

Review of 'North Byron Parklands: Economic Impact and Benefits 2015, 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, 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 \$46.8m. But 2.1 says 30.8m was spent by the punters, and 16m 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 looks similarly delusional. No means of calculation or methodology mentioned.

Page 8

2.4 Wages paid *directly* in Byron Shire – 3.4m

This magically becomes 7m. How?

The 118 jobs thus claimed are then inflated to 196 via 'supply chain and household consumption', suggesting anyone who employs a person actually employs 1.66 people.

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 10 these hyper-inflated figures lacking any defined methodology are repeated.

By pages 13 and 14, the current economic output has ballooned to 107.8m. How did they calculate GVA? Again, no calculations or methodology. The inflated figures of underpaid workers are repeated.

The GVA figures in the table on page 18 are wildly different from those quoted earlier. GVA and Output have also been added together, when it's an either/or situation, meaning more double counting. Another column called 'Income' has turned up without explanation. The use of multipliers is again wrong in this context.

The assumptions listed on page 18 are extremely generous to NBP, and generally unrealistic.

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 is '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* 3.4m

2.5 *Direct* employment claimed as 118FT jobs. Dividing this into the 3.4m claimed in 2.4, that's \$28,800 p.a. per FT job. That's below the minimum wage. If workers' compensation and superannuation contributions are being paid, the wages received by workers drop to about \$24K p.a..

Elephants in the Room

If this purports to be an economic impact statement, there are two enormous omissions.

1. 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.
2. 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 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'. It contains no facts which can be relied on.