

NATIONAL  
GALLERY  
OF CANADA

MUSÉE  
DES BEAUX-ARTS  
DU CANADA

**Protected B**

**February 4, 2021**

**SUMMARY OF THE CORPORATE PLAN  
FOR 2021-22 TO 2025-26**

**AND**

**OPERATING AND CAPITAL BUDGETS FOR 2021-22  
OF THE NATIONAL GALLERY OF CANADA**

**Canada**

## **STATEMENT ON THE EFFECT OF COVID-19**

This Corporate Plan Summary was drafted in the fall of 2020, during the COVID-19 pandemic. As this health crisis evolves, so too does our understanding of its impact on the Gallery.

Many elements of this Corporate Plan Summary will need to be rethought in the months and years ahead to accurately reflect our plans to deliver on our mandate while keeping visitors and staff safe. In the meantime, we have highlighted throughout this document and in Appendix A: Impacts of COVID-19 on our organization, including measures we have taken to reduce our operating costs and investments received from the Government of Canada towards ensuring the continuity of operations.

National Gallery of Canada

380 Sussex Drive

P.O. Box 427, Station A

Ottawa, ON K1N 9N4

613.990.1985

[www.gallery.ca](http://www.gallery.ca)

Note: For the purpose of this Corporate Plan Summary, the terms 'partner' and 'partnership' refer to liaisons with other organizations with similar purposes to those of the Gallery, as provided for in the *Museums Act*, Section 6(1) (i) and (m)

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>1.0 OVERVIEW - CORPORATE PROFILE.....</b>	<b>9</b>
1.1 BACKGROUND.....	9
1.2 MANDATE AND KEY AUTHORITIES .....	9
1.3 PUBLIC POLICY ROLE .....	9
1.4 PURPOSE, VISION, MISSION, AND VALUES .....	9
1.5 CORE RESPONSIBILITIES .....	10
<b>2. OPERATING ENVIRONMENT.....</b>	<b>12</b>
2.1 EXTERNAL FACTORS.....	12
2.2 INTERNAL FACTORS .....	14
<b>3. EXPECTED RESULTS .....</b>	<b>18</b>
3.1 RESULTS FRAMEWORK.....	18
3.2 STRATEGIC PILLARS, OUTCOMES AND MEASURES .....	19
<b>4. FINANCIAL OVERVIEW.....</b>	<b>26</b>
4.1 OPERATING BUDGET .....	27
4.2 CAPITAL BUDGET .....	28
4.3 EQUITY AND DEBT.....	29
<b>5. FINANCIAL STATEMENTS.....</b>	<b>30</b>
5.1 ASSUMPTIONS AND PROJECTIONS .....	30
5.2 PARLIAMENTARY APPROPRIATIONS.....	35
5.3 EARNED AND CONTRIBUTED REVENUE.....	36
5.4 OPERATING BUDGET.....	39
5.5 NET RESULT OF OPERATIONS .....	40
5.6 CAPITAL BUDGET.....	40
<b>APPENDIX A: THE IMPACT OF COVID-19.....</b>	<b>43</b>
1. IMPACT .....	43
2. ACTIONS .....	45

## Executive Summary

The second year, following the appointment of Dr. Sasha Suda as the Gallery's Director and CEO, marked an important shift in the National Gallery of Canada's ("the Gallery" or "the NGC") strategic direction with the development of the Gallery's first-ever Strategic Plan. This robust document, in addition to the Gallery's mandate, defines the organization's purpose, vision, mission and values, and sets the path of an anticipated organizational culture change.

The Strategic Plan's outcomes, collaboratively developed by trustees, management and a cross-functional team of employees, were incorporated into this Corporate Plan Summary as viable corporate objectives for the 2021–22 to 2025–26 planning period. Consequently, this Corporate Plan Summary, approved by the Board of Trustees on January 29, 2021 reflects the Gallery's new strategic direction and, while gathering momentum for culture change as the change in the external environment occurs, builds on the strength of the Gallery, its staff and a community at large.

### STRATEGIC DIRECTION

The Gallery's new Strategic Plan and this Corporate Plan Summary emphasize a focus on five strategic pillars through which the Gallery plans to deliver its mandate and realize its mission:

**Strengthen community connections through transformative art experiences**

**Build a collection and program that inspire human connection**

**Empower, support and build a diverse and collaborative team**

**Centre Indigenous ways of knowing and being**

**Invest in operational resilience and sustainability**

Main activities and performance measures related to these strategic pillars are outlined in [Section 3](#) of this Plan.

### FINANCIAL CONTEXT

Over the planning period, the Gallery's base parliamentary appropriations are expected to remain constant at \$36.8 million, along with \$8 million for the acquisition of objects for the collection and other costs attributable to this activity, and \$1 million for capital expenditures. COVID-19 has had a tremendous impact on the Gallery's attendance and revenue projections which form a critical component of the Gallery's overall budget. Budget 2021 identified funding for Canada's National Museums to address pressures caused by COVID-19. The Gallery will receive \$6.2 million as part of the overall Budget 2021 approval and this funding is reflected in the Corporate Plan Summary.

The highly technical main facility, in operation since 1988, requires frequent investments in life-cycle maintenance as some of its materials and mechanical systems have reached the end of

their useful life. The need for significant infrastructure renewal of the aging building and technology challenges the Gallery's capital budget. The supplementary capital funding of \$18.4 million, allocated to the Gallery through Budget 2016 over a five-year period, provided a welcome but partial relief for the capital funding deficit. Escalating construction costs coupled with an ageing building and related infrastructure will continue to challenge the Gallery's capital envelope.

This annual funding level is not only a source of funds for investments in public and gallery spaces, but is also used to fund information systems and technology investments to support efficient and effective delivery of programs and internal services, storage facility needs, and specialized museology equipment. The Gallery continues to prioritize available resources to ensure that the most pressing projects are completed, while deferring others until additional funding has been identified.

The Gallery's operating budget will continue to be challenged by the increased cost of doing business and by significant non-discretionary expenses to operate the facility (e.g., building repair and maintenance, utilities, security). As government funding is not indexed to offset inflationary increases, the Gallery must absorb escalating non-discretionary costs through the reallocation of programming budgets. Consequently, in real dollars, the Gallery's purchasing power is declining from year to year.

The operating budget funding gap is further exacerbated by the effects of COVID-19. With no attendance (which typically is the highest during spring and summer months), zero revenue was recorded during the Gallery shutdown period of March 14 to July 16, 2020. In view of this significant loss in revenue, the Gallery proceeded to reduce related costs to the extent possible within service contract and collective agreements; however, the lost revenue and the cost of reopening, far outweigh the savings that were realized during the closure.

On June 18, 2020, the Gallery received confirmation of \$4.8 million in revenue relief funding, which allowed the Gallery to reopen its doors to the public on July 16 on a six-day-a-week schedule. The funding was a welcome relief which helped to cover one-time and ongoing costs related to reopening during COVID-19. Costs related to reopening reflect measures required to provide a safe environment for visitors and staff alike. One-time costs included facility modifications and required additions to sites of public and staff interactions. Ongoing costs will include enhanced cleaning and increased security to control capacity and reinforce social-distancing rules. Following the reopening, with COVID-19 restrictions in place resulting in significantly reduced attendance levels, and a second shutdown from December 21, 2020 to February 18, 2021, the Gallery forecasts that it will only reach about \$4.3 million in earned and contributed revenue (excluding contributed items to the collection) by March 31, 2021. Barring additional or prolonged shutdowns, this represents a combined earned and contributed revenue loss for the year of \$8.1 million when compared to the original projections of \$12.4 million (excluding contributed items to the collection).

For 2021-22, the Gallery predicts that COVID-19 will continue to have a major impact on every aspect of the organization's operations. The Gallery closed to the public on April 2, 2021 and reopened on July 16, 2021. Due to this closure period, the Gallery experienced low revenue levels when compared to the pre-pandemic revenue points (although slightly higher than in 2020-21). With revenues and attendance at zero for this period of time, the earned and contributed revenue (excluding \$1 million in anticipated contributed items to the collection) is estimated to bring only \$5.3 million as opposed to \$13.3 million, a loss of \$8 million as

compared to original projections. This projection was based on a full year of operating at 25% of pre-pandemic levels. Given the Gallery closure from April 2 to July 16, 2021, the revenue losses will likely be greater. This revenue loss is mitigated by the \$6.2 million in COVID-19 relief funding contained in Budget 2021 coupled with operating savings.

The Gallery has no debt. It closed 2020–21 in a surplus position (as a result of the recently confirmed compensation to Crown corporations for negotiated agreements, which covers funding for three years of retroactive wage settlements), and expects to close 2021–22 with a balanced budget given the COVID-19 relief funding announced in Budget 2021.

For more details on the Gallery's financial position, please see [Section 4: Financial Overview](#). Financial information on prior years can be found in the NGC Annual Reports available on the Gallery's website at: <https://www.gallery.ca/about-the-gallery/governance/corporate-reports>.

## STRATEGIC ISSUES

The following represents key issues or opportunities over the planning period:

### FUNDING

In addition to a structural funding deficit for its operating and capital budgets, the Gallery's financial position is exacerbated by the effects of COVID-19. The COVID-19 relief funding announced in Budget 2021, together with operating savings, will result in a balanced budget for the 2021–22 fiscal year. However, it will take some time for the Gallery to see a return to pre-pandemic levels of attendance and revenues, and the Gallery forecasts that this will create deficits for the remainder of the planning period. The Gallery is estimating a return to pre-pandemic attendance and revenues by 2025–26 resulting in accumulated deficits of \$8 million over the three years from 2022–23 to 2024–25. This projected level of deficits will depend on the pace of recovery from COVID-19 and a faster return to pre-pandemic attendance levels will greatly mitigate the projected deficits.

### DIGITAL PROGRAMMING AND INFRASTRUCTURE

Museums around the world are incorporating mobile applications and digital technologies in their programming. Moreover, the increased demand for digital interaction during the COVID pandemic requires museums, including the Gallery, to stay relevant in a digital age. The Gallery recognizes both the opportunity with the digitization and dissemination of its collection, archives, and publications, and the financial burden of investing in specialized digitization infrastructure, equipment and expertise. To support increased investment in digital infrastructure, programming and digitization, the Gallery estimates a total of close to \$4 million over three years would increase the Gallery's digital capacity. The source of funding for this transformation has not yet been identified.

### ART ACQUISITIONS AND RECONCILIATION

The Gallery has been working to expand its historical and contemporary Indigenous art collections for the last two decades. The absence of a historical Indigenous art collection at the Gallery represents a significant deficiency in the cultural memory of Canada. The development of a historical Indigenous Art collection at the NGC creates an opportunity to expand a reconciliation-centred Indigenous program, and associated artistic knowledge and

understanding of Indigenous art for generations to come. Augmented acquisition capacity of Indigenous art, including the Re-Creation program, coupled with an increased Indigenous curatorial capacity, will enrich the cultural memory of the nation and enhance the Gallery's ability to fulfill its legislated mandate. In creating a robust Indigenous program that fully represents the visual art history of Canada, the Gallery would advance the Government's goal of reconciliation and enrich the relationship between Canada and Indigenous peoples. The source of funding has not been identified for this initiative.

### **NATIONAL OUTREACH PROGRAM**

The Gallery's long-standing national outreach program requires a new framework. The institution acknowledges growing demand from regional museums, which rely on the Gallery for art loans, co-produced and Gallery-organized travelling exhibitions in their programming as well as for professional expertise to be shared with their audience. However, limited human and financial resources strain the Gallery's capacity to respond to that demand. In the planning period, the Gallery must resolve the funding gap that hinders its ability to deliver an outreach program of the scope expected of the national institution. An anticipated \$6.4 million over a five-year period and \$1.3 million ongoing is required to support the development and implementation of a revitalized National Outreach Program that will serve Canadians outside of the National Capital Region (NCR) through art museums and galleries from coast to coast to coast. A source of funding has not been identified for this initiative.

### **ART STORAGE**

As mandated by the *Museums Act*, the Gallery is a collecting institution. When the current facility opened in 1988 with state-of-the-art storage vaults, the then administration projected that the facilities would not be sufficient to house a growing collection. The Gallery is certain that, to continue fulfilling its mandate as a collecting institution, an additional storage space will be required within three to four years, so the planning for a further option for storage has to commence in the next six months. The financial implications are still being assessed, including the amount of funding required to address its current and future storage needs.

### **CAPITAL**

With unanimous support from the Board of Trustees, the Gallery has engaged Safdie Architects to develop a masterplan for its thirty-three-year-old campus and create the initial concept designs for a series of projects aimed at restoring and revitalizing the landmark building. Projects that tie to the Government priorities such as environment, diversity and inclusion, green jobs and economy have been identified as priorities. They include: Nepean Point integration, new Children's and Family Centre, redesign of the group entrance and the auditorium, restoration and enhancement of the Landscape Gardens, improving heating, ventilation and air conditioning (HVAC) systems, and refreshing the building and. In addition, the following initiatives are currently being studied: retrofit of the Curatorial Wing, exhibition gallery refurbishment, washroom renovations, accessibility and signage, and infrastructure and retrofits. There is a momentous opportunity for the Gallery to become greener; to connect with a community and the public grounds that surround it which are now being re-developed by the National Capital Commission (NCC); to create a Children's and Family Centre; to redesign the main entrance and public spaces; and to refresh the galleries and the infrastructure that supports the iconic building.

Currently, management estimates that these capital projects will cost \$60 million. The Gallery has identified additional longer-term capital projects totalling \$36 million for window replacements, Gallery refurbishments, and infrastructure improvements. There is no identified source of funds for these capital pressures.

More information on the above-noted budget pressures is included in [Section 2.2: Internal Factors](#) and [4. Financial Overview](#).

## 1.0 Overview - Corporate Profile

### 1.1 BACKGROUND

The National Gallery of Canada was founded in 1880 by the then-Governor General, the Marquess of Lorne, in concert with the Royal Canadian Academy of Arts. The federal government assumed responsibility for the Gallery with the enactment of the *National Gallery of Canada Act* in 1913 and has continued its stewardship through successive acts of Parliament. On July 1, 1990, the National Gallery of Canada became a Crown corporation with the proclamation of the *Museums Act*.

### 1.2 MANDATE AND KEY AUTHORITIES

The *Museums Act* (1990) mandates the Gallery *to develop, maintain and make known, throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians.*

Pursuant to the *Museums Act*, specifically, section 6(1) a) through p), the Gallery, has the capacity, the rights, powers and privileges of a natural person. As a distinct legal entity, wholly owned by the Crown, the Gallery is a parent Crown corporation with agent status, is listed in Schedule 3, Part 1 of the *Financial Administration Act* and is subject to the Crown corporation accountability framework established under Part X of that Act.

### 1.3 PUBLIC POLICY ROLE

The Gallery reports to the Parliament of Canada through the Minister of Canadian Heritage. While it functions at arm's length from the government in its daily operations, as a member of the Canadian Heritage portfolio, the Gallery supports the Department in its mission and contributes to the government priorities.

As per the *Museums Act*, the Gallery plays an essential role, individually and together with other museums and like institutions, in preserving and promoting the heritage of Canada and all its peoples throughout Canada and abroad, and in contributing to the collective memory and sense of identity of all Canadians. As a source of inspiration, research, learning and entertainment that belongs to all Canadians, the Gallery provides, in both official languages, a service that is essential to Canadian culture and available to all.

### 1.4 Purpose, Vision, Mission, and Values

Over the last few months, in addition to its mandate, through a collaborative process, inclusive of the Gallery's Board of Trustees, Management and staff from every level of the organization, the Gallery defined its purpose, its vision, its mission and values.

**Purpose** (Why we choose to exist): **We nurture interconnection across time and place.**

**Vision** (The impact we make – in the world and our communities – when we achieve our Purpose): **We envision a future in which art has the power to build bridges, deepen relationships, and advance a more equitable society.**

**Mission** (An ambitious, yet achievable, position that creates value for our audiences and communities): **Through the visual arts, we create dynamic experiences that open minds and allow for new ways of seeing ourselves, each other, and our diverse histories.**

**Values** (Our core guiding principles. Our standards, what is sacred): The four core values outlined below are the fundamental principles for how the Gallery acts as an organization and its staff as individuals. They reflect what the organization holds as deeply meaningful and are the standards against which acceptable and non-acceptable behavior is determined.

**Foster Belonging:** We work at the speed of trust — fostering relationships built on mutual respect and compassion that honour the individual hopes, histories, and needs of the diverse communities and artists we serve. We work openly and inclusively to create a welcoming experience for all.

**Embrace Change:** We continually review and assess our path and have the courage to shift directions. We are adaptive, open to what emerges and responsive to what matters. Through ongoing community consultation, we are initiators of change.

**Learn and Evolve Together:** We are honest about what we know and do not know, and seek opportunities to learn. It is our collective responsibility to continuously improve and to work together as we further the organization's mission. We hold ourselves accountable to results, with a clear view of how our work impacts the diverse communities we serve.

**Lead Boldly:** We generously share our national platform to amplify and engage a diversity of voices. Passion and curiosity fuel our continual drive to experiment and question the status quo. We inspire inclusive action through an understanding of the past, forward-looking bold moves, and infectious enthusiasm.

## 1.5 Core Responsibilities

Canadians expect their public institutions to uphold the highest standards of efficiency and effectiveness. In line with the Government's *Policy on Results*, the Gallery is committed to meeting these expectations by pursuing its mandate through the four responsibilities (as below) in a way that reflects best practices in corporate governance.

**Collection** – The Gallery collects Canadian and international art. It conducts research that contributes to the advancement of knowledge and understanding of Canadian and international art. It also preserves the national collection for present and future generations, through restoration and conservation.

**Outreach** – The Gallery furthers knowledge, understanding and enjoyment of the visual arts through onsite and travelling exhibitions that it produces solely or in partnership with other museums. It lends artworks from the national collection for inclusion in a wide range of special

exhibitions produced by other museums in Canada and abroad. In addition, the Gallery undertakes educational initiatives that contribute to an increased understanding of the visual arts. It also develops a range of art-related content for its online and social media platforms, and produces publications, in print and digital format, that contribute to the shared knowledge of world art history.

**Accommodation** – The Gallery operates from its iconic building on Sussex Drive in Ottawa. It also manages three leased storage facilities in Ottawa, and is the custodian of the Canada Pavilion in Venice, Italy. The organization ensures that building operations are carried out efficiently and that sound investments are made in capital infrastructure so that facilities are secure and suitable for visitors, staff, volunteers, and contractors, as well as for the preservation and exhibition of the national collection.

**Internal Services** – The Gallery conducts its affairs with due regard for sound governance, effective financial and human resource management, and revenue optimization to support programs and initiatives.

Information on the Gallery performance of the preceding year by core responsibility can be found in its most recent Annual Report available on the Gallery's website at <https://www.gallery.ca/about/governance/corporate-reportsh>

## 2. Operating Environment

The Gallery's ability to achieve its strategic objectives is dependent on several external and internal factors that influence its operating environment.

### 2.1 EXTERNAL FACTORS

#### **ECONOMY**

According to the September 2020 TD Economic forecast, COVID-19 hit the Canadian economy hard, leading to 2.6% in an annualized economic growth in 2020. With the combination of businesses reopening and extraordinary levels of fiscal and monetary stimulus, a strong economic rebound and a real GDP growth of 4.9% in 2021 and 3.8% in 2022 may be expected. It is anticipated that the GDP will reach the pre-pandemic levels only in 2023.

#### **TOURISM**

According to Destination Canada, the Canadian visitor economy is facing unprecedented challenges due to COVID-19. The November forecast shows that, if borders remain closed until October 2021, with extremely low tourism levels, there will be a 60% drop in the overall visitor economy revenues in 2021. The 2019 tourism levels are not expected to be reached again until 2026. The summer season (July–September) represents the core revenue generator for the industry, and, in 2020, it has been severely affected by international and domestic travel restrictions, quarantines and social distancing measures. The two most affected business sectors within the visitor economy are: Accommodations and Food Services (loss of 24.3% in active businesses), and Arts, Entertainment and Recreation (loss of 24.2% in active businesses since January to June 2020).

Most Canadians feel safe to travel within their own province. In view of the above, with leanest tourism months still to come, the Gallery must do what it can to become a desirable respite and destination place in Ottawa, to capitalize on visits of its local Ottawa-Gatineau visitors and those arriving from other parts of Ontario.

#### **DEMOGRAPHY**

According to Statistics Canada, by 2036, nearly 30% of Canadian residents will be foreign born with their mother tongue being neither English nor French, and close to 35% will belong to visible minority groups, which is double the proportion (16%) reported in the last fifteen years.

Locally, in its high growth projection, the City of Ottawa estimates that its metropolitan area population will grow by 359,000 by 2036 (up by 38% from 2014). The contributing factors to that increase will be an increase in birth rates, accelerated declines in mortality, and higher than average in-migration rates. Overall population in the National Capital Region (which includes Gatineau) is expected to increase by 34% by 2036 and the City of Ottawa is projected to account for 70% of this growth.

These trends present an opportunity for new audiences, but also challenge the Gallery to create relevant programming to attract local Ottawa and Gatineau residents, including those from diverse backgrounds, to become repeat visitors and members.

## COMPETITION

As noted in the Report titled *Assessment of Revenue Generation Capacity of the National Museums of Canada*, prepared by Lord Cultural Resources in association with Ketchum Canada Inc., the fact that four of the country's national museums are located in the National Capital Region (NCR) presents specific challenges to the revenue generation capacity of these museums, including the Gallery. Specifically, Ottawa is a moderately populated centre while most of the comparable museums are located in centres (e.g., Toronto, Montreal, Washington, DC) with more substantial resident, school and tourist populations, and a larger pool of philanthropists than those in the National Capital Region. Moreover, while efforts to collaborate in terms of marketing are often undertaken (i.e., the Museum Passport), the four national museums in the NCR are de facto competing with each other for both local and tourist visitors' dollars spent on cultural and leisure activities. In addition, other Ottawa Downtown attractions (e.g., Parliament Hill, Rideau Hall, Byward Market) add to the list of local competitors.

In terms of contributed revenue (sponsorship and contributions from individuals, corporations and foundations), national museums, including the Gallery are particularly challenged by being located in a capital city that is not the economic capital of the country.

In such an environment where competition for attendance, sponsorship and fundraising is strong, the Gallery must make strategic choices so that it can deliver its mandate with the level of excellence expected of a national and world-leading museum. It must do so, while striving to increase attendance, which significantly impacts earned revenues. Striking the right balance between programming quality/ relevance to Canadians and maximizing attendance remains crucial going forward.

## LEGISLATION

In its daily operations, the Gallery is subject to a range of laws, including the following acts:

- *Access to Information Act*;
- *Accessible Canada Act*;
- *Canada Labour Code*;
- *Canadian Multiculturalism Act*;
- *Conflict of Interest Act*;
- *Copyright Act*;
- *Status of the Artist Act*;
- *Employment Equity Act*;
- *Financial Administration Act*;
- *Museums Act*;
- *Official Languages Act*;
- *Privacy Act*; and
- *Public Servants Disclosure Protection Act*.

## GOVERNMENT PRIORITIES

As a federal Crown corporation, the Gallery aims to fulfill its legislative mandate in a manner that embraces and advances government priorities. The Government priorities have been clearly articulated in the Governor General's Speech from the Throne of September 23, 2020. To that end, the following four foundations were identified:

- Health – to protect Canadians from COVID-19 and help them through the pandemic by providing fiscal supports through the crisis and addressing gaps in social programs;
- Economy – to create jobs, support workers and their families, and have more women participating in the labour market;
- Equality – create more equal society, move forward with reconciliation, address systemic racism, protect both official languages, and support immigration; and
- Environment – exceed Canada's 2030 climate goals and legislated goal of net-zero emissions by 2050.

## 2.2 Internal Factors

### STRATEGIC ISSUES

The Gallery's operating environment during the planning period, in addition to being challenged by the COVID-19 pandemic, will face the lack of required funding for capital and operations, particularly for an amplified need of digitization and virtual programming, Indigenous programs, national outreach and addressing art storage issues. The effect of COVID-19 on the institution is outlined in [Appendix A: The Impact of COVID-19](#).

The following are the Gallery's strategic issues for consideration during the planning period:

### FUNDING

In addition to a structural funding deficit for its operating and capital budgets, the Gallery's financial position is further threatened by the effects of COVID-19. The COVID-19 relief funding announced in Budget 2021, together with operating savings, will result in a balanced budget for the 2021–22 fiscal year. However, it will take some time for the Gallery to see a return to pre-pandemic levels of attendance and revenues, and the Gallery forecasts that this will create deficits for the remainder of the planning period. The relief funding provided by Budget 2021 provides the Gallery with complete financial certainty to reopen when permitted by provincial guidance and to proceed with programming for the 2021–22 year. Currently the Gallery is estimating a return to pre-pandemic attendance and revenues by 2025–26 resulting in accumulated deficits of \$8 million over the three years from 2022–23 to 2024–25. Once reopened, the Gallery will be in a better position to assess market conditions and update its financial projections for the 2022–23 Corporate Plan Summary.

### DIGITAL PROGRAMMING AND INFRASTRUCTURE

Museums around the world are incorporating mobile applications and digital technologies (e.g., 3D projections, virtual reality, augmented reality, artificial intelligence) in their programming. Moreover, the increased demand for digital interaction during COVID times requires museums, including the Gallery, to stay relevant in a digital age. The Gallery recognizes both the opportunity that comes with the digitization and dissemination of its collection, archives, and publications, and the financial burden of investing in specialized digitization infrastructure, equipment and expertise. While it has been progressively digitizing the national collection over the last few years, insufficient financial and staff resources, and copyright fees have severely limited the pace of both digitization and dissemination of the works in the national collection.

During the COVID shutdown from March to July 2020, to maintain a connection with its audiences and continue to offer adequate programming, the Gallery advanced existing digital projects and accelerated the development of new digital streams. Digital program offerings on the gallery.ca website were increased and enhanced. The Gallery also expanded its social media presence to provide interactive ways of connecting virtually with art. To continue with these initiatives and expand its program offerings, a strong digital programming platform, supported by enhanced digitization and access to the collection, is required. In the current COVID-impacted reality, investments in digitization, relevant platforms and innovative program delivery are more pressing than in previous years, and would significantly enhance the scope and speed of digitization, improve public access to art and engage Canadians and audiences worldwide with Gallery's collection and knowledge. To support increased digital access to Canada's arts and culture, the estimated cost of this program is close to \$4 million over three years. The source of funding for this transformation has not yet been identified.

## **ART ACQUISITIONS AND RECONCILIATION**

The Gallery anticipates the need to increase its acquisitions capacity. Doing so will enable the Gallery to acquire the finest examples of art created in Canada for the benefit of all Canadians. The Gallery has been working to expand its historical and contemporary Indigenous art collections for the last two decades. The absence of a historical Indigenous art collection at the Gallery represents a significant deficiency in the cultural memory of Canada. The development of a historical Indigenous Art collection at the NGC creates an opportunity to expand reconciliation-centred Indigenous program and associated artistic knowledge and understanding of Indigenous art for generations to come. Augmented acquisition capacity of Indigenous art, including the ReCreation program, coupled with an increased Indigenous curatorial capacity, will enrich the cultural memory of the nation and enhance the Gallery's ability to fulfill its legislated mandate. Additionally, a specific focus on the recreation of historical Indigenous Art will assist in 1) revitalizing traditional Indigenous artistic techniques lost through settler colonialism and in 2) representing the living knowledge and history of Indigenous artists in Canada. In creating a robust Indigenous program that fully represents the visual art history of Canada, the Gallery will advance the Government's goal of reconciliation and enrich the relationship between Canada and Indigenous Peoples. Sources of funds have not yet been identified.

## **NATIONAL OUTREACH**

The Gallery is the largest art-lending institution in the country. Canada's museum community continues to demonstrate significant interest in collaborating with the Gallery for exhibitions and art loans to be shared with their audience. However, insufficient operating funds challenge the Gallery's ability to respond to the demand for broader outreach from coast to coast to coast.

Moreover, as the Gallery continues implementing its visitor-centric strategy, workload volumes and the lack of in-house expertise prove problematic. To reengineer its national outreach program in favour of a sustainable, collaborative and impactful model for both the Gallery and regional partners, the institution carefully researched best practices globally and assessed the needs and demands of its potential partners. An estimated \$6.4 million over a five-year period and \$1.3 million ongoing is required to support the development and implementation of a revived National Outreach Program that will serve Canadians outside of the NCR through art museums and galleries across the country with exhibitions, loans and art education, thus improving physical access to the national collection. Funding sources have yet to be secured.

## ART STORAGE

As mandated by the *Museums Act*, the Gallery is a collecting institution. When the current facility opened in 1988 with state-of-the-art storage vaults, the then administration projected that the facilities would not be sufficient to house a growing collection. Since 1988, the Gallery has added two additional off-site storage facilities, which it manages under long-term lease agreements and, took possession of the third off-site storage space at the Ingenium Centre owned by the National Museum of Science and Technology (NMST). Before the construction of the Ingenium Centre, due to higher-than-anticipated cost estimates, the space earmarked for the Gallery was significantly reduced (from 80,000 to 22,000 square feet). The resultant storage space dedicated to the Gallery at the Ingenium Centre will now provide only short-term relief for the overcrowded art storage spaces both on site and off site.

Since taking possession in October 2019, due to protracted calibrations of climate conditions, and the COVID-19 shutdown, the Gallery was able to move only a small portion of its collection by August 2020 (namely, works that are non-responsive to fluctuating climate conditions). Currently, only 10% of the Ingenium storage space is in use by the Gallery. Provided six to eight months of stable climate conditions are achieved and no additional COVID-triggered shutdowns are experienced, the Gallery anticipates that the next transfer of collection to the Ingenium Centre will be possible by summer 2021. Although the storage space dedicated to the Gallery at the Ingenium Centre provides a modest relief to the Gallery's overcrowded storage, it does not fully resolve the Gallery's storage issue. The Gallery is certain that, to continue fulfilling its mandate as a collecting institution, an additional storage space will be required in the near future. The financial implications are still being assessed, including the amount of funding required to address its current and future storage needs.

## CAPITAL

Designed by Canadian architect Moshe Safdie, the National Gallery's building opened in 1988 and is considered one of the most exquisite cultural facilities in the National Capital Region. With Director and CEO, Sasha Suda, at the helm, the Gallery intends to undergo a transformation to being more open to the public, to diversity, to difficult conversations about art, and to the environment.

There is a momentous opportunity for the Gallery to become greener; to connect with a community and the public grounds that surround it (which are now being re-developed by the National Capital Commission (NCC)); to create a Children's and Family Centre; to redesign the main entrance and public spaces; and to refresh the galleries and the infrastructure that supports the iconic building.

The Gallery, with approval from the Board of Trustees, has engaged Safdie Architects to develop a masterplan for its campus and create the initial concept designs for a series of projects aimed at restoring and revitalizing the landmark building. Projects that tie to the Government priorities such as environment, diversity and inclusion, green jobs and economy have been identified as priorities.



## 3. Expected Results

### 3.1 Results Framework

Results Framework				
<u>Mandate:</u> What we must deliver to fulfill stakeholders needs.	To develop, maintain and make known, throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians			
<u>Purpose:</u> Why we choose to exist.	We nurture interconnection across time and place.			
<u>Vision:</u> The impact we make – in the world and our communities – when we achieve our Purpose.	We envision a future in which art has the power to build bridges, deepen relationships, and advance a more equitable society.			
<u>Mission:</u> Our ambitious, yet achievable, position that creates value for our audiences and communities	Through the visual arts, we create dynamic experiences that open hearts and minds and allow for new ways of seeing ourselves, each other, and our diverse histories.			
<u>Core Responsibilities:</u> Enduring functions performed by a Crown corporation	Collection	Outreach	Accommodation	Internal Services
<u>Programs:</u> Individual or groups of services and/or activities that are managed together and focus on a specific set of outputs, outcomes or service levels.	Acquisitions Research Preservation	Exhibitions Education Communications	Building Operations Capital	Governance Administration Revenue Generation
<u>Five Strategic Pillars:</u> Areas of focus for the Planning Period	<i>Strengthen community connections through transformative art experiences</i>			
	<i>Build a collection and program that inspire human connection</i>			
	<i>Empower, support and build a diverse and collaborative team</i>			
	<i>Centre Indigenous ways of knowing and being</i>			
	<i>Invest in operational resilience and sustainability</i>			

## 3.2 Strategic Pillars, Outcomes and Measures

As the Gallery defines its objectives for the planning period it looks at various factors and forces in its external and internal environment.

Some of the most significant external factors include:

- Societal call to increase **agency of Indigenous peoples** in Canada
- Social responsibility to be **more accessible and inclusive**
- Shifting public expectations of **cultural representation**
- Increasing expectations for **digital access and engagement**
- Rising movement around "**art for all**" and rising perceptions of art being an elite activity
- Shift towards **local audiences** due to COVID-19.

During 2020, internally, the Gallery has undergone operational and mindset shifts some of which were influenced by:

- Collective demands for **greater diversity and inclusion** in how the Gallery hires, leads, collects, and programs its activities
- A growing **sense of responsibility** on the role to play in societal change from climate crisis to anti-racism
- Pride in how hard the Gallery worked to **open its doors** in 2020
- Teams that are committed to **visitor-centricity** but require new ways of working
- The **transparency and agency** modelled by the Director and CEO and team being both exciting but unnerving
- **Change resistance** compounded through COVID.

In view of the above, alongside NOBL Consultants who were assisting the Gallery with developing its first-ever strategic plan, the Gallery engaged Elevate Inclusion Strategies, a consultant specializing in building inclusive and fully participative organizations. The two firms worked together with Trustees, Management and Staff to ensure that the Gallery's new strategic plan adequately reflects the Gallery's position on diversity and inclusion, and outlines the work on justice, equity, diversity, inclusion and accessibility (collectively called JEDI&A work) that is being done and will continue to be done over the planning period. The important JEDI&A work will result in defining the Gallery's inclusive way forward in relation to underserved Indigenous, Black and racialized communities (external focus) as well as in relation to staff and the equitable workplace (internal focus). The ultimate goal of JEDI&A work is to achieve a cultural shift and transformation instilled by racial justice.

The Gallery's new Strategic Plan woven into this Corporate Plan Summary emphasizes a focus on five strategic pillars through which the Gallery plans to deliver its mandate and realize its mission.

### **P1 - Strengthen community connections through transformative art experiences**

We will become a beacon of art-led transformation, and a meeting place for communities inside the National Capital Region and beyond. Through inclusive and accessible art experiences, we will share stories, explore differences, and build meaningful relationships. We will welcome, unite, and empower partners, artists and creators across the globe.

#### **2021 Outcomes**

We actively transform our online and in-person experiences to make them more accessible and relevant for all. We actively seek out and welcome previously underserved communities at the NGC.	We intentionally define and resource our collaboration community and artist network. We bring together people, resources and ideas in new and lasting ways - amplifying their impact.	We create a clear vision to build out our community programming and have a plan in place to create the internal capabilities and resources to fulfill this vision. The team is aligned with the plan and understands their part to play.	We invest the time and resources to create a category-defining new brand that captures our ambition and the value we bring to the lives of our teams, visitors, and communities.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### **P2 - Build a collection and program that inspire human connection**

Through our bold and experimental program — in-person and online, across the country and around the world — we will take people on journeys of the heart, mind and soul. We will collect and share with intention, representing the diverse and intersectional communities we serve — aware of the many histories and narratives that shape our visitors' experiences. We seek — and do not shy away from — serving as a conduit for brave conversations that expand perspective and deepen empathy.

#### **2021 Outcomes**

We share the Gallery's collection with our communities in bold new ways. We align our acquisitions strategy with our new purpose and vision, underpinned by our commitment to equity, inclusion, and diversity.	We pilot bold, inclusive, and environmentally sustainable programming. We use a clear process to identify and resource new programming and education opportunities based on our collection.	We establish strong foundations for digital programming and content across the gallery and streamline digital integration for all teams.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------

### **P3 – Empower, support, and build a diverse and collaborative team**

We will have created a culture that values learning, accountability and passionate leadership. Teams will be trying new ways of working, and will work collaboratively to co-create experiences for our visitors. We will remain committed to anti-racist, anti-oppression practices, and will continue working to identify and remove barriers to full participation and inclusion. New hires will reflect the diversity of our visitors. We will integrate practices that restore and nurture our relationships with one another.

#### **2021 Outcomes**

We pilot strategic planning and culture change processes. We use a rhythm of data-informed continuous learning and improvement internally. Teams share and exchange knowledge and practices with our local and global peer-networks.

Fully-equipped teams actively engage in meaningful work based on the shared strategic plan. Teamwork is collaborative, adaptive, and human-centred. We continuously improve communication channels and develop leadership opportunities.

We implement and refine a shared JEDI&A strategy with strong assessment tools to support it. We actively address systemic barriers to equitable engagement and genuine inclusion for our visitors, community, and team members.

### **P4 - Centre Indigenous ways of knowing and being**

With an emphasis on healing, we will anchor our present and future in the past, and in the knowledge of Indigenous Elders and ancestors. Through partnerships with Indigenous leaders, we will create the space and time required to redesign our path as a colonial institution. We will honour the land upon which we are located, and work towards building a more sustainable relationship with the environment. We will build bridges, and actively invite others to join us on this enduring and collective journey.

#### **2021 Outcomes**

We re-examine our collection and programming through an Indigenous lens, and make experiences of the Gallery welcoming to Indigenous communities.

Based on an equitable agreement, we routinely consult with our formal Indigenous Advisory Committee for the Gallery.

In collaboration with Indigenous leaders from our host nation, NGC creates plans and pilot programs to bring Indigenous ways of knowing and being across the organization, both internally and externally.

### **P5 - Invest in operational resilience and sustainability**

With the goal of fostering human connection, we will leverage new technologies to expand our reach, increase our impact, and deliver our best work. Our physical space will be environmentally sustainable and built to last, and reflects our organizational values. To establish a resilient future for the Gallery, we will expand existing funding streams and experiment with new forms of revenue generation.

#### 2021 Outcomes

We roll out updated technology and digital infrastructure across the Gallery to enable seamless online work for our teams and engaging digital experiences for our audiences.	To become more agile, inclusive, and visitor-centric, we upskill team members and re-calibrate structures, processes, and procedures to align with our shared strategy.	Our home in Ottawa reflects our human-centred vision - it is more accessible, welcoming and environmentally sustainable. We invest in infrastructure to support our scale and carry environmental sustainability across all operational practices.	We explore new revenue streams (both earned and donation-based) and actively grow our contingency fund, allowing us to pursue new and experimental opportunities across the institution.
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### **MEASURES - NGC KEY PERFORMANCE INDICATORS 2021-2022**

The National Gallery of Canada has established a new set of institutional key performance indicators (KPIs) in five areas of focus: **Brand Engagement**, **Operational Resilience**, **Our People**, **Audience Development**, and **Collections & Programs**. These KPIs are quantifiable measures with specific timelines that will be used to evaluate the success of our organization in meeting our strategic objectives. They will be either qualitative or quantitative in nature. Each NGC KPI is linked with our Strategic Pillars (P1-P5) demonstrating their interconnected and cross-departmental impact.

The criteria to select institutional KPIs included whether it is measurable, actionable, and tied to the strategic plan. Our assessment considered the complexity of the KPI measurement (low, medium, high), its current measurement status, its local, national, global or digital reach, and lastly, if it is internally or externally focussed. Surveys, visitor intercepts, project milestones, and analytics are examples of how KPIs will be measured.

Each NGC department will have its own KPIs that focus on measuring the impact and success of the activities within their area of responsibility and ensure alignment with the NGC's Strategic Plan.



Figure 1: NGC KPIs 2021-22

2021/2022 Key Performance Indicators		Target(s)	Timeline	Data Source	Strategic Pillars
<b>Brand Engagement:</b> <b>Brand Internalization</b>	<p>Staff need to understand how the new NGC Brand will inform their work.</p> <p>Training on the importance of the new brand in all facets of the organization's work is critical to ensure employees in every department understand that the brand is more than a marketing tool, it is the voice of the institution and should inform and direct the ways we work with each other and serve our visitors.</p>	<p>85% staff trained on new brand framework</p> <p>85% level of knowledge and understanding (Q4)</p>	Training completed by the end of Q3	<p>Completion of training modules</p> <p>Pulse surveys</p>	P1, P2, P3, P4, P5
<b>Operational Resilience:</b> <b>Earned Revenue</b>	<p>Earned revenue will always be an important measure for whether we are meeting our targets as laid out in the Corporate Plan Summary.</p> <p>Our earned revenue is comprised of ticket sales,</p>	\$ 2,3 M in earned revenue	End of Q4	Financial reporting	P2, P3, P5

	rentals and event revenue, boutique sales and parking. In 2021/22, we have set an amended target based on our current reality.				
<b>Our People:</b> <b>Employee Engagement</b>	<p>All employees must understand how their roles contribute to the achievement of the NGC strategic plan.</p> <p>Clear and strategic objectives in performance plans will help managers articulate priorities. Measurement of employee understanding of the strategic plan and how it informs their work will allow us to tailor our communication and training to ensure continued engagement and buy-in.</p>	80% staff with strategic plan language in performance plans	Performance plans completed by end of Q4	<p>Collaborative review of performance plans</p> <p>Pulse surveys</p>	P3, P4, P5
<b>Audience Development:</b> <b>Visitor Satisfaction</b>	<p>Our programs must be developed with the public in mind - not only visitors to the Gallery, but all Canadians.</p> <p>We must establish a baseline of visitor satisfaction and understand their motivations to inform our strategy and to direct future programs, exhibitions, acquisitions and, offerings. Knowing our visitors will also inform our strategies to engage communities that are currently underserved.</p>	<p>New visitor satisfaction baseline established</p> <p>New member satisfaction baseline established</p>	<p>Visitor: End of Q2</p> <p>Member: End of Q3</p>	<p>Intercept survey</p> <p>Digital membership survey</p>	P1, P2, P4, P5
<b>Collections and Programs:</b>	In order to measure our success in expanding and diversifying our collection, we must	Completion of collections gap analysis	By the end of Q4	Collection database	P1, P2, P4, P5



<b>Collections Analysis</b>	<p>understand and analyze its current make-up.</p> <p>By conducting a fulsome analysis of the current collection and examining collection categories, we will be able to identify gaps to inform the strategic acquisition of works moving forward. We will study the representation of Indigenous, Black, and racialized artists and other underrepresented voices. A baseline will allow us to set measurable goals.</p>				
-----------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--

## **BASELINES AND RESEARCH PRIORITIES**

As we build towards 2022-23 and beyond, a priority in the current fiscal year will be to establish baselines for future measurement and identify key research initiatives.

Examples include:

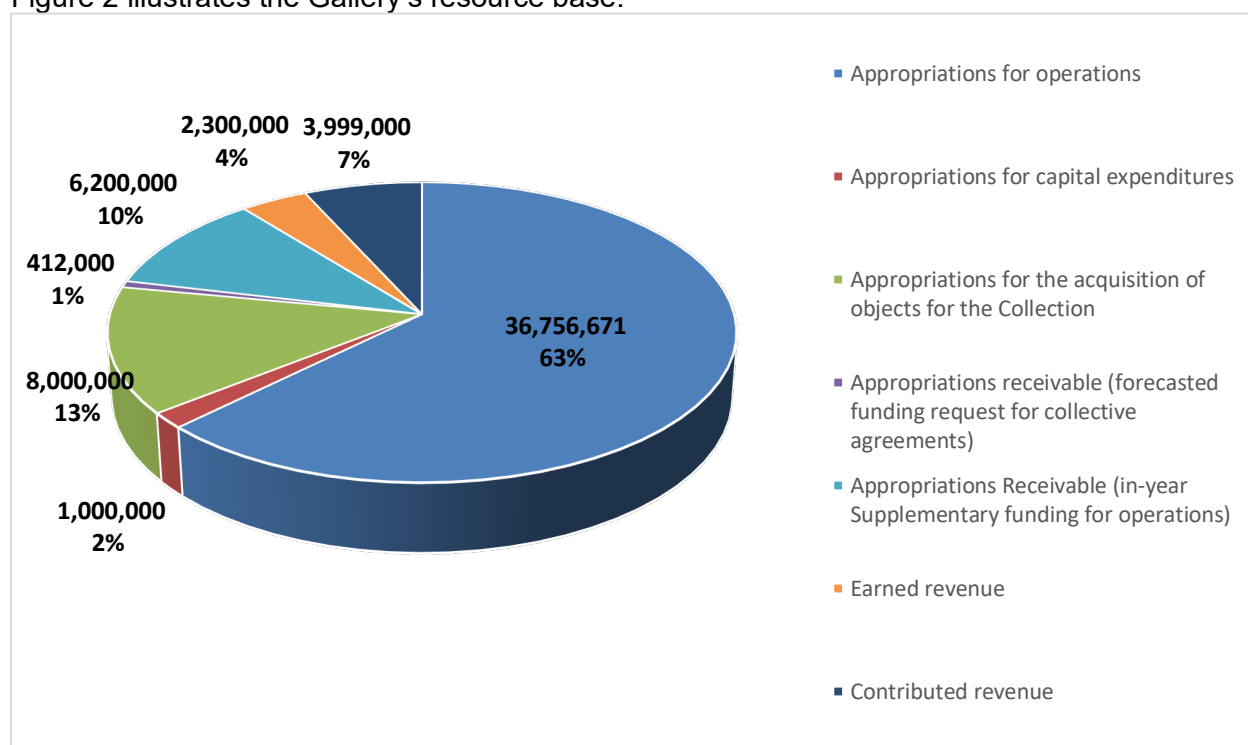
- Developing a baseline to measure carbon footprint / environmental efficiency of the NGC building;
- Baseline review of our audience segmentation;
- Accessibility assessment (and establishment of an accessibility framework) and,
- Analysis of the use of Indigenous languages within the gallery spaces.

## 4. Financial Overview

The Gallery receives annual appropriations from the Government of Canada, which it supplements with revenue-generating activities and contributions it accepts in support of acquisitions, projects, and programming.

Federal appropriations represent approximately 80 to 85% of the total resources available to the Gallery for operations and capital. The remaining 15 to 20% is provided by earned and contributed revenue. Earned revenue consists mainly of commercial revenue derived from admission and parking fees, boutique and publishing sales, membership sales, space rentals and food service commissions. Contributed revenue consists of sponsorship in cash and in kind, contributed items to the collection (art donations) and financial contributions from individuals, corporations and foundations, including the NGC Foundation.

Figure 2 illustrates the Gallery's resource base.



*Figure 2: Resource Base for 2021-22.*

For 2021–22, the Gallery's base parliamentary appropriations for operations are expected to amount to \$36.8 million, \$1 million for capital, and \$8 million for the acquisition of objects for the collection and other costs attributable to this activity, for a total of \$45.8 million in appropriations. This also includes \$6.2 in COVID-19 funding relief announced in Budget 2021.

The earned and contributed revenue in 2021–22 are projected to amount to \$6.3 million or \$5.3 million when an anticipated \$1 million in contributed items to the collection is excluded, a

reduction in revenues of \$8 million compared to \$13.4 million in original projections. Given the Gallery closure from April 2 to July 16, 2021 these revenue projections are likely to be challenging to meet.

## 4.1 Operating Budget

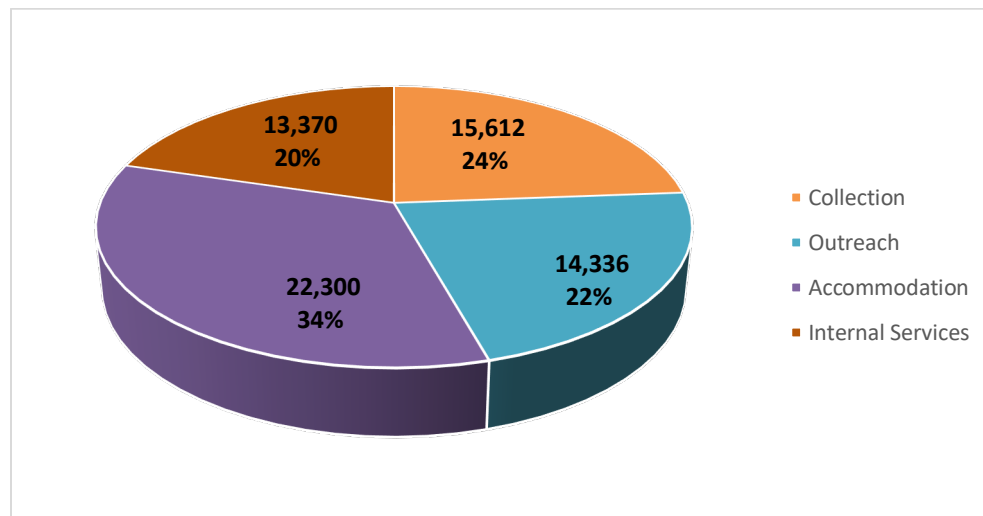
The Gallery's operating budget will continue to be challenged by the increased cost of doing business and by significant non-discretionary expenses to operate the facility (e.g., building repair and maintenance, utilities, security, payment in lieu of taxes). As government funding (other than salary increases negotiated in collective bargaining) is not indexed to offset business-related inflationary increases, the Gallery must absorb escalating non-discretionary costs through the reallocation of programming budgets and/or reduction of staff levels. Consequently, in real dollars, the Gallery's purchasing power is declining from year to year.

For 2020–21, due to COVID-19, zero revenue was recorded during the Gallery shutdown period of March 14 to July 16, 2020. In view of this significant loss, the Gallery proceeded to reduce related costs to the extent possible within service contracts and collective agreements; however, the lost revenue and the cost of reopening, far outweigh the savings that were realized during the closure.

On June 18, 2020, the Gallery received confirmation of \$4.8 million in revenue relief funding, which allowed the Gallery to reopen its doors to the public on July 16 on a four-day-a-week schedule. The funding was a welcome relief which helped to cover one-time and ongoing costs related to reopening during COVID-19. Following the reopening, with significantly reduced attendance levels, and a second shutdown from December 21, 2020 to at least February 11, 2021, the Gallery forecasts that it will only reach about \$4.3 million in earned and contributed revenue by March 31, 2021. This represents a combined earned and contributed revenue loss for the year of \$8.1 million when compared to the original projections of \$12.4 million (excluding contributed items to the collection).

For 2021–22, the Gallery anticipates that COVID-19 will continue to have a major impact on every aspect of the organization's operations. An operating funding gap of \$6.2 million was identified and Budget 2021 announced funding to address this pressure giving the Gallery financial certainty to reopen when permitted and to proceed with programming. The Gallery projects that the revenue will continue to be low when compared to the pre-pandemic revenue levels (although slightly higher than in 2020–21) and the loss will also be significant. Consequently, the earned and contributed revenue (excluding contributed items to the collection) is estimated to bring only \$5.3 million as opposed to originally projected \$13.3 million, a loss of \$8 million when compared to original projections. Given the closure of the Gallery from April 2 to July the projected revenues of \$5.3 million may be challenging to achieve. Any shortfall will be mitigated by the Gallery through expenditure reductions or deferrals.

Figure 3 illustrates the alignment of core responsibilities (collection, outreach, accommodation and internal services) with the Gallery's resource base for 2021-22.



*Figure 3: 2021-22 planned expenses by core responsibility on an accrual basis (in 000s), including art purchases.*

## 4.2 Capital Budget

The Gallery's real property locations include:

- The main building at 380 Sussex Drive in Ottawa: a 72,200-square metre facility that accommodates exhibition galleries, art storage vaults, art conservation laboratories, a library, offices, a 400-seat auditorium, lecture hall, Boutique, cafeteria, underground parking garage, workshops and high-profile special events spaces;
- Two leased warehouse facilities in Ottawa: a 3,140-square metre facility for both art and non-art storage and a 1,738 square metre facility dedicated solely to art storage;
- A newly acquired 2,044-square metre art storage space at the Ingenium Centre, a facility shared with the National Museum of Science and Technology; and
- The Canada Pavilion in Venice, Italy: fully renovated in 2018, this 150-square metre building is used for the presentation of Canada's exhibitions at the Venice Biennale.

The Gallery's base allotment for capital of \$1 million annually, insufficient for ongoing capital needs, is allocated on a risk-basis to address emerging issues associated with the building's aging infrastructure, occupational health and safety regulations, and changing building codes. Escalating construction costs, ageing infrastructure, and the identification of additional projects over time, continue to challenge the capital envelope. Priorities are established based on condition and criticality of the asset involved, the impact on health, safety and operations if deferred, and the availability of risk-mitigating measures. After careful consideration of risk and affordability, some projects have been reprioritized and deferred.

The Gallery's Capital Budget addresses vulnerable areas of the building's infrastructure (architectural, mechanical and electrical systems) and includes specific projects related to code compliance, health and safety, and protection of the collection. Budget 2016 provided five-year capital funding of close to \$18.4 million to allow the Gallery address its most urgent capital projects. The Gallery has completed the major Main Entrance and Colonnade project (\$11.4 million) and thirteen other capital projects funded by the five-year capital funding through Budget 2016. The remaining projects are being prioritized with the remaining funding for completion by the end of 2023. The Gallery has found the environment for capital projects to be challenging, more so with COVID-19. Delays, COVID-19 shut downs and restrictions, and supply chain challenges have all contributed to a difficult environment to initiate and complete capital projects. The Gallery has used this pause to re-assess and prioritize the most critical projects for completion with the remaining 2016–2021 capital funding.

While Budget 2016 supplementary funding partially relieved the Gallery's capital budget pressures, it did not address all building-related capital needs. Moreover, with the Budget 2016 supplementary funding concluding in March 2021, in 2021 and future years, the Gallery's capital budget position will be even more vulnerable than it is at present as the Gallery's capital allotment returns to \$1 million.

### 4.3 Equity and Debt

In 2016–17 and 2017–18, the Gallery used \$6.9 million from its accumulated unrestricted net assets to complete the re-conception and full renovation of the Canadian Galleries, now renamed to Indigenous and Canadian Galleries (ICG). This flagship project, delivered in June 2017 for Canada 150 celebrations, represented the first major renovation of that space since the opening of the Gallery building in 1988.

At March 31, 2020, the Gallery's unrestricted net assets amounted to \$2.6 million after reaching a low of \$0.8 million during the year. Having sufficient net assets (working capital) is a critically important business risk-mitigation tool available to Crown corporations. The Gallery manages various risks and the normal exhibition business cycles through the careful use of its working capital. Exhibitions often require up-front investments over multiple fiscal years and, by having a greater working capital, the Gallery is able to successfully manage many exhibition and programming-related risks. Over time, the Gallery will strive to increase its level of net assets and use them (as required) as a key financial risk-mitigation tool.

The Gallery concluded 2020–21 in a surplus position (as a result of the recently confirmed compensation to Crown corporations for negotiated agreements, which covers three years of retroactive funding), and will end 2021–22 with a balanced budget due to the COVID-19 relief funding announced in Budget 2021.

The Gallery has no debt.

## 5. FINANCIAL STATEMENTS

The financial statements in this Corporate Plan Summary have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS) for Government not-for-profit organizations, in compliance with the Section 4200 series of the PSAS that were in effect for the year ending March 31, 2020. The Gallery applies the deferral method of accounting for contributions for not-for-profit organizations. The corporation's annual budget is based on four quarters.

### 5.1 ASSUMPTIONS AND PROJECTIONS

- Annual reference levels will be received as expected.
- Parliamentary appropriations for the operating budget are recognized in the fiscal year for which they are approved and include additional funding received as COVID-19 relief funding.
- Parliamentary appropriations for capital expenditures include the ongoing \$1 million transferred to the Gallery from PWGSC as part of the custody transfer submission in 1994.
- Appropriations deferred for the acquisition of objects represent the accumulated unused appropriations for acquisitions being deferred for future use and strategic acquisitions.
- Appropriations deferred for the purchase of capital assets represent the accumulated unused appropriations for capital assets and operating funds that have been transferred to capital via Board restriction.
- Amortization of deferred funding represent the matching of amortization (expense) to Appropriations (revenue). The matching eliminates large deficits caused by the amortization of the Gallery's large depreciable asset base.
- Operating revenues are recognized in the year in which services are provided. Funds received in return for future services are deferred.
- Revenue projections are presented in a conservative manner based on the planned exhibitions and their anticipated attendance for their respective years.
- The expenditures are forecast by core responsibility, as are allocated resources, to achieve the stated priorities and the strategies outlined above. This approach also considers historical spending.
- A 2% increase per year has been built into salary expenditures.
- Payments in lieu of taxes (PILT) are based on the most recent PILT estimates. A 2.5% increase per year for the next five years is anticipated.
- Monetary assets and liabilities denominated in foreign currencies (EUR, USD, GBP) are converted to Canadian dollars using exchange rates as at the date of the Statement of Financial Position.

**TABLE 1: STATEMENT OF FINANCIAL POSITION**

as at March 31

(In thousands of dollars)	2019-20 Actual	2020-21 Planned	2021-22 Planned	2022-23 Planned	2023-24 Planned	2024-25 Planned	2025-26 Planned
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$4,543	\$7,536	\$7,530	\$7,525	\$7,520	\$7,516	\$7,512
Restricted cash and cash equivalents	4,085	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Restricted investments	9,312	16,597	12,751	11,131	11,131	11,131	11,131
Accounts receivable	2,472	2,497	2,522	2,547	2,572	2,598	2,624
Inventory	750	758	766	774	782	790	798
Prepaid expenses	1,103	1,114	1,125	1,136	1,147	1,158	1,170
	22,265	28,502	24,694	23,113	23,152	23,193	23,236
Collection	1	1	1	1	1	1	1
Capital Assets	78,954	73,989	70,585	64,955	57,706	50,455	43,206
	\$101,220	\$102,492	\$95,280	\$88,069	\$80,858	\$73,649	\$66,441
<b>Liabilities and Net Assets</b>							
<b>Liabilities</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$4,113	\$4,154	\$4,196	\$4,238	\$4,280	\$4,323	\$4,366
Accrued salaries and benefits	1,305	1,318	1,331	1,344	1,357	1,371	1,385
Deferred contributions for the purchase of objects for the Collection	4,896	8,096	8,096	8,096	8,096	8,096	8,096
Deferred contributions for the purchase of capital assets	6,499	6,499	2,653	1,033	1,033	1,033	1,033
Other deferred contributions	1,886	1,886	1,886	1,886	1,886	1,886	1,886
	18,699	21,953	18,162	16,597	16,652	16,709	16,766
Employee future benefits	848	831	814	798	782	766	751
Deferred contributions for the amortization of capital assets	78,332	73,367	69,963	64,333	57,083	49,833	42,583
Total liabilities	\$97,879	\$96,151	\$88,939	\$81,728	\$74,517	\$67,308	\$60,100
<b>Net Assets</b>							
Unrestricted	\$2,603	\$5,603	\$5,603	\$5,603	\$5,603	\$5,603	\$5,603
Investment in capital assets	622	622	622	622	622	622	622
Permanently endowed	116	116	116	116	116	116	116
Total net assets	3,341	6,341	6,341	6,341	6,341	6,341	6,341
	\$101,220	\$102,492	\$95,280	\$88,069	\$80,858	\$73,649	\$66,441



**TABLE 2: STATEMENT OF CHANGES IN NET ASSETS**

for the year ended March 31

<i>(in thousands of dollars)</i>	2019-20 Actual	2020-21 Planned	2021-22 Planned	2022-23 Planned	2023-24 Planned	2024-25 Planned	2025-26 Planned
<b>Net assets, beginning of the period</b>							
Unrestricted	\$2,045	\$5,603	\$5,603	\$5,603	\$5,603	\$5,603	\$5,603
Investment in capital assets	622	622	622	622	622	622	622
Permanently endowed	116	116	116	116	116	116	116
Net assets, beginning of the period	2,783	6,341	6,341	6,341	6,341	6,341	6,341
Net result of operations for the period	668	3,000	-	-	-	-	-
<b>Net assets, end of the period</b>	<b>\$3,341</b>	<b>\$6,341</b>	<b>\$6,341</b>	<b>\$6,341</b>	<b>\$6,341</b>	<b>\$6,341</b>	<b>\$6,341</b>

**TABLE 3: STATEMENT OF OPERATIONS**

for the year ended March 31

<i>(In thousands of dollars)</i>	2019-20 Actual	2020-21 Planned	2021-22 Planned	2022-23 Planned	2023-24 Planned	2024-25 Planned	2025-26 Planned
<b>Parliamentary appropriations</b>							
For operating and capital expenditures	\$38,614	\$38,674	\$37,757	\$37,757	\$37,757	\$37,757	\$37,757
Appropriations (in-year supplementary funding for Covid relief)	657	4,809	-	-	-	-	-
Appropriations Receivable (in-year supplementary funding Budget 2021)	-	-	6,200	-	-	-	-
Appropriations Receivable (forecasted funding request for collective agreements)	-	2,952	412	840	1,287	1,752	2,235
Appropriations deferred for the purchase of capital assets	(3,225)	(3,285)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Amortization of deferred funding for capital assets	7,967	7,950	7,950	7,950	7,950	7,950	7,950
	43,903	51,100	51,319	45,547	45,994	46,459	46,942
For the purchase of objects for the collection	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Appropriations recognized from prior periods	1,840	4,896	8,096	8,096	8,096	8,096	8,096
Appropriations deferred to future periods	(4,896)	(8,096)	(8,096)	(8,096)	(8,096)	(8,096)	(8,096)
	4,944	4,800	8,000	8,000	8,000	8,000	8,000
Total Parliamentary appropriations	48,847	55,900	59,319	53,547	53,994	54,459	54,942
Operating revenue and contributions	16,630	5,286	6,299	7,506	9,328	10,000	12,451
	65,477	61,186	65,618	61,053	63,322	64,459	67,393
<b>Expenses by activity</b>							
Collection							
Operations	7,462	4,926	7,412	7,212	7,340	7,470	7,603
Art acquisitions	7,200	5,000	8,200	8,200	8,200	8,200	8,200
Total Collection	14,662	9,926	15,612	15,412	15,540	15,670	15,803
Outreach	18,619	12,505	14,336	13,635	14,004	13,681	14,362
Accommodation	21,132	20,128	22,300	22,561	22,720	22,984	23,249
Internal Services	10,506	15,627	13,370	13,445	13,558	13,624	13,979
Required Reductions (Covid-19)	-	-	-	(4,000)	(2,500)	(1,500)	-
Total expenses	64,919	58,186	65,618	61,053	63,322	64,459	67,393
<b>Net results of operations</b>	\$558	\$3,000	\$-	\$-	\$-	\$-	\$-



**TABLE 4: STATEMENT OF CASH FLOWS**

for the year ended March 31

<i>(in thousands of dollars)</i>	<b>2019-20 Actual</b>	<b>2020-21 Planned</b>	<b>2021-22 Planned</b>	<b>2022-23 Planned</b>	<b>2023-24 Planned</b>	<b>2024-25 Planned</b>	<b>2025-26 Planned</b>
Operating activities	\$9,717	\$1,346	\$2,200	\$3,923	\$5,410	\$6,697	\$8,508
Cash received from clients	43,996	51,150	51,369	45,597	46,044	46,509	46,992
Parliamentary appropriations received	(27,916)	(26,193)	(32,874)	(27,818)	(29,587)	(30,214)	(32,647)
Cash paid to suppliers	(25,731)	(23,750)	(24,500)	(24,990)	(25,490)	(26,000)	(26,500)
Cash paid to employees	337	100	100	100	100	100	100
Interest received	403	2,652	(3,705)	(3,188)	(3,523)	(2,908)	(3,547)
Investing activities							
Net (acquisition) disposal of investments	(2,155)	(7,285)	3,846	1,620	-	-	-
Total cash flow from investing activities	(2,155)	(7,285)	3,846	1,620	-	-	-
Capital activities							
Acquisition of capital assets	(2,259)	(3,285)	(4,846)	(2,620)	(1,000)	(1,000)	(1,000)
Total cash flow from capital activities	(2,259)	(3,285)	(4,846)	(2,620)	(1,000)	(1,000)	(1,000)
Financing activities							
Funding for the acquisition of capital assets	3,225	3,285	1,000	1,000	1,000	1,000	1,000
Restricted contributions and related investment income	3,420	3,541	3,699	3,183	3,518	2,903	3,543
	6,645	6,826	4,699	4,183	4,518	3,903	4,543
Total cash flow	2,634	(1,092)	(6)	(5)	(5)	(5)	(4)
Cash and cash equivalents, beginning of the year							
Cash & cash equivalents	4,561	4,543	7,536	7,530	7,525	7,520	7,516
Restricted cash & cash equivalents	1,433	4,085	-	-	-	-	-
	5,994	8,628	7,536	7,530	7,525	7,520	7,516
Cash and cash equivalents, end of the year							
Cash & cash equivalents	4,543	7,536	7,530	7,525	7,520	7,516	7,512
Restricted cash & cash equivalents	4,085	-	-	-	-	-	-
Cash, end of the year	\$8,628	\$7,536	\$7,530	\$7,525	\$7,520	\$7,516	\$7,512



## 5.2 PARLIAMENTARY APPROPRIATIONS

The Gallery receives annual appropriations from the Government of Canada, which it supplements with revenue-generating activities. It also receives contributions from the NGC Foundation, other foundations, corporations and individuals in support of projects, acquisitions, and programming.

For 2021–22 and future years, the Gallery's base parliamentary appropriations for its operating budget, and acquisitions of art, are expected to be at \$36,756,671 and \$8,000,000 respectively. Following the sunset of Budget 2016 supplementary capital funding in March 2021, permanent capital appropriations will return to the \$1 million level. Consequently, in 2021–22, the Gallery's total base parliamentary appropriations will amount to \$45,756,671.

Due to the effects of COVID-19, for 2021–22, the Gallery projects an operating budget funding gap of \$6.2 million. It anticipates that a supplementary relief funding equal to this amount could be received during that fiscal year and it has, therefore, included this amount in the Appropriations Receivable (in-year Supplementary funding for operations) line on its Statement of Operations. In addition, it outlined \$412,000 as Appropriations Receivable (forecasted funding request for collective agreements) to fund salary increases negotiated by two unions. Table 5 below represents an overview of financial resources for the planning period, and Table 6 reconciles the 2021–22 budget with the sources of funding.

**TABLE 5: OVERVIEW OF FINANCIAL RESOURCES**

as at March 31

	2019-20 Actual	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
		Projections*					
Base appropriations for operations (Vote 1)	\$35,388,922	\$35,388,922	\$36,756,671	\$36,756,671	\$36,756,671	\$36,756,671	\$36,756,671
Appropriations (in-year Supplementary funding for operations)	556,908	7,760,573	-	-	-	-	-
Base appropriations for capital expenditures (Vote 1)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Supplementary appropriations for capital expenditures (Vote 1)	2,225,000	2,285,000	-	-	-	-	-
<b>Subtotal</b>	<b>39,170,830</b>	<b>46,434,495</b>	<b>37,756,671</b>	<b>37,756,671</b>	<b>37,756,671</b>	<b>37,756,671</b>	<b>37,756,671</b>
Appropriations for the acquisition of objects for the collection and other costs attributable to this activity (Vote 5)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
<b>Total appropriations</b>	<b>47,170,830</b>	<b>54,434,495</b>	<b>45,756,671</b>	<b>45,756,671</b>	<b>45,756,671</b>	<b>45,756,671</b>	<b>45,756,671</b>
Appropriations receivable (forecasted funding request for collective agreements)	-	-	412,000	840,000	1,287,000	1,752,000	2,235,000
Appropriations Receivable (in-year Supplementary funding Budget 2021)	-	-	6,200,000	-	-	-	-
	-	-	<b>6,612,000</b>	<b>840,000</b>	<b>1,287,000</b>	<b>1,752,000</b>	<b>2,235,000</b>
Earned revenue	9,560,000	1,445,000	2,300,000	4,023,000	5,510,000	6,797,000	8,608,000
Contributed revenue (sponsorship & contributions, including contributed objects for the collection)	7,070,000	3,841,000	3,999,000	3,483,000	3,818,000	3,203,000	3,843,000
<b>Total revenue</b>	<b>\$16,630,000</b>	<b>\$5,286,000</b>	<b>\$6,299,000</b>	<b>\$7,506,000</b>	<b>\$9,328,000</b>	<b>\$10,000,000</b>	<b>\$12,451,000</b>

\* For 2020-21 and beyond, the figures in this table represent estimates only and may be subject to change.



**TABLE 6: 2021-22 BUDGET RECONCILIATION**

<b>NGC Budget for 2021-22</b>	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
Operating expense	\$57,367,671	–	\$57,367,671
Capital expenditures	–	4,846,000	4,846,000
Amortization expense	7,950,000	–	7,950,000
Amortization expense for the Canada Pavilion	300,000	–	300,000
<b>Total expenses</b>	<b>\$65,617,671</b>	<b>\$4,846,000</b>	<b>\$70,463,671</b>
<b>Sources of funding</b>			
Vote 1 – Base appropriations for the operating and capital budget	36,756,671	1,000,000	37,756,671
Vote 5 – Appropriations for the acquisition of art	8,000,000	–	8,000,000
Deferred appropriations for the purchase of capital assets	–	3,846,000	3,846,000
Appropriations receivable (forecasted funding request for collective agreements)	412,000	–	412,000
Appropriations receivable (in-year Supplementary funding Budget 2021)	6,200,000	–	6,200,000
Deferred appropriations for amortization	7,950,000	–	7,950,000
Revenues	2,300,000	–	2,300,000
Contributions	3,999,000	–	3,999,000
<b>Total for sources of funding</b>	<b>\$65,617,671</b>	<b>\$4,846,000</b>	<b>\$70,463,671</b>
<b>Net increase/decrease in unrestricted net assets</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 5.3 EARNED AND CONTRIBUTED REVENUE

Earned revenue, directly linked to attendance, fluctuates from year to year, and represents commercial revenue from admission and parking fees, Boutique and publishing sales, membership sales, space rentals, and food service commissions.

### ATTENDANCE

In prior years, the Gallery aimed to attract a minimum of 400,000 visitors per year to its main venue in Ottawa. The following factors influenced attendance:

- Tourism to the National Capital Region;
- Public appeal and appreciation of the Gallery's programming on offer (e.g. summer shows), exhibition themes, scholarship and education;
- Budget constraints impacting the Gallery's ability to broaden its audience (e.g. advertising and promotion);
- Admission fees; and
- Evolving social and cultural trends (e.g. engaging with art through digital experiences versus direct contact).

With the arrival of COVID-19, new factors must also be considered:

- Health and safety measures introduced by health authorities during widely announced pandemics; and
- Individual attitudes of people in response to these measures.

Due to COVID-19, an associated museums' closure, and a reopening with reduced hours and health measures in place that impact visitor experience, the Gallery's attendance levels significantly dropped in 2020, and the Gallery estimates that only 60,000 people will visit its collection and exhibitions in Ottawa by March 31, 2021. This represents an approximate 85% decrease when compared to 2020-21 original projections of 400,000 or the previous year's 408,363 visitors.

With COVID-related restrictions still in place, similar attendance levels are expected in 2021-22. The Gallery estimates that only 100,000 visitors will see the national collection and exhibitions at its main location in Ottawa in 2021-22. A high-profile exhibition, *Rembrandt in Amsterdam: Creativity and Competition*, organized with international museum partners, is planned for summer 2021, which serves as a collaboration platform for research and original contributions to the world's art history, and represents the best opportunity for increasing attendance and revenue during the time of COVID. Special attention will also be given to maintaining strong connections with local visitors and members, as they are the best ambassadors and returning visitors. Note, the Gallery has been closed from April 2, 2021 and is expected to reopen in late July.

Table 7 illustrates actual and forecast attendance to the Gallery at 380 Sussex Drive, broken down by paid and unpaid admission. Paid admission is based on ticket sales and includes NGC members but excludes tickets that have a \$0 value, such as passes for children and promotional and complimentary tickets. Unpaid admission represents all tickets having a \$0 value, primarily those from admission-free days / time slots such as Canada Day, Museums Day, and Thursday nights between 5:00 pm and 8:00 pm. After-hour Gallery events and space rentals, and access to the cafeteria are also reported as unpaid admission.

**TABLE 7: ATTENDANCE AT THE NGC IN OTTAWA**

	2019-20 Actual	2020-21	2021-22	2022-23 Projections*	2023-24	2024-25	2025-26
Paid admission	\$249,032	\$48,000	\$60,000	\$105,000	\$150,000	\$195,000	\$240,000
Unpaid admission	159,331	12,000	40,000	70,000	100,000	130,000	160,000
<b>Total attendance</b>	<b>\$408,363</b>	<b>\$60,000</b>	<b>\$100,000</b>	<b>\$175,000</b>	<b>\$250,000</b>	<b>\$325,000</b>	<b>\$400,000</b>

\* For 2020-21 and beyond, the figures in this table represent estimates only and may be subject to change

As revenues are strongly tied to attendance, a significant drop in revenues is expected in both 2020-21 and 2021-22 fiscal years. By March 31, 2021, the Gallery estimates that only \$1.4 million (vs. originally planned \$8.7 million) of earned revenue will be attained. For 2021-22, earned revenue estimates have also been revised to \$2.3 million. This represents a modest increase of \$0.9 million when compared to the 2020-21 forecast of \$1.4 million. The estimated increase in operating revenue is based primarily on projected attendance to the Gallery during the summer 2021 Rembrandt exhibition.

Contributed revenue consists of sponsorships in cash and in kind, and contributions from individuals, corporations and foundations, including those from the NGC Foundation. The Gallery projects that, by March 31, 2021, contributed revenue (excluding the contributed items to the collection) will amount to \$2.8 million versus originally planned \$3.7 million, a decrease of \$0.9 million.



For 2021–22, the Gallery estimates a contributed revenue of \$3 million. This figure includes estimated disbursements of \$2.1 million from the NGC Foundation, and \$0.9 million in sponsorship and contributions from individuals, corporations and other foundations but excludes an anticipated \$1 million in contributed items for the collection.

**TABLE 8: SCHEDULE OF OPERATING REVENUE AND CONTRIBUTIONS**  
for the year ended March 31

<i>(in thousands of dollars)</i>	<b>2019-20 Actual</b>	<b>2020-21 Planned</b>	<b>2021-22 Planned</b>	<b>2022-23 Planned</b>	<b>2023-24 Planned</b>	<b>2024-25 Planned</b>	<b>2025-26 Planned</b>
<b>Operating revenue</b>							
Boutique and publishing	\$2,781	\$574	\$1,000	\$1,500	\$2,100	\$2,600	\$2,800
Admissions	2,994	130	500	885	1,268	1,650	2,938
Parking	1,235	300	390	750	900	1,050	1,200
Memberships	863	144	150	200	300	450	600
Rental of public spaces	422	–	122	353	452	582	630
Educational services	172	–	–	50	100	125	150
Art loans	300	19	10	10	15	15	15
Traveling exhibitions	350	128	8	125	200	125	50
Audio guides	16	–	–	–	–	–	–
Food services	67	–	–	25	50	75	100
Interest	308	100	100	100	100	100	100
Other	52	50	20	25	25	25	25
	9,560	1,445	2,300	4,023	5,510	6,797	8,608
<b>Sponsorship and contributions</b>							
Sponsorship	178	40	50	50	75	75	100
Contributed items for the collection	3,056	1,000	1,000	1,000	1,000	1,000	1,000
Contributions from the NGC Foundation	2,965	2,085	2,091	1,815	2,125	1,510	2,125
Contributions from other individuals, corporations and foundations	871	716	858	618	618	618	618
	7,070	3,841	3,999	3,483	3,818	3,203	3,843
<b>Total</b>	<b>\$16,630</b>	<b>\$5,286</b>	<b>\$6,299</b>	<b>\$7,506</b>	<b>\$9,328</b>	<b>\$10,000</b>	<b>\$12,451</b>

For 2020–21 and beyond, the figures represent estimates only and are subject to change.

## 5.4 OPERATING BUDGET

In 2021–22, the *Collection* core responsibility (involving acquisitions, research and preservation) will require 24% of the Gallery's total budget; the *Outreach* core responsibility (relating to exhibitions, education and communications) will require 22% (including funding for the acquisition of objects for the collection). The *Accommodation* core responsibility (involving building operations and capital) will expend 34% of the available resources. The remaining 20% of the Gallery's resources will support *Internal Services*, namely governance, administration and revenue generation.

**TABLE 9: PAYMENTS IN LIEU OF TAXES (PILT)**

as at March 31

<i>in thousands of dollars</i>	<b>2019–20 Actual</b>	<b>2020–21</b>	<b>2021–22</b>	<b>2022–23 Projections</b>	<b>2023–24</b>	<b>2024–25</b>	<b>2025–26</b>
PILT in \$	\$3,199	\$3,125	\$3,204	\$3,284	\$3,366	\$3,450	\$3,537
PILT as % of Accommodation	15.1	15.5	14.4	14.6	14.8	15.0	15.2
PILT as % of base appropriations for operations	8.9	7.2	8.7	8.9	9.2	9.4	9.6

The Gallery's operations include outsourced key service contracts for building operations and maintenance (heating/cooling/electrical), janitorial services, fire protection systems, elevator maintenance and other services. These contracts have built-in annual inflationary and legislated minimum-wage increases between 2 and 5%. For 2021-22, repairs and maintenance of the building and equipment have been estimated at \$4.1 million. This estimate is on par with the current fiscal year projection.

**TABLE 10: REPAIRS AND MAINTENANCE OF THE BUILDING AND EQUIPMENT**

as at March 31

<i>in thousands of dollars</i>	<b>2019–20 Actual</b>	<b>2020–21</b>	<b>2021–22</b>	<b>2022–23 Projections</b>	<b>2023–24</b>	<b>2024–25</b>	<b>2025–26</b>
Repairs and maintenance of the building and equipment	\$3,805	\$3,800	\$4,100	\$4,182	\$4,266	\$4,351	\$4,438
As % of Accommodation	18.0	18.9	18.4	18.5	18.8	18.9	19.1
As % of base appropriations for operations	10.6	8.8	11.2	11.4	11.6	11.8	12.1

The NGC security program includes the physical security of the main building and three offsite storages, their assets and occupants. In addition to its own complement of security staff, the Gallery has a large deployment of contract security guards that are outsourced by Securitas Canada Ltd. The expenditures for protection services are estimated at \$3.2 million in 2021–22. This number is on par with the last two years prior to COVID-19.



**TABLE 11: PROTECTION SERVICES**

as at March 31

<i>in thousands of dollars</i>	<b>2019-20 Actual</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23 Projections</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Expenses for protection services	\$2,991	\$1,900	\$3,200	\$3,100	\$3,162	\$3,225	\$3,290
As % of Accommodation	14.2	9.4	14.3	13.7	13.9	14.0	14.2
As % of base appropriations for operations	8.3	4.4	8.7	8.4	8.6	8.8	8.9

**TABLE 12: UTILITIES, MATERIALS AND SUPPLIES**

as at March 31

<i>in thousands of dollars</i>	<b>2019-20 Actual</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23 Projections</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Expenses for utilities, materials and supplies	\$2,569	\$2,400	\$2,700	\$2,800	\$2,700	\$2,700	\$2,700
As % of Accommodation	12.2	11.9	12.1	12.4	11.9	11.7	11.6
As % of base appropriations for operations	7.1	5.6	7.3	7.6	7.3	7.3	7.3

## 5.5 NET RESULT OF OPERATIONS

For 2021-22, the Gallery plans to end the year with a balanced budget due to the COVID-19 funding relief announced in Budget 2021.

## 5.6 CAPITAL BUDGET

The Gallery's iconic building, in operation since 1988, requires frequent upgrades to its ageing infrastructure.

The Gallery's base allotment for capital of \$1 million annually was established via a custody transfer submission in 1994. With the effects of inflation and an ageing building, this level of funding is insufficient to address the ongoing capital needs. The Gallery allocates this amount on a risk-basis. Priorities are established based on the condition and criticality of the asset involved, the impact on operations if deferred, and the availability of risk-mitigating measures.

In July 2016, the Gallery's Long-Term Capital needs amounted to \$26.7 million in unfunded capital needs. Through Budget 2016, a total of \$18.4 million was allocated to the Gallery over five years to complete three construction projects along with a number of other health and safety projects.

The three significant projects funded by Budget 2016 included the Main Entrance and Colonnade window and roof replacement, the refurbishment of two front lobby elevators, and the rectification of the sloped sill safety issue. These were fully completed by spring of 2019 at a cost of 11.4 million.

Of the remaining health and safety projects, thirteen have been completed to date, five are currently in progress, ten are anticipated to be completed in 2021-22 and 2022-23, and seven are currently deferred due to the need to re-prioritize available funding.

The sunset by March 2021 of Budget 2016 supplementary capital funding represents an increased risk for the Gallery's capital infrastructure. The institution will not be able to continue to address building-related capital needs, as the base capital allocation of \$1 million has proven insufficient to resolve the most pressing issues. There is a risk that the Gallery's physical infrastructure will deteriorate to an extent that damage to the collection, or harm to visitors, contractors and/or staff cannot be prevented.

For 2021-22, the Gallery's capital expenditures will amount to \$4,846,000. Table 13 summarizes the planned capital projects for 2021-22.

**TABLE 13: 2021-22 CAPITAL PROJECTS**

*in thousands of dollars*

High-priority projects relating to facility, security, and IM/IT systems and equipment	\$1,000
Masterplan development with priority on Nepean Point and Family Centre	1,000
Budget 2016-21 Health and Safety projects	2,846
<b>Total estimated capital expenditure</b>	<b>\$4,846</b>

**TABLE 14: 2021-22 SOURCES OF FUNDING FOR CAPITAL EXPENDITURES**

*in thousands of dollars*

Vote 1 – Base appropriations for the capital budget	\$1,000
Deferred appropriations for the purchase of capital assets	3,846
<b>Total</b>	<b>\$4,846</b>



Table 15 summarizes capital budget resources and expenditures.

**TABLE 15: CAPITAL BUDGET**

**as at March 31**

<i>in thousands of dollars</i>	<b>2019-20 Actual</b>	<b>2020-21 Planned</b>	<b>2021-22 Planned</b>	<b>2022-23 Planned</b>	<b>2023-24 Planned</b>	<b>2024-25 Planned</b>	<b>2025-26 Planned</b>
Deferred appropriations for the purchase of capital assets at beginning of year	\$5,136	\$6,499	\$6,499	\$2,653	\$1,033	\$1,033	\$1,033
Parliamentary appropriations	3,225	3,285	1,000	1,000	1,000	1,000	1,000
Total available	8,361	9,784	7,499	3,653	2,033	2,033	2,033
Acquisition of capital assets	1,862	3,285	4,846	2,620	1,000	1,000	1,000
Deferred appropriations for the purchase of capital assets at end of year	6,499	6,499	2,653	1,033	1,033	1,033	1,033
<b>Capital assets</b>							
Net book value at beginning of year	85,348	78,954	73,989	70,585	64,955	57,705	50,455
<b>Capital additions</b>	1,862	3,285	4,846	2,620	1,000	1,000	1,000
	87,210	82,239	78,835	73,205	65,955	58,705	51,455
Less amortization:							
Amortization of building	3,898	3,898	3,898	3,898	3,898	3,898	3,898
Amortization other	4,358	4,352	4,352	4,352	4,352	4,352	4,352
	8,256	8,250	8,250	8,250	8,250	8,250	8,250
<b>Net book value at end of year</b>	<b>\$78,954</b>	<b>\$73,989</b>	<b>\$70,585</b>	<b>\$64,955</b>	<b>\$57,705</b>	<b>\$50,455</b>	<b>\$43,205</b>

*The figures in the above table are represented on an accrual basis.*

## APPENDIX A: The Impact of COVID-19

This appendix provides a high-level overview of the impact of COVID-19 on the Gallery's business lines and activities. A summary of actions undertaken by the Gallery to mitigate that impact has also been provided.

It should be understood that the information provided in this appendix offers a snapshot of the impact and measures taken, for the period from March 14, 2020 (when the Gallery closed its doors to the public due to COVID-19), through July 16, 2020 (when the Gallery reopened with special measures to help contain the spread of COVID-19), up to and including November 30, 2020. Subsequent closures were in place from December 22, 2020 to February 18, 2021 and again from April 2, 2021 to a yet to be determined reopening date. Attendance and financial forecasts are also provided. As the situation continues to evolve, these factors will be subject to change.

### 1. IMPACT

#### BUSINESS LINES AND ACTIVITIES

Due to the Gallery's three closures many of its programming lines – particularly those involving onsite activities – were affected. Special exhibitions and permanent galleries, the Boutique, the Library, and all other public Gallery spaces were no longer accessible to visitors. All onsite offerings of educational and public programs were cancelled. Several exhibition projects were either extended, postponed, or cancelled. A number of outreach projects with Canadian and international partners were either placed on hold or continued with minimal interaction. In addition, existing loans from the Gallery's national collection to other museums were extended, due to closures at other institutions, and analyses of any new loan requests received by the Gallery were placed on hold.

#### SERVICES

To maintain a connection with its audience, while continuing to offer adequate programming, during the period of closure, the Gallery advanced existing digital projects and accelerated the development of new ones. Program offerings on the Gallery's website were increased and enhanced with four new digital programming streams. The Gallery also expanded its social media presence to provide interactive ways of connecting virtually with art. In addition, while rolling out enhanced digital programming, the Gallery maintained its regular digital communications via newsletters and virtual publications.

The Gallery was the first national museum in the National Capital Region to officially reopen its doors to the public, on July 16, 2020. Following its reopening, to offer visitors a suitable mix of onsite programming, the Gallery was able to extend three of its current special exhibitions and opened a new one in October 2020. The work continues towards opening two major exhibitions. *Canada and Impressionism: New Horizons*, originally scheduled for February 2021 has been postponed to January 2022 due to COVID-19 restrictions and *Rembrandt in Amsterdam: Creativity and Competition* will be available once the Gallery reopens. Due to scheduling and

loan arrangements, the Gallery was not able to adjust the schedule of the Rembrandt exhibition, originally agreed to pre-pandemic.

Within the current COVID-19 operating environment, the onsite visitor experience remains profoundly affected. Following health authorities' recommendations on safety measures, appropriate protocols have been introduced to provide a safe environment for visitors and staff alike. However, limits on public gatherings, social distancing rules, and mandatory mask wearing significantly reduce visitorship and detract from having a fully satisfying visitor experience.

However, the Gallery has performed very well during the COVID-19 crisis. By the end of November 2020, it had attracted close to 50,000 visitors since the reopening on July 16 and the Gallery compares favourably with other national museums in the National Capital Region for attendance. The Gallery has also produced three major streams of online content during the COVID-19 crisis, including House Blend Live (conversations about art on Instagram), Spotlight Tours (tours of the Galleries collection) and Creative Thursdays (educational online programming) which have all been very popular with online audiences. The Gallery has also partnered with Connected Canadians, a not-for-profit organization that mentors older Canadians and connects them to the online material on the Gallery's website, so as to alleviate the feelings of isolation and loneliness that many Canadians are facing during the protracted period of the COVID-19 crisis.

## **LABOUR**

For the period of lockdown from March 14 to July 16, most of the Gallery staff worked remotely; only 10% of staff, namely, the Protection Services and a limited number of essential Conservation, Technical Services, and Facilities Planning and Management staff continued to work onsite during that time.

During the closure, in view of significant losses in revenue, the Gallery proceeded to reduce related costs to the extent possible within existing contracts and collective agreements. To offset salary expenses, staff levels were reduced by 10% through term contracts that expired, decrease of part-time hours and no need for on-call or overtime labour, and vacant and seasonal positions that have not been filled. In addition, on a voluntary basis, some part-time employees were placed on unpaid leave to access the Government's Canada Emergency Response Benefit (CERB). A total of 28 full-and part-time employees were issued a Record of Employment due to the Gallery's initial closure.

Following the reopening, some laid-off staff were re-employed, and the hours of front-line staff (e.g., Visitor Services) were increased to reflect a four-day/week opening schedule. About 50% of employees continue working remotely, and only staff whose job requirements are tied to physical Gallery spaces are currently working onsite. With the latest closure, the Gallery has moved to a "work remotely unless your job requires on-site presence" model. This arrangement, already communicated internally, has been extended until September 7, 2021.

## **FINANCIAL**

While the Gallery building was in lockdown, visitorship, which has historically been highest during the spring and summer months, was reduced to zero and no attendance was recorded for that period. As attendance directly impacts revenue, the six-month closures brought no revenues from admission fees, rental of public spaces, educational programs, art loans,

travelling exhibitions, audioguides, or Boutique and food services. Consequently, for the first quarter (April 1 to June 30) of the 2020–21 fiscal year, a 96% reduction in revenue (a loss of close to \$2.7 million as compared to the same period in 2019–20) was recorded. Sponsorships and contributions, including contributed items to the collection, also significantly decreased (by 63%) as compared to the same quarter of the previous year.

Since the initial reopening in July 2020, followed by two closures, the Gallery has been and remains severely affected by COVID-19. Attendance has averaged at 25–30% per month when open compared to the historical levels for that period. The Gallery expects it to be difficult to maintain even this level during the fall and winter season, with school groups and tourism still heavily restricted. Consequently, the current year attendance projections have been revised from a target of 400,000 visitors to 60,000 by March 31, 2021. This represents an 85% decrease when compared to original projections of 400,000 or the last year's 408,363 visitors. Projections for 2021–22 represent a 75% decline to a level of 100,000. This does not consider the latest closure effective April 2, 2021.

The revised revenue projections for 2020–21 aim for \$1.4 million in earned (operating) revenue, a loss of 83% when compared to originally projected \$8.7 million, and \$2.8 million in contributed revenue (sponsorship and contributions), a loss of 20% in comparison with originally projected \$3.7 million (when excluding contributed items to the collection).

Early estimates for the 2021–22 fiscal year place attendance at 25–33% of pre-pandemic levels. With the extreme drop in tourism and school group visits — major markets for the Gallery — the Gallery's business model will be under significant pressure for the next several years, until a return to historical visitation levels of 400,000 can be achieved. This decrease in visitation and related revenue loss will severely affect the Gallery's ability to provide a robust public programming and operations. Consequently, for 2021-22, given the COVID restrictions in place, the annual attendance has been estimated at 100,000, a decrease of approximately 75% when compared to the previous years in which a comparable blockbuster exhibition by a major master was presented.

The revised earned (operating) revenue estimates for 2021-22 aim for \$2.3 million versus originally planned \$9.7 million, a 72% loss when compared to the average earned revenue of \$8.2 million recorded over the last five years. The contributed revenue (without the contributed items to the collection) is projected to bring close to \$3 million, which represents a loss of 24% as compared to the average sponsorship and contributions figures of \$3.9 million achieved over the last five years.

## 2. ACTIONS

### EMERGENCY FUNDING RECEIVED

On June 18, 2020, the Gallery received confirmation of the \$4.8 million funding, which allowed the Gallery to reopen its doors to the public on July 16 on a four-day-a-week schedule. The funding was a welcome relief which helped to cover one-time and ongoing costs related to reopening during COVID-19. Costs related to reopening reflect measures required to provide a

safe environment for visitors and staff alike. One-time costs included facility modifications and required additions to sites of public and staff interactions. Ongoing costs will include enhanced cleaning and increased security to control capacity and reinforce social-distancing rules.

COVID-19 relief funding of \$6.2 million was announced in Budget 2021 as part of a broader funding package of support for national museums to assist with the financial pressures of COVID-19. This funding provided the Gallery with the financial certainty to continue operations, programming, and eagerly await the clearance to reopen the Gallery to the public. Moreover, it provided relief for resources affected by non-existent revenues during the closure periods. The Gallery has relied heavily on this emergency funding to mitigate the financial impacts of the pandemic.

#### **EMERGENCY RELIEF**

The National Gallery of Canada has donated 350 protective N95 masks to the Ottawa Hospital. It has also donated gloves to front-line healthcare workers. In addition, the Gallery was able to offer plexiglass sheets to local grocery stores for shielding.