

FINANCIAL REPORT



Financial Summary

The table below distinguishes between the NGV's operating and fund-raising activities, a distinction not readily seen in the Statement of Financial Performance on page 53. This distinction is important as the NGV raises substantial funds, largely from the private sector, which are not generally available for operating purposes but are committed to the purchase of works of art or capital works. The 2004–05 reported surplus of \$3.5 million is arrived at after taking account of some \$17.2 million of such income.

The operating deficit for 2004–05, before depreciation and similar charges and before taking account of fundraising income, was \$1.7 million, a substantial improvement on the 2003–04 operating deficit of \$6.1 million. This reflects the fact that many of the costs incurred in the previous year related to the opening of NGV International and did not recur this year. Both deficits were funded from reserves built up in previous years.

2004–05 represents the first full year of operations by the NGV at both its public galleries. The main focus for 2004–05 has been the development, in conjunction with Government, of a sustainable financial model for the NGV. This has demanded a rigorous review of costs to identify savings. The combination of this, and additional funding from Government, is expected to return the NGV to an at least break even position in 2005–06 and subsequent years.

The NGV's Statement of Financial Position on page 54 is dominated by the value of the cultural assets. The State collection, previously valued in 2002 at \$1.8 billion was independently revalued in the year at \$2.5 billion. The Statement of Financial Position also includes cash and other financial assets of \$34.2 million (2003–04: \$31.1 million). These funds are largely attributable to endowed funds held for the purchase of works or art, or other purposes as specified by the donor. Only a modest amount of funds is now available to provide working capital.

Five year financial performance

Five Year Financial Performance	Notes	2005 \$ '000s	2004 \$ '000s	2003 \$ '000s	2002 \$ '000s	2001 \$ '000s
Operating revenue						
Government grants	1	35,783	34,906	31,653	16,351	13,665
Resources received free of charge		400	641	1,199	2,026	2,030
Other revenue		13,303	10,173	3,589	6,133	6,384
		49,486	45,720	36,441	24,510	22,079
Operating expenses						
Employee benefits		17,792	17,202	12,561	9,731	9,785
Other supplies and services		33,405	34,666	18,099	12,610	11,983
		51,197	51,868	30,660	22,341	21,768
Operating (deficit)/surplus before net depreciation and similar charges		(1,711)	(6,148)	5,781	2,169	311
Net depreciation and similar charges	2	(11,916)	(1,968)	4,022	(247)	-
Operating (deficit)/surplus before fundraising and capital activity		(13,627)	(8,116)	9,803	1,922	311
Income from fundraising and capital activity	3					
Gifts and donations	4	9,886	31,716	10,233	13,272	6,830
Net investment income		4,772	1,904	1,471	1,576	2,229
Capital grants and similar income		2,500	4,562	14,552	9,386	5,500
		17,158	38,182	26,256	24,234	14,559
Net reported result		3,531	30,066	36,059	26,156	14,870

Notes

1. Excludes Government grants for depreciation equivalent revenue, capital assets charge and capital works.
2. Comprises depreciation and other similar expenses, including adjustments to the value of non-current assets, which have no cash impact.
3. Represents revenue streams dedicated to the purchase of works of art or capital works.
4. Includes gifts in kind.
5. Some of the comparative figures have been restated to reflect the analysis provided in the current year. This provides a clearer distinction between operating and fundraising activity.



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Council of Trustees of the National Gallery of Victoria

To the Members of the Parliament of Victoria and Members of the Council of Trustees

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2005 relates to the financial report of the Council of Trustees of the National Gallery of Victoria included on its web site. The Council of Trustees of the National Gallery of Victoria are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report

The accompanying financial report for the year ended 30 June 2005 of the Council of Trustees of the National Gallery of Victoria consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

Trustees' Responsibility

The Council of Trustees of the National Gallery of Victoria are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Council's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of the Council of Trustees of the National Gallery of Victoria as at 30 June 2005 and its financial performance and cash flows for the year then ended.

MELBOURNE
15 September 2005


JW CAMERON
Auditor-General

Financial Statements

For the year ended 30 June 2005

In our opinion,

(a) the attached Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Accounts present fairly the financial transactions for the year ended 30 June 2005 and the financial position of the Council of Trustees of the National Gallery of Victoria as at 30 June 2005,

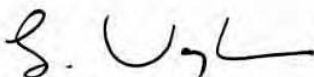
(b) the accounts have been maintained in accordance with the *National Gallery of Victoria Act 1966* and regulations made thereto,

(c) the financial statements have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional requirements,

(d) at the date of signing these statements the Trustees are not aware of any circumstances that would render any particulars included in these statements misleading or inaccurate.



Allan Myers
President
5 September 2005



Gerard Vaughan
Director
5 September 2005



Elizabeth Grainger FCA
Chief Financial Officer
5 September 2005

Statement of financial performance

For the year ended 30 June 2005

Statement of financial performance	Notes	2005 \$ '000s	2004 \$ '000s
Revenue from ordinary activities			
Grants from Government	2.1	39,874	46,323
Resources received free of charge	2.2	400	641
Other revenue	2.3	30,461	48,356
		70,735	95,320
Expenses from ordinary activities			
Employee benefits	3	17,792	17,202
Depreciation	10	12,416	7,275
Use of premises provided free of charge		400	641
Capital asset charge	1(d)	3,591	4,267
Supplies and services	4	32,394	35,868
Other expenses from ordinary activities	5	611	-
		67,204	65,253
Net result for the reporting period			
		3,531	30,066
Net increase/(decrease) in investment revaluation reserve	14.2	(1,058)	1,058
Net increase/(decrease) in cultural assets revaluation reserve	14.2	632,405	-
Net increase/(decrease) in asset revaluation reserve	14.2	1,589	5,296
Total revenues, expenses and revaluation adjustments recognised directly in equity		632,936	6,354
Total changes in equity other than those resulting from transactions with Victorian State Government in its capacity as owner		636,466	36,421

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2005

Statement of financial position	Notes	2005 \$ '000s	2004 \$ '000s
Current assets			
Cash assets	22	5,745	6,979
Receivables	6	1,285	4,800
Inventories	7	1,900	1,910
Prepayments		95	505
Other financial assets	8	2,421	918
Total current assets		11,446	15,112
Non-current assets			
Other financial assets	8	26,021	23,167
Cultural assets	9	2,471,235	1,830,211
Property, plant and equipment	10	218,276	229,083
Total non-current assets		2,715,532	2,082,461
Total assets		2,726,978	2,097,573
Current liabilities			
Payables	11	5,466	11,186
Other current liabilities	12	1,775	1,774
Provisions	13	1,539	1,326
Total current liabilities		8,780	14,286
Non-current liabilities			
Other non-current liabilities	12	3,586	5,361
Provisions	13	1,713	1,493
Total non-current liabilities		5,299	6,854
Total liabilities		14,079	21,140
Net assets		2,712,899	2,076,433
Equity			
Contributed capital	14.1	159,345	159,345
Reserves	14.2	2,555,769	1,872,054
Accumulated (deficit)/surplus	14.3	(2,215)	45,034
Total equity		2,712,899	2,076,433
Contingent liabilities and contingent assets	19		
Commitments for expenditure	20		

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2005

Statement of cash flows	Notes	2005 \$ '000s	2004 \$ '000s
Cash flows from operating activities			
Receipts from Government		39,798	40,759
Receipts from other entities		22,138	18,393
Net Goods and Services Tax recovered from the Australian Tax Office		2,480	4,685
Payments to suppliers and employees		(60,728)	(53,387)
		3,688	10,450
Investment income received		390	2,035
Net cash inflow from operating activities	23	4,078	12,485
Cash flows from investing activities			
Proceeds from sale of investments		-	15,504
Proceeds from sale of property, plant and equipment		85	9
Payments for investments		-	(4,508)
Payments for cultural assets		(2,926)	(4,285)
Payments for property, plant and equipment	10	(696)	(27,136)
Net cash outflow from investing activities		(3,537)	(20,416)
Cash flows used in financing activities			
Proceeds from capital contribution by Government		-	2,800
Repayments of Government loan		(1,750)	(1,750)
Repayment of finance lease		(25)	32
Net cash flows used in financing activities		(1,775)	1,082
Net cash flows for period			
Cash at the beginning of the financial year		6,979	13,828
Cash at the end of the financial year	22	5,745	6,979

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Accounts

As at 30 June 2005

1. Summary of significant accounting policies

This general purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain non-current assets, investments, cultural assets and library collections which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus View, or an alternative accounting policy permitted by an Australian Accounting Standard is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

a. Revaluation of non-current assets

Subsequent to their initial recognition as assets, non-current physical assets, other than plant and equipment, are measured at fair value. Plant and equipment are measured at cost. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments at least every three years. Revaluations are conducted in accordance with the Victorian Government Policy, *Revaluation of Non-Current Physical Assets*.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

b. Restrictive nature of cultural assets

Control of cultural assets in the State collection is vested in the Council of Trustees of the National Gallery of Victoria by virtue of the *National Gallery of Victoria Act 1966*, as amended. Additions to the collection may take the form of either a purchase by the National Gallery of Victoria or a donation from the public.

These cultural assets are held for exhibition, education, research and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The nature of these assets means that there are certain limitations and restrictions imposed on their use and/or disposal.

c. Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis so as to write off the net cost of each item of property (excluding land) over its expected useful life to the National Gallery of Victoria. Depreciation is treated as an operating expense and recognised in the Statement of Financial Performance using the following rates:

Depreciation of property, plant and equipment	%
Buildings	1.00
Building fit-out	6.67-7.5
Leasehold improvements	7.7
Works-in-progress	Nil
Plant and equipment	3.33 – 33.33

Cultural assets are kept under special conditions so that there is minimal physical deterioration. They are expected to have indeterminate useful lives to the National Gallery of Victoria. No amount for depreciation has been recognised in respect of cultural assets, as their service potential to the National Gallery of Victoria has not, in any material sense, been consumed during the reporting period.

Estimates of the remaining useful lives for all assets are reviewed at least annually.

d. Capital asset charge

The capital asset charge is imposed by the Department of Treasury and Finance and represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the carrying amount of non-current physical assets (excluding heritage and cultural assets).

e. Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership. Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the National Gallery of Victoria will obtain ownership of the asset, the expected useful life of the asset to the National Gallery of Victoria. Any leased assets that would be held at the reporting date would be amortised over the period of the underlying lease or a shorter period if the expected useful life were less.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

f. Revenue recognition

In accordance with AAS15—*Revenue*, revenues are measured at the fair value of the consideration or contribution received or receivable.

Sale of goods and disposal of other assets

Revenue arising from the sale of goods or the disposal of other assets is recognised when the following conditions have been satisfied:

- (a) control of the goods or other assets has passed to the buyer; and
- (b) it is probable that the economic benefits comprising the consideration will be realised.

Revenue for services

Revenue arising from a contract for the provision of services is recognised by reference to the stage of completion of the contract when the following conditions have been satisfied:

- (a) control of a right to be compensated for the services rendered exists;
- (b) it is probable that the economic benefits comprising the compensation will be realised; and
- (c) the stage of completion of the transaction can be reliably measured.

Contra sponsorship

The National Gallery of Victoria enters into contra sponsorship contracts to receive sponsorship in various forms in exchange for promoting the provider as a corporate supporter. These contracts are treated as contracts for the provision of services.

Contribution of assets

Revenue arising from the contribution of assets is recognised when the following conditions have been satisfied:

- (a) control of the contribution or right to receive the contribution exists; and
- (b) it is probable that the economic benefits comprising the contribution will be realised.

State Government contributions

State Government contributions are recognised on receipt.

Investment Income

Investment income is recognised when receivable.

Dividends

Dividend revenue is recognised when the right to receive payment is established.

Memberships

Memberships are recognised as income when received.

Gifts

Bequests and donations are recognised on receipt. Donated cultural assets are recognised when the gift is accepted by the Council of Trustees and are recorded at fair value at the time of the donation. Fair value is determined by either an average of independent valuations for works donated under the Taxation Incentives for the Arts Scheme, or by a curatorial assessment by the National Gallery of Victoria.

g. Investments

Investments are carried at market value.

h. Inventories

Inventories on hand are valued at the lower of cost or net realisable value. Full provision is made for slow moving and obsolete stock. Cost is determined on a "first in first out" basis.

i. Non-current financial assets

Non-current financial assets represent the value of endowed funds held in perpetuity. The majority of these funds has been donated or bequeathed by the general public to the National Gallery of Victoria. The income generated by such funds is generally directed towards the purchase of works of art, or other purpose, as specified by the original donor. The unspent portion of any such investment income is included in current assets, along with other operating, capital and donated funds held for use in the short term.

j. Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured as the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within one year of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows

(iii) Superannuation

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contribution made by the National Gallery of Victoria to the superannuation funds of employees.

(iv) Employee on-costs

Related employee on-costs have been included in the calculation of liabilities for employee benefits.

k. Goods and services tax

Revenues, expenses and assets are recognised net of GST except where the amount of the GST incurred is not recoverable, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of receivables or payables in the Statement of Financial Position. The GST component of a receipt or payment is recognised on a gross basis in the Statement of Cash Flows in accordance with Accounting Standard AAS 28 *Statement of Cash Flows*.

I. Contributed capital

Consistent with Urgent Issues Group Abstract 38, *Contributions by Owners Made to Wholly-Owned Public Sector Entities* appropriations for additions to net assets have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributed capital.

m. Contingent assets and contingent liabilities

The National Gallery of Victoria discloses both contingent assets and contingent liabilities when they arise. All contingencies are discounted to their present value using the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the contingencies.

n. Resources provided and received free of charge or for nominal consideration

Contributions of resources and resources provided free of charge or for nominal consideration are recognised at their fair value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

o. Reserves

(i) Collection reserve

Represents accumulated revenue received from donations, bequests, investment income and similar sources which is dedicated to the acquisition of cultural assets for the State collection. This reserve also includes the value of gifts in kind. Amounts in respect of years prior to the year ended 30 June 2001 are approximations only.

(ii) Infrastructure reserve

Represents accumulated revenue received from donations, bequests, grants, investment income and similar sources which is dedicated to the purchase of non current fixed assets and infrastructure. This reserve was established as at 30 June 2005 and includes revenue received since 1 July 2001.

(iii) Asset revaluation reserve

Represents increments arising from the periodic revaluation of non-current assets, including cultural assets.

(iv) Investment revaluation reserve

Represents increments arising from the revaluation of investments.

(v) Contributed capital

Represents transfers of capital to the National Gallery of Victoria by the State Government of Victoria to fund its infrastructure.

p. Rounding of amounts

Amounts shown in the financial statements are rounded to the nearest thousand dollars except where indicated otherwise.

q. Comparatives

Some comparative figures have been changed to ensure consistency of the previous years' presentation with the current year.

r. The impact of adopting AASB equivalents to IASB standards

For interim and annual reporting periods ending on or after 30 June 2005, AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (IFRS)* requires an explanation of how the transition process is being managed and a narrative explanation of the key differences in accounting policies that are expected to arise from the transition to AASB equivalents to IASB pronouncements. Further details can be found in Note 24.

2. Revenue from ordinary activities

Revenue from ordinary activities	Notes	2005 \$ '000s	2004 \$ '000s
2.1 Grants from government			
State: recurrent		35,331	34,384
State: depreciation equivalent revenue		500	7,150
State: capital asset charge	1(d)	3,591	4,267
State: other		452	522
		39,874	46,323
2.2 Resources received free of charge			
Premises at the Public Records Office occupied without financial consideration		400	641
		400	641
2.3 Other revenue			
Operating revenue			
General activities			
Gross trading sales		6,302	3,379
Less: cost of goods sold		(4,147)	(2,009)
Gross trading margin		2,155	1,370
Exhibition and programs admissions		3,506	2,324
Donations for operating purposes		471	505
Sponsorship		974	1,026
Contra sponsorship	1(f)	624	426
Membership		1,583	1,277
Catering and venue hire income		1,588	1,303
Other revenue		1,282	1,068
		12,183	9,299
Net investment income			
Distributions		824	466
Interest		174	200
Realised gain on sale of investments		70	81
Proceeds on sale of investments		-	4,216
Book value of investments sold		-	(4,051)
Decrease in market value of investments		(27)	-
Investment expenses		(6)	(47)
		1,035	865
Other activities			
Proceeds on sale of property, plant and equipment	10	85	9
		85	9
		13,303	10,173

2. Revenue from ordinary activities CONTINUED

Revenue from ordinary activities <small>CONTINUED</small>	Notes	2005 \$ '000s	2004 \$ '000s
2.3 Other revenue <small>CONTINUED</small>			
Non-operating revenue			
Fundraising income			
Bequests and donations		4,192	5,117
Commonwealth grant - capital		-	2,062
Sponsorship		2,500	2,500
Donated cultural assets		5,694	26,600
		12,386	36,278
Net investment income			
Distributions		4,399	1,247
Interest		-	122
Realised gain on investments		699	218
Proceeds on sale of investments		-	11,288
Book value of investments sold		-	(10,845)
Decrease in market value of investments		(265)	-
Investment expenses		(60)	(125)
		4,772	1,905
		17,158	38,183
		30,461	48,356

3. Employee benefits

Employee benefits	Notes	2005 \$ '000s	2004 \$ '000s
Salaries and associated costs		15,968	15,701
Provision for annual leave	1j(i)	1,419	1,200
Provision for long service leave	1j(ii)	405	301
		17,792	17,202

4. Supplies and services

Supplies and services	Notes	2005 \$ '000s	2004 \$ '000s
Building management (including security)		10,978	10,952
Promotion and communications		5,489	6,248
Rent		4,941	3,755
Building and equipment services		4,054	3,650
Freight and materials		3,534	4,787
Insurance		1,546	2,720
Other operating expenses		1,852	3,707
		32,394	35,868

5. Other expenses from ordinary activities

Other expenses from ordinary activities	Notes	2005 \$ '000s	2004 \$ '000s
Book value of assets sold		50	-
Assets written down		561	-
		611	-

6. Receivables

Receivables	Notes	2005 \$ '000s	2004 \$ '000s
Debtors		552	890
Less: provision for doubtful debts		(19)	(42)
Net trade debtors		533	848
GST receivable		294	926
Other debtors		458	3,026
	16	1,285	4,800

7. Inventories

Inventories	Notes	2005 \$ '000s	2004 \$ '000s
Goods held for resale		1,900	1,910
	1(h)	1,900	1,910

8. Other financial assets

Other financial assets	Notes	2005 \$ '000s	2004 \$ '000s
Investments at market value			
Current assets			
Unit trust managed funds	1(i)	2,421	918
		2,421	918
Non-current assets			
Unit trust managed funds	1(i)	26,021	23,167
		26,021	23,167
Investments at market value	16	28,442	24,085
Investments at cost		28,133	22,124

9. Cultural assets

Cultural assets	Notes	2005 \$ '000s	2004 \$ '000s
Works-of-art and library at cost or valuation		249	37,478
Library valuation: 2003		2,217	2,217
Works-of-art valuation: 2002	1(a)	-	1,790,516
Works-of-art valuation: 2005	1(a)	2,468,769	-
		<u>2,471,235</u>	<u>1,830,211</u>

2005	Library acquired \$ '000s	Library valuation \$ '000s	Works of art acquired \$ '000s	Works of art valuation \$ '000s	Total cultural assets \$ '000s
Carrying amount at start of year	64	2,217	37,414	1,790,516	1,830,211
Additions	185	-	8,434	-	8,619
Transfer of assets	-	-	(45,848)	45,848	-
Revaluation increment	-	-	-	632,405	632,405
Carrying amount at end of year	<u>249</u>	<u>2,217</u>	<u>-</u>	<u>2,468,769</u>	<u>2,471,235</u>

Revaluation of the National Gallery of Victoria's library collection was performed by Sainsbury's Books Pty Ltd (member of the Antiquarian Booksellers Association) on a fair value basis. The valuation was completed as at 23 May 2003, resulting in a total valuation of \$2,217,300.

Revaluation of the National Gallery of Victoria's works of art collection was performed on a fair value basis by Simon Storey valuers as at 30 June 2005 and resulted in a total valuation of \$2,468,769,000. Mr Simon Storey, a director of Simon Storey valuers, is an approved valuer under the Commonwealth of Australia Taxation Incentives for the Arts Scheme and a member of the Auctioneers and Valuers Association of Australia.

10. Property, plant and equipment

Property, plant and equipment	Notes	2005 \$ '000s	2004 \$ '000s
Land			
At valuation (2004)		-	22,704
At valuation (2005)	1(a)	24,293	-
		24,293	22,704
Buildings			
At valuation (2004)		76,412	76,412
Less: accumulated depreciation		(768)	-
		75,644	76,412
Total land and buildings		99,937	99,116
Building fit-out			
At valuation		53,987	53,278
Less: accumulated depreciation		(5,656)	(2,050)
		48,331	51,228
Leasehold improvements			
At cost		13,594	16,568
Less: accumulated depreciation		(3,898)	(4,281)
		9,696	12,287
Works-in-progress			
At cost		590	1,059
		590	1,059
Plant and equipment			
General plant and equipment			
At cost		71,141	71,617
Less: accumulated depreciation		(11,498)	(6,337)
		59,643	65,280
Motor vehicle under finance lease			
At cost		173	173
Less: accumulated depreciation		(94)	(60)
		79	113
Total plant and equipment		59,722	65,393
		218,276	229,083
Profit / (loss) on disposal of non-current assets			
Proceeds on sale of non-current assets		85	9
Less: carrying amount		(50)	(5)
		35	4
Depreciation charge for year			
Buildings		768	414
Building fit-out		4,410	2,851
Leasehold improvements		1,724	61
Plant and equipment		5,515	3,949
	1(c)	12,416	7,275

10. Property, plant and equipment CONTINUED

2005	Land \$ '000s	Buildings \$ '000s	Building fit-out \$ '000s	Leasehold improve- ments \$ '000s	Works-in- progress \$ '000s	Plant and equipment \$ '000s	Total \$ '000s
At start of year	22,704	76,412	51,228	12,287	1,059	65,393	229,083
Additions	-	-	50	-	614	33	697
Transfers	-	-	1,462	(282)	(1,083)	(97)	-
Disposals	-	-	-	(24)	-	(92)	(116)
Asset write downs	-	-	-	(561)	-	-	(561)
Depreciation expense	-	(768)	(4,409)	(1,724)	-	(5,515)	(12,416)
Revaluation	1,589	-	-	-	-	-	1,589
At end of year	24,293	75,644	48,331	9,696	590	59,722	218,276

At 30 June 2004 and 30 June 2005, the land was valued upwards based on indices provided by the Valuer-General Victoria. Revaluation of buildings to fair value was performed by the Valuer-General Victoria as at 30 June 2004.

11. Payables

Payables	Notes	2005 \$ '000s	2004 \$ '000s
Trade creditors		1,544	7,815
Other creditors and accruals		2,446	2,791
Income in advance		1,476	580
	16	5,466	11,186

12. Other liabilities

Other liabilities	Notes	2005 \$ '000s	2004 \$ '000s
Current			
Loan from State Government		1,750	1,750
Finance lease	20	25	24
		1,775	1,774
Non-current			
Loan from State Government		3,500	5,250
Finance lease	20	86	111
		3,586	5,361
Aggregate carrying amount of other liabilities			
Current		1,775	1,774
Non-current		3,586	5,361
		5,361	7,135

13. Provisions

Provisions	Notes	2005 \$ '000s	2004 \$ '000s
Current			
Annual leave		1,448	1,246
Long service leave		91	80
		1,539	1,326
Non-current			
Long service leave		1,713	1,493
		1,713	1,493
Aggregate carrying amount of provisions			
Current		1,539	1,326
Non-current		1,713	1,493
	1(j)	3,252	2,819

14. Equity and movements in equity

Equity and movements in equity	Notes	2005 \$ '000s	2004 \$ '000s
14.1 Movement in contributed capital			
Contributed capital			
Opening balance		159,345	156,545
Net capital contribution by State Government		-	2,800
Closing balance	1(o)	159,345	159,345
14.2 Movement in reserves			
Collection reserve			
Opening balance		122,499	92,862
Transfer from accumulated surplus		11,473	29,637
Closing balance	1(o)	133,972	122,499
Infrastructure reserve			
Opening balance		-	-
Transfer from accumulated surplus		39,306	-
Closing balance	1(o)	39,306	-
Asset revaluation reserve			
Land and Buildings			
Opening balance		7,446	2,150
Increment during the year		1,589	5,296
Closing balance		9,035	7,446
Cultural assets revaluation reserve			
Opening balance		1,741,051	1,741,051
Increment during the year		632,405	-
Closing balance		2,373,456	1,741,051
Asset revaluation reserve	1(o)	2,382,491	1,748,497
Investment revaluation reserve			
Opening balance		1,058	-
Net increment / (decrement) during the year		(1,058)	1,058
Closing balance	1(o)	-	1,058
		2,555,769	1,872,054
14.3 Accumulated (deficit)/surplus			
Opening balance		45,034	44,605
Result for the year		3,531	30,066
Transfer to collection reserve	1(o)	(11,473)	(29,637)
Transfer to infrastructure reserve	1(o)	(39,306)	-
Closing balance		(2,215)	45,034

14. Equity and movements in equity CONTINUED

Summary of reserves	At start of year \$ '000s	Movements \$ '000s	At end of year \$ '000s
Contributed capital	159,345	-	159,345
Collection reserve	122,499	11,473	133,972
Infrastructure reserve	-	39,306	39,306
Asset revaluation reserve	1,748,497	633,994	2,382,491
Investment revaluation reserve	1,058	(1,058)	-
	1,872,054	683,715	2,555,769
Accumulated (deficit)/surplus	45,034	(47,249)	(2,215)
Total equity	2,076,433	636,466	2,712,899

15. Audit fees

Audit fees	2005 \$ '000s	2004 \$ '000s
Audit fees paid and payable to the Victorian Auditor-General's Office	37	36

16. Financial instruments

(i) Accounting policies

The accounting policies and terms and conditions of each class of financial asset and financial liability at balance date are as follows:

Investments

Investments are held in unit trust managed funds, which includes equities, fixed interest securities, cash and listed property. Investments on the stock exchange and market securities are brought to account at market value. Interest and dividend income is recognised in the Statement of Financial Performance when receivable.

Receivables

Trade debtors are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Credit sales are generally on 30-day terms.

Payables

Payables represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

ii) Net fair value

Unless otherwise stated, each class of financial asset and financial liability is recognised in the Statement of Financial Position at book value, which approximates net fair value.

(iii) Credit risk

The maximum credit risk on financial assets which have been recognised in the Statement of Financial Position is generally the carrying amount less any provision for doubtful debts. The total credit risk exposure of the entity could also be considered to include the difference between the carrying amount and the realisable amount.

16. Financial instruments CONTINUED

(iv) Interest rate risk

Interest rate risk	Notes	Floating Interest Rate \$ '000s	Fixed interest maturing in:			Non-interest bearing \$ '000s	Total \$ '000s
			1 year or less \$ '000s	Over 1 year to 5 years \$ '000s	More than 5 years \$ '000s		
2005							
Financial assets							
Cash	22	2,083	-	-	-	3,662	5,745
Receivables	6	-	-	-	-	1,285	1,285
Other financial assets	8	-	-	-	-	28,442	28,442
		2,083	-	-	-	33,389	35,472
Weighted average interest rate		4.125%	N/A	N/A	N/A	N/A	N/A
Financial liabilities							
Trade and other creditors	11	-	-	-	-	(5,466)	(5,466)
Loan from Government	12	-	-	-	-	(5,250)	(5,250)
Finance lease	12, 20	-	(25)	(86)	-		(111)
		-	(25)	(86)	-	(10,716)	(10,827)
Weighted average interest rate		N/A	7.1%	7.1%	N/A	N/A	N/A
Net financial assets/(liabilities)		2,083	(25)	(86)	-	22,673	24,645
2004							
Financial assets							
Cash	22	4,184	-	-	-	2,795	6,979
Receivables	6	-	-	-	-	4,800	4,800
Other financial assets	8	-	-	-	-	24,085	24,085
		4,184	-	-	-	31,680	35,864
Weighted average interest rate		3.79%	N/A	N/A	N/A	N/A	N/A
Financial liabilities							
Trade and other creditors	11	-	-	-	-	(11,186)	(11,186)
Loan from Government	12	-	-	-	-	(7,000)	(7,000)
Finance lease	12, 20	-	(24)	(111)	-		(135)
		-	(24)	(111)	-	(18,186)	(18,321)
Weighted average interest rate		N/A	7.1%	7.1%	N/A	N/A	N/A
Net financial assets/(liabilities)		4,184	(24)	(111)	-	13,494	17,543

17. Superannuation

The National Gallery of Victoria has several staff who are members of the public sector superannuation schemes listed below. As at 30 June 2005, these schemes were carrying total liabilities, including liabilities for members' benefits, in excess of the value of the schemes' assets. In line with Government policy, the unfunded superannuation liabilities have been reflected in the financial statements of the Department of Treasury and Finance.

Superannuation contributions for the reporting period are included as part of employee benefits in the Statement of Financial Performance.

There were no contributions outstanding at the year end (2004: nil).

The details of the major employee superannuation funds and contributions made by the National Gallery of Victoria are as follows:

Fund	Employee Contribution Rate (%)	Employer Contribution Rate (%)	Contribution for the year 2005 \$	Contribution for the year 2004 \$
Government Superannuation Office (Revised Scheme)	9.5	17	263,334	138,593
Government Superannuation Office (New Scheme)	-	7.5		
	3	8.8	155,508	124,175
	5	9.7		
	7	10.5		
VicSuper Pty Ltd	-	9	1,123,860	936,275
Various Other	-	9	29,450	34,461
			1,572,152	1,233,504

18. Responsible persons disclosures

Responsible persons

During the reporting period the following people held a position designated as a "responsible person", as defined by the *Financial Management Act 1994*:

Minister

Mary Delahunty MP, Minister for the Arts

Trustees who served during the year were:

Ms N Milgrom (resigned 30 September 2004)
 Mr R Dewhurst
 Dr V FitzGerald
 Ms M Kelsall
 Mr A Myers
 Ms M Palmer
 Ms M Plavsic
 Ms S Smart
 Mr R Grollo (appointed 14 March 2005)
 Dr A Ndaliansis (appointed 21 July 2004)
 Mr B Parncutt (appointed 22 March 2005)
 Mr J Sau Lee Yeap (appointed 22 March 2005)

Director

Dr G Vaughan

No benefits or remuneration were paid to responsible persons other than to the Accountable Officer, the Director of the National Gallery of Victoria.

Amounts relating to the Minister are reported in the financial statements of the Department of Premier and Cabinet.

18. Responsible persons disclosures CONTINUED

Remuneration benefits of executive officers (including the Accountable Officer)

The numbers of executive officers are shown below in their relevant income bands:

Remuneration bands	2005 No.	2004 No.
\$120,000 – \$129,999	-	1
\$130,000 – \$139,999	1	-
\$140,000 – \$149,999	-	3
\$150,000 – \$159,999	3	-
\$210,000 – \$219,999	-	1
\$230,000 – \$239,999	1	-
	<u>5</u>	<u>5</u>

Total remuneration	2005 \$	2004 \$
Total remuneration	834,071	740,284
Being:		
Base remuneration	781,915	683,985
Other remuneration including performance related incentive payments, long service leave, redundancy and retirement benefits	52,156	56,299

Related party transactions

There were no related party transactions during the year (2004: Nil).

19. Contingent assets and contingent liabilities

As at the 30 June 2005 the National Gallery of Victoria had no known contingent assets or contingent liabilities (2004: Nil).

20. Commitments for expenditure

Commitments for expenditure	2005 \$ '000s	2004 \$ '000s
Operating leases		
Expenditure contracted for is payable as follows:		
Within one year	556	500
Later than one year but not later than five years	857	697
	<u>1,413</u>	<u>1,197</u>
Representing:		
Cancellable operating leases	1,181	965
Non-cancellable operating leases	232	232
	<u>1,413</u>	<u>1,197</u>

The National Gallery of Victoria leases certain plant and equipment under operating leases. Leases of plant and equipment generally provide a right of renewal at which time all terms are renegotiated.

20. Commitments for expenditure CONTINUED

Commitments for expenditure <small>CONTINUED</small>	2005 \$ '000s	2004 \$ '000s
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Within one year	32	32
Later than one year but not later than five years	91	123
Minimum lease payments	123	155
Less: future finance charges	(12)	(20)
Recognised as a liability	111	135
Total lease liabilities	111	135
Representing lease liabilities:		
Current	25	24
Non-current	86	111
	111	135

21. Events occurring after reporting date

There were no significant events occurring after the reporting date (2004: nil).

22. Cash assets

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand, cash at bank and investments in short term deposits.

Cash assets	2005 \$ '000s	2004 \$ '000s
Cash at bank and on hand	3,662	2,795
Short term deposits	2,083	4,184
	5,745	6,979
Represented by:		
Operating funds	1,976	4,972
Other funds	3,769	2,007
	5,745	6,979

Short term deposits

The deposits are bearing floating interest rates between 3% and 5% (2004: 3.5% and 4.0%).

23. Note to statement of cash flows

Note to statement of cash flows	2005 \$ '000s	2004 \$ '000s
Reconciliation of net result for the year to net cash flows from operating activities		
Net result for the year	3,531	30,066
<i>Plus:</i>		
Depreciation	12,416	7,275
Capital asset charge	3,591	4,267
Decrease in market value of investments	292	-
Loss on sale of plant and equipment	31	-
Increase in provisions for employee entitlements	433	514
Increase in payables	-	4,967
Decrease in receivables	3,515	-
Increase in income in advance	895	357
Decrease in inventories	10	-
Decrease in prepayments	410	-
Assets written down	561	1,285
	22,154	18,665
<i>Less:</i>		
Donated cultural assets	(5,694)	(26,600)
Increase in receivables	-	(3,230)
Increase in prepayments	-	(201)
Decrease in payables	(6,614)	-
Profit on sale of equities and fixed interest securities	-	(607)
Profit on sale of plant and equipment	-	(4)
Increase in market value of investments	-	(299)
Increase in inventories	-	(1,038)
Capital asset charge grant	(3,591)	(4,267)
Net investment distribution reinvested	(5,707)	-
	(21,606)	(36,246)
Net cash flows from operating activities	4,078	12,485

24. The impacts of adopting AASB equivalents to IASB standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), the National Gallery of Victoria will report for the first time in compliance with A-IFRS when results for the financial year ended 30 June 2006 are released. It should be noted that under A-IFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The National Gallery of Victoria is established to achieve the objectives of government in providing services free of charge or at prices significantly below their cost of production for the collective consumption by the community, which is incompatible with generating profit as a principal objective. Consequently, where appropriate, the National Gallery of Victoria applies those paragraphs in accounting standards applicable to not-for-profit entities.

An A-IFRS compliant financial report will comprise a new statement of changes in equity in addition to the three existing financial statements, which will all be renamed. The Statement of Financial Performance will be renamed as the Operating Statement, the Statement of Financial Position will revert to its previous title as the Balance Sheet and the Statement of Cash Flows will be simplified as the Cash Flow Statement. However, for the purpose of disclosing the impact of adopting A-IFRS in the 2004–05 financial report, which is prepared under existing accounting standards, existing titles and terminologies will be retained.

With certain exceptions, an entity that has adopted A-IFRS must record transactions that are reported in the financial report as though A-IFRS had always applied. This requirement also extends to any comparative information included within the financial report. Most accounting policy adjustments to apply A-IFRS retrospectively will be made against accumulated funds at the 1 July 2004 opening balance sheet date for the comparative period. The exceptions include deferral until 1 July 2005 of the application and adjustments for:

- AASB 132 *Financial Instruments: Disclosure and Presentation*;
- AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 4 *Insurance Contracts*;
- AASB 1023 *General Insurance Contracts (revised July 2004)*; and
- AASB 1038 *Life Insurance Contracts (revised July 2004)*.

The comparative information for transactions affected by these standards will be accounted for in accordance with existing accounting standards.

The National Gallery of Victoria has taken the following steps in managing the transition to A-IFRS and has achieved the following scheduled milestones:

- commissioned the Audit Risk and Compliance Committee to oversee the transition to and implementation of the A-IFRS;
- established an A-IFRS project team to review the new accounting standards to identify key issues and the likely impacts resulting from the adoption of A-IFRS and any relevant Financial Reporting Directions as issued by the Minister for Finance;
- participated in an education and training process to raise awareness of the changes in reporting requirements and the processes to be undertaken; and
- initiated reconfiguration and testing of user systems and processes to meet new requirements where relevant.

This financial report has been prepared in accordance with current Australian accounting standards and other financial reporting requirements (Australian GAAP).

The National Gallery of Victoria has not, to date, identified any differences between Australian GAAP and A-IFRS which are expected to have a material impact on the financial position and financial performance following the adoption of A-IFRS. This view may change as a result of:

- a) change in facts and circumstances;
- b) ongoing work being undertaken by the A-IFRS project team;
- c) potential amendments to A-IFRS and Interpretations; and
- d) emerging accepted practice in the interpretation and application of A-IFRS and UIG Interpretations.

Other Statutory Reports

Staff Statistics

The National Gallery of Victoria started the 2004–05 financial year with 268.73 (full-time equivalent) staff members and ended it with 232.94 (full-time equivalent). The staff reduction is a result of the National Gallery of Victoria entering into the post redevelopment phase with a number of key projects related to the redevelopment coming to an end and reducing headcount. There has also been a reassessment of staffing needs throughout the Gallery in the last six months.

Paid Staff - 30 June	Executive Staff 2005 (2004)	Permanent 2005 (2004)	Fixed Term 2005 (2004)	Casual 2005 (2004)	Total 2005 (2004)
Full-time male	2 (2)	42 (44)	29 (33)	Nil (Nil)	73 (79)
Full-time female	3 (3)	54 (57)	58 (68)	Nil (Nil)	115 (128)
Part-time male	Nil (Nil)	6 (4)	8 (11)	30 (27)	44 (42)
Part-time female	Nil (Nil)	13 (13)	27 (41)	40 (23)	80 (77)
Total Persons	5 (5)	115 (118)	122 (153)	70 (50)	312 (326)

Consultancies

During the year 30 June 2005, the NGV incurred an amount of \$783,277 (excl. GST) in respect of 42 consulting engagements. No consultants were engaged at an individual cost in excess of \$100,000 (excl. GST).

Application of Employment and Conduct Principles

The NGV is committed to ensuring that public sector values and employment principles are integral to all aspects of human resource development. The Gallery's strategy for guaranteeing these principles are upheld includes the following initiatives:

- Ensuring that all recruitment decisions are based on the public sector employment principles and are in line with the Gallery and public sector policies and guidelines covering advertising, shortlisting, interviewing and selection;
- Ensuring that induction content is consistent, clear and comprehensive and includes a full copy of the *Code of Conduct for the Victorian Public Sector*;
- The use of the NGV performance management system including ensuring all managers and staff are aware of processes involved; and
- Ensuring the NGV grievance resolution process is followed and consistent with Public Sector Values.

Upholding Public Sector Conduct

All NGV staff are provided with orientation covering:

- Equal opportunity, discrimination, harassment and bullying awareness;
- NGV's grievance process;
- Code of Conduct for the Victorian Public Sector; and
- NGV Values.

Reviewing Personal Grievances

The Gallery's grievance process has now been in place for some time. Any staff member who wishes to lodge a personal grievance against any action that directly affects them has been fully informed of the appropriate process. The process complies with the requirements as set out in the *Public Administration Act 2004*.

For the year ended 30 June 2005 no grievances were lodged.

Responsiveness to Cultural Diversity, Women, Youth and Indigenous Affairs

On coming to office, the Bracks Government pledged a whole of government reporting approach on agency responsiveness to the areas of multicultural, women, youth and Indigenous affairs.

Policy: Valuing Cultural Diversity

- (1) Valuing diversity
- (2) Reducing inequality
- (3) Encouraging participation
- (4) Promoting the social, cultural and economic benefits of cultural diversity for all Victorians

Highlights in 2004–05

- Information brochures produced in 8 community languages, and a bi-lingual flier for the Dutch Masterpieces exhibition
- Hosted the 25th conference on modern languages, highlighting the importance of languages in understanding cultures
- Appointed Italian education officer and collaborated on schools and public language programs with Alliance Française, Italian Jazz festival, individual language associations, Indian and Asian Festival days for schools, education kit tours

Initiatives for 2005–06

- Develop Youth Access programs targeting young people from culturally and linguistically diverse backgrounds
- Engage people from culturally and linguistically diverse backgrounds as presenters in education, youth access and public programs
- Support and work with community programs promoting and profiling cultural diversity
- Undertake staff training to raise awareness and appreciation of cultural differences and sensitivities

Policy: Valuing Young People

- (1) Involvement
- (2) Learning and working
- (3) Support positive health and wellbeing outcomes
- (4) Celebrate and promote young people's involvement

Highlights in 2004–05

- The NGV's school programs provided curriculum programs, activities and resources to more than 125,000 students and teachers in the 2004–05 year.
- A key feature of the NGV's Education School Program that reaches out to youth audiences is *Top Arts*, the annual exhibition of work by VCE Art and Studio Arts students. In early 2005, more than 18,000 students and teachers booked to see *Top Arts* and more than 80,000 people visited the exhibition.
- A new schools program was developed which offered more than 200 class options, with a whole-of-school year approach for students and teachers.
- The NGV Young Ambassadors program—part of the NGV Youth Access Project, an initiative of the Education and Programs department, and funded by the Pratt Foundation—provided an art-based training programs, services and activities for young Victorians who initially are not in education or employment.

Initiatives for 2005–06

- The NGV aims to target:
 - > Young people in regional and rural settings
 - > Young people from culturally and linguistically diverse communities
 - > Young people who are emotionally, intellectually and physically challenged
- An NGV Youth Forum will be established as an advisory group of young people focussed on a review of programs, exhibitions and services suitable for young people
- Young Ambassadors will continue to be engaged with the NGV youth access, education and public programs.
- The NGV Youth Access Website will focus on information and services on current and forthcoming youth activities.

Policy: Valuing Women

- (1) Improve career paths
- (2) Flexible work practices
- (3) Health and wellbeing
- (4) Community strengthening
- (5) Increased opportunities for Indigenous women

Highlights for 2004–05

- Access programs for young women with eating disorders to provide art experiences presented by positive role models and targeted programs that empower young women to develop visual literacy skills, response and communication skills, critical thinking and self esteem
- Access days implemented in conjunction with major exhibitions to provide women with disabilities opportunities on weekdays or weekends to engage in tailored art experiences in a major cultural institution and to provide access to major Victorian cultural events for women with special needs
- Youth and school programs for Indigenous girls and women presented in a supportive learning environment to increase access to and engagement with the visual arts
- Gallery tours and practical art based workshops for women from culturally and linguistically diverse backgrounds and for women in ESL/migrant education programs
- Development opportunities for women in secondments and opportunities to 'act' in more senior roles to determine if that is a career path for them. In the last 12 months 15 female staff have acted in more senior roles or been seconded into other positions.
- Several female staff have been giving coaching and mentoring to enable them to be prepared for a more senior position within the organisation
- Females comprise 5 of the Strategic Leadership Team members

Initiatives for 2005–06

- Undertake evaluation of the NGV's wellness program for women
- Develop art and culture programs for women not in education and training or the workplace
- Provide art based activities for women and by women from culturally and linguistically diverse backgrounds
- Develop programs and activities catering for women and girls with all abilities and special needs
- Provide education and public programs for Indigenous women and girls

Policy: Valuing Indigenous Victorians

The Government has committed to working in partnership with Indigenous Victorians to create a society that :

- Is proud of its Indigenous history;
- Addresses dispossession and disadvantage;
- Heals the hurt of past injustices; and
- Builds a positive future

Highlights for 2004–05

- Appointment of an Indigenous Education Project Officer
- Appointment of an Indigenous Curator
- Internship and training opportunities created in collaboration with other agencies—Arts Victoria and Koorie Heritage Trust
- Indigenous and non Indigenous art integrated into exhibition display and design Indigenous artists and performers engaged in public and education programs
- Labels on art works written by Indigenous students

Initiatives for 2005–06

- Increase programs and education resources on Indigenous art and culture for youth and children
- Identify, develop and evaluate programs and activities for youth audiences/NGV Youth Access project/family audiences/NGV Kids
- Raise understanding and respect for cultural differences, and increase access and participation in the arts for Indigenous people
- Programs for youth groups and families conducted by Indigenous Project Officer
- Liaison established with KODE schools, Indigenous youth groups and community centres
- Trails, activity notes or resources researched and prepared for children and young people
- Raise profile and understanding of Indigenous issues and culture in the workplace
- Enlist staff for training programs and undertake information sessions
- Staff induction/information sessions held for all staff
- Seek and secure funding for continuation of employment and training opportunities for Indigenous people
- Prioritise Indigenous employment opportunities at the NGV
- Ensure Indigenous people have opportunity for participation as employees, internships, artists and performers
- Maintain Indigenous Project Officer position
- Ensure vacant positions are promoted to Indigenous people and via relevant agencies

Availability of Additional Information

The following information relating to the NGV, relevant to the financial year, has been prepared and is available to the Minister, Members of Parliament and the public on request:

- Declarations of pecuniary interests duly completed by all relevant officers
- Details of publications produced by the NGV about the NGV and the places where the publications can be obtained
- Details of changes in prices, fees, charges, rates and levies charged by the NGV
- Details of any major external reviews carried out on the NGV
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- Details of major promotional, public relations and marketing activities undertaken by the NGV to develop community awareness of the NGV and the services it provides
- Details of assessments and measures undertaken to improve the occupational health and safety of employees
- A general statement on industrial relations within the NGV and details of time lost through industrial accidents and disputes
- A list of major committees sponsored by the NGV, the purposes of each committee and the extent to which the purposes have been achieved

Freedom of Information

The *Freedom of Information Act 1982* enables members of the public to obtain information held by the National Gallery of Victoria. For the 12 months ended 30 June 2005, two requests were received and both requests finalised. One applicant received full access and the other received partial access, as part of the information requested contained names and personal addresses.

Freedom of Information requests should be made in writing describing the documents requested and including payment of the \$21 application fee. Further charges may apply. Charges other than the application fee can be waived if the request is a routine request or for access to a document related to the applicant's personal affairs. The application fee can be waived or reduced if the applicant would be caused hardship because he/she had to pay the fee.

Requests should be forwarded to Head of Corporate Office, NGV, PO Box 7259, Melbourne Vic 3002.

Privacy

NGV has complied with all requirements under the *Information Privacy Act 2000*. For the 12 months ended 30 June 2005, there were no complaints against the National Gallery of Victoria in relation to breaches of privacy.

Occupational Health and Safety

The Council of Trustees and the management of the NGV place a high priority on the health and safety of their staff members. The Occupational Health and Safety Committee met on five occasions during 2004–05. Issues addressed by the Committee included:

- reviews of the actions taken in response to independent audits of NGV worksite health and safety
- training of new OH&S representatives for various worksites within NGV
- the development and introduction in 2005 of the "Live Well, Perform Well" well-being programme for NGV employees
- the development of a programme for periodic safety audits of designated worksites by OH&S Committee representatives

During 2004–2005, 98 days were lost as a result of work-related accidents, compared with 36 days in 2003–04.

Environmental Performance

During 2004–05 there was an increased emphasis on the environmental effects of management systems and user activities, within the constraints required for the preservation of the collection.

Activities and projects which were commenced or improved:

- Waste management systems were reviewed and improved. In June 2005 a formal audit of recycling systems was completed. Further waste reduction and diversion strategies have been identified for progressive implementation.
- Internal environmental controls were strengthened by the inclusion of strengthened air quality, recycling and chemicals usage requirements in periodic reporting by major services contract providers. Routine monitoring of contractor activities, including those affecting the environment.

- In order to provide independent expert review and verification of internal environmental management (particularly the effectiveness of air conditioning, humidity, and other air management requirements) air quality at NGV sites was formally audited in May 2005.
- Energy usage monitoring and reduction planning were commenced, in line with the Energy Efficient Government Buildings Policy. Energy audits of NGV Australia and NGV International were completed in April 2005 and a range of energy reduction projects were commenced, including installation of energy-efficient lighting in The Great Hall. NGV staff liaised with the Sustainable Energy Authority of Victoria regarding energy consumption related to the special needs of the collection and the impact of the recent refurbishment and previous infrastructure upgrades on the SEAV energy reduction targets.
- Water usage and management at NGV International focussed on working with The Arts Centre to improve the efficiencies of the shared water systems. A water usage monitoring system and a survey of water consumption levels was carried out, ahead of the development in 2005–06 of a Water Management Plan which meets the standards set out in the Victorian Government's Water Resources Strategy for Melbourne.
- Water quality testing to control Legionella was improved. The risk management plan for the cooling towers was independently audited and approved, and periodic Legionella testing of NGV International moat water was commenced.

Whistleblowers Protection Act

This section of the report contains information that is required to be published annually under section 104 of the *Whistleblowers Protection Act 2001* ('the Act').

- The current procedures established by the NGV under Part 6 of the Act can be found directly below;
- The NGV has received no disclosures during the year;
- The NGV has not referred any disclosures to the Ombudsman for determination as to whether they are public interest disclosures during the year;
- The Ombudsman has not referred any disclosed matters to the NGV during the year;
- The NGV has not referred any disclosed matters to the Ombudsman to investigate during the year;
- The Ombudsman has not taken over any investigation of disclosed matters from the NGV during the year;
- The NGV has made no request under section 74 of the Act to the Ombudsman to investigate disclosed matters during the year;
- The NGV has not declined to investigate a disclosed matter during the year;
- There have been no disclosed matters that were substantiated on investigation. There has been no action required to be undertaken arising from an investigation, since there have been no investigations; and
- The Ombudsman has not made any recommendation under the Act that relates to the NGV.

NGV Whistleblowers Procedures

1. Statement of support to whistleblowers

The NGV is committed to the aims and objectives of the *Whistleblowers Protection Act 2001*. It does not tolerate improper conduct by its employees, or the taking of reprisals against those who come forward to disclose such conduct.

The NGV recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The NGV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

The *Whistleblowers Protection Act 2001* commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

For the disclosure to be responded to by the NGV, it must concern a staff member of the NGV.

2. Definition of key terms

Improper conduct

Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

Corrupt conduct

Corrupt conduct is conduct of an NGV staff member that:

- adversely affects the honest performance of a staff member or the NGV's functions;
- involves performing official staff functions dishonestly or with inappropriate partiality;
- amounts to the misuse of information or material acquired in the course of the performance of their official functions; or
- amounts to a conspiracy or attempt to engage in the above conduct.

Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure.

Detrimental action includes:

- action causing injury, loss or damage;
- intimidation or harassment; and
- discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

3. Reporting complaints

Disclosures of improper conduct or detrimental action by the NGV or its employees are to be made to the designated Protected Disclosure Coordinator (PDC) on <pdcc@ngv.vic.gov.au>. All correspondence, phone calls and emails from internal or external whistleblowers will be referred to the PDC. A disclosure about improper conduct or detrimental action by the NGV or its employees, may also be made directly to the Ombudsman on <ombudvic@ombudsm.vic.gov.au> or 1800 806 314.

4. Roles and responsibilities

The PDC will:

- Be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action;
- Receive all phone calls, emails and letters from members of the public or employees seeking to make a disclosure;
- Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace;
- Commit to writing any disclosure made orally;
- Impartially assess each disclosure to determine whether it is a public interest disclosure made in accordance with Part 2 of the Act;
- Refer all public interest disclosures to the Ombudsman;
- Be responsible for appointing an investigator to carry out an investigation referred to the NGV by the Ombudsman;
- Be responsible for overseeing and coordinating an investigation;
- Appoint a Welfare Manager to support the whistleblower and to protect him or her from any reprisals;
- Advise the whistleblower of the progress of an investigation into the disclosed matter;
- Establish and manage a confidential filing system;
- Collate and publish statistics on disclosures made;
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential; and
- Liaise with the Director of the NGV.

The Welfare Manager is responsible for ensuring the general welfare of the whistleblower and will:

- examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment;
- advise the whistleblower of the legislative and administrative protections available to him or her;
- listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making a disclosure and record details of the incident;
- advise the PDC or the Director of the NGV of the detrimental action
- ensure the expectations of the whistleblower are realistic.

Where the Ombudsman refers a protected disclosure to the NGV for investigation, the PDC will appoint an investigator to carry out the investigation. An investigator will be a consultant engaged for that purpose. The objectives of an investigation will be to:

- collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- consider the information collected and to draw conclusions objectively and impartially;
- maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and
- make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

5. Natural justice

The NGV supports and ensures that natural justice and procedural fairness is afforded to the person who is the subject of the disclosure. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

6. Confidentiality

The PDC, the Welfare Manager and investigators of protected disclosures will take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure remain confidential.

All record keeping is to be maintained separately from other NGV paper and electronic systems. Email must not be used to communicate matters relating to a whistleblower or a protected disclosure.

Criminal offences

The following criminal offences are created by the Act:

1. It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (\$24,000) or two years imprisonment or both.
2. It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (\$6,000) or six months imprisonment or both.
3. It is an offence for a person to obstruct the Ombudsman in performing his responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.
4. It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

Implementation of the Victorian Industry Participation Policy

During 2004–05 NGV commenced no contracts totalling in excess of \$3million in value to which the VIPP applied.

Building Maintenance

In 2004/05, the NGV occupied premises at 180 St Kilda Road, and as a tenant at Federation Square. The NGV complied with the provisions of the *Building Act* 1983.

National Competition Policy

The NGV is committed to competitive neutrality principles ensuring fair and open competition. Many non-core activities such as cleaning, building and facilities maintenance, food and beverage services and security have been outsourced.

Apology

The National Gallery of Victoria would like to acknowledge that copyright for the three Kwoma paintings and sculptures shown in the 2001/02 NGV Annual Report belongs to Dr Ross Bowden. These images cannot be reproduced without Dr Bowden's permission. The National Gallery of Victoria apologise for any distress that the unauthorised reproduction of these images may have caused Dr Bowden.

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The National Gallery of Victoria wishes to acknowledge the following organisations for their generous support during 2004–05.

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The Annual Report of the Council of Trustees National Gallery of Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the NGV's compliance with statutory disclosure requirements.

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