

The economic impact of museums and galleries on regional clusters

Museums

Aotearoa



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Authors:

Authors: Diana Russell, Hugh Dixon and Hillmarè Schulze

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Native Pigeons

E. Mervyn Taylor

Native Pigeons 1952 (previous page)

E. Mervyn TAYLOR, The Mermaid Press, The Pegasus Press
Collection of Te Manawa Art Society Incorporated, 86.6.1-7

This work builds on a Business and Economic Research Limited (BERL) report *The Value of Museums and Galleries in Aotearoa*, published in 2022.

This report delves into the economic impact of museums and galleries, particularly with respect to three focus regions: Auckland, Wellington and Christchurch. Museums and galleries play a vital role in our local and national economies through their contributions to tourism, gross domestic product (GDP) and curriculum-focused education.

They act as cultural hubs and provide Māori and Pacific-focused programmes, curated talks, tours, film evenings, cafes, retail spaces, function areas, archives, conservation studios, concerts and more. These activities are integral to maintaining social cohesion in our communities.

The 2022 report estimated the New Zealand museums and galleries sector maintains upwards of \$5.6 billion worth of cultural assets, received 17.5 million visits, employed 3,365 full-time equivalent (FTE) jobs and generated \$272 million in GDP.

Museums and galleries are a vital part of the landscape in our major cities. Local councils play a crucial role in supporting museums and galleries to ensure that they serve as cultural cornerstones, educational havens and economic catalysts within communities. By providing financial backing and fostering collaborative partnerships, councils can empower museums and galleries to effectively fulfil their multifaceted roles.

Through supporting these institutions, regions, cities and towns invest in their cultural identity, future generations and overall prosperity.

An analysis of the data collected by BERL reveals that large and medium museums and galleries are exposed to significant operational risks, which have been amplified by the impact of COVID-19. Local councils provide the majority of funding to museums and galleries. However, many are already at their funding limits. While many museums and galleries generate considerable revenue themselves through innovative use of their assets, this is not enough to cover the rising costs of operations.

Additionally, many institutions rely on volunteers to keep them running. Therefore, a lack of adequate funding presents a further risk of increasing staff turnover rates alongside the loss of institutional knowledge.





Houhere leaf-shaped necklace (previous page)

by Lynn Kelly, printed with sections of southern Te Waipounamu
topographic maps. F2016.8. Lyders Fund; Tūhura Otago Museum Collection

Across New Zealand, there are about 417 museums and galleries, including public and private collections, school collections, historical villages, heritage houses open to the public, collections held in the Parliamentary Precinct, the National Library of New Zealand, the Reserve Bank of New Zealand Museum and archives on display.

2.1 Visitors to museums and galleries

For the financial year ending March 2023, there were an estimated 10.8 million visits to a museum or gallery in New Zealand (Table 2.1). About 80 percent were domestic visits and the remaining 20 percent were overseas visitors. More than one-third of visits came from those local to the museum or gallery (Figure 2.1).

These 10.8 million visits reflect a substantial drop in visits reported by survey respondents since the last museum sector surveys undertaken in 2014 and 2017. This decline in visits can partially be explained by COVID-19.

Table 2.1. Estimated total visits* to museums and galleries, national, 2022-23

| Visitor origin | Large | Medium | Small | Micro | Total visits |
|------------------------|-----------|-----------|-----------|---------|--------------|
| Local | 2,465,400 | 1,384,600 | 321,800 | 85,900 | 4,257,500 |
| Local regional | 445,700 | 743,900 | 344,500 | 12,100 | 1,546,200 |
| Domestic out-of-region | 1,392,900 | 1,053,500 | 451,000 | 15,100 | 2,912,400 |
| Overseas | 1,267,500 | 650,100 | 190,900 | 10,100 | 2,118,700 |
| Total | 5,571,400 | 3,832,100 | 1,308,200 | 123,200 | 10,834,900 |

Source: BERL analysis, NVS

Figure 2.1. Proportion of total estimated visits* to a museum or gallery, by visitor origin, 2022-23



Source: BERL analysis, NVS

*Note: visits and visitors are distinct from each other. One visitor (individual person) may visit a museum multiple times (visits).

2.2 Creating employment

We estimate that, nationwide, museums and galleries contributed 3,403 total full-time equivalent jobs (FTEs) to our economy in the 2022/23 financial year. Te Papa is by far the largest contributor to FTEs in the sector, employing 403 FTEs in 2022/23 financial year. This is an increase of 66 FTEs since pre-COVID-19 conditions.

On average, for the 2022/23 financial year, large institutions employed 78 FTE paid staff each. While large institutions employ fewer FTEs per institution, combined they employed 1,481 FTEs in the 2022/23 financial year.

Micro institutions generally rely on volunteer labour. In the 2022/23 financial year, micro institutions had an average of 15 volunteers who worked an average of 191 hours each – the equivalent of roughly five weeks of full-time work per person.

2.3 Contributing to education

BERL has estimated that the per-student educational value of a student visiting a museum or gallery is \$40.80 per person for the March 2023 financial year. Based on the per-student value, we estimate the educational value of museums and galleries hosting educational programmes for school visits and holiday programmes to be \$32 million for the 2022/23 financial year.

Based on the per-student value, we estimate the educational value of museums and galleries hosting curriculum-focused educational programmes for school visits to be \$27.8 million and educational offerings for school holiday programmes to be an additional \$4.2 million for the 2022/23 financial year.

\$40.80/day/student

The educational value of a student visiting a museum or gallery per student, per visit.

\$32 million

The educational value of museums and galleries hosting educational programmes for school visits and holiday programmes for the 2022/23 financial year.



Double sided Hei Tiki

Collection of Waikato Museum Te Whare Taonga o Waikato.
Gift of the Waikato Historical Society

City and regional clusters of museums and galleries generate a significant economic impact from tourist spending in the region. Christchurch, Auckland and Wellington are three examples, with clearly defined museums and galleries sectors aiming to develop and evolve to attract more people to visit, live, work and play in these cities.

Evidence shows that visitors rarely visit just one museum or gallery, instead they visit multiple institutions per trip. The Museum’s Aotearoa 2023 National Visitor Survey (NVS) estimates that on average, each visitor to a city or region visited two museums or galleries, with 23 percent visiting three or more. Therefore, it is important to view an institution’s impact collectively at the city or regional level.

Museums and galleries are connected to each other as well as the arts and heritage communities in their local areas. These clusters are important to maintain because visitors to a city or region are often drawn by a collective offering of activities and attractions. Additionally, when visitors are drawn to an area due to a prominent museum, exhibition or event, they will usually make the most of the other offerings nearby.

3.1 How to measure the economic contribution of regional clusters

.....

The total economic impact of regional clusters of museums and galleries is derived from two sources. The first is the number of out-of-region visitors (including tourists) who come to each region due to the presence of museums and galleries and the second is the annual operational and capital expenditure of the museums and galleries that make up each city’s or region’s cluster.

For calculating the economic impact, the Auckland cluster comprises 19 museums and 16 galleries (Table 3.1 page 11), Wellington comprises 19 museums and 10 galleries (Table 3.2 page 12) and Christchurch comprises 12 museums and six galleries (Table 3.3 page 13).

Table 3.1. Museums and galleries in the Auckland EIA cluster

| Large | Medium | Small | Micro |
|---|---|--|--|
| Auckland City: | Auckland City: | Auckland City: | Auckland City: |
| <ul style="list-style-type: none"> + Auckland Art Gallery Toi o Tāmaki + Auckland War Memorial Museum, Tāmaki Paenga Hira + Museum of Transport and Technology (MOTAT) + New Zealand Maritime Museum Hui Te Ananui A Tangaroa | | <ul style="list-style-type: none"> + Gus Fisher Gallery + Artis Gallery + Artspace Aotearoa + Black Door Gallery + Gow Langsford Gallery + Kura Gallery + Sanc Gallery + St Paul St Gallery for Auckland University of Technology + The Arts House Trust | <ul style="list-style-type: none"> + The Charlotte Museum, Te Whare Takatāpui-Wāhine o Aotearoa + Highwic – Heritage New Zealand Pouhere Taonga |
| | Medium | Small | Micro |
| | Auckland Region: | Auckland Region: | Auckland Region: |
| | <ul style="list-style-type: none"> + Devonport Museum Northshore + Howick Historical Village East Auckland + Te Tuhi Arts Centre East Auckland + Te Uru Waitākere Contemporary Gallery Waitākere + Torpedo Bay Navy Museum Northshore + Museum of Waiheke and Historic Village + Waiheke Community Art Gallery | <ul style="list-style-type: none"> + Corban Estate Arts Centre Waitākere + Couldrey House and Gardens Rodney + DEPOT (gallery) – North Shore + Order of St John - Archives & Museum – East Auckland + Papakura Museum Manurewa Papakura + Te Toi Uku – Crown Lynn & Clayworks Museum Waitākere + TOI Gallery – Waiheke Island | <ul style="list-style-type: none"> + Albertland Heritage Museum + McCahon House – Waitākere + Papatoetoe Historical Society Museum – Papatoetoe + Polish Heritage Trust Museum in New Zealand – Howick + Waiheke Musical Museum + Warkworth & District Museum Rodney |

Table 3.2 Museums and galleries in the Wellington EIA cluster

| Large | Medium | Small | Micro |
|--|---|--|--|
| Wellington City: | Wellington City: | Wellington City: | Wellington City: |
| <ul style="list-style-type: none"> + City Art Gallery* + Te Papa Tongarewa Museum of New Zealand + Wellington Museum* | <ul style="list-style-type: none"> + New Zealand Portrait Gallery | <ul style="list-style-type: none"> + Adam Art Gallery + Cable Car Museum* + Capital E* (museum) + Enjoy Contemporary Art Space + Exhibitions Gallery of Fine Art + Iwi Art (gallery) + Katherine Mansfield House and Garden (museum) + New Zealand Dominion Museum building + New Zealand Academy of Fine Arts (gallery) + Nairn Street Cottage* (museum) + Space Place at Carter Observatory* + {Suite} Gallery | <ul style="list-style-type: none"> + New Zealand Cricket Museum + Ngā Taonga Sound & Vision + The Kiwi Art House Gallery + Te Wharewaka o Pōneke |
| | Medium | Small | Micro |
| | Wellington Region: | Wellington Region: | Wellington Region: |
| | <ul style="list-style-type: none"> + The Dowse Art Museum Lower Hutt + Pātaka Art + Museum Porirua + Whirinaki Whare Taonga Upper Hutt | <ul style="list-style-type: none"> + New Zealand Police Museum Porirua + Mahara Gallery Kapiti Coast District | <ul style="list-style-type: none"> + Ōtaki Heritage Bank Museum Kapiti Coast District + Wellington Tramway Museum Kapiti Coast District + Petone Settlers Museum Lower Hutt + Southward Car Museum Kapiti Coast District |

* Operated by Wellington Museum Trust (Experience Wellington), counted collectively as one large institution for all financial calculations in this report.

Table 3.3 Museums and galleries in the Christchurch EIA cluster

| Large | Medium | Small | Micro |
|--|------------------------------------|---|-----------------------------------|
| Christchurch City: | Christchurch City: | Christchurch City: | Christchurch City: |
| + Canterbury Museum | + Ferrymead Heritage Park (museum) | + The Central Art Gallery | + New Brighton Museum |
| + Air Force Museum of New Zealand | | + The Physics Room (museum) | |
| + Christchurch Art Gallery Te Puna o Waiwhetū | | + Teece Museum of Classical Antiques | |
| + CoCA – Centre of Contemporary Art Toi Moroki | | + Rutherford's Den (museum) | |
| + Quake City* (museum) | | + The Arts Centre Te Matatiki Toi Ora includes: Fiksate Gallery, Form Gallery | |
| + Ravenscar House Museum* | | | |
| | | Small | Micro |
| | | Banks Peninsula: | Banks Peninsula: |
| | | + Akaroa Museum | + Thornycroft Torpedo Boat Museum |
| | | + Okains Bay Museum | |

*Ravenscar House and Quake City are managed by the Canterbury Museum Trust and are counted as part of Canterbury Museum in all financial calculations in this report. The Arts Centre Te Matatiki Toi Ora includes Fiksate Gallery and Form Gallery and was counted as one institution for all financial calculations in this report.

Understanding economic impact

This impact assessment primarily focuses on the economic impact of museums and galleries in Auckland, Wellington and Christchurch. An Economic Impact Assessment (EIA) methodology is used to estimate the impact of additional economic activity generated by these museums and galleries.

EIA calculations follow an established structure, where money that is spent within each region (Auckland, Wellington and Christchurch) is modelled to be spent again in worker wages and at supplying businesses. What this means is that for a given dollar of expenditure, a proportion of that dollar is spent again in the form of income to the workers and suppliers, who then spend another proportion of that dollar on goods and services. This process is also known as “rounds” of spending.

For cultural EIAs, additional spending is split into two streams. The first stream is spending by the entity. Museums and galleries spend their revenue, which is drawn from government, donations and self-generated income, on operational activities, which include paying salaries, operating exhibitions, advertising costs and technology costs. Museums and galleries also spend revenue on maintaining their substantial capital assets. This spending creates a “direct” economic effect.

Suppliers to museums and galleries will then spend their revenue on their own suppliers. This is an “indirect” economic effect. Finally, the workers from the museums and galleries and from supplier businesses will spend their money on whatever they choose. This is the “induced” economic effect.

Attribution – Spend in Wellington, Auckland and Christchurch

Attribution is related to additionality and concerns the proportion of spending by visitors to Wellington, Auckland and Christchurch that was caused by the existence of museums and galleries. To estimate how much spending occurred only because of museums and galleries, data was collected from the IVS and Museums Aotearoa’s National Visitor Survey and then filtered to obtain the proportion of international visitors who said that they visited a museum or gallery. It was then reasoned that the proportion of visitors’ spending attributable to a museum or gallery

is approximated by the proportion of time they spent in Wellington, Auckland or Christchurch.

To calculate this the survey data was filtered for visitors who spent between one and 30 nights in Wellington, Auckland or Christchurch. Then the total number of nights stayed for each visitor was calculated for each area. Finally, the proportion of total time in New Zealand that was spent in Wellington, Auckland and Christchurch for each visitor was able to be estimated and taken as an average.

Multiplier Analysis

Multiplier Analysis is a conventional and well-understood method for quantifying the economic impact of a programme, investment or event. Multiplier Analysis is a partial equilibrium method that tracks how money ripples through a regional economy. For instance, money spent on constructing a factory in a region is used to purchase materials from inside that region. Purchases that are local to that region (such as from local construction companies

and manufacturers) also lead to further re-spending in the community. Local spending is calculated in rounds, where a proportion of spending is assumed to circulate in the local economy and another proportion is assumed to be spent outside the region (a leakage). For each round of spending, the amount spent in the region becomes smaller and smaller due to leakages until the amount approaches zero. Adding all the rounds together creates the multiplier.

Methodology

At a high level, Multiplier Analysis involves categorising the spending created by the investment in question (including both the capital and operating expenditure) according to which industry it has been sourced from. Then, an assumption is made for each line of spending as to what proportion has been imported and what proportion is domestic. Finally, the data is passed into a calculation that combines this data with multipliers to produce the required estimates. The multipliers are derived from Input-Output tables. These tables are an accounting model of the inter-industry flows in the economy.

The analysis in this report uses multipliers derived from inter-industry Input-Output tables for New Zealand. Regional Input-Output tables for Auckland, Wellington and Christchurch have been derived and updated from the national Input-Output tables produced by Statistics New Zealand. Multipliers allow the direct, indirect and induced effects in terms of expenditure, Gross Domestic Product (GDP) and full-time equivalent (FTE) employment to be identified.

Domestic spend per visitor

To estimate the average number of per-visitor guest nights in a city or region and the average spend per visitor, data was collected from the International Visitor Survey (IVS) on domestic guest nights and domestic tourist spending

in Wellington, Auckland and Christchurch. IVS microdata was used to calculate a median estimate for spend by individual international visitors who reported that they visited a museum or gallery.

Imports are not activity

A circle was drawn around Auckland, Wellington and Christchurch as a geographic area and any goods and services purchased from outside these areas were counted as imports. This information was sourced from estimates provided by the museums and galleries via the

2023 Museum Sector Survey on respondents' capital and operational expenditure. Imports have been ignored because GDP is calculated from final consumption expenditure, therefore, imports must be removed to avoid double counting.

Assumptions

A key assumption in Multiplier Analysis is additionality. In this context, this assumption is about separating any

activity that would have occurred anyway even if there were no museums or galleries.



Pipe And Pouch

Collection of Auckland Museum Tāmaki Paenga Hira,
M1910, 35408

Local authorities, most notably city councils, are taking an increasing interest in developing industry clusters within their cities.

This section focuses on the three largest regions in New Zealand as a starting point for producing an EIA. We have clustered the museums and galleries sector together to enable us to determine their economic contribution to a region or city. As data collection improves over time, this analysis will be expanded to all the remaining regions and/or cities.

The boundary of the Auckland EIA cluster is based on the Auckland region boundaries, which include the areas of Waitematā/Auckland Central, Auckland, Waitākere/West Auckland, Hauraki Gulf, North Shore, Rodney, East Auckland, South Auckland, Franklin and Papakura. The boundary of the Wellington EIA cluster is based on the Wellington region boundaries; however, we exclude the Wairarapa from the cluster. The Wellington regional EIA cluster therefore includes Wellington City, Lower Hutt, Upper Hutt, Porirua and the Kāpiti Coast District. The boundary for the Christchurch EIA cluster is based on the Christchurch City Council area and includes Christchurch and the Banks Peninsula.



Rita Angus painting Self portrait,
1936-1937, by Jean Bertram. Te Papa
(CA000242/001/0003)

4.1 Auckland cluster

Auckland city’s gallery and museum cluster is diverse (Table 3.1). Auckland Council’s Toi Whitiki Arts and Culture Strategic Action Plan sets out to further develop the city’s network of arts and culture organisations as part of its goal to be the world’s most liveable city and recognise the benefits of a vibrant arts and culture offering.

Auckland’s complementary network of galleries and museums includes the central city-based Auckland War Memorial Museum, which hosts collections on Māori and Pacific culture and history, natural history and social and military history. Head down to the Auckland waterfront and you will come across the Voyager New Zealand Maritime Museum.

A short drive from the Central Business District (CBD) to Western Springs takes you to the Museum of Transport and Technology (MOTAT), which displays exhibitions on the history of New Zealand transport, technology, science and social history, including aviation heritage and a fully operational tram and rail collection. Across the harbour is Devonport Museum, which tells the history of the area and the Torpedo Bay Navy Museum.

Auckland Art Gallery Toi o Tāmaki, Kura Gallery and the Gow Langsford Gallery are situated in the heart of the CBD. Auckland Art Gallery hosts more than 15,000 works, making it the largest gallery in the country.

The Gow Langsford Gallery is a commercial gallery showcasing New Zealand and international artists and the Kura Gallery provides a space for Māori art and artists. The suburb of Parnell is home to the Black Door Gallery and the Artis Gallery, both exhibiting contemporary New Zealand art and design.

Table 4.1 Distribution of all museums and galleries across the wider Auckland region

| | |
|-----------------------------|----|
| Waitematā/ Auckland Central | 23 |
| Waitākere | 10 |
| Hauraki Gulf | 7 |
| Rodney | 7 |
| East Auckland | 5 |
| North Shore | 5 |
| Auckland | 4 |
| Franklin | 4 |
| South Auckland | 3 |
| Papakura | 1 |
| Auckland Region | 69 |

4.1.1 Visitor expenditure

Overall, for the Auckland cluster, BERL estimated that visitors who indicated that visiting a gallery or museum was their main purpose for visiting the city spent a total of \$210 million in the 2022-23 financial year (Table 4.2). This direct expenditure in the region generated \$110 million in GDP and 1,292 FTEs. Once indirect and induced effects are included, the total economic impact for the Auckland regional cluster was \$223 million in GDP and the employment of almost 2,000 FTEs.

To determine the size of the contribution of the economic impact of visitors, we can compare the \$223 million in total GDP to the total size of the tourism industry in Auckland (as shown in Table 4.13 in the appendix). For the latest year available, the financial year ending March 2022, the Auckland tourism industry generated a total of \$7.9 billion in GDP. This means that about 2.8 percent of the total Auckland tourism industry is generated by annual visitors to the regional museum and gallery cluster.

Table 4.2 Auckland regional cluster – visitor economic impact 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 210 | 116 | 97 | 422 |
| GDP (\$m) | 110 | 57 | 55 | 223 |
| Employment (FTEs) | 1,292 | 390 | 311 | 2,000 |

Source: BERL analysis

4.1.2. Operational and capital expenditure

Overall, for the Auckland regional cluster, BERL estimated that museums and galleries spent \$154 million in the 2022-23 financial year on direct operational and capital expenditure (Table 4.3 and Table 4.4). This direct expenditure in the

region generated \$86 million in GDP and 764 FTEs. Once indirect and induced effects are included, the total economic impact for the Auckland regional cluster was \$175 million in GDP and contributed to the employment of 1,448 FTEs.

Table 4.3 Auckland regional cluster – economic impact, operational expenditure 2022-23

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 118 | 71 | 37 | 227 |
| GDP (\$m) | 73 | 40 | 26 | 139 |
| Employment (FTEs) | 673 | 326 | 201 | 1,200 |

Source: BERL analysis

Table 4.4 Auckland regional cluster – economic impact, capital expenditure 2022-23

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 36 | 30 | 16 | 81 |
| GDP (\$m) | 14 | 13 | 9 | 36 |
| Employment (FTEs) | 91 | 106 | 50 | 247 |

Source: BERL analysis

4.2 Wellington cluster

Wellington’s arts, culture and heritage sector can be viewed much like a creative ecosystem. The cluster is made up of many strands of Wellington’s creative and cultural sectors to form a wider, interwoven offering (Table 3.2). Wellington Museum is situated on the harbour, inside an 1892 heritage building designed by leading architect Frederick de Jersey Clere and shares the stories of the Wellington region and maritime history since the 1800s. The Katherine Mansfield House and Garden in the suburb of Thorndon is the childhood home of the internationally acclaimed writer. The Nairn Street Cottage is another colonial heritage home and garden (1857), situated in the suburb of Mount Cook. The Cable Car Museum connects the central city offerings with those in the suburb of Kelburn including the Space Place – Carter Observatory at the top of the car and the entrance to the Botanic Gardens.

Arts, culture and creativity have always been a huge part of Wellington’s identity. The many art galleries and museums sit alongside several tertiary training institutions in the arts. Massey University’s College of Creative Arts is based inside the old National Art Gallery and Dominion Museum, which sits behind the Pukeahu National War Memorial Park.

City Gallery Wellington is free for all and displays a wide array of works of film, photography, sculpture and mixed media. Some of its sculptures sit outside the gallery’s walls, such as Ronnie van Hout’s Quasi, the giant hand, adding character to the city’s public outdoor spaces and landscape. Further along the harbour is the New Zealand Portrait Gallery, which displays a range of portraiture from the traditional to the contemporary. Over on Cuba Street is the Kiwi Art House Gallery and Enjoy Contemporary Art Space. Enjoy Contemporary Art Space supports the development of new work through exhibitions, an annual residency, an open call for proposals, offsite projects, public programmes and publications. Kiwi Art House hosts regular exhibitions of contemporary and fine arts, including Wellington-themed paintings. Pop over to Victoria University’s Kelburn campus and you’ll find the Adam Art Gallery, which offers exhibitions, events and publications. The gallery also manages and develops the University’s Art Collection.

Kura Gallery provides a space for Māori art and artists. In Lower Hutt, the Dowse Art Museum displays contemporary and fine art, fashion, the work of under-represented artists and has been doing so for more than 50 years.

Table 4.5 Distribution of all museums and galleries across the wider Wellington region

| | |
|-------------------|----|
| Wellington | 30 |
| Kāpiti Coast | 8 |
| Masterton | 6 |
| South Wairarapa | 6 |
| Upper Hutt | 5 |
| Lower Hutt | 4 |
| Carterton | 3 |
| Porirua | 3 |
| Wellington Region | 65 |

4.2.1 Visitor expenditure

Overall, for the Wellington cluster, BERL estimated that visitors spent a total of \$325 million in the 2022-23 financial year (Table 4.6). This direct expenditure in the region generated \$171 million in GDP and 2,451 FTEs. Once indirect and induced effects are included, the total economic impact for the Wellington regional cluster was \$303 million in GDP and contributed to the employment of 3,241 FTEs.

To determine the size of the contribution of the economic impact of visitors, we can compare the \$303 million in total GDP to the total size of the tourism industry in Wellington. For the latest year available, the financial year ending March 2022, as shown in Table 4.15, the Wellington tourism industry generated a total of \$1.9 billion. This means that about 16 percent of the total Wellington tourism industry is generated by annual visitors to the regional museum and gallery cluster.

Table 4.6 Wellington regional cluster – visitor economic impact, 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 325 | 135 | 111 | 571 |
| GDP (\$m) | 171 | 67 | 64 | 303 |
| Employment (FTEs) | 2,451 | 430 | 360 | 3,241 |

Source: BERL analysis

4.2.2 Operational and capital expenditure

Overall, for the Wellington cluster, BERL estimated that museums and galleries spent \$194 million in the 2022-23 financial year on direct operational and capital (Table 4.7 and Table 4.8). This direct expenditure in the region generated \$126 million in GDP and 1,132 FTEs.

Once indirect and induced effects are included, the total economic impact from operational and capital expenditure for the Wellington regional cluster was \$236 million in GDP and contributed to the employment of 1,938 FTEs.

Table 4.7 Wellington regional cluster – economic impact, operational expenditure 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 150 | 71 | 44 | 265 |
| GDP (\$m) | 113 | 50 | 38 | 202 |
| Employment (FTEs) | 1,024 | 398 | 245 | 1,668 |

Source: BERL analysis

Table 4.8 Wellington regional cluster – economic impact, capital expenditure 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 44 | 33 | 13 | 90 |
| GDP (\$m) | 13 | 14 | 7 | 34 |
| Employment (FTEs) | 109 | 120 | 42 | 270 |

Source: BERL analysis

4.3 Christchurch cluster

Christchurch’s cluster includes the Canterbury Museum, the Arts Centre Te Matatiki Toi Ora, the Christchurch City Art Gallery in the CBD and the wider heritage and arts trail that extends across the city, from the Ferrymead Heritage Park to the Airforce Museum of New Zealand in Wigram. These large and medium-sized institutions link with small and micro galleries and museums in a city-wide ecosystem (Table 3.3).

The Arts Centre Te Matatiki Toi Ora includes Rutherford’s Den, the Central Art Gallery and the Teece Museum of Classical Antiquities. Rutherford’s Den, tailored for children, tells the historical life and journey of physicist Ernest Rutherford. The Teece Museum is home to more than 3,000 years of artefacts from Greek, Roman, Egyptian, and Near Eastern cultures.

The Arts Centre Te Matatiki Toi Ora, The Physics Room, Form Gallery and Fiksate Gallery are within 30 minutes’ walking distance of each other. The Physics Room is a contemporary gallery space dedicated to developing and promoting contemporary art and critical discourse. Form Gallery presents jewellery, ceramics, glass and sculpture and Fiksate is a gallery presenting urban contemporary art.

| | |
|--|----|
| Table 4.9 Distribution of all museums and galleries across Canterbury region | |
| Christchurch | 21 |
| Ashburton | 7 |
| Timaru | 5 |
| Waimakariri | 5 |
| Banks Peninsula | 4 |
| Geraldine | 3 |
| Selwyn | 3 |
| Hurunui | 1 |
| Kaikōura | 1 |
| Mackenzie | 1 |
| Waimate | 1 |
| Waitaki | 1 |
| Canterbury | 53 |

4.3.1 Visitor expenditure

Overall, for the Christchurch cluster, BERL estimated that visitors who indicated visiting a gallery or museum was their main purpose for visiting the city spent a total of \$108 million in the 2022-23 financial year (Table 4.10). This direct expenditure in the region generated \$57 million in GDP and 769 FTEs. Once indirect and induced effects are included, the total economic impact for the Christchurch cluster was \$113 million in GDP and contributed to the employment of 1,166 FTEs.

To determine the size of the contribution from the economic impact of visitors, we can compare the \$113 million in total GDP to the total size of the tourism industry in Christchurch. For the latest year available, the financial year ending March 2022, as shown in Table 4.14, the Christchurch tourism industry generated a total of \$1.5 billion. This means that about 7.7 percent of the total Christchurch tourism industry is generated by annual visitors to the regional museum and gallery cluster.

Table 4.10 Christchurch cluster – visitor economic impact, 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 108 | 57 | 48 | 213 |
| GDP (\$m) | 57 | 28 | 28 | 113 |
| Employment (FTEs) | 769 | 214 | 183 | 1,166 |

Source: BERL analysis

4.3.2 Operational and capital expenditure

Overall, for the Christchurch cluster, BERL estimated that museums and galleries spent a total of \$89 million in the 2022-23 financial year on operational and capital expenditure (Table 4.11 and 4.12). This direct expenditure in the region generated \$52 million in GDP and 516 FTEs. Once indirect and induced effects are included, the total economic impact for the Christchurch regional cluster was \$112 million in GDP and contributed to the employment of 954 FTEs.

Table 4.11 Christchurch cluster – economic impact, operational expenditure 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 65 | 36 | 24 | 125 |
| GDP (\$m) | 46 | 24 | 19 | 89 |
| Employment (FTEs) | 469 | 183 | 122 | 774 |

Source: BERL analysis

Table 4.12 Christchurch cluster – economic impact, capital expenditure 2022-23 financial year

| | Direct | Indirect | Induced | Total |
|-------------------|--------|----------|---------|-------|
| Expenditure (\$m) | 24 | 27 | 10 | 61 |
| GDP (\$m) | 6 | 11 | 6 | 23 |
| Employment (FTEs) | 47 | 96 | 37 | 180 |

Source: BERL analysis



In total, there were 67 responses to the 2023 Museum Sector Survey from museums and galleries around New Zealand. Of these responses, 50 were used as the final dataset for BERL's analysis of the survey results. For comparison, the previous Museum Sector Survey undertaken in 2017 obtained responses from 66 museums and galleries.

The 2023 Museum Sector Survey was aimed at gathering information from museums and galleries across a range of different topics. Museums and galleries were asked to provide data across three financial years (2018-19, 2020-21 and 2022-23) for the following topics.

| Section One – Institutional information | Section Two – Collections | Section Three – Access and visitation |
|--|---|--|
| <p>This section of the survey focused on information about the institution, its functions and external relationships.</p> <p>In this section, we asked questions on the following topics:</p> <ul style="list-style-type: none"> + Name and regional location of the institution + Number of collaborations with other local museums, galleries, and arts and heritage organisations + The institution's relationship with Māori groups (iwi, hapū, whānau and Māori-owned businesses) + Specific programmes for Māori and Pacific Peoples + The primary and secondary functions of the institution + Facilities available on-site at the institution. | <p>This section of the survey focused on information about the institution's collection across the last financial year ending March 2023.</p> <p>In this section, we asked questions on the following topics:</p> <ul style="list-style-type: none"> + Size of the institution's collection + Number of acquisitions and how they were acquired (donations, purchases or other) + Value of acquisitions + Category or categories of the institution's collection + Percentage of the collection on public display and permanent exhibition + Details on temporary exhibitions or touring exhibitions, including the number of exhibitions and the number of visitors + The proportion of the collection available to the public online + The proportion of the collection that is in a stable or unstable condition and requiring conservation treatment. | <p>This section of the survey focused on information about the institution's visitors, website and programmes organised or hosted by the institution, including educational programmes.</p> <p>In this section, we asked questions on the following topics:</p> <ul style="list-style-type: none"> + Total number of visitors and unique visits to the institution + Percentage of visits by locals, domestic visitors from outside the region and international visitors + Number of educational programmes hosted or organised, by type of programme (school holiday and curriculum focused), number of school groups and total number of students + The amount of funding received through enriching local curriculum funding + The number of other public programmes hosted or organised by type of programme + Partnerships with accessibility groups + Information on the institution's website, what role it performs, and visitor traffic to the website. |

Section Four – Financial information

This section of the survey focused on information about the institution's financial revenue and expenditure across the 2018-19, 2020-21 and 2022-23 financial years.

In this section, we asked questions on the following topics:

- + Admission charging
- + Total revenue
- + Amount of funding received by the institution by funding sources (such as central government, local councils, grants, donations, lotteries or other sources)
- + Sources of revenue generated by the institution and the amount earned
- + Total operating expenditure
- + Amount of expenditure on specific categories, such as insurance, acquisitions, conservation, educational programmes, and staff costs
- + Services provided at no cost by another organisation
- + Total capital expenditure
- + Capital expenditure on buildings, exhibitions, collections, IT/software and other plant and machinery
- + Total value of the institution's assets, including collections and buildings.

Section Five – Staffing

This section of the survey focused on information about the institution's staffing across the last financial year 2022-23, the 2020/21 financial year and the 2018/19 financial year.

In this section, we asked questions on the following topics:

- + Number of paid employees by type of employment (full-time, part-time, casual, fixed contract)
- + Number of hours worked by casual employees
- + Staff turnover
- + Number of volunteers and total number of hours volunteered
- + The provision of internships.

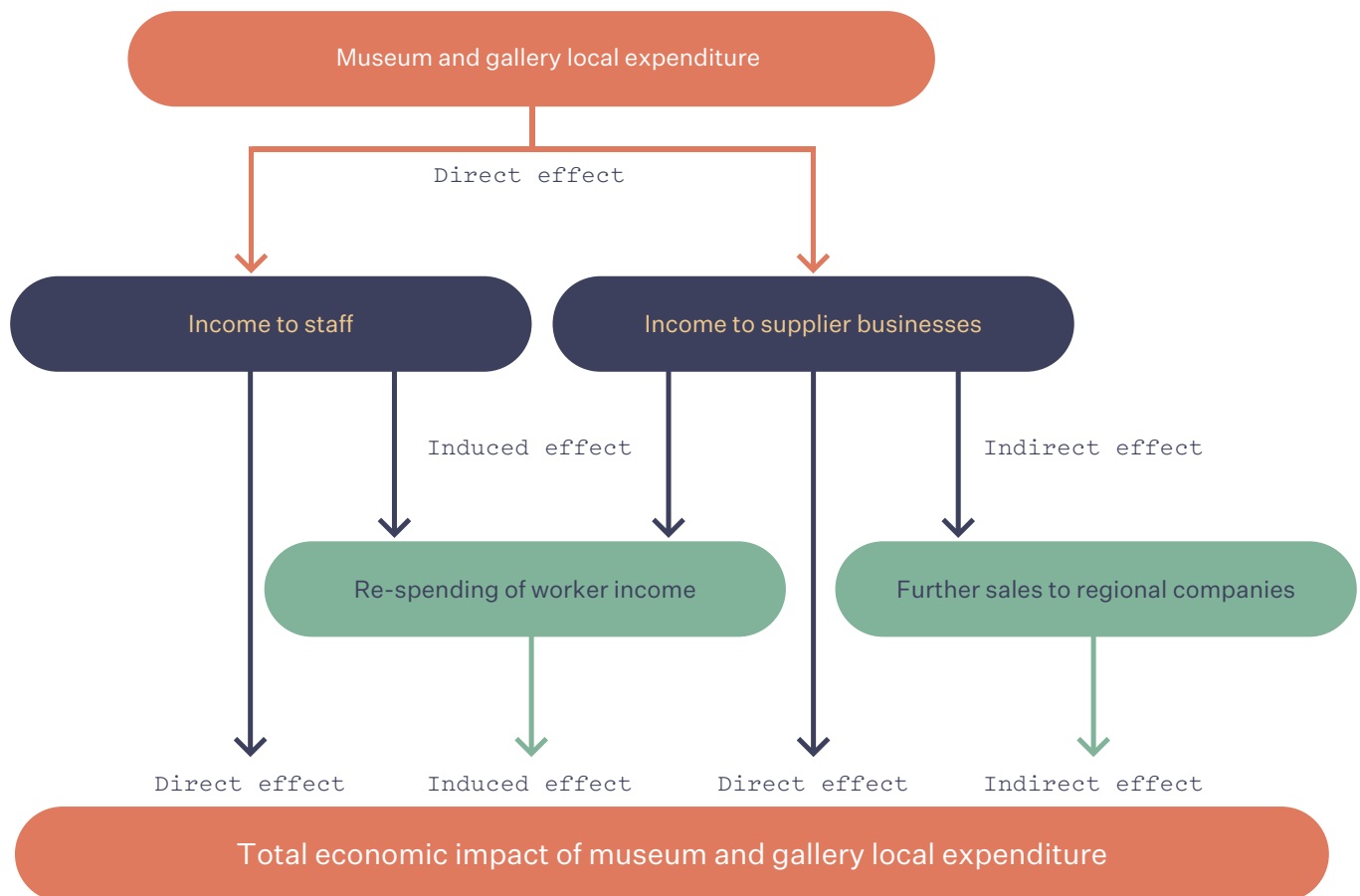
Section Six – General

This section of the survey focused on the institution's pressing concerns and ability to fund its strategic goals.

In this section, we asked questions on the following topics:

- + What are the most pressing concerns or issues for your institution in the upcoming year and what are the expected impacts of these?
- + Do you expect current revenue, from all sources, to adequately fund your institution's strategic goals?

Figure 4.4 - Economic effects from museums and galleries local expenditure

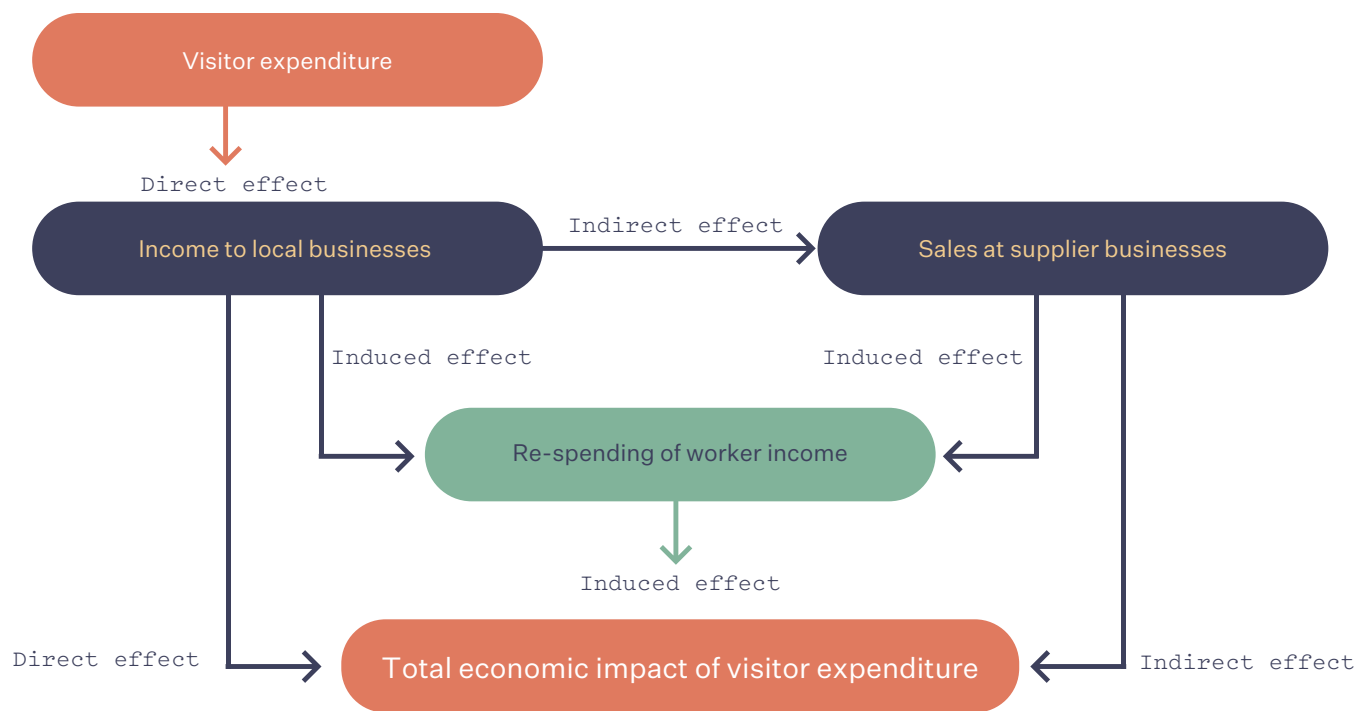


Source: BERL

The second stream of spending, which is analysed for a cultural EIA, is the spending by visitors to the region who otherwise would not have visited or stayed if the museum(s) or gallery(ies) had not been there. Visitors often stay for multiple nights and will spend money each day on things that they want and need in the city. This expenditure directly impacts businesses, including accommodation providers, retail stores, restaurants and bars.

This spending multiplies as these businesses spend more money on supplies to service the additional visitors indirectly. From both the direct and indirect impacts, workers receive income, which they continue to spend in the economy. This process is outlined in Figure 4.5.

Figure 4.5 - Economic effects from visitor expenditure



Source: BERL

Economic impact within the four well-beings

Economic growth is traditionally measured as the annual growth rate of real gross domestic product (GDP) per capita. In non-economic terms, this translates to how much extra value is being created per person per year. The usual assumption is that this growth benefits everyone and improves well-being through increasing household incomes as GDP rises. While real GDP per capita growth is a marker for economic activity, it does not measure human happiness, social connection, safety and security, or physical and emotional health. GDP also does not factor in the negative impacts of economic growth, such as income inequality and the depletion of the natural environment.

The Local Government Act 2002 requires district and regional authorities to promote the social, economic, environmental and cultural well-being of Aotearoa New Zealand's communities in the present and into the future.

In a similar fashion, the New Zealand Treasury's Living Standards Framework (LSF) considers the growth and protection of Aotearoa New Zealand's four capitals: the natural environment, financial and physical capital, social cohesion and human capability. The key difference between the well-beings and the capitals is that the well-beings are considered current, while the capitals are treated as assets, which will determine future well-being.

In the context of well-being, a museum or gallery acts as both a provider of current well-being activities and a custodian of the capital to benefit future generations.

Regional tourism GDP

Table 4.13, Table 4.14 and Table 4.15 show the total size in terms of GDP of the tourism industry in each of the three regional clusters for the 2012, 2017, 2021 and 2022 March

years. In the case of each of the regional clusters, we can use this data to estimate the overall size of the contribution to this industry from the museums and gallery regional clusters.

Table 4.13 Auckland tourism GDP, 2022

| Tourism GDP (2022\$m) | Years ending March | | | |
|-------------------------------------|--------------------|---------|---------|---------|
| | 2012 | 2017 | 2021 | 2022 |
| Tourism-characteristic industries | 3,937 | 4,649 | 4,620 | 4,887 |
| Tourism-related industries | 537 | 757 | 1,003 | 1,065 |
| All non-tourism-related industries* | 1,253 | 1,557 | 1,872 | 1,960 |
| Tourism sector | 5,727 | 6,964 | 7,494 | 7,912 |
| Total GDP: Auckland | 93,004 | 114,660 | 123,318 | 129,892 |

Source: BERL analysis, Statistics New Zealand

Table 4.14 Christchurch tourism GDP, 2022

| Tourism GDP (2022\$m) | Years ending March | | | |
|-------------------------------------|--------------------|--------|--------|--------|
| | 2012 | 2017 | 2021 | 2022 |
| Tourism-characteristic industries | 993 | 1,155 | 1,278 | 1,149 |
| Tourism-related industries | 175 | 199 | 266 | 249 |
| All non-tourism-related industries* | 429 | 484 | 597 | 539 |
| Tourism sector | 1,597 | 1,839 | 2,141 | 1,937 |
| Total GDP: Christchurch city | 33,586 | 37,287 | 40,614 | 43,108 |

Source: BERL analysis, Statistics New Zealand

Table 4.15 Wellington tourism GDP, 2022

| Tourism GDP (2022\$m) | Years ending March | | | |
|-------------------------------------|--------------------|--------|--------|--------|
| | 2012 | 2017 | 2021 | 2022 |
| Tourism-characteristic industries | 882 | 1,151 | 880 | 883 |
| Tourism-related industries | 144 | 207 | 218 | 222 |
| All non-tourism-related industries* | 290 | 373 | 354 | 361 |
| Tourism sector | 1,316 | 1,731 | 1,452 | 1,467 |
| Total GDP: Wellington | 25,191 | 29,598 | 31,225 | 32,693 |

Source: BERL analysis, Statistics New Zealand

* All non-tourism-related industries' is the Statistics New Zealand classification for all other tourism-induced spending in non-tourism-related industries.

The economic impact
of museums and galleries
on regional clusters

Museums

Aotearoa

