

Art Gallery  
of Western Australia



# Annual Report 2005–06

## Message from the Minister

Access to the arts plays a key role in maintaining the cultural health of our community. An important contribution to this is made by the Art Gallery of Western Australia, as it continues to position our State on the international stage as a destination for business and tourism, and a centre of innovation in the arts.

This was particularly so in 2005–06, with the opening of 'St Petersburg 1900' in July. This exhibition continued the great success of the Gallery in securing and developing international exhibitions for Perth – exhibitions that are vital in providing the community with access to the best international visual arts.

More than eight years of negotiations and planning by Gallery Director Alan Dodge resulted in the Gallery securing over 230 works representing Russian culture at the end of the 19th Century. The exhibition provided Western Australia with a rare and unique cultural experience.

2005–06 also saw the inauguration of the Artist in focus series of exhibitions. It was designed to create an ongoing dialogue with, and for, the arts community as well as providing challenging and focused insights into the work of significant artists in the State Art Collection. Exhibitions this year have featured a wide scope of arts practice from production ceramic 'fancy ware' in 'Wembley Ware – Excitingly Different!', the wall paintings in 'Wall Power', to the sculpture and installations in the 'Ricky Swallow – The Past Sure is Tense' and 'Kate Daw – The Between Space' exhibitions.

In my dual roles as Minister for Culture and the Arts and Indigenous Affairs, I have been delighted to see Indigenous Art from the Collection displayed in two important exhibitions in 2006: 'Identity and Change: Representation and Nyoongar People', and 'Western Desert Satellites'. The former tells us much about the Indigenous communities of Perth and the State's South West, while the stories and connection with country of communities scattered throughout the vast Western Desert region come alive in 'Western Desert Satellites'.

Now an institution on the Art Gallery's calendar, 'Year 12 Perspectives' again displayed a range of art from our talented TEE Art and Art & Design students, and provided us with an insight into the issues facing today's youth and the opportunity to marvel at the incredible talent of our budding young artists.

During the course of the year, Linda Savage Davis resigned from the Board, and new members Nikki Miller and Hamish Beck were appointed. Dario Amara and Belinda Carrigan concluded their terms on 30 June. I would like to thank both of them for their contribution to the Gallery and particularly thank Dario for the strong role he played as chairman of the Board from 2003 to 2006.

I would like to conclude by thanking all members of the Board, the Director Alan Dodge and the Gallery staff, for their efforts in achieving another successful year at the Art Gallery of Western Australia.

**Sheila McHale, MLA**

*Minister for Culture and the Arts*

## Message to the Minister

Hon. S. M. McHale, MLA  
*Minister for Culture and the Arts*

In accordance with section 28 of the *Art Gallery Act 1959* and section 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament the Annual Report of the Art Gallery of Western Australia for the year ended 30 June 2006.

The Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Helen Cook  
*Chair, Board of the Art Gallery of Western Australia*

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# Compliance Statement

Hon. S. M. McHale, MLA  
*Minister for Culture and the Arts*

Dear Minister,

In accordance with section 28 of the *Art Gallery Act 1959* and section 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Art Gallery of Western Australia for the year ended 30 June 2006.

The Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985* and the *Annual Report Framework March 2006* provided by the Department of the Premier and Cabinet.

The Art Gallery of Western Australia is administered under the *Art Gallery Act 1959* (reprinted under the *Reprint Act 1984* as at 5 April 2002). Its management and administration is subject to the provisions of the Act and the following legislation:

*Corruption and Crime Commission Act 2003*  
*Disability Services Act 1993*  
*Electoral Act 1907*  
*Equal Opportunity Act 1984*  
*Financial Administration and Audit Act 1985*  
*Freedom of Information Act 1992*  
*Industrial Relations Act 1979*  
*Library Board of Western Australia Act 1951*  
*Minimum Conditions of Employment Act 1993*  
*Occupational Safety and Health Act 1984*  
*Public and Bank Holidays Act 1972*  
*Public Interest Disclosure Act 2003*  
*Public Sector Management Act 1994*  
*Salaries and Allowances Act 1975*  
*State Records Act 2000*  
*State Superannuation Act 2000*  
*State Supply Commission Act 1991*  
*Workers' Compensation and Rehabilitation Act 1981*

To our knowledge, all relevant written law that has a significant impact on the Art Gallery of Western Australia has been complied with during the year.

Helen Cook  
*Chair, Board of the Art Gallery of Western Australia*

Fiona Kalaf  
*Member of the Board*

21 August 2006

# Profile of the Art Gallery of Western Australia

## Vision

To be a centre of excellence in the visual arts that contributes regionally and internationally to a living culture in Western Australia.

## Mission

To increase the knowledge and appreciation of the art of the world for the enjoyment and cultural enrichment of the people of Western Australia, and to develop and present the best public art collection in the State and the pre-eminent collection of Western Australian art.

## Philosophy

We believe in the relevance of art for and in society and in the contribution that artists make to a living culture. We are committed to the promotion of an ongoing dialogue of ideas through art.

## Values

<i>In valuing:</i>	<i>We strive to:</i>
Respect	Be courteous, cooperative and flexible. Understand the ideas, needs and opinions of others.
Excellence	Be innovative and professional in achieving the Gallery's goals. Earn the respect of our customers, colleagues and the community.
Ethics	Ensure we actively contribute to an ethical organisation. Nurture fair and open relationships with our sponsors, partners, customers, colleagues and the public.
Commitment	Be loyal to the Gallery and its programs. Provide the best possible service for our customers.

## Outcome and outputs

The Art Gallery of Western Australia is a statutory authority within the Culture and the Arts portfolio. For the purposes of Treasury output and outcome reporting, the Art Gallery contributes to the Department of Culture and the Arts' outcome of 'a community that is informed of, and has access to, a diverse range of innovative ideas, knowledge and cultural experiences'. This is reported under the output known as 'Art Gallery Services'.

This output reflects the delivery of the State Art Collection and access to Art Gallery services and programs through visual arts advocacy, Collection development, facilities and services. Services ensure the primary access to art, heritage and ideas locally, regionally and internationally, and their preservation for display in future generations.

## Strategic objectives

The Gallery's Strategic and Operational plans are structured around a Balanced Scorecard Methodology and are structured as follows:

### Gallery development and cultural advocacy through art (customer)

Provide a range of interactive programs and services to create a better understanding and appreciation of art. Develop and maintain the best public art collection in the State.

Provide a program of exhibitions that contextualise the State Art Collection.

Promote the visual arts as a key component of: entertainment, tourism, events, diplomacy / trade and reconciliation.

### Business performance (process)

Achieve best practice in management and corporate governance.

Develop customer focus and improve customer / client relationships.

### Our people (learning and innovation)

Manage staff equitably and link employee performance and development to the Gallery's needs. Grow our professional reputation and be recognised for leadership, expertise and innovation in all fields of endeavour.

### Financial performance

Increase revenue.

Minimise overheads.

Increase net worth.

## Director's Report

The year 2005–06 was one of great achievements and challenges. At a time of issues of global security and increased demand and costs in resources, especially fuel and energy, the expense of running the Gallery and providing a wide range of programs has escalated dramatically. As a result, the Board and staff of the Gallery have had to take a long hard look at how we remain sustainable in the future while still delivering a rich and vibrant Collection program and events. As well, recent art sales have set benchmarks that move even more works of art beyond the resources of the Gallery. This has meant that the Gallery has had to be more strategic in focusing its program and acquisition priorities for the year under consideration and into the future.

An important development by the Minister for the Arts and the State Government was increased Major International Exhibition funding, which provided significant additional resources directed to the sourcing, production and delivery of exhibitions. As a result the Gallery was able to deliver a major international exhibition for the year and continue planning for future exhibitions. As major exhibitions can take up to five years or more to initiate, negotiate and deliver, the ability to commit ahead remains critical to the successful delivery of the Gallery's Major Exhibition Program.

The Art Gallery of Western Australia endeavours to provide Western Australians with the art of Western Australia, Australia and the region, and to bring the art of the world to Western Australia. The major event for the year was 'St Petersburg 1900', an exhibition that looked at the intense creative output in Russia from 1870 to the outbreak of the February Revolution in St Petersburg in 1917. This exhibition, which featured some of the greatest artworks in the State Russian Museum and the St Petersburg State Theatre and Music Museum, provided visitors with a vast array of artworks that influenced the development of the avant-garde. The Art Gallery of Western Australia was the only venue for 'St Petersburg 1900', which attracted over 74,000 visitors. A major catalogue produced by the Gallery accompanied the exhibition.

'St Petersburg 1900' was the platform for a major initiative incorporating other arts bodies, academic institutions and the City of Perth, which provided a winter festival based on the exhibition. 'A Russian Season' was the theme of the first City of Perth Winter Festival program. Ballet, opera, art exhibitions, museum and library exhibits, poetry readings and lectures all reflected aspects of Russian culture and brought the city alive. Even the winter school holidays were given a Russian flair, with a Russian winter palace built in Forrest Chase. The festival was so successful that it is to become an

annual event, with visual art exhibition on a special theme every second year.

Another initiative by the Gallery was the introduction of an ongoing program of Artist in Focus exhibitions. This began with 'John Nixon: Matter' which opened in May 2005. Another five Artist in Focus exhibitions were held during the year. These included 'Wall Power', 'Wembley Ware – Excitingly Different!', 'Swamp Op – Brent Harris', 'Ricky Swallow – The Past Sure Is Tense' and 'Kate Daw – The Between Space'. Each of the Artist in Focus projects is accompanied by a catalogue produced by the Gallery. These exhibitions allow for an in depth look at a single artist or group of artists. Such exhibitions, which often feature key works in the State Art Collection, extend the range and possibilities for our community to engage with the art of Western Australia, Australia and beyond.

The Gallery again presented the immensely popular 'Year 12 Perspectives', showcasing some of the best work produced by Year 12 Art and Art & Design students in Western Australia. This ongoing partnership with the Department of Education and Training continued the Gallery's commitment to youth and education. A partnership with the International Foundation for Arts and Culture has allowed an ongoing exchange with Japanese student artists. Support from Woodside Petroleum has provided for the 'Year 12 Perspectives' to travel to Karratha and for workshops in Karratha and Port Hedland, which provide professional development for Art and Art & Design staff and students.

A major exhibition of international contemporary art, 'Edge of Desire: Recent art in India', toured to New York, Mexico and California during this period, and final negotiations are being made to take the exhibition to India in 2006. 'Edge of Desire' was the result of an important collaboration between the Art Gallery of Western Australia and the Asia Society in New York.

As an important element of their commitment to Western Australian art and artists, the curatorial staff visited galleries and studios to select a group of artists to feature in our second 'mix tape'. This immensely popular show has now become a regular feature of the Gallery's exhibition program. In addition, a glamorous new installation of historical Western Australian art was presented in the Gallery's main building. The year saw the final stage of a national tour of 'Howard Taylor: PHENOMENA', in Hobart, Bunbury and Geraldton. The three-year national tour introduced the work of this Western Australian artist to over 188,000 viewers. The year ended with a new installation of historical art from the State Art Collection.

The Gallery acquires works of art to build on the strength of the State Art Collection. During the year, it acquired by purchase or gift a number of key Australian Indigenous works. These include paintings and prints by artists Shane Pickett, Laurel Nannup, Wentja Napaltjarri No.2, Kay Lindjuwanga, Samuel Namunjda, Dorothy Napangardi Robinson, Elizabeth Kandabuma, Anmanari Brown, Angilya Mitchell, Nyukana (Daisy) Baker, Donald Moko, Clinton Nain, Brenda Croft, Brook Andrew and Ronnie Tjampitjinpa. Some of these works were featured in the exhibition 'Western Desert Satellites', which opened in April 2006, and in 'Identity and Change: Representation and Nyoongar People'. A publication was produced by the Gallery to accompany the exhibition 'Western Desert Satellites'.

Other key acquisitions of Australian and Western Australian art, some by gift and others by purchase, included an important watercolour, *Perth Town Hall 1935* by Portia Bennett, a rare porcelain by John Perceval, drawings by Frank Hinder, works by Janet Burchill and Jennifer McCamley, Peter Cooley, Brian Blanchflower, Rodney Glick and Lynnette Voevodin, Brent Harris, Robert Hunter, Rosalie Gascoigne, Richard Larter and Kate McMillan. Among the gifts this year, a key addition to the Collection was a group of twenty-three works on paper by Albert Tucker. The artist's widow, Barbara Tucker, donated these works, which complement recent purchases and gifts of Tucker's paintings. In addition, a major work by Ricky Swallow, *Humans are smarter / Prequel 1999* was donated to the Collection by John McBride, while Jim O'Connor gave the Gallery *Sunflowers* by Western Australian artist Kathleen O'Connor.

The award of the Tom Malone Prize and purchases in the area of contemporary design generously supported by the Peter Fogarty Design Fund yielded important works for the Collection. Now in its fourth year, the Tom Malone Prize was awarded to Benjamin Sewell for his *Disk with symbols*, a subtle and elegant glass piece that is a significant addition to the Gallery's decorative arts holdings. Elizabeth Malone established the prize in honour of her late husband, Tom Malone, while the Peter Fogarty Design Fund was created with monies donated by Tim Jeffery as a lasting memorial to his late partner. To date it has supported the purchase of sixteen works by emerging Australian designers for the State Art Collection.

Among the social events of the year, the highlight was undoubtedly 'A night in St Petersburg Winter Dinner'. This black-tie event, hosted by the Art Gallery of Western Australia Foundation which featured a preview of the exhibition 'St Petersburg 1900', raised funds towards the exhibition program. Guests of honour for the evening

included Lieutenant General John Sanderson, AC, Governor of Western Australia and Mrs Sanderson; His Excellency Mr Leonid Moiseev, Ambassador of the Russian Federation and Mrs Moiseev; Ms Irina Yevstigneeva, Director of the St Petersburg State Theatre and Music Museum; Dr Evgenia Petrova, Deputy Director of the State Russian Museum; Mr Joseph Kiblitky, Head of International Projects, State Russian Museum; Professor John E. Bowlt and Professor Nicoletta Misler. The Foundation held a number of other events throughout the year.

The Art Gallery of Western Australia Foundation was also the recipient during the year of two major bequests to support the State Art Collection: the Linton Currie Trust to support research, acquisitions and presentation of Western Australian art and craft of the period 1900 to 1950, and the Leah Jane Cohen Bequest, to support the acquisition of works for the State Art Collection in the areas of Indigenous Australian Art and works made primarily from glass.

The Art Gallery supported the State's commitment to Indigenous culture by initiating a strategy to support Indigenous people wishing to work in the arts industry. An Indigenous Curatorial Internship was established in partnership with AngloGold Ashanti Australia Limited, Carey Mining, Roche Mining and Curtin University of Technology; it provides a young Indigenous graduate with a three-year internship combining practical gallery training with postgraduate study. The first candidate for the program is Chad Creighton, who began his internship in February 2006.

The Friends of the Art Gallery of Western Australia is a separately incorporated body that works to support the Gallery by raising funds for acquisitions, acting as an advocate for the Gallery and providing a wide array of programs for its members and the public. Among its many activities for the year, the highlight was the creation of the Friends Red Room for Children, an interactive and interpretive space designed especially for the exhibition 'St Petersburg 1900'. The Friends also supported a special lounge for the exhibition and numerous programs, including the Friends Free Sunday Presentation Series, the Friends Look & Talk Art Trail and the Friends Winter Wonderland Family Day. All this was made possible by grants from Lotterywest. 'St Petersburg 1900' and the Friends Red Room were also the focus for the City of Perth Playground Pass during the winter holiday period.

During the year the Art Gallery of Western Australia's disability access and inclusion programs, and a facilities upgrade, received State recognition with the achievement



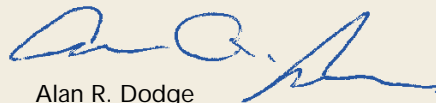
of two Accessible Community Awards – the Dr Louisa Alessandri Award for Excellence and the Accessible Communities Award for improvements in access and inclusion by a State Government Agency. The Gallery also won the *WA Business News* 'Best Media Partnership Award' with Marketforce in the 2005 State Art Sponsorship Scheme. The Gallery was also 'highly commended' for the same partnership in the Australian Business Arts Foundation Awards.

The Gallery continued to refine its teams management structure during the year. Further planning addressed sustainability issues and the whole-of-government initiative to provide shared services across the public service. This has existed across the portfolio of the Department of Culture and the Arts, and new shared services arrangements will support the Gallery in the continued achievement of strategic objectives. The Gallery and the Board recognise the importance of establishing a detailed, outcome-driven, service-level agreement with the Department and the Office of Shared Services, to enable the Board to meet its obligations as a statutory authority to assure compliance with the *Financial Administration and Audit Act 1985* and the *Art Gallery Act 1959*.

The Gallery commenced an upgrade of the Gallery fire detection and early warning indicator system to current Australian Standards. The upgrading of the front-of-house services continued with improvements to facilities in the Art Gallery Shop as part of our ongoing program of capital works, together with a review of the pedestrian counting system, which will be upgraded in the coming year. Asset management has been enhanced with the implementation of programs for the stocktake and valuation of the State Art Collection. The valuation procedure uses a new sampling methodology developed in consultation with the Office of the Auditor General. Planning continues to address the short-term and long-term storage requirements of the State Art Collection. A major overhaul of existing storage occurred five years ago to meet our needs at that time; it is now again necessary to meet the challenge of providing storage for the Collection.

During the year planning continued for the exhibition program and other events that define the year and focus the Gallery's activities. Work continued on a major partnership with the Perth International Arts Festival for the presentation of 'Raised by Wolves' as the central visual arts event of the 2007 Festival. In April the Director travelled to Paris to assist in content negotiations with the Musée du Louvre for a major 2007 exhibition of Egyptian antiquities to be presented in partnership with Art Exhibitions Australia, the National Gallery of Australia and the Art Gallery of South Australia.

Long-range planning for the State Art Collection and the program and operations of the Gallery was a major focus in 2006. The Strategic Plan 2007–2011, approved by the Board, aligns the provision of Art Gallery Services with 'Better Planning: Better Futures – Strategic Planning Framework for the Western Australian Public Sector'. The challenge for the Gallery is to deliver the State Art Collection, events and participation in an environment of rising costs, diminishing resources and increasing competition. A key priority outcome for Government is arts advocacy, which stimulates the public through primary access to art, heritage and ideas locally, regionally and internationally. The Strategic Plan sets out objectives and priorities, a schedule of principal activities and Collection targets. These align resources to deliver our events-driven business model to provide Art Gallery Services, financial sustainability, good governance, stimulating exhibitions and programs, effective infrastructure development, increased human, financial and physical resource capacity, and asset management.



Alan R. Dodge  
Director, Art Gallery of Western Australia

# Report on Operations and Compliance with Government Accountability Requirements

The report on operations and compliance with Government accountability requirements is structured to reflect the Government's five goals as outlined in its 'Better Planning: Better Services' framework.

## People and Communities

### State Art Collection

The reporting period 2005–06 was the final year of a five-year acquisition policy cycle targeting Australian art with a particular emphasis on Western Australian Art and Indigenous Art. In meeting this acquisition target, 134 new works of art were introduced into the Collection, 69 purchased with support from the State Government, the Contemporary Art Group and the Art Gallery of Western Australia Foundation and 61 received as gifts. Significant acquisitions were works by Brook Andrew, Portia Bennett, Rodney Glick, Dorothy Napangardi Robinson, Ronnie Tjampitjinpa, Albert Tucker and Lynnette Voevodin. Major gifts included works by Brian Blanchflower, Rosalie Gascoigne and Brent Harris. Four additional works, purchased as part of the exhibition program, were retained and transferred into the State Art Collection.

### Friends of the Art Gallery of Western Australia

Annual membership of the Friends of the Art Gallery of Western Australia enables people to become closely involved with the Gallery, enjoying and appreciating art through educational and social programs.

Funds raised by Friends events support programs and acquisitions by the Gallery.

### Youth Outcomes

The Art Gallery of Western Australia promotes and supports youth interaction with art and the State Art Collection via the following initiatives: guided tours and specially designed activities for school children; the provision of resource kits for teachers; and the exhibition 'Year 12 Perspectives', which showcases the best work of year 12 Art and Art & Design students.

### Substantive Equality

The Art Gallery of Western Australia is committed to the elimination of systemic racial discrimination from all policies and practices of Art Gallery services. The Art Gallery will promote sensitivity to the diverse needs of customer groups, and will integrate substantive equality initiatives into current principles and practices of the organisation.

The Art Gallery has committed to implementing the Policy Framework for Substantive Equality, and will commence implementation following the successful completion of substantive equality initiatives in all Directorates of the Department of Culture and the Arts. The Art Gallery is one of the participating Portfolio Organisations represented on the Substantive Equality Reference Group to provide guidance and consultation on the implementation of the Policy Framework over the five-year time frame.

#### Disability Access and Inclusion Plan Outcomes

Implementation of the Disability Services Plan and the 2004–07 Action Plan continues in all areas of the Gallery. Representatives from all teams meet quarterly to ensure compliance.

In December 2005, the Gallery's achievements in the area of disability access and inclusion were recognised with two Accessible Communities Awards, provided as a partnership between the Disability Services Commission and People with Disabilities WA (Inc.) and the Office of Seniors Interests and Volunteering.

'The Accessible Communities Award for improvements in access and inclusion by a State Government Agency'

'Dr Louisa Alessandri Award for Excellence'

#### Cultural Diversity and Language Services Outcomes

The opportunity to include visitors from culturally diverse backgrounds presented itself with the design and implementation of an interpretive visitor program to support the 'St Petersburg 1900' exhibition. The Gallery liaised with local Russian community members and invited them to participate in the planning and delivery of the Friends/Lotterywest Visitor Program:

- A 'Friends Look & Talk Trail', produced by education staff, was translated into Arabic, Italian, Mandarin, Russian and Vietnamese.
- Members of the Russian community were employed to deliver a series of Sunday-afternoon presentations that highlighted aspects of Russian history and culture.

## The Economy

### Strategic Partnerships (Foundation and Sponsors)

During the year the Gallery continued to receive strong support from individuals and organisations that acknowledged the significant benefits of a flourishing arts sector to both their own families and businesses as well as the broader community.

The Art Gallery of Western Australia was privileged to have the continuing annual support of:

Wesfarmers Arts  
The West Australian  
Marketforce  
Channel 7 Perth  
Mirvac Hotels and Resorts  
The International Foundation for Arts and Culture

Programs and exhibitions in 2005–06 were generously sponsored and supported by:

720 ABC Perth  
Aalto Colour  
AngloGold Ashanti Australia Ltd  
Neil Archibald  
Australia-India Council  
B'Hada Beauty  
Bayview Day Spa  
Peter and Stella Blaxwell  
Body Wise  
Bunker Bay Quay West Resort  
Jeff and Amy Burch  
Caffissimo  
Carey Mining  
Michael and Rose Chaney  
James and Linda Christou  
Susan Clements  
Helen, Rose and Alan Cook  
Rick Cullen  
Curriculum Council of Western Australia  
Curtin University of Technology  
Gordon Darling Foundation  
Brett and Angelina Davies  
Linda Savage Davis and Stephen Davis  
Department of Education and Training  
Alan R. Dodge  
Trevor and Judy Eastwood  
EMM Aveda Salon Cottesloe  
Escape Day Spas  
Fabergé  
Fairfax & Roberts  
Bill and Jenny Fairweather

Brett and Annie Fogarty  
Robin and Liz Forbes  
Frasers Restaurant  
Friends of the Art Gallery  
Friends Restaurant  
Linda Fry  
Globetrotter Corporate Travel  
Holly Grace  
GRD Minproc  
Evelyn Hall  
Mack and Evelyn Hall  
Hawaiian Management Group  
Hermitage Diamonds  
Heyder & Shears  
Howard Park  
HS Reflections  
Illumination  
Intercontinental Burswood Resort  
Verity James  
KPMG  
Lamb Printers Pty Ltd  
Linneys  
Little Creatures Brewing  
Margaret River's Secret Garden  
MIX 94.5  
Mondo Butchers  
Nova 93.7  
Fred and Georgina Nagle  
Napoleon Street Florist  
Brian and Avril O'Brien  
Perth Audiovisual  
John Poynton  
PricewaterhouseCoopers  
Roche Mining  
Ruth Rowell Phelps  
Smirnoff  
Stafford Studios  
Stephen McHenry Wine Merchant  
Edward Tait  
Taltarni Vineyards  
John Tate  
Tony Taylor  
The Oyster Bar  
Thomas Meihofer Jewellery Design  
Rodney and Penelope Thompson  
Ian and Sue Trahar  
UWA Perth International Arts Festival  
Visions of Australia, a Commonwealth Government  
Program  
West Australian Symphony Orchestra  
Woodside Energy Ltd

## Foundation

Since its formation in 1989, the Art Gallery of Western Australia Foundation has provided an opportunity for art lovers to provide their support, both financial and in kind, to the Art Gallery of Western Australia, nurturing and supporting the Gallery while enhancing the cultural wellbeing of the entire community.

Members provide their support across a number of significant areas including the Contemporary Art Group, the Living Centre for the Indian Ocean Rim and Sculpture Garden, and the acquisition fund.

Many donors also provide their support through the donation of works of art through the Commonwealth Government's Cultural Gifts Program.

In return for their generous support, Foundation members enjoy a lifetime association with the Gallery and a close relationship with the Director and the curatorial team.

## Foundation Council

The Foundation is overseen by the Foundation Council, a voluntary group whose primary role is to develop and continually expand a network of individuals and organisations to provide financial and other support to the Gallery.

During the reporting period the Foundation welcomed new council members Mr Ian Trahar, Mr John Hanley and Mrs Jo Dawkins.

## Foundation Council membership during 2005–2006:

Dario Amara	(Board Chairman) From September 2003
Brett Davies	Chairman from April 2004 / Councillor from August 2002
Alan R. Dodge	(Director) From January 1997
Annie Fogarty	From March 2004
Ian Trahar	From February 2006
Jo Dawkins	From December 2005
John Hanley	From December 2005
Marlene Stafford	From October 2004

## Foundation Members

The Gallery is honoured to acknowledge and thank the following organisations and individuals for joining it in its quest to provide the best possible State Art Collection to the people of Western Australia.

Membership of the Art Gallery of Western Australia Foundation is divided into six categories. The category of membership is determined by the level of contribution to the Foundation over a five-year period.

### Honorary Patron

His Excellency Dr Kenneth Michael, AC  
*Governor of Western Australia*

### Patrons *Not less than \$1,000,000*

Sue and Ian Bernadt\*  
The late Leah Jane Cohen  
Dr Jo Lagerberg and Dr Steve Swift  
The late Dr Harold Schenberg\*

### Vice Patron *Not less than \$500,000*

Anonymous Donor  
Government of Western Australia  
The late Betsey Linton  
The late Dr Rose Toussaint\*  
Barbara and the late Albert Tucker

### Governor *Not less than \$100,000*

BHP Billiton Community Trust\*  
The Christensen Fund  
Freehills\*  
Friends of the Art Gallery of Western Australia\*  
Robert and Lesley Girdwood  
Evelyn and the late Kemp Hall  
Janet Holmes à Court, AO  
Robert Juniper  
The late May Marland\*  
James Mollison, AO  
John Nixon  
Max Pam and Jann Marshall  
The late Clifton Pugh, AO  
Kerry Stokes, AO  
Sheila and the late Howard Taylor, AM  
Wesfarmers Limited\*  
Westpac Banking Corporation / Challenge Bank\*  
Lyn Williams

### Benefactor *Not less than \$50,000*

Agapitos / Wilson Collection  
E. L. (Mick) Bolto  
Sue Bolto  
Margot Bunning and family\*  
Gunter Christmann  
Sir James and Lady Cruthers  
Robin and Elizabeth Forbes  
Gordon Darling Foundation  
Mandy Juniper  
Dr Douglas Kagi  
Kathleen O'Connor Advisory Committee  
Ben and Helen Korman  
J. Barris and Judith Lepley  
Elizabeth Malone  
Graeme Morgan  
Judge Jim O'Connor  
The Stan Perron Charitable Trust  
The Shell Company of Australia Limited\*  
Mitchiko Teshima

\* *Indicates Gallery naming privileges accorded to the donor.*

### Fellow *Not less than \$15,000*

Dr David Alltree  
Dario and Susan Amara  
AngloGold Ashanti Australia Limited  
Dr Bruce Bellinge  
Barbara Blackman  
Brian Blanchflower  
Eileen Bond  
John Brunner  
Fiona Clarke (in memory of Mrs Jean Clarke)  
Commonwealth Bank of Australia  
Esther Constable  
Professor Ian Constable, AO  
Syd and Danae Corser  
Daniels Printing Craftsmen  
Trevor and Judy Eastwood  
Ernst & Young Chartered Accountants  
Christine and Winston Foulkes-Taylor  
Ben Gascoigne  
Julian Goddard and Glenda de Fiddes  
David Goldblatt  
Helen Grey-Smith and children  
Diether Hanisch  
Gerie and Ole Hansen  
ICI Australia  
Kevin and Jan Jackson  
Dr Tim Jeffery  
The late Cliff Jones  
Dr Graham Linford  
Robert MacPherson  
Siné MacPherson and Gary Dufour

John McBride  
Diane McCusker  
Ken and Merran McGregor  
Dr Fred and Mrs Georgina Nagle  
National Australia Bank Limited  
The Peplow Family  
Angela Roberts  
Ruth Rowell Phelps  
Anthony Russell  
Dr John Saunders and Thea Marsh  
Anna Schwartz  
Gene and Brian Sherman  
Graham and Marlene Stafford  
Vivienne Stewart  
Brian Swan  
Ian and Sue Trahar  
Women's Service Guild of Western Australia  
Ashley Zimpel

**Member**                      *Not less than \$4,000*

Aisen Family Trust  
All Purpose Access  
ANZ Banking Group Limited  
Neil Archibald  
Monique and Sam Atlas and family  
Australian Campaign for Tibet (WA) Inc.  
BankWest  
Shelley Barker  
John Barrett-Lennard  
Corinne Barton  
R. G. Bennett  
Peter and Stella Blaxell  
Keith Bradbury  
Brigitte Braun  
Brett Davies Lawyers  
Claire Brittain  
Margaret Brophy  
The late Lina Bryans  
Sally Burton  
Bruce Callow & Associates Pty Ltd  
Fraser Campbell  
Estate of John Chilvers  
Susan Clements  
Jock Clough  
Helen Cook  
The late Chandler Coventry  
Anne Cranston  
Dr Ben Darbyshire  
Dr and Mrs N. J. Davis  
Jo Dawkins  
Lauraine Diggins  
Alan R. Dodge  
Marco D'Orsogna  
Pamela Douglas  
Hilaire Dufour

Hollis Dufour  
Meredith Dufour  
Edwin Eames  
The late David Englander  
Jenny and Bill Fairweather  
Michael J. Fallon  
The Feilman Foundation  
Fini Group of Companies  
Fire & Emergency Services Authority  
Allan and Lynette Fletcher  
Annie and Brett Fogarty  
Larry and Peggy Foley  
Rodney Glick and Lynnette Voevodin  
Mark Grant  
Grant Thornton Chartered Accountants  
Greenhill Galleries  
Alix and Geoffrey Grice  
Guardian Resources (Joshua Pitt)  
Lloyd and Jan Guthrey  
Dorethea Hansen-Knarhoi  
Kim Hawkins  
Lyn-Marie Hegarty  
Michael Hoad  
Estate of Dr Ernest Hodgkin  
Diana Hodgson  
Julie Hoy  
John Hughan  
The late Judy Hughes  
Don and Joan Humphreys  
Jim and Farida Irani  
Japan Chamber of Commerce and Industry in Perth Inc.  
Ron Jee  
Barry and Pamela Johnston  
Joyce Corporation Ltd  
Katherine Kalaf  
Melissa and Kasia Kelly Dang  
Jennie Kennedy  
Jeff Kerley  
Kosta Boda, Sweden  
Lamb Printers Pty Ltd  
Estate of Clifford Last  
Ross and Fran Ledger  
Cherry Lewis  
Michele MacKellar  
Bea Maddock  
Lesley Maloney  
Bettina Mangan  
Jan and Bill Manning  
Dr Anthony McCartney and Jacinta McCartney  
Bryant and Tedye McDiven  
John McGlue and Sharon Dawson  
Esther Missingham  
Moët & Chandon Art Foundation  
Geoffrey and Valmae Morris  
The late Kenneth Myer

Etsuko Nishi  
Avril S. and Brian J. O'Brien  
Robert O'Hare  
Norah Ohrt  
Mimi and Willy Packer  
Maureen Paris  
Georgina Pearce  
Poolman Management  
Rosemary Pratt  
Howard and Lindsay Read  
Estate of Ian Richmond  
Joy Sandford  
Linda Savage Davis and Dr Stephen Davis  
Roslyn Searle and David Hough  
Celia Searle  
Stirling and Judy Shaw  
John and Marie-Louise Simpson  
Singapore Airlines  
Cecily A. Skrudland  
Darryl and Heather Smalley  
St Martins Properties Australia Pty Ltd  
Stateships  
Geoffrey Summerhayes OAM  
Gloria Sutherland  
John and Antoinette Tate  
Rodney and Penelope Thompson  
Edna Trethowan  
Peter Tyndall  
Patsy Vizents  
Mark Walker  
Patti Warashina  
Diana and the late Bill Warnock  
Darryl and Margaret Way  
Estate of Ian Whalland  
Donna White  
Heather Whiting  
Richard Wilenski and Fiona Kalaf  
Ian and Jean Williams  
Ron and Sandra Wise  
Woodside Petroleum Ltd  
Brigid Woss  
Yacht Grot  
Di Yarrall  
Carlos Zerpa  
Dr Dolph W. Zink, AM, and Mrs Zink

## Publications

*Preview*, printed quarterly, remained the Gallery's primary printed publication, supplemented by the production of exhibition-specific material. *Preview* was distributed via the State Library system, direct mail, cafes, private galleries, cinemas and hotels, as well as through the Gallery itself.

The Gallery produced ten catalogues during the year: *St Petersburg 1900*, *Wall Power*, *Wembley Ware – Excitingly Different!*, *mix tape*, *Swamp Op – Brent Harris*, *Year 12 Perspectives*, *Tom Malone Prize 2006*, *Western Desert Satellites*, *Ricky Swallow – The Past Sure is Tense*, and *Kate Daw – The Between Space*.

## Gallery Shop

The Gallery Shop continued to grow during the last year, with sales during the 'St Petersburg 1900' exhibition exceeding all expectations and the Christmas season increasing each year.

During 'St Petersburg 1900' the shop had the opportunity to present traditional Fabergé jewels from Fairfax and Roberts of Sydney. This started with a generous donation of a Fabergé Egg pendant for the Foundation auction evening. The special Fabergé shop functions for Foundation and Friends, as well as the attendance over the three days, were a highlight of the shop's and the Gallery's events related to the exhibition 'St Petersburg 1900'.

## Venue Hire

In line with the Gallery's restructure, venue hire has become the responsibility of the Development & Access Team, acknowledging the important role functions play in audience development. It continues to be a success, with more than 11,494 people attending functions during the year.

## Capital Works

The Gallery will receive in 2006–07 \$750,000 special State Government funding to carrying out an upgrade of its early-warning indicator and fire-detection systems. This was considered essential to enable the effective management of risk with regard to works of art, both on loan and in the State Collection, as well as providing effective protection for the Gallery's visitors and staff. The project commenced in March 2006.

## The Environment

### Waste Paper Recycling

During the 2005–06 reporting period the Art Gallery of Western Australia recycled 1,200 kilograms of waste paper and 9,600 kilograms of newspapers and packaging cardboard.

### Energy Smart Government Policy

In accordance with the Energy Smart Government policy the Art Gallery of Western Australia is working to achieve a 12% reduction in non-transport related energy use by 2006–07 with a further 10% targeted for 2005–06.

### Explanation of Variance

The priority of the Gallery is to maintain constant environmental conditions for the protection of the State artworks in its care. The consumption of energy continues to be erratic due to fluctuating seasonal changes and to the age of the plant.

The consumption and cost decrease achieved by the Gallery during the year can only be confirmed by the improved efficiency of the air-conditioning plant that underwent a major upgrade during the 2004–05 period. The Gallery is genuinely focused upon the Government Energy Smart initiative.

Energy Smart Government Program	Base Line	2001/2	2002/3	2003/4	2004/5	2005/6	Var %
Energy Consumption (GJ)	33,067	33,319	35,255	31,755	30,879	30,723	-7%
Cost (\$)	580,196	580,196	478,184	473,577	563,880	552,561	-5%
Greenhouse Gas Emissions (Tonnes of CO <sub>2</sub> )	4,825	4,889	5,236	4,793	4,773	4,879	1%
Performance Indicators (GJ/sqm)	2.47	2.49	2.64	2.37	2.28	2.29	-7.3%



## The Regions

### Regional Development

Considerable funding and support provided by the Gallery to the Geraldton and Bunbury Regional Art Galleries continued to result in quality access to the arts throughout Mid West and South West regional Western Australia.

Through twenty-two locally and nationally generated exhibitions and associated public programs, more than 14,000 people participated in Geraldton Regional Art Gallery activities. Through its outreach programs, a wide range of audiences have been connected with the visual arts, which has the potential to enhance the wellbeing of regional communities.

The Director of the Geraldton Regional Art Gallery served on the Visions of Australia Committee. While enhancing the Gallery's reputation on a national basis, this membership brought a strong regional perspective to the Committee, increased the Director's expertise in servicing regional Australia, and enhanced the Gallery's reputation on a national basis.

Despite not being able to recruit a Director throughout the period, the Bunbury Regional Art Galleries continued to serve the city and South West Region, maintaining its reputation as one of the premier regional galleries. The 'South-West Survey' represented the best of regional art through 113 local artists. This was one of twelve exhibitions that were regionally generated and complemented by a further five touring exhibitions. Additionally, seventeen community exhibitions were presented. This exhibitions program saw just over 17,000 people visit the Bunbury Regional Art Galleries.

Interaction with the Indigenous communities continues to be an important component of the Galleries' activities. A further twelve months' funding for the Indigenous Arts Development Officer's wage was secured, ensuring this program will continue for the foreseeable future. The key achievement in the area was the staging of 'Nyoongar Country', a series of exhibitions that incorporated original arts practice with historic photographic images, documenting the experience of children at the nearby Roelands Mission.

As a result of a long-term sponsorship agreement, the Art Gallery of Western Australia conducts annual staff and student development workshops in Karratha and Port Hedland in support of the Years 11 and 12 Art and Art & Design programs. This complements the popular annual 'Year 12 Perspectives' exhibition hosted at the Gallery and made available on line via the Gallery website.

The 'Howard Taylor: PHENOMENA' national exhibition tour included both the Bunbury and Geraldton Regional Art Galleries. As well as providing access to nationally acclaimed works of art, the tour created opportunities for experienced Art Gallery of Western Australia staff to provide on-site training in relation to exhibition design, installation and marketing.

## Governance

### The Board and its Sub-committees

The Board of the Art Gallery of Western Australia, through the Director and staff, is responsible for the care and control of the Art Gallery, its assets, including the State Art Collection, and the exhibitions and other programs.

#### Board Members

##### Chair of the Board (designate)

Helen Cook

*(Chair term from 4/07/06)*

*(First appointed 26/10/04)*

##### Chairman of the Board

Dario Amara

*(from 27/06/00 to 30/06/06)*

Hamish Beck

*(First appointed 17/01/06)*

Belinda Carrigan

*(from 24/06/03 to 30/06/06)*

Linda Savage Davis

*(from 31/12/02 to 31/12/05)*

Fiona Kalaf

*(First appointed 24/06/03)*

Kieran Kinsella

*(First appointed 20/01/04)*

Dr Nikki Miller

*(First appointed 17/01/06)*

*Ex officio Member*

Alastair Bryant

*(First appointed 31/01/01)*

### Board Meetings Attended

Seven Board meetings were held during the year.

The number of meetings attended by each member and the number held during their period of appointment are shown below:

Dario Amara	7 of 7
Alastair Bryant or representative	6 of 7
Belinda Carrigan	4 of 6
Helen Cook	7 of 7
Fiona Kalaf	6 of 7
Kieran Kinsella	7 of 7
Linda Savage Davis	4 of 4
Hamish Beck	4 of 4
Nikki Miller	4 of 4

### Audit & Risk Management Committee

Kieran Kinsella

*(Chair from February 2006, Member from February 2004)*

Linda Savage Davis

*(Chair from October 2003 until February 2006)*

Belinda Carrigan

*(from December 2004 to February 2006)*

Helen Cook

*(from February 2006)*

Shane Devitt (External Member)

*(from October 2004)*

Nikki Miller

*(from February 2006)*

Alan R. Dodge (Executive Member) (by invitation)

*(from October 2003)*

Linton Broomhall (Executive Officer)

### Development Committee

Helen Cook

*(Chair from January 2005, Member since October 2004)*

Hamish Beck

*(from February 2006)*

Belinda Carrigan

*(Chair from October 2003 to December 2004, Member to June 2006)*

Linda Savage Davis

*(from October 2004)*

Alan R. Dodge (Executive Member)

*(from October 2003)*

Lyn-Marie Hegarty (Executive Member)

Gary Dufour (Executive Officer)

### Finance & Operations Committee

Fiona Kalaf

(Chair from October 2003)

Alastair Bryant

(from February 2006)

Helen Cook

(from October 2004 to February 2005)

Dario Amara

(from December 2004 to June 2006)

Angel Barrio (External Member)

(from August 2004)

Alan R. Dodge (Executive Member)

(from October 2003)

Donna Gilbert (Executive Member)

(from April 2004 to February 2006)

Renato Sansalone (Executive Member)

(from June 2006)

Gary Dufour (Executive Officer)

(from October 2003)

### Business Plan

The Gallery's commitment to being a centre of excellence in the visual arts continues to drive its planning process.

For the reporting year, the Gallery, through its operational plan, worked to outcomes that serviced its long-term strategies. The planning process also identified a business model and challenges for the year under review. Major initiatives were developed and tracked, along with financial trends and issues.

### Risk Management

Risk management activities continued as a key focus during the year through multiple forums including, in particular, the Gallery's Occupational Safety and Health Committee and reviews of strategic maintenance requirements and resultant capital project expenditures.

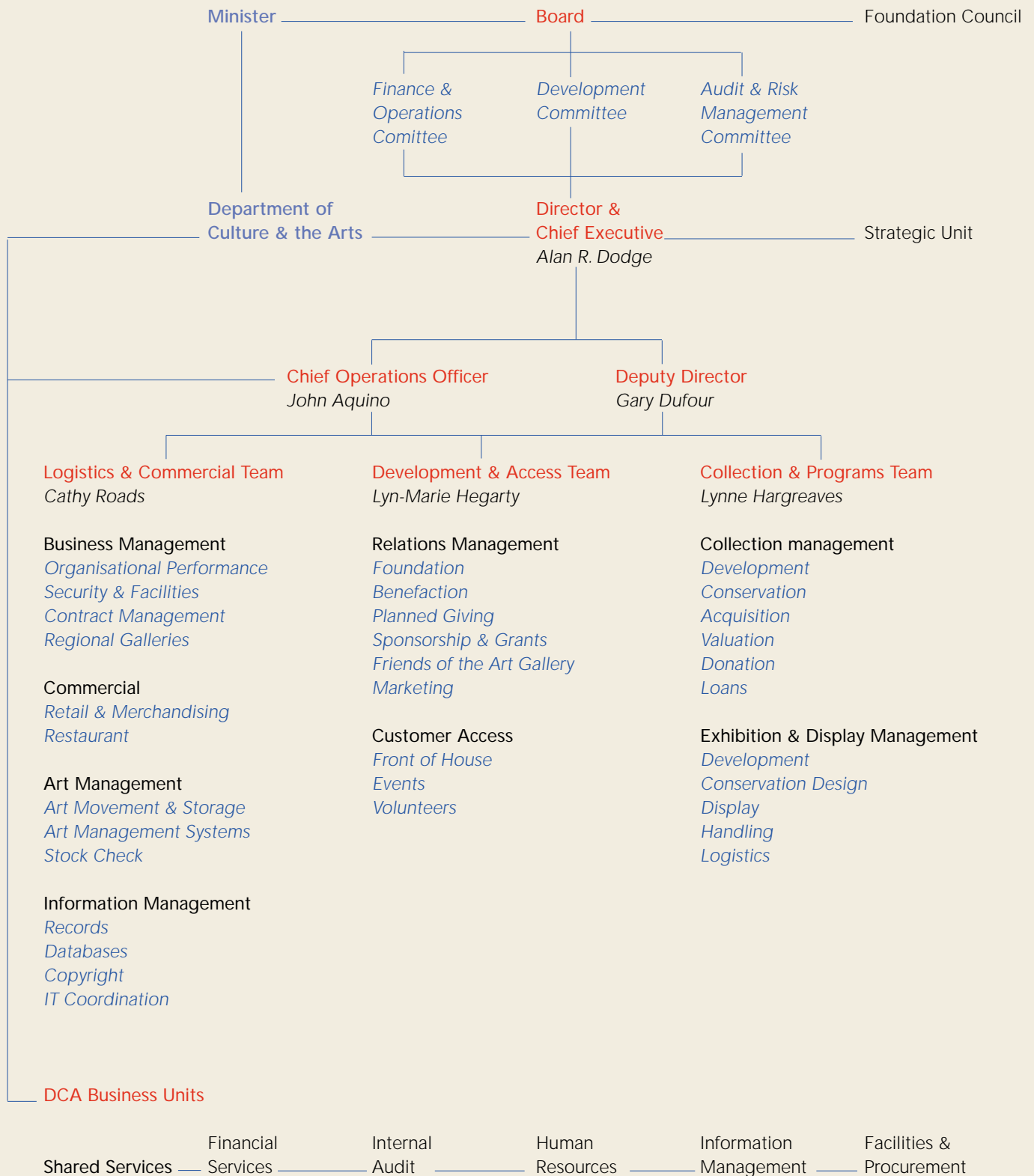
During the year the Gallery expended significant resources in conducting extensive workshops with all staff to delineate key risks and allocate individual responsibility for those risks. This project will continue during the next reporting period with the implementation of a schedule to facilitate the compilation of management reports from the risk database. This will allow risk management treatments and actions to be undertaken at all levels of the organisation, commensurate with the various risk environments.

### Organisational Structure

The Gallery's ongoing development of self-managed teams resulted in a review of its outcomes-based structure.

As a result of the organisational review, and effective from 3 October 2005, the previous five teams were reduced to three operational teams – Collection & Programs, Development & Access and Logistics & Commercial. Key positions were reviewed, and the Gallery's focus on risk management and events is reflected in the organisational chart on the following page.

## Organisational structure from October 2005



## Evaluations

The following outlines the alignment of the Art Gallery of Western Australia's provision of Art Gallery Services with the Government Goals and Priorities of *Better Planning: Better Futures – Strategic Planning Framework for the Western Australian Public Sector*.

Government Goal and Priority areas	Outcomes	Service
<p><b>Goal: People and Communities</b></p> <p>Priority areas:</p> <ul style="list-style-type: none"> <li>• Services</li> <li>• Lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>• To enhance the quality of life and wellbeing of all people throughout Western Australia.</li> <li>• To provide quality and accessible services to all Western Australians.</li> <li>• To protect and enhance Western Australia's unique lifestyle and environment.</li> <li>• To promote a society that is culturally rich, artistically inspired and intellectually stimulated.</li> </ul>	Art Gallery Services
<p><b>Goal: The Economy</b></p> <p>Priority areas:</p> <ul style="list-style-type: none"> <li>• Services</li> <li>• Jobs and the Economy</li> <li>• Lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>• To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.</li> <li>• To provide quality and accessible services to all Western Australians.</li> <li>• To encourage the development of creativity for competitive advantage.</li> <li>• To enhance growth in the Western Australian economy and create more jobs.</li> <li>• To protect and enhance Western Australia's unique lifestyle and environment.</li> <li>• To secure a social infrastructure built and maintained to a high standard.</li> </ul>	Art Gallery Services
<p><b>Goal: The Regions</b></p> <p>Priority areas:</p> <ul style="list-style-type: none"> <li>• Services</li> <li>• Lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that regional Western Australia is strong and vibrant.</li> <li>• To provide quality and accessible services to all Western Australians.</li> <li>• To protect and enhance Western Australia's unique lifestyle and environment.</li> <li>• To promote lifelong learning, cohesive communities and enhanced quality of life.</li> </ul>	Art Gallery Services

In 2005/06 the Gallery undertook an evaluation of the structure, capacity and delivery of Art Gallery Services. This informed an organisation restructure in October 2005, the Strategic Plan 2007–2011, a schedule of Principal Activities 2007–2011, the performance review of the Collection Acquisition Policy 2002–2006 and the recommendation to the Board for the Collection Acquisition Policy 2007–2011.

## Information Statements

The *Freedom of Information Act 1992* created a general right of access to documents held by state and local government agencies. During the reporting year, the Art Gallery of Western Australia received no applications for access to information under the provisions of the Act.

## Recordkeeping Plans

The Art Gallery of Western Australia's Recordkeeping Plan was approved by the State Records Office in April 2004. The principles addressed in the Plan incorporate provision for evaluation and review, an ongoing staff training program and incorporation of records management responsibilities in the Art Gallery's induction program.

The Gallery's organisational review provided for extra resources to progress the development of its records management, particularly in relation to legislative requirements. This will commence in the 2006–07 reporting period.

## Advertising and Sponsorship

### Statement under the Electoral Act 1907

Under section 175ZE of the *Electoral Act 1907*, the Gallery is required to disclose details of expenditure on media advertising organisations. In the year ended 30 June 2006, the Art Gallery of Western Australia paid the following organisations the amounts noted:

#### Advertising agencies

Marketforce – \$38,722.29

#### Media advertising

Art Almanac – \$940.91

Gallery Circuit – \$1,517.34

Media Decisions – \$195,748.99

#### Market research companies

Patterson Market Research – \$10,615.66

#### Direct mail organisations

Northside Distributors – \$1,109.15

The Gallery did not engage the services of polling organisations.

## Sustainability

The Gallery incorporates the principles of sustainability in its operations and its planning. The Strategic Plan 2007–2011 and this Annual Report align with the goals and principles that are consistent with *Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector*.

## Corruption Prevention

The Premier's Circular No. 2005/02 requires a report on actions taken to prevent corruption. The Gallery distributed the Department of Culture & the Arts' Fraud Prevention and Detection Policy to all staff in the previous period, and is in the process of assessing the risk of fraud and other associated risk in the context of its Risk Management Program.

## Equal Employment Opportunity Outcomes

Fifty females and twenty-one males made up the seventy-one people employed at the Gallery during the reporting period. Of these, fifty-two were permanent and nine were fixed-term employees, with the remaining ten being casual.

## Occupational Safety and Health

The Gallery's Occupational Safety and Health (OS&H) Committee meets on a regular basis throughout the year. The Committee comprises staff from across the Gallery and deals with emerging issues and promotes good practice in health and safety management in the Gallery. The Committee continued to develop ways to improve the Gallery as a workplace. During the year the significant contributions made in relation to OS&H were:

- OS&H was included as a standing item on all team meeting agendas and used as a tool to report potential risks.
- A Chemical Audit, linked to the disaster plan, was completed.
- Exhibition installations became designated worksites requiring restricted access and appropriate Personal Protective Equipment to be utilised.
- Smaller fire extinguishers were purchased to provide greater ease in handling.

## Workers Compensation

Based on the public sector's MOIR information, the lost time injury / disease index for the Gallery was 9.75. The estimated cost of workers compensation claims per \$100 payroll is 0.7595 which is elevated due to a claim

during the financial year.

### Human Resource Management – Compliance Statements

#### Office of the Public Sector Standards

Compliance with the Public Sector Standards and Ethical Codes is assessed by several different methods, including regular internal and external reviews of related procedures and staff feedback. A rolling internal audit program reviewed the Transfer, Secondment and Redeployment Standards, and conducted follow-up reviews for the Performance Management and Grievance Resolution Standards.

A new portfolio-wide performance management system was developed and introduced. The system is currently in the implementation and training phase of development. A Public Sector Standards awareness-raising program for staff is also being developed.

A new portfolio-wide induction program was developed and implemented, involving awareness-raising on Public Sector Standards and ethical codes.

There were no breaches of the Public Sector Standards in Human Resource Management for the reporting period 2005–06.

#### Public Interest Disclosure Legislation

The *Public Interest Disclosure Act (WA)* came into effect on 1 July 2003. The Act facilitates the disclosure of public interest information by providing protection for those who make disclosures and those who are the subject of disclosures.

The Art Gallery of Western Australia is committed to the aims and objectives of the Act. The Department of Culture and the Arts coordinates Public Interest Disclosures and has implemented guidelines and procedures. Information on Public Interest Disclosure has been made available on the Department of Culture and the Arts' Intranet, including contact information on the appointed Public Interest Disclosure Officers.

There were no disclosures made during 2005–06.



Alan R. Dodge  
Director

21 August 2006



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### THE BOARD OF THE ART GALLERY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

#### **Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of The Board of the Art Gallery of Western Australia at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Art Gallery provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Art Gallery are relevant and appropriate to help users assess the Art Gallery's performance and fairly represent the indicated performance for the year ended 30 June 2006.

#### **Scope**

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

#### **Summary of my Role**

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

D D R PEARSON  
AUDITOR GENERAL  
18 September 2006



# Financial Statements

## Certification of the Financial Statements for the year ended 30 June 2006

The accompanying financial statements of the Board of the Art Gallery of Western Australia have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Renato Sansalone  
*Chief Finance Officer*



Helen Cook  
*Chair*  
*Board of the Art Gallery of Western Australia*



Fiona Kalaf  
*Member*  
*Board of the Art Gallery of Western Australia*

1 September 2006

# The Board of the Art Gallery of Western Australia

## Income Statement *for the year ended 30 June 2006*

	Note	2006 \$000	2005 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	3,241	3,305
Supplies and services (a)	7	2,053	2,819
Depreciation and amortisation expense	8	575	540
Finance costs	9	–	362
Accommodation expenses	10	2,070	2,072
Grants and subsidies	11	168	150
Capital user charge	12	11,866	11,633
Cost of sales	15	626	558
Loss on disposal of non-current assets	22	2	1
Other expenses	13	133	88
<b>Total cost of services</b>		<b>20,734</b>	<b>21,528</b>
<b>Income</b>			
Revenue			
User charges and fees	14	1,060	295
Sales	15	1,068	886
Sponsorship	16	527	488
Donated works of art	17	1,187	506
Bequest, trust and special purpose funds contributions received	18	1,686	215
Commonwealth grants and contributions	19	–	3
Interest revenue	20	57	24
Bequest, trust and special purpose funds interest received	20	344	305
Other revenue	21	350	353
<b>Total revenue</b>		<b>6,279</b>	<b>3,075</b>
<b>Total income other than income from State Government</b>		<b>6,279</b>	<b>3,075</b>
<b>NET COST OF SERVICES</b>		<b>14,455</b>	<b>18,453</b>
<b>INCOME FROM STATE GOVERNMENT</b> <span style="float: right;">23</span>			
Service appropriation		3,505	3,813
Assets assumed/(transferred)		24	–
Resources received free of charge		14,791	14,894
<b>Total income from State Government</b>		<b>18,320</b>	<b>18,707</b>
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>		<b>3,865</b>	<b>254</b>

(a) Includes administrative expenses

*The Income Statement should be read in conjunction with the accompanying notes.*

# The Board of the Art Gallery of Western Australia

## Balance Sheet as at 30 June 2006

	Note	2006 \$000	2005 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	36	1,732	846
Restricted cash and cash equivalents	24, 36	3,536	3,042
Inventories	25	439	418
Receivables	26	152	172
Amounts receivable for services	27	1,059	182
Other current assets	28	118	29
<b>Total current assets</b>		<b>7,036</b>	<b>4,689</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	24, 36	3,465	2,465
Amounts receivable for services	27	1,461	2,088
Property, plant and equipment	29	22,082	20,843
Works of art	30	168,512	123,816
Intangible assets	31	36	59
<b>Total non-current assets</b>		<b>195,556</b>	<b>149,271</b>
<b>TOTAL ASSETS</b>		<b>202,592</b>	<b>153,960</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	33	303	631
Other current liabilities	34	17	112
<b>Total current liabilities</b>		<b>320</b>	<b>743</b>
<b>Total liabilities</b>		<b>320</b>	<b>743</b>
<b>NET ASSETS</b>		<b>202,272</b>	<b>153,217</b>
<b>EQUITY</b>			
	35		
Contributed equity		52,542	52,121
Reserves		147,609	100,089
Accumulated surplus / (deficiency)		2,121	1,007
<b>TOTAL EQUITY</b>		<b>202,272</b>	<b>153,217</b>

*The Balance Sheet should be read in conjunction with the accompanying notes.*

The Board of the Art Gallery of Western Australia  
**Statement of Changes in Equity** for the year ended 30 June 2006

	Note	2006 \$000	2005 \$000
Balance of equity at start of period	47	153,217	146,146
<hr/>			
CONTRIBUTED EQUITY	35		
Balance at start of period		52,121	45,735
Capital contribution		421	6,386
<hr/>			
Balance at end of period		52,542	52,121
<hr/>			
RESERVES	35		
<b>Asset revaluation reserve</b>			
Balance at start of period		84,104	83,673
Gains/(losses) from asset revaluation		44,769	431
<hr/>			
Balance at end of period		128,873	84,104
<hr/>			
<b>Bequest, trust and special purpose reserve</b>			
Balance at start of period		5,534	5,771
Transfers from/(to) retained earnings		1,564	(237)
<hr/>			
Balance at end of period		7,098	5,534
<hr/>			
<b>Donated works of art reserve</b>			
Balance at start of period		10,451	9,945
Transfers from/(to) retained earnings		1,187	506
<hr/>			
Balance at end of period		11,638	10,451
<hr/>			
ACCUMULATED SURPLUS (RETAINED EARNINGS)	35		
Balance at start of period		1,007	1,022
Surplus/(deficit) for the period		3,865	254
Transfers from/(to) reserves		( 2,751)	(269)
<hr/>			
Balance at end of period		2,121	1,007
<hr/>			
Balance of equity at end of period		202,272	153,217
<hr/> <hr/>			
Total income and expense for the period (a)		48,634	685
<hr/>			

(a) The aggregate net amount attributable to each category of equity is: surplus \$3,865 plus gains from asset revaluation of \$44,769 (2005: surplus \$254 plus gains from asset revaluation of \$431).

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# The Board of the Art Gallery of Western Australia

## Cash Flow Statement for the year ended 30 June 2006

	Note	2006 \$000	2005 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		3,073	3,406
Capital contributions		421	6,386
Holding account drawdowns		182	80
<b>Net cash provided by State Government</b>		<b>3,676</b>	<b>9,872</b>
<i>Utilised as follows:</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(96)	(46)
Supplies and services		(2,676)	(2,827)
Finance costs		–	(471)
Accommodation		(2,150)	(2,033)
Grants and subsidies		(165)	(150)
GST payments on purchases		(521)	(558)
Other payments		(113)	(80)
<b>Receipts</b>			
Sale of goods and services		1,071	883
User charges and fees		1,005	670
Commonwealth grants and contributions		3	–
Interest received		312	328
GST receipts on sales		198	176
GST receipts from taxation authority		284	384
Other receipts		2,092	502
<b>Net cash provided by/(used in) operating activities</b>	<b>36</b>	<b>(756)</b>	<b>(3,222)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(540)	(1,517)
<b>Net cash provided by/(used in) investing activities</b>		<b>(540)</b>	<b>(1,517)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		–	(5,836)
<b>Net cash provided by/(used in) financing activities</b>		<b>–</b>	<b>(5,836)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,380</b>	<b>(703)</b>
Cash and cash equivalents at the beginning of period		6,353	7,056
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>36</b>	<b>8,733</b>	<b>6,353</b>

*The Cash Flow Statement should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements *for the year ended 30 June 2006*

## 1. First-time adoption of Australian equivalents to International Financial Reporting Standards

### General

This is the Board's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1, 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Board had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements' financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

### Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards', AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119]', AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 47, 'Reconciliations explaining the transition to AIFRS'.

## 2. Summary of significant accounting policies

### a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and works of art which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Board's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 4, 'Judgements made by management in applying accounting policies'.

### c) Reporting Entity

The reporting entity comprises the Board of the Art Gallery of Western Australia.

### d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) are designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

e) Income

**Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

*Rendering of services*

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion.

*Interest*

Revenue is recognised as the interest accrues.

*Service appropriations*

Service Appropriations are recognised as revenues at nominal value in the period in which the Board gains control of the appropriated funds. The Board gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at the Department of Treasury and Finance. (See note 23 'Income from State Government').

*Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Board obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

**Gains**

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

f) **Borrowing Costs**

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

g) **Property, Plant and Equipment and Works of Art**

*Capitalisation/expensing of assets*

Items of property, plant and equipment costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

All works of art are recognised as assets regardless of their cost.

*Initial recognition and measurement*

All items of property, plant and equipment and works of art are initially recognised at cost.

For items of property, plant and equipment and works of art acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

*Subsequent measurement*

After recognition as an asset, the revaluation model is used for the measurement of land, buildings and works of art and the cost model for all other property, plant and equipment. Land, buildings and works of art are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. When buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the buildings and the net amount restated to the revalued amount of the buildings.

The revaluation of land and buildings is provided independently on an annual basis by the Department of Land Information (Valuation Services). The Board's land asset was not revalued in 2006 but is expected to be revalued annually from 2007.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Works of art are revalued every five years. The revaluation of the art collection is based on the change in value of a sample of artworks, selected to provide an accurate representation of the change in value of the total collection.

Refer to note 29, 'Property, plant and equipment', and note 30, 'Works of art', for further information on revaluations.

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	50 years
Plant and equipment / office equipment	4 to 20 years

Works of art controlled by the Board are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

#### h) Intangible Assets

##### *Capitalisation/expensing of assets*

Acquisitions of intangible assets costing over \$1,000 and internally generated intangible assets costing over \$10,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software (a)	4 years
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(a) Software that is not integral to the operation of any related hardware.

##### *Licences*

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

##### *Computer software*

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

##### *Web-site costs*

Web-site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase, are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

#### i) Impairment of Assets

Property, plant and equipment, works of art and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of an asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairments at each reporting date.

Refer to note 32, 'Impairment of assets', for the outcome of impairment reviews and testing.

Refer also to note 2(p), 'Receivables', and note 26, 'Receivables', for impairment of receivables.

#### j) Leases

The Board holds operating leases for buildings, vehicles and office equipment. Lease payments are expensed on a straight-line basis over the lease term, as this represents the pattern of benefits derived from the leased properties.

#### k) Financial Instruments

The Board has two categories of financial instrument:

- Receivables (cash and cash equivalents, receivables); and
- Non-trading financial liabilities (payables).

Initial recognition and measurement of financial instruments is at fair value, which normally equates to the transaction cost of the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### l) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less which are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

#### m) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. All staff of the Culture and the Arts portfolio agencies, including the Board of the Art Gallery of Western Australia, are employees of the Department of Culture



and the Arts. Therefore, the Board has no liabilities in relation to employee entitlements and accrued salaries. Accrued salaries are offset against resources received free of charge in the Income Statement. Refer to note 3 'Department of Culture and the Arts'.

**n) Amounts Receivable for Services (Holding Account)**

The Board receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 23, 'Income from State Government', and note 27, 'Amounts receivable for services'.

**o) Inventories**

The Board's inventories relate to stock held at the Art Gallery Shop. Inventories are measured at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

See note 25, 'Inventories'.

**p) Receivables**

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis, and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(k), 'Financial Instruments', and note 26, 'Receivables'.

**q) Payables**

Payables are recognised at the amounts payable when the Board becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(k), 'Financial Instruments', and note 33, 'Payables'.

**r) Provisions**

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date.

*(i) Provisions – Employee Benefits*

*Annual leave and long service leave*

All staff of the Culture and Arts portfolio agencies, including the Board of the Art Gallery of Western Australia, are employees of the Department of Culture and the Arts. Therefore, the Board has no liabilities in relation to employee entitlements, as it no longer employs staff (refer to note 3, 'Department of Culture and the Arts').

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump-sum scheme also closed to new members.

The Board has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme, and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees who are not members of either the Pension or the GSS Scheme become non-contributory members of the West State Superannuation (WSS) Scheme, an accumulation scheme. The Board makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. The WSS Scheme is a defined contribution scheme, as these contributions extinguish all liabilities in respect of the WSS Scheme.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer share.

See also note 2(s), 'Superannuation expense'.

*(ii) Provisions – Other*

*Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Board's 'Employee benefits expense'. See note 13, 'Other expenses'.

**s) Superannuation expense**

The following elements are included in calculating the superannuation expense in the Income Statement:

- a) Defined benefit plans – Change in the unfunded employer's liability (i.e. current service cost and actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- b) Defined contribution plans – Employer contributions paid to the GSS and the West State Superannuation Scheme (WSS).

Defined benefit plans – in order to reflect the true cost of services, the movements (i.e. current service cost and actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses. As these superannuation expenses are provided by the Department of Culture and the Arts as a resource provided free of charge (refer note 3, 'Department of Culture and the Arts'), a revenue equivalent to the expense is recognised under 'Income from State Government' in the Income Statement. See note 23, 'Income from State Government'.

t) Resources received free of charge or for nominal value

Resources received free of charge or for nominal cost that can be reliably measured are recognised as revenues and as assets or expenses as appropriate, at fair value.

u) Comparative figures

Comparative figures have been restated on the AIFRS basis except for financial instruments which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33, 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments will be 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A, and Treasurer's Instruction 1101.

3. Department of Culture and the Arts

The Department of Culture and the Arts services the Board of the Art Gallery of Western Australia and other agencies in the Culture and Arts portfolio. The Department receives an appropriation to cover the cost of the staff which provide services to the Board. These resources, provided to the Board but paid for by the Department, have been treated as 'Resources received free of charge'. The expenses have been included in the appropriate categories, being offset by an equivalent amount included in the item 'Income from State Government'. See note 23, 'Income from State Government'.

4. Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

*Operating lease commitment*

The Board has entered into commercial leases rather than finance leases for motor vehicles. The Board has determined that it retains all the significant risks and rewards of ownership of the vehicles. Accordingly, the leases have been classified as operating leases.

5. Disclosure of changes in accounting policies and estimates

**Initial application of an Australian Accounting Standard**

The Board has determined the amounts of adjustments required on the initial application of the Australian Equivalents of International Financial Reporting Standards and has disclosed its effect on the current period and the prior period. There is not expected to be any material effect on future periods.

**Voluntary changes in accounting policy**

The Board has not adopted any voluntary change in accounting policy during the reporting period.

**Future impact of Australian Accounting Standards not yet operative**

The Board cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred

to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Board has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.
2. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Board does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.
3. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Board has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Board as they will have no impact:

AASB Amendment	Affected Standards
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions).
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'.
2006-1	AASB 121 (Net investment in foreign operations).
UIG 5	'Rights to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment'.
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.

**Changes in accounting estimates**

The Board has determined no change in accounting estimates that have an effect in the current period or are expected to have an effect in future periods.

#### 6. Employee benefits expense

	2006	2005
	\$000	\$000
Wages and salaries (a)	2,705	2,702
Superannuation (defined contribution plans) (b)	251	278
Annual leave	175	193
Long service leave	59	106
Other related expenses	51	26
	<hr/>	<hr/>
	3,241	3,305

(a) Includes fringe benefits tax

(b) Defined contribution plans include

West State and Gold State (contributions paid)

Employment on-costs such as workers' compensation insurance are included at note 13, 'Other expenses'.

#### 7. Supplies and services

	2006	2005
	\$000	\$000
Advertising	453	442
Freight and cartage	333	740
Insurance premiums	188	220
Consultants and contractors	176	367
Materials	139	150
Travel	136	164
Exhibition fees	91	114
Printing	85	188
Communications	73	75
Maintenance	54	30
Motor vehicles	45	49
Exhibition construction costs	29	51
Lease and hire costs	29	45
Consumables	27	27
Bank charges	9	6
Photographic services	3	14
Other	183	137
	<hr/>	<hr/>
	2,053	2,819

#### 8. Depreciation and amortisation expense

	2006	2005
	\$000	\$000
<b>Depreciation</b>		
Buildings	319	308
Plant and equipment	233	205
	<hr/>	<hr/>
Total depreciation	552	513
<b>Amortisation</b>		
Intangibles	23	27
	<hr/>	<hr/>
Total amortisation	23	27
	<hr/>	<hr/>
Total depreciation and amortisation	575	540

#### 9. Finance costs

	2006	2005
	\$000	\$000
Interest paid	–	354
Guarantee fees	–	8
	<hr/>	<hr/>
	–	362

#### 10. Accommodation expenses

	2006	2005
	\$000	\$000
Security services	963	920
Electricity and gas	480	551
Accommodation maintenance	452	365
Cleaning	92	92
Facilities management	52	102
Water	22	35
Other	9	7
	<hr/>	<hr/>
	2,070	2,072

#### 11. Grants and subsidies

	2006	2005
	\$000	\$000
<i>Recurrent</i>		
Bunbury Regional Art Gallery	165	150
Other	3	–
	<hr/>	<hr/>
	168	150

#### 12. Capital User Charge

	2006	2005
	\$000	\$000
Capital user charge	11,866	11,633

The Government applies a levy for the use of its capital for the delivery of services. It is applied at 8% per annum on the net assets of the Board, excluding exempt assets, and is paid to the Department of Treasury and Finance quarterly.

#### 13. Other expenses

	2006	2005
	\$000	\$000
Workers' compensation insurance	56	29
Audit fees (a)	39	35
Prizes paid	20	20
Doubtful debts expense	18	4
	<hr/>	<hr/>
	133	88

(a) See also note 42, 'Remuneration of auditor'.

#### 14. User charges and fees

	2006	2005
	\$000	\$000
Exhibition revenue	822	103
Venue hire	77	70
Rent	64	39
Public programs	42	34
Hire of works of art	3	10
Other	52	39
	<hr/>	<hr/>
	1,060	295

**15. Trading profit**

	2006 \$000	2005 \$000
Sales	1,068	886
Cost of sales:		
Opening inventory	(417)	(348)
Purchases	(648)	(627)
	(1,065)	(975)
Closing inventory	439	417
Cost of sales	(626)	(558)
Trading profit	442	328

See note 2(o) 'Inventories', and note 25, 'Inventories'.

**16. Sponsorship**

	2006 \$000	2005 \$000
Cash sponsorship	276	168
Sponsorship in kind	251	320
	527	488

**17. Donated works of art**

	2006 \$000	2005 \$000
Donated works of art	1,187	506
	1,187	506

Donations of works of art, which contribute to the development of the State Art Collection, are received from various individuals and brought to account as income at their estimated fair value. See also note 30, 'Works of art'.

**18. Bequest, trust and special purpose funds contributions received**

	2006 \$000	2005 \$000
Bequest contributions	1,575	74
Trust and special purpose funds contributions	111	141
	1,686	215

Contributions are received from various parties for special purpose funds administered by the Board. In addition, bequest contributions are, from time to time, received from individuals as a result of long-term relationships with the Art Gallery of Western Australia.

**19. Commonwealth grants and contributions**

	2006 \$000	2005 \$000
Recurrent	–	3
	–	3

**20. Interest revenue**

	2006 \$000	2005 \$000
Interest revenue	57	24
Bequest, trust and special purpose funds interest received	344	305
	401	329

Interest is received on the Board's interest-bearing bank account.

**21. Other revenue**

	2006 \$000	2005 \$000
Recoup of prior year expenses	205	19
Auction revenue	50	–
Salary, workers' compensation and severance recoups	41	19
Sale of publications	36	14
Subsidies – external	3	268
Insurance revenue	–	17
Donations	–	6
Other revenue	15	10
	350	353

**22. Net loss on disposal of non-current assets**

<i>Costs of disposal of non-current assets</i>		
Plant and equipment	2	1
<i>Proceeds from disposal of non-current assets</i>		
Plant and equipment	–	–
Net loss	2	1

See also note 29, 'Property, plant and equipment'.

**23. Income from State Government**

	2006 \$000	2005 \$000
Appropriation received during the year:		
Service appropriation (a)	3,505	3,813

The following assets have been assumed from the Department of Culture and the Arts during the financial year:

Office equipment	24	–
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Resources received free of charge (b)

Determined on the basis of the following estimates provided by agencies:

<i>Services provided by the Department of Culture and the Arts:</i>		
Salaries and wages	2,853	2,980
Superannuation	251	278
Capital user charge	11,687	11,633

	14,791	14,891
--	--------	--------

State Solicitor's Office – legal services	–	3
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Total resources received free of charge	14,791	14,894
---	--------	--------

Total Income from State Government	18,320	18,707
------------------------------------	--------	--------

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Where assets or services have been received free of charge or for nominal cost, the Board recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Board shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

#### 24. Restricted cash and cash equivalents

	2006 \$000	2005 \$000
<i>Current</i>		
Bequest, trust and special purpose accounts (a)	3,536	3,042
	<u>3,536</u>	<u>3,042</u>
<i>Non-current</i>		
Bequest, trust and special purpose accounts (b)	3,465	2,465
	<u>3,465</u>	<u>2,465</u>

(a) Cash held in these accounts can only be used in accordance with the requirements of the individual bequest or fund.

(b) The Board cannot spend cash held in these accounts. The requirements of the individual bequests/trusts only allow the Board to spend interest earned on these accounts.

#### 25. Inventories

	2006 \$000	2005 \$000
<i>Current</i>		
Inventories held for resale:		
Finished goods		
At net realisable value	439	418
	<u>439</u>	<u>418</u>

#### 26. Receivables

	2006 \$000	2005 \$000
<i>Current</i>		
Receivables	79	107
Allowance for impairment of receivables	(18)	(4)
GST receivable	83	64
	<u>144</u>	<u>167</u>
Prepayments	8	5
Total current	<u>152</u>	<u>172</u>

See also note 2 (p), 'Receivables', and note 40, 'Financial Instruments'.

#### 27. Amounts receivable for services

	2006 \$000	2005 \$000
Current	1,059	182
Non-current	1,461	2,088
	<u>2,520</u>	<u>2,270</u>

Represents the non-cash component of service appropriations. See note 2(n), 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

#### 28. Other assets

	2006 \$000	2005 \$000
<i>Current</i>		
Accrued interest	118	29
	<u>118</u>	<u>29</u>

#### 29. Property, plant and equipment

	2006 \$000	2005 \$000
Freehold land (a)		
At fair value	3,247	3,247
Buildings		
At fair value (b)	17,331	15,937
Accumulated depreciation	(3)	(1)
Accumulated impairment losses	–	–
	<u>17,328</u>	<u>15,936</u>
Plant and equipment		
At cost	2,404	2,359
Accumulated depreciation	(1,045)	(932)
Accumulated impairment losses	–	–
	<u>1,359</u>	<u>1,427</u>
Office equipment		
At cost	739	824
Accumulated depreciation	(591)	(591)
Accumulated impairment losses	–	–
	<u>148</u>	<u>233</u>
	<u>22,082</u>	<u>20,843</u>

(a) Freehold land was not revalued in 2006 but will be revalued annually from 2007.

(b) Freehold buildings were revalued as at 1 July 2005 by the Department of Land Information (Valuation Services). The valuations were performed during the year ended 30 June 2005 and recognised at 30 June 2006. The fair value of buildings was determined by reference to market values. See note 2(g), 'Property, Plant and Equipment and Works of Art'.

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out overleaf.

Notes to the financial statements for the year ended 30 June 2006 continued

	Freehold land \$000	Buildings \$000	Plant and equipment \$000	Office equipment \$000	Total \$000
<b>2006</b>					
Carrying amount at start of year	3,247	15,936	1,427	233	20,843
Additions	-	120	45	13	178
Disposals	-	-	-	(2)	(2)
Transfers	-	-	-	24	24
Revaluation increments	-	1,591	-	-	1,591
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Depreciation	-	(319)	(113)	(120)	(552)
Carrying amount at end of year	3,247	17,328	1,359	148	22,082
<b>2005</b>					
Carrying amount at start of year	3,247	15,459	750	252	19,707
Additions	-	375	800	64	1,239
Disposals	-	-	-	(1)	(1)
Transfers	-	-	-	-	-
Revaluation increments	-	411	-	-	411
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Depreciation	-	(308)	(123)	(82)	(513)
Carrying amount at end of year	3,247	15,936	1,427	233	20,843

**30. Works of art**

	2006 \$000	2005 \$000
At fair value	123,816	122,906
Additions	331	208
Donations at fair value	1,187	506
Transfers	-	176
Revaluations	43,178	20
	168,512	123,816

See note 2(g), 'Property, Plant and Equipment and Works of Art'.

**31. Intangible assets**

	2006 \$000	2005 \$000
Computer software		
At cost	185	185
Accumulated amortisation	(149)	(126)
Accumulated impairment losses	-	-
	36	59
Reconciliation:		
Computer software		
Carrying amount at start of year	59	86
Additions	-	-
Amortisation expense	(23)	(27)
Carrying amount at end of year	36	59

**32. Impairment of assets**

There were no indications of impairment of property, plant and equipment, works of art and intangible assets at 30 June 2006.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2006 have been classified as assets held for sale or written off.

**33. Payables**

	2006 \$000	2005 \$000
Current		
Trade payables	204	594
Payables for works of art acquisitions	99	37
	303	631

See also note 2(q), 'Payables', and note 40, 'Financial Instruments'.

**34. Other liabilities**

	2006 \$000	2005 \$000
Current		
Accrued expenses	8	33
Income received in advance	9	79
	17	112

### 35. Equity

Equity represents the residual interest in the net assets of the Board. The Government holds the equity interest in the Board on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2006 \$000	2005 \$000
<i>Contributed equity</i>		
Balance at start of the year	52,121	45,735
<i>Contribution by owners</i>		
Capital contribution (a)	421	6,386
Balance at end of the year	52,542	52,121

(a) Capital Contributions (appropriations) have been designated as contributions by owners in Treasurers Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

#### Reserves

<i>Asset revaluation reserve:</i>		
Balance at start of the year	84,104	83,673
Net revaluation increments/(decrements):		
Buildings	1,591	411
Works of art	43,178	20
Balance at end of the year	128,873	84,104

<i>Bequest, trust and special purpose reserve (b):</i>		
Balance at start of the year	5,534	5,771
Bequest Contributions*	1,686	215
Foundation other income*	58	50
Interest received*	344	305
Bequest distributions*	(524)	(807)
Balance at end of the year	7,098	5,534

(b) The bequest, trust and special purpose reserve is used to record increments and decrements to bequest, trust and special purpose funds.

<i>Donated works of art reserve (c):</i>		
Balance at start of the year	10,451	9,945
Donated works of arts for the year*	1,187	506
Balance at end of the year	11,638	10,451
Total reserves	147,609	100,089

(c) The donated works of art reserve is use to record donations of works of art received by the Art Gallery of Western Australia.

<i>Accumulated surplus/(deficit) (Retained earnings)</i>		
Balance at start of the year	1,007	1,022
Result for the period	3,865	254
Transfers from/(to) above reserves (sum of items marked * above)	(2,751)	(269)
Balance at end of the year	2,121	1,007

### 36. Notes to the Statement of Cash Flows

#### Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2006 \$000	2005 \$000
Cash and cash equivalents	1,732	846
Restricted cash and cash equivalents (see note 24, 'Restricted cash and cash equivalents')	7,001	5,507
	8,733	6,353

#### Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(14,455)	(18,453)
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#### Non-cash items

Depreciation and amortisation expense	575	540
Doubtful debts expense	18	4
Resources received free of charge	14,791	14,894
Adjustment for other non-cash items	7	(2)
Net (gain)/loss on sale of property, plant and equipment	2	1
Donated works of art	(1,187)	(506)

#### (Increase)/decrease in assets

Current receivables	38	32
Current inventories	(21)	(69)
Other current assets	(89)	(4)

#### Increase/(decrease) in liabilities

Current payables	(282)	259
Other current liabilities	(95)	110

Net GST receipts/(payments)	(39)	3
Change in GST in receivables/payables	(19)	(31)

Net cash provided by/(used in) operating activities	(756)	(3,222)
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### 37. Commitments

#### Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements are payable as follows:

	2006 \$000	2005 \$000
Within 1 year	32	33
Later than 1 year and not later than 5 years	31	29
	63	62

The six motor vehicle leases are all cancellable operating leases with lease expenditure payable monthly in advance. The lease commitments are all inclusive of GST.

### 38. Events occurring after the balance sheet date

The Board has no subsequent events (other than those events whose financial effects have already been brought to account) to report.

### 39. Explanatory Statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% and \$100,000.

#### Significant variances between estimated and actual result for 2006

	2006 Estimate	2006 Actual	Variation Over/(Under)
	\$000	\$000	\$000
<i>Expenses</i>			
Depreciation and amortisation expense	432	575	143
Accommodation expenses	1,820	2,070	250
Capital user charge	12,158	11,866	(292)
Cost of sales	440	626	186
Other expenses	-	133	133
<i>Income</i>			
User charges and fees	345	1,060	715
Sales	856	1,068	212
Sponsorship	410	527	117
Donated works of art	-	1,187	1,187
Bequest, trust and special purpose funds contributions received	74	1,686	1,612
Other revenue	99	350	251

#### Depreciation and amortisation expense

The variance is mainly due to:

- higher than estimated depreciation on buildings, following the annual building revaluations; and
- higher than anticipated depreciation on plant and equipment and office equipment.

#### Accommodation expenses

The variance is largely the result of:

- unanticipated additional security expenses for exhibitions and associated activities; and
- the expensing of building maintenance works for which capital funding was received.

#### Capital user charge

The variance is due to the 2006 Estimate including restricted cash and cash equivalents in the calculation of capital user charge (calculated at 8% of the Board's net assets). Restricted cash is an exempted asset and is not subject to a capital user charge.

#### Cost of sales

The increase in expenditure is mainly due to an unanticipated increase in Gallery Shop activity as a result of the *St Petersburg 1900* exhibition. Additional inventories were purchased during the year to keep up with demand in sales.

#### Other expenses

The variance is due to the change of categorisation of expenses. The most significant items, workers compensation insurance and audit fees, formed part of 'Employee benefits expense' and 'Supplies and services' respectively in the 2006 Estimates.

#### User charges and fees

The variance is mainly due to higher than estimated revenues received from the ticketed exhibition *St Petersburg 1900* and increased demand in associated gallery activities. Estimates for exhibition revenues and associated activities are set conservatively.

#### Sales

The favourable variance in sales is mainly attributed to an unanticipated increase in Gallery Shop activity as a result of the *St Petersburg 1900* exhibition.

#### Sponsorship

Estimates for sponsorship are set conservatively as final contributions are usually not known until well into the financial year. The variance is made up of a combination of increases to cash and in kind sponsorship.

#### Donated works of art

Donations of works of art result from long-term relationships that generally result in donations at irregular intervals over extended periods. Due to the uncertainty associated with donations, this item is not estimated.

#### Bequest, trust and special purpose funds contributions received

Two large bequests from individuals totalling \$1.575m were received during 2006. These bequests were the result of relationships with the Gallery that have extended over a very long period of time. Due to the uncertainty associated with bequest, trust and special purpose contributions, this item is conservatively estimated.

#### Other revenue

Other revenues for 2006 includes items such as recoup of previous years' expenses and auction revenue which were not anticipated when the 2006 Estimates were prepared.

#### Significant variances between actual results for 2005 and 2006

	2006 Estimate	2006 Actual	Variation Over/(Under)
	\$000	\$000	\$000
<i>Expenses</i>			
Supplies and services	2,053	2,819	(766)
Finance costs	-	362	(362)
<i>Income</i>			
User charges and fees	1,060	295	765
Sales	1,068	886	182
Donated works of art	1,187	506	681
Bequest, trust and special purpose funds contributions received	1,686	215	1,471

#### Supplies and services

The reduction is mainly due to a decreased level of overall exhibition activity in 2006, resulting in decreased costs for art freighting, consultants and printing.

#### Finance costs

Borrowings held by the Board were fully extinguished during 2005. Finance costs for 2005 represent interest and other costs incurred prior to the loan being repaid in full.

#### User charges and fees

The increase is mainly attributed to admissions and ticketing revenue from the *St Petersburg 1900* exhibition held during the financial year.

#### Sales

The increase in sales is mainly attributed to an increase in Gallery Shop activity stemming from the *St Petersburg 1900* exhibition.

#### Donated works of art

Works of art are donated at irregular intervals. Increases or decreases from year to year are generally expected.

#### Bequest, trust and special purpose funds contributions received

Two large bequests from individuals totalling \$1.575m were received during 2006.



#### 40. Financial Instruments

##### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

##### Credit risk

The Board trades only with recognised, creditworthy third parties. The Board has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

##### Liquidity risk

The Board has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### Interest-rate risk exposure

The following table details the Board's exposure to interest-rate risk as at the reporting date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity							Non- Interest Bearing \$000	Total \$000
			Within								
			1 Year \$000	1-2 Years \$000	2-3 Years \$000	3-4 Years \$000	4-5 Years \$000	5 Years \$000	More than 5 Years \$000		
<b>2006</b>											
<b>Financial Assets</b>											
Cash and cash equivalents	5.5	1,466	-	-	-	-	-	-	-	266	1,732
Restricted cash and cash equivalents	5.5	7,001	-	-	-	-	-	-	-	-	7,001
Receivables	-	-	-	-	-	-	-	-	-	152	152
Amounts receivable for services	-	-	-	-	-	-	-	-	-	2,520	2,520
Other current assets	-	-	-	-	-	-	-	-	-	118	118
		8,467	-	-	-	-	-	-	-	3,056	11,523
<b>Financial Liabilities</b>											
Payables	-	-	-	-	-	-	-	-	-	303	303
Other current liabilities	-	-	-	-	-	-	-	-	-	17	17
	-	-	-	-	-	-	-	-	-	320	320

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Interest Rate Maturity					Non- Interest Bearing \$000	Total \$000
			Less than		More than				
			1 Year \$000	1-5 Years \$000	5 Years \$000	5 Years \$000			
<b>2005</b>									
<b>Financial Assets</b>									
Cash and cash equivalents	5.3	609	-	-	-	237	846		
Restricted cash and cash equivalents	5.3	5,507	-	-	-	-	5,507		
Receivables	-	-	-	-	-	172	172		
Amounts receivable for services	-	-	-	-	-	2,270	2,270		
Other current assets	-	-	-	-	-	29	29		
		6,116	-	-	-	2,708	8,824		
<b>Financial Liabilities</b>									
Payables	-	-	-	-	-	631	631		
Other current liabilities	-	-	-	-	-	112	112		
	-	-	-	-	-	743	743		

##### Fair Values

The carrying amounts of financial assets and financial liabilities recorded in the financial statements is not materially different from their net fair values.

##### Cash flow interest-rate risk

The Board is not significantly exposed to interest-rate risk. The Board has no borrowings or finance leases. Some cash and cash equivalents are interest bearing and restricted cash and cash equivalents are interest bearing, however, the exposure to market risk for changes in interest rates is minimal as the Board does not rely on interest income for its principal operating activities.

##### (b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(u), 'Comparative figures'.

#### 41. Remuneration of members of the Board and senior officers

##### Remuneration of Members of the Board

The number of members of the Board, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

	2006	2005
\$0 – \$10,000	9	9
	\$000	\$000

The total remuneration of the members of the Board is:

	3	1
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The total remuneration includes the superannuation expense incurred in respect of members of the Board.

No members of the Board are members of the Pension Scheme.

##### Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Board, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

	2006	2005
\$110,001 – \$120,000	–	1
\$120,001 – \$130,000	1	–
\$210,001 – \$220,000	1	–
\$220,001 – \$230,000	–	1

The total remuneration of the senior officers is:

	335	341
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The total remuneration includes the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Board.

No senior officers are members of the Pension Scheme.

#### 42. Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2006	2005
Auditing the accounts, financial statements and performance indicators	39	35

The expense is included at note 13, 'Other expenses'.

#### 43. Related bodies

At the reporting date, the Board of the Art Gallery of Western Australia had no related bodies.

#### 44. Affiliated bodies

At the reporting date, the Board of the Art Gallery of Western Australia had no affiliated bodies.

#### 45. Supplementary financial information

	2006	2005
<i>Write-offs</i>		
Public property written off by the Minister during the financial year	–	–
<i>Losses through theft, defaults and other causes</i>		
Losses of public moneys and public and other property through theft	–	–
<i>Gifts of public property</i>		
Gifts of public property provided by the Board	–	–

#### 46. Income and Expenses by Service

For the financial year ended 30 June 2006, the Art Gallery of Western Australia operated under one service titled 'Art Gallery Services' and therefore service information is reflected in the Income Statement.

47. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (IFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

Note		Previous GAAP	Adjustments		Total	AIFRS
		1 July 2004	AASB 138 47.1(a)	AASB 101 47.2(a)	Adjustments	1 July 2004
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current Assets</b>						
(1)	Cash and cash equivalents	1,133				1,133
	Restricted cash and cash equivalents	3,402				3,402
	Inventories	348				348
	Receivables	168		3	3	171
(2)	Amounts receivable for services	80				80
(3)	Other current assets	30		(3)	(3)	27
	<b>Total Current Assets</b>	<b>5,161</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,161</b>
<b>Non-Current Assets</b>						
	Restricted cash and cash equivalents	2,391				2,391
(2)	Amounts receivable for services	1,863				1,863
	Property, plant and equipment	19,793	(86)		(86)	19,707
	Works of art	122,906				122,906
	Sinking fund	130				130
	Intangible assets	-	86		86	86
	<b>Total Non-Current Assets</b>	<b>147,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,083</b>
	<b>TOTAL ASSETS</b>	<b>152,244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,244</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
	Payables	259				259
(4)	Borrowings	297				297
(5)	Other current liabilities	3				3
	<b>Total Current Liabilities</b>	<b>559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>
<b>Non-Current Liabilities</b>						
(4)	Borrowings	5,539				5,539
	<b>Total Non-Current Liabilities</b>	<b>5,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,539</b>
	<b>Total Liabilities</b>	<b>6,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,098</b>
	<b>NET ASSETS</b>	<b>146,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,146</b>
<b>EQUITY</b>						
	Contributed equity	45,735				45,735
	Reserves	99,389				99,389
	Accumulated surplus/(deficiency)	1,022				1,022
	<b>TOTAL EQUITY</b>	<b>146,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,146</b>

- (1) Equivalent AGAAP line item 'Cash assets' (AIFRS 'Cash and cash equivalents')  
 (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')  
 (3) Equivalent AGAAP line item 'Other assets' (AIFRS 'Other current assets')  
 (4) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Borrowings')  
 (5) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005  
(AASB 1.39(a)(ii))

Note	Previous GAAP	Adjustments		Total	AIFRS
	1 July 2004	AASB 138 47.1(b)	AASB 101 47.2(b)	Adjustments	1 July 2004
	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current Assets</b>					
(1)	Cash and cash equivalents	846			846
	Restricted cash and cash equivalents	3,042			3,042
	Inventories	418			418
	Receivables	167	5	5	172
(2)	Amounts receivable for services	182			182
(3)	Other current assets	34	(5)	(5)	29
	<b>Total Current Assets</b>	<b>4,689</b>	<b>-</b>	<b>-</b>	<b>4,689</b>
<b>Non-Current Assets</b>					
	Restricted cash and cash equivalents	2,465			2,465
(2)	Amounts receivable for services	2,088			2,088
	Property, plant and equipment	20,902	(59)	(59)	20,843
	Works of art	123,816			123,816
	Intangible assets	-	59	59	59
	<b>Total Non-Current Assets</b>	<b>149,271</b>	<b>-</b>	<b>-</b>	<b>149,271</b>
	<b>TOTAL ASSETS</b>	<b>153,960</b>	<b>-</b>	<b>-</b>	<b>153,960</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
(4)	Payables	631			631
	Other current liabilities	112			112
	<b>Total Current Liabilities</b>	<b>743</b>	<b>-</b>	<b>-</b>	<b>743</b>
	<b>Total Liabilities</b>	<b>743</b>	<b>-</b>	<b>-</b>	<b>743</b>
	<b>NET ASSETS</b>	<b>153,217</b>	<b>-</b>	<b>-</b>	<b>153,217</b>
<b>EQUITY</b>					
	Contributed equity	52,121			52,121
	Reserves	100,089			100,089
	Accumulated surplus/(deficit) (Retained earnings)	1,007			1,007
	<b>TOTAL EQUITY</b>	<b>153,217</b>	<b>-</b>	<b>-</b>	<b>153,217</b>

The transition to AIFRS includes adjustments for the transition AIFRS as at 1 July 2004 plus adjustments for the period 1 July 2004 to 30 June 2005.

- (1) Equivalent AGAAP line item 'Cash assets' (AIFRS 'Cash and cash equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')
- (3) Equivalent AGAAP line item 'Other assets' (AIFRS 'Other current assets')
- (4) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))

Note	Previous GAAP	Adjustments		Total	AIFRS
	1 July 2004	AASB 119 47.3 (a)	AASB 116 47.4 (a)	Adjustments	1 July 2004
	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>					
<b>Expenses</b>					
(1)	Employee benefits expense	3,334	(29)	(29)	3,305
	Supplies and services	2,819			2,819
	Depreciation and amortisation expense	540			540
(2)	Finance costs	362			362
	Accommodation expenses	2,072			2,072
	Grants and subsidies	150			150
	Capital user charge	11,633			11,633
	Cost of sales	558			558
(3)	Loss on disposal of non-current assets	-	1	1	1
(4)	Other expenses	60	29	(1)	88
	<b>Total cost of services</b>	<b>21,528</b>	<b>-</b>	<b>-</b>	<b>21,528</b>
<b>Income</b>					
<b>Revenue</b>					
	User charges and fees	295			295
	Sales	886			886
	Sponsorship	488			488
	Donated works of art	506			506
	Bequest, trust and special purpose funds contributions received	215			215
	Commonwealth grants and contributions	3			3
	Interest revenue	24			24
	Bequest, trust and special purpose funds interest received	305			305
(5)	Other revenue	353			353
	<b>Total income other than income from State Government</b>	<b>3,075</b>	<b>-</b>	<b>-</b>	<b>3,075</b>
	<b>NET COST OF SERVICES</b>	<b>18,453</b>	<b>-</b>	<b>-</b>	<b>18,453</b>
<b>INCOME FROM STATE GOVERNMENT</b>					
	Service appropriation	3,813			3,813
	Resources received free of charge	14,894			14,894
	<b>Total income from State Government</b>	<b>18,707</b>	<b>-</b>	<b>-</b>	<b>18,707</b>
(6)	<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>254</b>	<b>-</b>	<b>-</b>	<b>254</b>

See Statement of Changes in Equity

- (1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')
- (2) Equivalent AGAAP line item 'Borrowing costs expense' (AIFRS 'Finance costs')
- (3) Disposals are treated on the net basis under AIFRS
- (4) Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')
- (5) Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')
- (6) Equivalent AGAAP line item 'Change in net assets' (AIFRS 'Surplus/(deficit)')

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.40)

Note	GAAP 30 June 2005 \$000	Adjustments \$000	Total Adjustments \$000	AIFRS 30 June 2005 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>				
	3,406			3,406
	6,386			6,386
	80			80
	<b>9,872</b>	<b>-</b>	<b>-</b>	<b>9,872</b>
<i>Utilised as follows:</i>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
(1)	(75)	29	29	(46)
	(2,827)			(2,827)
(2)	(471)			(471)
	(2,033)			(2,033)
	(150)			(150)
	(558)			(558)
	(51)	(29)	(29)	(80)
<b>Receipts</b>				
	883			883
	670			670
	328			328
	176			176
	384			384
	502			502
	<b>(3,222)</b>	<b>-</b>	<b>-</b>	<b>(3,222)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	(1,517)			(1,517)
	<b>(1,517)</b>	<b>-</b>	<b>-</b>	<b>(1,517)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	(5,836)			(5,836)
	<b>(5,836)</b>	<b>-</b>	<b>-</b>	<b>(5,836)</b>
	<b>(703)</b>			<b>(703)</b>
	7,056			7,056
	<b>6,353</b>	<b>-</b>	<b>-</b>	<b>6,353</b>

(1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits')

(2) Equivalent AGAAP line item 'Borrowing costs expense' (AIFRS 'Finance costs')

Notes to the reconciliations

**47.1 Intangible assets (AASB 138)**

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the face of the Balance Sheet. All software has previously been classified as property, plant and equipment (office equipment).

*47.1a Adjustments to opening Balance Sheet (1 July 2004)*

The Board has transferred \$86,000 in software from property, plant and equipment to intangible assets.

*47.1b Adjustments to 30 June 2005 Balance Sheet*

The Board has transferred \$59,000 in software from property, plant and equipment to intangible assets.

**47.2 Prepayments (AASB 101)**

AASB 101 requires that receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts. Prepayments have previously been classified by the Board as other assets.

*47.2a Adjustments to opening Balance Sheet (1 July 2004)*

The Board has transferred \$3,000 in prepayments from other assets to receivables.

*47.2b Adjustments to 30 June 2005 Balance Sheet*

The Board has transferred \$5,000 in prepayments from other assets to receivables.

**47.3 Employee benefits (AASB 119 and AASB 101)**

Employment on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee costs. Under AIFRS employee benefits is the equivalent item disclosed on the face. On-costs have been transferred to other expenses.

*47.3a Adjustments to the Income Statement for the period ended 30 June 2005*

Employment on-costs expense has been reclassified from employee benefits expense to other expense (\$29,000).

*47.3b Adjustments to the Cash Flow Statement for the period ended 30 June 2005*

Employment on-costs payments have been reclassified from employee benefits payments to other payments (\$29,000).

**47.4 Net loss on disposal of non-current assets (AASB 116)**

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

*47.4a Adjustments to the Income Statement for the period ended 30 June 2005*

The carrying amounts of assets disposed of was previously recognised as other expense. This has been derecognised (\$1,000). A loss on disposal of non-current assets has been recognised as a separate expense (\$1,000).

## Performance Indicators

*The Board of the Art Gallery of Western Australia*

### Performance Indicators

We hereby certify that the following performance indicators are based on proper records, are relevant and are appropriate for assisting users to assess the Art Gallery of Western Australia's performance.

Measures described represent the performance of the Art Gallery of Western Australia for the financial year ended 30 June 2006.

Signed by a resolution of the Board of the Art Gallery of Western Australia.



**Helen Cook**  
*Chair of the Board of the  
Art Gallery of Western Australia*



**Fiona Kalaf**  
*Member of the Board of the  
Art Gallery of Western Australia*

1 September 2006



## Effectiveness Indicators

The Art Gallery of Western Australia is a statutory authority within the Culture and the Arts portfolio. The Gallery contributes to the Culture and the Arts portfolio outcome:

*A community that is informed of, and has access to, a diverse range of innovative ideas, knowledge and cultural experiences.*

The Mission of the Gallery is:

*To increase the knowledge and appreciation of the art of the world for the enjoyment and cultural enrichment of the people of Western Australia, and to develop and present the best public art collection in the State and the pre-eminent collection of Western Australian art.*

The work of the Gallery ensures that primary access to art, heritage and ideas locally, regionally and internationally are presented and preserved for future generations.

In assessing the effectiveness of its program strategies, the Gallery makes use of both qualitative and quantitative information. It is difficult to measure the achievement of cultural and creative outcomes in the community over relatively short time frames. At the Gallery, reliance is placed on a variety of qualitative and quantitative feedback measures that inform the Gallery about the effectiveness of its programs. Such measures include visitation data, comments and assessments from visitors, feedback from the community, published reviews of art events and activities, newspaper reports, school program evaluations, comments from professional and other galleries, specifically commissioned surveys and reviews, statistical information, appraisal from artists and government assessment.

The performance indicators described in this section of the report are considered to be relevant and appropriate in assessing Gallery effectiveness against our Mission and our efficiency in delivering ‘Art Gallery Services’ and achieving the portfolio outcome for the Western Australian community.

## Exhibition and Display of Works of Art

### 1. Variety within the exhibition program

The scope and variety of the exhibition and display program directly impacts on community access to a diverse range of innovative ideas, knowledge and cultural experiences. The Art Gallery program promotes diversity, excellence and depth in local, national and international visual arts by presenting a balanced exhibition program of historic and contemporary exhibitions and by bringing the art of the world to Western Australia.

	2006	2005	2004	2003	2002
Total Number of Exhibitions	14	18	25	23	20
Number by category*					
<i>Historic</i>	6	7	12	17	8
<i>Contemporary</i>	11	11	12	15	12
<i>Nationally acclaimed artists</i>	9	8	1	0	1
Number by source*					
<i>Western Australian</i>	10	15	17	20	16
<i>National</i>	7	1	4	2	0
<i>International</i>	3	2	3	1	4

\* *It is possible for an exhibition to appear in more than one category*

This indicator reflects the allocation of resources to significant exhibitions at the Gallery during the reporting period. The major international exhibition *St Petersburg 1900* presented major international artworks from the State Russian Museum and the St Petersburg State Theatre and Music Museum. This was contrasted by an Artist in Focus series of exhibitions featuring the work of contemporary nationally acclaimed artists such as John Nixon. Western Australian art production was featured in ‘Wembley Ware – Excitingly Different!’ a new presentation of the historic holdings in ‘Western Australian art, 1820s–1960s’, and the ‘Western Desert Satellites’ display of Indigenous art.

**2. Visitor satisfaction with exhibition program and information about the art and artists on display**

Visitor perceptions about the variety of exhibitions on display and the amount of information provided about the works of art on display assist in evaluating the effectiveness of the Gallery in providing the community with a diverse range of innovative ideas, knowledge and cultural experiences.

Visitor survey questions:

	Actual		Target		
	2006	2006	2005	2004	2003
	%	%	%	%	%

*"How satisfied were you with the variety of exhibitions in your visit today?"*

Proportion answering

"satisfied" or "very satisfied"

84.0	84.0	83.5	84.0	74.6
------	------	------	------	------

*"Thinking now about the information available in the Gallery about the artworks on display, would you say that there is not enough, about the right amount or too much information available?"*

Proportion answering

"about the right amount of information"

68.0	70.0	71.0	61.0	68.1
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Proportion answering

"not enough information"

31.0	25.0	28.0	38.0	28.4
------	------	------	------	------

Proportion answering

"too much information"

1.0	5.0	1.0	1.0	1.5
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The results reported for 2003 have been amended to discount the "don't know" responses from the survey results. The figures reported in 2003 for "How satisfied are you with the variety of exhibitions in your visit today?" was 81%, while the responses regarding the amount of information available were: "about right" – 69%; "not enough" – 29%; and "too much" – 2%.

Survey responses confirm the effectiveness of the Gallery in providing a diverse program and in providing information and knowledge about artworks on display. However, trends would indicate that while visitor satisfaction with regard to the variety of exhibitions continues to show improvement, there is still a need to examine customer satisfaction in this area.

Survey results were gained from a random intercept survey of 403 visitors to the Gallery conducted in four waves over the course of the reporting year. The lower response rate of 64% achieved was due to the longer questionnaire distributed this year. The error rate for the surveys was ±4.9%.

The total population size for the survey was 316,463 and the sample size was 403.

### Community Access and Outreach

Effectiveness against this indicator is determined by the community's access to a range of visual arts cultural experiences at the Gallery. Visitation outcomes are a key measure, as is the extent to which visitors perceive that their knowledge and appreciation of the visual arts has been improved through visits to the Gallery.

#### 3. Visits to the Gallery

	2006	2005	2004	2003	2002
Number of participants in public interpretive activities	38,721	55,337	66,720	71,104	97,561
Number of student visitors	26,931	25,498	24,281	26,285	36,009

These indicators highlight the effect of the Art Gallery offering less participatory public programs during the reporting year. Continual innovation and high quality have characterised the activities and programs the Art Gallery has been able to deliver; however, some programs have not been continued due to a reduction in public program and visitor service staffing.

During the 2005–06 program, a focus on families has been maintained through a number of school-holiday programs. Continued support of the Education Program has maintained participation by school groups, while young people have been able to participate via exhibition programs such as 'Year 12 Perspectives'.

#### 4. Visitor perceptions about the outcome of their visit

Surveys conducted of visitors attending the Gallery provide an assessment about the extent to which the outcome was being achieved for the visual arts.

*"My visit to the Gallery has improved my knowledge and appreciation of the visual arts"*

	Actual 2006 %	Target 2006 %	2005 %	2004 %	2003 %
Proportion responding "strongly agree" or "agree"	85.0	87.0	79.2	81.0	79.1

The results reported for 2002–03 and 2001–02 have been amended to discount the "don't know" responses from the survey results. The figure reported in 2002–03 and 2001–02 were 82.0% and 81% respectively.

The positive response from visitors to the survey question about whether the visit improved their knowledge and appreciation of the visual arts confirms the effectiveness of the Gallery in meeting its Mission and achieving the portfolio outcome in the visual arts area. The Gallery continues to maintain the positive response rate first achieved in the 'Monet year' of 2002.

## Development of the State Art Collection

Effectiveness is measured by the continued acquisition of a representative collection of Australian and non-Australian art in response to the mandate, mission and acquisitions policy so that the community continues to have access to a diverse range of innovative ideas, knowledge and cultural experiences.

Effectiveness is also measured by the continuing pre-eminence in the collection of Western Australian art and heritage objects.

### 5. Acquisition of a representative collection

	2006		2005		2004		2003		2002	
	Cost %	No %	Cost %	No %	Cost %	No %	Cost %	No %	Cost %	No %
Percentage of works of art acquired with Capital Contribution from the State Government										
<i>By Western Australian artists</i>	69	67	29	42	49	74	22	21	37	62
<i>By Australian artists*</i>	30	30	71	58	15	13	23	54	59	35
<i>By non-Australian artists</i>	1	3	0	0	36	13	55	25	4	3
Percentage of works of art acquired with bequest and Foundation funds										
<i>By Western Australian artists</i>	12	12	22	63	5	67	0	0	99	83
<i>By Australian artists*</i>	88	88	78	38	2	17	100	100	1	17
<i>By non-Australian artists</i>	0	0	0	0	93	16	0	0	0	0
Percentage of works of art acquired by donation										
<i>By Western Australian artists</i>		16		38		34		27		20
<i>By Australian artists*</i>		79		22		59		67		60
<i>By non-Australian artists</i>		5		40		7		6		20

\* excludes WA artists

	2006	2005	2004	2003	2002
Number of Western Australian artists new to the collection	11	23	6	4	14
Number of Western Australian artists already in the collection whose representation has increased	12	11	18	6	24

These indicators highlight the Gallery's strategies and effectiveness in achieving its objectives through the policy statement on the Collection 2002–06. The focus of the policy is on Western Australian art, Indigenous art and Australian and international art which build upon the strengths of the Collection.

The acquisition indicators are itemised by funding source to show how the Art Gallery achieves acquisition policy objectives. Bequest funds are held in trust by the Gallery and are expended in accordance with the individual

bequest conditions. Donations of works of art are directed by the policy objectives of the State Art Collection. Funds available to the Art Gallery from Capital Contribution from the State Government have no restrictions and are the most effective sources of funds for achieving the breadth of policy objectives for the State Art Collection.

In the reporting year significant works by Portia Bennett, Ricky Swallow and Brian Blanchflower were added to the State Art Collection.

## Efficiency Indicators

The Art Gallery applies the following measures to assess its efficiency in delivering the output 'Art Gallery Services' within the context of the portfolio outcome statement:

*A community that is informed of, and has access to, a diverse range of innovative ideas, knowledge and cultural experiences.*

Greater efficiency over time with respect to the Collection is achieved when the cost of the output 'Art Gallery Services' decreases per item in the Collection. Improved efficiency, with respect to Art Gallery programs, is achieved as the cost of the output decreases per interaction. Total cost of services is apportioned 80/20 against visitor interactions and items in the Collection for reporting purposes.

	Actual 2006	Target 2006	2005	2004	2003
	\$	\$	\$	\$	\$
Cost per interaction*	42.17	47.81	42.39	30.49	30.13
Cost per item in the collection	252.98	291.89	264.96	233.42	231.54

\* External loans not included

Attendance rates declined during the reporting year continuing the tapering trend experienced since the extremely high number of visitors to the 'Monet & Japan' exhibition in 2001–02. The reduction in the size of the exhibition program and other public programs also contributed to the lower rates of attendance in 2005–06. This is offset by a greater reduction in overall cost of services compared to target which has resulted in a lower cost per interaction.

The State Art Collection grew by 142 works during the reporting year. This increase was slightly higher than target expectations and the overall cost of services was lower than target expectation which is reflected in the efficiency indicator for collection management.

## Output Measures

In accordance with Treasurer's Instruction 904, the Art Gallery of Western Australia has developed the following measures to assess the quantity, quality, timeliness and cost of its output 'Art Gallery Services'.

Cost per item and cost per interaction include an allocation of overhead from the Department of Culture and the Arts, which provides services to the Art Gallery of Western Australia.

	Actual 2006	Target 2006	2005	2004
<b>Quantity</b>				
Number of items maintained	16,392	16,380	16,250	15,958
Number of interactions	393,319	400,000	406,325	488,736
<b>Quality</b>				
Adherence to collection policy for acquisitions	100%	100%	100%	100%
Visitor satisfaction rate	95%	95%	96%	94%
<b>Timeliness</b>				
Number of access hours per week	49	49	49	49
<b>Cost</b>				
Cost per item in the Collection	\$278.37	\$291.89	\$290.50	\$251.03
Cost per interaction	\$46.41	\$47.81	\$46.47	\$32.79

## Location, services, programs and amenities

For further information concerning the Art Gallery of Western Australia, its programs and facilities, please contact:

### **Art Gallery of Western Australia**

Perth Cultural Centre, Perth WA 6000  
PO Box 8363, Perth Business Centre, Perth WA 6849  
Telephone: 08 9492 6600  
Infoline: 08 9492 6622  
Facsimile: 08 9492 6655  
Internet: [www.artgallery.wa.gov.au](http://www.artgallery.wa.gov.au)  
Email: [admin@artgallery.wa.gov.au](mailto:admin@artgallery.wa.gov.au)

Open 10am–5pm daily,  
Anzac Day 1–5pm,  
Closed Good Friday and Christmas Day.

General admission is free.  
Admission fees apply to some exhibitions.

Information on donations to the Gallery, including the Cultural Gifts Program and the Cultural Bequest Program, is available on request, as are copies of the Gallery's Mission and Vision Statement and its Customer Service Charter.

### **Art Gallery Shop**

For Gallery publications and gifts, please contact the Gallery Shop.  
Telephone: 08 9492 6766.

### **Foundation**

For information on how you can become involved with the Gallery, including membership and bequests, please telephone: 08 9492 6761 or email [foundation@artgallery.wa.gov.au](mailto:foundation@artgallery.wa.gov.au)  
Gifts to the Foundation of \$2 or more are tax deductible.

### **Friends of the Art Gallery of Western Australia**

Membership and general enquiries can be made by telephone 08 9492 6750, email [friends@artgallery.wa.gov.au](mailto:friends@artgallery.wa.gov.au) or facsimile 08 9492 6755.

### **Sponsorship**

For information on becoming a Gallery partner please contact the Head of Development & Access by telephoning 08 9492 6760.

### **Art Gallery Café**

Telephone: 08 9228 3100.

