
Economic Impact of Bluesfest 2022

July 2022



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Introduction

Lawrence Consulting was commissioned by Bluesfest Group – including Bluesfest Byron Bay Pty Ltd and Bluesfest Touring Pty Ltd – to undertake an assessment of the economic impact of Bluesfest 2022, together with the associated tourism impact, on the Byron Shire, Northern Rivers, New South Wales and Australia. Bluesfest is one of Australia's most acclaimed and respected Festivals and has been the inspiration for dozens of blues world music and blues and roots festivals around Australia.

Bluesfest began as The East Coast Blues Festival in 1990 at the Arts Factory in Byron Bay, New South Wales. It quickly became known as “Byron Bay Bluesfest” and “The Byron Bay Festival” and is now known as Bluesfest, with a permanent home at Tyagarah Tea Tree Farm, located 11 kilometres north of Byron Bay and 8 kilometres south of Brunswick Heads. The event includes such facilities as 7 performance stages, 5 licensed bars and 2 undercover food courts. In addition, there are dozens of food and market stalls as well as car parking for over 7,000 vehicles and camping for up to 6,500 persons.

The economic impact assessment has concentrated on the quantitative impact of Bluesfest 2022, specifically the impact of spending in Byron Shire, and the Northern Rivers region, New South Wales and Australia more generally, of spectators at the event together with the turnover of Bluesfest Byron Bay Pty Ltd and consequent local and regional purchases of goods and services. Also of major importance, but not included in the analysis due to the difficulty to enumerate, are the qualitative long-term effects on regional marketing and competitiveness of out-of-region visitors, cumulative television audiences and newspaper and online media coverage.

The following sections of this report present the results of the economic impact analysis.

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Methodology

Approach

Cultural activities such as Bluesfest 2022 generate economic benefits for the regional economy through operational expenditure associated with the organisation / event as well as benefits associated with tourism expenditure / turnover within the region. As a part of ongoing operations, economic impacts from Bluesfest are generated by organisational and facility operations, visiting performers and spectator spending.

The contribution made by Bluesfest 2022 to the economies of the Byron Shire, Northern Rivers, New South Wales and Australia has been assessed using the **LocalImpact** economic model, based on input-output tables developed specifically for each region. All input data, except where referenced in the report, has been supplied by the proponent, Bluesfest Group.

The stimulus from economic activity can be traced through the economy in several different ways:

- The first-round effect, or direct effect, are those from the activity's expenditure in purchasing goods from other industries;
- The second-round effects are those from the supplying industries increasing their purchases to meet the additional demand. The second and subsequent rounds of purchasing are termed the indirect effects; and
- The consumption-induced effects, which recognise that the level of local production is important in determining regional levels of household consumption, that this in turn will be spent locally to a large extent and therefore influence the level of regional consumption and the level of output of each sector.

(Note: Caution should be exercised when interpreting the consumption impacts as they are generally expected to overestimate the actual impact.)

These effects can be represented by multipliers. There are commonly four different types of multipliers:

- Output;
- Income;
- Employment; and
- Value added.

Output

The output impact measures the increase in gross sales throughout the whole economy by summing all the individual transactions resulting, directly and indirectly, from the economic stimulus. The output impacts, are however, regarded as overstating the impact on the economy as they count all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.

Income

The income impact measures the additional amount of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the stimulus to the economy.

Employment

The employment impact measures the number of jobs created by the stimulus, both directly and indirectly. It should be noted that the short-term response to increased demand might be for employers to ask existing staff to work overtime. As a consequence, lower employment than the level indicated by the economic impact of the stimulus will result. This short-term scenario is particularly true where the demand stimulus is seen as temporary or where there is spare capacity in the economy (i.e. unemployment).

Value Added

The value added or Gross Regional Product (GRP) impact measures only the net activity at each stage of production. GRP is defined as the addition of consumption, investment and government expenditure, plus exports of goods and services, minus imports of goods and services for a region. The GRP impacts are the preferred measure for the assessment and contribution of a stimulus to the economy.

Limitations

Limitations or qualifiers that should be raised when using input-output analysis include:

- The inputs purchased by each industry are a function of the level of output of that industry. The input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs);
- Each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies that there is only one method used to produce each commodity and that each sector has only a single primary output;

- The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the additivity assumption. This generally does not reflect real world operations;
- The system is in equilibrium at given prices. This is obviously not the case in an economic system subject to external influences;
- In the static input-output model, there are no capacity constraints so that the supply of each good is perfectly elastic. Each industry can supply whatever quantity is demanded of it and there are no capital restrictions. This assumption would come into play depending upon the magnitude of the changes in quantities demanded, brought about through changes in taxation levels; and
- The input-output model is an optimisation model that allocates resources between sectors to their most efficient use. This is not expected to happen all of the time in the "real world" and as such results from the input output analysis may overestimate the actual impact delivered on ground.

Displacement and Leakages

Displacement arises when an economic stimulus such as Bluesfest 2022 takes market share from other existing local firms or organisations, or 'displaces' alternative uses of project funds that might otherwise have occurred. Leakages are defined as the proportion of project outputs that flow out of the catchment area, i.e. purchases from outside the region.

In relation to the operation of Bluesfest 2022 and the indirect tourism benefits created by the facility, for the purpose of this analysis it has been assumed that both the Byron Shire and Northern Rivers region are closed economies, i.e. any displacement and leakages are considered marginal. All expenditure related to the stimulus has been assumed to be made within each region – where not otherwise identified – in order to represent the additional economic activity generated by Bluesfest 2022.

Data Inputs

The total annual expenditure by Bluesfest Group on Bluesfest 2022 was approximately \$18.0 million in 2021/22 – including approximately \$1.4 million in wages and salaries to 16.0 fulltime staff and all purchases of goods and services. Spending by Bluesfest Group on Bluesfest 2022 in Byron Shire was approximately \$4.1 million, whilst the amount of expenditure across the rest of the Northern Rivers was \$2.3 million.

Separate to Bluesfest 2022, Bluesfest Group spent approximately \$1.6 million on Bluesfest Touring in 2021/22. Total expenditure by Bluesfest Group in 2021/22 was approximately \$19.6 million, of which an estimated \$18.4 million was spent within Australia and \$4.1 million in Byron Shire.

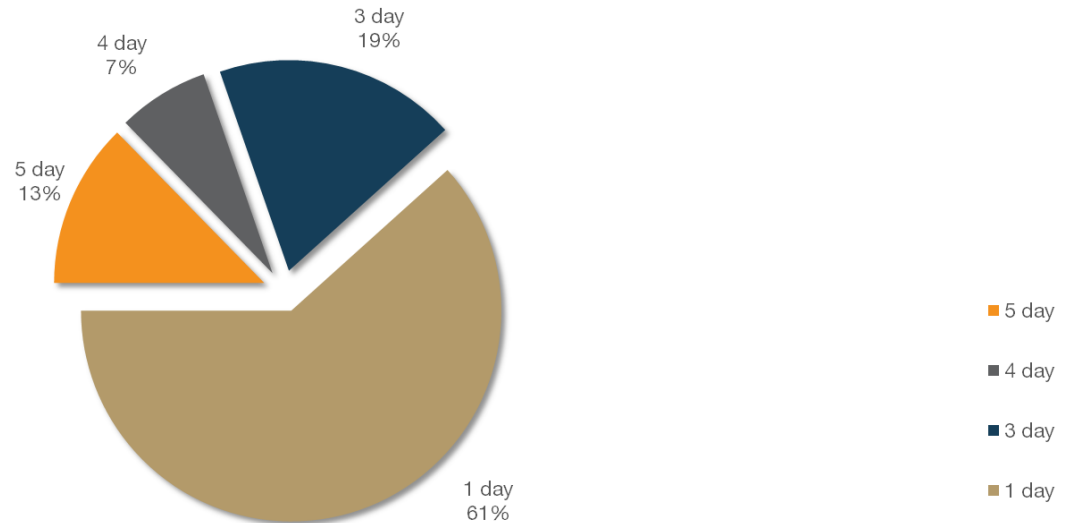
Table 1: Bluesfest Group Operating Expenditure by Region of Purchase, 2021/22

Expenditure type	Bluesfest 2022		Bluesfest Touring		Total	
	Level (\$)	% of total	Level (\$)	% of total	Level (\$)	% of total
Byron Shire	4,092,567	22.7%	1,397	0.1%	4,093,964	20.8%
Northern Rivers	2,258,061	12.5%	3	0.0%	2,258,064	11.5%
Rest of New South Wales	5,588,470	31.0%	360,117	22.5%	5,948,587	30.3%
Interstate	5,993,887	33.2%	110,066	6.9%	6,103,953	31.1%
International	92,551	0.5%	1,128,256	70.5%	1,220,807	6.2%
Unstated	14,671	0.1%	0	0.0%	14,671	0.1%
Total	18,040,207	100.0%	1,599,839	100.0%	19,640,046	100.0%

Bluesfest is also a significant cultural and tourism attraction for both local residents and visitors to the region. The total number of persons attending the event in 2022 was estimated at 48,328, as determined through individual ticket sales, which represented a substantial increase of 29.9% from the level recorded for the last event held in 2019 (37,191).

In terms of ticket type, the number of single-day (29,795) and 3-day (9,022) tickets increased from the levels for 2019 by 74.5% and 7.5%, respectively, although in contrast 5-day tickets fell by 47.8% to 6,119 due to the introduction of 4-day tickets (3,392).

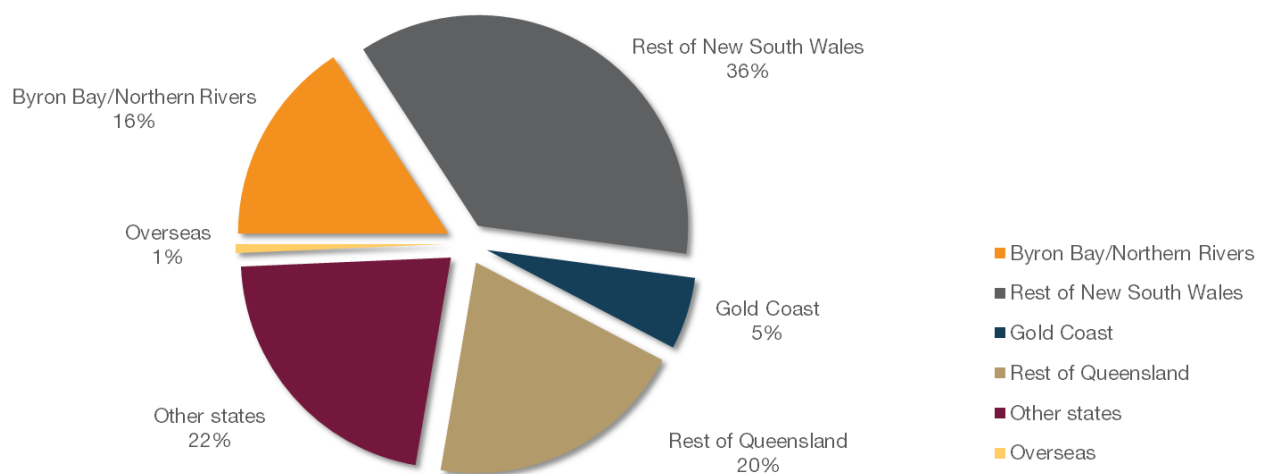
Bluesfest 2022 Attendance by Ticket Type



Based on a participant survey undertaken by Bluesfest Group during the event, the origin of attendees was determined, including the following:

- 16% of respondents were from Byron Bay or the Northern Rivers;
- 36% of respondents were from the remainder of New South Wales;
- 26% were from Queensland, including 6% from the Gold Coast;
- A further 22% were from other States; and
- 1% of respondents were from overseas.

Bluesfest 2022 Attendance by Origin



The age distribution of people attending Bluesfest 2022 was evenly spread, with the largest share occurring in the 55-64 years age bracket (36%), followed by the 45-54 years (24%), 65+ years (14%) and 35-44 years (13%) age brackets. The average age of people attending Bluesfest 2022 was 51.4 years, which was significantly older than the average age in 2019 (44.1 years).

Also described in the survey was the age and gender profile of those attending the festival, of which approximately 57% of attendees were female and 41% were male.

Taking into account regional length of stay, visitor origin and expenditure patterns from data obtained from festival patron surveys, which identified average daily expenditure of approximately \$418 per person across a range of spending categories – which represented a significant increase of 37.6% from the average daily patron spend during the 2019 festival (\$304) – the gross annual stimulus to the Byron Shire, Northern Rivers and New South Wales economies associated with the total attendance numbers at Bluesfest 2022 were estimated at \$35.5 million, \$59.1 million and \$83.4 million, respectively. A summary of the indirect tourism expenditure is provided in the following table.

Table 2: Indirect Tourism Spending by Type, Bluesfest 2022 (\$ million)

Expenditure type	Byron Shire	Northern Rivers	New South Wales
Accommodation	19.2	32.0	42.7
Food & beverage	12.0	20.0	26.7
Road transport	2.3	3.8	5.4
Retail shopping	17.7	29.5	39.0
Attractions	10.6	17.7	23.7
Total off-site tourism spending	61.7	102.9	137.5

Impact Assessment

Direct Operating Spend

The net regional economic impact – i.e. direct, indirect and consumption-induced – associated with the operation of Bluesfest 2022 on the Byron Shire include (refer table 3):

- An estimated direct output of \$18.0 million and additional flow on increases in output of \$6.0 million through other industries, for a total industry impact of \$24.0 million. A further \$1.3 million in output in the region can be associated with consumption-induced effects;
- Estimated direct income (wages and salaries) of \$1.4 million, with \$1.0 million in additional income generated through flow on effects in other industries and a further \$0.2 million from household spending;
- Approximately 16.0 direct full-time equivalent (FTE) employment positions, with an estimated additional 33.4 employment positions supported indirectly through other industries and household consumption for a total employment impact of 49.4 FTEs; and
- An estimated contribution to GRP of \$8.7 million from direct effects, with a further flow on impact of \$2.9 million through other industries for a total industry value added of \$11.6 million. An additional \$0.6 million in gross regional product can be attributed to consumption-induced effects.

Economic Impacts

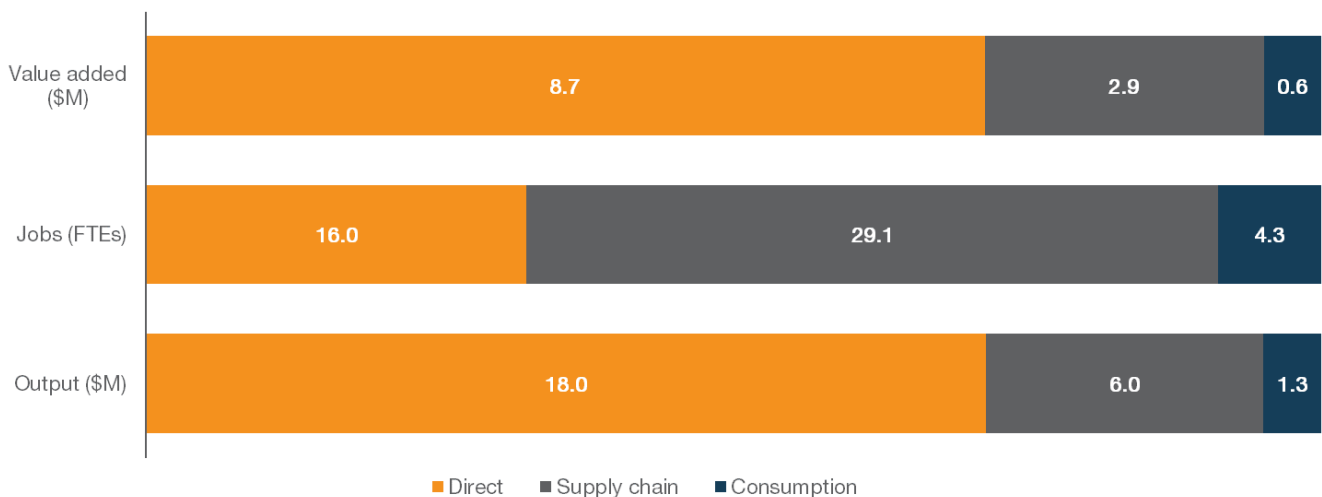


Table 3: Economic Impact of Bluesfest 2022, Direct Operating Expenditure

	Byron Shire	Northern Rivers	New South Wales	Australia
Output (\$ million)				
Direct	18.0	18.0	18.0	18.0
Indirect	6.0	8.6	16.8	30.7
Consumption	1.3	2.9	10.0	16.9
Total	25.2	29.5	44.9	65.7
Income (\$ million)				
Direct	1.4	1.4	1.4	1.4
Indirect	1.0	1.6	3.3	6.4
Consumption	0.2	1.0	3.1	5.1
Total	2.7	4.0	7.8	12.9
Employment (fte persons)				
Direct	16.0	16.0	16.0	16.0
Indirect	29.1	40.6	66.8	111.0
Consumption	4.3	19.1	47.7	78.7
Total	49.4	75.7	130.5	205.6
Value added (\$ million)				
Direct	8.7	8.7	8.7	8.7
Indirect	2.9	4.3	8.4	15.1
Consumption	0.6	2.2	6.5	12.7
Total	12.2	15.2	23.7	36.5

Indirect Tourism Spending

The economic impacts of the visitor spending associated with Bluesfest 2022 for the Byron Shire include (refer Table 4 below):

- An estimated direct output of \$61.7 million and additional flow on increases in output of \$32.2 million through other industries, for a total industry impact of \$94.0 million. A further \$23.0 million in output in the region can be associated with consumption-induced effects;
- Estimated direct income (wages and salaries) of \$13.1 million, with \$5.7 million in additional income generated through flow on effects in other industries and a further \$4.0 million from household spending;
- Approximately 426.8 direct full-time equivalent (FTE) employment positions, with an estimated additional 165.6 employment positions supported indirectly through other industries and household consumption for a total employment impact of 592.4 FTEs; and
- An estimated contribution to GRP of \$31.8 million from direct effects, with a further flow on impact of \$15.3 million through other industries for a total industry value added of \$47.1 million. An additional \$10.9 million in gross regional product can be attributed to consumption-induced effects.

Economic Impacts

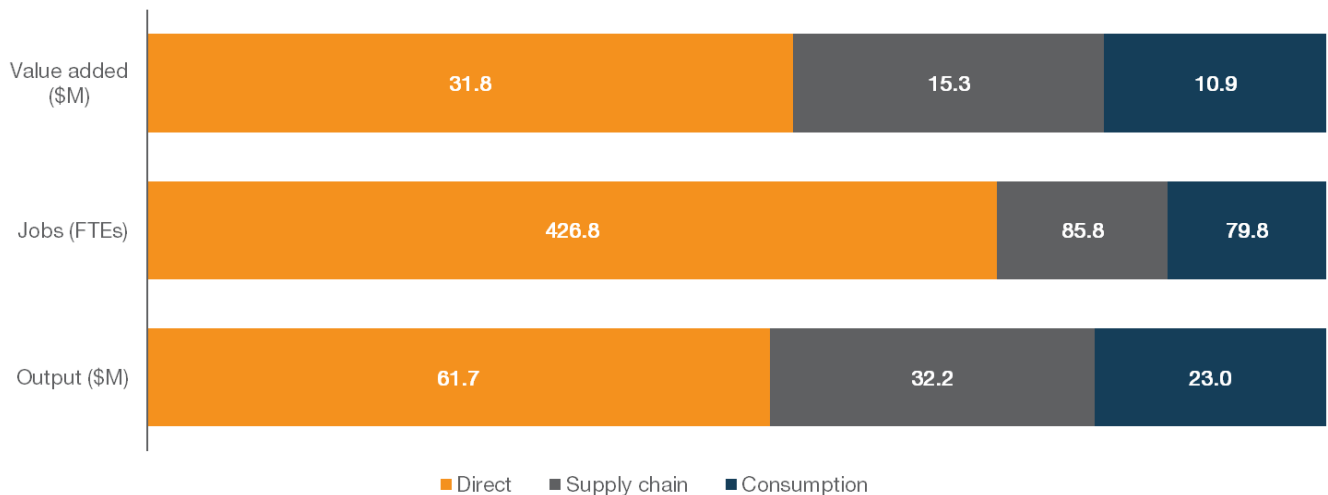


Table 4: Economic Impact of Bluesfest 2022, Indirect Tourism Spending

	Byron Shire	Northern Rivers	New South Wales	Australia
Output (\$ million)				
Direct	61.7	102.9	137.5	137.5
Indirect	32.2	61.1	90.7	111.5
Consumption	23.0	60.6	143.5	144.6
Total	117.0	224.6	371.7	393.5
Income (\$ million)				
Direct	13.1	21.9	29.2	29.2
Indirect	5.7	10.8	16.9	21.8
Consumption	4.0	20.5	43.9	44.9
Total	22.9	53.2	90.0	95.9
Employment (fte persons)				
Direct	426.8	711.3	948.5	948.5
Indirect	85.8	159.8	234.1	292.7
Consumption	79.8	401.7	689.2	702.6
Total	592.4	1,272.7	1,871.8	1,943.8
Value added (\$ million)				
Direct	31.8	53.0	70.7	70.7
Indirect	15.3	29.2	43.5	53.1
Consumption	10.9	46.5	94.4	112.0
Total	58.0	128.7	208.7	235.8

Summary of Impacts

The economic impact of the operations of Bluesfest 2022 and those of indirect regional spectator spending can be aggregated to achieve an overall annualised estimate of the impact on the economies of the Byron Shire, the Northern Rivers and Australia. It is difficult to be definitive regarding how much of the regional off-site spectator spending impact will accrue within the Byron Shire, as opposed to elsewhere in the Northern Rivers, given Byron Shire faces capacity constraints in key sectors at key times (e.g. accommodation stock). The input data has, however, allowed for differentiation of Byron Shire and rest of the Northern Rivers spending for both operational-based and indirect tourism expenditure.

Following this estimation, the direct and total economic impacts associated with Bluesfest Group (i.e. Bluesfest 2022 and Bluesfest Touring) on the Byron Shire, the Northern Rivers and New South Wales in 2021/22 are provided in the following table and include:

- Total output of \$142.2 million in Byron Shire, \$254.0 million in the Northern Rivers and \$417.4 million in New South Wales;
- Estimated total income (wages and salaries) of \$25.6 million in Byron Shire, \$57.2 million in the Northern Rivers and \$98.0 million in New South Wales;
- Approximately 641.8 full-time equivalent (FTE) employment positions in Byron Shire, 1,348.5 FTEs in the Northern Rivers and 2,005.7 FTEs in New South Wales; and
- An estimated contribution to GRP of \$70.2 million in Byron Shire, \$143.9 million in the Northern Rivers and \$232.8 million in New South Wales.

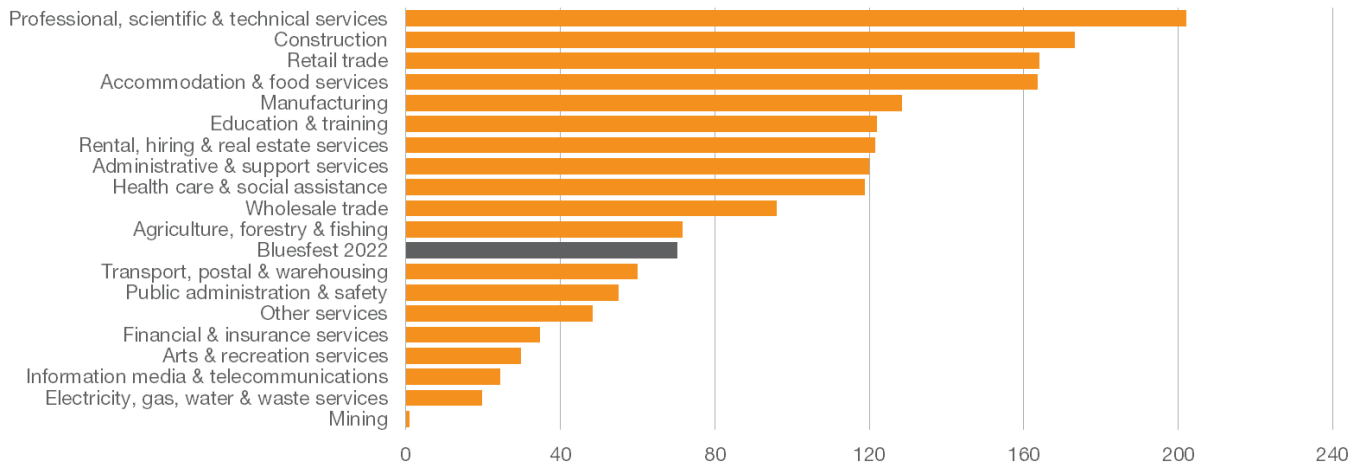
Table 5: Summary of Economic Impacts of Bluesfest 2022

	Byron Shire	Northern Rivers	New South Wales	Australia
Operation-based turnover				
Output (\$ million)	25.2	29.5	44.9	65.7
Income (\$ million)	2.7	4.0	7.8	12.9
Employment (fte persons)	49.4	75.7	130.5	205.6
Value added (\$ million)	12.2	15.2	23.7	36.5
Indirect tourism spending				
Output (\$ million)	117.0	224.6	371.7	393.5
Income (\$ million)	22.9	53.2	90.0	95.9
Employment (fte persons)	592.4	1,272.7	1,871.8	1,943.8
Value added (\$ million)	58.0	128.7	208.7	235.8
Total Bluesfest 2022				
Output (\$ million)	142.2	254.0	416.5	459.2
Income (\$ million)	25.6	57.2	97.8	108.8
Employment (fte persons)	641.8	1,348.5	2,002.3	2,149.4
Value added (\$ million)	70.2	143.9	232.3	272.3
Bluesfest Touring				
Output (\$ million)	0.0	0.0	0.9	1.3
Income (\$ million)	0.0	0.0	0.2	0.3
Employment (fte persons)	0.0	0.0	3.5	4.8
Value added (\$ million)	0.0	0.0	0.5	0.8
Total				
Output (\$ million)	142.2	254.0	417.4	460.5
Income (\$ million)	25.6	57.2	98.0	109.1
Employment (fte persons)	641.8	1,348.5	2,005.7	2,154.2
Value added (\$ million)	70.2	143.9	232.8	273.0

When comparing the overall impact / contribution of Bluesfest 2022 to the economy of Byron Shire, the total value added impact of \$70.2 million represents approximately 3.3% of total GRP (\$2.1 billion).

Industry Contribution to GRP

Byron LGA, 2021/22 (\$ million)



The flow-on impacts from Bluesfest 2022 to other industries across Byron Shire have been disaggregated in order to measure the contribution in other areas of the local economy. The Accommodation & Food Services industry benefits most in terms of total output (\$34.1 million), followed by Retail Trade (\$20.1 million) and Arts & Recreation Services (\$18.7 million).

Estimated Local Employment Supported by Bluesfest 2022

Byron LGA (FTEs)

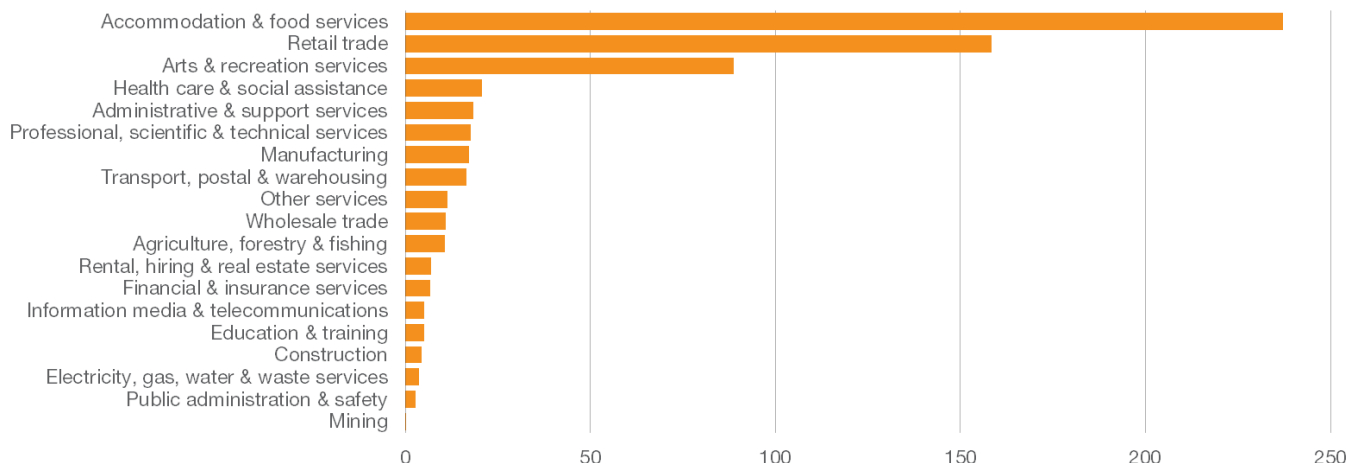


Table 6: Estimated Industry Impacts of Bluesfest 2022, Byron Shire

Industry division	Industry output (\$ million)	Direct employment (FTEs)
Agriculture, Forestry and Fishing	4.2	10.5
Mining	0.1	0.1
Manufacturing	9.4	17.2
Electricity, Gas, Water and Waste Services	3.3	3.7
Construction	2.2	4.4
Wholesale Trade	5.1	11.0
Retail Trade	20.2	158.5
Accommodation and Food Services	34.1	237.2
Transport, Postal and Warehousing	5.4	16.5
Information Media and Telecommunications	2.7	5.0
Financial and Insurance Services	4.3	6.6
Rental, Hiring and Real Estate Services	4.5	6.8
Professional, Scientific and Technical Services	5.8	17.6
Administrative and Support Services	4.6	18.4
Public Administration and Safety	0.5	2.7
Education and Training	0.6	4.9
Health Care and Social Assistance	18.7	20.7
Arts and Recreation Services	14.6	88.6
Other Services	1.8	11.4
Total	142.2	641.8

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