MAJOR EVENTS DEVELOPMENT FUND

Post-Event Economic Evaluation Guidelines

Final draft for feedback
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1. Introduction

1. Background and purpose

Major events generate a wide range of immediate and longer-term benefits for New Zealand, including tourism revenue, new business opportunities, promoting high achievement in sports and arts, strengthening local and national pride, and enhancing the development of local infrastructure and amenities.

At a regional level, events are often used as part of a wider regional economic development strategy, often including retail development, tourism initiatives, leisure and recreation plans and other activities.

In general, the measurement of economic and other intangible benefits of events is not an area which is easily understood. Adding further complexity to this is there is not yet an accepted international standard approach to the measurement of benefits generated by major events.

The Ministry of Business, Innovation and Employment (MBIE) has researched international examples of how to improve this measurement and make it more accessible to the wider events industry.

In 2012, the Ministry of Economic Development (now the Ministry of Business, Innovation and Employment - MBIE) began a project to:

- simultaneously implement a modified cost-benefit analysis methodology for future Major Events Development Fund (MEDF) invested events; and
- retrospectively measure the national economic benefits of a range of major events which receive MEDF investment using the same methodology (‘Meta-evaluation of MEDF report’).

Until recently, MBIE has not prescribed a specific economic evaluation approach for post-event reporting for individual events receiving MEDF investment. This has resulted in many different methodologies being used.

With the aim of providing clarity and consistency in this area, MBIE developed an initial set of draft post-event economic evaluation guidelines and circulated them to a range of stakeholders.

MBIE received feedback from its stakeholders which allowed the Ministry to reflect on and revise its initial methodology. In light of stakeholder feedback, the draft guidelines have been updated and the final draft ‘Post-event economic evaluation guidelines (‘Guidelines’) is being circulated in draft final form.

MBIE’s intention after issuing the final draft ‘Guidelines’ is to pilot the ‘Guidelines’ with a selection of MEDF events taking place in 2013. In light of the pilot findings, and taking into account the second round of stakeholder feedback, final guidelines will be issued to all events receiving MEDF investment from 2014 onwards. It is MBIE’s expectation that the final guidelines will be used to evaluate all events that receive MEDF investment.

1.2 Outline of report

This document splits into three sections.

The first section clarifies MBIE’s rationale for the development of the ‘Guidelines’ and outlines the reasons for adopting an approach broadly modelled on cost-benefit-analysis principles. It then goes on to address specific issues raised in the first round of stakeholder consultation.

The second section goes into detail about MBIE’s new economic evaluation reporting process including: MBIE’s post-event reporting requirements; a step by step guide to MBIE’s proposed economic evaluation process; and, a brief description of MBIE’s new cost-benefit analysis economic evaluation framework.

The final section lists a series of templates and user guides written by MBIE that event organisers can use to assist in their post event reporting.

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After issuing the final draft guidelines, MBIE will pilot the guidelines with a selection of MEDF events taking place in 2013.

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2. Stakeholder Consultation

2.1 Key themes

Section 2.1 discusses the key themes from the initial round of stakeholder feedback. Each key theme is raised as a question, with MBIE’s response below.

Why has MBIE changed its post-event reporting requirements for event evaluations?

The Major Events Development Fund (MEDF) has been operating since 2004-05. The MEDF has increased to $10 million in size and uses ‘public funds’ to invest in major events that are likely to generate significant immediate and long-term benefits for New Zealand. The MEDF is a contestable and capped development fund. Events follow a two-stage application process and are assessed against the MEDF criteria.

Successful investment of the fund (and for individual events) from government’s perspective, is measured by generating positive net national economic benefits beyond the initial level of government investment given to each event, or the fund overall.

Until recently MBIE has not specified in its post-event reporting requirements a single type of methodology for events to use in their economic evaluations, leaving methodological decisions to the discretion of event organisers and their consultants. This has led to a range of methodologies being used including: regional and national economic impact assessments, in-scope-expenditure measures, input to regional GDP and return on investment figures. The wide range of methodologies used makes meaningful comparison of event benefits problematic and the measurement of government’s return on public investment difficult. Event organisers have acknowledged this situation by regularly calling for consistency in this area.

MBIE’s proposed draft guidelines use a national cost-benefit analysis approach to assess benefits of major events.

The overall aim of MBIE’s draft guidelines is to ensure there is an accurate and consistent measure of national event benefits, by:

- encouraging the use of a uniform method of evaluating the national benefits of events;
- giving event organisers certainty over MBIE’s expected evaluation process; and
- allowing Major Events to report on the Fund’s performance from an overall portfolio perspective, with greater levels of confidence.

Why has MBIE chosen a cost-benefit analysis approach?

Cost-benefit analysis (CBA) is essentially a policy tool used to compare projects and the returns they generate in order to decide which projects to invest in (Saayman and Saayman, 2012). It is also the preferred economic evaluation methodology of The Treasury and wider government.

The CBA approach provides decision-makers with a consistent basis for assessing projects (or events) at a national level before they occur. Using the same method it is also possible to test the effectiveness of a proposal/event after it has been implemented.

CBA is a useful tool for measuring and comparing the benefits of a major event with the costs related to that event. A CBA approach for event evaluation was first recommended by Burns, Hatch and Mules (1986) and more recently by Jago and Dwyer (2006).

MBIE has chosen an approach modelled on CBA principles as it takes into account wider benefits and costs of an event, rather than focusing on mainly the financial impact of an event. Wider costs and benefits included in the ‘Guidelines’ are; consumer surplus, redistribution of public funds and, additional rather than entire visitor spend.

MBIE acknowledges that there are other wider benefits and costs that can be legitimately included in a CBA framework (e.g. environmental costs, benefits of international exposure etc.) but MBIE takes the view that in its initial stages, in order to encourage uptake, MBIE’s CBA framework should be as user friendly and as cost-efficient as possible.

Why do the ‘Guidelines’ focus on national benefits of events?

MBIE’s meta-evaluation has shown the majority of post event reports submitted to New Zealand Major Events focus on the regional benefits of an event rather than national benefits. The rationale for regional reporting is based on the on-going event funding role of local and regional councils. Any evaluation of an event’s regional funding will logically be focused on regional benefits given local bodies’ responsibility for regional development. MBIE on the other hand is responsible for the use of national funds, making it necessary for events with MEDF investment to assess economic benefits and costs at a national level.

MBIE recognises that events are likely to continue receiving funding from local and regional councils and as a result will likely be required to continue to assess and report on the regional benefits of events. The recommended process (refer 2.3) takes both regional and national views into account when
prescribing the collection of in-scope expenditure measures. The ‘Guidelines’ also offers a regional framework that can be used for regional evaluation if desired (refer 4.5). This regional framework aligns with the national methodology prescribed in Section 3.

Major Event draft ‘Guidelines’ do not support the use of economic impact assessments (EIAs) commonly used in event evaluations. What is the basis for this view?

The majority of post-event evaluations submitted to MEDF use economic impact assessment methodologies to calculate the economic benefits of events. For this reason the draft ‘Guidelines’ circulated in November focused on comparisons between the cost benefit analysis and economic impact analysis approach.

Economic Impact Assessments (EIA) versus Cost Benefit Analysis (CBA)

A literature review reveals that event evaluation is an extensively researched area and EIAs have been the favoured form of event assessment since the seminal Adelaide Grand Prix study conducted in 1985 (Kim, Boo & Kim, 2013; Wood, 2005). Literature suggests there is still considerable debate about the most appropriate methodology to evaluate events (Davies, Coleman & Ramchandani 2012; Wood, 2005). Saayman and Saayman assert that ‘methodological tensions also exist between academics, consultants and event practitioners with the need to balance academic rigour with practical constraints of time and cost’ (p 36. 2012).

EIAs tend to be critiqued for the following reasons:

- EIAs do not fully account for costs associated with hosting events, meaning EIAs only represent the positive gains in terms of output, income and employment generation (Saayman & Saayman, 2012);
- EIAs based on input-output models have been widely criticised due to the assumption of unlimited resources and capacity i.e. an increase in economic activity in one area does not reduce economic activity in another area (Dwyer, Forsyth & Spurr, 2006); and
- EIAs in general, focus on the financial benefits of events and not broader economic costs and benefits, nor the intangible benefits or costs events bring the region or country (Saayman & Saayman, 2012); and
- EIAs’ use multipliers to estimate the downstream increase in economic activity associated with an event by multiplying event spend as it flows through the economy. While multiplier analysis is a valid and widely used tool for evaluating the economic impact of events, it has been subject to much criticism for producing inaccurate results by using: sales instead of household multipliers; misrepresenting employment multipliers; using incremental instead of multiplier coefficients; and, confusing turnover and multiplier (Crompton, 1995, 2006).

Historically, multiplier analysis based on input output tables, rather than household, or employment multipliers, has been favoured as the most credible method for measuring the economic impact of major events (Davies, Coleman & Ramchandani 2012). More recently, favour has shifted towards Computable General Equilibrium (CGE) modelling, combining a national income accounting framework with industry level input-output models (Dwyer, Forsyth & Spurr, 2006; Saayman & Saayman, 2012). Although there is some argument whether this method is more suited to Mega events like the Rugby World Cup and the Olympics, which are likely to have longer term impacts on the economy, than smaller major events. Abelson (2011) suggests CGE models need significant adaption to pick up the smaller and temporary demand shocks that derive from major events, and in doing so undermines the credibility of the CGE approach for evaluations of this kind.

By comparison, a full CBA will holistically assess an events benefits and costs, rather than focusing purely on its economic or financial dimensions (Jago & Dwyer, 2006). Events often create intangible costs, such as noise pollution and congestion. Equally, they can create intangible benefits such as quality of life, ‘excitement’ and international exposure. It is possible to quantify some of these types of benefits and costs by using opportunity cost or a willingness to pay technique (Burgan & Mules, 2001). A full CBA of this type is generally considered a robust and credible method of evaluating events of any size (Jago & Dwyer, 2006). However, a full CBA tends to be very time consuming and costly to undertake (Jago & Dwyer, 2006), making it prohibitive for all but Mega events.

The final draft ‘Guidelines’ have attempted to take the general principles of a CBA approach (‘scarce resources’, opportunity costs, and net benefits), while at the same time recognising the practical constraints facing event organisers. To this end, the final draft ‘Guidelines’ do not attempt to quantify events’ wider intangible costs and benefits. However, the final draft ‘Guidelines’ are flexible enough to include measureable intangible costs and benefits in the future.

Further work is being undertaken by MBIE and other relevant agencies to consider ways to measure the value of social, cultural and brand exposure benefits of major events, as well as considering ways to implement these possible measurements as part of a CBA approach. It is intended that results from this work will be absorbed into the ‘Guidelines’ framework over time.

Are there similarities between the CBA framework outlined in the Guidelines and the more common EIA approach?

While there are significant differences between the CBA and EIA approach, there are also similarities. The main similarity being, the economic benefit generated from tourist expenditure, both CBA and EIA methods use tourist expenditure as an important input to their evaluation framework (Jago & Dwyer, 2006), often called ‘in-scope expenditure’ (refer 3.3).

In-scope expenditure is defined as expenditure that would not have occurred in the host region if the event had not taken place (Jago & Dwyer, 2006). The host region could be a city, a
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region or a nation. In the case of MEDF investment the host region is defined as New Zealand. Local authorities typically define the host region as their own region, thus legitimately including domestic visitor spend (but excluding residents) in their calculations.

In-scope expenditure includes additional expenditure by visitors, participants, organisers, sponsors, media and all others as a result of the staging of the event that would otherwise not have occurred in the absence of the event (Davies, Coleman & Ramchandani 2012). Over statement of in-scope expenditure is often the major factor in the over-estimation of economic benefits of many events (Jago & Dwyer, 2006).

While the ‘Meta-evaluation’ shows that some post-event reports submitted to Major Events were thorough in their calculations of an event’s in-scope expenditure, others were less so. These reports tend to over-estimate the economic benefits of their event as a result.

Common reasons for inaccurate accounts of in-scope expenditure measures revealed in the meta-evaluation are:

1. directly attributing to the event expenditure by visitors who were visiting the host region irrespective of the event, i.e. “coincidental” rather than “additional” event visitors;
2. counting domestic visitor (and participants, officials, etc.) expenditure as a contribution to national economic welfare, when it represents a transfer of expenditure or savings that would have occurred elsewhere in the New Zealand economy; and
3. sub-standard or non-existent primary survey collections to collect critical visitor and participant expenditure estimation, thereby relying on often imprecise or inflated estimates of per day expenditure.

Accurate accounts of in-scope expenditure measures revealed in the meta-evaluation came from:

1. only attributing event expenditure by visitors who were visiting the host region because of the event;
2. excluding domestic visitors (and participants, officials, etc.) expenditure as a contribution to national economic welfare; and.
3. Robust and statistically sound primary survey collections to collect critical visitor and participant expenditure estimation, such as: daily spend, length of stay and event attribution.

2.2 Specific concerns

In this section specific concerns raised by one or more stakeholders are discussed.

Multiplier effects:

Some stakeholders hold the view that events can and do have flow-on impacts on the rest of the economy. This view was generally based on consultant’s own project experience.

MBIE’s position is that while in principle event-related expenditure may have a multiplier effect on the national economy, this tends to be offset by the fact that so does the foregone alternative use of event resources and funding (given a concurrent position that rarely do ‘idle’ resources exist such that event-induced economic activity is rarely if ever strictly additional, i.e. does not displace economic activity that would otherwise have occurred).

An article by Szymanski (2002) states that multiplier effects are likely to be larger the smaller the region being considered, meaning that there is some validity to the argument that multiplier effects exist when evaluating the regional benefits of events. However, given MBIE’s focus on the national economy – a much larger region – the reverse is likely to be true (multiplier effects are likely to be smaller).

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2. MBIE recognises that out-of-region domestic visitors are a valid input to regional economic event evaluations.
In general, MBIE takes the view that with the exception of all but Mega events (e.g. Rugby World Cup) which can have a material impact on the national economy (MBIE, 2012), the scale and nature of most major or regional events is such that any multiplier effect on the national economy will be small enough to be legitimately ignored.

**Distributional effect of events across regions:**

Some stakeholders mentioned that by focusing on national benefits of events, there is a risk that the distributional effects events have on regions will be ignored.

The results of MBIE’s meta-evaluation project revealed that major events do generate national level benefits, but the majority of these benefits tend to accrue to the region where the event is hosted. For this reason, MBIE aims to administer the Fund on the basis of growing both national and regional benefits. The Fund aims to have a regional spread of major events across its investment portfolio to ensure benefits are widely captured across all of New Zealand.

**Displacement effects excluded:**

Some stakeholders felt there was a need to include displacement effects in the framework.

Major events have the potential to disrupt normal business and tourism patterns, typically through real or perceived negative congestion and price effects. This is known as displacement, or crowding out, in the sense that normal business and tourism behaviour can be displaced, or crowded out by the event. In some cases this ‘crowding out’ is likely to shift spending/benefits in time rather than being deleted from the economy entirely.

However, MBIE regards the scale of most events that receive an investment from the Major Events Development Fund is such that displacement effects relative to other event benefits and costs will typically be small enough to be justifiably ignored.

In order to take both views into account, MBIE will now require events to qualitatively assess the displacement effects of their event as part of the wider post-event report (refer 4.7), and some events may be large enough to require a formal assessment of displacement. Discussions about formal measurement of displacement will take place between MBIE and events of this size, prior to the event taking place.

The kinds of circumstances in which displacement is more likely to be material include:

- The very largest major events – indicatively, events with operating budgets of $10 million or greater (anecdotal evidence during the 2011 Rugby World Cup points to this);
- Events hosted in small regions/locations with limited infrastructure, in particular commercial accommodation – in such instances the event “footprint” will be disproportionately greater than were the same event hosted in a major population centre (anecdotal evidence of businesses not opening while major events take place in small centres e.g. Wanaka)
- Events hosted during peak holiday periods – when demand for accommodation and other tourism goods and services is already high, and the additional demand generated by the event possibly leading to higher than normal postponed or cancelled visits by non-event visitors.

**Employment effects excluded:**

Few people rely on specific major events for permanent employment. In an economy close to full employment (such as New Zealand currently) the typically short-term temporary employees required for major events are highly unlikely to be unemployed in the absence of the event. Even if event employees are drawn from a pool of unemployed people, the type of workers required are usually those who tend to frequently move between various jobs and are not unemployed for long.

Many events are extensively supported by volunteers rather than paid workers. Accordingly, where people are employed to work in, or on, an event it is usually on a short-term basis. When a major event creates extra demand for tourism and hospitality services, this can often be met using existing and/or temporary staff in these areas.

By their very nature, events typically last for a short duration, and although it is not disputed they deliver employment

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opportunities before and during the event, enduring or permanent employment will typically be limited.

**Generic measurements:**
Stakeholder consultation revealed a series of questions attributable to the generic measures used in the draft guidelines. Response to each generic measure is listed below.

**Redistribution of public funds**
The draft guidelines include a generic figure for redistribution of public funds (20 per cent of the total value of central and local government investment). The figure is based on Treasury cost-benefit analysis recommendations which state ‘dead-weight loss’ is best estimated as 20 per cent of the total value of central and local/regional government funding. This figure remains the same in these ‘Guidelines’.

**Consumer Surplus**
The draft guidelines used a generic measurement for consumer surplus. It was initially set at 10 per cent of domestic tickets sold or 1 per cent of total operating review (if an un-ticketed event). Stakeholder feedback questioned the figure suggesting it was too low.

Further investigation reveals that published research conducted for other major events found that consumer surplus typically averaged 20 per cent of domestic ticket sales. The Ministry acknowledges that this is only an approximation; however, analysis of historical event assessments confirms that this calculation will derive a reasonable estimate of consumer surplus benefit.

The Ministry’s recent meta-evaluation of major events revealed that consumer surplus as an event benefit is unlikely to affect the overall event benefit and cost estimation, given international visitor expenditure typically comprises by far the largest share of overall economic benefits.

**Airfare contribution**
Our initial draft guidelines proposed that the value of international airfares accruing to New Zealand was 40 per cent of the total fare. This figure was questioned by stakeholders based on recent projects they had completed for New Zealand’s aviation and cruise industry. This recent work indicated 40 per cent airfare contribution was too high.

As a result the Ministry undertook analysis of detailed airfare data and confirmed that approximately 25 per cent of the amount spent by international visitors on international airfares to and from New Zealand is estimated to accrue to the New Zealand economy.

This estimate is based on a higher percentage for Air New Zealand travellers (Air New Zealand being a New Zealand domiciled company) and a typically lower contribution for foreign based carriers (comprising refuelling, landing fees, catering, etc.).

**2.3 Change in process**
In order to improve post-event reporting and to keep a level of consistency between regional and national level reporting, Major Events is proposing a change in process to its post event economic evaluation reporting.

This change involves:
- improving the collection and reporting of an event’s in-scope expenditure measures;
- designing and building an event expenditure module based on MBIE’s International Visitor Survey data to use when calculating event visitors’ daily spend;
- using MBIE’s in-house economic evaluation model to calculate an event’s national net economic benefit – with improved reporting of an event’s in-scope expenditure as a base.

The proposed changes will strengthen both regional and national level reporting of economic benefits of events, and allow events to focus on one area of the economic evaluation, namely the delivery of the event’s visitor survey and collection of in-scope expenditure measures. Bringing the calculation of an event’s national net economic benefit in-house means events will no longer need to commission and pay for an independent assessment of the national economic benefit of the event, although events may still need to more formally fulfil this requirement for regional level reporting.

The next section describes the proposed changes in more detail.
3. Economic Evaluations in Practice

3.1 Post-event reporting requirements
MBIE currently requires events that receive Major Event Development Fund (MEDF) investment to complete a ‘Post-event Report’. For MBIE’s post-event reporting template refer to section 4.7.

The purpose of the ‘Post-event Report’ is to:
- Review the overall success of the event in reaching its key objectives;
- Determine key recommendations that can be used for future events;
- Review the economic, social and cultural and international exposure benefits of the event; and
- Review the events leverage and legacy benefits.

Much of the content of the ‘Post-event Report’ is collected and assessed qualitatively by the event organiser. However, MBIE currently requires the economic evaluation component of the report to be undertaken by an independent economic specialist.

In order to improve post event reporting and to keep a level of comparability and consistency in its economic evaluation reporting, MBIE is proposing a change in process. This new process will not change the ‘Post-event Report’ dramatically; but it does have impact on the way economic evaluations are undertaken by events. It is the intention of MBIE that the changed economic evaluation process will not add extra costs to an events budget.

3.2 Proposed economic evaluation process
MBIE’s proposed change to its current economic evaluation process, will give MBIE a more active role in the economic evaluation of events.

This change involves:
- improving the collection and reporting of an event’s in-scope expenditure measures;
- calculating an event’s net economic benefit using MBIE’s in-house economic evaluation model – using the improved reporting of an event’s in-scope expenditure as a base for this calculation; and
- in the near future, designing and building an event expenditure module based on MBIE’s International Visitor Survey data, when calculating event visitors’ daily spend.

The flowchart on the next page illustrates the proposed evaluation process, the role the event and MBIE play, and the implications of each step from MBIE’s perspective. The accompanying list of steps describes the process in more detail.

In order to improve post event reporting and to keep a level of comparability and consistency in its economic evaluation reporting, MBIE is proposing a change in process.
Appoint specialist in survey design, sampling, delivery or economic evaluations to undertake post event survey.

Specialist uses MBIE’s survey and sampling design to aid survey delivery.

Event delivers MBIE’s post event report.

Event includes MBIE’s signed off net economic benefit.

Event accepts and signs off MBIE’s signed off net economic benefit.

Event delivers agreed set of in-scope expenditure measures and final event budget.

Event delivers MBIE’s signed off net economic benefit.

Event includes MBIE’s signed off net economic benefit.

Specialist undertakes survey.

Event delivers MBIE’s post event report.

Expertise in survey design and delivery ensures event’s in-scope expenditure measure are collected accurately.

MBIE’s in-scope expenditure measures will be included in final survey.

All of MBIE’s event economic evaluations will be comparable.

Event able to undertake their own economic evaluation using the same in-scope measures as MBIE if they choose.

Portion of MEDF investment tied to post event reporting approval.
Before the event begins (around two to four months) the event organiser appoints an independent specialist to undertake a survey of event attendees. The specialist has experience and expertise in survey design, sampling and delivery, or extensive experience in economic evaluations of events using primary research. The specialist advises the event on the most cost effective way to survey all attendee groups (e.g. e-mail, pen and paper, or telephone surveys) and the recruitment method it should use to optimise sample representativeness.

The specialist designs a survey that caters to the needs of the event and its various stakeholders. MEDF’s specific in-scope expenditure questions (refer 4.3) are included in the event survey. Specialist also designs a final sampling design and delivery method for event.

The event organiser sends MBIE a copy of the draft event survey and the events sampling and delivery methodology for approval. Ideally, this would take place at least a month before the event begins.

Independent specialist undertakes the survey.

Once the event takes place and the event survey is delivered, the event organiser will send MBIE a summary of the events in-scope expenditure measures (refer 4.6), along with the event’s final budget. This will be delivered to MBIE two months (or earlier if possible), after the event has taken place. Where possible the event will include final budget figures for all line items.

MBIE uses the event’s in-scope expenditure measures and the final budget to calculate the net national economic benefit generated by the event.

MBIE returns a summary to the event organiser that outlines the events net national economic benefit and all inputs used in the calculation. The summary will be delivered to the event soon after the event is complete.

The event organiser accepts MBIE’s calculation of net national economic benefit with emailed acknowledgement. In the unlikely event the calculation is disputed, a discussion with MBIE will be initiated by the event organiser and a peer review process will take place.

The event organiser includes the mutually agreed net national economic benefit figure in the event’s wider post-event report.

The event organiser delivers the final post-event report to MBIE three months after the event ends (or earlier if available).

MBIE’s final investment instalment is released to the event after the final post-event report is approved.
3.3 In-scope expenditure measures

For a full description of in-scope expenditure measures MBIE recommends reading Jago and Dwyer's (2006) ‘Economic Evaluation of Special Events – A Practitioners Guide’. Below are excerpts from the publication summarising the key elements of an events in-scope expenditure measures.

Defining In-scope expenditure:

The definition of ‘in-scope expenditure’ refers to expenditure that would not have occurred in the host region had the event not taken place. It includes event-induced expenditure made by visitors, participants, organisers, sponsors, media and all others as a result of staging the event.

Setting the Boundaries of the Host Region for the Event:

Prior to commencing an economic evaluation, it is essential that the geographical boundaries of the host region for the event are clearly defined. The boundaries determine whether particular income and expenditure is new to the host region or already takes place within the host region.

If an evaluation is for the nation as a whole (in the case of MBIE’s economic evaluations), the host boundaries will be set to New Zealand. As a result international visitor expenditure is the main component of event-induced expenditure.

Host boundaries are normally determined by the organisation that commissions the economic evaluation, and once boundaries are set, they must be adopted consistently throughout the assessment.

It is possible to collect event-induced expenditure for a nation as well as for a particular region in the same survey. In this case specific survey questions are repeated to ensure inputs are collected accurately for both host regions. MBIE’s sample survey (refer 4.3) is structured so that in-scope expenditure measures are collected at a both a national and regional level.

Determinants of In-scope Expenditure:

There are several main determinants of in-scope expenditure. These include: the number of visitors and their daily expenditure; types of visitors; trip duration; and, event income and expenditure.

When calculating in-scope expenditure of events it is important to ensure new expenditure is included only. Certain exclusions apply, specifically spending by local residents (in the case of MBIE all New Zealand residents). This exclusion is based on the assumption that the money spent on the events by locals would likely have been spent on other goods and services within the host region if the event had not occurred.

Additionally, the expenditure of event attendees who reside outside the host region but were coming to the region anyway cannot be counted as in-scope expenditure. This means that information must be collected from event attendees regarding the primary purpose of their visit to the region during which they attended the event. If the event is the main reason for their visit to the host region then it is new expenditure. If an event attendee was coming to the host destination anyway and extended the length of their trip to attend the event, the expenditure made on these additional days is new money to the region and is included as part of in-scope expenditure.

The figure below illustrates the in-scope expenditure measures required as part of MBIE’s economic evaluation. Section 4.3 translates in-scope expenditure measures into survey form.
List of In-scope Expenditure Measures:

The following is a list of in-scope expenditure measures required to be collected by the event through their event survey and sent to MBIE as part of its economic evaluation reporting. MBIE will use these measures along with the final event budget to calculate the net national economic benefit of the event.

- Total number of spectators, participants, volunteers and officials (including media, event officials and team management) at the event split by attendance group e.g. 150 spectators, 300 participants, 20 volunteers, 40 officials;
- Total number of internationals at the event split by attendance group (spectators/participants/volunteers/officials);
- Total number of internationals who visited New Zealand, or extended their trip in New Zealand, specifically to attend event split by attendance group (spectators/participants/volunteers/officials);
- Average size of travel party for international event attendees split by attendance group e.g. 3.3 people for spectators, 1.1 people for officials and 2.5 people for participants;
- Average length of stay for international event attendees split by attendance group e.g. 7.2 days for spectators, 2.5 days for officials and 10.9 days for participants;
- Average daily spend for international event attendees split by attendance group e.g. $210 for spectators, $190 for officials and $150 for participants;
- Number of international event attendees by their country of origin e.g. 500 Australians, 25 Fijians, 60 Chinese and 300 Europeans;
- Total number of international event attendees by travel class e.g. 200 travelled first class, 100 travelled business class, 50 travelled premium economy and 500 travelled economy;

3.4 MBIE’s economic evaluation framework

MBIE’s chosen economic evaluation framework is an approach modelled on cost-benefit analysis (CBA) principles. The framework aims to measure both the economic benefits and costs generated by an event. A full discussion of the framework and MBIE’s rationale for using this approach is discussed in section 2.

MBIE does not require event organisers to undertake an economic evaluation of their event using this framework, rather it is MBIE’s intention that events are informed of the process MBIE will use when assessing an events net national economic benefit.

MBIE’s modified cost-benefit analysis framework allows informed conclusions to be reached about whether a particular event is an efficient use of taxpayers’ money. It also allows MBIE to use an investment portfolio approach when assessing and prospecting for future events, ensuring the MEDF investment portfolio is balanced according to its strategic intent (‘attracting, retaining and growing New Zealand major events’).

It is important to note MBIE’s framework has a national focus i.e. economic benefits that accrue to the New Zealand economy at the national level, as distinct from the region (or regions) where the event is held.

Additionally, not every cost or benefit can be given a dollar value. Some costs and benefits more realistically lend themselves to a qualitative (descriptive) summary. These wider costs and benefits are identified in the post-event reporting template in section 4.7.

The following table describes the items that MBIE’s economic evaluation framework assigns monetary (NZ dollar) values to. Explanation and/or definition of each of these items and their respective calculations follow. The table also gives the calculations for total costs, total benefits and various performance measures.

---

MBIE’s modified cost-benefit analysis framework allows informed conclusions to be reached about whether a particular event is efficient use of taxpayers’ money.
### National Costs

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Total operating expenditure</td>
</tr>
<tr>
<td>b</td>
<td>Redistribution of public funds cost</td>
</tr>
<tr>
<td>c</td>
<td>Significant overseas expenditure flows (e.g. prize money, hosting rights fees)</td>
</tr>
<tr>
<td>x</td>
<td>Total costs (a+b+c)</td>
</tr>
</tbody>
</table>

### National benefits

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>Total operating income</td>
</tr>
<tr>
<td>e</td>
<td>Consumer surplus</td>
</tr>
<tr>
<td>f</td>
<td>International visitor expenditure contribution to GDP</td>
</tr>
<tr>
<td>g</td>
<td>Value of international airfare expenditure that accrues to New Zealand</td>
</tr>
<tr>
<td>y</td>
<td>Total benefits (d+e+f+g)</td>
</tr>
</tbody>
</table>

### Performance measures

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>h</td>
<td>Net national benefit (y-x)</td>
</tr>
<tr>
<td>i</td>
<td>Return on investment (ROI, %) = 100 x (net benefit (h) / total investment)</td>
</tr>
<tr>
<td>j</td>
<td>MEDF investment ratio (ratio 1:j) = net benefit (h) / MEDF investment</td>
</tr>
</tbody>
</table>

#### National costs:

**a. Total operating expenditure**

All operating expenditure, such as salaries, venue hire, production costs, marketing and communications and hosting fees should be included.

Value-in-kind (or “contra”) items should be excluded. Value-in-kind contributions will be captured in the budget summary as part of the overall post-event report, and should be captured as both income and costs.

**b. Redistribution of public funds cost**

MBIE’s framework calculates redistribution of public funds by multiplying the total value of all government investment in the event by 0.2.

All government investment is included, not just that from the Major Events Development Fund. In particular income secured from local councils, regional councils, and regional tourism operators (RTO’s) should be included in this calculation.

An example calculation would be:

\[
(\text{MEDF investment} + \text{other central government investment (e.g. Creative NZ or Sport New Zealand)} + \text{local/regional council funding} + \text{RTO funding}) \times 0.2
\]

**c. Significant overseas expenditure flows**

Examination of previous events receiving MEDF investment, show some events have significant overseas flows of expenditure. In particular, prize money and hosting rights fees. If an event has significant amounts of money flowing off-shore as indicated in the event budget the items will be included here as well as included in operating expenditure.

#### National benefits:

**d. Total operating income**

All operating income, such as ticket sales, government funding, commercial sponsorship and grants, and domestic media rights fees should be included.

Value-in-kind (or “contra”) items should be excluded from the income. Value-in-kind contributions will be captured in the budget summary as part of the overall post-event report.

**e. Consumer surplus**

The consumer surplus calculation requires an estimation of the number of domestic ticket buyers compared to ticket buyers from overseas. Similarly, an estimation of the number of domestic event participants compared to participants who normally reside overseas.

Consumer surplus includes 20 per cent of the total dollar value of ticket sales to domestic visitors (i.e. spectators) as a benefit in the calculation, plus 20 per cent of the total dollar value of domestic participant event entry fees. MBIE acknowledges that this is only an approximation; however, analysis of historical event assessments confirms that this calculation will derive a reasonable estimate of consumer surplus benefit.

If some or all of the event does not have ticket sales, i.e. free attendance, then the consumer surplus benefit is to be estimated as two per cent of total operating expenditure, multiplied by the actual percentage (expressed as a number between zero and 100) of total event visitors (including participants, officials, spectators, etc.) who live in New Zealand, divided by 806.

To illustrate, provided below is a hypothetical example for an event with free entry:

---

6. The rationale for dividing by 80 is that analysis of previous events has confirmed that approximately two per cent of total operating expenditure aligns with consumer surplus when the share of domestic event visitors are New Zealand residents (domestic).
Assume 60 per cent of visitors are New Zealand residents.
Assume total operating expenditure = $2 million.
Therefore, estimated consumer surplus = 0.02 x $2 million x (60/80) = $30,000.

f. International visitor expenditure
This calculation includes the estimated value of expenditure by international visitors in New Zealand, whose main reason for visiting New Zealand was the event. Using the Tourism Satellite account as a base, MBIE estimates 75% of international visitor spend accrues to New Zealand.

This estimate is limited to international visitors only because, in the case of domestic attendees, had the event not occurred, the expenditure would have been spent elsewhere in the New Zealand economy.

Because visitor expenditure patterns and characteristics can vary, and requires a complex series of questions to accurately estimate, MBIE will develop an online ‘look up’ tool that will estimate international visitor as additional to the following factors that need to be collected in event surveys (refer Appendix 1 and 2):
- Event attribution (if event is the main reason for visitors to New Zealand)
- Size of travel party
- Type of accommodation while in New Zealand
- Length of stay in event region/location
- Length of stay outside event region/location
- Type of event visitor, e.g. spectator, participant, official, etc.

International visitor expenditure, including ticket sales, is typically the largest quantifiable benefit arising from an event, so is a vital input to the estimation of overall economic benefits.

Until the IVS visitor spend ‘look up’ tool is developed, section 4.3 contains expenditure questions in the event survey.

g. Value of international airfare expenditure that accrues to New Zealand
As for other visitor expenditure described in the previous section, MBIE will develop an online ‘look up’ tool to estimate the contribution of international airfares to the New Zealand economy. This will be based on:
- Country of origin
- Travel class for journey to/from New Zealand

Until the ‘look up’ tool is developed, section 4.4 contains current airfare contribution estimates for various countries of origin and different classes of travel.

Performance measures:
MBIE uses a suite of performance measures to track the performance of each event and the MEDF investment portfolio overall. MBIE’s performance measures are described below.

h. Net national benefit (y-x)
The evaluation includes a net national benefit calculation. It is calculated by subtracting national costs from national benefits.

i. Return on Investment
The evaluation includes a return on investment (ROI) calculation. Once final (total) cost and benefits have been estimated, this is calculated, as follows: $ROI (\%) = 100 \times (\text{net economic benefit, h}) / \text{total investment}.

Total investment equals all central and local government investment, and commercial sponsorships and grants, but excludes sales of tickets, merchandising and other event revenue generating schemes.

An example calculation would be:
- total national benefits = $1.5 million
- total national costs = $750,000
- net national benefits = $(1.5 million - 750,000) = 750,000
- total investment = $500,000
- ROI = 100 \times (750,000 / 500,000) = 150%.

Because ROI is calculated on the basis of net economic benefit, it should be compared to a zero per cent ROI that would indicate break-even. It should also be considered as a joint ROI – the total benefits to New Zealand resulting from total investment (MEDF and others’).

j. MEDF Investment Ratio
The evaluation includes a calculation for a return on MEDF’s investment in the event, expressed as MEDF investment ratio. Once final (total) cost and benefits have been estimated, this is calculated, as follows:
- MEDF investment ratio = net economic benefit, h / MEDF investment.

The MEDF Investment Ratio performance measure assumes the event would not have occurred without MEDF investment. This may not always be the case. If an event was likely to occur regardless of MEDF investment, the event organiser would indicate this in the investment application or at the post event stage and further discussion would take place between MBIE and the event.

7. The look up table will be based on the International Visitor Survey (IVS) expenditure module, which is a complex, approximately 10 minute module in the overall IVS survey. It is neither feasible nor appropriate to expect event organisers to replicate this expenditure module. However, if expenditure is collected in a simplified/shorter manner, it will inevitably result in over- or under-estimation of “true” event visitor expenditure, as has been regularly observed when expenditure questions depart in even minor ways from the proven IVS format.

8. The reason ticket sales are counted as part of event organiser’s operating income, and also as a benefit that derives from visitor expenditure, is that from the event organiser’s perspective, the income, or economic benefit stream it represents, is typically offset by the same or similar level of organiser expenditure, which is counted as a cost. To illustrate, if (say) $1 million spent by international visitors on tickets was excluded from the visitor expenditure benefit stream, and from a financial perspective the event broke even (i.e. total organiser expenditure equals total event income), it would be wrongly estimated to have delivered zero economic benefit to the New Zealand economy (ignoring for simplicities sake all other benefits and costs). However, because of the injection of an additional $1 million of international visitor expenditure, the New Zealand economy will be unambiguously better off as a result of the additional foreign exchange earned.
4. MBIE Templates

In this section various templates written by MBIE are compiled with the aim to assist event organisers with their post event reporting requirements.

4.1 Survey design and collection method

Surveys can be expensive and MBIE encourages cost-effective approaches. Data collection should be proportional to the size of the event. Generally, surveys should be conducted with all groups attending the event, e.g. spectators, participants, officials and media.

Surveys must be conducted in a way that can also accurately estimate the total number of visitors at the event. The appropriate size of the survey will depend on the size of the event. One way of conducting a survey is to collect an email address from every 10th or 20th spectator through the event gate(s) (if they exist), to then follow-up with an invitation to participate in an online survey. At the same time, this allows an estimate to be made of the number of spectators at the event. Participants register to participate in the event, collecting emails at this stage and sending out a participant survey via email, is generally the most cost-effective way of surveying this group.

Alternatively, attendees may be interviewed at the event, although this is likely to be more expensive and not as accurate in determining visitor spend post-event.

Some events have access to ticket databases where email contacts are included. This can be used as an alternative sampling method.

A sample survey template appears section 4.2 and 4.3 for adoption and adaption by event organisers as appropriate.

The sample includes basic demographic/classification questions, as well as more specific event visit and travel planning questions, where necessary separately for local, out-of-region domestic and international visitors. Placeholders for event-specific customer satisfaction and market research type questions are also included. Alternatively, an existing survey that covers these latter points may be adapted to include the expenditure and demographic questions.

As a general rule, a minimum of 100 to 250 respondents per attendee type (spectators, participants etc.) will deliver reasonable accuracy. If there are less than 100 of a particular type of attendee then an effort should be made to survey the entire sub-group.

Please note: For verification and validation purposes, original survey data in confidentialised unit record format must be made available to MBIE, if requested.
4.2 Recruitment survey

"Intercept every 10th or 20th person through the gate. Avoid recruiting members from the same travel party."

Introduction:

We’re asking a few questions on behalf of the event organisers about your attendance at X event.

Would you mind taking part?
Yes ................................................................. continue
No ................................................................................ terminate interview

Are you here to attend X event today?
Yes ................................................................. continue
No ................................................................................ terminate interview

Are you a...?
local resident ...........................................................
live somewhere else in New Zealand .....................................
live overseas ...........................................................................

Would you be willing to take part in a follow-up email survey about your experience of the event and your spending while here?
Yes ................................................................. continue
No ................................................................................ terminate interview

What is your email address?
OPEN ..............................................................................

Finish:

Thank-you for your time, an email survey about X event will be sent to you in the next week or so.
4.3 Event survey

You may remember giving your email address to the organisers of the X Event that you recently attended as a (n) [spectator/participant/official/volunteer]. We would greatly appreciate you taking part in a short online survey about your impressions and experiences of attending the event. The results of the survey will help the event plan future events and improve visitor experience overall. The survey should take around ten minutes to complete. Everything you tell us in the survey will be confidential, and your answers will be combined with those from other survey participants. Only summary findings that don’t personally identify you will be reported to the event organiser and their funding partners.

Demographics

Q1. Which of the following age groups do you belong to? Mark one only.
- Less than 18 years of age ................................................. 1
- 18 to 24 years old ......................................................... 2
- 25 to 29 years old .......................................................... 3
- 30 to 39 years old .......................................................... 4
- 40 to 49 years old .......................................................... 5
- 50 to 59 years old .......................................................... 6
- 60 or older years old ...................................................... 7
- I would rather not say ....................................................... 99

Q2. Are you…? Mark one only.
- Male ........................................................................ 1
- Female ..................................................................... 2

Q3. In which country do you currently live? Mark one only.
- New Zealand ............................................................... 1
- Australia ..................................................................... 2
- United Kingdom ........................................................ 3
- United States of America .............................................. 4
- China ........................................................................ 5
- Samoa ....................................................................... 6
- Fiji ............................................................................ 7
- Tonga ......................................................................... 8
- Germany ..................................................................... 9
- South Korea (Republic of Korea) ................................. 10
- Canada ...................................................................... 11
- Taiwan ...................................................................... 12
- Singapore ................................................................... 13
- Malaysia .................................................................... 14
- Other (please specify) ................................................... 96

Q4. In which New Zealand region do you currently live? Mark one only.
- Northland ................................................................. 1
- Auckland ................................................................. 2
- Waikato ..................................................................... 3
- Bay of Plenty ........................................................... 4
- Gisborne .................................................................... 5
- Hawke’s Bay ............................................................ 6
- Taranaki ..................................................................... 7
- Manawatu-Wanganui ............................................... 8
- Wellington ............................................................... 9
- West Coast ............................................................... 10
- Canterbury ............................................................. 11
- Otago ........................................................................ 12
- Southland ............................................................... 13
- Tasman ..................................................................... 14
- Nelson ...................................................................... 15
- Marlborough ............................................................ 16

Q5. OTHER DEMOGRAPHIC/CLASSIFICATION QUESTIONS AS REQUIRED BY ORGANISER OR OTHER INVESTMENT PARTNERS

Event visit details

IF NOT RESIDENT IN EVENT REGION, ASK Q6, ELSE GO TO Q7:

Q6. Are you currently a resident of [event location]? Mark one only.
- Yes ........................................................................... 1
- No ............................................................................ 2

IF 1 AT Q3 ASK Q4, ELSE GO TO Q5:
Q7. Which of the following best describes why you attended [X event]:

- Spectator or visitor ...................................................... 1
- Event participant .......................................................... 2
- Team support/management ........................................ 3
- Official, e.g. referee, umpire ........................................ 4
- Volunteer ..................................................................... 5
- Another reason ............................................................ 96

IF 2 AT Q6 ASK Q8, ELSE GO TO Q11:

Q8. Was [X event] the main reason you visited [event location]?

- Yes ................................................................................ 1
- No, I was already visiting or planning to visit [event location] ................................................ 2

Q9. How long did you stay in [event location]? YOU CAN REPORT EITHER THE NUMBER OF NIGHTS, WEEKS OR MONTHS.

- Number of nights: ................................................
- Or number of weeks: ...........................................
- Or number of months: ........................................

IF NOT 1 AT Q3 ASK Q10, ELSE GO TO Q11:

Q10. Including time spent in [event location], how long in total did you stay in New Zealand? You can report either the number of nights, weeks or months.

CHECK Q10 ≥ Q9

- Number of nights: ................................................
- Or number of weeks: ...........................................
- Or number of months: ........................................

Event experience and satisfaction

Q11. EVENT EXPERIENCE, SATISFACTION AND RELATED QUESTIONS AS REQUIRED BY ORGANISER OR OTHER INVESTMENT PARTNERS

Event location visit changed plans

(ASKED OF NON-LOCAL New Zealand RESIDENT AND INTERNATIONAL VISITORS)

Q12. If [X event] had not taken place, would you have still visited [event location] at the same time you did? Mark one only.

- Yes ................................................................................ 1
- No ................................................................................ 2
- Don’t know ..................................................................... 98

IF 1 AT Q12 ASK Q13, ELSE GO TO Q15:

Q13. Did you stay in [event location] longer than you had originally planned because of [X event]? Mark one only.

- Yes ................................................................................ 1
- No ................................................................................ 2
- Don’t know ..................................................................... 98

IF 1 AT Q13 ASK Q14, ELSE GO TO Q15:

Q14. How many extra nights did you stay in [event location]?

- Number of extra nights: ..............................................

New Zealand visit changed plans

(ASKED ONLY OF INTERNATIONAL VISITORS)

Q15. If [X event] had not taken place, would you have still visited New Zealand at the same time you did? Mark one only.

- Yes ................................................................................ 1
- No ................................................................................ 2
- Don’t know ..................................................................... 98

IF 1 AT Q15 ASK Q16, ELSE GO TO Q18:

Q16. Did you stay in New Zealand longer than you had originally planned because of [X event]? Mark one only.

- Yes ................................................................................ 1
- No ................................................................................ 2
- Don’t know ..................................................................... 98

IF 1 AT Q16 ASK Q17, ELSE GO TO Q18:

Q17. How many extra nights did you stay in New Zealand?

Number of extra nights: ..............................................
Travel party size

Q18. How many people were in your travel party?
   a. Number aged 15 years or older including yourself: .................................................
   b. Number aged less than 15 years: ..........................................................

International visitor expenditure

IF [NOT 1 AT Q3] AND NOT (1 AT Q18A AND ZERO/NULL AT Q18B) AND NOT (ZERO/NULL AT Q18A AND 1 AT Q18B)] ASK Q19; ELSE IF (NOT 1 AT Q3) AND [(1 AT Q18A AND ZERO/NULL AT Q18B) OR (ZERO/NULL AT Q18A AND 1 AT Q18B)] GO TO Q20; ELSE GO TO Q23.

Q19. We’re now going to ask you about the cost of this visit to New Zealand. Would you prefer to provide costs for…? Mark one only.
   just for yourself ................................. 1
   for you and your travel party .......................... 2

Q20. For each of the following categories, please estimate how much you expect to spend during your entire visit to New Zealand. Include all New Zealand spend, both inside and outside the event host region.

<table>
<thead>
<tr>
<th>Amount NUM&gt;=0</th>
<th>Currency:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- $NZ</td>
</tr>
<tr>
<td></td>
<td>- Other</td>
</tr>
<tr>
<td>(specify)</td>
<td></td>
</tr>
</tbody>
</table>

a. Accommodation

b. Meals, food and drinks not included in your accommodation costs

c. Retail shopping

d. Event tickets not including advance purchases

e. Other entertainment, attractions and events not including event tickets

f. Transport costs within New Zealand (e.g. domestic airfares, taxis, petrol, car or motorhome hire and repairs)

g. Any other expenditure? (e.g. laundry, medical, toiletries, internet, films, hairdressing)

Q21. So your total costs paid for while you were in New Zealand were \$[SHOW TOTAL OF ITEMS a TO g IN Q20]. Is this correct? Mark one only.
   Yes ......................................................... 1
   No – please enter correct amounts paid in the previous question ........................................ 2

GO BACK TO Q20 AND CORRECT ITEMS A TO G

Q22. Which of the following best describes your travel class for this visit to New Zealand? Mark one only.
   First class ........................................ 1
   Business class .................................... 2
   Premium economy ................................. 3
   Economy – discount or standard .................. 4
   Did not travel by aeroplane ....................... 5
Domestic visitor expenditure
(ASKED ONLY OF NON-LOCAL NEW ZEALAND RESIDENTS)

IF [(1 AT Q3) AND NOT (1 AT Q18A AND ZERO/NULL AT Q18B)
AND NOT (ZERO/NULL AT Q18A AND 1 AT Q18B)] ASK Q23;
ELSE IF (1 AT Q3) AND [(1 AT Q18A AND ZERO/NULL AT Q18B)
OR (ZERO/NULL AT Q18A AND 1 AT Q18B)] GO TO Q24; ELSE GO
TO [END].

Q23. We’re now going to ask you about the cost of this
visit to [event location]. Would you prefer to provide
costs for...? Mark one only.
just for yourself .......................................................... 1
for you and your travel party ........................................... 2

Q24. For each of the following categories, please estimate
how much you expect to spend during your visit to
[event location]. Only include spending in the event
host region. Do not include spending in other parts of
New Zealand.

<table>
<thead>
<tr>
<th>Amount NUM&gt;=0</th>
<th>Currency:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- SNZ</td>
</tr>
<tr>
<td></td>
<td>- Other</td>
</tr>
<tr>
<td></td>
<td>(specify)</td>
</tr>
</tbody>
</table>

a. Accommodation
b. Meals, food and drinks not included in your accommodation costs
c. Retail shopping
d. Event tickets not including advance purchases
e. Other entertainment, attractions and events not including event
tickets
f. Transport costs within New Zealand
e.g. domestic airfares, taxis, petrol, car or motorhome hire and repairs
g. Any other expenditure? e.g. laundry, medical, toiletries, internet, films, hairdressing

Q25. So your total costs paid for while you were in [event
location] were $[SHOW TOTAL OF ITEMS a TO g IN Q24].
Is this correct? Mark one only.
Yes.................................................................................. 1
No – please enter correct amounts paid in the previous question........................................................................ 2

GO BACK TO Q24 AND CORRECT ITEMS A TO G

[END]
4.4 Average international airfare ‘look up’ table

Provided below is a look-up table for key overseas countries of residence, and three travel classes – economy, business and first.

Essentially, the right-hand column contains the vital information, and equals 25 per cent of the average return airfare from key destinations. For international event attendees for whom the main purpose of coming to New Zealand was the event itself, this column represents the amount to include as an event benefit for each event attendee who is resident in that specific country. For simplicity, an “all other countries” category is included for countries apart from those separately identified.

A simple illustration – assume international event visitors as follows:
- 50 from Australia, economy class
- 10 from Australia, business class
- 20 from the USA, economy class
- 5 from the USA, business class

Then, the direct airfare contribution to overall event impact is:

\[
= [(50 \times 150) + (10 \times 700) + (20 \times 550) + (5 \times 3,350)]
\]

\[= 42,250.\]

AIRFARE LOOK-UP TABLE (25% OF AVERAGE RETURN AIRFARE, BY COUNTRY, BY TRAVEL CLASS)

<table>
<thead>
<tr>
<th>Country</th>
<th>Economy class</th>
<th>Business class</th>
<th>First class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>$150</td>
<td>$700</td>
<td>$800</td>
</tr>
<tr>
<td>USA</td>
<td>$550</td>
<td>$3,350</td>
<td>$4,850</td>
</tr>
<tr>
<td>China</td>
<td>$600</td>
<td>$2,050</td>
<td>$2,550</td>
</tr>
<tr>
<td>United Kingdom and Ireland</td>
<td>$700</td>
<td>$2,800</td>
<td>$4,500</td>
</tr>
<tr>
<td>Japan</td>
<td>$600</td>
<td>$2,550</td>
<td>$3,150</td>
</tr>
<tr>
<td>Germany</td>
<td>$700</td>
<td>$3,100</td>
<td>$4,800</td>
</tr>
<tr>
<td>South Korea</td>
<td>$550</td>
<td>$2,650</td>
<td>$2,350</td>
</tr>
<tr>
<td>Canada</td>
<td>$750</td>
<td>$3,400</td>
<td>$4,250</td>
</tr>
<tr>
<td>Singapore</td>
<td>$450</td>
<td>$1,600</td>
<td>$2,800</td>
</tr>
<tr>
<td>France</td>
<td>$700</td>
<td>$3,200</td>
<td>$4,950</td>
</tr>
<tr>
<td>India</td>
<td>$550</td>
<td>$1,750</td>
<td>$2,850</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$550</td>
<td>$1,800</td>
<td>$4,300</td>
</tr>
<tr>
<td>South Africa</td>
<td>$750</td>
<td>$3,350</td>
<td>$5,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>$650</td>
<td>$3,100</td>
<td>$4,600</td>
</tr>
<tr>
<td>Fiji</td>
<td>$200</td>
<td>$550</td>
<td>$700</td>
</tr>
<tr>
<td>Samoa</td>
<td>$250</td>
<td>$650</td>
<td>$800</td>
</tr>
<tr>
<td>Other countries</td>
<td>$600</td>
<td>$2,300</td>
<td>$3,250</td>
</tr>
</tbody>
</table>

4.5 Suggested framework for regional economic analysis

A regional economic analysis emphasises regional, rather than whole of New Zealand, costs and benefits.

The following framework is consistent with the national framework outlined above.

To ensure that costs and benefits that apply only to the region are separated from those that apply to all of New Zealand, the economic analysis of the effect of an event on a region will require more information to be collected than for the effect on the whole nation. Specifically, regional analysis requires event attendees to be categorised into:
- international event visitors
- out-of-region domestic visitors
- and locals (who reside within the event region)

whereas the national economic evaluation does not require the last two divisions, for, as discussed in the main body of this document, only international visitors are of relevance to this approach.

Further methodological consequences of this for the regional analysis are:
- the inclusion of out-of-region domestic expenditure in the region if it is attributable to the event (at a national level, all domestic spending is excluded as it merely represents a transfer of domestic expenditure from one geographic part of the national economy to another); and
- the exclusion of international and domestic-non-local spend outside the event region.

The suggested framework for regional economic analysis is detailed on the following page.
### Regional Costs

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Regional operating expenditure</td>
<td>$</td>
</tr>
<tr>
<td>b</td>
<td>Redistribution of public funds cost</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>(20% of the total value of local and regional government investment)</td>
<td>$</td>
</tr>
<tr>
<td>c</td>
<td>Significant overseas expenditures (e.g. prize money, hosting rights fees)</td>
<td>$</td>
</tr>
<tr>
<td>x</td>
<td>Total costs (a+b+c)</td>
<td>$</td>
</tr>
</tbody>
</table>

### Regional benefits

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>Regional operating income</td>
<td>$</td>
</tr>
<tr>
<td>e</td>
<td>Regional consumer surplus</td>
<td>$</td>
</tr>
<tr>
<td>f</td>
<td>International visitor expenditure contribution to regional GDP</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>(50% of international visitor expenditure)</td>
<td>$</td>
</tr>
<tr>
<td>g</td>
<td>Out-of-region domestic visitor expenditure contribution to regional GDP</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>(75% of domestic visitor expenditure)</td>
<td>$</td>
</tr>
<tr>
<td>y</td>
<td>Total benefits (d+e+f+g)</td>
<td>$</td>
</tr>
</tbody>
</table>

### Regional performance measures

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>h</td>
<td>Net national benefit ((y-x))</td>
<td>$</td>
</tr>
<tr>
<td>i</td>
<td>Return on regional investment ((\text{RORI, }%) = 100 \times (\text{net regional benefit} / \text{total regional investment}))</td>
<td>%</td>
</tr>
<tr>
<td>j</td>
<td>Local authority investment ratio ((\text{ratio 1:j)} = \text{net regional benefit} / \text{local authority investment})</td>
<td>(h:x)</td>
</tr>
</tbody>
</table>

### Regional costs:

**k. Regional operating expenditure**

All operating expenditure, such as salaries, venue hire, production costs, marketing and communications and hosting fees that was spent in the region should be included. Value-in-kind (or “contra”) items should be excluded. Value-in-kind contributions will be captured in the budget summary as part of the overall post-event report, and should be captured as both income and costs.

**l. Redistribution of public funds cost**

MBIE’s framework calculates redistribution of public funds by multiplying the total value of all local and regional government investment in the event by 0.2.

Only income secured from local councils, regional councils, and regional tourism operators (RTO’s) should be included in this calculation.

An example calculation would be:

\[(\text{local/regional council funding + RTO funding}) \times 0.2\]

**m. Significant overseas expenditure flows**

Examination of previous events receiving MEDF investment, show some events have significant overseas flows of expenditure. In particular, prize money and hosting rights fees. If an event has significant amounts of money flowing off-shore as indicated in the event budget the items will be included here as well as included in regional operating expenditure.

### Regional benefits:

**n. Regional operating income**

All operating income, such as ticket sales, local/regional government funding, commercial sponsorship from regional operators and regional grants, and domestic media rights fees that accrued to the region should be included. E.g. ticket sales from regional residents only.

Value-in-kind (or “contra”) items should be excluded from the regional income. Value-in-kind contributions will be captured in the budget summary as part of the overall post-event report.

**o. Regional consumer surplus**

The regional consumer surplus calculation requires an estimation of the number of regional ticket buyers compared to ticket buyers from elsewhere in New Zealand or overseas. Similarly, an estimation of the number of regional event participants compared to participants who normally reside elsewhere in New Zealand or overseas.

Regional consumer surplus includes 20 per cent of the total dollar value of ticket sales to regional residents (i.e. spectators) as a benefit in the calculation, plus 20 per cent of the total dollar value of regional resident’s participant entry fees. MBIE acknowledges that this is only an approximation; however, analysis of historical event assessments confirms that this calculation will derive a reasonable estimate of regional consumer surplus benefit.

If some or all of the event does not have ticket sales, i.e. free attendance, then the regional consumer surplus benefit is to

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Framework for the post-event economic evaluation of the regional benefits of major events
be estimated as two per cent of total operating expenditure, multiplied by the actual percentage (expressed as a number between zero and 100) of total event visitors (including participants, officials, spectators, etc.) who live in the region, divided by 80.10

To illustrate, provided below is a hypothetical example for an event with free entry:

- Assume 60 per cent of visitors are regional residents.
- Assume regional operating expenditure = $2 million.
- Therefore, estimated regional consumer surplus = 0.02 x $2 million x (60/80) = $30,000.

p. International visitor expenditure

This calculation includes the estimated value of expenditure by international visitors in the region, whose main reason for visiting the region was the event.

The Tourism satellite account gives evidence that only 75% of international visitor spend accrues to New Zealand. MBIE’s meta-evaluation and other studies (i.e. 2011 Rugby World Cup) found that the majority of international visitor expenditure accrues to the region where the event was hosted. On this basis (and until further evidence is found), 50% of international visitor expenditure is estimated to accrue to the region. The remaining 25% of international visitor expenditure is distributed throughout New Zealand as international visitors travel elsewhere.

International visitor expenditure (along with domestic visitor expenditure), including ticket sales, is typically the largest quantifiable benefit arising from an event, so is a vital input to the estimation of overall regional economic benefits.

Section 4.3 contains expenditure questions in the event survey. Please note: the value of international airfare expenditure that accrues to New Zealand is counted as a national rather than regional benefit.

q. Out-of-region domestic visitor expenditure

This calculation includes the estimated value of expenditure by domestic visitors to the region, whose main reason for visiting the region was the event. Using the Tourism Satellite account as a base, MBIE estimates 75% of domestic visitor spend accrues to the region.

Regional performance measures:

r. Net regional benefit (y-x)

The evaluation includes a net regional benefit calculation. It is calculated by subtracting regional costs from regional benefits.

s. Return on regional investment

The framework includes a return on regional investment (RORI) calculation. Once final regional cost and benefits have been estimated, this is calculated, as follows: RORI (%) = 100 x (net regional economic benefit, h / total regional investment).

Total regional investment equals all local/regional government investment, and commercial sponsorships from regional operators and regional grants, but excludes sales of tickets, merchandising and other event revenue generating schemes.

An example calculation would be:

- total regional benefits = $1.5 million
- total regional costs = $750,000
- net regional benefits = ($1.5 million - $750,000) = $750,000
- total regional investment = $500,000
- RORI = 100 x ($750,000 / $500,000) = 150%

Because RORI is calculated on the basis of net regional economic benefit, it should be compared to a zero per cent RORI that would indicate break-even. It should also be considered as a joint RORI – the total benefits to the region resulting from total regional investment (local/regional government and others’).

t. Local Authority Investment Ratio

The evaluation includes a calculation for a return on the local authority’s investment in the event, expressed as Local authority investment ratio. Once final (total) cost and benefits have been estimated, this is calculated, as follows:

- Local authority investment ratio = net regional economic benefit, h / local authority investment.

This performance measure assumes the event would not have occurred without local authority investment. This may not always be the case. If an event was likely to occur regardless of local authority investment, the event organiser would indicate this at the post event stage and a proportional local authority investment ratio would be calculated.

4.6 Summary list of an events in-scope expenditure measures

List of In-scope Expenditure Measures:

The following is a list of in-scope expenditure measures required to be collected by the event through their event survey and sent to MBIE as part of its economic evaluation reporting. MBIE will use these measures along with the final event budget to calculate the net national economic benefit of the event.

- Total number of spectators, participants, volunteers and officials (including media, event officials and team management) at the event split by attendance group e.g. 150 spectators, 300 participants, 20 volunteers, 40 officials;
- Total number of internationals at the event split by attendance group (spectators/participants/volunteers/officials);

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10. The foundation for deducing by 80 is total analysis of previous events has confirmed that approximately two per cent of total operating expenditure aligns with consumer surplus when the share of domestic event visitors are New Zealand residents (domestic).

11. The reason ticket sales are counted as part of event organiser’s operating income, and also as a benefit that derives from visitor expenditure, is that from the event organiser’s perspective, the income, or economic benefit stream it represents, is typically offset by the same or similar level of organiser expenditure, which is counted as a cost. To illustrate, if $1 million spent by international visitors on tickets was excluded from the visitor expenditure benefit stream, and from a financial perspective the event broke even (i.e. total organiser expenditure equals total event income), it would be wrongly estimated to have delivered zero economic benefit to the New Zealand economy (ignoring for simplicity’s sake all other benefits and costs). However, because of the injection of an additional $1 million of international visitor expenditure, the New Zealand economy will be unambiguously better off as a result of the additional foreign exchange earned.
4.7 Post-event reporting guidelines

Compiling a post-event report and identifying the particulars for each of the main topic areas will facilitate your understanding of how your event can grow. The report will provide you with a business rationale on how the event can create opportunities, whether it is to attract more sponsorship or other financial partners, or to develop other areas of the event.

The purpose of the report is to:

- Review the overall success of the event in reaching its key objectives
- Determine key recommendations for future events
- Review the economic, social and cultural and international exposure benefits of the event
- Review the leverage benefits received by New Zealand Major Events or the lead agency

The following are some general basic headings for a post-event report and some questions to help you think about that area. Not all of the following areas may be appropriate to your event. Please feel free to add any additional information that would be relevant to your analysis of your event.

For further information relating to post-event reports or New Zealand Major Events please contact:

New Zealand Major Events
0508 696 333 (toll free)
Majorevents@med.govt.nz
Sample Headings and Questions:

**EXECUTIVE SUMMARY**
- Summary of the Post Event Report
- Highlight all the major points covered
- Key Recommendations

**REPORT CONTENT**

**Introduction and Background information on the Event**

**Introduction**
- Brief background history
  - How many times has the event been held?
  - Details of the national body and their involvement

**Information on the current event**
- General overview of the event
- Who ran the event- governance, event management, national body?
- When was it?
- Where was it?
- An assessment of the venue
- Assessment of the overall success of the event.
- Growth from previous years.

**Event Delivery Review**
- Extent of achievement of the projected tasks.

**Major Events Development Fund**
- Summary of expenditure of MEDF funding
- How did MEDF funding grow the event?
- Report to agreed measures identified in formal agreement.
  - Lead agency benefits
  - Branding exposure etc

**Organisational Structure and framework**

**Operational Overview**
- Overall operational success
- Timeline of activities
- Any areas that were addressed or need to be addressed in the future

**New Zealand MAJOR EVENT RESOURCES**

**Major Events Boarder Steering Group**
- Did the event use this resource?
- If yes, experience of using tool
  - Positive impact on event
  - Negative impact on event
  - How could the resource be improved

- Did the event use this resource?
- If yes, experience of using tool
  - What modules did you use
  - Positive impact on event
  - Negative impact on event
  - How could the resource be improved

**Volnet**
- Did the event use this resource?
- If yes, experience of using tool
  - Positive impact on event
  - Negative impact on event
  - How could the resource be improved

**ECONOMIC BENEFIT & OTHER PERFORMANCE MEASURES**

**Economic Benefit**
- The event’s in-scope expenditure
- Event’s national net economic benefit
- Event’s ROI
- Event’s MEDF Investment Ratio

**Sponsorship and Funding Review**
- Current sponsorship structure
- Sponsorship and funding positions for this and future events
- Sponsorship strategy for the project long-term
- Key sponsorship recommendations

**Financials**
- Budget vs actuals
- Ticket sales summary- prices, numbers
- Assess the financial outcomes of the events
- Effect for Financial planning for future events

**International Tourism**
- How many international tourists were there, where were they from etc?
- Accommodation analysis
- Outline any tour packages available and the uptake of these

**SOCIAL AND CULTURAL ASSESSMENT**
- Social and cultural benefit and cost analysis of the event, including how the expertise of New Zealanders involved has developed, opportunities for New Zealanders to experience the event, and how the community and region have been showcased nationally and internationally, as well as the wider costs involved in the event.

**Participation**
- Indications of participants and their support teams
- How many participants were there in total?
- What was the overall level and quality of the international and local participants?
- Where were they from- both international and New Zealand participants?
- How long did they stay?
- Do you know if any of them travelled following the event?

**Promotion of High Achievement**
- Were there any programmes that showcased local achievements?
- Did the event develop or promote high achievement for New Zealanders in the arts, cultural, heritage, sporting or leisure fields?
- Did the event provide the opportunity for excellence not available elsewhere onshore in this field of pursuit?

**Experience of a World Class Event**
- How did the event provide opportunities for New Zealanders to experience a world-class event?
What was the level of interest and support from NZ spectators/audiences?

Community and Regional Engagement
- How did the event enable communities to showcase their regions and achievements nationally and internationally?
- Level of participation of Territorial Authorities, tourism promotion and Economic Development Agencies in hosting the event?
- Scale of the programme of activities that facilitated participation in local experiences and showcased local achievements?
- Involvement of local volunteers to stage the event?

Social Benefit
- Did the event profile the contribution of culture and heritage to NZ as a unique & creative nation?
- Did the event celebrate cultural diversity in NZ - especially NZ Maori and Pacific peoples?
- How did the event build a sense of identity in the community – locally, regionally, and nationally?

Volunteer Benefits
- Number of volunteers involved in the event (new and existing figures if available)
- Total number of hours contributed by volunteers (before and during the event)
- Demographic profile of volunteers e.g. gender/age/ethnicity/place or region of residence
- Any unique volunteer positions or qualifications specific to the event e.g.: interpreter, language skills
- Breakdown of volunteer roles and positions e.g.: number of ambassadors
- How were volunteers rewarded or acknowledged?

Social & cultural costs
- Social and cultural costs refer to things that affect the national community as well as the communities where the event(s) are held.
- This includes costs such as noise, pollution and congestion, and negative effects on businesses e.g. shops or businesses choose not to open when event is on
- Other social or cultural costs could include closing down or postponing of other events in order to support the event in question.

INTERNATIONAL EXPOSURE ASSESSMENT
- Summarise the international exposure benefits to New Zealand

Media Analysis
- Media analysis of the coverage and value of all international and domestic media exposure of the event, including television, magazines, newspapers, in-flight video, and web-based magazines;
- What international media exposure was received?
- What were the numbers of International Media that attended the event (media type and country)?
- Outcomes of the International Media exposure
- Summary of international media coverage

Print- clippings etc
- Television- hours and countries
- Radio
- Internet

Other Media, Marketing and Promotion
- Promotional activities and outcomes
- Advertising
- Did the event attract local and/or national media coverage (not including event promotion)?
- Details of local media
- Summary of local media coverage

Business Leads
- Was there other interest/exposure generated by the event?
  - Person to person
  - Government to Government diplomatic or trade leads/exposure
  - Business to Business leads
- If the event generated international business leads, please indicate the type and number of leads in total
- What is the total estimated value of these business leads?

Employment Effects
- Employment remains an important benefit to be achieved through major events.
- To reflect this, a qualitative assessment of the event's employment benefits should be included as part of the report.

Displacement Effects
- A qualitative assessment of business, resident, and other stakeholder perspectives during and after the event, should be undertaken to provide insight to possible negative effects like cancelled or postponed accommodation purchases, traffic congestion, noise or other pollution, etc.

CONCLUSION
- Is the event likely to be held in future in New Zealand?
- Will there be a facility upgrade?
- Describe how this event provided opportunities for key New Zealand Government agencies to leverage the coverage to deliver positive outcomes
- Overall assessment of the success of the event
- Any other information that may be relevant
- Key Recommendations
Contact
E majorevents@med.govt.nz
T (04) 918 3100
A Ministry of Business, Innovation and Employment
New Zealand Major Events
PO Box 1473
Wellington 6011
New Zealand
www.majorevents.govt.nz