

The case for the Art Museum of Kangaroo Island



ART
MUSEUM OF
KANGAROO
ISLAND



The Art Museum of Kangaroo Island Establishment Association pays respect to all First Nations people and elders past and present. We acknowledge that the Art Museum would be built on land sacred to the Kurna, Ngarrindjeri, Raminjeri and Nurrungah people, and honour that land and its long Indigenous heritage.

Art Museum of Kangaroo Island: born of a wild island, a living, inspiring, unforgettable art space that enriches, enlightens and intrigues:

- > a major art space of excellence, unique in regional South Australia
- > an added dimension to the island's tourism offerings and promise of increased tourist numbers
- > a creative catalyst for complementary new and expanded Kangaroo Island businesses
- > an enriching community gathering place
- > gross value added of \$95 million over 15 years for a \$19 million investment
- > construction jobs benefit of 80 FTEs for 2 years
- > direct and indirect jobs benefit to South Australia of 70 to 120 FTEs over 15 years
- > sustainable revenue/cost prospect over 20 years
- > supported by > 80% of the community
- > programming and activities benefitting community mental health and wellbeing, and furthering young people's education

ART MUSEUM OF KANGAROO ISLAND

Kangaroo Island has always been a place of nature and landscapes, revelling in rugged isolation. Over time its produce has gained renown for high quality and pure tastiness. Now is the time for the island's art community to add the icing on the cake and make Kangaroo Island the complete destination for the discerning traveller.

In the Art Museum of Kangaroo Island (AMKI), island artists show their fine art to the world. The travelling art exhibitions and artists-in-residence brought to AMKI enrich the practice of island artists, attract a new audience for Kangaroo Island and encourage longer stays.

AMKI itself is a work of art, positioned to capture breathtaking views and constructed to buffer against external forces in protecting the artworks and minimising CO2 emissions. The surrounding restored Kangaroo Island landscape is configured for community and visitor use, and culminates in a major environmental artwork. It's a world apart, yet near Kingscote, the island's main town.



Kangaroo Island

- > Kangaroo Island is highly regarded worldwide for its natural beauty and landscapes, and clean primary produce
- > It is Australia's third largest island and the fourth most recognised tourism destination in Australia
- > Tourism and primary production are the main industries in a population of 4,700
- > Kangaroo Island's Brand values are: Authenticity, Personal relationships, Connected to unspoilt nature, Seclusion (island), Peaceful/Restored
- > Its global recognition attracts over ~230,000 visitors annually
- > Kangaroo Island is poised for growth with major accommodation and tourism-attracting developments proposed across the island

The 2025 South Australian Regional Visitor Strategy identifies that marketing should continue to build the profile of island artists, as well as artisan producers.

The opportunity

Kangaroo Island's undeniable beauty resides in its wildness – a quality the world is finally coming to value very highly indeed. Islands are special places. The very act of going to an island is a separation from the mainstream and has immense attraction in an increasingly disconnected world.

Where better to place a major gallery, unique in regional Australia, a work of art in itself, at one with the island's landscape? A place that rests in a breath-taking location that is also convenient and accessible.

This project would be compelling at any time, but with the profound ravages of both the 2019–20 bushfires and COVID-19, Kangaroo Island needs beacons of hope for a future beyond simply the struggle for recovery.

Eminent Australian architect, Kerstin Thompson, has taken the time to understand AMKI and its location, and even Kangaroo Island. She has committed to the AMKI project as the design direction images in this document show.

The profound effect that a significant art institution can have on a community is well-documented. Witness the astonishing transformations wrought by festivals in townships like Spoleto and Aix-en-Provence, and galleries like The Guggenheim in Bilbao and, closer to home, MONA in Hobart.

The philosophy underpinning AMKI is as self-sustaining and resilient as island people. It will operate as a social enterprise and feature a significant educational program, bringing the latest trends and innovations in the world of art to the island. The building could host small indoor cultural events and its surrounds lend themselves to larger community events.

It is the unique and engaging experiences AMKI would offer that will lure more people to KI – and stay for more than two tightly packaged days. The island is already extraordinary but with a must-see cultural attraction it will be irresistible.

AMKI is a project to support, treasure and enjoy.

Mr Beare's tents Nepean Bay Kangaroo Island
by Col William Light, 1836, in the collection of
State Library of South Australia



Programming expectations

The programming reflects the promise of Kangaroo Island, and offers exhibitions and experiences found nowhere else in South Australia, for example:

- > the Easter Art Exhibition and an annual SALA Festival hub for the island
- > popular exhibitions such as the Archibald Prize, and digital light and immersive experiences
- > quirky, bold and unexpected exhibitions for discerning art lovers
- > artists-in-residence who engage with the community, attract visitors to their studio, and assign their output to the collection
- > expert analysis and programming for adults and school students
- > a venue for intimate performances and larger outdoor events
- > night sky experiences
- > a unique large-scale permanent environmental artwork placed in a restored Kangaroo Island landscape and sculpture garden.

In a Covid-constrained world a focus on bringing international exhibitions to Kangaroo Island would attract people who are no longer able to travel overseas.



ART

The story so far

In 2017–18, the Island to Inland Exhibition, showing the work of ten of Kangaroo Island's major artists, was a feature of Country Arts South Australia's annual program. It opened to acclaim in Flinders University Museum of Art on North Terrace Adelaide and toured to 14 regional galleries across South Australia. It could not be shown on Kangaroo Island because there was no facility with the capability and conditions to house it. That was the catalyst for four of the exhibition's participants to plan and build just such a facility.

The committee has operated strategically since then: keeping the island community informed of their plans; joining relevant island, state and national peer groups; networking with, and gaining the support of, the Art Gallery of SA, Country Arts SA, SA Tourism Commission, Regional Development Australia Adelaide Hills Fleurieu and Kangaroo Island, and local members of parliament; visiting numerous regional galleries across Australia; attending Australian Museums and Galleries Association conferences; learning from gallery and tourism professionals and artists; and raising funds through grants, crowdfunding, events and donations.

In 2020, the AMKI organisation ran its first artist-in-residence program with Cedric Varcoe, which focused on recovery from the bushfire trauma of 2019–20. Cedric's workshops were an inclusive, healing, magnificent joy for all who participated and produced a mural, now resident at Parndana Campus of KI Community Education, and AMKI's first acquisition – a weaving that brings together 75 individual pieces woven by islanders in the Ngarrindjeri tradition and including many pieces of personal significance.

artmuseumkangarooisland.org/artist-in-residence/

The fires also prompted Maudie Palmer AO, inaugural director of both Heide and Tarrawarra – major regional galleries in Victoria – to offer her expertise. She used her experience to develop the working brief for the layout and elements of the art museum, and recommended the concept architect Kerstin Thompson. Arts administrator and cultural programmer Rob Brookman AM also brought his networking and fundraising expertise to the committee.



Lakun Yalani dreaming, Weaving mat dreaming, Cedric Varcoe and Kangaroo Islanders, 2020

Community consultation

In 2020, AMKI's comprehensive community consultation attracted almost 350 responses, 85% of whom were island residents or property owners.

All respondents:

- > > 90% – AMKI would add to the visitor experience on KI
- > > 90% – AMKI would have a positive impact on the island's art community
- > > 80% – AMKI would be a major tourist attraction for South Australia
- > > 80% – AMKI would have a positive impact on the island community in general
- > 80% – AMKI would fit the preferred site's dedication of 'scenic value'
- > 80% – the preferred site is suitable for AMKI.

(Full report artmuseumkangarooisland.org/community-consultation/)



Location of Art Museum, north of Kingscote

KANGAROO ISLAND

If we do nothing

Without a high-quality arts and cultural venue, with professional staff, Kangaroo Island is unable to realise its full cultural and tourist potential:

- > Long-running KI tourism statistics (TOMM Visitor Exit Survey) show most tourism indicators return acceptable ratings. However, satisfaction with the range, quality and availability of activities continues to be below the acceptable level. The opportunity to learn more about the island's history is also below acceptable.
- > The island has few attractions/activities suitable for cold or wet weather conditions, limiting visitor experiences, especially in the colder months when there is more capacity for expanding tourist numbers.
- > Kangaroo Island's artists have limited potential to market and show their work to tourists on the island, for example Kangaroo Island Easter Art Exhibition being shown in a town hall with inadequate facilities, no focus venue for SALA, a major South Australian festival, and group exhibitions such as Island to Inland having no suitable venues to be shown on KI.
- > Young people on KI have limited arts and cultural experiences, and schools, community groups and individuals of all ages have little access to arts-based education programs.

- > Without a premium venue and professional cultural organisation, Kangaroo Island is not able to take full advantage of the current explosion in popularity of arts-based workshop programs, which generate income for small business, support creative industries and facilitate social connectedness.
- > The island has few attractions/activities suitable for cold or wet weather conditions, impacting on the quality and diversity of visitor experiences, especially in the colder months when there is more capacity for expanding tourist numbers.



Mural at the Parndana Campus of Kangaroo Island Community Education, Cedric Varcoe and Kangaroo Islanders, 2020

Social, cultural, wellbeing benefits

Health and wellbeing

Offers activities that improve social connections, increase a sense of belonging and support better physical and mental health

- > People with 100 or more hours per year of arts engagement had significantly better mental health and wellbeing than people with no or lower levels of engagement. University of Western Australia, 2016
- > The social return on investment for creative craft making activities is 1:118, mainly in foregone treatment bills, reducing GP visits by 28% and attendance at emergency wards by 24%. Wellbeing Enterprises UK, 2017

Creative industries

Artists, both practicing and emerging, reach wider audiences; other cultural experiences develop that support visitation

- > The UN Conference on Trade and Development recognises creative industries as a new dynamic sector in world trade.

Museums are major tourist attractors and innovators of new products and experiences. Regional creative precincts are significant tourist attractors and bring creative businesses together with complementary sectors. SA Creative Industries Strategy, 2020

Education creative industries

Opens educational opportunities for individuals and schools, supporting the integration of arts into learning

- > Eighth graders with high levels of arts engagement in primary school showed higher test scores in science and writing than those with lower levels of arts engagement over the same period. National Endowment for the Arts, 2012
- > Music and arts-based programs bridge the gap in school achievement and improve grades in English and STEM for children in disadvantaged and high-need communities. The Song Room, 2011

The AMKI proposal aligns with relevant national, state and regional strategies:

Domestic Arts Tourism, Connecting the Country Report. Australia Council, 2020

International Arts Tourism Connecting Cultures Report. Australia Council, 2018

Arts and Culture Plan South Australia 2019-2024

Kangaroo Island Council Strategic Plan 2020-2024; and Arts & Culture Policy

The AMKI proposal also aligns with many UN Sustainable Development Goals, which are vital for a recovery that leads to greener, more inclusive economies, and stronger, more resilient societies.

Cultural tourism + the economy

Attracts visitors to the region and boosts the local economy

- > In 2018, the average length of stay for an overnight trip to enjoy arts and cultural experiences was five nights; for other overnight trips, three and a half nights. The average spent by visitors enjoying the arts on overnight trips was \$1,068; the overall average was \$685. Australia Council for the Arts, 2020
- > Cultural tourism is growing more quickly than tourism overall, increasing in 2015 by 15% for international and 11% for domestic visitors; and by 8% and 7% respectively for overall tourism. Transport and Tourism Forum, 2016
- > Bendigo Regional Gallery is often cited as an economic success story. Of the 124,715 out-of-region attendees at the Grace Kelly exhibition, more than 99,840 (80.0%) were primarily visiting Bendigo because of the exhibition; a further 2,041 (1.6%) extended their planned length of stay. The economic impact on the Bendigo economy was estimated at more than \$16.31 million (1.82 multiplier effect). Melbourne Business School, 2013

Business case nitty gritty

The economic and financial projections on the following pages are based on:

- > the quantity surveyor's costings of the concept design
- > conservative revenue assumptions informed by average tourism returns rather than the more profitable 'arts and cultural' tourism sector
- > a conservative estimate of new visitation to Kangaroo Island attracted by AMKI.

Economy.id industry structure and industry sector profiles use a National Accounts regional econometric model developed by National Economics (NIEIR micro-simulation model). This model is based on replicating the outputs of the National Accounts framework for local areas such as LGAs, using a range of data sources to model the accounts to show local trends.

Work on the early stages of the project would begin only if significant federal and/or state government funding has been secured.

The complete original files from which the graphs and tables were made are available from AMKIEA on request.



Timing and economic assumptions

Project start	Nov 2021
Construction period	24 months
Construction end	April 2024
Operations start date	April 2024
Operations period	20 years
Operations end date	March 2044
Local government price index – Inflation	3.00%
Other expenses – Inflation	3.00%
Revenue – Inflation	2.00%

Project costs and funding

Project costs	
Trade costs	\$8,901,927
Design contingency	\$445,000
Locality factor	\$4,673,000
Preliminaries	\$1,682,073
Margin	\$628,000
Construction contingency	\$816,000
Other construction costs	\$1,747,000
Other project costs	\$225,000
Debt financing costs	\$314,762
Total	\$19,432,762
Project funding	
Federal government grants	~\$10,000,000
State government grants	~\$5,000,000
Cost funded by donations funding	\$3,000,000
Cost funded by debt funding	\$1,432,762
Total	\$19,432,762

Revenue assumptions

Visitation	
Annual average tourism growth rate	1.43%
Proportion of existing visitors	35.00%
New visitors attracted to KI	10,000
Total visitors – locals	15.00%
Adult entry fee (per person)	\$10.00
Child entry fee (per person)	\$0.00
Locals free of charge	Yes
Leasing	
Café area	210 sqm
Café rental rate	\$120/sqm/year
Apartment rental rate	\$400/month
Apartment annual utilisation	50%
Other annual revenue	
Gift store	\$25,000
Sponsorship	\$40,000
Workshops	\$5,000
Donations	\$30,000
Annual events	\$30,000
Collectors' Club acquisitions	\$20,000

Fundraising plan

Fundraising of the estimated cost of organisational establishment, administration, design, construction, fit-out and landscaping of AMKI (rounded to \$20,000,000) is proceeding in three phases:

Feasibility	\$100,000	Completed from grants, crowdfunding and events
Design development	\$200,000	50% completed (major philanthropic foundation) 50% being raised by the end of 2021 from foundations and individuals
Capital cost	\$19,700,000	Submissions being developed for major government grants, and philanthropic and corporate support Anticipated completion 30 June 2022

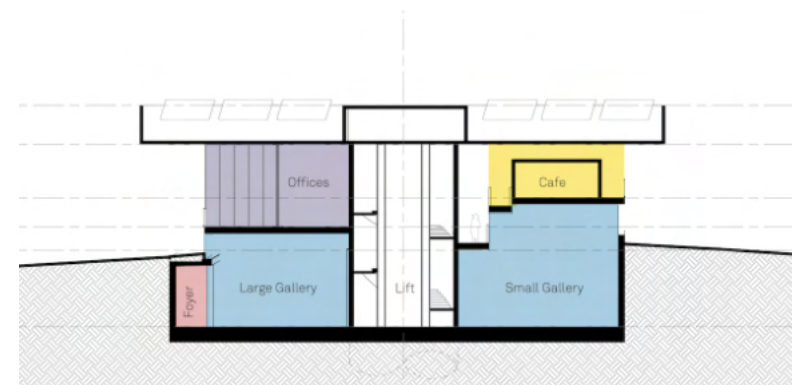
Funding sources

Proposed funding sources range from substantial government grants to a grass-roots campaign to build community buy-in to the project. Up to \$1.4 million could be raised through loans which the Business Case indicates can be serviced through annual operating revenue. The notional break-up of such support is at present:

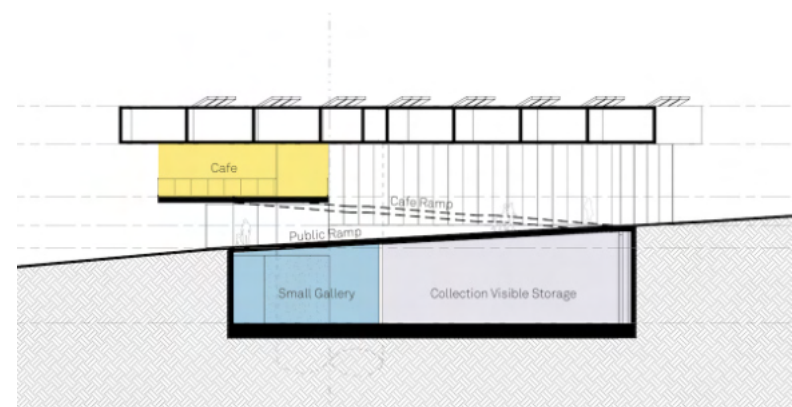
Australian Government grants (major)	\$10,000,000
SA Government grants	\$5,000,000
Major foundations/philanthropic	\$2,900,000
Major individual donors	\$300,000
Broad-based community campaigns	\$150,000
Corporate support	\$200,000
Other small grants	\$50,000
Debt financing	\$1,400,000
Total	\$20,000,000

Other funding

A further campaign will be developed in support of initial acquisitions, commissions and exhibition programs, particularly in the first two years of establishment until accumulated surpluses provide sufficient cash-flow to support such programs.

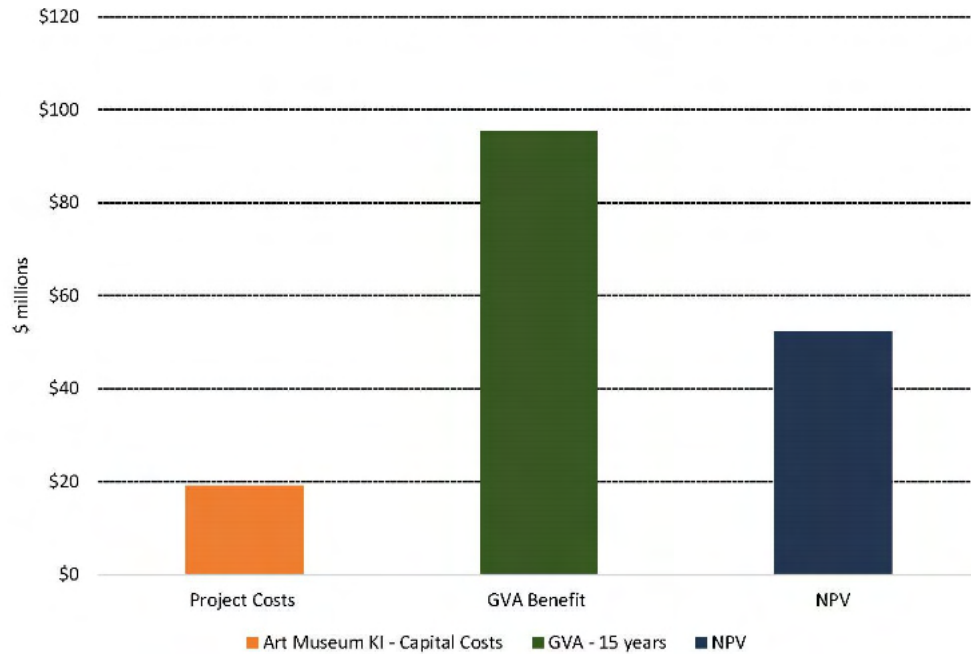


Cross section



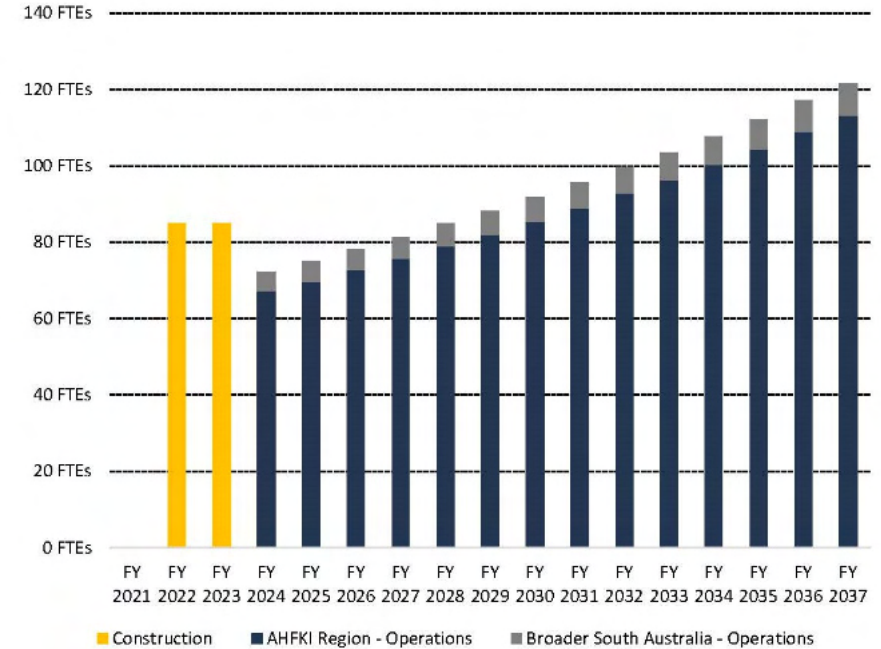
Long section

Economic impact and job creation



Economic impact:

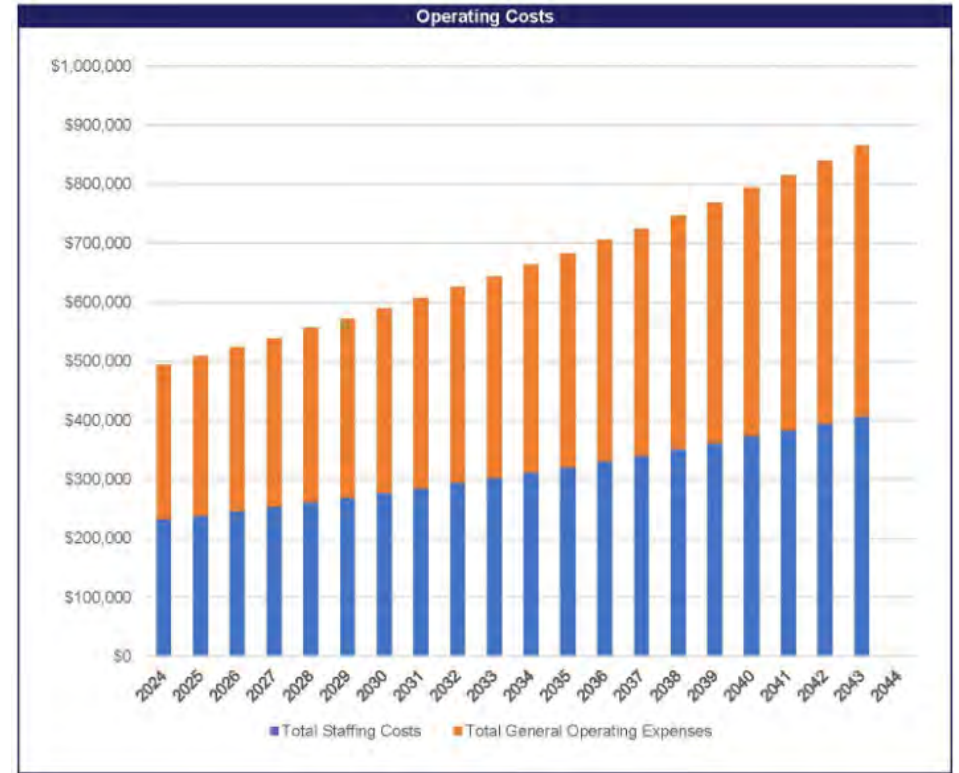
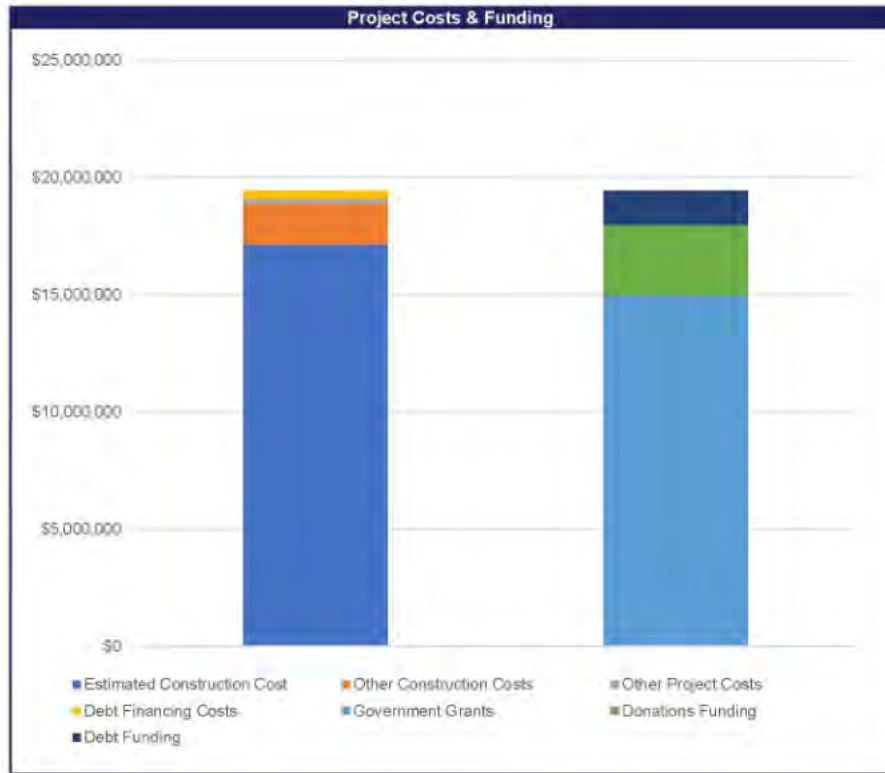
- > Investment = \$19 million
- > Gross added value (GVA) = \$95 million over 15 years
- > Net present value (NPV) = \$52 million



Job creation forecast:

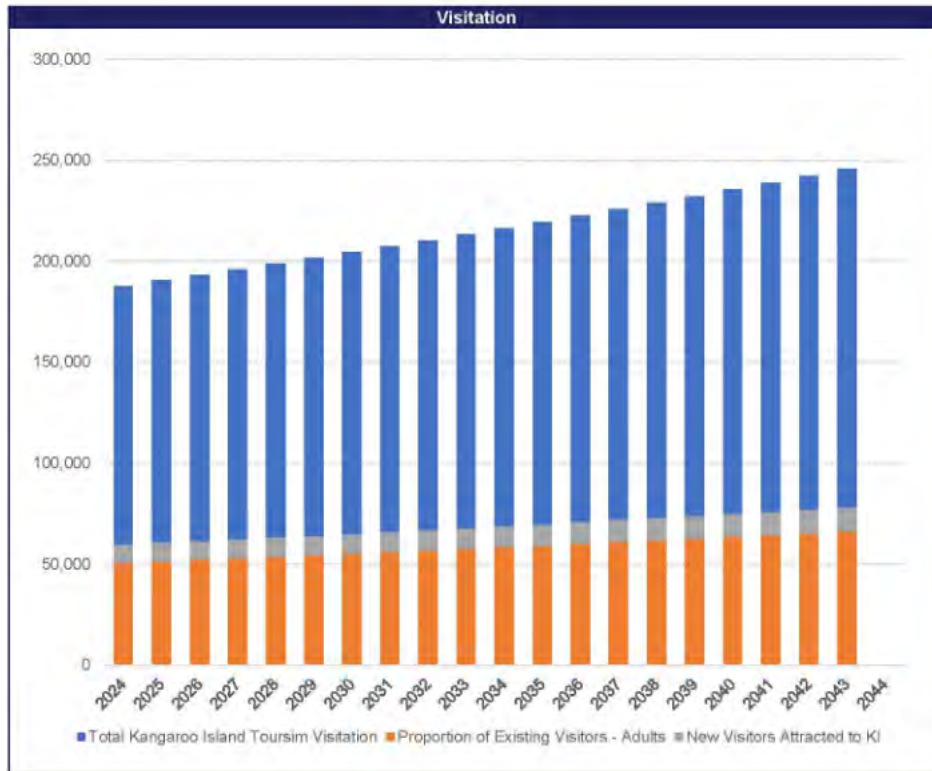
- > Construction jobs over 2 years in SA
 - > 67 direct FTEs
 - > 18 indirect FTEs
- > Operations jobs over 5 years in Adelaide Hills, Fleurieu, Kangaroo Island region
 - > 52 direct FTEs per annum
 - > 9 indirect FTEs per annum

Project and operating costs

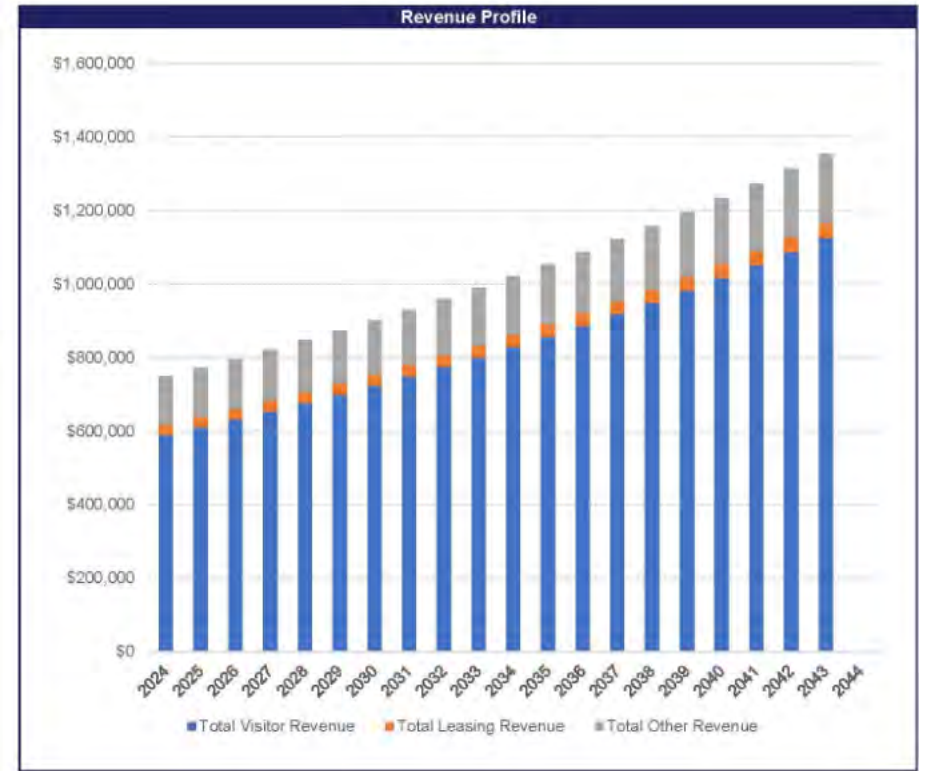


If necessary, up to 7% of the construction cost could be covered by debt funding, which on the projected operating balance would be repaid within 16 years.

Visitation and operating revenue

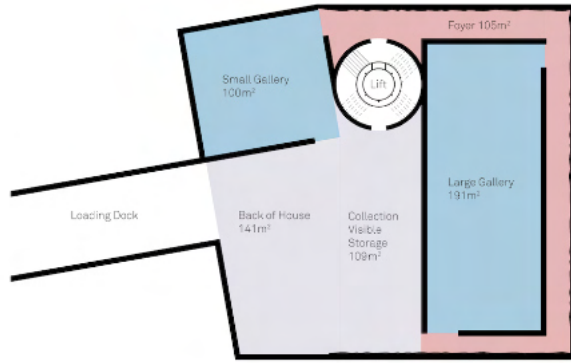


The Visitation graph shows the proportion of existing adult visitors who are expected to visit AMKI, as well as a modest projection of new visitors to Kangaroo Island attracted by AMKI.

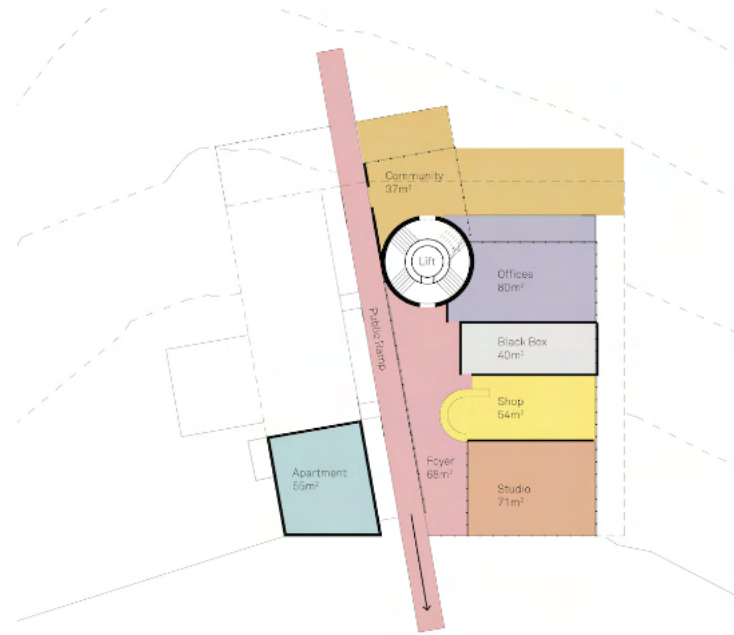


Healthy and increasing visitation translates into a steadily rising revenue stream

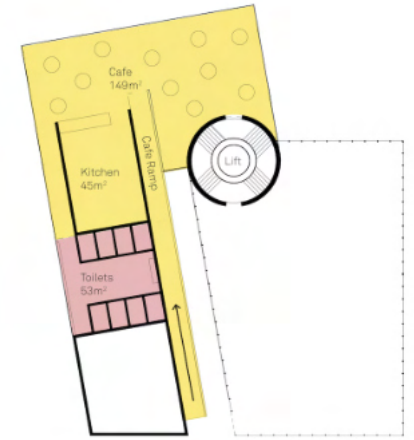
Art Museum of Kangaroo Island concept layout and siting



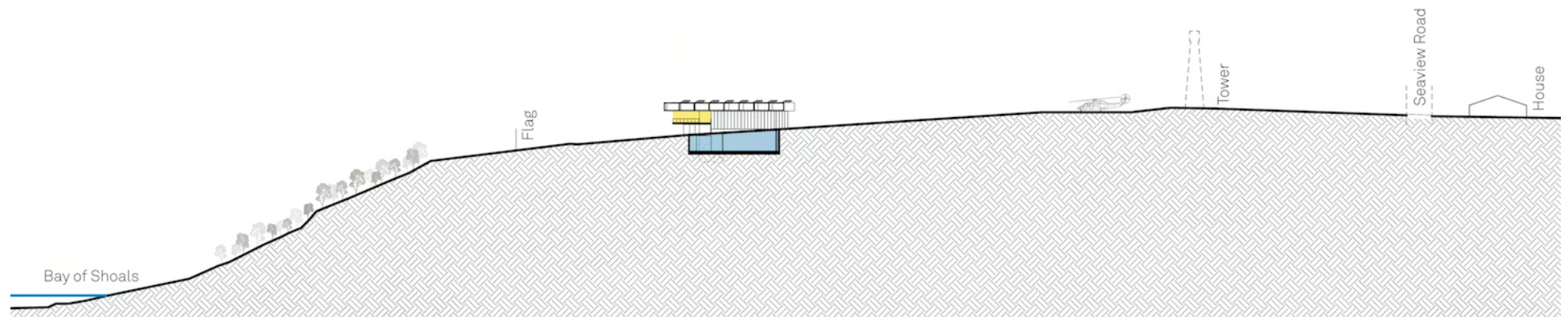
Underground level



Ground level



Mezzanine level



Path to completion

Delivery capability

The Art Museum of Kangaroo Island Establishment Association Inc has taken a strategic measured approach from the start and shown its capacity to manage a large project. It has:

- > raised almost \$200,000 from a major philanthropic foundation, grants, crowdfunding and events, without secured land or business case
- > secured the support of leading state and national gallery directors, SATC, KI Business and Brand Alliance, Country Arts SA, the Kangaroo Island community and key island businesses
- > set up a pathway to transfer to a not-for-profit, DGR corporation to operate the art museum
- > written and reviewed policies, strategies and a risk management matrix.

AMKIEA Inc, a member of:



Regional Galleries Association
of South Australia

**Australian
Museums
and Galleries
Association**

Risk management

Risk	Mitigation
Blow out in construction costs	Contract an experienced independent project manager to run the construction phase, in turn overseen by a Building Committee of AMKIEA Inc, which will have construction, gallery, business and hospitality expertise and experience
Operational cost over-run	Lease café to independent operator Rationalise staffing levels Minimise costs of internal environmental control with underground gallery design Secure sponsorship for specific elements e.g. naming right to a gallery; transport sponsorship for travelling exhibitions
Tourist numbers do not increase enough and visitor numbers to the art museum do not reach targets	Reach maximum audience in target markets with marketing campaign that includes use of existing proven Kangaroo Island marketing avenues Ensure programming appeals to diverse audiences
Secure sufficient donations to cover funding gap	Explore alternative funding sources e.g. sponsorship Take out an increased loan against the asset Go back to government and increase the ask Modify design or defer elements of build to bring back to manageable budget
Extreme weather events such as fire, flood, hailstorm	Ensure building sited and constructed to highest standards for withstanding such events Develop a disaster preparedness plan Maintain highest insurance level against such events

Delivery timeframe	Duration	Start	Finish	2021	2022					2023				2024	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Art Museum of Kangaroo Island	627 days	Nov '21	Apr '24												
Contract documentation/approvals		Nov '21	Apr '22												
Contractor procurement		Mar '22	Jul '22												
Client pre construction works		Apr '22	Aug '22												
Construction period		Aug '22	Apr '24												
Handover			Apr '24												



**Art Museum of Kangaroo Island
Establishment Association Inc**

Committee: Ria Byass, Janine Mackintosh,
Deb Sleeman, Kathie Stove

Advisers: Sue Arlidge (business), Rob
Brookman (fundraising), Lauren Mustillo
(collections), Jess Mensforth (project
management)

Business Case consultants: Design direction
by Kerstin Thompson and Christopher Kelly
of Kerstin Thompson Architects; economic
and financial modelling by Dougal McOmish
of EcoAdvisory; social and cultural content by
Maz McGann of Play Your Part; costing and
timeframe by Sam Paddick of WT
Partnerships

*Documents containing comprehensive
research and modelling are available
on request.*

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