

Karen Bolinger
Chief Executive Officer
Melbourne Convention Bureau
Via email: karen.bolinger@melbournecb.com.au

27 July 2015

Dear Karen

Review of Melbourne Convention Bureau's methodology for estimating the Direct In-Scope Expenditure of international association conferences in Victoria 2015

Scope

Melbourne Convention Bureau (MCB) engaged EY to review the reasonableness of part of the methodology used in the 2015 MCB report '*Melbourne Conference Expenditure Study 2015*'. EY has:

- ▶ Compared the relevant parts of MCB's methodology (extracted from key documents provided by MCB) to the requirements outlined in the 'DEDJTR Major Events Evaluation Methodology and Processes' guidelines (the Guidelines)
- ▶ Benchmarked certain key metrics against publicly available industry data
- ▶ Reviewed the reasonableness of MCB's sample sizes and confidence intervals.

MCB methodology

MCB advised that from July 1 2015, MCB has adopted the direct in-scope expenditure (DISE) approach to measure economic impact to align with the State's methodology for major event evaluation. The Guidelines provide guidance on estimating the economic impact of a single major event. In contrast, MCB advises that they have applied the Guidelines to measure the economic impact of multiple international association events and have focussed on spend per delegate day. As such, MCB has adapted the Guidelines to their situation, resulting in some elements of:

- ▶ The Guidelines not being wholly relevant for MCB's methodology
- ▶ MCB's methodology extending beyond the scope of the Guidelines (e.g. MCB has developed sector metrics, based on the survey results from a selection of events in each sector). EY has not reviewed aspects of the MCB methodology that are not covered in the Guidelines.

EY has reviewed the parts of MCB methodology that are covered in the Guidelines for consistency with the Guidelines, having regard to the context in which they are being applied by MCB. While MCB's methodology is generally consistent with the intent of the Guidelines, the following parts of MCB's methodology are either not consistent or partially consistent with the Guidelines:

- ▶ Extended stay visitors – The Guidelines provide guidance on estimating the number of event motivated and extended stay visitors. MCB capture event motivated visitors only
- ▶ Unconstrained economic impact (i.e. indirect impact) - The Guidelines provide guidance on estimating the 'unconstrained' economic impact of the direct spend from event organisers and delegates. MCB capture the unconstrained economic impact of event organisers only
- ▶ Rounding – The Guidelines provide guidance on the presentation of results (e.g. Average daily expenditure figures presented to 2 decimal places). MCB report as whole numbers.

Key metrics

Benchmarking

For certain key metrics, EY compared MCB results with publically available data published by the Business Events Council of Australia (BECA) and Business Events Sydney. Based on this comparison of key metrics:

- ▶ MCB conference organiser spend per delegate day does not seem unreasonable
- ▶ MCB delegate average daily expenditure metrics (international and interstate) are higher than the BECA and Business Events Sydney benchmark data. MCB advises that this could be due to a number of factors, including differences in methodology, event profile (e.g. the BECA study captures smaller events and is national in scope), attendance profile (e.g. MCB advises that Victorian events tend to attract a higher proportion of higher yielding international delegates), survey techniques (e.g. Business Events Sydney relies on online surveys, which could increase the potential for response bias) and sampling/data confidence intervals (e.g. Business Events Sydney rely on data from a smaller sample size than MCB). EY has not verified the reasonableness (or otherwise) of these potential contributing factors.

Sample size

Based on the delegate population at sampled events of 19,367 and a response rate of 3,846 completed surveys, the sample size achieved overall for delegate expenditure is considered statistically robust. The number of survey responses received falls within EY's accepted range of 95% confidence level and 5% confidence interval (high), and 90% confidence level and 10% confidence interval (low).

The overall sample sizes for the medical, health and engineering sectors are considered statistically robust, with all falling in EY's accepted range. No surveys were undertaken for the science and business sectors. The sample sizes achieved for each visitor origin by event sector (medical, health and engineering) also fall within the accepted range, except for interstate engineering delegates which falls outside the range.

For conference organiser expenditure, MCB surveyed 9 events out of an average annual of 31 events. Although this sample is outside the standard range used by EY, this is not unusual for small populations.

Limitations

As the owners and endorsers of the '*Melbourne Conference Expenditure Study 2015*' report, MCB is responsible for all results and findings. It is outside of EY's scope of work to:

- ▶ Validate or critique any of the individual survey responses used as inputs
- ▶ Review and verify the calculations and formulas used by MCB in calculating key metrics, results or findings
- ▶ Review the integrity of models used by MCB
- ▶ Undertake a detailed review of how the methodology has been applied
- ▶ Review aspects of the MCB methodology beyond the relevant Guidelines
- ▶ Sign-off on the final approach, inputs and the associated results/ metrics.

In undertaking this review, EY has relied on information provided by MCB and other publicly available information. The procedures performed in this engagement do not constitute an audit in accordance with Australian Auditing Standards or a review made in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no positive assurance is expressed.

This Letter has been prepared for MCB pursuant to our engagement agreement dated 8 July 2015. This Letter should not be relied upon for any other purpose. EY accepts no responsibility for use of the information contained in the letter and makes no guarantee nor accepts any legal liability whatsoever arising from or connected to the accuracy, reliability, currency or completeness of any material contained in this letter. EY and all other parties involved in the preparation and publication of this report expressly disclaim all liability for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from use of, or reliance on, the letter.

Yours sincerely



John Matthews
Partner