

Submission by
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Smart Cities Plan public consultation
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Attracting talent, growing prosperity. The role of business events in cities.



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The new International Convention Centre Sydney will open in late 2016.

Executive summary

The Department of Prime Minister and Cabinet is to be commended on its Smart Cities Plan. Australia is a highly-urbanised country and the sustainable growth of our cities is central to our collective continued prosperity.

Australia needs to continue to grow its knowledge-based industries to counter the slowdown in our resources sector.

The Smart Cities Plan correctly identifies that Australia's growth as a knowledge based economy goes hand in hand with the growth of our cities¹. The plan highlights jobs and human capital as two essential elements.

Convention bureaux market our cities internationally. They are funded by city and state or territory governments in partnership with local hotels, conference centres, meeting facilities and support services. They are responsible for attracting global talent to our cities for major gatherings.

New ideas are crucial to Australia's future prosperity. New ideas rely on collaboration.

Meetings and conferences spark innovation.

Business events are not only important economic drivers for cities but they are also reputation builders for cities.

Fringed by beaches, our safe, secure and modern cities are highly aspirational destinations for visitors from many nations.

With highly-acclaimed food, clean air and recreational activities, our major cities are particularly attractive to Asian visitors².

Yet our cities' ability to attract major conferences is slipping as our rivals across therein raise their game. New facilities and stronger investment are luring more of the knowledge-transfer events offshore.

With the investment in convention centres primarily the responsibility of the states or territories, there is an ability for the federal government to help fill the infrastructure.

Through a targeted bid support fund, Australia can recapture its place in the top ten of convention host countries again.

¹ *Smart Cities Plan*, The Department of the Prime Minister and Cabinet, Commonwealth of Australia 2016

² Asian visitor survey, Business Events Australia, Sydney 2014



Cairns Convention Centre is a key economic driver for Cairns and far north Queensland.

Convention bureaux market cities as destinations

There are more than 12 convention centres and large meeting venues in Australia. These facilities are in urban locations and the bulk are in our major central business districts.

Unlike state tourism boards, convention bureaux market cities as destinations. Each markets their destination to corporate meeting planners, conference organisers, international associations and incentive travel buyers.

Unlike state tourism boards, convention bureaux are public-private partnerships between local government, state government and city businesses. Across the globe convention bureaux have evolved as the preferred model of city destination marketing. Today only around 10 percent of cities do not have a dedicated convention bureau³.

The Association of Australian Convention Bureaux (AACB) brings together the 16 most influential convention bureaux from Australia's major cities and regions.

As such, we welcome the opportunity to provide comment on this important and ambitious city plan.

BUSINESS EVENTS FAST FIGURES

Conferences, meetings, exhibitions and incentive group travel collectively contribute over **\$28 billion** in direct expenditure and around three times that in flow-on expenditure*.

180,000 Australians are employed directly or indirectly by business events.

37 million people attended the more than 412,000 business events across Australia in 2013-14*.

Expenditure by international business events delegates generated an estimated **\$2.2 billion** in gross domestic product in 2012‡.

Total business events delegate spend was up 3% to in 2014, with international delegate opening up **8%**^.

* The Value of Business Events to Australia, Ernst & Young for the Business Events Council of Australia, Sydney February 2015

‡ Australia's international business events sector: the economic and strategic value proposition. Deloitte Access Economics for AACB, Melbourne 2014

^ Tourism 2020- The Business Events Sector Quarterly Progress Report, Business Events Australia, Sydney 2015

³, Global Report on City Tourism - Cities 2012 Project, World Tourism Organization, Madrid 2012



The business of meeting

Of the five super growth industries set to cumulatively contribute \$250 billion to the national economy over the next 20 years, tourism provides the highest return⁴.

For every \$1 spent directly by a visitor to Australia, 92¢ flows to the community through indirect spend.

Business events constitute the most lucrative of all tourism sectors, with one in five dollars spent by international visitors to Australia spent by those attending a business event⁵. These delegates spend 77% more per day than leisure visitors.

The benefits of conventions, exhibitions and conferences flow beyond the meeting room well into local communities.

Successive city and state governments have invested in modernising, expanding or reconstructing conference facilities. Convention and exhibition centres may provide high-profile statements of intent marketing cities as attractive places for inward investment⁶.

⁴ Deloitte Access Economics, Positioning for Prosperity? Catching the next wave, 2013

⁵ The Value of Business Events to Australia, Ernst & Young for Business Events Council of Australia, Sydney February 2015

⁶ Nako Tashkov and Tatjana Dzaleva, Relationship between tourism policy place image and business investments, Goce Delčev University, Štip

The four main types of business event are:

- **Meetings.** Seminars, training sessions and briefings bring together colleagues and collaborators from regional, domestic and international locations into one city.
- **Incentives.** Group travel as a reward to high-achieving employees is a major product in Australia's inbound tourism portfolio.
- **Conventions.** The annual conferences of global associations can bring in up to 10,000 delegates into one city.
- **Exhibitions.** Over half of all business events have a trade show component.

Over 37 million people attended business events across Australia in 2013-14.

Leveraging the potential of high-yielding international business events is integral to achieving Australia's Tourism 2020 target of increasing overnight expenditure to \$140 billion.

Around the world, international business events are being used as strategic tools for attracting trade, investment and global talent.

**“We want to be a city
of opportunity and an
international hub of
creativity that attracts
talent, capital and
major events from
across the globe.”**

- Graham Quirk
Lord Mayor of Brisbane

Business events are important economic drivers, with a major convention attracting several thousand delegates to a city.

Some 178,000 jobs are reliant either directly or indirectly on the business events sector nationally. These jobs are overwhelmingly in our cities: In every state except Victoria and Tasmania, less than one-tenth of business event activity takes place in the regions⁷.

However, these business events can also promote regional Australia through pre-event and post-event touring.

But business events do more than create jobs. They enrich a city's intellectual brand and boost its reputation. These are two things smart cities prize as highly as the tangible assets of employment and economic contribution.

Today, the ability to attract the world's best and brightest to live and work in your city is a key indicator of a city's success⁸.

Although Australia is ranked a seventh most attractive place to work among the highly-educated global professionals, its attractiveness

is principally driven by lifestyle rather than professional challenge⁹.

Benchmarked against rivals, Australia's largest cities perform relatively poorly for attracting visiting professionals¹⁰.

This is a worry to our academic institutions, for whom collaboration is critical. Our scientists, universities and researchers rely on the cross pollination of ideas and fertilisation of concepts.

A 2014 survey of delegates attending conferences in seven cities internationally summarised the main benefits thus¹¹:

- **Knowledge expansion.** Over 72 per cent reported positive educational outcomes.
- **Networking.** The new relationships forged led to increased collaboration.
- **Awareness raising.** The destination showcasing through a major business event leads to 56 per cent repeat visitation.

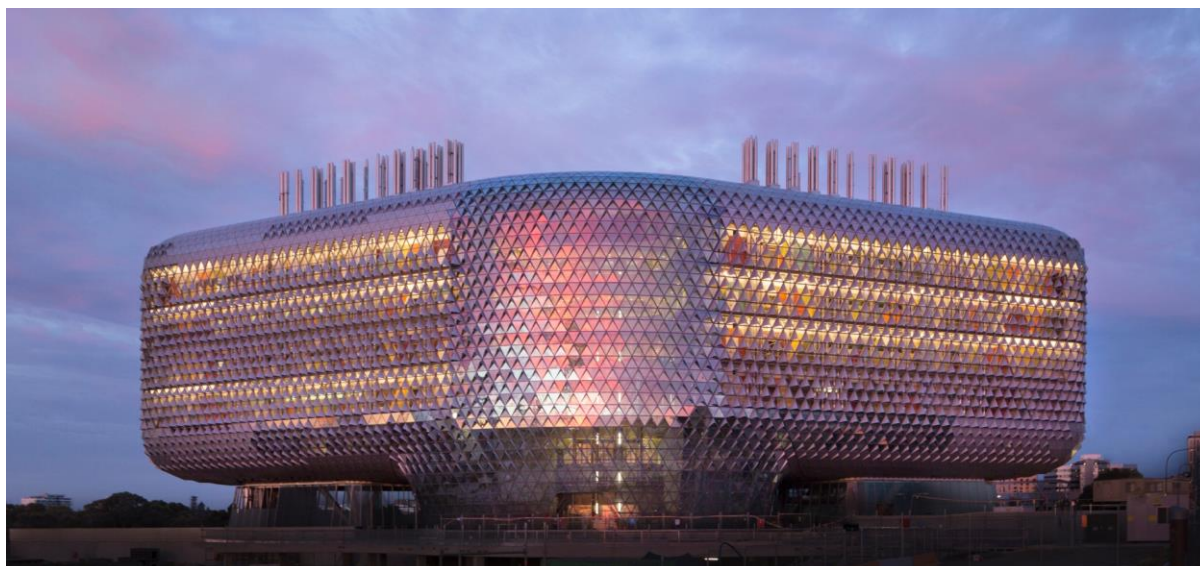
⁷ State Tourism Satellite Accounts 2013-14, Tourism Research Australia, Canberra, 2014

⁸ Deborah Bothum, *Cities of Opportunity: The urban rhythm of entertainment and media*, PricewaterhouseCoopers, London March 2015

⁹ Rainer Strack, Carsten von der Linden, Mike Booker, and Andrea Strohmayer, *Decoding Global Talent*, big Perspectives, Boston Consulting Group, Boston October 2014

¹⁰ *Toronto as a Global City - Scorecard on Prosperity*, Chartered Professional Accountants of Ontario, 2015

¹¹ Dr Carmel Foley, Dr Deborah Edwards, Dr Katie Schlenker, Ms Anja Hergesell, *Beyond Tourism Benefits - Building and International Profile*. University of Technology, Sydney for the Future Convention Cities Initiative, Sydney May 2014



The SA Health and Medical Research Institute is co-located with convention facilities. Woods Bagot

Smart cities need smart people

Melbourne and Sydney often vie with Swiss cities as the world's most liveable¹² and Australian cities are among the world's safest¹³.

But it takes more to attract top talent. Although Australia is ranked a seventh most attractive place to work among highly-educated global professionals, its attractiveness is principally driven by lifestyle and leisure pursuits rather than professional challenge¹⁴.

In an index of cities' innovation attractiveness, only Sydney makes it into the top 20 (at 18th), while Melbourne and Brisbane trail at 33rd and 57th respectively, with Perth, Adelaide, Gold Coast and Canberra only squeeze into the top 200¹⁵.

The cities with the highest innovation index all have high concentrations of talent from different backgrounds. These idea-sharing hubs benefit from intense collaboration that technology cannot fully replicate¹⁶.

¹² Caroline Bremner, *Top City Destinations Ranking*, Euromonitor International, Paris, 28 January 28 2016

¹³ *The Safe Cities Index 2015*, Economist Intelligence Unit London May 2015

¹⁴ Rainer Strack, Carsten von der Linden, Mike Booker, and Andrea Strohmayer, *Decoding Global Talent*, Boston Consulting Group, Boston October 2014

¹⁵ *Innovation Cities Index 2015*, 2ThinkNow, Melbourne 2016

¹⁶ Erik Brynjolfsson, *The Second Machine Age*, Massachusetts Institute of Technology, Cambridge MA 2011

In the highly-charged entertainment and media world, for example, cities of over two million people are home to over 80 per cent of all senior jobs¹⁷. Talent attracts talent.

For our cities to attract the world's best and brightest to live and work here, we need to ensure they inspire professionals and to surround talented people with other talented people from different disciplines.

Universities are the principal ideas-sharing venues in Australian cities. Our scientists, universities and researchers rely on the cross pollination of ideas and fertilisation of concepts.

But convention centres are another important class of idea-sharing venue.

There are examples of where the two co-exist to create centres of excellence. The South Australian Health and Medical Research Institute, for example, deliberately co-located near the Adelaide Convention Centre for the ability to stage major conferences.

¹⁷ Deborah Bothum, *Cities of Opportunity: The urban rhythm of entertainment and media*, PricewaterhouseCoopers, London March 2015



Bob Geldof interviewed at the 20th International AIDS conference. Asanka Brendon Ratnayake

Smart people need to collaborate

Collaboration at major international conferences is central to the flow of ideas.

As recently noted by the NSW chief scientist, Professor Mary O'Kane AC:

*"A great way for us to get access for lots of our researchers and students is to have world-leading experts and up-and-coming researchers come to us in Australia as part of a world congress or scientific meeting. The more prestigious the conference, the more leading researchers will come."*¹⁸

As illustrated by the 20th International AIDS Congress in Melbourne in 2014, the larger the convention, the more high-profile speakers it will attract, which in turn generates media interest and promotion for the host city.

Key to achieving global prominence is by attracting business travellers. Yet benchmarked against rivals, Australia ranks relatively low for attracting professionals to visit¹⁹.

No strategy is more successful in achieving this than to host major conferences, exhibitions and conventions. This extends beyond Sydney, Brisbane and Melbourne. Business events are by far the Gold Coast's strongest in terms of economic value²⁰, for example.

The annual gatherings of scientific professional bodies bring in thousands of delegates in one hit. The 12th International Coral Reef Symposium, for example, brought 2,000 delegates from 82 countries to Cairns²¹.

This kind of international association congress is an example of the blockbuster business events all our cities seek to attract.

The benefits to our cities lie equally in the connections forged between leading thinkers that spark future collaboration²².

But perceptions of Australia as a knowledge economy need strengthening through a dedicated marketing campaign highlighting our genius.

¹⁸ Prof Mary O'Kane AC, *The importance of conferences to a knowledge-intense economy and society*, address to the IMEX Joint Meetings Industry Council, International Meetings Expo, Frankfurt May 2015

¹⁹ *Toronto as a Global City -Scorecard on Prosperity*, Chartered Professional Accountants of Ontario, 2015

²⁰ *Gold Coast Destination Tourism Management Plan 2014-2020*, City of Gold Coast & Gold Coast Tourism Corporation, Broadbeach 2013

²¹ Coral Reef Symposium Case Study, Cairns Convention Centre, Cairns 2013

²² Prof Mary O'Kane AC, *The importance of conferences to a knowledge-intense economy and society*, address to the IMEX Joint Meetings Industry Council, International Meetings Expo, Frankfurt May 2015



The importance of meetings

Medical and scientific conventions, conferences, meetings and exhibitions are crucial to collaboration²³. Over 90% of delegates say knowledge gained at international conferences enhances their professional career²⁴.

This matters to cities as international scientific collaboration is in decline among our universities²⁵. Academic institutions in South Korea, Taiwan, India and Singapore have started to overtake Australian universities in the main academic paper authorship networks²⁶.

Australia's Asian neighbours have also significantly increased expenditure on medical research²⁷. China alone has trebled its public

funding for medical research over the past decade²⁸.

Global conferences are attracted to global cities. In the growing trend towards destination cities, Australia performs well, despite its geographical hurdles and lack of hub airport. Sydney is one of the top 20 destination cities among of 132 tracked globally²⁹.

This translates to the ability to secure prestigious events. In 2015 Australia hosted 247 major international conventions³⁰. Of these, Sydney hosted 86, placing it 25th in the world and 7th in Asia-Pacific. In the same year, Melbourne played host to 54 major global association congresses, which places it 49th in the world ranking. This is ahead of Brisbane (with 28 congresses hosted), Perth (17) and Adelaide (9).

A travel bursary could be used to bring academics and researchers from the developing world to our conferences.

²³ Prof. Leo Jago and Prof Margaret Deery, *Delivering innovation, Knowledge and Performance: The Role of Business Events*. Business Events Council of Australia, Sydney March 2010

²⁴ Dr Carmel Foley, Dr Deborah Edwards, Dr Katie Schlenker, Ms Anja Hergesell, *Beyond Tourism Benefits - Building and International Profile*. University of Technology, Sydney for the Future Convention Cities Initiative, Sydney May 2014

²⁵ Loet Leydesdorff, Caroline Wagner, Han Woo Park and Jonathan Adams, *International Collaboration in Science: The Global Map and the Network*. El Profesional de la Información Barcelona, 2013

²⁶ *The Science, Technology and Industry Scoreboard*, Organisation for Economic Coöperation and Development, Paris October 2013

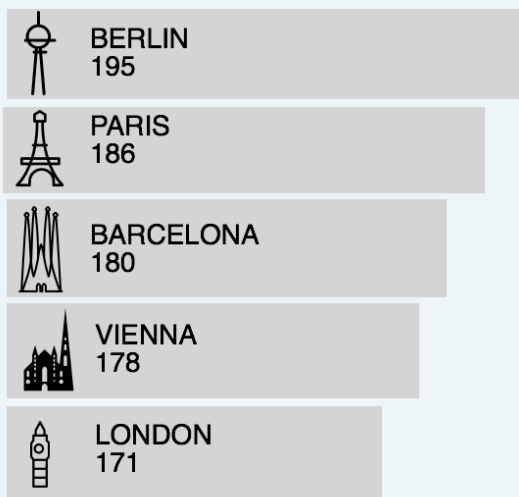
²⁷ Justin Chakma, Gordon Sun, Jeffrey Steinberg, Stephen Sammut & Reshma Jaggi, *Asia's Ascent — Global Trends in Biomedical R&D Expenditures* (10.1056/NEJMp1311068), New England Journal of Medicine, Waltham, MA, 2 January 2014

²⁸ *Will Australia's new medical research fund be the biggest in the world?* Australian Broadcasting Corporation, Sydney, 21 May 2014

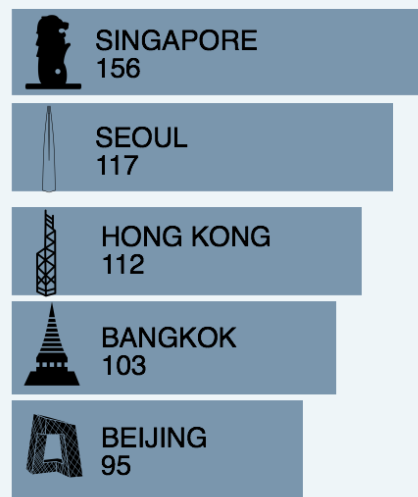
²⁹ Dr. Yuwa Hedrick-Wong and Desmond Chong, *Global Destination Cities Index Tracking Global Growth: 2009-2015*, MasterCard Worldwide Insights, MasterCard, Purchase NY, June 2015

³⁰ *ICCA Statistics Report 2015*, International Congress and Convention Association, Amsterdam, March 2016

TOP 5 EUROPEAN CITIES



TOP 5 ASIAN CITIES



Number of international conventions held in selected cities in 2015, by continent. Source: ICCA

Australia's ranking in decline

But Australia's share of the association convention market is in decline. In 2014 the total number of international conferences was 260. The drop to 247 in 2015 has taken Australia down to 15th position in the world even as the market grew by 5 per cent³¹.

As recently as 2006 Australia was in the top 10.

When ranked by city Australia is also out of the major league. In 2015 no Australian city made it into the top 20 of host cities for major international conventions³².

Although the heartland for associations is Europe and the USA (where the majority of annual conventions still take place), the focus on attracting the rotating global conferences has been keen in Asia.

Australian cities now compete with dozens across Asia-Pacific, where investment in meeting infrastructure has been intense and air connectivity is marketed as being superior to that of end-of-the-line Australia.

As a result, the Asian cities of Singapore, Seoul, Hong Kong, Bangkok and Beijing now occupy five of the 2015 top 20 rankings of global conference destinations cities (see graphic above).

The challenge for Australian cities is often financial. Our convention bureaux work with their state and local governments to secure prestige events. The support they offer organisers is in the form of discounted venue costs, civic receptions, and marketing contributions. They do so in a fiercely competitive international environment. The Asia Pacific conventions market is increasingly reliant on direct government subsidies that offset the operating costs of the event³³.

A recent survey of 398 conference organisers found that 72 per cent said that offers of financial support would be "game changers" in host city choice.³⁴

Australia needs a bid fund of at least \$10 million per annum to remain competitive.

³¹ ICCA Statistics Report 2014, International Congress and Convention Association, Amsterdam, March 2015

³² ICCA Statistics Report 2015, International Congress and Convention Association, Amsterdam, March 2016

³³ Sally Greenhill and Tony Rogers. *Subvention and Bid Support Practices for International Conferences and Events in Britain*, Business Visits & Events Partnership, October 2011

³⁴ *Executive Perspective 2016*, Destination Marketing Insights from Meeting Executives, Kliman Group for Fulcrum Media, Santa Rosa, January 2016



CeBIT Australia is one of Australia's largest trade shows for international visitors. GovNews

Exhibitions are innovation showcases

For many professions, exhibitions are key sales tools. In many countries, trade shows are the primary marketing tool³⁵.

As such, their value to cities exerting new technology cannot be underestimated. Trade shows are now an integral part of successful conventions in many major congresses.

However, elsewhere in the world, and notably Germany, the USA and Italy, trade shows are a lucrative way of filling exhibition centres in a less cyclical way than conferences.

Many governments use trade shows to showcase their manufacturers and exporters to the world, notably Germany where a fund of €120 million is set aside to attract exhibitions³⁶.

Australia is a small player in the exhibition market, with under 1% of global floor space³⁷.

Our Asia Pacific region is also a small player, with roughly half the exhibition floor space rented in both Europe and North America³⁸.

Yet with economic growth rapidly accelerating in Asia, the expectations are that this gap will close quickly. Almost 60% of Asian show organisers expect trade shows to grow significantly in 2016 and beyond³⁹.

Australia could position itself to benefit from this and showcase its innovation to Asia through a program of federally-funded reverse sales missions to leading trade shows.

To maximise Asian visitation to conventions and exhibitions hosted in Australia, visa fees need to be significantly reduced.

³⁵ Fallstudie- Integrierte Messeevaluation bei ABB in Deutschland, ABB Mannheim 2012

³⁶ Salons internationaux en France- Un tremplin à l'export pour les PME, Union française des Métiers de l'événement, Paris 2014

³⁷ National exhibition space available in 2011, UFI World Map, December 2011

³⁸ Global Exhibition Industry Statistics. Union des Foires Internationales, March 2014

³⁹ Global Exhibition Barometer 15th edition, Union des Foires Internationales, July 2015



The G20 brought the world's leaders and entourages to Brisbane. White House

How government can help

The federal government's hand in attracting major business events is visible only in securing major diplomatic events, such as the Group of Twenty developed countries summit that took place in Brisbane in 2015.

However, other countries have realised the strategic potential for hosting major industry conferences to boost their knowledge economies. They have backed this commitment up with funding.

If Australia wants to be able to compete effectively with Asia-Pacific rivals, it will need its own national business events bid fund. The business events sector has collectively been calling for a national fund for several years⁴⁰ and reiterated in the sector's 2016 federal election priorities.

The federal government has recognised the importance of government support for major business events, through consular and ministerial support during bids. The development of a national framework outlining how the federal government can support business event bids is welcome.

In particular, the Attracting Business Events Strategy has formalised the levels of in-kind support, such as ministerial letters of support, in-market support by trade commissioners and access to civic reception planning⁴¹.

However, financial bid support for nationally-significant business events was missing.

Around 50 cities around the world benefit from government-backed bid funds. National governments often work in conjunction with city and state authorities to identify, target and attract the conferences and conventions the city needs for its economic growth. Most bid funds around the world have qualifications built around them to align funding with national economic priorities.

If Australia wants to reverse its decline in international convention hosting, a national bid fund will be essential.

⁴⁰ *Business events policy priorities: Driving economic activity through business events*. Tourism & Transport Forum and Business Events Council of Australia, Sydney 2014

⁴¹ *Attracting Business Events to Australia - a Guide for the Australian business events industry*. Austrade Canberra, 2014



Australian cities could become international association headquarters. Gold Coast Tourism

Attract more international HQs

A further way federal government city policy could be harnessed to support growth is in the attraction of international association or agency headquarters.

Australia is the location for the headquarters of very few international organisations, with three linked Antarctic marine agencies in Hobart the sole intergovernmental agencies⁴². This potentially has a detrimental impact on Australia's ability to attract the mega-conventions, international congresses and other association conferences that rotate around the world.

The benefits of hosting international agencies is often the cluster that co-locates around the organisation. Montreal, for example, has two major aerospace manufacturers in part due to being home to both the International Civil Aviation Organisation and the International Air Transport association.

There is scope for the federal government to attract international agency head offices.

Attract more investment

State or territory-funded convention centres are only part of the meeting facility mix, however. Formal convention centres hold around one quarter of all international meetings, with almost half of such sessions taking place in hotels and one-fifth in universities⁴³.

Private investment in meetings infrastructure is crucial to meet the demand for hotel meeting space to complement convention centres.

The Australian Trade and Investment Commission has identified tourism as a growth sector, with a prospectus of investment-ready hotel complex among its portfolio of foreign capital projects.

Despite this, tourist accommodation is subject to city taxes and federal tax provisions that make development uncompetitive in comparison with other land uses⁴⁴.

New hotel development can be triggered only through a combination of planning, crown land release and taxation reform.

⁴² International Organisations in Australia, Department of Foreign Affairs and Trade 2015

⁴³ Anja Wagner, *A Modern History of International Association Meetings*, International Congress and Conventions Association, Amsterdam, 2012

⁴⁴ *A National Business Events Strategy for Australia 2020*, The Business Events Industry Strategy Group, Sydney October 2008



The need for a whole-of-government approach

Meeting facilities are a mix of both private and public sector investment. City convention and exhibition centres are often demand-driving infrastructure that is publicly-financed. However, the hotels, casinos, airports, museums and meeting rooms that support them are privately owned and operated⁴⁵.

Similarly, there is a complex web of responsibility for the marketing of these facilities. Local governments contribute and have some direction over the tourism promotion of their city, while state governments control the overall city brand and the national tourism organisation Tourism Australia is responsible for the promotion of inbound tourism into Australian cities. Convention bureaux act as bridges between all these parties.

The cross-over of responsibilities and potential for duplication make city destination marketing and convention centre maximisation a suitable subject for federal coordination. This is conducted at present by Business Events Australia, a division of Tourism Australia.

Business events also rely on a whole range of state- and city-government level services, principally public transport provision.

Additionally, the visible teamwork between city, state (or territory) and convention bureaux displayed by successful cities at the bid stage is often required to win international business events.

Restoring the rules around the Export Market Development Grant scheme for approved bodies will allow convention bureaux to better market Australia overseas for business events.

As such, convention marketing deserves consideration from the Department of Prime Minister and Cabinet as it embarks on the Smart Cities plan.

Business events deliver economic prosperity and prestige to our cities. With federal government consideration to the value of business events through the *Smart Cities Plan*, we can leverage knowledge economy benefits for the nation to best effect.

⁴⁵ *Tourism Infrastructure Policy & Priorities*, Tourism & Transport Forum Sydney 2014