

2022 Formula 1® Australian Grand Prix

Economic Impact Assessment

December 2022

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The results of EY's work, including the assumptions and qualifications made in preparing the report, are set out in EY's report dated December 2022 ('Report'). The Report should be read in its entirety including any applicable limitations.

Our work commenced on 9 February 2022 and was completed in 21 June 2022. Therefore, our Report does not take account events or circumstances arising after 21 June 2022.

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Our conclusions are based, in part, on the assumptions stated and on information

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We highlight that our analysis and Report do not constitute investment advice or a recommendation to you on a future course and is subject to the following limitations.

Limitations of this analysis

As with any type of economic analysis, certain limitations apply to our analysis. These limitations are outlined below.

The economic impact analysis utilises an input-output model, which provides estimates of the direct and indirect economic impacts of economic activity. This method treats changes in economic activity like an economic shock and is based on the interdependencies between different sectors or industries within an economy. All types of economic models have their shortfalls, and the limitations of the input-output approach include:

- ▶ Input coefficients are assumed to be constant, when in reality these coefficients would likely change with different economic conditions
- ▶ The model does not account for the possibility of factor substitution between sectors
- ▶ The available supply of goods and services within an economy is not considered, meaning that it does not account for the potential for demand of a good or service to outweigh supply.

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The 2022 Formula 1® Australian Grand Prix is estimated to have increased Victoria's Gross State Product (GSP) by up to \$171 million and supported an additional 734 FTE.

Key findings:

Economic Impact of the 2022 F1® GP on Victoria

Direct expenditure	\$92m
Economic impact	\$171m
Total annualised FTE employment*	734 FTE

*This represents the FTE employed over the year

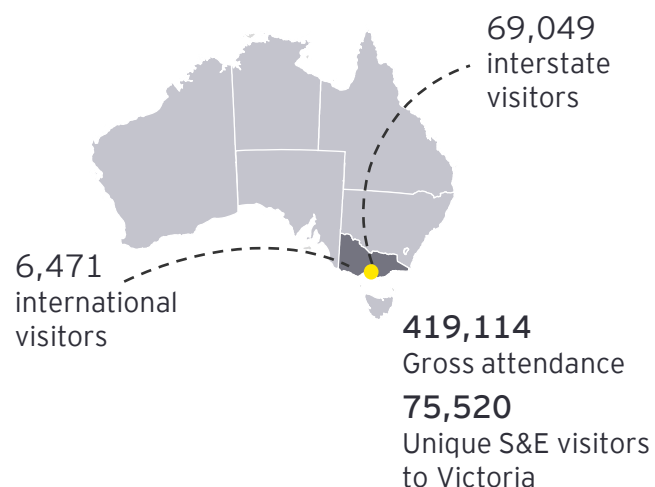
Approximately **38%** of tickets sold were purchased by females



In previous years, approximately 25% of tickets were purchased by females

The event attracted an estimated 75,520 unique specific and extended (S&E) stay visitors to Victoria from interstate and overseas

i.e. individuals who came specifically to Victoria or extended their stay in Victoria to attend the event



The event also attracted 17,109 S&E visitors, including 16,096 S&E spectators and accompanying persons, to Greater Melbourne from regional Victoria.

Summary:

The 2022 Formula 1® Australian Grand Prix (2022 F1® GP or 'the event') marked the return of the event after the COVID-19 pandemic resulted in the cancellation of the 2020 and 2021 events. It drew the largest crowd for any F1® GP held in Melbourne,¹ despite COVID-19 restrictions limiting international arrivals in the lead up to the event.

In February 2022 DJPR engaged EY to independently assess the impact of the 2022 F1® GP to Victoria. The methodology used by EY for this study has been applied by EY in numerous assessments of major sporting and cultural events and is accepted by major event bodies and government departments across Australia.

A summary of the key findings of the impact of the event on Victoria is provided in this page.

¹ ABC, 'Australian Grand Prix organisers delighted at record crowd after two years of cancellations' April 2022

Introduction

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1. Introduction

The 2022 F1® GP event attracted a gross attendance of 419,114, surpassing the previous record of 401,000 total attendance set at Melbourne's first F1® GP event in 1996.

In 1996, following 11 seasons of racing in Adelaide and with the support of the Victorian Government, the F1® Australian Grand Prix moved to Victoria.

Over the following years, the event continued to be an integral component of Victoria's events calendar until the COVID-19 pandemic resulted in the cancellation of the 2020 and 2021 events. The 2022 F1® GP marked the return of the event as well as the 25th race with Melbourne as host.

The 2022 F1® GP was held from 7-10 April 2022. Despite the expectation of lower interstate and international visitation for the event due to COVID-19 impacts, interstate specific and extended stay visitation is estimated to have increased by approximately 52% from 2019 (from an estimated ~45,000 in 2019⁴ to ~69,000 in 2022). Gross attendance reached 419,114 over the four days, with 128,294 people attending race day on the Sunday.

Female attendance was also at a record breaking high, with approximately 38% of ticket purchases made by females. Event organisers stated this was partly due to the Netflix series, 'Drive to Survive'.¹

The 2022 F1® GP was the first event on the upgraded Albert Park circuit. The previous circuit, which was last upgraded in 1996, no longer provided optimal conditions for drivers given the continuous upgrades to F1® cars.² The \$20 million upgrade included modifications to seven of the circuit corners and the removal of two corners to enable more overtaking opportunities.³

Other changes to the Albert Park precinct for the event included more locations for corporate suites, grandstands, and general admission fans which provided a greater range for viewing of the circuit.³

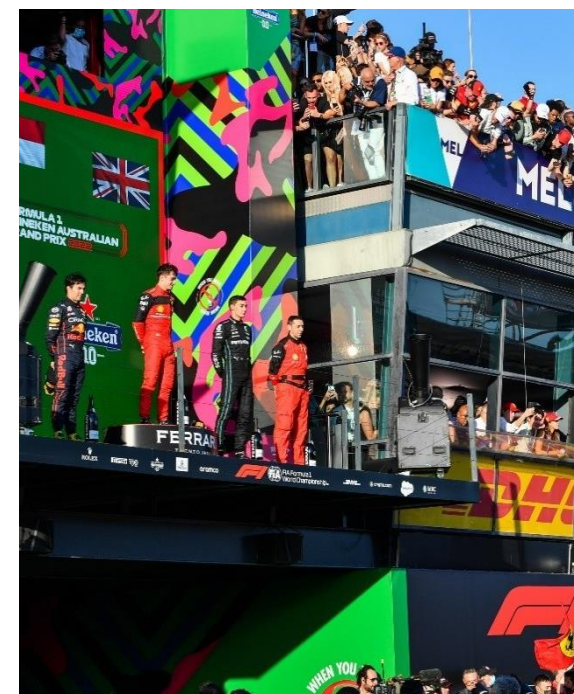
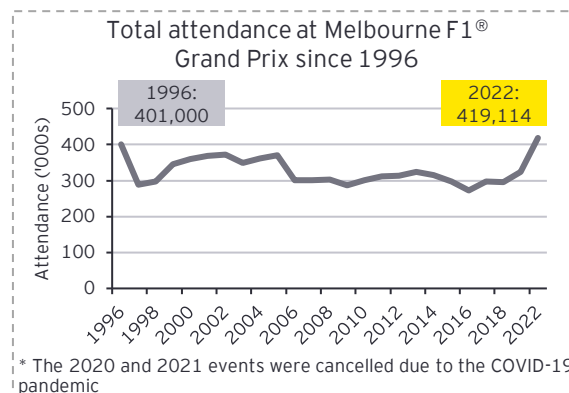
Specifically, the F1® GP event included:

- ▶ Formula 1 World Championship race
- ▶ The Supercars Championship, S5000, and Porsche Carrera Cup
- ▶ Additional entertainment such as aerial displays by the Royal Australian Air Force and musical performances by local Australian artists
- ▶ Interactive activities for fans including the Fan Forum Stage which hosted drivers and team officials for interviews, live podcast recordings and Q&A sessions.

The event was governed by strict COVID-19 protocols in relation to crowd management, communication, cleaning and hygiene.

At the time that tickets went on sale for the 2022 event, there were COVID-19 restrictions in place which limited the arrival of international travellers into Victoria. At the time of the event many of these restrictions had eased.

The main race was won by Ferrari's Charles Leclerc, with Australian Daniel Riccardo placing 6th.



¹AGPC, 2022

²F1, Australia 2022

³ABC, 'F1 Australian Grand Prix returns to an upgraded circuit at Albert Park in Melbourne', 8 April 2022

⁴Estimate based on EY data from the 2011 study and AGPC data from the 2018 event



Approach

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2. Approach

The assessment measures the changes to the economic base of Victoria that can be attributed to the event, that would otherwise not have occurred.

Economic impact on Victoria

EY assessed the economic impact of the 2022 F1® GP on the State of Victoria. The assessment measures the changes to the economic base of Victoria, including the longer-term flow on effects, from interstate and international visitation that can be attributed to the event.

The 2022 F1® GP economic impact study includes the following measures:

Direct impact

The direct impact captures the increase in direct spending in Victoria attributable to the event. The direct impact estimate is based on the following:

1. Visitor expenditure from specific and extended stay interstate and international visitors (excluding ticket expenditure, which is captured in the event operations - see below). This is comprised of:
 - ▶ Total number of interstate and international specific and extended stay visitors including spectators, teams, officials, media and other attendees (e.g. volunteers, event staff)
 - ▶ Length of stay of these attendees
 - ▶ Total expenditure of these attendees attributable to their trip (excluding ticket sales)
2. Expenditure from Victorian residents that remains in the State due to Victoria hosting the F1® Australian GP (instead of another state) - referred to as retained expenditure
3. The event operations impact, which is the net impact of AGPC's incremental operating revenues (including ticket revenue) less the imported component of operations.

This data was sourced from the event intercept surveys, AGPC and previous F1® GP post event assessments (where specific information was not available).

Economic impact and FTE

The multiplier used to assess the economic impact is the General Input-Output Multiplier (GIOM) used by the Victorian State Government. The GIOM utilises the national input-output tables and is based on all industries in the economy.

To estimate the employment impact, EY conducted an Input-Output (IO) multiplier analysis (IO multipliers supplied by REMPLAN).

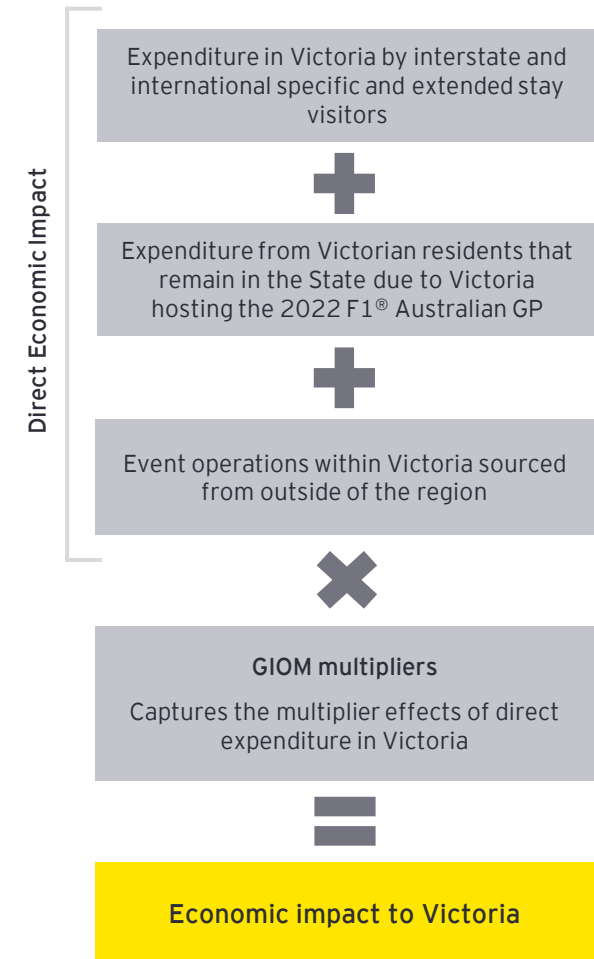
Estimate of attendance

Total ticket attendance was estimated using data from Ticketmaster.

Ticketmaster data was used to estimate the origin of Victorian, interstate and overseas attendees for General Admission, Grandstand and Corporate Hospitality ticket holders. As the Ticketmaster data did not provide an origin split of Victorian residents between Greater Melbourne and Regional Victorian attendees, intercept survey data (collected through surveys conducted with event attendees) was used to estimate this split for General Admission, Grandstand and Corporate Hospitality ticket holders.

For other attendees such as Media, Motorsport Australia Officials and other accredited persons, the number and origin of these attendees was estimated using a combination of data from AGPC and previous F1® GP economic studies where adequate data was not available.

Simplified economic impact methodology





Results

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3. Results

The 2022 F1® GP is estimated to have increased Victoria's GSP by up to \$171 million and supported an additional 734 FTE.

Summary

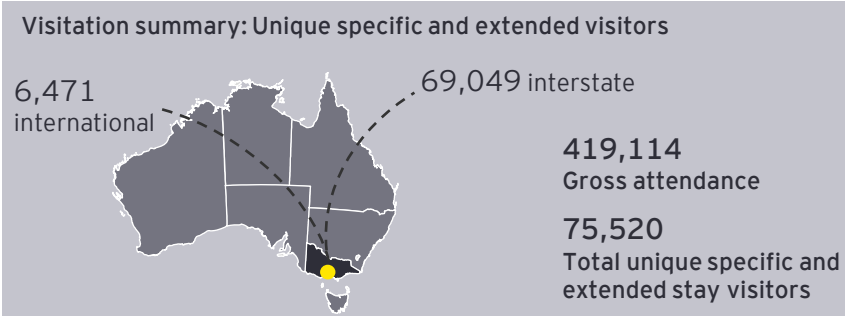
The 2022 F1® GP generated the following economic impacts to Victoria:

- **\$92.0m** in Direct Expenditure to Victoria
- **\$171m** in Total Economic Impact / Total Value Add (including direct and indirect)
- **734** Jobs (FTE), including 387 direct jobs and 337 indirect.

A breakdown of the results is provided in the table below. A summary of visitor expenditure across visitor type is provided adjacent.

Economic impact to Victoria of the 2022 F1® GP	Total effect (\$'000)
Visitor expenditure from specific and extended stay visitors	\$102,134
Expenditure from Victorian residents that remain in the State due to Victoria hosting the F1® Australian GP (instead of another state)	\$25,953
The event operations impact	-\$36,068
Increase in direct expenditure	\$92,020
Value-add / Economic impact	\$171,157
Jobs (FTE) - i.e. annualised FTE*	734

* This represents the FTE employed over the year



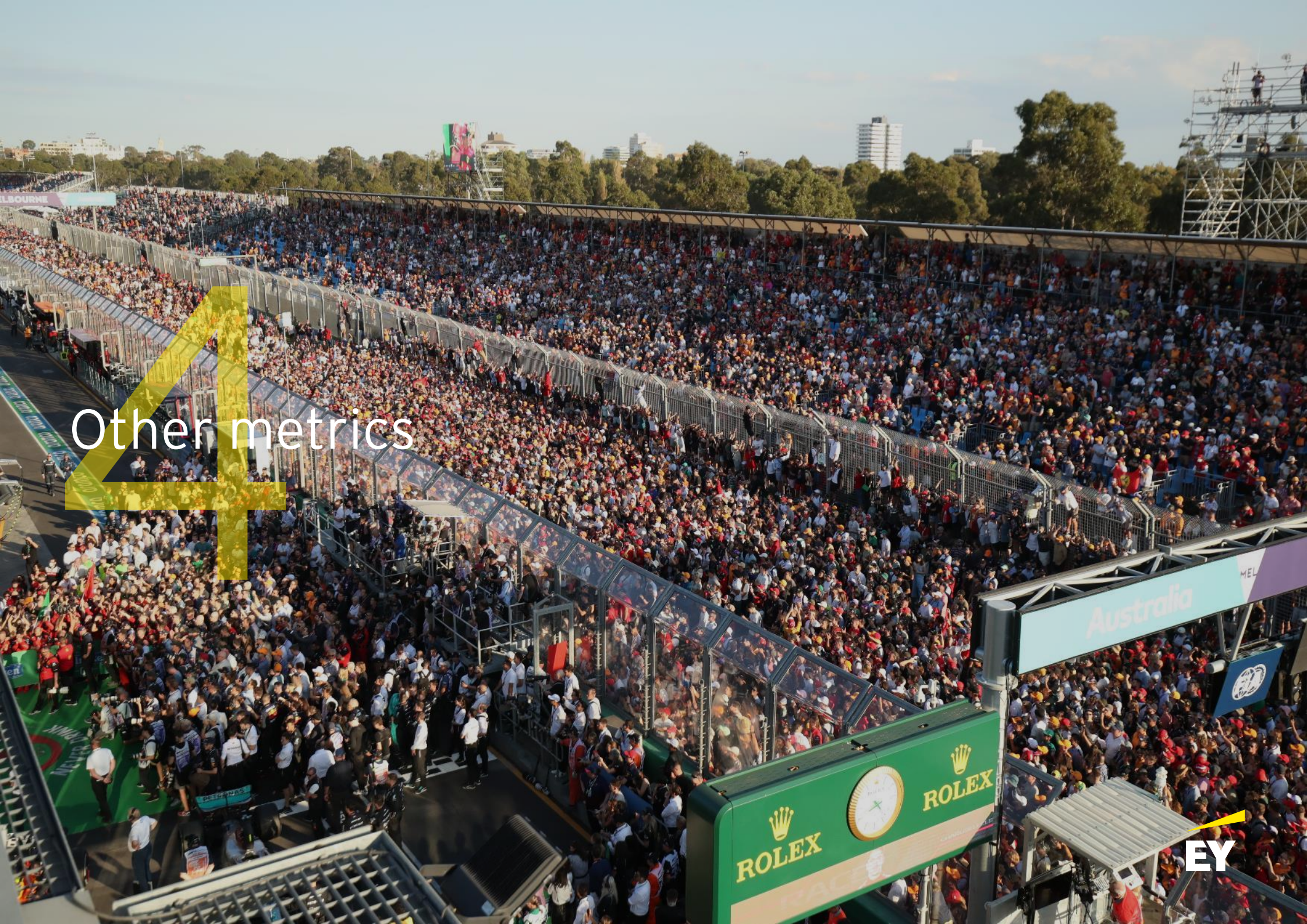
* Based on IO multipliers supplied by REMPLAN ** Results may not add exactly due to rounding.

* Team spend is based on total organisation expenditure and is not calculated based on number of visitors, length of stay or average daily expenditure

Specific and extended stay visitor expenditure summary

Origin	Visitors	Average length of stay (days)	Average daily expenditure (\$)	Total direct expenditure (\$'000)
Specific and extended stay General Admission and Grandstand and accompanying persons:				
Interstate	63,343	4.5	\$289	\$81,753
International	1,259	5.3	\$220	\$1,476
Specific and extended Corporate hospitality:				
Interstate	4,049	3.8	\$364	\$5,567
International	1,149	5.0	\$277	\$1,589
Media:				
Interstate	40	3.5	\$289	\$40
International	500	6.0	\$220	\$659
Teams & Officials:				
Motorsport officials				
Interstate	223	7.0	\$289	\$452
International	0			
Other accredited persons				
Interstate	1,013	7.7	\$308	\$2,394
International	1,350	9.5	\$252	\$3,229
F1®, V8 and support event participants				
Interstate	381	6 - 6.5	\$70 - \$172	\$271
International	2,214	6.5	\$99 - \$161	\$1,507
F1®, V8 and support event teams**				
Interstate	-	-	-	\$241
International	-	-	-	\$2,957
Total direct visitor expenditure from specific and extended stay visitors				\$102,134

4 Other metrics



4. Other metrics

The capability and capacity to host a large global event creates a legacy that continues in the years following an event.

"It was a remarkable weekend, on and off the track, and our viewers were treated to a world-class event and world-class coverage." - Network 10 on the 2022 event

Additional Benefits

The 2022 F1® GP generated a number of additional benefits that could not be quantified.

Significant digital engagement (see adjacent figure)

Interest in F1® both in Australia and around the world has grown significantly in recent years and the increased popularity has the potential to drive further benefits for host cities in future years. The peak free-to-air national audience for the 2022 race reached 886,000.

Across all F1® GP global events in 2021, the cumulative TV audience was 1.55 billion, a 4% increase from 2020. Engagement on social and digital platforms also saw exponential growth in 2021:

- ▶ Followers across Facebook, Twitter, Instagram, YouTube, Tiktok, Snapchat, Twitch and Chinese social platforms were up 40% to 49.1 million
- ▶ Video views were up 50% to 7 billion
- ▶ Total engagement up 74% to 1.5 billion.¹

The increased popularity in F1® has coincided with the release of the popular Netflix show 'Drive to Survive', a series that debuted in 2019 and follows F1® drivers and teams throughout the season. In the United States for example, average viewers per race in 2021 was 928,000, compared to 547,000 in 2018 (70% increase).²

Attraction of additional major events to Victoria

The capability and capacity to host a large global event creates a legacy that continues in the years following an event. Major tourism events can greatly contribute to the overall marketing of a destination by helping to create an image for the city. A significant component of this legacy is the increased tourism generated from the event.

Continual hosting of the F1® GP contributes to Melbourne's global standing as the 'sporting capital of the world'.

Increased participation in sport

Hosting major sporting events is expected to increase participation in physical exercise, recreation and sports. Increased participation in motorsports at any level can deliver a variety of health and social benefits. Racing, for example, improves coordination, mental and physical strength, confidence and concentration.³

At the more advanced level, motor racing is a physically and mentally challenging sport, not only for racing drivers themselves, but also for the teams that play an integral role in the eventual performance of the car. Increasing physical activity via sport is directly linked with reducing the prevalence and severity of obesity and other health issues.

Increased trade and investment

Increased trade and investment occurs when an event triggers an increase in exports from the region where the event is taking place. As sport is widely recognised as a universal language that can break down cultural barriers, sporting mega-events act as a form of soft diplomacy that can attract additional trade and investment into a country in the years following an event.

Hosting the F1® GP event can be a catalyst for businesses migrating to Victoria. Although business migration to Victoria will be based on conducive economic conditions, this benefit considers the business migration triggered as a direct result of the event. The event induces investment because it provides the platform to showcase the attraction of operating a business in the region.

¹Australian Grand Prix Corporation Annual Report 2019

²The New York Time, "Drive to Survive" on Netflix has Ignited Formula 1', 16 July 2021

³Essential reasons why racing can be good for you

2022 F1® Australian Grand Prix - National audience¹

3.1 million

Total free-to-air national audience for the 2022 F1® GP (Australia only)

886,000

Peak free-to-air national audience for the 2022 F1® GP race (Australia only)

611,000

Average Pay TV national audience for the 2022 F1® GP race (Australia only)

2019 F1® Australian Grand Prix - Global audience¹

80 million

Global cumulative TV audience for the 2019 F1®GP

95 million

Impressions across all AGPC digital channels and social media platforms

+70%

Increase in video views on global social media channels year-on-year

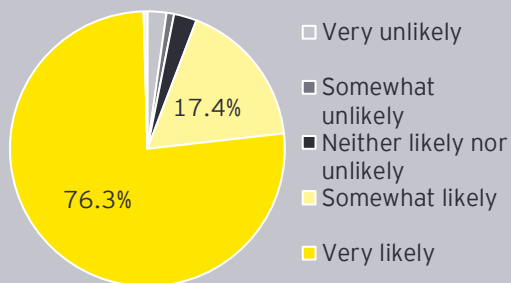
4. Other metrics

The majority of Victorians surveyed agreed that they are proud to live in a State that hosts the F1® Australian Grand Prix.

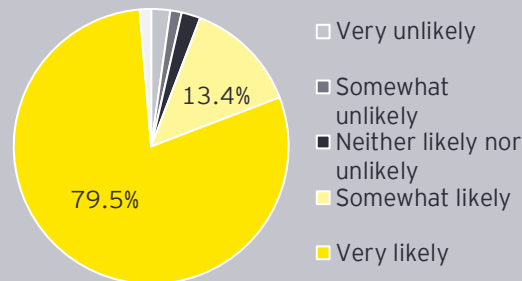
In the intercept surveys conducted during the 2022 F1® GP, attendees were asked a number of sentiment questions pertaining to Victoria hosting the event. The results indicated that:

- ▶ **97%** of people surveyed agreed or strongly agreed that the event helps put Melbourne on the map internationally
- ▶ **96%** agreed or strongly agreed that they, as a Victorian, value the opportunity to see the event without having to travel interstate or overseas
- ▶ **96%** either agreed or strongly agreed that they are proud to live in a state which hosts an F1® Grand Prix
- ▶ **93%** of interstate and international attendees surveyed said they would return to Victoria as a future holiday destination
- ▶ **94%** of international and interstate attendees would recommend Victoria as a holiday destination.

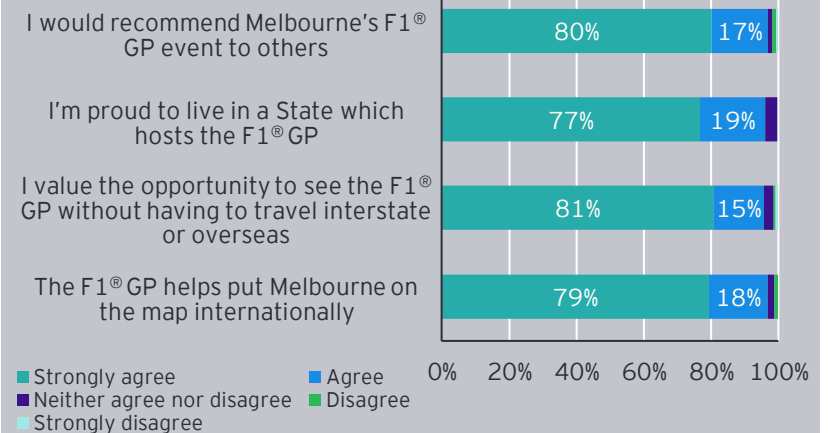
Likelihood of interstate/international visitors recommending Victoria as a holiday destination



Likelihood of interstate/international visitors returning to Victoria in the future for a holiday



Sentiment towards the F1® Australian Grand Prix



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