

# Benefits of Increased Employment and Tertiary Students in the Darwin CBD

## **Final Report**

Property Council of Australia  
August 2017

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### **Inherent Limitations**

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on a quantitative study of publicly available data and a qualitative and the report reflects the perception of selected stakeholders from the Property Council of Australia, Hunter Development Corporation, the Charles Darwin University and the University of Tasmania, but only to the extent of the sample surveyed, being the Property Council of Australia's approved representative sample of stakeholders. Any projection to the wider stakeholders is subject to the level of bias in the method of sample selection.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Property Council of Australia stakeholders consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

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# Glossary of Terms

| Acronym      | Full term   |
|--------------|---|
| <b>ABS</b>   | Australian Bureau of Statistics                   |
| <b>CDU</b>   | Charles Darwin University                         |
| <b>CBD</b>   | Central Business District                         |
| <b>DET</b>   | Department of Education and Training              |
| <b>GDP</b>   | Gross Domestic Product                            |
| <b>GSP</b>   | Gross State Product                               |
| <b>MoU</b>   | Memorandum of Understanding                       |
| <b>NCVER</b> | National Centre for Vocational Education Research |
| <b>NT</b>    | Northern Territory                                |
| <b>PCoA</b>  | Property Council of Australia                     |
| <b>RTO</b>   | Registered Training Organisation                  |
| <b>STEM</b>  | Science, Technology, Engineering and Mathematics  |
| <b>UoN</b>   | University of Newcastle                           |
| <b>UTAS</b>  | University of Tasmania                            |
| <b>VET</b>   | Vocational Education and Training                 |

# Project Brief

# Overview

The Darwin Central Business District (CBD) has experienced a gradual decline in liveability and vibrancy as the population in outer suburbs has grown and commercial and social activity has become concentrated in satellite centres such as Casuarina and Palmerston. Not only is the impact of the decline visually apparent, data published by the Property Council of Australia indicates that commercial vacancy rates are as high as 22.5%, equating to 50,000m<sup>2</sup> of unoccupied floor space.<sup>1</sup> Furthermore, it is estimated that there is 8,000m<sup>2</sup> of vacant retail floor space in the Darwin CBD.

The Northern Territory Government ('NTG') have proposed several solutions to the CBD's current lack of vibrancy including committing \$100m to:

- Redeveloping State Square; and
- Building a new museum at Myilly Point.<sup>2</sup>

The NTG has announced a project to look at ways of increasing the presence of university students in the CBD. There are a number of ways for achieving this outcome, including:

- Relocating Charles Darwin University (CDU) education facilities into the CBD;<sup>3</sup>
- Relocating CDU student accommodation into the CBD; or
- Market entry of a new university in Darwin.

This project brief presents a collation of existing and relevant research relating to Darwin's current education market to stimulate discussion regarding increasing student presence in the CBD. The research also examines two sites, Newcastle and Launceston, in order to understand the process they went through to increase university presence in the CBD and set the foundations for achieving future social and economic benefits in the CBD.

Supporting this brief is a detailed report (see Attachment 1), outlining Darwin's economic and social environment, revitalisation case studies and future considerations for NT's deliberations over transitioning university facilities into the CBD.

## Darwin education market

The NTG committed to increasing university presence in the CBD because similar strategies undertaken in other jurisdictions have shown early signs of increasing social and economic benefits. To establish the potential for this to be achieved in Darwin, a high level market analysis was undertaken for higher education including university and VET courses.

The NTG is committed to further exploring ways to increase university student presence in the CBD because similar strategies undertaken in other jurisdictions have shown early positive signs of increasing social and economic benefits. To establish the potential for this to be achieved in Darwin, a high level market analysis was undertaken for higher education including university and VET courses.

### Higher Education

Enrolments in higher education courses at CDU (the primary provider in Darwin) grew at an annualised rate of 8.7% between 2010 and 2015. This was largely due to a strong increase in international enrolments (33.6% per annum), particularly from Asian nations such as Nepal, Philippines, India, Bangladesh and China.<sup>4</sup>

Some courses, such as law, business and hospitality, are naturally suited to a CBD environment due to the synergies that arise from close proximity to related industries. Universities in other cities, such

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<sup>1</sup> Property Council of Australia, "Darwin's Office Vacancy Highest in Australia, Media release, 2 February 2017

<sup>2</sup> NT Government, 10 year infrastructure plan 2017 – 2026, discussion draft, 2017

<sup>3</sup> NT Government Newsroom, Transforming the Territory, 24 April 2017

<sup>4</sup> Refer to section 2.2.1 of the report for caveats on this data – not all students necessarily study at the CDU Darwin campus.

as Newcastle and Sydney, have moved their creative industries, law and/or business faculties into the CBD for this reason: to enable students to be located closer to future employment opportunities. Using a similar approach that aims to locate students nearer to employment opportunities, it is plausible that the following higher education faculties could be located in the CBD.

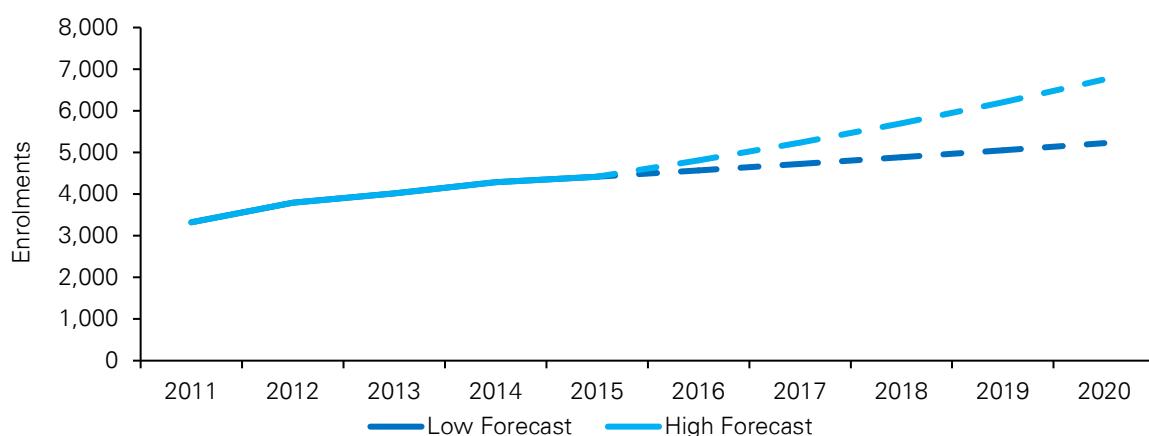
**Figure 1. Possible Higher Education Faculties in the CBD**



**Source: Adapted from NCVER (2017)**

It is considered likely that the demand for higher education in Darwin will continue to grow, due to the CDU's strategic focus on international markets such as regional China. Based on historical enrolment data, it is projected that by 2020, there could be between 5,220 and 6,750 higher education enrolments students located in Darwin.<sup>5</sup>

**Figure 2. Higher Education Enrolment Scenarios for Students Located in Darwin**



**Source: Adapted based on CDU (2017) and Department of Education and Training (2017)**

### *Vocational Education and Training*

Recent data indicates that the number of students studying government funded VET courses have experienced a moderate increase in recent years.<sup>6</sup> VET enrolments for international students in the NT increased by approximately 19% per annum between 2013 and 2016.<sup>7</sup>

<sup>5</sup> Refer to section 2.2.3 of the report which has the assumptions underpinning the two growth scenarios depicted here.

<sup>6</sup> Refer to section 2.2.4 of the report for caveats around this data e.g. VET students usually enrol in more than one course so an increase in enrolments may indicate an increase in course enrolments, not necessarily actual students.

<sup>7</sup> Based on data published by the Department of Education and Training, refer to section 2.2.5 of the report for caveats.

Similar to higher education, there may be the opportunities to transition courses that align with identified industries into the CBD. Based on enrolment analysis, it is plausible that the following VET faculties could be located in the CBD

**Figure 3. Possible VET Faculties in the CBD**



**Source: Adapted from NCVER (2017)**

## Student Accommodation

Accommodation is an integral part to the overall experience for international and regional students. UniLodge and International House Darwin, both located in Casuarina, are the only purpose built tertiary student accommodation in Greater Darwin. Both organisations provide affordable accommodation and cater for approximately 320 and 400 occupants respectively. In addition to the purpose built accommodation, students can establish private leases for rental properties around Darwin.

If student enrolments continue to grow strongly, new student accommodation will be required – whether it is purpose built for students or private leases. Furthermore, if universities, such as CDU, continue to establish faculties in the CBD, there will be an increase in students seeking affordable accommodation nearby. This provides a powerful incentive for property owners and developers to explore options for meeting student demand with vacant commercial property in the CBD (e.g. re-purposing vacant buildings as student accommodation).

Based on recent approaches to the redevelopment of city precincts in Brisbane and Northbridge (Perth), it is clear that cultural mixes and facilities are critical considerations for effectively retrofitting existing property to meet student accommodation needs. If Darwin were to also effectively do this in the CBD then it could possibly achieve similar commercial benefits such as an increased captive population, a stable labour supply to CBD businesses and sustained demand for goods and services in the CBD.

## Case studies

As mentioned above, two case studies were developed in order to identify key learnings for increasing CBD vibrancy through a greater university presence. The case studies include Newcastle and Launceston. These two sites were chosen because, like Darwin, they are regional centres and have previously experienced similarly high rates in commercial vacancy rates as well as challenges with keeping unemployment low in the face of a reduction in industry.

### *Newcastle*

In 2008, the *Renew Newcastle* campaign began using vacant commercial spaces in the CBD for performances and pop-up exhibitions in order to re-activate the CBD. Since then, a number of initiatives have been rolled out to stimulate growth in the CBD. These include:



- expansion of university facilities into the CBD (from both local and international universities);
- establishing an innovation hub in the CBD; and
- establishing light rail infrastructure.

Key benefits of the CBD activation include a reduction in vacancy rates from approximately 20% in 2008 to approximately 4% in 2015 and an increase in property development approvals from \$73 million in 2013-14 to \$289 million in 2015-16. This provides an indication of the economic benefits that can be achieved through activating the CBD with a range of initiatives. It is important to note, however, that Newcastle undertook extensive consultation and developed a strategy for the CBD re-activation. This was considered a critical step in achieving effective change (refer to section 3 of the attached report).

### Launceston

The City of Launceston, located in Northern Tasmania, has struggled to sustain growth in its economy as key industries have declined and youth unemployment rising. In 2015, UTAS announced a proposal to redevelop a campus near the CBD of Launceston in the suburb of Inveresk. This proposal has been supported by the Commonwealth Government through a City Deal which committed \$150 million to the campus development and a further \$8 million to the gentrification of the CBD.

Construction is yet to commence, however, information published in UTAS' business case for the expansion outline a number of anticipated benefits for the University and the community. The anticipated benefits include, but are not limited to:

- 12,000 additional students, 9,800 of which are Tasmanian
- Over 3,110 new direct and indirect jobs in the region, including academic and construction
- Construction alone delivering an estimated \$1 billion economic impact (direct and indirect) to the region
- \$27 million direct spend per annum by interstate and international students.

These forecasts are yet to be realised and validated, so although Launceston is comparable to Darwin in terms of facing similar challenges with population growth, unemployment and business conditions, it is not yet a demonstrable example of the benefits to be gained by redeveloping education infrastructure in the CBD.

## Future considerations

At face value, the case studies presented above indicate that there are a range of options that can be explored to activate the Darwin CBD including: developing student accommodation in the CBD; expanding teaching facilities in the CBD; and/or leveraging off other recently announced initiatives (e.g. the Paspalis / CDU innovation hub). However, the case studies also demonstrate that there is no single solution to increasing vibrancy in the CBD and there needs to be a range strongly connected and co-ordinated of strategies to support this.

Whilst appreciating the NTG is already advanced in its thinking on activating Darwin's CBD and increasing its vibrancy, to properly evaluate how best to achieve an increased presence of university students, it will be important to undertake a number of preparatory steps. This is important because any related infrastructure developments in particular require a long lead time and a clear plan in order to help achieve sustainable outcomes and return on investment. These preparatory steps include the following:

1. Robust survey to find out what students want from teaching facilities and purpose built accommodation.
2. Development of a strategy and plan for the education infrastructure including consideration of additional enabling infrastructure required to make it work.
3. Development of a risk assessment framework in which to evaluate options put forward.

4. Delivery of extensive stakeholder consultation as part of a phased approach wherein stakeholders are consulted about the options for development; the decision regarding which option to fund and in testing the acceptability and success of delivering the development.
5. Leveraging off existing relationships that the university has to broaden exposure of the local education market to national and international education providers and thereby continuing expanding the existing market.

Other elements that stakeholders indicated were important for achieving optimal benefits from having education facilities in the CBD included the following:

- Investment from all levels of Government as well as education providers. This could be achieved through making a strategic case to the Commonwealth Government for financial input via the 'City Deal' partnership with the NTG.
- Programmed event planning to support a sustained activation of the CBD.
- Improving the quality, access, relevance and appropriateness of education needs to be the key focus and motivation for the development that is, providing education appropriate to Darwin and its surroundings.
- Consideration of VET courses and more occupationally-oriented courses as well as higher education courses.
- Student accommodation needs to be safe and purpose built for encouraging independence as well as socialisation. It is particularly important that the facilities are culturally appropriate for international students.

# Attachment 1: Project Report

# 1. Introduction

## 1.1 Scope

The Property Council of Australia (PCoA) engaged an independent consultant to develop a research brief including analysis that could be used to inform the Northern Territory Government (NTG) and other stakeholders about the policy, positioning and planning required to increase the number of people working, studying, living, shopping, and socialising in the Darwin CBD.

The PCoA's Office Market Report showed that Darwin's vacancy rate had increased by 1.8 % over the 2016 calendar year, to an unprecedented 22.5%.<sup>8</sup> Whilst this vacancy rate is comparable to other urban centres such as Perth (21.9%) and Brisbane (16.9%), it is still a cause for concern as the Darwin CBD has traditionally been the primary employment hub for the Top End, and therefore needs to sustain its place as a hub of employment, economic activity and entertainment.<sup>9</sup> The NTG and the Commonwealth Government occupy approximately 80% of commercial office accommodation in the Darwin CBD and that any loss of employment in the Darwin CBD is likely to create a significant impact on people living in and around the CBD.

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*'....Darwin's vacancy rate had increased by 1.8% over the 2016 calendar year, to an unprecedented 22.5%.'*<sup>10</sup>

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Many capital cities and major regional centres in Australia have included higher education facilities as part of their CBD development and urban renewal plans. Examples of this development include Canberra, Hobart, Launceston, Newcastle and Townsville.<sup>11</sup> Hobart experienced a 10% increase in student enrolments when the Science, Engineering, Technology and Mathematics faculty was relocated from Sandy Bay to Hobart CBD.<sup>12</sup>

Furthermore, there are opportunities to develop purpose built student accommodation in the CBD through the construction of new facilities, retrofitting vacant floor space or transitioning underutilised residential apartments. These approaches are currently being used to develop student accommodation in Brisbane<sup>13</sup> and Northbridge<sup>14</sup> (Perth). Although consideration must be given to the specific needs of students when retrofitting or transitioning property, it is possible for existing property to be effectively utilised in meet student accommodation needs. The increased student accommodation will not only increase the captive population, leading to driving stable employment and stable consumption, but also revitalise the surrounding areas.

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<sup>8</sup> Property Council of Australia, "Darwin's Office Vacancy Highest in Australia, Media release, 2 February 2017

<sup>9</sup> Ibid

<sup>10</sup> Ibid

<sup>11</sup> Examples of this include the Newcastle City Council's Economic Development Strategy 2016-2019 and the Hobart City Council's Economic Development Strategy 2013-2018

<sup>12</sup> Advice from consultation with stakeholder in UTAS Transformation team, May 2017

<sup>13</sup> Brisbane Times, Brisbane Student Accommodation in Midst of Approval Boom, 15 July 2015

<sup>14</sup> The West Australian, Telstra's Northbridge HQ to Become Student Housing, 10 April 2017

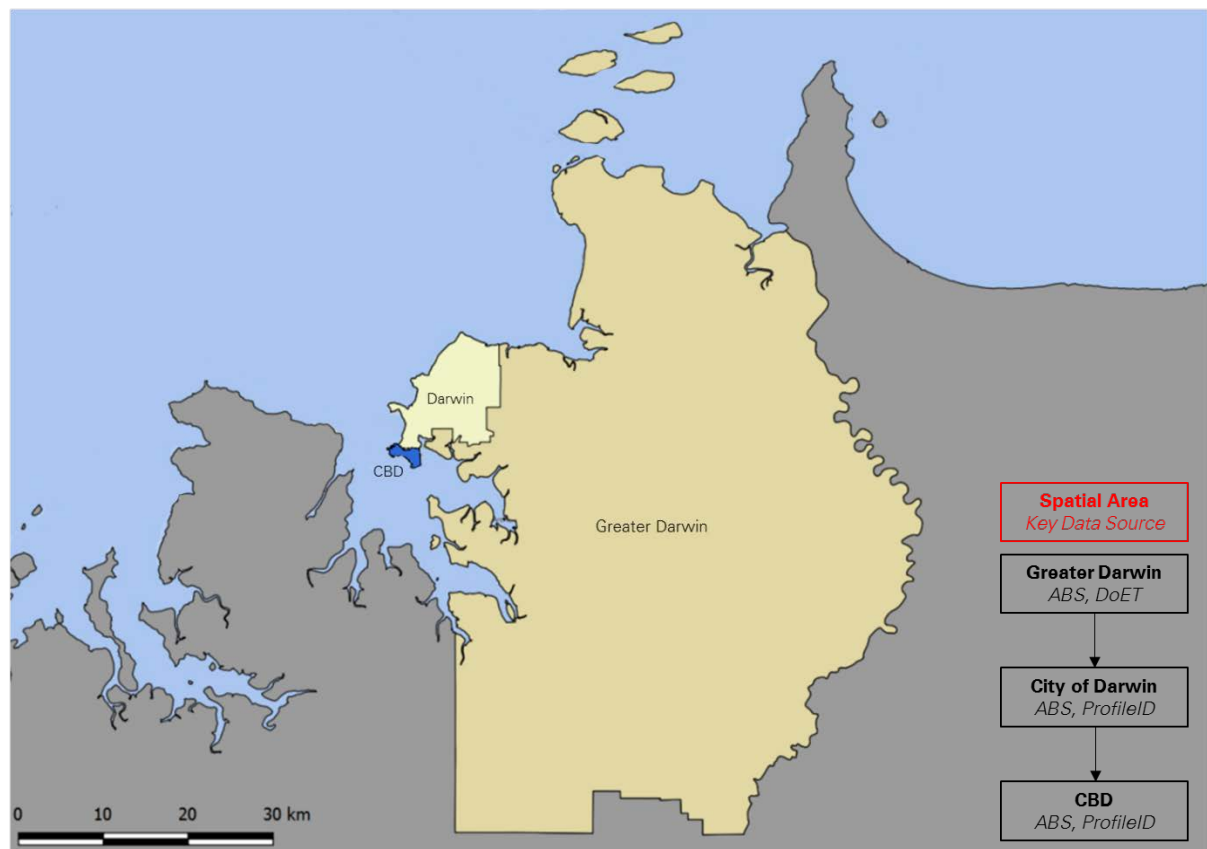
## 1.2 Method and Approach

This research report presents an examination of the current state of Darwin in order to describe the context in which the CBD might be re-activated by an increase in student numbers. To achieve this, consideration was given to quantitative employment data and data relating to student volumes, both domestically and internationally. Additionally, the views of stakeholders in the Darwin tertiary education system and the tourism sector were considered in order to develop an understanding of the changing demand for education services and utilisation of the CBD.

### 1.2.1 Education data

Higher Education and Vocational Education and Training (VET) data published in 2015 by the Department of Education and Training (DET) and the National Centre for Vocation Education Research (NCVER) respectively was analysed to quantify the current market size for education services in Darwin. This data also informed forecasts for future demand for education in Darwin.

Figure 1.1. Study Area and Approach



Source: Adapted from ABS data (2017)

## 1.3 Context

### 1.3.1 Local context

Over the last decade, many businesses and commercial enterprises have moved to the outer fringes of Darwin. This fragmentation of the commercial district into satellite hubs such as Casuarina, Berrimah and Winnelie has encouraged consumers to purchase goods and services in areas other than the CBD,

thereby reducing the activity in the CBD and resulting in higher commercial real estate vacancy rates and low retail turnover.

In 2013, the NT Government elected a Government architect, Lawrence Nield, to provide advice for the development, design and standards of the urban environment and public spaces in the NT. This appointment signalled the NT Government's commitment to planning, designing and delivering infrastructure that could increase civic activity and achieve economic and social benefits. Despite this appointment in 2013, the utilisation of Darwin's CBD has diminished. In response, the current NT Government appointed an Assistant Minister for a Vibrant Darwin CBD and announced a 10-year Capital Works Program that is designed to both increase employment and activate the CBD. The NT Government's 10 Year Infrastructure Plan includes plans to deliver the following:

- Development of trails for tourists visiting the Darwin CBD
- Relocation of the Territory Wildlife Park adjacent to the CBD
- Construction of an Iconic Museum in Darwin CBD.<sup>15</sup>

In April 2017, the Government announced \$100 million in funding to revitalise the CBD. This is considered an important step to addressing the needs of the CBD and increasing activity from Darwin residents and tourists<sup>16</sup>. Key items included in the funding package are:

- Construction of a museum at Myilly Point.
- Development of underground carpark near the Supreme Court.
- Movement of bus terminal.
- Moving students and part of CDU into the CBD.

The timeline of delivery and scale of these projects is yet to be determined. The Memorandum of Understanding (MoU) for a Darwin City Deal signed between the Federal Government and NTG in May 2017 could allow some, or all, of the projects to be delivered in a strategic investment package. The project selection is currently underway with an announcements on the projects likely to occur in late 2017 or early 2018.

This report provides a summary of the research available to support the hypothesis that moving students into the CBD could activate the CBD and increase social and economic benefits for Darwin.

### 1.3.2 Structure of the report

This report is structured as follows:

- Section 2 of the report provides analysis relating to the current size of Darwin's education market and therefore the number of people who could be moved into the CBD as part of a plan to develop education facilities in the city.
- Section 3 presents two high level case studies including an indication of the possible benefits for relocating education facilities in the CBD.
- Section 4 identifies the key enablers that are required to successfully leverage off education facilities to activate the CBD and drive growth in economic and social benefits.
- Appendix 1 provides a high level analysis of Darwin's current employment market, including the key industries within the CBD and Greater Darwin.

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<sup>15</sup> NT Government, 10 year infrastructure plan 2017 – 2026, discussion draft, 2017

<sup>16</sup> NT Government, \$100 Million to Transform the Darwin CBD, 2017

## 2. Darwin Education Sector

The following section describes the education services currently delivered in Darwin. The purpose of this analysis is to provide context for the latter sections of the report which consider how strategies in other jurisdictions might be applied in Darwin, particularly in regard to using teaching facilities and student accommodation to activate the CBD.

### 2.1 Education Infrastructure

This section of the report provides an overview of the education market in Darwin: teaching and accommodation.

#### 2.1.1 Current Teaching Infrastructure

Darwin has a higher education and VET training market in which the CDU provides the majority of higher education and almost half of VET courses. The market is supported by several small providers that deliver education to meet more specialised demands of the market (e.g. education that is less expensive, more vocationally oriented). These smaller providers are highly mobile and tend to locate in areas where they can capitalise on industry or student demand. This market profile is similar to the education markets in Launceston and Newcastle.

A desktop study of education institutions (excluding primary and secondary schools) indicates there are nine key providers in the Greater Darwin Region. Table 2.1 below provides an overview of each institution.

**Table 2.1. Educational Institutions Located In Greater Darwin**

| Institution                                 | Location  | Description   |
|---|---|---|
| Charles Darwin University (CDU)             | Casuarina, Waterfront, Palmerston <sup>17</sup> | CDU is the primary tertiary education institution located in the NT. Its main campus is located in Casuarina, supported by satellite campuses at the Waterfront and Palmerston.<br><br>CDU offers a wide variety of courses, ranging from Certificate I to Post Graduate Degrees. |
| Australian Careers College                  | Coonawarra                                      | The Australian Careers College is a RTO. The College caters for both domestic and international students, offering a range of courses in business, leadership and early childhood education. The courses range from Certificate III to Advanced Diploma                           |
| International College of Advanced Education | Rapid Creek                                     | The International College of Advanced Education is a RTO. The College provides courses in Hospitality and Commercial Cookery from Certificate III to Advanced Diplomas. The College allows the eligible courses to be completed as part of an apprenticeship or traineeship.      |

<sup>17</sup> CDU also has campuses Jabiru, Nhulunbuy, Katherine, Tennant Creek, Alice Springs, Yulara, Sydney and Melbourne.

| Institution                       | Location                     | Description   |
|-----------------------------------|------------------------------|---|
| Nungalinga College                | Casuarina                    | Nungalinga College is an RTO with an emphasis on Indigenous Christianity. The College offers courses in music, media and Christian theology, ranging from Certificate II to Certificate IV.   |
| Menzies School of Health Research | Tiwi (Royal Darwin Hospital) | Menzies School of Health Research coordinates with CDU to deliver post graduate coursework and public health training. The School offers Graduate Diplomas and Master's degrees in Public Health.   |
| BCA National Training Group       | Parap                        | BCA National Training Group is an RTO offering VET courses to domestic and International Students. The organisation offers qualifications from Certificate III to Advanced Diploma in a wide range of areas such as leadership, sports development, ageing support and early childhood education. |
| Carey Training                    | Berrimah (HIA Skills Centre) | Carey Training is an RTO offering courses in civil construction. Courses from Certificate II to Certificate IV are available to domestic and international students.  |
| International House (IH) Sydney   | Parap                        | IH Sydney is a RTO specialising in the delivery of English courses to domestic and international students. With the exception of one Certificate IV course, all courses are non-Australian Qualifications Framework (AQF) award   |
| Navitas English                   | Casuarina (on CDU campus)    | Navitas English is an RTO that provides English courses to international students. The courses focus on basic English skills and are non AQF award.   |

**Source: Adapted from desktop research (2017)**

As discussed above, CDU constitutes approximately 4% of GSP which equates to approximately \$550 million per annum. It is not known what the revenue for the other education providers is but given their number and quantum of students, it is likely that they make a sizable contribution to the education sector. If the market size could be sustained with the relocation of services (for example, moving teaching facilities into the CBD) then the education market could present a significant increase to revenue and economic activity in the CBD.

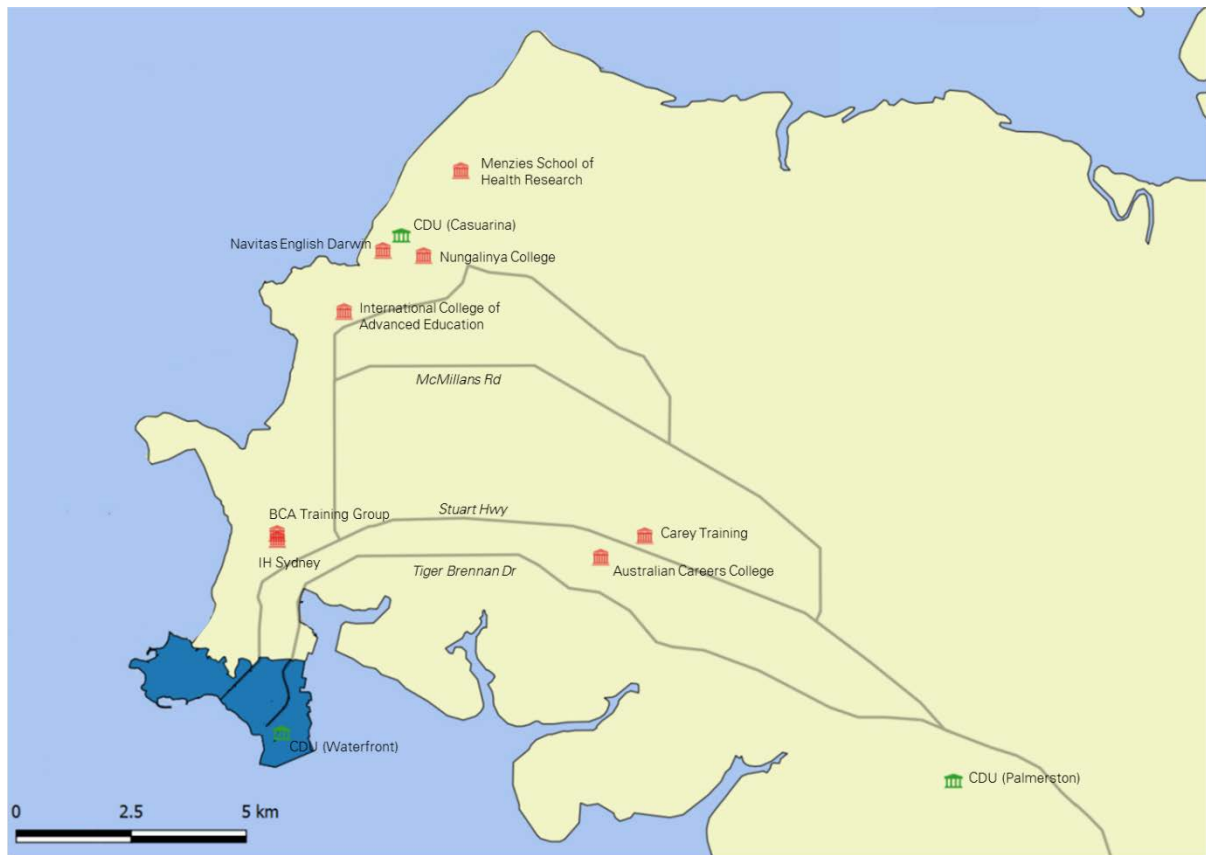
## 2.1.2 Location of Education Infrastructure

The map overleaf indicates that Darwin's education institutions are clustered in the suburbs of Brinkin, Casuarina and Tiwi. The presence of infrastructure such as CDU, Casuarina Square and Royal Darwin Hospital (RDH) is a driver to attracting educational institutions or industries that have a relationship with knowledge creation. This phenomenon, commonly known as agglomeration, results in increased industry density, stimulating heightened economic activity and providing broader benefits to organisations that would not ordinarily be experienced if they did not co-locate.

The agglomeration of educational institutions in Darwin has supported student presence and assisted in the creation of an education and student 'hub'. From an industry perspective, the proximity of educational facilities and related industries (e.g. Royal Darwin Hospital and health non-government organisations) promotes outcomes such as knowledge and skill growth, labour pooling and increased consumption. The labour pooling which results from the increased student presence, and its associated consumption, is a key driver for the increased number of retail and population driven businesses operating in the area.



Figure 2.1. Location of Higher Education and Vocational Institutions



Source: Adapted from desktop research (2017)

From a student perspective, the agglomeration of teaching infrastructure is essential to study and increasing liveability. The relative ease of access to infrastructure promotes a sense of inclusion while also providing education, entertainment and employment. The key components of the 'hub' from a student perspective are provided below.

- CDU and nearby RTO's
- Access to purpose built student accommodation
- Access to retail and employment opportunities
- Proximity to well established public transport node
- Access to medical research facilities

CDU has demonstrated a clear understanding of the benefits that students can accrue from studying and living near to the industries that they want to work in, through the establishment of a campus at the Waterfront which delivers law and business courses. The rationale behind developing a campus on the waterfront that is exclusively for law and business students is to enable students to have greater exposure to business and firms in the CBD, with which may lead to work experience and employment opportunities. CDU has also developed a campus at Palmerston which capitalises on the strong population growth in the outer suburbs and diversifies CDU's teaching locations in Darwin. The campus contains a commercial kitchen used for hospitality courses as well as facilities for beauty therapy.

### 2.1.3 Student Accommodation

Accommodation is an integral part to the study experience for international and regional students. The purpose of student accommodation is multi-faceted as it not only provides a place to live but can facilitate interactions with other students and the local community.

There is a variety of accommodation availability in Darwin. A high level overview of the purpose built student accommodation is presented overleaf.

**Table 2.2 Purpose Built Student Accommodation in Greater Darwin**

| Accommodation                           | Description  | Average Weekly Rent  |
|---|--|--|
| UniLodge (Casuarina)                    | <p>UniLodge is located adjacent to the Casuarina Square Shopping Centre and approximately 800 metres from CDU. The accommodation facilities were built by The GPT Group and are currently operated by UniLodge.</p> <p>The accommodation contains 214 apartments which are suitable for students from all nationalities and cultures. The accommodation provides 24 hour security and extra-curricular activities.</p> | \$184 to \$315 – based on the size of the accommodation. 42 and 52 week leases are available.          |
| International House Darwin (CDU Campus) | <p>International House Darwin (IHD) has been located on the campus since 1985. The accommodation aims to provide a safe community environment that encourages academic achievement and social interaction.</p> <p>The accommodation caters for almost 400 students at any given time. There is a variety of shared services available such as swimming pool, games room, prayer room and 24-hour security</p>          | \$189 - \$227.50 for long term leases or \$262.50 - \$308 for short term leases (less than four weeks) |

**Source: UniLodge (2017 and International House Darwin (2017)**

In addition to purpose built student accommodation, students can establish private leases for rental properties around Darwin. There is currently no data available to establish the volume of residential tenancies occupied by students in Darwin. In order to reduce the cost of a private residential tenancy, students may enter into shared accommodation. When compared with the purpose built accommodation, residential tenancies can prove complex to navigate for students as they have to manage tenancy obligations such as property maintenance and bond lodgement themselves as well as manage their own safety on the property (e.g. with unknown neighbours or housemates, as well as navigate transport). This can prove particularly burdensome for international students who may speak English as a second language.

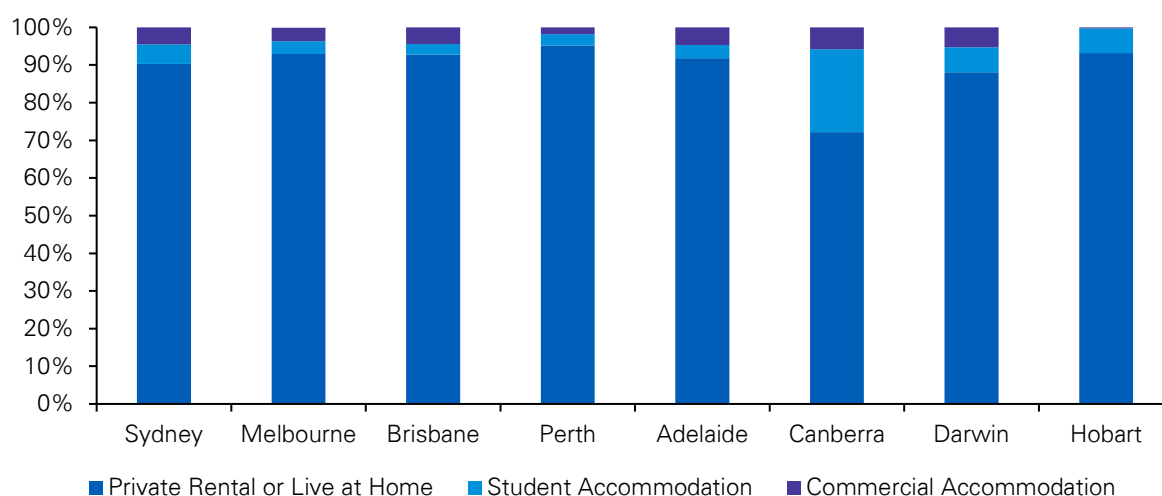
When compared against other Australian capital cities, Darwin exhibits a similar student accommodation occupancy rate (refer Figure 2.2 overleaf). Data published by Savills indicates 6.6% of students in Darwin reside at purpose built student accommodation, 5.3% at commercial accommodation (such as UniLodge) and 89.6% live in private rentals or at home.<sup>18</sup> If the current student enrolment trends continue, particularly by international students, there is an opportunity in Darwin for increased purpose built student accommodation in locations such as the CBD and neighbouring suburbs. In such manner, Darwin may be able to emulate some successful aspects that arise from Canberra's abundance of student accommodation, which is occupied by approximately 22% of local all students.<sup>19</sup> The figure (see overleaf) provides an indication of the current occupancy of various student accommodation options.

These successful aspects are derived from the creation of a captive population, resulting in a sustained student presence year round. The presence of long-term residents seeking population driven employment (such as hospitality and retail) will enable businesses to develop a strong and reliable work force. This goes some way to mitigate the anecdotal issues experienced with a high reliance on backpacker employment such as rapid turnover and poor knowledge transfer affecting the continuity of service. Furthermore, the captive population will drive a sustained demand for goods and services provided by businesses located in the CBD. The ongoing demand will assist in smoothing the highly seasonal demand patterns and contribute to increased vibrancy as businesses and public places are occupied around the year.

<sup>18</sup> Savills, Student Accommodation Market Report 2016 (2016)

<sup>19</sup> Ibid

Figure 2.2. Accommodation Occupancy Rate



Source: Savills (2016)

## 2.2 Current and Future Demand

### 2.2.1 Current Demand for Higher Education

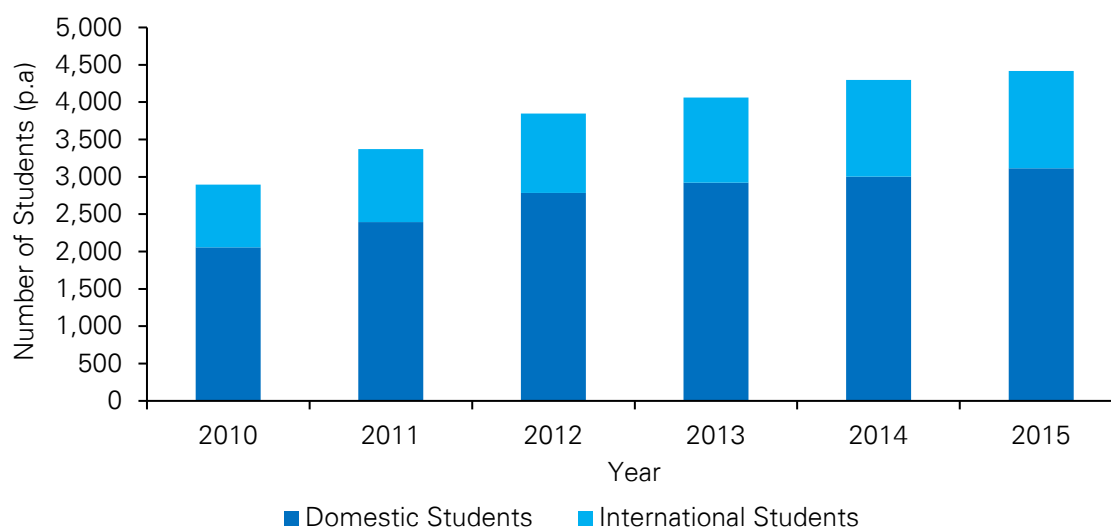
The demand for higher education in Darwin has increased in recent years. Data published by the Department of Education and Training (DET) indicates that enrolments by domestic and international<sup>20</sup> students in higher education increased at annualised rate of 8.7% between 2010 and 2015. The growth rate, which exceeded the national average, was driven by the strong demand from international students. During the same timeframe, the number of international students enrolled in higher education courses (internally and externally) at all CDU campuses, grew by an annualised rate of 33.6%, representing an increase of approximately 1,900 enrolments per year.

It is important to note, the increase in enrolments does not translate to a direct increase in students in Darwin. The provision of courses at eight other CDU campuses in the NT and around Australia, and the availability of online course, enables students to reside elsewhere. This is reflected in data provided by CDU which suggests that depending on the course type, international students living in Darwin can represent between 3.6% and 30.8% of total course enrolments while domestic students can vary from between 17.2% and 64.8% of enrolments.

Figure 2.3 (see overleaf) demonstrates the steady increase in student numbers in Darwin overall but also the relatively slower growth in domestic student numbers. Future plans to relocate some of the higher education and/or VET sector into the CBD would need to consider the requirements of the sector itself and the domestic and international students undertaking the study. Understanding the market profiles will enable businesses to identify and realise the potential in evolving service offering to meet the needs of students.

<sup>20</sup> Data is only available for CDU and Batchelor Institute. Enrolments at Batchelor Institute account for approximately 0.2% of all enrolments and therefore have been aggregated with CDU.

**Figure 2.3. Growth in Students of Students Studying and Residing in Darwin**

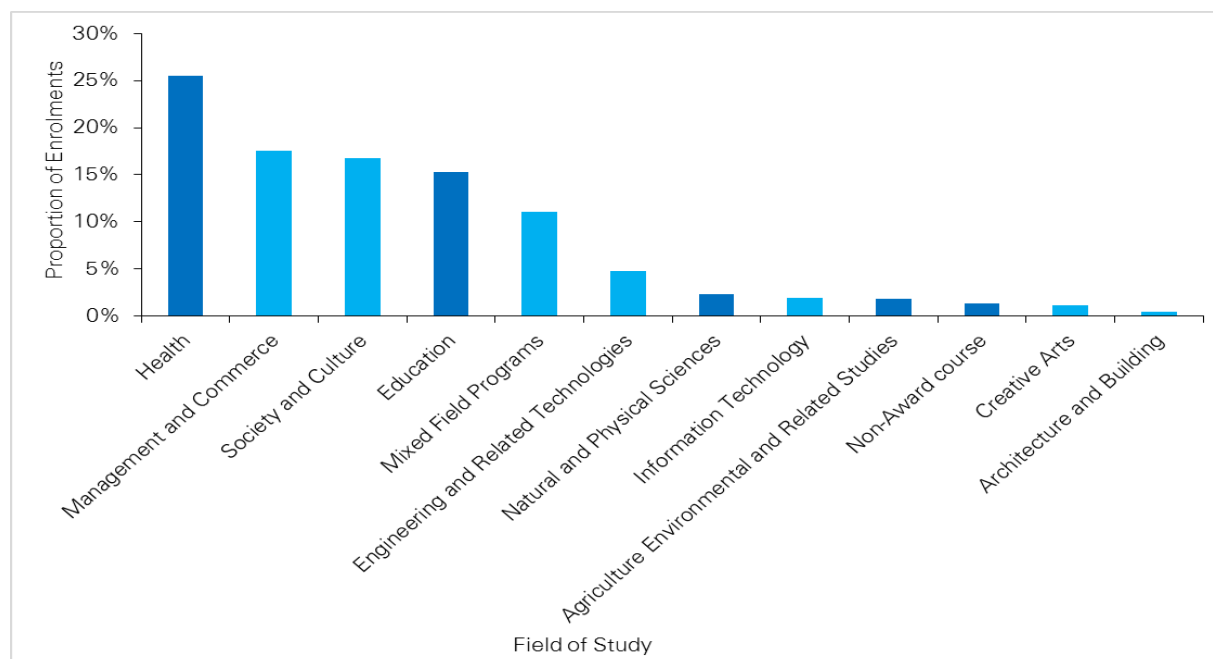


**Source: Adapted based on CDU data (2017) and DET data (2017)**

The decision about which (if any) courses to move into the CBD should be based on evidence of particular courses thriving in the CBD environment in other jurisdictions. As stated above CDU has already moved its law and business facility into the CBD to leverage off nearby businesses for potential employment opportunities.

Figure 2.4 shows the different types of higher education courses at CDU. The light blue histogram bars denotes the course types that could potentially move into the CBD. Section 3 provides more detail on which course types that have been successfully relocated into the CBD for University of Newcastle and the University of Tasmania.

**Figure 2.4. Higher Education Enrolments by Field of Study<sup>21</sup>**



**Source: Adapted from CDU data (2017) and DET data (2017)**

<sup>21</sup> Mixed study includes a mixture of higher education and VET courses. It is unclear from the data what they specifically relate to, however, they may be appropriate for partial or complete relocation to the CBD.

## 2.2.2 International Demand

As mentioned above, there has been a strong increase in international students enrolled in higher education courses at CDU however, only a portion (11%) are located in Darwin. Analysis of DET data indicates that between 2013 and 2016, enrolments by international students residing in the NT grew at an annualised rate of 17%, bring to total enrolments to 1,470<sup>22</sup> in 2016. It is assumed that the majority of these enrolments are by students that reside in Darwin as it provides access to a greater variety of courses.

There is a diverse mix of students studying in the NT. The data suggests that at least 69 nationalities have been present in recent years. The top five countries in terms of student enrolment are:

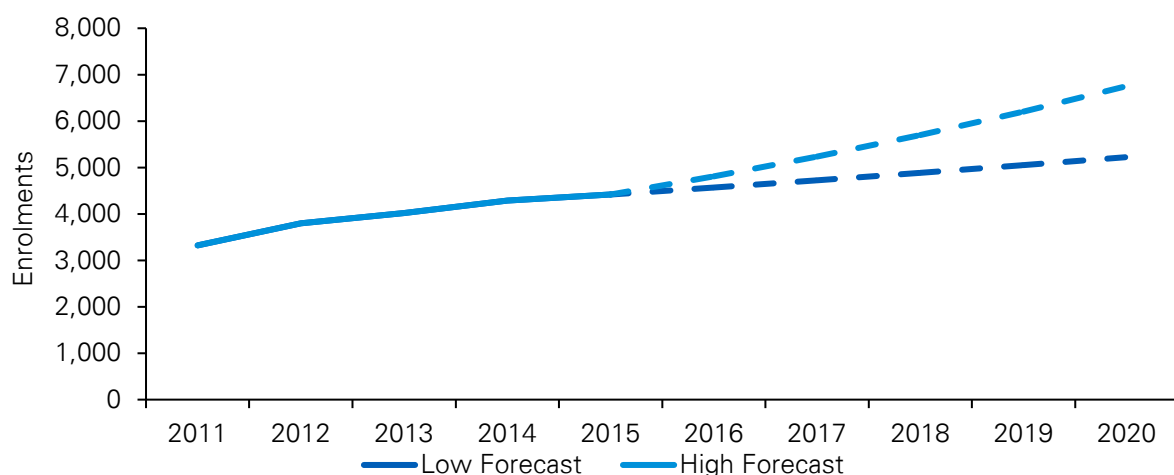
- Nepal
- Philippines
- India
- Bangladesh
- China

## 2.2.3 Forecast demand for higher education services in Darwin

It likely that the demand for higher education in Darwin will continue to grow, mostly due to the CDU's strategic focus on international markets and, in particular, Asian markets such as regional China. This is likely to result in a continued increase in international students in Darwin over the short term. Similarly, the number of domestic students is also forecast to continue growing, though at a relatively slower rate (compared with growth in international students).

The forecast shown on the following page demonstrates two future enrolment scenarios for domestic and international student residing in Darwin.<sup>23</sup> Both scenarios build to 2015 enrolment data (verified by CDU) to present the number of enrolments that could be observed in 2020. Scenario A (Low Forecast) applies the national historical growth rate from 2011 to 2015 of 3.4% while Scenario B (High Forecast) continues Darwin's current growth of 8.9%. In both scenarios it is assumed that the proportion of total CDU students enrolled in higher education courses in Darwin remains constant at approximately 37%. The dashed lines denotes projected enrolments.

**Figure 2.5. Higher Education Enrolment Scenarios for Students Residing in Darwin**



**Source: Adapted based on CDU (2017) and DET data (2017)**

Despite the expected growth, it is necessary to be aware of the factors that could have a measurable negative impact on the overall scale of student numbers. These could include exploring the mitigation

<sup>22</sup> Students studying non-award courses have been included in the total. Overall, they represent approximately 3.5% of higher education enrolments.

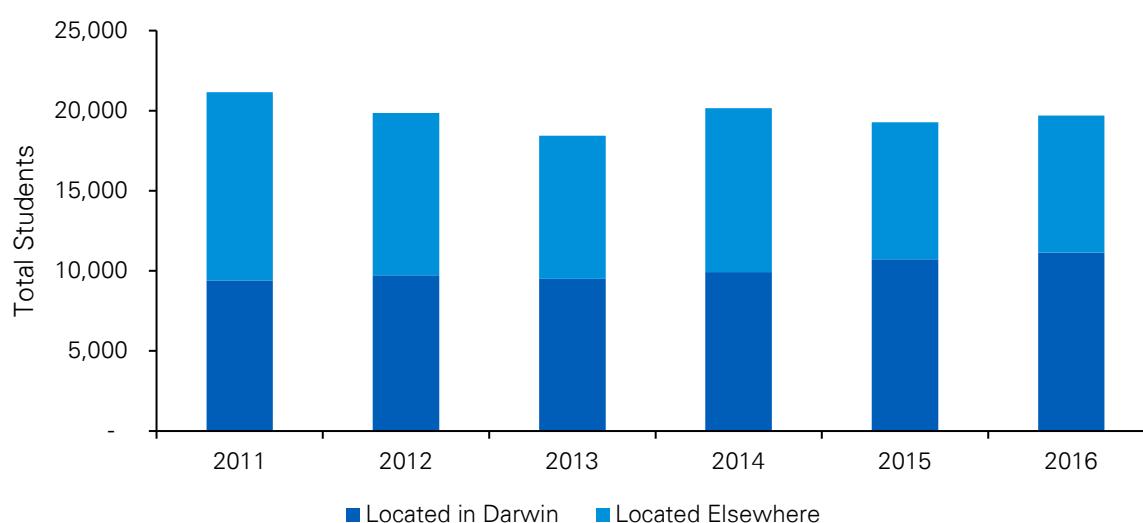
<sup>23</sup> Note that 'enrolments' here refers to either face-to-face or online

measures such as awareness campaigns to counter poorly publicised events (e.g. international student assaults), ensuring that Darwin remains an attractive location to study.

## 2.2.4 Current Demand for VET

National Centre for Vocational Education Research (NCVER) data indicates the total number of students studying government funded VET courses in the NT has experienced a slight increase in the three years to 2016, growing at an annualised rate of 2.2% to 19,700.<sup>24</sup> Despite the overall increase, the reporting requirements of providers and course structures makes it difficult to determine the exact number of VET students currently studying in Darwin.<sup>25</sup> In order to derive an estimate, students with a registered place of residence within Greater Darwin were assumed to study locally. Based on this assumption, it is estimated that the total students in Darwin (studying face-to-face or online) has increased moderately at an annualised rate of 5.5% between 2013 and 2016 to 11,140.

**Figure 2.6. VET Students Located in the NT**



**Source: Adapted from NCVER (2017)**

Approximately 53% of all students located in Darwin attended a TAFE organisation with the remaining proportion attending private providers, such as those outlined in Section 2.1.1. This indicates that while CDU is the largest provider of VET courses in Darwin, private providers have a significant share of the market, albeit split between several small to medium scale organisations.

The NCVER dataset does not allow for analysis of VET course levels studied by students located in Darwin. In order to gain a high level understanding of the local market, enrolment data from CDU's 2015/16 Annual report was examined. Further to its considerable market share, it is estimated that 77% of CDU's VET course hours are delivered locally, providing a strong indication of the course composition study locally.<sup>26</sup> Table 2.3 provides a breakdown of the course levels.

**Table 2.3. 2016 CDU VET Course Levels**

| Course Level Description | Proportion |
|--------------------------|------------|
| Diploma                  | 3%         |
| Certificate IV           | 9%         |
| Certificate I - III      | 66%        |

<sup>24</sup> Government funded courses includes those that are subsidised and delivered through registered TAFE organisations or private providers. Domestic and international fee-for-service students (that is, they pay the full course fee without government assistance) are not considered to be studying government funded courses and have been excluded from the NCVER dataset. As a result, the NT and Darwin student estimates is likely to understate the actual number.

<sup>25</sup> For the purpose of the estimate, students that had a registered place of residence outside the NT (i.e interstate or overseas) were excluded as their location of study cannot be determined. Furthermore, students that were not captured as attending a registered TAFE (Technical and Further Education) organisation (such as CDU) or a private provider were also excluded. Overall, this accounted for 2,715 students in 2016.

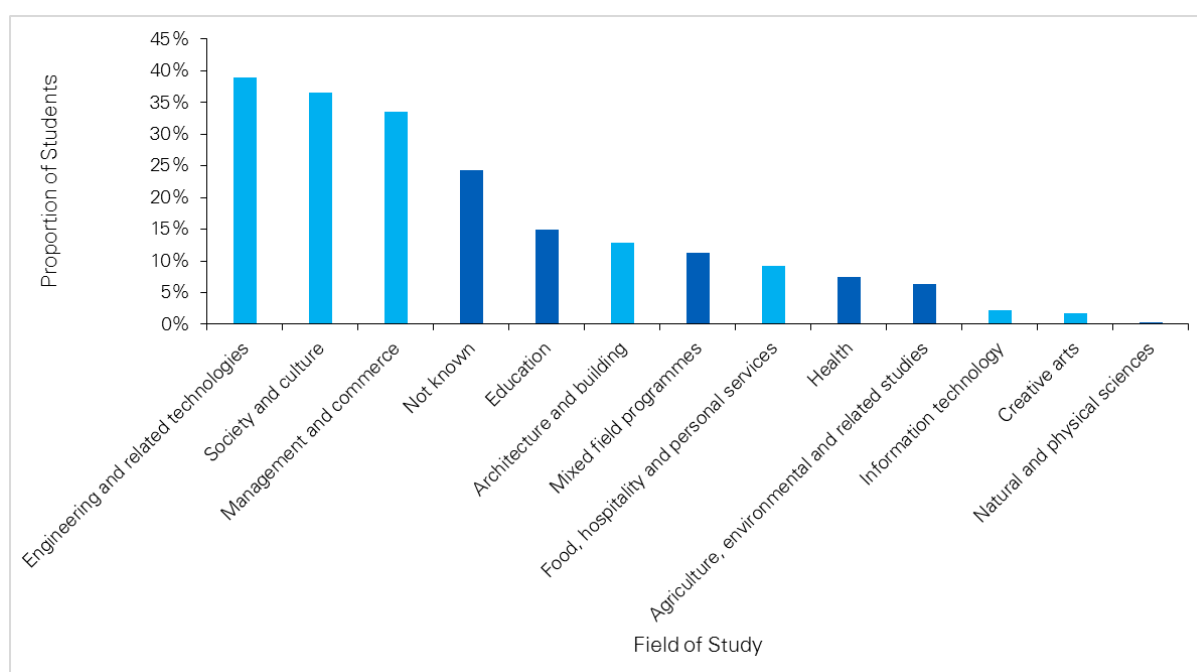
<sup>26</sup> CDU, 2015/16 Annual Report, 2016

| Course Level Description                          | Proportion  |
|---|-------------|
| Non-Award Courses                                 | 7%          |
| Statement Of Attainment Not Identifiable By Level | 15%         |
| <b>Total</b>                                      | <b>100%</b> |

Source: Adapted from CDU (2017)

Similar to higher education, there may be opportunities to relocate some VET courses in the CBD. Given there are a wide range of VET providers in Darwin, the approach to relocation needs to be bespoke, considering the aspirations and strategic direction of each provider. It is also necessary to conduct thorough research to ensure the courses transitioned to the CBD are appropriate and have been proven to work successfully in other jurisdictions. Based on high level analysis of the field of study by TAFE and private provider students located in Darwin, the Figure below indicates which courses may be suitable to the Darwin CBD (indicated by the light blue columns).

Figure 2.7. VET Course Enrolments by Field of Study



Source: Adapted from CDU (2017)

Due to the abovementioned analysis of government funded course data and VET reporting limitations, no modelling of future student numbers in Darwin has been conducted. There is however, opportunities for more detailed analysis, including the calculating the number of students at each private provider and assessing the impact of Federal Government funding policies on enrolments which will assist to inform an accurate forecast of future student numbers.

## 2.2.5 International Demand for VET

Similarly to higher education, enrolments by international students have been increasing in recent years. Data published by DET indicates that between 2013 and 2016, enrolments for VET courses delivered in the NT grew from 220 to 370 per year, representing an annual increase of 19%. Not surprisingly, countries that were present in higher education enrolments also featured in VET enrolments. The top five largest countries in terms of place of origin are:

- Taiwan
- Philippines
- South Korea
- Nepal
- India

For the VET reporting and location of reasons mentioned above, it is also difficult to determine the total number of international students located in Darwin. Due to the relative attractiveness and availability of courses, it is likely that the majority of students have chosen to live and study in Darwin and have enrolled in several courses for the year. As a result, it is highly likely that overall there is an increase in student numbers, but the exact scale of this increase is unclear from the data available.

## 2.3 Summary of Section 2

Assessment of both the data pertaining to higher education and VET demonstrates that there is a growing number of students in Darwin and that this growth is likely to be sustained, given CDU's current strategic focus on attracting international students and the historically high growth in international students enrolled at CDU. This indicates that the education market presents a future opportunity for growing Darwin's economy. One way in which to optimise this growth could be to move some of the student facilities into the CBD. However, in order for businesses in the CBD to best leverage off any introduction of student facilities into the CBD, they have to understand what students want. In this respect a survey of students in Darwin could inform the development of any future plan to relocate university facilities. The next section of the report provides two case studies which indicate the key enablers for achieving social and economic benefits from relocating student facilities into the CBD.



# 3. Case Studies

Two sites were chosen as target sites for the development of case studies that demonstrate how economic and social benefits can be achieved through the relocation and / or development of university infrastructure in the CBD. These two sites chosen for the case studies, Newcastle and Launceston, were selected because they are regional centres, like Darwin, and have previously experienced similarly high rates in commercial vacancy rates and challenges with keeping unemployment low in the face of a reduction in industry and manufacturing. To develop the case studies a small selection of stakeholders were consulted in local universities as well as the local property and development organisations.

The first case study describes the University of Newcastle's (UoN) recent development of teaching campuses and an innovation hub in the Newcastle CBD. Newcastle was chosen as a target site for a case study because in 2008 the Newcastle CBD had commercial vacancy rates of approximately 20% which is similar to Darwin's current CBD vacancy rate. However, since the reactivation of the city and development of university infrastructure in the CBD, the commercial vacancy rates in Newcastle have reduced significantly, to around 4%. Consequently, the Newcastle case study provides some key learnings on how to reactivate the CBD and how local universities can be a part of this change.

The second case study describes recent changes for the University of Tasmania in Launceston. The University of Tasmania was chosen as a target site for a case study because it has an education market that is somewhat similar to Darwin, with a strong interest in VET courses and a small population with slow growth relative to the other states and territories in Australia. This case study provides some key learnings on how to activate a CBD and achieve economic gains through productive stakeholder engagement.

## 3.1 Newcastle case study

Newcastle's economy has long been driven by the export of key commodities such as coal and copper. As these industries gradually declined, the unemployment rate in Newcastle rose and the commercial vacancy rates for Newcastle's CBD increased to approximately 20% in 2008.<sup>27</sup>

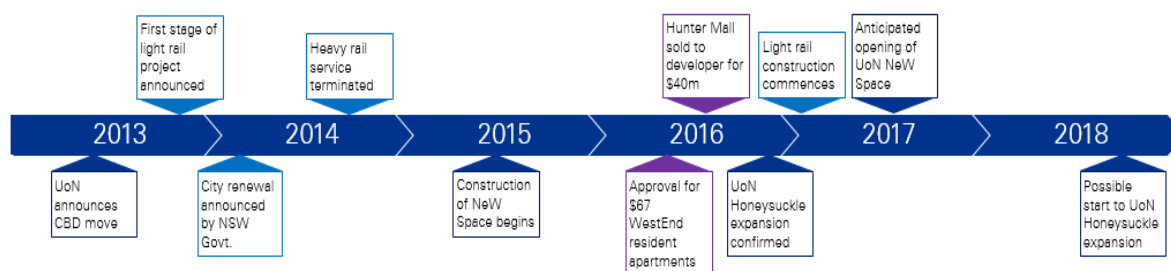
These factors stimulated the emergence of a campaign to reactivate Newcastle's CBD. In 2008 Marcus Westbury created the *Renew Newcastle* campaign which sought to populate vacant spaces in the CBD using pop-up businesses and creative solutions such as exhibitions and performances. The *Renew Newcastle* stimulated discussion amongst Government, businesses and local stakeholders about other ways to use Newcastle's CBD.

In this context, a number of changes have been announced by Government, private sector developers and universities interested in establishing a presence in the CBD. The timeline in Figure 3.1 (overleaf) provides an indication of the chronology of the changes to Newcastle's CBD.

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<sup>27</sup> This rate is based on a conversation with a stakeholder in the Hunter Region Research Centre. The actual vacancy rates for 2008 – 2017 were not able to be provided because the deadline for finalisation of the research brief.

Figure 3.1. Timeline of Key Events



Source: Adapted from UoN information (2017)

Recent developments that have been aimed at revitalising Newcastle's CBD include the following:

- **Light rail network** – the New South Wales (NSW) State Government committed \$510 million to develop a light rail network in Newcastle. Construction for the light rail network has commenced and is anticipated to provide easier access to the CBD for students and community members in the outer suburbs.
- **Development of a CBD campus for law and business** – In 2013, UoN announced it would establish a campus known as NeW Space in the CBD for the purposes of delivering law and business courses. NeW Space is scheduled to open in July 2017 and is anticipated to cater to the needs of approximately 5,000 law and business students.<sup>28</sup>
- **Second CBD campus development announced** – Approximately 20,000m<sup>2</sup> of unused coastal land near to the CBD was sold off to the University at a discount price. This site was formerly the BHP steel works and is now known as the Honeysuckle precinct. The types of courses that will be offered at this new campus have not yet been decided but it is anticipated that course offerings will relate to creative industries. The Honeysuckle precinct campus is within walking distance (~200 metres) of the NeW Space business and law campus, which is on the corner of Hunter Streets and Auckland Street in the CBD (refer Figure 3.2 overleaf for map).<sup>29</sup> NeW Space is due to open in July 2017.
- **Development of a UoN innovation hub in the CBD** – The UoN refurbished a 2 storey building in Newcastle's CBD for the purpose of provide a place for entrepreneurs, innovators, start-ups, developers, technical specialists, business advisors, students and researchers to interact and collaborate. This innovation hub, known as Three76 Hub, provides a range of hot desks and workstations, technology-enabled collaborative spaces and informal lounge areas for people to share ideas, seek mentoring or business support opportunities and test the commercialism of their plans for business and innovation.<sup>30</sup>
- **Development of a foreign university campus in the CBD** – In March 2017 it was announced that Japan's Nihon University had purchased a former court house building in Newcastle's CBD.<sup>31</sup> The Nihon University plans to refurbish the building into a law campus. The development came about due to an existing relationship between the University of Newcastle and the Nihon University.<sup>32</sup> The Nihon University will deliver classes to approximately 500 students when it opens, growing to approximately 2,000 students after 2 years.<sup>33</sup>
- **Increase in development of high density residential accommodation** – There has been strong growth in private investment for residential apartments and retail. According to a Colliers report, there are currently 31 private apartment buildings under construction within close proximity to the CBD, totalling at least \$900 million. The Hunter Street Mall was also recently sold for \$40 million

<sup>28</sup> Approximate number of students is based on advice from stakeholders. There was no data available to validate this estimate.

<sup>29</sup> UrbanGrowth NSW, UrbanGrowth NSW and HDC welcome University of Newcastle expansion 12 December 2016

<sup>30</sup> Description provided by stakeholders and supported by publicly available information from the UoN

<sup>31</sup> Heath Harrison, "EDITORIAL: Japan's Nihon University unveils Newcastle campus plans", Newcastle Herald, 24 march 2017

<sup>32</sup> Based on consultation with stakeholders in May 2017

<sup>33</sup> Approximate number of students is based on advice from stakeholders. There was no data available to validate this estimate.

and is expected to be developed into 500 residential apartments and 7,600m<sup>2</sup> of boutique retail and commercial space.<sup>34</sup>

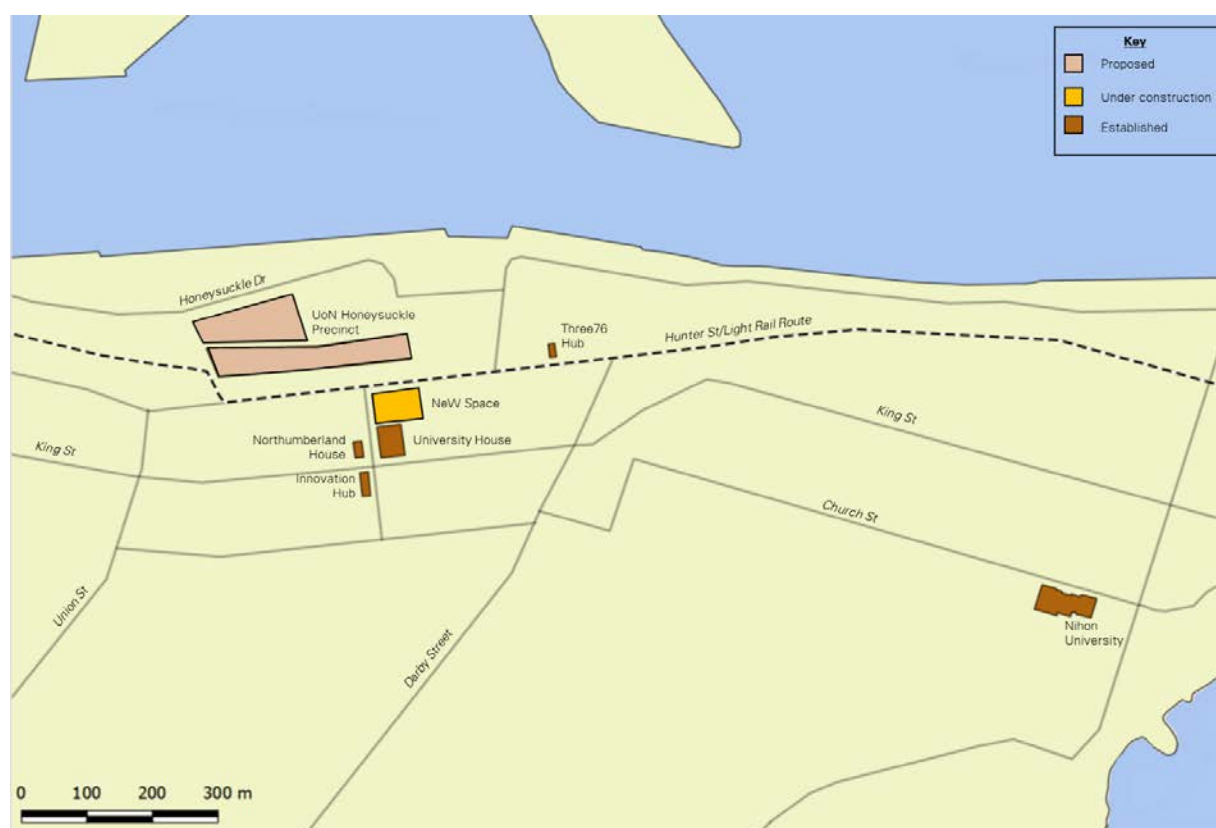
- **Continuation of the *Renew Newcastle* initiative** – The *Renew Newcastle* initiative has continued to stimulate interest in the community and drive developments in commercial creativity through facilitating the use of long term vacant premises for short term “pop up” businesses or exhibitions. This initiative helps to sustain activity in the CBD.

### 3.1.1 Benefits from having university campuses in the CBD

The UoN campuses and the innovation hub in Newcastle’s CBD have only recently been established. To date, there is no quantifiable data to indicate the successful achievement of economic and social benefits due to these developments. However, there are a couple of leading indicators which show that the initiatives implemented to reactivate Newcastle’s CBD, including the development of education facilities in the CBD, may be driving improvements in the Newcastle economy. These indicators include:

- A reduction in commercial vacancy rates in the CBD from approximately 20% in 2008 to approximately 4% currently.<sup>35</sup>
- A significant increase in the number of building approvals in the CBD, from \$73 million in 2013-14 to \$289 million in 2015-16.
- Additionally, stakeholders indicated that the co-location of the universities and businesses will have already begun to promote inter-industry linkages. This may lead to greater opportunities for employment and work experience for students (refer Figure 3.2 for map of the campuses in the CBD).

Figure 3.2. New and Proposed Education Infrastructure



Source: Adapted from UoN map (2017)

<sup>34</sup> Colliers International Commercial Real Estate, Confidential Market Report, provided by the Hunter Regional Development Corporation

<sup>35</sup> Jonathan Chancellor, “Newcastle’s worrying high rental vacancy rate”, Property Observer, May 2015

Other benefits which may be achieved in future include the development of intellectual capital in the CBD; increased job creation; improved business confidence; and reduction in crime. These are all economic benefits that were identified in a recent evaluation of *Renew Newcastle*.<sup>36</sup> It is possible that with increased activation of the CBD due to the establishment of university facilities these benefits will be further amplified.

The following section of the report describe the key enablers for developing Newcastle's CBD with education infrastructure and ensuring that economic and social benefits of this development are achieved.

### 3.1.2 Key Enablers for development of education facilities in Newcastle CBD

Desktop research and consultations with a sample of stakeholders indicate that there have been a few key enablers for the reactivation of Newcastle's CBD. These enablers include the following:

- There needs to be a clear strategy and plan for the development of any infrastructure in the CBD, including education facilities. This increases the likelihood of achieving social and economic benefits but also provides a mechanism for evaluating and monitoring success. Additionally, a long term plan and strategy for developing education infrastructure helps to unify businesses and the community to achieve a single vision.
- There needs to be clear communication about the mutual benefits for each stakeholder. In the case of university expansion in the CBD the mutual benefits could include growth in the education market, growth for the university and growth in the overall economy for business owners and communities.
- There needs to be support from all levels of Government and the local university. In Newcastle, the State and Commonwealth Government invested in the development of NeW Space (approximately \$30 million from the Commonwealth Government and \$25 million from the NSW Government). The University also invested approximately \$40 million. This joint investment meant that all stakeholders had a reason to make the development succeed in terms of activating the CBD precinct and realising social and economic benefits for the community.
- Some stakeholders also indicated a personal belief that Government needs to 'seed' investment. This assertion was based on stakeholders' experience in property development and the observation that the private sector usually volunteers investment only after Government has signalled a commitment to changing the urban landscape and supporting development.
- There needs to be enabling infrastructure in place to support the development of education facilities in the CBD. This enabling infrastructure includes reliable transport that offers students flexibility in accessing their home (whether it is student accommodation or privately rented residence) and the university.
- There need to be extensive consultation with stakeholders including a phased approach wherein stakeholders are consulted about the options for development, consulted with again about the decision regarding which option to fund and deliver and consulted with again to test acceptability and success of the development. In Newcastle, Government and development organisations consulted extensively with the university, sought input from students and also the community.
- The project milestones and 'small wins' on projects need to be communicated and celebrated with stakeholders – it cannot be just a matter of perpetually moving to the next project or development. An example of this is celebrating the finalisation of the innovation hub, Thee76 Hub, in 2016 and the soon-to-be opened NeW Space.
- Leveraging off existing relationships that the university has to broaden exposure of the local education market to international education providers. In Newcastle, the Nihon University

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<sup>36</sup> Michael Flanagan and William Mitchell, An Economic Evaluation of the Renew Newcastle Project, Centre of Full Employment and Equity, December 2016

management was interested in developing a campus in Newcastle because they were familiar with the city and had strong relationships with local academics and knowledge professionals.

- There needs to be programmed event planning to support a sustained activation of the CBD. Before embarking on the university development program for the Newcastle CBD, representatives from Government, development organisations and UoN visited universities in the United Kingdom and the United States in order to understand what maintains activity and drives growth in universities such as Oxford, Cambridge and Harvard, which function as ‘university destinations’ or ‘education precincts’. A key enabler to the success of the education market in these locations was maintaining a consistent program of events for students, staff, families and tourists.

## 3.2 Launceston case study

The second case study describes recent changes for the University of Tasmania (UTAS) in Launceston. The City of Launceston, located in northern Tasmania, has struggled to sustain growth in its economy as key industries such as manufacturing have declined and the youth unemployment rate has risen. In 2015, the youth unemployment rate was 16.0%, significantly higher than the national average of 12.9%.<sup>37</sup> At the same time, wages in the region have fallen by \$99 million and gross revenue dropped by \$140 million in the five years to 2011<sup>38</sup>. In addition to having a struggling economy, Launceston also has to contend with having one of the most regionally dispersed and rapidly ageing populations in Australia. The population growth for Launceston is also low, averaging 1.5% per annum.<sup>39</sup> In fact, in 2014-15 Tasmania’s overall population had increased by 0.4%. This was the equal lowest rate of growth (along with Northern Territory) of all states and territories.<sup>40</sup>

In 2015 UTAS announced a proposal to expand and redevelop an existing campus near the CBD of Launceston, in the suburb of Inveresk. This campus is anticipated to cost \$270 million and is forecast to increase the University’s total student capacity to 16,000.<sup>41</sup> Through the City Deal framework, the Federal Government has committed \$150 million to the project (58% of cost), including an additional \$8 million to the gentrification of the CBD’s Civic Heart. Construction is yet to commence however there is economic modelling and information available regarding the anticipated benefits of the university expansion into Launceston’s CBD.

UTAS’s proposal for the campus development makes clear that the university’s expansion into Launceston was not simply about realising an opportunity for market growth but also an opportunity for addressing the “significant economic and demographic challenges facing North and North-West Tasmania”.<sup>42</sup> At present, up to 35,000 eligible Tasmanians are not going to university when they could. This comprises approximately 15,000 eligible young Tasmanians (under 24 years) who are missing out on higher education and an additional 20,000 mature-age Tasmanians (24 years and over) who would need to be studying in higher education to achieve national averages for income and productivity.<sup>43</sup> In response to the needs of communities in northern Tasmania, UTAS has proposed a university that aims to attract more students into higher education in Tasmanian’s regional cities by providing high quality, relevant, affordable courses that align with employment pathways.

There are a few other proposed developments in, and around, Launceston’s CBD which are aimed at supporting the new university campus and designed to activate the CBD. These developments include the following:

- Development of purpose-built student accommodation for up to 430 beds

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<sup>37</sup> Australian Bureau of Statistics, 6202.0 Labour Force Survey

<sup>38</sup> Isabel Bird and Corey Martin, University Presents Case for City Campus, The Examiner, 25 September 2015

<sup>39</sup> Australian Bureau of Statistics, 3218.0 - Regional Population Growth, Australia, 2014-15

<sup>40</sup> Ibid

<sup>41</sup> Laura Beavis, ‘UTAS campus expansion plan secures \$150m Liberals election pledge’, ABC News, 24 June 2016

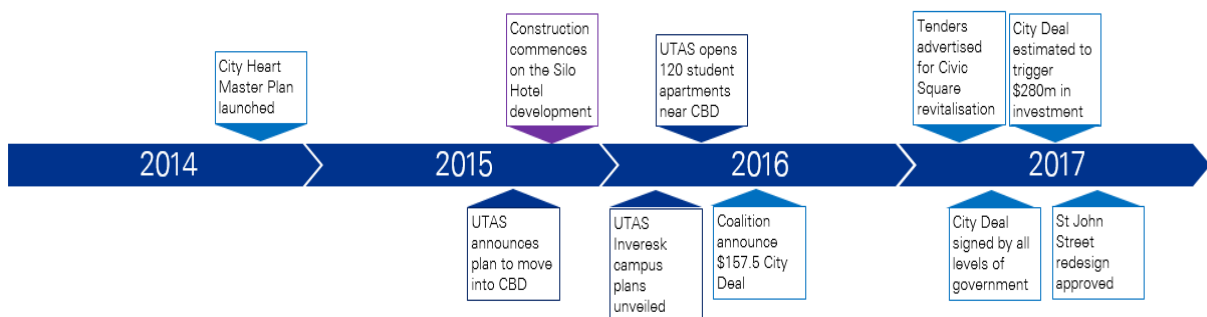
<sup>42</sup> University of Tasmania, Education Driven Economic Revitalisation of Northern Tasmania: Partnership Proposal to the Commonwealth Government, February 2016

<sup>43</sup> Ibid

- Development of a Launceston Institute for Applied Science and Design building for attracting research scholars and delivering STEM courses.
- Development of a footbridge connecting Inveresk and the Launceston CBD
- Investment in existing local education facilities such as the Australian Maritime College
- Technology enhanced learning environments able to attract over 2,000 international and interstate students
- Development of an innovation hub, in association with the existing Macquarie House Entrepreneurship and Innovation Hub to support entrepreneurship, start-ups and industry supply chain spin-offs.

The timeline below provides a high-level sequence of events of events that have led the current plans for education infrastructure being developed near Launceston's CBD.

**Figure 3.3. Timeline of Key Events**



**Source: Adapted from UTAS information (2017)**

The map overleaf shows that the UTAS campus is located in the suburb of Inveresk, approximately 850m from the CBD. This makes the university highly accessible to the CBD and vice versa. Similar to Newcastle, the UTAS transformation team visited a number of international sites to identify critical aspects of education precincts and universities that are considered “destinations”. These sites included Cambridge and Oxford. The UTAS transformation team identified a number of ‘must have’ design objectives for the new UTAS campus including the following:

- The new university campus has to be able to be seen on a day-to-day basis in order for people to truly recognise it as a community asset.
- The new university campus has to have greater linkages with businesses and industry.
- The new university campus has to be highly accessible to all community members including non-students, business and industry. This objective makes clear the mutual benefit of the development for all stakeholders.
- The new university campus has to provide proximal buildings in order to encourage students to walk or ride rather than driving as sometimes occurs on larger campuses.

Given these design objectives, there are clear benefits to locating the new campus close to the CBD and investing in a footbridge to link the campus to the CBD. Figure 3.4 (overleaf) provides a map of the new campus location.



Figure 3.4. Current and Proposed Education Infrastructure



Source: Adapted from UTAS information (2017)

In terms of the types of courses to be offered at the Launceston campus, the proposed building adjacent to Aurora Stadium will deliver Arts, Business and Education courses (refer Figure 3.4 above). This faculty is expected to be a flagship for the University, enabling the delivery of quality education and showcasing UTAS' next generation research and learning capabilities. The proposed building across the river is expected to be home to the Launceston Institute of Applied Science and Design in which science, technology and health courses will be delivered. Both faculties are anticipated to benefit close proximity to the CBD where businesses and industry representatives can have easy access to university staff and students for employment and work experience opportunities.

The following section of the report describe the key enablers for not only relocation the UTAS campus but also the broader economic and social benefits that are expected to be achieved.

### 3.2.1 Benefits from having university campuses in the CBD

The UTAS campus is yet to be constructed in Launceston. While the quantified benefits have not been measured, the business case for which relocation funding was requested modelled various scenarios, and as a result, the anticipated economic and social benefits to include:

- 12,000 more students including 9,800 Tasmanian students, 500 new students to Tasmania from interstate; and 1,700 new international students to Tasmania. It is anticipated that these students will contribute to the activation of the Launceston CBD and to the growth of the Northern Tasmania economy.
- Over 3,110 new jobs for the region comprising:
  - 265 new, high return academic and supporting staff
  - 185 additional indirect jobs generated in the economy
  - 480 construction related jobs during construction phase

- 2,180 indirect jobs in the economy during the construction phase e.g. construction material suppliers, corporate support and construction management.
- The construction will deliver an estimated \$1 billion economic impact (direct and indirect expenditure) for the Launceston economy
- Over \$32 million in additional university wages per annum
- An additional \$362 million per annum in GSP
- \$27 million direct spend per annum by interstate and overseas students

It should be noted that UTAS has drawn on the results of recent developments in Hobart to inform forecasting of the likely benefits from establishing a new campus near Launceston's CBD. In Hobart, UTAS has committed to relocating its STEM faculty to a new campus in Hobart CBD (from a campus in Sandy Bay).<sup>44</sup> Since the announcement of this development enrolments have increased by 10%.<sup>45</sup>

Another key benefit that UTAS is aiming to achieve is the long term retention of talent. During a consultation with the UTAS transformation team, it was mentioned that Tasmania suffers from "brain drain" as students choose to study in Melbourne or other "mainland" universities. Research conducted by UTAS indicates that 17% of Tasmanian residents enrolled in higher education courses relocate to cities such as Melbourne, Sydney and Brisbane to where the offerings and opportunities are greater. UTAS believes that by expanding the Inveresk campus and improving the University's courses, local talent will be retained as students choose to study in Launceston rather than abroad.

The sample of stakeholders consulted as part of this project indicated that Government funding usually prompts investment from the private sector because it provides a signal of commitment and financial stability. However, despite Government funding commitments for the UTAS expansion in Launceston there is yet to be strong growth in private development (e.g. residential apartments). A desktop survey only identified two articles regarding large scale developments, one of which was UTAS new student accommodation at the Inveresk campus. A stakeholder from the UTAS Transformation team indicated that the low property yields currently experienced in the Launceston market are probably not attractive to private investors yet. It is for this reason that UTAS does not have high hopes of receiving private investment in their student accommodation, rather they will build the purpose-built student accommodation themselves and aim to outsource management of the facility in future.

### 3.2.2 Key Enablers for development of education facilities in Launceston CBD

The key enablers identified by the UTAS transformation team for the successful achievement of economic and social benefits from expansion of UTAS into the Launceston CBD include the following:

- Improving the quality, access, relevance and appropriateness of education needs to be the key focus and motivation for the development. This is why UTAS is focused on providing facilities that support the delivery of courses that are tailored to the local community and regional population of Northern Tasmania. In this way, the achievement of economic benefits is a by-product of the new campus in Launceston.
- A key enabler in respect of providing more relevant courses was the Government policy to remove the cap on Associate Degrees (a hybrid of a bachelor degree and Certificate IV). This decision will enable more students (both local and international) to gain the qualifications and skills necessary to capitalise on industry opportunities and ultimately contribute to the Northern Tasmania economy. This aligns with the Launceston brand of UTAS which positions itself as a university that delivers higher education that has close links with industry (distinct from Hobart which has a greater focus on academic higher education).
- Similar to the Newcastle development, the UTAS transformation team believes that there needs to be a clear strategy and plan for the development of any infrastructure in the CBD, including education and accommodation facilities.

<sup>44</sup> Infrastructure Australia approves Hobart STEM relocation, 17 February 2017

<sup>45</sup> Based on advice from stakeholder in UTAS Transformation team, May 2017



- Student accommodation needs to be safe and purpose built for encouraging independence as well as socialisation. It is particularly important that the facilities are culturally appropriate for international students.
- There needs to be strong engagement with university and community stakeholders to ensure that there is a clear understanding of both the community's needs and the university's capability, which enables a strong understanding of the future education market and its needs for future growth.

## 3.3 Summary of Section 3

Newcastle and Launceston have both endured slowing economies and growth in unemployment due to a reduction in industry and manufacturing. Both of these cities have also sought to address the issue of a slow economy through activating the CBD area and trying to make higher education more visible, more engaging and more attractive to the local community and businesses in the CBD area.

In Newcastle, development of university campuses and an innovation hub in the CBD is well underway. The expansion of education facilities into the CBD is one of a range of initiatives that have contributed to the reactivation of Newcastle's CBD. This has resulted in high growth in property development approvals for residential accommodation and a reduction in commercial vacancy rates. A further indication of the growing attractiveness of the CBD as a preferred location for education facilities is the recent commitment by Nihon University to establish a law faculty in Newcastle's CBD. Key enablers for the UoN's development in Newcastle CBD include having extensive consultation with stakeholders, having a clear strategy and plan for development and commitment from all levels of Government as well as the University.

In Launceston redevelopment of university campuses near the CBD is yet to start. UTAS has only recently secured funding for the project and is still in the planning and design process which includes strong consultation with stakeholders and consideration of the campus design aspects that have worked for other universities internationally. The UTAS redevelopment in Launceston will include purpose built student accommodation because the local residential property market is currently not strong enough to entice private investment. However, it is anticipated that the UTAS campus in Launceston will attract sufficient economic and social benefits to justify having the student accommodation close to campus and close to Launceston's CBD. Similar to Newcastle, key enablers for the success of the project include: clear and consistent consultation with community, business and university stakeholders and development of a clear vision and strategy for the campus development to meet local needs. For UTAS there is a strong emphasis on the improvement of education quality and appropriateness for the region as a rationale for the development. This is a priority above economic benefits which are considered to be a by-product of the delivery of high quality, relevant and appropriate education for Northern Tasmania.

The next section of the report provides future considerations for the City of Darwin and options for how the learnings from these case studies could be applied to strategies to activate the Darwin CBD.

## 4. Future State

There is not enough data available to make a robust assessment of whether the current education market in Darwin is large enough to support the development of education infrastructure both in the CBD and at Casuarina. However, the case study for Launceston demonstrates at least one example in which a university is planning to redevelop a campus, close to the CBD, in order to *drive* growth rather than simply address existing demand. Based on this example, it is possible that a similar model of market expansion for higher education could be appropriate in Darwin, that is, the creation of more campus space in the CBD could facilitate growth in the education market. However, a more detailed assessment of student needs and wants would better inform an assessment of the education market and how expansion into the CBD might possibly grow this market.

The Newcastle case study demonstrates that there are a range of initiatives that could be explored to reactivate the CBD. In terms of leveraging off Darwin's education market to activate the CBD and drive economic growth, there are a number of options that could be explored including: developing student accommodation in the CBD; expanding teaching facilities in the CBD; and/or leveraging off the recently announced Paspalis partnership with CDU to create an innovation hub in the CBD.

Based on the desktop research and the consultation with a sample of stakeholders, the use of education services to reactivate the CBD would require the systematic completion of a series of preparatory steps including:

- 1 Strategic and robust delivery of a survey to find out what students want from teaching facilities and purpose built accommodation.
- 2 Development of a strategy and plan for the education infrastructure including consideration of the enabling infrastructure required to make it work.
- 3 Development of a risk assessment framework in which to evaluate options put forward.
- 4 Delivery of extensive stakeholder consultation as part of a phased approach wherein stakeholders are consulted about the options for development; the decision regarding which option to fund and in testing the acceptability and success of delivering the development.
- 5 Leveraging off existing relationships that the university has to broaden exposure of the local education market to national and international education providers and thereby continuing expanding the existing market.

These steps are critical for properly testing the appropriateness of any approach to using education facilities to drive economic growth. Other elements that stakeholders indicated were important for achieving optimal benefits from having education facilities in the CBD included the following:

- Programmed event planning to support a sustained activation of the CBD.
- Investment from all levels of Government as well as education providers. This could be achieved through making a strategic case to the Commonwealth Government for financial input via a 'city deal' partnership with the NT Government.
- Improving the quality, access, relevance and appropriateness of education needs to be the key focus and motivation for the development that is, providing education appropriate to Darwin and its surroundings.
- Consideration of VET courses and more occupationally-oriented courses as well as higher education courses.
- Student accommodation needs to be safe and purpose built for encouraging independence as well as socialisation. It is particularly important that the facilities are culturally appropriate for international students.

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# Appendix 1: Darwin Employment

## Market

# A1.1. Darwin Current State

The following section describes the Darwin demographic and labour market. The purpose of this analysis is to provide a social and economic context for the report.

## A1.1.1 Demographics

Greater Darwin's has a unique demographic structure, characterised by a transient population, low median age and large Indigenous presence. Since the 2011 ABS Census, Greater Darwin has undergone a significant transformation, driven by private infrastructure projects such as Inpex and the expansion of housing estates in the outer suburbs. The availability of employment associated with infrastructure and health services has enabled Greater Darwin to achieve an annualised population growth rate of 2.56% between 2011 and 2016, well above the NT and Australian rate of 1.55% and 1.70% respectively.

The table below provides a high level view of the Greater Darwin's demographic characteristics.

**Table A1. Greater Darwin High-Level Characteristics**

| Characteristic   | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
|--|---------|---------|---------|---------|---------|---------|
| Population   | 120,586 | 123,835 | 127,084 | 130,333 | 133,582 | 136,831 |
| Working age<br>Population (15 - 64)                        | 88,631  | 90,523  | 92,771  | 94,622  | 96,580  | 98,793  |
| Median Age   | 33      | 33      | 33      | 33      | 33      | 34      |
| Estimated Median<br>Income per week (\$)                   | 865     | 902     | 940     | 977     | 1,015   | 1,052   |
| Indigenous<br>Population (%)                               | 9.2     | 9.3     | 9.4     | 9.6     | 9.7     | 9.8     |
| Population with Post<br>School Qualifications<br>(15+) (%) | 61.8    |         |         |         |         |         |

**Source: Adapted from ABS Census (2016), ABS Census (2011) and ABS Regional Statistics by ASGS (2011 – 2016)**

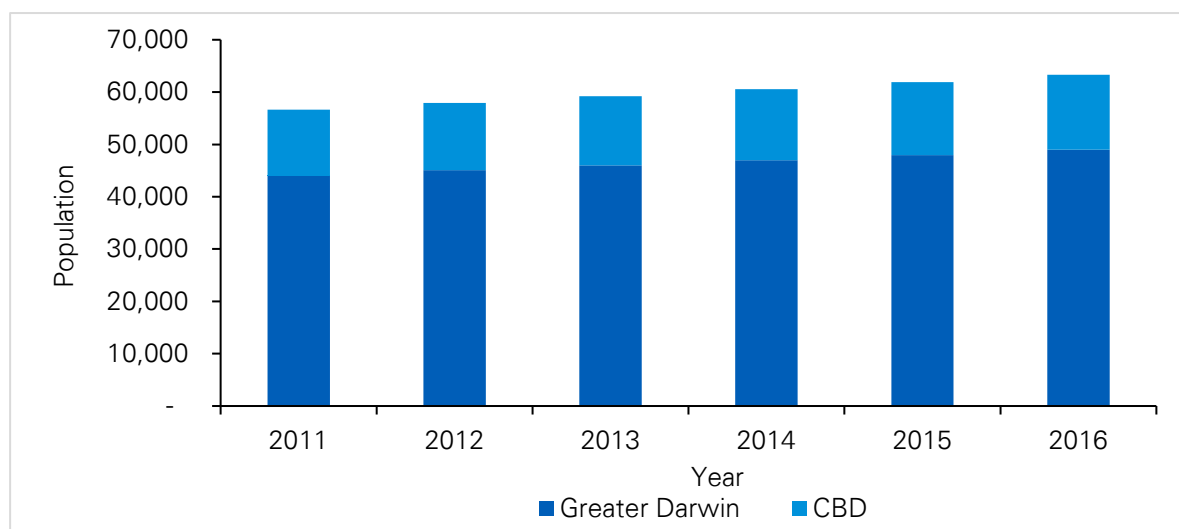
## A1.1.2 Employment and industry

### Current employment

In recent years, there has been a steady increase in the level of employment in Darwin. As mentioned above, public and private infrastructure projects have been a key driver for population and employment growth. This population increase is shown in Figure A1 (see overleaf). The data indicates that the total number of people employed within the City of Darwin (the 'City') has grown at an annualised rate of 2.25% in the five years to 2016, below that of Greater Darwin.<sup>46</sup> The City represents 63% of all employees in the Greater Darwin region. Based on 2011 ABS Census data and an employment growth rate of 2.25%, it is estimated that in 2017, 71,000 are people are employed in Greater Darwin, 14,700 of which are located specifically in the CBD.

<sup>46</sup> The population growth rate has been based on publicly available data from .id. .id is a demographic and population analytics organisation that provides data analysis and demographic visualisations to clients on a subscription basis. Their analysis is based on the 2011 ABS and annually updated by the National Institute for Economic and Industry Research (NIEIR) to reflect population and industry changes unique to a specific area. The City of Darwin maintains a subscription, whereby population and industry growth rates have been derived. Given that the most recent ABS Census release is quite dated (2011), .id analysis has been used to show a more up-to-date demographic profile of Darwin. The exact employment growth rate will be available upon the second release of the 2016 ABS Census in October 2017.

**Figure A1. Greater Darwin and CBD *Total Estimated Employment***



**Source:** Adapted from .id Total Employment (2017) and ABS Census Place of Work (2011)<sup>47</sup>

Historically, investment in major infrastructure projects and tourism has enabled Darwin to maintain one of the lowest unemployment rates in Australia. Between 2011 and 2016, Greater Darwin had an average unemployment rate of 3.2% compared to Australia's average of 5.7%. As of 2016, the unemployment rate in Darwin was marginally higher at 3.6%. The high demand from infrastructure projects for skilled and unskilled labour served as a short term counterbalance to any increase in unemployment, soaking up excess labour in the local market when required.

It is anticipated that the local labour market will be marginally weaker in coming years, led by slower employment growth and a forecast increase in unemployment<sup>48</sup>. To address this issue, the NT Government committed \$1.75 billion in the 2017-18 NT Budget for public infrastructure projects such as the Palmerston Regional Hospital and CBD revitalisation. This infrastructure commitment is anticipated to stimulate medium term employment in Darwin and slow the downturn in the construction industry which has occurred as a result of Inpex entering the operational phase.

According to forecasts in the 2017-18 Budget, employment in the NT is forecast to grow by 0.5% in 2017-18, and continue to grow at an average of 0.8% per annum in the three years to 2020-21. It is also forecast that unemployment will increase marginally year on year, reaching 4.3% in 2020-21. Although these forecasts apply to the NT, the relative share of employment and labour force in Darwin means the trends are likely to be reflected in the local market too. The Territory's labour market outlook as detailed in the 2017 Budget is provided below.

**Table A2. NT Labour Market Forecast**

|                   | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-------------------|---------|---------|---------|---------|
| Employment Growth | 0.5%    | 0.6%    | 0.8%    | 1.2%    |
| Unemployment Rate | 4.0%    | 4.2%    | 4.3%    | 4.3%    |

**Source:** NT Government Budget (2017)

<sup>47</sup> The population growth rate has been based on publicly available data from .id. .id is a demographic and population analytics organisation that provides data analysis and demographic visualisations to clients on a subscription basis. Their analysis is based on the 2011 ABS and annually updated by the National Institute for Economic and Industry Research (NIEIR) to reflect population and industry changes unique to a specific area. The City of Darwin maintains a subscription, whereby population and industry growth rates have been derived. Given that the most recent ABS Census release is quite dated (2011), .id analysis has been used to show a more up-to-date demographic profile of Darwin. The exact employment growth rate will be available upon the second release of the 2016 ABS Census in October 2017.

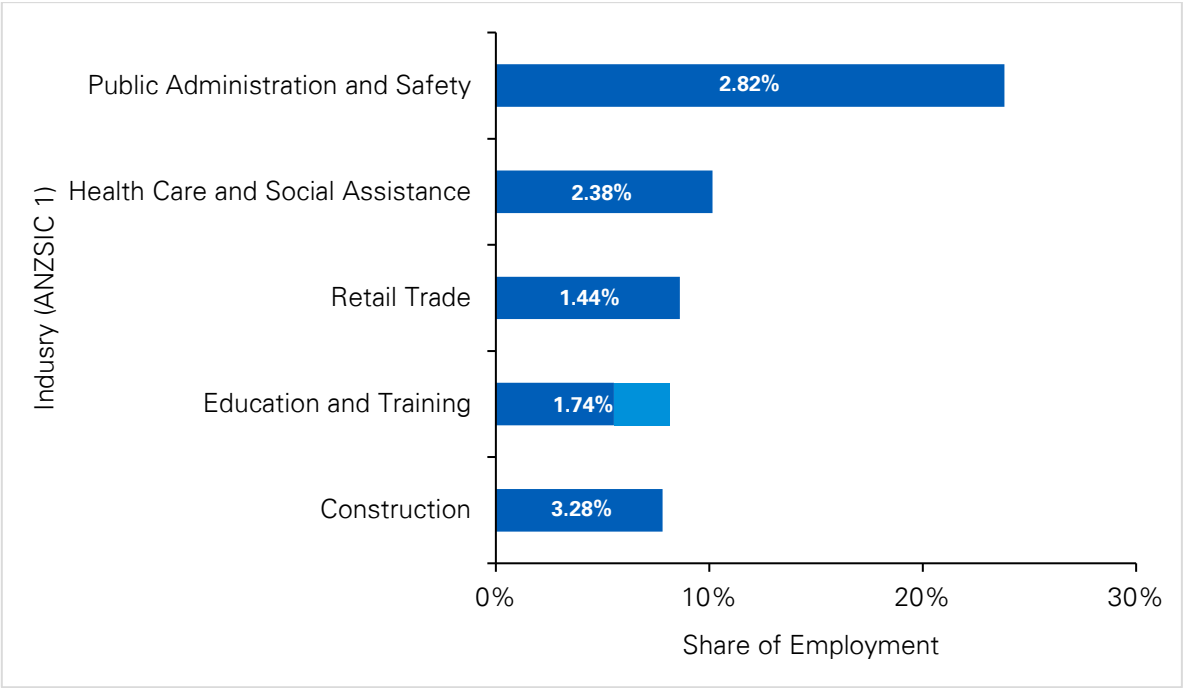
<sup>48</sup> NT Government, Northern Territory Economy, 2017

Given the forecast increase in unemployment and the small forecast in employment growth, it is clear that going forward, business and Government will have to work together to ensure that policies and strategies for sustaining and growing Darwin’s economy have a strong emphasis on practical and implementable employment strategies. This includes considering how best to activate the CBD in order to grow the demand for services in the CBD and prevent any further reduction in CBD commercial vacancy rates.

**Key industries**

It is worth considering the key industries in Darwin in order to develop an understanding of how these industries may be able to be leveraged to activate the CBD. Darwin’s industry composition is characterised by having a larger proportion of ‘population driven’ industries such as the public sector, health and construction. Population driven industries grow proportionally to the population and often are involved in the production or delivery of everyday goods and services. The table below illustrates the top five industries in Darwin in terms of employment between 2011 and 2017, all of which are considered population driven. The annualised growth rate of each industry is displayed in Figure A3 below.

**Figure A3. Top Five in Industries in Greater Darwin *and Associated Annual Growth* (in terms of share of employment)<sup>49</sup>**



**Source: Adapted from .id Total Employment (2017) and ABS Census Place of Work (2011)**

Several industries have experienced strong annual employment growth. Mining (16.39%), Accommodation and Food Services (3.55%) and Construction (3.28%) have increased rapidly, driven by population demand and private infrastructure projects. In contrast, Retail Trade has experienced one of the slowest growth rates, averaging 1.44% per annum. The seasonal nature of tourism and foot traffic in the CBD results in high turnover during the dry season, offset by a longer downturn in the ‘build-up’ and the wet season. Overall, the impact of the seasonal fluctuations prevents the retail industry from consolidating on the dry season turnover and experiencing sustained growth.

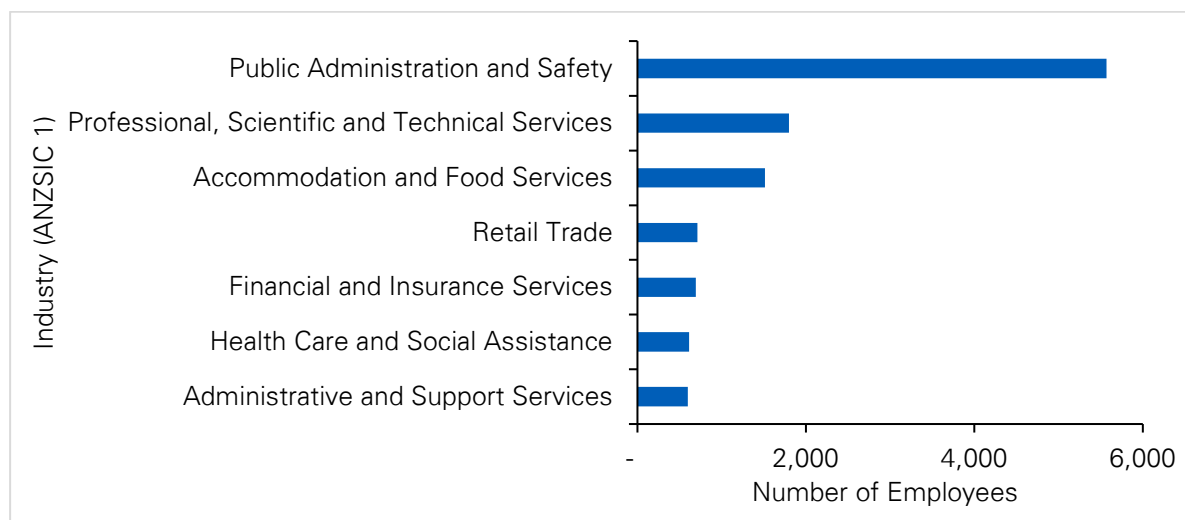
The growth in education and training has been similarly low, at around 1.74% per annum. Approximately 2.60% of this employment in this sector is attributed to higher education, refer to lightly shaded blue bar in Figure A3 above.

The CBD displays similar characteristics and industries as the City of Darwin. It is estimated that almost 40% of employment is in Public Administration and Safety, followed by Professional, Scientific and

<sup>49</sup> The light blue represents the proportion of higher education employment (2.60%).

Technical Services (12%).<sup>50</sup> While there is diversity of industries located in the CBD, there is a relatively low volume of employment per industry. It is estimated that in 2017, only seven industries have more than 500 employees located in the CBD. The graph below illustrates the industries located in the CBD with over 500 employees.

**Figure A4. Industries *Present* in the CBD with over 500 Employees**



**Source: Adapted from .id Total Employment (2017) and ABS Census Place of Work (2011)**

It is estimated that there are currently 276 employees located in the CBD who work in Education and Training making it the 14<sup>th</sup> largest industry. Approximately 28% of those employees are directly involved in higher education, VET or related sub-industries. This data indicates that the Education and Training industry already has a presence in the CBD, and that there is a base from which to grow the industry to further activate the CBD and drive an increase in employment.

Promoting growth in industries located in the CBD, such as retail and education will increase foot traffic, igniting a sense of “vibrancy” and providing an opportunity for the expansion of the broader economy and export market. In 2013, it was estimated that higher education accounted for 1.5% of national Gross Domestic Product (GDP)<sup>51</sup>, while in 2015 it was estimated that CDU (including higher education and VET courses) accounted for 4% of the NT’s Gross State Product (GSP).<sup>52</sup> This is further supported by evidence that indicates that higher education was Australia’s third largest export industry in 2014-15<sup>53</sup>. As such, increasing the presence of education and training in the CBD would put in place the foundations for long lasting benefits through employment and economic growth.

### A1.1.3 Current CBD activation

#### Current CBD Patronage

The CBD experiences large fluctuations in visitation throughout the year. During the dry season (May to September), there is an influx of locals and tourists, looking to enjoy events such as Darwin Fridge Festival, Deckchair Theatre, Darwin Festival and the night markets. By comparison, the wet season (October to April) has significantly less visitations due to the climate and the reduction in organised events.

Tourist visitation data collected by Tourism Top End serves as a proxy for current CBD activation and illustrates its seasonal nature. The data has limitations because it only captures people that visit the centre but does not include people employed in the CBD and is unlikely to include Darwin residents visiting the CBD. Figure A5 (overleaf) illustrates the data captured by Tourism Top End. The magnitude of the seasonal changes is demonstrated through the five-fold increase in tourist numbers between the wet and dry season (comparing January and July). The line of best fit shows that the number of people

<sup>50</sup> Adapted from .id Total Employment (2017) and ABS Census Place of Work (2011)

<sup>51</sup> Organisation for Economic Cooperation and Development, Education at a Glance 2014: OECD Indicators, 2014

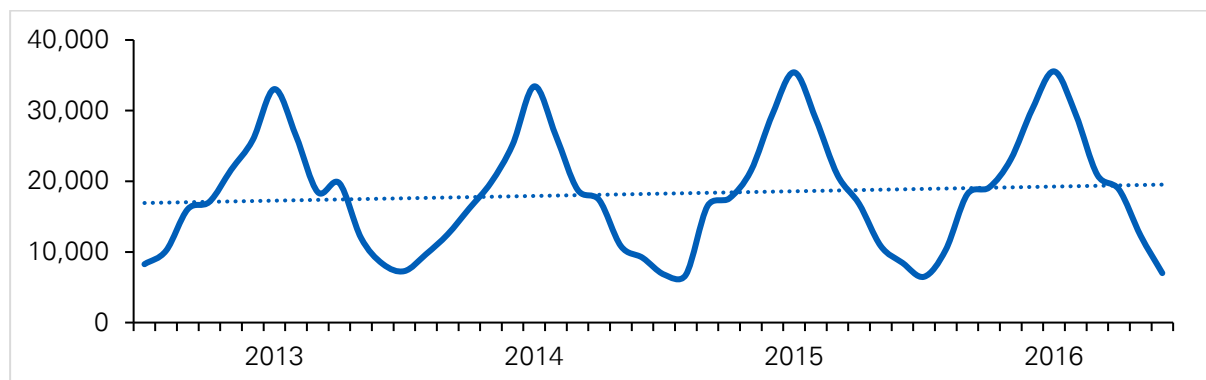
<sup>52</sup> CDU, Annual Report, 2015

<sup>53</sup> Organisation for Economic Cooperation and Development, Education at a Glance 2014: OECD Indicators, 2014



visiting the tourist centre has been growing at almost 5% per annum. While it is not conclusive, this increase may suggest that the patronage from both tourists and residents has been growing in recent years.

**Figure A5. Annual Tourist Visitation<sup>54</sup>**



**Source: Adapted from Tourism Top End (2017)**

Retail and hospitality businesses in the CBD are reliant on the trade from Greater Darwin residents and tourists. The highly seasonal nature of patronage creates a number of issues for businesses and impacts their ability to achieve sustained growth. The key issues include:

- Interrupted revenue stream
- Labour and training issues
- Implications to business planning
- Pricing structure (may be decreased in wet season to maintain trade)

The implementation of policies and initiatives that smooth the seasonal variation in patronage of the CBD or provide increased certainty to businesses in terms of year round demand will be beneficial in terms of increasing activation of the CBD and stimulating inner city employment. Higher education and VET providers and developers could play a role in increasing the presence of students in the CBD, either by establishing permanent teaching facilities, creating student accommodation, or both. The nature of higher education and VET study means that students are usually present all year because during the semester breaks students want to stay with family (if they are local) or they want to work and save money (if they are international students). This means that an increase in the number of students in the CBD would provide a stable and sustained demand for goods and services provided by businesses in the CBD.

The year-round presence of students would also stimulate an increased captive labour force. Currently employers have a high level reliance of short-term backpackers, leading constant staff turnover and the potential for poor transfer of knowledge affected provision of service. Shifting the reliance to an ever present higher education and VET student workforce will promote improved continuity and service. As a result, hospitality, retail and education businesses located in the CBD would experience increased and/or more stable revenue stream, leading to economic growth and prosperity.

<sup>54</sup> The data represents the number of people that have entered the Tourism Top End building on Bennett Street, Darwin. We have not attempted to identify how many are tourists, however, given the nature of the building, it is likely that a large proportion are.