

Auditor-General's Report: State Investment in Major Events

A report titled *State Investment in Major Events*, by **Auditor-General, Des Pearson**, was tabled in the Victorian Parliament today. The report covered the pre-event assessment, management and post-event evaluation of certain major events in Victoria.

Mr Pearson's report acknowledges Victoria's past success in attracting a range of major events, including the Australian Formula 1 Grand Prix, the 2006 Commonwealth Games, the Melbourne Winter Masterpieces, the Melbourne Food and Wine Festival and the Melbourne Fashion Festival.

The government provides substantial annual funding of around \$55 million a year for major events. In 2006-07, it increased its funding by \$50.4 million over 4 years, and the 2007-08 Budget provides an additional \$34.2 million from 2007-08 through to 2010-11.

Mr Pearson concluded that major events undoubtedly add economic value for Victoria, and he also pointed to the social and community benefits from participation both in the events themselves, and in their related off-site events.

Mr Pearson's report identified a number of areas for improvement, such as having a more analytical and evidence-based justification for the level of government funding requested, as part of the pre-event assessment process.

The key message from Mr Pearson's examination is that evaluation models used to assess the economic value derived from major events should be rigorous and transparent. He said that assumptions made in any economic evaluation of major events should be clearly stated and that the economic assessment models should reflect contemporary developments in economic analysis.

However, he confirmed that a sound framework for the management of major events has been established.

As part of the audit, Mr Pearson commissioned 2 independent studies which examined the level of economic value derived by Victoria from the 2005 Australian Formula 1 Grand Prix. "The results of the 2 commissioned studies make an important contribution to what should be a continuing debate about the efficacy of the economic methodologies currently used" he said.

Mr Pearson also said that “this audit makes out a powerful case that the economic assessment models currently used now warrant concerted re-evaluation and further development if government is to have the best available information on which to make decisions on whether to financially support particular major events”.

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Direct link to report: http://www.audit.vic.gov.au/reports_par/agp119cv.html

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