

# CultureCounts



## North Australian Festival of Arts 2020

Economic Impact Assessment

December 2020

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## 1 ECONOMIC IMPACT

Cultural events can deliver significant economic benefits to the cities and towns that host them. They support increased visitation expenditure that stimulates local economies and can enhance the character and vibrancy of an area, increasing its attractiveness as a place to live, work and visit.

It is estimated that 11,000 unique visitors attended the North Australian Festival of Arts (NAFA) 2020 COVID Safe, with a total of 14,000 visitations across the festival's free and ticketed events.

According to primary spending and behaviour data collected, the direct economic impact of the festival to the Townsville economy from visitors was \$236,000. After application of relevant gross value add multipliers, the broader impact of the visitor expenditure at NAFA events can be estimated to be in the order of \$694,000. Townsville locals contributed an estimated additional \$783,000 through their attendance and expenditure at NAFA 2020, bringing the total attendee impact to \$1.02 million.

A summary of key economic impact statistics for the festival is outlined in Figure 1.

**Figure 1: NAFA Economic Impact Summary**

Total unique visitors	11,090
Primary purpose visitors from outside of region	81
Percentage of primary purpose visitors who stayed overnight	100%
Direct visitor nights generated by the event in Queensland	981
Average expenditure for day trip visitors	\$41
Average expenditure for overnight visitors	\$201
Direct Audience Expenditure – Visitors (Additional to economy)	\$236,000
Direct Audience Expenditure – Local Residents (Stimulated within economy)	\$783,389
Total Attendee Impact	\$1.02 million

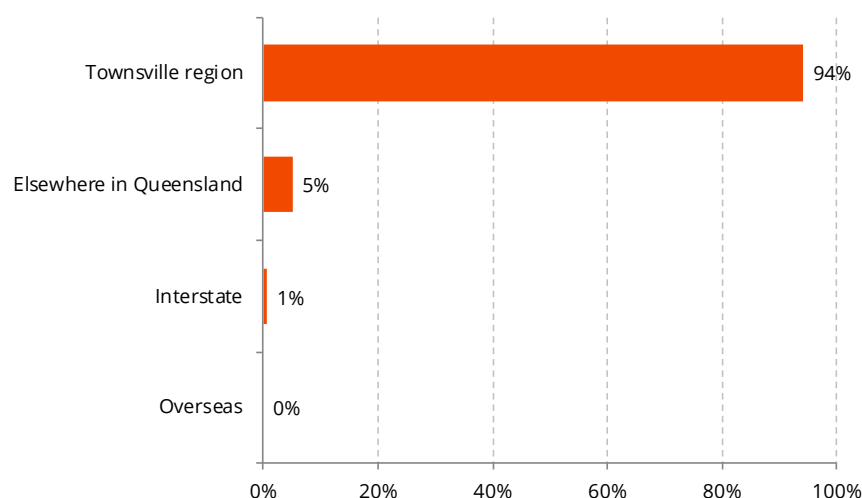
### 1.1 Unique Visitation

In order to calculate the economic impact of NAFA, it is important to determine the estimated number of *unique* visitors to the festival. As many visitors attended more than one NAFA event, using the total attendance estimate rather than the unique visitor estimate will likely mean that certain attendees are counted more than once. This would incorrectly inflate the expenditure estimate.

NAFA organisers counted total attendances of 14,800 across all festival events in Townsville. Data from the survey sample shows that respondents attended 1.3 NAFA events on average. Dividing the total attendance figure of 14,800 by 1.3 generates a unique visitor estimate of 11,000.

### 1.2 Attendees by Location

Figure 2 shows the estimated percentage of NAFA attendees that reside within the Townsville region, elsewhere in Queensland, Interstate and Overseas.

**Figure 2: Location of Residence**

The chart shows that the large majority of NAFA attendees reside in the Townsville region (94%), followed by Elsewhere in Queensland (5%) and Interstate (1%). No-one from the survey sample was from overseas. The low proportions of non-local visitors reflect the impact of COVID-19 border closures and travel restrictions. These location of residence figures are used to apply the results from the survey (average spending and other behaviour) to the broader audience to generate total visitor expenditure and economic impact figures.

Figure 3 applies the percentages of each visitor type captured through the survey to the total audience number (11,000 unique visitors), to generate an estimated number of visitors in each category.

**Figure 3: Audience Breakdown by Location**

Residence	Percentage Mix	Audience Mix
Townsville region	94%	10,448
Elsewhere in Queensland	5%	565
Interstate	1%	77
Overseas	0%	0
<b>Total</b>	<b>100%</b>	<b>11,090</b>

### 1.3 Staying Visitors

Survey respondents were asked whether they stayed overnight in the Townsville region for NAFA events. Those staying overnight were also asked how many nights they stayed away from home in the Townsville region. Figure 4 shows the percentage of respondents from the survey sample that stayed overnight, and the average nights stayed by visitor category. In order to calculate average nights stayed, outliers have been removed from the survey response data. This involved removing any responses that were more than three standard deviations from the mean and then recalculating the average.

**Figure 4: Nights Stayed**

Residence	Percent staying overnight	Average nights stayed
Townsville region	3%	1.6
Elsewhere in Queensland	100%	7.7
Interstate	0%	0.0
Overseas	-	-

The table shows that 100% of Queensland survey respondents living outside the Townsville region stayed overnight while attending the festival. There were only three interstate respondents in the survey sample and no overseas visitors, and none of the interstate respondents indicated that they travelled to Townsville specifically for the festival. On average, Queensland respondents stayed 7.7 nights and Townsville locals stayed 1.6 nights.

#### 1.4 Additionality

A key step in examining overall economic impact is to assess that the proportion of expenditure is truly additional to the economy and wouldn't have otherwise occurred. The proportion of expenditure that would have occurred anyway (the 'deadweight') is accounted for through an additional adjustment that takes into consideration the reasons why respondents are spending money in the local area and what they would have done had they not attended the event.

Figure 5 shows the percentage of respondents from each location of residence who indicated that attending NAFA was a primary reason for their trip. Townsville region residents were asked an alternative question - what they would have done had they not attended NAFA. Spending by those who would have done something else in the Townsville region is not included in the economic impact calculations, as they would have spent money in the local area regardless of whether the festival occurred.

If respondents from outside the local area said they came to the Townsville region specifically to attend the festival, all expenditure on accommodation and at the festival is attributed to the festival as part of the economic impact calculations.

**Figure 5: Percentage of Audience In-Scope**

Residence	NAFA main reason for visit
Townsville region	74%
Elsewhere in Queensland	14%
Interstate	0%
Overseas	-

Figure 5 shows that 14% of residents from other parts of Queensland identified the festival as a main reason for their visit. There were no overseas respondents, and no interstate respondents identified NAFA as the main

reason for their visit, saying that they would have visited the Townsville region anyway. 74% of Townsville region locals indicated that they would not have spent money in the local area if they didn't attend NAFA.

## 1.5 Expenditure

Figure 6 contains the average dollars spent in the Townsville region per visitor type for each of the spending categories. In order to calculate the average spend, outliers have been removed from the survey response data. This involved removing any responses that were more than three standard deviations from the mean and then recalculating the average. Note that there are no values for interstate and overseas visitors, as there were no overseas respondents to the survey, and no interstate respondents who travelled to Townsville specifically for the festival.

**Figure 6: Average attendee expenditure – in the Townsville region**

Residence	At NAFA	Accommodation per night in Townsville	In Townsville as part of trip
Townsville region	\$78	\$89	-
Elsewhere in Queensland	\$200	\$147	\$1,506
Interstate	-	-	-
Overseas	-	-	-
<b>Average</b>	<b>\$83</b>	<b>\$91</b>	-

Figure 6 shows that average spend at NAFA events was \$83, with visitors from other parts of Queensland spending the largest amount on average. Average accommodation spend *per night* in the Townsville region was \$91. This equates to an average spend on accommodation of \$193 for the duration of the visit (based on average visitor nights stayed). Average spending in the local area as part of the trip (excluding accommodation) was \$1,506 by those travelling from elsewhere in Queensland.

Survey respondents from interstate and overseas were also asked if they visited other parts of Queensland during their trip, and if so, how much they spent on accommodation and other trip expenses. As there were no respondents from overseas and only two interstate respondents who stayed in other parts of Queensland during the trip, accommodation and trip expenditure data for other parts of Queensland has not been used in this assessment.

Figure 7 contains direct expenditure estimates for each visitor type across each spend category. This is calculated by multiplying the number of in-scope audience members by the average amount spent for each category. Note that this only includes spending by in-scope visitors – those who visited the Townsville region for the main reason of attending NAFA – which is why spending by interstate and overseas visitors has not been included. The direct spending estimate on accommodation multiplies the average accommodation spend per night by the average nights stayed to attend NAFA.

**Figure 7: Direct attendee expenditure**

Residence	At NAFA	Accommodation in Townsville	In Townsville as part of trip	Total Spend
Townsville region	\$600,571	\$32,077	-	\$632,648
Elsewhere in Queensland	\$16,136	\$90,717	\$121,460	\$228,313
Interstate	-	-	-	-
Overseas	-	-	-	-
<b>Total Spend</b>	<b>\$616,706</b>	<b>\$122,794</b>	<b>\$121,460</b>	<b>\$860,961</b>

Figure 7 shows that the total estimated spend on accommodation attributed to attending the festival was \$122,794 in the Townsville region, including \$32,077 from Townsville residents who stayed away from home as part of their festival attendance. The largest expenditure estimate was just over \$600,000 at and during festival events, the majority of which involved spending by local residents. Audiences residing elsewhere in Queensland generated the majority of their expenditure impact as a result of accommodation spending and other local expenses as part of their trip. In total, attendees spent an estimated \$860,000 in the Townsville region associated with attending NAFA.

Figure 8 calculates the average spend per audience member for each visitor type, by dividing the total spend by the total number of audience members in each category.

**Figure 8: Average spend per person**

Residence	Average Spend
Townsville region	\$101
Elsewhere in Queensland	\$2,931
Interstate	-
Overseas	-
<b>Average Spend</b>	<b>\$130</b>

Figure 8 shows that although visitors from elsewhere in Queensland only accounted for 5% of the total Festival audience, on average they spent the largest amount during their visit.

Figure 9 contains a summary of spending by category, in addition to the gross ticket sales figure.

**Figure 9: Expenditure Summary**

<b>Spend summary</b>	<b>Spend Figures (\$)</b>
Spend at NAFA events	\$616,706
Spend on accommodation for those staying for the festival	\$122,794
Spend in Townsville during trip	\$121,460
<b>Total attendee expenditure as a result of the festival</b>	<b>\$860,961</b>
Gross ticket sales	\$160,000
<b>Economic contribution to Townsville economy as a result of NAFA 2020</b>	<b>\$1,020,961</b>

## 1.6 Audience Contribution

Figure 10 illustrates the economic contribution of each visitor category, based on both direct expenditure calculated above and gross ticket sales. Ticket sales per visitor category are calculated by multiplying the gross ticket sales figure provided by NAFA by the percentage of each visitor type derived from the survey sample.

**Figure 10: Expenditure Summary**

<b>Visitor economic contribution</b>	<b>Direct expenditure</b>	<b>Ticket sales</b>	<b>Total attendee contribution</b>
Attendees from Townsville region	\$632,648	\$150,741	\$783,389
Attendees from elsewhere in Queensland	\$228,313	\$8,148	\$236,461
Attendees from other parts of Australia	-	\$1,111	\$1,111
Attendees from outside Australia	-	-	-
<b>Total</b>	<b>\$860,961</b>	<b>\$160,000</b>	<b>\$1,020,961</b>
<b>Total – Visitors only (not including Townsville locals)</b>	<b>\$228,313</b>	<b>\$9,259</b>	<b>\$237,572</b>

Figure 10 shows that the \$860,000 in direct expenditure combined with the \$160,000 in gross ticket sales generates a total economic contribution to the Townsville economy of \$1.02 million from NAFA. The contribution from visitors to the Townsville region (those normally residing outside of the local area) equates to \$237,000.

## 1.7 Overall Direct Impact

Due to COVID-19 travel restrictions and border closures, the festival chose to scale down and deliver to a local audience population in 2020. For this reason, economic impact figures that typically focus on visitor spending and impact only have been modified to include the expenditure from local residents that was stimulated by the festival.



Combining direct audience spending and data on expenditure by NAFA to organise and present the festival generates a direct economic impact estimate. Figure 11 contains the direct expenditure impact from the festival.

**Figure 11: Direct Impact Summary**

<b>Expenditure</b>	<b>\$</b>
NAFA Expenditure (by festival organisers)	\$256,000
Direct Attendee Expenditure – Visitors	\$237,572
Direct Attendee Expenditure – Local Residents	\$783,389
<b>Total Direct Expenditure Impact</b>	<b>\$1,277,564</b>

The direct expenditure impact of NAFA organiser expenditure and direct visitor expenditure within the Townsville region and on tickets to festival events equates to \$1.2 million.

## 1.8 Indirect Impact

Output and employment multipliers have been sourced from Australian Bureau of Statistics National Accounts data to estimate the indirect impact of visitor and organiser expenditure. An average multiplier for the Retail and Food & Beverage industries of 2.92 has been applied to visitor expenditure given the vast majority of this expenditure can be expected to occur across these sectors. A multiplier for Heritage, Creative and Performance Arts of 2.01 has been applied to NAFA organisational expenditure.

The direct employment generated by this expenditure is estimated based on average output per Full-Time Equivalent (FTE) employment in these sectors and further indirect job creation has been estimated through the application of an employment multiplier (again based on ABS standards).

**Figure 12: Output and Employment Multipliers**

<b>Sector</b>	<b>Output Multiplier</b>	<b>Employment Multiplier</b>	<b>Output Per FTE</b>
Retail	2.88	1.27	127,677
Food & Beverage	2.96	1.36	121,794
Average Multiplier	2.92	1.32	124,736

Figure 13 identifies indirect expenditure and employment impacts calculated by applying output and employment multipliers.

**Figure 13: Multiplied Impact Summary – Expenditure driven**

<b>Expenditure Type</b>	<b>Direct Expenditure</b>	<b>Output Multiplier</b>	<b>Multiplied</b>	<b>Direct Expenditure-driven Employment</b>
Direct Expenditure – Visitors	\$237,572	2.92	\$693,711	2
Direct Expenditure – Local Residents	\$783,389	2.92	\$2,287,494	6

The results indicate that expenditure by visitors to NAFA generated approximately 2 FTE jobs and expenditure by locals generated 6 FTE jobs in the retail and food and beverage sectors and that the broader impact of the festival for the local economy can be estimated to be in the order of \$693,000 from visitors and \$2.3 million from local residents.

The direct expenditure-driven employment figure of 8 FTEs is calculated by dividing the direct audience expenditure figures of \$237,000 and \$783,000 by the output per FTE figure of \$124,736. This reflects 8 FTEs in the retail and food and beverage sectors supported by the spending of festival attendees in the local area as a result of attending NAFA.

NAFA also directly employs 3.5 FTE staff to deliver the festival. The combined direct employment figures can be multiplied by the ABS-derived employment multiplier of 1.32 to arrive at the multiplied employment figure of 15 FTEs. The multiplier reflects employment flow-on effects in the economy from spending by employees, including staff from NAFA, other festival event companies, other creative sector contractors and retail providers.

**Figure 14: Impact Summary**

<b>NAFA Employment</b>	3.5
<b>Direct Expenditure-driven Employment</b>	8
<b>Multiplied Employment</b>	15
<b>Direct Expenditure (Visitors)</b>	\$237,572
<b>Visitor Expenditure Impact (with Multipliers)</b>	\$693,711
<b>Direct Expenditure (Locals)</b>	\$783,389
<b>Local Expenditure Impact (with Multipliers)</b>	\$2,287,494

## 1.9 Return on Investment

Return on investment (ROI) analysis has been conducted in order to illustrate the economic return generated by NAFA with respect to the investment made by the Festival.

**Figure 15: Direct Return on Investment – Total Festival Expenditure**

<b>Direct Visitor Impact</b>	\$237,572
<b>Direct Local Impact</b>	\$783,389
<b>Direct Organiser Costs</b>	\$256,603
<b>Return on Investment (Visitor spending only)</b>	0.9
<b>Return on Investment (including local spending)</b>	4.0

Figure 15 illustrates a return on investment of 0.9 from visitor spending, which means that 90 cents was directly contributed to the Townsville economy for every \$1 invested in the festival.

When also accounting for direct expenditure by Townsville residents as a result of attending NAFA, the return on investment increases to 4.0.