

Review of ‘North Byron Parklands: Economic Impact and Benefits 2016, prepared by RPS’

Data

Page 19 and 20

The footnotes say data was only collected from people with vested interests, i.e. festival organisers and stall-holders. No objective data was collected. Since the data is highly unreliable with a high margin of error, no conclusions should be drawn. It’s a case of GIGO (garbage in, garbage out).

Page 6

According to this biased data, direct expenditure is given as \$55.1m. But 2.1 says 39.1m was spent by the punters, and 17.5m by the organisers. This is the same money, counted twice. It just means that some of the money that came in went out, but it’s the same money.

Methodology and Use of Economic Multipliers

On page 7 the economic output figures are more than 2x greater than the total expenditure claimed on the previous page. No explanation or methodology is mentioned. So how do we get from a dollar being spent equals \$2.20 economic output? That means every time a pensioner spends a dollar, it’s worth \$2.20 to the economy.

The Gross Value Added (GVA) figure in 2.3 looks similarly delusional. No means of calculation or methodology mentioned.

Page 8

2.4 Wages paid *directly* in Byron Shire – 4.2m

The number of jobs created directly in Byron Shire is given as 116. These theoretical jobs (NBP actually has only 2

full-time employees) are then inflated to 188 via ‘supply chain and household consumption’, suggesting anyone who employs a person actually employs 1.66 people. All other figures quoted have been inflated by a similar margin.

This use of economic multipliers is erroneous. Economic multipliers should only be employed where there is an increase in the monetary base, such as with new government spending. If a teenager spends their money at a festival instead of at the local pub, there is no increase in the monetary base. If multipliers are applied to the festival’s increased revenue, they must also be applied to the local pub’s loss, via exactly the same effects of ‘supply chain and household consumption’. There is no net gain.

On page 9 these hyper-inflated figures lacking any defined methodology are repeated.

Significantly, no assessment has been made of the losses suffered by businesses who previously catered to the entertainment needs of holiday-makers.

By pages 13 – 18 the current economic output has ballooned to 126.4m, without any attempt to show how the figure was achieved, apart from further double-counting. The inflated figures of underpaid workers are repeated, and all figures are then further inflated by some purely arbitrary multipliers.

In Appendix 3 on pages 21 and 22, there is a long list containing some of the possible shortcomings of their use of multipliers. Most important are ‘Not applicable for small regions’ and ‘Lack of budget constraints’. In the present case, the punters are aged 16-25, and nearly all have limited incomes and expenditure. Any dollar they spend here is a dollar less they spend somewhere else. The use of multipliers in these circumstances is misplaced. Multipliers are only used

where there is an increase in the monetary base, not when consumers direct their expenditure here instead of there.

The reasons stated by RPS for using multipliers have nothing to do with accuracy or authenticity, but are due to “...ease of use and communication of results...” (page 22). That is, multipliers enable them to draw nice, coloured-in graphs which depict their fantasies and are easy for the uninitiated to read.

Breaching labour laws

Page 8

2.4 Wages paid *directly* 4.2m

2.5 *Direct* employment claimed as 118FT jobs. Dividing this into the 4.2m claimed in 2.4, that’s \$36,000 p.a. per FT job, which should (by law) include workers’ compensation, insurance and superannuation. If that’s the case, (as NBP claims), no worker receives more than \$15 per hour. That’s below the minimum wage.

Elephants in the Room

If this purports to be an economic impact statement, there are three enormous omissions:

- Opportunity cost. No mention is made of the opportunity cost of the festivals – business being lost by local entertainment venues, the total lack of investment in these venues over the last decade, and the land itself. The land previously produced sugar, cattle and trees. Now it produces nothing.
- Ticket sales. The single largest financial item in the economic impact of these festivals is not mentioned at all or accounted for in the report. In fact, using NBP’s

figures and current ticket prices, \$29,560,400 is received by the organisers for tickets and removed, presumably overseas to the shareholders. The organisers also have other sources of revenue from the events, eg, stall-holder fees. Thus over \$30m is being removed from the economy every year. There is no mention of this anywhere in the report.

- The damage done to the ‘Local Brand’ (page 18) when these festivals dilute and cheapen it in cynical acts of exploitation. “Leveraging the location to enhance the appeal of the event...” means exploiting what other people have built up, without contributing to it.

The document’s ‘purpose’

Why has such a biased, evasive and mendacious document been published? On the first page we are told it was prepared for North Byron Parkland’s (NBP’s) ‘purpose’, however the nature of this purpose is not disclosed. From the type and extent of the bias, it could be assumed the purpose was advertising.

However, we *are* told that the report is generally unreliable, or cannot be relied on by anyone but NBP. The authors also indemnify themselves against any loss, etc resulting from anyone but NBP relying on the report, or any of the information stated in it.

Conclusion

The entire report can only be categorised as ‘advertising’. Even the PAC in its report last year said the economic claims, “...should be viewed with extreme caution...” It contains no facts which can be relied on. The disclaimer at the beginning says it all.

