SYDNEY — Few contemporary art museums can boast of having both a breathtaking view and a superb location in the heart of a city. But the Museum of Contemporary Art (MCA) here is doubly blessed.

Since August 2010, the MCA has been undergoing a makeover worth 53 million Australian dollars, or about $56 million, and has gained 50 percent more space. It will reopen March 29 as the Museum of Contemporary Art Australia — a name that reflects its status as the only contemporary art museum in the country with a permanent collection.

Though part of the museum reopened in December, despite the construction crews banging away, with a show by the Mexican-Canadian electronic artist Rafael Lozano-Hemmer, the grand reopening will feature both an internationally focused show and one that highlights works by Australian contemporary artists. “Marking Time,” which will examine how artists visualize time, will run until early June and feature 11 artists including Tatsuo Miyajima from Japan, Elisa Sighicelli from Italy and the aboriginal artist Gulumbu Yunupingu. The American-born artist Christian Marclay’s video piece “The Clock,” a 24-hour montage constructed from thousands of images from cinema and television edited together to create a single time piece, will be on display in a separate gallery.

The other show, “Volume One: MCA Collection,” will feature works by more than 150 Australian artists collected by the MCA and will highlight the diversity of Australia’s contemporary art scene over the last 20 years.
“The thing that is fantastic about the MCA is that there has been this incredible focus on international practice but it has never lost sight of local activity and local production,” said Shaun Gladwell, a Sydney-born, London-based artist whose works will be featured in the show. “Having a larger institution will be a major asset for the city.”

The institution has not always been seen in such a positive light, partly because of its complicated history. The MCA traces its roots to the Australian artist John Power (1881-1943), who bequeathed his money to the University of Sydney to educate Australians about contemporary art. Over the years, the J.W. Power collection bought pieces by Australian and international contemporary artists including Andy Warhol, Roy Lichtenstein and Joseph Beuys. The MCA was established with works from the collection, and in 1989, the New South Wales government gave a long lease to the museum.

While the university agreed to put up initial funding for the running costs there was never a commitment for long-term support, said the MCA’s current director, Elizabeth Ann Macgregor. “They decided to charge money, which was part of the financial modeling,” she said. Then the university began to withdraw funding, “and the museum’s expectations to become fully independent were not realized,” she added. “Things went into a tailspin,” including negative articles in the local and national press.

The 1999 appointment of Ms. Macgregor, a Scot who had previously worked for the Arts Council of Great Britain and also as director of Birmingham’s Ikon Gallery, immediately helped to turn the museum’s reputation around. “The first thing we did was to take the door charge off,” she said. “As soon as we did that, it completely changed the atmosphere. People came in out of curiosity.”

Attendance rose from 100,000 a year to almost 600,000 by the time the museum closed for renovations in 2010. The visitor increase came from a number of factors beyond the free entrance, including touring shows by international artists like Annie Leibovitz and Olafur Eliasson, MCA-curated shows by artists like Yinka Shonibare (which then moved on to Washington and New York) and exhibitions, including the annual Primavera show, which highlighted Australian contemporary art.

By the mid-2000s, it became clear that the museum was starting to suffer from its success. “The elevators were well past their natural life, the stair circulation was not appropriate and there was no infrastructure to deal with disabled people,” said Simon Mordant, a Sydney businessman who is the chairman of the museum. “We started to burst at the seams.”

He said that some people in the state government “saw the building as having enormous redevelopment potential,” and advocated a move. “We were absolutely clear that one of the unique attributes was the location and we were against moving.”

Mr. Mordant and his wife donated an initial amount of 10 million Australian dollars (they later donated another 5 million) and through a series of other donations, fund-raisers and lobbying local, state and national government, the museum was able to raise enough money to expand the building instead. The Sydney-based architect Sam Marshall drew up the plans that not only allowed for a complete refurbishment of the existing space but also created an additional 4,500 square meters, or more than 48,000 square feet, of space for three large new galleries.

There is now an entire floor dedicated to the MCA’s collection as well as a new rooftop café and sculpture terrace that can be rented out as commercial spaces. “That was an important part of the brief,” said Mr. Mordant. “To ensure that this was a self-sustaining institution.”

Education has been placed at the forefront of the development project. The National Centre for Creative Learning, which will occupy 40 percent of the new wing, will feature a multimedia room and digital studio, a 120-seat lecture theater, two creative studios and a dedicated room for children with special needs. There will also be technology that will allow for video conferencing, connecting the museum with classrooms across Australia. “We decided to have the classrooms on the front side, looking out at the Opera House,” said Mr. Mordant.

While the MCA has become an important space for contemporary art across Australia, artists and others involved in the art scene here say that the expansion of its facilities and activities will allow it to become even more pivotal in the international contemporary art arena. “I think this is the start of an entirely new chapter for the MCA,” said Ms. Fortescue, the art critic. “At the end of the day, you cannot escape from the fact that Australia is a very long way from the rest of the world. I think this will plug Australia more into the rest of the contemporary art world and the other way around. It is a very exciting new phase.”