

A National Business Events Strategy for Australia 2020

The business of events –
Australia's untapped potential



October 2008

Prepared by: The Business Events Industry Strategy Group
Convened by the Federal Minister for Tourism, Energy and Resources

Glossary

AACB	Association of Australian Convention Bureaux	NIS	National Incentive Study (TA)
ABES	Australian National Business Events Strategy	NLTS	National Long-Term Tourism Strategy
ABS	Australian Bureau of Statistics	NVS	National Visitors Survey
AIPC	International Association of Convention & Exhibition Centres	PCO	Professional Conference Organiser
AMC	Association Management Company	RET	Department of Resources Energy and Tourism, Australian Government
BE	Business Events	SITE	Society of Travel and Incentive Executives
BEA	Business Events Australia Unit, Tourism Australia	TA	Tourism Australia
BECA	Business Events Council of Australia	TRA	Tourism Research Australia
CVBs	Convention & Visitors Bureaux	UIA	Union of International Associations
CIC	Convention Industry Council (North America)		
CSR	Corporate Social Responsibility		
CTSR	Centre for Tourism and Services Research, Victoria University		
DMC	Destination Management Company		
EEAA	Exhibition and Events Association of Australasia		
EIBTM	Major annual business events international trade show, Barcelona, Spain		
ICCA	International Congress and Convention Association		
IMEX	Major annual business events international trade show, Frankfurt, Germany		
IVS	International Visitors Survey		
ME	Major Public Events		
MEA	Meetings and Events Australia (Association)		
MPI	Meeting Professionals International (Association)		
NBES	National Business Events Study		

BECA DEFINES A BUSINESS EVENT AS:

any public or private activity consisting of a minimum of 15 persons with a common interest or vocation, held in a specific venue or venues, and hosted by an organisation (or organisations). This may include (but not limited to): conferences, conventions, symposia, congresses, incentive group events, marketing events, special celebrations, seminar, courses, public or trade shows, product launches, exhibitions, company annual general meetings, corporate retreats, study tours or training programs.

National Business Events Strategy for Australia 2020

The Hon Martin Ferguson MP
Minister for Resources Energy and Tourism
Parliament House
Canberra ACT

Dear Minister

In May 2008 you convened a joint government and industry working group to produce a national business events strategy and the industry is very pleased to now submit this document to you.

Development of the Business Events Strategy has involved a wide ranging and comprehensive examination of demand and supply issues, opportunities and impediments facing Australia's business events industry. The Strategy includes 52 recommendations for consideration and action by both government and the business events industry, including a process to oversee implementation.

It is also intended to be a key input to the National Long Term Tourism Strategy deliberations, and expands on Pre-Budget submissions lodged by the Business Events Council of Australia (BECA) in 2007 and 2008.

Following extensive discussion and consultation as outlined in Appendix 2 this Strategy was finalised by BECA with the involvement, support and endorsement of major tourism industry organisations, TTF Australia (Tourism and Transport Forum), the Australian Hotels Association, and the Australian Tourism Export Council. Assistance from the Tourism Division within the Department of Resources, Energy and Tourism, and from Tourism Australia through its Business Events Australia unit and Tourism Research Australia, is acknowledged and appreciated.

It is important to note that the worst of the current global financial crisis was starting to unfold as this document was being finalised and as such it contains no direct or specific reference to these adverse circumstances. However these current critical world wide conditions do significantly magnify the urgent need to address matters and recommendations contained in this Strategy.

On behalf of the business events industry we trust that you and the Australian Government will support and endorse this National Business Events Strategy for Australia.

Yours sincerely,



Geoff Donaghy
Chairman
Business Events Council of Australia

15 October 2008

Contents

Executive Summary

Recommendations

i
xv

National Business Events Strategy for Australia 2020

1

1. Overview

1

2. Introduction

3

- 2.1 The 2020 vision for our industry 3
- 2.2 What is the Business Events industry? 3
- 2.3 Why are Business Events important to Australia? 4
- 2.4 Why have a national strategy? 5
- 2.5 What was the strategy development process? 6

3. Economic Contribution of Business Events

7

- 3.1 Expenditure and Yield 7
- 3.2 Contribution to “value added” and employment 9
- 3.3 Intangible contributions 9
- 3.4 Business Events create tourists 9
- 3.5 Export services 11

4. Business Events Performance, Potential and Competition

12

- 4.1 Performance 12
 - 4.1.1 Overview 12
 - 4.1.2 International 12
 - 4.1.3 Domestic 12
- 4.2 Potential 19
 - 4.2.1. Overview 19
 - 4.2.1 Impediments 19
 - 4.2.2 Opportunities + Strengths 19
- 4.3 Competition 22
- 4.4 Technology – Impacts and Recommendations 23

5. Market Segments

24

- 5.1 Association conventions 24
- 5.2 Exhibitions 26
- 5.3 Corporate Incentives 28
- 5.4 Corporate Meetings 32
- 5.5 Government Meetings 33

6. Business Events Stakeholders

34

- 6.1 Australian Government & Tourism Australia 34
- 6.2 State, Territory and Local Governments 35
- 6.3 Private sector 36
- 6.4 Industry Associations 38

7. Demand Side: key issues, strategies and recommendations

39

- 7.1 Market failure 39
- 7.2 Driving demand 40
- 7.3 Australian Government's role 40
- 7.4 A new Australian Government – Business Events
Industry Partnership 41
- 7.5 Proposed initiatives 42

8. Supply Side: key issues, strategies and recommendations

46

- 8.1 Aviation 46
- 8.2 Climate change and sustainability 48
- 8.3 Infrastructure 52
- 8.4 Research 56
- 8.5 Taxation 57
- 8.6 Visas 60
- 8.7 Workforce skills and training 61

9. Forecasts and Performance Targets

63

10. Strategy Implementation and Review

65

Appendices

66

- Appendix 1: BE Strategy Terms of Reference 66
- Appendix 2: BE Strategy Group and Consultations 67
- Appendix 3: BE Article – “Ten Things We Need
to Explain About Our Industry” 69
- Appendix 4: Business Events Sectors –
how they work 72
- Appendix 5: Excerpts from Minister for Resources,
Energy and Tourism's Statement
of Expectations to Tourism Australia
and Tourism Australia's
Statement of Intent, 2008 75

Executive Summary

Overview

The National Business Events Strategy for Australia 2020 was conceived in February 2008 when the Minister for Resources, Energy and Tourism, the Hon Martin Ferguson AM MP, met with business events (BE) and tourism industry representatives.

Central to their discussions were the industry's concerns about challenges and changes affecting Australia's performance as a business events destination – now and into the future.

The participants agreed to draft a strategy that would support the development of an internationally competitive industry and maximise its contribution to the Australian economy. To that end, a working group of key industry stakeholders was convened.

This document is the result of their labours: a strategy that describes the composition of the BE industry; examines its economic importance to Australia; identifies market failures and opportunities; and provides a program of actions that can be taken collaboratively by industry and Government to achieve their shared vision of building a competitive and sustainable Business Events industry for Australia.

International engagement is a priority for the Australian Government which is keen to see Australia playing a bigger role in the community of nations, especially in the Asia-Pacific region. Other priority areas for the Australian Government relate to trade and the expansion of bilateral free trade agreements, a revolution in education, and the need for Australia to be more innovative.

The BE industry's desires and strategies to strengthen its sector support and enhance the Australian Government's own priorities. The industry's principal goal is to:

Take a strong collaborative BE industry-Australian Government team approach to enable Australia to realise its full potential and build a competitive and sustainable Business Events industry.

What is the business events industry?

Business Events is a collective term referring to association conventions, corporate and government meetings, exhibitions and incentive travel reward programs. The event may be as small as 15 business people convening an off-site workshop to solve a problem, through to a large international scientific meeting attracting 10,000 delegates. It could involve travel and accommodation for hundreds of corporate incentive

"We cannot be complacent about Australia being able to hold its own against stiff international competition. That is why I have convened a Business Events Working Group to develop a strategy for the Business Events sector. . . its objective is to develop a strategy that will deliver better outcomes through improved coordination, marketing focus, and cooperation between the industry and different levels of Government. In such a competitive international market, we cannot rest. We must work together to fulfil Australia's enormous potential on the international and domestic scenes."

MINISTER FOR RESOURCES, ENERGY AND TOURISM,
THE HON MARTIN FERGUSON MP,
MEA CONFERENCE, MAY 2008.

participants; or it may be a trade exhibition attracting 5,000 business visitors. The event may be held in a regional town hall, a resort, a hotel or it may be hosted in a large purpose-built city facility.

Why are business events important to Australia?

Business events produce the highest daily yield of any sector of the tourism industry. The BE sector contributes an estimated \$17.36 billion a year to the national economy, generating 116,000 jobs¹. But the net worth to the nation of Business Events far exceeds their hard dollar value. Among many other benefits, they promote and showcase Australian expertise and innovation to the world and attract global leaders and investment decision makers who would otherwise not have come to Australia.

Why have a national strategy?

The industry's stakeholders consider a national framework and a strategic industry/Government team approach to be essential if the BE sector is to maximise its economic contribution. No such framework or comprehensive joint national strategy currently exists.

What was the strategy development process?

This Strategy was developed by the Business Events industry with secretariat support from the Department of Resources, Energy and Tourism (RET). The industry strategy group included representatives from the Business Events Council of Australia (BECA), the Australian Hotels Association (AHA), the Australian Tourism Export Council

Executive Summary

(ATEC), and TTF Australia (Tourism & Transport Forum). Australian Government liaison was provided by the Tourism Division of RET. Tourism Australia (TA) provided support and information through its Business Events Australia Unit (BEA) and Tourism Research Australia (TRA).

The policy context

This Strategy has been prepared as a stand-alone document but should ideally not be viewed in isolation. There are a number of Australian Government policy development processes and reviews underway in related areas of tourism, aviation, infrastructure and taxation. In particular is the current work being done on a National Long-Term Tourism Strategy (NLTTTS), and this BE Strategy will be provided to the NLTTTS Steering Committee for consideration in its Strategy which is due for release mid-2009.

Also helping define the policy context for this strategy is the Department of Innovation's September 2008 report on the National Innovation System Review. It identifies a structural weakness in "bringing parties together to bridge the gap between researchers and users of research." This has obvious implications for the BE sector and exemplifies how successful conferences and events can dovetail with Government thinking.

Economic contribution of business events

BE delegates are well known for providing the tourism industry with its highest daily yield. Including direct and indirect effects, Business Events contribute 2% or \$6.13 billion of "value-added" to the Australian economy². Related and interdependent industries on which the sector has a positive impact include transport, restaurants, hotels and retail.

Convention delegates and incentive travel reward winners tend to be high-net-worth individuals and professionals who stay in upscale hotel accommodation and whose employers often cover the costs of their travel. A large proportion undertake "pre and post touring," often with their partners and families, which represents a significant flow-on benefit for other sectors of the economy.

The Australian Hotel Association (AHA) recognises the value of the BE sector in delivering high-end business, especially to four and five-star accommodation and hotels with meeting facilities. In the case of some of the larger conference hotels, one-third of the hotels' income is derived from the Business Events market.

The Australian Tourism Export Council (ATEC) supports a similar view, believing business travel, in all its forms, is often the "beachhead" behind which leisure tourism follows up and prospers, as delegates return to Australia with their family and friends as holiday makers.

Tourism and Transport Forum Australia (TTF) Managing Director, Christopher Brown, captures the tourism industry view: *"Over the past decade, the world has woken up to the fact that the business event delegate is the most lucrative visitor and they can also impact on the yield of leisure market."*

Intangible contribution

In addition to the direct tourism spend in destinations by organisers and delegates, Business Events deliver wider benefits in networking and business generation. The intangibles that flow from having convention and exhibition delegates of high strategic value coming to Australia arguably provide the most enduring advantages for the nation.

BENEFITS BEYOND SPEND

"IWA's meetings are an absolutely critical network for water professionals, where they learn and interact with each other trying to get another league in understanding by exchanging information and building relationships . . . when we get a critical mass [it] leads to big changes, to new ideas and the rethinking of water research and strategies. It generates a lot of innovation . . ."

DR DAVID GARMAN, PRESIDENT,
INTERNATIONAL WATER ASSOCIATION (IWA)

Business events create tourists

Research proves that Business Events encourage tourism. The National Business Events Study 2003 found that 46% of international delegates toured in other parts of Australia and more than a quarter of them (25.7%) brought accompanying persons³.



Executive Summary

Performance of the business events sector

A variety of sources need to be used when judging the performance of the BE industry, since no single source can be said to provide a true picture of the market.

The latest Tourism Research Australia (TRA) figures⁴ show that, since the year ending June 2000, there has been average annual loss of around 9% for conference, convention and exhibition visitors, and a smaller decline of 2% for both nights and spend. However, these negative figures mask strong growth in international inbound BE visitors, which has been distorted by a significant decline in the domestic BE market.

Both Australian Bureau of Statistics (ABS) and International Visitors Survey (IVS) figures show good growth for inbound convention visitors in recent years. ABS figures show that inbound convention visitor growth has outstripped total visitor inbound growth. In particular, unpublished data from Tourism Research Australia 2008 shows estimated incentive and corporate inbound delegates is performing very well. New markets in Asia show great promise.

The principal areas of concern lie in the sluggish international association and domestic markets which are dealt with separately below.

In the international market, the primary issue is the country's performance in the association conventions sector. Australia has been losing market share: it dropped out of the top ten country rankings with ICCA for the first time in 2007, slipping from No. 9 position to No. 13 position in one year.⁵

Whilst the absolute number of international association meetings held in Australia has increased over the last decade, Australia's market share has in fact fallen. According to the latest ICCA statistics report Australia's market share in 1997 was 4.0% whereas in 2007 it was 2.9%.

Australia was rated No. 1 in the Asia Pacific region for number of association meetings held per country in 2000 and its position fluctuated in the following years. The most recent ICCA report (based on 2007 data, released in June 2008) shows Australia has dropped to third position behind Japan (first) and China (second).

The UIA rankings confirm this decline. Singapore, as a single city/country destination, achieved the remarkable No. 4 spot in the 2007 country list, behind the USA, France Germany, with Japan reaching No. 5 position. Australia's position was No. 14.

On the domestic front, conventions/conference/exhibition overnight visitors declined by 6% across all three areas: visitor numbers, spend and visitor nights from June 00 to June 08. The domestic day figure for the same group showed a higher decline: -11% in visitor numbers and -13% in visitor spend.⁶ There are no comparable figures available for the incentive sector.

We're losing more visitors than we are gaining

Concern in the tourism industry has grown that Australia has become a "net importer" of total short-term visitors for the first time in recent history. The convention sector has been a net importer for seven of the last ten years⁷.

Potential

Australia has a strong domestic BE market, accounting for an estimated 80% of the total value of the industry. International growth in the BE market has reflected the growth in the world's economies, particularly the rise of Asia. This has led to expanding multinational corporations, growing memberships of associations, new trade agreements and growing dialogue between nations. All these factors have boosted face-to-face Business Events.

The challenges for the BE industry are to maintain a strong domestic market and ensure Australia retains and grows its share of the international market.

Impediments

The market is affected by influences beyond the industry's control, such as global and domestic economies, exchange rates, and external threats like terrorism. Clearly the industry operates in a fluid environment and must make adjustments as necessary. It also needs to be proactive to ensure its future, considering new strategies which can help drive demand.

Current international impediments include increased global competition, the price competitiveness of Asian destinations, long haul/environmental concerns and the growth in web-based as opposed to face-to-face learning. Domestic impediments include competition from

⁴ IVS and National Visitors Survey (NVS), Tourism Research Australia, 2008, unpublished data.

⁵ International Congress and Convention Association (ICCA) Annual Statistical Report 2008

⁶ National Visitors Survey (NVS), Tourism Research Australia, 2008, unpublished data.

⁷ ABS arrivals and departures for convention visitors 1998-07.

Executive Summary

online seminars and web conferencing plus the limited growth potential resulting from our small population base.

Other impediments relate to specific market segments, dealt with in Chapter 5, or larger supply-side issues covered under Chapter 8.

Opportunities

To counter the impediments, many factors work in Australia's favour including a solid association base on which to expand the conference market, an excellent reputation in delivering professional events, a strong leisure brand, a unique Indigenous culture, and a stunning and vast landscape.

Australia could capitalise more on its country's strengths to build its BE industry. Strengths such as its recognised trading national status, its secure business environment, its world leaders in many fields of endeavour, close contact with its Asian neighbours, and its established annual major events.

There remains an untapped potential for more conferences hosted in Australia to boost world-best practice in the country, and to encourage innovation across a wide variety of industry, professions government and academic life. Proactive strategies could unleash this potential.

Competition

Australia has faced massive growth in global competition for international Business Events over the past decade, particularly from Asian neighbours and the rapidly expanding Middle East region.

As more such competition comes on line backed by new five-star-product, our long-haul destination can no longer take its share for granted. Australian industry stakeholders *must* work as a united team to ensure future success, playing to the country's unique advantages and concentrating on niches most likely to deliver business.

Business events stakeholders

The Australian Government: its contribution to the BE industry lies primarily in its support for promotion and marketing activities of Business Events Australia (BEA), a unit within Tourism Australia (TA), and policy support through the Tourism Division of the Department of Resources, Energy and Tourism (RET).

Support for Tourism Australia to market Australia as a BE destination is provided on the policy basis that there is market failure in the promotion of Australia. As no private

business is able to gain the full benefit of such activity, marketing of Australia is undersupplied by the private sector.

TA's Business Events Australia strategy is to:

- Build global awareness of Australia as a sustainable business events destination.
- Deliver a clear brand for business events in Australia and a marketing toolkit.
- Deliver trade marketing programs that bring buyers face-to-face with sellers.
- Provide industry access to research and market insights.
- Provide industry leadership to promote ongoing development of a sustainable Business Events sector.

More details on TA's activities in the Business Events market is provided in Chapter 6.

State, Territory and local Governments: these Governments have had direct involvement in the BE industry through investment in infrastructure and marketing of their particular cities or regions. Purpose-built convention and exhibition centres are generally owned by State Governments, though there's been a trend in recent years towards Public Private Partnerships (PPPs). State and territory and regional Governments provide support to local convention bureaux to market their states or regions as BE destinations and generate export dollars for that state.

The private sector: the largest contributor through investment in infrastructure, products and services, and marketing. It contributes to BE marketing through its individual efforts, support for the convention bureaux and cooperative marketing ventures with both the CVBs and TA.

Industry associations: a number of industry associations operate in the BE sector. The key BE associations fall under the umbrella of the peak organisation, the Business Events Council of Australia (BECA). BECA is a member of the National Tourism Alliance, and works closely with relevant tourism industry associations which have members involved in the BE market, such as the Australian Hotels Association (AHA), Australian Tourism Export Council (ATEC) and TTF Australia (Tourism & Transport Forum).



Executive Summary

Market segments

There are five main segments: association conventions; exhibitions; corporate meetings; corporate incentive travel; and government meetings. Although there are trends common across all types, each segment has its own distinct processes, features, and issues which are covered in detail in Chapter 5 and in Appendix 4.

Association-hosted events are a vital component of the BE sector globally and have experienced healthy growth over the past decade. They provide the largest share of business for some operators, like convention centres.

The relative stability of the association sector compared with corporate meetings makes it particularly attractive to destinations. The market is less susceptible to short-term changes in economic conditions because of the long-led nature of the business and the need to maintain meetings as a revenue generating form of member communication.

Exhibitions cover both trade and public events. Stand-alone exhibitions are often developed and owned by entrepreneurial exhibition organisers, a number of which are global companies that determine the feasibility of staging shows in certain countries and regions. Exhibitions also form an important component of many association conferences, providing a valuable revenue source and commercial boost to the event. Exhibitions are increasingly being run alongside conferences and seminars, and vice versa.

Corporate meetings tend to be smaller in size than the association conferences, but overall represent a larger share of the total BE market, in terms of number and frequency of events. The meetings can take many forms: from annual corporate conferences to retreats, training seminars, AGMs and product launches. This strength of this sector tends to reflect the strength of the economy and, as such, there are concerns that state of the global economy could depress the corporate meetings sector in the foreseeable future.

Corporate incentive travel, used to reward top clients, distributors and/or staff, can range from very small groups or couples to large groups of many thousands at one time. This segment is the newest on the BE scene and has been a rapidly growing market over the past two decades. Traditional source markets of North America and Europe are being overshadowed by large movements and growth from Asia.

Government meetings represent a large slice of the BE market (24% of the total⁸) although the category has the smallest number of participants. These meetings are often held as part of a regional rotation, such as APEC meetings, or in response to a political, economic or humanitarian crisis. Many government meetings and their decision makers remain unidentified and the BE industry believes it represents an important untapped potential segment for expansion.

Executive Summary

Issues, strategies and recommendations

Market failure & government's role

Chapter 7

Driving demand is vital to the ongoing sustainability of the BE sector. Without demand, the supply-side issues addressed in this strategy become academic.

A serious challenge looms for the BE industry: Australia is working in an increasingly competitive global environment in which industry and governments around the world are aggressively seeking to grow their share of the global BE market. Australian industry participants must unify behind cooperative marketing efforts and adopt innovative strategies to counter this competition.

The industry cannot do this in isolation. It needs more Australian Government support to help identify and address market failures, remove supply-side impediments, secure more events for Australia and increase the impact of business already won through delegate-boosting activities. In particular, the industry believes current funding does not allow Tourism Australia's BEA unit to adequately cover all BE sectors or exploit synergies between State and city based BE marketing for the overall benefit of Australia.

Market failure

The industry's structure is fragmented and diverse with a prevalence of small business operators. This leads to market failure because individual businesses, if they were to fund their own marketing, would be unable to capture fair returns from their investment due to the ability of non-contributors to "free ride" on that investment.

This is why, if left to the market, businesses in the industry will tend to under-invest in marketing. Continuing Government funding for marketing provided to assist the industry to address this problem is effectively an admission by Government that market failure exists.

Additionally, hosting international meetings, conventions and exhibitions generates significant benefits to the Australian economy and the community similar to those created by Australian Government support for research and development programs in other industries.

Yet industry believes Government's current BE investment is inadequate.

Another area of market failure in the industry relates to the need for research (dealt with in more detail in "Supply-side issues", Chapter 8.)

Government's Role

In its Statement of Intent, Tourism Australia, the statutory authority of the Australian Government which has

The Access Economics 2002 Report on the economic value of tourism⁹ finds the "market failure" case for tourism is very strong in relation to marketing Australia as a destination for overseas visitors.

"Indeed, in no other tourism area is the case for Government intervention anywhere near as strong as that for export promotion marketing. Australia-wide, this puts the Commonwealth Government at centre-stage."

Referring to state and private funding, Access makes the point that because of the "free rider" problem, Commonwealth funding support is a complement to, not a substitute for, such funding for tourism promotion.

responsibility for tourism marketing at home and internationally, has this as one of its key priorities:

"As part of its strengthened commitment to promoting Australia as a business events destination, Tourism Australia intends to continue the roll out of a new brand message that will more strongly position Australia as a world class business events destination for meetings, conventions, incentives and exhibitions."¹⁰

The Business Events industry welcomes this acknowledgement by the Government of the importance of the BE market. While recognising positive steps have been taken by Government through TA, *the industry believes unaddressed market failure issues mean policy objectives cannot be met.*

TA's annual budget for Business Events marketing is understood to be \$5.8 million in 2007/08. (No breakdown of marketing vs administration overheads is available.) Given the suggested return for each dollar invested and the benefits that Business Events bring to Australia (described elsewhere in this Strategy) there is a case for a substantial increase in the funding for Business Events marketing through TA so a more comprehensive marketing approach can be taken. Under-investment in marketing is especially relevant in the international association conventions business where Australia's global market share is in decline.

9 The Economic Value of Tourism for Australia: a Post-September 2001 Stock-take and Update, Access Economics Pty Limited for the Australian Tourism Commission, May 2002

10 Excerpt, TA Statement of Intent, 2008

Executive Summary

BIPARTISAN SUPPORT FOR BE

The Committee recommends that the Government provide additional funding to Tourism Australia to extend the international marketing of Australia's Business Events capabilities.

BIPARTISAN PARLIAMENTARY COMMITTEE REPORT
ON CURRENT AND FUTURE DIRECTIONS OF
AUSTRALIA'S SERVICES EXPORT SECTOR, 2007

Tourism Australia: funding & consultation

Chapter 7.5

Marketing Funds

TA's Business Events Australia Unit has the potential to play a more significant role in market development for the Business Events sector. TA's new BE brand work has been well received by the industry, but more resources are needed to effectively market globally to this sector.

The industry calls upon the Australian Government to allocate increased funding to TA for dedicated BE marketing.

The key areas for requiring additional funding are:

- Bid Support
- Convention Delegate Boosting
- Global Marketing
- Research

The following major initiatives are recommended:

Association Bid Support Fund

Establishment of an Australian Government Fund to help Australia win and host international conferences that potentially offer major benefits to Australia beyond the BE sector.

Convention Delegate Boosting Fund

Help Australian maximise attendance at conferences already secured, and boost pre and post touring, through specific funding for collateral, promotional assistance, and direct marketing campaigns to potential attendees.

Major BE Brand Advertising and Integrated Marketing Campaign

Using the new BE Brand, provide a major boost to marketing funds to allow this Brand to be effectively marketed in an integrated and ongoing campaign to the global BE market.

Research

Allocate additional funding to TRA's budget specifically to support targeted research on BE, focusing on ongoing measuring of the size, value, and market segments of the BE sector from which performance can be judged and trends identified.

A more detailed list of suggested initiatives to be covered by additional TA funding is contained in Chapter 7. Refer to Chapter 6 for details of TA's current BE activities.

Consultation

The BE industry recognises that TA has a series of Industry Advisory Panels (IAPs). If working effectively, these Panels act as an excellent conduit for up-to-the minute advice on industry conditions and issues provided by operators directly to the Tourism Australia Board. However, the BE industry believes Tourism Australia needs to ensure the Business Events Industry Advisory Panel meets regularly and operates efficiently in a way which encourages industry input direct to the Board. TA's current BE Industry Advisory Panel has not met since November 2007.

The Australian BE Strategy Implementation Group, recommended in this Strategy, should not be confused with TA's BE Industry Advisory Panel. The broad-based Strategy Group would take into account all aspects of the BE sector, including supply-side issues as well as demand-side and reaching out to other partners in areas such as business, innovation, education, foreign affairs and trade. TA's IAP for Business Events focuses specifically on the BE marketing activities of TA.

The BE Industry believes that a stronger collaborative and consultative approach between BEA and the Industry will see increased joint ventures and greater industry commitment to cooperative marketing opportunities.

Recommendations

- That increased funding be provided to TA so it can boost its BE activities in the key areas of bid support, convention delegate boosting, marketing and research, as outlined in this Strategy.
- That TA increase its efforts to improve the effectiveness of its BE Industry Advisory Panel, to ensure an effective conduit exists between the industry and the TA Board.
- That the BE industry and TA continue to strengthen their collaborative efforts through joint ventures.

Executive Summary

Aviation

Chapter 8.1

Even when world-class convention and exhibition centres and incentive venues are located in enticing destinations, without affordable and regular air access this infrastructure is wasted. It is essential that Australia has airline capacity to cater for growth in demand, particularly from emerging markets.

There are three aviation issues to consider in relation to the Business Events Strategy: capacity; passenger facilitation; and regional aviation.

Delays in processing passengers by border control agencies frustrate the legitimate movement of people into and out of Australia. Express Paths are currently being trialled at our airports to provide fast passenger processing for first and business class passengers and reduce delays.

Recommendations

Capacity

- That air service arrangements be negotiated ahead of demand.
- That air services negotiations be targeted at key BE growth markets.
- That Australia actively pursues both bilateral 'open skies' air services arrangements with key individual nations and multilateral 'open skies' arrangements.
- That there be a defined strategic use of fifth freedom rights.
- That additional short-term capacity be made available in bilateral agreements to meet major event demand.
- That air service arrangements with other Governments be facilitated to permit short-term addition of capacity by airlines of both countries for large events.
- That bilateral air services negotiations be targeted at the key business event growth markets of China, India, Canada, Taiwan and Asian countries outside the top nine Asian inbound markets. >

Regional aviation

- That a formal mechanism be established where industry can provide airlines with forward client/bookings data to facilitate improved scheduling and planning.

Passenger facilitation

- That the Express Path trial be made permanent and extended to all Australian international gateway airports.

Export Services

Chapter 3.5

The growing global recognition and reputation of Australian Business Events personnel and companies has led to an expanding export market for BE services. Indeed overseas work for BE individuals and companies represents a good news story and export opportunity for Australia. The Sydney Olympics is widely seen to have been a catalyst in this regard. Australian BE personnel have also developed a particularly strong reputation in the management of convention centres.

Some practitioners have established overseas offices, particularly in Asia. Others have formed alliances with overseas colleagues or have become part of multinational organisations.

Recommendation

- That the BE Industry and the Australian Government work together to establish an agreed methodology to capture the scope and value of this growing BE export market.

Executive Summary

Climate change & sustainability

Chapter 8.2

The BE industry believes Australia should aim to lead the world in the delivery of “green” business events venues, products and “low carbon” events.

This goal is essential to a) counter the negative arguments associated with long-haul travel when choosing BE destinations and b) to ensure Australia can promote its green credentials when bidding for international business. Local bidding organisations will increasingly need to address sustainability in BE bid criteria and RFPs (Requests For Proposal) issued by corporations and associations.

All purpose-built convention and exhibition centres across Australia have introduced green policies and attained environmental accreditation in the past few years.

An opportunity exists for Australia to further enhance its international standing and profile by bidding for more conferences related to energy, sustainability, the environment and climate change.

TA believes Australia's strong image as a nature tourism destination gives it great appeal in the CSR category and represents a genuine opportunity for the BE sector.

Awareness of CSR product is low in the distribution system. Australia's green credentials need to be marketed proactively. Australian destinations and products will need to work as a united team through convention bureaux and TA in marketing their green capabilities.

Australia's proposed Emissions Trading Scheme is expected to be the best in the world and this alone should provide a prime opportunity. The Australian Government could support efforts to help secure relevant existing events and create worthwhile inaugural events on these topics. An Australian Government/industry working party could be established to identify such opportunities.

Recommendations

- That the Australian Government encourage its Departments to reduce the environmental impact of their conferences and aim for carbon-neutral events.
- That the Australian Government's Requests For Proposals/Tenders for the organisation of their meetings include a mandatory requirement for companies/suppliers to provide information on their CSR credentials and how they will run the meetings according to sustainable event guidelines. >

- That the Australian Government introduces a short-term incentive scheme and/or tax relief to encourage all event organisers to aim for carbon-neutral events.
- That Government introduces a short-term incentive scheme and/or tax relief to encourage all BE operators to introduce and/or trial CSR activities and programs.
- That the BE industry and Australian Government collaborate to identify appropriate international climate-change related conferences and provide support for the creation of worthwhile inaugural “anchor” events in Australia.
- That TA, in partnership with the CVBs and industry, introduce and adopt the practice of running carbon-neutral familiarisations for media and BE buyers as a benchmark for industry.
- That TA demonstrate and actively promote a low-carbon footprint through its international trade shows, ATE and other appropriate events and acknowledge and promote efforts made by tourism-related associations and convention bureaux to stage their own carbon-neutral meetings.
- That the BE industry, through its representative associations, implement a program of green initiatives including:
 - Running low carbon events
 - Running educational sessions on world's best management practices
 - Endorsing credible and sustainable carbon calculator companies
 - Providing best practice green case studies for branding and promotional purposes
 - Entering Australia's BE products and services in national and international green awards programs
 - Participating in, and assisting, TA's green BE inventories.
- That BECA in collaboration with the National Tourism Alliance (NTA) and TA provide a “Green” website portal as a central information point for industry on how to access information on staging “green events” and accessing suppliers who are accredited.



Executive Summary

Forecasts & Performance Targets

Chapter 9

There are currently no official forecasts provided for the BE sector, either on a global or domestic basis. The United Nations World Tourism Organisation (UNWTO) forecasts that tourism will continue to grow at about 4% a year at least until 2020. Australia's Tourism Forecasting Committee (TFC) is responsible for setting forecasts for the country's inbound visitors and is predicting inbound visitor growth of 4.4% until 2017.

The industry recognises the difficulties and dangers in developing forecasts and targets for Australia. Many external factors such as economic conditions, fuel prices, and exchange rates come into play. However, without further policy support Australia is expected to continue losing BE market share as other countries invest more heavily in BE marketing to support their expanded venues. Concomitant with the additional BE funding recommended in this Strategy, Australia should set goals and KPIs for the BE sector.

While the BE industry supports the establishing of forecasts and goals for the sector, it believes that any targets should be expressed in relative terms. For example, targets relative to:

- global market share, using available market segment data
- total inbound visitor and domestic numbers and spend
- occupancies of meeting venues relative to total available space
- CountryBrand Index convention destination ranking.

Recommendations

- That the Tourism Forecasting Council includes inbound BE attendees in their visitor projections.
- That the new Australian BE Strategy Implementation Group defines the mechanisms which will enable industry performance to be judged and national BE goals to be set.
- That the projections expected to be included in the National Long Term Tourism Strategy be taken into account when setting BE forecasts.

Infrastructure

Chapter 8.3

To compete internationally, Australia must have world-class meeting, exhibition and incentive venues and related products which are recognised as such by global peers and clients.

Australian State Governments have invested roughly \$5.7 billion in BE infrastructure both directly and through public-private partnerships. These convention and exhibition centres are recognised as world-class and have the potential to attract prestigious events and generally the market is well served in this regard.

However there is a recognised shortfall in both convention and exhibition space in Sydney and Adelaide, as well as there being a need for increased exhibition space in Melbourne.

The most pressing issue relates to Australia's hotel accommodation supply. There is a current disconnect between the increase of convention/exhibition space and the tightening of the accommodation market, and some five-star hotel product is lacking or outdated in some regions for incentive travel markets.

A paradox exists here. On one hand there is a need to increase Australian room rates to drive further investment; on the other there is the price competitiveness of many offshore destinations and the potential loss of business associated with this competition.

Hotel accommodation is subject to a number of state taxes which do not affect other forms of development – land tax, payroll tax, and stamp duty. The impact of these taxes on investor appetite has a direct impact on new accommodation developments.

Taxes that make accommodation development uncompetitive, in comparison with other land uses, should be addressed.

Recommendations

- That Governments identify crown land and property in capital cities that would be better used for tourism development.
- That Governments ensure all tourism development exceeding \$20 million is not subject to local council approval but assessed and approved under States' environmental and planning laws as matters of state and regional significance. >

Executive Summary

- That State Governments provide a “one-stop-shop” service to facilitate the assessment and approval of major tourism development projects.
- That Governments urgently provide a targeted program of payroll and land tax incentives for tourism development, including land and payroll tax refunds for furniture, fittings and fixtures and other product refurbishment and five-year land and payroll exemptions for new development.

An onerous anomaly in GST laws is the obligation to pay GST on the total estimated account when paying a deposit. This seriously affects event organisers and other related tourism operators when booking venues and paying a nominal deposit – often years in advance. The GST ruling on deposits as it relates to the tourism industry must be scrapped and the timing of GST liabilities brought in line with other liabilities.

The ATO should also provide simple, easy-to-use advice on GST refunds for overseas Business Events organisers and delegates. There is an opportunity for the current Tourist Refund Scheme (TRS) to streamline refunds for BE visitors.

The BE Industry believes a tax incentive for approved training, similar to the R&D tax incentive, would serve many purposes. It would boost corporate investment in employer training, reflecting the Australian Government's education revolution. It would address Australia's chronic skills shortage by encouraging more employer-funded training of staff. Additionally, an increase in training seminars, conferences and workshops would boost the sluggish domestic BE market.

Research

Chapter 8.4

The growth in the BE industry in Australia has not been matched by consistent collection of data on its scope or the economic impact of the industry. There is a clear market failure in the delivery of credible, timely BE industry research which can be used to judge performance and trends and allow informed decisions to foster a sustainable industry.

Recommendations

- That additional Government funding be provided to TRA specifically to boost its BE research.
- That BE industry organisations allocate an annual budget for research and BECA play a coordinating role to ensure research investments are maximised.
- That the BE industry and the Australian Government agree on the base of available research results which can be used regularly to determine the performance of the industry.
- That the BE industry supports TRA efforts to have relevant airlines agree to allow surveys to be undertaken in airport club lounges.

Recommendations

- That the GST ruling on deposits as it relates to the tourism industry be scrapped and the timing of GST liabilities brought in line with other liabilities.
- That the Australian Government eases the regulatory burden of the process of the making and implementation of tax rulings.
- That the Department of Resources, Energy and Tourism establishes a joint taxation panel with the industry which requires the ATO to consult with the industry prior to new draft rulings.
- That the ATO provides simple, easy-to-use advice on GST refunds for overseas Business Events organisers and delegates.
- That the Australian Government introduces an incentive for businesses to train staff, similar to an R&D incentive, with tax deductibility of 125% on all eligible training, as part of the Australian Government's “education revolution” to encourage ongoing job training and to stimulate the domestic BE business.
- That tax incentives (125%) for approved training programs run by employers for employees stipulate that the training must be delivered within Australia.

Taxation

Chapter 8.5

Australia *must* have an internationally competitive taxation system if the Business Events industry is to remain competitive and maximise its economic contribution. A review of some areas of taxation legislation relevant to the BE industry is urgently required. There is also a need for the Australian Government to embrace new taxation initiatives to support the industry's growth.

Executive Summary

Visas

Chapter 8.6

The BE Industry acknowledges improvements made by the Australian Government over the past decade to streamlined visa processing including the Department of Immigration's establishment of an International Event Coordinator Network (IECN) to facilitate visa processing for large groups attending major events and conferences. Further improvements such as expanded visa exemptions and fast-tracking would help keep Australia competitive; improvements which have been picked up by some of our international competitors.

Recommendation

- That the Australian Government appoint a BECA representative to the Tourism Visa Advisory Group (TVAG) so the BE sector can be represented in discussions to further streamline the visa process, particularly for large group movements related to major conventions/Business Events.

Workforce skills & training

Chapter 8.7

Education and training in Australia has come a long way in the past decade. With the move to new apprenticeships and new apprenticeship centres, all industries have benefited from an increased emphasis on Vocational Education and Training. Despite this progress, in June 2004 the Department of Employment and Workplace Relations defined a range of shortages in skills within the Business Events industry.

Recommendations

- That Business Events is officially recognised by the Australian Government as a sector suffering from a chronic skills shortage by adding it to the national skills shortage list, ensuring that assistance with visas and migration of skilled labour is offered.
- That the Australian Government recognises and supports BE industry accreditation programs; namely in the first instance, the Meetings & Events Australia's (MEA) industry accreditation program. This support will ensure that endorsed accreditation programs are recognised well beyond their own industry and offer security >

in regard to professionalism to those using Meetings Managers to deliver their business events, meetings or conferences.

- That the Australian Government requests its own federal departments and agencies, recognise and give preference to Accredited Meeting Managers in relevant appointments or contracts, given the large number of meetings hosted by government.
- That significant research is undertaken in the areas of salary band recommendations so that there are salary benchmarks against other industries, and that this research is developed and funded by the BE industry on a dollar-for-dollar matching basis with the Australian Government.
- That the Australian Government provides encouragement to BE industry to providing training support to both vocational and tertiary education institutions by expanding its GST free component beyond the current articulated training arrangement to approved non-articulated training.
- That the Australian Government supports BE career education in secondary schools by providing funding through the Department of Education, Employment and Workplace Relations on a dollar-for-dollar matching basis with the BE industry.
- That BE industry organisations continue to address workforce skills and education issues; expanding professional development and accreditation programs; strengthening relationships with secondary and tertiary institutions and private training providers; developing clear education articulation pathways; and fostering appropriately trained industry practitioners to deliver practical education and training.

Executive Summary

Impact of Technology

Chapter 4.4

There is an increasing expectation among event organisers and attendees of a high degree of technology sophistication within the BE industry. Rapid technology advances have ushered in a new generation of virtual conferencing systems. The BE sector must maintain its effectiveness against other communication options, many of which are IT related.

Recommendations

- That BE industry associations develop case studies which demonstrate the effectiveness of face-to-face events.
- That BE industry associations foster improvements in business event programs, in terms of new meeting technologies, content, delivery and networking opportunities, delivered by organisers to enhance the live event experience.

Executive Summary

Strategy implementation and review

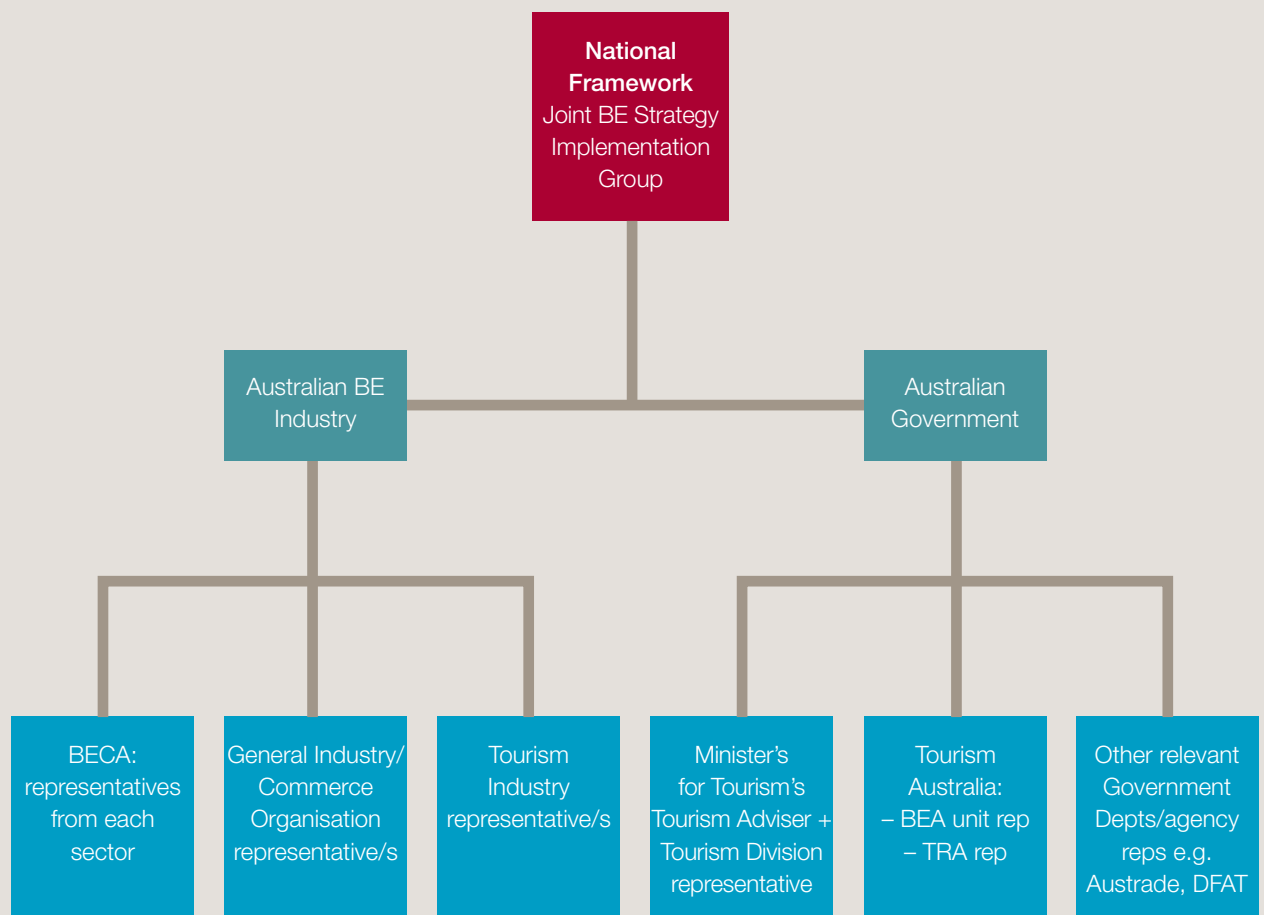
Chapter 10

This Strategy is intended for use as a national blueprint for the development of a sustainable Business Events industry over the next decade. To ensure it delivers its maximum potential economic benefit to Australia, a strong and effective working partnership needs to be formed between industry and the Australian Government. The framework needs to be established for topline review and direction of the strategy.

The BE industry strongly believes a new and broad group needs to be established by the Minister for Resources, Energy and Tourism to address all the issues raised in this Strategy.

Recommendations

- That an Australian Business Events Strategy Implementation Group be established to provide ongoing guidance and review of the Strategy.
- That the Australian BE Strategy Implementation Group promotes increased co-ordination between the BE industry and the Australian Government.
- That the Australian BE Strategy Implementation Group meets at least twice annually.
- That the Australian BE Strategy Implementation Group be structured as per table below:



Executive Summary

Recommendations

National Business Events Strategy's full list of recommendations for action by the Australian Government and the BE industry:

Funding and Tourism Australia

- That increased funding be provided to TA so it can boost its BE activities in the key areas of bid support, convention delegate boosting, marketing; and research, as outlined in this Strategy.
- That TA increase its efforts to improve the effectiveness of its BE Industry Advisory Panel, to ensure an effective conduit exists between the industry and the TA Board.
- That the BE industry and TA continue to strengthen their collaborative efforts through joint ventures.

Aviation

Airline Capacity

- That air services negotiations be targeted at key BE growth markets.
- That Australia actively pursues both bilateral 'open skies' air services arrangements with key individual nations and multilateral 'open skies' arrangements.
- That there be a defined strategic use of fifth freedom rights.
- That additional short-term capacity be made available in bilateral agreements to meet major event demand.
- That air service arrangements with other Governments be facilitated to permit short-term addition of capacity by airlines of both countries for large events.
- That bilateral air services negotiations be targeted at the key business event growth markets of China, India, Canada, Taiwan and Asian countries outside the top nine Asian inbound markets.

Regional Aviation

- That a formal mechanism be established where industry can provide airlines with client/bookings data to facilitate improved scheduling and planning.

Passenger Facilitation

- That the Express Path trial be made permanent and extended to all Australian international gateway airports.

Climate change & sustainability

- That the Australian Government encourages its Departments to reduce the environmental impact of their conferences and aim for carbon-neutral events.
- That the Australian Government's Requests For Proposals/Tenders for the organisation of their meetings include mandatory requirement for companies/suppliers to provide information on their CSR credentials and how they will run the meetings according to sustainable event guidelines.
- That the Australian Government introduces a short-term incentive scheme and/or tax relief to encourage all event organisers to aim for carbon-neutral events.

- That Government introduces a short-term incentive scheme and/or tax relief to encourage all BE operators to introduce and/or trial CSR activities and programs.
- That the BE industry and Australian Government collaborate to identify appropriate international climate-change related conferences and provide support for the creation of worthwhile inaugural "anchor" events in Australia.
- That TA, in partnership with the CVBs and industry, introduce and adopt the practice of running carbon-neutral familiarisations for media and BE buyers as a benchmark for industry.
- That TA demonstrate and actively promote a low-carbon footprint through its international trade shows, ATE and other appropriate events and acknowledge and promote efforts made by tourism-related associations and convention bureaux to stage their own carbon-neutral meetings.
- That the BE industry, through its representative associations, implement a program of green initiatives including:
 - Running low carbon events
 - Running educational sessions on world's best management practices
 - Endorsing creditable and sustainable carbon calculator companies
 - Providing best practice green case studies for branding and promotional purposes
 - Entering Australia's BE products and services in national and international green awards programs
 - Participating in, and assisting, TA's green BE inventories.
- That BECA in collaboration with the National Tourism Alliance (NTA) and TA provide a "Green" website portal as a central information point for industry on how to access information on staging "green events" and accessing suppliers who are accredited.

Export services

- That the BE Industry and the Australian Government work together to establish an agreed methodology to capture the scope and value of this growing BE export market.

Forecasting

- That the Tourism Forecasting Council includes inbound BE attendees in their visitor projections.
- That the new Australian BE Strategy Implementation Group defines the mechanisms which will enable industry performance to be judged and national BE goals to be set.
- That the projections expected to be included in the National Long Term Tourism Strategy be taken into account when setting BE forecasts.

Infrastructure

- That Governments identify crown land and property in capital cities that would be better used for tourism development.
- That Governments ensure all tourism development exceeding \$20 million is not subject to local council approval but assessed and approved under states' environmental and planning laws as matters of state and regional significance.

Executive Summary

- That State Governments provide a “one-stop-shop” service to facilitate the assessment and approval of major tourism development projects.
- That Governments urgently provide a targeted program of payroll and land tax incentives for tourism development, including land and payroll tax refunds for furniture, fittings and fixtures and other product refurbishment and five-year land and payroll exemptions for new development.

Research

- That additional Government funding be allocated to TRA specifically to boost its BE research.
- That BE industry organisations allocate an annual budget for research and BECA play a coordinating role to ensure research investments are maximised.
- That the BE industry and the Australian Government agree on the base of available research results which can be used regularly to determine the performance of the industry.
- That the BE industry supports TRA efforts to have relevant airlines agree to allow surveys to be undertaken in airport club lounges.

Technology

- That BE industry associations develop case studies which demonstrate the effectiveness of Face-to-Face events.
- That BE industry associations foster improvements in business event programs, in terms of new meeting technologies, content, delivery and networking opportunities, delivered by organisers to enhance the live event experience.

Taxation

- That the GST ruling on deposits as it relates to the tourism industry be scrapped and the timing of GST liabilities brought in line with other liabilities.
- That the Australian Government eases the regulatory burden of the process of the making and implementation of tax rulings.
- That the Department of Resources, Energy and Tourism establishes a joint taxation panel with the industry which requires the ATO to consult with the industry prior to new draft rulings.
- That the ATO provides simple, easy-to-use advice on GST refunds for overseas Business Events organisers and delegates.
- That the Australian Government introduces an incentive for businesses to train staff, similar to an R&D incentive, with tax deductibility of 125% on all eligible training, as part of the Australian Government’s “education revolution” to encourage ongoing job training and to stimulate the domestic BE business.
- That tax incentives (125%) for approved training programs run by employers for employees stipulate that the training must be delivered within Australia.

Visas

- That the Australian Government appoint a BECA representative to the Tourism Visa Advisory Group (TVAG)

so the BE sector can be represented in discussions to streamline the visa process, particularly for large group movements related to major conventions/Business Events.

Workforce skills & training

- That Business Events is officially recognised by the Australian Government as a sector suffering from a chronic skills shortage by adding it to the national skills shortage list, ensuring that assistance with visas and migration of skilled labour is offered.
- That the Australian Government recognises and supports BE industry accreditation programs; namely in the first instance, the Meetings & Events Australia’s (MEA) industry accreditation program. This support will ensure that endorsed accreditation programs are recognised well beyond their own industry and offer security in regard to professionalism to those using Meetings Managers to deliver their business events, meetings or conferences.
- That the Australian Government requests its own Federal Departments and agencies, recognise and give preference to Accredited Meeting Managers in relevant appointments or contracts, given the large number of meetings hosted by government.
- That significant research is undertaken in the areas of salary band recommendations so that there are salary benchmarks against other industries, and that this research is developed and funded by the BE industry on a dollar-for-dollar matching basis with the Australian Government.
- That the Australian Government provides encouragement to BE industry to providing training support to both vocational and tertiary education institutions by expanding its GST free component beyond the current articulated training arrangement to approved non-articulated training.
- That the Australian Government supports BE career education in secondary schools by providing funding through the Department of Education, Employment and Workplace Relations on a dollar-for-dollar matching basis with the BE industry.
- That BE industry organisations continue to address workforce skills and education issues; expanding professional development and accreditation programs; strengthening relationships with secondary and tertiary institutions and private training providers; developing clear education articulation pathways; and fostering appropriately trained industry practitioners to deliver practical education and training.

Strategy implementation

- That an Australian Business Events Strategy Implementation Group be established to provide ongoing guidance and review of the Strategy.
- That the Australian BE Strategy Implementation Group promotes increased co-ordination between the BE industry and the Australian Government.
- That the Australian BE Strategy Implementation Group meets at least twice annually.
- That the Australian BE Strategy Implementation Group be structured as per the details provided in this Strategy.

National Business Events Strategy for Australia 2020

1. Overview

The Minister for Resources, Energy and Tourism, the Hon Martin Ferguson AM MP, met with business events (BE) and tourism industry representatives in February 2008 to discuss the industry's concerns about the decline in Australia's performance as a BE destination.

An outcome of the meeting was that the Business Events industry was asked by the Minister to bring forward an Australian Business Events Strategy (ABES) to facilitate the development of an internationally competitive industry and to maximise its contribution to the Australian economy.

A working group of key stakeholders in the industry was convened in May 2008 to draft the BE Strategy.

The Strategy describes the main participants in the industry and briefly outlines the role played by the Australian and state and territory Governments in supporting it and the associated issues.

The key issues requiring action by stakeholders have been derived from consultations with the Business Events industry. During these consultations, stakeholders noted that BE requirements are different from those for leisure travel. Though leisure travel is commonly an adjunct, the main purpose of BE is business communication. Participants attend these events to conduct business, learn and network with other professional and business colleagues.

However, business events attendees and the family and friends who accompany them – like other visitors to Australia – consume the outputs of many industries including restaurants, accommodation, retail, transport, and cultural and recreational services.

Key issues addressed in this Strategy include:

- The threat of increasing competition from international business events destinations.
- The need to ensure the domestic business events market is sustained and developed.

"We cannot be complacent about Australia being able to hold its own against stiff international competition. That is why I have convened a Business Events Working Group to develop a strategy for the Business Events sector. . . its objective is to develop a strategy that will deliver better outcomes through improved coordination, marketing focus, and cooperation between the industry and different levels of Government. In such a competitive international market, we cannot rest. We must work together to fulfil Australia's enormous potential on the international and domestic scenes."

THE HON MARTIN FERGUSON MP, MINISTER FOR RESOURCES,
ENERGY AND TOURISM,
MEA CONFERENCE, MAY 2008.

- The need to maintain world-class business events infrastructure to meet or exceed client expectations.
- The provision of efficient, competitive aviation services.
- The facilitation of international visitor visas.
- The impact of the Australian taxation system on the Business Events industry.
- The environmental sustainability of the Business Events industry and the growing impact of Corporate Social Responsibility practices.
- Increasing professional standards within the sector and ensuring an adequate, skilled workforce can meet demand.
- Achieving a whole-of-Government approach to business events issues and initiatives.
- Undertaking quantitative and qualitative research to encourage investment, support policy development, direct marketing strategies, and enable planning for growth.
- Maximising the return from international business events won by Australia.

The Strategy identifies areas of market failure and recommends actions to be adopted by industry and the Australian Government to address these issues.

The Policy Context

The Australian Government announced in May 2008 that it would develop a National Long Term Tourism Strategy (NLTTS) aimed at strengthening the tourism industry's supply-side capacity and maximising the net economic benefits of tourism to the Australian economy.

In announcing the NLTTS, the Government said it was essential to ensure the tourism industry had the productive capacity to meet future market demands and that greater attention must therefore be paid to supply-side issues such as investment, labour and skills, climate change and infrastructure.

A Steering Committee was established to develop the NLTTS in consultation with industry. A prime objective of the NLTTS is to establish the strategic rationale for a long-term vision for the industry which can be the basis for a consistent approach by successive Governments. The rationale will frame the respective roles of all levels of Government and industry.

The Australian Government has announced a range of major policy development processes and Government reviews since it took office. Many of these were underway at the time of drafting BE Strategy and may have implications for the industry.

These processes and reviews include:

National Long Term Tourism Strategy – to maximise the net economic contribution of tourism to the Australian economy.

National Aviation Policy Statement – to guide the aviation industry's growth over the next decade and beyond.

Infrastructure Australia – a complete audit of nationally significant infrastructure, development of a priority list, and advice on removal of barriers to investment.

Review of Export Policies and Programs – examining the effectiveness of the Export Market Development Grants Scheme (EMDG), Australia's approach to free trade agreements, and developing new ideas and recommending approaches to maximise trade and investment performance. This "Mortimer" Review, *Winning in World Markets*, was handed down in September 2008.

Australia's Future Tax System – a review of Australia's tax system to create a structure which deals with the demographic, social, economic and environmental challenges of the 21st Century and enhances economic and social outcomes.

Review of Temporary Business Long Stay Subclass 457 program – to provide options to improve the integrity of the program.

Annual Review of Regulatory Burdens on Business – reviews in 2008 have covered regulations that have an impact on manufacturing, wholesaling and retailing.

Review of National Innovation System – to review the national innovation system and the coherence and effectiveness of existing Australian Government support for innovation.

Tourism industry associations have made submissions to relevant reviews, and the Business Events sector supports the work being done by the broader tourism industry.

Many of the supply-side issues identified in this strategy will be considered more fully in the NLTTS and one or more of the policy reviews. Business events industry stakeholders will have made submissions to these policy processes.

Nevertheless, in developing a Strategy the BE Reference Group considered it important to address supply-side issues such as aviation, passenger facilitation, infrastructure and labour and skills along with issues related to demand creation. Many of the supply-side issues identified in this strategy will be considered more fully in the NLTTS and in the policy reviews.

National Innovation System Report

Also helping to define the policy context for the Australian BE Strategy is the Department of Innovation's recently (September 2008) announced Report on the National Innovation System. The report makes a number of recommendations aimed at improving the innovation capacity of small business and the service economy. Significantly, it identifies a structural weakness in "bringing parties together to bridge the gap between researchers and users of research."

This has clear ramifications for the Business Events industry and policies which support it, and exemplifies how conferences and exhibitions dovetail with Australian Government thinking.

Business events are a critical link between industry and research as a mechanism for collaboration, which can lead to innovation. When parties network and share information in a dynamic face-to-face environment, innovation is more likely.

"My aim is to build a pervasive culture of innovation by concentrating effort and resources, improving connections and increasing collaboration. We will not lift our innovation performance – much less achieve our social and economic goals – unless we get individuals, institutions, sectors and nations working together. That's the future of R&D in Australia."

SENATOR THE HON KIM CARR,
MINISTER FOR INNOVATION, INDUSTRY, SCIENCE
& RESEARCH

2. Introduction

2.1 The 2020 Vision for the Business Events Industry

International engagement is a priority for the Australian Government which is keen to see Australia playing a bigger role in the community of nations, especially in the Asia-Pacific region. Other priority areas for the Australian Government relate to trade and the expansion of bilateral free trade agreements, a revolution in education, and the need for Australia to be more innovative.

The BE industry's desires and strategies to strengthen its sector reflect and enhance the Australian Government's own priorities.

The industry's principle goal is to:

Take a strong collaborative BE industry-Australian Government team approach to enable Australia to realise its full potential and build a competitive and sustainable Business Events industry.

Specifically, Australia should:

- Attract and deliver more business events that produce recognised benefits to the country. These benefits would include the immediate return from high-yield visitors and extend to the areas of trade, knowledge exchange, and innovation.
- Be recognised as the leading and preferred BE destination in the Asia-Pacific and consistently achieve ranking in the top ten global convention destinations according to International Congress and Convention Association (ICCA) data.
- Have a high global reputation based on professional service delivery, superior infrastructure and product, strong events teams, effective cooperative marketing efforts and a strong BE brand.
- Maximise the high-yield opportunities through increased delegate numbers, longer stays and wider dispersal of inbound BE visitors, and a reduction in the number of outbound Australian business events.
- Fully utilise business events as a means to raise its profile and increase exposure to world's best practice in the fields of health, academia, science and industry for the benefit of the whole Australian community.

THE IDEAL VISITOR

The business event delegate is widely regarded as the most desirable visitor in the world. They are at the high-yield end of the market, producing a daily spend well above that of the average leisure tourist. The benefits do not stop there as the most important legacies of business events can be felt long after these high-yield visitors have departed.

2.2 What is the Business Events Industry?

Business Events (BE) is a collective term which refers to association conventions, corporate and government meetings, exhibitions and incentive travel reward programs.

Business events are essentially a communication medium. They are generated by organisations choosing this form of communication to deliver a message, to train, to sell product, to reward, to promote goods and services, to educate, to celebrate or to collaborate on issues and solutions.

At one end of the scale, the event may be as small as 15 business people convening an off-site workshop to solve a problem: at the other end, it could be a large international scientific meeting attracting 10,000 delegates. Or it may be a corporate incentive program involving travel and accommodation for hundreds of participants, or it may be a trade exhibition attracting 5,000 plus business visitors. The event may be held in a regional town hall, a resort, a hotel or it may be hosted in a large purpose-built city facility.

The National Business Events Study (NBES) estimated a total of 316,000 business events held in Australia in 2003, attended by 22.8 million participants.

2.3 Why are Business Events important to Australia?

Business events generate:

- tourism
- exports
- education
- new business and professional networks.

Business events are a vital mechanism for generating tourism dollars. Business events produce the highest daily yield of the tourism industry with international delegates spending on average five times more per day than the average international tourist¹.

They are vital for the economy. Business events are estimated to contribute \$17.36 billion a year to the national economy and generate 116,000 jobs².

Business events also:

- Promote and showcase Australian expertise and innovation to the world.
- Attract world leaders and investment decision makers who would otherwise not come to Australia.
- Provide world's-best educational opportunities for young Australian professionals and students.
- Build professional business networks between Australians and international companies and associations.

Business events are serviced by a wide range of tourism and hospitality products and services which are essential for attracting and delivering events – convention bureaux, airlines, hotels, convention and exhibition centres, tour operators, coaches and attractions to name a few.

The management and delivery of business events is handled by conference and exhibition organisers, incentive practitioners, special event organisers, audio-visual and production houses, destination management companies and other ancillary companies providing such products and services such as exhibition booths, signage, entertainment, speakers, event themeing, printing, IT software and web-based services.

Though demand is fuelled by a desire to communicate face-to-face, the BE sector has traditionally been a supply-driven marketplace with destinations, venues, airlines, conference and exhibition organisers and destination management companies being the principal marketers encouraging organisations to stage business events here.

AMWAY GREATER CHINA SEMINAR, MELBOURNE

A classic example of the huge value of Asian incentive business was the Amway Greater China Leadership Seminar held in Melbourne in April 2008.

The seminar involved 7,200 Chinese delegates spread over four waves of around 1,800 delegates each. The Melbourne Convention and Visitors Bureau estimates delegate expenditure was \$18.6 million and that the total economic impact was \$35 million. The event represented 20,000 room nights for Melbourne hotels. Seventy-eight per cent of delegates surveyed indicated they would return to Melbourne for a holiday; 96% would recommend the city to their friends and colleagues.

The economic impact generated by Amway in regional Victoria including Phillip Island and Ballarat exceeded \$2 million. The tracked retail expenditure generated at two shopping outlets (Myer Melbourne & JR Duty Free) totalled \$65,000 (with one free day for shopping in Melbourne CBD).

As part of the program, each of the four groups completed a Fun Run round the Royal Botanic Gardens in aid of a local charity. Each participant was asked to contribute AUD\$10 which was donated to Berry Street – a Melbourne Children's Charity. About 5,700 people took part in the run and \$57,720 was raised for Berry Street

As a result of the Amway event, other large incentive groups have since shown interest in hosting their event in Melbourne. The city is currently bidding to host a major Taiwanese Insurance group – 2,000 delegates for April 2009.

MCVB believes there are strong opportunities for the Federal Government to help secure future events through greater involvement of officials to support and endorse these major Business Events. Suggestions include: a welcome DVD from the Prime Minister and funding to support the development of sales collateral material in Chinese to boost delegate numbers.

1 NBES, 2003

2 NBES, 2003

2.4 Why have a National Strategy?

Key stakeholders consider a national BE framework and comprehensive industry and Australian Government strategic team approach to be essential if the industry is to maximise its economic contribution.

No such joint industry/government framework or joint national strategy currently exists. Whilst various bodies have a series of activities and campaigns, some of which interlink and some stand alone, there is no over-arching medium or long term business events strategy.

The first and last review of the Australian Business Events industry was a joint undertaking by the Australian Government and industry published and released in 1995. The report was well received at the time, but no formal implementation and review process was adopted and the strategy was lost to time.

Before this effort, the Australian Government's Tourism Division had produced a report on the national meetings industry in 1985.

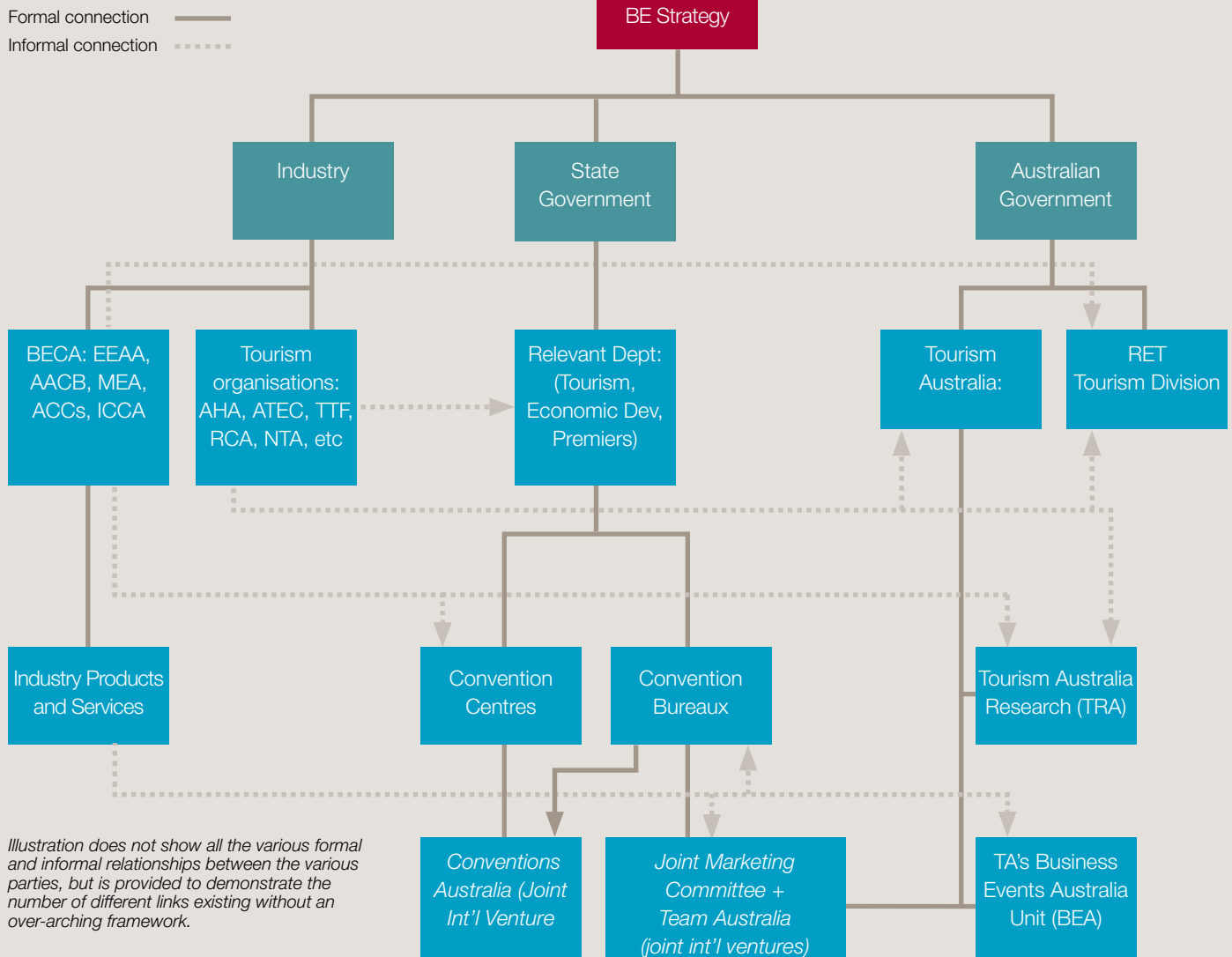
Clearly a new BE strategy, and a system for its implementation, is overdue for Australia.

International competition and options for business events organisers have increased markedly over the past decade and Australia faces major challenges as a long-haul destination with a relatively small local market base. There is strong evidence that Australia is losing market share of international association meetings.

In this document, both supply-side and demand-side issues are identified on a national basis, and actions recommended for all key areas by both industry and Australian Government stakeholders. Areas of market failure requiring Australian Government intervention and industry action are identified and addressed.

A national framework for BE strategy implementation and ongoing review is also addressed.

Current framework of Australian business events industry



2.5 What was the Strategy development process?

The BE Strategy has been developed by the Business Events industry with secretariat support from the Department of Resources, Energy and Tourism (RET). The industry strategy group included representatives from the Business Events Council of Australia (BECA), the Australian Hotels Association (AHA), the Australian Tourism Export Council (ATEC), and TTF Australia (Tourism & Transport Forum). Federal Government liaison was provided by the Tourism Division of RET. Tourism Australia (TA) provided support and information through its Business Events Australia Unit (BEA) and Tourism Research Australia (TRA).

Although there was no wide call for submissions, industry groups and TA have consulted widely with their members and stakeholders for input into the strategy.

The Strategy contracted the services of Centre for Tourism and Services Research, Victoria University, to undertake a desk audit of recent Business Events research. This report along with data collected by TRA in its unpublished Business Events Report 2008, collected as part of the International Visitors Survey (IVS) and National Visitors Survey (NVS), have informed the strategy document.

The Strategy work has been guided by Terms of Reference drafted by RET for the strategy group (See Appendix 1).

Details of the BE Strategy Group and industry consultation process can be found in Appendix 2.

INTERNATIONAL STEM CELL RESEARCH MEETING, CAIRNS

The International Society for Stem Cell Research held its Fifth Annual Scientific Meeting in Australia for the first time in June 2007. It had never been held outside North America and proved to be a benchmark event, attracting 1,900 delegates. Some Australian politicians attended, allowing decision makers an opportunity for broader understanding of the topic.

The organisers wanted to promote information exchange on stem cell research and create an international focus for research activities in Australia. Hosting the meeting highlighted Australia's leadership position internationally in this area of research and enhanced collaborative opportunities with other countries particularly in North America and Europe. As a result, three leading Australian scientists have had funding opportunities opened to them in North America.

Hosting this event in Australia provided special benefits for the Australian research community, particularly students who don't have the opportunity to travel overseas to conferences. School groups from the local community were invited to attend special sessions.

A large number of travel subsidies were granted to delegates from developing nations. Extensive international and local media coverage disseminated the latest news on stem cell research.

The local spend of delegates was estimated to be almost \$9 million with over 18,500 room nights booked. In addition there was considerable regional dispersal through pre and post touring. Four-hundred delegates booked a post-conference trip to the Barrier Reef.

Further dispersal throughout Australia occurred with satellite meetings. International speakers also presented in Melbourne, Brisbane and Sydney.

It is significant that this meeting received support from the Queensland Government and Australian Stem Cell Centre, without which the event would not have been held in Australia.

3. The Economic Contribution of Business Events

3.1 Expenditure and Yield

Business Events represent a multi-billion industry for Australia. They generate export dollar, stimulate trade and business migration and increase networks for Australian professionals.

BE delegates are well recognised for providing the tourism industry with its highest daily yield.

The most comprehensive study ever undertaken into the Australian BE industry was conducted by the CRC for Sustainable Tourism in 2003: the National Business Events Study (NBES). It found that total expenditure attributable to the BE industry is approximately \$17.3 billion per year with the largest expenditure items being registration fees (\$7.55 billion), floor space (\$2.41 billion),

food and beverage (\$2.16 billion) and accommodation (\$1.53 billion).

The NBES found that, counting both direct and indirect effects, the BE sector contributes 2% of value-added in the Australian economy.

“Over the past decade, the world has woken up to the fact that the business event delegate is the most lucrative visitor and they can also impact on the yield of leisure market.”

CHRISTOPHER BROWN, MANAGING DIRECTOR,
TTF AUSTRALIA (TOURISM & TRANSPORT FORUM)

Key Economic Findings from NBES 2003

Sector	Findings		
	Expenditure \$	Contribution to value added \$	Contribution to employment
Direct Effects			
Meeting and Conference Delegates	11.452 billion	4.519 billion	78 thousand
Meeting Organisers	2.449 billion	707 million	16 thousand
Exhibitions	2.339 billion	522 million	12 thousand
Trade Visitors	540 million	179 million	4 thousand
Incentive Travel Sector	585 million	207 million	6 thousand
Total Direct Effect	17.364 billion	6.135 billion	116 thousand
Domestic	15.504 billion	5.497 billion	99 thousand
International	1.860 billion	638 million	17 thousand
Total Direct Effect	17.364 billion	6.135 billion	116 thousand
Indirect Effects		5.215 billion	98 thousand
TOTAL EFFECTS (direct + indirect)		11.250 billion	214 thousand



The NBES confirmed that BE delegates are high yield. In fact, the NBES showed that international conference delegates can spend over five times more (on an expenditure per day basis) than the leisure visitor and nearly one and a half times as much per trip.

Average BE delegate expenditure v all visitor expenditure

	Per trip	Per day
International delegates	\$3,526	\$554
All visitors	\$2,569	\$94

Source: NBES, 2003

More recent data from the International Visitors Survey (IVS) prepared by Tourism Research Australia (TRA) confirms the high daily yield however its results differ from the NBES daily figure.

TRA data suggests that the average international visitor with a primary purpose of visit for BE for the year ending March 2008 has an average per day spend of \$368 versus the \$160 per day average spend of all visitors, although TRA accepts that the BE spend is probably underestimated more by the IVS than is the total spend.

While official IVS data shows that the average BE visitor spends around three quarters of the spend of the average leisure visitor (due to an average shorter length of stay), the per day spending of a BE visitor is over double that of the average leisure visitor. It is also acknowledged by Tourism Australia that the spending of BE visitors is likely to be more heavily underestimated than leisure spending data due to the inability of the IVS to collect data from visitors in airline lounges (access is not currently available).

It is difficult to compare the NBES and the TRA data as the NBES is significantly boosted by the inclusion of spending by individuals who do not qualify as tourists i.e. locals within a 50 km range attending a business event.

The BE industry agrees that a component of the total worth of the industry falls outside the normal tourism-related spend. However, it contends that this spend is equally important to the economy. Locally attended events use hotel and other venue meeting space and spend on a large range of BE associated products, such as audio-visual production, event management services, entertainment, exhibition suppliers and so on.

Many of the local attendees are gaining the intangible benefits such as exposure to world's best practice at international conferences and access to new products at trade exhibitions. Whilst not necessarily regarded in the traditional view of tourism economic impact, these economic and social benefits are key outcomes for the Australian economy.

Convention Delegate Expenditure Surveys

In addition to the NBES daily delegate spend figures quoted above, a number of Convention Bureaux around Australia conduct delegate expenditure surveys. There have been difficulties using these surveys to determine an average nation-wide daily expenditure figure because of differences in the methodologies. Work is now underway by AABC to standardise them and develop a three-tier destination split – major capital cities, secondary capital cities and regional destinations. Results from the new standardised methodology are not expected until 2010.

Overall delegate expenditure

	Adelaide Study 2003 \$	NBES 2003 \$	MCVB Delegate Study 2007 \$	BEA 2008 \$
International	3,861	3,526	5,079	3,059
Interstate	1,471	2,019	3,677	713
Interstate		892		

Source: A Review of the Business Events Sector 2003-2008, Centre for Tourism and Services Research, Victoria University

“Business events are a vital source of revenue for hotels. We estimate the direct contribution of Business Events across the total Australian hotel market is between 16-20% of total revenue. For the many larger hotels with convention space, the percentage of total revenue attributable to Business Events is estimated between 28-33%.”

ROBIN WATTERS, REGIONAL DIRECTOR SALES,
HILTON AUSTRALASIA

The high daily spend can be attributed to various factors including the fact that BE delegates tend to be high net-worth individuals or professionals and stay in upscale hotel accommodation. Their employers often cover the costs of their travel. Another element of BE visitation which must not be overlooked is the frequent pre and post-event touring by visitors and their families. This provides a significant flow-on effect.

Business events not only fill purpose-built convention and exhibition centres. They are a key revenue generator for hotels and resort properties in addition to other tourism-related suppliers.

“Business events are a critical source of business for Australia’s major accommodation hotels. We are facing increasing competition from the Asia-Pacific region for Business Events and it is vital for the hotel industry that we continue to attract as many of these events as possible to Australia. Invariably people who travel either within Australia or to Australia for BE are among the highest yielding guests for hotels.”

HAMISH ARTHUR,
MANAGER NATIONAL ACCOMMODATION DIVISION,
AUSTRALIAN HOTELS ASSOCIATION (AHA)

3.2 Contribution to “Value Added” and Employment

The NBES notes two important measures of the economic significance of the sector – contribution to “value added” and employment. It estimates value added by the BE sector to be \$6.13 billion. The sector positively impacts on related and interdependent industries such as transport, restaurants and hotels, and retail. Business events employ (directly and indirectly) over 214,000 people.³

3.3 Intangible Contributions of Business Events

The legacy of business events can be felt long after these high-yield visitors have departed.

Business Events deliver a return on investment far beyond the significant direct tourism spend in a destination by organisers and delegates.

Much wider benefits, in business generation and expanding global business networks, flow from attracting convention and exhibition delegates who are of high strategic value to Australia. The intangibles arguably provide the most enduring benefits from face-to-face business events.

These include:

- Networking and enhancing business-to-business relationships.
- Education.
- Trade opportunities from exhibitions and commercial sponsorships.
- Exposing original research to the marketplace.
- Leveraging existing exports such as mining, medicine and technology.

- Fundraising opportunities.
- Enhancing international prestige.
- Business migration inflow.
- Showcasing host-nation infrastructure.
- Boosting leisure tourism.
- Regional dispersal.

Please refer to Appendix 3 for expansion on the additional benefits derived from business events.

BENEFITS BEYOND SPEND

“IWA’s meetings are an absolutely critical network for water professionals, where they learn and interact with each other trying to get another league in understanding by exchanging information and building relationships . . . when we get a critical mass [it] leads to big changes, to new ideas and the rethinking of water research and strategies. It generates a lot of innovation . . . ”

DR DAVID GARMAN, PRESIDENT,
INTERNATIONAL WATER ASSOCIATION (IWA)

3.4 Business Events Create Tourists

Research confirms that Business Events boost tourism, as most visitors would not have come to Australia if the business event had not been held. In addition, more than 46% take pre- and post-event tours to other parts of the country and more than a quarter of delegates bring at least one other person (family or friend) with them⁴.

Available data from the IVS for the 1999 to 2007 period (covering conference, convention or exhibition visitors) shows that 61% are on repeat visits and 39% are on their first visit to Australia.

³ NBES, 2003

⁴ NBES, 2003

Business travel, in all its forms, is often the “beachhead” behind which leisure tourism follows up and prospers, as delegates return to Australia with their family and friends as holiday makers. It also opens the vision of international business leaders to the excellent investment and business climate on offer in Australia. To that end, any public or private sector investment in business events sector will repay the investors, including taxpayers, many times over.

MATTHEW HINGERTY
MANAGING DIRECTOR, AUSTRALIAN TOURISM EXPORT COUNCIL

WORLD NEUROSCIENCE CONGRESS, MELBOURNE

The Seventh World Congress of Neuroscience (IBRO) was held in Melbourne in July 2007, at the invitation of the Australian Neuroscience Society. The 2,289 people who participated in the event booked 17,170 room nights, spent over \$12 million, with a resulting overall economic impact of over \$23 million.

The conference addressed new frontiers in human brain research and function, and the biological base of nervous system disorders that affect millions of people around the world. This event was held at a landmark period for neuroscience in Australia, which has seen the establishment of the Florey Neuroscience Institute in Melbourne through an amalgamation of the Howard Florey Institute, the Brain Research Institute and the National Stroke Research Institute.

Melbourne may have won the bid, but Australia was the beneficiary. There was extensive pre- and post-touring in regional Victoria, including Phillip Island, the Dandenong Ranges, Yarra Valley and Great Ocean Road. A number of satellite meetings highlighted the added benefits which can occur as a result of hosting a major international congress. Twenty different scientific meetings involving Australian and international speakers were held around the country – from Victoria and South Australia to Sydney, Darwin and Cairns.

WORLD'S BEST PRACTICE FOR SURGEONS IN TOWNSVILLE

James Cook University in Cairns hosted the 2008 International College of Surgeons Conference, attended by 100 overseas and 40 local delegates.

The focus was to bring together renowned international and regional experts in the fields of minimally invasive surgery of relevance to general surgical specialties. The cutting edge state of the art knowledge, skills and technologies was discussed with emphasis on day-to-day practice. Both international and national speakers participated.

A trade display at the event gave pharmaceutical companies exposure to the international market. Networking gave Australian delegates opportunities to make new international collegial contacts.

Study tours associated with the event included demonstrations of live surgery at the local Mater Hospital, providing locals a unique exposure to international surgeons.

THE INTERNATIONAL BOAT SHOW, SYDNEY

Australia's largest boat show is staged by the Boating Industry Association of New South Wales to promote and boost the industry in the mid-year "down time" of August. Many leading marine companies use the show as a launching pad for new products. Other boat shows are held around Australia in Adelaide, Perth, Darwin, Melbourne, Sydney and Sanctuary Cove.

The Sydney Boat Show typically drives sales of \$300 million plus another \$200 million in sales post-show. The Australian annual boat industry turnover is estimated to be \$7.8 billion, \$2.1 billion of which is generated in New South Wales.

An estimated 5,500 people are involved at some time in the preparation and delivery of the annual show, which was visited by 81,958 people in 2007, 3,278 of whom were from overseas.

The Sydney Boat Show receives no State or National Government support.

It occupies 100% of the available undercover exhibition space at Darling Harbour (28,000 square metres) and is complemented with a specially built extension to the existing marina in Cockle Bay with a capacity to exhibit over 305 large vessels.

A significant opportunity exists to boost international visitor numbers and export trade for this industry with assistance of appropriate Australian Government departments and/or agencies such as Austrade.

3.5 Export services

The increasing global recognition and reputation of Australian business events personnel and companies has led to an expanding export market for BE services. Indeed the current growth market for overseas consultancy work is a good news story for the BE industry, with the Sydney Olympics having been seen as one of the catalysts for this work.

Australian BE personnel have developed a particularly strong reputation in the management of convention centres. A number of Australian BE practitioners regularly working overseas provide services such as:

- Conference centre management and consultant services.
- Audio-visual and production services.
- Conference and special event management.
- Destination marketing and promotions.
- Online registration systems.
- Teaching and training.

Some practitioners have established overseas offices, particularly in Asia. Others have formed alliances with overseas colleagues or have become part of multinational organisations.

Recommendation

- That the BE Industry and the Australian Government work together to establish an agreed methodology to capture the scope and value of this growing BE export market.

AUSTRALIAN COMPANIES SPREAD THEIR WINGS

Sydney-based, award-winning event company David Grant Special Events undertook work for the Sydney Organising Committee for the Olympic Games in Atlanta in 1996. This led to a rapid expansion of the business, which then took on work for the International Olympic Committee. It has worked for international sponsors at every summer and winter Olympics since – seven games in total. Moreover, servicing major Olympic sponsors led to expansion of the company's offshore work in the US and Europe for multinational companies outside of the Olympic arena.

In another recent example, Brisbane-based venue management company, Ogden IFC, has expanded to merge with an American company to form AEG Ogden, and now consults and manages venues in Asia and the Middle East.

4. Business events – performance & potential

4.1 Performance

4.1.1 Overview

A variety of sources need to be used when judging the performance of the BE industry, since no single source can be said to provide a true picture of the market. The following compilation of different source material is presented in an effort to provide a broad picture of the BE market.

The latest Tourism Research Australia (TRA) figures⁵ show that, since the year ending June 2000, there has been average annual loss of around 9% for conference, convention and exhibition visitors, and a smaller decline of 2% for both nights and spend. However, these negative figures mask strong growth in international inbound BE visitors, which has been distorted by a significant decline in the domestic BE market.

The overall international inbound BE market has shown solid growth over the past few years, according to TRA's International Visitor Survey (IVS)⁶ data.

The principal areas of concern lie in the sluggish international association and domestic markets which are dealt with separately below.

The following table summarises the key visitation and expenditure data for business event visitors compared to other visitors, based on the latest unpublished IVS and National Visitor Survey (NVS) data (June 2008) from TRA. The data is extrapolated from sample surveys.

5 IVS and National Visitors Survey (NVS), Tourism Research Australia, 2008, unpublished data.

6 International Visitors Survey (IVS), Tourism Research Australia

International and Domestic Visitors by Main Purpose, Year Ending June 2008

	Conference, convention, exhibition	Other business	Total business	Leisure	Other	Total						
	Estimate	Annual Growth	Estimate	Annual Growth	Estimate	Annual Growth	Estimate	Annual Growth	Estimate	Annual Growth	Estimate	Annual Growth
International												
Visitors ('000)	186	9%	723	4%	909	5%	3 642	1%	645	8%	5 196	2%
Visitor nights ('000)	1 597	9%	9 306	5%	10 903	6%	85 622	2%	64 707	11%	161 232	5%
Spend (\$million)	590	8%	2 819	2%	3 409	3%	15 292	3%	7 264	13%	25 966	5%
Average nights	9		13		12		24		102		31	
Average spend per trip (\$)	3 180		3 899		3 752		4 199		11 386		4 998	
Average spend per night (\$)	370		303		313		179		112		161	
Domestic Overnight												
Visitors ('000)	833	-6%	12 982	0%	13 815	0%	55 503	0%	2 901	-2%	72 219	0%
Visitor nights ('000)	2 518	-6%	39 789	0%	42 307	0%	225 761	0%	11 890	-2%	279 958	0%
Spend (\$million)	625	-6%	8 063	0%	8 688	-1%	34 443	5%	1 529	4%	44 660	3%
Average nights	3		3		3		4		4		4	
Average spend per trip (\$)	750		621		629		621		527		618	
Average spend per night (\$)	248		203		205		153		129		160	
Domestic Day												
Visitors ('000)	746	-13%	12 732	-3%	13 478	-4%	110 361	-2%	14 059	-2%	137 898	-2%
Spend (\$million)	58	-11%	1 107	-1%	1 165	-2%	11 285	2%	1 694	4%	14 144	2%
Average spend per trip (\$)	78		87		86		102		120		103	
Total												
Visitors ('000)	1 765	-9%	26 437	-1%	28 202	-2%	169 506	-1%	17 605	-2%	215 313	-2%
Visitor nights ('000)	4 115	-2%	49 095	1%	53 210	1%	311 383	0%	76 597	8%	441 190	1%
Spend (\$million)	1 273	-2%	11 989	0%	13 262	0%	61 020	4%	10 487	9%	84 769	4%
Average nights	4		4		4		5		22		6	
Average spend per trip (\$)	721		453		470		360		596		394	
Average spend per night (\$)	295		222		227		160		115		160	

Note: annual growth indicates the average annual growth from year ending June 2000 to June 2008

Source: Tourism Research Australia, 2008, unpublished data

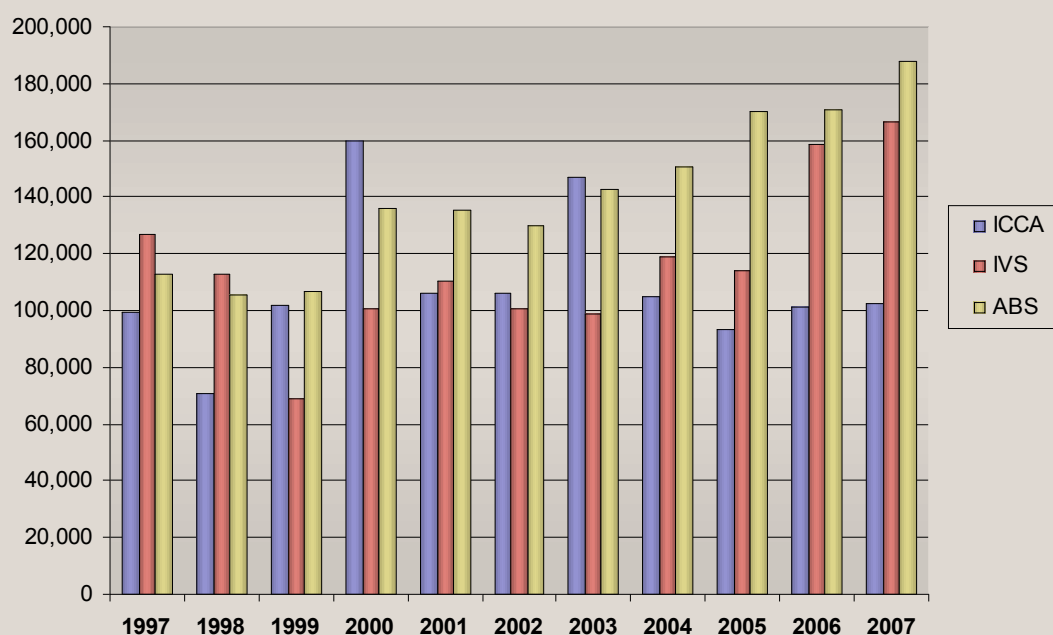
4.1.2 International

The Table below provides a snapshot of inbound convention visitor arrivals over the past decade.

Statistics on the inbound and outbound convention visitors are provided by the Australian Bureau of Statistics (ABS) arrivals and departures information. ABS does not collect inbound incentive visitor numbers or have a category for those Accompanying a Convention or Incentive visitor. Overlaying this are the numbers provided by the International Visitors Survey (IVS) using "Main Purpose of Visit", and the other known source for inbound convention visitors; the International Congress and Convention Association (ICCA).

Both ABS and IVS figures show good growth for inbound convention visitors. The inbound figures from ICCA are provided for comparison purposes and to demonstrate the differences in statistics from various sources.

Convention Inbound Visitors ICCA vs IVS vs ABS (1997-2007)



Sources: ABS Arrivals and Departures, ICCA, IVS (primary reason)

Graphic: MCVB

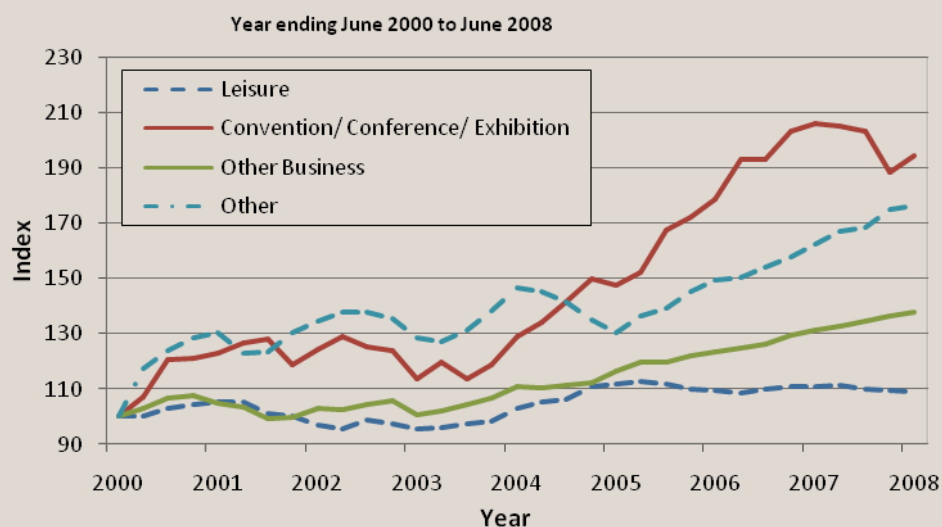
Compound annual average growth rates:

Inbound convention visitors per ABS	average growth of 5.2% per annum 1997-07
Inbound total growth per ABS	average growth of 2.7% per annum 1997-07
Outbound convention visitors per ABS	average growth of 6% per annum 1997-07
Outbound total growth per ABS	average growth of 6.4% per annum 1997-07
Inbound convention visitors (main purpose) per IVS	average growth of 2.7% per annum 1997-07
Inbound convention visitors (all purpose) per IVS	average growth of 9.0% per annum 2000-08
Inbound convention delegates per ICCA	average growth of 0.3% per annum 1997-07

The IVS figures which include attending any BE event during the stay (not only primary reason), give the top compound annual average growth rate of 9% between June 2000 and June 2008. But using "prime purpose of visit" as BE (and therefore avoiding overlap or duplication with other visitor numbers, such as business or leisure), gives a lower growth rate of 2.7% for the decade 1997-07%.

ABS figures show that inbound convention visitor growth has outstripped total visitor inbound growth.

International Visitors by Main Purpose for Journey

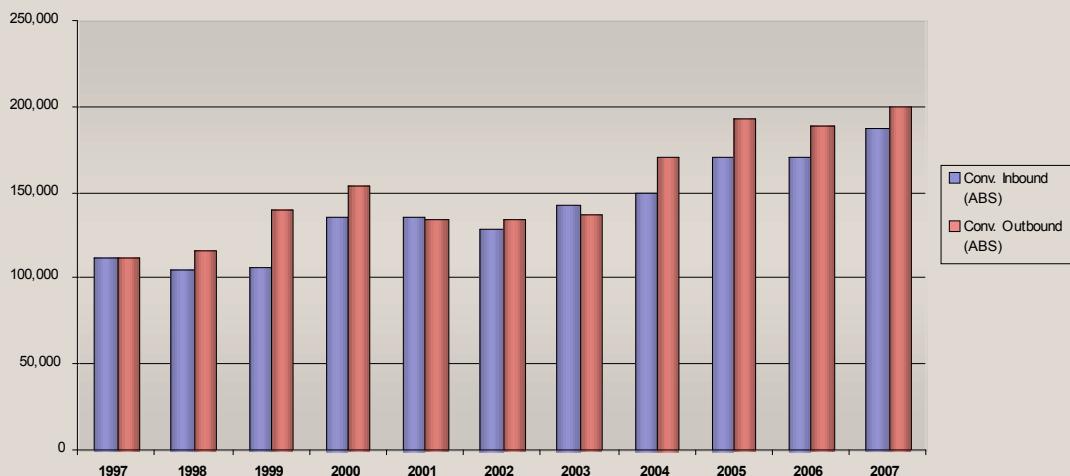


Source: Tourism Research Australia, 2008, unpublished data

We are Losing More Visitors Than We're Gaining

The tourism industry has become concerned that it is facing a position of Australia being a “net importer” of total short-term visitors for the first time in recent history. This occurred earlier in 2008, with the release of the March 08 ABS figures.⁷ It is a situation the BE sector has been experiencing for some time, based on arrivals and departures figures (see below).

ABS Convention Inbound and Outbound Visitors (1997-2007)



Source: ABS Arrivals and Departures. Graphic: MCVB

It is suggested that this comparison be one of a range of performance measurements for the BE sector, and that Australia should have as one of its goals to be a net exporter of BE visitors, based on ABS figures. This is dealt with further under the chapter “Forecasts”.

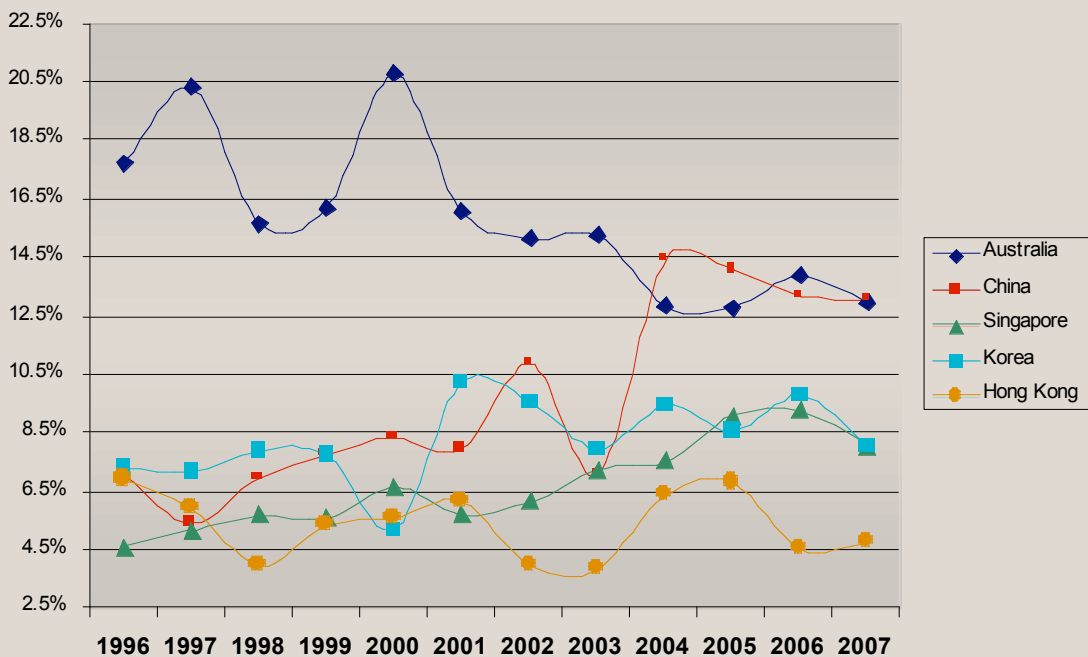
⁷ Source: ABS Arrivals and Departures, Year Ended March 2008

Australia's Growth Versus Global Growth

It should be noted that the growth in BE arrivals is not measured against growth of the BE industry internationally. Nor is it measured against the considerable growth in Australian BE capacity and infrastructure.

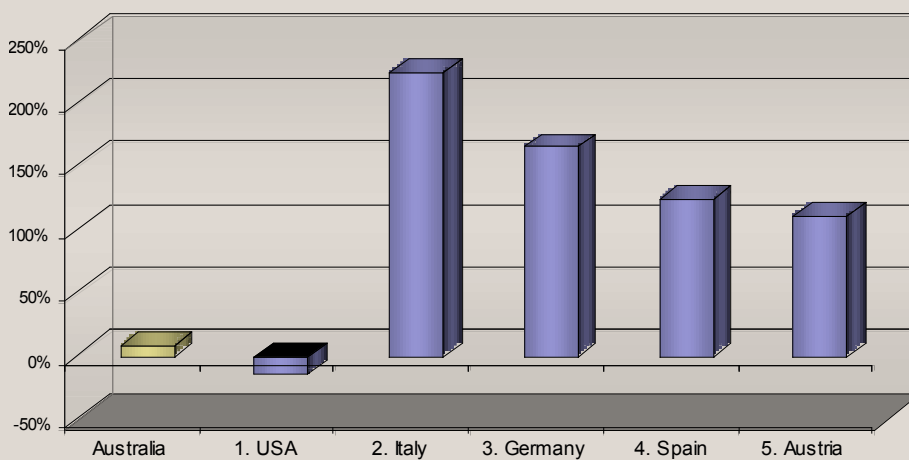
There is no known measurement to show Australia's total BE growth compared to the rest of the world. However, there are measurements in the international associations market via statistical reports published by two international bodies: ICCA and the Union of International Associations (UIA). ICCA and UIA have been supplying widely recognised data to the industry over many decades, and both show a decline in Australia's market share.

ICCA: Movements In Marketshare (1996-2007)

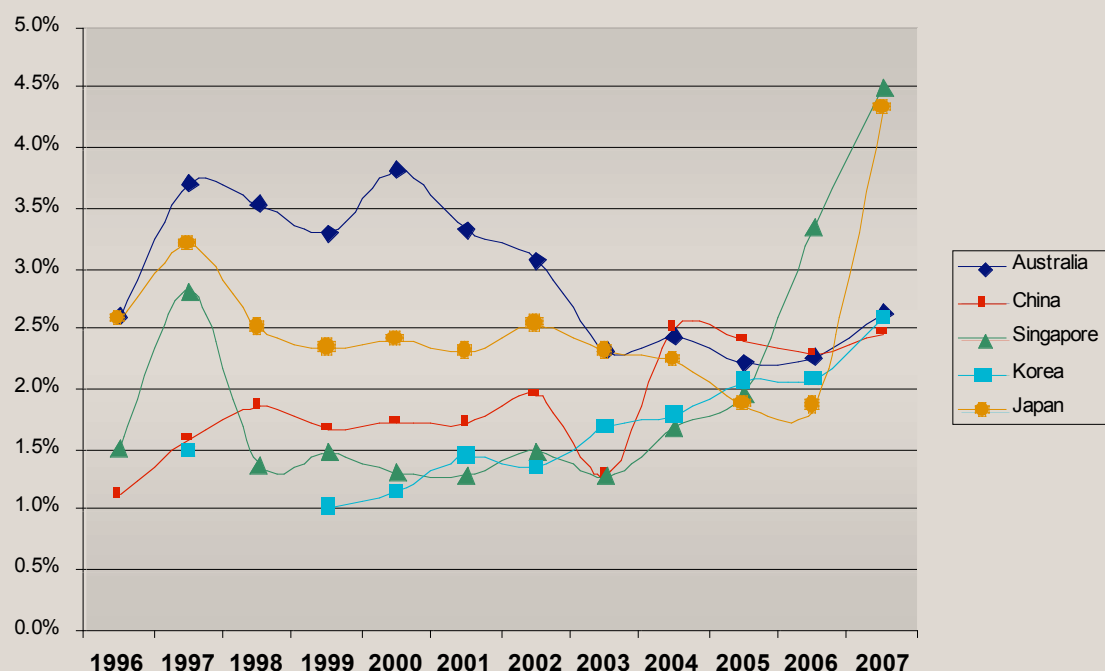


Source: ICCA. Graphic: MCVB

ICCA: Growth Top 5 Countries: Delegates 1996-2007



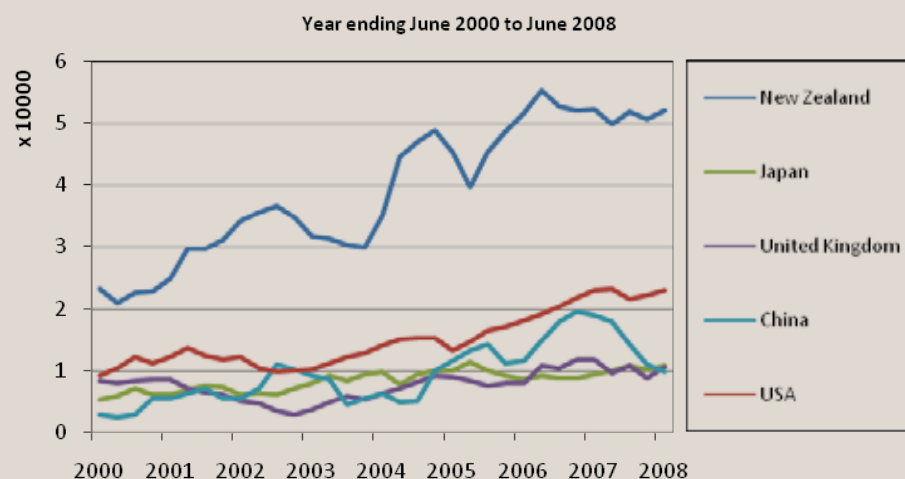
Source: ICCA. Graphic: MCVB

UIA: Movements In Marketshare (1996-2007)

Source: UIA. Graphic: MCVB

Key International BE Source Markets

The latest TRA figures⁸ also provide a breakdown of the key market sources for international BE visitors. New Zealand, North America, the United Kingdom and Japan have been traditional key markets. China is a relatively new important source market. Other Asian countries such as India and Malaysia are expected to grow in importance over coming years, relative to the traditional longer-haul markets.

Inbound visitors: Countries of residence and main purpose of journey (conference, convention or exhibition)

Source: Tourism Research Australia, 2008, unpublished data

Perceptions of Australia as a BE Destination

The Country Brand Index (2007)⁹ awarded Australia number one spot for country brand recognition. Significantly, however, this recognition did not translate to the BE sector, with Australia failing to make the top 10 “convention destination” countries. The Country Brand Index is developed and published by a global brand consultant, FutureBrand. It is compiled using qualitative and quantitative research and 2007 was its third year of publication.

Latest Inbound Incentive Data

In January 2008, TRA commenced a supplementary set of BE questions attached to both international and domestic visitor surveys. The BE industry welcomes TRA's agreement to extend its surveys to enable more BE statistics to be collected.

Unpublished data from the first six months of the supplementary survey has been made available to inform this report.

The IVS supplement went beyond asking visitors what their main purpose for visiting Australia was, to asking them if they participated in an incentive, conference/convention, trade event/exhibition or business meeting while they were visiting Australia. It provides the first IVS data on incentive visitor spending.

In this six month period, the IVS estimates that inbound incentive visitors had trip spending of \$387 million or over double that achieved by inbound visitors who attended an Association Conference/Convention of \$168 million, or the total conference/convention/exhibition spend of \$245 million.

Of incentive visitors, 55% indicated their main purpose for visiting Australia was leisure and 10% indicated their main purpose was conference/convention/exhibition (incentive trip spending overlaps with spending reported under both of these main purposes of visit).

Market Breakdown

There are some inconsistencies in available data on the breakdown on the BE industry into market segments, principally due to the different methodologies used in collecting data.

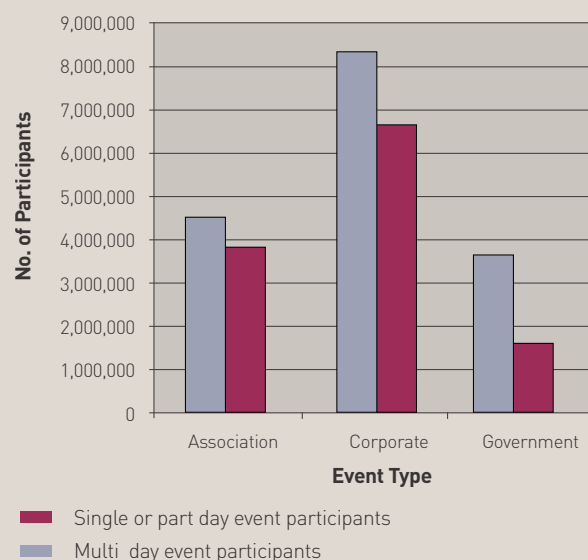
For instance the NBES Australian BE participants total of 22.8 million (2003 data) is much larger than the TRA figure for the year ended June 2008 of 1.8 million participants. One explanation is that the NBES included day-only participants without the 50k minimum travel limit used by the NVS. Whilst these local participants are not “travellers” and therefore not considered “visitors” or “tourists” by TRA, this market is a substantial one which is responsible for considerable spend on BE-related products and

services such as hotel meeting space, local exhibition spend, audio-visual and event management services.

The NBES 2003 survey shows the following breakdown:

Total number of business events	316,000
Total number of business event participants	22.8 million
Breakdown:	
meeting & conference delegates	19.9 million
trade visitors	2.4 million
exhibitors	256,000
incentive delegates	274,000
Total expenditure	\$17.3 billion
Breakdown:	
meetings & conference delegates	\$11.5 billion
meeting organisers	\$2.4 billion
exhibitors	\$2.3 billion
trade visitors	\$540 million
incentive organisers	\$585 million

NBES 2003: participants by event type and duration



8 Tourism Research Australia, 2008, unpublished data

9 FutureBrand, www.countrybrandindex.com

The US-based Convention Industry Council (CIC) 2007 report provides the following breakdown, based on 2004 figures on the USA business events market:

	Total Direct Spending
Incentive Travel	USD 6.24 billion
Corporate Association Meetings	USD 48.15 billion
Conventions and Exhibitions	USD 67.92 billion
Total	USD 122.31 billion

The latest unpublished TRA data for the year ending June 2008 shows that:

- There were 1.8 million visitors with a main purpose of conference, convention or exhibition, comprised of 186,000 international visitors, 833,000 domestic overnight visitors and 746,000 domestic day visitors.
- These visitors spent 4.1 million nights travelling in Australia, with 1.6 million nights for international visitors (1%) and 2.5 million for domestic visitors (1%).

In the six months to June 2008 the IVS estimated there were:

- 99,000 inbound visitors on incentive trips;
- 73,000 inbound visitors who had the main purpose for their trip of attending a conference/convention/exhibition; but
 - 138,000 inbound visitors who indicated that during their trip to Australia they attended a conference/convention; and
 - 50,000 inbound visitors who indicated that during their trip they attended a Corporate hosted conference/convention;
 - 32,000 inbound visitors who indicated that during their trip they attended an Association/industry body hosted conference/convention;
 - 13,000 inbound visitors who indicated that during their trip they attended a Government hosted conference/convention;
 - 32,000 inbound visitors who indicated that during their trip they attended an Academic Institution/University hosted conference/convention.
 - 31,000 inbound visitors who indicated that during their trip to Australia they attended an exhibition/trade event.

In this six month period, the total trip spend of inbound visitors who participated in a conference/convention was \$698 million and who participated in a trade event/exhibition was \$243 million (in some cases visitors attended both types of BE events while in Australia, so there spending is allocated to both categories).

Within the conference/convention spending the three major hosts were:

Corporate	\$210 million
Academic institution/university	\$190 million
Association/industry body	\$168 million

To give an indication of relativities compared to total tourism, in this six month period total trip spending by leisure visitors was \$7,269 million compared to a total for tourism of \$13,148 million.

4.1.3 Domestic

Unlike the international inbound BE growth, domestic overnight visitors, whose purpose was to attend a convention/conference/exhibition/trade fair, have decreased in terms of visitors, visitor nights and expenditure since 2000.

Domestic Overnight Visitors by Main Purpose for Journey



Source: Tourism Research Australia, 2008, unpublished data

Domestic conventions/conference/exhibition overnight visitors declined by 6% across all three areas: visitor numbers, spend and visitor nights from June 00 to June 08. The domestic day figure for the same group showed a higher decline: -11% in visitor numbers and -13% in visitor spend.¹⁰ There were no comparable figures available for the incentive sector.

More specific information on sub-sector trends, performance, impediments and recommendations are provided in the BE Market Segments chapter.

¹⁰ National Visitors Survey (NVS), 2008 unpublished data, Tourism Research Australia

4.2 Potential of the BE sector

4.2.1 Overview

The international BE market requires demand driven conditions favourable to the staging of business events. Fortunately, these conditions have been strong over the past decade. Consider:

- The growing global economy
- Expanding multinational corporations.
- Growing membership of professional and trade associations – nationally, regionally and internationally.
- Increasing bilateral and multilateral free trade agreements.
- Explosion of economic prosperity and rise of the middle class in Asia.
- Increasing recognition of the value of face-to-face B2B communication.

Australia's domestic BE market is estimated to account for approximately 80% of the total value of the industry and, as such, represents a very important component of the total market.

The challenges for the industry are to:

- Maintain the underlying large base of the domestic market and
- Grow Australia's share of the global market.

4.2.2 Impediments

The BE market can be affected by many influences beyond the industry's control such as global and domestic economies, exchange rates, and external security threats. The industry acknowledges that it operates in a fluid environment and must be flexible enough to make adjustments as necessary.

It must also be proactive to ensure its own future. There is a need to consider new markets and new strategies which can help drive demand and maximise its potential.

The Australian BE sector will be affected by a number of factors in addition to the supply-side issues raised later in this document. These include:

International:

- Increased global competition.
- Lack of adequate marketing resources affecting Australia's capacity to sell itself in the international BE marketplace.
- Price competitiveness of nearby Asian destinations.
- Long-distance learning via professional associations being offered on the web, replacing some face-to-face interaction.

- Growth of pan European, North American and Asian regional meetings at cost of traditional international congresses.
- Increasing numbers of multinational offices and secretariats being based in Asia and attracting events to these bases.
- Growing environmental sensitivity associated with Corporate Social Responsibility (CSR).
- A lack of understanding of potential benefits of BE by whole of Government means the Australian Government is not alert to opportunities and potential benefits, and therefore unable to assist the sector.
- International economic downturn, and subsequent cuts to corporate travel budgets.

Domestic:

- Competition from online seminars and web conferencing may affect the market in future, especially smaller meetings and seminars.
- Limited growth due to small population base.
- Potential domestic economic downturn and subsequent cuts to corporate travel budgets.
- Growing awareness of the environmental impact of travelling for meetings
- Outbound appeal and price competitiveness of Asian destinations.

4.2.3 Opportunities + Strengths

To counter the impediments, Australia has many factors that work in its favour, and many opportunities on which to build, including:

- Solid base of experienced Australian associations.
- Reputation as a secure, transparent business environment, recognised legal practices, good corporate governance and good infrastructure.
- Strong trading nation, especially in natural resources exports.
- Recognised expertise in the corporate meeting and incentive market
- Strong Australian leisure brand with high aspiration appeal, helps keep the country on the radar of buyers, agents and associations and media with an interest in Business Events.
- New airline capacity with expansion of services by such operators as V Australia, Etihad, Emirates and Qantas.
- World leaders in many fields of endeavour such as medical research, renewable energies, and water resource management.

- Strong professional reputation for delivery of creative and well managed events.
- Unique Indigenous culture which can be woven into events, enhancing the programs.
- Successful staging of major events such as the Olympics, Commonwealth Games and APEC which has boosted Australia's international profile and reputation as an event destination.
- Abundance of fresh produce and a growing international appreciation of Australia's food and excellent wines.
- Emergence of new industry sectors in the fast-growing Asian economies, such as real estate, retail and direct selling.
- Unique and vast natural environment, with numerous World Heritage sites, to attract the interest of BE potential clients.
- Potential to work with Major Events to make better use of opportunities to drive more BE associated with these events.
- Further utilising international conferences hosted in Australia to boost world-best practice in the country, and to encourage innovation.

"Australia's geographic proximity to the growing markets of Asia makes it an ideal business bridge for global companies seeking to access the region . . . Australia's famous competitive spirit on the sports field permeates our business culture, fuelling an entrepreneurial, friendly and 'can do' attitude in the workplace. That's why around 900 multinational companies have regional headquarters or operating centres here."

AUSTRALIA. YOUR COMPETITIVE EDGE 2006-07¹¹

As mentioned earlier, the Business Events industry is well placed to help the Government in its strategy to boost innovation. The Department of Innovation's September 2008 Report on the National Innovation System Review identifies a structural weakness in "bringing parties together to bridge the gap between researchers and users of research", a weakness which the BE sector is well equipped to address and for which it deserves adequate Government support, especially considering that Australia is losing market share of the vital associations business.

This thinking is backed by a report by Canberra policy consultant Dr John Howard which was commissioned by the Department of Education and Science and Training. In the report Dr Howard identifies knowledge exchange networks as "structured mechanisms for users to locate, exchange and acquire knowledge in a systematic way".

"Scholars in an academic environment network through publication, correspondence and attending conferences," Howard writes. "Conferences are major networking events. In many scientific disciplines research personnel from industry attend conferences with a view to identifying current trends and directions in research and make contacts with researchers in the academy."¹²

17TH WORLD HYDROGEN ENERGY CONFERENCE 2008, BRISBANE

Held for the first time in Australia in 2008, this biennial event attracted 692 delegates from around the world, putting Australia squarely on the map as a player in this vital energy sector.

Because the conference was held at a time of record high oil prices, and when climate change and unprecedented urban growth in developing countries were profoundly important issues, conference chair Dr Andrew Dicks said the event was: "perhaps the most important World Hydrogen Energy Conference yet".

It gave Australians involved in this sector unparalleled networking opportunities and direct access to the latest information on all matters concerning hydrogen – such as the leading-edge work being done by the California Fuel Cell Partnership on fuel cell technology.

As a result of conference meetings, an Australian institute will join a global partnership between the leading hydrogen organisations, providing an opportunity to raise Australia's international profile in this area.

Potential research alliances between the University of Queensland and CNR-TAE (Italy) on reforming of ethanol are being pursued, and a potential research alliance between RMIT and the Gas Technology Institute on utilised regenerative fuel cells is also proposed.

Media footage from the conference will be used to create an educational documentary. And fuel cell educational kits provided for the education forum are to be retained in Australia by the Institute of Energy for educational activities.

A post-conference satellite meeting was held at Couran Cove, at which three presentations were made by Australians. Another post-conference meeting – of the International Energy Agency (IEA) Hydrogen Implementing Agreement – was hosted by the CSIRO.

AUSTRALIAN LEADERSHIP AT HUMAN GENETICS CONFERENCE

The 11th International Congress of Human Genetics held in Brisbane in 2006 was attended by 1,700 delegates. The congress showcased Australia's leadership and innovations in the field of science and medicine and placed Queensland on the world genetics map. Several new research collaborations were established. Australian members of the congress organising committee have since been invited to be members of organising committees for forthcoming international meetings in Canada and Europe, a tribute to their efforts for the Brisbane event. Brisbane organisers have also been invited to be on international working parties on developing standards/policies in the field of genetics. Both initiatives provide opportunities to raise Australia's international presence in the human genetics field which would not have otherwise occurred without the hosting of this congress.

Neither State nor Federal Governments were involved in the congress, which was disappointing given the importance of biotechnology/genomics in health care and the opportunities to further promote Australia's international role in this area.

Australia should take more proactive action to realise its full BE potential: a number of initiatives are suggested in the chapter on Key Issues, Strategies and Actions.

More details on impediments and opportunities relating to specific BE markets – associations, corporate, government, exhibitions – are offered in the chapter on Market Segments.

INTERNATIONAL AIDS CONFERENCE BOOSTS AUSTRALIAN RESEARCH

The International AIDS Society Conference held in Sydney July 2007 enabled leading scientists, clinicians, public health experts and community leaders to examine the latest developments in HIV-related research, and explore how scientific advances can inform the global response to HIV/AIDS.

Professor David Cooper from the University of NSW said the passing of the "Sydney Declaration" at the conference, calling for increased international funding for AIDS research to evaluate treatment programs in developing countries, also had a positive impact on the profile of Australia's work in the AIDS field, and was a factor in the subsequent increase in Australian Government funding for HIV AIDS research.

The conference attracted 5,700 participants.

WORLD'S BEST PRACTICE IN CLINICAL COMPETENCE

An International Conference on Clinical Competence (Melbourne, 2008) assembled health care educators from around the world to share educational experiences and to improve evaluation instruments used to assess health care professionals.

The conference was the first and largest international Medical Education conference ever to be held in Australia. With recent rapid developments in Medical Education, Australia is currently a huge consumer of international medical graduates. Australia's undergraduate courses rely heavily on student centered learning methods and there is intense interest in rural and remote healthcare delivery. The conference worked towards bringing about positive changes for Indigenous communities, communication used by healthcare teams in clinical settings, assessment of professionalism in medical students, training clinicians in patient self-care skills, work-based learning and assessment as well as patient and colleague feedback to clinicians.

Commenting after chairing one of the keynote sessions Professor David Prideaux, Chair of the Scientific Program said "We really pushed the patient/clinician interaction in a new direction today. Putting the patient in the picture, assessing the way people interact and how they receive information is an extremely multi-layered process. Patients today are much more knowledgeable and prepared to speak up – we need to be training the medical educators and teaching professionals how to deal with this new approach and demand for information"

Profits from the conference contributed towards closer collaboration between the medical schools of Monash University and The University of Melbourne.

The conference Co-Chair felt that the event would have further benefited from greater multi-site promotion between the three university hosts. The Department of Health and Ageing contributed \$25,000 in funding. However, further government funding would have benefited the event in terms of delegate boosting and to create more international sponsorship opportunities.

4.3 Competition

Competition poses an increasingly serious challenge for the Australian BE industry. The world has truly acknowledged the value of international Business Events and, as a long-haul destination, Australia can no longer take its share for granted.

Over the past decade there has been an explosion in BE infrastructure in key competitor countries such as China, Singapore, Malaysia and Thailand. Also standing between us and our traditional BE market source of Europe is the Middle East, which has experienced extraordinary growth in infrastructure.

While we can find opportunities in the growing Asian market which will hopefully replace any lost share out of Europe and North America, the Asian market is not guaranteed. Smart global players are marketing to this audience. Not only do many competitors offer facilities to rival ours, they can do so at attractive prices. The rise of the integrated casino resorts in Asia is expected to lead to keen pricing competitiveness.

The following examples provide a snapshot of the challenges Australia faces in BE international marketing:

Singapore:

Regarded by many in the industry as the benchmark of best practice in the Business Events market, Singapore is recreating itself as it moves from a manufacturing base to a services-orientated economy. The Singapore Government links BE targets with the country's targets in key industry clusters such as ICT, biomedical science, banking and finance. It is actively encouraging regional associations and international association and event management companies to set up headquarters there, providing support to event management companies to develop anchor events on the island.

Middle East

It is well known that Dubai's successful blueprint to develop its own BE market was based on the Singapore recipe. Other Middle East countries such as Abu Dhabi and Qatar are following. Qatar is entering the market with a vision to become a world leader in research, science, education and knowledge. One of the Middle East's largest and newest venues, the Qatar National Convention Centre (QNCC) has already secured high profile events. Meanwhile Oman has a strategic direction outlined in its Vision 2020 which incorporates a US\$17-billion blueprint to reposition the country's focus away from its natural gas and oil reserves to its burgeoning tourism industry. At the heart of this infrastructure is high-yield leisure and business tourism.

China

Macau is the most obvious example of an extraordinary rise of a casino-led BE destination. It claims to be the

fastest-growing destination in the world this year. More than 1.5 million international visitors have come to Macau in the first six months of 2008, a 46.5 % jump over the same period last year. It has reportedly overtaken Las Vegas in casino-generated revenue.

The rest of Mainland China has not been slow to follow as the world floods to China chasing trade, new association opportunities and wanting to experience a relatively fresh incentive destination. Beijing has stated its intention to focus on the "MICE" market post Olympics to fill its new hotels and event space. It is expected to be a big competitor, especially on price in the short-term. Shanghai is hosting the World Expo in 2010 and is keenly aware of the potential of the BE market.

Other key destinations include big cities in the economic powerhouse region of the Pearl River Delta.

Malaysia

An increasingly serious player, where the Minister for Tourism allocated about 10 percent of the RM220 million (US\$70 million) Visit Malaysia Year 2007 budget for Business Events promotion. It is understood the Government is considering a budget of \$US10 million for the newly created Malaysian Convention Bureau in its first year. Malaysia has received a big boost with the opening of its KL Convention and Exhibition Centre in 2005, but infrastructure development is not limited to the capital, with considerable investment being made in regions such as Sarawak.

Thailand

Thailand is forecasting that the local "MICE" market will generate US\$2 billion in revenues in 2008 which is a 20% increase over the 2007 figure. The Thailand Convention and Exhibition Bureau (TCEB) anticipates revenue from MICE activities will reach US\$2.5 billion in 2009. The Thailand Convention & Exhibition Bureau recently announced a new *Thanks a Million* promotional package: "bring us a thousand delegates, and we will give you a million thanks." For any convention of three days or more held in Thailand from now until 30 September 2009, TCEB will reimburse international convention organisers One Million Baht (currently around \$AUD 30,000) towards their local expenses in Thailand. The country continues to build its convention and exhibition infrastructure.

India

Still in its infancy as a BE market, India is poised to develop large, state-of-the-art convention and exhibition facilities. As well as its existing hotel meeting capacity and exhibition infrastructure it already has one purpose built international convention centre in Hyderabad and a major facility under construction in the capital, New Delhi. Convention and exhibition centres are either being planned or proposed for Mumbai, Bangalore, Jaipur and Goa.

In the face such of such competition, Australian industry stakeholders *must* work as a united marketing team, playing to our advantages and concentrating on niches which are most likely to deliver business.

4.4 Impact of Technology

Like many other service industries, technology is a very important factor in the Business Events market. Rapid changes in information technology are having major impacts on this industry.

The impact is in two broad areas:

1. Technology as a Marketing and Operational Aid for Events

Event organisers and attendees increasingly expect a high degree of technology sophistication in the BE industry. Entry level for serious venues now includes such basics as wireless internet, strong broadband width, access to a broad range of audiovisual aids, webcasting and electronic signage. Organisers are expected to offer online conference information and registration systems. Clients need to access information and do their requests for proposals from destinations, venues and other suppliers online. Speakers and delegates utilise technology for presentations and pre and post event communications.

While Australia is behind many of its competitors in Internet bandwidth and speed, the industry embraces technological changes to enhance products and services.

2. Information Technology as a Communication Competitor to BE

The BE sector must maintain its effectiveness against other communication options, many of which are IT-related. While the threat from videoconferencing has been around for two decades, there's no hard evidence to date that this technology has impacted face-to-face business events.

However, advances including increases to broadband width have seen a new generation of virtual conferencing systems. Teleconferencing is available to everyone with broadband and a personal computer. High definition "telepresence" units are entering the market from companies such as Cisco and Hewlett Packard. Speakers can be beamed in through the use of hologram technology rather than getting on an aeroplane.

When combined with travel costs, green issues and budget considerations, there is a likelihood these new technologies will impact the smaller corporate meetings market in the years ahead.

The industry must remain very conscious of developments in this area and ensure it responds to the need for live face-to-face events to stay relevant and effective.

Recommendations

- That BE industry associations develop case studies which demonstrate the effectiveness of Face-to-Face events.
- That BE industry associations foster improvements in business events programs, in terms of new meeting technologies, content, delivery and networking opportunities, delivered by organisers to enhance the live event experience.

Performance Measurements

- Market studies on the effectiveness of different forms of communication, undertaken by industry organisations.
- Surveys on share/spend of competing forms of marketing such as trade shows, product launches, print, web, direct marketing by relevant industry organisations.

5. Market Segments

5.1 Association Meetings

Association-hosted meetings (more commonly referred to as conventions) are a vital component of the BE sector globally and have experienced healthy growth over the past decade. Association events provide the largest share of business for some operators in the sector, such as convention centres.

The relative stability of the sector compared with corporate meetings makes it particularly attractive to destinations. The market is less susceptible to short-term changes in economic conditions than the corporate sector because of the long-led nature of the business and the need to maintain meetings as a revenue generating form of member communication.

Over the past decade, international association meetings globally have nearly doubled from 3,713 in 1997 to 6,681 in 2007.¹³ The estimated total expenditure of delegates attending international meetings in 2007 was US\$11.3 billion, or US\$1.6 million per meeting.

The most recent data from ICCA (2007)¹⁴ has shown significant changes in Australia's relative position as a destination for association convention meetings.

Australia dropped out of the top 10 country destinations in 2007 for the first time in a decade, dropping to No. 13 position.

Australia was rated No. 1 in the Asia Pacific region for number of association meetings held per country in 2000 and its position fluctuated in the following years. The most recent ICCA report (based on 2007 data, released in June 2008) shows Australia has dropped to third position behind Japan (first) and China (second).

While the absolute number of international association meetings held in Australia has increased over the last decade, Australia's market share has fallen. According to the statistics report in 1997 Australia's market share was 4.0% whereas in 2007 it was 2.9%.

In terms of Australian cities, only Sydney reached ICCA's top ten list in 2007 with Melbourne dropping out of this list for the first time to eleventh place. Between 1997 and 2007, Sydney dropped from No. 1 to No. 8 in the ICCA list.

More concerning, according to the UIA database, is Sydney has lost both market share and number of meetings since 2002. For the first time in 2007, UIA reported that an Asian city, Singapore, came in as the number one global city for association meetings, beating traditional top European cities. As a single city/country destination and a major competitor with Australia, Singapore achieved the remarkable No. 4 spot in the country list 2007, behind the USA, France and Germany, with Japan reaching No. 5 position. Australia's UIA position was No. 14.

Number of meetings per country in 2007 compared to 1997 (selected)

Country	Rank (2007)	No. of Events (2007)	Rank (1997)	No. of Events (1997)
USA	1	467	1	358
Germany	2	430	3	215
Spain	3	307	7	147
United Kingdom	4	282	2	238
France	5	255	4	203
Italy	6	250	5	183
Japan	7	215	8	142
Brazil	8	209	19	56
Austria	9	204	14	78
Canada	10	197	10	102
China	11	195	23	43
Netherlands	11	195	9	138
Australia	13	194	6	150
Rep of Korea	19	120	20	55
Singapore	19	120	23	44

Source: ICCA (2007)

Competition between international associations for members has become fierce with more destinations entering the market. And, because so many conferences are being staged within particular fields of study, there is substantial competition between associations for delegate attendance. As delegates' expectations have increased, there is pressure on associations to ensure their programs are high quality and hosted at destinations that can cope with the technical requirements of the meeting and that delegates find appealing.

¹³ ICCA Statistics July 2008: International Association Meetings Market 1998-2007

¹⁴ ICCA Statistics July 2008: International Association Meetings Market 1998-2007

Association Trends

Important trends in the sector affecting Australia include:

- Increasing client requests and need for “green” conferencing.
- More shorter lead time bookings and rotation patterns becoming less rigid.
- Increasing prevalence and power of global PCOs association management companies (AMCs) and “core” conference organisers (based within the association) that are not based in Australia, often in Europe.
- More expensive national “bid-offs” or “showdowns” between convention bureaux to win the Australian rights to bid internationally for association events.
- Increasing importance of the quality of the convention program content as a driving force for attendance.
- Increasingly high level “entry” point standards for venues, with expectations of state-of-art facilities and services.
- Rationalisation in the pharmaceutical industry affecting sponsorship support for large medical congresses.
- Events not increasing in size in Australia.
- Many regional events (North American, European) are bigger than the equivalent international events, meaning support can flow to the larger regional events rather than the traditional international congress.
- Organisers recognising the value of their event to destinations are driving harder bargains and demanding host city financial support and inducements.

The cornerstone of the strong association market in Australia is the depth and range of our associations and the dependency many have on conferences and seminars to communicate with members and deliver revenue. However, domestic market growth potential is limited by the size of the Australian population. Australian Associations need to look to Asia Pacific neighbours to grow their events.

Impediments to Australia's Association business

Consolidation of Buying Power

- Growth in global PCOs and Association Management Companies (AMCs) with no loyalty to any destination – they go where they will make most money.
- Global booking agents controlling large pools of venue and accommodation bookings, affecting local PCO and suppliers' margins.

Financial Barriers

- Competitor destinations attract major association meetings with Government incentives.
- Growth in subvention, such as underwriting of conventions: “buying the business”.
- Competitors offering convention space free of charge (FOC), particularly in the US and Europe.
- Bounties offered per delegate, particularly by Asian competitors.
- Difficulty in accessing Australian Government funding and support for mega meetings of over 10,000 delegates.

Client Expectations

- US clients and decision makers expecting Australian hotels to operate the same way they do (FOC rooms, cheese and fruit baskets in every room, large percentage of meeting space provided FOC, upgrades).
- Welcome receptions for conventions hosted by competitors on an FOC basis with entertainment included.

Marketing Constraints

- There is no national delegate boosting budget allocation or program offered by TA – Australian cities undertake this on an individual basis.
- Long haul barriers of distance, time and cost.
- Industry's focus on international business and cheap airfares has affected the domestic BE market.
- No brand advertising campaign for BE undertaken by TA for the associations market.
- Number of famils and media activity for TA's Business Events Australia unit has improved but is not at the same levels as many of its key competitors.
- Big growth of new destinations with aggressive business development strategies.

Product Gaps and Limitations

- “Green” operations and suppliers limited.
- Current deficiencies include exhibition space in Adelaide, Sydney and Melbourne; too few hotels in Perth. With the expansion of the Brisbane Convention and Exhibition Centre by 2010, there will be insufficient hotels to meet needs.
- Hotel accommodation stock is not refurbished at the same rate as some competitor destinations.

- Foreign language skills, particularly Mandarin, not keeping pace with demand and lack of compulsory learning/exposure to foreign languages like Mandarin at primary and high school level, especially in comparison to many global competitors which have better multi-lingual workforce skills.
- “Convention” airfares/discounts difficult to access. Some national airlines offer 50% discounts to convention delegates.

Ideas for Growth

- Tourism Australia and Australian CVBs join to market Australia as a convention destination directly to global PCOs and build stronger relationships with AMCs.
- Tourism Australia to develop a Convention Delegate Boosting Program in conjunction with industry – to generate maximum delegate attendance.
- Ensure Australia has significant representation at every key industry trade show (IMEX, EIBTM) – and ensure industry combines to host Australia events/receptions for key buyers/media.
- Promote Australia's green credentials and CSR initiatives.
- Target Asia-Pacific meetings as a new market source as European competitors push the issue of carbon emissions from long-haul travel.
- Link a percentage of Government funding of universities to how many international conventions and symposia they attract each year. (Finland has dramatically increased its profile and BE market in this way.)
- Promote skills, expertise and conference management knowledge and resources using the Australian PCO network via case studies.
- Partnering with Asian Convention Bureaux and countries in campaigns to keep association meetings rotating in Australia and Asia and build new Asia Pacific events (that breakaway from the main international association).

5.2 Exhibitions

A number of trends in the exhibitions sector are influencing the way in which it develops. Chief among these are the fact that conferences and seminars are increasingly being run alongside exhibitions, and there is a marked increase in technology involving teleconferencing and web-casting to improve the experience for attendees.

There is also a move away from large “catch-all” events towards smaller, more tailored events. Sustainability is becoming a fact of life for everyone involved in staging exhibitions, with recycling and waste management especially important considerations.

While no figures have been sourced that provide an overall value of the international exhibitions sector, it is clear it is experiencing strong growth in new facilities and business generated, particularly in the developing trade regions of Asia and the Middle East. This sector grew at 3.2% in 2007 according to US-based Centre for Exhibition Industry Research Index Report (2007).

In 2006, 1,082 venues were identified worldwide with a total indoor space of 27.6 million square metres according to UFI (2007). While Europe and North America have venue capacities of 44% and 34% of total floor space respectively, Oceania accounts for only 10%. Projected estimates for the growth in floor space show that by 2010 there will be a 13% growth and of that growth, 52% will be in Europe, 21% in Asia, 17% in North America and just 0.3% in Australia.

With the substantial increase in exhibition space now available in Asia, Australia's space as a percentage of the total space available in the region has fallen according to a report by Business Strategies Group Ltd. Australia has smaller venues than its Asian competitors. In 2007 in the Asia-Pacific Region, Australia ranked sixth in the number of trade fairs identified and the estimated annual size in square metres. China's sales alone equalled almost 51% of the Asian market.

There is limited data available in relation to Australia's exhibition sector, which makes it difficult to track performance over time.

The Exhibition and Events Association of Australasia (EEAA) and National Business Events Study (2003) indicate that 40% of our exhibition market comprises public shows and 34% are trade shows. It appears the average length of exhibitions declined from four days in 2002 to three days in 2005. Yet during 2007 the exhibition sector grew at 3.2% according to the recently released US-based Centre for Exhibition Industry Research Index Report (2007).

Significant competition exists between Australian states and territories for exhibition events. The value of the exhibition industry to the Australia economy has been estimated at \$1.2 billion (EEAA 2007). Exhibitors spend on average \$3,468 on floor space and exhibition organisers spend on average \$459,000 (2005).

A number of trends in the exhibitions sector are influencing the way in which it develops. Chief among these are the fact that conferences and paid seminars are increasingly being run alongside exhibitions and are an important source of revenue for organiser.

Other trends include:

- There is a marked increase in technology involving teleconferencing and web-casting to improve the experience for attendees.

- World players and large conglomerates pushing locals out. This rationalisation of organisers over the past few years has seen the rise of a handful of big global players and fewer shows internationally and domestically. (In Australia recently, a gift show and fitness show have been cancelled).
- More effort to “clone” successful exhibition formats and roll them out in regional and international markets.
- Anecdotal evidence of a drop in show revenue and visitors because of current economic conditions.
- Exhibition space constraints in Sydney, Melbourne and Adelaide.
- Asia offering more growth potential for delegates and exhibitors.
- Exhibitions becoming smaller in Australia due to costs of shipping long distances and having staff out of the office for longer due to travel time. (The Sydney Boat show, originally of 10 days' duration, was reduced to five days).

Australia's potential in the exhibition industry is limited to an extent by our limited population base and geographic location. Conversely Singapore has a booming exhibition business because of its strategic location and strong Government support for the sector which helps drive trade, notwithstanding its small in size and population.

There are opportunities for Austrade and other relevant agencies to work more closely with the exhibition sector to use Australian trade shows as an opportunity to showcase our products to overseas prospects.

Other opportunities:

- A better link with PCOs to grow the exhibition component of conventions.
- Development of new industry sectors and a focus on Australian areas of expertise (which gives potential international attendees and distributors a reason to attend).
- Focus on boosting Asian attendees.

Domestic issues

As discussed previously, Australia's market size inhibits growth.

Impediments

- Poor regional exhibition infrastructure.
- Sydney and Melbourne dominate due to population base.
- Reliance on walk-up traffic – difficult in regional areas with small populations.

Opportunities

- More specialised shows focusing on regional expertise (wine, agriculture, oceanic sciences, Indigenous, urban planning, mining, education/job fairs etc).
- New technologies, lifestyle products.
- Develop case studies to show success and encourage entrepreneurship.

Venues and Indoor Exhibition Space in 2006

Number of venues by size (in sqm)*

	5,000 to 19,999	20,000 to 49,000	50,000 to 99,000	100,000 and more	Total
Africa	14	9	2	–	25
Asia	53	49	18	6	126
Central and South America	22	12	4	–	38
Europe	286	109	35	35	465
Middle East	22	7	2	1	32
North America	270	64	20	5	359
Oceania	10	6	–	–	16
WORLD Total	677	256	81	47	1061
Percentage	64%	25%	8%	4%	100%

Source: UFI (2007)

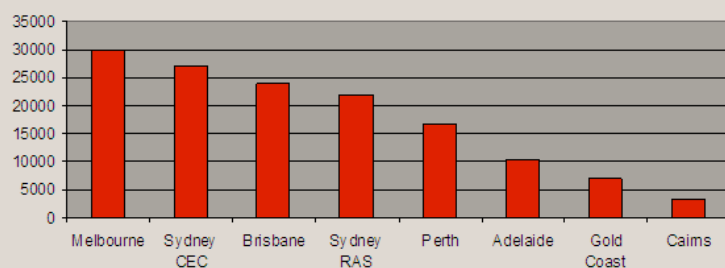
* Only includes venues with a minimum of 5,000 sq metres

**Australian venues ranked by amount of
exhibition space**

Venue	Year Open	Exhibition Space (m ²)
Melbourne Convention and Exhibition Centre	1996	30,000*
Sydney Convention and Exhibition Centre	1988	27,200
Brisbane Convention and Exhibition Centre	1995	24,088
Perth Convention and Exhibition Centre	2004	16,650
Adelaide Convention Centre	1987	10,077
Darwin Convention and Exhibition Centre	2008	4,200
Cairns Convention Centre	1996	3,190
Gold Coast Convention Centre	2004	3,106
National Convention Centre Canberra	1989	2,400

Source: EEAA (2003)

* Does not include extra space that may be made available for small exhibitions in the new Melbourne Convention Centre.

**Exhibition Space in Australian cities' major
Exhibition Centres**State Convention Centre Comparisons - m²

Source: TTF

**Location of Australian exhibition events by state and
territory in 2003**

State/Territory	Number	% of Total
NSW	84	28
VIC	75	25
QLD	57	19
WA	33	11
ACT	24	8
SA	21	7
TAS	6	2
Total Events	300	100%

Source: HVS International (2007)

Ideas for Growth

- Marketing programs be developed to target Asian attendees at key Australia based exhibitions.
- Austrade, TA and BECA explore Australian Government priority industries and sectors for exhibition support.
- Australia's Exhibition Calendar of Events be more pro-actively marketed internationally.
- Research support be introduced to identify and scope economic impact and employment generation.

Performance Measurements

- Number of new trade shows developed.
- Number of Asia Pacific attendees that attend as a result of marketing campaigns.
- Increase in overall attendees and exhibitors.
- Exhibition Centre revenues.
- Research delivers economic data required.

5.3 Incentive Travel

Travel rewards are used by corporations to motivate employees to achieve particular company objectives, usually a sales target, but Incentive Travel can also be to motivate a behavioural change or reduce an operating cost or to stimulate innovation. Incentive Travel can also be used by corporations to motivate consumer behaviour eg change a brand preference, promote/sell a new product.

Facts and figures on this sector are hard to come by, but the corporate incentive travel reward market is recognised as being a high-spend, keenly sought-after sector. With growth in multinational companies has come a growing need for corporations to bring employees together regularly to meet and to reward staff through travel-related incentives.

This subgroup is characterised by inhouse marketing departments and private Incentive Houses which handle the management of incentives (and corporate meetings). Information about the events is often confidential and closely guarded. The business tends to involve shorter lead times (sometimes just weeks) and is more volatile. Corporate business is likely to fluctuate depending on the state of the economy and corporate policies.

Corporate Travel Management companies (CTMs) are expanding on a global basis and moving into the traditional conference management area and some also offer incentive travel services. This growth affects the buying patterns of the corporate market, and stronger travel and entertainment policies and procurement processes are brought into play. (See Appendix 4 for more information.)

Over the past decade, return on investment (ROI) and return on objectives (ROO) have become increasingly important issues. That means pressure has increased on marketing departments to demonstrate the value of incentive travel reward programs which for tax reasons are often combined with a meeting.

The BE industry is concerned about Australia's capacity to host large incentive programs outside the major cities. Even within capital cities choices for single venues which can accommodate more than 500 people is limited.

The local corporate market for short-duration meetings, incentives, product launches and marketing events appears to have been strong in recent years, mirroring the strong local economy. Cutbacks are anticipated now in changed economic circumstances.

The strong Australian dollar and overall Asian cost competitiveness has seen many Australian corporates head offshore for their conferences and incentives to competitors such as Bali, Malaysia, Thailand, Vietnam, and Hawaii.

Incentive Travel Impediments

As the corporate incentive travel sector tends to be discrete and sometimes very secretive about its operations due to confidentiality issues, it is difficult to obtain detailed information about its value and performance.

Despite data on the sector being difficult to obtain, Stolovitch (2002) estimated that the incentive travel industry contributed US\$27 billion to the global economy in 2001. The total value of the US market for incentive travel in 2007 was estimated at US\$13.38 billion.

Estimates of the value of incentive travel to Australia vary based on the samples used, ranging from \$304 million to more than \$585 million a year. Tourism Research Australia's most recent data estimates that inbound incentive visitors spent \$387 million while in Australia, and

domestic incentive visitors spent \$301 million, during the first six months of 2008.¹⁵

Based on the findings from feedback from DMCs, PCOs and inbound tour operators obtained from the AACB (July- September 2008), Australia's key assets in this area are the spirit of Australia and the perceived positive personality of Australians.

Major impediments identified by industry through the process above include:

Marketing

- No cohesive, published national Business Events Strategy.
- Lack of research data (IVS/BTR/ABS) on the incentive market, travel patterns, expenditure, length of stay, region of origin, satisfaction with Australia as an Incentive Travel destination.
- Difficulty in identifying and accessing corporate clients directly.
- Lack of TA databases on corporate decision makers in each market and opportunities for industry to "rent" these databases for direct marketing campaigns and relationship marketing programs.
- Competing national Government, local Government, convention bureaux offering incentive/reward, value-add to corporates to come to their city.
- More effort needed to educate agents and potential buyers in the new Asian markets on what can be done in Australia.
- Overseas competitors run annual high end Incentive Famils/Trade Shows targeting Incentive Buyers and extensive targeted advertising campaigns.

Service Standards

- Lack of understanding in some regions of the needs of the incentive market, particularly in relation to service and product standards and package inclusions.
- Labour and skill shortages in resort areas and variable service standards.
- Huge shortage of skilled and experienced Asian language staff (especially Mandarin speaking guides) to handle large incentive groups.
- A growing number of inexperienced companies servicing the incentive market, especially in Asia.

15 International Visitors Survey (IVS), 2008 unpublished data, Tourism Research Australia

Product and Pricing

- Lack of five-star incentive product nationally, especially in the resort sector.
- Australia's cost competitiveness in comparison to many Asia destinations.
- No new experiences/exclusives being developed – same programs exist as 15 years ago.
- Some of Australia's best brand name five-star hotels are not up to same standard as their sister hotels at other destinations
- A shortage of tour attractions and dining venues with enough capacity to cater for large groups especially from the China, Taiwan and Korea markets.

Access

- Time, distance, cost to Australia.
- Air cost and lift. Anecdotal evidence points towards Australia losing business because of high airfares. Not enough seats are made available – particularly from the US. Comparative high fuel surcharges and limited flight capacity versus other competitive destinations in Asia.
- Strict Australian visa issuance guidelines in certain countries such as Indonesia, Vietnam, China and India, make it harder to sell Australia to clients in these countries.
- The newly opened Air Charter services between China and Taiwan will further divert the interest of incentive business from the China market to Australia in the short term.

World Economy

- Slowdown in world economy due to escalating fuel price and credit crunch will impede long haul incentive travel to Australia in favour of short haul destinations in Asia.
- Finance and banking sectors will be affected by global downturn.
- The strong Australian dollar has been a problem for US business and has provided an attractive cost opportunity for corporates to choose an offshore location.
- Australia may be seen as too expensive for incentive trips in the current economic climate.

Tourism Australia (2008) indicates that most international incentive visitors were from China (34%), New Zealand (12%) and Japan (10%). The key origin markets for international incentive visitors in TA's National Incentive Study (2006) were Japan (27%) followed by Taiwan (9%), Thailand (7%) and China (7%).

The 2007 Society of Travel and Incentive Executives (SITE) member survey forecasts that the number of incentive participants will decline in the future due to the increase in qualifications required by organisations to be included in incentive programs and because of rising costs, particularly fuel, at a time when budgets are likely to remain tight.

Another factor of concern for Australia is that, according to the Review of the BE Sector 2003-08 (see below), in recent times neither Australia nor its key cities feature in a selection of international survey lists of most favoured incentive destinations.

Most Popular Incentive Travel Destinations by Country¹⁶

Countries	Global Business Events Campaign Research 2006 (Hong Kong Consideration Set)	Global Business Events Campaign Research 2006 (UK Consideration Set)	Global Business Events Campaign Research 2006 (USA consideration set)
C and IT Corporate Survey 2008			
France	France	USA	France
Spain	USA	Canada	Italy
United States	Canada	Caribbean	Spain
Italy	Switzerland	Hong Kong	Tahiti
Germany	Egypt	Egypt	South Africa
Ireland	India	Argentina	Dubai
Switzerland	Dubai	Brazil	India
South Africa	Maldives	New Zealand	Cook Islands
The Netherlands	Germany	Japan	Brazil
Singapore	Short haul	Namibia	Bali
Korea			

¹⁶ Table: A Review of the Business Events Sector 2003-2008, Profs L. Jago and M. Deery, Sue Bergin-Seers, Centre for Tourism and Services Research, Victoria University

Most Popular Incentive Travel Destinations by City¹⁷

Cities	
SITE (2007)	Meetings and Incentive Travel (2004)
Barcelona	Cape Town
Rome	New York
Paris	Pointe aux Piments
London	Bangkok
Dubai	Miami
Las Vegas	Las Vegas
Hawaii	Dubai
	Orlando
	Chicago
	New Orleans

TA National Incentive Study (2006). Most popular Australian cities for inbound incentive business¹⁸

Sydney
Gold Coast
Melbourne
Cairns
Perth
Port Douglas
Brisbane
Alice Springs/Uluru
Hayman Island
Darwin

Trends and Opportunities

- Owing to Australia's strong position as a highly aspirational leisure destination, Australia has strong opportunities to grow its current small share of total global incentive business.
- CSR is a growing focus, particularly out of the UK, Europe and US. As long-haul flights are not seen to be "green," this is extremely important.
- Most incentive groups range from 50 to 300 in size with the average size from Europe being 70 delegates. The Asian market average ideal size is 200 delegates. However China can attract incentive groups of more than 2,000.
- Industry reports that North America (including Canada) remains strong while the important markets in Europe are France, Spain, Belgium, Switzerland, Holland, UK and Poland. The South American markets of Brazil, Argentina and Chile are increasingly active, as is South Africa.
- Interest in Australia from Asian markets such as China, Korea and India are on the rise across a number of industry segments including automotive, financial, medical technology and direct selling.
- Australia remains high on the list of preferred destinations for Asia and is perceived to be the closest Western destination from Asia.

- Australia consistently voted a desirable and safe destination within the Asia-Pacific.
- Incentive travel rewards still popular with corporations in Asia.

Ideas for Growth

- Need for new, and in some cases foreign language, sales collateral/DVDs/giveaways/value-adds delivered by TA in consultation with industry.
- TA invest in improving corporate end user/ incentive buyer database for controlled utilisation by industry.
- Industry to combine with TA on BE brand and tactical advertising campaigns targeting incentive sector.
- More support from industry and Government for the AIME Trade Show (in Melbourne) – the largest in the Asia-Pacific. International Hosted Buyers at AIME are currently given opportunities to travel to all regions of Australia for site inspections (currently without TA/ Government support).
- TA and CVBs lobby airlines to get an "Incentive" fare available at certain times of the year that could be used to help generate business in low season periods.
- TA promote the exclusive experiential type program with new eco-tourism product.

¹⁷ Table: A Review of the Business Events Sector 2003-2008, Profs L. Jago and M. Deery, Sue Bergin-Seers, Centre for Tourism and Services Research, Victoria University

¹⁸ National Incentive Study (NIS) 2006, Tourism Australia
http://www.tourism.australia.com/content/Research/National_Incentive_Study_2006.pdf

- Industry continue to develop “Green” or sustainable incentive programs.
- TA and industry develop new partnerships breaking into new markets – for example: work with DMCs/ hotels/CVBs to break open new markets.
- Approach universities to access foreign students for guide training. Perhaps the Government could extend the number of hours students are permitted to engage in paid work to assist in alleviating the skills shortage.
- Improved exploratory missions to new markets coordinated by TA.
- TA and industry develop and promote case studies to show Australia drives sales and high achievers, so that it always ranks in the top three countries worldwide on desirability and brand appeal. A destination which inspires!
- Time, distance, cost are traditional impediments but Australia needs to be repositioned as:
 - “Do-able” in one week. Think of Australia as a quality incentive program achievable in one week, even on lower budgets.
 - Create a campaign that shows Australia as a simple, easy-to-get-to, easy-to-work-with destination.

5.4 Corporate Meetings

The global corporate meetings sector is estimated to be worth US\$31.8 billion. According to the US-based Convention Industry Council 2007 industry report, the number of corporate meetings held in North America in 2006 was over one million, while association meetings numbered 210,000 and conventions were 12,700.

Corporate events in Australia made up 55% of all meeting activity followed by government events (24%) and association events (21%)¹⁹. The average expenditure of a corporate delegate in Australia, according to the NBES, is \$524.

Preliminary analysis of the IVS and NVS in Tourism Australia (2008) shows that 37% of international BE visitors attended a corporate event in the March 2008 quarter.

Internationally, corporate meetings tend to be slightly longer than association events and last between three and five days²⁰. The main issue affecting corporate meeting planners is advances in technology, with some businesses trying to cut business travel by using technology and others requiring the latest technology be available at their meetings. Concern about the state of the global economy

could depress the corporate meeting sector over the next couple of years.

Anecdotal evidence suggests a drop in the North American inbound corporate market to Australia though this has been covered by an increase in the inbound Asian market in numbers if not in per-capita revenue.

Impediments

- Shortage of purpose-built infrastructure. For example, there are limited offsite venues for >500 guests. Hotels and convention centres lack dedicated breakout facilities.
- Poor maintenance of 4-5 star hotels as well as the lack of staff training in the quality and service standards expected by corporate groups.
- Property developers need to know there will be return on investment and incentives to invest in hotel and incentive infrastructure. There is great opportunity to engage the property and construction industries to encourage development of more business event-friendly venues and hotel facilities.
- Cost of long-haul destinations vs meeting at home base.
- Most corporates want to meet in the city centre so regional opportunities limited.
- Lack of a comprehensive and reliable corporate database.
- Lack of five-star product in comparison to many of Australia's competitors.
- Poorly maintained hotel stock in some regions.
- Air services poor and often expensive to regional areas.

Opportunities

- Australia is popular with Asian delegates and can often provide a convenient regional meeting point for international corporations.
- Asia-Pacific corporate growth creates new potential clients for Australia.
- Australia's reputation, infrastructure and track record for the deliver of quality corporate events.
- “Green” meeting initiatives showcasing opportunities to break new ground in Australia.
- Distance could be positioned as an advantage – a *real reward* for corporate attendees.
- For the domestic market, tax incentives by Government to companies to meet in regional Australia.

¹⁹ NBES 2003

²⁰ MPI AMEX Future Watch Report, 2008, Meeting Professionals International

Ideas for Growth

- A joint TA/industry program to educate potential clients about the portfolio of meetings product available in Australia.
- Develop a campaign where local corporates could be encouraged to invite international counterparts for meetings (not dissimilar to the *Meet in Australia 2001* campaign). Austrade links would be a key conduit to identify those corporations who are importing or exporting in specific markets to encourage them to invite their clients to Australia for a meeting or a study tour.
- Encouraging additional joint marketing campaigns with organisations closer to the business world, such as Austrade/DFAT, Australian Chamber of Commerce and Industry.
- Engage the property and construction industries to encourage development of more business event-friendly venues and hotel facilities by developing Consultation Panels for developers to access for advice on key components.
- Establish a comprehensive and reliable corporate contacts database.

5.5 Government meetings

While Government meetings were found to be the second-largest Business Events group (24% of the total), it had the smallest number of participants.²¹ Government meetings tended to have fewer single-day meetings than either the corporate or association sector.

Though there appears to be an increasing number of Government-sponsored conferences around the globe, the trade and export benefits of hosting international meetings in Australia have not been well promoted either politically or to other Australian Government departments.

The Australian Government does not appear to have purchasing guidelines in the conference and event management area which recognises and supports industry accredited providers. (Please refer to Workforce section in Supply-side chapter for a recommendation relating to this point.)

Government meetings can be held as part of a regional rotation, such as APEC meetings or in response to a political, economic or humanitarian crisis. They may also be convened to discuss topical issues such as global warming and energy.

Australia has the opportunity to raise its profile in several key portfolio and trade areas through convening international meetings. The BE industry can greatly assist in feasibility studies, the logistics, boosting delegate stays

through marketing and delivering pre- and post- tours, and through assisting with securing sponsors and building revenue streams for Government.

Ideas for Growth

- Australian Government gain a global reputation for hosting “green” events, by encouraging all its departments to run carbon neutral events.
- Focus on Indigenous issues to generate regional satellite meetings from major international meetings in city centres.
- BE industry and Australian Government work collaboratively to consider relevant subject matter for the creation of new meetings that more strongly link with Australian Government policies.
- Australian Government mandate a percentage of their meetings be held in regional Australia.
- Australian Government work more closely with states on encouraging satellite meetings from larger international conventions held in city centres.
- Update TA's website calendar of meetings by month, state, city and topic/sector to include more Australian Government meetings.
- TA produce a toolkit to assist locals/regional groups with ways to grow events.
- Australian Government collaborate with the industry in identifying their decision makers for Australian Government meetings.

6. Business Events Stakeholders

6.1 The Australian Government

The Australian Government's contribution to the BE industry lies primarily in its support for promotion and marketing activities of Business Events Australia (BEA), a unit within Tourism Australia, and policy support through the Tourism Division of the Department of Resources, Energy and Tourism (RET).

Other Australian Government agencies supporting the sector are Tourism Research Australia and the Department of Immigration and Citizenship through its International Event Coordinator Network. A new MOU between Tourism Australia with Austrade has the potential to develop agency synergies to support the BE sector.

The Government's Export Market Development Grants (EMDG), operated through the Department of Trade, allow qualifying international BE marketers to apply for assistance through the grant. The convention bureaux have been accessing these funds through AACB to help boost their current marketing activities.

Role of Tourism Australia in promoting Australia as a business events destination for the inbound market

Support for Tourism Australia to market Australia as a BE destination is provided on the policy basis that there is market failure in the promotion of Australia. As no private business is able to gain the full benefit of such activity, marketing of Australia is viewed to be undersupplied by the private sector.

In addressing this market failure, Tourism Australia budgeted \$5.8 million in 2007-08 for its Business Events Australia (BEA) unit. The Business Events sector also benefits from TA's global network of offices and extensive consumer and trade marketing that help to position Australia as a desirable tourism destination.

Business Events Australia

Tourism Australia (TA) has established a specialist business unit called Business Events Australia (BEA) to promote Australia as a sustainable destination for corporate meetings, incentives, association conferences or conventions and exhibitions. TA has increased its funding for BEA and identified the sector as a core priority.

The Business Events Australia strategy is to:

- Build global awareness of Australia as a sustainable business events destination.

- Deliver a clear brand for business events in Australia and a marketing toolkit.
- Deliver trade marketing programs that bring buyers face-to-face with sellers.
- Provide industry access to research and market insights.
- Provide industry leadership to promote ongoing development of a sustainable Business Events sector.

Business Events Australia delivers the following:

1. Marketing Platform

In 2008, in partnership with the Australian Business Events industry, BEA delivered a clearly differentiated brand proposition for Australia, *"Be inspired to create great things in Australia"*. As part of the brand roll-out, BEA developed a marketing toolkit for the industry to assist them in delivering the same core messages in their marketing approaches. The toolkit comprises a range of resources to support promotion and event bids for all market sectors. This includes images, print and digital advertising, video footage, marketing collateral and merchandise, trade display visuals, case studies, fact sheets and research.

2. Trade marketing programs including co-operative marketing opportunities; trade events and roadshows, corporate/agent familiarisations/educational, and Team Australia initiatives

The primary focus of BEA's trade marketing strategy is to create forums where qualified international buyers are invited to meet with Australian sellers in a business environment. These buyers include incentive agents, association representatives and corporate end-users with the potential to attract high yielding business events to Australia. BEA provides partnership opportunities for Australia's 14 convention bureaux and Australian sellers in-market and in Australia through its trade marketing programs and offers the Business Events industry the opportunity to partner in a selected number of high profile and specialist tradeshow targeting international buyers. Each year, BEA invites around 80 qualified international corporate buyers, incentive agents and Business Events media to experience the country and increase their knowledge of Australia.

TA manages *Team Australia*, a marketing partnership between BEA and the Association of Australian Convention Bureau (AACB) members. Opportunities are delivered in association with the 14 members of the AACB. There are two Team Australia initiatives – Team Australia Business Events Educational (TABEE) and an annual Mission into Asia.

3. Integrated Public Relations Program

BEA delivers a communications program to deepen the reach of the trade marketing initiatives and to build the profile and awareness of Australia's business events credentials. This program includes media liaison, events, content development and a visiting journalists program.

4. Research and Insights

A wide range of research and insights are available to the industry through businessevents.australia.com or the monthly BEA e-newsletter. Information available includes arrivals fact sheets and performance data, and new questions on the International Visitors Survey and the National Visitors Survey. TA is also undertaking a national Corporate Social Responsibility (CSR) Audit which will inform Australia's credentials as a sustainable business events destination.

5. Calendar of Events

BEA produces an on-line *Calendar of Events* which details upcoming business and consumer events. The *Calendar of Events* is available at: businessevents.australia.com.

6.2 State, Territory and Local Governments

State and Territory Governments have involvement in the BE industry through direct investment in infrastructure and marketing of their particular cities or regions.

Convention centres

Purpose-built convention and exhibition centres are generally built and owned by State Governments, though there has been a trend in recent years towards public-private partnerships (PPPs).

In 2007 there were 11 purpose-built convention and exhibition centres in Australia. These are in Melbourne, Sydney, Brisbane, Perth, Adelaide, Canberra, Cairns, Gold Coast, Canberra, Darwin and Alice Springs.

The largest is the Melbourne Exhibition and Convention Centre and the smallest are the National Convention Centre in Canberra and the Alice Springs Convention Centre. As a result of increased competition, most major centres in Australia have recently completed or are currently undergoing expansion.

Convention bureaux

State and Territory and regional Governments provide support to local convention bureaux to market their states or regions as BE destinations and generate export dollars for that state. In 2007/08, AACB estimated State and Territory Governments contributed \$15.2 million to support BE marketing.

Individual convention bureaux are dedicated to marketing their specific regions as premier BE destinations to intrastate, interstate and international markets. They recognise their responsibility to promote Australia as a whole. Indeed they are obliged to do so.

The Generic Role of a Convention & Visitors Bureau (CVB):

- To market its destination as a leading Business Events location.
- To be the driving force in securing Business Events for its destination ie :
 - Conventions
 - Incentive Travel Rewards Programs
 - Corporate Meetings
 - Exhibitions and special events.
- To drive maximum delegate numbers through delegate boosting marketing activities for events the CVB has won.

The Responsibilities of a Bureau:

To provide measurable benefits for its stakeholders through a range of sophisticated;

- Sales and destination marketing activities, and
- Coordination and advisory services.

Specific Convention Bureau activities:

Bidding:-

The Bureaux prepare bid documents (hardcopy and online) and promotional DVDs, presentations and support materials for national and international association conferences and corporate meetings and incentive travel groups.

When competing internationally for conventions, all Australian CVBs promote Australia. In fact bid documents and DVDs carry standard text on each State and present Australian iconography and photographs of Australia's key national attractions.

Marketing:-

The Bureaux undertake a broad range of destination marketing activities to position their city, their region, and (internationally, by necessity) Australia as a leading Business Events destination in the Asia Pacific region.

This is supported by branded marketing collateral such as:

- Meeting and Incentive Planners Guides;
- Co-operative Marketing Prospectus';

- Convention Services Package booklets;
- Delegate Boosting Materials;
- Websites, DVDs and other sales collateral;
- “How to Organise a Conference” material;
- Suppliers Directory (listing of their members); and
- Annual Reports (often called for by buyers as a matter of governance).

Various Australian Bureaux have sales offices or representatives in UK/Europe, North America and South East Asia. Some are venturing to representation in China and India. Some CVBs also have PR agencies employed.

The Convention Bureaux conduct comprehensive programs of site inspections and familiarisations for meeting and incentive travel planners, agents, associations and corporate end users. Some conduct their own interstate and international roadshows with member partners.

Delegate Boosting

Once a piece of business has been won, some Australian CVBs and their partners combine to maximise delegate attendance at that event. Delegate Boosting activities can include direct mailing members of an association to encourage them to attend the convention, using email promotional “blasts”, advertising in the association's newsletters or website, publicity campaigns in trade magazines and taking booths at the association's conventions in the years leading up to the year the event will be held in Australia. Owing to budget restrictions, many CVBs concentrate solely on winning the events and the opportunity to maximise delegate attendance to Australia is lost.

Sales leads:-

Conferences secured by Bureaux are passed on to Bureau members as sales leads and opportunities, usually according to membership category.

Additionally, members are able to access a (sometimes confidential) calendar of Business Events secured by the Bureaux to enable members to contact potential clients directly.

Education:-

The AACB runs educational programs for Australian buyers, and the Bureaux provide professional development opportunities for staff including an AACB Staff Scholarship program also supported by QANTAS and TA.

Trade shows:-

The Bureaux, often working in partnership with Business Events Australia sends representatives to the major industry trade shows including IMEX, EIBTM, AIME, ATE, and the Associations Forum.

The Bureaux work closely with Business Events Australia through a recently established dedicated Marketing Sub Committee of AACB to identify co-operative marketing

opportunities and co-ordinate participation in Team Australia trade events.

Research:-

Most of the Bureaux have a dedicated researcher identifying potential sales leads from a variety of sources including the ICCA database and publications.

In addition most CVBs conduct convention delegate research to measure the economic impact of events in their city. AACB members recently agreed to implement a set of questions to assist in standardising data collection.

The Association of Australian Convention Bureaux Inc (AACB Inc.)

A national body, AACB represents the collective interests of the 14 Australian convention bureaux. The AACB is a member of the Business Events Council of Australia (BECA). Most of the Australian Convention Bureaux are members of AACB Inc.

Specific AACB activities include:

- An Annual CVB Performance Report
- Ongoing research leading to Business Events market intelligence
- Bureaux staff education
- A national marketing and education campaign targeting BE Buyers
- Providing a policy development forum
- Liaison to BEA to develop international activities to promote Australia as a Business Events destination
- Lobbying & Government liaison.

6.3 Private sector

The private sector is the largest contributor to the BE industry through investment in infrastructure, products and services, and marketing. The breadth and complexity of the sector is illustrated by the plethora of membership categories of the CVBs and industry associations.

Industry contributes to BE marketing through its own efforts, support for the CVBs and cooperative marketing ventures with both the CVBs and TA.

Private Sector Stakeholders in the Business Event Industry



- Meeting venues
- Accommodation
- Transport – airlines, coaches and limos
- Conference organisers
- Exhibition organisers
- Special event organisers
- Tour and destination management companies
- Speakers and speaker bureaux
- Caterers
- Conference accessories suppliers
- Theme and design companies
- Entertainers
- Display and signage companies
- Exhibition booth companies
- Cruise companies
- Equipment and furniture hire companies
- Graphic art/designers
- Insurance brokers
- Photographers
- Publishers and printers
- Marketing consultants
- IT service providers
- AV and production companies
- Security companies
- Tour guides
- Team-building specialists
- Education providers and trainers
- Translation and interpreting services
- Travel agencies

6.4 Industry associations

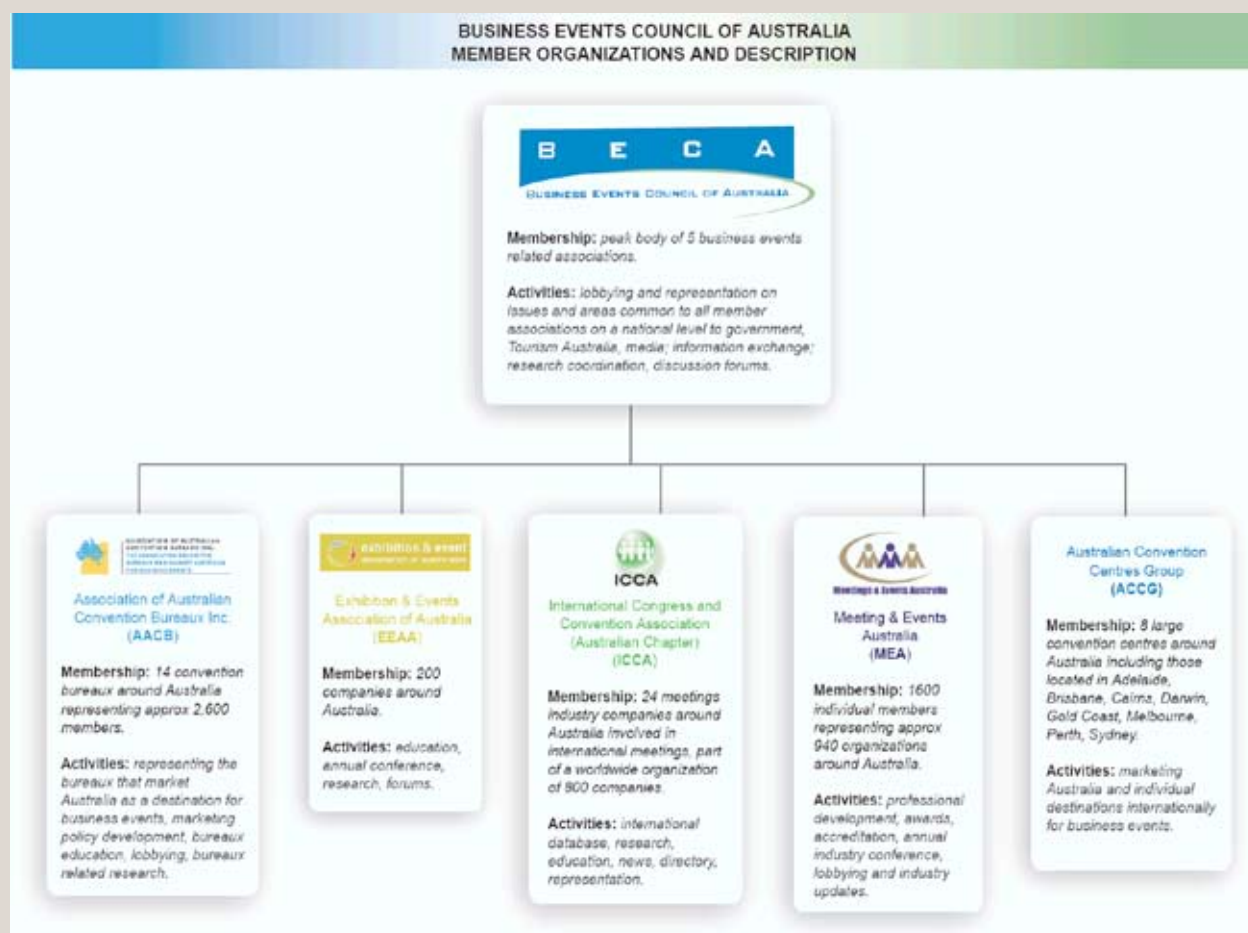
The peak body for the BE industry in Australia is the Business Events Council of Australia (BECA) which was established in 1994 to provide a single unified voice on common issues for the various key BE industry associations.

A number of related tourism industry organisations have a particular interest in the business events sector, with many of their members deriving an important source of their income from the business events market. The following key tourism organisations have participated in the development of this Strategy:

- Australian Hotels Association
- Australian Tourism Export Council
- TTF Australia (Tourism & Transport Forum).

The BE industry has strong ties to tourism via its individual constituents and through the abovementioned tourism organisations.

BECA is also a member of the National Tourism Alliance.



7. Demand-side: key issues, strategies and actions

Driving demand is vital to the ongoing sustainability of the BE Sector. Without demand, supply-side issues become academic.

The most important demand factor for the industry is marketing. Who is doing it and to what extent? What are the impediments? Is there market failure and, consequently, a case for Government intervention? What initiatives should be considered? What performance measurements could be introduced to judge the success of increased marketing efforts?

7.1 A clear case of market failure exists in the Business Events industry

In its 2008 Statement of Intent, Tourism Australia (TA), the statutory authority of the Australian Government which has responsibility for tourism marketing at home and internationally, has the following as one of its key priorities:

"As part of its strengthened commitment to promoting Australia as a Business Events destination, Tourism Australia intends to continue the roll out of a new brand message that will more strongly position Australia as a world class Business Events destination for meetings, conventions, incentives and exhibitions."
(Please refer to Appendix 5.)

The Business Events industry welcomes this acknowledgement by the Australian Government of the importance of the BE market. Although recognising positive steps have been taken by Government through TA, the BE industry believes that TA could do more to assist industry.

In response to BECA's lobbying during the Tourism White Paper process, the White Paper released in November

2003 called for the establishment of a new unit within TA, *Tourism Events Australia* (TEA), later changed to be called *Business Events Australia* (BEA). The BE industry welcomed the announcement, but had concerns at the time that there was no dedicated budget allocation for this new unit, unlike the new *Tourism Research Australia* unit. The TEA unit was launched in October 2004.

Since that time BECA, with the support of other key tourism industry organisations, has been lobbying both the TA Board and the Minister for Tourism for adequate dedicated funding for the BEA unit. Pre-budget submissions were lodged for the 2007 and 2008 Australian Government budget process, and a further attempt was made in the pre-2007 federal election process.

Notwithstanding TA's obvious increased acknowledgement of the importance of the BE sector, and the stated priority in its corporate plan, the BE industry remains concerned about the under-resourcing of TA's BEA unit. The BE industry appreciates that the Australian Government requires a strong case to be put for market failure to substantiate the call for additional funding. The industry believes this case exists.

Why does the industry make its market failure claim? For the answer we first need to look at the fragmented nature and diverse composition of the industry and prevalence of small business operators in it. This leads unequivocally to market failure because individual businesses, if they were to fund their own marketing, would be unable to capture fair returns from their investment due to the ability of non-contributors to "free ride" on that investment.

This is why, if left to the market, businesses in the industry will tend to under-invest in marketing. Continuing Government funding for marketing provided to assist the industry address this problem is effectively an admission by Government that market failure exists. Yet industry believes Government's current BE investment is inadequate.

TA's total annual budget for Business Events (marketing and administrative costs) is understood to have been \$5.8 million in 2007/08. Given the suggested return for each dollar invested and the benefits that Business Events bring to Australia (described elsewhere in this Strategy) there is a case for a substantial increase in BE funding through TA.

While TA's extensive global consumer advertising, trade marketing and brand development activities position

"Economic impact surveying at AEG Ogden convention centres show that they receive only around 8-10% of the total destination spend by delegates at conferences they attract and host, with the rest going to hotel accommodation, meals and entertainment, transport, shopping, pre and post touring etc. We believe this ratio would be similar for other major Australian convention centres."

GEOFF DONAGHY, DIRECTOR CONVENTION &
EXHIBITION CENTRES, AEG OGDEN

Australia as a desirable holiday destination, a Business Events brand campaign requires a different approach.

The issue is most relevant to the international association conventions business. With TA's limited resources to adequately cover this market segment, 12 convention centres and bureaux from the eight major destination cities have combined their resources to address the gap through a joint venture, *Conventions Australia*. While this collaboration is desirable, the estimated budget of \$300,000 per annum over three years is highly inadequate and cannot fully address market failure because not all convention centres and bureaux participate, and many other non-contributors benefit.

7.2 Why driving demand is vital for our industry and our nation's economy

Australia's challenge is not only to compete effectively for existing business but to stimulate growth in the demand pool – to increase the pie for everybody involved.

At the same time, another, more serious challenge looms for our industry: Australia is working in an increasingly competitive global environment in which industry and Governments around the world are seeking to grow their share of the global BE market.

In this environment, to maximise the net economic benefits of BE activity to the Australian economy, the industry believes much more needs to be done to secure more business events for Australia and increase the impact of business already won through delegate-boosting activities to drive additional visitors – delegates and their accompanying persons ie family and friends.

Due to a lack of resources, collaboration in the industry is currently characterised by limited coordination between players in the sector and the marketing efforts of state and territory Governments and TA.

Business events are traditionally long-led. Although there is a trend to shorter lead-times, particularly in the corporate market, bids for large international meetings are often made three to eight years before the event takes place. Current resources are used to secure business now for the next decade. Marketing strategies need to be long-term and backed by adequate funding, and industry must be given adequate notice of cooperative ventures to ensure maximum take-up.

7.3 The Government's role in addressing market failure in the BE industry

To understand the extent of the challenges facing the industry, it is helpful to look at the players involved and how they interact. Business events are delivered by conference and exhibition organisers, incentive practitioners, special event organisers, destination management companies, audio-visual and production companies, and other ancillary service providers.

The events themselves are supported by a wide range of services, such as convention and exhibition facilities, accommodation, transport, tour operators and food services.

The return on the Australian Government's investment in international marketing (in partnership with state and territory Governments through TA) to attract foreign tourists is significant.

For example, Kulendra and Dwyer²² has estimated that the return per dollar invested by Tourism Australia is 17:1 for Asia and 8:1, 36:1, 3:1 and 7:1 for Japan, New Zealand, the UK, and the US markets respectively. TA also initiates and effects marketing activities in support of the BE industry. While similar estimates of return-per-dollar invested are not available, it is reasonable to assume they are of a similar order.

As mentioned above, given the suggested return for each dollar invested and the benefits business events bring to Australia, there is a case for a substantial increase in BE funding. In particular, the industry believes Tourism Australia's current resources and business events marketing strategy does not adequately cover the international association conventions sector. Australian industry participants must unify behind cooperative marketing efforts and adopt innovative strategies to counter the competition. The Australian Government should boost opportunities for the sector by helping to identify market failures, taking appropriate action and providing appropriate support.

The Australian Bureau of Statistics indicates that convention centres and other business event market participants spend a substantial amount on marketing.²³ It is likely, however, that participants are not able to capture the maximum returns possible from their investment.

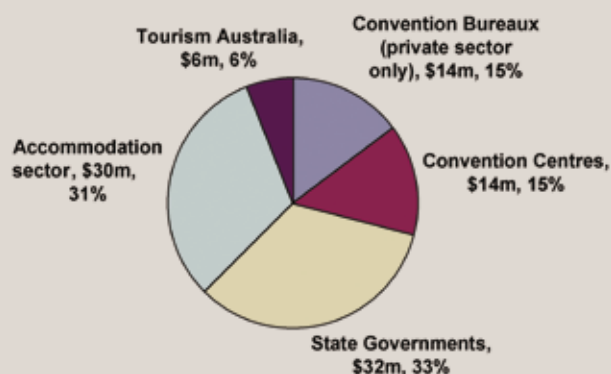
In addition, the investment is likely to be sub-optimal and poorly coordinated with other market participants, particularly state and territory Governments and Tourism Australia.

"The committee recommends that the Government provide additional funding to Tourism Australia to extend the international marketing of Australia's Business Events capabilities."

BIPARTISAN PARLIAMENTARY COMMITTEE REPORT ON CURRENT
AND FUTURE DIRECTIONS OF AUSTRALIA'S SERVICES EXPORT
SECTOR, 2007

22 Measuring the Return from Australian Tourism Marketing Expenditure, Journal of Travel Research 2008

23 Tourism Marketing Expenditure, Australia 2005-06, ABS 8691.0

Estimated private and public sector support for marketing expenditures by the BE sector

Sources: TA, AACB, ABS

There are two dimensions related to BE market failure which have increased in importance in recent years.

Firstly, there has been dramatic growth of foreign national Government support for bidding for association and conference/convention business events. State Governments having invested heavily in updating venues are finding that lucrative business is being bought by rival national Governments, such as Singapore, Macau, Dubai, Abu Dhabi and Malaysia.

Secondly, there is increased recognition that the benefits of conference and convention business extend significantly beyond the bidding Australian city. The average conference/convention visitor visits 2.4 Australian regions on their trip. With marketing resources decided by the city venue and the city convention bureau, there is an under-investment in marketing (market failure) to win business and boost delegate attendance in line with the benefits that accrue outside the bidding region.

The recent National Innovation System Review has identified a structural weakness in bringing parties together to bridge the gap between researchers and users of research. To take one sector as an example, there are obvious benefits to the Australian community from Australia being an early adopter of world best practice in health management. With the Department of Health and Aging managing a budget in 2007-08 of \$4.3 billion, the Australian Government could invest a tiny percentage of this budget and provide nearly \$500K toward bidding to host major health conferences in Australia that would otherwise be attracted to other nations.

Another area of market failure in the industry relates to the need for research. The industry under-invests in research into trends in international and domestic BE markets. To compensate for this, the Australian Government undertakes tourism-related research and analysis through TA's Tourism Research Australia.

However, the growth of the business events industry has not been matched by the development of comprehensive data about the industry and its economic impact. There is thus a case for further Australian Government investment in research and analysis to support the ongoing development of the industry.

The issue of BE research is dealt with in more detail in the Chapter "Supply-side issues", together with recommendations relating to research.

7.4 A new Australian Government – Business Events Industry Partnership

To maximise the net economic benefits of business events activity to the Australian economy, the industry believes new partnerships must be formed between the Australian Government and business community. Specifically that a new joint Business Events group should be established to implement the Australian Business Events strategy.

It is proposed that this new group be called the Australian BE Strategy Implementation Group.

The BE industry recognises that TA already has a series of Industry Advisory Panels. If working effectively, these Panels act as an excellent conduit for up-to-the minute advice on industry conditions and issues provided by operators directly to the Tourism Australia Board. Following the Uhrig Review, Tourism Australia continues to act as a commercial entity and its Board requires direct advice from commercial operators. This is particularly so as the composition of the Board moves away from a representative board to a board of governance.

The BE industry believes Tourism Australia needs to ensure the Business Events Industry Advisory Panel meets regularly and operates efficiently in a way which encourages industry input direct to the Board. TA's current BE Industry Advisory Panel has not met since November 2007.

Separate to the TA BE Industry Advisory Panel, the BE industry strongly believes a new and broader-based group needs to be established by the Minister for Resources, Energy and Tourism to address all the issues raised in this Strategy. The BE industry recognises the paramount role of TA in BE marketing and believes it is essential that TA be represented on the proposed Strategy Implementation group. However, the Australian BE Strategy goes well beyond TA-related marketing to cover issues which reach out to other partners in areas such as business, innovation, education, foreign affairs and trade.

A new joint industry-government group is needed to fully consider and implement the recommendations and initiatives proposed in this Strategy.

7.5 Proposed initiatives

To illustrate the range of opportunities which could help address the market failure referred to above, a number of **Ideas for Growth** have been included in the Market Segments chapter. Additional suggestions are offered for consideration:

- Establish a one-stop Government-liaison desk to provide a permanent link between the BE industry and whole-of-Government, and, for example, handle all requests for Australian Government assistance for international business events.
- Encourage and assist Australian Government departments and agencies to identify and bid for appropriate Government meetings that match Australian Government goals in specific areas – such as climate change, water and energy, health and education.
- Explore untapped opportunities within the Asia-Pacific through links with APEC, the APEC Business Council (ABAC), ASEAN, and other relevant Government-backed organisations.
- Develop a database of key international and Asia-Pacific regional Government-hosted meetings with assistance of all main Australian Government departments and agencies.
- Work with the most appropriate Australian Government agencies to identify international business events which link to Government-identified business opportunities for Australia.²⁵
- Establish a Government fund to which Australian organisations can apply to assist them in winning major international business events.
- Establish an international association relocation subsidy, along the lines of Singapore's scheme to attract association business.
- Industry work more closely with TA and Austrade on delivering results on BE from their new MOU.
- Call for an extension to Federal Government's AusAID's International Seminar Support Scheme (ISSS) – which provides opportunity for people from developing countries to participate in conferences in Australia. This would promote overseas networks, boost delegate attendance and , broaden the cultural base of conferences, providing groundwork for future affiliations, and allow Australia to contribute to developing nations.
- Consider a scheme which encourages companies to create and establish "anchor" Business Events for Australia, similar to Singapore's scheme.
- Involve State Governments in development of the BE message to encourage a better alignment of the BE efforts of Australian and State Governments and industry.
- Use existing key business and industry organisations such as Australian Business Council, Australian Chamber of Commerce and Industry, the Confederation of Australian Industry and the ACTU to identify BE opportunities.
- Use the strong Australian expatriate working community to promote BE in Australia.
- Establish a nationwide "BE Ambassador" program similar to ones operating in some states, involving notable business and professional expatriates, in addition to Australian-based industry leaders.

The Access Economics 2002 Report on the economic value of tourism²⁴ finds the "market failure" case for tourism is very strong in relation to marketing Australia as a destination for overseas visitors.

"Indeed, in no other tourism area is the case for Government intervention anywhere near as strong as that for export promotion marketing. Australia-wide, this puts the Commonwealth Government at centre-stage."

The report adds: "If Budget pressures are a major constraint, the Commonwealth Government should consider re-focusing its current outlays towards export promotion, where the case for such support is strongest."

Referring to state and private funding, Access makes the point that because of the "free rider" problem, Commonwealth funding support is a complement to, not a substitute for, such funding for tourism promotion.

24 The Economic Value of Tourism for Australia: a Post-September 2001 Stock-take and Update, Access Economics Pty Limited for the Australian Tourism Commission, May 2002

25 See Australia. Your competitive edge. 2006-07 edition. Invest Australia. Examples given include: advanced manufacturing; agribusiness; environmental industries; energy and infrastructure; financial services; health industries; ICT, creative industries and services; minerals; nanotechnology.

- Utilise Australia's leading international figures such as the country's Nobel Laureates as advocates to help drive prestige events to Australia.
- Use the CSIRO, one of world's largest scientific institutions, and other cooperative research centres to help identify and drive BE.
- Work more closely with major event corporate sponsors to encourage BE industry in Australia to dovetail into the meetings and incentive opportunities offered by Major Events.
- Consider an incentive campaign to encourage national associations to broaden their own national conferences to embrace their Asia-Pacific colleagues, thus boosting profile, program content and international attendees.
- Capitalise on new conference subjects in fields such as climate change and sustainability.
- Approach DFAT and Austrade to include identifying possible Business Events leads for Australia as part of the briefs to Australia's ambassadors, consuls and trade commissioners.
- Link a percentage of Government funding of universities to how many international conventions and symposia they stage and attract each year.
- Work more collaboratively with TA on joint marketing campaigns.
- Provide case studies and testimonials to support marketing campaigns.
- Benchmark products, services and campaigns with the rest of world.
- Cooperate with BE research endeavours.

Recommendations

- That an Australian BE Strategy Implementation Group be established to provide ongoing guidance and review of the Strategy.
- That increased funding be provided to TA so it can boost its BE activities in the key areas of bid support, convention delegate boosting, marketing, and research, as outlined in this Strategy.
- That TA increase its efforts to improve the effectiveness of its Board's BE Industry Advisory Panel, to ensure an effective conduit exists between the industry and the TA Board.
- That the BE industry and TA continue to strengthen their collaborative efforts through joint ventures.

Performance measurements:

- Number of events identified through Australian BE Strategy Group.
- Number of events successfully won and hosted in Australia specifically resulting from the initiatives.
- Number of events attracting Australian Government support.
- BE outcomes from Austrade/TA MOU.
- BE leads from Australian embassies, trade offices and consulates.
- Increase in cooperative ventures with TA and CVBs.

What can industry do in addition to the joint initiatives proposed above?

- Continue to support their local convention bureaux.
- Convention bureaux continue to bid for international and national Business Events and look for links with Australian Government policy and initiatives.
- Utilise the TA BE brand to ensure maximum exposure.
- Participate in TA cooperative ventures.
- Work more collaboratively within the industry in promoting pre- and post event options.

How could additional TA resources for BE be utilised?

TA's Business Events Australia (BEA) unit has the potential to play a significant role in market development of Australia's Business Events sector. The new BE brand has been well received by industry but it now needs to be accompanied by a global campaign focusing on key decision-makers.

The Business Events industry is about destination marketing, sales conversion, and event delivery. Effective destination marketing is a vital part of the mix. BE marketing of Australia can be strengthened by a stronger team approach, through improved TA/industry consultative processes and an expansion of TA/industry partnerships. These improvements, combined with an increase in resources, would help Australia reach its potential as a world leader in the Business Events sector.

During extensive consultation, industry has identified a number of ways that BEA could play a more proactive role in supporting the efforts of Australian convention bureaus and industry stakeholders to win business events of national significance.

All of the industry requests outlined below have funding implications, and BEA currently has resource restrictions which preclude these activities occurring. Industry calls on the Australian Government to increase funding for BEA to facilitate the delivery of these initiatives.

The key areas for consideration are:

- Bid Support
- Convention Delegate Boosting
- Marketing
- Research.

1. BID SUPPORT

- Establish a Government fund to support bids for international business events that have nationwide benefits and require financial assistance beyond the resources of state-based bureaux.
- Expand targeted promotional material.
- Co-fund site inspection visits for decision-makers.
- Co-host Australia Receptions for decision-makers prior to the bid vote.
- Assist on promotional booths at events where the decision/vote will be made.
- Provide a liaison officer between industry and Australian Government Departments who can assist with funding requests and logistical support such as obtaining bid support letters from the relevant Government Ministers and/or the Prime Minister, or DVD greetings if appropriate.

2. DELEGATE BOOSTING ASSISTANCE

- Establish a convention delegate boosting fund that CVBs and industry can access to promote specific business events.
- Assist on promotional booths at conventions to promote events coming to Australia.
- Expand available promotional collateral such as giveaways, brochures (foreign language) to boost international interest in attending conferences being held in Australia.
- Co-fund advertisements with the successful Australian city in the relevant Associations' magazines.
- Fund direct marketing campaigns to specific Associations' databases promoting the convention in Australia, pre and post touring, accompanying persons options, to encourage attendance and extend stays.

3. MARKETING

- *Produce a comprehensive and ongoing global BE brand campaign.*
- *Join with Australian CVBs and industry to specifically market Australia as a convention destination directly to global PCOs, and build stronger relationships with AMCs.*
- *Offer new joint sales missions to emerging markets.*
- *Provide additional resources to regularly update TA's website calendar of business events to ensure comprehensive Australia wide-listings, and fund a campaign to promote this calendar more widely to attract delegates.*
- *Produce a toolkit to assist regional Australia develop their BE market and grow their existing business events.*
- *Produce tailored promotional DVDs for the Association market.*
- *Lift Australia's profile through an expanded BEA presence and involvement in key industry trade shows.*
- *Increase the familiarisation programs offered to corporate and incentive buyers.*
- *Provide additional resources to develop BE databases by list acquisition and telemarketing in region, which can be used in BEA marketing campaigns and offered as list rentals to industry for their own marketing campaigns on a controlled utilisation basis.*

4. RESEARCH

- *Allocate additional funding to TRA's budget specifically to support BE research, focusing on ongoing measuring of the size, value and market segments of the BE sector from which performance can be judged and trends identified.*
- *Collaborate with industry in the development and co-funding of joint industry/TRA BE research projects which will help the long term development of the sector.*

(Please refer to Chapter 8.4 for more details on Research.)

8. Supply-side issues, strategies and actions

8.1 Aviation

A strong, competitive aviation industry is vital not only for the development of the BE industry but for international inbound, national and regional business.

A burgeoning and successful Australian tourism and business events industry hinges on aviation access. Australia is forecast to welcome nearly 9 million overseas visitors each year by 2016, but they can only get here if there are enough airline seats available at a competitive price, and if there is appropriate airport infrastructure and airspace management.

The BE Industry acknowledges the current Aviation Green Paper/White Paper process that is being undertaken by the Australian Government and asks that the feedback in this section of the BE national strategy be included in contributions by the Department of Tourism to that process.

Given the economic importance of the tourism and BE sectors, the National Aviation Policy should create a framework that can cater for tourism and BE growth from major developing tourism markets, including China, India and the Gulf Countries and provides access to regional Australian communities. The policy will also need to take into account the tourism markets that are forecast to grow rapidly including the US (forecast to welcome 795,00 visitors per year by 2016), the UK (forecast to welcome 942,000 visitors per year by 2016 and China (forecast to welcome over one million visitors per year by 2016).

When considering the Business Events industry, the old adage of “if you build it, they will come” could appropriately be tailored to read “if you built it, can they get there or afford to get there?”

World-class convention, exhibition centres and incentive venues may well be located in enticing destinations but without affordable and regular access this infrastructure is wasted.

Difficulties in securing larger seat blocks for convention groups is a common experience in the industry.

Last-minute cancellations and changes to inter-city flights are also a significant disincentive for the day BE traveller.

The ability to grow Australia's new and emerging tourism and BE markets will depend on Australia's ability to attract new airlines and air services and maintain efficient passenger processing measures.

There are three broad aviation issues to consider in relation to a Business Events Strategy:

8.1.1 Airline capacity.

8.1.2 Passenger facilitation.

8.1.3 Regional aviation.

8.1.1 Capacity – the challenges for the Business Events sector

Australia needs airline capacity that can cater for growth in demand, particularly from emerging Asian markets where more and more middle class households are seeking international travel experiences.

Yet the aviation industry continues to operate in a challenging environment. Rising fuel prices have seen airlines retire aircraft and reduce capacity on less profitable routes. Qantas, Jetstar and Virgin Blue have responded to escalating fuel prices by reducing capacity, which has impacted major tourism regions, particularly in North Queensland.

Australia experienced record international airline load factors in 2007. On average, international inbound aircraft had load factors of 78 percent, compared to 74 percent in 2006. Markets where load factors were greater than 78 percent included Singapore, United States, Hong Kong, United Kingdom, Thailand, Malaysia, China, South Africa, Germany, Philippines, India, and Argentina.

Beyond these challenges there is a view within the tourism industry that Australia's bilateral air-service agreements are constricting growth through a lack of capacity and/or competition, driving the need for further liberalisation.

The strongest growth in conference, convention and exhibition inbound visitors in the eight-year period ending March 2008 came from China, India, Canada, Taiwan and Asian countries outside the top nine Asian inbound markets.²⁶ Each of the identified BE fast growth markets has bilateral aviation agreements that include restrictions on seat capacity rather than being open capacity agreements (as apply for markets like New Zealand, Singapore, the UK and the US).

²⁶ TRA, report on March quarter BE Supplementary data, Table 2 on page 8.

This BE Strategy calls for the consideration of the following in the development of the National Aviation Strategy:

- Air service arrangements must be negotiated ahead of demand. In practice, this has not occurred particularly in the case of a key market like China. Negotiation of international air services must therefore be linked to official tourism forecasts.
- Air services negotiations must be targeted at key growth markets – those markets most likely to experience economic growth and therefore a significant increase in demand for outbound tourism.
- Australia must actively pursue both bilateral 'open skies' air services arrangements with key individual nations and multilateral 'open skies' arrangements with regional groupings such as the Association of South-East Asian Nations (ASEAN) and the EU.
- There must also be a defined strategic use of fifth freedom rights (examples of this could include easing the process for Australia to join an ASEAN or EU 'open skies' framework and securing additional capacity between Hong Kong/China and London).

Difficulty in gaining commitments from airlines to provide the necessary seats on days on which delegates want to fly is a considerable barrier to Australia bidding for larger BE functions. To bid for events of up to 10,000 delegates requires aviation capacity beyond that available under existing weekly quotas in bilateral aviation agreements.

Special regulations around international airline charter services to Australia make this alternative unattractive to airlines compared with the option of flying supplementary services. That's because Australian law requires airlines rather than event organisers to indemnify passengers should the charter not proceed. In addition, it's more difficult to sell seats on outbound legs of inbound charters or inbound legs of outbound charter flights.

Clearly the short-term addition of a number of flights in particular weeks should not be counted against restrictions on capacity within the bilateral aviation agreements. Where it proves impractical to negotiate with other Governments to allow large short-term additions in seat capacity under the bilateral agreement, the Australian Government should seek to negotiate a higher level of seat capacity above forecasts.

Recommendations

- That air service arrangements be negotiated ahead of demand.
- That air services negotiations be targeted at key BE growth markets
- That Australia actively pursues both bilateral 'open skies' air services arrangements with key individual nations and multilateral 'open skies' arrangements.
- That there be a defined strategic use of fifth freedom rights.
- That additional short-term capacity be made available in bilateral agreements to meet major event demand.
- That air service arrangements with other Governments be facilitated to permit short-term addition of capacity by airlines of both countries for large events.
- That bilateral air services negotiations be targeted at the key business event growth markets of China, India, Canada, Taiwan and Asian countries outside the top nine Asian inbound markets.

8.1.2 Passenger facilitation

Delays in processing passengers by border control agencies frustrate the legitimate movement of people into and out of Australia. Also, because delays impact on visitors' first impressions they can adversely affect Australia as a BE destination.

While processing at the primary customs line has been improved, the industry believes more must be done to speed up processing at the secondary line and quarantine inspection.

Unless inspection policies are changed substantially by 2011, increasing delays can be expected at Australia's airports as a result of factors including growth in annual passenger numbers of around 25% a year and increases in average peak-hour arrivals.

Express Paths are currently being trialled at Australian airports to provide fast passenger processing for first and business class passengers. The Express Paths reduce delays at quarantine processing by fast-tracking frequent travellers who more normally travel without hold baggage. When premium passengers have hold baggage they receive their baggage first, as part of airline policy. Getting them out of the baggage hall quickly reduces overall congestion around baggage belts and at quarantine inspection.

Recommendation

- That the Express Path trial be made permanent and extended to all Australian international gateway airports.

8.1.3 Regional aviation

Regional destinations are attractive locations for business events, but poor air services and infrastructure and expensive flights can make them uncompetitive. They also face major cost disadvantages.

A 2005 Centre for Asia Pacific Aviation (CAPA) report into regional dispersal identifies high concentration of services on major gateways, lack of direct services to other entry points and implications of low-cost airline development as key barriers to regional dispersal.

Other barriers to gateway development are high border control and security costs and barriers to investing in adequate facilities.

Especially vulnerable are regional or isolated locations with no access to a viable local meeting, incentive or exhibition market. Walk-in mass local markets are not an option in destinations such as Alice Springs, Cairns, Broome, The Whitsundays, and to a lesser extent, Perth, Darwin and Tasmania. Reductions in seat capacity into these regions can severely impact the BE market.

Smaller destinations like Broome offer attractive incentive options but are often knocked out of the bidding process because of unwieldy air schedules and high airfares. It is simpler and cheaper to fly incentive travel reward winners to Bali or Fiji than many Australian regional destinations.

There is anecdotal evidence that the BE market increasingly prefers destinations which provide direct non-stop flights (due to cost, time and convenience issues) making it more challenging for “off-line” destinations that require connecting air services.

The withdrawal of full service airlines from destinations such as the Gold Coast and Hamilton Island has left low-cost carriers servicing these markets. This impacts the top end of the market such as corporates and incentives which are seeking business class travel, and creates challenges for high-end product in those destinations selling into those markets.

Performance Measurement

- Increased seat capacity to meet BE demand, both domestically and for inbound international services.

Recommendation

- That a formal mechanism be established where industry can provide airlines with client/bookings data to facilitate improved scheduling and planning.

8.2 Climate change and sustainability

Australia should aim to lead the world in the supply of green business events venues and related products and in delivering “low carbon” events.

This goal is essential to a) counter the negative arguments associated with long-haul travel when choosing BE destinations and b) to ensure Australia can promote its green credentials when bidding for international business. Local bidding organisations will increasingly face the issue of addressing sustainability in BE bid criteria and RFPs (Requests For Proposal) issued by corporations and associations.

With this in mind, it is important to note that Australia is competing against many shorter-haul destinations and that most competing destinations are closer to northern hemisphere clients' home bases.

When a bid is won, it may be necessary to promote Australia's environmental advantages to prospective long-haul delegates to overcome any reluctance to attend the event here.

Australian destinations will need to work as a united team through convention bureaux and TA in marketing their “green” credentials, and BE practitioners will need a two-pronged approach to sustainability to cover:

- Their own business practices and
- The events for which they are responsible.

The green theme is expected to spread as more companies include environmental initiatives and requirements in their Corporate Social Responsibility (CSR) codes. The pressure will come from corporates demanding more action in this area from event managers. The industry needs to be proactive in offering low-impact alternatives to clients.

Globally, advances are being made through the Green Meetings Industry Council which is encouraging best practice in this area. According to the Council a green meeting incorporates environmental considerations through all stages of the meeting to minimise the impact on the environment.

By 2020 the Council envisions a green meeting as an activity that:

- Has zero net environmental effect.
- Achieves full integration of environmental responsibility into return on investment analysis for the global meetings industry.
- Is an accepted and standard industry practice.
- Achieves economic and strategic business goals while eliminating environmental impacts and positively contributing to the environment and host communities.
- Meets minimum green meeting practices as set out by the Council.

The Business Events industry is keenly aware of the growing issue of climate change and its impact on business. It is taking steps to address it on a number of fronts:

- BECA submission to *Tourism Action Plan on Climate Change*, July 2007.
- Industry education on reducing carbon emissions.
- Introduction of new carbon measuring software systems for events.
- Development of "green" BE products and venues.
- Increase in events introducing "green" elements to reduce carbon footprint; industry awards recognising "green" initiatives.
- Convention bureaux initiatives (like the Melbourne Convention & Visitors Bureau's "Melbourne's Green Credentials Report - 2007) and carbon-neutral AIME trade show.
- All purpose-built convention and exhibition centres across Australia have introduced green policies in the past few years and are updating these using internal teams dedicated to these issues.

Tourism Australia is also working on this issue:

- BEA is undertaking an inventory of business events products and services in Australia, which can be used to promote Australia as a "green" destination in marketing campaigns.
- TA is also investigating opportunities to develop initiatives to demonstrate Australia's commitment to its environment and local communities. Initiatives will be explored through Landcare Australia and Indigenous communities.

New conference business

Global concerns about sustainability, energy and climate change have spawned a growing number of international conferences dealing with the topics. Australia has already

MELBOURNE, SYDNEY CONVENTION CENTRES HAVE OUTSTANDING "GREEN" RATINGS

The new Melbourne Convention Centre, due to open in early 2009, will have a world first, six-star green star energy rating and the highest possible environmental rating under the Australian Green Building Council rating system. The six-star green rating is based on a mix of initiatives, including water recycling, solar panels, radiant slab heating and building materials sourced from sustainable industries. MCEC will have both Green Globe and Waste Wise accreditation.

The Sydney Convention and Exhibition Centre has been accredited as a Green Globe Benchmarked Convention Centre, one of only two in the world to achieve this ranking as at March 2007. Green Globe is a global benchmarking, certification and improvement system for sustainable travel and tourism, established by the World Travel and Tourism Council in 1993.

hosted or has secured some of these related events, including:

- 19th World Energy Congress, Sydney, 2004
- 15th Pacific Basin Nuclear Conference, Sydney 2006.
- 13th International Rainwater Catchment Systems Conference and
- 5th International Water Sensitive Urban Design Conference, Sydney 2007
- 5th SETAC World Congress – The Society of Environmental Toxicology and Chemistry, Sydney, 2008
- 10th International Congress of Ecology, Brisbane, 2009
- International Union of Geodesy and Geoscience, Melbourne, 2011
- International Botanical Congress, Melbourne 2011.

Many more such events would allow Australia to demonstrate its environmental credentials and lift its global profile.

Opportunities exist for Australia to enhance its international standing and profile further by bidding for more conferences related to energy, sustainability, the environment and climate change. Australia's proposed Emissions Trading Scheme is expected to be the best in the world and this alone should provide a prime opportunity. The Australian Government could support efforts to help secure relevant existing events and the creation of worthwhile inaugural events on these topics. An Australian Government/industry working party could be established to identify such opportunities.

INDUSTRY CONFERENCE GOES GREEN

Meetings and Events Australia made great strides in 2008 to reduce the carbon footprint of its annual conference. Working with Great Southern Events and The Carbon Reduction Institute, MEA changed and improved many of the procedures and products for this conference. Here are some:

- Offsetting almost 60% of carbon emissions from the conference and from delegates' flights.
- Recycling bins at all venues.
- Compost facilities where possible.
- The primary printing supplier for the event used only recycled paper.
- When ordering supplies for the conference, best-fit options were selected to reduce waste.
- Audio visual use was reduced during breaks and equipment turned off overnight.
- Tap water and glasses were used at all indoor venues as an alternative to disposable cups and water bottles.
- No speakers notes were distributed. Presentations were available on the conference website.
- Attendees were encouraged to bring their own pens and paper. Venues did not lay out pens and paper at each setting.
- Electronic feedback rather than printed material was used.
- At the one outdoor market-style dinner, all plates, cups and cutlery were biodegradable and made from sugar cane fibre.

Accurate catering numbers were given to caterers to ensure waste reduction. In future, MEA will ensure its Green Policy is sent out to suppliers, contractors and venues. It aims to continue this year's environmentally friendly accomplishments and reach further green targets for the 2009 conference, ultimately creating a carbon-neutral conference.

Corporate Social Responsibility (CSR)

CSR considerations transcend the "green" issue. More and more organisations, for example, are introducing CSR policies that impact on their programming and delivery of business events. And there is growing evidence of companies and associations wanting to leave a meaningful legacy in the host destination.

For instance, at the Amway Greater China Leadership Seminar in Melbourne in April 2008, over 5,700 delegates took part in a fun run around the Royal Botanic Gardens in aid of a local charity. Each participant was asked to contribute AUD\$10 which was donated to Berry Street – a Melbourne Children's Charity. The total raised: \$57,720.

CORPORATE IT CONFERENCE, BRISBANE, SUBSIDISES INDIGENOUS STUDENTS

Cisco Systems Australia held its Networkers Conference at the Brisbane Convention & Exhibition Centre in September 2007. The annual event attracted 1,700 delegates with an estimated delegate spend totalling \$2.4 million, and over 6,000 room nights booked.

In partnership with BCEC, Cisco implemented a number of sustainable event management initiatives which resulted in:

- 52% of delegates opting for electronic information-only, resulting in 45% reduction in paper usage.
- Saving of 207 tonnes of CO2 emissions as a result of using "green power" for the event.
- 70% of all waste recycled.

The event is returning to BCEC in 2008 and 2009 to expand and develop the environmental investment and impact further.

Cisco has a strong CSR policy which reaches beyond climate change issues. One example of this, related to the conference, was its subsidising six Year-12 Indigenous students from the Djarragun School in Far North Queensland in industry placement positions in food and beverage in collaboration with BCEC for the duration of the conference.

And at the Seventh IBRO World Congress of Neuroscience in July 2007, also in Melbourne, a free kids' event for children, 'Helping make sense of your brain,' was staged at the Brain Discovery Stand at Federation Square, offering children the opportunity to take part in hands-on activities and talk to young neuroscientists undertaking brain research.

Tourism Australia's CSR philosophy: real opportunities for Australia

TA believes Australia's strong image as a nature tourism destination gives it great appeal in the CSR category, and represents a genuine opportunity for the BE sector.

Nevertheless, awareness of CSR product is low in the distribution system. Australia's green credentials need to be marketed proactively – and soon – both directly and in the international media where CSR is a strong focus.

Tourism Australia believes Australia has the opportunity to capture the spirit of a global trend by connecting international travellers with those in our communities who need their assistance.

Sustainable travel and CSR are already major focuses of businesses committed to meeting triple-bottom-line goals. Several airlines flying into Australia have carbon-offset schemes. Once here visitors can stay at an eco resort or a low carbon hotel.

Business events have been linked into volunteering and social responsibility programs that impact on Indigenous communities, the homeless or people with disabilities. TA believes it is critical that the CSR focus is not only on aviation but on the total ecological and social impact of business events.

Tools must be created that authenticate and communicate Australia's CSR programs and policies across the sector. Once Tourism Australia completes its CSR audit TA will coordinate a marketing campaign focused on the outcomes of the audit.

Recommendations

- That the Australian Government encourages its Departments to reduce the environmental impact of their conferences and aim for carbon-neutral events.
- That the Australian Government's Requests For Proposals/Tenders for the organisation of their meetings include a mandatory requirement for companies/suppliers to provide information on their CSR credentials and how they will run the meetings according to sustainable event guidelines.
- That the Australian Government introduce a short-term incentive scheme and/or tax relief to encourage all event organisers to aim for carbon-neutral events.
- That Government introduce a short-term incentive scheme and/or tax relief to encourage all BE operators to introduce and/or trial CSR activities and programs.
- That the BE industry and Australian Government collaborate to identify appropriate international climate-change related conferences and provide support for the creation of worthwhile inaugural "anchor" events in Australia.
- That TA, in partnership with the CVBs and industry, introduce and adopt the practice of running carbon-neutral familiarisations for media and BE buyers as a benchmark for industry.
- That TA demonstrate and actively promote a low-carbon footprint through its international trade shows, ATE and other appropriate events and acknowledge and promote efforts made by tourism-related associations and convention

bureaux to stage their own carbon-neutral meetings.

- That the BE industry, through its representative associations, implement a program of green initiatives including:
 - Running low carbon events
 - Running educational sessions on world's best management practices
 - Endorsing creditable and sustainable carbon calculator companies
 - Providing best practice green case studies for branding and promotional purposes
 - Entering Australia's BE products and services in national and international green awards programs.
 - Participating in, and assisting, TA's green BE inventories.
- That BECA in collaboration with the National Tourism Alliance (NTA) and TA provide a "Green" website portal as a central information point for industry on how to access information on staging "green events" and accessing suppliers who are accredited.

Performance measurements

- Number of Green international awards won by Australian BE industry.
- Relevant media recognition.
- Evidence of winning bids with strong green RFPs.
- Increase in Australian BE green product and services.
- Increase in products and services with green accreditation.
- Increased evidence of CSR elements in business events held in Australia.
- Increase in number of local and international events related to climate change issues hosted in Australia.
- Australian Government inclusion of Sustainable Event Criteria in their event tenders/RFPs.

8.3. Infrastructure

To compete internationally, Australia must ensure it has world-class meeting, exhibition and incentive venues and related products which are recognised as such by global peers and clients. Although five-star accommodation/resort product is lacking in some regions, Australia is currently well-served in respect of the quality and size of our convention centres in most major cities.

8.3.1 Overview

Appropriate and quality visitor infrastructure from accommodation to convention facilities, attractions, amenities and transport infrastructure obviously determine how successfully a destination can deliver business events and tourism experiences.

Notably, Australia has been a regional leader in purpose-built convention and exhibition facilities, with a solid foundation of centres around the country. Generally the market is well served, however there is a recognised shortfall in space in both convention and exhibition space in Sydney and Adelaide, as well as there being a need for increased exhibition space in Melbourne.

The most pressing issue lies in Australia's accommodation supply. There is a current disconnect between the increase of convention/exhibition space and the tightening of the accommodation market.

A paradox exists here. On one hand there is a need to increase Australian room rates to drive further investment; on the other there is the price competitiveness of many offshore destinations and the potential loss of business associated with this competition.

Substantial investment in hotels around Australia is unlikely to happen until room rates rise to the point where investment becomes attractive.

However there is evidence of rates increasing around Australia with a rise in occupancies putting upward pressure on rates. This pressure is particularly evident in Perth and Brisbane. Melbourne has extra capacity on the drawing board with new Crown & Hilton hotels, but demand is forecast to increase with the expansion of MCEC.

Darwin is increasing room numbers with the completion of new properties which are expected to meet the extra demand of the new Convention Centre. Reopening of the National Convention Centre in Canberra will continue to put pressure on room availability in Canberra in 2008 and 2009.

Some of Australia's four- and five-star accommodation product is not keeping up to standard with competitors in other regions, such as Asia. (Refer to analysis of market segments).

8.3.2 Convention Centre infrastructure

Overseas convention centre capacity is increasing, particularly in Asia and the Middle East. Asia offers the world's third-largest venue capacity with 12% of venues and 14% of the total indoor exhibition space²⁷. The Middle East region has also seen a boom in convention infrastructure development, with a global space increase of 38%²⁸, and an increase of almost 23% in the number of events over a two-year period to 2006²⁹.

Australian State Governments have invested in BE infrastructure both directly and through public-private partnerships. These facilities are recognised as world-class and have the potential to attract high level events. State Governments have invested roughly \$5.7 billion in convention and exhibition centres.³⁰ Some are more focused on the national convention market while others are targeting international events.

As noted in the overview, one of the challenges facing the BE industry in some states is a shortfall in convention and/or exhibition space. Examples are below:

Sydney

Large-scale convention and exhibition facilities in Sydney such as the Sydney Convention and Exhibition Centre and the Sydney Showgrounds generate \$2.3 billion in economic activity within NSW each year, contribute \$1.055 billion to Gross State Product (GSP) and result in 14,685 jobs.

Investment in Business Events Infrastructure is critical for the sustainable growth of the broader tourism sector. Extending exhibition and convention space not only leads to destinations being able to host events with larger delegations, but also provides private sector confidence to invest in supporting infrastructure such as hotels, attractions and restaurant facilities.

A prime example of this is the recent expansion of the Melbourne Exhibition & Convention Centre. Already the city of Melbourne has seen significant flow-on affects from this investment, with 6 planned hotel developments and refurbishments planned by 2010, contributing an additional 1,312 rooms to city accommodation stock.

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TTF AUSTRALIA (TOURISM & TRANSPORT FORUM)

27 The Global Association of Exhibition Industry, The World Map of Exhibition Venues and future trends, October 2007

28 The Global Association of Exhibition Industry, The World Map of Exhibition Venues and future trends, October 2007

29 The Global Association of Exhibition Industry, UFI Releases First Study Providing Data on the Exhibition Industry in the Middle East and Africa, November 20, 2007.

30 AACB, 2006.

However Sydney's convention and exhibition industry is losing the financial equivalent of one Rugby World Cup every year due to a lack of convention and exhibition facilities.

Research conducted on behalf of TTF and the Property Council of Australia by Chicago-based HVS International and URS Australia found that the under-provision of convention and exhibition facilities will cost Sydney \$477 million in economic activity, \$218 million in GSP and 3,037 jobs each year.

Adelaide

The suitability of a convention centre to host an event largely depends on its capacity to hold the desired amount of delegates. The ACC offers 10,077 square metres, making it the sixth largest convention centre in Australia after Melbourne, Sydney (Sydney Exhibition and Convention Centre & Royal Agricultural Society), Brisbane and Perth. The size capacity compared to the other states will make it increasingly difficult to compete for larger tradeshow in the future.

The ACC convention facility runs at capacity for a significant portion of the year, with business being turned away due to space limitations. An expansion of current facilities to include additional multi-purpose space would allow the ACC a greater ability to host larger and more lucrative business events.

Melbourne

The Melbourne Exhibition Centre (MEC) is currently operating at full capacity during peak times and it is estimated that the new Melbourne Convention Centre, due to open in 2009, will draw more conferences to Melbourne resulting in a 20 percent increase in demand for exhibition space and the MEC will not be able to accommodate the demand.

The Australian Exhibition industry conducted research in 2006, in conjunction with Victoria University, to quantify and qualify the benefits to the State of Victoria, immediately committing to the proposed extension to the MEC.

The previously proposed extension adding 18,000 square metres to the MEC has been estimated to cost upwards of \$180 million (depending on the scope of works required), producing economic benefit of \$150 million per annum ongoing.

The extension has been allowed for within the current construction of the new adjoining Convention Centre.

Below is a brief overview of major construction and refurbishment activities over the past nine years:

- The \$220 million Perth Convention Exhibition Centre opened in 2004, catering for up to 5,000 delegates³¹.
- The National Convention Centre in Canberra reopened in October 2007 after a \$30 million refurbishment³².
- The Gold Coast Convention & Exhibition Centre opened in 2004 and plans to double its exhibition space by mid-November 2008, adding two additional halls providing a total exhibition capacity of 10,000 square metres³³.
- The \$100-million expansion of the Brisbane Convention & Exhibition Centre is due to be completed by mid 2009. It will meet a need to accommodate conventions of 400 to 600 delegates³⁴.
- The Alice Springs Convention Centre, opened in 2002, was allocated \$8.5 million to assist in its construction and can accommodate exhibitions of up to 3,000 delegates³⁵. The Centre has been refurbished and the neighbouring hotel and casino redeveloped.
- The Sydney Convention & Exhibition Centre was expanded in 1999 and had a \$5 million refurbishment in 2004-2005³⁶.
- Darwin Convention Centre was opened in June 2008. It secured 20 conventions and exhibitions before the facilities were opened.
- A new \$370 million Convention Centre in Melbourne will be opened by 2009. The new Centre will offer a 5,000-seat plenary hall and associated facilities, becoming Australia's largest convention centre space.

Source: TTF, 2008

8.3.3 Accommodation infrastructure

In the accommodation sector hotel, motel and serviced apartment occupancy rates have been rising steadily over the past few years, as has revenue per available room. Demand and subsequent return-on-investment have improved (and are forecast to continue to improve) to the extent that the industry will soon need investment in additional rooms.

However room supply increases within Australia have not kept pace with demand. The prevailing industry view is

31 Perth Convention Exhibition Centre, accessed 09/01/2008, <http://www.pcec.com.au/theCentre.cfm>

32 mice.net, accessed 09/01/2008 <http://www.btp.net.au/99/section.aspx/category/2/catalog/21/page/605>

33 mice.net, accessed 09/01/2008 <http://www.btp.net.au/99/section.aspx/category/2/catalog/21/page/605>

34 Brisbane Convention & Exhibition Centre, accessed 09/01/2008 <http://www.bcec.com.au/www/index.cfm?fuseaction=news.view&newsid=86>

35 Business Events Council of Australia, Pre-budget Submission 2007-08, November 2006, p 8

36 Sydney Harbour Foreshore Authority Annual Report 2004/2005

that the required investment in new hotel infrastructure is unlikely to happen, because of the higher risk of tourism investment versus the significant higher yields from commercial and residential development for any given site.

Demand for city accommodation, particularly from business travel, has seen occupancy rates in Australia's capital cities reach record levels. Perth had the world's highest city accommodation occupancy rate in 2007; and Brisbane, Melbourne, Sydney and Adelaide were all in the global top fifteen³⁷. With occupancy rates exceeding 80% our city accommodation is essentially full from Monday to Thursday. New room supply is falling well short of demand leading to dramatic increases in prices over the last two years where capital city room rate increases are ranging from 6% p.a. in Hobart to 19% p.a. in Perth.

Accommodation demand in Perth is showing the strongest growth of any Australian city. Perth is ranked first in the recently released Hospitality Vision Global Performance Review table of global occupancy³⁸, above destinations such as Dubai, Singapore and London.

Occupancy for the Perth region remains at historical highs of around 82.5% at year end December 2007. Revenue per available room grew 19.0% and the average room rate grew by around 14.5% over the same period³⁹. A number of accommodation projects are currently under construction which will increase supply by approximately 4.2%, with a further 4.3% increase in rooms proposed through additional developments to 2010⁴⁰.

Tourism Western Australia itself forecasts a hotel room shortage of 1,000 rooms in Perth by 2011, without new hotel investment⁴¹. Current record occupancy rates and slowly rising room rates will not necessarily trigger the investment needed to begin building proposed and new accommodation. This reflects the fact that without specific planning mechanisms to support hotel development, developers do not consider it to be the best use of CBD land.

Another example is New South Wales which lacks accommodation supply to meet its current and revised target of 40,000 additional visitor nights by 2015-16.

To meet this target it needs another 11,000 rooms across the state – the equivalent of 30 hotels by 2015-16, requiring approximately \$2.8 billion in private investment.

Nationally, approximately \$86 billion in tourism investment will be required for tourism accommodation and attractions from now until 2016.⁴² Without new accommodation, capacity constraints will negatively impact growth in the BE sector.

Across the capital cities room supply is either declining (as accommodation is converted to residential or commercial use) or growing at a rate well below demand. Room supply growth is well short of the 26.7% increased needed by 2017 to provide 17,200 additional rooms to accommodate tourism growth in the capital cities.

Across Australia there is anecdotal evidence that there is a shortfall in five star accommodation, which is necessary for the corporate and incentive travel market. According to the Australian Bureau of Statistics, Australia has just 133 five star hotels, motels and serviced apartments.

Since March 2006 there has been no increase in the number of five star establishments, while the average room occupancy rate over that period has increased from 72% to 75 % and average room rates have increased 14.1% from \$192 to \$219.

Occupancy levels of 75% are typically where new investment occurs but in the current environment it isn't as profitable to build hotels as it is office and residential buildings.⁴³

Accommodation capacity constraints are adding to inflation as price increases are not resulting in investment in new supply. Room capacity constraints lead to increased costs and reduce propensity for business travel.

While tourism and leisure property is a sound and viable property class, various factors will continue to lead to under-investment in accommodation. This is the most critical private infrastructure constraint on tourism growth.

Public investment in convention and exhibition infrastructure is critical to providing certainty for private investment in supporting city accommodation and venue space.

37 Deloitte, Hotel Benchmark Survey, 2008

38 Deloitte, Hospitality Vision Global Performance Review, Spring 2008

39 Australian Bureau of Statistics, Survey of Tourist Accommodation Small Area data, Released 15/01/2008

40 Jones Lang LaSalle Hotels, Australian Hotel Development Register, April 2008

41 http://www.tourism.wa.gov.au/Investment_Opportunities/Landbank/Pages/Landbank_projects.aspx

42 Australian Government, National Tourism Investment Strategy: Investing for Our Future, March 2006 p. 22

43 Australian Bureau of Statistics, Tourist Accommodation Small Area Data, March 2008

Melbourne is a good example of the how convention and exhibition space leads to increased and refurbished accommodation product. Over the next ten years Melbourne will see the following developments and refurbishments as a direct result of the expansion of the Melbourne Convention Centre:

- Travelodge Docklands which will open in 2010 with 290 rooms and two conference rooms.
- Hilton South Wharf to open early 2009 with 364 rooms and function facilities.
- The Crown Towers will be upgraded.
- A new Crown Hotel will open in 2010 with 658 rooms (largest hotel in Australia) and conventions and functions facilities.
- Grand Hyatt and Hilton on the Park are undertaking \$40 million refurbishments of rooms, public areas and meeting space to accommodate small and large groups.
- The Intercontinental Hotel Group's Rialto Hotel has undergone a refurbishment and increase their rooms to 253.

Tourism accommodation investors and operators indicate there are a number of impediments to increasing supply in Australia. Firstly there is a lack of suitable and available land, where tourism development would offer a better return than office, residential or retail.

Secondly tourism accommodation investors and operators indicate that many current state planning and strata management systems are a significant investment disincentive and need reform.

Critical planning issues identified by the tourism industry include:

- Lengthy delays and the involvement of multiple Government agencies in planning and approval processes significantly contribute to the risk profile of tourist accommodation development.
- The significant economic and social benefits of major tourism development to regional areas and the broader economy are poorly recognised by local planning and consent authorities.
- Poor enforcement of zoning plans and development approvals has resulted in a proliferation of unauthorised short term commercial accommodation in residential strata properties. This phenomenon has created legitimate concerns for residents, low safety standards for visitors, poor visitor experiences negatively affecting Australia's reputation as a destination, and a significant lack of certainty for investors in the stock of authorised accommodation in the market.

- Suitable sites for tourism are effectively locked out of potential redevelopment, due to the operation of the current strata title system in existing commercial properties.
- Lastly, hotel accommodation is subject to a number of state taxes which do not affect other forms of development – land tax, payroll tax, and stamp duty. The impact of these taxes on investor appetite has a direct impact on new accommodation developments.

Taxes that make accommodation development uncompetitive in comparison with other land uses should be addressed.

The Business Events industry strongly supports an increase in lobbying of State and Australian Governments to bring these pressing issues to the attention of the relevant authorities and decision makers. Essentially, the industry believes that new hotel and accommodation development can be triggered only through a combination of planning, crown land release and taxation reform.

Recommendations

- That Governments identify crown land and property in capital cities that would be better used for tourism development.
- That Governments ensure all tourism development exceeding \$20 million is not subject to local council approval but assessed and approved under States' environmental and planning laws as matters of state and regional significance.
- That State Governments provide a "one-stop-shop" service to facilitate the assessment and approval of major tourism development projects.
- That Governments urgently provide a targeted program of payroll and land tax incentives for tourism development, including land and payroll tax refunds for furniture, fittings and fixtures and other product refurbishment and five-year land and payroll exemptions for new development.

Performance measurements

- Increase in total meeting and exhibition space.
- Monitor refurbishments of existing infrastructure.
- Increase in number of accommodation rooms in Australia.

8.4. Research

The growth in the BE industry in Australia has not been matched by consistent collection of data on its scope or economic impact of the industry.

There is a market failure in the delivery of credible, timely BE industry research which can be used to judge value, performance and trends and allow informed decisions to foster a sustainable industry.

Government and industry do not have an agreed system of tracking industry performance. The size and value of the industry is not clear, and industry is unable to make informed investment and marketing decisions.

The last comprehensive survey into the Australian BE market was conducted in 2003 – the National Business Events Study (NBES), and there is no systematic method available to update this information.

One oft-quoted statistic is *The Bureau of Tourism Research* ('99) estimates that for every \$1 million in delegate expenditure, 12.1 persons are employed. No updates on this research exist.

This research for the BE sector is vital:

- To determine overall size and impact on the Australian economy.
- To measure progress, set appropriate targets and performance measurements.
- To allow considered and informed decisions to be made by Governments and private operators investing in the sector.
- To track trends, essential in developing effective marketing strategies.
- To monitor the competition.
- To benchmark against the best in the business.

Inroads have been made into BE research over the past few years but there is still a general view that much more is needed in the availability, quality and currency of Australian BE statistics.

However, there are discrepancies and conflicting figures which have led to confusion over the “correct” figures that should be used, and criticisms on the veracity of figures used. While IVS and ABS provide statistics on the inbound market, neither shows global market share, nor benchmarks Australia's performance in BE compared with other countries. There are no reliable statistics which show Australia's global market share across all sectors.

The only consistent and credible international figures come from the association sector. Both ICCA and UIA figures are widely recognised as reliable statistics for this market.

Current key research sources include:

- ABS arrivals and departures (limitations because of evidence from other surveys that many BE visitors tick other options on the incoming passenger cards eg business or holiday rather than convention or exhibition, and no option for incentive visitors to be captured)
- IVS and NVS (improved BE questions in the 2008 surveys but no guarantee that these questions are a permanent feature and therefore may be of limited one-off value).
- CVB convention delegate surveys (improvements being made by AACB to standardise around Australia and broaden the type of delegates surveyed).
- ICCA annual stats (regarded by those in international association marketing as an established credible source).
- UIA annual stats (slight variations from ICCA, but also well regarded as an international association meetings barometer).
- Annual outlook surveys such as IMEX, EIBTM, AMEX MPI Futurewatch (largely focused on Northern Hemisphere markets).
- Country Brand Index (international perception study, showing limited BE results).
- Venue pilot survey currently involving six participating Australian convention centres.

What's underway?

Work has commenced on an international UNWTO pilot to incorporate “meetings” into the Tourism Satellite Accounts. Australia has offered to be one of the eight pilot countries. However, it is understood little progress has been made and the matter lies with the Australian Government to approve the next steps.

TA has provided initial seed funding for a venue software project to allow uploading of BE data. The industry, together with Centre for Tourism and Services Research (CTSR) Victoria University, has invested ongoing time and data to a convention centre pilot which is currently being extended to a hotel pilot. BECA and AHA are supporting this pilot.

CTSR is currently undertaking a survey on the impact of climate change on the BE sector.

What's missing?

- Ongoing systematic data method in Australia to track BE business and benchmark performance.
- Australian and global statistics for the corporate and incentive market.
- Australian outlook survey.

- Business Events in the Tourism Satellite Accounts.
- Access to airport lounges for the IVS surveys which means many business travellers are missed.
- Surveys which track the perceptions of Australia as a BE destination.
- Surveys that establish economic impact, taxation revenue and employment generated by BE.

What can the Australian Government do?

- Help fund specific BE research on an ongoing basis, in consultation with industry – for example the BE Venue Pilot Project; market perceptions surveys.
- Incorporate the new 2008 IVS/NVS questions on BE on a permanent basis.
- Continue to provide BE market intelligence to the industry via TA's briefings and its website
- Introduce tick boxes on Incoming Passenger Cards for Incentive Travel Reward and Accompanying a Convention Delegate.

What can the BE industry do?

- Support AACB's ongoing work to standardised CVB convention delegate expenditure surveys.
- Continue to develop the pilot and new system of BE data collection from venues.
- Continue annual Bureau study to measure performances (AACB).
- Provide industry data, time and resources essential for research work (BECA).
- Advise on what research is needed to help grow the BE sector (BECA).
- Develop measurement systems to capture the ROI and legacies of business events (MEA).
- Approach a private organisation to develop a FutureWatch annual BE report similar to the AMEX one produced in North America (MEA/BECA).
- Establish a BE research web portal with links to available material via the BECA website.

Recommendations

- That additional Government funding be provided to TRA specifically to boost its BE research activities.
- That BE industry organisations allocate an annual budget for research and BECA play a coordinating role to ensure research investments are maximised.
- That the BE industry and the Australian Government agree on the base of available research results which can be used regularly to determine the performance of the industry.
- That the BE industry supports TRA efforts to have relevant airlines agree to allow surveys to be undertaken in airport club lounges.

Performance measurements

- Currently missing research data is delivered to industry.
- Market share and industry performance is monitored on annual basis.

8.5 Taxation

The BE sector acknowledges the Henry Review into taxation which is currently being undertaken. Australia must have an internationally competitive taxation system if the Business Events industry is to remain competitive and maximise its economic contribution. The BE sector will make input to the Henry Review; however a further review of some areas of taxation legislation relevant to the BE industry is required.

Current taxes directly affect the price competitiveness of Australia as a BE destination. If some of these can be alleviated the BE sector in Australia will become more competitive with many currently outperforming destinations.

With domestic tourism and business events activity sluggish, (NVS figures show market failure) tax incentives are needed to boost the domestic market.

8.5.1 Tax deductibility of delegates attendance at Business Events

The single most important tax policy for the domestic BE sector is the tax deductibility of delegates' attendance at conferences, seminars, meetings, and exhibitions (which are directly related to their income generation). It is noted that this does not apply in the case of pure corporate incentives which attract FBT.

HOW A TAX IMPOSITION ADVERSELY IMPACTS BUSINESS

An existing ruling in relation to the treatment of deposits under the GST Act – otherwise known as the “deposits tax” ruling – requires an entity to pay the full GST on the final purchase price upon receiving a deposit of more than 10%.

The ruling deals with an entity, like a manufacturer, that buys and receives an item (say a machine used in production) and starts to use it before the final payment is made.

While this ruling may be appropriate for the manufacturing sector it ignores the reality of the services sector.

In the case of the BE sector, deposits may be taken years in advance for a major event, for which the final numbers are not known until the event takes place. In the case of many operators, as with inbound tour operators, final payment may not be received until after the event.

Given that conference organisers and inbound tour operators are often small businesses dealing with large customers but making small margins, the compliance impact of this ruling can be crippling. Further impacts include the administrative burden and the fact that in asking customers for the full upfront GST liability risks making Australia uncompetitive. The net result has been confusion and, potentially, wide-ranging non-compliance.

The difficult ruling has nil impact on the tax base. The National Tourism Alliance, BECA, ATEC and others have argued that for the tourism industry the GST liability should be due on the final payment, in line with the remittance of other taxes. We believe this argument is in keeping with the original intention for the administration of the GST to be as “simple” as possible.

To date, the industry's arguments for redressing this situation have been unsuccessful.

8.5.2 GST payable on deposits

An onerous anomaly in the GST legislation is the obligation to pay GST on the total estimated account when paying a deposit. This seriously affects event organisers and other related tourism operators when booking event venues and securing that booking with a nominal deposit – often years in advance.

The Deposits Tax ruling, along with other rulings related to the GST on Inbound Tour Operator (ITO) margins and cancellation fees, have led to widespread confusion, compliance issues and waste of resources in the tourism sector.

The sector urgently needs the Australian Taxation Office (ATO) to acquire a better understanding of the services sector. The “Industry Partnership” group established with the implementation of the GST rarely meets and, in the belief of the industry, is failing as a forum for discussing these issues.

The industry sees little value in a forum in which the ATO makes draft decisions in isolation and uses “Partnership” meetings to conduct the minimal possible consultation. The red tape burden on what is essentially a small business sector of the process of receiving, interpreting, responding and implementing these decisions would, we contend, be an excellent target for the Government's stated aims to reduce the regulatory compliance burden on industry.

The industry notes and welcomes the Board of Taxation Review of the tax system and hopes these issues can be addressed by the review.

8.5.3 GST rebate for overseas delegates and Business Events organisers

There is an urgent need to address the GST refund issue in the BE sector. Business events managers are unaware and/or confused about how to obtain funds after their events. A user friendly checklist provided by the ATO would be very helpful.

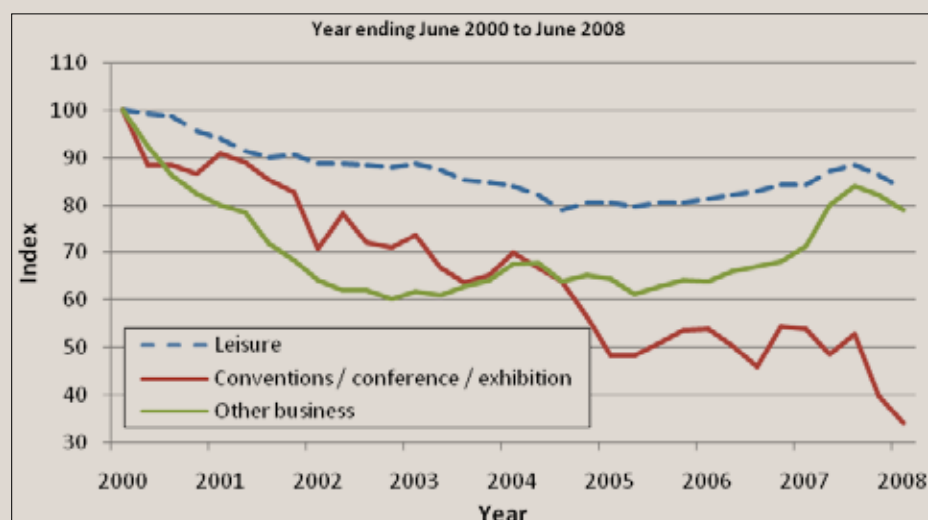
For example it should indicate that international organisers need to supply a Certificate of Incorporation, copies of Passports of the Directors notarised by their local Australian embassy, proof of existence from their local revenue authority and so on. They should not just be referred to the ATO website to complete forms that are often daunting in comparison with those of our international competitors who make claiming GST a far simpler process.

There is an opportunity to streamline the current Tourist Refund Scheme for BE visitors.

8.5.4 Tax incentive to boost domestic business events and to encourage approved education and training

Latest data from Tourism Research Australia (TRA) confirms that the domestic BE market has slumped. In the year ended June 2008, TRA data shows there was a 6% drop in domestic overnight BE, and a 13% drop in domestic day BE. The decline in the local BE market is believed to be partly caused by the higher Australian dollar, seeing an increase in Australian BE business head offshore. Companies are attracted to overseas destinations because of price competitiveness, marketing initiatives and increased supply. Action is needed to reverse this trend.

Domestic Day Visitor Spend by Main Purpose of Journey



Source: Tourism Research Australia, 2008, unpublished data

In addition, Australian is currently suffering from a chronic skills shortage, evident not only in the tourism sector but across the board in industry. Employers large and small are attempting many strategies to retain existing staff. Potential employees recognise this and are driving remuneration to levels that do not match available staff's skills. Employers should be focusing more on education and training to expand the skilled labour force.

The BE industry believes a new tax incentive scheme would address both these issues. It proposes an incentive of 125% tax deductibility on all eligible Australian-based training, similar to a R&D incentive.

The proposed new incentive scheme would:

- Encourage Australian companies to increase their investment in employee training.
- Aid the Australian Government's broader visions for Australia's "knowledge economy" and "education revolution".
- Encourage Australian innovation through the fostering of face-to-face information learning networks.
- Be a major boost to the flat domestic Business Events sector.
- Encourage companies to hold their conferences and related programs onshore rather than overseas.
- Help stem any cuts in corporate training budgets which may result from a looming economic recession.

Conferences, congresses, seminars and workshops all play an important part in adult education in the workforce. The introduction of an incentive to employers to train their staff would encourage more events to Australia. An education and training tax incentive for approved training would encourage companies to provide staff training and boost the domestic BE sector with an anticipated increase in off-site seminars, courses and professional conferences. This would also address the issue of Australia losing domestic corporate business events to offshore destinations, providing a tax incentive to stay onshore.

The vital importance of education and ongoing training of the workforce needs to be recognised. The development of this resource is important for Australia's overall growth and should be viewed in a similar light to the tax break given to research and development funds.

The recent Cutler Report on the National Innovation System released by the Australian Government promotes the need for more information networks to be established, to promote the free flow of information. Business events are a key conduit for the exchange of information and knowledge, and provide an ideal environment in which innovative ideas can blossom.

The eligibility of "training" for the tax incentive could be based on strict guidelines. In the case of conferences or seminars, the programs would need to have clearly established objectives and outcomes, be devised by qualified "trainers" and added to an approved listing. This would prevent rorting of the system.

An education and training tax incentive would send a clear message to business that Government supports ongoing training of the workforce as part of its education revolution, and is prepared to assist with a tax break.

Recommendations

- That the GST ruling on deposits as it relates to the tourism industry be scrapped and the timing of GST liabilities brought in line with other liabilities.
- That the Australian Government eases the regulatory burden of the process of the making and implementation of tax rulings.
- That the Department of Resources, Energy and Tourism establishes a joint taxation panel with the industry which requires the ATO to consult with the industry prior to new draft rulings.
- That the ATO provides simple, easy-to-use advice on GST refunds for overseas Business Events organisers and delegates.
- That the Australian Government introduces an incentive for businesses to train staff, similar to an R&D incentive, with tax deductibility of 125% on all eligible training, as part of the Australian Government's "education revolution" to encourage ongoing job training and to stimulate the domestic BE business.
- That tax incentives (125%) for approved training programs run by employers for employees stipulate that the training must be delivered within Australia.

Performance measurements

- Increase in corporate conferences and seminars, based on NVS results.
- Increase in training hours recorded for the Australian workforce.

8.6. Visas

Initiatives that make the visits of large business groups smooth and efficient will further boost the reputation of Australia as a great place to do business and host a Business Event.

The changes to visa processing in recent times, particularly the Electronic Travel Authority (ETA) business entrant visas, has significantly streamlined visa processing to Australia.

The International Event Coordinator Network (IECN) established by the Department of Immigration and Citizenship in 1999 has also generated major improvements. The IECN has acted as a positive facilitator of visa processing for large Business Events groups and major events.

The Tourist Visa Advisory Group (TVAG) was established in July 2002 as a forum where the department and peak bodies in the tourism industry can discuss tourism and visa-related issues. TVAG has been successful in ensuring the stakeholders in the tourism industry are informed of the policy development process.

Current members of the TVAG include the Australian Tourism and Export Council, Tourism Australia, QANTAS, the Board of Airline Representatives Australia, the Australian Hotels Association, TTF Australian (Tourism & Transport Forum) and the Department Resources Energy and Tourism. The Business Events industry should be represented on TVAG.

Measures that contribute to smooth and fast visa processing will be welcomed by the BE industry. Visa exemption and fast tracking are an initiative that would keep Australia competitive. Our international competition recognises this opportunity and some Asian destinations are already doing this; for example, Vietnam for Singaporeans and Korea for the Chinese.

Such measures will also show that the Australian Government supports the ongoing growth of Australia as a BE destination.

However, the increase in charge from \$75 to \$100 for processing a non-ETA visa is adding to the cost of travelling to Australia and affecting our cost-competitiveness. Non-ETA visas are still required from a potential major source of BE visitors, namely India and Mainland China.

Recommendation

- That the Australian Government appoint a BECA representative to the Tourism Visa Advisory Group (TVAG) so the BE sector can be represented in discussions to further streamline the visa process, particularly for large group movements related to major conventions/Business Events.

Performance measurements

- Industry reports on visa problems for delegates reduce.
- Positive IVS survey feedback on visa process.

8.7 Workforce skills and training

To maximise its BE potential and meet demand, Australia needs to retain and improve its existing reputation to deliver professional Business Events, through a well trained workforce.

Education and Training in Australia has come a long way in the past decade. With the move to new apprenticeships and new apprenticeship centres, there has been more emphasis on Vocational Education and Training over all industries. Industry Training Advisory Boards (ITABS) underwent a culling process and shared skills bodies were introduced.

The advent of nationally accredited training packages did much to enhance competency-based training, with industry bodies enjoying the opportunity to participate in focus groups and review committees relevant to the training in their industry. Government financial incentives for employers and registered training organisations to encourage new apprenticeship training (up to certificate IV in some industries) have also have done much to encourage training.

Despite this progress, in June 2004 the Department of Employment and Workplace Relations defined a range of shortages in skills within the events industry including:

- Hard-to-fill vacancies – specialised fields, experienced workers.
- Skills gaps – new or existing workers who need further training or upskilling.
- Recruitment difficulties – adequate supply of workers but difficulty in recruiting.

The industry itself is doing much to abate this skills shortage and there are many instances of innovative approaches to industry-based training.

MEETINGS & EVENTS AUSTRALIA (MEA) ACCREDITATION PROGRAM

MEA's Accreditation Program has been in operation since 1997. It was originally designed for meetings professionals with at least three years' industry experience and who were financial members of MEA. Members who have MEA Accreditation have a proven competency in their profession and obtained industry endorsement of their commitment and ability to achieve high standards and ethical practice. Accreditation also helps potential clients to identify operators who have achieved the industry standard for experience and expertise.

The accreditation program includes: Accredited Meetings Manager (AMM) - in operation since 1997 Accredited In-House Meetings Manager (AIMM) - in operation January 2004.

Those awarded this status are entitled to use the post-nominal AMM or AIMM.

Meetings & Events Australia (MEA) is an industry association in the BE industry as well as a Registered Training Organisation (RTO). MEA took the step to become an RTO to ensure the industry had an opportunity to use their services for the training and upskilling of their staff. Since this initiative started less than eighteen months ago MEA has noticed a marked interest in the uptake of their training programs leading to qualifications. Employers include large hotel chains, smaller venues, AV companies, convention and visitor bureaux, meetings management companies and many supplier companies. The uptake of training is further evidence that the industry is indeed doing everything it can to retain its staff.

SOLUTION RED

Solution RED provides technical and creative services for over 1,000 Australian events annually. They employ 30 full-time staff and have over 60 contractors on their books in the areas of technical project management, creative project management, vision, sound and lighting technicians, event stylists and themeing crew, scenic painters, napery specialists, carpenters, florists and sales and marketing.

Solution RED knows that to recruit and retain employees it must treat them as their most valuable asset, by offering competitive remuneration and offering flexible working hours along with training and career progression.

Recently Solution RED had trouble recruiting an inhouse florist to work for them full-time, so they have engaged a "new apprentice". What's extraordinary about this appointment is that the "new apprentice" is mature-aged, and the first floristry new apprentice in Victoria to be working in the events industry.

SYDNEY CONVENTION & EXHIBITION CENTRE (SCEC)

To keep up with employment needs, the Sydney Convention & Exhibition Centre has embraced the Government's new apprenticeship program and advertise it through their innovative career page on their website.

The Centre offers a number of traineeships in its AV department every year, with participants gaining hands-on experience as well as nationally recognised qualifications. Over a 12-month period trainees receive classroom and on-the-job training to complete a "Certificate III in Live Production, Theatre and Events". The course structure includes the theoretical and practical components of event production including lighting, audio, projection and staging.

To be eligible for the traineeship you must be an Australian resident and not have a tertiary qualification of a Certificate III level or higher.

Education and training

There has been much expansion in education and training over the past decade by industry associations, tertiary institutions, companies training in-house, and private trainers. A number of industry bodies have consulted with governments on various levels through focus groups and forums to ensure that education and training has industry relevance.

Notwithstanding the expansion in training providers, and the growth in popularity of event management related courses, the challenges the industry faces in education and training which are leading to a skills shortage lie in the following areas:

- Lack of relevant (as opposed to trained) personnel to deliver training.
- Lack of career education at high school level about careers in the Business Events industry.
- No direct articulation from the top end of vocational education and training into under-graduate courses at a tertiary level – hence no direct articulation pathway.
- Business Events are not currently on the Government national skills shortage list which would enable assistance for visas and migration of skilled labour.
- No salary benchmark to applicable levels of employment and career progression.
- Lack of language and cultural training for those who wish to work in the international market.
- Lack of funding to industry associations to deliver industry specific education.
- Absence of recognition for industry specific accreditation programs.

Recommendations

- That Business Events is officially recognised by the Australian Government as a sector suffering from a chronic skills shortage by adding it to the national skills shortage list, ensuring that assistance with visas and migration of skilled labour is offered.
- That the Australian Government recognises and supports BE industry accreditation programs; namely in the first instance, the Meetings & Events Australia's (MEA) industry accreditation program. This support will ensure that endorsed accreditation programs are recognised well beyond their own industry and offer security in regard to professionalism to those using Meetings Managers to deliver their business events, meetings or conferences.
- That the Australian Government requests its own federal departments and agencies, recognise and give preference to Accredited Meeting Managers in relevant appointments or contracts, given the large number of meetings hosted by government.
- That significant research is undertaken in the areas of salary band recommendations so that there are salary benchmarks against other industries, and that this research is developed and funded by the BE industry on a dollar-for-dollar matching basis with the Australian Government.
- That the Australian Government provide encouragement to BE industry to providing training support to both vocational and tertiary education institutions by expanding its GST free component beyond the current articulated training arrangement to approved non-articulated training.
- That the Australian Government support BE career education in secondary schools by providing funding through the Department of Education, Employment and Workplace Relations on a dollar-for-dollar matching basis with the BE industry.
- That BE industry organisations continue to address workforce skills and education issues; expanding professional development and accreditation programs; strengthening relationships with secondary and tertiary institutions and private training providers; developing clear education articulation pathways; and fostering appropriately trained industry practitioners to deliver practical education and training.

9. Forecasts and Performance Targets

International

The United Nations World Tourism Organisation (UNWTO) forecasts that tourism will continue to grow at about 4% a year at least until 2020.

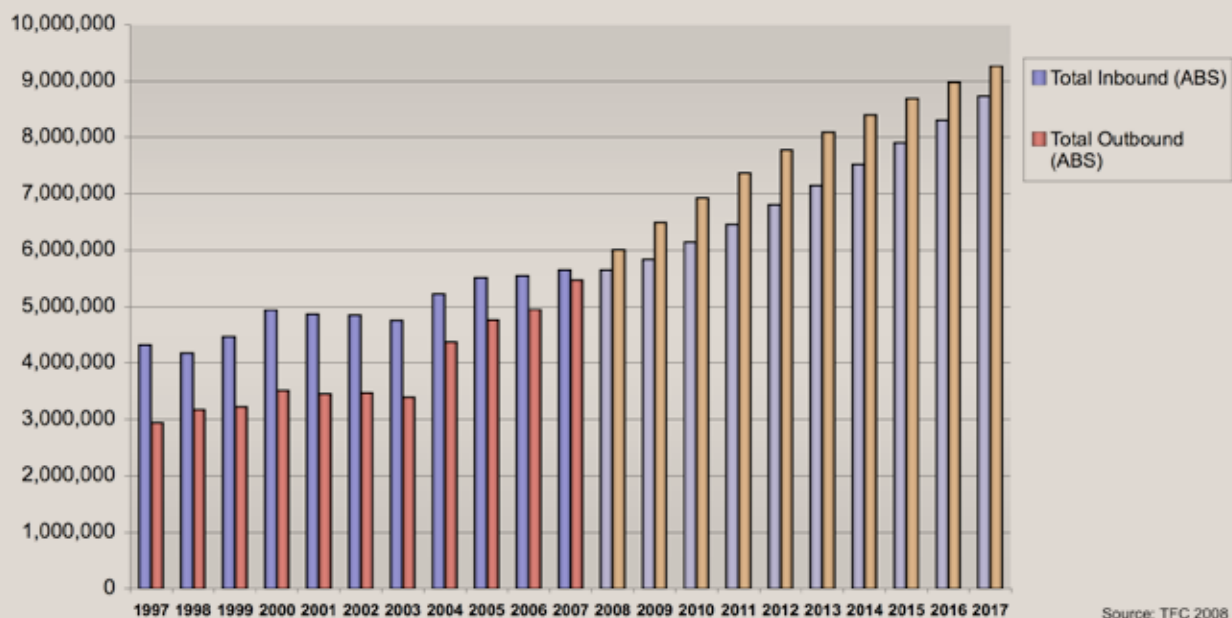
Many cities and countries are continuing to invest heavily in BE infrastructure, and it would seem reasonable to believe that the BE sector will continue to grow at least at the rate of the total tourism market.

Australia

Australia's Tourism Forecasting Committee (TFC) is responsible for setting forecasts for the country's inbound visitors. The TFC bases its forecasts on ABS inbound visitor numbers. These figures show a growth in convention inbound numbers averaging 5.2% per year over the previous ten-year period ('96-'07), outstripping the inbound average annual growth of 2.7% for the same period.

Although the TFC has provided forecasts for "business visitors" (all business travellers, not only BE delegates), there are no specific forecasts for convention visitors, or for any other BE sectors.

Australian Total Inbound and Outbound Visitors: Actuals and Forecasts 1997-2017



Source: Tourism Forecasting Committee (TFC), 2008

However it seems reasonable to assume that growth would be at least as high as forecast for overall visitor growth of 4.4% until 2017.

The available supply of convention centre space is not expected to be a constraint to this growth. Possible growth impediments for specific BE markets are dealt with later in this document.

Performance target examples:

Thailand has set a target of 1.1 million BE visitors in 2009. The Thailand Convention and Exhibition Bureau (TCEB) claims BE growth of 20% over the past four years, with the sector earning almost 1.6 US billion in foreign exchange earnings in 2007.

Singapore has developed a 2015 strategy and set a target to increase BE visitors and to lift BE receipts from \$3 billion to S\$10.5 billion or 35% of total tourism receipts by 2015 up from 28% in 2006 - an annual growth rate of 15%.

Indonesia is reported to be targeting BE to account for between 15-20% of total arrivals.

Malaysia in 2006, set a target of 2 million conference arrivals for 2007 (10% of total) and 30% of total tourism receipts. The 2006 figures were 820,243 BE visitors contributing RM2.14 billion. Total inbound target for 2008 is 22.5 million and Malaysia has maintained its BE target of 10% of the total visitors and 30% of total receipts.

Establishing performance targets

The industry recognises the difficulties and dangers in developing forecasts and targets for Australia. Many external factors such as economic conditions, fuel prices, and exchange rates come into play.

However, without further policy support Australia is expected to continue losing BE market share as other countries invest more heavily in BE marketing to support their expanded venues. Concomitant with the additional BE funding recommended in this Strategy, Australia should set goals for the BE sector.

While the BE industry supports the establishing of forecasts and goals for the sector, it believes that any targets should be expressed in relative terms. For example, targets relative to:

- global market share, using available market segment data.
- total inbound visitor and domestic numbers and spend.

- occupancies of meeting venues relative to total available space.

- CountryBrand Index convention destination ranking.

A set of agreed measurements could be used to annually judge the performance of Australian BE market segments, from such sources as: ABS, IVS, NVS, UIA, ICCA, CountryBrand Index, convention delegate expenditure surveys, and the Global Association of the Exhibition Industry (UFI).

Australia should aim to at least maintain its international market share for conventions, and to lift the total trip spend by BE visitors.

Ideally, Australia should also identify ways to capture the intangible benefits from Business Events which would also allow performance goals to be set for this area (refer to the Research section in this Strategy for further information.)

Relative measurable performance targets for each BE sector could include:

- ICCA ratings: reclaim and maintain Australia's position within ICCA's top 10 world convention destinations.
- UIA ratings: x% increase in global market share by 2020.
- IVS: increase BE's total share of arrivals by x% by 2020.
- IVS: increase total BE spend as share of total inbound spend by x%.
- ABS: maintain positive net intake of inbound convention visitors compared with outbound convention departures.
- IVS/AACB: increase average length of stay of BE visitor by 2 days (as an example).

Recommendations:

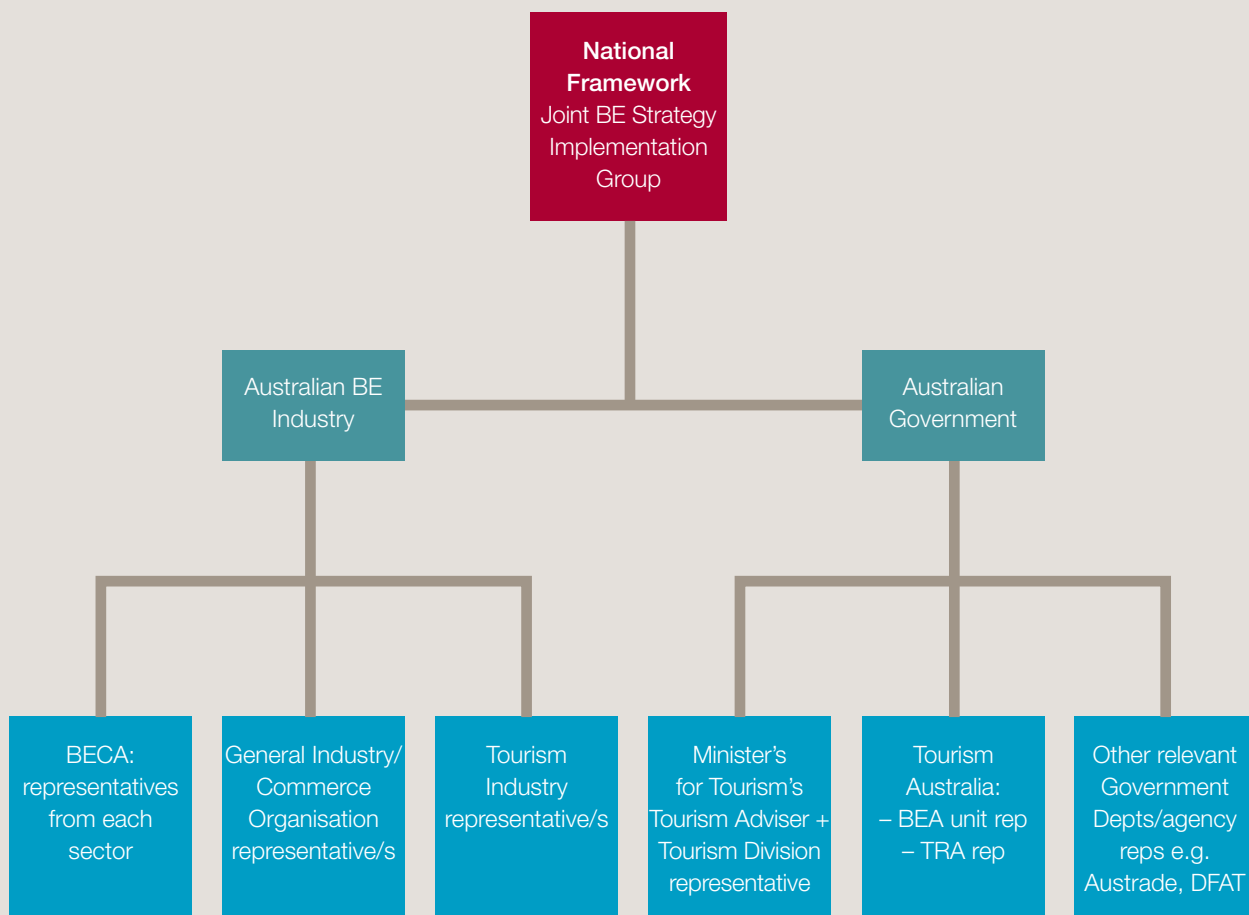
- That the Tourism Forecasting Council includes inbound BE attendees in their visitor projections.
- That the new Australian BE Strategy Implementation Group defines the mechanisms which will enable industry performance to be judged and national BE goals to be set.
- That the projections expected to be included in the National Long Term Tourism Strategy be taken into account when setting BE forecasts.

10. Strategy implementation and review

This strategy is intended for use as a national blueprint for the development of a sustainable Business Events industry over the next decade. To ensure it delivers its maximum potential economic benefit to Australia, a strong and effective working partnership needs to be formed between industry and the Australian Government. The framework needs to be established for topline review and direction of the strategy.

Recommendations:

- That an Australian Business Events Strategy Implementation Group be established to provide ongoing guidance and review of the Strategy.
- That the Australian BE Strategy Implementation Group promotes increased co-ordination between the BE industry and the Australian Government.
- That the Australian BE Strategy Implementation Group meets at least twice annually.
- That the Australian BE Strategy Implementation Group be structured as per table below:



Appendix 1

Australian Business Events Strategy

Terms of Reference

Business events are a high yielding sector of the tourism industry and include association meetings, incentive travel, corporate meetings, conventions and exhibitions. The International Visitors Survey and National Visitors Survey record healthy levels of expenditure by business visitors. In 2003, the National Business Events Study estimated that all business events yielded a total expenditure of \$17.36 billion in Australia. International business event delegates were also found to spend an average of \$554 per day compared with \$94 by leisure tourists, and \$3,526 per trip compared with \$2,569. However, there is probably broad agreement among all stakeholders that more can be done to improve Australia's ability to attract business events and improve the performance of the sector through the development of a unified national business events strategy. In February 2008, the Minister for Tourism met with the Business Events Working Group and agreed to the development of a business events strategy to assist in improving Australia's performance in this sector.

Aim

The aim of the Business Events Working Group (the Group) is to deliver a draft national business events strategy. The strategy will be considered by the Federal Minister for Resources, Energy and Tourism.

Objective

The objectives of the business events strategy are to:

- Identify the impediments to, and opportunities for growth;
- Identify actions to address the impediments and realise the opportunities;
- Identify the appropriate groups/organisations (private/public sector – Federal, State or local government) to undertake these activities; and
- Deliver the Business Events Strategy to the Minister for Resources, Energy and Tourism by October 2008.

Issues for Consideration

The Working Group will consider the following issues in the development of the business events strategy:

1. Australia's current performance in the global and regional (Asia Pacific) business events market and trends over the past five years in each of the key sub-sectors of corporate meetings; association meetings/congresses; exhibitions; incentives; and Government/NGO meeting;

2. The current and potential contribution of each sub-sector and business events to tourism in Australia;
3. A SWOT analysis of business events in Australia with special emphasis on Australia's capabilities to supply world-class, competitive business events – infrastructure, training, access and other supply and demand-side issues must be considered;
4. Realistic and achievable objectives/goals/targets for the business events sector;
5. Appropriate and cost-effective strategies, including timeline, for achieving these objectives, goals and targets; and
6. Resource requirements and funding to implement the strategy.

Strategies and Deliverables

In developing the business events strategy, the Working Group should seek input from all key stakeholders. This may be in the form of interview, consultations and discussions.

The key deliverable will be a strategy that will guide the development of the business events industry and assist it to maximise its economic potential. The strategy will be a key input to the National Long Term Tourism Strategy and will address the above issues and outline opportunities for improving Australia's performance in business events in both the international and domestic markets with a key focus on supply-side issues and taking into account demand-side issues.

Terms of Reference developed by the Tourism Division, Department of Resources, Energy and Tourism, Australian Government, in consultation with the Business Events Industry Strategy Group.

June 2008

Appendix 2

BE Strategy Reference Group:

Geoff Donaghy, Chairman, BECA
Elizabeth Rich, Executive Director, BECA
Sandra Chipchase, President, Association of Australian Convention Bureaux (AACB)
Michael Cannon, Executive Director, Association of Australian Convention Bureaux (AACB)
Linda Gaunt, Executive Director, Meetings & Events Australia (MEA)
Roslyn McLeod AM, Meetings Managers Group, Meetings & Events Australia (MEA)
Alan Morely, Executive Director, Exhibitions and Events Association of Australasia (EEAA)
Robert Moore, Vice-Chairman, Exhibitions and Events Association of Australasia (EEAA)
Matt Hingerty, CEO, Australian Tourism Export Council (ATEC)
Bill Healey, Chief Executive, Australian Hotels Association (AHA)
Caroline Wilkie, National Manager Tourism and Events, TTF Australia (Tourism & Transport Forum)

BE Sub-Group:

Geoff Donaghy, Chairman, BECA
Elizabeth Rich, Executive Director, BECA
Sandra Chipchase, President, Association of Australian Convention Bureaux (AACB)
Linda Gaunt, Executive Director, Meetings & Events Australia (MEA)
Roslyn McLeod AM, Meetings Managers Group, Meetings & Events Australia (MEA)
Alan Morely, Executive Director, Exhibitions and Events Association of Australasia (EEAA)
Caroline Wilkie, National Manager Tourism and Events, TTF Australia (Tourism and Transport Forum)

Government Liaison Group

Office of the Minister for Resources, Energy and Tourism

Zoe Davies, Tourism Adviser

Department of Resources, Energy and Tourism (RET)

Jane Madden, Head, Tourism Division, (RET)
Peter Tucker, General Manager, Industry Sustainability Group, Tourism Division, RET
Hilrett Johnson-Owusu, Manager, Industry Capability, Tourism Division, (RET)

Government Agency: Tourism Australia

Geoff Buckley, Managing Director, Tourism Australia
Nick Baker, Executive General Manager Marketing, Tourism Australia
Joyce Di Mascio, Head, Business Events Australia Unit, Tourism Australia
Karl Flowers, Acting General Manager, Research & Strategy
Deanna Varga, Business Events Project Manager, Tourism Australia

BES Secretariat support:

Department of Resources, Energy and Tourism

Research support:

Two research reports were prepared to inform this Strategy and are quoted throughout the document:

1. **A Review of the Business Events Sector 2003-2008**, Professors Leo Jago and Margaret Deery, Sue Bergin-Seers, Centre for Tourism and Services Research, Victoria University
2. **Business Events Report June 2008**, based on IVS and NVS, unpublished data, Tourism Research Australia

Thanks to following organisations for ABES funding assistance:

- Tourism Australia and the Association of Australian Convention Bureau (BE Review by the Centre for Tourism and Services Research)
- TTF Australia (Tourism & Transport Forum) and the Business Events Council of Australia (writing and designing the ABES)

Thanks to Danielle Ramirez, MCVB, for research assistance and Belinda Mazzei, MCVB, for graphic illustrations.

Industry consultations:

The following industry associations and agencies were consulted in the preparation of this strategy, many of which drew upon input from their respective boards, committees and members:

Australia's convention bureaux through the AACB:

- Melbourne
- Brisbane
- Gold Coast
- Canberra
- Adelaide
- Perth

- Newcastle
- Townsville
- Sydney
- Cairns/TNQ
- Sunshine Coast
- Whitsundays
- Northern Territory
- Tasmania

Australian Convention Centres Group
 Australian Hotels Association
 Australian Tourism Export Council
 Business Events Council of Australia
 Exhibition and Events Association of Australasia
 International Congress and Convention Association
 (Australian chapter)
 Meetings and Events Australia
 Tourism and Transport Taskforce
 Tourism Australia.

A number of industry practitioners from a range of companies were consulted in the preparation of this document, by members of the BE Strategy Group, through individual interviews and/or focus group discussions. The following list is indicative, not exhaustive:

Accor Hospitality
 Australian Tours Management
 Australasian Society for Ultrasound in Medicine (Caroline Hong, CEO)
 Business Events Australia regional teams in Tourism Australia (Hong Kong, US, UK)
 Encore BT
 Event Planners
 Hilton Hotels
 ICE Pty Ltd
 ICMS Pty Ltd
 ICMS Australasia Pty Ltd
 ID Meetings & Events
 ID South Pacific
 IHG – Intercontinental Hotels
 JCM Destination
 Pan Pacific Pty Ltd
 Southbound Australia
 The Meeting Planners Pty Ltd
 Time Travel Pty Ltd
 Tour East Pty Ltd
 Tour Hosts Pty Ltd
 Transglobal Tours-Tournet
 Waldron Smith Management
 Wel Travel.

National Business Events Summit, May 2008

BECA convened an inaugural Business Events Summit in May 08 in Alice Springs, attended by approximately 50 senior industry practitioners from a broad range of sectors, including convention bureaux, tourism and BE industry associations, convention and exhibition centres, hotels, conference and exhibition management companies, and education providers.

Discussion papers were circulated prior to the Summit, and views were sought on key issues facing the industry over the two-day forum.

An Outcomes Paper was developed as a result of the Summit and has been considered by the BE Industry Group in the development of this Strategy.

A copy of the paper and a full list of Summit participants can be found on the BECA website, www.businesseventscouncil.org.au

Appendix 3

Business Events Article: Ten Things We Need to Explain About Our Industry

Author: Rod Cameron
Director, International Development,
International Association of Congress Centres (AIPC)
(www.aipc.org)

Whether we call it MICE, Business Tourism, M&IT, Business Events or any other of the myriad of names that serve to further confuse the identity of the industry we work in, the Meetings Industry is a distinct area of enterprise with its own unique markets, requirements and agendas. Above all, it is very different from tourism, with which it is often purposefully confused, usually for historic or financial reasons.

“So what?” you may ask. Does it really matter if anyone understands the unique properties and requirements of the industry? Is such an understanding of any practical importance in the face of all the other issues we face on a daily basis? To me the answer is an unreserved yes, and the reason is that in order to succeed in any business you and those you depend on for your working environment need to understand what business you are truly in and what factors control its success. You can hardly expect understanding and support from people who don't even know you exist – yet that is what we risk by being unable to identify with any precision just who we are and what we represent, let alone expecting anyone outside the industry to be able to figure it out for themselves.

This is particularly true for governments, who although often heavy investors in the industry through things like their construction and operation of congress centres and subsequent involvement in managing and marketing them, may have an extremely limited idea of the dynamics, demands and challenges of the industry in which they are invested.

So here goes with ten things we need to explain about our industry if we are ever to convince others what makes it a truly unique area of business enterprise.

Number 1 – It's Not Tourism:

Years of association notwithstanding, we really have relatively little to do with the leisure sector that makes up the bulk of the tourism product in most parts of the world. In fact, we're much more connected to the areas of business and economic development than tourism, with which we only really share (like almost any other business area) a need for accommodation, transportation and other destination amenities.

This isn't just an academic issue; it is of very real and practical importance because of how we do business.

We deal with different markets, need different messaging, have to address different decision factors and require different kinds of expertise for marketing and delivering the product successfully. We are typically business to business enterprises, not consumer driven as tourism is. And when we mix these factors up with the tourism agenda, we can put ourselves at a serious disadvantage.

Number 2: ... But It Supports Tourism:

Which brings us to issue number 2: while we are not *about* tourism, we nevertheless *support* tourism, in many different ways. First, meetings and conventions grow the visitor base by attracting people who are coming to attend their event rather than having chosen that destination exclusively on the basis of its own merits. As a result, these are typically incremental visitors consisting of people who might otherwise not have come at all.

And it's not just that they come, it's *when* they come – often at times of the year when other kinds of visitors won't. This all helps attract support the development and maintenance of tourism infrastructure such as hotels and attractions so that they are available to support other types of visits as well. The classic case is a resort community that can only support the hotel inventory they need to meet peak season demands by having off-season visitors as well – a role that convention delegates often play.

What else do meetings and conventions do for tourism? Plenty. In these busy times, the majority of delegates attending events in an attractive destination will schedule some pre-or post-event time to enjoy the destination as a tourist. Visits by delegates create new exposure for a destination that often translates into return visits, perhaps with the family in tow. And major events such as international congresses help to build overall destination awareness through both pre-promotional materials and the “word of mouth” effect.

Number Three: It's Big Business – For a Lot of Reasons:

Globally, these kinds of activities generate tens of billions annually in any currency. But this has even more meaning at the local level, when you compare delegate spending with that associated with other types of travellers. While this varies in different parts of the world, it is typical that convention delegates generate three to four times the average per capita spending associated with leisure travellers. There are a number of reasons for this;

First, delegates are simply bigger spenders. Overall, they are further up the economic scale than the visitor average – more likely to be in the corporate or professional category. They stay, on average, in more expensive accommodation and eat in better restaurants – often because they are on corporate or professional expense

allowances. And they may see attending a convention as a rare opportunity to indulge themselves a bit because they may have limited time in their schedules and at least part of the expense is being paid by someone else.

But there's more. Total delegate spending consists not only of what they're spending themselves but what others are spending on their behalf. For example, for every delegate there are a host of people organizing events, arranging meeting space and buying services to support their participation. At the same time, there are also exhibitors who show up and spend even more money in order to pitch products and services at those same delegates. Every one of these is directly attributable to that delegate being there – and collectively, they add up to a lot of money.

Economists point to two other features that make the benefits of meetings unique. The first of these is based on the fact that, by definition, delegates typically come from somewhere else. This means that much of the spending delegates do represents new money coming into the local economy from another region or country instead of simply the circulation of money that is already there. The second is what could be called the "efficiency of the sale". Convention organizers and facilities are essentially wholesalers who deal in larger units: while leisure visitors are typically sold on an individual or family basis, the sale of a single convention can involve upward of thousands or even tens of thousands of visits for a destination. Clearly, this kind of return makes investment in the marketing of conventions a lot more attractive than the "one by one" sell associated with leisure visits.

And now, having spoken a lot about money, we get to the next point:

Number Four: It's Not Just About Money!

As attractive as the financial returns are from the meetings business, these are, over the long term, often far outweighed by the broader community and economic development impacts the industry has. This where we need to think about the real role of meetings, and the outcomes this generates for those who host them.

Meetings and conventions essentially take place for the purposes of business, professional and scientific development. They are primary mechanisms for sharing knowledge and expertise, along with promoting commerce and business opportunities. So it's not surprising that both the events themselves and the people who attend them have a lot to offer to the host community.

From an economic perspective, meetings and conventions attract people who are much more likely to be decision makers – and this can promote not only local business prospects but trade and investment potential as well. Events like these inevitably act as showcases for local products and services, if only because these will get exposure during the course of the events and the related social, educational and entertainment activities that take place around them.

From a professional development perspective, events in any area of discipline – particularly major national or international events – often attract literally the very best expertise in the world. For the community, this means access to this level of knowledge and experience right on their doorstep. In areas like medical practice, this can have huge implications for how local skills develop – which creates, in turn, big benefits for the quality of service in the local community.

Number Five: It's Highly Competitive:

The reason is simple; the benefits as outlined above are well recognized in many different parts of the world, and many different cities, countries and facilities are looking for "a piece of the action"!

There are two big results of this factor. The first is that competition amongst destinations and facilities worldwide is intense, and based not only on market factors like rates and returns but also on what the overall impact of delegates does for the local economy. The second is that clients know this, and increasingly, they are looking for recognition of the benefits their delegates bring in the form of discounts, incentives and sometimes straight cash investments as inducements to bring their business.

The impact of these factors varies depending on the supply / demand equation. But in a "buyer's market" such as we have had for the last few years (a direct result, incidentally, of the enthusiastic growth of capacity driven by the prospect of all the benefits outlined above) they can create a very unusual set of economics where the ability to measure and assess indirect effects is often much more important than the usual "bottom line" calculation common to most businesses.

Number Six: It's a Mix of Private and Public Sector Interests:

Perhaps more than any other sector, the usual pattern in the meetings industry is a mix of public investment and private enterprise. On the one hand, you have core features such as convention centres which are typically government investments because of the need for "patient" investment in an environment where the return only occurs many years after the sale and the economics are such that benefits are widely disbursed (more on this later). On the other, you have suppliers and clients who typically have an intensely competitive, private sector orientation. Both are essential – but the interface can be most interesting.

For one thing, it creates some interesting tensions when government policy runs up against market dynamics. Many governments regard convention centres as just another public asset, to be managed and maintained in the same way as any other government building. However, the client doesn't really care much about what government thinks in this regard; they just want to make sure they get the services and facilities they need and to negotiate the best deal possible.

Similarly, governments can have huge impacts on the industry without even knowing it's happening – somewhat

like the elephant stepping on the mouse while going for a stroll. Decisions in areas like taxation, immigration, borders, security or transportation can be the life or death of the industry, but are often far removed from our sector and based on issues that have nothing to do with our needs or aspirations.

Number Seven: the Economics are Unique!

One place where this impact is highly visible is in our unusual economics. Ours is an area where all is not necessarily what it seems; where operating deficits may be a sign of good business practices and some of the most important benefits can't be measured at all. And nowhere is this as true as it is for convention centres.

The source of all this confusion goes back to the earlier point about direct and indirect benefits arising from meetings and conventions. Because the overall economic impacts of major events are so attractive, convention centres typically act as a "loss leader" for the greater economic benefits they generate in the community as a whole. Industry economics have simply adapted themselves to this reality to the point where raising facility rentals to the point where the facility is profitable (a good thing) may result in the loss of business that would have brought major spending into the community (a bad thing). Yet government owners are often unrelenting in their insistence that both should somehow be addressed.

Compounding this problem is the fact that events which deliver the best overall economic benefits are typically not those that deliver the best revenues for a facility – understandable, given the greater leverage that events delivering major economic benefits have in negotiating rates. So any discussion with the shareholder must necessarily involve a broader range of issues than just immediate revenues, and the industry needs if anything to get better at documenting the indirect (and therefore less visible) economic factors involved.

Number Eight: We're Vulnerable....

A lot of things can impact this industry, many of which are outside of our control. Global economics, political turmoil, pandemics and security issues can all bring things to a grinding halt on an international scale while tax policies, transportation issues or sudden changes in visa requirements can have the same effect on an individual country. We've seen both at work earlier this decade, where international events precipitated many different impacts, creating both winners and losers as events sought a "safe haven" and, in some cases, changed the way the entire industry works.

The reason for this is that our industry is dependent on many thousands of individual decisions. If the delegates don't come, or won't travel, the economic of the industry fall apart. Planners are not about to take big risks on attendance – and will do everything they can to mitigate those risks. This means that our dependence on government decisions about everything from immigration policies to security measures can be matters of life or death to the industry – yet once again, few legislators

even know we are an industry, let alone that we have unique needs and challenges!

Number Nine: But We're Resilient!

Having said that, as the events following the 9/11 security panic and the economic slump that accompanied it demonstrated, this is a very resilient industry. The fact is, people want and need to meet – and as a result, the rebound in delegate and business travel proved much quicker than for other sectors such as leisure. This was very important to those who were looking for any signs of economic optimism at a time when there wasn't a lot going around.

The pundits have been predicting the demise of face-to-face meetings for a very long time, victims, they said, of alternative forms of communications such as web and satellite based technologies and the availability of faster and more detailed information content via the Internet. But meetings aren't just about content – they're about interactions, and the opportunity to make connections and validate relationships that are often needed to make any sense out of those other forms of communications.

In fact, there's a whole school of thought around the idea that as more and more communications takes place at a remote and impersonal level the few opportunities we have to connect through personal interactions will only become more important – and that means a healthy future for the meetings, conventions and exhibitions that make up our industry.

Point Ten: It's Constantly Changing:

The final point is that everything in points one through seven is constantly evolving. This is an industry where change is rapid and extensive; where the mobility of many events creates global expectations and these can change literally overnight.

What this means is that if we ever do succeed in communicating what our industry is all about to key decision-makers, the job's still not over. Each new development creates new challenges and opportunities for the industry – and new communications needs if we want to ensure our owners, shareholders and colleagues still understand how things work. In particular, we will have to keep a steady watch on how the economics of the industry work – how, for example, the balance is struck between the direct and indirect benefits that arise from events.

Like it or not, we're partners with many different groups and interests, ranging from governments to business communities to marketers – and our success depends on our ability to work successfully in a complex and ever changing environment.

The first step in that direction is to understand ourselves what makes this a distinct sector – and to then make an effort to communicate it to those who impact what we do.

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Appendix 4

Business events sectors: how they work

Association Conventions

The term “conventions” is also known by other titles: conferences, symposia, congresses and meetings. One of their most significant features is that they involve groups of like-minded people who gather to share ideas, explore a topic in depth, learn new skills, hear eminent speakers in their field or gain accreditation points to keep a professional certification or rating. Certified Practicing

Accountants, for example, must complete a number of professional hours of training to keep their CPA accreditation.

Most conventions are held by an association (which has an executive and secretariat paid for by membership fees), though private corporations can obviously run their own inhouse conventions or commercial events.

According to the UIA (Union of International Associations), there are currently 60,000 international associations. Of those 35,000 run major meetings and congresses. The ICCA (International Congress and Convention Association) claims approximately 75% of the world's associations are headquartered in Europe, with 3% having congresses of 3,000 or more delegates.

As at the end of June 2007 there were 2,172 registered associations in Australia. According to the ICCA, just 2% of the world's associations are based here.

Most Australian conventions have 300 to 500 delegates and most international conventions coming to Australia have 1,000-plus delegates.

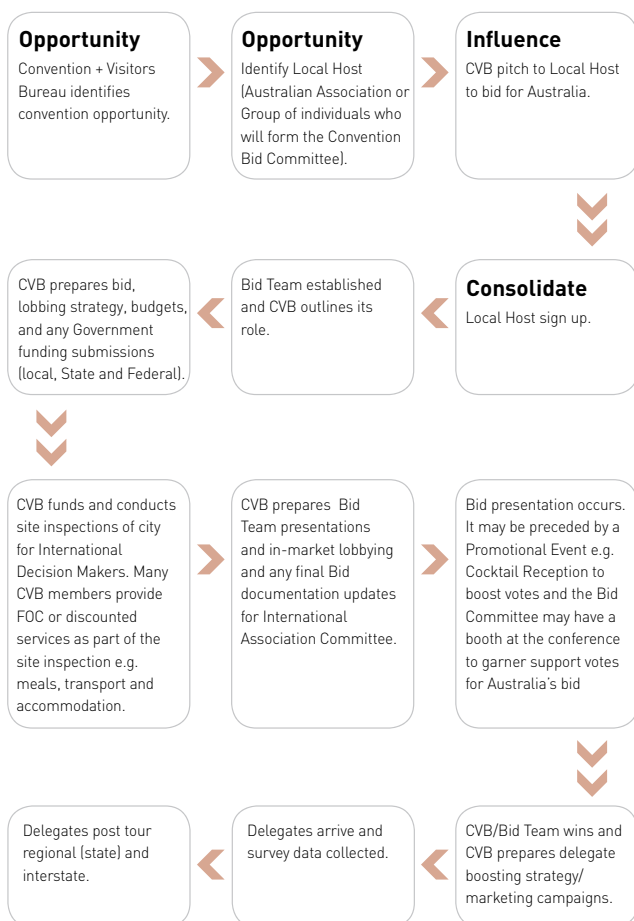
Some associations have inhouse meeting planners who run the convention, while others hire PCOs (Professional Conference Organisers), commercial companies with expertise in managing convention planning. Others use an AMC (Association Management Company) which runs the association's secretariat and administration function as well as the convention. An AMC usually has many association clients and runs Business Events around the world.

Australia's PCOs are highly regarded internationally for their professionalism, integrity, innovation and commercial savvy.

A major role of the city or regional Convention and Visitors Bureau is to identify which associations have interest in meeting in their city or region, and then put a bid committee together to run the event locally. The Bureau then prepares, and pays for, all bid documentation, lobbying strategies and trips for decision makers to inspect their city in order to decide which city will be the successful host. A Bureau might also engage a PCO to prepare the proposed budget for the convention. Once the event has been won for the city or region, the Bureau will often work with the association and its chosen PCO on marketing activities known in the industry as “convention delegate boosting” to increase attendance and maximise the value to the local economy.

CONVENTION PROCESS

Involvement and Role for Government



Government

- Co-host Australia bid reception
- Provide generic Australian motivational DVDs
- Source letters of support from TA/Federal Tourism Minister to add to bid document
- Co-host site inspections, collateral material for International Decision Makers
- Delegate boosting support - Co-operative Advertising in Trade/Assoc. newsletters, emails/mpeg campaigns, co-fund promotional booths at pre conferences.

Exhibitions

Exhibitions are essentially a commercial selling forum for products, ideas, staff, education and services, and are the most lucrative revenue stream for Convention and exhibition Centres. They traditionally take place in an Exhibition Centre where sellers buy booth space, possibly pre-fabricated stands, and buyers are either welcomed to walk through free or pay an entrance fee.

Exhibitions are managed mainly by Professional Exhibition Organisers (PEOs), which are commercial companies. In some instances industry associations or corporations hold exhibitions but outsource the management of the event to an exhibition organiser or use their inhouse expertise.

Exhibitions may be “stand-alone” or attached to a convention. They can be public shows or trade exhibitions or trade fairs. To attract more visitors and boost their revenues, many exhibition organisers run conferences and educational seminars as well as an awards night or other social events.

The organiser may use a PCO to run their seminar program and/or make accommodation and other travel arrangements for the exhibitors and/or hosted buyers.

Increasingly, large multinational exhibition companies are buying out local companies and moving their established their shows from country to country to gain economies of scale and build their expertise and market dominance in particular sectors.

EXHIBITION PROCESS

Involvement and Role for Government

Exhibition Organiser

Develops concept/event to fill market gap/create revenue

Government

- Provide Exhibition Space (if State Government or Federally owned Centre)
- Customs clearance/carnets
- GST Rebates
- Government owned/ generated events



Convention Centre

Provides logistics support/pricing/promotion.

Government

- Underwrite new events (seed funding) mostly State Government
- Assist by listing on TA's and/or relevant Government Department's website under Calendar of Events



CVBs/Tourism Australia/ Austrade/State Tourist Offices/City Councils

To promote event to boost delegate numbers, length of stay, build the conference or corporate entertainment component of the event.

Government

- Website Marketing/Calendar of events
- Look for opportunities to build/introduce Conference components in Exhibitions
- Build Exhibitions around Major Events which have Federal Government Financial support

Incentive Travel

Travel rewards are used by corporations to motivate employees to achieve company objectives – usually a sales target. However incentive travel can also motivate a behavioural change, reduce an operating cost or to stimulate innovation. It can motivate consumer behaviour – changing a brand preference or promoting a new product. For example Visa use travel rewards to the Olympic Games as a tool to drive increased usage of their credit card. Corporations will use incentive travel as a reward for loyal suppliers and major customers and their partners.

Of course incentive travel competes with other forms of rewards such as cash, products (plasma TVs, cars), sports tickets, gift vouchers and other merchandise known as “premiums”.

An incentive travel program must have a “wow” factor and cannot be a regular tour program that anyone can buy off the shelf. “Winners” and their partners should feel like VIPs so there should be an emphasis on gaining access

to venues and unique experiences average visitors could not have.

To organise incentive travel reward programs, a corporation may have an inhouse incentive travel planner or department, or outsource to an “incentive house”. This Incentive House is responsible for designing all aspects of the reward program, how it will work, achievements required to achieve the trip and what destination will be used as the motivational tool for the client – known as the “corporate end user”.

In some markets Incentive Houses will organise site inspections of a destination for their key corporate end user clients to showcase a destination. Many subcontract the ground arrangements (organising elements from accommodation, air travel, special event dinners, tour programs, pillow gifts each night, unusual transport to the exclusive spectacular activities, like horse and carriage, vintage cars, helicopters) to a Destination Management Company (DMC). Or if they just need basic elements organised like accommodation, they may use an ITO (Inbound Tour Operator).

The Asian Incentive market which is growing for Australia has a different buying cycle and distribution process than most Western markets and lead times for program implementation and buying decision can be quite short in duration ie 3-9 months. In Asia there are DMCs, ITOs and Corporate Travel agencies all involved to various degrees in delivering incentive travel programs to Australia. Some Asian ITOs operate DMC services (and vice versa) and some corporate travel agencies will use an Australian based DMC for basic ground arrangements eg accommodation and transfers or indeed offer a full incentive house service themselves.

Naturally because of the high-yield nature of these groups and their short lead time, there is great international competition to attract them to a destination. There is also often a “me too” factor at play as once one company in a sector sends its top achievers to a destination, their opposition's staff will often demand equal treatment.

INCENTIVE TRAVEL PROCESS

Involvement and Role for Government

Corporate Decision Maker

Seeks destination options.



Incentive House

Will contact NTOs for information, Giveaways/materials/sample itineraries/pricing.



National Tourist Office (NTO)

Produces trade and consumer advertising and PR campaigns to raise profile and desirability of destination and build Australia's Business Event Brand



Government

- Collate and promote Case Studies on Australia as a International Incentive Travel Destination that achieves corporate objectives e.g. increased sales
- TV and print advertising, website, PR and brand positioning activities to raise awareness of Australia and generate demand
- Conduct site inspections/ famils programs to educate Incentive Houses on Australian product.
- Co-ordinate and sponsor Australian Tradeshow Booths at relevant events and sub-sells space to Australian industry
- Co-ordinate Roadshows/Table top presentations to Incentive Houses, Incentive Travel Agents and Corporate End Users, with co-op Industry partners
- Provides sample itineraries
- Provides DMC/CVB contact information to potential clients
- Provides sales collateral materials



Government

- Conduct site inspections/ famils programs to educate Incentive Houses, Incentive Travel Agents and Corporate End Users on Australian product.
- Co-ordinate Australian Tradeshow Booths at relevant events and sub-sells space to Australian industry
- Co-ordinate Roadshows/Table top presentations to Incentive Houses with co-op Industry partners
- Provides sample itineraries
- Provides DMC/CVB contact information
- Provides sales collateral materials (some foreign language versions)



Government

- Research Incentive Spend/Delegate numbers/ Region of Origin (TRA, ABS)
- Destination Marketing
- Industry Forums/Education
- Enlists support of the other Government Departments as a source of Sales Leads and/or to facilitate special elements of the program e.g. DFAT, Austrade, IECN

Appendix 5

Minister for Resources, Energy and Tourism

Excerpt from Statement of Expectations 2008 – Tourism Australia

"10. Tourism Australia is required under the Act to have regard to the needs of the Australian tourism industry and Government (*Section 7(2)* of the Act). In fulfilling its object and functions under the Act I expect that Tourism Australia will:

- Focus on being outcome driven in a strategic manner;
- Implement the Government's priorities for tourism promotion;
- Focus on Australia's international tourism markets, and particularly emerging markets;
- **Focus on high yielding business events such as meetings, conventions, incentives and exhibitions;**
- Focus on indigenous tourism as a unique Australian experience;
- Promote growth in the domestic tourism industry, an important aspect of this is the provision of quality research to State, Territory, regional and local tourism organisations; . . .

Tourism Australia's Statement of Intent 2008

Excerpt from key priorities

"Tourism Australia intends to also focus on the following priority areas:

"(d) Business Events

As part of its strengthened commitment to promoting Australia as a business events destination, Tourism Australia intends to continue the roll out of a new brand message that will more strongly position Australia as a world class business events destination for meetings, conventions, incentives and exhibitions.

Working closely with the key Australia Business Events industry, Tourism Australia intends to focus on five key areas of activity in the business events sector. These are:

- Enhanced stakeholder communication and partnerships;
- Integrating business events into a variety of activities and initiatives across Tourism Australia;
- Improving the effectiveness and reach of current activities and programs;
- Delivering improved research and insights to and for the sector; and
- Working with other Australian Government agencies, particularly the Department of Resources, Energy and Tourism and Austrade to position business events as a vehicle for promoting trade and investment."

76

**A National Business Events
Strategy for Australia 2020**
The business of events –
Australia's untapped potential



