

**SUBJECT: REPORT ON NOTICE OF MOTION – NOM 28/03/23 –
REQUESTING ATTENDANCE DATA FROM SUPERCARS**

REPORT BY: CHIEF EXECUTIVE OFFICER
CONTACT: CHIEF EXECUTIVE OFFICER

EXECUTIVE DIRECTOR COMMENT

The elected Council resolved in July 2016 to enter into a five-year agreement with Destination NSW to host the Supercars Newcastle 500, with authority delegated to then interim Chief Executive Officer Peter Chrystal to execute any and all necessary documents. This ultimately included a Services Deed, signed by Mr Chrystal on 13 December 2016, that set out the rights and obligations of Supercars Australia and City of Newcastle. Mr Chrystal signed the Services Deed with the knowledge that all financial information relating to the Services Deed and specifically Supercars was commercial in confidence and that the Deed was not to be shared with third parties including the elected Council. The Services Deed listed former City of Newcastle Infrastructure Director Frank Cordingley as City of Newcastle's Nominated Representative. The Services Deed did not commit Supercars Australia to the provision of any ticketing information.

The Services Deed was subsequently made public by City of Newcastle in May 2018 at the direction of the CEO Jeremy Bath following a request from the Newcastle East End Residents Group. An updated Services Deed consistent with a resolution of the Council in August 2022, was signed by Mr Bath on 3 November 2022, which was for the 2023 race only.

City of Newcastle's total annual budget for Supercars' Newcastle 500 event (including a cash payment to Destination NSW to assist offsetting the costs of coordinating of each race), does not exceed \$1.6 million.

As part of an economic impact assessment undertaken by Ernst Young (EY) of the 2017, 2018 and 2019 races, Supercars Australia at the request of City of Newcastle, provided extensive ticketing data.

The report and therefore detailed ticketing information, has been available to the community since October 2021, and can be viewed at:

<https://www.newcastle.nsw.gov.au/Newcastle/media/Documents/Business/Doing%20business%20in%20Newcastle/Economic-impact-of-the-Newcastle-500.pdf>

The accountancy firm found the event delivered an average return of \$36.2 million in economic output.

The EY report took a precautionary approach to its methodology, excluding any resident residing within the Newcastle LGA, from its expenditure per person calculation. While it's probable given the large size of the event, that attending residents would have spent more in the local economy than they may otherwise have if there were no event, it is very difficult to obtain reliable information on this and so it was decided to exclude residents within the Newcastle LGA.

Furthermore, EY assumed that each non local attendee only stayed as many days as they attended the race. That is, while anecdotal evidence suggests many race visitors chose to stay multi days either side of the three-day race in the Newcastle LGA or the broader Hunter region, the precautionary assumption was that they did not.

The EY report used a comparable methodology to the industry standard for economic reports for major events. This was a key scope requirement for the report; to ensure that the source information and methodology was consistent with current best practice.

EY's experience in this space is extensive, particularly in motor sports including the Australian Formula 1 Grand Prix, Bahrain Formula 1 Grand Prix, Australian Moto GP, World Superbikes Championship, Rally Canberra and a proposed Supercars event in Victoria.

EY's economic evaluation experience using the same methodology also includes:

- 2021 Women's Rugby World Cup
- Christchurch Earthquake Recovery Authority
- Victoria Racing Club
- World Masters Games
- WSL Rip Curl Pro Surfing
- Tasmanian Museum and Art Gallery
- Museum for Applied Arts and Science
- Australian Golf Open
- FINA World Swimming Championships
- Hockey World Cup
- Presidents Cup and World Cup of Golf
- Red Bull Air Race
- Australian Open Tennis
- Cricket World Cup
- Cricket T20 World Cup
- FIFA Women's World Cup
- Rugby World Cup (2015)
- UFC
- Soccerroos international matches.

The EY report regarding the 2017, 2018 and 2019 Newcastle 500 events provides the following ticketing information:

- Event gross attendance
- Gross spectator attendance
- Interstate visitors
- Intrastate visitors (NSW minus Newcastle LGA)
- Team numbers
- Officials
- Media and TV crew
- Food vendors, merchandise retailers, catering contractors, support staff, series passes.

On 17 February 2023, City of Newcastle wrote to Supercars asking for detailed ticketing information to assist the elected Council in their decision making regarding the potential

extension of the race agreement for a further five years. Supercars Australia has committed, both to the CEO and Lord Mayor, to provide ticketing information for the 2023 event consistent with that provided to Ernst Young previously.

RECOMMENDATION

That Council:

1. Notes CN's commitment to transparency and accountability in our 2040 plan:
 - 4.2.2 Shared information and Celebration of Success- Proactively share clear, consistent, accessible and relevant information with the community, leading to an understanding of CN's actions and decisions.
 - 4.3.3 Data-driven decision-making and insights Harness the digital transformation of the organisation to drive innovative approaches and insights using quality data to make strategic decisions that align with our vision, provide consistency and transparency, and promote continuous improvement.
2. Notes that Supercars has already provided a detailed breakdown of the ticketing for the Newcastle 500 for the years 2017, 2018 and 2019 to EY at the request of City of Newcastle, and that this information has been available to the community since October 2021.
3. Notes that in its economic assessment of the 2017, 2018 and 2019 economic assessment of the Newcastle 500, EY excluded all attendees that resided in the Newcastle LGA.
4. Notes that EY also assumed that each person that attended the Newcastle 500 that resides outside of the Newcastle LGA, was assumed to have stayed only as many nights as they attended the race.
5. Notes that the CEO of Supercars has committed to providing similar ticketing information provided to EY previously, to CN for the 2023 race.
6. Notes that the 2023 race ticketing data will be provided to Councillors and the community to enable the Council to make a more informed decision on the economic impact for the city from hosting the Newcastle 500. This decision will only be required if the NSW Government indicates it intends to support the race's continuation for another five years.