



Art Gallery
of Western Australia



Annual Report 2007–08

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The Annual Report is presented in PDF format. All sections, except the financial statements, are also available in Word format.

Art Gallery of Western Australia Annual Report 2007–08
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Mission Statement

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.

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Overview

Statement of Compliance

Hon. John Day

Minister for Culture and the Arts

In accordance with section 28 of the *Art Gallery Act 1959* and section 61 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Art Gallery of Western Australia for the financial year ended 30 June 2008.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act*.

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

22 August 2008



Nikki Miller

Member, Board of the Art Gallery of Western Australia

22 August 2008

CHAIR'S REPORT

It has been an exciting and dynamic year for the Art Gallery of Western Australia.

Significant achievements and developments have helped to enhance the future of the Gallery through enriching the State Art Collection, providing access to and visibility for the visual arts in the State, and advocating for the arts throughout the community. We have, through these projects and more, set a firm direction for the future of the premier State arts institution.

A key, but sad event this year was the retirement of Alan R. Dodge as the Director of the Art Gallery. Over his eleven years as Director Alan built a strong and dynamic institution and established a solid foundation for the future. He was a strong advocate for the visual arts, the Art Gallery and the need for a dynamic cultural sector in Western Australia, and we are delighted that he continues to play a key role in the arts in this State.

The ability of the Gallery to continue to build a legacy for future generations of Western Australians was enhanced by the State Government's establishment of the Art Gallery of Western Australia Acquisition Fund as part of its *Ignite* package. This initiative launched a significant Capital Campaign generously supported by BHP Billiton, the National Australia Bank, Wesfarmers and Woodside as lead donors. These four companies have set an inspired example of what it means to support the community and the State Art Collection.

The Gallery delivered a dynamic exhibition program including the highly popular *Egyptian Antiquities from the Louvre; journey to the Afterlife*, which was produced in partnership with Art Exhibitions Australia and the Musée du Louvre, Paris. This exhibition was ranked by *The Art Newspaper* as being among the top ten best attended antiquities exhibitions in the world during 2007.

The exhibitions over the remainder of the year continued to provide Western Australians with high quality and interesting displays, ranging from *PEEP: Glimpses of the past four decades from the Kerry Stokes Collection*, featuring eight WA artists along with works by outstanding international artists, to the *Artist in focus* series of exhibitions, showcasing the works of international, Australian and Western Australian artists. Most appropriately the year ended with the opening of *WONDERLUST New journeys Your collection*, highlighting the State Art Collection.

An exciting new project to provide greater access to the State Art Collection is the digitisation pilot project sponsored by the Gordon Darling Foundation, which made more than 200 works available on the Gallery website.

The Gallery continued its commitment to providing access to different members of the community. A varied public program of events attracted families, children and students. The achievement of young people was celebrated in the perennially popular *Year 12 Perspectives*. This ongoing partnership with the Department of Education and Training continued the Gallery's commitment to youth and education. With the assistance and support of Woodside, community workshops were held in Karratha. Our partnership with the International Foundation for Arts and Culture continued to promote an ongoing exchange with Japanese student artists.

The Gallery has continued to partner with a broad range of arts organisations including collaborating with the City of Perth Winter Arts Festival, the UWA Perth International Arts Festival and FotoFreo, and developing strategic relationships with corporate and private sponsors.

I thank the Board and the Gallery staff for their efforts in making this a very successful year for the Art Gallery of Western Australia and particularly Alan R. Dodge for his leadership and vision over the past decade.

A special thanks also to the Hon. Sheila MCHale, Minister for Culture and the Arts, who has announced her retirement from politics from the 2008 election. Minister MCHale has been a energetic supporter of the Gallery and we thank her for her advocacy and leadership during her eight years as our Minister.

Helen Cook

Chair, Board of the Art Gallery of Western Australia

HIGHLIGHTS

State Art Collection

- As part of the *Ignite* package, the Art Gallery of Western Australia Acquisition Fund was established and launched by the State Government to support increased purchase and investment in Western Australian, Australian, Indigenous and International contemporary art for the State Art Collection.
- Significant gifts to the State Art Collection during the year included works by Brent Harris, Reynold Hart, Gordon Hookey and Mitjili Napurrula; digital prints by Max Pam and silver gelatin prints by Machiel Botman; a watercolour by George Pitt Morison; and works by Janet Burchill and Jennifer McCamley.
- Indigenous works by Hector Jandany and Madigan Thomas, a major painting by Shane Pickett, and contemporary works by James Angus and John Tarry were purchased as well as Australian glass by Kevin Gordon and Jessica Loughlin and porcelain works by Robin Best.
- Of the works purchased during the year, twenty-three were by Western Australian artists. These included a major painting of eight panels by Shane Pickett and a sculptural work by James Angus.
- The Art Gallery completed the Gordon Darling Foundation digitisation pilot project, improving access to information on the State Art Collection with more than 200 works now available on the Gallery website.

Events, exhibitions and interpretative programs

- *Egyptian Antiquities from the Louvre; journey to the Afterlife* was the central feature of the Gallery program. The exhibition attracted 138,046 admissions, generated extensive public interest and increased general visitations to the Gallery during the exhibition period to 224,169 participants.
- *WONDERLUST New journeys Your collection*, a major re-presentation of over 500 works of art from the State Art Collection, commenced in refurbished display galleries. The new displays are supported by comprehensive visitor information, access to online digitised images, family activity trails and newly developed public programs.
- *PEEP: Glimpses of the past four decades from the Kerry Stokes Collection* featured eight Western Australian artists along with the works of outstanding international artists.
- *Year 12 Perspectives* offered the public a chance to view students' artistic talent and gain an insight into their perceptions of our society. *Year 12 Perspectives* represents a long-term partnership between the International Foundation for Arts and Culture (IFAC), Woodside Energy Ltd, the Department of Education and Training and the Curriculum Council of Western Australia. IFAC's contribution incorporates an exchange of selected student works with a student exhibition in Japan and two student scholarships, while Woodside Energy's sponsorship extends to a *Year 12 Perspectives* tour and workshops for teachers and students conducted by Gallery Education staff in the Pilbara region.
- Each of five new exhibitions in the *Artist in focus* series offered a focused analysis of a unique body of work and was accompanied by a catalogue. They were all inspired by works in the Collection, making it accessible to a broad audience to create a forum for critical discussion and debate.
- All temporary exhibitions presented by the Art Gallery during the year were accompanied by an exhibition catalogue, and those produced for the *Artist in focus* series provided audiences with additional interpretative information about key holdings within the State Art Collection.

Participation and access

- A total of 424,851 people visited the Art Gallery during the year.
- The Art Gallery's Disability Access and Inclusion Programs enabled visitors with sensory, intellectual or physical disabilities to explore the State Art Collection through a variety of customised activities, including *Sensational Art*, guided touch tours of selected sculptures, and large-print guides for exhibitions.

Sponsorship

- Wesfarmers continued as a principal partner with the Art Gallery. This marks more than twenty years that the company has generously supported and worked with the Gallery to help bring art to Western Australians.
- The continuity provided by the Art Gallery's annual partners – Wesfarmers Arts, The West Australian, the International Foundation for Arts and Culture, Marketforce, Ernst & Young, Channel Seven Perth and Mirvac Hotels and Resorts – is critical to the delivery of a range of exhibitions and programs, and they are commended for their commitment and foresight.
- *Year 12 Perspectives*, now in its 16th year, has become a much-loved fixture on the Gallery's annual calendar. It is made possible with the ongoing support of the International Foundation for Arts and Culture, Woodside Energy Ltd, the Department of Education and Training and the Curriculum Council of Western Australia
- The Indigenous Curatorial Graduate Program entered its second year of a three-year partnership between the Art Gallery of Western Australia, three mining companies – AngloGold Ashanti Australia Limited, Carey Mining and Downer EDI – and Curtin University of Technology.
- An innovative partnership between the Art Gallery and the Water Corporation is using art to promote community awareness of the Waterwise message.

Philanthropy

- The Art Gallery of Western Australia Foundation enjoyed an almost 4 percent increase in membership during the year, and also welcomed four new corporate Patrons. The Gallery is grateful to BHP Billiton, the National Australia Bank, Wesfarmers and Woodside which have each set an inspiring example with donations of \$1 million to the Art Gallery of Western Australia Acquisition Fund established during the year by the State Government.

OVERVIEW

The year at a glance

The Gallery:

- received sponsorship and donations totalling \$513,000
- saw the value of the Collection increase by \$11,478,000 to \$186,469,000 during 2007–08
- generated \$629,000 revenue from major exhibition admissions, an increase of \$509,000 over the previous year
- received Foundation revenue of \$267,000
- recorded a retail shop net profit of \$246,000, an increase of \$220,000 over the previous year
- received approval for additional State Government funding of \$286,000 to manage the Antony Gormley art installation Inside Australia

Revenue

The Art Gallery receives revenue from the State Government in the form of a consolidated appropriation. It also generates its own revenue from visitor admissions for some exhibitions, commercial activities and fundraising. In addition, the Gallery receives grants and sponsorships for activities such as special events, digitisation of the collection and putting on the annual *Year 12 Perspectives* exhibition.

A total of 424,851 people visited the Art Gallery during the year. Of these, 138,046 attended *Egyptian Antiquities from the Louvre; journey to the Afterlife* and 17,783 attended functions.

The commercial activities of the Art Gallery continued to do well, with increases in areas such as the retail shop, restaurant revenue and venue hire.

Non-government revenue amounted to over \$4.4 million in 2007–08. Some of these income sources, such as grants, sponsorships and bequests, are restricted for specific purposes.

State Government funding provided \$7.142 million, representing 62 percent of the Art Gallery's revenue base in 2007–08. The level of government support assists the Gallery in remaining accessible to the wider community and in delivering the majority of its services free of charge.

Expenditure

Total operating expenditure for 2007–08 was \$10.815 million.

Salaries, wages and staffing costs of \$4.115 million accounted for 38 percent of the Gallery's expenditure and reflect the key role staff play in delivering the State Art Collection and Art Gallery services, ranging from the presentation of major international exhibitions to educational programs for families.

Accommodation expenses, including maintenance, utilities and security services, made up 25 percent of expenses. A major proportion of the costs was associated with public access to the displays in the galleries, including both lighting and security. The accommodation costs included continuing work on the Art Gallery's ageing infrastructure to ensure attractive and safe facilities for visitors and staff.

Operational Structure

ENABLING LEGISLATION

The Art Gallery of Western Australia is established as a Statutory Authority under the Art Gallery Act 1959.

Responsible minister

Hon. John Day

Minister for Culture and the Arts

Vision and Mission

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

The Gallery regards its mission as being 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.

Organisational Values

We strive to:

Respect

- be courteous, cooperative and flexible
- acknowledge the ideas and opinions of others and understand their needs

Excellence

- be innovative and professional in achieving the Gallery's goals
- earn the respect of our customers, colleagues and the community

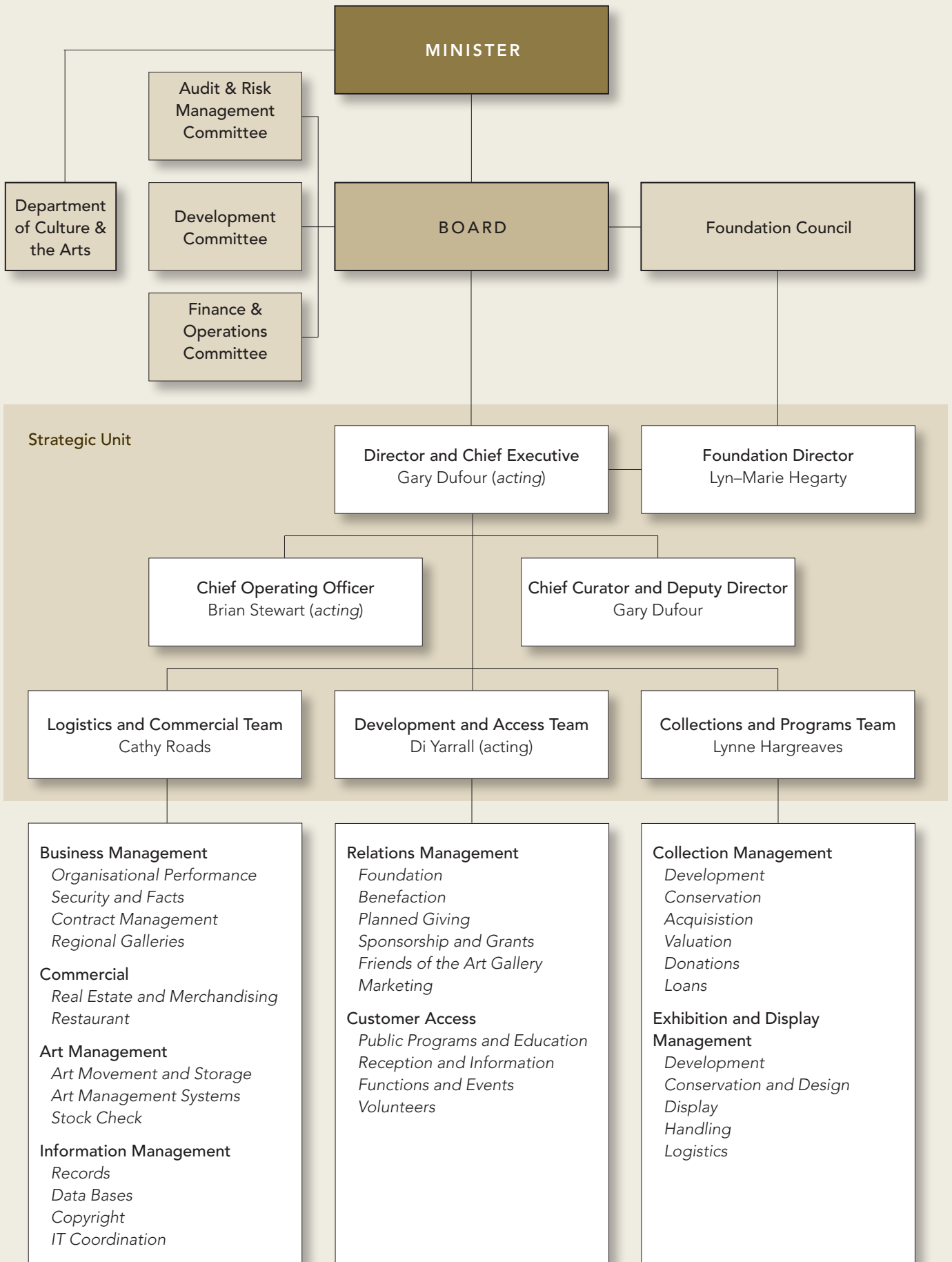
Ethics

- ensure we actively contribute to an ethical organisation
- nurture fair and open relationships with our customers and colleagues and the public

Commitment

- be loyal to the Gallery and its programs
- provide the best possible service for our customers.

Organisational chart



* The Director General is an ex officio member of the Art Gallery Board.
DCA receives the appropriation for all portfolio salary and associated costs. The use and governance of these resources is provided to the Art Gallery.

Operating structure

The Art Gallery's objectives and outcomes are delivered through three teams. The activities and outcomes achieved by the teams are detailed under Agency Performance – Report on Operations. The team leaders report to the Director, who is responsible to the Board for the leadership and operations of the Art Gallery.

To ensure the smooth operations of the Gallery – which opens every day of the year except Good Friday and Christmas Day – and to help coordinate its various activities relating to acquisitions, conservation, exhibitions, interpretative programs and events, the Gallery has a number of cross-agency committees and groups. These groups meet regularly, or as required, to plan, develop and implement initiatives, address day-to-day matters and deal with more complex issues involving local, interstate and overseas organisations.

The executive group, comprising the Director, Deputy Director, Chief Operating Officer and team leaders, meets weekly to consider key planning and policy matters relating to corporate governance of the Gallery, including financial and human resource management issues, risk management, capital works programs and other key issues central to Gallery operations.

Other standing committees include the Occupational Safety and Health Committee, the IT Working Group and the Risk Management Committee. Special project groups are established as required to coordinate and oversee specific programs or projects.

Board

The Art Gallery Act states that the Board shall comprise seven members appointed by the Governor. Members are appointed for a term not exceeding four years and are eligible for re-appointment to a maximum of eight years. The Director General of the Department of Culture and the Arts is an ex officio member of the Board.

The Board formally met six times during 2007–08.

Helen Cook, Chair, is the Executive Director, Australia, of KPMG's Energy and Natural Resources Group and has more than twenty years' experience in the Western Australian professional services sector supporting resources companies. She has been a member of the Art Gallery of Western Australia Board since 2004 and currently sits on the Women's Advisory Council for the Heart Foundation of Australia (WA). Ms Cook graduated from the University of Western Australia with a Bachelor of Science; she is an Associate of the Institute of Company Directors and a member of the Financial Services Institute of Australasia.

Hamish Beck is the Owner / Managing Director of Beck Advisory, a property-fund-management business based in St Georges Terrace. Mr Beck is a Division Councillor and Western Australian Treasurer of the Property Council of Australia, Chairman of the Property Education Foundation, Chairman of the Curtin University Advisory Committee, a Board member of the University of Western Australia Planning Advisory Committee and a member of the Rottneest Island Marine Advisory Committee. He is also involved with other industry groups.

Kellie Benda is the General Manager – Assets & Strategy at the Royal Automobile Club of WA (Inc.). She has spent most of her career as a corporate solicitor and investment banker. Ms Benda has extensive experience advising boards and companies and holds several directorships. She is currently on the boards of Methodist Ladies' College, the WA Forest Products Commission and the charity Youth Focus.

Allanah Lucas is the Director General of the Department of Culture and the Arts and has worked in the culture and arts sector for over 25 years. She serves on the Boards of the Western Australian Museum, the Art Gallery of Western Australia, the State Library Board of Western Australia, ScreenWest, the Perth Theatre Trust and the Swan Bells Foundation.

Adrian Fini is the Executive Director Development for Mirvac Ltd, a leading diversified property group. Mr Fini has been active in the Perth property industry for more than twenty-five years; he is involved in industry groups such as the Housing Industry Association and is Chairman of the Australia Housing and Urban Research Institute of Western Australia.

Fiona Kalaf is a business development, strategic planning and marketing communications professional with experience in commercial, corporate and non-profit environments at general manager level. Ms Kalaf has held senior executive positions at HBF, Asgard Wealth Solutions, the Commonwealth Bank of Australia and Wesfarmers Limited, and is currently director of management consulting firm Buro. Ms Kalaf holds a Bachelor of Arts and a Bachelor of Architecture from the University of Western Australia and a Graduate Diploma of Business (Distinction) and a Master of Business Administration (Advanced) from Curtin University of Technology.

Kieran Kinsella has held the position of Chief Executive Officer of the Midland Redevelopment Authority since May 2000. Between 1993 and 2000 he held the positions of Director of the Gascoyne Development Commission, Western Divisional Manager of the Indigenous Land Corporation and Project Director at the Western Australian Tourism Commission.

Dr Nikki Miller is Managing Director of Niksim Pty Ltd, a land-development company, and an art consultant with Art Support Pty Ltd. Dr Miller holds a Doctorate of Philosophy in Communications from Murdoch University and a Bachelor of Arts with First Class Honours in Fine Art from the University of Western Australia.

COMMITTEES OF THE BOARD

The Board appoints committees to assist in the performance of its functions. Two of the three committees (Finance & Operations, Audit & Risk Management) include external representation. The committees of the Board, their terms of reference and membership are listed below. The performance of each of the committees is reviewed by the Board on an ongoing basis.

Title: Finance & Operations
Role: To assist the Board in fulfilling its responsibilities relating to the implementation of the business operations plan and budget.
Members: Kellie Benda (Chair), Angel Barrio (PricewaterhouseCoopers member), Adrian Fini, and Allannah Lucas.
Ex officio members: Gary Dufour (acting Director), Renato Sansalone (Finance Business Manager), and Brian Stewart (acting Chief Operating Officer),

Title: Audit & Risk Management
Role: Assist the Board in fulfilling its responsibilities relating to accounting, reporting, risk management and legal compliance practices.
Members: Nikki Miller (Chair), Helen Cook, Shane Devitt (PricewaterhouseCoopers member), and Kieran Kinsella.
Ex officio members: Brian Stewart (acting Chief Operating Officer) and Brandon Walker (DCA Internal Audit). A representative of the Office of the Auditor General attends as an observer.

Title: Development
Role: Assist the Board in fulfilling its responsibilities relating to future development.
Members: Hamish Beck (Chair), Fiona Kalaf, and Kieran Kinsella.
Ex-officio members: Gary Dufour (acting Director) and Lyn-Marie Hegarty (Foundation Director).

Senior officers

Gary Dufour, BFA (Distinction), MFA

Acting Director

Mr Dufour has twenty-eight years' curatorial and executive arts management experience in public art museums in Australia and Canada.

Brian Stewart, BA (Hons), GradDipInfoLibStds (Distinction)

Acting Chief Operating Officer

Mr Stewart has extensive curatorial and arts management experience including twenty-five years' experience in public art museums and libraries in Australia and Canada.

Lyn-Marie Hegarty, BA

Foundation Director

Ms Hegarty has more than eight years' arts management experience in the public sector and twenty-five years' marketing and development experience in both the private and not-for-profit sectors.

Lynne Hargreaves, BA (Hons), MA

Head Collections & Programs

Ms Hargreaves has twenty years' arts-related education and training experience and significant experience of exhibition and program management.

Cathy Roads

Head Logistics & Commercial

Ms Roads has twenty years' public sector experience, including substantial experience in change management and art museum practice.

Di Yarrall

Acting Head Development & Access

Ms Yarrall has more than thirty years' arts-related experience in both the public and private sectors, with a background in broadcasting, marketing and public relations.

Partners and sponsors

VOLUNTEERS

The Art Gallery volunteers contribute thousands of hours of service to the Art Gallery each year and continue to enrich the experience of visitors with guided tours, front-of-house support and research. During the year volunteers provided 2701 tours – the equivalent of more than seven tours every day the Gallery is open. In all 15,422 hours were provided.

In 2007–08 25 new guides joined the Voluntary Gallery Guides.

The Gallery benefited from the contributions of over 160 volunteers who helped in the delivery of programs to the public and schools.

FRIENDS OF THE ART GALLERY OF WESTERN AUSTRALIA

The Friends of the Art Gallery of Western Australia provides members a range of benefits and privileges which bring them in close touch with the Gallery, its exhibitions, collection and special events. While discovering more about the worlds of art, members have the chance to participate in an exciting and diverse range of activities which are educational, cultural and creative. The Friends also contribute to the State Art Collection by funding acquisitions. During the year the Friends purchased three works by Vernon Ah Kee, and furniture by Khai Liew and Borge Morgensen was purchased with funds from the Margot Bunning Bequest.

ART GALLERY OF WESTERN AUSTRALIA FOUNDATION

Since its formation in 1989, the Art Gallery of Western Australia Foundation, the membership arm of the organisation, 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 Western Australian community.

Members provide their support across a number of significant areas including the Contemporary Art Group 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 Gallery staff.

The Art Gallery of Western Australia Foundation received \$267,000 during the year in bequest and special purpose fund contributions. In addition nine people took up life membership of the Foundation, which signifies an almost 4 percent increase in membership on the previous year. In recognition of their gift pledges exceeding \$1 million each, the Gallery also welcomed four new Patrons: BHP Billiton, the National Australia Bank, Wesfarmers and Woodside.

The value of works of art donated to the State Art Collection provides an indication of the high esteem in which the community holds the Art Gallery of Western Australia. During the reporting period the value of gifts of art totalled \$291,000.

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 support to the Gallery.

FOUNDATION COUNCIL MEMBERSHIP 2007–08

| | |
|----------------------|--|
| Marlene Stafford | Chair from October 2007 Councillor from October 2004 |
| Helen Cook | (Board Chair) from July 2006 |
| Brett Davies | Chairman from April 2004 to September 2007 Councillor from August 2002 |
| Sandra Di Bartolomeo | From May 2008 |
| Alan R. Dodge | (Director) from January 1997 to December 2007 |
| Gary Dufour | (acting Director) from December 2007 |
| Annie Fogarty | From March 2004 |
| Ian Trahar | From February 2006 to February 2008 |
| Jo Dawkins | From December 2005 to July 2007 |
| John Hanley | From December 2005 |

FOUNDATION MEMBERS LIST 2007–08

Honorary Patron

His Excellency Dr Kenneth Michael, AC
Governor of Western Australia

Patrons

(Donations of not less than \$1,000,000)

Anonymous donor
Sue and Ian Bernadt
BHP Billiton
The Leah Jane Cohen Bequest
Dr Jo Lagerberg and Dr Steve Swift
National Australia Bank
The late Dr Harold Schenberg
Wesfarmers
Woodside

Honorary Arts Patron

Robert Juniper

Vice Patrons

(Donations of not less than \$500,000)

Anonymous Donor
Government of Western Australia
The Linton Currie Trust
The late Dr Rose Toussaint
Barbara and the late Albert Tucker

Governors

(Donations of not less than \$100,000)

Brian Blanchflower
Robert and Lesley Girdwood
Bob Brighton
The late Margot Bunning and family
The Christensen Fund
Dr David Cooke
James Fairfax, AO
Freehills
Friends of the Art Gallery of Western Australia
Gordon Darling Foundation
Evelyn and the late Kemp Hall
Janet Holmes à Court, AO
Ben and Helen Korman
The late May Marland
John McBride
James Mollison, AO
John Nixon
Max Pam and Jann Marshall
The late Clifton Pugh, AO
Kerry Stokes, AO
The late Sheila and the late Howard Taylor, AM
Lyn Williams

Benefactors

(Donations of not less than \$50,000)

Anonymous Donor
Agapitos/Wilson Collection
Gunter Christmann
Sir James and Lady Cruthers
Robin and Elizabeth Forbes
Warwick Hemsley and Family
Dr Tim Jeffery
Mandy Juniper
Dr Douglas Kagi
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

Fellows

(Donations of not less than \$15,000)

Dr David Alltree
Dario and Susan Amara
AngloGold Ashanti Australia Limited
Daniel Archer
Neil Archibald
Dr Bruce Bellinge
Barbara Blackman
E.L. (Mick) Bolto
Sue Bolto
Eileen Bond
John Brunner
Fiona Clarke (In memory of Mrs Jean Clarke)
The late Esther Constable
Professor Ian Constable, AO
Syd and Danae Corser
Anne Cranston
Alan R. Dodge
Siné MacPherson and Gary Dufour
Trevor and Judy Eastwood
Ernst & Young Chartered Accountants
Larry and Peggy Foley
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
Kevin and Jan Jackson
The late Cliff Jones
Kathleen O'Connor Advisory committee
David Larwill
Dr Graham Linford
Robert MacPherson

Diane McCusker
Ken and Merran McGregor
Dr Fred and Mrs Georgina Nagle
Ayril S. and Brian J. O'Brian
ICI Australia
The Peplow family
Angela Roberts
Ruth Rowell Phelps
Anthony Russell
Dr John and Thea Saunders
Linda Savage and Dr Stephen Davis
Anna Schwartz
The late Christine Sharkey
Gene and Brian Sherman
Marlene and Graham Stafford
Vivienne Stewart
The late John Stringer
Brian Swan
Ian and Sue Trahar
Women's Service Guild of Western Australia
Ashley Zimpel

Members

(Not less than \$5,000)

Robyn Ahern
Aisen Family Trust
ANZ Banking Group Limited
Monique and Sam Atlas and family
Shelley Barker
John Barrett-Lennard and Judith Chernysh
Corinne Barton
R.G. Bennett
Peter and Stella Blaxell
Lin Bloomfield
Frank and Margaret Bongers
Keith Bradbury
Brigitte Braun
Claire Brittain
Margaret Brophy
The late Lina Bryans
Peter and Christine Buck
Janet Burchill
Sally Burton
Bruce Callow & Associates Pty Ltd
Fraser Campbell
Estate of John Chilvers
Susan Clements
Jock Clough
Libby Cocks
Helen Cook
The late Chandler Coventry
Susan and Michael Croudace
Dr Ben Darbyshire
Brett Davies Lawyers
Dr and Mrs N.J. Davis

Jo Dawkins
Sandra Di Bartolomeo
Lauraine Diggins
Marco D'Orsogna
Pamela Douglas
The Hon. Peter and Mrs Benita Dowding
Hilaire Dufour
Hollis Dufour
Meredith Dufour
Edwin Eames
The late David Englander
Jenny and the late Bill Fairweather
Michael J. Fallon
The Feilman Foundation
Paul and Susanne Finn
Fini Group of Companies
Fire & Emergency Services Authority
Allan and Lynette Fletcher
Annie and Brett Fogarty
Leonie and David Garnett
Tom Gibbons and Miriam Stannage
Gary Giles
Rodney Glick and Lynnette Voevodin
David and Hannah Goldstone
Mark Grant
Grant Thornton Chartered Accountants
Alix and Geoffrey Grice
Lloyd and Jan Guthrey
Sean Hamilton
John Hanley, AM
Dorothea Hansen-Knarhoi
Kim Hawkins
Lyn-Marie Hegarty
Michael Hoad
Marie and Michael Hobbs
Estate of Dr Ernest Hodgkin
Diana Hodgson
Glen Host and Jill Potter
Julie Hoy
John Hughan
Don and Joan Humphreys
Jim and Freda Irenic
Japan Chamber of Commerce & Industry Perth Inc
Angus and Louise Jones
Ashley and Nina Jones, Gunyulgup Galleries
Joyce Corporation Ltd
Dr Patricia Kailis, AM, OBE
Katherine Kalaf
Nancy Keegan and Don Voelte
Melissa and Kasia Kelly Dang
Jennie Kennedy
Jeff Kerley
Denis and Valerie Kermode
Lamb Printers Pty Ltd
Estate of Clifford Last
Janine Lauder
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 Tedy McDiven
John McGlue and Sharon Dawson
Marshall and Amanda McKenna
Ian and Jayne Middlemas
Geraldine Milner
Esther Missingham
Möet & Chandon Art Foundation
The Moran family
Charles and Caroline Morgan
Geoffrey and Valmae Morris
Jock and Jane Morrison
The late Kenneth Myer
Etsuko Nishi
Robert O'Hare
Norah Ohrt
Dr Walter Ong
Kosta Boda, Sweden
Helen and Barry Osboine
Gillianne Packer
Mimi and Willy Packer
Maureen Paris
Shane Pavlinovich
Georgina Pearse
Guardian Resources (Joshua Pitt)
Bob and Ann Poolman
Rosemary Pratt
Howard and Lindsey Read
Estate of Ian Richmond
Jenny and Wyborn Seabrook
Roslyn Seale
Celia Searle
Asher and Fraida Shapiro
Stirling and Judy Shaw
J. and J. Shervington
John and Marie-Louise Simpson
Singapore Airlines
Cecily Skrudland
Darryl and Heather Smalley
Kathryn Stafford-Rowley
Stateships
Paul and Carla Sullivan
Geoffrey Summerhayes, OAM
Gloria Sutherland
Greenhill Galleries
John and Antoinette Tate
Rodney and Penelope Thompson
Gene Tilbrook
Wendy Treasure

Edna Trethowan
Peter Tyndall
Elizabeth and Max Vinnicombe
Patsy Vizents
Mark Walker
Patti Warashina
Diana and the late Bill Warnock
Darryl and Margaret Way
Estate of Ian Whalland
Donna White
Dr Heather Whiting
Richard Wilenski and Fiona Kalaf
Ian and Jean Williams
Ron and Sandra Wise
Mark Woffenden
Brigid Woss
Yacht Grot
Di Yarrall
Carlos Zerpa
Dr Dolph W. Zink, AM, and Mrs Zink

SPONSORSHIPS

The Gallery continues to receive strong support from organisations that acknowledge the significant benefits of a flourishing arts sector to their businesses and employees as well as to the broader community throughout Western Australia.

Strategically, the focus is on forging long-term industry-exclusive key partnerships. In 2007–08 the Art Gallery of Western Australia was privileged to have the continuing annual support of:

Wesfarmers Arts
The West Australian
Marketforce
Ernst & Young
Channel Seven Perth
Mirvac Hotels and Resorts
The International Foundation for Arts and Culture

Sponsors who supported programs and exhibitions in 2007–08 included:

AngloGold Ashanti Australia Ltd
Art Exhibitions Australia
Australian Air Express
Australian Government Visions of Australia
Contemporary Touring Initiative
Carey Mining
Channel Seven
Curriculum Council of Western Australia
Curtin University of Technology
Department of Education and Training
Downer EDI
Ernst & Young
FotoFreo 2008
George Pattersons
Gordon Darling Foundation
International Foundation for Arts and Culture
Kerry Stokes Collection
Louvre
Mazda
MCA Museum of Contemporary Art
Mix 94.5
National Gallery of Australia travelling exhibitions
Perth International Arts Festival
Qantas
Singapore Airlines
Sunday Times
TarraWarra Museum of Art
The Australian
Water Corporation
WesTrac Cat
Woodside

Key legislation

Legislation and regulations administered:

Art Gallery Act 1959
Art Gallery (Common Seal) Regulations 1979
The Art Gallery of Western Australia Foundation Rules 1989

Other key legislation impacting on the Art Gallery of Western Australia:

Auditor General Act 2006
Corruption and Crime Commission Act 2003
Disability Services Act 1993
Electoral Act 1907
Equal Opportunity Act 1984
Financial Management Act 2006
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 Injury Management Act 1981

Performance Management Framework

RELATIONSHIP TO GOVERNMENT STRATEGIC GOALS

The Art Gallery is a statutory authority within the Culture and the Arts portfolio. The Gallery provides services in support of the high-level government goal of 'enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services'.¹

AGENCY LEVEL DESIRED OUTCOMES AND SERVICES

The desired outcome for the provision of art gallery services is that

*Western Australia's State Art Collection is preserved, accessible and sustainable.*²

Art gallery services are identified in the State's Budget Statements as:

*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 that primary access to art, heritage and ideas locally, regionally and internationally are preserved and displayed for future generations.*³

¹ Budget Statements 2007–08, p. 890.

² Ibid.

³ Ibid., p. 895.

Agency Performance – Report on Operations

Report on operations

In 2007–08 the Art Gallery was successful in delivering significant outcomes in the following areas:

- development, preservation and presentation of the State Art Collection
- attendance and audience participation
- financial sustainability and operational performance.

The five key result areas that define the Gallery's operations seek to:

- actively develop the State Art Collection to ensure it remains the pre-eminent collection of Western Australian art
- research, develop and present outstanding events, exhibitions and interpretative programs that increase the knowledge and appreciation of the art of the world for the enjoyment and cultural enrichment of the people of Western Australia
- engage the widest possible audience as visitors and as volunteers participating in art gallery services
- maintain effective and efficient infrastructure for the provision of art gallery services
- secure and develop a broad funding base from government and through successful commercial outcomes and sponsorship.

Thanks to the combined efforts of staff, volunteers, supporters and partners, the Art Gallery experienced an excellent year in 2007–08. It hosted the world's tenth highest attended antiquities exhibition for the year, *Egyptian Antiquities from the Louvre; journey to the Afterlife*, which attracted 138,046 admissions, generated extensive public interest and contributed to increased general visitations to the Gallery to a total of 424,851 participants. The success of the exhibitions program resulted in higher than ever revenue from commercial activities and growth in programs.

In a year that saw the State Government renew its commitment to building the State Art Collection with the launch of the Art Gallery of Western Australia Acquisition Fund of up to \$15 million to support increased purchase, and investment in Western Australian, Australian, Indigenous and International contemporary art for the State Art Collection it was fitting that the year's exhibitions program featured *WONDERLUST New journeys Your collection*. This major re-imagining of over 500 works of art from the State Art Collection is supported by comprehensive public programs and complemented by the availability of more than 200 of the works on the Gallery website with the support of the Gordon Darling Foundation. The exhibition highlights the Gallery's strategic focus on developing the State Art Collection with programs and research activities.

Highlights during the year included ongoing partnerships with other organisations and sponsors. In addition to partnerships to deliver exhibitions such as *PEEP: Glimpses of the past four decades from the Kerry Stokes Collection*, the Art Gallery continued to foster strategic partnerships with a diverse range of cultural groups, including local festival organisations, and to forge long-term industry-exclusive key partnerships. The 2007–08 Annual Gallery Partners were Wesfarmers Arts, The West Australian, Marketforce Limited, Ernst & Young, Channel Seven Perth, Mirvac Hotels and Resorts and the International Foundation for Arts and Culture. The Gallery also worked closely with AngloGold Ashanti Australia Limited, Carey Mining, Roche Mining, Curtin University of Technology, the International Foundation for Arts and Culture and Woodside Energy Ltd to build mutually beneficial long-term relationships.

Looking ahead, work has begun on planning for the renewal and redevelopment of the Art Gallery for the future. The Gallery is working closely with the East Perth Redevelopment Authority to plan a vibrant creative quarter in the heart of Perth.

It continues to ensure that a visit to the Art Gallery is a quality and enriching experience, providing opportunities for visitors to connect with the visual arts and better understand the diverse cultures of the world.

Outcomes, services and performance information

Outcome: Western Australia's State Art Collection is preserved, accessible and sustainable.

Indicator 1: The extent to which the part of the State Art Collection that requires preservation is preserved

| Key Effectiveness Indicators | 2006–07 Actual | 2007–08 Actual | 2007–08 Target | Reason for significant variance between 2007–08 actual and 2007–08 target |
|--|-------------------|-------------------|-------------------|--|
| Proportion of time that the storage and display environment has not been breached. | 93.5% | 97% | 100% | The target represents the optimum. The significant improvement shown from 2006–07 results from measures to improve storage environment conditions in the Centenary Galleries |

Indicator 2: The extent to which art gallery services are accessible

| Key Effectiveness Indicators | 2006–07 Actual | 2007–08 Actual | 2007–08 Target | Reason for significant variance between 2007–08 actual and 2007–08 target |
|--|-------------------|-------------------|-------------------|--|
| Number of accesses to Western Australia's State Art Collection per capita. | 191 per 1000 | 246 per 1000 | 192 per 1000 | The increase resulted from higher attendance at Egyptian Antiquities from the Louvre; journey to the Afterlife and a 46% increase in website hits. |
| Percentage of clients satisfied with the services associated with accessing the State Art Collection. | 91% | 91% | 95% | |
| <i>The Art Gallery engages a market research firm to survey customer satisfaction. The research results indicated that visitors who were very satisfied with their visit to the Gallery rose from 42% in 2006–07 to 50%.</i> | | | | |
| Average cost of art gallery services per access. | \$23.24 | \$20.84 | \$29.10 | Variation results from a combination of access rates above estimate and reduced total cost of services. |

Indicator 3: The extent to which the State Art Collection and art gallery services are sustainable

| Key Effectiveness Indicators | 2006–07 Actual | 2007–08 Actual | 2007–08 Target | Reason for significant variance between 2007–08 actual and 2007–08 target |
|--|-------------------|-------------------|-------------------|---|
| Value of State Art Collection renewal, content development and/or expansion as a proportion of Collection value. | 0.39% | 0.69% | 0.48% | Improvement reflects a rise in acquisition expenditures over target. |

Key result area reports

STATE ART COLLECTION

The Gallery's purpose is to acquire, preserve, interpret and display visual art from the past and the present, with an emphasis on the art of Western Australia and Indigenous art. The State Art Collection comprises 16,846 works in a range of media including paintings, sculptures, craft and design, watercolours, drawings, photographs and prints. Indigenous art is a highlight, providing an extensive overview of traditional and contemporary art from Western Australia, the Central Desert and Arnhemland. The Collection also has pre-eminent holdings of Western Australian art, craft and design from 1829 to the present.

The reporting period 2007–08 was the second year of the 2007–2011 five-year acquisition cycle. In this new cycle, a priority has been placed on developing the principal strength of the Collection – art with a central theme of human habitation in the environment. Through these 'Stories of Habitation' the Art Gallery is building dialogues to support visitor engagement with the art of Western Australia and the art of the world.

The emphasis for acquisitions, through purchase and donation, is to acquire major works, or significant bodies of works, in the following main areas over the five-year period 2007–2011: international historical and contemporary art; Indigenous art with a particular focus on Western Desert, Kimberley and South West artists and communities; and exemplary historical and contemporary works of art by Western Australian and Australian artists.

In meeting the 2007–08 acquisition targets, 162 works of art were introduced into the Collection. Of these, 68 were purchased with support from the State Government, the Sir Claude Hotchin Art Foundation, the Leah Jane Cohen Bequest, the Sarah and Baillieu Myer Family Foundation and the Art Gallery of Western Australia Foundation. Significant gifts included works by Reynold Hart, Mitjili Napurrula, Max Pam and George Pitt Morison.

Preservation continues through an ongoing program of assessing the condition of works in the collection. In 2007–08 the Gallery targeted works from the State Art Collection to be exhibited in the *WONDERLUST* display, which opened to the public in June 2008. All were condition assessed and, where required, made display ready through treatments, varying in scale from professional surface cleaning and dusting to minor repairs and significant restoration or framing.

EVENTS, EXHIBITIONS AND INTERPRETATIVE PROGRAMS

The Gallery had an exceptionally exciting year of events and exhibitions, beginning with the events accompanying the highly successful Egyptian Antiquities from the Louvre; *journey to the Afterlife*, and ending with the launch of *WONDERLUST* displays, showcasing the State Art Collection.

The Gallery continued to provide broad access to the community, with 20,696 people participating in a diverse calendar of functions and events, together with a very successful schools program, attracting 38,298 students during the reporting period.

EXHIBITIONS

Conversations

Until 23 March 2008

Conversations presented a changing selection of works that highlight the depth and breadth of the State Art Collection. The display brought together major works in a meditation on the nature of art practice and the role of the artist in the second half of the twentieth century. Together they were designed to create more conversations – reacting with each other, and also with us, in often unexpected ways.

Western Australian art 1820s–1960s

Until 23 March 2008

This display featured historical artworks from the State Art Collection that had been previously housed in the Centenary Galleries. The display featured images by Western Australian artists, together with images of Western Australia, dating from the early days of European exploration and settlement up to the 1960s, including works by such well-known artists as Kathleen O'Connor, George Pitt Morison, J.W.R. Linton, Flora Landells, Guy Grey-Smith, Portia Bennett and Robert Juniper.

Egyptian Antiquities from the Louvre; *journey to the Afterlife*

21 July – 28 October

An Art Exhibitions Australia exhibition featuring Egyptian antiquities from the Musée du Louvre, which presented the belief systems, concepts and rituals associated with Egyptian afterlife against broad themes of:

- Divine Models of Eternity – iconography, themes and symbols; Ra the sun god and Osiris the murdered god
- Leaving for the Beautiful West – an unperishable body, mummification, adornment of the corpse, the coffin and the role of decoration at funerals
- Living Eternal and Forever – the scales of fate, the wandering of the soul, the realm and judgement of Osiris and the Egyptian Paradise
- Heaven on Earth – the Necropolis – the tomb and its furniture and the funerary cult and Heaven on Earth; the temple, kings and priests

Tom Malone Prize five-year display

11 August – 7 October

The Tom Malone Prize for contemporary Australian glass artists was established in 2003 in partnership with Foundation Benefactor Elizabeth Malone. An acquisitive award, each year's winner receives \$10,000 and the honour of having their work represented in the State Art Collection. The Tom Malone Prize has developed the Gallery's already significant connection with the contemporary Australian glass and broader craft and design communities. From August – October 2007, the Gallery celebrated the first five years of the prize with a display of the very best glass works from the Collection that also featured winners to date – Nick Mount (winner 2003), Jessica Loughlin (winner 2004 and 2007), Ben Sewell (winner 2005) and Clare Belfrage (winner 2006). In March of this year, 2008, we awarded the sixth Tom Malone prize. The winner was won by Kevin Gordon for his work *Sea urchin*, 2008. This was the first time the award has been won by a Western Australian glass artist.

Artist in focus – Asia

Radical Elegance

Yohji Yamamoto Garments in Australian Collections

1 November 2007 – 17 February 2008

The Gallery's inaugural *Artist in focus – Asia* exhibition This was the first solo exhibition in Australia of the renowned fashion designer Yohji Yamamoto, featuring selected garments from public and private Australian collections. Yamamoto's sculptural garments have been a significant influence on contemporary *haute couture* and *prêt-à-porter* clothes since his Paris debut in 1982. The exhibition drew together garments covering more than 20 years of Yamamoto's practice tracing the shifts in his focus and fashion interests. His designs use flowing fabrics to create structured body shapes and often draw on humour, romance and historical fashion styles. The *Artist in focus – Asia* series is supported by the Gordon Darling Foundation.

Artist in focus

James Angus

15 December 2007 – 2 March 2008

James Angus presented a selection of works from the past decade. Born in Perth and currently based in New York, Angus has developed a substantial body of sculptural works over time, their gestation as ideas and eventual realisation as artworks sometimes taking a period of years. In this regard different works intersect across time, with multiple themes and physical forms being explored simultaneously. Not intended to be a definitive statement of the artist's practice, the exhibition was more a laboratory for ideas and their presentation. Organised and toured by the Museum of Contemporary Art, the exhibition was supported by the Contemporary Touring Initiative through Visions of Australia, an Australian Government program, and the Visual Arts and Crafts Strategy, an initiative of the Australian, state and territory governments.

Artist in focus

Roger Ballen Photography:

Brutal Tender Human Animal

24 November 2007 – 4 May 2008

This *Artist in focus* exhibition presented a range of work by the South African photographer Roger Ballen, a major figure of the international photographic scene. Born in New York in 1950, Ballen is a geologist by training and has lived and worked in Johannesburg, South Africa, for the last thirty years. The exhibition presented a range of material from the late 1970s through to 2005, centring on the series *Shadow Chamber* and supported by earlier works from the *Outland*, *Platteland*, *Dorps* and *Boyhood* series, which present humans, animals and inanimate objects in taut arrangements that comment on the animism running through all things.

Year 12 Perspectives

1 March – 25 May 2008

An exhibition of art by 2007's Year 12 students. This is one of the Gallery's most popular annual exhibitions, providing audiences with a unique opportunity to see the world through the eyes of today's youth. The exhibition displays and recognises the magnificent achievements of Year 12 TEE Art and Art & Design students from across Western Australia. Each November, a vast collection of work is presented for consideration by a panel of experts. Part of a cultural exchange, the exhibition also featured 17 works by Japanese students. A selection of work by Western Australian students was, in turn, exhibited in Japan.

Artist in focus

Circle of friends

22 March – August 2008

Circle of friends features the work of artists David Rosetzky and James Lynch. The exhibition presents a DVD projection by Rosetzky, *Nothing like this 2007*, which explores the nuances of friendship amongst a group of twenty-somethings over a holiday weekend. The show also includes a new work by Rosetzky, *No fear*, a sound piece based on self-help tapes that involves subtle interaction between the work and its viewers. Lynch presents a series of four short animations from 2003–06, documenting friends' dreams that have included him and exploring our subconscious connections and friendship fantasies. These superbly drawn animations demonstrate the complexities of our relationships and how we use each other to play the unspoken and unknown roles in our own lives.

PEEP: Glimpses of the last 4 decades from the Kerry Stokes Collection

31 May – 25 August

Taking its title from an endearing installation by the Perth artist Cecile Williams, *PEEP* is a partial review of tendencies in Australian and international art since the early sixties. Showcasing works from the Kerry Stokes Collection – many of which have not been publicly shown in Australia previously – it is a personal journey that emphasises the revival of imagery, content and commentary towards the end of the second millennium. Presented in collaboration with Australian Capital Equity Pty Ltd and the TarraWarra Museum of Art.

Grace Crowley: being modern

14 June – 21 September 2008

Grace Crowley: being modern is a retrospective exhibition of paintings and drawings by one of Australia's most influential modern artists and the first showing of Crowley's work since 1975. It includes important works from public and private collections and traces her remarkable artistic journey from traditional landscapes to avant-garde experimentation and pure abstraction. The exhibition includes several recently rediscovered paintings and the largest number of Crowley's abstract works ever assembled, enabling a new appraisal of her achievement. This is a National Gallery of Australia touring exhibition.

Artist in focus

Frank Hinder A study in dynamic symmetry

14 June – 21 September 2008

This exhibition presents a selection of pencil sketches, watercolours and finished paintings by Frank Hinder drawn exclusively from the State Art Collection. It explores the key interests of Hinder who, with contemporaries including Grace Crowley, Ralph Balson and Rah Fizelle, contributed significantly to the development of modernist theories in Australian art. Hinder had been exposed to the theory of dynamic symmetry – the geometric and organic ordering of space – during a formative period in the US, and upon his return to Australia set out to explore this in his artistic practice.

WONDERLUST New journeys Your collection

27 June 2008 onwards

WONDERLUST is a dynamic new presentation of the State Art Collection, featuring Indigenous, Australian and international art, craft and design acquired since the Gallery's inception in 1895. This exhibition brings together painting, sculpture, photography, works on paper, craft and projections ranging in date from one of the earliest Western Australian works in the Collection, Frederick Garling's 1827 *Views of the Swan River*, to recent works of 2006–07 such as Julie Dowling's painting of Indigenous resistance fighter Yagan, contemporary sculpture by James Angus and Pru Venables' ceramics. Composed of the cream of the Collection, *WONDERLUST* is an engaging, often enriching, experience that opens up the Collection to fresh interpretation and appreciation.

INTERPRETATIVE PROGRAMS

All exhibitions were accompanied by a variety of interpretative programs. All temporary exhibitions presented by the Art Gallery during the year were accompanied by an exhibition catalogue and those produced for the Artist in focus series provided audiences with additional interpretative information about key holdings within the State Art Collection. The *WONDERLUST* displays are supported by comprehensive visitor information, online Collection access, family activity trails and newly developed public programs.

PARTICIPATION AND ACCESS

A total of 424,851 people visited the Art Gallery during the year. Visitor satisfaction with services remained high, with 91 percent satisfied with their visit.

The Gallery's sound record in providing disability access and inclusion programs continued with the provision of touch tours for sight-impaired visitors and art workshops designed for groups that have special or additional needs.

Technology continued to play an important role in the way people access information, and in recognition of this a web page upgrade was initiated, catching the attention of 94,240 website visitors. The regular e-newsletter continues to attract a fast-growing list of subscribers.

A new Volunteer Gallery Guide training and assessment system was successfully implemented, together with a revamped Volunteer Visitor Services Officer recruitment and training program, to ensure consistent quality of service. Volunteers provided the equivalent of an additional eight full-time staff during the year.

Regional access continued to be strongly supported, with direct funding to and involvement with the Geraldton and Bunbury Regional Art Galleries. Along with the local authorities, the Gallery is a key stakeholder and is represented on Bunbury's Board and Geraldton's Management Committee. Each of the regional galleries develops strategic and operational plans in conjunction with its key stakeholders and community representatives.

Particularly through the travelling component of the *Year 12 Perspectives* exhibition and the Antony Gormley Inside Australia project, undertaken in partnership with Tourism WA, the Gallery continues to provide support and expertise for other regional areas, such as the Pilbara and Goldfields.

SPONSORSHIP

With its aim of maintaining a high calibre of programs and exhibitions that engage the public of Western Australia and visitors to the State, the Art Gallery of Western Australia is grateful for the generous financial and in-kind support received from individuals and organisations.

The Gallery continued to receive strong support from organisations that acknowledge the significant benefits of a flourishing arts sector to their businesses and employees as well as to the broader community. The corporate sector partnered with the Gallery in 2007–08 to provide \$285,000 in cash and an additional \$228,000 in in-kind support. Strategically, the Gallery will continue to focus on long-term industry-exclusive partnerships.

Significant Issues and Trends

Current and emerging issues and trends

- The creative industries in Western Australia comprise one of the fastest growing sectors of the State's economy, contributing \$10.6 billion to the metropolitan economy in 2006.
- Western Australians regard arts and culture as an integral and valued part of life: 95 percent believe it important for school children to have access to arts and cultural activities. 86 percent believe the arts play an important role in our understanding of our own and others' culture and way of life.
- The number of Western Australians accessing cultural venues, collections and events continues to increase, stimulating demand for new and expanded cultural infrastructure. As the facilities age there is a need to maintain, refresh and update buildings, exhibitions and public programs.
- The *Ignite* package will significantly contribute to the delivery of arts and culture in Western Australia through the injection of \$73 million into the sector.
- New technologies are changing the way art is created, distributed, consumed and preserved. Expectations and demand for online services and collections will require significant and ongoing investment in infrastructure and content development.
- The reputation of the work of Western Australian artists is leading to increased demand, both in terms of skills and expanded markets across the State and nationally, representing areas of growth for the sector.
- Western Australia is having particular international success with traditional and contemporary Indigenous cultural products.
- The culture and arts sector is undergoing a skills shortage, and attraction and retention of staff is a challenge.
- The strategic focus of the Gallery, through a period of transition with the appointment of a new Director, will be a priority for the Board and management.
- Many problems for art museums ensue from a focus on building collections and a corresponding reduction in the resources needed for other activities. The resources dedicated to collection development need to be balanced with funding for infrastructure, staffing and programming.
- The impetus to revitalise the Cultural Centre precinct, and for it to play a dynamic role in the development of Perth, will be a key element in enriching the cultural infrastructure of the State. The Art Gallery is a key stakeholder in the development of the 'Cultural Quarter' initiative of the East Perth Redevelopment Authority and the Department of Culture and the Arts.
- The Art Gallery operates in an environment of escalating cost and increasing competition for audience and for philanthropic and corporate financial support. Western Australian cultural sector trends and issues inform the context for the operating plan and the strategies the Gallery.

Disclosures and Legal Compliance

Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS *for the year ended 30 June 2008*

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 Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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



Renato Sansalone
Chief Finance Officer
22 August 2008



Helen Cook
Chair, Board of the Art Gallery of Western Australia
22 August 2008



Nikki Miller
Member, Board of the Art Gallery of Western Australia
22 August 2008



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

THE BOARD OF THE ART GALLERY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of The Board of the Art Gallery of Western Australia.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Board for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

**The Board of the Art Gallery of Western Australia
Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

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 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2008.


COLIN MURPHY
AUDITOR GENERAL
27 August 2008

Income Statement for the year ended 30 June 2008

| | Note | 2008 \$000 | 2007 \$000 |
|---|------|---------------|---------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expense | 6 | 4,115 | 3,674 |
| Supplies and services ^(a) | 7 | 2,131 | 1,814 |
| Depreciation and amortisation expense | 8 | 775 | 583 |
| Accommodation expenses | 9 | 2,702 | 2,121 |
| Grants and subsidies | 10 | 175 | 161 |
| Capital user charge | 11 | – | 11,980 |
| Cost of sales | 14 | 826 | 612 |
| Loss on disposal of non-current assets | 21 | 2 | 2 |
| Other expenses | 12 | 89 | 254 |
| <i>Total cost of services</i> | | 10,815 | 21,201 |
| Income | | | |
| Revenue | | | |
| User charges and fees | 13 | 914 | 344 |
| Sales | 14 | 1,500 | 981 |
| Sponsorship | 15 | 513 | 374 |
| Donated works of art | 16 | 291 | 3,167 |
| Bequest trust and special purpose funds contributions | 17 | 267 | 661 |
| Bequest trust and special purpose funds interest | 19 | 538 | 453 |
| Commonwealth grants and contributions | 18 | – | 3 |
| Interest revenue | 19 | 155 | 104 |
| Other revenue | 20 | 253 | 236 |
| <i>Total revenue</i> | | 4,431 | 6,323 |
| <i>Total income other than income from State Government</i> | | 4,431 | 6,323 |
| NET COST OF SERVICES | | 6,384 | 14,878 |
| INCOME FROM STATE GOVERNMENT | | | |
| | 22 | | |
| Service appropriation | | 3,607 | 3,626 |
| Assets assumed | | 21 | 24 |
| Resources received free of charge | | 3,514 | 15,151 |
| <i>Total income from State Government</i> | | 7,142 | 18,801 |
| SURPLUS FOR THE PERIOD | | 758 | 3,923 |

(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 2008

| | Note | 2008 \$000 | 2007 \$000 |
|--------------------------------------|--------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 34 | 3,052 | 2,371 |
| Restricted cash and cash equivalents | 23, 34 | 3,902 | 3,861 |
| Inventories | 24 | 644 | 635 |
| Receivables | 25 | 638 | 388 |
| Amounts receivable for services | 26 | 326 | 311 |
| <i>Total current assets</i> | | 8,562 | 7,566 |
| Non-current assets | | | |
| Restricted cash and cash equivalents | 23, 34 | 3,923 | 3,865 |
| Amounts receivable for services | 26 | 1,933 | 1,692 |
| Property, plant and equipment | 27 | 47,195 | 31,514 |
| Works of art | 28 | 192,969 | 174,991 |
| Intangible assets | 29 | 36 | 52 |
| <i>Total non-current assets</i> | | 246,056 | 212,114 |
| TOTAL ASSETS | | 254,618 | 219,680 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 31 | 619 | 976 |
| Other current liabilities | 32 | 12 | 71 |
| <i>Total current liabilities</i> | | 631 | 1,047 |
| <i>Total liabilities</i> | | 631 | 1,047 |
| NET ASSETS | | 253,987 | 218,633 |
| EQUITY | | | |
| | 33 | | |
| Contributed equity | | 60,603 | 52,837 |
| Reserves | | 191,037 | 163,789 |
| Accumulated surplus | | 2,347 | 2,007 |
| TOTAL EQUITY | | 253,987 | 218,633 |

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

Statement of changes in Equity for the year ended 30 June 2008

| | Note | 2008 \$000 | 2007 \$000 |
|---|------|----------------|----------------|
| Balance of equity at start of period | 33 | 218,633 | 202,272 |
| CONTRIBUTED EQUITY | | | |
| | 33 | | |
| Balance at start of period | | 52,837 | 52,542 |
| Capital contribution | | 1,266 | 295 |
| Other contributions by owners | | 6,500 | – |
| <i>Balance at end of period</i> | | 60,603 | 52,837 |
| RESERVES | | | |
| | 33 | | |
| Asset revaluation reserve | | | |
| Balance at start of period | | 141,140 | 128,873 |
| Gains from asset revaluation | | 26,830 | 12,267 |
| <i>Balance at end of period</i> | | 167,970 | 141,140 |
| Bequest, trust and special purpose reserve | | | |
| Balance at start of period | | 7,844 | 7,098 |
| Transfers from retained earnings | | 127 | 746 |
| <i>Balance at end of period</i> | | 7,971 | 7,844 |
| Donated works of art reserve | | | |
| Balance at start of period | | 14,805 | 11,638 |
| Transfers from retained earnings | | 291 | 3,167 |
| <i>Balance at end of period</i> | | 15,096 | 14,805 |
| ACCUMULATED SURPLUS | | | |
| | 33 | | |
| Balance at start of period | | 2,007 | 2,121 |
| Change in accounting policy | | – | (124) |
| Restated balance at start of period | | 2,007 | 1,997 |
| Surplus for the period | | 758 | 3,923 |
| Transfers to reserves | | (418) | (3,913) |
| <i>Balance at end of period</i> | | 2,347 | 2,007 |
| <i>Balance of equity at end of period</i> | | 253,987 | 218,633 |
| <i>Total income and expense for the period</i> ^(a) | | 27,588 | 16,190 |

(a) The aggregate net amount attributable to each category of equity is: surplus \$758 plus gains from asset revaluation of \$26,830 (2007: surplus \$3,923 plus gains from asset revaluation of \$12,267)

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

Cash Flow Statement for the year ended 30 June 2008

| | Note | 2008 \$000 | 2007 \$000 |
|---|-----------|----------------|----------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation | | 3,040 | 3,084 |
| Capital contributions | | 1,266 | 295 |
| Holding account drawdowns | | 311 | 1,059 |
| <i>Net cash provided by State Government</i> | | 4,617 | 4,438 |
| <i>Utilised as follows:</i> | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (1,080) | (68) |
| Supplies and services | | (2,602) | (2,309) |
| Accommodation | | (2,649) | (1,989) |
| Grants and subsidies | | (175) | (164) |
| GST payments on purchases | | (569) | (572) |
| Other payments | | (57) | (250) |
| Receipts | | | |
| Sale of goods and services | | 1,500 | 979 |
| User charges and fees | | 655 | 491 |
| Commonwealth grants and contributions | | – | 3 |
| Interest received | | 632 | 529 |
| GST receipts on sales | | 243 | 146 |
| GST receipts from taxation authority | | 343 | 427 |
| Other receipts | | 783 | 876 |
| <i>Net cash used in operating activities</i> | 34 | (2,976) | (1,901) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of non-current physical assets | | – | 1 |
| Purchase of non-current physical assets | | (861) | (1,174) |
| <i>Net cash used in investing activities</i> | | (861) | (1,173) |
| <i>Net increase in cash and cash equivalents</i> | | 780 | 1,364 |
| <i>Cash and cash equivalents at the beginning of period</i> | | 10,097 | 8,733 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 34 | 10,877 | 10,097 |

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

Notes to the Financial Statements

1. Australian equivalents to International Financial Reporting Standards

General

The Board's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101, 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ended 30 June 2008.

2. Summary of significant accounting policies

a) General statement

The financial statements constitute a general-purpose financial report that 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 Management 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 and all values are 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) have been designated as contributions by owners by Treasurer's Instruction (TI) 955, 'Contributions by Owners made to Wholly Owned Public Sector Entities', and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. (See note 33, 'Equity'.)

e) Income

Revenue recognition

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 and can be measured reliably.

Rendering of services

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

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 Treasury. (See note 22, '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 balance sheet 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) Property, plant and equipment, and works of art

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$5,000 or more 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 \$5,000 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).

No capitalisation threshold is applied to works of art items. Items of works of art are considered to form part of a collection and are disclosed separately in the Balance Sheet.

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 cost, 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-based 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-based 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. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. 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 27, 'Property, plant and equipment', and note 28, 'Works of art', for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment or artwork, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

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 |
| Office equipment | 3 to 20 years |
| Plant, equipment and vehicles | 4 to 20 years |

Refer also to 'Changes in accounting estimates' at Note 5.

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.

g) Intangible assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more 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 cost, 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.

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 that 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 to 10 years |
|-------------|---------------|

(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 \$5,000 is expensed in the year of acquisition.

Website costs

Website 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 website, and ongoing costs of maintenance during the operating phase, are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

h) Impairment of assets

Property, plant and equipment, works of art and intangible assets are tested for any indication of impairment at each balance sheet 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the assets' 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 balance sheet 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-based 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 balance sheet date.

Refer to note 30, 'Impairment of assets', for the outcome of impairment reviews and testing.

Refer also to note 2(o), 'Receivables', and note 25, 'Receivables', for impairment of receivables.

i) Leases

The Board holds operating leases for 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.

j) Financial instruments

In addition to cash, the Board has two categories of financial instrument: loans and receivables
financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial assets

- cash and cash equivalents
- restricted cash and cash equivalents
- receivables
- amounts receivable for services.

Financial liabilities

- payables.

Initial recognition and measurement of financial instruments is at fair value, which normally equates to the transaction cost or 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.

k) 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 that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

l) 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'.

m) 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 22, 'Income from State Government', and note 26, 'Amounts receivable for services'.

n) 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 24, 'Inventories'.

o) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. 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(j), 'Financial Instruments', and note 25, 'Receivables'.

p) 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(i), 'Financial Instruments', and note 31 'Payables'.

q) Provisions

Provisions are liabilities of uncertain timing or 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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet 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. Employee resources are received free of charge by the Board, the value of which is recognised as both a revenue and expense in the Income Statement. The Department of Culture and the Arts retains all liabilities in relation to employee benefits and accrued salaries. Therefore, the Board has no liabilities in relation to employee entitlements.

Annual leave and long service leave liability are recognised by the Department of Culture and the Arts. See note 3, 'Department of Culture and the Arts'.

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 12, 'Other expenses'.

r) 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).

- b) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS) and the GESB Super Scheme (GESBS).

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 22, 'Income from State Government'.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

The GSS Scheme is a defined benefit scheme for the purpose of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

s) **Resources received free of charge or for nominal cost**

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

t) **Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3. Department of Culture and the Arts

The Department of Culture and the Arts provides staff and other support to agencies in the Culture and the Arts portfolio. The Department receives an appropriation for salary costs, superannuation and fringe benefits tax expense. These resources, provided to the Board but paid for by the Department, have been treated as 'Resources received free of charge' in the Income Statement. See note 22, 'Income from State Government'.

In addition, the Department of Culture and the Arts provides shared corporate services to the Board that are not recognised in the Income Statement.

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 the lessor 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 policy and estimates

Initial application of an Australian Accounting Standard
The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted the Board:

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 and while, there is no financial impact, the changes have resulted in

increased disclosures, both quantitative and qualitative, of the Authority's exposure to risks, including enhanced disclosure regarding components of the Board's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in accounting policy

During 2008 the Board adjusted the threshold for the capitalisation of assets from \$1,000 to \$5,000. The adjustment to the threshold is effective 1 July 2006 and, in accordance with AASB 108, 'Accounting Policies, Changes in Accounting Estimates and Errors', this has a retrospective impact on the accumulated surplus of \$124k. The impact of the change in accounting policy on future periods will be a decrease in forecasted depreciation expense and an increase to consumable expenses recognised in the Income Statement from items that, under the previous capitalisation threshold, would have been capitalised.

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101, 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and that may impact the Board but are not yet effective. Where applicable, the Board plans to apply these Standards and Interpretations from their application date:

| <i>Title</i> | <i>Operative for reporting periods beginning on/after</i> |
|--|---|
| AASB 101, 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Board does not expect any financial impact when the Standard is first applied. | 1 January 2009 |
| Following a review, the AASB has made the following pronouncements: | |
| AASB 1004, 'Contributions' (December 2007). | 1 July 2008 |
| AASB 1052, 'Disaggregated Disclosures' (December 2007) | 1 July 2008 |
| AASB 2007–9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007) | 1 July 2008 |
| Interpretation 1038, 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised) (December 2007) | 1 July 2008 |

Changes in accounting estimates

The Board reassessed the remaining useful life of its main building asset from 1 July 2007 to 50 years. Buildings are valued annually by the Western Australian Land Information Authority (Valuation Services) at the beginning of each year, with the value being recognised at the end of each year (see note 27, 'Property, plant and equipment', for further details of the valuation methodology). Valuation Services undertook a revised 2008 valuation of buildings based on the useful life reassessment. The revised valuation has resulted in a material adjustment to the Board's asset revaluation reserve and consequently depreciation on buildings for the current period has been calculated as if the revised valuation were recognised at 1 July 2007 to closer approximate depreciation expense for the period had the prior-year valuation been based on the reassessed useful life. The effect on the current and future periods of the change in useful life of the main building is a lower depreciation expense, as the consumption of service potential of the building will now occur over a greater length of time. The estimated useful lives of the Board's three building assets will continue to be reassessed on an annual basis.

Notes to the Financial Statements –

| | 2008 | 2007 |
|--|--------------|--------------|
| | \$000 | \$000 |
| 6. Employee benefits expense | | |
| Wages and salaries (a) | 3,424 | 3,074 |
| Superannuation – defined contribution plans(b) | 324 | 296 |
| Long service leave | 83 | 47 |
| Annual leave | 248 | 206 |
| Other related expenses | 36 | 51 |
| | 4,115 | 3,674 |

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid)

Employment on-costs such as workers' compensation insurance are included at note 12, 'Other expenses'.

7. Supplies and services

| | | |
|----------------------------------|--------------|--------------|
| Advertising | 494 | 351 |
| Freight and cartage | 194 | 100 |
| Consultants and contractors | 151 | 178 |
| Insurance premiums | 128 | 198 |
| Printing | 127 | 75 |
| Travel | 107 | 177 |
| Consumables | 117 | 156 |
| Materials | 95 | 103 |
| Repairs and maintenance | 86 | 70 |
| Communications | 76 | 73 |
| Licences, fees and registrations | 66 | 62 |
| Minor equipment | 67 | 10 |
| Entertainment expenses | 67 | 17 |
| Motor vehicles | 56 | 50 |
| Exhibition construction costs | 45 | 15 |
| Exhibition fees | 40 | 47 |
| Photographic services | 39 | 5 |
| Lease and hire costs | 14 | 11 |
| Bank charges | 13 | 7 |
| Other | 149 | 109 |
| | 2,131 | 1,814 |

8. Depreciation and amortisation expense

Depreciation

| | | |
|-------------------------------|------------|------------|
| Buildings | 611 | 384 |
| Plant, equipment and vehicles | 91 | 99 |
| Office equipment | 57 | 87 |
| Total depreciation | 759 | 570 |

Amortisation

| | | |
|-------------------------------------|------------|------------|
| Intangible assets | 16 | 13 |
| Total amortisation | 16 | 13 |
| Total depreciation and amortisation | 775 | 583 |

9. Accommodation expenses

| | | |
|---------------------------|--------------|--------------|
| Security services | 1,058 | 940 |
| Electricity and gas | 634 | 563 |
| Accommodation maintenance | 831 | 444 |
| Cleaning | 102 | 91 |
| Facilities management | 56 | 50 |
| Water | 10 | 24 |
| Other | 11 | 9 |
| | 2,702 | 2,121 |

10. Grants and subsidies

| | 2008 | 2007 |
|--------------------------------|------------|------------|
| | \$000 | \$000 |
| Recurrent | | |
| Bunbury Regional Art Galleries | 165 | 161 |
| Other grants | 10 | – |
| | 175 | 161 |

11. Capital user charge

| | | |
|---------------------|---|---------------|
| Capital user charge | – | 11,980 |
|---------------------|---|---------------|

The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006–07.

12. Other expenses

| | | |
|---------------------------------|-----------|------------|
| Audit fees(a) | 32 | 35 |
| Gifts | 22 | – |
| Prizes paid | 20 | 10 |
| Write-off – bad debts | 9 | 9 |
| Workers' compensation insurance | 3 | 200 |
| Other expenses | 3 | – |
| | 89 | 254 |

(a) See also note 40, 'Remuneration of auditor'

13. User charges and fees

| | | |
|----------------------|------------|------------|
| Exhibition revenue | 629 | 120 |
| Venue hire | 123 | 77 |
| Rent | 63 | 52 |
| Public programs | 44 | 32 |
| Hire of works of art | 18 | 14 |
| Other | 37 | 49 |
| | 914 | 344 |

14. Trading profit

| | | |
|--------------------|------------|------------|
| Sales | 1,500 | 981 |
| Cost of sales: | | |
| Opening inventory | (635) | (439) |
| Purchases | (835) | (808) |
| | (1,470) | (1,247) |
| Closing inventory | 644 | 635 |
| Cost of goods sold | (826) | (612) |
| Trading profit | 674 | 369 |

See note 2(n), 'Inventories', and note 24, 'Inventories'.

15. Sponsorship

| | | |
|---------------------|------------|------------|
| Cash sponsorship | 285 | 157 |
| Sponsorship in kind | 228 | 217 |
| | 513 | 374 |

16. Donated works of art

| | | |
|----------------------|------------|--------------|
| Donated works of art | 291 | 3,167 |
| | 291 | 3,167 |

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 28, 'Works of art'.

Notes to the Financial Statements –

| | 2008 \$000 | 2007 \$000 |
|---|---------------|---------------|
| 17. Bequest, trust and special purpose funds contributions | | |
| Bequest contributions | 74 | 419 |
| Trust and special purpose funds contributions | 193 | 242 |
| | 267 | 661 |

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.

18. Commonwealth grants and contributions

| | | |
|-----------|----------|----------|
| Recurrent | – | 3 |
| | – | 3 |

19. Interest revenue

| | | |
|---|------------|------------|
| Interest revenue | 155 | 104 |
| Bequest, trust and special purpose funds interest revenue | 538 | 453 |
| | 693 | 557 |

20. Other revenue

| | | |
|---|------------|------------|
| Grants and contributions – state/local government and private | 181 | 176 |
| Commissions received | 39 | 3 |
| Recoups of expenditure | 24 | 15 |
| Recoup of prior year expenses | 3 | 2 |
| Donations | 3 | 2 |
| Recovery of impaired receivable | – | 18 |
| Insurance revenue | – | 9 |
| Other revenue | 3 | 11 |
| | 253 | 236 |

21. Net loss on disposal of non-current assets

| | | |
|---|----------|----------|
| <i>Costs of disposal of non-current assets</i> | | |
| Office equipment | 2 | – |
| Software | – | 3 |
| <i>Proceeds from disposal of non-current assets</i> | | |
| Office equipment | – | 1 |
| Net loss | 2 | 2 |

See also note 27, 'Property, plant and equipment'.

22. Income from State Government

| | | |
|---|-------|-------|
| <i>Appropriation received during the year</i> | | |
| Service appropriation (a) | 3,607 | 3,626 |

The following property has been assumed from the Department of Culture and the Arts during the financial year:

| | | |
|----------------------------------|-----------|-----------|
| Consumables – computing hardware | 21 | 24 |
| Total assets assumed | 21 | 24 |

Resources received free of charge (b)

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

| | 2008 \$000 | 2007 \$000 |
|--|---------------|---------------|
| Services provided by the Department of Culture and the Arts: Salaries, wages, allowances and employee reimbursements | 3,168 | 2,864 |
| Superannuation | 324 | 296 |
| Capital user charge | – | 11,980 |
| Fringe benefits tax | 20 | 11 |
| | 3,512 | 15,151 |
| State Solicitors Office – legal services | 2 | – |
| Total resources received free of charge | 3,514 | 15,151 |
| Total income from State Government | 7,142 | 18,801 |

- (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 equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and that would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs 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.

23. Restricted cash and cash equivalents

| | | |
|--|--------------|--------------|
| <i>Current</i> | | |
| Bequest, trust and special purpose accounts(a) | 3,902 | 3,861 |
| | 3,902 | 3,861 |
| <i>Non-current</i> | | |
| Bequest, trust and special purpose accounts(b) | 3,923 | 3,865 |
| | 3,923 | 3,865 |

- (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 allow the Board to spend only interest earned on these accounts.

24. Inventories

| | | |
|------------------------------|------------|------------|
| <i>Current</i> | | |
| Inventories held for resale: | | |
| – Finished goods | | |
| At cost | 644 | 635 |
| | 644 | 635 |

See also note 2(n), 'Inventories', and note 14, 'Trading profit'.

25. Receivables

| | | |
|---|------------|------------|
| <i>Current</i> | | |
| Receivables | 356 | 161 |
| Allowance for impairment of receivables | – | – |
| Accrued interest | 207 | 145 |
| GST receivable | 51 | 77 |
| | 614 | 383 |
| Prepayments | 24 | 5 |
| Total current | 638 | 388 |

Notes to the Financial Statements –

| | 2008 \$000 | 2007 \$000 |
|--|---------------|---------------|
| Reconciliation of changes in the allowance for impairment of receivables: | | |
| Balance at start of year | – | 18 |
| Doubtful debts expense recognised in the income statement | 9 | – |
| Amounts written off during the year | (9) | (8) |
| Amount recovered during the year | – | (10) |
| Balance at end of year | – | – |
| <i>Credit Risk</i> | | |
| Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date: | | |
| Not more than 3 months | 6 | 13 |
| More than 3 months but less than 6 months | – | – |
| More than 6 months but less than 1 year | 1 | – |
| More than 1 year | – | – |
| | 7 | 13 |
| Receivables individually determined as impaired at the balance sheet date: | | |
| Carrying amount, before deducting any impairment loss | – | – |
| Impairment loss | – | – |
| | – | – |

The Board does not hold any collateral as security or other credit enhancements relating to receivables.

See also note 2(o), 'Receivables', and note 38, 'Financial Instruments'.

26. Amounts receivable for services

| | | |
|-------------|--------------|--------------|
| Current | 326 | 311 |
| Non-current | 1,933 | 1,692 |
| | 2,259 | 2,003 |

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

27. Property, plant and equipment

| | 2008 \$000 | 2007 \$000 |
|--------------------------------------|---------------|---------------|
| <i>Land</i> | | |
| At fair value(a) | 16,900 | 12,000 |
| Accumulated impairment losses | – | – |
| | 16,900 | 12,000 |
| <i>Buildings</i> | | |
| At fair value(a) | 28,921 | 18,117 |
| Accumulated depreciation | – | – |
| Accumulated impairment losses | – | – |
| | 28,921 | 18,117 |
| <i>Buildings under construction</i> | | |
| Works in progress | – | 6 |
| | – | 6 |
| <i>Plant, equipment and vehicles</i> | | |
| At cost | 2,167 | 2,106 |
| Accumulated depreciation | (1,090) | (999) |
| Accumulated impairment losses | – | – |
| | 1,077 | 1,107 |
| <i>Office equipment</i> | | |
| At cost | 668 | 647 |
| Accumulated depreciation | (371) | (363) |
| Accumulated impairment losses | – | – |
| | 297 | 284 |
| | 47,195 | 31,514 |

(a) Land and buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. In undertaking the revaluation, fair value of land and buildings was determined on the basis of depreciated replacement cost. See note 2(f), 'Property, Plant and Equipment and Works of Art'.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008.

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

| | Land \$000 | Buildings \$000 | Buildings under construction \$000 | Plant equipment and vehicles \$000 | Office equipment \$000 | Total \$000 |
|---------------------------------------|---------------|--------------------|---|---|------------------------------|----------------|
| 2008 | | | | | | |
| Carrying amount at start of year | 12,000 | 18,117 | 6 | 1,107 | 284 | 31,514 |
| Additions | – | – | – | 61 | 72 | 133 |
| Disposals | – | – | – | – | (2) | (2) |
| Transfers | – | – | (6) | – | – | (6) |
| Revaluation increments | 4,900 | 11,415 | – | – | – | 16,315 |
| Impairment losses | – | – | – | – | – | – |
| Impairment losses reversed | – | – | – | – | – | – |
| Depreciation | – | (611) | – | (91) | (57) | (759) |
| Carrying amount at end of year | 16,900 | 28,921 | – | 1,077 | 297 | 47,195 |

Notes to the Financial Statements –

| | Land \$000 | Buildings \$000 | Buildings under construction \$000 | Plant equipment and vehicles \$000 | Office equipment \$000 | Total \$000 |
|----------------------------------|---------------|--------------------|---|---|------------------------------|----------------|
| 2007 | | | | | | |
| Carrying amount at start of year | 3,247 | 17,328 | – | 1,190 | 204 | 21,969 |
| Additions | – | 752 | 6 | 16 | 167 | 941 |
| Disposals | – | – | – | – | – | – |
| Transfers | – | – | – | – | – | – |
| Revaluation increments | 8,753 | 421 | – | – | – | 9,174 |
| Impairment losses | – | – | – | – | – | – |
| Impairment losses reversed | – | – | – | – | – | – |
| Depreciation | – | (384) | – | (99) | (87) | (570) |
| Carrying amount at end of year | 12,000 | 18,117 | 6 | 1,107 | 284 | 31,514 |

| | | |
|--|-------------|-------------|
| | 2008 | 2007 |
| | \$000 | \$000 |

28. Works of art

| | | |
|---|----------------|----------------|
| At fair value | 174,991 | 168,512 |
| Additions | 672 | 219 |
| Donations at fair value | 291 | 3,167 |
| Revaluations | 10,515 | 3,093 |
| Contribution by owners (transfer of works from State Government) | 6,500 | – |
| | 192,969 | 174,991 |

See note 2(f), 'Property, plant and equipment and works of art'.

29. Intangible assets

| | | |
|-------------------------------|-----------|-----------|
| Computer software | | |
| At cost | 190 | 190 |
| Accumulated amortisation | (154) | (138) |
| Accumulated impairment losses | – | – |
| | 36 | 52 |

Reconciliation:

| | | |
|----------------------------------|-----------|-----------|
| Computer software | | |
| Carrying amount at start of year | 52 | 36 |
| Additions | – | 32 |
| Disposals | – | (3) |
| Amortisation expense | (16) | (13) |
| Carrying amount at end of year | 36 | 52 |

30. Impairment of assets

There were no indications of impairment of property, plant and equipment, works of art and intangible assets at 30 June 2008.

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

All surplus assets at 30 June 2008 have either been classified as assets held for sale or written off.

31. Payables

| | | |
|--|------------|------------|
| <i>Current</i> | | |
| Trade payables | 549 | 879 |
| Payables for works of art acquisitions | 37 | 67 |
| Accrued expenses | 33 | 30 |
| | 619 | 976 |

See also note 2(p), 'Payables', and note 38, 'Financial Instruments'.

32. Other current liabilities

| | | |
|----------------------------|-----------|-----------|
| <i>Current</i> | | |
| Income received in advance | 12 | 71 |
| | 12 | 71 |

33. 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.

| | | |
|---|---------------|---------------|
| <i>Contributed equity</i> | | |
| Balance at start of the year | 52,837 | 52,542 |
| <i>Contribution by owners</i> | | |
| Capital contribution(a) | 1,266 | 295 |
| Transfer of net assets from the State of Western Australia – 'Inside Australia' – Antony Gormley sculptures at Lake Ballard | 6,500 | – |
| Total contributions by owners | 7,766 | 295 |
| Balance at end of the year | 60,603 | 52,837 |

(a) Capital contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from the State of Western Australia have been designated as contributions by owners in Treasurer's Instruction TI 955, 'Contributions by Owners Made to Wholly Owned Public Sector Entities', and are credited directly to equity.

Notes to the Financial Statements –

| | 2008 | 2007 |
|----------------------------------|----------------|----------------|
| | \$000 | \$000 |
| Reserves | | |
| <i>Asset revaluation reserve</i> | | |
| Balance at start of year | 141,140 | 128,873 |
| Net revaluation increments: | | |
| Land | 4,900 | 8,753 |
| Buildings | 11,415 | 421 |
| Works of art | 10,515 | 3,093 |
| Balance at end of year | 167,970 | 141,140 |

Bequest, trust and special purpose reserve (b)

| | | |
|---|--------------|--------------|
| Balance at start of year | 7,844 | 7,098 |
| Bequests/contributions* | 267 | 661 |
| Other income* | 4 | 55 |
| Interest received* | 538 | 453 |
| Bequest, trust and special purpose funds distributions* | (682) | (423) |
| Balance at end of year | 7,971 | 7,844 |

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

Donated works of art reserve (c)

| | | |
|-------------------------------------|----------------|----------------|
| Balance at start of year | 14,805 | 11,638 |
| Donated works of arts for the year* | 291 | 3,167 |
| Balance at end of year | 15,096 | 14,805 |
| Total reserves | 191,037 | 163,789 |

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

Accumulated surplus

| | | |
|---|--------------|--------------|
| Balance at start of year | 2,007 | 1,997 |
| Result for the period | 758 | 3,923 |
| Transfers to above reserves (sum of items marked * above) | (418) | (3,913) |
| Balance at end of year | 2,347 | 2,007 |

34. Notes to the Cash Flow Statement

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:

| | | |
|--|---------------|---------------|
| Cash and cash equivalents | 3,052 | 2,371 |
| Restricted cash and cash equivalents (see note 23, 'Restricted cash and cash equivalents') | 7,825 | 7,726 |
| Balance at end of year | 10,877 | 10,097 |

Reconciliation of net cost of services to net cash flows used in operating activities

| | | |
|---|---------|----------|
| Net cost of services | (6,384) | (14,878) |
| Non-cash items: | | |
| Depreciation and amortisation expense | 775 | 583 |
| Doubtful debts expense | – | (18) |
| Bad debts expense | 9 | 8 |
| Resources received free of charge | 3,514 | 15,151 |
| Assets assumed – consumables (minor equipment) | 21 | 24 |
| Adjustment for other non-cash items | | 2 |
| Net loss on sale of property, plant and equipment | 2 | 2 |
| Donated works of art | (291) | (3,167) |
| Adjustment for other non-cash items | 6 | 2 |

(Increase)/decrease in assets:

| | | |
|---------------------|-------|-------|
| Current receivables | (290) | (124) |
| Current inventories | (9) | (196) |

Increase/(decrease) in liabilities:

| | | |
|---------------------------|-------|-----|
| Current payables | (288) | 642 |
| Other current liabilities | (59) | 62 |

| | | |
|---------------------------------------|-----|---|
| Net GST receipts/(payments) | 26 | 2 |
| Change in GST in receivables/payables | (8) | 6 |

| | | |
|--|----------------|----------------|
| Net cash used in operating activities | (2,976) | (1,901) |
|--|----------------|----------------|

35. Commitments

Lease commitments

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

| | | |
|--|-----------|-----------|
| Within 1 year | 26 | 31 |
| Later than 1 year and not later than 5 years | 11 | 14 |
| Total | 37 | 45 |

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

36. 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.

37. Explanatory statement

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

Significant variances between estimated and actual result for 2008

| | 2008 | 2008 | Variation |
|---|----------|--------|--------------|
| | Estimate | Actual | Over/(Under) |
| | \$000 | \$000 | \$000 |
| Expenses | | | |
| Depreciation and amortisation expense | 567 | 775 | 208 |
| Income | | | |
| Sales | 1,313 | 1,500 | 187 |
| Donated works of art | 400 | 291 | (109) |
| Bequest, trust and special purpose funds contributions | 85 | 267 | 182 |
| Interest revenue / Bequest trust and special funds interest | 520 | 693 | 173 |

Depreciation and amortisation expense

Depreciation expense was higher than anticipated due to a material adjustment of \$11.4m to the fair value of the three Art Gallery buildings.

Sales

Higher than anticipated shop sales were realised in 2008 which is mainly due to increased shop activity during the exhibition Egyptian Antiquities from the Louvre; Journey to the Afterlife held between July and October 2007.

Notes to the Financial Statements –

Donated works of art

The estimate for donated works of art for 2008 was based on past trends. The level of donated works from year to year does not, however, necessarily follow trends, as these works are donated at irregular intervals and are often the result of long-standing relationships between the donors and the Art Gallery of Western Australia.

Bequest, trust and special purpose funds contributions

Contributions to the Art Gallery vary from year to year and are the result of relationships that extend over long periods of time. Any level of contribution is favourable for the Gallery, as they are a contribution to the long-term sustainability of works of art acquisitions.

Interest revenue / Bequest trust and special purpose funds interest

Interest revenue is primarily used to fund works of art acquisitions and the operational costs of the Art Gallery. Total interest revenue exceeded estimates in 2008, which is mainly explained by:

- an increase to interest rates over the year
- an increase to estimated funds held in bequest/trust and special purpose funds
- a higher balance of funds held throughout the year in the Gallery's general investment account.

Significant variances between actual results for 2007 and 2008

| | 2008 | 2007 | Variance |
|--|-------|--------|-----------------------|
| | \$000 | \$000 | Over/(Under) \$000 |
| Expenses | | | |
| Employee benefits expense | 4,115 | 3,674 | 441 |
| Supplies and services | 2,131 | 1,814 | 317 |
| Depreciation and amortisation expense | 775 | 583 | 192 |
| Accommodation expenses | 2,702 | 2,121 | 581 |
| Capital user charge | – | 11,980 | (11,980) |
| Cost of sales | 826 | 612 | 214 |
| Other expenses | 89 | 254 | 165 |
| Income | | | |
| User charges and fees | 914 | 344 | 570 |
| Sales | 1,500 | 981 | 519 |
| Sponsorship | 513 | 374 | 139 |
| Donated works of art | 291 | 3,167 | (2,876) |
| Bequest, trust and special purpose funds contributions | 267 | 661 | (394) |
| Interest revenue / Bequest trust and special funds | 693 | 557 | 136 |
| Interest | | | |
| Resources received free of charge | 3,514 | 15,151 | (11,637) |

Employee benefits expense

Employee benefits expense comprises salaries, superannuation, fringe benefits tax and other employee-related costs.

The increase, when compared to 2007, is mainly attributed to:

- the full year impact of a 4% government salary rate increase that occurred in February 2007;
- casual and temporary staff hired to undertake exhibition installation work and admissions ticketing services during the major exhibition *Egyptian Antiquities from the Louvre; Journey to the Afterlife*
- an increase to shop salaries due to an increase to pay rates of casual shop staff (including back pay owing from the prior year) and additional temporary staff hired during the major exhibition period to deal with increased sales activity.

Supplies and services

The increase in supplies and services from 2007 is largely explained by increased exhibition construction costs, advertising expenses and printing expenses associated with the two major exhibitions that occurred during 2008 – *Egyptian Antiquities from the Louvre; Journey to the Afterlife* and *WONDERLUST*.

Depreciation and amortisation expense

The depreciation expense increase in 2008 is primarily due to a revaluation of building assets of \$11.4m.

Accommodation expenses

The accommodation expenses increase is primarily due to:

- major repairs during the year to a faulty roof membrane attached to one of the Art Gallery buildings
- additional security expenses (above normal operations) associated with the major exhibition *Egyptian Antiquities from the Louvre; Journey to the Afterlife* to ensure that the exhibited loaned items were suitably protected from damage and/or theft during the duration of the exhibition.

Capital user charge

Capital user charge funding and expenditure were abolished by the State Government at the end of 2007. No charge applies from 2008 onwards.

Cost of sales

The increase to cost of sales has a direct relationship with the increased shop sales in 2008. There was a large increase in shop activity during the major exhibition *Egyptian Antiquities from the Louvre; Journey to the Afterlife*.

Other expenses

The decrease in other expenses is due to a large one-off workers' compensation performance adjustment in 2007 by the Art Gallery's insurance provider, RiskCover.

User charges and fees

User charges and fees increased significantly in 2008 due to revenue raised in connection with the major exhibition *Egyptian Antiquities from the Louvre; Journey to the Afterlife*, namely exhibition admissions, venue hire and school art activities.

Sales

The increase in shop sales is mainly due to increased shop activity during the exhibition *Egyptian Antiquities from the Louvre; Journey to the Afterlife* held between July and October 2007.

Sponsorship

Sponsorship revenue increased in 2008 due to an increase to the number of sponsors and level of sponsorship support received during the year.

Donated works of art

The greater level of donated works of art in 2007 was largely due to the donation of a collection of Norman Lindsay works and some other high-value items in that year. The level of donated works from year to year does not necessarily follow trends as these works are donated at irregular intervals and are often the result of long-standing relationships between the donors and the Art Gallery of Western Australia.

Bequest, trust and special purpose funds contributions

The 2007 bequest revenue was greater than that received in 2008 due to one large bequest made to the Art Gallery in that year. The total of bequest, trust and special purpose funds contributions do not follow financial trends from year to year and are the result of relationships with the Gallery that extend over a long period of time.

Notes to the Financial Statements –

Interest revenue / Bequest trust and special purpose funds interest

Total interest revenue increased when compared to the prior year due to an increase in interest rates and funds held in interest-bearing accounts over the year.

Resources received free of charge

Resources received free of charge represent funding recognised for expenditure made on behalf of the Art Gallery by the Department of Culture and the Arts for salaries, superannuation, fringe benefits and other employee-related expenses. The decrease is mainly due to the the abolition of capital user charge funding and expenditure, which was included in this item until 2007.

38. Financial Instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Board are cash and cash equivalents, restricted cash and cash equivalents, loans and 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

Credit risk arises when there is a possibility of the Board's receivables defaulting on their contractual obligations, resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 38(c).

Credit risk associated with the Board's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Board only trades 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, and past due receivables are followed up periodically, with the result that the Board's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on past experience and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to note 25, 'Receivables'.

Liquidity risk

The Board is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due.

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.

Market risk

The Board does not trade in foreign currency and is not materially exposed to other price risks. The Board is not significantly exposed to market 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) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

| | 2008 \$000 | 2007 \$000 |
|--|---------------|---------------|
| Financial assets | | |
| Cash and cash equivalents | 3,052 | 2,371 |
| Restricted cash and cash equivalents | 7,825 | 7,726 |
| Loans and receivables (a) | 2,846 | 2,314 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 619 | 976 |

- (a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).
(c) Financial instrument disclosures

Credit risk, liquidity risk and interest rate risk exposures

The following table details the Board's exposure to liquidity risk and interest rate risk as at the balance sheet date. The Board's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown on the following table. The table is based on information provided to senior management of the Board. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

| | Weighted average effective rate % | Variable interest rate \$000 | Non- interest bearing \$000 | Within 1 year \$000 | Contractual Maturity Dates | | | | | Adjustment for discounting \$000 | Carrying amount \$000 |
|--------------------------------------|---|---------------------------------------|--------------------------------------|---------------------------|----------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|---|-----------------------------|
| | | | | | 1–2 years \$000 | 2–3 years \$000 | 3–4 years \$000 | 4–5 years \$000 | More than 5 years \$000 | | |
| 2008 | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | |
| Cash and cash equivalents | 6.9 | 2,798 | 254 | - | - | - | - | - | - | - | 3,052 |
| Restricted cash and cash equivalents | 6.9 | 7,825 | - | - | - | - | - | - | - | - | 7,825 |
| Receivables (a) | - | - | 587 | - | - | - | - | - | - | - | 587 |
| Amounts receivable for services | - | - | 2,259 | - | - | - | - | - | - | - | 2,259 |
| | | 10,623 | 3,100 | - | - | - | - | - | - | - | 13,723 |
| Financial liabilities | | | | | | | | | | | |
| Payables | - | - | 619 | - | - | - | - | - | - | - | 619 |
| | | - | 619 | - | - | - | - | - | - | - | 619 |

Notes to the Financial Statements –

| | Weighted average effective rate % | Variable interest rate \$000 | Non-interest bearing \$000 | Within 1 year \$000 | Contractual Maturity Dates | | | | | Adjustment for discounting \$000 | Carrying amount \$000 |
|--------------------------------------|-----------------------------------|------------------------------|----------------------------|---------------------|----------------------------|-----------------|-----------------|-----------------|-------------------------|----------------------------------|-----------------------|
| | | | | | 1–2 years \$000 | 2–3 years \$000 | 3–4 years \$000 | 4–5 years \$000 | More than 5 years \$000 | | |
| 2007 | | | | | | | | | | | |
| <i>Financial assets</i> | | | | | | | | | | | |
| Cash and cash equivalents | 6.0 | 1,605 | 766 | - | - | - | - | - | - | - | 2,371 |
| Restricted cash and cash equivalents | 6.0 | 7,726 | - | - | - | - | - | - | - | - | 7,726 |
| Receivables (a) | - | - | 311 | - | - | - | - | - | - | - | 311 |
| Amounts receivable for services | - | - | 2,003 | - | - | - | - | - | - | - | 2,003 |
| | | 9,331 | 3,080 | - | - | - | - | - | - | - | 12,411 |
| <i>Financial liabilities</i> | | | | | | | | | | | |
| Payables | - | - | 976 | - | - | - | - | - | - | - | 976 |
| | | - | 976 | - | - | - | - | - | - | - | 976 |

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

| | Carrying amount \$000 | -1% change | | +1% change | |
|--------------------------------------|-----------------------|-----------------|-----------------|---------------|---------------|
| | | Profit \$000 | Equity \$000 | Profit \$000 | Equity \$000 |
| 2008 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 2,798 | (27.98) | (27.98) | 27.98 | 27.98 |
| Restricted cash and cash equivalents | 7,825 | (78.25) | (78.25) | 78.25 | 78.25 |
| Total increase/(decrease) | | (106.23) | (106.23) | 106.23 | 106.23 |

| | Carrying amount \$000 | -1% change | | +1% change | |
|--------------------------------------|-----------------------|----------------|----------------|--------------|--------------|
| | | Profit \$000 | Equity \$000 | Profit \$000 | Equity \$000 |
| 2007 | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 1,605 | (16.05) | (16.05) | 16.05 | 16.05 |
| Restricted cash and cash equivalents | 7,726 | (77.26) | (77.26) | 77.26 | 77.26 |
| Total increase/(decrease) | | (93.31) | (93.31) | 93.31 | 93.31 |

Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts representing a reasonable approximation of fair value unless otherwise stated in the applicable notes.

2008 2007
\$000 \$000

39. 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, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| | | |
|--|---|---|
| \$0 – \$10,000 | 8 | 8 |
| The total remuneration of the members of the Board is: | 7 | – |

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 fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

| | | |
|---|-----|-----|
| \$30,001 – \$40,000 | 1 | – |
| \$90,001 – \$100,000 | 1 | – |
| \$100,001 – \$110,000 | 1 | – |
| \$110,001 – \$120,000 | 2 | – |
| \$120,001 – \$130,000 | 1 | – |
| \$140,001 – \$150,000 | – | 1 |
| \$150,001 – \$160,000 | 1 | – |
| \$210,001 – \$220,000 | – | 1 |
| The total remuneration of senior officers is: | 760 | 363 |

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.

2008 2007
\$000 \$000

40. Remuneration of auditor

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

| | | |
|--|----|----|
| Auditing the accounts, financial statements and performance indicators | 32 | 35 |
|--|----|----|

The expense is included at note 12, 'Other expenses'.

41. Related bodies

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

42. Affiliated bodies

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

43. Supplementary financial information

Write-offs

| | | |
|--|---|---|
| Debts written off by the Board during the financial year | 9 | 9 |
|--|---|---|

Losses through theft, defaults and other causes

| | | |
|---|---|---|
| Losses of public moneys and public and other property through theft | – | – |
| Amounts recovered | – | – |
| | – | – |

Gifts of public property

| | | |
|--|----|---|
| Gifts of public property provided by the Board | 22 | – |
|--|----|---|

44. Income and expenses by service

For the financial year ended 30 June 2008, the Art Gallery of Western Australia operated under one service titled 'Art Gallery Services' and therefore service information is reflected in the Income Statement.

Performance Indicators

CERTIFICATION OF PERFORMANCE INDICATORS *for the year ended 30 June 2008*

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board of the Art Gallery of Western Australia's performance, and fairly represent the performance of the Board of the Art Gallery of Western Australia for the financial year ended 30 June 2008.



Helen Cook
Chair, Board of the Art Gallery of Western Australia
22 August 2008



Nikki Miller
Member, Board of the Art Gallery of Western Australia
22 August 2008

PERFORMANCE INDICATOR INFORMATION

Government Goal

The Art Gallery contributes to the achievement of the Government Goal:

*Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services.*⁶

Government Desired Outcome

The Government Desired Outcome for the Gallery is that: Western Australia's State Art Collection is preserved, accessible and sustainable.⁷

Achievement of the Government Desired Outcome for the Gallery will facilitate the achievement of the Government Strategic Outcome 1.4:

A strong and vibrant community:

*All members of society should have the opportunity to participate in cultural and artistic activities and voluntary work, which enrich people's lives and improve their connections with the wider community. Social infrastructure will be provided to ensure a reasonable standard of living. Communities will be supported to develop welcoming and inclusive neighbourhoods with their unique histories and identities and the differing needs and abilities of people recognised and addressed.*⁸

Art gallery services

The Art Gallery is a statutory authority within the Culture and Arts portfolio, and art gallery services are listed in the 2007–08 Budget Papers under the portfolio. Key performance indicators have been developed in accordance with Treasurer's Instruction 904 to evaluate the Gallery's performance in achieving the Government Desired Outcome and provide an overview of the critical and material aspects of service provision.

Preservation

Indicator 1: The extent to which the part of the State Art Collection that requires preservation is preserved

An indicator of the level of preservation is the proportion of time that the storage and display environment is not breached.

| Key Effectiveness Indicators | 2005–06 Actual | 2006–07 Actual | 2007–08 Actual | 2007–08 Target |
|---|-------------------|-------------------|-------------------|-------------------|
| Proportion of time that the storage and display environment has not been breached | Not available | 93.5% | 97% | 100% |

Explanatory notes

The environment within which artworks are stored and displayed is a principal indicator of the effort being taken to preserve them for future generations. Indicators of the 'storage and display environment' are temperature and relative humidity. The Gallery uses the generally agreed international standards for temperature of 21° C ± 2° C and relative humidity of 50% ±5% as the benchmarks. In calculating the proportion of time that the storage and display environment has not been breached, that is the proportion of time temperature and humidity have been within the accepted standards, the Gallery uses a composite average of the environmental data from the three principal storage and display environments within the Art Gallery: the main Gallery, the Centenary Galleries and the Collection Stores. Averages for these are calculated at 99%, 97% and 100% respectively. On average the Gallery maintained the storage and display environment within the standards for 97% of operational hours.

Accessibility

Indicator 2.1:

The extent to which art gallery services are accessible

An indicator of accessibility is the number of visitors to the Gallery per head of population of Western Australia.

| Key Effectiveness Indicators | 2005–06 Actual | 2006–07 Actual | 2007–08 Actual | 2007–08 Target |
|--|-------------------|-------------------|-------------------|-------------------|
| Number of accesses | 393,319 | 397,000 | 519,091 | 407,000 |
| Number of accesses to Western Australia's State Art Collection per capita ⁹ | 192 per 1000 | 191 per 1000 | 246 per 1000 | 193 per 1000 |

Explanatory notes

Accesses are determined by the number of attendances, Internet user sessions (website hits) and attendances at venue hire functions. Accesses are expressed per capita, based on the population of WA. The Gallery visitation was 424,851, including function attendance, and website hits 94,240. The high visitation rate was largely due to the success of *Egyptian Antiquities from the Louvre; journey to the Afterlife*.

Indicator 2.2:

The extent to which art gallery services are accessible

An indicator of the effectiveness of the Gallery in providing for the enjoyment and cultural enrichment of the people of Western Australia is shown by client satisfaction with Gallery art services. The Gallery engages a market research firm to survey customers.

| Key Effectiveness Indicators | 2005–06 Actual | 2006–07 Actual | 2007–08 Actual | 2007–08 Target |
|--|-------------------|-------------------|-------------------|-------------------|
| Percentage of clients satisfied with the services associated with accessing Western Australia's State Art Collection | 95% | 91% | 91% | 95% |

Explanatory notes

Client satisfaction with art gallery services is primarily measured by surveying visitors to the Gallery to determine how satisfied they have been with the displays and programs. Satisfaction is measured by a statistically valid survey. The market research consultants have advised that the sample used 'provides a maximum survey error of ±4.9% at the 95% confidence level'. The customer satisfaction survey is conducted by Patterson Market Research. Of the questions answered by customers, the prime response is to the question 'What was your overall satisfaction with your visit to the Gallery today?'

⁶ 2007–08 Budget: Budget Statements, vol. 3, part 10, p.890.

⁷ Ibid.

⁸ Better Planning: Better Futures – A Framework for the Strategic Management of the Western Australian Public Sector (2006), p. 2.

⁹ Population (per capita) based on ABS data table 3218 (WA): 05/06 = 2,050,884; 06/07 = 2,081,647; 07/08 = 2,112,872

Overall satisfaction was high with 50% 'very satisfied' with their visit to the Art Gallery and 41% were 'satisfied' (so net satisfaction of 91%). The 2007-08 result shows a significant increase in the proportion of respondents who were very satisfied with their visit (up from 42% in 2006-07 to 50%). Further, only 2% of respondents indicated they were dissatisfied compared to 4% in 2006-07.

Sustainability

Indicator 3:

The extent to which the State Art Collection and art gallery services are sustainable

The sustainability measure has moved from 0.39% in 2006-07 to 0.69% in 2007-08.

| Key Effectiveness Indicators | 2005-06 Actual | 2006-07 Actual | 2007-08 Actual | 2007-08 Target |
|--|-------------------|-------------------|-------------------|-------------------|
| Value of State Art Collection renewal, content development and/or expansion as a proportion of Collection value. | 0.54% | 0.39% | 0.69% | 0.48% |

Explanatory notes

The Gallery is sustainable if, on an ongoing basis, it has the capacity to build its Collection, develop content for publications, displays and exhibitions and maintain the physical integrity of the State Art Collection. A gauge of this sustainability is represented by the direct costs associated with these activities as a proportion of the total value of the State Art Collection. As the value of the Collection increases, if the funds available to maintain these activities remain stagnant or are reduced, the sustainability indicator decreases. The sustainability indicator is based on a 5-year rolling average of the annual direct costs as a proportion of the value of the State Art Collection.

Efficiency indicators

Indicator:

The average cost of art gallery services per Art Gallery access.

| Key Effectiveness Indicators | 2005-06 Actual | 2006-07 Actual | 2007-08 Actual | 2007-08 Target |
|---|-------------------|-------------------|-------------------|-------------------|
| Average cost of art gallery services per Art Gallery access | \$22.55 | \$23.24 | \$20.84 | \$29.10 |

Explanatory notes

The average cost relates the level of resource input to the services provided. This indicator is arrived at using the following formula:

$$\frac{\text{Total cost of services}^*}{\text{Number of accesses}}$$

*Note. The total cost of services excludes DCA overheads.

Ministerial directives

No ministerial directives were received during the year.

OTHER FINANCIAL DISCLOSURES

Pricing policies

Most Gallery exhibitions are presented free of charge to the public. When major exhibitions are mounted as a joint venture with another institution, the ticket cost for such exhibitions is based on a contractual negotiation with the joint venture partner. Typically the cost of ticket entry is \$12, which contributes towards the cost of the exhibition.

Capital works

The Art Gallery's capital works program includes projects that are funded from Government capital appropriations. The Gallery had access to \$1,246,828 for capital works throughout the period. Of this, \$145,052 had been carried forward from 2006-07. Details of the major completed works and purchases are outlined below.

Completed capital projects

As with most organisations, commissioning minor works in the current economic climate, sourcing reasonable quotes and completing projects has been problematic. The Gallery has, however, continued with its capital works and maintenance program during 2007-08 as follows.

The special allocation of \$730,000 enabled roof membrane repairs to be undertaken on the main gallery, link-way and administration building. These were completed in June at an estimated cost of \$400,000. The balance of this special maintenance fund has been allocated to the main gallery exterior block-work investigation and report and a carry-over into 2008-09 for the first stage of an annual maintenance program.

Significant purchases included an infrared camera for the conservation laboratories, PC replacement and associated equipment, the front-of-house digital honour board, and equipment for the project to digitise the State Art Collection.

Capital works in progress

The project for the maintenance of the main gallery exterior block-work was started with the commissioning of a report, and will be continued in 2008-09 with the implementation of the recommended maintenance program.

Employment and industrial relations

Staff profile

| | 2006–07 | 2007–08 |
|------------------------|-----------|-----------|
| FTEs at 30 June | 53 | 63.77 |
| | 2006–07 | 2007–08 |
| Permanent – full-time | 33 | 37 |
| Permanent – part-time | 19 | 13 |
| Fixed term – full-time | 6 | 9 |
| Fixed term – part-time | 3 | 3 |
| Casual | 10 | 18 |
| Other* | | 2 |
| | 71 | 82 |

* Employees seconded in or out of the organisation or not being paid for reasons such as leave without pay / parental leave, etc.

| | 2006–07 | 2007–08 |
|-------|-----------|-----------|
| Women | 50 | 52 |
| Men | 21 | 30 |
| | 71 | 82 |

The FTE figure represents the number of full-time-equivalent positions as at the end of the financial year. (One FTE is defined as one full-time job for one financial year on the basis of hours worked to normal award/agreement hours provisions.)

Staff development and recruitment

Art Gallery of Western Australia employees' diversity of skills and experience provide the foundation on which to further develop the resources required to deliver a wide range of art gallery services.

In 2007–08 staff took advantage of professional development opportunities in areas such as conservation practices, leadership, fundraising and sponsorship development, customer service, information management and risk management. Staff also were funded to attend conferences focusing on a variety of specific art-museum practices.

The Art Gallery's recruitment and selection policies and procedures aim to attract and retain the most suitably qualified and experienced people. During the year, the Gallery, in conjunction with the Department for Culture and the Arts, upgraded its web-based recruitment information to help promote the benefits of employment and celebrate the Gallery as an employer of choice; successfully achieved the second year of a three-year Indigenous internship program sponsored by three mining companies – AngloGold Ashanti Australia Limited, Carey Mining and Downer EDI – and Curtin University of Technology; and reviewed the Gallery's approach to succession planning.

Workers' compensation

| | 2006–07 | 2007–08 | 2007–08 Targets |
|---------------------------------------|---------|---------|-------------------------------------|
| Number of fatalities or severe claims | 0 | 0 | 0 |
| Number of lost time injuries (LTI) | 1.45 | 1 | 0 or 10% reduction on previous year |
| Lost time injury severity rate | 0.0000 | 0.0000 | 0 or 10% reduction on previous year |

The most common injuries in 2007–08 were minor.

The Art Gallery's Occupational Safety and Health Committee met regularly during 2007–08 to discuss and resolve issues raised by staff, review hazard reports, discuss injury trends and identify preventative measures to promote a safe working environment.

In 2007–08, as part of its commitment to safety and health in the workplace, the Gallery:

- replaced the 3 tonne loading bay hoist with a dual speed electronic hoist that isolates the operator from the equipment
- replaced the out-dated fume cupboard in the conservation laboratories.
- trained emergency wardens and undertook scheduled evacuation exercises.

Governance disclosures

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Art Gallery of Western Australia.

DIRECTOR'S LIABILITY INSURANCE

The Art Gallery takes out through RiskCover a Directors and Officers Liability Policy to cover Board members against liability incurred under sections 13 and 14 of the Statutory Corporations (Liability of Directors) Act 1996. The Gallery contributed \$13,285.80 to the annual premium, with Board members making a small individual contribution.

Other Legal Requirements

ADVERTISING – ELECTORAL ACT 1907 SECTION 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Art Gallery reports that it incurred the following expenditure during the financial year in relation to advertising agencies, market research organisations, polling organisations and media advertising organisations:

| | |
|---|----------------|
| Expenditure with advertising agencies | \$ |
| Marketforce | 125,721 |
| Marketforce Express | 10,258 |
| Expenditure with market research agencies | |
| Patterson Market Research | 11,810 |
| Expenditure with polling agencies | – |
| Expenditure with direct mail agencies | |
| Hermes Precisa | 28,621 |
| Expenditure with media advertising agencies | |
| Art Almanac | 1,224 |
| Media Decisions | 181,082 |
| Media Hype | 1,818 |
| Total expenditure | 360,534 |

COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT 1994 SECTION 31(1)

Art Gallery staff are employees of the Department of Culture and the Arts. Human resource services are provided by the Human Resource Unit of the Department of Culture and the Arts. They provide specific advice on compliance with the Standards in regard to recruitment, transfer, secondment, redeployment, termination, discipline, temporary deployment and grievance resolution. Shared services to support the processing of human resource functions are also provided.

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. No compliance issues arose during 2007–08 in regard to Public Sector Standards, the WA Code of Ethics or the Department of Culture and the Arts Code of Conduct:

Initiatives in 2007–08 to prevent non-compliance included:

- modification of departmental recruitment and selection procedures to improve notification procedures
- modification of selection criteria in recruitment advertising to encourage a broader field of suitable applicants.

- support attendance of Art Gallery management at forums on human resource management standards, particularly those pertaining to recruitment, selection and appointment.
- information on standards and codes of conduct including on the departmental intranet and promoting it as an important part of the induction program for new staff.

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

In 2007–08, the Art Gallery continued to implement the Department of Culture and the Arts 2007–12 Action Plan as part of the ongoing process to ensure that all visitors, including people with disabilities, can access Gallery services and facilities. The plan is subject to review and will be amended as priorities and needs change.

Gallery activities and initiatives in 2007–08 that relate to the six desired Disability Access and Inclusion Plan outcomes included:

Outcome 1:

People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority:

- quarterly meetings of the Gallery Disability Services Group to look at specific accessibility issues and incorporate these into the Disability Access and Inclusion Plan
- assessment of exhibits to address access issues for visitors with disabilities
- wheelchair access/area at events
- school holiday activities for children with different levels of ability including written material
- ongoing programs for people with disabilities, including such activities as the successful touch tours for sight-impaired visitors.

Outcome 2:

People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority:

- planning for new exhibitions and displays to ensure issues related to access are considered
- provision of two standard wheelchairs and a motorised wheelchair, plus a walking frame with seat – all provided free of charge – to individuals requiring mobility assistance during their visit

Outcome 3:

People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it:

- provision of essential product information in various forms including print, website (graphic and text-only) and recorded information line
- provision of education experiences for students with disabilities

Outcome 4:

People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority:

- continued development of staff skills to promote a positive, inclusive and harassment-free workplace culture
- in-service training on disability awareness for Gallery staff and volunteers.

Outcome 5:

People with disabilities have the same opportunities as other people to make complaints to a public authority:

- provision of various feedback options including in person, telephone, email, and written correspondence.

Outcome 6:

People with disabilities have the same opportunities as others to participate in any public consultation by a public authority:

- inclusion of a random sample of the community as part of formal market research.

RECORD-KEEPING PLAN

The major review of record-keeping practices undertaken in 2006–07 paid dividends in 2007–08, with the Gallery gaining State Records Commission approval for both its Record-keeping Plan and Retention and Disposal Schedule.

During 2007–08 this solid foundation has been expanded, with the delivery of a cohesive record-keeping program bound by policy, procedure and a planned approach to improving recordkeeping at the Art Gallery of Western Australia. A particular focus has been the development of a record-keeping culture within the organisation, which will be underpinned in 2008–09 through the implementation of an appropriate training program for all staff.

Government Policy Requirements

CORRUPTION PREVENTION

The Art Gallery has a comprehensive risk-management program and addresses fraud and corruption issues as part of its annual sectional risk assessment process.

The Art Gallery Board has an Audit and Risk Management Committee to oversee risk management and corporate governance improvements.

SUBSTANTIVE EQUALITY

The Art Gallery of Western Australia is committed to the elimination of institutional barriers wherever they exist and produce inequalities.

The Department of Culture and the Arts, in conjunction with all portfolio agencies, developed a Substantive Equality Policy demonstrating a statement of commitment and this was approved in July 2006. Since implementation, there has been an increase in employee awareness of the principles of substantive equality, and the framework has been built into the policy approval process to ensure the principles of substantive equality are maintained.

SUSTAINABILITY

The Art Gallery has an active sustainability agenda reflected in its operations and planning. The Strategic Plan 2007–2011 is consistent with Better Planning: Better Futures – A Framework for the Strategic Management of the Western Australian Public Sector, and day-to-day operations are managed in line with the State Government's Sustainability Strategy and Sustainability Code of Practice for Government Agencies. The Art Gallery incorporates considerations of sustainability in the planning for displays and exhibitions.

Sustainability and environmental principles are applied to the selection of contractors supplying goods and services under State Government Common Use Arrangements. This includes selecting tenderers who demonstrate their ability to meet Energy Star compliance and who state beneficial policies regarding recycling and reuse of packaging boxes and other packaging materials. The Art Gallery considers the environmental impact in all phases of the procurement process when undertaking the purchase and disposal of goods in order to:

- manage the risk to the broader environment
- foster the development of products and processes that have a positive environmental impact
- provide an example to business, industry and the community on promoting the use of low environmental impact goods and services.

Sustainable environmental and business management activities undertaken by the Gallery in 2007–08 included:

- continuation of recycling programs for waste produced within the Art Gallery including paper, cardboard, printer cartridges and fluorescent light tubes
- developing a project for a review of the Gallery's energy use with the aim of identifying and planning for infrastructure upgrades that will enable significant improvement in energy-use efficiencies.

Other actions and progress in complying with the Sustainability Code of Practice included:

- working collaboratively with other agencies including the Water Corporation to promote the WaterWise program through association with art
- use of market research reports and customer feedback to increase understanding of whether the Gallery's services and facilities meet visitor expectations
- continuing to raise staff awareness of the range of sustainability issues and their contributions and responsibilities
- continuing to work closely with volunteers who make a significant contribution to the Art Gallery and to the visitor experience.

Art Gallery 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
Email: admin@artgallery.wa.gov.au

Opening Hours: 10am–5pm daily; Anzac Day 1–5pm
Closed Good Friday and Christmas Day

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

Art Gallery Shop

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

Art Gallery Café

Telephone: 08 9228 3100.

Art Gallery of Western Australia 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. 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) or facsimile (08 9492 6755).

Sponsorship

For information on becoming a Gallery partner please contact the Partnership Manager by telephoning 08 9492 6693.

Information on donations to the Gallery, including the Cultural Gifts Program and the Cultural Bequest Program, is available on request.