



Economic Impact Survey 2010

Understanding the Economic Impact of Arts and Cultural Organisations in the Wellington Region

Report prepared by Angus & Associates

for

Arts Wellington

(The Wellington Regional Art & Cultural Development Trust)

December 2010

... with the support of Wellington City Council

Absolutely

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The Value of Arts

Arts means business in Wellington...

It is generally appreciated that the Arts and Culture sector contributes many intrinsic values to the community. Arts and Culture provides a social infrastructure, creates connections and experiences, and attracts visitors to a city. At its very best level, the arts also foster originality and vitality, support diversity, and provide a source of inspiration that provokes innovative thinking.

A healthy Arts and Culture sector also creates jobs and contributes significantly to the economy.

This new survey – **Arts Wellington Economic Impact Survey 2010** – sought to generate some credible data to demonstrate the economic benefits of a vibrant arts and culture industry.

In August 2010 members of the Wellington Arts and Cultural Development Trust (Arts Wellington) were asked to complete a questionnaire on their income and expenditure in their last financial year. 40 Member Organisations completed the questionnaire (see Contributors, page 5).

The **Arts Wellington Economic Impact Survey** provides compelling new evidence that these 40 arts and culture organisations, as well as contributing significantly to the social and cultural environment, provide meaningful economic benefits – collectively generating \$141.5 million of expenditure within the Wellington region over a 12 month period.

This spending supports 2,041 jobs, provides \$58.4 million in direct household income and a further \$83 million in operating, marketing and facilities expenditure. This is also largely expended within local businesses and contributes indirectly to household incomes, in turn supporting jobs, creating household income and generating further revenue.

By demonstrating that an investment in arts and culture yields economic benefits, this study also seeks to lay to rest a common misconception: that communities support the arts and culture at the expense of other local economic development. In fact, they are investing in an industry that provides jobs, generates revenue, and is a cornerstone of the local tourism industry. The income graph (page 9) demonstrates that the investment in the arts by local and government organisations is repaid significantly by the additional income that is generated. Local government provides only 9.4% of total income, and central government 38.4% (of which almost 80% goes to four organisations that are Crown Entities/directly Crown funded).

The total income generated of \$146.36 million also has a flow-on effect. Audiences that attend arts events often share a drink with friends, have a meal in a restaurant, and spend money on travel, parking, retail and accommodation. Where would the city be without this expenditure?

And importantly, the social impact cannot be ignored. These 40 Arts and Culture organisations generated 5,272 different performances/events in their last financial year – performances and events which were enjoyed by a total estimated audience of more than 2.7 million people. Or to think of it another way, for every full time equivalent employee in these 40 organisations, 2,434 people benefited from an arts experience.

A significant proportion of these Wellington-based organisations create works that are enjoyed throughout New Zealand, and overseas (page 13). While 65% of the activity was located in Wellington City and 9% in Greater Wellington (outside the City), 24% of activity took place across the rest of New Zealand and 2% overseas.

This survey also reveals the valuable contribution that volunteers make to these 40 Arts and Culture organisations. Over a 12 month period, 1,954 people participated as volunteers, donating 66,692 hours (with a value at minimum wage of \$850,323). This clearly indicates how these tightly-run (mostly non-profit) organisations depend on the support and enthusiasm of these volunteers (1.05 volunteers to every paid person) to create their performances and events. The volunteers also benefit from diversity of experience, the fun of participation, and development of skills that they may bring to future work. For many young volunteers this is a stepping stone into an employment experience.

This new **Arts Wellington Economic Impact Survey** demonstrates that in supporting the arts we also invest in the region's economic wellbeing. Many of these organisations need stability to thrive, and in the current economic climate are facing threats to their future. On average, study participants consider 24% of their income to be at risk, particularly from funding sources such as corporate sponsorship, central government (Creative New Zealand), non-government grants, and programme-generated revenue (page 15).

Overall, it's as simple as this: an investment in the arts sector reaps the additional benefit of jobs, tourism and economic growth, as well as quality of life.

Contributors

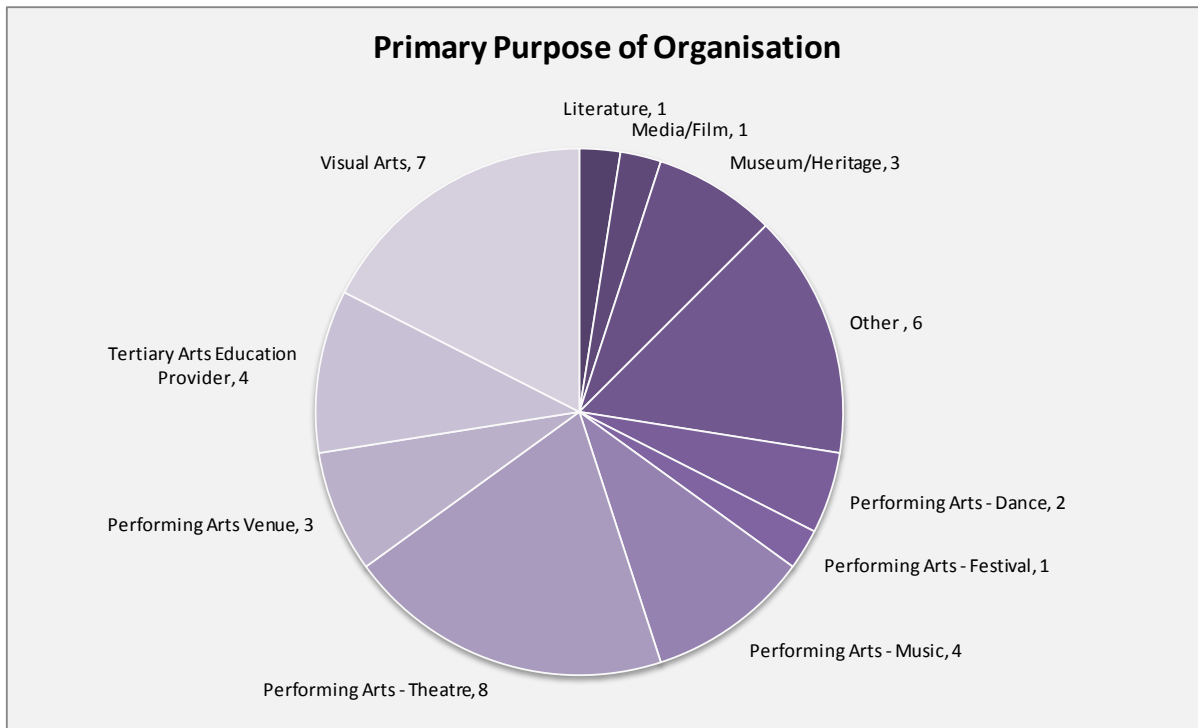
Arts Wellington thanks the 40 Wellington-based arts organisations that contributed to this study by providing detailed information on income, expenditure, employment and artistic activity during their last financial year.

Adam Art Gallery	New Zealand Portrait Gallery
BATS Theatre	New Zealand School of Dance
Capital E	New Zealand School of Music
Centre for New Zealand Music – SOUNZ	New Zealand Symphony Orchestra
Chamber Music New Zealand	Pataka, Museum of Arts and Cultures
Circa	Playmarket Inc.
City Gallery	Royal New Zealand Ballet
DANZ Dance Aotearoa NZ	St James Theatre and Opera House
Downstage Theatre	Shakespeare Globe Centre New Zealand
Enjoy Public Art Gallery	Stage Left
Expressions Arts and Entertainment Centre	Taki Rua Productions
Footnote Dance	Te Papa
Museum of Wellington City & Sea	The Film School
Museums Aotearoa	TheNewDowse
NBR New Zealand Opera	Toi Poneke Arts Centre
New Zealand Academy of Fine Arts	Toi Whakaari: NZ Drama School
New Zealand Book Council	Wellington Convention Centre
New Zealand Cricket Museum	Wellington Improvisation Troupe (WIT)
New Zealand Film Archive	Wellington Regional Orchestra Foundation Inc.
New Zealand International Arts Festival	Wellington Regional Stadium Trust

As context for later results, **Figures 1-3** (overleaf) profile contributing arts organisations by main purpose, legal status/structure, and financial year end.

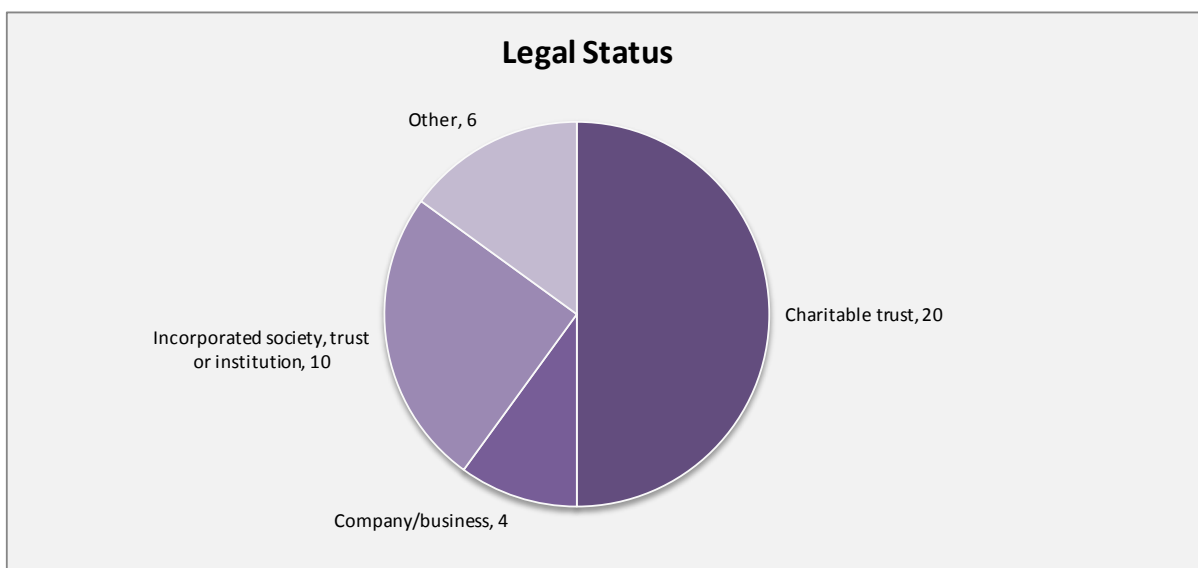
Figure 1 highlights the diversity of organisations contributing to the Arts Wellington Economic Impact Study 2010. The largest groups were those identifying their primary purpose as Performing Arts -Theatre (eight organisations) or Visual Arts (seven organisations). Six organisations noted their primary purpose as “other”: this group included organisations servicing the arts sector and professional arts associations.

Figure 1



As seen in **Figure 2**, half of the arts organisations contributing to this study are registered as charitable trusts and a quarter as incorporated societies, trusts or institutions. The six organisations of ‘other’ legal status include local government agencies and crown entities. Two of the organisations identified as limited liability companies also have charitable status.

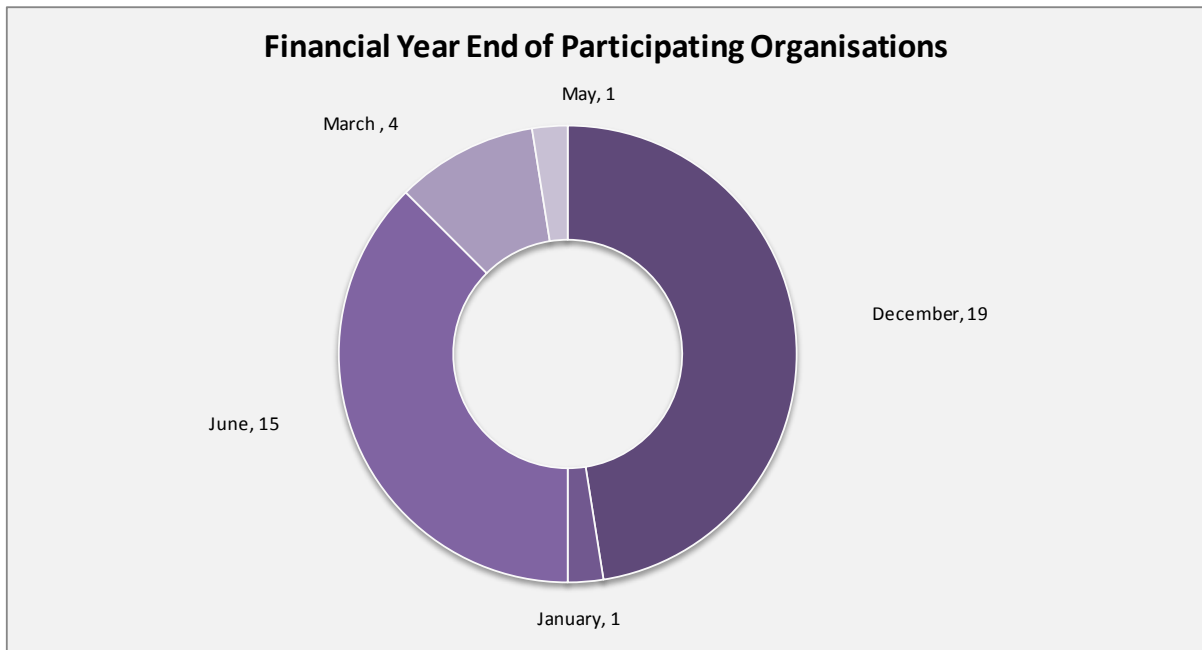
Figure 2



Finally, almost half of the arts organisations contributing to the Arts Wellington Economic Impact Study 2010 marked the end of their last financial year in December 2009. A further 15 operate to a July-June financial year with the year immediately preceding this study being YE June 2010 (refer **Figure 3**).

Arts organisations were asked to provide details of income, expenditure, employment and artistic activity during their **last financial year**. For the most part then, the data presented in this report relates to the 18-month period spanning 1 January 2009 to 30 June 2010.

Figure 3



Arts Adding Value

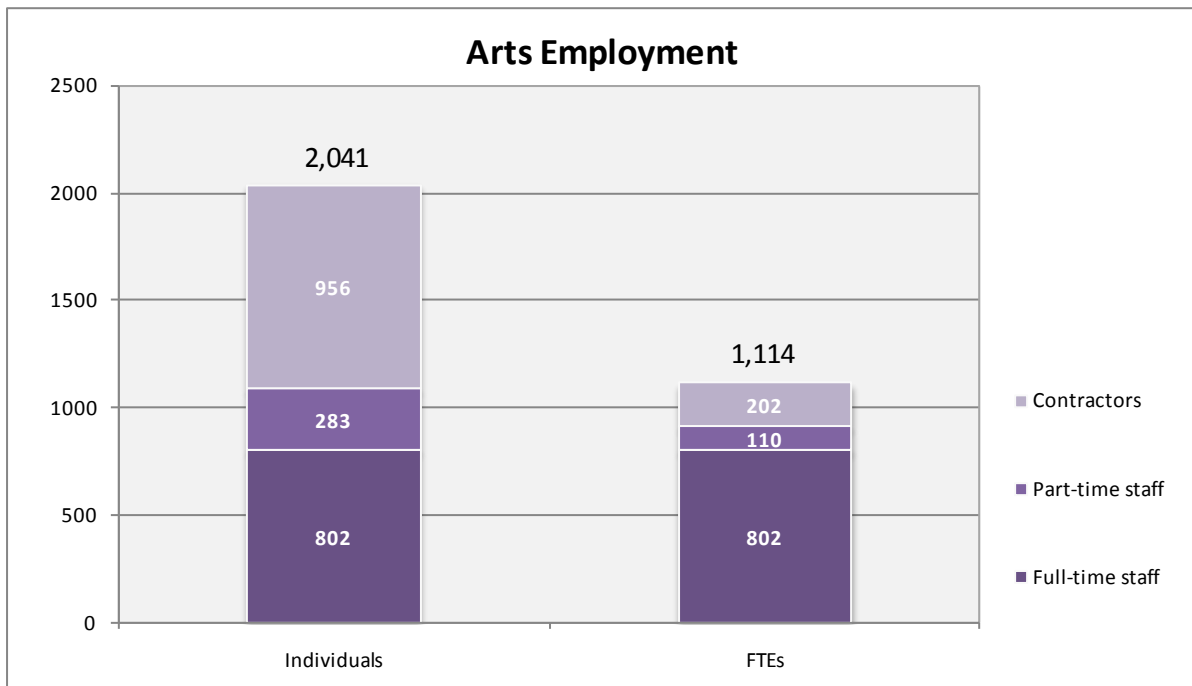
Employment

The 40 arts organisations that contributed to this study together employed a total of 912 full-time equivalent staff during their last financial year. More than 800 of these staff were employed on a full-time basis (802) and 283 on a part-time basis.

In addition to those on employment contracts, the 40 organisations collectively employed 956 contractors, each of whom worked for an average of 440 hours per annum. At 420,452 hours in total, contractors therefore equated to another (approximately) 202 full-time equivalent staff.

As depicted in **Figure 4**, this takes the total of those in **paid arts employment** to 2,041 individuals and 1,114 full-time equivalents (FTEs).

Figure 4



The 40 contributing organisations were further supported by 1,954 **volunteers** working a little over 34 hours each on average during the last financial year. This amounts to a total of almost 67,000 volunteer hours during the arts organisations' last financial year.

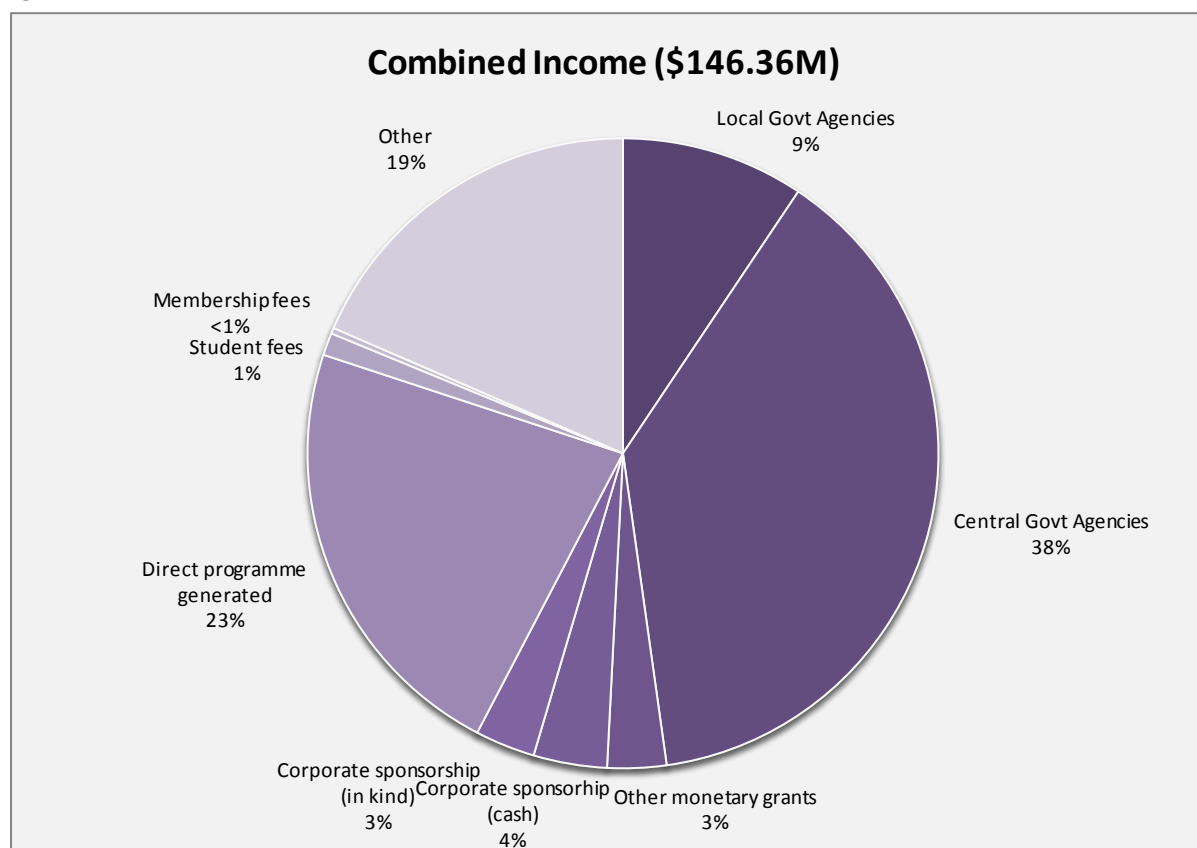


Income and Expenditure

In total, 38 of the 40 arts organisations contributing to this study provided detailed information concerning income and expenditure. These 38 organisations collectively generated more than \$146 million in **income** during their last financial year.

As shown in **Figure 5**, more than 40% of funds accrued from commercial activities – either ticket sales or other programme-generated revenue – or from ‘other’ sources of income such as rentals, retail and food and beverage sales. A further 7% of income was sourced from corporate sponsorship, either in cash or in-kind.

Figure 5



	Value (\$M)	Proportion of Total Income
Monetary grants – local government	\$13.73	9.4%
Monetary grants – central government	\$56.20	38.4%
Monetary grants – other	\$4.20	3.0%
Corporate sponsorship – cash	\$5.51	3.8%
Corporate sponsorship – in-kind	\$4.50	3.1%
Direct programme-generated	\$32.81	22.4%
Student fees	\$1.69	1.2%
Membership fees	\$4.50	0.3%
Other	\$27.06	18.5%

Public Support for Arts Funding

A Creative New Zealand/Wellington City Council study by Colmar Brunton – *Wellington and the Arts: Attitudes, Attendance and Participation in 2008* – confirmed there were particularly high levels of public support for the arts in Wellington. 86% of Wellingtonians felt that the arts should receive public funding, and 81% believed that their council should give money to support the arts.

In addition, the arts were a significant contributor to Wellington's local identity with 84% of residents agreeing that their community would be poorer without the arts, and 67% regarding the availability of the arts events and activities as an important reason why they like living where they do.

The Ministry for Culture & Heritage study *"How Important is Culture? New Zealanders' Views in 2008"* found that 94% of people agreed that cultural activity enabled people to express themselves and be creative. And 91% agreed that cultural activities helped to enrich the quality of people's lives. Additionally the study indicated that 84% of people believed that supporting and encouraging creative activity is an important role of Government.

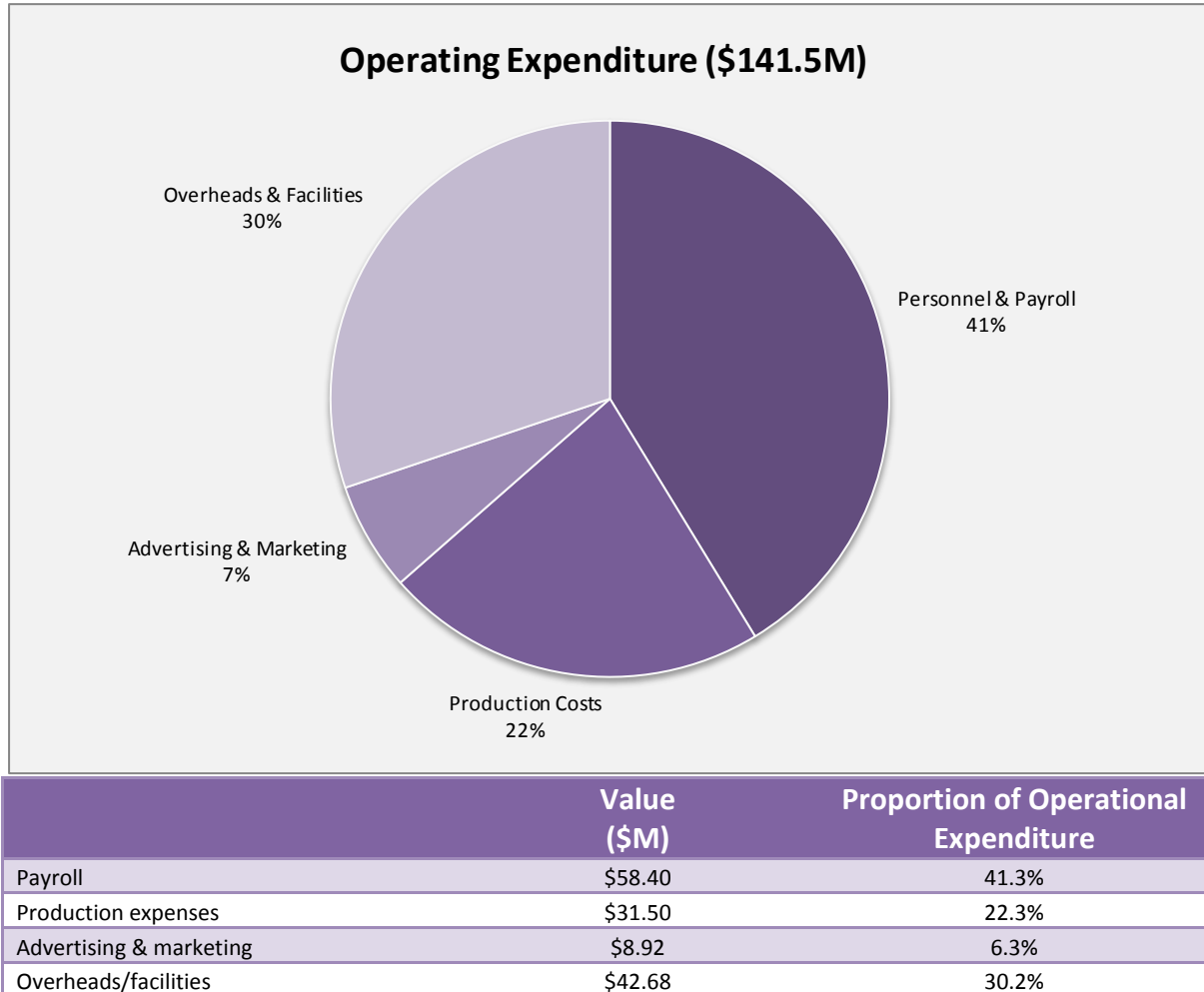
Grants received from central government agencies amounted to \$56.2 million (or 38% of total income). However, it is important to note that just four of the organisations contributing to this study (Te Papa, New Zealand Symphony Orchestra, Royal New Zealand Ballet and the New Zealand Film Archive – all Crown Entities or directly funded by central government) were together the recipients of almost 80% of this sum.

Grants received from local government agencies constituted 9% of total income, and grants received from 'other' sources (e.g. Community Trusts) just 3%.

In addition, the 38 contributing organisations received a total of \$0.53M in-kind corporate sponsorship which was not accounted for as income.

The 38 arts organisations contributing to this study collectively **spent** \$141.5 million on operational expenditure in the last financial year (refer **Figure 6**). The largest item of expenditure was personnel and payroll (41% of operational expenditure) while advertising and marketing expenses accounted for just 6% of operational expenditure.

Figure 6



In addition, the 38 organisations reported **capital expenditure** of \$8.85M in their last financial year.

Arts Activity

To establish the scale and geographic distribution of arts activity undertaken by Wellington-based arts organisations, study participants were asked to identify the proportion of their arts activity which is undertaken in Wellington City, in the wider Wellington Region (outside of Wellington City), elsewhere in New Zealand and overseas.

As shown in **Figure 7** overleaf, arts organisations on average undertake almost two-thirds of their arts activity in Wellington City and a further 9% in other parts of the Wellington Region (Hutt Valley, Porirua, Kapiti or Wairarapa).

However it is important to note that this does not necessarily reflect the origin of arts audiences: while activity may be undertaken in Wellington City (for example), audiences are likely to originate from across the Wellington Region, from elsewhere in New Zealand (as domestic visitors) and from overseas (as international visitors). Arts Wellington has other initiatives underway to build a better understanding of the profile of arts audiences according to origin and other factors.

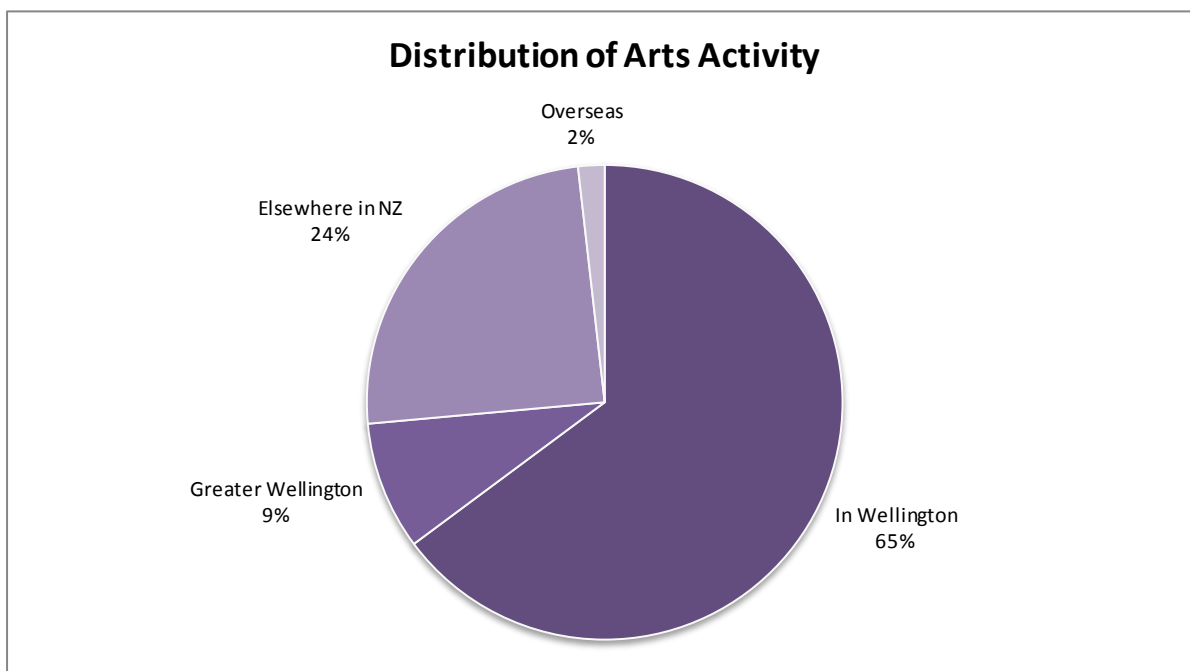
Just over a quarter of the arts activity undertaken by organisations contributing to this study takes place outside of the Wellington Region – the vast majority in other New Zealand towns or cities.

Regional Visitor Monitor highlights value of arts...

The latest Regional Visitor Monitor (RVM) report prepared for Positively Wellington Tourism highlights just how important the arts, cultural and heritage sector is to Wellington's tourism industry. Key findings for the year to September 2010 include: -

- "Local culture" is a significant factor in the choice of Wellington as a holiday destination
- A growing proportion of visitors are attending concerts/events/shows during a visit to Wellington
- Visitors to Wellington are much more likely to take part in cultural/heritage/educational experiences and to attend concerts/events/shows than are visitors to the other main regions of New Zealand
- Of all activities undertaken by visitors to Wellington, experiences of concerts/theatre/performing arts deliver the highest levels of visitor **satisfaction**.

Figure 7



To further clarify the scale, distribution and nature of arts activity undertaken by Wellington-based arts organisations, those contributing to the Arts Wellington Economic Impact Study 2010 were also asked to provide information on the experiences **generated, performed or hosted** by their organisation during the last financial year.

Information was collected in **five categories** (charged admission/events in Wellington City; charged admission/events in other parts of the Wellington Region; free admission/events in Wellington City; free admission/events in other parts of the Wellington Region; events performed outside of the Wellington Region) and on **three measures**: number of shows, number of days and total audience.

As shown below, the arts organisations contributing to this study collectively delivered a total of 5,272 performances and events in their last financial year – reaching an audience of more than 2.7 million people.

	Shows	Days	Audience
Charged Events Wellington City	2,581	3,050	878,763
Charged Events Greater Wellington	236	545	128,217
Free Events Wellington City	766	9,469	888,801
Free Events Greater Wellington	199	1,006	301,654
Events Outside Wellington/Overseas	1,490	1,324	513,939
TOTAL	5,272	15,394	2,711,374

Figures 8 and 9 illustrate the distribution of arts activity, firstly by **volume of shows** and then by **audience size**.

Not surprisingly, this confirms that free events account for a much larger proportion of arts audiences than they do of **shows** generated, performed or hosted in Wellington City or the wider region: i.e. audiences attending free events are typically much larger than audiences attending events for which payment is required.

Figure 8

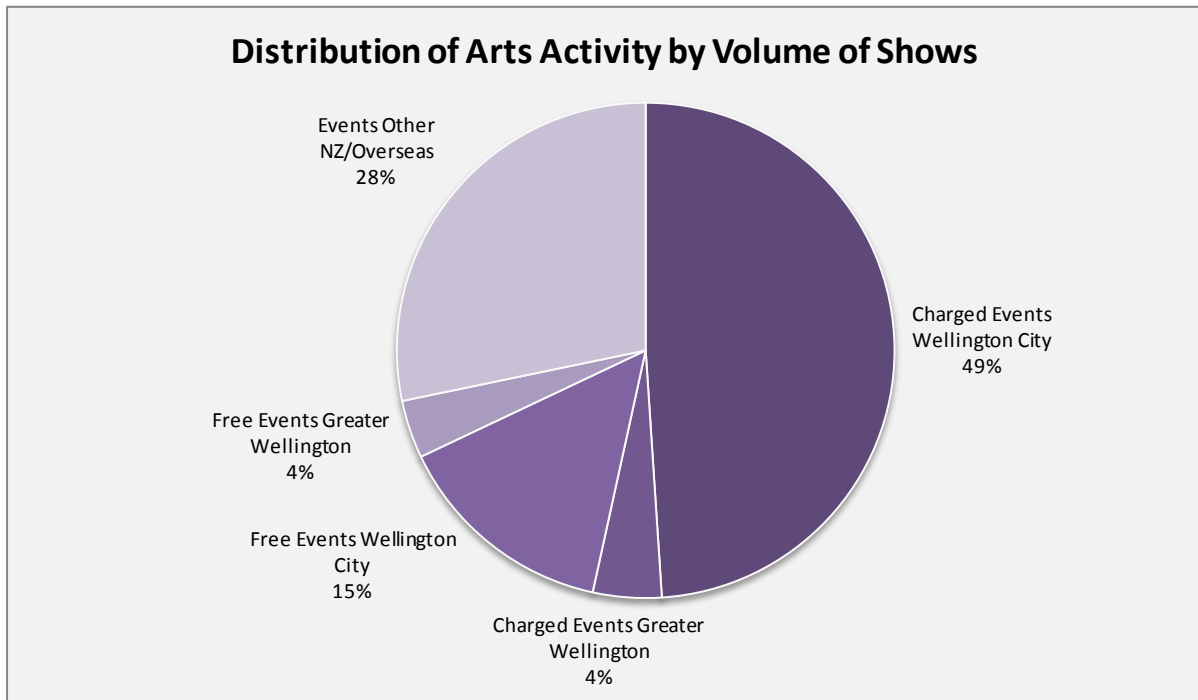
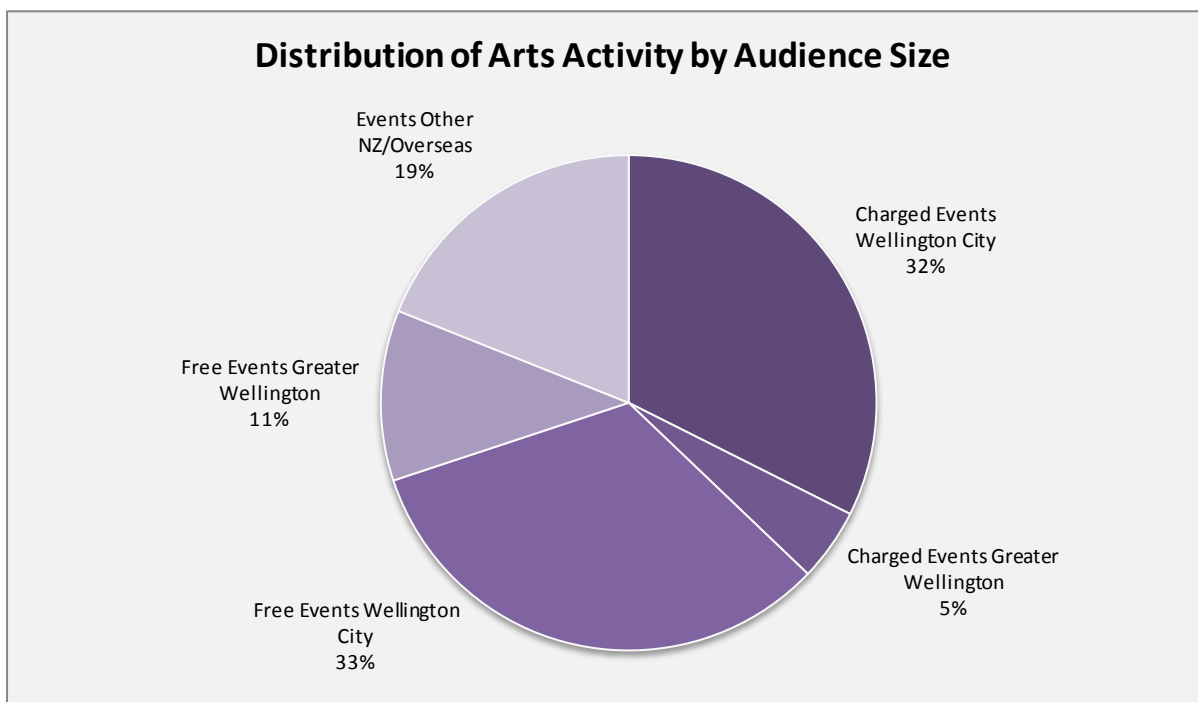


Figure 9

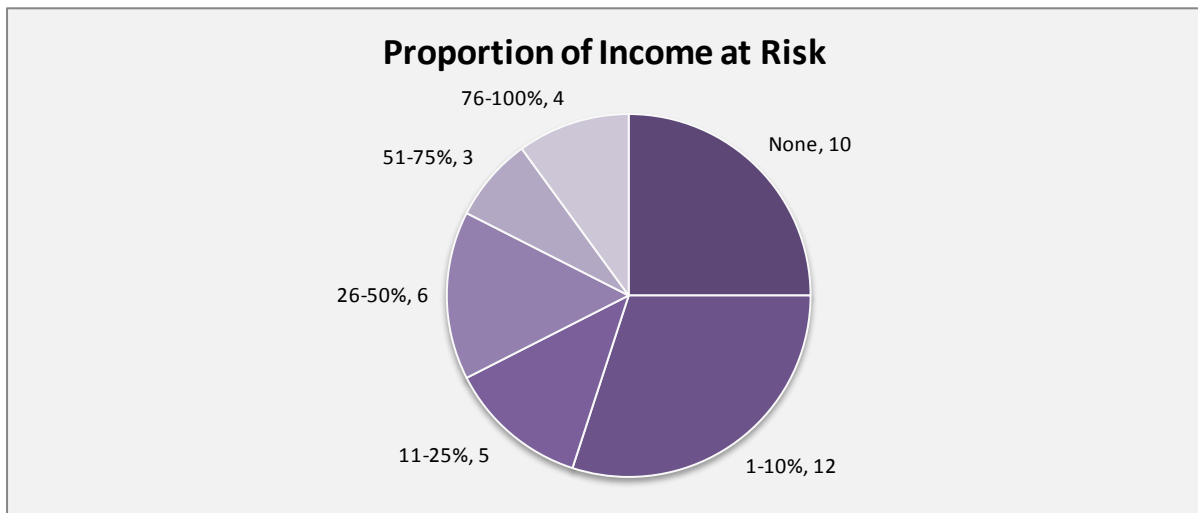


Arts at Risk

As demonstrated in this study, professional arts organisations are reliant on a range of income streams from a variety of sources. Changes in funding, or the security of funding, can seriously impact the viability of arts organisations.

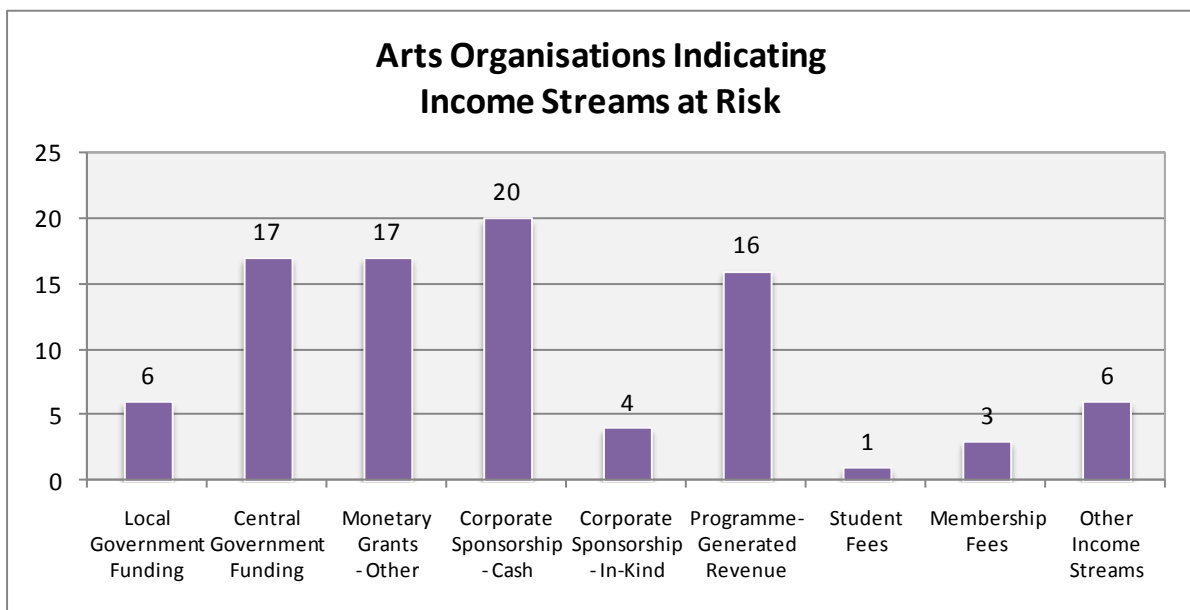
Three-quarters of the 40 arts organisations contributing to this study considered at least one source of present income **at risk**. The proportion of income deemed 'at risk' ranged from 1% to 100%, with an average of 24% and distribution as shown in **Figure 10**.

Figure 10



As shown in **Figure 11**, greatest risk is attached to income generated from corporate sponsorship (cash), from central government grants, from other monetary grants and from ticket sales/other programme-generated revenues.

Figure 11



About this Study

This study was conducted by Angus & Associates on behalf of The Wellington Regional Art and Cultural Development Trust (Arts Wellington). The Arts Wellington Economic Impact Study 2010 sought to establish key parameters by which to assess the economic impact of professional arts organisations based in the Wellington Region and delivering arts experiences to audiences in Wellington City, the wider Wellington Region (Hutt Valley, Porirua, Kapiti and Wairarapa), other regions of New Zealand and internationally.

This study cannot alone confirm the full economic impact of Wellington's arts organisations and the activity they produce. Consideration is also required of the indirect impacts of employment and expenditure by arts organisations, and of the direct and indirect impacts associated with expenditure by arts audiences (and especially that proportion of the arts audience drawn to the Wellington Region by arts-related activity and events).

This study does however provide some critical inputs to a more comprehensive economic analysis and sets a benchmark against which to measure change over time. It also provides important insights to the true scale of the contribution made by professional arts organisations to the economy of the Wellington Region.

Notes on Methodology

40 of 54 professional arts organisations identified by Arts Wellington responded to the Economic Impact Study 2010 – a response rate of 74%. Survey participants ranged in size from those with annual operating expenditure of less than \$30,000 to some with annual operating expenditure of many millions of dollars. Those organisations which chose not to participate tended to be smaller in size and cited constraints of time and resource to do so. Therefore, while a less than 100% percent response rate will inevitably result in an understatement of economic impacts, this effect is not thought to be sizeable.

Arts organisations contributed to the study by completing and returning an Excel-based spreadsheet requiring the input of detailed information on employment, income, expenditure, and arts activity – all in the last financial year. While every effort has been made to check and clean data where responses were incomplete or where data fell outside expected ranges, the self-completion nature of the research methodology does mean that Arts Wellington is reliant on participants in regard to the accuracy and completeness of the data supplied.

Similarly, while every effort has been made to remove duplicate data – where, for example, an event might have been reported by both producer and venue – Arts Wellington cannot guarantee that all instances of duplication have been identified and data corrected.

Arts organisations contributed responses relating to their last financial year, with data collection taking place late August through October 2010. As noted on page 7, this means that data presented in this report typically relates to a full financial year for each organisation during the 18-month period spanning 1 January 2009 to 30 June 2010.