

The Dutch Connection

**Economic Feasibility Study
for a Dutch Museum Centre in
Foxton**

September 2008

prepared for

The Dutch Connection

by

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This document contains information about Daniel Schneiders, particularly about the culture of his organisation and approach to business, which would be of value to his competitors. We respectfully request therefore that it be considered commercially confidential.

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1 Executive Summary

Conclusions

An analysis has been done to establish the economical feasibility of a Dutch museum centre in Foxton.

The following investigation has been undertaken for this report:

- Existing documentation on the Dutch Museum Centre (non quantitative feasibility study, architectural brief)
- Comparative analysis with existing museums in New Zealand to establish visitor numbers
- Incorporation of AUT study on visitor numbers
- Foxton specific visitor numbers
- HDC future plans for development of the Foxton centre

Based on the analysis done for this project around 37,000 visitors per year are expected. This number is depending on the activities, temporary exhibitions, and marketing efforts the Trust undertakes.

Around \$5M in capital funding is required. When looking at potential funding (Lottery Environment & Heritage, Ministry of C&H \$1 million, Fundraising Dutch Museum Trust \$1.5 million, Commercial, endowments (target) \$1 million, and HDC \$1.3 million) it is expected that those cost will be met. The Trust is encouraged to pursue these funds as soon as possible.

As with most smaller museums in New Zealand, establishing and running the museum centre is economically feasible but the organisation will encounter financial shortfalls and requires ongoing funding from various sources.

Based on calculations of expected revenues and costs a shortfall of around \$51,000 per year is expected.

Recommendations

The Trust is recommended to budget their capital and operational costs on the levels described in this study.

The proposed museum is economically feasible if, and only if, the following points are met:

1. Minimise costs by combining personnel and building with Council activities and facilities
2. Ongoing financial support to cover operational costs
3. Organise events to attract additional visitors
4. Ensure the Museum shop attracts additional visitors through a wide range of Dutch food and other cultural products

The Museum Centre Trust should consider establishing an agreement with Horowhenua District Council to combine the Museum Centre building with Council buildings (library, tourist information office, community centre). This will reduce the construction costs, staff costs, and other on-going costs (maintenance, security). It will also attract additional visitors to the museum.

The Trust is recommended to engage in a contract with the Council that ensures a preset maximum level of funding. At the end of the financial year the actual funding should be based on actual expenditure and revenue of the Museum.

In order to maximise the number of visitors and consequent revenue it is advised to organise a consistent programme of wide-ranging events, which take place on a frequent basis.

The Trust is encouraged to minimise its costs in the ways described in this report. This can be done by ensuring the collection costs are relatively low (borrowing items rather than purchasing them). The on-going costs would then also be minimised as the storage and insurance expenditures will decrease.

The Trust has gone to great lengths to ensure participation of different stakeholders. Their effort has resulted in a lot of goodwill from the Council, private parties, and government organisations. It is advised that based on this study the Trust pursues all identified options and establishes actual commitment (contract, funding approval, etc.) from all stakeholders involved.

2 Introduction

The purpose of this study is to examine whether or not a national Dutch Museum Centre is feasible in Foxton. Stakeholders should use this paper as a guide for optional requirements and dependencies for the success of such a Museum.

Any views expressed are those of Consultant Daniel Schneiders and not the stakeholders or Dutch Connection Museum Trust.

References – consultant

The writer is an experienced consultant with extensive experience in developing feasibility studies and business cases. Daniel Schneiders engaged in this project as a private consultant. He recently established his own consultancy (Tulip Consultancy) focussing on transport related feasibility studies, He worked for MWH consultancy, a worldwide consultant specialised in large building, wastewater, roading, and transport projects.

Reviewing Daniel's work was Luit Bierenga. Luit is the former Director of the National Art Gallery (1979-89) and has been an independent art gallery and museum consultant since 1990. Over the last few years Luit Bieringa has been engaged by both the Marlborough District Council and the Marlborough Regional Development Trust on short-term advisory projects related to the Marlborough museums and heritage industry. Luit has also provided the Dutch Connection Museum Trust assistance in developing a report on general feasibility.

3 Background

The Dutch Connection Museum Trust describes the museum goals and objectives as follows (Constitution July 2008).

- Create and manage a Museum Centre that is appealing to a wide range of visitors from different ethnic backgrounds and age groups
- Establish a high quality, dynamic and thriving centre that proves its potential to be financially self-sufficient and sustainable, as it starts out on a modest scale and expands organically over time
- Unite Dutch community groups and organisations in support of the Museum Centre, by instilling a sense of national identity into the Dutch Connection and by providing 'Nederlanders' with facilities that offer networking, participation, research and advocacy opportunities
- Organise and curate educational and innovative displays, exhibitions, activities, events, exchanges, entertainment and research that have a positive influence on perceptions about the Dutch presence in New Zealand, and migration issues in general - enhancing learning and understanding about these topics
- Encourage the exchange of displays, ideas and individuals between the Netherlands and Aotearoa / New Zealand to strengthen existing connections and forge new ones, and enable better collaboration between two nations

In its discussion document of July 2006 (Initial Business Plan) the Dutch Museum Executive Team substantially expanded the original (October 2005) aims and objectives in its Mission Statement, thus expanding the notion of a static collections-based institution to a more dynamic model able to reflect and recount the past as well as address the present and the future.

In 2007, to reflect the changes in mission and objectives, the Dutch Heritage Museum Trust renamed itself as The Dutch Connection - Museum Trust. In order to achieve those goals the Dutch Connection Trust has identified the need for a national Museum Centre for the Dutch community in which to realise those objectives.

A high level Business Plan was created in 2007 to develop the framework for The Dutch Connection, present it to interested parties to gauge support, and outline the way forward for the project. The Plan reflects the results of a nationwide Survey among the Dutch Community (2006). The Survey resulted in a Vision Document (2006), outlining the aspirations for a Dutch Museum Centre Project in New Zealand.

A separate Location Study (2006) resulted in the Dutch Community selecting Foxton as preferred location. Engagement of museum consultant Luit Bieringa (2007) led to a Qualitative Feasibility Study and a Concept for the Centre that can create ongoing visitor interest among various target audiences.

4 Objectives

In their Constitution (2008) the Trust recognised the following objectives for the Museum Centre:

- Create an icon that can symbolise the proud Dutch presence in New Zealand: a place where we can acknowledge the origins, culture and heritage of the Nederlandse New Zealanders, and celebrate what we've achieved and contributed to this country
- Inform, educate and inspire New Zealand about its Dutch Connections
- Act as a focal point for a Dutch Community that is spread far and wide throughout the country (partly as a consequence of NZ Government design)
- Build a 'home' - a place with a sense of national identity that offers a warm sense of 'thuis' - where we can proudly host all our guests and welcome them in for 'een kopje koffie' and celebrate the strong bonds between the Dutch and all New Zealanders
- Provide exciting experiences that work on all the senses: from the visual to the intellectual, from taste to smell, from pride to humility, from laughter to tears, from listening to debate, and from multimedia to art
- Showcase the difficulties as well as the achievements of a highly successful migration story, and illustrate the many benefits of multi-culturalism
- Create a centre that can enhance the present and help shape the future by providing a platform - for two small, smart, down-to-earth, seafaring nations that have much more in common than just a few historic events - to explore cooperation through:
 - Artistic and cultural exchanges
 - Forums for political cooperation, scientific debate and business cooperation

5 Governance & Management

At this point of the Trust's existence the foremost objective is to effect the creation of the Dutch Connection. This is the short-term focus of the existing Trust/ Board. Once this has been achieved its role may very well need to be redefined in terms of the longer-term objectives it sets itself.

In their Constitution the Dutch Connection outlined their preferred governance model for the project and eventual management of the institution as follows:

The Dutch Connection – Museum Trust

The work of the Trust is governance oriented. The Trust will oversee and carry ultimate responsibility for all tasks related to the implementation and management of the Museum Centre Project. Responsibilities include planning, providing strategic direction and providing final signoff on major aspects of the Project. The Trust appoints the Project Development / Management Team. Members of the Trust may participate in the Project Development / Management Team. Key decisions, contractual agreements, budgetary decisions and key expenditures must always be approved by the Trust.

The Project Team will be disbanded after the opening of the Museum Centre.

Upon the opening of the Museum Centre, the Trust will appoint a Management Team.

Project Development / Management Team

The Project Team and Management Team are execution and task oriented, and report into the Trust. They will carry responsibility for the execution of key tasks / projects which have been delegated to them by the Trust. They report into the Trust either on request or on a regular, but at least monthly basis, through their manager or other representative. Within the scope of their delegated projects, the teams have full authority to execute those actions necessary to achieve major initiatives approved by the Trust.

The Project Team will manage the implementation of the Museum Centre project at a day to day level, and manages progress. To oversee the building and development work in Foxton, the Trust and the Project Team may jointly appoint a local manager as part of the Team.

The Management Team will manage the Museum Centre on an ongoing basis.

Board of Advisors

The Trust may consider, at any point, to appoint a Board of Advisors and a Chairperson of the Board, who can provide advice and are prepared to use their name and reputation on a voluntary basis to enhance the profile of the Museum Centre.

The Trust may consider, at any point, to appoint a Vice Patron and a Patron of the Museum Centre, who will automatically be members of the Advisory Board.

The Board must consist of individuals with significant experience, expertise, knowledge and networks relevant to the Museum Centre. In close collaboration with the Trust, Board members will provide advice on key elements of the project and will provide introductions to key stakeholders and prospective sources of funding.

Advisors will be appointed by the Trust on an annual basis, and can make themselves eligible for any number of terms. Advisors will receive no remuneration, but costs can be reimbursed at the discretion of the Trust.

The Trust retains the authority to disband the Board of Advisors, at their sole discretion, with a month's notice.

Museum Ambassadors

The Trust may consider, at any point, to organise or stimulate the organisation of Groups of Ambassadors, who can run their own affairs in support of The Dutch Connection and who report back on their activities into the Trust. The Ambassador Groups can act as a loosely organised network of groups from around New Zealand. The groups can be involved in support activities in conjunction with or on behalf of the Trust - like fundraising, local community liaison, organising events, and collecting or temporarily storing Museum pieces. Any funds raised or items collected on behalf of the Dutch Connection, must be transferred to the Museum Centre.

The Trust retains the authority to disband any Ambassador Groups, at their sole discretion, within a month's notice.

6 Exhibitions & Activities

The Dutch Connection has put a lot of time and thought into deciding the scope of the recommended collection. The main exhibitions and activities are described below at a high level. The collection needs to be finalised in more detail by a curator once this person has been appointed

A contemporary Museum Centre

As a contemporary Museum Centre, the Dutch Connection intends to follow the guidelines of the Strategy for the Museum Sector in New Zealand, Museums Aotearoa, 2005, and create a centre that can “help people understand their world by using objects, ideas and art to interpret the past and present, and to explore the possible future... Places where communities come together to explore their cultural and artistic heritage, to discuss topics of current interest, or simply to pursue leisure or entertainment activity. They are shared community spaces.”

The Dutch Connection will be a museum centre with facilities that have the capacity of fulfilling multiple roles. “A broad a range of activities within a balanced programme should ensure the goodwill of not only the specific target audience but also the wider community, whether local, national or international.” (Luit Bieringa)

The two most important functions from a facilities perspective are:

- Exhibitions and collecting of exhibits
- Activities and events

Multi-functional Museum Centre Facilities

The Museum Centre must be multi-functional and provide facilities for exhibitions and displays as well as cultural (music, drama) and heritage activities for the national Dutch community and the wider regional community. Its design will facilitate both outside and inside activities in the immediate surroundings of the Museum Centre.

Museum Expert Luit Bieringa made the following recommendations: “A purpose built facility with different spaces that enable a range of exhibitions to be installed, activities to be staged and educational programs to be carried out. Some activities may be more suited to outside sites and the siting of any structure will need to take such activities into consideration” (Luit Bieringa – ‘An investigation into options and strategies pertaining to the establishment of a Dutch museum / cultural centre in Foxton’ - July 2007)

Through taking this multi-functional approach, the Dutch Connection aims to become an important educational, cultural and recreational resource. A place where visitors identify, learn about and celebrate our national identity and its formation. A centre of learning that contributes long term value to the community by contributing to our social, economic and cultural well-being and development.

7 Foxton as Museum Location

The Foxton Township has been recognised as the preferred location for the development of a Dutch Museum Centre. Some information on the township and its surroundings is included below.

Foxton Township

Foxton is the birthplace of the Manawatu with a population of over 2,500. It has a surprisingly large retail centre, and a variety of industries, light engineering and high-quality John Deere rural machinery, and various rural endeavours, including a large daffodil growing business.

Foxton is the second largest urban area in the Horowhenua District, and is located in the north-west corner of the district. The town has developed based on its close proximity to the Manawatu River mouth, which was a historically strategic transport link. This historical link means Foxton has some of the oldest buildings and established areas in the district.

The urban form of Foxton is, like Levin, astride State Highway 1. The town centre, which focuses around a traditional main street, is separated from State Highway 1 but is very strong form wise - its clearly defined built edges with buildings lining up to the kerb edge generates a sense of place and definition to the street.

Foxton is not typical of the small New Zealand town in that it owes little of its existence to the surrounding farmland. Its beginnings are linked with the Bible; the first European to settle here was a Presbyterian minister. Flax was also important to the growth of the town – at one time 50 mills were operating within a 16 km radius of Foxton.

The main feature of the town is the Dutch Windmill – De Molen. The unique authentic windmill which produces flour also contains a Dutch shop. The windmill stands out as a landmark and attracts visitors from all over New Zealand.

Other attractions are a variety of museums, including an electric trolley bus museum, museum of Foxton history, audio visual museum and flax stripper museum that relates to the flax industry of the past. There are unique gift shops including a pottery factory shop, a doll gallery and golf course. To get a birds-eye view of the area scenic flights are available.

Another important feature of the town is the variety of large murals that abound and create much interest with visitors and locals alike, with a selection of cafes. New murals are put on display on an annual basis. The Easter Fair and the annual Spring Fling together attract some 40,000 visitors to Foxton every year. The weekly market on Saturday is also popular with people throughout the region.

A few kilometres up the road from the centre of Foxton is Foxton Beach township. The sand beach attracts visitors from all over the country during summer time. A 'bad weather' attraction like the Museum Centre could attract those visitors.

Horowhenua District

Horowhenua is a special part of New Zealand. Just over an hour from Wellington and half that time to Palmerston North, but the feel of another world. From the calm quiet of bushwalks and gardens, history and culture to the exhilaration of rivers and the sea, the region offers something for everyone.

Stretching from Himatangi in the north to just north of the Otaki River in the south, the region is bordered by the Tararua Ranges to the east and the Tasman Sea to the west. There are a number of small towns including Foxton, Shannon and Tokomaru, several tiny beach communities, and the main centre of Levin situated on the junction of State Highways 1 and 57.

The region has a population of over 30,000, many of whom choose to live here for the lifestyle alternative to urban living. The mild climate and rich soils make market gardening, horticulture and farming the mainstays of the economy.

The area is known as the 'market garden' of the lower North Island. Manufacturing, food processing, construction and service industries are also important contributors. In total contrast, the town of Levin has a thriving clothing industry - it's a good place to pick up a stylish bargain from one of the many factory shops. The whole area is currently experiencing steady growth which is expected to continue over the next 10 years.

For the visitor, Horowhenua offers rivers, beaches and lakes, mountains, parks and golf courses.

Horowhenua District Council

Horowhenua District Council (HDC) is, at the time of writing this report, set to sign a Memorandum of Understanding with the Dutch Connection Museum Centre Trust, to arrange the allocation of a suitable site, at a favourable rate, to the Museum Centre.

The MOU describes a Museum Centre site in close proximity to De Molen, and outlines how the HDC project to establish a Library / Tourist Information Centre / Community Centre, visually and operationally aligned with the Museum Centre.

The MOU also describes the possible sharing of facilities planned, and HR resources employed for each project can be optimized to cut costs.

Future Foxton Developments

At the time of writing this report, a long-term strategic plan is being put in place by HDC to redevelop the centre of Foxton into the Tourist Centre for the Horowhenua District. Consultant Marc Bailey of Boffa Miskell is leading the investigation and design phase to open up the township more to the traffic streams along State Highway 1 and attract additional visitors.

This initiative coincides with the establishment of a River Trust, which will undertake developments along the old Manawatu river arm (closed off). There are also plans to reinvigorate the current Maori Art shed.

Although not all details are known at this stage the development of the following key features for the Foxton township centre have already been established:

1. The town centre needs to be more visible from the state highway
2. Foxton needs to have a lively centre where people can visit museums and have something to eat or drink
3. Infrastructural changes need to ensure that more people turn off from State Highway 1 and visit the town.

The Dutch Connection is and has been closely involved in the investigation of possible layouts of the enhanced town centre. The plans as described in this report are aligned with the development plans of the HDC, which is identifying the ideal site for the Museum Centre in close proximity to De Molen.

Further detail on the design of the new town centre will be available in due time on the HDC web site (www.horowhenua.govt.nz).

8 Museum Building Sites

After great consideration, the Trust has chosen Foxton as the preferred location for its Museum Centre. For an overview of all museum site options that have been investigated and discarded by the Trust please refer to “Feasibility Study (1)”. In that study the following requirements for a suitable building were recognised:

- A purpose built facility with different spaces that enable a range of exhibitions to be installed, activities to be staged and educational programmes to be carried out. Some activities may be more suited to outside sites and the siting of any structure will need to take such, adjacent or other, activities into consideration
- A world-class facility which encompasses the latest sustainable energy techniques and exemplifies the architectural, new technology and eco-friendly attitudes of the two countries, i.e. consider a joint architectural practice approach
- Space for library/ research and oral archives storage / replay
- Suitable areas for gatherings, presentations, entertainment (café) and merchandising activities (commercial revenue stream opportunities)
- Recognition of the activities of de Molen and surrounding context
- Suitable areas for workshop activities, cleaning services, public toilets, loading dock and disabled facilities
- Suitable security and environmental systems to protect displays and (temporary/loan) collections and equipment

As a public facility the site needs to address issues such as:

- access for all types of visitors whether able or disabled; whether by car, coach or bicycle
- proximity to complimentary facilities or similar attractions such as local history attractions, restaurants, cafes, accommodation, available parking, available transport connections
- awareness of traveller behaviour and traffic patterns into or out of the area
- whether the site and design assist the building to express a personality and acknowledges locality

In the case of Foxton it is essential that the evidence of its presence is clearly visible, i.e. identifiable from State Highway 1, the main through road of Foxton.

The Museum Centre should also be a focus of attention and pride for local residents, i.e. a venue that local residents want to go to, meet at and take their visitors as a treat; a natural “journey” by anyone visiting the town centre and supportive of other interests in the area;

Existing buildings

At the moment there are no existing facilities at the location in Foxton that meet the general requirements of a Museum Centre.

On-site facilities include the following:

1. Windmill (too small and in use as shop and exhibiting working of a windmill)
2. Flax Museum (too small and no facilities that meet medium museum standards)
3. Windmill Hotel (museum standards not achievable, too far removed from De Molen)
4. The historic BNZ building in Main Street (too small, and in need of major restructuring)

In 2007 the Trust, in consultation with the Federation of Netherlands Societies, made the decision to pursue building a new museum at a site, close to De Molen.

Site considerations

The following sites were considered:

1. Corner of Main Street and Wharf Street (provides visibility and is next to the windmill)
2. North of Windmill (sections have been sold, and are under a 'residential' covenant)
3. Current flax museum site / Maori Art shed (sections and facilities secured for other activities)
4. River site (reserve land, owned by council)

Depending on the activities and programmes the Dutch Connection wishes to undertake, the sites described offer a sufficient range to guarantee flexibility of planning. Council will need to undertake negotiations on the Trust's behalf.

As a public facility, the future Museum site has requirements such as easy access, car and coach parking, as well as proximity to complementary facilities such as a library, visitor information centre, restaurants, cafes and hotels. All of these criteria are met by the sites on offer in Foxton.

9 Potential Visitors

The expected number of visitors is calculated below. A number of sources is used to paint a realistic picture of the expected number of visitors. An AUT research that studied 122 New Zealand Museums was used as well as papers on expected trip generation. Additional desktop research of individual museums provided the remainder of information.

Comparability analysis

In 2007 Museums Aotearoa executed a fairly large New Zealand Museum Sector Web Survey. It researched 122 museums in New Zealand.

The museums were categorised by 'size' of museum organisation. The 'full-time equivalent' variable was used as a measure of 'size' and broke the sample into four sub-groups of 'micro', 'small', 'medium' and 'large' museums (See Fig. 1 below).

The staff full time equivalent (FTE) variable was used to breakdown the museums into four categories as follows:

- 0 = micro museums (47% of total sample)
- 1 – 5 = small museums (34%)
- 6 – 20 = medium museums (12%)
- Over 20 = large museums (7%)

Note: The Dutch Museum Centre is expected to have around 3 FTE (see section staff below) and would therefore fit in the small museums category

Based on the museums investigated and the categorisation as described below the following general visitor numbers were obtained.

	Average number of visitors/year
Micro Museum	2,909
Small Museum	20,564
Medium Museum	69,714
Large Museum	202,500

When the numbers are further broken down it is clear that it is very unusual for a museum with less than 5 FTE staff members to attract more than 15,000 visitors. There are some exceptions but around 75% of small museums have less than 15,000 visitors (see table below).

	Percentage of museums per number of visitors			
Average nr visitors/year	Micro Museum	Small Museum	Medium Museum	Large Museum
< 1,000	45.5	15.4	7.1	0.0
1,000 – 5,000	40.0	12.8	0.0	0.0
5,000 – 15,000	12.7	46.2	14.3	0.0
15,000 – 30,000	0.0	12.8	7.1	0.0
30,000 – 50,000	1.8	5.1	14.3	12.5
50,000 – 100,000	0.0	5.1	42.9	12.5
> 100,000	0.0	2.6	14.3	75.0

The maximal expected yearly visitor numbers for the Dutch Museum Centre are set between 15,000 and 30,000. This assumes the museum will be in the top 25% of the small museums. **This number of visitors is only realistic if all the critical success factors are met (see section 14).**

It is expected that during the first year of opening the museum will attract the maximum of this range (30,000). A conservative estimate for following years is set on 18,000.

Dutch Museum Centre Specific

The success stories of museums attracting a high number of visitors are commonly related to three factors:

- Museum is at or near a major tourist attraction
- Museum is free of charge
- Topic of museum is broad and attracts all people

These assumptions are based on the substantial research undertaken by Te Papa ahead of opening in 1998. It stated that:

“The weight of NZ and overseas experience shows that after admission charges are introduced to an existing free entry institution, visitor numbers decline and generally remain lower than before. ... Charges are most likely to adversely affect those already underrepresented in museum audiences – ethnic minorities, those with low educational attainment, and low income earners...”

“To achieve target audiences from Wellington region’s small population, the new museum must attract more local residents and encourage them to return more regularly... Experience has shown that admission charges have been a disincentive, particularly for family groups and families, to return regularly...”

For the Dutch Museum Centre an admission fee is proposed and although the museum concept is not limited to appeal to Dutch visitors only, the topic might not appeal to all New Zealanders and overseas visitors. Furthermore Foxton itself is not (yet) a major tourist attraction. It has to be noted that Foxton does have extensive plans to attract more visitors, but at the time of writing of this report these plans were not clear enough to be included.

It is therefore only realistic to assume that a Dutch Museum Centre would attract more people than an average small museum as described in the previous section if events and activities are organised to attract additional income.

Foxton Specific Visitors

Although the previous section recommended regarding the Dutch Museum Centre as a standard small museum additional visitors could be generated because of the location of the museum. Foxton has a lot of through traffic and already has the Windmill that attracts 30,000 visitors per year. In this section the **additional** visitors due to the location will be investigated (additional to the 30,000 in the first year and 18,000 after that, as described before).

Passing traffic

The number of cars travelling through Foxton on a daily basis is approximately 10,000 (Transit State Highway Traffic Volumes 2005). The maximum number of cars that are likely to stop in Foxton is set on 0.01%. This is a conservative percentage based on the assumption that all travellers will be on their way

through to other locations (mainly Wellington, Palmerston North and Wanganui and beyond) and do not intend to stop in Foxton.

Assuming the number of persons per car is 2, this results in a maximum number of 'occasional' visitors of 4,000 per year. The actual average number of people per car is lower than 2 (around 1.2) but the number of persons per car that is likely to stop in Foxton is assumed higher than average (campervans, families, couples).

It is envisioned that this maximum number increases through time as more people will be aware of the Museum in Foxton.

It is noted that signs directing traffic to the Windmill and the museums are a necessity to ensure the 0.01% of the car drivers make the detour necessary to visit the museum.

It is noted that the daily traffic is expected to increase with more than 5% per year (based on yearly increase rate over the years 2003 - 2005).

It is also noted that HDC envisions attracting more travellers through the town centre (not necessary dependent of the Dutch Museum Centre).

The expected number of yearly visitors (additional to basic expected visitors) due to passing traffic is set on 4,000 for each year after opening.

Current Foxton Dutch Windmill Visitors

The number of current visitors of the Windmill is around 30,000 per year. These people do visit the Windmill ground floor (which is free of charge) but do not all pay for the tour of the Windmill (which costs \$5). The number of people that pay admission is much lower, around 5,000 per year (based on Windmill 2007 data).

The expected number of yearly visitors (additional to basic expected visitors) due to passing traffic is set on 2,000 for each year after opening.

Current events and overnight visitors Foxton/Horowhenua District

The average monthly number of people staying overnight in the Horowhenua District in 2007 was 5,531 (based on Tourism Statistics, see table below).

Month	Guest Nights	Stay Length
Jan-07	9,254	1.69
Feb-07	6,855	1.42
Mar-07	6,565	1.37
Apr-07	5,319	1.42
May-07	3,715	1.52
Jun-07	3,757	1.52
Jul-07	3,778	1.51
Aug-07	4,005	1.55
Sep-07	4,686	1.49
Oct-07	4,736	1.39
Nov-07	6,500	1.57
Dec-07	7,204	1.53
Jan-08	17,255	1.56

These people, staying on average between one and two nights, are possible visitors of the Dutch Museum Centre. A conservative estimate tells us that every month an additional 450 persons could visit the museum (based on a 20% likelihood of people visiting the museum that did not intend to do so, assuming 40% of all people staying in the Horowhenua district stay in the proximity of Foxton).

It is noted that an additional 25,000 people visit Foxton for its Easter Fair every year. The yearly Spring Festival in September attracts around 15,000 visitors. Not all these people will visit the Dutch Museum Centre as their main purpose is the Easter Fair/Spring Festival. It will also not be physically possible to have that many visitors over the course of a few days.

Additional one-off Museum visitors on Easter and in spring are therefore expected and add a possible 6,000 visitors for each year after opening.

Additional visitors through events and temporary exhibitions

In the architectural brief the Trust recognised the need for organising activities to attract additional visitors:

“The ongoing successes of the visitors’ attractions will be guaranteed by vigorous entrepreneurial activity. A popular public program delivering large domestic and tourist audiences will rely on income generated from rental from retail, bruin café and coffee shop, pancake restaurant and venue hire of the temporary exhibition area for functions. This would double as a multimedia reception area for the town and would generate income for the museum from hire fees. (...) This area could also function as a multi purpose display and activity centre or corporate retreat.”

In order to attract additional visitors the Dutch Connection Museum Trust is advised to organise events on a frequent basis. This would encourage more people to visit the museum more than once and would also attract more visitors in general. Some example events are listed below.

- Bike rental / Annual bike ride through river landscape
- Celebration of Dutch Festivities (Queens Birthday, Sinterklaas)
- Dutch food show
- Yearly Dutch day
- Dutch music festival

There are of course many more examples that would attract visitors. It is therefore recommended that the Trust focuses on attracting **at least one person who has great expertise and experience in organising cultural events.**

Temporary exhibitions are also a tool to attract more visitors, enabling the trust to get additional publicity for their Museum. As mentioned in the Museum Trust exhibition description there will be an emphasis on temporary exhibitions to encourage visitors to revisit the museum.

It is difficult to quantify the additional Museum visitors expected due to organising events and exhibitions. This number will depend on the quality and frequency of those activities.

In order to maintain a viable Dutch Museum Centre **it is advised to organise events and exhibitions to ensure the number of visitors stays at least constant to the number of visitors expected in the first year.**

This means that additional one-off Museum visitors should add 7,000 visitors for each year after the opening year.

Total number Expected visitors

The number of visitors expected to visit the Dutch Museum Centre has to be set on a realistic level as it forms the basis of the income for the museum.

The following numbers are used to provide an overall expected number of visitors:

Category	Number of expected visitors (first year)	Number of expected visitors (year two onwards)
Basic number of visitors based on New Zealand average for small museums	30,000	18,000
Additional visitors based on Foxton location	12,000	12,000
Additional visitors based on events and temporary exhibitions	7,000	7,000
Total	49,000	37,000

Conclusion

The number of expected visitors for a Dutch Museum Centre will realistically lay around 49,000 for its first year and 37,000 for each year thereafter.

10 Expected Capital Costs

This section will outline the expected capital costs of establishing a Dutch Museum Centre in Foxton. The main costs are determined by the building and the collection.

There are likely to be two viable scenarios recognised in terms of the establishment of a Dutch Museum Centre:

- A stand-alone building on indicated site options as shown in the architects report (Option 1)
- A museum combined with council buildings/activities (Option 2)

Both options are expected to be next to the windmill in Foxton. For the purpose of estimating the cost of the building to house the Dutch Museum Centre it is assumed that the two options have approximately the same costs. The Option 2 would in practice be a cheaper option as the functionality of the building is shared with council activities.

The expected total costs (for both options) will be set against the expected revenue to establish the economic feasibility of the museum.

General Building costs

In general, museums need:

- to be of sound construction to minimise the need for expensive
- climate control
- to provide a high degree of security
- to provide inviting spaces, rewarding visitor experiences
- maximising visitor involvement in the museum concept
- to provide a safe and comfortable working environment for its staff and visitors

Most of the available figures for recently completed museums (new buildings) indicate a range of \$4,500 m² for a single level building to \$5,500 m² for a two-level structure. However building costs over the last two years have risen dramatically and the \$6,000+m² average cost would be a more representative figure for many of the developments currently in progress.

Two recent examples with an average/medium cost range are:

Tauranga Art Gallery (opened 2007)

(two level building)

Refurbishment: \$5.9 million – 1,270m² @ \$4,645 m²

Building/land purchase: \$1.7 million . Total \$5,984 m²

Aratoi, Wairarapa Museum of Art & History (opened 2002)

(one level building)

New addition: \$ 3million (include. café) – 900m² @ \$3,333 m²*

(* part of the 900m² is a refit and refurbishment of the original 1969 core building- hence the slightly lower m² rate

Most of the prerequisites for this section are well documented and it would be useful to consult the Waitakere Study, including all the tables. (pp. 29-33). A more recent study for the Kapiti Coast District Council (2006) tends to confirm the range of costs per square metre, i.e. 1,750 m² = \$400,000 (land) + \$ 5,600,000 (building) . Building costs c. \$3,200 per m². Costs per m² will of course vary considerably depending on the nature of the building fabric, air conditioning, local building costs and the

choice of a one storey as opposed to a two storey structure. Given the indicated support offered on the planning and resource consent front by the HDC there may be some considerable savings in this area.

Dutch Museum Centre Building costs

There are likely to be two viable scenarios recognised in terms of the establishment of a Dutch Heritage Museum Centre:

- **Option 1:** A stand-alone building
- **Option 2:** A museum physically and / or visually combined with council buildings/activities

Both options are expected to be next to the windmill in Foxton.

Note: For the purpose of estimating the cost of the building to house the Dutch Museum Centre it is assumed that the two options have approximately the same costs. The Option 2 would in practise be a cheaper option as the functionality of the building is shared with council activities. In the Cost/Benefit section this economic impact is further explored.

The option for a new, stand-alone structure, the normal capital costs relate to:

- planning, design and consultancy fees
- construction costs
- fittings, furnishings and equipment and
- design, preparation and installation of initial displays

The proposed building (see attachment 1) would be a combination of a one-level part (750 m²) and a two story part (250 m²). Based on the investigated examples and the current rates the expected building costs are set around **\$5.5 million**.

It must be noted that the Dutch Connection has been in contact with Lockwood (an originally Dutch building company based in New Zealand) that verbally has indicated its willingness to cooperate with building the museum. This is an opportunity that needs further investigation but could potentially reduce the building costs.

Note: Current average building costs have been used although the Peter Bossley design has some features (for example extensive glass panelling and different levels (slope) on ground level) that could add to the costs. The proposed budget of 5 to 6 million is recommended to be used and there might be concessions to be made along the way. The Trust task is then to ensure that the building keeps its character and uniqueness as the architect envisioned it.

11 Expected Operational Costs

In this section all ongoing costs will be discussed.

Operational Costs Building

Ongoing building related costs will vary widely because of the different accounting regimes that may exist, whether a building is owned or leased; whether maintenance and depreciation are calculated within the museum's own budget or whether costs are shared with other building occupants (income) etc.

Based on the proposed new museum building of c.a. 1,000m² the estimated yearly depreciation, rates and maintenance costs are \$55,000.

The building insurance and utilities is typically around \$120,000 for a building of this size.

Building Operational Costs: \$175,000

Costs collection

In their Architectural Brief the Trust will describe their envisioned collection in great detail. This brief is not available at the time of writing this report. The Trust has however already verbally indicated that the permanent exhibition of the museum will require a relatively low level of investment except for any paintings and models that might be incorporated.

The temporary exhibitions will most likely be more expensive especially when brought out from overseas. The shipping costs and insurance can add substantially to the museums expenditure.

It most be noted however that exhibitions costs and maintenance can vary dramatically in terms of design, durability, equipment needs etc.

Based on the Trust description of their envisioned collections (both permanent and temporary) a sum of \$450,000 is expected to be spent on this category in the first year. This includes insurance. After the first year the required collection budget is expected to be decrease significantly, as the permanent collection has been established.

Collection Costs (Year One) \$450,000
Collection Costs (Year Two Onwards) \$165,000

The Trust is encouraged to minimise its costs in the ways described in this report. This can be done by ensuring the collection costs are relatively low (borrowing items rather than purchasing them). The on-going costs would then also be minimised as the storage and insurance costs will decrease.

Marketing

A web site, flyers, folders, news paper advertisements and many other activities should ensure the public is aware of the museum and is able to gain information about it.

As discussed before it is important for the Trust to focus on the marketing as it will attract more visitors and revenue.

The cost of setting up a typical web site is around \$10,000.

The yearly costs of running a web site and other general marketing activities (folders, advertisements (excluding staff)) are set on \$30,000.

Marketing Costs (Year One)	\$90,000
Marketing Costs (Year Two Onwards)	\$40,000

Staff expenditure

The recent Museums Aotearoa survey concluded that three-quarters of the museums that responded have 5 or fewer paid employees and of this group some 59% stated that they had no paid staff. Only 5% employed more than 40 staff.

The cost of staffing as a proportion of total expenditure ranges between 30% and 65%, with those institutions with a lower ratio being less collection and research oriented and spending more on exhibitions, publications and educational activities e.g Porirua/ Pataka 32% c.f. Wanganui Museum 65% (staff costs at the Millennium, which has a very low repairs and maintenance expenditure and no depreciation noted stand at about 62%).

Based on the preliminary architectural design of the museum it is envisioned that the museum will need 3 full time staff members. This is mainly based on the fact that the building is an open structure that can be supervised from one central location. Additional staff at the store and reception is necessary as well as a (event) manager.

Note: The 3 full time staff is an average: it is expected that during peak season (December, January) more staff is required and less during off-peak (June-October).

If substantial emphasis is placed on volunteer staff it will be necessary to ensure the adequate training and selection of those volunteers.

Based on average yearly salary costs of around \$70,000, the Dutch Museums Centre would spend around \$210,000 per year on 3 staff members (as proposed).

Staff Costs	\$210,000
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Note: If substantial emphasis is placed on volunteer staff it will be necessary to ensure the adequate training and selection of those volunteers.

12 Expected Revenue

The quality of the collection and consequent display will determine the range of revenue sources available for its economic sustainability and range of services it could provide. For the purpose of this study it is assumed that the concept is based on a national dimension as the museum will not be targeting exclusively Foxton or Lower North Island visitors, but from all over the country. This assumption then brings into play a number of potential sources of income that would otherwise not come into the equation, i.e. national sponsorship, government support, and national and international collegial cooperation.

General revenue streams

It is an accepted fact that few museums are commercially viable and are regarded, in general, as a public service and thus part of a community's infrastructure that provides real benefits (visitors, community well-being, commercial spin-offs etc.).

In the case of a properly constituted Dutch Museum Centre which attains the right mix of programmes and attractions, there can be a healthy level of income to support the museum's operations budget.

Sources include:

- admission charges
- high profile merchandising programme/ store/ publications
- franchises (café and eco-tourism partnerships)
- film and events income
- conference and meetings fees/rentals
- corporate events and venue hire
- educational services provision (e.g. school visits)
- service charges for information, photographic services
- project funding for ALL temporary exhibitions
- fundraising for special events, collection purchases
- museum membership/ friends of the museum
- special agencies and governmental grants for capital projects, research and publications
- patrons
- endowment fund

Expected yearly income

The primary way of generating income for the museum is expected to be through the (paying) visitors.

A possible income scenario (based on the visitor number estimate of 49,000 visitors in year one and 37,000 visitors for year two and onwards) is outlined below.

The expected revenue through the sale of merchandise and food is set on \$50,000 per year. This number is based on the average sales of museum shops of comparative size in New Zealand. It is however noted that the Dutch Museum Centre has a great opportunity to increase this revenue as the Dutch Windmill in Foxton already has a Dutch Shop which could be integrated with the Museum shop. An existing Dutch shop in Levin and one in Lower Hutt have already proven to be successful.

The Trust is encouraged to **focus on increasing the Museum revenue through a museum (Dutch) shop.**

Expected Income (Year One):	
Admissions 49,000 @\$6.00 aver.*	\$294,000
Merchandising/shop	\$50,000
Facilities (events, activities)	\$20,000
Sponsors/ project support	\$25,000
Membership 1000 @ \$40.00	\$40,000
Donations/ miscellaneous	\$25,000
Total	\$454,000

*Admission charges are assumed to be at the fairly low end rather than overestimating gate entry takings. This also creates spending flexibility for visitors in terms of them feeling comfortable about other spending decisions that they may be faced with, e.g. merchandise or charge activities within the museum.

Expected Income (Year Two onwards):	
Admissions 37,000 @\$6.00 aver.*	\$222,000
Merchandising/shop	\$50,000
Facilities (events, activities)	\$20,000
Sponsors/ project support	\$25,000
Membership 2000 @ \$40.00	\$80,000
Donations/ miscellaneous	\$25,000
Total	\$432,000

Conclusion

The yearly expected income of the Dutch Museum Centre is more than half a million dollars per year. The income is expected to drop slightly after the opening year.

There is opportunity to generate more income through the shop if the Dutch Museum Centre Trust focuses on providing a wide range of (food) products.

13 Operating Budget

In order to establish a realistic operating budget for the Dutch Museum Centre the revenue and costs will be set against each other.

To provide a reference point the operating budget for existing New Zealand museums will be investigated.

Operating Budget of Existing Museums

There is a considerable variation in operating budget according to museum size. The table below indicates that over 90% of micro museums have operating budgets of less than NZ\$50,000. Over 64% of medium-sized museums have an operating budget of less than NZ\$2m.

Operating yearly budget	Percentage of museums per budget			
	Micro Museum	Small Museum	Medium Museum	Large Museum
< \$5,000	47.3	7.7	0.0	0.0
\$5,000 - \$20,000	32.7	5.1	0.0	0.0
\$20,000 - \$50,000	12.7	15.4	0.0	0.0
\$50,000 - \$100,000	3.6	28.2	0.0	0.0
\$100,000 - \$200,000	1.8	20.5	7.1	0.0
\$200,000 - \$500,000	0.0	17.9	7.1	0.0
\$500,000 - \$1M	0.0	2.6	28.6	12.5
\$1M - \$2M	1.8	0.0	21.4	25.0
> \$2M	0.0	2.6	35.7	62.5

Over 62.5% of large-scaled museums reported an operating budget of more than NZ\$2m. Generally, the operating budgets of micro museums is less than NZ\$20,000, and the small-scale museums work with budgets of less than NZ\$100,000. Medium-sized museums' operating budgets range from NZ\$500,000 to NZ\$2m, and large museums work with budgets of about NZ\$1m to more than NZ\$2m

Dutch Museum Centre Operating Costs

As mentioned in the section on expected costs two building options are recognised

The two investigated are:

1. Stand alone building
2. Building incorporated with a planned Council building – a combined Library / Community Centre / Tourist Information Centre (eg the reception area and other parts of the facilities could be shared, to minimise building and/or staff expenditure)

In their architectural brief, the Trust recognised the advantages of combining the Museum with a Council building:

“It would be advantageous to the HDC as well as The Dutch Connection if the Council’s planned new Visitors Centre could be incorporated in the Museum design and located in the reception area. This would reduce planning and building costs significantly for both parties and once operational, would half staffing and other operational costs, if the staff would sell entry tickets to the museum, man the shop and give out information to tourists in person and by phone and via the internet.”

Option 1 (stand alone building)

The first option has the following economic profile.

Category	Cost Year One	Cost Year Two onwards
Capital Cost		
Building	\$5,500,000	\$0
Permanent Collection	\$450,000	\$0
<i>Total</i>	\$5,950,000	\$0
Operational Cost (per year)		
Running costs (building)	\$175,000	\$175,000
Staff	\$210,000	\$210,000
Collection (including transport and insurance)	\$165,000	\$165,000
Marketing (including web site)	\$90,000	\$40,000
<i>Total</i>	\$640,000	\$590,000
Revenue (per year)		
Admissions @\$6.00 aver.	(\$294,000)	(\$222,000)
Merchandising/shop	(\$50,000)	(\$50,000)
Facilities (events, activities)	(\$20,000)	(\$20,000)
Sponsors/ project support	(\$25,000)	(\$35,000)
Membership @ \$40.00	(\$40,000)	(\$80,000)
Donations/ miscellaneous	(\$25,000)	(\$25,000)
<i>Total</i>	(\$454,000)	(\$432,000)
Capital Funding		
<i>Total</i>	\$6,136,000	\$158,000

After year one the museum has a yearly shortfall of around \$160K.

If the Trust chooses to develop a stand alone Dutch Museum Centre it is therefore necessary to find additional funding. Different funding opportunities are described in section 13.

Option 2 (shared facilities)

There are economical benefits if the Trust chooses to share their museum building with other (Council) facilities

Changes in the economic profile due to sharing the facilities are:

1. The building is no longer completely paid for by the Trust but is shared with the Council. As the functionality is combined as well (reception area, storage) a 20% reduction is expected.
2. Reduction in staff cost is expected as tasks can be combined with Council tasks (reception, information). A 15% reduction is expected
3. Running costs for the building are shared and therefore decrease. A 30% reduction is expected.
4. Additional visitors are expected as Council visitors might be tempted to visit the museum. A 5% increase in visitor numbers is expected.
5. Marketing costs, especially web site costs are expected to decrease as a combined web site is recommended to be set up (with Council and Museum information). A 30% decrease is expected.

Option 2 has the following economic profile.

Category	Cost Year One	Cost Year Two onwards
Capital Cost		
Building	\$4,400,000	\$0
Permanent Collection	\$450,000	\$0
Total	\$4,850,000	\$0
Operational Cost (per year)		
Running costs (building)	\$122,500	\$122,500
Staff	\$178,500	\$178,500
Collection (including transport and insurance)	\$165,000	\$165,000
Marketing (including web site)	\$63,000	\$28,000
Total	\$539,000	\$494,000
Revenue (per year)		
Admissions @\$6.00 aver.	(\$308,700)	(\$233,100)
Merchandising/shop	(\$50,000)	(\$50,000)
Facilities (events, activities)	(\$20,000)	(\$20,000)
Sponsors/ project support	(\$25,000)	(\$35,000)
Membership @ \$40.00	(\$40,000)	(\$80,000)
Donations/ miscellaneous	(\$25,000)	(\$25,000)
Total	(\$468,700)	(\$443,100)
Capital Funding		
Total	\$4,910,300	\$50,900

The museum has a negligible yearly shortfall of around \$51K.

The Trust is recommended to investigate option 2, together with the Council, in more detail. If this option is pursued it will only need one third of the additional yearly funding that the Museum requires to sustain compared to Option 1 (stand alone museum).

Conclusion

Around \$5-6M is necessary to develop the museum.

The Trust is advised to pursue combining their museum facilities with Council facilities.

Combining the museum with the Council activities reduces its yearly shortfall from around \$158K to around \$51K.

Based on the analysis done for this project the number of ongoing visitors is not expected to exceed 40,000 per year. This means that the entrance fee will not be enough to meet the expected costs of running the museum. The Trust could choose to increase the ticket price but this has proven to be contra productive as visitor numbers decrease more rapidly than the fare increase.

The Trust is encouraged to minimise its costs in the ways described in this report. This can be done by ensuring the collection costs are relatively low (borrowing items rather than purchasing them). The on-going costs would then also be minimised as the storage and insurance will decrease.

To meet the shortfall the Trust should seek ongoing financial assistance from either private parties or the Council.

Combining the Museum building with Council buildings (a combined Library / Community Centre / Tourist Information Centre) will reduce the construction costs, staff costs, and other on-going costs (maintenance, security). It will also attract additional visitors to the museum.

Finally, stakeholders need to be engaged from the start of the project. A number of Dutch companies have a presence at the New Zealand market. Some of these have indicated in the past that they are willing to contribute (through funding, materials, or equipment) to make the Dutch Museum Centre a success.

14 Capital Funding Opportunities

The thematic of a properly defined Dutch Museum Centre, especially one with a “national” designation, will prove to be attractive to a very large sponsoring and funding constituency. From the outset there should be a concerted effort to ensnare as many non-governmental funding sources, if only to prove that this venture is determined to be successful through as many funding alliances as possible.

“Since the Museum of New Zealand Te Papa Tongarewa was opened in 1998, with over 40,000m² of space, 34 new museum and gallery developments have contributed an almost equivalent amount of buildings at a cost of over \$200 million. By 2012, a further 20 or so similar projects will have been completed bringing the total spent on museum buildings since 1990 to something approaching a billion dollars, equating to an expenditure of \$250 per head of population.”

As might be expected the bulk of the funding has gone into the very large metropolitan projects, e.g. Auckland Museum M\$65, Christchurch Art Gallery M\$48. Projects more like the proposed Dutch museum notion tend to fall in the M\$3-13 bracket. Nelson Provincial Museum M\$6, Tauranga Art Gallery M\$8. The extension to the New Dowse Museum in Lower Hutt cost close on M\$ 6.5 with costs covered by a MCH capital grant of M\$1.75, Hutt City Council M\$2.5 and the Dowse Foundation raising M\$2.3.

Most projects, whether in the M\$80 or M\$3 bracket, rely on a mix of funding. Organisations such as trusts (e.g. ASB) often make considerable capital contributions in addition to the private donors or friends that have contributed to the Dowse Foundation by way of annual commitments, endowments or naming rights.

Note: Given the size of the Foxton and Horowhenua community it is vital that at all stages of the process the national nature of a Dutch Museum Centre is stressed.

NZ Lottery Grants Board/ Environment & Heritage

The Board has an estimated fund of \$9.1 million for this part of its funding programme. In the cultural heritage area it supports applications for capital developments both for established institutions or new developments. They are interested in “bricks and mortar” rather than project development (costs). The general trend for capital grants is between \$100-300,000 per project although larger grants have been made such as the \$1 million grant towards the Auckland Museum project in 2000. Funding requests to other government agencies do not impact on any favourable decisions made by this agency. Environment & Heritage also supports smaller projects such as the purchase of valuable heritage items for a museum collection. The Board also has a Community Facilities Fund, which can be accessed for building projects to construct or improve community facilities; the projects must have a total cost of over \$30,000. Categories include project management costs; professional fees; purchase of buildings for conversion etc.

The Ministry for Culture and Heritage

This ministry administers the Regional Museums Policy for Capital Construction Projects.

“Government acknowledges that nationally significant collections are located throughout New Zealand and is concerned that these collections are housed adequately and made accessible to all New Zealanders. Government also has an interest in communities having viable museums. These two considerations will lead government to make occasional grants to significant regional museums for capital construction projects.”

There is a very strong emphasis placed on the first criteria and through that the Auckland Museum was able to obtain substantial funding well beyond the total annual \$6-9* million amount set aside by the Ministry through funding over a number of years. (* increased recently). Provided the Dutch Museum Centre concept is conveyed in the most relevant manner, the two criteria should be able to be met, the emphasis being on significant collections. A lot of the collection relating to the proposed museum is as yet not legally in the possession of such an institution.

They are however significant nationally and the proposed concept will attract collection items not already in public collections in the region. The second criterion is self explanatory but will need to be addressed from a regional viewpoint at the time of application. Government acknowledges that from time to time a project will have a significant regional impact that warrants special consideration.

Other agencies and capital funding sources

Throughout the study reference has been made to other likely sources apart from the above funding agencies. These include some major Dutch organisations. These should be targeted from the outset so that any funding from that source can be set against subsidisable government agency applications.

Local trusts such as savings banks as well as possible major private or business donors need to be identified early on also. Certainly once a project target figure has been established. Certain components of the project, if proceeded with, could access smaller funding sources for project development expenses, exhibition design, programmes research, collection purchases and new technology facilities.

Capital funding

It is therefore possible to look at a funding mix as follows:

1. Lottery Environment & Heritage up to \$300,000
2. Ministry of C&H \$1 million +
3. Fundraising Dutch Museum Centre Trust \$1.5 million
4. Commercial, endowments (target) \$1 million
5. HDC \$1.3 million

Additionally certain components of the museum could be suitable as buy-in options for investors interested in the commercial activities associated with the venture.

The estimated fund raising target possibilities are assessed at \$ 5.1 million. This would exactly match the required first year funding is option 2 is chosen.

15 Council funding (comparative analysis)

The most recent survey by Museums Aotearoa reveals the state of institutional operating costs and sources of funding. One of the most notable findings is the very “*important role of ‘activities’ in providing a funding platform*” with “*the least common sources of funding (being) sponsorship and central government.*”

The most recent survey by Museums Aotearoa, indicates that the 61 museum respondents funded by their Territorial Authority receive some 60% of their income from the rate payer.

Most communities invest considerable ratepayer funds in their heritage infrastructures, including operational funding support. This TLA support tends to average around 60% of a museum’s or art gallery’s operational expenditure in both large metropolitan areas as well as in smaller communities such as Gore, Masterton, Gisborne or Wanganui.

Apart from the fact that the HDC is likely to assist the Dutch Connection with real estate and some capital funding, local councils have legal requirements with regard to community welfare under the Local Government Act 2002, i.e. to promote “the social, economic, environmental and cultural well-being” of their communities.

As such, any endeavour such as the Dutch Connection, if firmly committed to local well-being, whether economic or cultural, and community involvement, will be able to strike up a profitable partnership with the local authorities. In addition facilities within any new centre should be able to be utilised for local community purposes and provide both an additional income stream as well as engendering political goodwill.

To establish the feasibility of the Foxton Dutch Museum Centre a comparison with similar projects has been undertaken. Below is a summary of details forwarded to interviewees, plus some statistical additions by the consultant (e.g. population numbers).

Masterton

Aratoi/ Museum of History and Art is the area’s main cultural facility.

Masterton District Council’s grant was 61 percent of Aratoi’s total funding last year. This was well under the performance measure that requires the MDC fund less than 80 percent. Most of the balance of Aratoi’s funding is provided by Trust House, Wairarapa Building Society, Masterton Trust Lands Trust and Friends of Aratoi. Carterton District Council gives \$10,000 and South Wairarapa District Council contributes \$16,000. Average urban residential rate that goes to Aratoi is \$25 (properties pay based on capital value) MDC grant (excluding GST) \$235,000 (MDC have an annual Arts and Culture budget of just over \$300,000) Masterton residents pay an average of \$11.20 per capita. Fraction of total rates is around 1.5 percent.

Gisborne

Gisborne’s Tairawhiti Museum (museum and art gallery) has a \$570,000 annual budget. There are 21,164 rateable properties so this constitutes 1.47 percent of Gisborne District Council’s rates total. Cost on average per property comes to \$27.

Gore

The town’s annual Arts and Heritage operating budget for 2007/08 is \$361,730.

That budget is the core Museum/Art Gallery operation. GDC’s rating contribution to their gallery is \$353,086. Gore District’s population is 12,111- so this works out to \$29 per capita. \$353,086 is 3.74% of the total rate take. The local Licensing Trust does not contribute to the core running of the facility.

However if special projects are undertaken or instigated during the year then local funders generally contribute very generously to any funding requests.

Oamaru/Waitaki

The Waitaki District Council put approximately \$632,000 of rates funding into the Forrester Gallery and North Otago Museum. A typical property in Oamaru would contribute approximately \$75 to these facilities.

Wanganui

Wanganui District Council contributions to the Wanganui Museum is \$730,000 per year, which is 2.2 % of council's rates. Per head of population this is \$16.85. WDC's contribution to the Sarjeant Gallery is \$601,000 per year, which is a further 1.8 percent of council's rates. This is \$13.87 per capita. Total for their museum and gallery is 4 percent of rates. Population c. 43,300

Blenheim

Millennium Public ART Gallery had an operational budget in 2006/07 of \$180,000. \$50,000 of this was from a Marlborough District Council operational grant. This is equivalent to 0.13% of their council's rates income, and .07% of their total revenue. Marlborough's population is 42,500, so it works out to just over a dollar a head. (Added to this of course are the operational grants the MDC makes to other museums in the area, with the total amount of \$455,000 coming from general revenues, rates and reserves, being less than 1% of total activity revenue.)

Wellington

A comparative large city expenditure example is that of Wellington (pop. 179,466) where \$5.8 million is spent on galleries and museums (\$32 per resident); \$1.06 million on community arts and cultural support (\$5.60 per resident) and \$1.5 million on archives and heritage sites (\$8.36 per resident).

Summary

Museums and related culture and heritage institutions each have their own characteristics based on their history, location and governance. The mandate provided under the Local Government Act 2002 has equally placed demands on the rate paying community to achieve certain goals in the "cultural well-being" area. To get a maximum return from the resources it applies to the culture and heritage activities or the development of its institutional base, Council has to evaluate the relevance of the delivery mechanisms (museums in particular) currently in place as well as the appropriate KPIs.

Foxton is fortunate in that it has a rich history and a vibrant and relatively diverse economy. In addition, it has the advantage of size/compactness. It should be able to affect change more rapidly than other more dispersed or more populated communities.

In any consideration of a long term strategy for its culture and heritage industry it should be guided by issues that address governance, suitable management and sustainable / viable operations.

Note: Recently museums (of art and history) have embraced a more entrepreneurial approach in trying to increase their activity income, as well as decrease their over-reliance on ratepayer funding, particularly those which are not encumbered by large collection responsibilities or have a more thematic museum framework (e.g. Omaka AHC, International Antarctic Centre, Kauri Museum etc.) A Dutch Museum Centre, as indicated, would have those advantages as well as having a ready-made and very broad constituency. As such, a well conceived and executed concept, knowing its commercial imperative as well, would have a greater capacity than many existing museums to earn its keep without relying too heavily on its small ratepayer's base.

16 Critical Success Factors

In the feasibility study (2007) the following key success factors were recognised:

Initial Success Factors

- A clear **vision, mission and statement of purpose** - likely to be aligned to or cognisant of Horowhenua DC strategic priorities to guide all policies and activities
- Clearly identified **target audiences** for the services, based on sound demographic data. In this case the migrant community and their descendants, the general NZ community as well as the tourist sector, whether Dutch or in general. Certain exhibitions (temporary) and activities will have their own specific target audiences
- A **core collection**, which can grow in response to a specific collection strategy informed by programme needs. As a basis for developing exhibitions, education programmes, community events, interpretative strategies within and beyond a specific building, and for supporting heritage research and educational projects.
- Suitably **qualified staff** who are adequately resourced, effectively managed and community oriented. The number and qualifications would depend on the model and scope of the museum (service).
- Publicly **accessible site/s** including physical access for visitors with special needs. Within reach of car and coach parking, with loading dock facilities and close to other location facilities
- Regular user-friendly **opening hours**. Designed to fit with the perceived identified through local and national research and researched routines of locals and the travelling public in particular. Open as many days as possible, especially holidays and with special activities in mind.
- Engaging and relevant **displays, exhibitions and related activities** to attract the interests of a range of target audiences with repeat visits in mind.
- A **web presence**. To reach potential visitors and promote the institution's existence and programmes to as wide an audience as possible.

The main additional success factors that are recognised in this study are listed below.

Additional Success Factors

- **The Trust and the Council commit to share their facilities and staff**. The reception area could be staffed by Council personnel that also sell Museum tickets. The current design of the Dutch Museum Centre might be used as the basis for the combined building.
- The Trust has to actively seek **on-going stakeholder funding**. This stakeholder commitment should be in the form of a legal document.
- The Trust will make **one (highly qualified) staff member full time responsible for event management and marketing** to ensure numerous activities are organised frequently and the public is made aware of these. The impact on visitor numbers of each activity needs to be evaluated to consider future planned activities.

17 Conclusions

1. The Dutch Connection Museum Trust is encouraged to progress the development of a Dutch Museum Centre in Foxton. There are however clear parameters that need to be met before a museum in Foxton will be a success.
2. In order to attract as many people as possible activities, temporary exhibitions, and marketing should be the focus of the Trust from now on. The Dutch Museum Centre needs to be well known by name and by the quality of the exhibitions it offers.
3. Around \$5M in capital funding is required. When looking at potential funding (Lottery Environment & Heritage, Ministry of C&H \$1 million, Fundraising Dutch Museum Centre Trust \$1.5 million, Commercial, endowments (target) \$1 million, and HDC \$1.3 million) it is expected that those costs will be met. The Trust is encouraged to pursue these funds as soon as possible.
4. Based on a calculation of ongoing costs a negligible shortfall of around \$51,000 per year is expected. There are various ways of funding this shortfall, and an ongoing fundraising campaign under the Dutch community will be an essential part of meeting that shortfall on an annual basis.
5. The numbers used in this report are based on New Zealand based comparative costs analysis and the Trust is therefore recommended to budget their capital and operational costs on the levels described.
6. Based on the analysis done for this project, the number of visitors is not going to exceed 37,000 per year. This means that the entrance fee will not be enough to meet the expected costs of running the museum. The Trust could choose to increase the ticket price but this has proven to be contra productive as visitor numbers decrease more rapidly than the fees increase.
7. The Trust is encouraged to minimise its costs in the ways described in this report. This can be done by ensuring the collection costs are relatively low (borrowing items rather than purchasing them). The ongoing costs would then also be minimised, as the storage and insurance will decrease.
8. Combining the Museum building with Council buildings (library, council office) will reduce the construction costs, staff costs, and other ongoing costs (maintenance, security). It will also attract additional visitors to the museum.
9. Council and other Stakeholders need to be engaged from the start of the project.
10. A number of Dutch companies are present in the New Zealand market and have indicated in the past that they are willing to contribute (through sponsorship, funding, or goods in kind) to make the Dutch Museum Centre a success. The Trust is encouraged to pursue these opportunities as soon as possible.

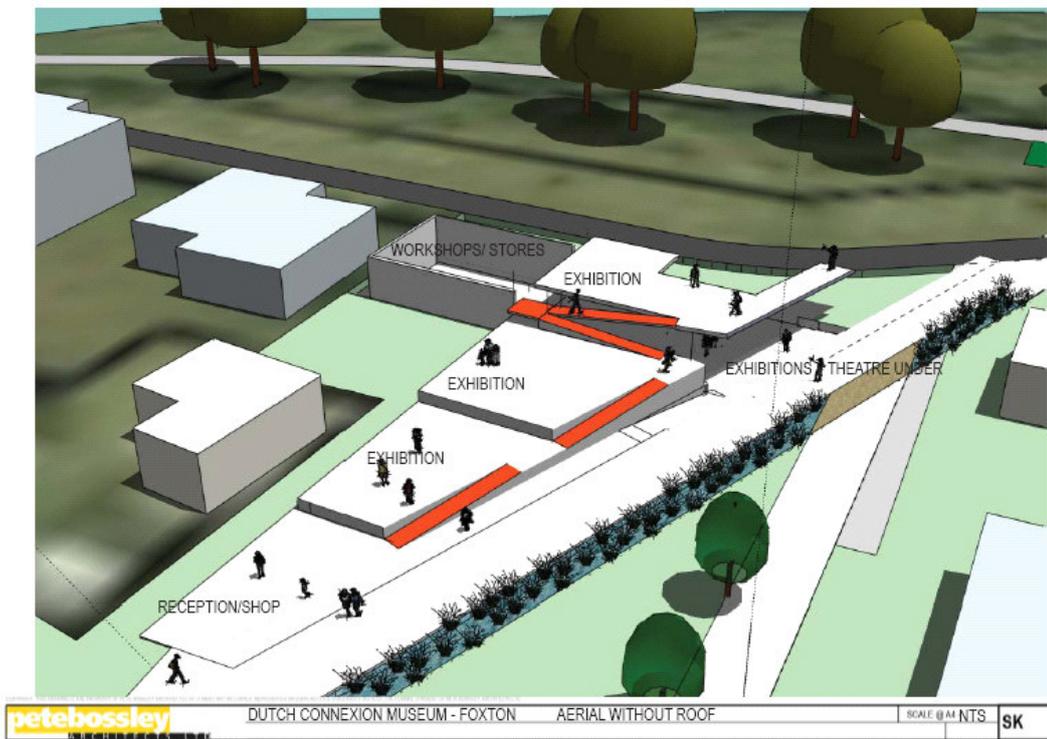
Appendix 1: Architectural drawings, Stand-Alone building (relating to one of the sites mentioned on page 13, unlikely to be available)



petebossley DUTCH CONNEXION MUSEUM - FOXTON AERIAL FROM NORTHWEST SCALE @ A4 NTS SK



petebossley DUTCH CONNEXION MUSEUM - FOXTON AERIAL FROM NORTHEAST SCALE @ A4 NTS SK





petebossley	DUTCH CONNEXION MUSEUM - FOXTON	FROM STREET	SCALE @ A4 NTS	SK
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