

**SUBJECT: LMM 24/11/2020 - NSW ARTS MAINTENANCE AND UPGRADE FUND**

---

**MOTION**

That City of Newcastle:

- 1 Welcomes the NSW Government's 2020 Budget announcement of the creation of an *Arts Maintenance and Upgrade Fund*, allocating \$103.5 million in capital expenditure over the next two years to both stimulate jobs and the economy through improving accessibility, sustainability and functionality at our cultural assets, in response to the COVID-19 global pandemic;
- 2 Notes that the Newcastle Art Gallery Redevelopment Project is shovel ready, and is specifically aimed at ensuring significant improvements to accessibility, sustainability and functionality of our gallery, as well as providing significant stimulus to the local economy and the creation of 170 local jobs;
- 3 Reiterates City of Newcastle and the communities commitment to the redevelopment project, with more than half of the \$35.6 million required for the project committed by Council and the community, through the Newcastle Art Gallery Foundation.
- 4 Writes to the NSW Premier, the Hon. Gladys Berejiklian MP, the Treasurer, the Hon. Dominic Perrottet MP, and the Minister for the Arts, the Hon. Don Harwin MLC, advocating for the outstanding funding required for the Newcastle Art Gallery Redevelopment Project to be provided through the \$103.5 million NSW *Arts Maintenance and Upgrade Fund*.

**BACKGROUND:**

On 17 November 2020, as a part of the NSW Budget 2020-21, the Treasurer, the Hon. Dominic Perrottet MP, announced the NSW Government's plan for the State's recovery from the COVID-19 global pandemic.

The Treasurer announced that the Government's stimulus and reform measures, announced in the Budget, aimed to "stimulate job creation, while providing support to the most vulnerable cohorts in our community".

Amongst the NSW Government's "stimulus and reform measures" was a commitment to 'Building a better New South Wales'. Of the four measures to achieve this, the NSW Government committed \$104.5 million for an ***Arts Maintenance and Upgrade Fund*** to stimulate jobs through improving accessibility, sustainability and functionality of our cultural assets.

**NEWCASTLE ART GALLERY REDEVELOPMENT**

The Newcastle Art Gallery Redevelopment project is currently costed at \$35.6 million, with the Development Application approved and the project shovel ready.

City of Newcastle has received independent analysis of the Newcastle Art Gallery Redevelopment Project that outlines the benefit this project along would have for the NSW Economy, which shows that:

- The Cost Benefit Analysis by BIS Oxford Economics positively demonstrates that the benefits of the proposal far outweigh the costs with a Benefit-Cost Ratio (BCR) of 1.77 and a positive Net Present Value (NPV) of \$23.8 million.
- The expanded NAG would further develop an arts and culture precinct within walking distance of the Civic Precinct: Newcastle City Hall, the Civic Theatre, Newcastle Library and Newcastle Museum.
- The estimated job creation from the expansion project has been estimated by Prosperity Consulting at 170 jobs: comprising 152 temporary jobs during the construction phase and 18 ongoing FTE jobs post completion.
- The redevelopment of Newcastle Art Gallery would provide a wide range of benefits to society associated with increased exhibitions, events, expansion of educational programs and upgraded facilities.

City of Newcastle is committed to providing our fair share towards the realisation of this important project.

City of Newcastle has to date funded more than \$3.6 million toward the Newcastle Art Gallery Redevelopment project as part of its \$10 million commitment and continues to provide our invaluable cultural service through operational budgets and maintenance funding, costed at approximately \$12 million over the past five years.

City of Newcastle has recently committed to undertaking an early works package which will include remediating abandoned mine-workings that sit beneath the Newcastle Art Gallery.

This package of work is estimated to cost \$1.1 million and will be released to the market in coming months, further demonstrating City of Newcastle's assurance to the successful delivery of the expansion project.

With an approved Development Application in place we are ready to move on this project swiftly once funding has been confirmed.

We have also warmly welcomed the Newcastle Art Gallery Foundation's 'in principle' commitment of \$10 million towards the Redevelopment Project, following the receipt of a generous bequest from Foundation Governor, the late Valerie Ryan.

These commitments combined see a majority share of funding for the project committed by City of Newcastle and the Community.

The annual effect on regional revenue attributable to the Art Gallery's Redevelopment is estimated at \$1.1 million with 14,116 additional local and tourist visits. Further visitation is estimated at 73,590 in relation to use of the additional Gallery facilities outside of exhibition spaces, estimates an additional annual revenue of \$2.7 million in relation to the use of these facilities.

The City of Newcastle COVID-19 City Taskforce Newcastle Response – Arts Sector saw City Leaders unanimously support the Newcastle Art Gallery Redevelopment as a catalytic project which would strongly support the City's recovery from economic effects of COVID-19.

## **RELATED PREVIOUS DECISIONS**

LMM 23/07/2020 – City of Newcastle Infrastructure Stimulus Funding

LMM 28/04/2020 – City of Newcastle Fast-Track Infrastructure Stimulus Opportunities

LMM 22/10/2019 – City of Newcastle Budget Submissions

LMM 22/05/2018 – NSW Election Commitments

LMM 25/09/2018 – Newcastle Art Gallery Redevelopment Working Party

LMM – 24/07/2018 – Our Fair Share of Snowy Sale

LMM – 22/05/2018 – City of Newcastle New South Wales Budget Submission

LMM – 17/03/2017 – Newcastle Art Gallery Redevelopment Reaffirmation

LMM – 25/11/2014 – Reactivation of The Newcastle Art Gallery Project

## **ATTACHMENTS**

**Attachment A:** City Taskforce – Newcastle Response – Arts Sector

**Attachment B:** Newcastle Art Gallery Redevelopment Overview



# Newcastle Art Gallery Expansion Project Overview



City of  
Newcastle

Newcastle Art Gallery was Australia's first purpose-built regional Gallery, officially opened by Her Majesty Queen Elizabeth II in 1977. The Art Gallery's nationally recognised permanent collection of over 7,000 works of art valued at \$115M is significant and diverse, providing a time capsule of Australian art dating back to the earliest days of Newcastle more than 200 years ago when it became Australia's second city to be settled. As a major cultural asset for NSW, the Art Gallery offers the ability to tell both local stories and inspire new ones through the creation, collecting and display of works of art of local, national and international importance.

City of Newcastle is committed to the Art Gallery continuing to be a symbol of excellence and source of pride in Australia's seventh largest city. The community views the Gallery as a repeat destination for leisure and education, however there is increased demand to see a larger number of works of art from the city's significant collection on permanent display. To appropriately meet the growing expectations of our community, the existing 43-year-old building requires upgrading and expanding to provide modern facilities such as a café, retail shop, multi-purpose program space, improved display and secure international standard loading dock.

An expanded and upgraded Gallery of international standing will enable increased exhibition and community engagement programming for the people of the Hunter Region while also offering a valuable cultural NSW tourism opportunity. Along with increased public and education programs, and employment and enterprise opportunities which meet key economic, social and environmental priorities; the expansion of Newcastle Art Gallery will consolidate the Hunter Region's reputation as an active and vibrant centre for the arts and culture.

City of Newcastle recently engaged Oxford Economics to prepare a Preliminary Cost Benefit Analysis for this project. This analysis demonstrated that the benefits of the proposal far outweigh the costs with a BCR of 1.7 and a positive Net Present Value of \$23.8M.

Prosperity Consulting also estimate that the Art Gallery expansion will greatly benefit the NSW economy through the creation of 170 jobs: comprising 152 temporary jobs during the construction phase and 18 ongoing FTE jobs post completion. The 152 jobs comprise 76 direct jobs directly generated in the region in the areas of construction and consultancy from the project. An additional 38 jobs will result from additional production and an additional 38 jobs will be generated from the additional consumption.

The annual effect on regional revenue attributable to the Art Gallery's expansion is estimated at \$1,099,830 with 14,116 additional local and tourist visits. Further additional visitation is estimated at 73,590 in relation to use of the additional Gallery facilities outside of exhibition spaces, generating revenue of \$2.7 million in relation to the use of these facilities.

In 2019 the NSW Government recognised the expansion of Newcastle Art Gallery as a region-specific opportunity in their *Cultural Infrastructure Plan 2025+*.

Since 2006, City of Newcastle has funded more than \$2.5M toward the Art Gallery expansion project and continues to provide the invaluable cultural service through operational budgets and maintenance funding, which have amounted to around \$12M over the past five years. Through the support of the Newcastle Art Gallery Foundation and the community, \$10M has been raised for the Gallery's expansion.

With a total project estimate of \$35.6M, an additional \$16.5M funding support is requested to ensure that this important project can be realised.