



## Association of Australian Convention Bureaux

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10 February 2020

The Hon Michael Sukkar MP  
Minister for Housing, Assistant Treasurer  
The Treasury  
Langton Crescent  
Parkes, ACT 2600

Dear Assistant Treasurer,

As the peak body for Australia's convention bureaux (the state and local government agencies tasked with attracting major meetings, incentives, conventions and exhibitions to our cities and regions), the AACB welcomes this opportunity to lodge a pre-budget submission. We recommend that the 2020-21 Budget include initiatives to assist in recovery after the bushfire and novel coronavirus crises, and support growth of the business events industry nationally.

The start of 2020 has been tough for many in the visitor economy across the country. The severe bushfires that devastated many parts of regional Australia this summer have led to tens of thousands of cancellations during a peak tourism period including Chinese New Year. Although regional destinations have been disproportionately affected, the global image of Australia as a safe destination has been tarnished. We know there is a lot of misinformation spreading globally about the Australian bushfires via mainstream and social media channels that needs to be addressed.

There is a real risk that major business events provisionally planned to take place in Australia over the next few years may move elsewhere or be scaled back. There are currently just over 400 international business events confirmed for Australia over the next six years. These events are expected to attract around 475,000 total delegates to our cities and regions<sup>1</sup>. However, a further 256 international bids are awaiting a decision. These would bring an additional 250,000 delegates and stimulate Australia's visitor economy.

Added to the impact of bushfires has been the emergence of a new pandemic illness, Novel Coronavirus, that is preventing tens of thousands of visitors from Australia's largest overseas inbound market, China, from leaving their homes for travel to Australia. The effect of the travel ban is yet to be fully calculated, but early estimates point to a 10 per cent reduction in Chinese arrivals for 2020<sup>2</sup>.

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<sup>1</sup> *Business Events Forward Calendar*, Association of Australian Convention Bureaux, Canberra, July 2019

<sup>2</sup> Mark Ludlow, *Tourism hit by coronavirus 'double whammy'*, *Australian Financial Review*, January 2020



We welcome the first additional \$76 million tourism package allocated by the Morrison government through the \$2 billion Bushfire Recovery Fund to encourage international visitors to come back and get Australians to holiday locally.

The business events industry has consistently backed visitor economy recommendations that funding for Tourism Australia be increased in real terms in order to retain market share in international markets. Tourism Australia's *Matesong* campaign is well placed to resume once appropriate. There will be further assistance required to counter the effect of Coronavirus once the travel ban is lifted and confidence is restored.

What experience from both previous bushfires and pandemics prove is that it is often business travel that bounces back first. The need to travel for business is a stronger driver than leisure holiday-makers. The 2003 Severe Acute Respiratory Syndrome (SARS) outbreak saw delegates returning to Australia within months of the World Health Organisation clearing travel.

We praise Tourism Australia for the speed at which it activated the *#EventHereThisYear* campaign to encourage Australian businesses and event planners to hold their meetings, incentives, conventions and exhibitions at home rather than overseas. This sends the message that Australia is open for business.

Similarly, state governments have invested in many conference facilities in regional areas as part of previous bushfire recovery plans<sup>3</sup>. Notably, the 430-seat Marysville Conference Centre opened in late 2015, with construction funded through a \$28 million Victorian government project to rebuild Marysville after the Black Saturday fires<sup>4</sup>.

We support the government's recognition that the visitor economy will require stimulation in 2020. We believe business events are well placed to assist in this recovery.

Business events are the most lucrative part of the visitor economy, with conference attendees spending 77% more per day than leisure tourists. For example, delegates attending business events at the International Convention Centre Sydney generated \$785 million in direct expenditure for New South Wales in its first year of operation<sup>5</sup>. Internationally, governments support their business events industry, knowing that without appropriate investment, hundreds of millions of dollars of economic activity would otherwise be spent in another country's venues, hotels and restaurants.

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<sup>3</sup> *Wastnage, Justin, Meeting Future Needs - Analysis of long-term options for Business Events Victoria, Melbourne 2016*

<sup>4</sup> *Projects & Programs: Marysville Hotel and Conference Centre, Regional Development Victoria, December 2015*

<sup>5</sup> *ICC Sydney's Annual Performance Report, Deloitte Access Economics, Sydney 2017*



The federal government's commitment to supporting business events was made evident by the launch of the national Business Events Bid Fund in March 2018. The \$12 million three-year program has helped Australian cities win hosting rights for almost 30 large business events. With the bid fund approaching the end of its initial allocation, evidence points to a seven-fold return on investment.

The event type benefiting most from the bid fund to date has been international association conventions, which accounted for 64% of bids supported by the fund. These multi-day conventions bring in thousands of delegates from around the world – experts in their field. For this reason, Australian cities face the greatest competition to attract these events. They are also, however, extremely expensive to stage, leading organisers to seek government assistance. This sector needs assurance of the continued availability of funding, as many international event organisers plan years and even decades into the future.

In order to build on the early success of the bid fund, we recommend it becomes a permanent budget line item, with funding allocated in addition to Tourism Australia's appropriation.

To increase Australia's share in the lucrative yet highly competitive business events market, we also urge the Government to:

- Increase investment in Tourism Australia in real terms, as well as the successful Export Market Development Grant scheme to drive demand.
- Deliver the planned review into visa competitiveness in 2020-21, especially as they relate to business events; and
- Invest in more robust business events measurement metrics.

These priorities support our previous submissions and are in line with the Business Events Council of Australia's policy framework for the industry. We set these policy objectives out in further detail over the next few pages. However, we refer Treasury to previous submissions as set out in references for those who require further detail on our proposals.

Yours faithfully,

Andrew Hiebl  
Chief Executive Officer



Association of Australian  
Convention Bureaux

Members of the board of the Association of Australian Convention Bureaux

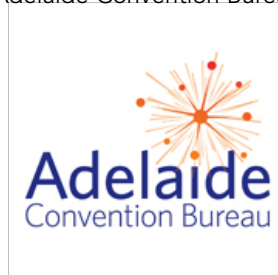
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BUREAU**



## Priority 1. Drive Demand

### 1.1 Retain and boost the successful Business Events Bid Fund program.

**RECOMMENDATION:** Based on the significant success of the program, the AACB is recommending that the government make the Business Events Bid Fund permanent, boosted to \$10 million per annum in addition to Tourism Australia's appropriation.

In December 2020, 500 of the finest minds in artificial intelligence will converge on Canberra for a four-day conference. The Institute of Electrical and Electronics Engineering (IEEE), the world's largest technical professional organisation dedicated to advancing technology for the benefit of humanity, selected Canberra for the 2020 IEEE Symposium Series on Computational Intelligence ahead of Orlando in Florida. The win is highly prestigious for a destination such as Canberra, whose remoteness and associated staging costs play against it in the international marketplace of conference hosting rights.

The IEEE event organisers were convinced by two factors: the input from the University of New South Wales's Canberra campus as academic hosts, combined with the financial assistance offered by the federal government in concert with the Australian Capital Territory government. The Canberra Convention Bureau accessed bid support funds from the Tourism Australia-Administered Bid Fund.

*"Canberra would not have won the IEEE event without both engagement from UNSW Canberra and access to the Tourism Australia bid fund. Early in the bidding process we recognised that Australia had much higher costs than the preceding event to be held in China. Around 600 international delegates will contribute over \$1.3million to our economy, will showcase our credentials in artificial intelligence and will leave the legacy of an annual AI Week event."* **Michael Matthews, CEO, Canberra Convention Bureau**

Crucially, the bid fund enables smaller destinations to activate their knowledge communities and provide a platform for them to share their work globally from our destination.

Since its introduction the Bid Fund has assisted Australian destinations win 28 major business events with a combined economic impact of \$306 million<sup>6</sup>. The estimated return on every dollar invested by the Australian Government for business event bids converted is \$62 for the Australian economy. Around 64 per cent of successful bids funded have been from the international association market, a fiercely competitive sector where Australia has been frequently outbid.

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<sup>6</sup> *Bid Fund Progress Report, Business Events Australia, November 2019*



However, Australia's bid performance for the 12 months to 30 September 2019 shows that international association bid wins are down 28 per cent compared against the year prior. Worse still, the delegate numbers expected to the confirmed wins during this period are even more depressed, by almost 50 per cent, with these large conventions downgrading future delegate estimates.

Part of this is cost-cutting on behalf of major corporations, but reducing long-haul travel by air is another key factor. Of those deciding not to host their international association convention in Australia, the top three reasons cited were:

- **38% Geographic Preference** including perception of the destination and travel distance.
- **23% Total Cost and Financial Package** offered by competitors.
- **18% Executive Influence** of key decision makers.

The Bid Fund is a sound mechanism to offset the high cost holding a business event in Australia and improving our global competitiveness. However, worrying for future business is the 18 per cent of decisions to host international business events elsewhere was influenced by those in the management committee. CEOs and boards are more likely to be swayed by negative concerns over the bushfires, Australia's response to them or the relatively poor perception of Australia's climate change and environmental policies.

The wider downturn of the global economy is already placing the forward calendar at risk. The Coronavirus affecting visitor arrivals from China will exacerbate this slowdown. As at July 2019, there were 401 international business events confirmed for Australia through to 2026 by AACB's member convention bureaux. While some of these events are at risk in the short term, so too are the 475,000 delegates expected to attend them, with an estimated direct spend of \$1.3 billion to the Australian economy. Innovative delegate boosting campaigns must be considered to maintain these visitor numbers.

There are also a further 256 international business events scheduled to take place around the world over the next seven years with consideration being given to Australia to host, thanks to the bidding efforts of our convention bureaux. Together, these business events would attract up to 180,000 high-spending international delegates. It is critical to Australia's visitor economy that the governments on all levels do all they can to ensure these business events come to Australia, rather than to one of our regional competitors.

With only 28 successful applications out of 115 submitted to the Bid Fund, there is clearly scope to expand and extend the scheme further. Convention bureaux and their clients need certainty in the ongoing nature of the program in order to bid for opportunities beyond its initial three-year term.



## **1.2 Increase funding for Tourism Australia destination marketing to recover long-term damage to Brand Australia.**

**RECOMMENDATION: Ensure funding for Tourism Australia and its specialised business events division is secured over the long term, with growth in real terms.**

**RECOMMENDATION: Deliver additional funding to the 'initial' Tourism Recovery Package to include a direct and unique response to the impacts of the Novel Coronavirus.**

Tourism Australia not only plays a critical marketing role through its specialised business events unit, but it also positions Australia's Brand globally, as the best place in the world to meet and do business. The recent bushfires have damaged our safe, clean and green image.

As was speedily recognised by the Morrison government, the tourism industry required urgent additional funding to get the message out to source markets that it is open for business. The AACB welcomes the \$76 million Tourism Recovery Package.

However, beyond the immediate response, the longer-term funding of destination marketing needs to be secured. In common with other parts of the visitor economy, the business events industry would like to see the federal government restore the cuts previously made to Tourism Australia and maintain future funding growth in real terms<sup>7</sup>. Without adequate funding for Tourism Australia, the agency loses its competitive edge internationally, and places recovery efforts in jeopardy.

Visitors to Australia spend \$15 for every \$1 in government funding for the destination marketing exercises of Tourism Australia. This translates to a benefit cost ratio of 6:1 (even once displacement effects and the marginal costs of public funds are considered). As the Australian Chamber of Commerce and Industry's Tourism Committee noted, New Zealand spends well over double per person on tourism promotion, especially in the crucial Chinese market<sup>8</sup>.

By 2022, direct tourism employment will overtake manufacturing to become Australia's number one employer. Some eight per cent of Australians will be employed in the visitor economy, compared with 2.3 per cent in agriculture, 1.8 per cent in mining, 6.7 per cent in manufacturing and 3.5 per cent in financial services<sup>9</sup>.

As our rivals increase their destination marketing expenditure, notably New Zealand, forecast growth in international visitation is put at risk. Tourism Australia is less able to implement its marketing strategies and staff its in-market offices, if it is not given an internationally competitive footing. In addition to responding to the current crises, Tourism Australia needs a long-term commitment to funding growth in real terms.

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<sup>7</sup> *Australia's Super-Growth Industries - 2018-19 Federal Pre-budget Submission*, Tourism & Transport Forum, Sydney, January 2018

<sup>8</sup> Australian Chamber - Tourism's 2017-18 Pre-budget submission to Treasury, February 2017

<sup>9</sup> Albert Stafford, *Tourism: Supercharging Australia's Future*, Tourism & Transport Forum, January 2018





### **1.3 Boost successful federal grant programs, such as EMDG.**

**RECOMMENDATION: Continue to increase investment in the Export Market Development Grant scheme and reverse the rules applied to approved bodies on funding mix, restoring the initial intent of the program.**

AACB welcomes the additional investment by the Government of \$60 million to the Export Market Development Grant (EMDG) scheme, which has reversed years of neglect and cuts. However, more is needed to provide certainty in the program.

Due to current oversubscription rates, reductions in the second tranche payment is challenging that certainty by applicants. The scheme must expand in line with demand in order to grow and nurture export opportunities by Australian businesses.

We also need to ensure that convention bureaux (as approved bodies), whose role it is to market cities and regions to the world with the specific goal of securing large international business events, are not penalised from grant funds on offer due to their public private partnership structures<sup>10</sup>.

The current eligibility rules around government funded entities claiming the EMDG effectively limit the amount of overseas promotion convention bureaux can do. Convention bureaux have consistently seen their grants reduced in line with other government funding received.

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<sup>10</sup> AACB Submission to the 2015 Review of the Export Market Development Grants Scheme, Melbourne, March 2015



## Priority 2. Improve visa competitiveness for business events

**RECOMMENDATION: Ensure the promised review of visa charges, fees and processes is completed within the 2020-21 financial year and promptly acted upon.**

**RECOMMENDATION: Consider enacting a mechanism by which the federal government can waive or reduce visa application fees for large groups of qualified international delegates to stimulate corporate incentive travel in the recovery phase.**

AACB welcomes the Coalition Government's pre-election commitment to "commission a review to benchmark Australia's visa settings against our major international tourism competitors, as well as identify areas for improvement"<sup>11</sup>.

We have yet to receive any formal details of this review, yet the time to assess our global competitiveness is now. Asian leaders have highlighted the significant disparity between the laborious and costly visa application processes of many Asian travellers against the easy access afforded to Australians visiting in the other direction<sup>12</sup>.

Although we are yet to fully assess the impact of Coronavirus on travel to Australia, initial indications suggest a 10 per cent drop from 2019 levels. Most of this drop-off will be in Asian travellers. One key area for improvement that could be achieved by streamlining and automating the visa application process through the greater use of sophisticated digital technology (as flagged in the policy announcement) is to close the gap between European and Asian visitors.

As Australia seeks to spearhead recovery from the twin effects of the bushfires and Coronavirus, it must prime the market by encouraging business travellers to Australia, who can spread the word via their networks that Australia is safe and ready for visitors again.

Like other parts of the visitor economy, business events are reliant on international travel, and the continued growth of the industry depends on growth from Asia. This is also particularly true of incentive travel source markets. Yet, Australia restricts access to this very market. Unlike Europeans, most Asian visitors face an expensive visitor visa option of around \$250 per visitor.

Additionally, many specialist staff engaged in the staging and management of events on behalf of international organisation require short term specialist working visas, which are often several thousand dollars in additional expense that our competitor destinations do not levy.

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<sup>11</sup> *Our Plan to Back Australian Tourism and Jobs*, Liberal Party of Australia, Sydney, May 2019

<sup>12</sup> Elias Visontay, *Scott Morrison to rethink visa entry for Indonesians*, *The Australian*, 10 February 2020



The most recent comprehensive visa review was carried out in 1995 by the Joint Standing Committee on Migration. Many of its recommendations around extending visa free travel to Asian countries or implementing multiple entry visas for business travellers have been only partially implemented. More recent work continued to highlight the disparity between Asian visitors and those from Europe<sup>13</sup>.

Our analysis shows that delegation sizes are typically 15-20 per cent smaller than for conferences held in visa-free countries in Asia. The industry would like to see the renewed expansion of electronic travel authorities for Asian countries, as commenced under the Howard Government.

When the cost of obtaining a visa (either financial or time) is too high, potential travellers will go elsewhere<sup>14</sup>. In the case of conference delegates, budgetary constraints play a major role in securing approval to travel for around 60 per cent of delegates<sup>15</sup>.

Employee reward travel, or incentive programs, is the most price sensitive of all, with travel agents organising mass group visits to luxury accommodation and Australia's world-famous attractions. Any saving that can be offered as part of the bid proposition makes Australia more competitive against other cost-effective destinations. Other countries have formalised programs to discount visa application fees for large scale corporate incentive groups, as part of the bid package.

For the incentive travel sector, the cost factor of visa fees are even more acute, as demonstrated by the recent loss of an 8,000-delegate trip from China that would have cost \$1.3 million in visa fees. Instead, the event was won by New Zealand which waived visa charges and saw some NZ\$60 million of expenditure flow to the New Zealand economy<sup>16</sup>.

The AACB's latest research suggests that 17 per cent of all bid losses are due to high total cost of hosting an event in Australia, including airfares and visas. This increased to 21 per cent when looking at the corporate market in isolation.

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<sup>13</sup> Wastnage, Justin & Labine-Romain, Adele, *Visitor Visa Reform: Reducing the barriers for travel to Australia*, Tourism & Transport Forum, Sydney May 2015

<sup>14</sup> *The Impact of Visa Facilitation in APEC Economies*, UN World Tourism Organization and World Travel & Tourism Council, Madrid, 2013

<sup>15</sup> *Association Conference Delegate Behaviour*, Snapcracker for Tourism Australia, Sydney August 2016

<sup>16</sup> *Supporting the jobs of today, generating and securing the jobs of the future*, Business Events Council of Australia, March 2018



### Priority 3. Invest in more robust business events metrics

**RECOMMENDATION: Enhance the national and international visitor surveys for business events and compliment by investing in robust aggregated and segmented data capability (as identified by the Beyond Tourism 2020 Steering Committee).**

The business events industry backs additional investment and reform to its measurement, as supplied by Austrade. The visitor economy as a whole needs access to better data. Without it, it makes assessing the impact of crises and planning for recovery extremely difficult.

Data drives industry, business and government decision making. If the benefits, strengths and weaknesses of any industry cannot be measured, they cannot be managed. The best way to do this moving forward is to implement big data sources that compliment and enrich best practice visitor surveying methods.

Tourism Research Australia's international (IVS) and national visitor surveying (NVS), in addition to their analysis overseas arrivals and departure data collected by the Australian Bureau of Statistics, have been regarded as the gold standard around the world. Sadly, recent resourcing issues have constrained innovation and reversed this accolade<sup>17</sup>.

The data on business events delegates is incomplete when it comes to the IVS and NVS. The IVS falls short in that its questioning focuses on personal spend, missing out on the lucrative business contribution to delegate travel, and the NVS no longer investigates domestic delegate spend due to the small sample size.

Our own industry analysis shows that although visitors to Australia are estimated to spend \$15 for every \$1 in government funding Tourism Australia receives, delegates are estimated to spend at least 150 per cent more and potentially seven times more per head<sup>18</sup>.

However, visitor spend is only a small part of the overall contribution that business events offer the Australian economy. A focus on visitor spend only ignores the significant benefits attributed to people meeting face-to-face such as stimulating trade and investment, transferring knowledge, nurturing research collaboration, boosting innovation and productivity, promoting cultural exchange and attracting global talent.

Business events needs reliable data on visitor spend and behaviour, as well as research into their beyond tourism benefits. We urge the government to carry out its pledge to deploy the very latest and most sophisticated digital technology in collecting and modelling this data<sup>19</sup>.

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<sup>17</sup> Albert Stafford, *Tourism: Supercharging Australia's Future*, Tourism & Transport Forum, Sydney, January 2018

<sup>18</sup> Australian Chamber - Tourism's 2017-18 Pre-budget submission to Treasury, February 2017

<sup>19</sup> *Our Plan to Back Australian Tourism and Jobs*, Liberal Party of Australia, Sydney, May 2019



## Conclusion

In conclusion, the business events industry is pleased that the Business Events Bid Fund is now in operation and achieving results in terms of successful bid wins. The program now needs to be given permanent budget funding, in addition to that of the delivery agency, Tourism Australia.

As the country enters economically uncertain times with no support from the impacts of bushfires and the Coronavirus, business events can provide a steady and growing source of income for 193,000 workers in our cities and towns. Yet the ability to accurately record the industry's impact has fallen behind. As one of several visitor economy sectors identified by the federal government as high growth, business events is calling for adequate funding for effective measurement of the economic impact of meetings, incentives, conventions and exhibitions.

Focus also needs to shift to reforming visitor visas to ensure that we maximise the Asian knowledge century that is in full swing. If we do not embrace the tiger on our doorstep, there are plenty of places with the welcome mat laid out.

Finally, the underfunded, yet successful export market development grant scheme needs additional investment to provide better certainty to Australian exporters. The approved body rules over structure and resourcing mix must also be reviewed to better support the international marketing activities of convention bureaux to promote Australian destinations as premium centres for the world to meet.

We would welcome the opportunity to outline any of the policy positions set out in this brief submission with Treasury.