



**Tourism
Industry
Association
New Zealand**

Tourism Industry Association New Zealand

Comments to the

Inter Agency Events Group

on the

Government Support for Major Events

July 2004

About Our Association and Industry

The Tourism Industry Association New Zealand (TIANZ) represents the interests of over 3,500 businesses in the tourism industry.

Tourism is a \$16.5 billion industry and generates 17.8% of New Zealand's exports. The tourism industry employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its contribution to GDP. It is also:

- Highly employment intensive;
- Regionally dispersed;
- Has the flexibility to change its target markets quickly as conditions change;
- Can offer a good return on investment.

The tourism industry in New Zealand consists of more than 15,000 small and medium sized businesses. Of these businesses, most employ less than five people. New Zealand welcomes over two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIANZ estimates that over 75 million visitor nights are spent by New Zealanders every year.

Overall comments

Overall, TIANZ recognises that the roll-out of this initiative reflects the widespread benefits that events can bring to both national and local economies. This initiative should encourage the development of bids, and we believe this initiative has widespread support from the events industry, and the wider visitor industry.

At the same time, TIANZ struggles with the notion that bigger national events deliver superior value to tourism compared with the option of generating more small-medium sized events that better utilise existing resources. We also question whether the net overall value (having regard to the cost of providing infrastructure and facilities) of major events is superior to smaller-medium-sized events.¹ We suggest that further work should be carried out by officials to reconsider the size and nature of events that might be supported by this initiative, having regard to the concept of net overall benefit.

This submission provides comment on the criteria contained in the document provided to key stakeholders on 19 July 2004. It also provides suggestions on further work we encourage officials to undertake to make the initiative fully effective and to enable the maximum benefits to be obtained.

¹ TIANZ recognises that events such as the America's Cup, and exposure from the Lord of the Rings Trilogy have generated considerable expenditure for New Zealand, however, these were largely serendipitous.

Specific Comments

We wish to make the following specific comments on the assessment criteria document:

- **The measurability of assessment criteria (Paragraph 3).** TIANZ recognises the desirability of including social and cultural criteria within the assessment criteria. At the same time, we are concerned that the criteria measurements currently included will be difficult to quantify, and difficult for applicants to estimate in their applications. For example, it is unclear what the key success factors for “high achievement”, “opportunities” and “anticipated levels and quality of New Zealand participation” will be. We recommend that officials carefully reconsider the criteria in paragraph 3 to ensure they are sufficiently defined and tangible, to enable a fair and transparent assessment of competitive bids to be made.
- **Encouraging stakeholders to co-operate (Paragraph 3-Bullet Point 3).** We agree that the criteria should assess the degree to which bids have the support of key stakeholders relevant to the application. However, we suggest that a key issue to consider is co-ordination and co-operation between stakeholders in an area. This should include cross-boundary co-operation between agencies so that facilities and resources across political boundaries may be used and taken advantage of. This is an efficiency issue and is particularly important in urban areas where there are several local government districts that have invested in events facilities, i.e. Auckland. Further to this, we suggest there should be some weighting in the evaluation criteria towards bids that provide evidence of involving a range of stakeholders, or that rely on cross-boundary facility use.
- **Generating foreign exchange (Paragraph 2).** TIANZ recognises the considerable foreign exchange potential that exists with events. Events are also a generator of local economic activity, and expenditure generated from such activity can support the development of local businesses. At the same time, staging events can involve considerable advance capital investment on the part of industry and communities. TIANZ supports the inclusion of net overall benefit criteria, so that it is this net benefit and not whether the benefit is generated from overseas that is given the most weight. Some consideration should also be given to events that, as well as generating positive net benefits, also lead to the development of activity that reduces economic leakages and strengthens local economic bases. We do not support pursuit of foreign exchange generation at the expense of overall net economic efficiency.
- **Regular bid applications.** Events opportunities can arise with little notice. We suggest that applications should be considered at regular intervals so that applicants may receive assistance for bids where opportunities present themselves. A quarterly consideration of applications is ideal.
- **Definition of “event”.** This was not included in the document released to invited stakeholders at the seminars recently held by officials. We believe

there needs to be stakeholder agreement and understanding as to what is covered under the definition of “events.”

- **International exposure through leveraging.** New Zealand has considerable recent experience at leveraging exposure off films, and sports events therefore we support this objective in principle. However, it does raise the issue of whether agencies/organisations will have appropriate and sufficient resources to leverage off exposure from events. This is a matter that should be discussed with stakeholders, including industry.
- **Events as a way of smoothing seasonal lumps.** TIANZ supports this concept strongly and we recognise events can have a useful role in helping to smooth the peaks and troughs that are an inherent aspect of the visitor industry. This will require sufficient co-ordination so that the bulk of off-season activity does not occur in the same areas, creating off-season congestion.
- **Capacity/infrastructure issues.** TIANZ is aware that events infrastructure is relatively well developed in the main centres of the country, but much less so in regional areas. Even in the main centres, there are cities that may have accommodation that can cope with large events, but may have events facilities that are not designed for large events on a world scale. The opposite case may be true in other centres. TIANZ strongly recommends that considerable further work be undertaken with the private sector, and events stakeholders in local government, to undertake an inventory of facilities to gain an understanding of the best fit between available infrastructure and appropriate events. Such an inventory would also be useful to identify supply gaps in the market, and to identify opportunities for collaboration between districts and regions. It may also be appropriate to look at the capital efficiency of existing infrastructure as a means of establishing a set of objectives relating to the scale, location, seasonality and frequency of events.
- **Dovetailing with Major Regional Initiatives.** TIANZ strongly supports the use of the MRI initiative in allocating funding for capacity building for events infrastructure where a region can demonstrate such assistance would provide long-term economic benefits.

In summary, TIANZ challenges the assumption that major events would provide a superior return to New Zealand than more, and better quality, small-medium sized events. We recommend that officials undertake considerable further work in close collaboration with the private sector and infrastructure providers to ensure that there is (and there will be in the future) the supply capacity for New Zealand to gain true economic benefit from the opportunities presented by events.

*Tourism Industry Association
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