

BUSINESS EVENTS **POLICY PRIORITIES:**

Driving economic activity through business events



Executive Summary

The business events sector is a \$24 billion industry, expected to grow to \$31 billion by 2020. It employs 214,000 people and injects \$11.4 billion in gross value-add to the Australian economy.¹

Whether for meetings, incentives, conferences or exhibitions, business events bring together leaders and decision-makers from a vast range of industries including health, science and technology, resources, banking and finance, to do business. This business in turn generates economic activity, creates jobs and delivers opportunities for Australian trade and investment.

In order to support a strong Australian economy underpinned by a growing visitor economy, government must also invest in the business events sector. Governments in Singapore, Malaysia and Hong Kong have aggressively invested in growing their business events sector; it is at the heart of their economic development agendas. Complacency will see Australia lose critical business to countries willing to incentivise business and to secure international events for their countries.

Against this backdrop, Australia's competitiveness is at risk, evidenced by Australia's decline in the International Congress and Convention Association [ICCA] global ranking from 7th position in 2000 to 13th in 2012.²

Building on the *National Business Events Strategy for Australia 2020* report delivered in 2008, BECA is seeking bipartisan support for a range of initiatives that would grow the number of business events held in Australia and, as such, position Australia as a place to do business. These priorities include:

- \$10 million per annum over four years for a National Business Events Support Fund to support event bid acquisition;
- Establish an ongoing research agenda in partnership with industry to measure the size, value and growth of the business events sector; and
- Develop a whole-of-government approach among Commonwealth ministries, departments and agencies to support business event bids.

The Australian economy has seen the benefits of investing in a strong business events sector, both nationally and abroad. In 2011-12, State governments invested approximately \$10 million in additional subvention funds to secure business event bids, delivering an additional 125 events and \$387 million in economic activity to the Australian economy.³ Government funds are only expended if the event bid is successful; guaranteeing return on investment. The industry is now seeking Commonwealth support to leverage the work of state and territory governments in the development of a National Business Events Support Fund.

Principal Partner:



Member organisations:



AUSTRALIAN CONVENTION CENTRES GROUP (ACCG)



¹ Tourism & Transport Forum [2013] *The Value of Business Events*; and Sustainable Tourism Cooperative Research Centre [2005] *The National Business Events Study: An evaluation of the Australian business events sector*

² International Congress and Convention Association [2013], *Country and City Rankings Report 2012*

³ Association of Australian Convention Bureaux [2013] *Internal audit of convention bureaux subvention funds*



The Business Events Council of Australia (BECA) was formed in 1994 as a peak industry body providing a single voice for the business events sector to liaise with the federal government and relevant agencies on matters common to all segments of the industry.

In partnership with industry, BECA has developed its Business Events Policy Priorities. The document is endorsed and supported by our principal partner, Tourism & Transport Forum (TTF) and our member organisations.

Value of Business Events

In 2003, the National Business Events Study (NBES) estimated the business events sector to be worth \$17.4 billion, supporting 214,000 jobs and injecting \$11.4 billion in gross value-add to the Australian economy.⁴

Looking specifically at the visitor expenditure component of the business events sector through data available from the National and International Visitor Survey, in 2012 Australia hosted 20 million international and domestic business event visitors, representing 54.4 million days and \$12.9 billion in visitor expenditure. The sector is a crucial part of the visitor economy; it represents 8% of all travellers in Australia, and 15% of all visitor expenditure.⁵

Business events travel has proven its resilience despite the challenges presented by softer economic conditions. Since 2008, the volume of both international and domestic business events visitors has grown an average 3.3% per annum, with associated visitor days up 2.9% per annum, and spending up 3.2% per annum.

Using the growth in business events visitor expenditure as an indicator, the total value of the business events sector – which was estimated at \$17.4 billion in 2003 – is now estimated to be \$24 billion, and could potentially be worth \$31 billion by 2020.⁶

Investing in the business events sector

State governments recognise the return on investment delivered by business events, often providing government subvention to secure or incentivise event bids. Subvention funding can be a mandatory amount requested by event organisers, or it may be an amount needed by convention bureaux to out-bid other destinations. In 2011-12, state governments committed approximately \$10 million in subvention funds, securing 125 business events worth \$387 million to the Australian economy. These events attracted 87,600 delegates who spent 402,000 nights in Australia.

Australia's Business Events Performance

The industry has adopted a target to lift overnight expenditure to \$16.0 billion by 2020, aligning with the Tourism 2020 target to double visitor expenditure by 2020.

Against increasing regional competition in Asia, Australia has fallen from 7th to 13th in the International Congress and Convention Association (ICCA) 2012 rankings of international business events destinations.⁷ Yet according to ICCA, the global market for business events has increased by 1,000 in 2012 and now counts a total of 11,500 events. The decline in Australia's ranking demonstrates we are missing the opportunity to grow our market share and to maximise the contribution from business events.

While Australia continues to be a leader in international business events attraction and is recognised for its expertise and adaptability, an ongoing partnership between the Commonwealth government and the business events sector is required to ensure Australia is able to capture a growing share of the business events market.

A forward-looking agenda for business events

In October 2008, the business events sector – in partnership with the Commonwealth government – developed the *National Business Events Strategy for Australia 2020*. The strategy identifies priorities to realise the economic potential of business events, including bid support, increased aviation capacity, infrastructure development, research, and improvements to immigration and visa policy.

While work has commenced on many of these priorities, there remains much that is yet to be completed. In particular, the business events sector highlights the following two recommendations as key priorities:

- Increased Commonwealth government funding for bid support; and
- Working with industry to develop a robust research agenda to measure the return on investment delivered by business events.

BECA and TTF endorse these priorities as critical mechanisms for growing the business events sector in Australia.

⁴ Sustainable Tourism Cooperative Research Centre [2005], *The National Business Events Study: An evaluation of the Australian business event sector*

⁵ Tourism & Transport Forum [2013] *The Value of Business Events*

⁶ Tourism & Transport Forum [2013] *The Value of Business Events*

⁷ International Congress and Convention Association [2013] *Country and City Rankings Report 2012*

Business Events Policy Priorities

National Business Events Support Fund

The attraction of business events to Australia often requires an additional investment in bid support, which could take the form of bid acquisition or subvention to international associations and business event organisers. Subvention funding is an effective way to make a bid proposal more competitive with funds only expended if the event bid is successful; guaranteeing a return on the government's investment.

Many Asia Pacific destinations are providing subvention funding at a level which far exceeds that of Australian state and territory governments, reducing Australia's competitiveness and ability to attract major international business events.

The business events sector is seeking \$10 million per annum over four years for a National Business Events Support Fund which supports and matches state funding for the acquisition of business events.

Recommendation 1

Establish a National Business Events Support Fund providing \$10 million per annum over four years for event bid acquisition across meetings, incentives, convention and exhibitions.



Image: Tourism Australia Copyright

Case Study: Malaysia Convention & Exhibition Bureau

National bid fund support is on the increase, with many of our competitors in the Asia-Pacific region receiving additional resources to win business events market share. In 2010, the Malaysia Convention & Exhibition Bureau received an annual AUD\$15.3 million funding boost from the Malaysian government under its **Economic Transformation Plan** to grow business tourism visitors from 1.2 million to 2.9 million by 2020. The fund will now increase annually to more than AUD\$17.1 million by 2020.⁸ Malaysia joins Singapore, Hong Kong, South Korea and many regions within China that are aggressively increasing bid support funding to win a greater share of the business events market in our region.



A robust research agenda for business events

The business events industry is committed to working with government to develop a robust measure of the contribution that business events make to the broader economy, in line with the recommendations of the *National Business Events Strategy for Australia 2020*.

To this end, BECA in partnership with TTF has commissioned the first phase of a research program to better understand the economic impact of the business events industry. The business events sector review will provide a basis to understand what information is currently available about the sector, and what related research has been conducted in Australia and overseas.

However, the industry is seeking a commitment from government to establish an ongoing research agenda with the sector to measure the size, value and growth of the business events sector. This research agenda must be supported by government to provide accurate, timely and robust data on the true economic impact of business events to Australia, including a standardised approach for determining return on investment.

Recommendation 2

In partnership with industry, commit to establish an ongoing research agenda to measure the size, value and growth of the business event sector, including the return on investment delivered by supporting business events.

Increased Commonwealth government support

National government support for business event bids is often a determining factor in awarding a destination the right to host an international association conference or exhibition. Organisers require certainty that the government of the host destination will support the conference, and help welcome and host delegates who attend the event. Support can take many different forms, including appearances at trade missions, meeting association representatives, written letters of support, hosting industry leaders attending the event, or opening the conference when the delegates have arrived. State government support is well established; the business events sector is now seeking greater Commonwealth government involvement in securing business events for Australia in conjunction with the states.

Recommendation 3

Develop a whole-of-government approach among Commonwealth ministries, departments and agencies to support business events bids that promote Australia's export competencies.



Image: Courtesy of Spice Magazine

Conclusion

The business events industry is a critical component of the visitor economy. It is a key driver of economic activity and a facilitator of trade and investment links with the rest of the world.

In order to continue to grow Australia's share of global business events and achieve the industry potential for the business events sector, industry must work with government to attract additional business events to the country. Failure to do so will see Australia continue to lose market share to more proactive destinations.

The industry is seeking bipartisan support for its business events policy priorities, including a commitment to address the two major recommendations of the National Business Events Strategy for Australia 2020 in the areas of bid support and development, and research. These priorities are necessary to achieve our 2020 tourism growth targets, and ensure this \$24 billion industry continues to deliver economic outcomes for Australia.



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