Appropriation Bill (No.2) 2018–19.

(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 2018–19 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 programs. The following provides detailed information on expenses for each 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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 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)	10,809	11,685	11,663	11,723	11,817
Payment from related entities	150	250	294	-	-
Expenses not requiring appropriation in the budget year ^(a)	2,949	2,306	2,594	2,918	3,076
Revenues from other independent sources	2,080	2,034	2,052	2,339	2,526
Total expenses for Program 1.1	15,988	16,275	16,603	16,980	17,419
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	10,809	11,685	11,663	11,723	11,817
Payment from related entities	150	250	294	-	-
Expenses not requiring appropriation in the budget year ^(a)	2,949	2,306	2,594	2,918	3,076
Revenues from other independent sources	2,080	2,034	2,052	2,339	2,526
Total expenses for Outcome 1	15,988	16,275	16,603	16,980	17,419
	2017–18	2018–19			
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 2018–19 Budget measures have created new programs or materially changed existing programs.

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		
Program 1.1—Develop, maintain and provide access to Australia’s national portrait collection		
<p>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.</p> <p>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. 		
Delivery		
<p>The NPGA program is delivered in the following ways:</p> <ul style="list-style-type: none"> • Through collection development, conservation, management and digitisation • 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. 		
Performance information		
Year	Performance criteria	Targets
2017–18	Enliven the collection —through acquisitions and commissions that tell important Australian stories, and enhanced digitisation of and remote access to the collection.	<p>Expected to meet criterion</p> <p>Grow the portrait collection in accordance with the collection development policy (target 100%).</p> <p>Commission at least 2 artworks.</p> <p>Increase the percentage of the collection which is digitised (target 94%).</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>

National Portrait Gallery of Australia Budget Statements

Performance information		
Year	Performance criteria	Targets
2017–18 (cont.)	<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 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 >90%. 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 \$400,000. 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>
2018–19	<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>Grow the portrait collection in accordance with the collection development policy (target 100%). Commission at least 2 artworks. Increase the percentage of the collection which is digitised (target 96%). 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. Launch a Portrait Prize. Mount greater than 6 exhibitions per year including travelling exhibitions. Visitor satisfaction target greater than >90%. Engage with 8 regional galleries through the travelling exhibition program.</p> <p>Sponsorship, partnership and in kind revenue target greater than \$440,000. Grow private giving. Three collaborations/initiatives with overseas institutions.</p>

National Portrait Gallery of Australia Budget Statements

Performance information		
Year	Performance criteria	Targets
2018–19 continued	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.	Deliver the building preventative maintenance plan (target 75% planned versus 25% reactive maintenance). Grow commercial revenue by 5%.
2019–20 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 >98%).</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 at least 2 artworks.</p> <p>Mount greater than 6 exhibitions per year including travelling exhibitions.</p> <p><i>Visitor satisfaction target greater than >90%.</i></p> <p>Engage with 8 regional galleries through the travelling exhibition program.</p> <p>As per 2018–19</p> <p>As per 2018–19</p>

SECTION 3: BUDGETED FINANCIAL STATEMENTS

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of NPGA's finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted financial statements

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 financial impact of the anticipated closure of the NPGA for renovation works in 2019 has been included in the budget estimates. This closure will reduce own-source revenue in 2018–19 and 2019–20, offset by savings in suppliers.

Budgeted departmental balance sheet

Budgeted cash and cash equivalents include donations to the NPGA of approximately \$17 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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	5,461	5,599	5,706	5,814	5,923
Suppliers	6,200	6,170	6,212	6,294	6,603
Depreciation and amortisation	4,327	4,506	4,685	4,872	4,893
Total expenses	15,988	16,275	16,603	16,980	17,419
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,155	1,073	1,054	1,303	1,353
Interest	655	671	688	706	723
Other	670	790	854	580	700
Total own-source revenue	2,480	2,534	2,596	2,589	2,776
Gains					
Other	600	620	640	660	680
Total gains	600	620	640	660	680
Total own-source income	3,080	3,154	3,236	3,249	3,456
Net (cost of)/contribution by services	(12,908)	(13,121)	(13,367)	(13,731)	(13,963)
Revenue from Government	10,809	11,685	11,663	11,723	11,817
Surplus/(deficit) attributable to the Australian Government	(2,099)	(1,436)	(1,704)	(2,008)	(2,146)
Total comprehensive income/(loss)	(2,099)	(1,436)	(1,704)	(2,008)	(2,146)
Total comprehensive income/(loss) attributable to the Australian Government	(2,099)	(1,436)	(1,704)	(2,008)	(2,146)

Note: Impact of net cash appropriation arrangements

Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	550	550	550	550	550
less depreciation expenses previously funded through revenue appropriations ^(a)	2,649	1,986	2,254	2,558	2,696
Total comprehensive income/(loss)—as per the Statement of comprehensive income	(2,099)	(1,436)	(1,704)	(2,008)	(2,146)

(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 No. 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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	24,581	24,844	25,107	25,370	25,633
Trade and other receivables	414	414	414	414	414
Other financial assets	24	24	24	24	24
Total financial assets	25,019	25,282	25,545	25,808	26,071
Non-financial assets					
Land and buildings	75,968	75,430	74,702	73,751	71,481
Property, plant and equipment	7,532	6,237	4,870	3,428	3,173
Heritage and cultural assets	35,015	35,388	35,758	36,126	36,492
Intangibles	335	300	263	224	183
Inventories	63	63	63	63	63
Other non-financial assets	136	136	136	136	136
Total non-financial assets	119,049	117,554	115,792	113,728	111,528
Total assets	144,068	142,836	141,337	139,536	137,599
LIABILITIES					
Payables					
Suppliers	1,189	1,189	1,189	1,189	1,189
Other payables	271	271	271	271	271
Total payables	1,460	1,460	1,460	1,460	1,460
Provisions					
Employee provisions	1,161	1,174	1,187	1,200	1,213
Total provisions	1,161	1,174	1,187	1,200	1,213
Total liabilities	2,621	2,634	2,647	2,660	2,673
Net assets	141,447	140,202	138,690	136,876	134,926
EQUITY					
Contributed equity	129,386	129,577	129,769	129,963	130,159
Reserves	6,814	6,814	6,814	6,814	6,814
Retained surplus (accumulated deficit)	5,247	3,811	2,107	99	(2,047)
Total equity	141,447	140,202	138,690	136,876	134,926

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement
(Budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	5,247	6,814	129,386	141,447
Adjusted opening balance	5,247	6,814	129,386	141,447
Comprehensive income				
Surplus/(deficit) for the period	(1,436)	-	-	(1,436)
Total comprehensive income	(1,436)	-	-	(1,436)
Transactions with owners				
Contributions by owners				
Equity injection—Appropriation	-	-	191	191
Sub-total transactions with owners	-	-	191	191
Estimated closing balance as at 30 June 2019	3,811	6,814	129,577	140,202
Closing balance attributable to the Australian Government	3,811	6,814	129,577	140,202

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	10,809	11,685	11,663	11,723	11,817
Sale of goods and rendering of services	1,259	1,170	1,149	1,420	1,475
Interest	655	671	688	706	723
Contributions	420	440	460	480	600
Net GST received	427	430	433	417	438
Other	250	350	394	100	100
Total cash received	13,820	14,746	14,787	14,846	15,153
Cash used					
Employees	5,448	5,586	5,693	5,801	5,910
Suppliers	6,431	6,377	6,400	6,468	6,783
Total cash used	11,879	11,963	12,093	12,269	12,693
Net cash from/(used by) operating activities	1,941	2,783	2,694	2,577	2,460
INVESTING ACTIVITIES					
Cash used					
Purchase of artwork	193	191	192	194	196
Purchase of property, plant and equipment and intangibles	1,678	2,520	2,431	2,314	2,197
Total cash used	1,871	2,711	2,623	2,508	2,393
Net cash from/(used by) investing activities	(1,871)	(2,711)	(2,623)	(2,508)	(2,393)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	193	191	192	194	196
Total cash received	193	191	192	194	196
Net cash from/(used by) financing activities	193	191	192	194	196
Net increase/(decrease) in cash held	263	263	263	263	263
Cash and cash equivalents at the beginning of the reporting period	24,318	24,581	24,844	25,107	25,370
Cash and cash equivalents at the end of the reporting period	24,581	24,844	25,107	25,370	25,633

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Equity injections—Bill 2	193	191	192	194	196
Total new capital appropriations	193	191	192	194	196
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	193	191	192	194	196
Total items	193	191	192	194	196
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ^(a)	193	191	192	194	196
Funded internally from departmental resources ^(b)	1,978	2,820	2,731	2,614	2,497
TOTAL	2,171	3,011	2,923	2,808	2,693
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,171	3,011	2,923	2,808	2,693
less gifted assets	(300)	(300)	(300)	(300)	(300)
Total cash used to acquire assets	1,871	2,711	2,623	2,508	2,393

(a) Includes current Appropriation Bill No.2.

(b) Includes sources of funding from current Bill and prior year Act 1 appropriations, donations and contributions, gifts, internally developed assets and proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018–19)

	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 2018						
Gross book value	10,790	67,641	9,317	35,130	574	123,452
Accumulated depreciation/amortisation and impairment	-	(2,463)	(1,785)	(115)	(239)	(4,602)
Opening net book balance	10,790	65,178	7,532	35,015	335	118,850
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase—appropriation equity ^(a)	-	-	-	191	-	191
By purchase—appropriation ordinary annual services ^(b)	-	2,000	500	-	20	2,520
Assets received as gifts/donations	-	-	-	300	-	300
Total additions	-	2,000	500	491	20	3,011
Other movements						
Depreciation/amortisation expense	-	(2,538)	(1,795)	(118)	(55)	(4,506)
Total other movements	-	(2,538)	(1,795)	(118)	(55)	(4,506)
As at 30 June 2019						
Gross book value	10,790	69,641	9,817	35,621	594	126,463
Accumulated depreciation/amortisation and impairment	-	(5,001)	(3,580)	(233)	(294)	(9,108)
Closing net book balance	10,790	64,640	6,237	35,388	300	117,355
Estimated operating expenditure in income statement for heritage and cultural assets						\$'000
Operations and Maintenance						1,060
Preservation and Conservation						83
Total operating expenditure on heritage and cultural assets						1,143

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018–19, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018–19 for depreciation/amortisation expenses.

Prepared on Australian Accounting Standards basis.