



Cabinet Economic Development Committee

EDC (04) 122

6 September 2004

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Title	Government Major Event Strategy
Purpose	The paper seeks approval for a draft Government Major Event Strategy.
Previous Consideration	<p>In April 2001 Cabinet approved funding to increase the economic leverage of successful major events in New Zealand through establishing and managing an interagency events coordinating group (IAEG) [CAB Min (01) 12/6(24)].</p> <p>In July 2001 Cabinet endorsed the continued operation of the IAEG and its terms of reference and noted that Industry New Zealand, which has now merged into New Zealand Trade and Enterprise (NZTE), which would provide secretariat support to IAEG [CAB Min (01) 23/3A].</p>
Summary	<p>The strategy attached under EDC (04) 122 gives an overview of a vision and objectives for government involvement and support for major events such as the Americas Cup.</p> <p>Four key potential constraints to the growth of the industry are identified: gaps where funding by different agencies is not well coordinated to recognise broader potential benefits to New Zealand as a whole, weakness in infrastructure, lack of finance/sponsorship, and weakness in coordination between government agencies and private sector event organisers.</p> <p>IAEG has now developed a government strategy for major events, which is attached as appendix 2 at pages 13-24. The strategy seeks to improve coordination among government agencies and private sector event organisers as the main area where IAEG can help the development of the major events sector, and proposes a draft action plan to improve coordination. The strategy will also provide the event sector with a clear understanding of the government's key objectives and the rationale to support investment decisions.</p>

Baseline Implications

Funding of \$1.850 million in 2004/05 and \$3.70 million in 2005/06 to 2007/08 for the GIF contingency was approved as part of Budget 2005 [CAB Min (04) 13/3(23)].

A fiscally neutral transfer of \$0.20 million in 2004/05 to 2007/08 will be made to move secretariat funding from NZTE to the Ministry of Economic Development.

Legislative Implications

None.

Timing Issues

None indicated.

Announcement

The strategy will be posted on the Ministry of Tourism website. It will also be circulated to relevant industry groups, events organisers and other stakeholders.

Consultation

The Ministers of Finance, Tourism, Sport, Trade Negotiations, and Associate Ministers of Economic Development and Industry and Regional Development were consulted.

Tourism, MORST, Culture and Heritage, Internal Affairs, TPK, MFAT, DPMC and Treasury were consulted.

The Minister of Economic Development indicates that consultation is not required with the government caucuses or other parties represented in Parliament.

The Minister for Industry and Regional Development recommends that the Committee:

Background

- 1 note that government has a role in supporting some major events, to ensure the maximum benefits are captured for New Zealand;

Government Major Event Strategy

- 2 approve the strategy outlined in the Government Major Event Strategy paper attached as appendix 2 to the submission under EDC (04) 122;
- 3 endorse the continued operation of the Inter-Agency Events Group (IAEG) under the amended terms of reference noted in Appendix 1 to the submission under EDC (04) 122;
- 4 agree to expand the membership of the IAEG to include the Ministry of Foreign Affairs and Trade;

- 5 agree that the Inter-Agency Events Group will collectively decide on the allocation of funds from the Major Events Development Fund, in accordance with the following criteria set out in the Government Major Event Strategy;

Economic criteria

- 5.1 generation of economic impact/valued-added to regional and national economies;
- 5.2 creation of employment;
- 5.3 contribution to tourism outcomes;

Social and cultural criteria

- 5.4 development and promotion of high achievement for New Zealanders in arts, cultural, heritage, sporting and leisure fields;
- 5.5 provision of opportunities for New Zealanders to experience world class events;
- 5.6 ability of communities to showcase their regions and achievements nationally and internationally;

International exposure criteria

- 5.7 enhancement of international media exposure;

Institutional arrangements

- 6 agree that the IAEG will report to the Minister for Economic Development, Minister of Research, Science and Technology, Minister of Tourism and Minister for Sport and Recreation every 6 months on its activities;
- 7 agree that, when the government is considering investing in a major event, the IAEG be invited to comment on the proposal;
- 8 agree that the Ministry for Economic Development through the Ministry of Tourism act as the secretariat for the IAEG;
- 9 agree that the IAEG will, through its secretariat and members, proactively work with sectoral bodies, event industry agencies and promoters, to identify major event opportunities;
- 10 agree that the role of the secretariat be expanded to include corresponding with organisations seeking funding from the Major Events Development Fund and lead agencies supporting them, receiving bids for funding, filtering out bids that fail to meet the criteria for funding, forwarding the remaining bids to the IAEG for its decision and advising applicants of the results;

Financial implications

- 11 approve the establishment of "Major Events Development Fund" as a new Other Expense to be Incurred by the Crown in Vote Economic, Industry and Regional Development;

- 12 note that for 2004/05, \$0.150 million has already been approved for the operation of the secretariat by Cabinet [CAB Min (04) 24/4];
- 13 note that this initiative was agreed to as a contingency item under the GIF Budget Contingency allocation [CAB Min (04) 13/3 (23)] and will accordingly be met from within the GIF Budget contingency;
- 14 approve the following changes to appropriations to fund the Government Major Event Strategy, with a corresponding impact on the operating balance:

Vote Economic, Industry and Regional Development	\$m – Increase/(Decrease)					GST
	2004/05	2005/06	2006/07	2007/08	2008/09 & Outyears	
Department Output Class: Policy Advice-Economic, Industry and Regional Development (funded by revenue Crown)	0.200	0.300	0.300	0.300	–	Incl.
Non-Departmental Output Class: Enabling Services – Promotion of NZ Business (funded by revenue Crown)	(0.200)	(0.200)	(0.200)	(0.200)	–	Incl.
Non-Departmental Other Expense: Major Events Development Fund	1.500	3.400	3.400	3.400	–	N/A
Total	1.500	3.500	3.500	3.500	–	

- 15 agree that the changes to appropriations for 2004/05 above be included in the 2004/05 Supplementary Estimates and that, in the interim, these changes be met from Imprest Supply;
- 16 agree that the operation of the Major Events Development Fund will be evaluated in December 2005;

Consultation

- 17 note that the Minister of Economic Development indicates that consultation is not required with the government caucuses or other parties represented in Parliament.

Nick Vincent
for Secretary of the Cabinet

Copies to: (See over)

Copies to:

Cabinet Economic Development Committee
Chief Executive, DPMC
Lesley Haines, DPMC
Chief Executive, Ministry for Culture and Heritage
Secretary to the Treasury
✓ Chief Executive, Ministry of Economic Development
Secretary of Foreign Affairs and Trade (Trade Negotiations)
Chief Executive, New Zealand Trade and Enterprise
Chief Executive of Sport and Recreation New Zealand
Chief Executive, Ministry for Culture and Heritage (Sport)
Chief Executive, Ministry of Research, Science and Technology
Chair, Foundation for Research, Science and Technology
Chief Executive, Te Puni Kokiri
Minister of Internal Affairs
Secretary for Internal Affairs
General Manager, Ministry of Tourism

**OFFICE OF THE MINISTER
FOR INDUSTRY AND REGIONAL DEVELOPMENT**

**The Chair
CABINET ECONOMIC DEVELOPMENT COMMITTEE
NATIONAL MAJOR EVENTS STRATEGY**

PROPOSAL

- 1 This paper proposes that:
 - Cabinet approve the attached draft National Major Events Strategy;
 - funds be appropriated for implementation of the National Major Events Strategy;
 - the Inter-Agency Events Group be reconstituted and serviced by the Ministry of Economic Development through the Ministry of Tourism as its secretariat; and
 - the Inter-Agency Events Group be authorised to administer the funding in accordance with the criteria in the National Major Events Strategy.

EXECUTIVE SUMMARY

- 2 Major events can generate significant economic benefits for New Zealand. There are spillover benefits, which will sometimes not be captured without government involvement. Because of the large number of agencies involved in major events, coordination of whole of government support is required. The Inter-Agency Events Group ("IAEG") has developed a national strategy to support major events that generate significant benefits for New Zealand as a whole. The strategy proposes to attract, retain and grow events through supporting events against agreed criteria. This will allow government support to be allocated among different major events on a consistent basis, to maximise the overall benefit to New Zealand.
- 3 IAEG will also restructure its operations and transfer its secretariat function to the Ministry of Economic Development ("MED") through the Ministry of Tourism.

BACKGROUND

- 4 Major events can generate significant economic benefits and development for New Zealand. For example, it is estimated that the two previous America's Cup events generated over \$1 billion of economic activity. They can also bring employment, improve local skills by exposing local people and businesses to international best practice and drive regional and events industry development. They can generate significant cultural and social returns. International events can give New Zealand a higher international profile, and thus the potential to showcase products, develop connections and leverage other business, cultural, sporting and tourism opportunities. Those benefits often spill over to the wider community, rather than just the organisers of major events.

Most major events will be organised by the private sector without the need for government involvement. Government involvement is important only:

- if the staging of the major event advances the government's objectives and leads to net national benefit, rather than transferring benefits between regions and/or displacing or crowding out existing economic activity; and
 - where the private sector fails to provide services that would otherwise serve the public good.
- 6 Where significant major/mega events such as the America's Cup or Lord of the Rings have occurred in the past, they have received government support on a case by case basis. Because of the large number of agencies involved in major events, greater coordination of whole of government support is needed, in order to overcome under-investment, duplication of effort, and single industry perspective issues and to ensure support is directed at those areas where it will best further government's objectives. This will enable funds to be allocated among different major events on a consistent basis, to maximise the overall benefit to New Zealand.
- 7 In 2001 an Inter-Agency Events Group ("IAEG") was established to improve the coordination of government involvement in events through maintaining an overview of event proposals and through sharing of information and joint consideration of event proposals. Its terms of reference are attached as Appendix 1. Also noted in Appendix 1 are proposed amendments to the terms of reference, to update the procedures and membership of the Group. Its current members are New Zealand Trade and Enterprise ("NZTE"), Tourism New Zealand, Creative New Zealand, Sport and Recreation New Zealand, Te Puni Kokiri, the Ministry of Tourism, the Ministry for Culture and Heritage, the Foundation for Research, Science and Technology and MED.
- 8 In July 2001 [CAB Min (01) 23/3A refers] Cabinet endorsed the continued operation of IAEG and its terms of reference and noted that Industry New Zealand, which has now been merged into NZTE, would provide secretariat support to IAEG.
- 9 In July 2003 a review of IAEG found it was operating successfully. There were, however, concerns about duplication of service delivery by agencies and only limited success in establishing a more pro-active and co-ordinated approach by government agencies. Because IAEG had no separate funding or resources that could be used to develop bids for events or to fund events as a group, nor joint criteria for assessing event proposals, the ability of IAEG to make group decisions and funding recommendations was limited. With no provision for joint consideration against agreed criteria, or for pooling of funding, it was difficult for a co-ordinated approach to be carried through fully from discussion to implementation.
- 10 Hon Jim Anderton, Minister for Economic Development, Hon Pete Hodgson, Minister of Research, Science and Technology, Hon Mark Burton, Minister of Tourism and Hon Trevor Mallard, Minister for Sport and Recreation ("the Events Ministers") agreed with IAEG that a more strategic approach was desirable, to ensure support would be directed at events that contribute to the overall economic development and international profile of New Zealand. In September



2003, the Events Ministers directed IAEG to develop a national strategy for major events.

- 11 IAEG has now developed a national strategy for major events, which is attached as Appendix 2 to this paper.
- 12 New institutional arrangements are proposed to enable the Group to work more efficiently and productively. The proposals are outlined below.

COMMENT

The new draft strategy

- 13 The strategy gives an overview of a vision and objectives for government involvement and support for major events. Four key potential constraints to the growth of the industry are identified:
 - gaps where funding by different agencies is not well coordinated to recognise broader potential benefits to New Zealand as a whole;
 - weaknesses in infrastructure;
 - lack of finance/sponsorship and
 - weaknesses in co-ordination between government agencies and private sector event organisers.
- 14 The strategy seeks to improve co-ordination among government agencies and private sector event organisers as the main area where IAEG can help the development of the major events sector, and proposes a draft action plan to improve coordination. The strategy will also provide the event sector with a clear understanding of the government's key objectives and the rationale to support investment decisions.
- 15 The strategy sets out ten core priority areas to address, to enable government to better engage and influence the industry:
 - Enhanced co-ordination of events organiser activities;
 - More sophisticated process for seeking and winning major events;
 - Reduction in duplication of effort by event organisers and government agencies;
 - Reduction in competition among New Zealand destinations to host the same event;
 - Better use of available infrastructure, including natural assets;
 - Focus on attraction of high quality, high yield events;
 - Building events in low and shoulder seasons;
 - Pooling of resources to gain efficiency;
 - Improved standards; and
 - Improved research.
- 16 The strategy establishes criteria to allocate funds in the way which brings the most benefit to New Zealand. The criteria are divided into three key areas namely economic, social and cultural and international exposure.
- 17 Economic criteria include a consideration of the extent to which an event generates net economic impact/value-added to regional and national economies,

showcases and profiles sectors, creates employment or contributes to tourism outputs. Social and cultural criteria include a consideration of the extent to which an event develops and promotes high achievement for New Zealanders in arts, cultural, heritage, sporting and leisure fields, provides opportunities for New Zealanders to experience world class events and enables communities to showcase their regions and achievements nationally and internationally.

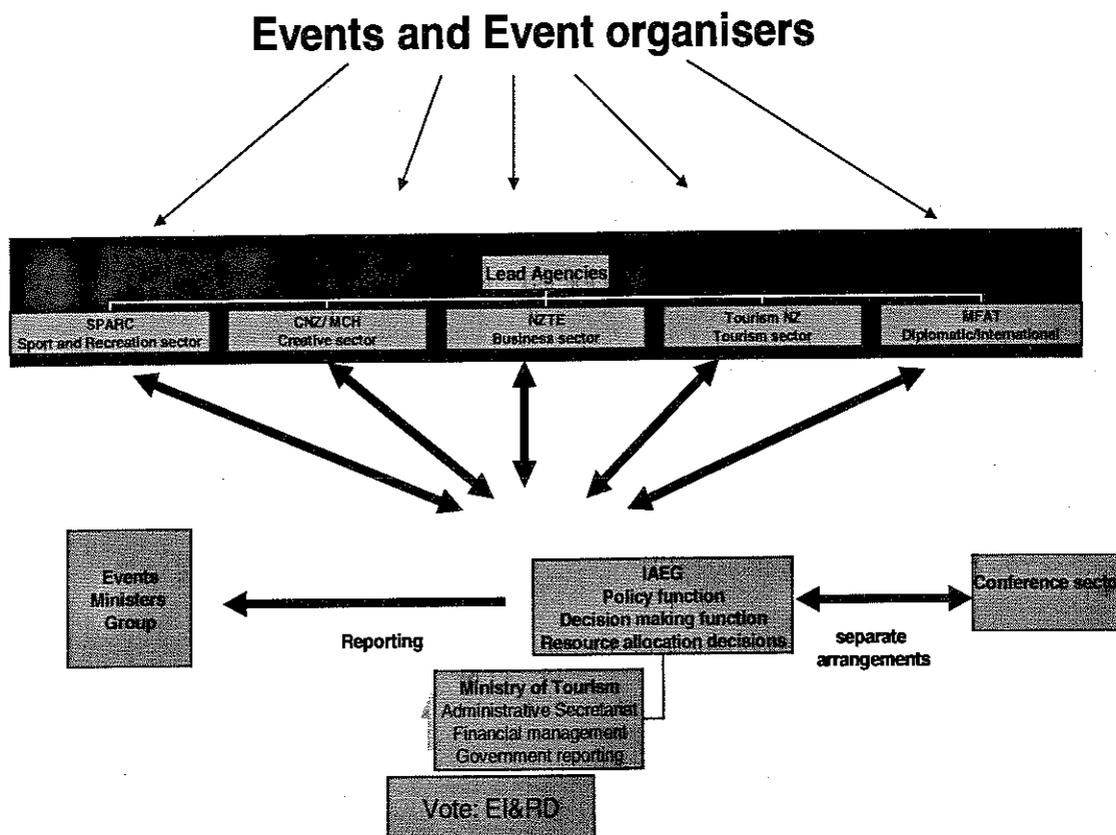
- 18 Appropriate weighting and evaluation techniques will be developed to implement the criteria.
- 19 Funds will be allocated in the way contributing most to New Zealand's development. This will include allocations by way of:
 - The provision of seed funding, where appropriate, to enable event organisers to secure sponsorship and private sector investment; and
 - Investment in activities associated with events and designed to leverage off those events to achieve specific outcomes.
- 20 This strategy is consistent with the "Brand NZ" strategy, which aims to promote a national "brand" of New Zealand as a place where innovative, creative and technologically advanced ideas are pursued. The "Brand NZ" strategy seeks consistent delivery of its message through co-ordination, facilitation and leverage of other communication activities. Events that align with these goals and enable Brand New Zealand to leverage off event activities to further the common aims of both strategies, are expected to receive greater support.
- 21 Relatively modest funds will initially be allocated to support the National Major Events Strategy. There could in future be unanticipated major events which would significantly benefit New Zealand but which those funds are insufficient to support. Funding for those events would still need to be sought from Cabinet. IAEG could fill a useful role by commenting on any such applications, weighing them against the criteria and indicating how they compare with other applications for government funding. In the longer term IAEG may be able to take on a wider role. There is scope to use it as a channel for a wider range of major events seeking government support.

Risks arising from the new strategy

- 22 There is a potential risk that the strategy will stimulate, rather than control, demands for more government support for major events. It could lead to inappropriate or excessive claims being made on the funds, for example to fund major infrastructure developments. This risk will be addressed by using the criteria and the application process to manage any increased demand.
- 23 There is a potential risk that IAEG could become involved in conflicts between different regions, for example, if two regions each apply for funds to support competing bids for the same event. In that situation, IAEG would manage the conflict by only supporting the bid that is endorsed by the relevant national association, for example a sporting or industry association. If no such body exists, IAEG will weigh the bids against all other contending bids and support the bid which, assessed against the criteria, has the greatest potential to further the government's objectives.

Structure/Institutional arrangements

24 The diagram below demonstrates the new structure proposed.



25 IAEG will operate as a collective decision making group with full administrative support provided by the IAEG Secretariat.

26 IAEG will assess bids and allocate funding through a series of funding rounds, weighing competing bids in the light of the overall strategy. The move to funding cycles will allow a cross section of proposals to be considered at one time by IAEG, bringing expertise in the areas of economic development, sector development, tourism, international marketing and event management. This will help IAEG to make consistent decisions, weighing the different bids against the criteria listed in the strategy, rather than making ad hoc decisions. Funding approval can be conditional on certain conditions being met (for example, that particular benefits are demonstrated or that other funding is secured to a particular level). The Events Ministers will be advised of the outcome of all funding decisions. IAEG will report every 6 months on its activities.

27 The funding process steps are expected to include:

- The event organiser will approach IAEG;
- IAEG will make an initial assessment of whether the event is a potential candidate for support;
- If it is, IAEG will appoint a lead agency (agency may be approached directly);
- Lead agency will co-ordinate the evaluation of the application against the agreed criteria in conjunction with the IAEG secretariat;
- Lead agency will prepare a leverage plan in consultation with other agencies;
- Lead agency will propose the event to IAEG;
- IAEG will decide whether to support the event;
- If the application is approved, lead agency will monitor the event organiser's delivery of the event against the organiser's contract with IAEG;
- MED will transfer requested funds as required under the contract; and
- Lead agency will follow-up with IAEG with a post-event report to IAEG.

28 The lead agency, rather than IAEG, will be responsible for supporting the individual event, liaising with organisers, administering any contracts with them and reporting back to IAEG.

29 IAEG may contract separately with the conference sector for conventions development programmes, to expand the events and conferences sector. Industry operators and bodies have valuable information and skills, which could be used to further the government's aims and build the sector.

30 The secretariat will have an expanded role under the new proposals. It will be responsible for servicing all application enquiries and distribution of appropriate information as required. All necessary information about the application processes will be communicated to government agencies for circulation to stakeholders and known event organisers. The Ministry of Tourism will undertake the secretariat function, for which it has the expertise and connections.

31 It is proposed to add the Ministry of Foreign Affairs and Trade as a member of IAEG, to take advantage of its extensive overseas network.

32 In its next year of operation, 2004/05, IAEG will be focussing on establishing and publicising the new arrangements, possibly conducting initial research and scoping work, and assessing any initial round of bids for funding. It will create and refine the process for applicants to seek funding and for evaluating their bids, so the bids can be weighed against the criteria clearly and consistently.

Funding arrangements

33 The total cost of IAEG, including secretariat operational costs and funding for major events, is budgeted at \$1.850 million in 2004/05 and \$3.700 million in 2005/06 to 2007/08. This funding is to be met principally from the GIF contingency set aside in the 2004 Budget. A small proportion will be contributed by a fiscally neutral transfer from within Vote Economic, Industry and Regional Development and a one-off transfer of underspend from 2003/04 to 2004/05 within the Vote.

9

4 On 23 April 2001 [CAB Min (01) 12/6(24) refers] Cabinet approved appropriations of \$0.495 million in 2001/02 and \$0.563 million in outyears to fund a proposal for increasing the economic leverage of successful major events in New Zealand through establishing and managing an interagency events coordinating group aimed at ensuring the value of the government's event promotion spend is maximised, and directed officials to report back for approval of the strategy and nature of activities to be charged against that appropriation. That funding is paid to the Major Events Unit within NZTE. In July 2001 [CAB Min (01) 23/3A refers] Cabinet noted that the major events unit would have three roles:

- To provide secretariat support to IAEG;
- To aim to facilitate events attraction by researching and identifying new and existing event opportunities in line with economic development objectives; and
- To administer a fund of \$1.125 million to provide funding support to major events to leverage associated economic development opportunities.

35 The secretariat functions for the IAEG will be transferred from NZTE. With this loss of function for NZTE, I propose transferring \$0.200 million in 2004/05 to 2007/08 from NZTE to MED. The proposed budget of the relocated IAEG Secretariat is \$0.350 million in 2004/05 and \$0.300 million in 2005/06 to 2007/08.

36 I propose that funding for the "Major Events" within the National Major Events Strategy is provided for within Vote Economic, Industry and Regional Development by the establishment of a new Other Expenses to be Incurred by the Crown: "Major Events Development Fund" of \$1.500 million in 2003/04 and \$3.400 million in 2005/06 to 2007/08.

37 The funding to be allocated through this process for major events will be additional to, and not a substitute for, any funds already distributed by individual government departments or other organisations to support events that further their particular aims. The work of this programme is intended to complement and not to replace the contributions from the private sector, regional bodies and individual government departments or organisations. A body such as Sport and Recreation New Zealand, for example, will continue to support particular events which further its own particular goals. This programme, by contrast, has the role of taking a wider overview and supporting events that benefit New Zealand as a whole. There will be close consultation between IAEG and the other organisations that also distribute government funds to support events, in order to ensure broad compatibility and consistency.

38 There is usually a significant time between initial planning to bid for or hold a major event and the subsequent need for funding, so it is not anticipated that IAEG will allocate large sums of money in 2004/05. IAEG will have to carry out significant work in establishing and maintaining the policies and procedures to be followed. Hence, secretariat operational costs will be slightly greater in the first year of operation than in later years, while events funding will be slightly lower than in later years.

2

Evaluation

- 39 There will be a full evaluation of the Major Events Unit within NZTE in December 2005, as part of a comprehensive evaluation including the Brand NZ strategy and the Promoting a Business and Enterprise Culture initiative. I propose that the operation of the new Major Events Development Fund and IAEG should be evaluated at the same time.

CONSULTATION

- 40 The Ministry of Tourism, Ministry of Research Science and Technology, Ministry for Culture and Heritage, Department of Internal Affairs, Te Puni Kokiri, Ministry of Foreign Affairs and Trade, Department of the Prime Minister and Cabinet and Treasury were consulted and concur with the recommendations in this paper. Tourism New Zealand, Creative New Zealand, Sport and Recreation New Zealand, New Zealand Trade and Enterprise and the Foundation for Research, Science and Technology were also consulted and concur.
- 41 Industry consultation sessions were held in Auckland, Wellington and Christchurch and were well attended. Representatives from regional tourism organisations, local government, event organisers and national sports bodies provided very positive feedback. Overall, there was a positive feeling that the proposed strategy is realistic and provides opportunities to grow the sector.
- 42 Separately, a meeting was held with the Board and new chairman of Conferences and Incentives New Zealand (CINZ) to seek their specific feedback towards the proposed government support. CINZ advised that they consider they have robust networks and strategic partnerships in place, however their limited budget limits their ability to deliver. CINZ has delivered a proposal outlining their preferred mechanism and rationale if government support was made available to them; IAEG will consider this possibility.

FINANCIAL IMPLICATIONS

- 43 The changes proposed in this paper have a corresponding impact on the Government's operating balance. This initiative was agreed to as a contingency item under the GIF Budget Contingency allocation [CAB Min (04) 13/3(23) refers] and will accordingly be met from within the GIF Budget contingency.
- 44 A fiscally neutral transfer of \$0.200 million from Non-Departmental Output Class: Enabling Services – Promotion of New Zealand Business to Departmental Output Class: Policy Advice – Economic, Industry and Regional Development to fund the secretariat is also proposed.

TREASURY COMMENT

- 45 Funding for this proposal is being met from the GIF contingency. Remaining funding in the contingency is sufficient to meet all other known fiscal risks to be considered before Budget 2005.

HUMAN RIGHTS IMPLICATIONS

- 46 The proposals contained in this paper are consistent with the New Zealand Bill of Rights Act and the Human Rights Act 1993.

LEGISLATIVE IMPLICATIONS

47 This paper has no legislative implications.

REGULATORY IMPACT AND COMPLIANCE COST STATEMENT

48 No regulatory impact and compliance cost statement is required.

PUBLICITY

49 The Minister for Economic Development has already announced that, as part of the GIF Budget Package, the Major Events Development Fund will provide up to \$1.500 million in 2004/05 and \$3.500 million in 2005/06 to 2007/08, for a total of \$12 million over four years.

50 The strategy will be posted on the website of the Ministry of Tourism. It will also be circulated to relevant industry groups, events organisers and other stakeholders.

RECOMMENDATIONS

51 It is recommended that the Committee:

- 1 **note** that government has a role in supporting some major events, to ensure the maximum benefits are captured for New Zealand;
- 2 **approve** the strategy outlined in the National Major Events Strategy paper;
- 3 **endorse** the continued operation of the Inter-Agency Events Group under the amended terms of reference noted in Appendix 1;
- 4 **agree** to expand the membership of the Inter-Agency Events Group to include the Ministry of Foreign Affairs and Trade;
- 5 **agree** that the Inter-Agency Events Group will collectively decide on the allocation of funds from the Major Events Development Fund, in accordance with the criteria set out in the National Major Events Strategy:

Economic criteria

- 5.1 generation of economic impact/value-added to regional and national economies;
- 5.2 creation of employment;
- 5.3 contribution to tourism outcomes;

Social and cultural criteria

- 5.4 development and promotion of high achievement for New Zealanders in arts, cultural, heritage, sporting and leisure fields;
- 5.5 provision of opportunities for New Zealanders to experience world class events;

- 5.6 ability of communities to showcase their regions and achievements nationally and internationally;

International exposure criteria

- 5.7 enhancement of international media exposure;
- 6 **agree** that the Inter-Agency Events Group will report to the Minister for Economic Development, Minister of Research, Science and Technology, Minister of Tourism and Minister for Sport and Recreation every 6 months on its activities;
- 7 **agree** that, when the government is considering investing in a major event, the Inter-Agency Events Group be invited to comment on the proposal;
- 8 **agree** that the Ministry of Economic Development through the Ministry of Tourism act as the secretariat for the Inter-Agency Events Group;
- 9 **agree** that the Inter-Agency Events Group will, through its secretariat and members, proactively work with sectoral bodies, event industry agencies and promoters, to identify major event opportunities;
- 10 **agree** that the role of the secretariat be expanded to include corresponding with organisations seeking funding from the Major Events Development Fund and lead agencies supporting them, receiving bids for funding, filtering out bids that fail to meet the criteria for funding, forwarding the remaining bids to the Inter-Agency Events Group for its decision and advising applicants of the results;
- 11 **approve** the establishment of "Major Events Development Fund" as a new Other Expense to be Incurred by the Crown in Vote Economic, Industry and Regional Development;
- 12 **note** that for 2004/05, \$0.150 million has already been approved for the operation of the secretariat by Cabinet [CAB Min (04) 24/4 refers];
- 13 **note** that this initiative was agreed to as a contingency item under the GIF Budget Contingency allocation [CAB Min (04) 13/3(23) refers] and will accordingly be met from within the GIF Budget contingency;
- 14 **approve** the following changes to appropriations to fund the National Major Events Strategy, with a corresponding impact on the operating balance:

<i>Vote Economic, Industry and Regional Development</i>	\$m – increase/(decrease)					
	2004/05	2005/06	2006/07	2007/08	2008/09 and outyears	GST
Departmental Output Class: Policy Advice–Economic, Industry and Regional Development (funded by revenue Crown)	0.200	0.300	0.300	0.300	-	Incl.
Non-Departmental Output Class: Enabling Services – Promotion of NZ Business (funded by revenue Crown)	(0.200)	(0.200)	(0.200)	(0.200)	-	Incl.
Non-Departmental Other Expense: Major Events Development Fund	1.500	3.400	3.400	3.400	-	N/A

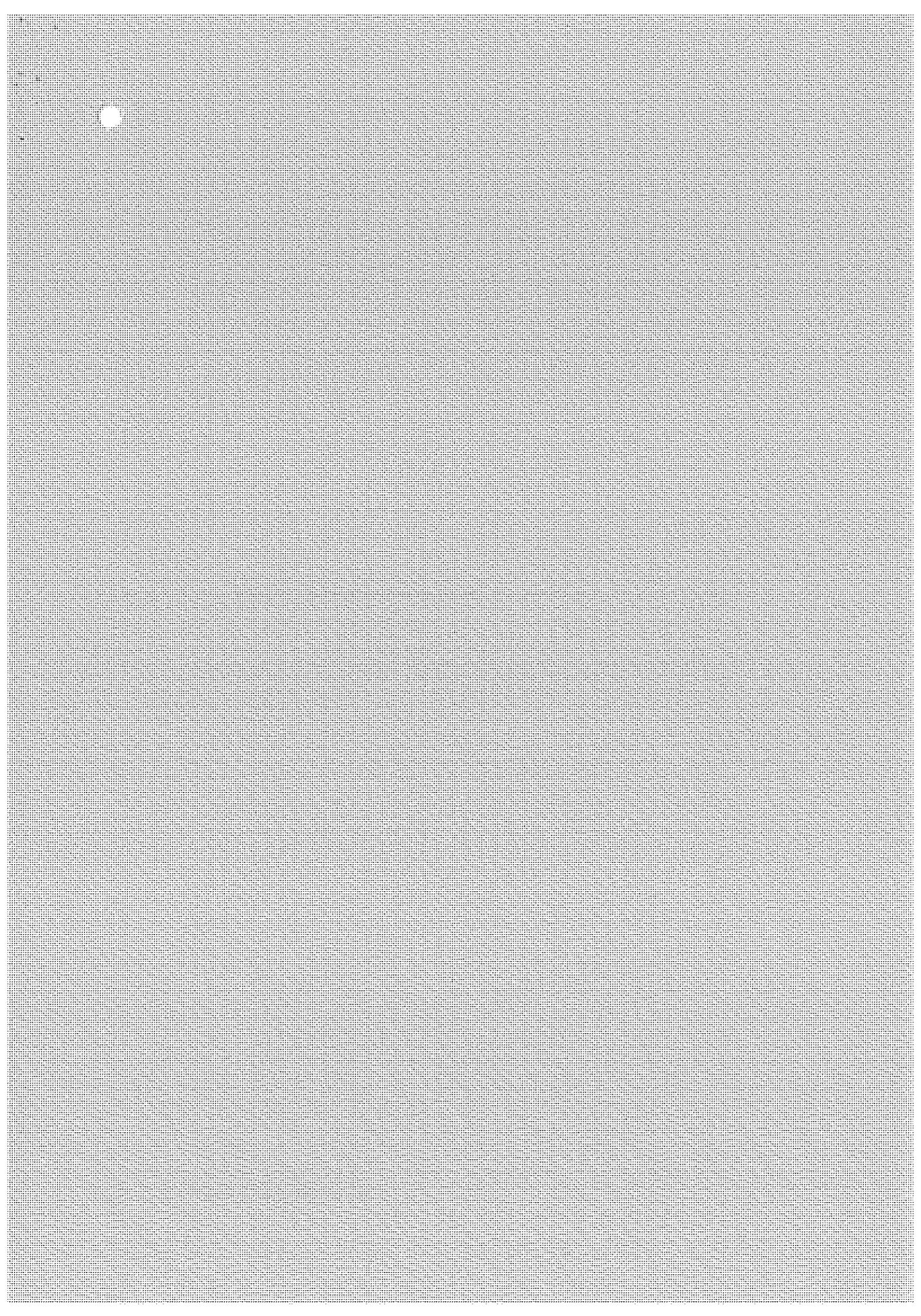
Total	1.500	3.500	3.500	3.500	-
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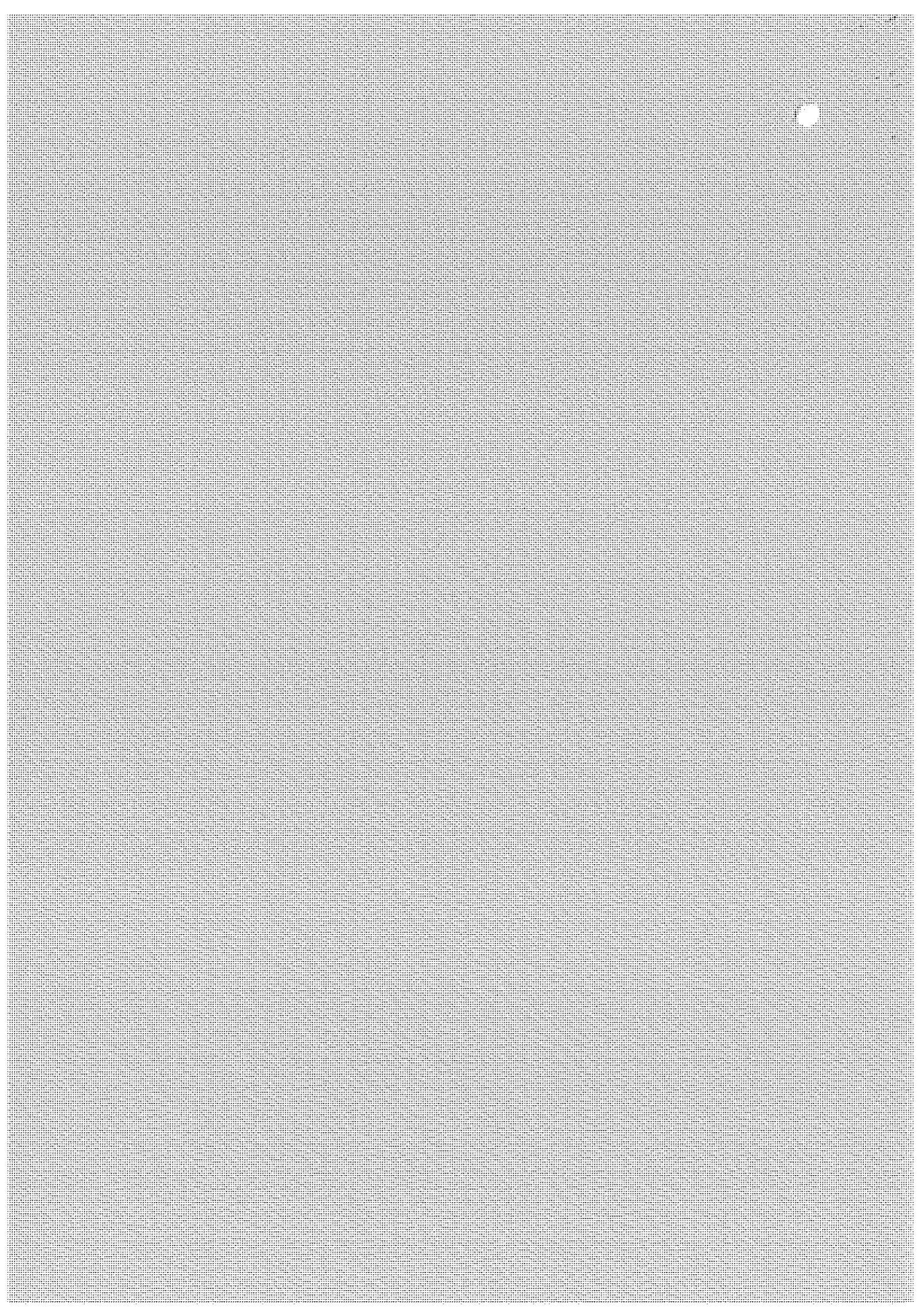
15 **agree** that the changes to appropriations for 2004/05 above be included in the 2004/05 Supplementary Estimates and that, in the interim, these changes be met from Imprest Supply;

16 **agree** that the operation of the Major Events Development Fund will be evaluated in December 2005.



HON JIM ANDERTON
MINISTER FOR INDUSTRY AND REGIONAL DEVELOPMENT





APPENDIX 1: INTER-AGENCY EVENTS GROUP EXISTING TERMS OF REFERENCE

Membership

An Inter-Agency Events Group ("IAEG") was established in 2001 with membership from Tourism New Zealand, Trade New Zealand, the Office of Tourism and Sport, the Hillary Commission, Industry NZ, Te Puni Kokiri, Creative New Zealand, the Ministry for Culture and Heritage, and MED. The group has a revolving chair shared by interested member ministries, is currently chaired by the Ministry of Tourism and meets monthly. From time to time, the group will invite private sector groups to speak at group meeting.

Purpose

The purpose of the Inter-Agency Events Group is to improve the coordination of government involvement in events through sharing information and jointly considering event proposals. The following are its terms of reference:

Function

Every member agency:

- (a) will supply information about all its major event engagement to the group; and
- (b) may direct major event approaches to the group for joint consideration;

The inter-agency group:

- (a) makes its decisions by majority decision;
- (b) cannot direct any one agency to fund or support an event, if the agency has decided that the event does not fit its support criteria;
- (c) may jointly organise events (including providing joint funding, if decided by the group);
- (d) provides a forum to which Ministers, whose officials are represented on the group, can send proposals for consideration and recommendation; and
- (e) may prepare proposal and funding recommendations for consideration by Cabinet (for some major events).

Proposed amended paragraph 1 of terms of reference:

Membership

An Inter-Agency Events Group has been established with membership from Tourism New Zealand, New Zealand Trade and Enterprise, the Ministry of Tourism, Sport and Recreation New Zealand, Te Puni Kokiri, Creative New Zealand, the Ministry for Culture and Heritage, the Foundation for Research, Science and Technology, the Ministry of Foreign Affairs and Trade and the Ministry of Economic Development.

From time to time, the group may invite private sector groups to speak at group meetings (e.g. Conventions & Incentives New Zealand).

The IAEG Chair and Secretariat will be provided by the Ministry of Tourism.

APPENDIX 2:

Draft Government Major Event Strategy Paper

- 1 New Zealand has a unique international brand; our dramatic landscape, our culture, our history and our people give us an unrivalled profile on the world stage. Recent hosting of major events such as the America's Cup, Rally of New Zealand, The Lord of the Rings: The Return of the King film premiere and APEC 1999 were significant sporting, cultural, social, media and economic events for New Zealand.
- 2 Government occupies a pivotal position in New Zealand's major event sector with several government agencies directly involved in the delivery and funding of events in New Zealand. With better intelligence, improved co-ordination and a strategic portfolio of major events to underpin the image we project of New Zealand to the world, the full benefits from hosting major events can be realised.
- 3 The purpose of this strategy is, among other things, to:
 - Support government's ongoing involvement in facilitating events;
 - Provide direction for a more co-ordinated and cohesive approach to that facilitation by government agencies; and
 - Ensure that government sees an appropriate return on investment from the funding assistance it provides.
- 4 This strategy addresses issues facing New Zealand's major event industry in an effort to ensure that the country remains competitive on the world stage in three key areas;
 - Retention of sustainable events that already occur;
 - Growth of new and existing events; and
 - Attraction of new major events to New Zealand.

Vision

To maximise the return to New Zealand of government involvement in major events and to position New Zealand as a highly competitive and desirable destination for hosting major events.

- 5 The aim of this strategy is to retain, grow and attract major events which deliver outcomes in line with government's objectives for promoting sustainable economic development, Brand New Zealand profiling and social and cultural development.
- 6 Careful targeting of government investment and involvement in events can:
 - deliver benefits to local, regional and national communities as well as industries;
 - act as a catalyst for social, economic, tourism, sporting and cultural development;
 - provide major leveraging opportunities for government and its agencies;

- create added value through investing in major events that result in a net national and economic benefit rather than transferring benefits between regions and/or displacing or crowding out existing activity.

Objectives

7 This strategy addresses issues facing New Zealand's major event industry in an effort to ensure that the country remains competitive on the world stage, in retaining, growing and attracting major events. Increasing global appreciation for New Zealand as a desirable and exciting travel destination combined with our reputation as a sporting, cultural and innovative nation should allow New Zealand to seize opportunities to create major event experiences across a broad spectrum of event sectors; tourism, business, sport etc.

8 There are three principal tenets that are the foundation for this major events strategy;

- Retention
- Growth
- Attraction

9 The strategy will drive the future direction of the industry in New Zealand through more focussed engagement with industry stakeholders. The IAEG has identified the following ten core areas to enable government to better engage and influence the industry;

- I. Enhanced co-ordination of event organiser activities;
- II. More sophisticated process for seeking and winning major events;
- III. Reduction in duplication of effort by event organisers and government agencies;
- IV. Reduction in competition among New Zealand destinations to host the same event;
- V. Better use of available infrastructure, including natural assets;
- VI. Focus on attraction of high quality, high yield events;
- VII. Building events in low and shoulder seasons;
- VIII. Pooling of resources to gain efficiency;
- IX. Improve standards
- X. Increasing the depth and understanding, via research, of the events industry, including details on size, capacity and performance.

What is a "Major Event"?

For the purposes of this strategy, the definition of a Major Event is an event of national, cultural, social and economic significance that has benefit for New Zealand.

- 10 Events deliver benefits to local and regional communities by providing a catalyst for economic, social, cultural, educational or sporting activity.
- 11 Conferences and conventions are also included within the context of this strategy, however further discussion with the Conference Industry New Zealand

(CINZ) is required to enable the IAEG to understand how to maximise the opportunities available. The IAEG may contract separately with the conference sector for conventions development programmes to expand this sector and maximise the economic impact.

12 Events exist at many levels and the opportunities they offer vary substantially, according to size. The many costs and complexities associated with hosting events vary enormously in relation to the size of the event. For example, the Rally of New Zealand requires the Kaipara District Council to enforce over 100km of road closures during the event and encourages local community participation. Many local residents volunteer for the event and gain valuable event organisation experience that they can use at future events.

13 New Zealand frequently holds calendar events and has also demonstrated ability to deliver one-off events:

Calendar Event New Zealand has an impressive track record for hosting many of the world's most recognised annual and calendar events (APEC Ministers' Meeting, ITU Triathlon)

One-off events Demonstrated that with facilities in place, New Zealand can deliver one-off large scale events (America's Cup, Eco-Challenge).

14 Major events possess "extra-ordinary" characteristics and key dimensions that differentiate them from calendar and one-off events. The key defining status for a major event is:

- Beyond national event calendar organisation
- Involvement of international organisations (IOC, IRB, FIFA)
- Host role/ Lead nation – "Welcome the World"
- Media coverage beyond normal programming.

15 A major event is defined in more detail as an event that;

- Is of such size and scale that it requires Government agency coordination and interaction;
- attract large numbers of international participants or visitors and generates significant tourism outcomes;
- significantly raises the profile of New Zealand;
- necessitates highly professional management and coordination;
- generates large numbers of New Zealanders being involved or attending;
- provides an acceptably high ratio of economic, cultural, social or other benefits; and is held either in New Zealand or offshore, but which New Zealand can leverage and significantly benefit from.

16 Major events should have national significance. In the context of this strategy, certain smaller events which have the capacity to add value nationally or have the potential to grow into a major event may be supported.

Value of the Major Event Industry in New Zealand

- 17 New Zealand is fortunate to have gained recent experience of hosting major events that include The Lord of the Rings film trilogy premiere, the America's Cup, Rally New Zealand and host country for APEC 1999. There is often a direct correlation between the financial resources required to resource and secure the bidding contest involved with international major events, however circumstances have presented New Zealand with several major event opportunities without enduring the bidding process and costs.
- 18 The total value of the major event industry to New Zealand is not known. New Zealand Trade & Enterprise (NZTE) has begun work in this area to aid our understanding of the total value of the sector to the national economy. NZTE research has estimated the economic impact of the top 80 events held in 2002 and concluded that the major events industry is worth in excess of \$100 million to New Zealand.
- 19 Conferences also contribute similar, if not increased economic value for the national economy. In 2001, there were 870 conferences held in New Zealand with 36,000 delegates in attendance. NZTE research indicates that international conference delegates stayed an average of 8.6 days in New Zealand and their average daily spend is nearly double the normal international visitor spend (\$320 per day). On this basis, international conference yield amounted to \$127.4 million in 2001.
- 20 There are benefits other than those measured by the direct expenditure to determine economic impact. Other benefits include;
- raising New Zealand's profile – obviously difficult to measure, but some analysts value the cost of placing articles in publications where coverage would not have been placed, but for the hosting of a major event of conference;
 - improving the quality of life for New Zealanders, including positive impacts on:
 - the environment, by promoting the preservation or enhancement of the environment;
 - the economy, by generating jobs before, during and after the event period; and
 - society and culture, by supporting access to and participation in events and by supporting events that contribute to New Zealanders' sense of identity.
- 21 The spin-offs associated with events can be both tangible and non-tangible and the benefits and added value can be realised several years after the event.

Rally New Zealand

World Rally Championship

\$5.5 million value add economic impact

8,000 hotel room nights in Auckland

300 media accredited

2,500 volunteer base

200,000 spectators

\$7.5 million viewer audience



Critical Success Factors for Government Major Event Investment

- 22 Government is involved in the events sector to ensure that the following benefits can be realised for New Zealand by hosting of major events that;
- Highlight and capitalise on the unique visual appeal and landscape of New Zealand;
 - Showcase New Zealand culture and sport;
 - New Zealand can “own”, nurture, develop and (on occasion) export;
 - Require little or no infrastructure additions or which tie to planned infrastructure development;
 - Underpin the priorities and objectives of the New Zealand Government and other public sector agencies that fund events;
 - Offer an intrinsic appeal to New Zealanders;
 - Highlight and promote the unique appeal and proposition of individual locations (city, town or rural);
 - Focus on the quiet time of the year/ tourism shoulder season;
 - Offer a direct economic return on investment through tourism, promotion of New Zealand business or other means;
 - Stimulate a sense of pride in the local population;
 - Are sustainable and which are accessible to a wide range of communities and groups;
 - Are available, achievable and affordable (both to the organiser and the public)
 - Capable of generating new and/or complimentary initiatives within the same sector at national, regional and local levels;
 - Secure favourable broadcast and print media coverage in key tourism/trade/investment markets;
 - International prestige and leading status; and
 - Offer commercial and showcase opportunities for New Zealand business.

Why do we need a Strategy?

- 23 To date, government agencies have funded events to achieve their own outcomes by applying the funding criteria that aligns with the objectives of the agency. Consequently individual agencies have contributed and continue to support a portfolio of events that meet their requirements. Whilst this has resulted in the government realising some of its goals through individual agency support, the broader range of government goals that could be delivered through existing and future events are not being identified and supported.
- 24 As a result, there is little incentive for event organisers to seek to attract events that deliver results consistent with the full set of government goals beyond the interests of individual agencies. Criticism from the event sector has highlighted that, in the absence of a whole of government strategy for major events, event organisers do not understand how to engage with the different government agencies currently involved with events. Such confusion has created the current situation, one of ad-hoc funding that lacks a broader strategic direction that will support structured growth.

- 25 While it is envisaged that individual agencies will continue to directly fund events in line with their own criteria and strategic objectives, Government, through this Strategy seeks to improve co-ordination with the events sector and support events to deliver the full range of outcomes and interests to Government. Through the enhancement of the IAEG and Secretariat structure a focal point for Government's engagement with the sector will be available removing any need to make ad hoc funding applications across government.
- 26 This strategy is not intended to fund new facilities infrastructure development to support the events sector. However, it is government's intention that a proactive strategy that works in partnership with key stakeholders and industry will improve overall co-ordination and planning for major events and this should influence facilities investment in the future.

Critical Success Factors for New Zealand's Major Event Industry

- 27 This Strategy identifies four key constraints to the sustainable and successful growth of New Zealand's major event industry:
- Gaps
 - Finance/sponsorship
 - Co-ordination
 - Infrastructure

Gaps

- 28 The danger in continuing with the current approach of restricting funding support and event focus to only one agency is to exclude or fail to recognise the broader potential benefits that one event may deliver for New Zealand. Such a system creates gaps, whereby a sporting event may only be given limited support based on its sporting outcomes even though there is an opportunity for it to deliver broader tourism and trade outcomes if more support was available. Currently however, such events do not usually attract support from tourism or trade agencies because they are viewed as primarily sporting events. The Rugby World Cup 2003 is an example of a major sporting event, that under the current approach and in the absence of a major event fund, would have been directed to sporting agencies for core funding which would have not been targeted at achieving wider government goals.
- 29 It is anticipated that with the advent of the major events fund that individual agencies will continue to support a full range of events to achieve their own specific agency goals. Support from the major event fund will be targeted at addressing this funding gap so that the full range of government goals can be realised from its support of major events.

Infrastructure

- 30 There are five main issues regarding the availability of physical infrastructure to support New Zealand's bid to grow its major event industry;

- i. *Limited number of large venues* – there are only two venues on NZTE's Major Event database that have capacity to host 40,000 people. By way of example, to host a Rugby World Cup match stadia to seat 70,000 people is required.
- ii. *Infrastructure Imbalance* – regional mismatches in venue versus accommodation supply, i.e. Auckland has a sufficient complement of accommodation but a lack of sufficient event venues of high quality. The converse is true for Christchurch whereby the city has a plethora of event venues but insufficient accommodation.
- iii. *Limited regional capabilities* – regional capabilities are not strong in terms of infrastructure, resources, flight capacity and organisational ability. This will continue to limit major events primarily to the international gateway cities of Auckland, Wellington and Christchurch.
- iv. *Human Infrastructure* – quality event personnel are highly mobile and surface where the event opportunities are, often overseas. Maintaining high quality personnel would require regular event opportunities in New Zealand.
- v. *Natural Environment Infrastructure* – New Zealand has as an advantage in terms of the availability and access to a diverse range of natural settings that can be sustainably utilised to stage major events. This strategy recognises this unique capacity and the potential for greater use of New Zealand's natural environment as a venue for major events.

31 NZTE is already maintaining an events database to provide the IAEG with an understanding of the capacity and capability of the sector. The IAEG will encourage event organisers and fund applicants to consider the compatibility between the proposed event and existing event infrastructure.

Finance/Sponsorship

- 32 New Zealand is a small market with event organisers competing for limited corporate sponsorship. Our geographical location also puts any major event staged in New Zealand in an adverse time zone to capture the lucrative television audience for live broadcasts to North America and Europe.
- 33 Limited corporate sponsorship is often the cause for many event organisers struggling to secure adequate sponsorship during the critical bidding phase. Often, corporate sponsors prefer to commit funding once an event has been secured. The major event fund could assist many event organisers through the initial bidding phase and provide greater opportunities for New Zealand to successfully bid and secure international major events.

Co-ordination

- 34 Improving co-ordination between government agencies and private sector event organisers is a fundamental step to develop New Zealand's event sector. Too often, duplication of effort by event organisers, competing regions within New Zealand and lack of input from government can be the difference between success and failure of major events.

- 35 The IAEG has identified co-ordination as the main area that it can make a significant contribution to assist development of the sector. The IAEG has developed an action plan, attached as Appendix (1) to illustrate in detail, its workplan to improve co-ordination of the New Zealand event sector.
- 36 Developing a timetable for the workplan will be a priority for the IAEG.

Enhancing the Role of Government

- 37 This Strategy covers government investment for retaining, growing and attracting major events that have a positive outcome for New Zealand towards the next decade.
- 38 The Strategy provides for the development of formal assessment criteria, a structured investment application process, secretariat support and a dedicated fund to support event investment.
- 39 Future government investment will include;
- Provision of seed funding, when appropriate, to enable event organisers to secure sponsorship and private sector investment;
 - Research to enable event and infrastructure feasibility studies to be undertaken;
 - Bidding and hosting costs
 - Investment in leverage activities generated by offshore and onshore participation with major events to achieve specific outcomes and benefits for New Zealand.
- 40 Improved government co-ordination with the event sector will be achieved through strengthened IAEG. This will prevent ad-hoc funding applications by encouraging greater dialogue and understanding of the government's major event strategy. The strategy will also provide the event sector with a clear understanding of the government's key objectives and the rationale to support investment decisions. Publication of the assessment criteria will enable the sector to better understand how government evaluates event funding applications and learn the types of events that government considers beneficial for New Zealand and merit investment. Greater dialogue will be encouraged between event organisers and their government agency counterpart to improve co-ordination as we build a strategic major event portfolio for New Zealand.

Funding Available

- 41 To enable the IAEG to implement this Strategy and deliver a return on investment for government consistent with its objectives, funding of \$1.5 million has been approved in 2004/05. This fund to support IAEG investment will grow as follows;

Year	2004/05 (millions)	2005/06 (millions)	2006/07 (millions)	2007/08 (millions)
Funding	1.5	3.5	3.5	3.5

How we intend to spend the funding?

- 42 Until the first funding round has been completed, it is too early to comment on major events that government may support. Discussion by IAEG members has highlighted that from the major events known to exist and in alignment with the strategy of growing, retaining and attracting major events consistent with government goals an indicative list of the types of major events that could warrant investment can be compiled. This indicative list is attached as Appendix (2). This list is not a list of major events for consideration for support; it is a list to provide an example of the portfolio of events available for investment that could potentially deliver benefits for New Zealand.
- 43 The timing of the funding rounds have not been decided, but will be published and communicated once determined.

Criteria for Support

- 44 Assessment criteria against which all applications will be evaluated have been developed by the IAEG. The following assessment criteria are divided into three strategic, broad areas (economic, social and cultural and international exposure). Further discussion to identify an appropriate weighting and evaluation technique is required, and this will be published once completed.

Economic Criteria

- 45 Information provided on the event should include the extent to which it:
- Generates economic impact/value-added to regional and national economies by:
 - generating Foreign Exchange earnings
 - contributing to regional development
 - building sector capability
 - encouraging new international/national investment in the sector
 - optimising use of existing infrastructure and providing demand for upgrading of facilities that can be further used by the community and enhance regional development opportunities
 - Creates employment:
 - in the short-term through the staging of the event
 - in the long-term as a result of the event taking place
 - Contributes to tourism outcomes by:
 - encouraging new domestic/international visitation, e.g., America's Cup
 - increasing visitor spend
 - addressing issues of seasonality, regional spread and tourism infrastructure capacity

Social and Cultural Criteria

46 Information provided on the event should include the extent to which it:

- Develops and promotes high achievement for New Zealanders in arts, cultural, heritage, sporting and leisure fields:
 - provides an attainable target (or benchmark) for excellence otherwise unavailable onshore in the field of pursuit;
 - profiles the contribution of culture and heritage to New Zealand as a unique and creative nation;
 - celebrates the diverse cultures of New Zealand especially Maori culture and the cultures of the Pacific.
- Provides opportunities for New Zealanders to experience world class events:
 - the anticipated level and quality of New Zealand participation
 - the anticipated level of interest and support from New Zealand spectators/audiences.
- Enables communities to showcase their regions and achievements nationally and internationally by:
 - participation of local territorial authorities, tourism promotion and economic development agencies in hosting the event, and other community and regional organisations in staging the event;
 - a programme of activities that facilitates participation in local experience or showcase local achievements.

International Exposure Criteria

47 Information provided on the event should include the extent to which it:

- Enhances international media exposure through:
 - confirmed international television coverage in target markets;
 - achieving media reach, frequency and spread to target audiences in priority countries or markets;
 - provides an opportunity for New Zealand agencies to leverage the coverage to deliver positive outcomes.

Processes for Support – How to connect with the IAEG?

48 The diagram contained within the Cabinet paper illustrates the proposed structure.

49 The IAEG will operate as a collective decision making group with full administrative support provided by the IAEG Secretariat. In the instance that agreed consensus cannot be reached regarding event investment, the Chair will make the final decision. The secretariat will be responsible for servicing all application enquiries, provision of application forms and distribution of

appropriate information as required. All necessary information regarding access and application processes will be communicated to government agencies for circulation to stakeholders, known event organisers and published on the IAEG website. The secretariat will also be responsible for the financial management and accountability procedures to Government.

- 50 Event organisers are encouraged to retain their appropriate government agency as their first point of contact for all event applications, for example, event applicants that are able to deliver events that showcase lifestyle, food, international media and benefit for the tourism industry are asked to consult Tourism NZ, business event applicants are asked to consult NZTE, sports events applicants are asked to consult SPARC and cultural and arts events applicants are asked to consult with Creative NZ and the Ministry for Culture and Heritage.
- 51 In certain instances where an event does not meet government's major event invest objectives, applications for investment will be rejected. However, these events may deliver objectives aligned to a single government agency's objectives and therefore qualify for investment at a reduced level. It is for this reason that dialogue between event organisers and government agencies will assist alignment of expectations.

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