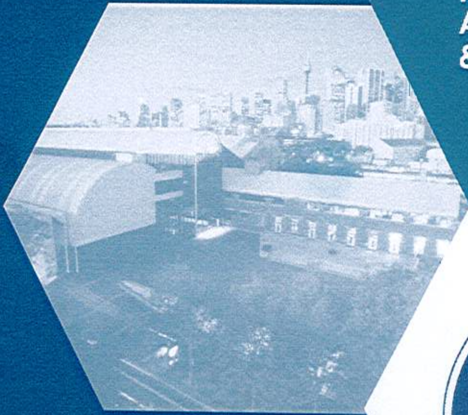
# MAAS MUSEUM RELOCATION
# BUSINESS IMPACTS STUDY

Prepared for City of Parramatta Council

February 2017

HillPDA
CONSULTING



MAAS
Museum of Applied Arts & Sciences

CITY OF PARRAMATTA

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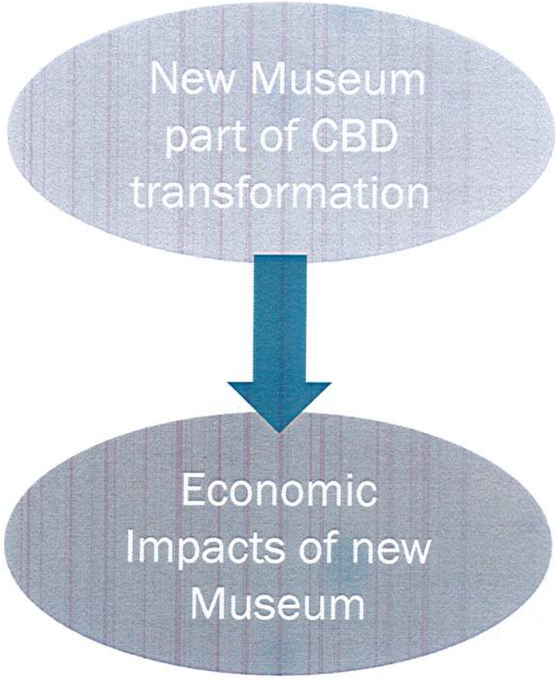
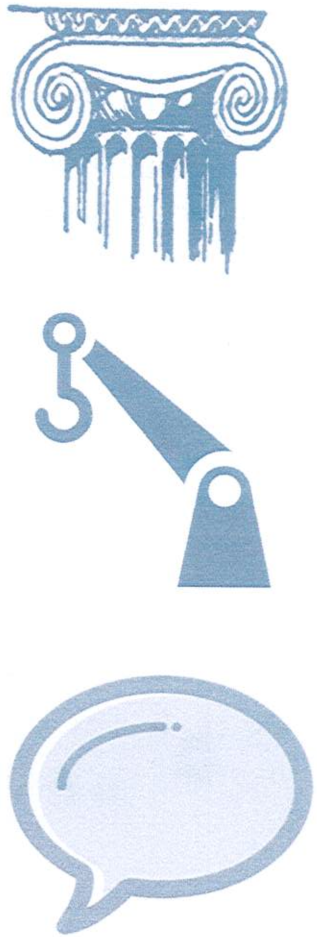
# STUDY SCOPE



- Parramatta City is undergoing a period of transformation as part of a vision to create 'Australia's next great city'
- The relocation of Museum of Applied Arts & Sciences (MAAS) to the Parramatta CBD is part of this vision and will bring positive benefits in terms of amenity, employment and economic activity to Parramatta
- The new MAAS museum project will be one of a number of projects planned or underway in the Parramatta CBD
- There will also be beneficial trading impacts to the City of Parramatta and surrounding local business
- Council engaged HillPDA to conduct an Economic Impact Study (EIS) to better understand the nature and extent of these impacts

## New MAAS Museum Project Overview

- The relocation of the MAAS Museum to Parramatta as part of the development of an arts and cultural precinct in Western Sydney was announced by Government in February 2015
- Following this announcement and working in conjunction with partners across Government including MAAS, Infrastructure NSW, Arts NSW, Department of Premier and Cabinet, a multi-agency group led by Department of Justice was formed to manage the planning for the new Museum, supported by a $10 million investment across two years
- Significant work was undertaken to understand the requirements for the new MAAS Museum, and to develop a list of potential sites in Parramatta for consideration by Government. Two shortlisted sites have since been announced: The Golf Course and Riverbank
- With the preferred site selected, detailed planning work is presently underway
- The new MAAS Museum's construction cost is expected to be around $200-300m*. Construction is expected to start 2019 and be completed by mid 2022
- Planning and building the new MAAS Museum is a long term project, and it is anticipated the new Museum will be open to the public in 2022
- The new MAAS Museum will showcase 40 per cent more of the Powerhouse's current exhibits.

* Source: Correspondence with City of Parramatta 1/02/17, for the purposes of our analysis we have assumed a total construction cost of $250m

# NEW MAAS MUSEUM SITES


Source: Six Maps; SGS Economics and Planning – Evaluation of Macquarie St Sites – Feb 2016

The two shortlisted sites for the museum include the following:

- The Golf course site located at the former Parramatta Golf Club (which ceased operation in April 2015). Situated along Park Parade, Parramatta the site spans across 14.4 hectares and forms part of Parramatta Park . The site is currently managed by the Parramatta Park Trust
- The Riverbank site is located at 30B-46 Phillip Street and 47 Smith Street, Parramatta. The site adjoins the Parramatta River and is currently owned by the City of Parramatta. The vast majority of the site is occupied by the old David Jones car park, with businesses fronting Phillip Street. Public access, including a cycleway, is provided along the riverfront

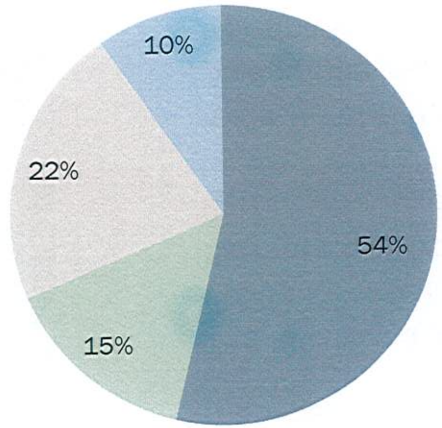
# MAAS 2015-16 SNAPSHOT

## Current Audience, Staff Numbers and Revenue

The Powerhouse Museum saw nearly 570,000 visits, which was **33%** higher year on year

The Powerhouse Museum currently employs **204***  (excluding casuals)

**$6.1m*** - Commercial Revenue from the sale of goods and services




### Origin of Visitors

- Sydney
- Regional
- Interstate
- International

Most visitors to the Powerhouse Museum are from Sydney, while most tourists are from within NSW.

Source: MAAS Annual Report 2015-16

* The Powerhouse Museum visitation relative to the overall MAAS visitation was used as a proxy to derive the estimate of commercial revenue for Powerhouse Museum in 2015/16

# ECONOMIC IMPACTS OF THE NEW MAAS MUSEUM

| Construction | Opening of new MAAS Museum | Ongoing Operation |
|---|---|---|

**$250m** – estimated construction cost*1

An estimate of **588** job years directly generated during construction

Approximately **2,320** job years generated during the period of construction (including multiplier impacts)

JOB OPENINGS

**$803m**– estimated contribution of new MAAS museum to economic activity (direct and production induced effects)

**$1.5m** – estimated annual spend by construction workers in Parramatta CBD during construction period

Notes on methodology:

- As advised by the of City of Parramatta 1/02/17
- HillPDA calculates that every million dollars of construction generates 2.35 full time positions over 12 months directly in construction on site. Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2012-13 (ABS Pub: 5209.0).
- Multipliers derived from the 2012/13 Australian Input-Output tables (ABS Catalogue no. 5209) are used to estimate the number of construction workers and the direct and indirect output associated with the museum construction
- An estimated spend of $50 per construction worker per week within the Parramatta CBD is assumed during the construction period (in comparison, Urbis' 2013 Office Worker Spending Survey found office workers spent an average of $76 per week on food and drink)

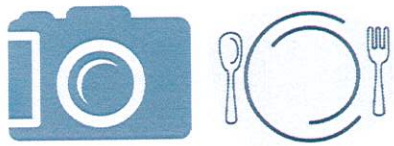
# ECONOMIC IMPACTS OF THE NEW MAAS MUSEUM

Construction → Opening of new MAAS Museum → Ongoing Operation

The new MAAS museum is estimated to attract **1 million** visitors per year*


The new MAAS museum will provide up to **260** jobs**

**$10.1m** – Museum Revenue from admissions and sale of goods and services.



**$42.5m** – More visitor spend on food, beverages and retail goods in Parramatta CBD

Notes on methodology:

Sources:

* Parra Council Media release 11 April 2016

** MAAS forecast

- MAAS Museum revenue: The Powerhouse Museum visitation relative to the overall MAAS visitation was used as a proxy to derive the estimate of commercial revenue for Powerhouse Museum in 2015/16 (source: MAAS Annual Report 2015/16)
- HillPDA estimates the commercial revenue for the new MAAS museum in 2022 to be around $10m. This assumes a 76% increase to the Powerhouse Museum Commercial Revenue in 2015/16 in line with Council's assumption of 76% increase in attendance. The exception is leased operations and venue hire revenue that is assumed to remain constant at 2015/16 levels (~ $810,000 pa). Source: MAAS Annual Report 2016.
- Museum visitors will be spend an average of $58 on food, beverages and retail goods within the Parramatta CBD. This is the weighted average spend (assuming a 50% capture to Parramatta CBD) of all domestic day visitors, domestic overnight and international visitors as reported in the 2009/10 Regional Tourism Profile, the 2015 Regional Tourism Profile for Sydney (www.destinationsw.com.au) and the MAAS Annual Report 2015/16.

# ECONOMIC IMPACTS OF THE NEW MAAS MUSEUM

Construction | Opening of new MAAS Museum | Ongoing Operation

The new MAAS museum will support a combined salary contribution of **$18.2m** every year

**$22.5m**– estimated industry value added (contribution to local GDP) from the new MAAS museum every year

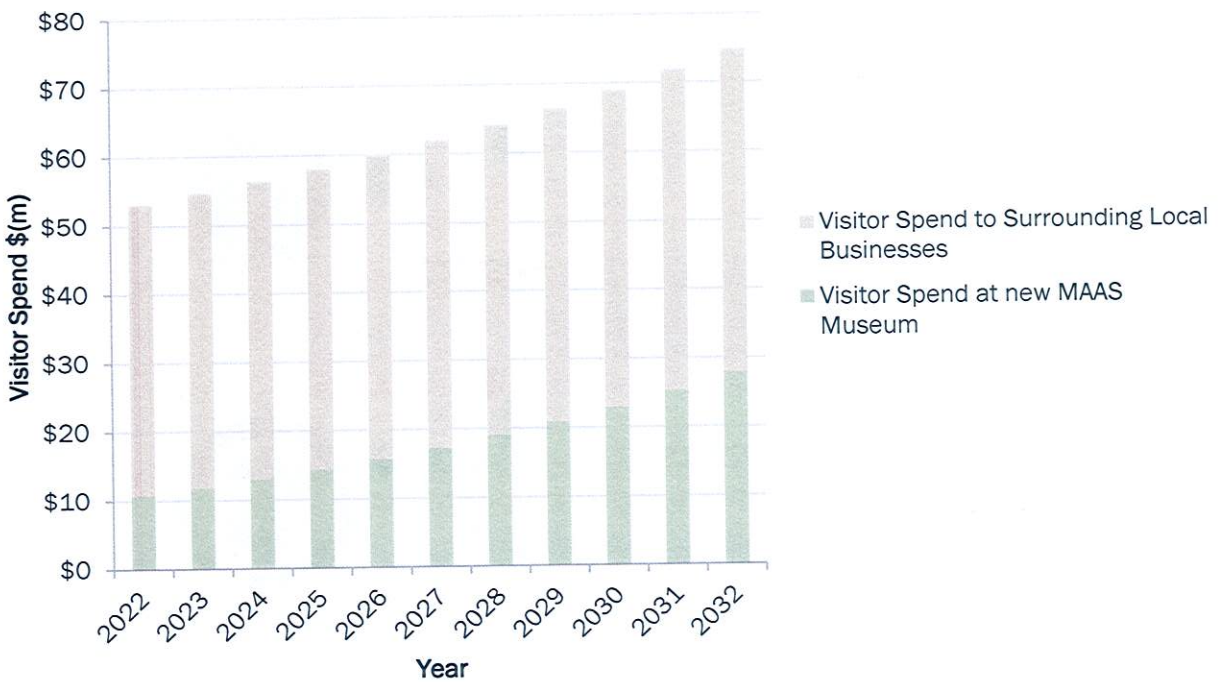
Notes on methodology:

- An estimated average salary of $70,000 has been assumed for 260 employees. Source: MAAS Annual Report 2015-16; Phone Interview conducted with Powerhouse Museum on 6/02/17
- Value added of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP)
- Industry Value Add was derived from the IBIS World Reports for Arts and Galleries (Sep 2014). A 37% increase was applied to the Industry Value Added. This is in line with MAAS's above industry average salaries (as reported on the MAAS Annual Report 2015-16)

# ECONOMIC IMPACTS OF THE NEW MAAS MUSEUM

Construction → Opening of new MAAS Museum → Ongoing Operation

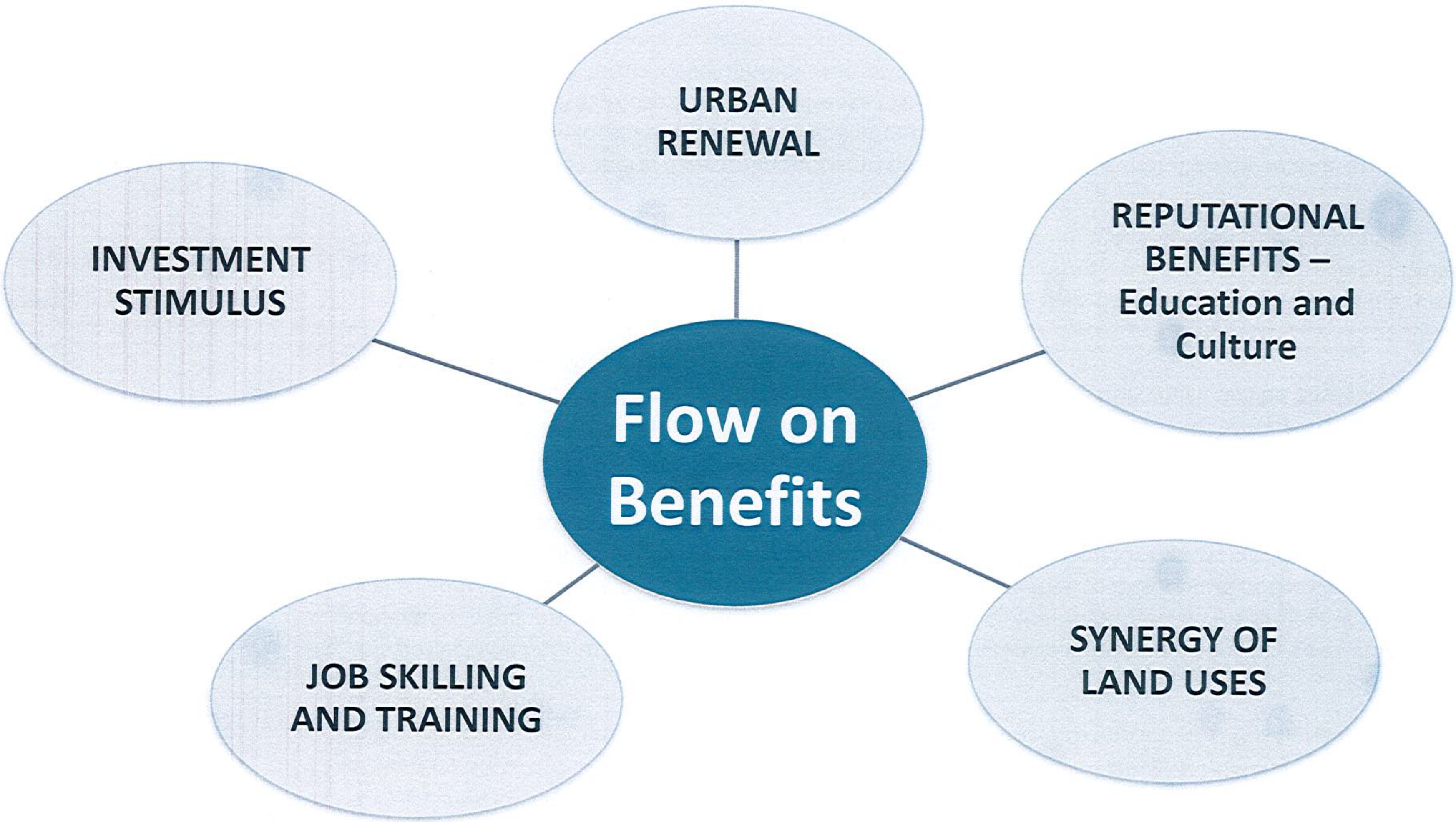
## Visitor Spend Generated from New MAAS Museum




Notes on methodology:

- HillPDA applied a conservative 10% year on year increase to the estimated visitor spend generated at the new MAAS (compared to the Powerhouse Museum's annual growth rate of 14% from the period 2013 to 2016).
- HillPDA applied a 1% growth year on year on visitor spend to surrounding local businesses (this is in line with average annual growth in retail spend).

# FLOW ON BENEFITS OF THE NEW MAAS MUSEUM TO PARRAMATTA



# FLOW ON BENEFITS OF THE NEW MAAS MUSEUM TO PARRAMATTA

| Flow on Benefit | Commentary |
|---|---|
| Urban Renewal | ▪ Future urban renewal projects such as the new MAAS Museum are critical to the sustainability and vitality of the City of Parramatta. The Museum will activate the precinct, with the potential to draw up to one million visitors a year into the area and significantly boost tourism to Parramatta. This in turn will fuel economic vibrancy. |
| Reputational Benefits – Education and Culture | ▪ This project will help to develop an arts and cultural precinct in Parramatta and will act as a catalyst for the educational, technological, economic and cultural revitalisation of Parramatta. This project will go some way to address the issue of Parramatta's lagging job growth relative to other parts of the city, through attracting and keeping high quality knowledge industries where future jobs growth is likely to be strongest. The Museum's focus on design, technology and innovation aligns with and will help promote Parramatta's ambition to be Australia's 'leading Smart City'. |
| Synergy of Uses | ▪ The Museum will be integrated as part of the wider Riverbank precinct and will form part of Council's vision to deliver a world-class cultural, entertainment, retail and residential hub which will be easily accessible and enjoyed by the community. |
| Job Skilling and Training | ▪ The Museum has the potential to support Council's Parramatta Skills Exchange (PSX) initiative (i.e. providing industry-based opportunities for young, unemployed and under-employed workers). As such the Museum can provide participants with opportunities to work in the museum and receive on the job training. |
| Investment Stimulus | ▪ Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investments. As such the new MAAS Museum would increase the profile of this area and in so doing increase the financial feasibility of future development, potentially acting as a catalyst on surrounding sites. Surrounding sites and residential are likely to benefit from an increase in land value due to improved amenity, job opportunities and profile of the area. |

# SUMMARY OF ECONOMIC IMPACTS FROM NEW MAAS MUSEUM

- Construction of the Museum will generate 2,320 job years directly and indirectly during construction and contribute $803m of economic activity (direct and induced multiplier effects)
- An estimated $1.5m spend from construction workers in Parramatta CBD is anticipated during the construction period
- The Museum has the potential to draw up to one million visitors a year
- Post construction the Museum will provide 260 new jobs in Parramatta which equates to a combined salary contribution of $18.2m every year and an additional $22.5m value added contribution to the economy each year
- The Museum is estimated to generate $10.7m of commercial revenue within the first year of operation
- Businesses in Parramatta CBD are expected to enjoy an increase of $42.5m revenue each year from Museum visitors
- The Museum will help develop an arts and cultural precinct in Parramatta and will act as a catalyst for the educational, technological, economic and cultural revitalisation of Parramatta
- The City of Parramatta will benefit from urban renewal, investment stimulus and enhanced livability
- The Museum will form part of Council's vision to deliver a world-class cultural, entertainment, retail and residential hub which will be easily accessible
- The Museum provides various opportunities through the synergy of land uses and has the potential to support the Parramatta Skills Exchange scheme

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