



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui

Investment Assessment

Sarjeant Gallery Te Whare o Rehua Redevelopment

This report provides an assessment of how an investment in the Sarjeant Gallery Te Whare o Rehua will generate significant benefits for Whanganui and New Zealand.

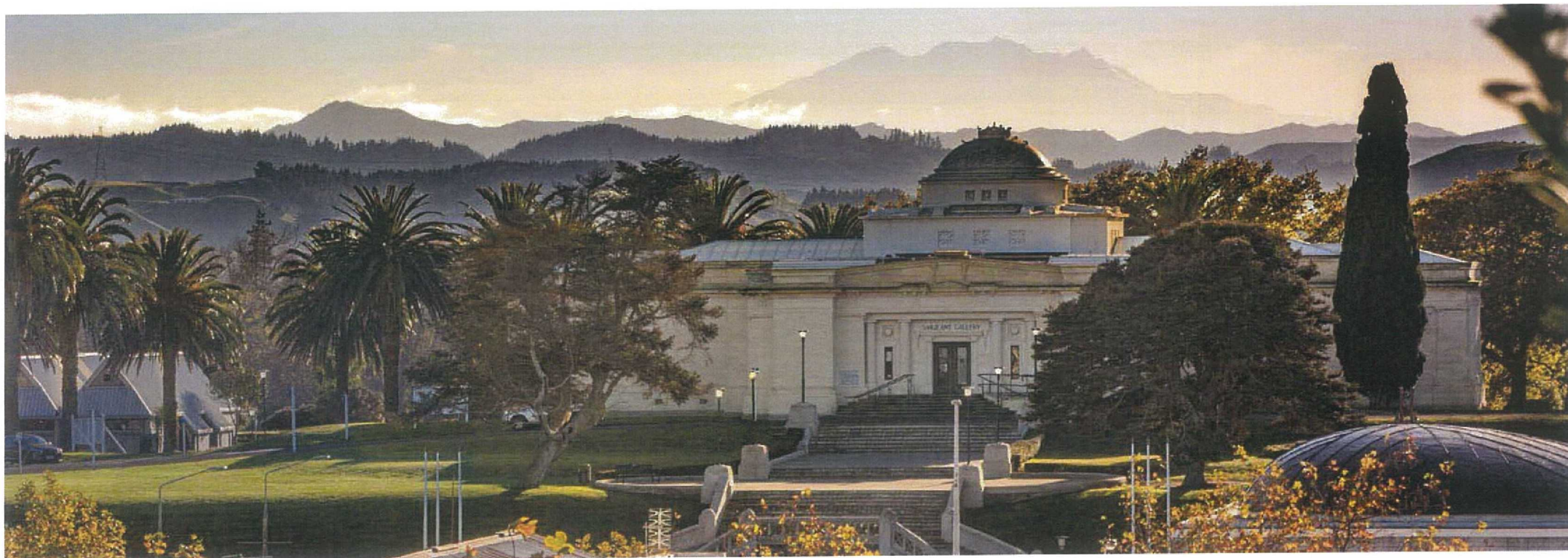
It draws upon on an Economic Impact Assessment undertaken in February 2019, and the experiences of other galleries as a comparison.

These assumptions and statistics represent a pre-COVID scenario, but also illustrate the Redevelopment Project once complete, as being a significant driver in the vital area of domestic tourism options for Whanganui.

It was prepared for the Whanganui District Council in June 2019.

WHANGANUI

ALL YOU NEED (AND THEN SOME)



The Sarjeant Gallery

Investment assessment

newzealand.govt.nz

The Sarjeant Gallery

Introduction: an investment in Whanganui's future



For more than a decade, the Sarjeant Gallery has been on a journey to revitalise one of the most important regional cultural facilities in Aotearoa New Zealand. Our Grade 1 Heritage-listed building – bequeathed to Whanganui in 1919 – no longer meets earthquake standards or the functional requirements of a modern gallery. It's time to reinvent it for a new century.

We've been actively planning, collaborating and fundraising ever since. It's a major project for regional New Zealand, requiring an investment of more than \$48 million. And we're just about there – the support we've received from benefactors, philanthropists, the government and the public means we only need to raise an additional \$12 million. The purpose of this document is to show how that last jigsaw piece of funding will unlock the potential of the gallery and the region.

And the pay-off will be worthwhile. Based on the experience of the Len Lye Centre in New Plymouth, around 135 jobs will be created and some \$11.4 million will be added to regional economic activity every year. Those are significant numbers for one of the most deprived regions of New Zealand.

We also think the numbers are conservative, because a revitalised Sarjeant Gallery will help build the next major tourist attraction for Taranaki – a regional art trail, stretching around the Taranaki coast, through Kāpiti and down to Wellington. Evidence already shows that the demand from high-value long-duration international visitors is rising, and completion of the Sarjeant Gallery will be a major component of unlocking this demand.

But time is pressing. The heritage Gallery building deteriorates further every year, and the cost of construction is rising. Now is the time to put the final piece of funding in place, and allow the Gallery and the region to step confidently into the future. Please join us on this journey.

Hamish McDouall
Mayor
Whanganui District

Whanganui at a glance

Whanganui has been identified as a surge region by the Provincial Growth Fund – and for good reason.

gross domestic product

Whanganui region GDP (2017)	\$1.63 billion
Whanganui District GDP per capita	\$36,639
Region GDP per capita	\$42,651
New Zealand GDP per capita	\$56,441

employment

Employment participation Whanganui	57.3%
Employment participation New Zealand	72.6%
Unemployment rate Whanganui	6.2%
Unemployment rate New Zealand	4.3%

income

Median household income Whanganui	\$61,700
Median household income New Zealand	\$89,100

deprivation

Deprivation index Whanganui (2013)	7.1
Deprivation index New Zealand (2013)	5.4

tourism

Guest nights per capita Whanganui	5
Guest nights per capita New Zealand	8



The Sarjeant Gallery

Methodology and approach

The purpose of this paper is to provide an assessment of whether an investment in the Sarjeant Gallery will generate significant benefit for New Zealand, using the experiences of other galleries as a comparison.

In order to evaluate the benefits that could accrue to the region and the nation from investment in the Sarjeant Gallery, Council has conducted an assessment of the outcomes of investment in other comparable galleries around New Zealand.

These include:

- The Len Lye Centre in New Plymouth
- The Suter Gallery in Nelson

As far as we have been able to tell, there has never been a systematic assessment of the economic, employment, cultural and social benefits that have stemmed from investments in galleries across Aotearoa New Zealand. While benefit realisation is an important part of ensuring investments are made wisely and well, in the vast majority of cases the local bodies and Trusts responsible for cultural facilities simply lack the financial resources to conduct detailed post-implementation studies.

This is a challenge that is not easily solved easily by the Council. Accordingly, we have had to work from existing data, inferring impacts and highlighting areas where there is correlation – without necessarily being able to prove causation. This is a situation that will be common to all regional facilities that are seeking to evaluate the impacts their investments will have on their regions and the country as a whole.

Council has already commissioned a full Economic Impact Analysis as part of its application to the Provincial Growth Fund, so this assessment is built on the methodology and approach used in that document. We have then compared the stated outcomes from investment in the Sarjeant Gallery with the comparable projections and likely outcomes in other centres, using publicly-available information sources.

The methodological approach is shown in the diagram at right.



The BERL report into the Len Lye Centre

The most thorough analysis of the impact of investment in an international-calibre gallery was conducted by Business and Economic Research Limited (BERL) in September 2017, two years after the gallery opened.

The report used the same methodological approach undertaken for the Economic Impact Analysis for the Sarjeant Gallery, which is detailed later in this document.

As the BERL report notes:

“The purpose of this research is to estimate the economic impact the Len Lye Centre had on the New Plymouth economy in 2016, with an emphasis on the impact of visitors from outside of the New Plymouth District.

This report describes our assessment of the economic impact of the Len Lye Centre in relation to GDP and employment. It focuses on the 2016 year as this provides us with data for a full year. This report also provides an analysis of the visitors to the Len Lye Centre, and compares this to similar analysis undertaken by BERL for WOMAD 2017 and the Garden Festival in 2016.

Given the robustness of the BERL report and the likely direct comparability between the Len Lye Centre and the Sarjeant Gallery – both are regional facilities with international reputations – the BERL report is used to underpin the assessment in this document, with secondary reliance on a case studies from the Suter Gallery in Nelson.

The Sarjeant Gallery

Context | what's the big idea?

The time has come to redevelop one of Aotearoa New Zealand's most iconic cultural facilities – the Sarjeant Gallery in Whanganui.



The Sarjeant Gallery Te Whare o Rehua Whanganui was founded through the generosity of one man to his home city.

In 1912, Henry Sarjeant left a huge sum of money – the equivalent of over \$70 million in today's terms – to establish the gallery 'as a means of inspiration for ourselves and those who come after us'. The Gallery opened in 1919 and is recognised as one of the country's most important heritage buildings.

Over the last 99 years, through the Sarjeant bequest and the many kind gifts of subsequent benefactors, the collection has become one of national importance and numbers over 8500 works of New Zealand and international art and taonga, spanning 400 years, valued at \$28 million.

Creative NZ has identified the Sarjeant Gallery as one of only seven New Zealand regional arts assets already recognised internationally, and the only one outside the main metropolitan areas of Aotearoa New Zealand.

The building

The existing Sarjeant Gallery building is one of New Zealand's most instantly recognisable buildings. Built in 1919, the Gallery is a landmark on the Whanganui skyline and its frontal silhouette is often used as an image for the city.

The existing facility, a Heritage NZ category 1 listed structure, needs to be earthquake strengthened. It has been assessed at 5% of the New Building Standard. It is currently closed due to the earthquake risk, and operations have been moved to a temporary site until the new building can be constructed and the heritage building repaired. Issues of inadequate exhibition space, lack of access to the Collection for the public, insufficient staff working areas and poor environmental conditions for proper storage and exhibition of a nationally significant Collection and taonga have established a need to extend the Gallery, make it fit-for-purpose and future-proofed.

The Gallery stands as the focal point of Pukenui Queen's Park, a reserve of local and national importance. There are significant archaeological remains present throughout the Reserve. It was once the site of a Māori Pā, and later the Rutland Stockade and associated soldiers' settlement. The place is unique on a cultural level, due to its rich bi-cultural history. Nationally, the Reserve has a unique arrangement of key civic buildings. These buildings and the Reserve itself are strategically placed in relation to the plan of the town centre.

The Reserve is located on a remnant sand-dune and was known to Māori as Pukenui meaning Sandfly Hill. The Reserve is surrounded by urban development at its base leaving the remaining elevated green space visually distinctive from the surrounding environment and offering impressive views to Mount Ruapehu. Today it is the location of several heritage buildings, with the Sarjeant Gallery being the most prominent and having pride of place on the hill. It is recognised as the 'cultural centre' of Whanganui.

As an iconic structure in the city, the Sarjeant Gallery is much sought after as a venue for both public and private functions and is a distinctive place to hold civic ceremonies, as well as being an Instagram magnet for people from all over the world.

The collection

The Sarjeant is one of New Zealand's oldest art galleries and has a reputation of having one of the country's most significant art collections, unrivalled in regional galleries.

The Sarjeant Collection includes one of New Zealand's best photographic collections, which includes the Denton Collection, and outside private collections houses the largest holding of Edith Collier's work. It is also a key repository for taonga for local iwi.

The vision

A century after its opening, the Sarjeant is ready for a new chapter as the anchor of an art and tourism experience that will be a key pillar in the economic development of the District, and as a key product in regional and national tourism visitor strategies and routes. The project is a partnership between Whanganui District Council, Whanganui Iwi, central Government, large and small donors and sponsors.

The Gallery's gift to the future is built on Henry's legacy – preserving and presenting over four centuries of art and taonga. The redevelopment will look after the Sarjeant's nationally-important collection with environmentally-controlled storage and exhibition galleries; enhance public access through improved exhibition and education spaces; and enable the preservation of Whanganui's most iconic building.

The Sarjeant Gallery

Context | what's the problem we need to address?

Constructed in 1919, the Sarjeant Gallery's building is no longer fit for purpose – it is an earthquake risk, and the design, layout and size are no longer meeting the needs of the collection, iwi or the community.

The state of the building

As noted, the original structure for the Sarjeant Gallery was built in 1919 from local materials, and it now falls well short of modern engineering standards – it has been assessed at only 5% of the New Building Standard.

In addition, parts of the structure are showing signs of failure. There is cracking in some walls, floors are deteriorating and there is water ingress into some areas such as the basement, where the collection has traditionally been stored. These issues are well beyond the capability of regular maintenance and repair to address.

The state of the collection and taonga

The state of the Collection and taonga has been a matter of great concern, with museum professionals having expressed alarm at the conditions in which it was being kept, believing it to be at considerable risk of long-term damage.

Despite the best efforts of Gallery staff, several items have deteriorated, and only proper museum storage conditions will halt this. In addition, the demands on the use of the Collection have increased and the Gallery needs to be able to provide appropriate access for the benefit of researchers, students, visitors/tourists and the local community.

While the temporary site is just adequate in the interim, it does have severe restrictions in terms of display/exhibition space, staff office facilities and is also at a risk of flooding as it is located on the river-front. The building was flooded in June 2015 when a one-in-100-years' flood swept through it, ruining the ground floor flooring and walls.

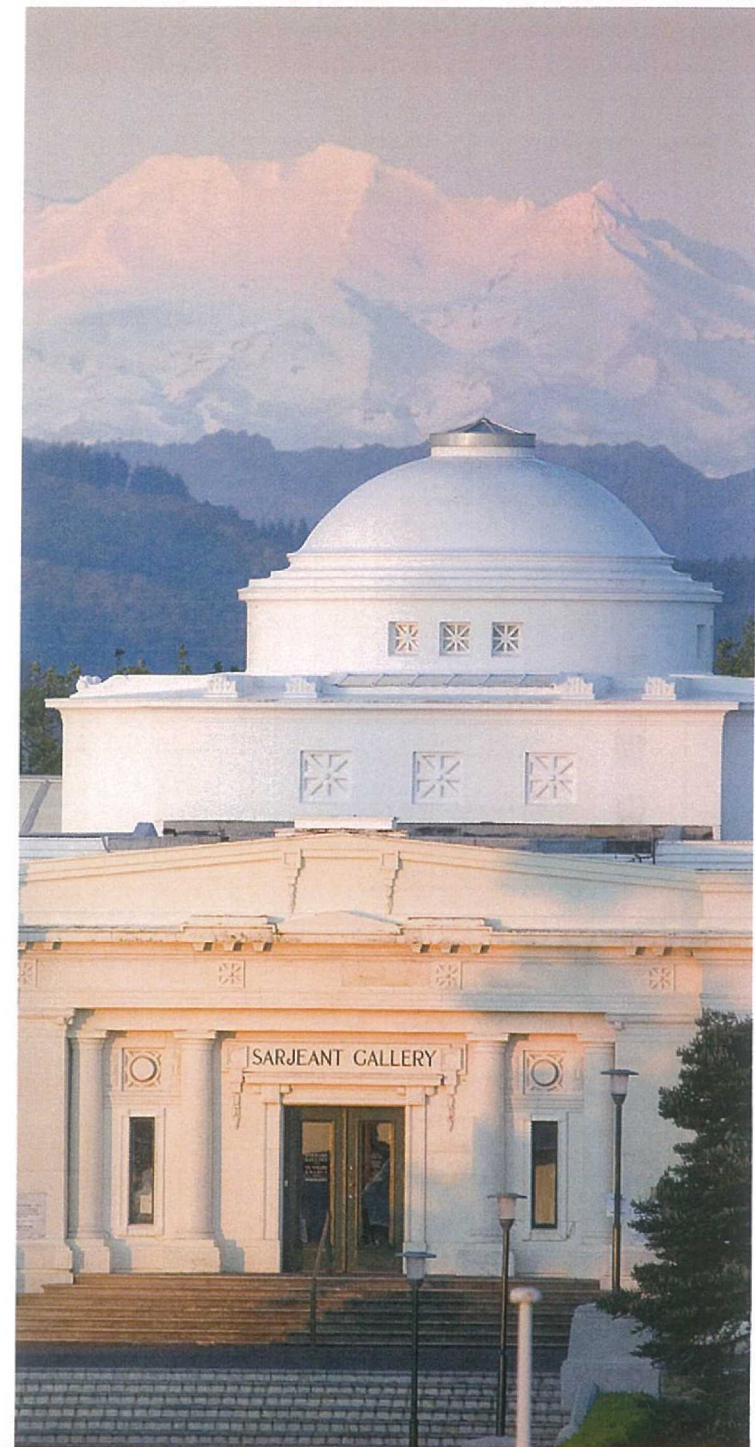
The Sarjeant Gallery holds a significant part of New Zealand's culture and heritage both in the existing building itself and its Collection. Both are at risk of being lost if this redevelopment does not proceed.

The state of the facilities

The design of the building is also falling short of curatorial, iwi and community requirements. For instance, there is a constricted foyer and lack of forecourt/marae area for pōwhiri, and local iwi Te Rūnanga O Tūpohō would like to see the Gallery as a place to hold pōwhiri and host important ceremonial occasions for the city and district, given the historical and cultural importance of the site.

While the building has been widely used in the past for private and public events – ranging from business events to cultural celebrations and family occasions such as weddings – the configuration and layout are increasingly limited. The lack of back-stage working areas, lighting and access limitations and awkward room sizes mean that accommodating these community events is increasingly clashing with the need to store and display the artworks at the centre of the Sarjeant Gallery's mission.

The time has come to re-image one of the most iconic buildings in regional Aotearoa New Zealand, and to make it fit-for-purpose for a new century.



The Sarjeant Gallery

Context | the options for the gallery

A robust and thorough process has been used to assess the extent and approach for redeveloping the Sarjeant Gallery, working with stakeholders over a number of years.

The options assessment process uses a multi-criteria analysis – an approach used in the Better Business Case methodology endorsed by the NZ Treasury.

A long-list of possible approaches was developed with a full range of stakeholders. These ranged from a "do-nothing" scenario that would see the closure of the Gallery and the dispersal of the collection, through to the development of an aspirational regional facility that would continue to build on the Sarjeant Gallery's international reputation.

The options were evaluated against their ability to solve the problems currently facing the Gallery, as well as their contribution to realising the business goals agreed with the Whanganui District Council. The result of the analysis is shown at right, and shows that the preferred option was arrived at after considered and thoughtful analysis.

Part of the evaluation process includes assessing the **achievability** and **affordability** of the preferred options. As the Economic Impact Analysis highlights, the local construction industry has the capability to deliver the project – within the constraints of the timing of other projects. Achievability is therefore regarded as high.

Affordability is also rated as high. This is because the Gallery has conducted a concerted fundraising campaign over a number of years, which has been bolstered by the international reputation of the Sarjeant, its collection and the high standard of curation over many decades.

At the time of writing, some \$36million has been committed by local and central government, philanthropists, Trusts and community fundraising. This amounts to some 75% of the total investment – and is a statement of faith in the future of one of New Zealand's leading galleries.

problem assessment

Assess whether the available options will address the identified problems for the Gallery

- P1** The heritage building is earthquake-prone and requires strengthening
- P2** The collection is stored in sub-standard conditions and is at risk of deterioration
- P3** The size and configuration of facilities cannot meet the functional or event demands

A number of options for how the issues at the Sarjeant Gallery could be addressed were developed, ranging from the existing heritage building being abandoned and demolished, through to the construction of an aspirational regional facility.

These options were extensively workshopped with stakeholders to develop a short-list of three possible approaches.

Each of the short-listed options was then assessed against the key criteria – the ability to solve the problems being experienced, as well as the ability to deliver the objectives for the Sarjeant Gallery that were agreed as part of the approval of its ten-year Business Plan by the Whanganui District Council.

The results of the assessment are shown below.

objectives alignment

Assess how well each of the available options will deliver the objectives of the Gallery

- To have a strong and effective partnership with Whanganui Iwi **O1**
- To be NZ's top regional art-tourism destination **O2**
- To be NZ's best regional gallery for arts education, research and inspiration **O3**
- To contribute to employment and economic growth in the region **O4**
- To be an exemplar for art and heritage preservation and conservation **O5**

- option 1** The Gallery remains in its current temporary facilities and the Sarjeant heritage building is demolished
- option 2** The Sarjeant heritage building is strengthened and refurbished on the current footprint
- option 3** The Sarjeant building is strengthened and extended to provide additional facilities and space

	P1	P2	P3	O1	O2	O3	O4	O5
option 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
option 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
option 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

➤ This is the preferred option for the redevelopment of the Sarjeant Gallery.



The Sarjeant Gallery

The preferred option

Revitalising the gallery will provide a cultural, social and economic draw-card of international standard.

The proposed extension to the Gallery, which is a new build that will meet 100% of NBS, comprises a three-level structure sited to the north of the existing building. The design over three levels provides a relatively small building footprint and a modest overall mass alongside the existing gallery.

The intent of the design is to create a modern extension, which is compatible with the old building by maintaining proportion, scale, height, materials and colour, resulting in a neutral addition that sits comfortably alongside and does not compete with its established neighbour. Old and new components are linked by a foyer that has full-height glazed walls to the east and west, together with a glazed roof, which creates an open transparent entry space between the two solid masses. The extension does not at all impact on the heritage building's prominent siting and profile on the skyline.

Te Pataka o Tairaroa

The extension to the Sarjeant Gallery will be dedicated to Sir Te Atawhai Archie John Tairaroa, who was a loved and respected kaumātua and an inspirational leader of the Whanganui people. Born at Tawātā on the Whanganui River Sir Archie, as he was to become known, was a spokesperson for his iwi both at home and on a national and international stage. He shared his wisdom and foresight with many. His ability to find mana-enhancing solutions to difficult issues was to become his legacy not just to his people but to all Māori and to New Zealand.

Sir Archie was known for his love of the river and for his work on the historic "Whanganui River Claim", New Zealand's longest litigation spanning more than 100 years, which became his life-long challenge. During the Claim hearing before the Waitangi Tribunal, he was to say: "This is our awa, this is our ancestor".

Among his many roles, he was negotiator and peacemaker between the Crown and Māori on issues affecting all New Zealand. In 2003, Sir Archie was elevated to the station of Distinguished Companion of the New Zealand Order of Merit for his services to Māori, especially Whanganui iwi and in October 2009 at a special ceremony he was invested as a Knight Companion of the New Zealand Order of Merit.

The creation of a new wing to the Sarjeant Gallery in the name of Te Atawhai Tairaroa is a fitting and lasting tribute to a humble man who devoted his life to finding enduring peaceful solutions to the issues facing Whanganui iwi, Māori and New Zealand as a whole. The placement of the building extension overlooking the river he loved and fought a lifetime for, following in the footsteps of his tupuna, brings a spiritual benediction to the building that will ensure it will never be merely bricks and mortar.

Design principles

The new wing has been assessed by noted contemporary Māori architect, Rau Hoskins and deemed very effective in the delivery of all areas of tikanga Māori.

The Gallery redevelopment incorporates Te Aranga design principles in the new building extension. These principles are derived from the 2006 Te Aranga Māori Cultural Landscape Strategy. This strategy was developed with inputs from iwi around Aotearoa including Whanganui/Tūpohō and was a national Māori response to the Urban Design Protocol released by the Ministry for the Environment in 2005. Māori design opportunities identified within the new wing include:

- Powhiri locations to the north both on the grassed courtyard and paved terrace
- Whakatau (official welcome) location within the main entry/atrium
- Waka bridge (joining existing building to new extension) including works and treatments contributed by iwi nominated artists
- Subtle tukutuku/tāniko pattern treatments to the western elevation block work to enhance iwi presence to new wing
- Iwi inputs into the detailed landscape plan and selection of appropriate local native species.



The Sarjeant Gallery

The Taranaki art trail

Redevelopment of the Sarjeant Gallery will be a key enabler for the proposed Taranaki Art Trail, which will help catalyse further tourism and economic growth in the region.

Work is underway across multiple Councils, tourism and economic development bodies to develop a Taranaki Arts Trail, a self-driving itinerary that stretches from New Plymouth in the north to the Kāpiti Coast and onto Wellington in the south, building on the events-based promotion of the arts that already occurs in the region.

The arts trail will provide guidance for high-value Free Independent Travellers (FITs), who are one of the highest-spending visitor groups. As a cohort they stay longer, undertake more activities and spend more than group tourists, or those who are on short-duration international visits.

The arts trail will help visitors engage with the vibrant artistic, craft and musical communities in Taranaki. Key anchor points for the arts trail will be the major regional facilities – the Govett-Brewster Gallery and the Len Lye Centre in New Plymouth, the Sarjeant Gallery in Whanganui, and the existing Kāpiti Coast Art Trail – with extensions to Pātaka Gallery in Porirua and Te Papa in Wellington.

Development of the art trail has two objectives:

- To attract more high-value arts visitors to the region, by showcasing the range and quality of galleries, exhibitions, events and artists
- To encourage visitors to stay longer in the region, enjoying the world-class activities, events, accommodation and hospitality that Taranaki can offer.

Support for development of the arts trail is coming from the Taranaki councils and economic development agencies, and discussions are underway with central government agencies – such as the NZ Transport Agency – to implement infrastructure changes (such as road signage) to help facilitate the growth of the trail.

Arts trails throughout New Zealand have a proven track record of increasing visitor numbers and visitor spending, so there is every reason to think the initiative will be equally successful in Taranaki.

New Plymouth is home to the Govett-Brewster Art Gallery and the Len Lye Centre, both of which are nationally-recognised cultural icons and a significant regional draw-card for domestic and international visitors.

New Plymouth has a growing reputation as an artistic and events destination, with the 2019 art trail event over three days in June showcasing 84 different artists. There is a dynamic artistic community in New Plymouth and the surrounding district, encompassing a wide range of visual arts, sculpture and craft in a huge variety of media.

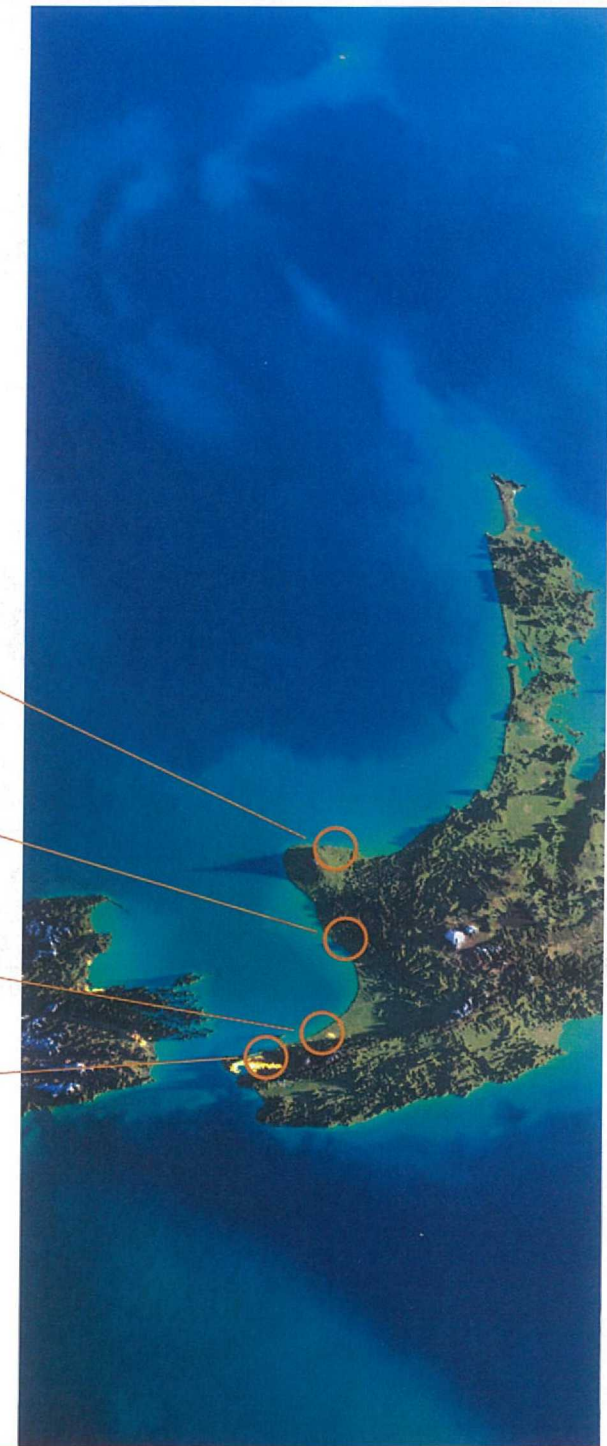
With more than 400 resident artists, the Whanganui arts scene includes photography, mosaics, jewellery, paintings, ceramics, sculpture, fashion, textiles and glass.

- The Sarjeant Gallery Te Whare o Rehua holds one of New Zealand's most remarkable collections of national and international art and has a special place in Whanganui's identity
- New Zealand Glassworks Te Whare Tūhū o Te Ao is the first national centre for community glass-making and an outstanding facility
- The Quartz Museum of Studio Ceramics is also a highlight, alongside a wide repertoire of performing artists, musicians and writers.

The Kāpiti Arts Trail is an annual event, facilitated by the Kāpiti Coast District Council. There are many artists and studios to visit across Kāpiti from Ōtaki to Paekākāriki. Over 130 artists with a wide range of mediums – sculpture, paintings, pottery, jewellery, ceramics, glass art, tiles, masks, fibre creations, drawings, prints, collage, mosaics, carvings, weaving, photography, totem poles, wooden flutes and furniture participate, and gallery visits are available throughout the year, supported by printed and online navigation resources.

Pātaka Art + Museum, which has become the cultural heart of Porirua City, opened in 1998. In the 19 years since then the museum and gallery, which is about 15 minutes drive from central Wellington, has developed a reputation for showcasing the best in contemporary Māori and Pacific Arts, as well as contemporary New Zealand, Asian and international arts & culture.

Research by Creative NZ supports the view that Arts tourism is a fast growing and valuable visitor segment for New Zealand.





The Sarjeant Gallery

The Economic Impact Assessment

There are significant regional and national benefits that will stem from an investment in the Sarjeant Gallery.

An Economic Impact Analysis (EIA) undertaken by Thomas Consulting in February 2019 forecasts a significant increase in regional employment and overall economic activity, as well as be an anchor facility for a growing arts, culture and heritage sector. The assessed impacts are shown in the table below.

	direct impacts	total impacts	
1 construction			
Project construction benefits	\$23-\$29 million <small>based on 60% local contract content</small>	\$77-\$97 million <small>nationwide benefits, including direct plus indirect and induced</small>	
2 visitors			
Out of district domestic visitors	+ 18,000		
International visitors	+ 4,800		
Out of district domestic spending	+ \$5.4 million	+ \$8.1 million	
International visitor spending	+ \$2.2 million	+ \$3.3 million	total + \$11.4 million
3 employment (fte)			
Construction (2 years only)	+ 116-146	+ 232-292	
Gallery and cafe uplift	+ 9.5	+ 13	
Events/conferences	+ 3.4	+ 5	
Visitor spending (inc events)	+ 83.4	+ 117	total + 135 fte

There is currently no economic input / output model developed specifically for Whanganui District. Consequently, the economic impacts have been forecast using conservative multipliers, with reference to a number of published economic impact assessments for other civic facilities.

The emphasis has been on employment impacts as this is the key focus of economic development in Whanganui. The volume of employment is usually expressed as Full-Time Equivalents (FTEs). These are often not actual additional jobs, but rather the FTE equivalent from additional work generated across many part time and owner operated businesses.

Like most economic impact assessments, the concepts of multipliers, or indirect and induced impacts, has been used. The multiplier concept is that each dollar spent on the output of one industry leads to output increases in other industries. For this construction project the contractor will require inputs of materials, tools, sub-trades, communication services and so on. Staff wages and salaries will be spent throughout the local economy. Multipliers used are:

- Type 1 – The direct impact (expenditure or employment), plus the additional impacts from those businesses paying salaries and supplies etc. This secondary expenditure results in the indirect impacts. The type 1 multiplier is the direct plus indirect impacts as the ratio of the direct plus indirect effects, to the direct effect.
- Type 2 – The supplying industries pay wages and salaries, which are used to purchase household consumption goods. This effect is generally known as the downstream or induced consumption effect. The total or Type II multiplier is defined as the direct, plus indirect production, plus induced consumption effects, all divided by the direct effect.

When applied to total visitor expenditure we are not measuring GDP, as the flow on impacts will be double counting some of the benefits. GDP is the total of 'value added' generated by a given project.

- Thomas Consulting

The Sarjeant Gallery

Employment impact analysis

There are significant employment growth opportunities in a variety of sectors that will come from a revitalised Sarjeant Gallery, as identified in the Economic Impact Assessment.

The graph at right shows the direct and total employment impacts from the revitalisation of the Sarjeant Gallery over the next decade.

The upper half of the graph shows the **direct** impacts for both the construction and operation period of the Gallery. The growth in jobs will be felt most widely in Whanganui, with some employment improvement in the wider region. Construction jobs are expected to peak at 116-146 positions in the 2021 year.

The lower half of the graph shows the **total** impacts over the same period. These effects include the employment growth in the Whanganui region, but also include the indirect and induced jobs as the effect of the construction investment and visitor spending ripples through the economy. Total construction employment effects are expected to be between 232 and 292 FTEs in the 2021 year.

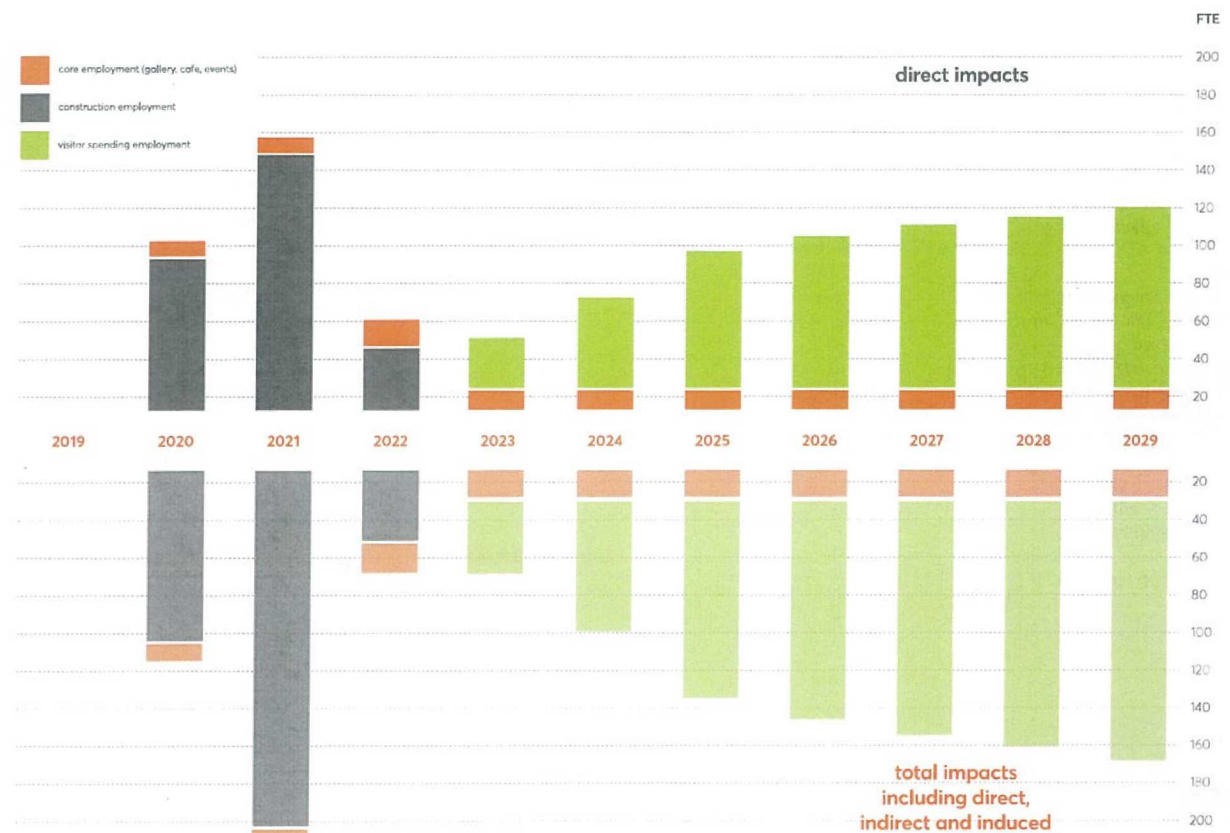
The graph also shows the growth in FTEs that comes from the projected 7% per annum increase in tourism that the Ministry of Business, Innovation and Employment is forecasting. The assumption is that Whanganui will see visitor numbers and resulting spending rise at the same rate as the rest of the country; however, the experience of the Len Lye Centre in New Plymouth indicates that this may be a very conservative view, particularly given the ability of public investment to catalyse further private sector development. This effect is described on page 16.

Tourism makes up over 10% of NZ GDP in the year to March 2018 – Direct 6.1% and Indirect 4.3%.

In the year to March 2018 spending by International and Domestic visitors (ex GST) included:

- Cultural, recreation, and gambling services \$1.1 billion up 8.5%
- Retail sales – alcohol, food, and beverages \$2.5 billion up 8.5%
- Accommodation services \$3.2 billion up 9.2%
- Total tourism spending \$39.1 billion up 7.7%.

In the year ending March 2017 tourism spending resulted in 8,175 direct employment in the Arts and Recreation Services sector. These employees earned \$1.9 billion.





The Sarjeant Gallery

Regional and national strategic alignment

The redevelopment of the Gallery is strongly aligned with the objectives of a range of local, regional and national strategies.

The revitalisation of the Sarjeant Gallery has strong strategic alignment across a number of domains:

- **Locally**, the Gallery is an anchor project for key strategies, including the Leading Edge Strategy, which drives the actions and resource allocation of Council. It is supported by the Economic Development Strategy, which identifies tourism as one of five game-changing priorities, and by the Arts and Culture Strategic Plan, which identifies Whangau's unique cultural heritage as a key point of difference in the region.
- **Regionally**, the development by the government of the Manawātū-Whanganui Regional Growth Study in 2015 led to the creation of the Economic Development Action Plan, which is supported by all regional local authorities. The Action Plan notes the importance of increased tourism in improving the economic prospects of the region, and Accelerate 25 is supportive of the Sarjeant Gallery revitalisation as a keystone project.
- **Nationally**, there is strong alignment with the draft Aotearoa New Zealand Government Tourism Strategy, which notes the importance of diversity in event and product offerings to attract more visitors, in order to spread the benefits of tourism more evenly across the country to ease infrastructure demands on traditional visitor hot-spots.
- There is also very strong alignment to the assessment criteria for the **Provincial Growth Fund**. The revitalisation project will create a significant number of new jobs in a surge region, and will contribute to social inclusion and Māori economic aspirations.

Analysis has also been conducted against the Living Standards Framework, and it is apparent that the project will result in multi-dimensional improvements to wellbeing, for both local Whanganui people and the nation as a whole.



The Sarjeant Gallery

Case study 1 | The Len Lye Centre, New Plymouth

The scope and intent of the project

The Len Lye Centre is an international destination for experimental film and kinetic art, in the heart of New Plymouth, and is the first museum in New Zealand devoted to a single artist.

The Centre is the equivalent of the single-artist museums created overseas to honour artists such as Marc Chagall, Salvador Dalí, Jean Dubuffet, Paul Gauguin, Paul Klee, Joan Miró, Georgia O'Keeffe, Pablo Picasso, Clyfford Still, Jean Tinguely, Cy Twombly and Andy Warhol, among others.

It houses the collection and archive of Len Lye, one of the most original artists of the twentieth century. Pioneer filmmaker, sculptor, painter and poet, his extraordinary body of work gives us a unique view into Modernism and offers a rich vein for inspiration and insight.

The Len Lye Centre, which opened on 25 July 2015, is built onto the Govett-Brewster Art Gallery on Queen Street, and visitors are able to pass from one building to the other. The Govett-Brewster continues its activities as New Zealand's leading gallery of contemporary art.

This state of the art facility houses Lye's archive, display galleries, an education centre, and a 62-seat cinema. Designed by New Zealand architect Andrew Patterson, the building is a contemporary interpretation of the essence of Lye and a major cultural destination on the Pacific Rim.

Like a Lye sculpture, the shimmering stainless steel façade is a striking and provocative expression of movement. The curtain-like exterior is seemingly fluid as the curved steel reflects and transmits light, activating the spaces within and without. It is a modern day temple, reinterpreting Lye's fusion of ancient and modern concepts, and his proposition for a 'temple of art'.

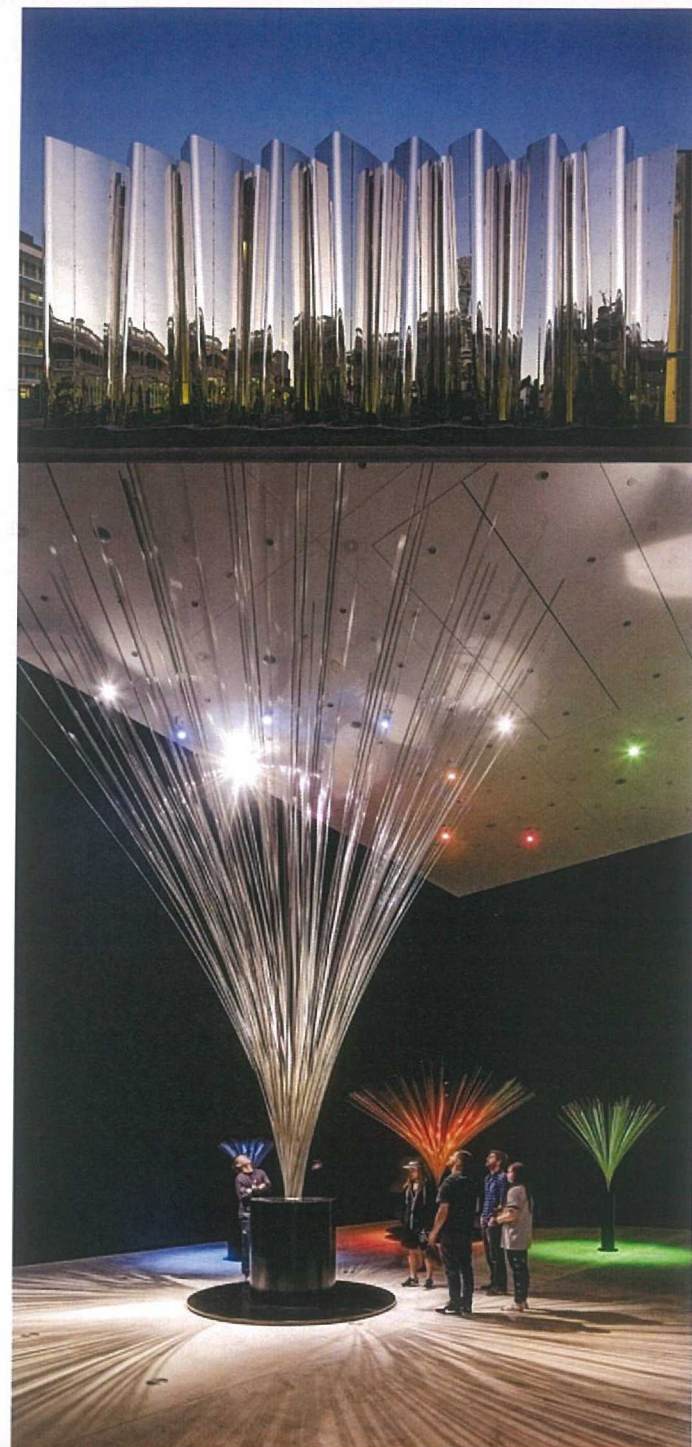
The long association between the Govett-Brewster and the Len Lye Foundation, led to a combined facility with the new centre linked to the existing Govett-Brewster galleries, allowing visitors to appreciate the changing museum and gallery displays within one flexible and shared structure.

Total investment = \$11.5 million

Central government contribution = \$4 million

Operating budget = \$4 million per annum

Total visitors = 119,000 (2016)





The Sarjeant Gallery

Case study 1 | The Len Lye Centre – the BERL analysis

Visitor numbers

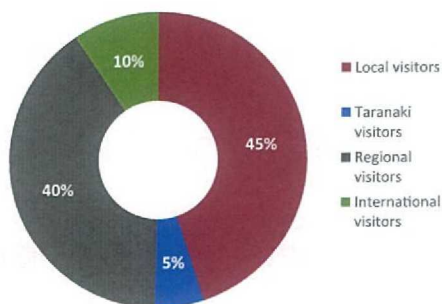
In 2016, just under 119,000 visits to the Len Lye Centre were undertaken by 34,400 visitors.

BERL estimates that around 45 percent of these visitors were New Plymouth locals. Visitors from outside of the Taranaki Region were approximately 40 percent of all annual visitors to the Centre, with a further 10 percent coming from overseas. The remaining five percent of annual visitors came from the Taranaki Region.

The majority of international and regional visitors to the Len Lye Centre in 2016 come to the Taranaki Region for the purpose of visiting the Len Lye Centre.

In comparison, around 70 percent of the festival attendees of WOMAD 2017 and the 2016 Garden Festival were people from outside of the Taranaki Region. Both of these festivals attracted just two percent of their attendees from outside of New Zealand, compared to the 10 percent of international visitors going to the Len Lye Centre.

Visitors by location, 2016



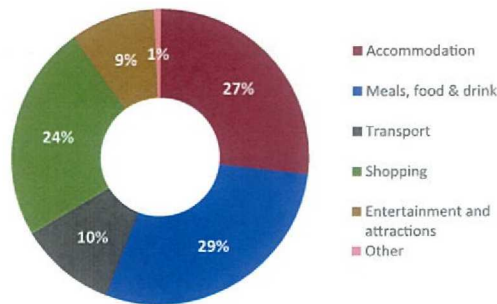
Visitor expenditure

An estimated \$7.4 million of expenditure occurred in the New Plymouth District in 2016, from international, regional and Taranaki visitors to the Len Lye Centre.

Given that there were around 18,900 of these visitors to the Len Lye Centre in 2016, this implies that the expenditure of each visitor was, on average, just over \$390 in New Plymouth District during their visit. In comparison WOMAD 2017 out-of-region visitor's expenditure was on average \$560 during their visit, while out-of-region visitor's expenditure to the 2016 Garden Festival was on average \$812.

To compare how Len Lye Centre visitor expenditure compares to regular international and regional visitor expenditure, data published by the Ministry of Business, Innovation and Employment (MBIE) on regional tourism activity was used, for the 2015 year. Regional visitor expenditure in the Taranaki Region in 2015 was on average \$1,115 per visit, while international visitor expenditure was on average \$200 per visit. This means international visitors to the Len Lye Centre are spending more on average during their visit compared to overall international visitor spending in New Zealand.

Expenditures by category, 2016



Economic impact

The 18,900 international, regional and Taranaki visitors to the Len Lye Centre in 2016, had an estimated \$7.4 million in expenditure in the New Plymouth District.

This direct expenditure in the District generates an indirect economic impact, through affected businesses in the district purchasing more goods and services from their suppliers, and taking on more staff to meet the increase in business. The suppliers' own suppliers will then need to increase their employment; and so on, down the supply chain. An induced effect also occurs when these additional staff throughout the supply chain make their own purchases in the District, causing shops and consumer/household service providers to increase their expenditure and employment. The total effects are the sum of the direct, indirect and induced effects.

Using multiplier tables BERL is able to estimate the total impact on the District that the initial \$7.4 million in expenditure will deliver. As shown in Table 2.1, the total economic impact on the District is \$11.3 million in total expenditure, which will generate \$5.6 million in GDP, and 103 FTEs for the New Plymouth District.

	direct impacts	total impacts
len lye centre, 2016		
Out of district domestic visitors	+ 18,900	
International visitors	+ 3,400	
Out of district domestic spending	+ \$7.4 million	+ \$11.3 million
GDP uplift	+ \$3.7 million	+ \$5.6 million
Employment uplift (fte)	+ 87 fte	+ 103 fte

The Sarjeant Gallery

Case study 2 | The Suter Gallery, Nelson

The renewal of the Suter Gallery blends more than a century of heritage with the requirements of a modern regional arts facility.

The Suter Art Gallery Te Aratoi o Whakatū is a memorial to the second Bishop of Nelson, Andrew Burn Suter (1830-1895). Bishop Suter and his wife Amelia travelled to Nelson in 1867 to lead the Anglican diocese and they became major figures in early Nelson society. In addition to his official duties, Bishop Suter also busied himself with artistic pursuits as a recreational painter and collector of art. In 1889 he established the Bishopdale Sketching Club (now the Nelson Suter Art Society) and served as its first President and critic.

In 1890, the Bishop suffered a stroke which left him incapacitated for the last five years of his life. During this period he discussed his 'long cherished wish' to present an art gallery to the people of Nelson. Immediately after the Bishop's death in 1895, Amelia began to realise her husband's dream. She gifted some land, money and Bishop Suter's art collection as the founding donation.

Amelia left the building of a gallery in the hands of the founding Board of Trustees, comprising leading figures in Nelson society. In 1899 the 'Bishop Suter Art Gallery' designed by Frederick de Jersey Clere (1856-1952) was opened alongside the old Matthew Campbell School. In 2007 it was designated as a Category II Heritage Building.

Work was completed in 2016 on a major redevelopment of The Suter, which is now the oldest continuously occupied public art gallery in New Zealand. Significantly expanding the gallery spaces, the project also included strengthening and protecting the original heritage building.

The extensive reconstruction replaces all of the existing building, except for the theatre and the Grade 2 listed 'Original Gallery'; which has been fully restored to reveal the original roof trusses and external fabric, and has been seismically strengthened and brought up to modern gallery standards with heritage advice from Ian Bowman, Conservator.

The new spaces include three new galleries, storage, workshop and office facilities and a new entrance foyer, education facilities, shop and café overlooking the adjacent Queens Gardens. The new areas are designed as a contemporary counterpoint to the existing building, using glass, stone and zinc and the abstracted form of the original gallery to provide a sympathetic response to this important heritage building and surrounds. Larger, contemporary gallery spaces, with controlled environment conditions and upgraded back-of-house areas, ensures the preservation of Suter's collection, and allows for increased display space for art works or visiting exhibitions.

|| This rebuild and strengthening of Nelson's main art gallery is a triumph. Two existing buildings have been retained and featured in the new layout. The gallery and entrance floor levels have been altered to provide a common floor level that greatly improves access and flow. A central foyer (or 'laneway') links the old and new areas and features a series of carved Po. The café space provides a visual and physical link to adjacent Queens Gardens. The much-needed and improved staff work and storage areas function well. A restrained selection of cladding to the additions ensures they do not dominate. The new landscaping enables the public access around the building in order to view sculpture.

- New Zealand Institute of Architects Citation, 2017





The Sarjeant Gallery

Case study 2 | The Suter Gallery, Nelson

The project has delivered significant cultural, social and economic benefits to Nelson.

The rationale for investment in the Suter Gallery was based primarily on the cultural and social benefits that would accrue to Nelson and the region, rather than on the economic and employment metrics assessed by BERL for the Len Lye Centre. Accordingly, no independent Economic Impact Analysis for the project has been conducted.

However, the positive impacts for the region can be inferred from the growth in arts-related tourism and visitor spending. While causation has not been established by independent research, there is certainly a level of correlation that is consistent with the experience in other centres. The summary analysis is shown at right.



investment

\$12 million total budget

- \$9 million in gallery redevelopment
- \$3 million in required infrastructure upgrades
- project completed on time and within budget

The Gallery has had a 25% demand-driven headcount increase following the redevelopment, partly resourced by volunteers and primarily focused on front-of-house. Gallery revenues have grown significantly, including retail sales, venue rental, cafe lease and donations, materially augmenting the Council operating grant.

visitors

2013	➤ 90,000 visitors per annum (prior to redevelopment)
2018	➤ 154,000 visitors per annum (post-redevelopment)
2019 (projected)	➤ 134,000 visitors per annum

The approximately 50% uplift in overall visitor numbers is consistent with the experience of other redeveloped galleries and museums in New Zealand. The exceptional growth in 2018 was partly attributable to the closure of SH1 via Kaikoura and resulting higher numbers of people travelling through Nelson.

visitor profile

- extension of age demographics (younger and older)
- increased cruise ship passenger visitors
- increased international visitors
- development of commercial art tour operators
- wider community profile (aged, blind, education)
- growth in events numbers and revenue

While Nelson has benefitted from the overall growth in tourism in the last decade, visitor numbers to the Suter Gallery have significantly outrun the background growth. The diversity of regional and international visitors has grown, with a wider range of nationalities and age groups. Commercial art tour operators have commenced business, focused on high-value clients, using the Suter Gallery as the anchor for tours of the region's artists and studios. The Gallery is now in demand as a high-quality venue for small-scale conference activity, business meetings and commercial events.

The Sarjeant Gallery

The catalyst effects for private sector investment

The experience of the Len Lye Centre is that iconic cultural facilities act as a catalyst for subsequent private sector investment.

The redevelopment of the West End Precinct in New Plymouth following the opening of the Len Lye Centre is a graphic illustration of the power of cultural facilities to transform the urban landscape around them.

What was previously a down-at-heel area of New Plymouth has been extensively revitalised by the significant private sector investment that has flowed into the area in the wake of the Len Lye Centre development. New and upmarket accommodation has been constructed, heritage buildings have been renovated, and a range of hospitality and retail businesses have opened.

None of this development – with its positive impact on the economic growth of New Plymouth, increased local property values and improved rating base for the region – would have occurred without the foundation investment in the Len Lye Centre. The area had languished for many decades following the departure of legacy industrial activity and there was little impetus for change.



Sarjeant Gallery Upgrade Project

To whom this may concern,

Art tourism is becoming an increasingly important visitor segment, both overseas and in New Zealand. Civic Art Galleries can provide the anchor product that forms the basis of a wider arts product generating significant visitor activity. A large civic facility with profile, history, professional standing and brand awareness can generate a growing industry that services visitors interested in arts and culture. While these investments are often debated at the time, they become iconic for the City and economically and culturally important to the residents.

New Plymouth in 2001 was a typical provincial centre with a declining population. The City made a conscious decision to invest in facilities that would attract talented people to live here. Upgraded museums, libraries, walkways and an extended art gallery were all built since then. New Plymouth has become a vibrant and growing city that now attracts a growing number of visitors as well. The new civic facilities gave a sense of pride and optimism to the residents, as well as enticing new residents from all over New Zealand and the world. The Len Lye Centre is the latest civic investment and has been very successful. The population of the city has increased 20% since 2001.

New Zealand has a small number of world class civic art facilities in the provinces. New Plymouth has the Govett-Brewster Art Gallery which has recently been extended to include the new Len Lye Centre. This has given New Plymouth a national profile and a real buzz since it was opened. The new facility has resulted in a significant increase in visitors, and a flow on impact that has increased demand for hotels, restaurants and visitor support services. The same can be expected to occur for Whanganui with an upgrade to the Sarjeant Gallery. Businesses recognise the benefits of these facilities and generally support Council investment in these civic arts facilities.

Let's do better business, together.

AM 759 9000 10000 24 36 22 1. info@chamberofcommerce.co.nz 42 Spymart Street New Plymouth 4311 PO Box 2 New Plymouth 4300



New Plymouth is now a destination for people interested in art. Of course, these visitors don't just visit the Govett-Brewster Art Gallery and Len Lye Centre, many of them will also explore the city and walkways, go shopping, do tours and sample the food and nightlife on offer. Many businesses have seen substantial lifts in revenue from the visitors generated from the new Len Lye Centre.

Many of these people are looking for other facilities nearby that they can make into an art trail trip. This is especially true for international visitors, but also for people from Auckland, Tauranga and Hamilton. An upgraded Sarjeant Gallery would form an important link in a West Coast Arts Trail from New Plymouth to Wellington. The businesses of New Plymouth look forward to the upgrade as an important part of the product development needed to kick start this multi-regional visitor arts trail.

The area around the Len Lye / Govett-Brewster Art Gallery has flourished due to public and private investment and collaboration. Hotel investment, inner city living, restaurants, bars, retail and cafes have been built or have moved to be closer to an area now called the West End Precinct. It is now a destination within a destination and a precinct for all of New Plymouth to be proud of.

As a Chamber of Commerce we very much support the Sarjeant Gallery Upgrade Project and are mentioned above know well and truly the huge benefits that art and culture can bring to a region and how a great gallery can play an integral part in the rejuvenation of a CBD in the regions.

If you have any further questions do not hesitate to contact me directly.

Best wishes,

Daniel Fleming

Chairman

Tairāhaki Chamber of Commerce

Let's do better business, together.

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The Sarjeant Gallery

Scenarios and sensitivities

Based on the assessment of the investment performance of other galleries, it seems likely that the projections made for the Sarjeant Gallery are realistic and achievable, within a range of outcomes.

A number of possible scenarios have been assessed for the economic impact of the revitalised Sarjeant Gallery, the most pessimistic of which is contained in the Gallery's PGF application.

The EIA projections have taken a conservative approach to both the number and spending of visitors. Experience from the Len Lye Centre shows that numbers can rise faster than expectations, and that the spending by arts tourists is significantly higher than standard visitors.

The value of arts tourism at its rate of growth is reinforced by Creative NZ's submission on the Aotearoa New Zealand Government Tourism Strategy, highlighted below.

Three different scenarios have been modelled, the summary results of which are shown at right.

II The World Travel and Tourism Council's 2017 Economic Impact study states that cultural tourism – which includes visits to art galleries – is one of the fastest growing and most valuable sectors of the multibillion-dollar global travel and tourism industry. It accounted for an estimated 9.8 per cent of global GDP in 2016 and 14 million jobs.

A recent arts and tourism report published by the Australia Council for the Arts found that visitors to Australia were more likely to engage with the arts (43 percent) than to visit wineries (13 percent), casinos (12 percent) or attend organised sporting events (6 percent).¹ In Australia, the number of tourists visiting for an arts event/activity grew by 47 percent between 2013 and 2017, a higher growth rate than for international tourist numbers overall (37 percent).

direct impacts

pessimistic

Out of district domestic visitors	▶	+ 18,000
International visitors	▶	+ 4,800
Out of district domestic spending	▶	+ \$5.4 million
International spending	▶	+ \$2.2 million
Employment uplift (fte)	▶	+ 96 fte

In this scenario, visitor numbers rise less quickly than was experienced at the Len Lye Centre, and the spending level is as projected in the Economic Impact Analysis – \$300/visitor for out-of-district tourists and \$458/visitor for international tourists. These are the projections contained in the Gallery's PGF application.

realistic

Out of district domestic visitors	▶	+ 18,000
International visitors	▶	+ 4,800
Out of district domestic spending	▶	+ \$7.0 million
International spending	▶	+ \$5.2 million
Employment uplift (fte)	▶	+ 153 fte

In this scenario, visitor numbers are the same as in the pessimistic scenario, but visitor spending is aligned with the experience of the Len Lye Centre – \$392/visitor for out-of-district tourists and \$458/visitor for international tourists. This sees overall economic benefit and employment numbers rising by around 50% compared to the Economic Impact Analysis.

optimistic

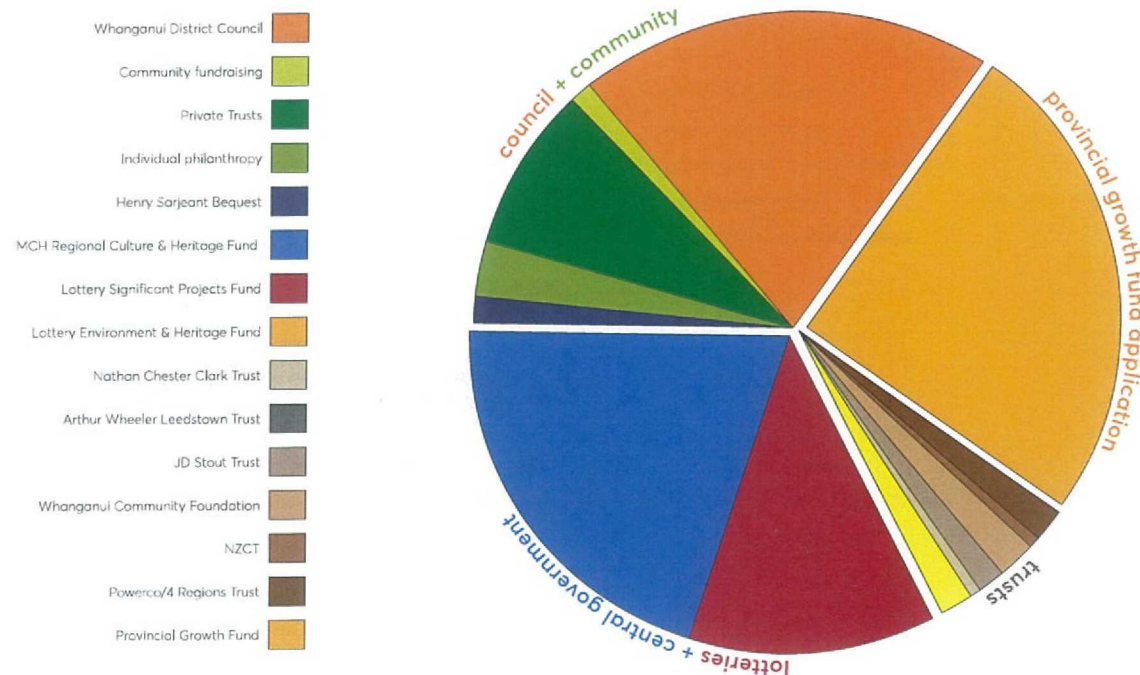
Out of district domestic visitors	▶	+ 22,000
International visitors	▶	+ 6,000
Out of district domestic spending	▶	+ \$8.6 million
International spending	▶	+ \$6.5 million
Employment uplift (fte)	▶	+ 189 fte

In this scenario, visitor numbers are projected to increase about 25% faster than in the Economic Impact Analysis, assuming that the Taranaki Arts Trail and other synergistic activities deliver more high-value arts tourists to the region. The visitor spending numbers are identical to the realistic scenario.

The Sarjeant Gallery

Funding sources

The bulk of the funding for the project has been raised – but a gap remains that cannot be met from local sources.



To date, around 75% of the funding for the revitalisation project has been met from a range of sources. These include the Whanganui District Council, a significant contribution from the local community and the Henry Sarjeant Bequest, individual trusts and philanthropists, and generous support from the Lotteries Commission.

Central government has also provided significant assistance, via the Regional Culture & Heritage fund administered by the Ministry of Culture and Heritage. However, a funding gap remains that cannot be filled from local sources.

The gap is currently \$12 million, so application is being made to the Provincial Growth Fund to enable revitalisation of the Sarjeant Gallery to proceed.

The additional funding requirement has arisen primarily because of the level of construction cost inflation in Aotearoa New Zealand over the last five years. Since planning and design commenced, construction costs for the gallery have risen by approximately \$12 million, according to quantity surveyors.

Counterbalancing this, the economic and employment benefits of the revitalisation have also increased over the same period. As the Economic Impact Assessment of the Len Lye Centre has highlighted, growth of arts tourism in the region has exceeded expectations, and is growing faster than inflation in both visitor numbers and the value of visitor spending.

Despite the additional benefits, there are few sources of funding that can bridge the gap between what one of New Zealand's most deprived regions can fund and the costs of the investment in the Sarjeant Gallery. And without some form of external funding, the employment and economic benefits will not be realised in the Whanganui District.



The Sarjeant Gallery

Next steps

Confirming the final elements of the funding jigsaw puzzle will enable redevelopment to commence and the benefits of the project to be unlocked.

1 Engagement



W The Council and the Gallery have worked extensively with the community, iwi and business to design a facility that will deliver significant cultural, social and economic benefits.

2 Analysis and Quantification



W The Gallery and the project team have exhaustively analysed the employment, economic and wellbeing impacts from a revitalisation of the Gallery.

W The redevelopment has been aligned with the economic development objectives of the region and support obtained from across the public and private sectors.

W The Gallery has been supported in Council's Long Term Plan 2018-28 as an anchor project for the district.

3 Design



W The redevelopment of the Gallery has been designed using local and national skills to deliver a functional and effective space that respects the Grade 1 heritage of the building.

W Quantity Surveyors have provided the estimates necessary for contracts to be negotiated once funding has been confirmed.

4 Funding



W Commitment has been obtained from a wide range of local sources, including Trusts and philanthropists, and there has been extensive community fundraising for the project.

W The Lotteries Commission and the Ministry of Culture and Heritage have provided significant support for the project and the preservation of the building.

W A funding gap remains, and application has been made to the Provincial Growth Fund to cover the final \$12 million needed for the project to proceed.

Time is now of the essence for the Sarjeant Gallery. Housed within its temporary premises, the Gallery team has made its best efforts to continue and extend its century-long track record of outstanding artistic and cultural exhibition and curation.

However, growth in visitor numbers has now stalled. There are physical and logistical limits to what can be achieved within the current temporary spaces, and these have now been reached. There is little-to-no scope for expanding the reach of the Gallery, or for playing its part in the developing Art Trail.

There are also maintenance pressures for the heritage Sarjeant Gallery building. The structure is continuing to degrade due to age and condition, and it's becoming increasingly difficult and expensive to simply hold the building in suspended animation.

And as is the case with the rest of Aotearoa New Zealand, construction costs are rising. Over the duration of the project, the overall budget has risen by around 25% as the cost of materials and labour has accelerated beyond the rate of inflation. This trend shows little sign of easing, so it is in best interests of the Gallery, the Council and its funders to progress sooner rather than later.

While 75% of the required funding is in place, there is a growing concern that further delays will see some commitments begin to unwind. In some cases, very significant contributions have been made, but as benefactors grow older and other funding priorities are called to the attention of individuals and organisations, there is a real and growing risk that the Gallery will see existing funding commitments withdrawn.

Confirming the last 25% of the investment is the culmination of a very long road by a succession of committed people who want to see the Sarjeant Gallery rejuvenated, so it can continue to contribute to Whanganui and to the country.

Please join us on this journey.

WHANGANUI

ALL YOU NEED (AND THEN SOME)