The Economic Contribution of Sport to Australia

Presentation made to the Australian Sports Commission

3 December 2009
Starting points

The key questions:

- What is special about sport?
- Why should government support it?

- Need to show that
  - Not “enough” sport without government support
  - Use of public resources for sport gives better outcomes than alternatives
Public policy for sport sector

- Increased physical activity
- Increased consumption
- Increased productivity
- Increased GDP
- Reduced health costs

Social cohesion

- Volunteers

Social Utility

Public goods

- Success at elite level

Private goods

- Increased consumption
- Increased production

Community programmes

- Elite programmes
## Community level sport

<table>
<thead>
<tr>
<th>Health</th>
<th>Volunteers</th>
<th>Social cohesion</th>
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<tbody>
<tr>
<td>● Impact on measures of specific diseases</td>
<td>● Sports volunteers account for 33% of all volunteers and 26% volunteer hours</td>
<td>● Hard to quantify</td>
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<tr>
<td>● Gross health costs savings $1.2 billion pa</td>
<td>● Imputed value about $4 billion</td>
<td>● Intervening factors complicate analysis</td>
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<tr>
<td>● Productivity induced GDP growth gains of about 1% pa (about $12 bn)</td>
<td>● Increases production of sport activity</td>
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<td>● Some direct health benefits</td>
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Policy implications

- Cost of participation in sport
  - Access
  - Opportunity cost of time
  - Psycho-social factors
- Volunteers
  - Provision of infrastructure
  - Training
- Efficiency and equity aspects

- Mix of public finance and regulatory instruments
- Need for more research to substantiate impacts….
- …but stronger case than for other types of preventative health measures
Elite sport

Value of success

- Evidence
  - Willingness to pay (WTP)
  - Measures of well being

Basis for policy

- A pure public good
  - Limitations of markets

Is spending justified?

- Compare spending with WTP
  - How much does well being change with change in spending
<table>
<thead>
<tr>
<th>What is WTP?</th>
<th>How does that compare?</th>
<th>Caveats</th>
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<tbody>
<tr>
<td>● About $23 to buy a percentage point of happiness for 1 week per household</td>
<td>● Total high performance sport budget about $20 per household per year</td>
<td>● Rough numbers</td>
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<tr>
<td>● Wellbeing index moved 2-4 points over Athens 2004</td>
<td></td>
<td>● Average, not marginal</td>
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<tr>
<td>□ Based on Australian Unity Calculations</td>
<td></td>
<td>● Not fine-grained for some policy issues</td>
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Policy implications

- Matching investment to demand
- Identify drivers of value
- Questions remain about marginal effects
  - E.g. valuation of changes to medal table
  - Valuation of certain sports

Main need is for more thorough quantification of value/willingness to pay
The remaining research agenda

- Evidence related to social benefits
  - Impacts relative to other instruments
  - Which sports/activities

- Understanding role of volunteers

- Measuring willingness to pay
  - Which sports confer most satisfaction?

- Historically, sports policy largely aspirational in nature and based on emotional appeal
- Challenge is to meet demands of evidence based policy