

Deloitte Access Economics

Australia's international
business events sector:
the economic and
strategic value
proposition

Association of Australian
Convention Bureaux Inc.
(AACB)

May 2014

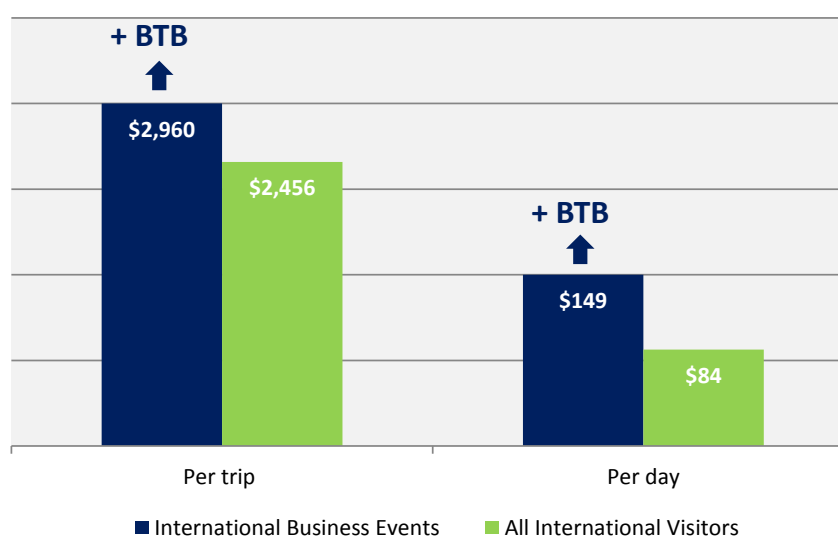
Key findings

This report focuses on the economic value of international business events facilitated by Australia's network of convention bureaux – this is a subset of the broader business events sector, which is referenced in early parts of this report for context and comparison.

Direct economic value

- **The business events sector is a high-value, fast-growing component of Australia's visitor economy –**
 - One in five dollars spent by international visitors in Australia is spent by an international visitor attending some form of business event.
 - Expenditure by international business events delegates generated an estimated \$2.2 billion in GDP and 22,500 jobs in 2012.
 - International business events delegates spend, on average, 21% more than other international visitors over the course of their trip – and 77% more per day (see Chart i).¹
 - Days by international business events delegates have grown at twice the pace of overall visitation over the last four years, while expenditure has grown nearly five times faster.
- The business events sector also **augments economic activity well beyond directly measurable metrics**, underpinning knowledge creation and exchange, innovation and investment, among others positive impacts – economic value referred to as 'beyond tourism' benefits.
 - International business events bring international expertise and world-best practices to Australia, while attracting skilled migrants by showcasing Australian education and business possibilities.

Chart i: International visitor yield comparisons, 2012



Source: Deloitte Access Economics, based on TRA data. BTB refers to 'beyond tourism benefits'. International visitors whose reason for travel is education are not included as their average expenditure and duration of stay skew yield numbers.

¹ Comparison excludes international students.

- **Australia's convention bureaux are instrumental to the performance of the business events sector**, working to secure, facilitate and support major business events, while also marketing their city, region and Australia as a leading business events destination.
 - Visitors attracted to business events facilitated by Australia's network of convention bureaux are a high-yield subset of the broader business events visitor market.
 - Those visitors whose primary purpose of travel is attending a conference or convention spend nearly three times that of average international visitors (\$236 per day).
 - Noting the role played by convention bureaux in contributing to the generation of the \$2.2 billion in GDP referenced above, international business events directly secured by convention bureaux in FY 2013 contributed an estimated \$241 million to the nation's GDP and generated 2,460 jobs.
 - In FY 2013, the nation's convention bureaux secured 356 international business events, or 68% of those bid for – a success rate which has remained relatively stable over the last four years.
 - Despite maintaining its bid success rate, the number of delegate days secured by the industry has recently fallen, as competition for international business events has increased.

Policy alignment

- There is also a **significant level of alignment** between the endeavours of convention bureaux and the strategic imperatives of industry and government.
 - The trajectory and focus of convention bureaux activity is aligned with both industry targets – that is, Tourism2020 – and the strategies of Australia's business and political leaders.
 - The endeavours of convention bureaux – that is, the types of events they are targeting – can be readily refocused to support the priorities of government and business as these priorities shift over time.
- Indeed, the activities of convention bureaux work to directly augment several of the Australian Government's stated policy priorities and imperatives², including:
 - ***Building a stronger, more productive and more diverse economy***
 - The tourism expenditure generated by the pursuits of Australia's convention bureaux – as outlined above – contributes materially to the nation's economic growth.
 - Innovation – one of the key drivers of productivity – is stimulated through the endeavours of convention bureaux via the creation of knowledge and the exchange of information and ideas that major business events facilitate.
 - Another key productivity driver is human capital – people and skills – and business events are a direct means of professional development by exposing members of the Australian labour force to international expertise and best practice.

² As outlined in Our Plan, Real Solutions for All Australians: the direction, values and policy priorities of the next Coalition Government.

- The diversity of the Australian economy is fostered and advanced through convention bureaux activities via the introduction of new technologies, ideas and networks that major business events facilitate.
- **Delivering more growth from Asia**
 - Delivering more growth from Asia requires deepening our economic understanding and strengthening our economic ties.
 - Major international business events are a demonstrated mechanism for establishing and expanding professional networks, promoting cultural exchange, building relationships and economic linkages and promoting Australia as a destination to invest, live and do business in.
 - Today, 30% of international business events delegates are from Asia – and the growth prospects are greater than any other market. Delegates from Asia/Middle East represent the fastest growing cohort of international meeting participants since 1998, representing almost 20% of total participants in 2012 – second only to European delegates.
- **Building a diverse, world-class 5-pillar economy – by building our strengths in Manufacturing Innovation, Advanced Services, Agriculture Exports, world-class Education and Research, as well as boosting Mining Exports.**
 - The portfolio of business events that Australia currently hosts is broader-ranging in its industry representation, covering all five pillars. Looking ahead to 2020, convention bureaux have already secured a recorded estimate of 265,316 delegates across 278 international business events (amounting to approximately 1.1 million days).
 - Of this, 206,756 delegates (amounting to approximately 911,794 delegate days) relate to international business events falling under **the five pillars** – with a recorded estimate of 114,798 delegates expected to arrive from overseas (amounting to approximately 506,259 delegate days).
 - Perhaps more significantly, convention bureaux can help drive the policy and strategic focus of governments by directly aligning the business events they bid on with the priorities of government – be that at an industry or geographic level.
- **Delivering stronger and better communities**
 - A key plank of community strengthening is promoting growth and development in regional Australia.
 - The endeavours of convention bureaux support regional development through two key channels: First, through securing satellite events for regional locations; and, second, through facilitating pre- and post-event touring by delegates. 26% of business events delegates are accompanied by at least one family member; and nearly 60% of delegates are likely to return to Australia for either business or leisure within two years.
 - While most international business events are held in capital cities, 46% of all business events delegates participate in pre- or post-event tourism, much of which is in regional Australia.
 - The success of capital city venues in securing international business events also increases the likelihood that domestic business events will be encouraged to regional locations, bringing economic benefits with them.

Opportunities and imperatives

- Looking forward, **the economic opportunity in the international business events market is a significant one** – and, moreover, one that Australia is well placed to capitalise on given our facilities and expertise; attractive tourism assets; and, proximity to fast-growing Asia.
- However, **there are challenges afoot** – the global business events market is an increasingly competitive one.
 - Growing international competition for the staging of business events, particularly in the form of subvention funding by governments in Asian Pacific and Middle East destinations, is contributing to the decline in Australia's share of the international meetings market.
 - Maintaining and enhancing Australia's position as a leading business events destination will require increasing focus and effort from both industry and government.
- There are sound economic arguments to justify support of convention bureaux endeavours by all levels of government – arguments which are strengthened in light of both the opportunities and challenges the sector is currently confronting.

Deloitte Access Economics