

Museum of The Northern Territory

Economic Assessment

Prepared by MacroPlan Dimasi for
Northern Territory Government

Overview of Key Findings
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Overview of Key Findings

Key Findings

- **The proposed Museum of Northern Territory, as modelled, returns a central case BCR of 2.39 which represents a significantly investable project for the Northern Territory.**
- **The museum could attract \$52.9M in tourism expenditure in 2023/24 and grow to \$82.3M by 2031/32.**
- **The project will deliver an estimated 170 direct jobs per annum during construction and an additional 265 jobs pa in related industry sectors.**
- **The completed project is anticipated to support approximately 125 FTE jobs on-site related to the operation of the museum and related facilities.**
- **The direct employment on-site will also support indirect employment offsite throughout a range of related industry sectors that support the operational supply chain and gain benefit from the economic flow on effect that will be created and sustained throughout the life of the museum.**

Scope

The primary purpose of the economic evaluation was to undertake initial economic analysis, benchmarking and identification of appropriate governance and operational models for the proposed new Museum of the Northern Territory to be located at the historic Old Hospital site in Darwin.

The report identifies and provides options and recommendations on the project's development, establishment and operations including but not limited to its:

- purpose and functions;
- objectives guiding its delivery;
- governance and management structure;
- funding requirement, both for its building and on-going operations; and
- quadruple bottom line benefits.

Value Proposition

The business case for the new Museum of the Northern Territory is based on:

- Increasing international and domestic tourism visitation expenditure in the NT in the short term;
- Increasing educational and intellectual product exports in the medium to long term; and
- Supporting cultural diversity and practice, that in turn strengthens the Territory's global and national positioning.

A key part of this business premise is planning how to develop significant independent business streams, proactively seeking new funding opportunities, and working in partnership with indigenous organisations to engage more people. The foundations for the new business model is based on a mix of:

- Maximising visitation through the creation of a living and working node for cultural exchange that embraces social interaction.
- Aligning with key stakeholder ambitions to create a destination, providing a reason to visit the Northern Territory and contributing to the region's economy.
- Unlocking access to essential resources through partnerships and collaborations e.g. connections with key indigenous groups, community organisations and local businesses, with new initiatives such as events and festivals and linked tickets with the Art and Cultural tourism.
- Embedding contemporary museum management concepts in an operating environment that prioritises indigenous innovation, modern technology and digital platforms.
- Increasing focus on earned income from visitors — creating an experience that more visitors are prepared to pay for and adding value to the Northern Territory's tourism offer.

The scale of activation and renewal of the Myilly Point Precinct is influenced by identified challenges, project objectives and the long-term shared vision for the space. The concept for the site is couched in a 'precinct approach' at 2 levels:

- Through connectivity to the greater Myilly Point/ Cullen Bay and Mindil parklands precincts
- Full activation of the old Hospital site for diverse community purpose

Overview of Key Findings

Economic Evaluation

The proposed new Museum project has two primary functions, namely creating an NT cultural focal point through the provision of wide range of activities, spaces and attractions. Second, creating a national and global focal point for indigenous culture, knowledge and learning.

While the NT cultural function will generate important social and reconciliation benefits, the National and global indigenous culture, knowledge and learning function will generate significant economic benefits.

A cost benefit analysis (CBA) has been undertaken as a basis of evaluation of project benefits and outcomes. CBA assesses the present values (PVs) and net present value (NPV) of the project, based on the range of project cost/expenditure and benefit/revenue assumptions to determine the benefit/cost ratio (BCR).

The BCR summarises the ratio of the overall benefits of a project against the costs of that project. A BCR of greater than 1 indicates that the project has benefits exceeding its costs and therefore can be considered to be an economic project. Projects with BCRs less than 1 may still be suitable for Government investment if there are project benefits which are not able to be monetised for inclusion in the BCR (e.g. equity considerations or social benefits)

The proposed Museum of Northern Territory, as modelled, returns a central case BCR of 2.39 which represents a significantly investable project for the Northern Territory.

The Myilly Point Precinct – Master Planning Diagram



Source: ROPPO + ARV, 2018.

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 Government Department – Development of the Darwin
 Region

BCR – Discount Rate Sensitivity

	Discount Rate (Real)		
	6.5%	9.5%	12.5%
Project Benefits PV	\$1,563.11	\$979.72	\$654.59
Project Costs PV	\$536.60	\$409.21	\$331.83
Project NPV	\$1,026.51	\$570.51	\$322.76
Project BCR	2.91	2.39	1.97

These estimates, generated using MacroPlan Dimasi's Project Evaluation Model are based on the guidelines outlined in Infrastructure Australia's Assessment Framework (June 2017) report, Chapter D3. Conducting Economic Appraisals

Specifically, the inputs to the CBA included:

- Direct project costs prepared by Rider Levett Bucknall with an estimated CAPEX of \$210M;
- Benchmarked operational expenditure based on assumed operational requirements, governance structures and staffing levels estimated at \$23.3M per annum over the first 3 years of operation.
- Induced operational revenue, including general admission based on admission charged only to non-NT residents (i.e. interstate and international visitors).
- Visitation forecast stabilising in Year 2 of operation at an estimated 285,000 per annum and growing at an average of 3.3% per annum based on projected growth in underlying visitor demand to the NT.
- The expected expenditure and funding associated with increased tourism to the region due to the museum;

The analysis drew upon a range of benchmarks as a point of reference. However, in recognition of the uncertainty inherent in the museum's design and tourism attraction, sensitivity analysis was undertaken to highlight a range of potential scenarios.

While the balance of costs and benefits in the different categories vary in response to these tests, the overall BCR remained above one in all cases. This supports the conclusion that the proposed Museum of Northern Territory provides a positive economic return is robust.

Overview of Key Findings

Employment Impacts

In addition to those direct project benefits assessed in the CBA there are a number of wider project benefits that are expected throughout the construction phase and on completion of the project.

- **Construction employment** - based on the construction budget and timeframe, the project is expected to support an average of up to 170 FTE jobs per annum onsite, with up to 265 FTE jobs per annum offsite in related industry sector. However, pre-opening employment for this project will surpass the usual public project, as it will also include the detailed design and fabrication of display fit out, exhibition and interpretation devices and objects, as well as extensive landscaping, and parklands and public space street furniture and artworks. This detail demands local contracting, creativity and making.
- **Onsite employment** - The completed project is anticipated to support approximately 125 FTE jobs onsite related to the operation of the museum and related facilities. This onsite employment will comprise a diverse range of skilled employment positions which will contribute to enhancing employment diversity within Darwin.
- **Indirect employment** - The direct employment onsite will also support significant indirect employment offsite throughout a range of related industry sectors that support the operational supply chain and gain benefit from the economic flow on effect that will be created and sustained throughout the life of the museum.

Wider Project Benefits

- **Urban regeneration** - While the museum itself will create significant urban regeneration onsite, it is expected that it will also provide a catalyst for further urban regeneration and redevelopment throughout the surrounding area. This particularly includes that area surrounding Mitchell Street and Smith Street between the site and the CBD, with redevelopment in this area expected to contribute towards achieving the objectives of the Darwin CBD Plan.

The proposed project will deliver a 'waterfront to waterfront' CBD outcome with the new Museum becoming a world significant meeting place in regard to indigenous, reconciliation and cultural integration issues.

- **Digital Network Opportunities** - It is not uncommon for the websites of museums similar to that planned onsite to attract in excess of 2 million on-line visitors per annum. A digital network provides the opportunity for this volume of website traffic to then be directed to related cultural and tourism attractions, spreading the visitor attraction and revenue benefits beyond that of the museum throughout the NT.

- **Social and Cultural benefits** - the new Museum is an opportunity of cultural and social significance for the Territory, key benefits including:

- Becoming a premier destination for cultural exchange and event programming, linking with and complementing both the existing MAGNT and proposed Indigenous Arts Trail;
- Increasing community vibrancy and a stronger sense of place;
- Making a significant positive contribution to reconciliation and improved social opportunities for Indigenous people;
- Supporting the improvement of social wellbeing of indigenous people both locally and across Australia.
- Continuing to expediate the process of cultural learning and preservation, defining the NT cultural identity both nationally and internationally.
- Fostering relationships and partnerships between Indigenous people and formal structures and systems with which they may not have previously held positive or constructive relationships.
- Becoming the key repository for Aboriginal legal milestones.

- **Re-positioning Darwin Globally** - The proposal with a strategic focus on cultural tourism investment will on completion increase the competitive position of Darwin both nationally and globally. As achieved at MONA in Hobart and the Guggenheim Bilbao, the new museum will create symbolic capital for Darwin in the form of cultural exchange and associations with innovation. This capital can only be anchored by Museum storylines being grounded in the interpretation and presentation of 65,000 years of continuous living culture - by far the world's longest. The new Museum of Northern Territory will benefit the economy by creating a new tourist base (economic diversification) and re-imagining the city. The new image leveraged by an iconic new Museum of Northern Territory will give the city an advantage in competition for development resources, creating branding capital through the both brand channels (i.e. the narrative) and the architecture itself (i.e. the image).

