

A background image of a Formula 1 race track during the Australian Grand Prix. Several race cars are visible on the track, including a prominent white and teal Mercedes car in the foreground. The track is lined with green safety barriers and a large crowd of spectators is visible in the stands. In the background, there are city buildings and a large bridge structure with 'MELBOURNE' written on it. A yellow diagonal banner is overlaid on the left side of the image, containing the title and report information.

Formula 1® Australian Grand Prix 2023 Economic Impact

Final Report

Reliance Restricted
3 November 2023



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3 November 2023

Economic Impact of the 2023 Formula 1® Australian Grand Prix

In accordance with the procedures set out in our Proposal dated 18 July 2023 and Purchase Order dated 24 July 2023, Ernst and Young (“we” or “EY”) has been engaged by Department of Jobs, Skills, Industry & Regions (DJSIR) (“you” or “client”) to undertake an economic impact analysis of the 2023 Formula 1 Australian Grand Prix (“Event”). The enclosed report (the “Report”) sets out the outcomes of our work. You should read the Report in its entirety. A reference to the report includes any part of the Report.

We understand that the deliverable by EY will be used for the purpose of demonstrating the economic impact of the 2023 Formula 1 Australian Grand Prix (the “Purpose”). This Report was prepared on the specific instructions of undertaking an economic impact analysis. It does not include a full cost benefit analysis of the event as this was not part of the agreed scope.

Our conclusions are based, in part, on the assumptions stated and on information provided by the Australian Grand Prix Corporation (AGPC) and other information sources used during the course of the engagement. The modelled outcomes are contingent on the collection of assumptions as agreed with the AGPC and DJSIR and no consideration of other market events, announcements or other changing circumstances are reflected in this Report.

Thank you to both the AGPC and DJSIR teams for your assistance during the delivery of our work. If you would like to clarify any aspect of this Report or discuss other related matters, then please do not hesitate to contact me.

Yours sincerely



Matt Colston
Associate Partner
Asia Pacific Leader - EY Sports, Events and Venues Advisory

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EY

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1

Executive Summary



1. Executive Summary

Summary

- The 2023 F1® Australian Grand Prix (2023 F1® GP) hosted in Melbourne proved to be one of the most exciting races hosted in Melbourne in recent years. The event drew its largest crowd since the 1996 Melbourne F1 Grand Prix, setting a new record with total attendance over the four days of 444,631, 25,000 more than in 2022¹.
- In July 2023, DJSIR engaged EY to independently assess the impact of the 2023 F1® GP to Victoria. The methodology used 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.
- The event is estimated to have delivered a total economic impact of \$268m, including \$144m in direct expenditure and supported 1,149 jobs.
- For every dollar of Victorian State Government operational investment into the event, the F1® GP event generated an estimated \$2.66 in economic impact to Victoria.³
- A summary of the key findings of the impact of the event on Victoria is provided below.

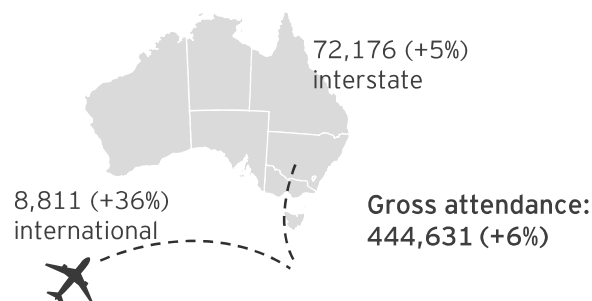
Economic impact of the F1® GP 2023 on Victoria

	Estimated economic impact to Victoria
Direct expenditure	\$144m
Economic impact	\$268m
Total FTE employment	1,149

Total direct expenditure increased from \$92m in 2022 to \$144m in 2023, largely due to an increase in interstate and international visitation to Victoria

The event attracted an estimated 80,987 unique specific and extended (S&E) stay visitors to Victoria

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



Approximately 39% of tickets sold were purchased by females² up from 24% in 2019



¹ ABC, 'Australian Grand Prix organisers delighted at record crowd after two years of cancellations' April 2022, ² AGPC, Spectator Survey 2023

³ This is not a full cost benefit analysis, it is a comparison of the economic impact of the event compared to Government operational support. A full CBA would include quantification of other benefits; volunteerism, branding value, consumer surplus, civic pride and other benefits. The operational support from government is based on preliminary unaudited numbers.

1. Executive Summary

The 2023 F1® GP event attracted a gross attendance of 444,631, surpassing the record previously set in 2022 by over 25,000 visitors.

Economic impact of the event has continued to grow

The F1® Australian GP has been a major feature on the Victorian major events calendar since 1996 and is one of Victoria's most exciting sporting events. The 2023 F1® GP was held from March 30 - 2 April.

The 2023 F1® GP proved to be one of the largest and most successful Grand Prix's in Melbourne to date. Off the back of a very successful 2022 event and with growing interest in the F1 as a result of the popular Netflix series *Drive to Survive* and new rules designed to increase competition amongst teams, there were record level ticket sales. The scope of the Melbourne GP event was also broadened in 2023 with the introduction of the Formula 2 and Formula 3 category championships.

The increased estimated economic impact of the event is driven by three fundamental factors:

- ▶ **Increased footfall:** the rise in attendees, fuelled by enormous local and international hype around the sport
- ▶ **Change in visitor origin:** the increase in interstate and international spectators
- ▶ **Visitor spend:** increased spending by spectators, participants and officials attending the event on accommodation, transport, food and retail due to inflation over the last year.

In previous years, the economic impact of the event has been constrained by increased barriers to travel as the world dealt with the aftermath of COVID-19. While the 2022 F1® GP marked the return of the event in Melbourne, it was 2023 when restrictions were fully lifted and interstate and international visitors who may

have been hesitant to travel in 2022, once again returned to Melbourne.

Gross event attendance was 444,631 over the four day event. Interstate specific and extended visitation increased by approximately 5% (from an estimated ~69,000 in 2022 to ~72,000 in 2023). Additionally, international specific and extended stay visitors increased by 36% (from an estimated ~6,500 in 2022¹ to ~8,800 in 2023).

Female spectators continued to grow, with approximately 39% of ticket purchases by females, which is comparable to 38% in 2022 and considerably above 24% in 2019.

Return on Government investment

The 2023 event received a total \$100.6m in government operational support (up \$22.5m on the \$78.1m of support provided in 2022)²

The event delivered a total of \$144m in direct expenditure and \$268m in GSP (in comparison to the 2022 event which delivered \$92m in direct expenditure and \$171m in GSP).

While this report has not undertaken a full cost benefit analysis of the event, the ratio of Government operational support to economic impact demonstrates a continued return on investment for Government.



For every dollar of Victorian State Government investment in the operations, the F1® GP event generated an estimated \$2.66 in economic impact to Victoria.²

¹ Based on the 2022 Ticketmaster data

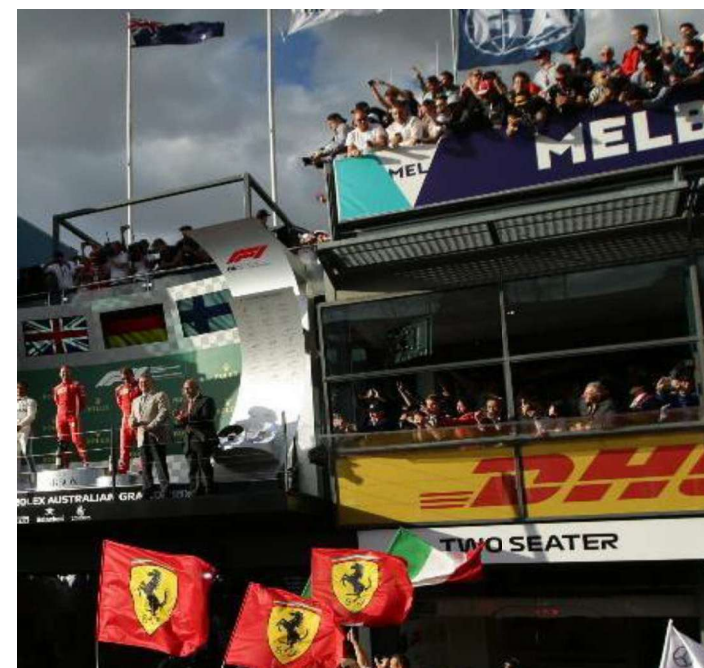
² Based on 2022-23 and 2023-24 AGPC Annual Reports

³ Based on the 2022 Ticketmaster data

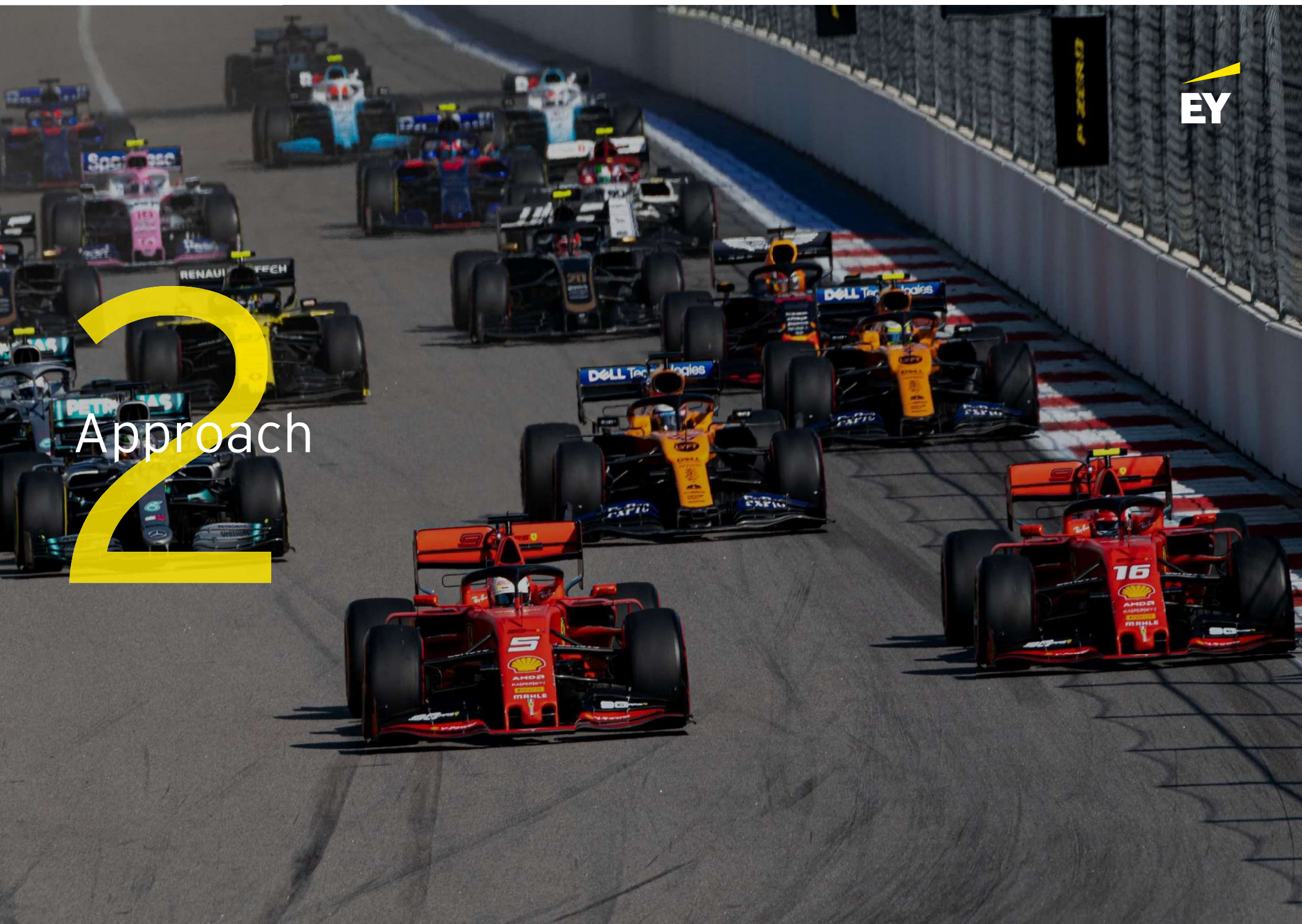
Total attendance at Melbourne F1 Grand Prix since 1996³



* The 2020 and 2021 events were cancelled due to the COVID-19 pandemic



2 Approach



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 event on the state of Victoria. The assessment measures the changes to the economic base of Victoria that can be directly attributed to the event. The 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 remain 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 AGPC, event intercept surveys from the 2022 event (with values escalated to \$2023) and analysis supported by data from the 2023 F1 Online survey and previous F1®GP post event assessments (where current information was not available). The 2022

event intercept survey collected data including visitor origin, reason for visit, number of accompanying persons, average length of stay per trip, average spend and satisfaction with the event.

Economic impact

The additional direct spending produces additional rounds of spending and income generation. For example, additional money spent at restaurants is allocated between the additional material inputs (such as food and drink), wages, and profits of the proprietor. Wages spent by the employees for example, on household items, circulates money throughout a broader section of the economy creating indirect benefits. To estimate these additional flow on benefits (indirect impact), EY has used 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.

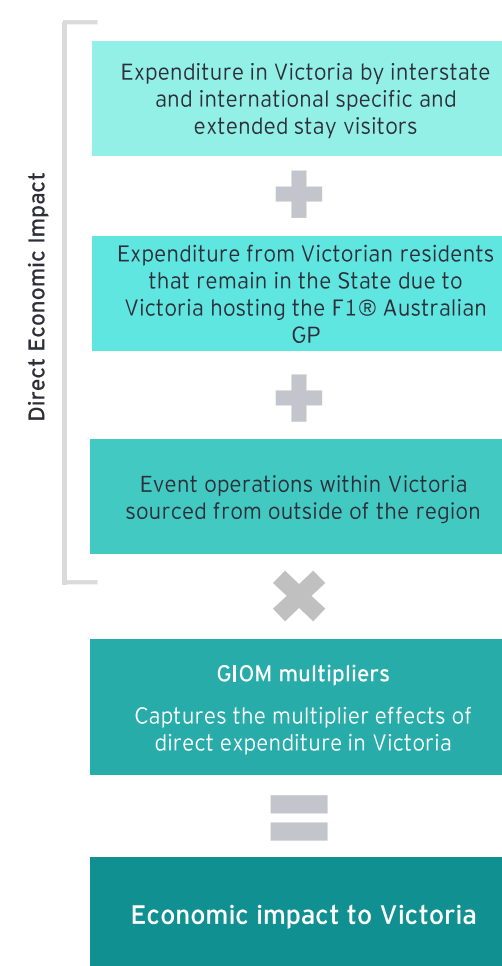
Full Time Equivalent Employment (FTE)

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

Estimate of attendance

Total ticket attendance data was provided by Ticketmaster. Ticketmaster data was also used to estimate the origin of attendees for General Admission, Grandstand and Corporate Hospitality ticket holders. Attendees were classified as either Victorian, interstate or overseas. As 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 accreditation data from AGPC and previous F1® GP economic studies where adequate data was not available.

Simplified economic impact methodology



3

Economic impact



3 Economic impact

The event is estimated to have increased Victoria's GSP by up to \$268 million and supported an additional 1,149 FTE.

Summary

The 2023 event, with a gross attendance of 444,631, generated the following economic impacts for Victoria:

- ▶ \$144m in direct expenditure
- ▶ \$268m in total economic impact (including direct and indirect)
- ▶ 1,149 jobs (FTE), including 614 direct jobs and 535 indirect.

A breakdown of the estimated results are provided in the table below. A summary of visitor expenditure across visitor type is provided on the next page.

Estimated economic impact to Victoria	Total effect (\$'000)
Visitor expenditure from specific and extended stay visitors	\$127,791
Retained Expenditure: expenditure from Victorian residents that remains in the State due to Victoria hosting the F1® Australian GP (instead of another state)	\$39,821
The event operations impact	-\$23,643 ¹
Increase in direct expenditure	\$143,969
Economic impact (GSP)	\$267,783
Jobs (FTE)	1,149²

The 2023 event saw a significant increase (\$52m) in direct expenditure from \$92m in 2022 to \$144m in 2023.

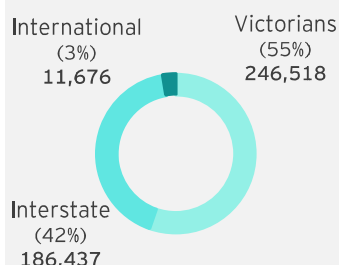
Direct expenditure consists of three components:

- ▶ **Visitor expenditure from specific and extended stay visitors:** Represents expenditure of interstate and international visitors who came to Victoria specifically to attend the event. This increased in 2023 to \$128m from \$102m in 2022 (an increase of \$26m). This increase was mainly driven by the increase in interstate visitation of ~3,000 visitors (+5% compared to 2022), international visitation (+36% compared with 2022) and an increase in average daily expenditure of these visitors.
- ▶ **Expenditure from Victorian residents that remain in the State (Retained Expenditure):** Represents expenditure of Victorians who attended the F1® Australian GP and would likely attend the event if it were held in another state (spending their money in that state instead of Victoria)³. This increased to \$40m in 2023 from \$26m in 2022 (an increase of \$14m). This increase is attributed to increased local ticket sales of the event in 2023.
- ▶ **Event operations impact:** Represents the event's operating revenue and expenditure. It includes new revenue into the State of Victoria (from outside of Victoria) and event operation spend which is retained in Victoria. While there is significant event operating revenue that flows into Victoria from outside the State, there is a greater amount of event expenditure spent on interstate and international suppliers. This results in a negative event operations impact in 2023 of -\$24m, this is however less than the negative impact of -\$36m in 2022 due to increased interstate and international ticket sales in 2023.

There was \$144m of incremental direct expenditure as a result of the 2023 F1® Australian Grand Prix. The estimated increase in Gross State Product (GSP) in 2023 resulting from the event was \$268m (an increase of \$97m compared to 2022).

The number of full time equivalent (FTE) jobs generated in Victoria from the economic impact of the event in 2023 was 1,149. This included 614 FTE jobs directly generated by the event and 535 FTE jobs indirectly generated by the event. This was an increase of 415 total FTE jobs in 2023 compared to 2022 (734).

444,631 Gross attendance



Visitation summary: Unique specific and extended visitors



¹Event operations impact is negative because a portion of the expenditure in hosting the event is not retained in Victoria

² Based on IO multipliers supplied by REMPLAN

³ Based on data collected from the 2022 Intercept Surveys



Notice and Disclaimer

Notice and Disclaimer

Ernst & Young was engaged on the instructions of Department of Jobs, Skills, Industry and Regions ('DJSIR' or 'Client') to estimate the economic impact of the 2023 F1® Australian Grand Prix, in accordance with the signed contract.

The results of Ernst & Young's work, including the assumptions and qualifications made in preparing the report, are set out in Ernst & Young's report dated 3 November 2023 ('Report' or the 'Study'). The Report should be read in its entirety including the cover letter, introductory chapters, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report. No further work has been undertaken by Ernst & Young since the date of the Report to update it.

Ernst & Young has prepared the Report for the benefit of DJSIR and has considered only the interests of DJSIR. Ernst & Young has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, Ernst & Young makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes.

Our work commenced on 24 July 2023 and was completed on 16 October 2023. No further work has been undertaken by Ernst & Young since the date of the Report to update it, and Ernst & Young has no responsibility to update the Report to take account of events or circumstances arising after that date. Therefore, our Report does not take account of events or circumstances arising after 16 October 2023.

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