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The political economy of the supercars Newcastle 500 event

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ABSTRACT

Public/private partnerships staging urban motor-racing events promise a range of dubious 'benefits' to the host destination. These high-octane events are notorious for creating controversy over the disruptions they create. This study employs an investigative research method to explore the political economy of the Supercars Newcastle 500 in New South Wales, Australia. Results revealed how strategic misrepresentation and information asymmetry are used as tactics to avoid public scrutiny. The term 'magic of major events mathematics' is coined to explain how public expenditure is 'hidden' from public view, how costs are transformed into benefits, and how attendance numbers are ghosted. The research examines links between major events and touted leisure and tourism benefits as it questions the ethics of neoliberal governance practices.

1. Introduction

Major motor racing events staged in urban areas are promoted as boosting tourism with trickle down economic benefits (Storm, Jakobsen, & Nielson, 2020). These events attract millions of dollars in public funding, despite causing major disruptions to the local economy and having negative environmental and social impacts (Lowes, 2004). Cities invest significant public funds in major sporting events as a strategy to gain competitive advantage (Hall, 2006) and support their festive ambitions, for example by creating Formula 1 urban event spaces (Smith, 2015; Tranter & Keefe, 2001). 'Civic jingoism', such as boosting commercial appeal, urban (re)development (Lowes, 2002, 2004, 2018), city re-branding and reinforcing market power (Black & Van der Westhuizen, 2010), is commonly used to justify these festive ambitions. Indeed, the tactics of place promotion is key to understand the politics of events (Hall, 2020). This article positions the Newcastle Supercars 500 event within the broader political economy of a changing city and the subsequent contested notions of 'placemaking' embedded within broader neoliberal models of capitalism and politics – where public/private partnerships too often privilege vested interests.

In New South Wales major events are written into government economic development plans as boosting tourism, positioning the host city with a win-win opportunity. However, scholarly research into this field has suggested otherwise. Hall (2006, p. 63) explains, "neoliberalism promotes market-led economic and social restructuring which produces, among other things, a more general orientation of economic and social

policy to the private sector's 'needs'". Government intervention in the free market is justified through the notion of asymmetrical information. It is a symptom of market failure in economics, and a condition which usually justifies government intervention to correct the market and protect public interests. Increasingly, neoliberal governance structures see regulation as an obstacle to economic competitiveness; staging major events through public/private partnerships provides a way to sidestep transparency through commercial-in-confidence agreements.

Adopting a case study approach, the 2017 Supercars Newcastle 500 inaugural event is used to examine the dynamics of public policy in relation to the political economy of major events through questioning the legitimacy of these practices and their effect on the public contract. An Investigative Research approach is taken to examine the strategies employed by the public/private partnerships to justify their claims, actions, and promises.

The paper builds on Lowes (2002, 2004) work which demonstrates the importance of the neoliberal governance framework of such events; a framework which favours the promoters' interests over social, environmental, and local industry needs. Supercars Newcastle 500 is illustrative of this the framework in the way public place is privatised for commercial gain, creating conflict over the use-value of recreational spaces, setting a precedence for future commercialisation, and raising concern about good governance and public policy (Smith, 2018) These events are put forward as free market 'growth boosters' despite the fact that state powers are necessarily deployed. Lowes (2002, 2004) research on the location of Formula 1 racing in Melbourne's Albert Park, a highly

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utilised public recreation asset, highlights how governments use political power to avoid scrutiny, stifle protest and protect against legal challenges. While [Duignan, Everett, and McCabe \(2022\)](#) found over-tourism to be a cause for community resistance for events, the intense intrusiveness of urban motor-racing creates extreme pressures on host communities to turn normally complacent citizens into activists ([Smith, 2019](#)).

Public/private partnerships are often characterised by “asymmetric distributions of competences, benefits and costs among the different political levels”, and legitimacy of these agreements is suspect when they “contradict the democratic principle of congruence of the involved and the affected” ([Hornig, 2017](#), p. 325). The processes of staging the Newcastle 500, as a commercial-in-confidence arrangement between multi-level state and private interests, are deliberately designed to override the democratic rights of those affected before, during and well after these events are staged.

Building on [Flyvbjerg's \(2013\)](#) argument on the need for objective reporting of economic benefits in major events, we reveal the tactics used to distort the public's perception of *success* through the deliberate use of information asymmetry. Also revealed is the governments' interest in denying any evidence of bias; in this case, the deceptive practices used by the governing bodies in the Supercars Newcastle 500. When the local community demanded greater transparency, changes were made to the local government's method of reporting their annual budget to ensure that many of the civil works costs remained hidden. When the ruse regarding the claimed benefits was uncovered, the initial claims continued to be circulated as marketing hype and the illusion of a successful event was created through magical mathematical trickery and marketing spin. These actions raise questions about ethics, governance, and the role of government in protecting public interest.

Moreover, we argue that public insistence on transparency resulted in government counter moves aimed to tighten control of information and prevent openings for resistance. In his book, *Indy Dreams and Urban Nightmares*, [Lowes \(2002\)](#) draws on David Harvey's thesis on the political economy of contemporary capitalism. Harvey saw little, if any, potential to alter the course of capitalist development within localised political resistance. The irony of local resistance to neoliberal forms of capitalism is that these actions become part of the very fragmentation which supports mobile capitalism. In the case of Newcastle, to counteract local resistance, the *Newcastle Motor Racing Act* was enacted to shift local planning and environmental legislation to one side.

Over the period of research, the authors found that the more the local community uncovered documents through the New South Wales *Government Information (Public Access) Act*, the more draconian the Motor Sports Act became. In March 2022, the *Motor Sports Events Act 2022* No. 11 was passed to side-step any further need for parliamentary scrutiny in the hosting of motor racing events throughout the state. From 2023, all motor racing events through public streets, parks and bushland no longer require their own special Act of parliament. As a consequence, resistance is taken out of the hands of local community as this general bill no longer applies to a specific place – but events can be staged anywhere and effectively bypass existing regulations, environmental and other plans in place. This causes resistance to become further fragmented.

The discussion below introduces the background of this case study and presents the research method and design. The implications of this methodology for empirical research are explained to unpack the measures and counter measures of localised resistance. The results and analysis discussion positions the ‘magic of major events mathematics’ (strategic misrepresentation) as appearing in five ‘magic acts’ to explain how public expenditure is ‘hidden’ from public scrutiny, how costs are transformed into benefits, and how attendance numbers are ghosted.

2. Background: Contextualising the Newcastle 500 from a political economy perspective

Newcastle is Australia's second oldest city. Newcastle East, the location of the race is comparable to the historic Rocks precinct of Sydney as the original settlement areas of the city. Newcastle East is well-known as a tourist destination with a strong heritage value that includes a long history of Indigenous occupation and the earliest site of European settlement outside Sydney Cove. The location of the race circuit is unprecedented in Australia as it dominates a medium density residential neighbourhood and heritage precinct. Fifty percent of the Newcastle circuit is lined with homes and businesses that are *between three and five metres* from the barriers on the road that forms the race circuit. These barriers enclose over 2000 residents including four government housing complexes with diverse demographics ranging from young families to the elderly and medically vulnerable (See [Fig. 1](#)).

This is not the case in other Australian cities that host such events, where significantly fewer residents are impacted by the circuit. Less than 5 % in Adelaide and the Gold Coast are located ten metres of the track, and no residences within ten metres in the original siting of this race in the Sydney suburb of Homebush ([Johnson, Everingham, & Everingham, 2020](#)). The Townsville residential area was located sixty metres away. The pollutive nature of this event (air, noise, and debris) is clearly incompatible with residential areas. During the pre-race preparations, residents became aware of the shaking effect on the houses and associated amenities, due to the vibrations caused by machinery and increased traffic. Noise mitigation mats were installed in some areas but proved ineffective when spectators lifted them and used them for sunshades. As [Zhou \(2017, n.p.\)](#) reported:

A joint letter from 70 local medical professionals says the noise will breach the human pain threshold and cause permanent hearing damage after 15 min spent in some living rooms.

The noise levels we are looking at are 95 dB in people's living rooms, which is the pain threshold... Within about 15 min we expect exposure at these levels to cause some kind of damage to hearing ... It causes a sort of stress response in the human body.

You're closer to the track than spectators are. This is a part of Newcastle that was built before there were cars, so people's homes open right onto the street. They're closer than where you'd allow a marshal or a pitstop.

When the deal was being sealed for the inaugural race, residents' objections were met with claims of huge economic benefits that would flow into the city and were told to vacate their homes and go elsewhere if they did not like it. While many residents do choose to leave, many simply cannot afford to.

As an archetypal ‘post-industrial city’ Newcastle has undergone revitalisation since the closure of its steelworks. The promoters capitalised on the politics of place branding – where a major event is positioned as helping a city achieve a new identity. Supercars would put Newcastle ‘on the map’ (See [Fig. 2](#) for YouTube flyover of the event). This ‘new identity’ envisaged Newcastle as a global player, an image that attracts appeal as it aligns to the transition from an industrial past to envision a global city. The Newcastle East peninsula is now positioned as the city's ‘entertainment zone’, an agenda pushed by the large hotels and certain business interests ([Keller, 2017](#)). Those supporting the event see Supercars as setting a precedent, demonstrating that the city is capable of managing bigger and better events as part of its larger ‘global city plan’ ([Inside Local Government, 2022](#)). Indeed, this has resulted in significant hardening of surfaces over the years since 2017 which diminished established foreshore parks and community spaces.

From the beginning, government support for staging the race through the city's heritage precinct was justified by the notion of placemaking. Following [Beller \(2006\)](#), spectacle is a value-making activity of the attention economy, where visibility adds value to the placemaking exercise of seeing oneself on the world stage. In this, the promoters and



Fig. 1. The Newcastle 500 Race-Track (For B Bodies Only, 2017). <https://www.forbbodiesonly.com/moparforum/threads/coats-hire-newcastle-500.130179/>

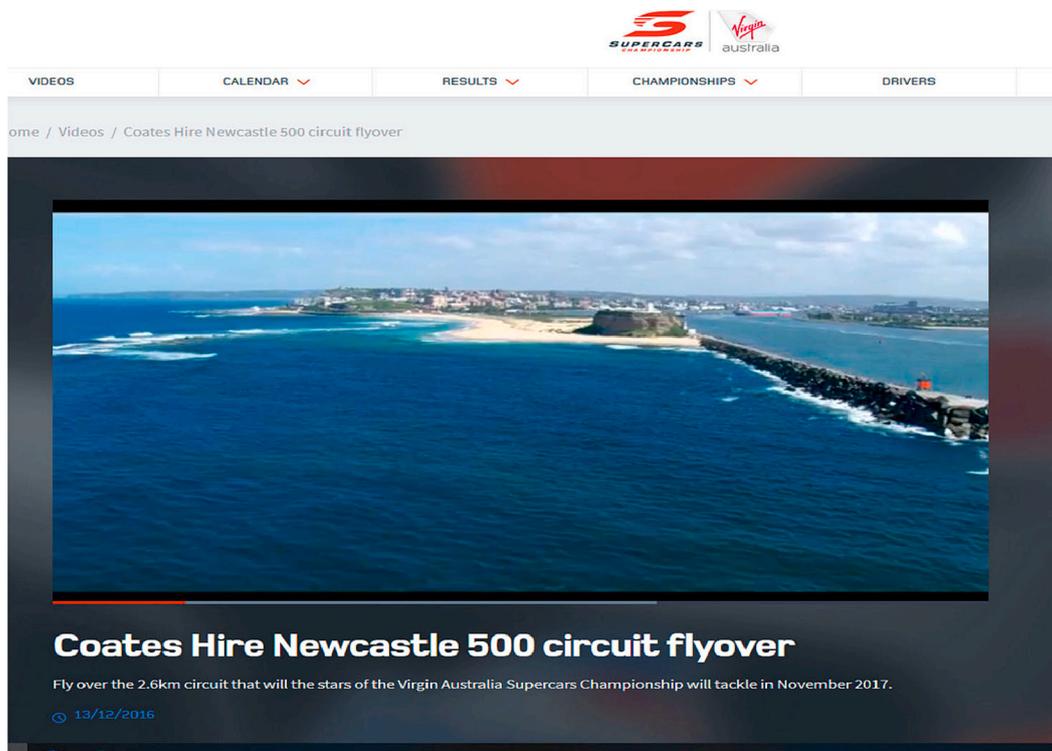


Fig. 2. Supercars Website with 2016 flyover video of the 2017 Newcastle 500 circuit. Access website through <https://www.supercars.com/videos/championship/coates-hire-newcastle-500-circuit-flyover/>.

the media create an alternate discourse for Newcastle via the spectacle of the race and panoramic visual appeal of the city. This push to put Newcastle on the map as a broader placemaking strategy is facilitated through neoliberalism, where public/private partnerships have become common instruments to facilitate major events in urban areas.

Commercial in-confidence provisions enable the financial arrangements entered into by government and the private sector to remain secret. These contracts are often developed in an atmosphere of 'brinkmanship'; where decisions are fast-tracked because of 'inter-state bidding wars' and the competitive atmosphere that exists inside

government organisations to ‘win’ events. Promoters take advantage of competition between cities by threatening to re-locate if their terms are not met and to extract subsidies and financial concessions (Hall, 2006; Waitt, 2001). In Newcastle, this strategy has worked to override the local government obligation of transparency, due diligence, and proper process to transmute the city into that of a service provider to the public/private partnership (Destination NSW and Supercars Australia).

According to Flyvbjerg's, (2008, p. 5) explanation of strategic misrepresentation, psychological and political-economic justifications are often used to “account for inaccuracy in terms of optimism bias ... where planners deliberately and strategically overestimate benefits and underestimate costs”. Placemaking hype became the dominant narrative of what was good for the city and any resistance, particularly from those negatively impacted by the event were seen as self-interested and obstructive. This set up an ‘us and them’ scenario, where the government and promoter interests were unified against the resistance, as clearly seen in these early public comments cited in Kelly (2016, n.p.):

The race is expected to turbocharge the local economy by attracting approximately 81,000 visitors over the next five years, set to inject \$57 million in visitor expenditure. (State Minister for Trade, Tourism and Major Events, Stuart Ayres).

With the date and track now locked in we can look forward to planning the next 11 months before the Supercars take to the streets showcasing Newcastle on a global stage. (Newcastle Lord Mayor).

The State Premier Mike Baird, set the tone for protesters to be viewed as selfish, considering their own interests over the city's interests with: “Let me tell you they can rent their places out for a fortune”... (Kelly, 2016, n.d.).

State politician, Tim Crakanthorp described the event in his community newsletter as turning Newcastle into “the Monaco of the southern hemisphere”. Furthering these sentiments, an opinion written by Newcastle Herald journalist, Jeff Corbett (2017, n.p.), used the promotional hype to position the protesters as being selfish:

...The fact is that the V8 Supercars weekend will be a huge promotion for Newcastle and the Hunter, probably the biggest promotion of our region ever. Just as Surfest has helped post-BHP Newcastle find its new mojo, so will the Supercars.

And where better for such an event than our coastline, than around the harbour and beaches, than in a part of the city that belongs to all Novocastrians, not to just those who confuse being privileged with being precious.

Researchers have repeatedly drawn attention to event promoters' elusive claims which are often highly inflated (see Tranter & Keefe, 2001; Lowes, 2002, 2004; Smith, 2015; Flyvbjerg, Stewart, & Budzier, 2016; Gogishvili, 2017; Storm et al., 2020). Despite recommendations from government auditing bodies (Achterstraat, 2010), economic impact studies may be used to assess the success of events to highlight overly optimistic benefits and hide costs. Higgins-Desbiolles (2018) explained how economic impacts were overstated by the South Australian Tourism Commission in the 2011 Kangaroo Island Surf Music Festival which ran at a loss to the state. Studies may also ignore the costs on local businesses and the problems of leakage and crowding out (Matheson, 2006). For example, the 2010 FIFA World Cup in South Africa overestimated attendance numbers and had a negative economic impact on the local community (Du Plessis & Maennig, 2012).

As Flyvbjerg (2008), Flyvbjerg et al. (2016) explains, behavioural science predicts that any forecast—including cost-benefit estimates is prone to bias. Parameters may be chosen to reflect a bias (Flyvbjerg et al., 2016) and data that fails to support the bias may be ignored. Flyvbjerg refers to this as “strategic misrepresentation”. According to Flyvbjerg (2002, p. 291), the policy implications for relying on such misrepresentations are clear: “...administrators, investors, media representatives, and members of the public who value honest numbers should not trust cost estimates and cost-benefit analysis produced by

project promoters and their analysis”. Flyvbjerg argues that a rigorous approach must be taken for objective policy and public investment decision-making.

Investigative Research allowed the authors to explore questions of how and why those most impacted by motor racing events are excluded from the planning process and the tactics used to manage contestation.

3. Investigative research

Investigative research has been used in social science contexts such as education, social work, and criminology but is new to tourism research. This approach is useful to explore the influence of societal phenomena that are overlooked by other approaches to interrogate:

a central puzzle or incident which needs to be resolved or cleared up, a search for clues, the collection of evidence, the identification of key individuals ... and a chain of reasoning that ties these elements together and explains the initial puzzle or incident. (Layder, 2018, p. 2).

This empirical approach holds commonalities with investigative journalism and criminal investigation, and as a research method it emphasises integrative analysis. Data collection processes and types are not fixed from beginning to end but are continual and changes in the data composition may reveal “emerging evidence and shifting analytical ideas” (Layder, 2018, p.3). This approach positions the puzzle in terms of structure and agency – the effect of institutional structure and systematic practices. The domain of the social setting is central to the method to question how power and authority are positioned, examine systemic power and the equity of resource distribution. As mentioned above, research has shown how economic, public amenity and informational asymmetries characterise inequities that exist in major event contexts (Flyvbjerg, 2008, 2013; Flyvbjerg et al., 2016). Investigative research has a determined starting point and then “follows an exploratory and investigative trajectory...incoming data is filtered and analysed, forcing the initial assumptions to adapt to what the data reveal” (Layder, 2018, p. 19).

The research “unfolds” rather than being “pre-defined” (Layder, 2018, p. 30). Primary and secondary data were gathered from documents obtained through the New South Wales *Government Information (Public Access)* Act. While the financial arrangements of the event remain secret behind the commercial sensitivity barrier, enough information was obtained via the Act to demonstrate how the State avoided transparency and accountability to support commercial interests over public interest.

This method focuses on exploration, description, and explanation within a context. The theory of domains in investigative research views social processes as inter-related (psychobiography, situated activity, social settings, and contextual resources) of which the researcher can choose the domains that are appropriate to the research. Each domain is useful in certain contexts, domains can inform research problems, topics, and questions. This research uses:

1. The domain of situated activity – examines the organisation of power, how power and control may be benign or manipulative and focuses on how the ‘external’ context influences/impinges on settings. Here, we explore the dynamics of institutional power, its legitimacy, and how it operates to manipulate and disempower actors.
2. The domain of social setting(s) – focuses on the already established character of the setting and how external contexts impinge on it. The setting is located within a defined perimeter, the residential area of East Newcastle and external impact that the incident (the race) has on this setting.
3. The domain of contextual resources – focuses on how political and economic factors influence social behaviour. This recognises that wider social influences enact inequalities of power, authority,

property in the form of economic and cultural asymmetries. We examine how and why asymmetries of resources (for example, information) arise and are maintained.

With no determined starting point, research questions are not “rigidly determined in advance” but may shift according to what the evidence reveals. In this case, the starting point for the research began in July 2016 when the City of Newcastle passed a resolution to host the event for a five-year (+ five-year) period. State legislation was passed in February 2017, while various secret agreements were put in place which had to be revealed through *Government Information (Public Access) Act* and the *New South Wales Civil and Administrative Tribunal*. The research began by examining how/why the event was being staged in a heritage listed residential neighbourhood.

Data were relevant to the race from 2017 to 2021. Primary and secondary data were gathered from sources including media, residents, participant observation, the Newcastle East Residents Group (referred to as the Residents Group) and documents they received through the *Government Information (Public Access) Act* which included 30 requests to the various government agencies involved in this event such as NSW Health, WorkSafe, and the state Police – as well as to the main protagonists: Destination NSW and the City of Newcastle. Data were collected from the Resident Group's two appeals to the New South Wales Civil and Administrative Tribunal. Secondary data were gathered from industry reports, online and print media, legal and government documents relating to the event and public information supplied by Supercars Australia in print and on their website (Supercars FAST FACT sheets posted on City of Newcastle website). Media sources included ABC Radio Newcastle, the Newcastle Herald, the Sydney Morning Herald, the Daily Telegraph, the Central Coast Advocate, and the Gold Coast Bulletin and internet motor-racing sites using keywords such as Supercars and Newcastle 500.

4. Results and analysis

Results revealed that political manoeuvres and special legislation were necessary for civil works to take place in a heritage precinct. A special Act of parliament was enacted to shift local planning and environmental legislation to one side to allow Destination NSW, in a public/private partnership with Supercars Australia, to assume complete control over the planning, development, and execution of the necessary civil construction, as well as the regulation of civic matters in Newcastle and its surrounding suburbs (declared race zones) during all stages of the event. Governance was transferred to Destination NSW and the civil construction works necessary to prepare for the race came directly under their control. The touted economic benefits were used to justify the legislation and the ‘streamlining’ of the civil works to ensure the circuit would be ready on time (Minister Adam Marshall introducing the Motor Racing Act, New South Wales Parliament, 2017).

The circuit required heritage streets to be widened and surfaces hardened. Heritage sandstone kerbing, street blisters and most of the street trees lining the circuit were removed, which significantly transformed the ambiance of the historic precinct. Three hundred trees and shrubs were removed from the popular, award-winning Foreshore Park for pit facilities, grandstands, and other extensive infrastructure required to stage the event. A new road was constructed through Camp Shortland, part of Coal River Precinct which is a state heritage listed conservation area. In total over three hectares of concrete was laid over parkland.

Duignan's et al., (2019, p. 364) research into community resistance at the London 2012 Olympics explains how “... locals were caught on the defensive and could only respond reactively”, so too was the local community in Newcastle East. Constructing invasive motor racing circuits through public places requires a high level of government involvement. The event zone enclosed over 2000 residents and many businesses into a stage of ‘lockdown’ forcing them to apply for permits to

access homes and premises. Wire-fences and concrete barricades set up around the event zone make it difficult for residents to move around the neighbourhood and access homes. People wanting to visit the adjacent beaches, public amenities, historic tourist sites or the centre of the city were deterred by the congestion and traffic disruption over the 10-week bump-in and bump-out period. During the three-day event, minimal parking was available. While alternative parking for residents was promised outside the zone, it was only for those who become ‘accredited’ and even then, it did not meet the demand. Those who became accredited were also issued with numerous free tickets, which contributed 23,988 to Supercars official attendance count in 2017 (data from *Government Information (Public Access) Act*).

The need to become accredited to access homes and find parking sites outside the circuit effectively turned citizens into unwilling consumers because all residents were required to hold race tickets (and wear wristbands) to enter and leave the zone over the 3-day event period. The removal of normal rights afforded to citizens was just the opening magic act; a ‘disappearing act’ and the forerunner to the mathematical trickery that followed. Truth was suppressed and distorted through tactics of information asymmetry. According to the *American Psychiatric Association* (2013, p. 824), magical thinking is “the erroneous belief that one's thoughts, actions, or words will cause or prevent a specific outcome in some way that defies commonly understood laws of cause and effect”. Evidence that demonstrates otherwise is ignored (Atkinson, McCue, Prier, & Atkinson, 2020, p 631). This way of thinking can be linked to Flyvbjerg's (2008) psychological and political-economic explanations for inaccuracies in policy and planning due to optimism bias and strategic misrepresentation. Both are acts of deception, and while optimism bias may be benign (and perhaps ill-informed), strategic misrepresentation is deliberate.

The process of citizen disempowerment in the context of this research, is not confined to freedom of movement, amenity, and property rights, but also to the withholding and dissemination of information. Here, we use magical thinking as existing when misleading or deceptive information is used to represent a preferred commercial outcome over the reality of facts and figures which are in the public interest to disclose.

4.1. Magic act # 1: Hidden in plain sight: When partnerships are not partnerships

The announcement that Supercars were coming was framed as a fruitful partnership between the City of Newcastle, Supercars Australia, and Destination NSW. This was a deliberate act of deception. The notion of a partnership served the purpose of positioning the event as mutually advantageous – where good governance would occur and where financial and resource contributions of each partner would be clearly defined and mutually beneficial. The concept of partnership was appealing since it led the public to believe that Newcastle would reap the benefits of what was touted as a mutual exchange. A media release from the Newcastle City Council under the title of ‘Council backs Supercars’ reads:

Newcastle City Council has voted to support a partnership with Destination NSW and Virgin Australia Supercars on a bid to bring the annual season ending round of the Australian Supercars championship to city form next year. (City of Newcastle website, 26 July 2016).

The claim that a partnership existed was publicly supported by all the parties until the persistent efforts of the Residents Group uncovered the terms of the agreement by way of the *Government Information (Public Access) Act*, and a lengthy Appeals process. The story of the Resident Group's attempts to uncover these documents is instructive about how government agencies work to prevent the public's right to know, or at the very least, delay their right to know until after the contracts are signed.

The Residents Group began applying for information through the *Government Information (Public Access) Act* to the City of Newcastle in October 2016. These early submissions were hamstrung because they did not know what exactly to ask for. For example, a request was sent on 4 October asking for the details of the city's bid for the event. The response was that there was no bid. A further application asked for environmental assessments done and development applications for the event, but none existed; they also requested the financial agreements between the parties – but this was flatly refused. The application requesting the partnership agreement was also refused because there was no partnership agreement in existence, and any other information was either cabinet or commercial-in-confidence.

The Residents Group was forced to go through a long and arduous legal process to find out any information about the agreement that the City had entered into. A further *Government Information* request for submitted on 30 June 2017, which was won through a Civil and Administrative Tribunal appeal on 12 September 2017 and the City was ordered to release four key documents: Services Deed, Memorandum of Understanding, Letter of Commitment, and the Tripartite Agreement covering the civil works. The Residents Group now had the names of the key documents containing the information they needed. The City appealed, however the night before the appeal was to be heard, 25 May 2018, the Residents Group received the documents with the redaction of all information relating to the City's obligations to Supercars Australia and the costs associated with the event. The next day, the Appeal Court ordered the City to hand over important sections of the documents they had withheld, including the 2-page Services Deed Schedule outlining the list of services the City was obligated to provide to V8 Supercars Australia. Again, the City appealed and the final appeal decision on the 29 October 2018 ordered all disputed information to be delivered to the Resident Group.

The information obtained through the appeal process enabled the residents group to explode the myth of the partnership. Neither Destination NSW nor Supercars had ever intended any partnership with the City. All power lay with Supercars and Destination NSW, with the City relegated to 'services provider' for Supercars. The Services Deed explicitly states:

Nothing in this deed is intended to constitute a relationship of agency, partnership, joint venture, or trust between V8SCA and the Service Provider. (Clause 3.3, Services Deed, between V8 Supercars Australia Pty Ltd. and Newcastle City Council, Signed, 13 December 2016).

This was a far cry from a partnership arrangement. According to the Services Deed, the City was in a *subservient* role and obligated to act *in accordance with reasonable and timely instructions or directions given by Supercars Australia*. Some city councillors would surely have had alarm bells ringing if they had any knowledge of such an arrangement, particularly since they had been led to believe they were in a partnership. But the Services Deed ensured no one did find out. It actually specified secrecy, *even from the City's own elected representatives*:

...the Service Provider [City of Newcastle Council] shall not disclose this Deed to any third party, including, but not limited to, the Councillors of the Services Provider. (Clause 8.4).

The Services Deed was a legally enforceable contract that laid out all the services, or goods-in-kind (without costing) that the City was to provide Supercars on a recurrent basis.

The withholding of information and the dissemination of untruths was a tactic of strategic misrepresentation, enacted by the state government in partnership with a private corporation. It was a deliberate act of deception creating a 'moral hazard', that is, a situation that is not considered to be 'right' but enacted to benefit a particular party – raising questions of ethical behaviour and duty with the government supporting private, commercial interests over public good.

4.2. Magic act #2: The disappearing act

After the long and costly application process through the *Government Information (Public Access) Act*, the Services Deed uncovered listed the items that the City was legally obligated to provide for the event but without any costing. Costs simply disappeared into the City's general revenue where they unlikely to ever be publicly disclosed.

A blow out in the City's 2016/17 annual budget exposed how costly the civil works for the event must have been (Kirkwood, 2018). In order to hide the specific costs of the event in future years, The City changed its method of reporting its annual budget to ensure that the costs of individual projects are not reported. Rather, they are absorbed into general categories, for example road works and park maintenance. Individual projects may be named but are not individually costed in annual budgets and subject to public scrutiny. Meantime, under public pressure, the City released a media statement (19 December in Newcastle Herald & City of Newcastle website) which claimed an overall, nicely rounded figure of \$1.6 million as the City's "annual events budget", which supposedly represented the Supercars event's annual costs. However, many services performed by council were not included in this assessment. For example, the City categorised the extensive road re-surfacing that had to be done under the direction of Supercars at least once a year as general road maintenance – despite residents calling attention to the work in the local Newcastle Herald (16 Dec 2021).

The lack of disclosure of the burden on the public purse and the real costs involved with staging the event, is an example of what Flyvbjerg (2013) sees as the way public authorities deal with 'uncomfortable knowledge' through 'dismissal', acknowledging that it exists but refusing to engage.

4.3. Magic act # 3: Spinning straw into gold

When residents and local businesses became surrounded by construction work and expressed their concerns, Supercar's media team was ready with a series of colourful *FAST FACTS* one-to-two-page brochures throughout the period leading up to the event. These non-dated and non-numbered releases became the only source of information to inform the public of what was happening.

For example, under a *FAST FACTS* heading of *A Greener Foreshore*, Supercars assuaged public concern over the loss of 300 trees and shrubs in their prize-winning Foreshore Park with: *A tree replacement program for the Foreshore Precinct aims to create a greener, more useable, and more accessible public space for everyone to enjoy*. Complaints about the disruption and loss of amenity were met with an *Infrastructure FAST FACTS* brochure which exclaimed *Completing all works projects in a single, short time frame reduces project management costs and reduces disruption to residents and businesses*. When residents decried the removal of the historic sandstone kerbing and the widening of heritage streets, Supercars released a promotional *FAST FACTS* message:

Recognising Our History: Newcastle is a beautiful, coastal city steeped in history. A key priority for Supercars Australia and Newcastle City Council is to preserve the city's historic east end and minimise potential heritage impacts during preparations and the event itself.

When residents learned they had to become accredited and wear wrist bands during the event to access their own homes, this information was framed as *allowing unfettered movement through the precinct at no cost*. When residents raised their concerns in the Newcastle Herald letters page and wrote to their elected representatives, the responses from the City of Newcastle and Destination NSW were glib. They were told to look up the City's website for the relevant *FAST FACTS* brochure or contact a Supercars community worker.

Again, uncomfortable knowledge was dealt with through magical thinking by the infusion of positivity and optimism on the part of the promoters – what Flyvbjerg (2013) would position as displacement. Ratepayer's concerns are deflected away from public authorities to a

commercial firm that was harvesting substantial benefits from the use of public goods. This is a distortion of public interest through information failure. Local and state government refuse to respond to public scrutiny by displacement of information dissemination, used as a tactic of strategic misrepresentation.

4.4. Magic act # 4 voodoo economics: How costs are hidden or transformed into benefits

Auditor-General Performance audits of this event when it was staged in Canberra (ACT, 2002 and Homebush (Achterstraat, 2010) recommended a cost/benefit analysis be used to assess their success. Destination NSW avoids the whole question of costs by only calculating visitation, that is the “anticipated number of visitors, participants, spectators and other attendees who will travel from intrastate or overseas specifically to attend the event” (Destination NSW, no date, State Significant Fund Guidelines). As Flyvbjerg (2008, p. 5) explains, “when cost and demand forecasts are combined – the consequence is inaccuracy to the second degree” and the benefit/cost ratios are extremely problematic or outright wrong.

The City also avoided declaring costs by contracting an Economic Impact Assessment to evaluate the benefits of the event. This is a favourite method of assessment for motor-racing events. They do not include costs and use input-output models to transform costs into benefits. Unsubstantiated economic benefits are portrayed as being “injected” into the wider economy which lead to jobs and money circulating in the economy through inflated multiplier impacts. As the Australian Capital Territory Audit (Australian Capital Territory, 2002, p. 81) into the Canberra Supercars event was at pains to point out, “input-output” models confuse economic activity with benefits:

First and foremost, input-output analysis is concerned with measuring economic activity and **is not a tool for the evaluation of projects**. Input-output analysis does not take account of the alternative uses (opportunity costs) of resources. Therefore, input-output analysis will always indicate positive impacts – activity – without providing guidance as to whether such impacts correspond with net benefits. (authors emphasis).

Magical thinking indeed – when the method is guaranteed to indicate a positive result. Yet, following a motion by Newcastle City Councillor John Mackenzie (November 2017) that the City “engage an independent, expert third party to undertake an evaluation and event impact assessment to assess the social, economic and environmental benefits and costs associated with Newcastle City Council’s support for the Newcastle 500 event”, the City contracted the Hunter Research Foundation Centre to conduct an economic impact assessment of the *Newcastle 500* as the favoured method, thus ignoring the social and environmental dimensions as well as the negative pacts on local businesses. In the final report, council’s actual costs were not factored into the calculation and the costs of construction were added to the “benefits” using an input-output model and multipliers which more than doubled the so-called “benefits” (Hunter Research Foundation Centre, 2018). The multipliers used to inflate the benefits were taken from Australian Bureau of Statistics 2014/2015 National Input/Output tables (Australian Bureau of Statistics, 2015). Yet, the bureau emphasised that these multipliers were inappropriate for this purpose. Under the heading ‘Inherent shortcomings and limitations of multipliers for economic impact analysis’ is the comment “Not applicable for small regions.... I-O multipliers are likely to significantly over-state the impacts of the project or events” (Australian Bureau of Statistics, 2015, n.p.)

The Australian Bureau of Statistics discontinued production of multipliers with the 2001–02 issue for several reasons:

There was considerable debate in the user community as to their suitability for the purposes to which they were most commonly applied, that is, to produce measures of the size and impact of a

particular project to support bids for industry assistance of various forms. (Australian Bureau of Statistics, 2015, n.p.)

“Crowding out” is another opportunity cost which accounts for an event’s negative impact on local businesses. People go away or do not come into the host city *because* of the event. In most cases, this impact is relatively small but in the case of the Newcastle 500 it is considerable, given the 10-week bump-in and bump-out period and the associated barricading of the Newcastle East peninsular. The November event weekend was perfect beach weather which boosts the visitor economy, yet city beaches were empty due to externalities associated with the construction. Newcastle East is the city’s premier tourist destination, yet the event puts it behind wire fencing and barricades over the extensive bump-in and bump-out stages. Because of the confusion, constant noise, dust and pollution, anxiety and stress, many locals choose to escape the noise, disruption, and confinement during the event weekend. In an effort to collect accurate data on the impact of the event, the Residents Group contracted MAP Marketing (2018) to survey the businesses within and adjacent to the circuit in the months after the event. Results showed that the majority of local businesses suffered a negative economic impact in all phases of the event – the bump-in and bump-out and the event weekend itself.

Destination NSW does not consider the negative impact of crowding out, or opportunities lost when they estimate event benefits. Instead, they claim that local businesses would not only be able to operate as usual, but reap an economic bonanza stating, “with such a huge influx of visitors, we are very confident the Newcastle 500 will be great for Newcastle’s hotels, restaurants, and businesses” (Destination NSW, in Parris, 2016).

This is a form of optimism bias, a classic ‘inside’ view that justifies the project at hand without a basis to prove the facts. As Flyvbjerg (2008) claims, this bias tends to go unchecked because of the lack of political pressure. Some tourism-related businesses do benefit that are located within and close to the race zone, but this is not the general case experienced by the business community at large. Indeed, the leakages incurred by out-of-state and non-local Supercar licensed businesses located inside the race zone that visitors are guided through upon entry and exit were totally ignored.

4.5. Magic act # 5: Ghosting the numbers by falsifying and fudging

Attendance numbers at urban motor racing events has been the object of scepticism for some time. Former Chief Minister Australian Capital Territory, Mr. Trevor Kaine, highlighted Supercars questionable figures during his response to the economic impact report into the Canberra Supercars event. The situation was explained in the Hansard Australian Capital Territory (2002, n.p):

We have been told what the attendance figures were purported to be, but I have found on short inspection that they do not add up. This minister’s statement tells us that, in round figures, 12,000 three-day tickets were sold. On page four of the report, there are statistics about who attended. On no day of the three did more than about 6500 three-day ticket holders attend. Is the minister telling us that 3500 people bought three-day tickets and did not attend on any day? How much did they pay for them, and did they just throw their money away? I do not believe that. So, the question is: how many three-day tickets did they sell? Was it 12,000 or was it of the order of 6000 to 6500, which is what the daily attendances on each of the three days would indicate? That raises questions in my mind about just how rubbery these figures are. It was claimed that there was a total daily attendance of 101,000 approximately. Just how good are those figures? It has been claimed that there was a minor drop from last year. I suspect that the figures have been well and truly worked over before they have been presented to us.

It is impossible to check the validity of Supercars attendance figures

because they are not required to actually count the number of people who attend. This could be done using laser technology which Supercars already uses for its own purposes as everyone accessing the event precinct have their wrist bands scanned.

Instead, Supercars provides Destination NSW with data showing “tickets issued” – that is, tickets sold through *Ticketek*, and tickets distributed directly by Supercars (at no cost) to various categories of people. In 2017 these were: Corporates, Sponsor/Internal Tickets, Residents, On Track Businesses and Visitors, Students on Track, Teams, Supercars Staff, Guests and VIPS, Officials, Media, Support Category, Contractors, Food Vendors, Merchandisers and Kids under 12. The spreadsheet summing up the numbers of all participants at this event was obtained by the Residents Group which revealed that 71% of attendees at this event were given free tickets directly by Supercars. As mentioned above, also counted are households living within the zone and all are included in attendance figures whether people attend or not.

The unreliability of Supercar’s ticketing information came to light because there were two databases used to evaluate the event: the Research consultancy retained by the City to conduct the economic impact research used Telstra Insight data to calculate visitation (*Hunter Research Foundation Centre, 2018*) and Supercars ticketing information, given to Destination NSW as part of their reporting requirements.

The Telstra Location Insights estimate a count of unique visitors – defined as people from outside the Local Government Area – who were in the race precinct during the event. The data also provided the post codes of the origin of the visitors, which were used to assess whether they would be likely to stay overnight. If visitors came from outside the Hunter Region they were assumed to stay overnight, although visitors from Wyong and Gosford (on the Central Coast, a neighbouring region 1 h away) were also considered likely to spend the night in Newcastle.

The methodology of this report’s evaluation differed from Destination NSW’s estimation of visitation because the researchers made an allowance for the ‘crowding out’ of people who might normally frequent the area but stayed away because of the event. Residents might also leave the city for the event period because of disruption and access issues. To take these people into account, the report compared a *counterfactual weekend* in May 2017 to the event weekend in November 2017. By *subtracting* the counterfactual weekend from the event weekend, they calculated the ‘visitor uplift’ of 77,800 which would approximate attendance at the event (*Hunter Research Foundation Centre, 2018*).

At the conclusion of the three-day event in 2017, Supercars released an official attendance figure of 192,242. The Telstra data for the November event weekend later made public in the Economic Impact Report did include a figure for the event weekend of 192,400 – but this did not represent the number of people at the event. This figure referred to the number of people that weekend in a much wider geographical area, noted as the ‘event space’ incorporating a further five Newcastle post code areas. The media pointed out the huge discrepancy that existed between Supercars attendance figures and the figures in the report:

If the crowd figure is correct, the phone data suggests only 158 people were in the rest of the “event space” over the three days of the race. The five suburbs house more than 10,000 residents and thousands of workers, and the analysis shows 114,000 people were in the area in a three-day weekend in May. (*Parris, 2018, n.p.*)

The exaggeration of attendance data by Supercars was a tactic of strategic misrepresentation. Supercars official attendance figure of 192,242 was publicised in all the local media and reported by Destination NSW in their Annual Report 2017/2018 as evidence of the “resounding success of the event” (*Destination NSW, 2018, p 35*). Yet the Telstra data showed there would not have been many more than 77,800 in attendance in the event footprint. Even this number is inflated since the counterfactual weekend chosen by the City and Telstra. A further independent analysis found that the Hunter Research Foundation Centre Report to be abnormally low. Dr. Janet Aisbett, a recently

retired and inaugural Professor of Information Technology at the University of Newcastle, was so astounded by the ineptitude of the report that she wrote her own critique of the analysis it presented (*Aisbett, 2018*). A major problem *Aisbett (2018)* identified was the use of a cold-snap late autumn weekend in May as the counterfactual, or “normal” weekend which was the antithesis of the summer race weekend in November. The May weekend was reported in the *Newcastle Herald* (19 May 2017) as:

The Hunter’s balmy Autumn weather is set to change with the Bureau of Meteorology forecasting a dive in temperatures and a 90% chance of rain by Friday afternoon. A minimum of seven degrees and a maximum of 13 degrees are forecast for Friday. Saturday has a higher chance of rain with the chance of a thunderstorm in the Upper Hunter and overnight temperatures falling to around 10 degrees. The region’s rain is tipped to ease on Sunday, but temperatures will still remain in the lower range. Hazardous surf conditions are expected.

Since ‘going to the beach’ is one of the main visitor attractions in the City of Newcastle, adverse weather conditions would reduce visitor numbers. According to *Aisbett’s (2018)* analysis, that particular May weekend was 70% below an average weekend. This numerical trickery is not only strategic misrepresentation, but calculated deception. The figures based on deliberately misleading and inappropriate data falsifies reality to create the illusion of the event’s great success.

Despite being made aware of the ruse, Destination NSW and the City of Newcastle continue to tout the attendance claims of the promoters as the justification for continued public funding. Supercars and their media sponsors obviously benefit from this subterfuge, but they are only able to manage this because of strategic alliances with politicians on both sides of the house who benefit from the political kudos associated with a successful event. Since Supercars have media sponsors, a network of connections is formed across political parties, influential media personnel and executives in the government tourism agency.

5. Conclusion

The discussion above demonstrates how power invested in statutory organisations such as Destination NSW to carry out their marketing mandate, as a neoliberal governance structure, can corrupt public expectations of good governance. As the discussion above clearly states, this paper does not stand alone in critiquing entrepreneurial governance practices in the context of major motor racing events in urban spaces. The political machinations behind these events in Australia have become streamlined through special legislation and tactics which anticipate and constrain public protest and oversight from government authorities outside the public/private partnership (Destination NSW and Supercars). This research provides unique insight into the consequences of neoliberal agendas when they commercialise communities at citizens expense. Indeed, as *Higgins-Desbiolles, (2018, p.74)* explains “serious consequences” arise when events are forced upon communities; consequences that concern the questions of “who benefits, how power is asserted and what rights do communities have when their landscapes are designated as event tourism destinations”.

The magical major event acts discussed above help explain how public expenditure is ‘hidden’ from public scrutiny, how costs are transformed into benefits through spin and the misuse of economic impact assessments, how numbers are fudged, and attendance numbers ghosted. Using Investigative Research and analysing the data according to the domain of contextual resources, this paper identifies how the Supercars/Destination NSW partnership, along with the City of Newcastle as their Services Provider, engaged in strategic misrepresentation through the tactic of asymmetrical information to obscure the truth about the success or otherwise of the Newcastle 500. Citizens were disempowered through a special Act of parliament. The interests of a private corporation were favoured over the public interest and public money was diverted to support the preferred (private) commercial

outcomes. Our use of “magical thinking” helps to conceptualise how this was managed. The staging of the Newcastle 500 involved a process where misleading and deliberately deceptive benefit claims substituted for validated information and public discussion.

The involvement of the local, impacted community was invaluable to the Investigative Research methodology. Considerable use was made of information gleaned from the Newcastle East Residents' Group who submitted over 30 appeals through the *Government Information (Public Access) Act* to the various government agencies involved in this event – to NSW Health, WorkSafe, the Hunter Research Foundation Centre and the state Police – as well as to the main protagonists, Destination NSW and the City of Newcastle. Two appeals to the state Civil and Administrative Tribunal were also made. This is a time consuming and costly practice and means that contestation is always left a long way behind the decision-making.

The expansion of public private partnerships under neoliberal modes of governance provides the overall theoretical context for understanding how information can be withheld, allowing governments to avoid public scrutiny and accountability. Empirical research into questions like who benefits from government decisions requires information to be released. However, drawing on the Residents Group information also highlighted the limitations of local, community struggles. The main game was being played out by state politicians, Supercars executives and their media interests. The deals were enacted at the state government level. Each contest for information by the Residents Group resulted in a further tightening at both local and state government level. The gaps exposed by each win to attain withheld information were tightened after its disclosure.

The countermoves by government fragmented community resistance. The struggle was only of interest to the people of Newcastle. Contesting transparency and accountability at the state government level requires the broader themes of transparency and accountability to be made relevant to a larger media audience. The Newcastle East Residents Group has so far been unsuccessful in getting a broader media interest, largely because both main political parties are intimately involved in the network of connections that support these events. This means there is little political interest from the media in the issues being fought primarily at the local government level.

It is also important that neoliberal governance practices have been relying less on economic rationalist modes of assessment, in particular the use of cost/benefit analysis. The New South Wales Auditor-General's audit of the Homebush Supercars event was able to review costs and produced a scathing report of the event (Achterstraat, 2010). While the Auditor-General recommended the use of cost/benefit analysis to assess these events in the future, the opposite has occurred. In the case of the Newcastle 500, contestation has been controlled by making economic impact assessments the order of the day by way of calculating benefits with figures obtained directly from the promoters of the event and failing to subtract costs.

Finally, while the authors are critical of the processes that justified the event being staged in a heritage residential area, we understand the benefits motor racing brings to the motor industry as a whole and a subsection of people entertained by these motor racing events. There are intangible benefits of community bonding and the publicity given to the host city – even if overstated. Bearing this in mind we conclude by endorsing the advice given by a broad section of the motor industry. Government funding should be re-directed from temporary street circuits to building and/or supporting permanent purpose-built motor racing facilities. The New South Wales Auditor-General (Achterstraat, 2010, p. 9) pointed to this solution in his Performance Audit of the Supercars urban motor racing event at Sydney Olympic Park, Homebush.

Declaration of Competing Interest

The authors declare that they have no known competing financial

interests. Dr. Christine Everingham is a member of the Newcastle East Residents Group.

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