

TO: The Council

FROM: Director Dunedin Public Art Gallery

MEETING DATE: 24 January 2012

SUBJECT: **GALLERY ACQUISITIONS FUNDING**

SUMMARY

This report is in response to a request from Council for the Dunedin Public Art Gallery (the Gallery) to provide it with an overview of the subject of acquisitions, a matter raised during the public consultation for the 2011/12 Annual Plan (11 May 2011 meeting). The report provides background information about this topic, comparative data with other galleries and a recommendation that the Council considers, as part of the LTP, whether it wishes to increase funds to the Gallery for acquisitions in staged increments commencing in the 2014/15 financial year, with the aim of reaching a figure of \$300,000 per annum by the year 2020.

IMPLICATIONS FOR:

- | | |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Policy: | No |
| (ii) Approved Annual Budget: | No |
| (iii) LTP/Funding Policy: | Yes - If the recommendations of this report are supported it will require an increase of funding in this area commencing 2014/15. |
| (iv) Activity Management Plans: | No |
| (v) Community Boards: | No |
| (vi) Sustainability: | Yes - If the recommendations of this report are not supported the Gallery's ability to continue to develop its collection will be compromised. |

RECOMMENDATIONS

This report recommends that the Council:

- 1 Considers, as part of the LTP, whether it wishes to increase funds to the Dunedin Public Art Gallery for acquisitions in staged increments commencing in the 2014/15 financial year, with the aim of reaching a figure of \$300,000 per annum by the year 2020; and
- 2 Endorses the Dunedin Public Art Gallery's proposal to establish a trust to incentivise donations for acquisitions.

INTRODUCTION

The Gallery does not have sufficient funding to develop the collection effectively. This is the result of a variety of factors, including changes in the art market, declining income from the Gallery Society's investments (in the past, the main source of acquisition funds) and the low level of funding the Dunedin City Council allocates to the Gallery in this area in comparison to its market competitors (primarily the other main centre organisations in the sector).

COLLECTION ACQUISITION FUNDING SOURCES

The Dunedin City Council began including an allocation for acquisitions in the Gallery's operating budget in the 2003/2004 financial year. Initially, this was in the amount of \$20,000 per annum, which then increased in the 2007/2008 financial year to \$50,000 per annum.

The Gallery Society (Friends of the Gallery) generates funds that it contributes to the Gallery for acquisitions from its own invested funds (accrued over time from donations and bequests). At present, the Society makes the funding it requires for its administration through its membership subscriptions, but is not in a position to add to the funds invested other than by the occasional new bequest. As such, funds available for acquisitions have been declining over the last decade. The Society forecasts that, without going into capital and allowing for inflation indexing, it will be able to provide the Gallery with no more than \$30,000 per annum for the next 10 years.

Sometimes the Society can apply to certain Trusts to augment the funds it contributes to Gallery acquisitions and at various times it has worked hard to fundraise for particular items. These are not regular sources of funds and some avenues used for funding in the past have been discontinued (e.g. the Queen Elizabeth II Arts Council, now Creative NZ, used to offer a contestable subsidy for acquisitions), or are no longer available to NZ institutions (e.g. the UK based National Art Collections Fund).

The Gallery also receives an occasional bequest directly and any such monies are held by the Council until such time as they are expended. The funds held by the Council gather interest until called on and the interest on these Special Funds also makes a valuable contribution to the Gallery's source of funds for acquisitions.

For the first time in its history, the Dunedin City Council allocation for acquisitions is the Gallery's primary source of funding.

DECLINING BUYING POWER

Despite the introduction of a Council contribution to acquisition funds, the Gallery's ability to purchase works continues to weaken. This diminishing trend is reflected in data relating to rates of change for numbers of works acquired and the origins of those acquisitions.

In the first decade of its 126-year lifetime, the Gallery was able to purchase 80% of the works added to the collection, the other 20% being gifted. In 2010, that division between gifts/bequest and acquisition by purchase was reversed, with 80% of the works added to the collection being through gifts and the other 20% by purchase.

On the face of it this statistic may seem to reflect increased generosity on the part of Gallery supporters who have gifted more work to the Gallery. However, actual numbers of works acquired also mirrors the deteriorating situation. At its peak, in the decade 1960 – 1969 the Gallery acquired 1426 items. The most recent decade, 2000 – 2009, saw the Gallery add just 196 items to its collection.

While the Gallery has a long history of generous patronage and remains fortunate in that it continues to receive gifts, it is a situation that cannot be relied on in terms of collection development and does not provide the Gallery with the ability to shape the collection as well as it could in terms of augmenting strengths and filling gaps (it is reactive rather than proactive).

Aside from the straitened times of the current climate inhibiting discretionary spending, the financial environment in NZ recently has seen the rise of Family Trusts, which is changing how people plan for the disposal of their assets.

The elements described above have all made inroads into where the Gallery gets funding from for acquisitions. In contrast to a waning source of acquisition funding, the market for art has

remained remarkably robust. Over time values for public collection worthy work largely resists the impact of the market volatility experienced in other quarters. This means that the prices for the works that the Gallery wants to buy are going up, while the funds it has available to do so are going down. The gap is widening.

OTHER GALLERIES

When the Gallery buys an artwork from a dealer gallery or from auction, aside from private collectors, it is regularly competing with the buying power of its sector colleagues, especially in the main centres – Auckland Art Gallery Toi o Tamaki, Museum of New Zealand Te Papa Tongarewa and Christchurch Art Gallery Te Puna o Waiwhetu.

Thanks to its long and special collection history the Gallery compares more than favourably with these organisations in terms of collection size and strengths. Auckland and Te Papa both have art collections numbering approximately 15,000 items and the Gallery's collection at around 8,000 items is slightly larger than Christchurch with its collection of about 7,000 items.

The Gallery outshines the country with the strength of parts of its historical European collection, although Auckland will eventually benefit from the promised Robertson gift, which will give it a tremendous holding of French Impressionist paintings. While all galleries vary with respect to their holdings by particular artists and key periods and movements in art, all three outstrip Dunedin when it comes to modern and contemporary collections in both NZ and international art. Funding for acquisitions is, however, a very different picture.

Both Christchurch and Auckland Art Gallery receive collection development funding from their respective Council's of \$300,000 per annum as part of the LTP provision for capital expenditure in their annual budget. Both galleries have these funds supplemented by contributions from Friends' organisations (like the Gallery Society) and Special Funds from bequests. In both cases this funding is quite substantial (in 2010 Christchurch Art Gallery received a bequest of \$1.8 million). Auckland Art Gallery also has a Patrons group that buys work for the Gallery. In addition, in 2009, Christchurch entered into a fund matching partnership with the Christchurch City Council for acquisitions. The 'Challenge Fund' matches money raised by the gallery through gifts/donation up to \$200,000 per annum. This is over and above the funds provided through the rates in the operating budget (thus far, present circumstances in Christchurch have not affected this funding). Auckland Art Gallery also benefits from the purchase of works by the Chartwell Trust and the Thanksgiving Trust. These are purchases made in consultation with gallery staff and added to the Trust collections, which are on long term loan to the gallery.

It may seem that with \$3 million per year Government Capital Grant for acquisitions, Te Papa leaves everyone for dead. However, of this \$130,000 goes to Te Aka Matua Library acquisitions and the remaining 2.87M is spread across the five main collecting areas (Art, History, Pacific, Mātauranga Māori, Natural Environment), each of which bids for the funds as acquisitions are sought. Art is an extremely active department, so usually gets a substantial proportion. In 2008/09 Art expenditure (excluding photography) was \$1,210,831. In 2009/10 Art expenditure (excluding photography) was \$1,606,094.

WHY HAVE A COLLECTION

The Gallery exists to make art available to its audiences (indeed its very foundation is based on this premise). The collection provides the Gallery with the ability to secure loans from other art museums, nationally and internationally, and the better the collection the greater the capacity to do so. The collection communicates to other galleries that Dunedin has the appropriate facilities to house or care for works they might lend and serves as leverage for any loans they in turn might want to make. This kind of influence is very important, particularly where works of special cultural significance are involved. Art museums are often reluctant to lend such works and without a substantial, good quality collection they might wish to draw on, it would be much more difficult for the Gallery to access works from other public collections.

The quality of the collection at the Gallery is such that it regularly receives loan requests from institutions overseas. Not only does this improve the opportunities for the Gallery to borrow directly from these organisations, inclusion of works from the collection in international exhibitions also increases the Gallery's profile and credibility, further enhancing its ability to draw on major collections outside NZ. This is profile that serves the city of Dunedin not just the Gallery.

The Gallery's collection is therefore, both a resource and an asset. Like all assets a collection benefits from being properly cared for in order that its cultural value is maintained. Preserving its cultural value means ensuring it continues to be current and relevant and this is achieved through making appropriate additions on a regular basis. One of the roles of the collection is to document the ongoing evolution of artistic practice. It is critical that the principal public collection in the region has the capacity to document the significant artists and art movements of this country and where possible elsewhere. Continuing to develop the collection assists the Gallery to stay relevant to current audiences and as an attractor for new audiences, donors and benefactors.

BENEFIT TO COUNCIL AND COMMUNITY

The Gallery's collection delivers a range of benefits to the Council. It makes a major contribution to meeting key Council outcomes identified in its LTP, including social wellbeing and Dunedin being an educated city and a cultured city. This is an impact that has further spheres of influence including generating profile for the region that translates into making the city attractive for people to live in and wealth generation in terms of tourism. The collection provides the Gallery with the ability to attract high impact touring exhibitions. The increased reliance internationally on collection based shows described earlier is an increasing trend in NZ too and the Gallery's collection allows it to participate in the development and tour of such exhibitions.

IMPACT OF LACK OF ACQUISITIONS FUNDS

Collection development policies such as the Gallery's ensure that all collecting is strategic and considered. The Gallery's, however, is not as comprehensive as it might be as a result of its funding constraints. A key work added to the collection recently is *The Farmer's Daughter (Portrait of Annie Coggan)*, by Frances Hodgkins acquired in 2010/11. This is a major addition to the collection, but it necessitated the Gallery committing two years of funding to secure it. Its limited funds mean it is regularly unable to bid, or is outbid, at auction and unable to take advantage of opportunities offered, because of a lack of funds.

One of the ways the Gallery attempts to augment its contemporary collection is through long term loans. This goes against current best practice policy adopted by galleries/museums elsewhere. Most galleries ceased entering into long term loan arrangements more than a decade ago. This is because they occupy valuable storage space intended for permanent collection, add to a gallery's administrative overheads in terms of the costs to house and maintain them and frequently come with associated stipulations for use that constrain the gallery's ability to use them as well as they could were they to be in their permanent collection. Dunedin continues to consider offers of long term loans where other galleries do not, especially in the area of contemporary NZ art, as a means of gaining access to works it wouldn't otherwise be able to secure.

SUGGESTED ACQUISITIONS FUNDING LEVEL

At its May 2011 meeting the Council indicated it wished to consider increasing funding levels for the Gallery's acquisitions. It is proposed that the Council aspire to increasing the acquisition funds for the Gallery to be comparable with Christchurch and Auckland, and while these cities are likely to be looking at increasing their funds in coming years, it is suggested that the Council aim for a target of \$300,000 by the year 2020.

Mindful of current funding pressures, staged increases are suggested, with the status quo being maintained over the next two years, so that wider financial stability can be achieved over the long term. It is then recommended that modest increases of \$25,000 per annum be put in place for the following two financial years (2014/15 – 2015/16), then \$50,000 increments in the subsequent four financial years (2016/17 – 2019/20). This can be seen tabulated below:

Financial year	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Amount (000's)	50 (status quo)	50 (status quo)	75 (start to increase funding)	100	150	200	250	300

Making increased funds of this kind available to the Gallery will enable it to add key NZ artists that are presently unrepresented in the collection. Examples include Alfred Sharpe (estimate

\$120,000), John Pule (estimate \$50 - 90,000) and Bill Hammond, whose work currently sells regularly at levels of between \$200 – 300,000.

ACTIONS FOR THE GALLERY, OTHER THAN INCREASED COUNCIL FUNDS

The Gallery is aware that even with an increase in Council funds of the kind suggested, this alone is not sufficient to arm the Gallery to face the future appropriately when it comes to collection development. The Gallery intends to adopt a multi-strand approach to improving funding sources for acquisitions, including a combination of the following:

- Council capital allocation of funds in annual budget
- Gallery Society contributions (direct funds and funds they administer via trusts/bequests affiliated to them)
- Continuing to foster relationships to encourage bequests (alongside similar efforts made by the Society)
- Establish a trust to incentivise donations for acquisitions (and associated patron group)

CONCLUSION

The Gallery is a valuable asset for the people of Dunedin and the nation as a whole. A strategic programme of investment in the Gallery is warranted in order to maintain and build its value. This can be approached in a number of ways, including enhanced funding from Council. The Gallery aims to develop a sustainable funding base and proposes to do so by working with the Gallery Society, establishing a Trust and fostering the relationships with funders, patrons, sponsors and benefactors who will contribute to that Trust.

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