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19 January 2017

The Secretary  
Treasury of Australia  
Langton Crescent  
PARKES ACT 2600  
AUSTRALIA

Dear Sir

### Pre-Budget Submission 2017/2018

I write on behalf of the Business Events Council of Australia (BECA), which is the peak body representing industry associations and key infrastructure of the Business Events sector (Meetings, Incentives, Conventions and Exhibitions).

#### The value of Business Events

In 2015 BECA released a seminal report, supported by the Australian Government and produced by EY. Over the past month, this report has been updated to include the most recent data advocating the value of Business Events to the Australian economy. Key provisional findings suggest that over 38 million people attended more than 429,500 business events across Australia in 2015-16. These business events directly generated:

- \$30.2 billion in direct expenditure
- \$13.9 billion in direct value added
- 193,479 direct jobs
- \$24.9 billion in total economic contribution (GDP)

These figures confirm that Business Events are an under-appreciated *financial* contributor to the Australian economy. It is arguable that the Business Events sector is also under-appreciated for the *non-financial* benefits it delivers to the economy, including the branding platform it provides for Australia to global markets and its role as a platform for the facilitation of global and domestic trade.

An indisputable achievement of the Government has been the recent signing of a number of Free Trade Agreements with Korea, Japan and China. At the time of writing this submission the TPP was still in the balance. The Business Events sector will be the facilitator of the new trade generated by these deals, as market participants travel to meet each other, study the opportunities, confer and exhibit their goods and services.

At a more sophisticated level, it can be argued the Business Events sector is the mechanism whereby the benefits of new FTAs can be diffused to the broader economy. It is obvious that elements of the Visitor Economy and their employees will benefit from the FTAs via air travel, accommodation, restaurants and tours. What is less obvious is the benefit to other elements of the economy, including transport and other trade services, which support the delivery and construction of the infrastructure that supports conferences and exhibitions.

**Business Events Council of Australia** is an alliance representing:

Association of Australian Convention Bureaux - Australian Convention Centres Group - Exhibition and Event Association of Australasia - International Congress & Convention Association (Australian Chapter) - Meetings & Events Australia - Professional Conference Organisers Association

## Australia's Business Events performance

Notwithstanding the significance of the Business Events Sector to the Australian Economy as noted above, unfortunately we find ourselves in the position where our global market share of the Business Events sector is in decline.

Recently published data by the International Congress & Convention Association suggests that while the number of international association meetings recorded in 2015 increased by 5 per cent to 12,076, Australia's market share decreased from 2.3 per cent to 2 per cent.

Global competition is fierce and Australia is faced with a significant growth in competitor infrastructure in our region supported by governments prepared to "buy" business for their new convention and exhibition centres. In China alone, there has been some 200 new convention centres built in the last decade.

Our competitors' use the technique of "subvention" funding, whereby, in a nutshell, customers are offered a cash payment per delegate to win their business. This is particularly attractive to the lucrative global Association Market, dominated by the value-conscious not-for-profit sector.

### Proposal: An Australian Bid-Fund

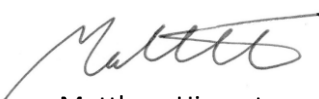
Despite these attractive cash incentives from our competitors, which Australia cannot match, we still stay high in the consideration set of much of the global business events market. This is testament to our brand values of our environment, our people and our governmental and legal stability, along with the technical excellence of the services the Australian business events sector provides.

Nevertheless, we are an expensive destination to travel to, particularly for the cost-conscious Associations Market. BECA has recently proposed, in other fora, an (up to) \$10 million per annum "bid fund", funded by the Federal Government and leveraged by the private sector and state governments, to defray the costs of large (or highly valuable or strategic) conferences and exhibitions. These funds would only be expended if the bid is won, and therefore the proposal is for "up to" \$10 million. It is proposed that the fund be jointly administered by Government and the industry and that (unlike the subvention funding of our competitors), be transparent to the Australian taxpayer.

There is enough evidence from the market via Convention Bureaux around the country that Australia is losing market share because we "fall over" at the last moment in the face of our competitors "buying" the business via subvention. As noted above we cannot and should not compete with these practices, however we can make it a little easier for association boards around the world to choose Australia for their next conference or exhibition.

I have attached our more recent data from EY and our original study. I would be happy to provide further advice.

Yours sincerely,



Matthew Hingerty  
Chairman

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