Event Impact Assessment Instructor's Manual

9 Conclusions

This is the instructor's manual produced to accompany the book *Event Impact Assessment: Theory and Methods for Events and Tourism*, by Donald Getz, 2018, published by Goodfellow Publishers.

Lecture 17

Is it possible to pull it all together and do a comprehensive evaluation of costs and benefits? Sometimes that is attempted, but usually only it's the economic domain that is considered in traditional CBA.

I provide a short-cut approach to CBA, then a BACE model to be used in planning and setting up the IA en evaluation system.

9.1 Cost-Benefit Analysis (CBA)

The ground breaking study of the Adelaide Grand Prix (Burns et al, 1986) can be used as an example, and it raises many points of discussion. This is the summary table, and it is discussed in my Event Tourism book. Note that within-scope is the State of South Australia, and a considerable amount of money was provided by the federal government; that is a benefit to SA but does represent a potential loss to other states. Upper and lower estimates are provided, and of course the costs have to be subtracted from the benefits to yield a net gain; the study therefore estimated benefit-to cost ratios of 3.8 to 1 and 3.1 to 1.

	Economic Benefits	Economic Costs
Upper Estimate	-Visitor spending (including multiplier effects): $9,865,000 -Event and construction costs funded from outside the state, including multiplier effects: $14,941,000 -Total: $24,806,000	-Event and capital costs funded within the State of South Australia: $6,571,000
Lower Estimate	$23,630,000	$7,520,000

Figure 9.1 provides "Sample Key Impact Indicators for the Evaluation of Benefits and Costs", and this is the way a short-cut evaluation could be done. Compare the various costs and benefits as closely as possible, using available measures and Key Impact Indicators. This does not require quantification, but it does require judgement. If any comparison of costs and benefits is to be done, stakeholder agreement is needed to ensure that the results are accepted as being valid. Event so, political positions will likely be taken, after all there are many who favour economic growth at any costs, or are at least willing to accept other costs in pursuit of growth.

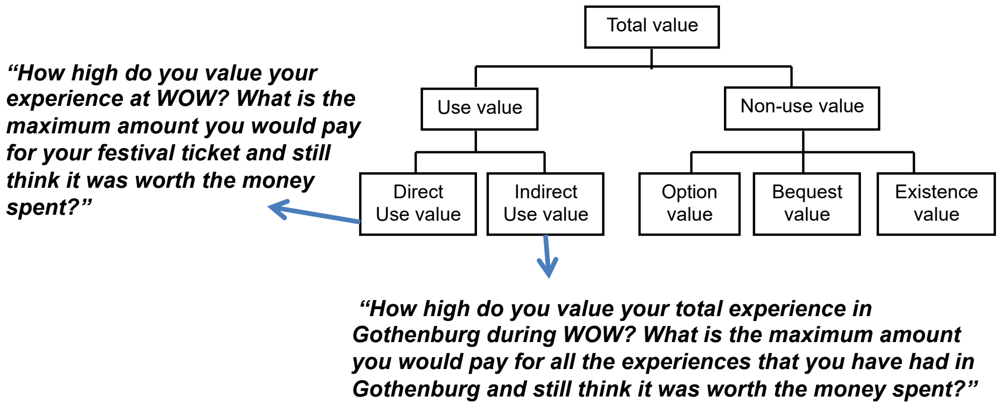
The ensuing illustration (from PricewaterhousConners European Outlook, 2004) displays major benefit and cost centres pre, during and post-Olympics. It should be obvious that not all these benefits and costs can easily be quantified in monetary terms. As well, equity issues are not explicit.

1.Identifying the impact- Cost-Benefit Analysis

	Benefits	Costs
Pre-Games Phase	Tourism Construction activity	Investment expenditure Preparatory operational costs (including bid costs) Lost benefits from displaced projects
Games phase	Tourism Stadium & infrastructure Olympic jobs Revenues from Games (tickets, TV rights, sponsorship, etc.)	Operational expenditure associated with Games Congestion Lost benefits from displaced projects
Post-Games phase	Tourism Stadiums & infrastructure Human capital Urban regeneration International Reputation	Maintenance of stadiums and infrastructure Lost benefits from displaced projects

The triple-impact method that assigns monetary values to economic, social and environmental costs and benefits is illustrated below. See the source articles for details. If this approach is used, original research will be needed on use and non-use values, on visitor spending and willing ness to pay, and utilizing the ecological footprint. Since footprint calculators are not readily available (customised for countries and regions), a shorter list of ecological KIIs will be needed - at least including carbon emissions.

A Measurement Model Describing the Components
Use and Non-Use Value



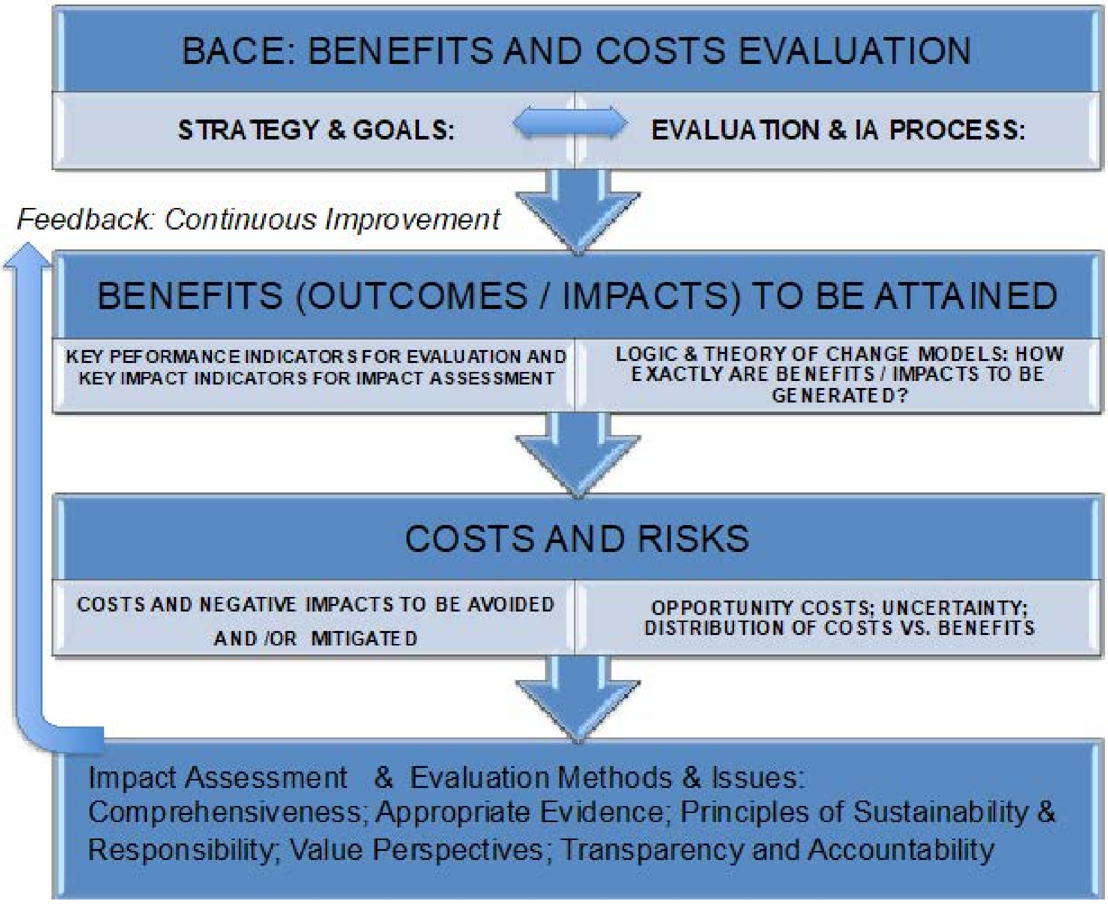
Tommy D. Andersson , John Armbrecht & Erik Lundberg (2012) Estimating Use and Non-use Values of a Music Festival. Scandinavian Journal of Hospitality and Tourism, 12:3, 215-231.

Tommy D. Andersson & Erik Lundberg (2013). Commensurability and sustainability: Triple impact assessments of a tourism event. Tourism Management, 37, 99-109. Prof. Donald Getz, 2016 49

Exercise: Refer to the triple-impact-assessment articles noted above, and discussions of use and non-use values, to fully explore this approach. Do students think it is valid? Would it be accepted as evidence? How does it compare to traditional CBA? A typical event visitor survey can get the necessary data easily, whereas a special-purpose survey for residents is needed for the social, and a footprint calculator for the environmental dimension.

9.2 BENEFITS AND COSTS EVALUATION (BACE MODEL)

To bring it all together, the costs and benefits across all objects and subjects of comprehensive impact assessment, I recommend this planning model.



Start: When setting goals in strategic planning, or for any project, a comprehensive evaluation and impact assessment system should be integrated. Something like the balanced scorecard or Event Compass is recommended. When setting goals it is normal to state the benefits desired, although goals can also be expressed as things to avoid. Note that it is always necessary to avoid tunnel vision, so when setting goals and performing evaluation and IA it is necessary to consider externalities and unexpected but possible consequences of actions.

Most routine evaluation is about outputs, things that can be achieved in the short term, while in this model we equate outcomes and impacts as longer-term change processes. Key Performance Indicators are for outputs, while Key Impact Indicators are for change processes. Logic Models are best for outputs and Theory of Change Models for Impacts. The nature of evidence, and what is acceptable to the stakeholders, will often be a point of discussion. Quantitative or qualitative? What indicators do we have to select from? Is a triple-impact-assessment feasible and desirable? When it comes to evidence, consider the importance of various 'voices' - who will be consulted, and what weight is to be given to their opinions or testimony.

Costs and risks are explicitly considered in this BACE model. Mitigation refers to prevention, minimisation or compensation. Opportunity costs will be a tricky subject and point of debate in many cases. Why? Because they are hard to estimate and might not even be relevant. Consider alternative courses of action carefully, especially if they can also achieve your goals.

Risk and uncertainty are part of logic and TOC modelling. Not everything can be controlled, and external forces are always at work. How much of your goal attainment depends upon accurate forecasting or collaboration? Where exactly are the risks?

The distribution of costs and benefits has to form part of all forecasting and impact assessment. Sometimes it is not adequate to compare costs and benefits quantitatively, there has to be a discussion of equity. Principles of responsibility and sustainability should guide planning in the work of events and tourism, and that includes the equity issues - they should all emerge when stakeholders are consulted and different value perspectives are brought to the fore.

Finally, the principles of ***transparency and accountability*** (see definitions below) are always to guide evaluation and impact assessment. Consultations preceding and following projects, or routinely held as part of the permanent planning process of the organisation, have to be viewed as legitimate by all stakeholders, including the general public.

> **Exercise:** Students should be able, at the end of the course, to utilize the BACE model and appropriate methods to give advice to an event on establishing their system, or in reviewing the organisation's strategy, goals, IA and evaluation processes in order to recommend improvements.

Transparency (from Wikipedia)

(Behavior)

Transparency, as used in science, engineering, business, the humanities and in other social contexts, is operating in such a way that it is easy for others to see what actions are performed. It has been defined simply as "the perceived quality of intentionally shared information from a sender". Transparency implies openness, communication, and accountability.

4 Pillars of Accountability

1. **Responsibility** - "*a duty that binds to the course of action.*"
2. **Answerability** - "*being called to account.*"
3. **Trustworthiness** - "*a trait of being worthy of trust and confidence.*"
4. **Liability** "*being legally bound to a debt or obligation.*"

Source of definitions: **Webster's Dictionary**

Winners and Losers

The two short sections at the very end present good discussion topics. Does there have to be winners AND losers? What is a zero-sum situation when it comes to event and tourism impacts. The responsible, sustainable development paradigm suggests that we have to collectively re-think much of what we call progress and development, and bring comprehensive planning and impact assessment to the fore. That is the end.

Lecture 17 Assessments

Short Answers

- **LO:** Learn the uses and limitations of traditional cost-benefit analysis (CBA)
- **LO:** Be able to evaluate costs and benefits comprehensively using key impact indicators.

Q: Why is a traditional cost-benefit analysis not adequate for comprehensive impact assessment?

A: The answer(s) should explain the purpose and scope of CBA, especially its usual limitation to monetary measures and its failure to consider opportunity costs and equity issues. A short-form CBA can be constructed of key impact indicators, but then intangibles will be considered using different metrics. A definition of KII is needed, plus examples. They are only 'key' when it is determined that they are the most important (as within a TOC model) or are agreed upon by the stakeholders.

A short-form CBA can be formulated for any combination of the subjects and objects discussed in the book, using KIIs.

- **LO:** Understand and be able to apply the BACE model of planning, evaluation and impact assessment to events and tourism.

Q: Outline the components of the BACE model and explain how it differs from CBA.

A: A diagram could suffice, properly labelled, or an explanation required of the logic and how it is a conceptual planning model within which comprehensive impact assessment and evaluation occur. A longer answer could go into detail about goal-attainment approaches to planning and evaluation, with benefits being defined and the process of achieving them structured through theory of change models.

Long Answers

These are essay-style questions covering the entire content of *Event Impact Assessment*, with the companion book *Event Evaluation* providing additional insights (when applicable).

1) You are assigned responsibility for 'forecasting the benefits' of a major event that city council wants to bid on. How would you go about the project? Are there any ethical issues to consider?

A: This question relates to the forecasting IA model, and therefore can be linked to feasibility studies. In the context of a bid, it might be referred to as 'due diligence'. Because it specifies a bid and benefits (not a periodic event and negatives), the usual problem of tunnel vision arises - what about alternatives and externalities? The answer should consider goal-attainment models like logic and TOC as appropriate tools, then lay out a process that follows the basic IA process model from Figure 3.1. The impact assessors, given this specific mandate, will have to consider whether or not they can do a professional, competent job if only the likely benefits are to be determined. They might have to go back to the politicians for a change of mandate, or they could end up with a report that will assuredly be criticised by any number of stakeholders for its incompleteness or bias.

A good answer would also refer to tunnel vision and how to avoid it, and to stakeholder consultations that would open up the IA to wider considerations.

2) Why does the complexity model claim that assessing the cumulative impacts of a portfolio of events within the sustainability paradigm is the most complex task of all? Discuss the complexity of this challenge in terms of theory, politics and methodology.

A: By the end of the book students should understand the differences between routine evaluation and impact assessment, how impact assessment can inform evaluation of merit and worth, and why many IA projects are going to be very complex. This answer should demonstrate knowledge of event portfolio management and the challenges it presents because of interactions/synergies and cumulative impacts over a long period of time. There will be much uncertainty, and therefor risk, in pursuing portfolio strategies, placing a heavy onus on planners and managers to monitor the change process, set key impact indicators, and undertake periodic reviews. Political complexity arises because government investment/interventions to create public 'good' is always open to ideological debate and the necessity for a transparent, accountable process; many stakeholders have to be engaged and their potentially competing goals reconciled. Theoretical complexity arises because we simply do not have theories that enable us to confidently predict the outcomes of events, let alone cumulative impacts of managed portfolios, over time. The answer should therefor mention the roles of TOC models in shaping planning and evaluation. Technical complexity arises because of the diversity and large amount of data that will be required to monitor, forecast, and evaluate the change process.

3) Of the main impact 'objects' (social, cultural, ecological, built environment, economic) which do you think presents the greatest challenge for impact assessment AND evaluation? Explain your reasoning.

A: The answer should start with an explanation of the objects and subjects approach taken in this book, including the option of defining objects and subjects in different ways. Most IAs will not be fully comprehensive, indeed the majority are focused on economic impacts; environmental impact assessments generally exclude the built environment, while social and cultural impacts are often combined. All of them present challenges, so there is no one right answer and the student can address any of them. This question covers some of the ground of the previous one, when it comes to complexity. There is a necessity to define and discuss IA and its roles in evaluation, and to distinguish between outputs (being more relevant in the context of technical or routine evaluation) and outcomes, being equated with longer-term or permanent impacts (i.e., changes in the state of a system).

4) Compare and contrast the five 'objects' of IA in terms theory, methodology and the nature of appropriate evidence.

A: This is a really big question! It could be reframed to apply to just one object, such as economic or social impacts. The answer should commence with a description of the object(s) and what theories we have that lead to understanding and, if possible, prediction of impacts that might arise from our events, venues and tourism. In this regard we definitely understand the creation of economic value, costs and benefits, better than the other objects of IA. For social impacts I would expect a discussion of integration, inclusion or social capital, but the answer might also focus one of the subjects of IA, such as families or sub-cultures.

Should this Q ask about *methodology* or methods? This depends on how much background the students have in epistemology and research methods - probably its best to concentrate on specific IA/research methods, with an emphasis on consultations including the many 'voices' that must be heard in IA. Thirdly, A discussion of evidence inevitably arises when consultation methods are considered. Evidence is such a critical issue in IA and evaluation that it would also be worth a separate essay. The most important issue is that of securing agreement (a social contract) among stakeholders as to what constitutes legitimate and acceptable evidence, although it has to be said that in many IAs there will be a narrow focus on a few key indicators (especially in economic IA).

5) Theory of Change models are tools for strategic planning, impact assessment and evaluation. Explain how they work, and illustrate one graphically in the context of an impact assessment project where the event is conceived as an instrument of social marketing.

A: TOC can be part of other questions, but I think TOC is so important it should have its own. Students need to understand its underpinnings in outcomes and systems theory, why TOC is recommended for change processes (events as agents of change, or social-marketing vehicles), and how TOC either rests on available theory or can be designed as part of theory development. TOC can also be based on experience, but that is almost the same as saying its designers already have sufficient understanding to claim that their action pathways will lead to desired outcomes. The full answer should work through an example illustrated in a diagram. To me, the most important element of the answer should be an explanation of the logic (raising validity issues) behind the action paths. This is in contrast to planning events with simplistic goals pertaining to doing good and with vague or impractical impact indicators specified, which will result in an inability to demonstrate either merit (achievement of goals) or worth (from different value perspectives).

6) What, in your opinion, are the most important impacts on residents to consider when it comes to events and tourism as agents of change? Consider both benefits and costs/negatives. Where do 'externalities' come into the picture?

A: This question does not specify what kinds of impacts, so the answer can pull from all the objects of IA. Students might believe that residents have a very narrow focus on personal benefits (arising from social exchange theory) such as jobs and income, or they might argue (and I think this is the best answer) that residents are not a homogeneous group and ALL types of costs and benefits are important. Still, it is the argument the student puts forward that is important. It will be inadequate of only outputs are addressed, such as 'use value', because the question specifies events as agents of change - that has to generate answers about changes in economic, environmental and social/cultural states or systems. Portfolios can then be addressed, as single events acting alone cannot hope to have major, lasting impacts on a system. Externalities should be defined and considered in the context of goals (are they wide or narrowly defined) and the impact assessment process (are key impact indicators narrow or comprehensive?).

END

Questions? Feedback will be appreciated: getz@ucalgary.ca