



Association of Australian Convention Bureaux

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Ms Kerrie Mather
Chair
Beyond Tourism 2020 Steering Committee
Level 23 Aon Tower, 201 Kent Street.
Sydney, NSW 2000

Priorities of the business events sector in the development of the next long-term tourism strategy

Dear Ms Mather,

Congratulations on your appointment as chair of the Beyond Tourism 2020 Steering Committee. The Association of Australian Convention Bureaux (AACB) recognises your work in attracting significant volumes of new air access in your previous role at Sydney Airport and welcomes the opportunity to work with you as the committee develops a new long-term tourism strategy.

The AACB is the peak body for Australia's convention bureaux, which are an integral part of the business events industry. Convention bureaux are the destination marketing agencies tasked with attracting major meetings, incentives, conventions and exhibitions to our cities and regions. Many of our members have partial funding from (but are independent of) local, state or territory governments. As such, we are well placed to offer an objective opinion of the state of the business events industry and the increased role the federal government needs to now play in supporting its growth.

Overview

Australia has long enjoyed a reputation as one of the most popular destinations for large, international conventions. These multi-day conferences bring in thousands of delegates from around the world, providing both economic stimulus to our cities, and also exposure to the world's leading thinkers, business people and government officials.

Business events are the most lucrative part of the visitor economy. One in five dollars spent by international visitors in Australia is spent by an international visitor attending some form of business event and international business events delegates spend 77% more per day than leisure tourists¹.

Visitors coming to Australia for business meetings outspend those on holiday almost two-to-one and those on company-paid reward trips spend seven times as much². Deloitte Access Economics has described the business events sector as "a high-value, fast-growing component of the visitor economy".

¹ *Australia's international business events sector: the economic and strategic value proposition*. Deloitte Access Economics 2014

² *The Value of Business Events to Australia*, Ernst & Young for the Business Events Council of Australia, Sydney February 2015



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Accordingly, the Australian Government has prioritised the growth of the business events sector as part of the Tourism 2020 strategy. The target is to almost double the expenditure of delegates at international business events from the 2009 figure of \$9.6 billion to at least \$16 billion by the end of this decade³.

Although this target looks set to be achieved, our position and market share are both slipping. Until 2006, Australia was consistently in the top ten countries to host major international association conferences. Today, we have slipped to 16th position⁴. Less than 2% of the world's largest conferences now come here.

Internal analysis by the AACB confirms what the industry had long suspected: the rise of government bid procurement funds in Asia is essentially pricing Australian cities out of a fiercely competitive market. Barely acknowledged a decade ago, bid funds are a factor in almost all major association bids today.

As an entire tourism industry, we need access to better measurement. Data drives industry, business and government decision making. If the benefits, strengths and weaknesses of the business events sector are not measured, they cannot be managed. The best way to do this moving forward is to explore big data sources that compliments and enriches best practice visitor surveying methods.

Assuming we get access to collaborative data sets, we have some priority areas to address before business events can fulfil its potential. The \$12 million three-year national bid fund to attract major conventions and exhibitions is a welcome start and a reminder that the federal government takes the sector seriously. But this needs to be complemented by measures outlined in the paper below.

As the AACB sits on many government committees and advisory boards on behalf of its members, I would welcome the opportunity to brief you further on the needs and recommendation of the business events industry and the role of convention bureaux in particular.

Yours faithfully,

Andrew Hiebl
Chief Executive Officer

³ 2020 Potential for Business Events, Tourism Australia, 2016

⁴ 2016 ICCA Statistics Report- Country & City Rankings, International Congress and Convention Association, Amsterdam 2017



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1. Access

1.1 Continued strong international air transport links

With highly-acclaimed food, clean air and recreational activities, our major cities are particularly attractive to business travellers⁵. As a result, the business events industry is centred on our capital and major cities for international conventions and exhibitions, while regional centres also do well from international incentive travel.

As such, the growth in air access over the past two decades has benefitted our sector, which relies on connections to global hubs and major cities in our Asia Pacific region. In fact, according to the AACB's Forward Calendar of international business events, poor airline access only accounted for 1.3 percent of event bid losses. However, our geographic location was cited as the single biggest reason by international convention organisers not to bring a meeting to Australia, responsible for almost one-third of failed bids⁶. Therefore, international air access must remain a priority.

In common with other parts of the visitor economy, we see continued access to Sydney Airport as one of our most important international gateways, and crucial to the growth of our sector. There are a number of artificial barriers to future growth, such as restrictions on peak hour capacity and movement caps that are harmful to our sector⁷. The mechanism by which the movement cap is regulated, in 15-minute blocks, can be singled out as the weakest of all these restrictions and needs urgent reform.

Additionally, as shown by trial international services to smaller airports such as the Sunshine Coast and Avalon, smaller terminals can sustain limited international flights under a lighter touch, intelligence-led model espoused by the tourism industry⁸. For the incentives sector, this kind of innovation at regional airports would be welcomed.

1.2 Reduce the cost and complexity of visitor visas

However, the bigger concern to the business events industry is the cost and complexity of obtaining visitor visas to Australia. Most delegates attending major business events enter on visitor visas⁹, but while delegates from New Zealand or Europe enter on fee-free visas, and those from eight "low-risk" nations such as the United States and Canada enter on \$20 electronic travel authorities, most other delegates enter on a business visitor visa costing at least \$140.

⁵ *Asian Visitor Survey*, Business Events Australia, Sydney 2014

⁶ *International Business Events Forward Calendar - Analysis of bids won, bids lost and the bid pipeline*, Association of Australian Convention Bureaux, Canberra, January 2018

⁷ *Draft Tourism 2020 Implementation Plan 2015-2020 Key reforms inc. ASCOT revisions*, Austrade, Canberra, July 2015.

⁸ Wastnage, J. *Open More Doors*, Tourism & Transport Forum, Sydney, 2015

⁹ *Reforms to Modernise Australia's Visa System*, Association of Australian Convention Bureaux, Canberra, September 2017



When the cost of obtaining a visa (either financial and time) is too high, potential travellers will go elsewhere¹⁰. In the case of conference delegates, budgetary constraints play a major role in securing approval to travel for around 60 percent of delegates¹¹. 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 economy¹².

The AACB's latest research suggests that 12 percent of all bid losses are due to high total cost of hosting an event in Australia, including airfares and visas. This increased to 22 percent when looking at the corporate market in isolation.

Australia's current visa system discriminates against most, but not all, Asian travellers¹³. As an example of the disparity of this policy, visa applications for mainland Chinese citizens start at \$140 plus associated lodgment costs. By contrast, Hong Kong Chinese citizens pay just \$20¹⁴.

Visa fees are one of three ways in which the Australian government over-collects from international visitors relative to the cost of providing the service. For example, in 2014-15, Treasury collected \$3 billion from visa fees, the departure tax (passenger movement charge), passport fees and consular service charges. The cost to Treasury that year was \$1.7 billion¹⁵. This year some \$1 billion is expected to be recouped from Chinese nationals at a time when digital technology is reducing the costs of visa issuance to the Border Force exponentially.

Business events in Australia increasingly rely on delegates and speakers from Asia to be commercially viable conferences¹⁶. As such, we are against the profiteering from their visa issuance. Additionally, the new working visa regime is increasingly problematic to business event organisers bringing short term talent into the country.

As the AACB has maintained for several years, the best way of extending easier visa access to business event travellers would be to examine extending electronic visa fee-free entry to priority business events attendees¹⁷. Extending the ETA class to low-risk, high yield delegates is in line with the government's commitment to simplify visas where it supports the economic goals of Australia.

¹⁰ *The Impact of Visa Facilitation in APEC Economies*, UN World Tourism Organization and World Travel & Tourism Council, Madrid, 2013

¹¹ *Association Conference Delegate Behaviour*, Snapcracker for Tourism Australia, Sydney August 2016

¹² *Supporting the jobs of today, generating and securing the jobs of the future*, Business Events Council of Australia, March 2018

¹³ Neumayer, E, *Visa Restrictions and Bilateral Travel*, *The Professional Geographer*, vol. 62, No. 2, 2010.

¹⁴ Labine-Romain, A & Wastnage, J, *Visitor Visa reform: reducing the barriers for travel to Australia*, Tourism & Transport Forum, 2014

¹⁵ Wastnage, J, *Australian Tourism Industry Submission into the Joint review of border fees, charges and taxes*, Australian Federation of Travel Agents et al, 2015.

¹⁶ *Australia's international business events sector: the economic and strategic value proposition*. Deloitte Access Economics 2014

¹⁷ *Powering Collaboration. AACB pre-budget submission 2015-16*, Canberra February 2016



2. Driving demand

2.1 Ensure business events funding is secured over the long term

The Federal government recently announced a national business events bid fund worth \$12 million over the next three years to support bids for new, high-value international incentive, association, and exhibition events¹⁸. This fund was welcomed by the industry and echoes calls by the AACB and other industry associations for a \$40 million bid fund to ensure major international convention organisers can offset the huge costs associated with staging conventions¹⁹.

As such, the professional association organising such conventions, which bring thousands of high-yield and highly influential business visitors to our shore, seek support from governments to mitigate the risks of hosting their event in various destinations. This support can vary from civic receptions and free public transport, to requests for free convention space and access to marketing funds²⁰.

In having a formal federal fund in addition to state government funds, Australia is reacting to a growing global trend towards direct financial support for major business events. A recent US survey of 400 conference organisers found financial incentives to be the single biggest host city decision influencer²¹.

AACB internal research shows that 11 percent of international association conventions bids due to be held over the next decade to 2025 were lost due to stronger financial incentives offered by our competitors. The lost value of these events to the Australian economy can be reasonably calculated to be around \$85 million in direct delegate expenditure. Thus, the new bid fund is very much needed to reverse this decline.

2.2 Ensure adequate funding for Tourism Australia destination marketing

The new bid fund is scheduled to expire at the end of financial year 2020-21. As we look to tourism beyond 2020, long-term funding for the bid fund must be secured. In common with other parts of the tourism industry, business events would like to see the federal government restore the cuts and then maintain funding in real terms²². Without adequate funding for Tourism Australia, this crucial scheme's future will be 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 taken into account). 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 market²³.

¹⁸ *Tourism Australia announces multi-million dollar bid fund*, media release, Tourism Australia, Sydney, March 2018

¹⁹ *Powering Collaboration. AACB pre-budget submission 2015-16*, Canberra February 2016

²⁰ Sally Greenhill and Tony Rogers. *Subvention and Bid Support Practices for International Conferences and Events in Britain*, Business Visits & Events Partnership, October 2011

²¹ *Executive Perspective 2016*, Destination Marketing Insights from Meeting Executives, Kliman Group for Fulcrum Media, Santa Rosa, January 2016

²² *Australia's Super-Growth Industries - 2018-19 Federal Pre-budget Submission*, Tourism & Transport Forum, Sydney, January 2018

²³ Australian Chamber - Tourism's 2017-18 Pre-budget submission to Treasury, February 2017



By 2022, direct tourism employment will overtake manufacturing to become Australia's number one employer. Some eight percent of Australians will be employed in the visitor economy, compared with 2.3 percent in agriculture, 1.8 percent in mining, 6.7 percent in manufacturing and 3.5 percent in financial services²⁴.

Yet, 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 projects and staff its overseas offices, the less money it receives. Therefore, there is a real risk of market retraction, unless the cuts are reversed.

2.3 Boost successful federal grant programs

Australian businesses often struggle to market themselves internationally, which is the reason behind the federal Export Market Development Grant (EMDG) scheme. Yet, the scheme is not expanding in line with claims, potentially throttling market growth by Australian companies due to uncertainty around eligibility under the scheme²⁵.

Recently, the Export Council of Australia recommended that the EMDG scheme be more adequately funded. In the 2016-17 financial year grants worth \$131.4 million were approved, down on historic highs of \$250 million in 2009-10. Up to 2000 Australian firms have seen their claims reduced due to the lack of funds in the system. This situation is jeopardising Australia's ability to market small businesses overseas.

Austrade has encouraged the business events industry to use the EMDG scheme to offset costs when promoting Australia in overseas markets²⁶. The scheme aims to support activities that lead to increased numbers of foreign visitors coming to Australia²⁷. The EMDG reimburses up to 50% of eligible export promotion expenses, with the top three export promotion activities currently being overseas marketing visits, engaging overseas representation, and attending trade fairs²⁸.

The role of convention bureaux is to market their cities and regions to the world with the specific goal of securing large business events such as conventions, corporate incentive trips and exhibitions. However, the current rules around double-dipping on 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 received²⁹.

²⁴ Albert Stafford, *Tourism: Supercharging Australia's Future*, Tourism & Transport Forum, January 2018

²⁵ 2018 Trade Policy Recommendations, Export Council of Australia, February 2018

²⁶ *Attracting Business Events to Australia - a Guide for the Australian business events industry*. Austrade Canberra, 2014

²⁷ *Export Market Development Grants - Industry Fact Sheet for Arts & Events Promotion*, Austrade, Canberra 2015

²⁸ Michael Lee, *Certainty and confidence—exports and jobs for a changing global economy: Review of the Export Market Development Grants scheme*, Austrade, June 2015.

²⁹ [AACB Submission to the 2015 Review of the Export Market Development Grants Scheme](#), Melbourne, March 2015



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Resolution is required around the difference between 'double-dipping' to avoid the same expense being claimed twice (or reimbursed), versus the source of funding for the organisation. An example would be the specific exclusion of event promoters inserted into the legislation in 2014³⁰.

A similar, although not related scheme, Small Business Export Loans offered by the Export Finance and Insurance Corporation (EFIC) will now be made available to service industries, including those in the visitor economy³¹. Further consideration should be given to how EFIC could be leveraged to provide finance solutions to Australian entities looking to internationalise their events or establish reverse trade missions.

³⁰ Section 46(1A), Export Market Development Grants Amendment Act 2014, Canberra 2014

³¹ Steven Ciobo, *Small businesses should embrace mechanisms for growth to maximise export potential*, Gold Coast Bulletin, April 2018



3. Infrastructure investment

3.1 Ensure we understand the future demand for business events infrastructure

The benefits of business events flow well beyond the meeting room and into local communities. Successive city and state governments have invested in modernising, expanding or reconstructing conference facilities. For example, the NSW Government invested \$1.5 billion in the redevelopment of the International Convention Centre (ICC) Sydney, which opened to the public in December 2016³².

While building convention centres can provide high-profile statements of intent, marketing cities as attractive places for inward investment³³, state governments often struggle to make the business case for such investment, not least because future projections are not easily available. The return on investment figures also rely on multipliers contained within the Tourism Satellite Account methodology that are considered by the industry to downplay the true economic impact business events have on host cities.

For this reason, an infrastructure audit is required to map the future needs of the business events industry in both the major cities and regional Australia. A parallel would be the \$14.3 million allocated to Austrade to deliver the Tourism Demand Driver Infrastructure program.

We also need better measurement of existing business travellers on which to base our forward projections. Like many in the tourism industry we would like to see the series continuity of the national and international visitor surveys. Further, this should be complimented by rich sources of big data to build robust business cases for business events infrastructure as well as marketing investment.

At present the AACB produces a forward calendar of international business events to be held in Australia³⁴. This is regarded as the most comprehensive tool available in the industry to plan future capacity requirements. However, the matching piece of infrastructure auditing has not been carried out at a national level since the mid-2000s, instead leaving industry groups to provide their own analysis³⁵.

The audit would be a useful sales tool for Austrade as it embarks on its plan to attract inward international investment into the accommodation sector³⁶. The hotels, casinos, airports, museums and meeting rooms that support convention centres are privately owned and operated. Such private investment in meeting infrastructure is crucial to meet the demand for accommodation and meeting spaces that complement convention centres.

³² ICC Sydney open and ready for business, Destination NSW, Sydney, December 2016

³³ Tashkov N and Dzaleva T, *Relationship between tourism policy place image and business investments*, Goce Delčev University, Štip

³⁴ *International Business Events Forward Calendar - Analysis of bids won, bids lost and the bid pipeline*, Association of Australian Convention Bureaux, Canberra, January 2018

³⁵ *Tourism Infrastructure Policy & Priorities*, Tourism & Transport Forum Sydney 2014

³⁶ Australian Tourism Open for Investment, Austrade, Canberra 2017



3.2 Ensure our cities have world-class physical and digital infrastructure

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 contribution³⁷. 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 success³⁸.

Although Australia is ranked a seventh most attractive place to work among highly-educated global professionals, its attractiveness is principally driven by lifestyle rather than professional challenge³⁹. Benchmarked against rivals, Australia's largest cities perform relatively poorly for attracting visiting professionals⁴⁰.

The twenty-first century is one built by ideas. Human talent and the flows of capital are as important as the mercantile trade of the nineteenth century. Those cities that are best connected, that allow their inhabitants to travel freely to other parts of the country and the world to exchange ideas are cities that will prosper⁴¹.

But global nomads come with expectations of high-speed wireless broadband internet and seamless public transport. Australia still lags behind in these and many other aspects of smart city infrastructure.

³⁷ *Attracting talent, growing prosperity - The role of business events in cities*, AACB, Canberra, 22 June 2016

³⁸ Deborah Bothum, *Cities of Opportunity: The urban rhythm of entertainment and media*, PricewaterhouseCoopers, March 2015

³⁹ Rainer Strack, Carsten von der Linden, Mike Booker, and Andrea Strohmayer, *Decoding Global Talent*, big Perspectives, Boston Consulting Group, Boston October 2014

⁴⁰ *Toronto as a Global City -Scorecard on Prosperity*, Chartered Professional Accountants of Ontario, 2015

⁴¹ Kasarda, John D, and Greg Lindsay. 2011. *Aerotropolis*. 3rd ed. New York: Farrar, Straus and Giroux.



4. Visitor experience

4.1 Ensure business events have better regional dispersal

Some 193,000 jobs are reliant, either directly or indirectly, on the national business events sector. These jobs are overwhelming in our cities: In every state except Victoria and Tasmania, less than 1/10 of business event activity takes place in the regions⁴².

Convention bureaux directly influence the regional dispersal of incentive groups as well as the satellite meetings and technical tours of major conventions. As we move towards 2030, the relationship between Tourism Australia and state and local tourism organisations needs to be better coordinated to increase the regional dispersal of international visitors more broadly for pre and post conference travel.

4.2 Ensure business events are ready for the Asian growth phase

Meetings are where business happens and ideas are exchanged. Business events are reliant on international travel. Yet, Australia restricts access to the very market on which its future depends - Asia. This is also particularly true of incentive travel source markets.

At present, over 30 percent of international delegates coming to Australia are from Asia, but the growth prospects are greater than any other market as the middle class expands and business meetings take priority⁴³. In particular, outbound business delegations from Indonesia, Malaysia, India and Thailand are all expected to double over the next decade, with massive growth potential for conferences held in Australia.

Incentive travel is a popular management tool to incentivise and encourage productivity and performance with key stakeholders and Asian markets being strong users of this tool. However, incentive travel is highly price sensitive. This is especially true in the Chinese and Indian markets, where larger groups of salespeople are rewarded with an overseas trip at the end of a season or campaign. China is now the primary source of international visitors to Australia, making it a crucial market to continue to attract.

However, Australian cities are not as ready as they could be for Asian tourism. The visitor experience, for delegates from China in particular, could be hampered if more is not done to improve the China readiness of our capital cities in areas such as Chinese language signage, later retail trading hours and hotel capacity⁴⁴.

4.3 First impressions of Australia start at the airport

The inconvenience of travelling through international airports has become a negative factor for many travellers today. The International Air Transport Association estimates that there are some 14 checkpoints during an average international trip, from security to baggage check. In Australian airports this figure can be as high as 17, with additional layers of security that do not exist elsewhere.

⁴² *State Tourism Satellite Accounts 2013–14*, Tourism Research Australia, Canberra, 2014

⁴³ *Australia's international business events sector: the economic and strategic value proposition*. Deloitte Access Economics 2014.

⁴⁴ Bishop, D, and Davis E., *The China Tourism Economy: Reaching Australia's Potential*, L.E.K., Sydney, 2017



Advances in technology, such as facial recognition and automatic profiling, combined with greater border agency coordination, should allow Australia to become a leader in border control experience. However, beyond automated passport controls, much more work is needed to reduce the pain points at our airports.

From remote check-in and baggage reclaim to on-the-fly biometric checks, business travellers to Australia expect technology to process their identity with minimal inconvenience. As other Asian countries automate their border control processes, Australia will be judged in comparison. We need to ensure we benchmark against our peers.

One core area where Australia lags behind is the availability of dedicated passenger facilitation for business leaders. Although protocols exist for heads of states, high-level delegations and celebrities, there is no opt-in service available for other “very important” persons. Many delegates of business events would fall into this category.

Today’s travellers increasingly expect excellence in customer service. This is especially true of those originating from, or are accustomed to, the service quality of Asia. In these regions, border facilitation is seen as an integral part of the airport experience, which is in itself an integral part of the travel experience. The need for VIP facilitation at Australian airports should be framed in this context.

In much of Asia, VIPs are either escorted through border formalities or have dedicated facilities such as arrivals lounges where their details are processed. The former review into VIP facilitation services for international travellers needs to be restarted and further progress towards an equitable user-pays funding model implemented.

4.4 Ensure Australia’s retail environment is welcoming

Delegates from many parts of Asia, but particularly China, view retail purchases as an integral part of the visitor experience. For business travellers this is particularly marked, due to a culture of gift-giving by solo travellers upon return to their families. In 2016, over \$1.4 billion of the total \$7.7 billion spent by Chinese visitors to Australia was direct retail spend⁴⁵, or some 37 percent of total retail activity by tourists.

In 2016, more than one million Chinese visitors came to Australia, an increase of 21.6 percent on 2015 in the year to June⁴⁶. As such, Chinese nationals are the highest recipients by value of Australia’s Tourist Refund Scheme (TRS). Departing passengers on international flights are entitled to claim back the entire goods and service tax (GST) on purchases taken out of the country.

⁴⁵ *International Visitors in Australia*, Quarterly results of the International Visitor Survey, Tourism Research Australia, Canberra, August 2016

⁴⁶ *Overseas Arrivals and Departures*, 3401.0, Australian Bureau of Statistics, Canberra, August 2016



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Yet, the system is at breaking point. Queues at our airports are common and tourists with exposure to comparable schemes in Europe find our TRS bureaucratic and cumbersome. The current system provides a negative impression of Australia to travellers as they depart, making them less likely to recommend Australia to their friends and them less likely to return.

Take-up of the scheme is also far below that of comparable schemes in other countries; meaning Australian retailers are missing out. This translates to employment in our cities. We believe that if the TRS were easier and more heavily marketed to international tourists, total spend in Australian stores would rise. This is evidenced by many other jurisdictions globally where the processing of tax refund schemes have been placed with private operators who have incentive to market destination shopping.



5. Tourism workforce

5.1 Ensure business events have access to skilled workers into the future

Conference venues require both full-time workers on temporary work visas and casual working holiday makers to staff major events. With the recent changes to the visa system, such as the new Temporary Skill Shortage (TSS) visa introduced in March 2018, there is a shortfall in visa applicants in the hospitality sector. According to Meetings & Events Australia, 47 percent of organisations in the business events industry reported that skills shortages are currently impacting their ability to recruit⁴⁷.

The number one factor most likely to reduce an organisation's ability (or desire) to hire more staff is the unavailability of appropriately skilled staff. The most needed roles based upon skills shortages include event management, sales executives, business development managers and technical staff.

Additionally, speakers, performers, entertainers, presenters, and even foreign media all require Temporary Activity visa (subclass 408) to attend conventions. Reforms to streamline the business visa process should also include simplifying the temporary work visa subclasses to reflect the low risk of these applicants – often including professional conference organisers, event staff and technical experts accompanying international business events won for Australia.

Deloitte Access Economic identified that the top five occupations by projected skills shortage – café and restaurant managers, automobile drivers, chefs, waiters and kitchen hands – account for a shortfall of 15,961 workers, or 52 percent of the total skilled shortage forecast by 2020.

Skills shortages could impact the sector's growth and performance. While skills shortages have the potential to act as a direct constraint to the sector's ability to meet growing demand for the Australian tourism experience (where positions remain unfilled), it is more likely they could result in reduced productivity, whereby the workers filling employment positions are not equipped with the skills, expertise and/or capability to perform their role.

Diminished productivity has the potential to reduce the global competitiveness of Australia as a destination and diminish the visitor experience. Since attending a business event often provides internationals the first opportunity to visit Australia, a poor delegate experience may reduce repeat visitation (with family and friends) and the value of brand Australia.

Although conference and event organisers have been included on list of eligible skilled occupations. Under the new Temporary Skills Shortage (TSS) visa class, more needs to be done to ensure there is a career pipeline to encourage Australian school leavers to train up in the industry. Work done with the tertiary and further education (TAFE) colleges to bring exhibition and conference management into events management courses is a welcome start in this regard.

⁴⁷ *The Australian Workplace Skills Survey for the Events Industry Sector*, Meetings & Events Australia, Sydney, 2017.



6. Business and product sustainability

6.1 Ensure Australia's knowledge economy continues to grow

Soft power—Australia's ability to influence the behaviour or thinking of others through the power of attraction and ideas—is becoming more important⁴⁸. One such area of soft power is playing host to an international convention or conference. Ideas discussed at conventions not only enrich Australians' knowledge economy, but also plant the seed in visitors' minds about Australia as a smart place to do business. Hosting major conferences should continue to be a priority for the Department of Foreign Affairs and Trade, on both sides of the portfolio.

There can also be more tangible benefits for Australia's foreign affairs agenda. For delegates coming from the developing world, this knowledge transfer is critical in bringing their home nations up to speed with medical, scientific and technological breakthroughs.

Yet, we are underperforming. Although Australia consistently ranks among the most desirable places to hold a conference⁴⁹, Australia's widespread appeal as a destination is offset by a perception that Australia does not produce or attract world-class business leaders, which can lead to conferences held here being considered as less international⁵⁰. Australia often fails to attract the best speakers or delegates. Distance is a factor, but so too is a negative perception among academic event organisers in Europe and North America⁵¹.

Australia possesses research and innovation clusters around its major hospitals and universities that rival those in other developed nations, however our knowledge economy is poorly recognised internationally. One core reason for this is that Australia is not very efficient at translating innovation into commercial outcomes and faces challenges around business collaboration⁵². Yet, conventions and exhibitions are stated as crucial for collaboration, according to over 90% of delegates attending medical and scientific meetings⁵³. Innovation and science are critical for Australia to deliver new sources of growth, maintain high-wage jobs and seize the next wave of economic prosperity⁵⁴.

As Australia seeks to grow its global presence through soft power, more needs to be done to increase the number of international business events hosted in Australia and boost delegate attendance. International tourism and business events should be an integral part of Australia's economic diplomacy agenda⁵⁵.

⁴⁸ Foreign Policy White Paper, Australian Government, Canberra 2017

⁴⁹ *Australia Ranked 'Most exciting destination for conferences'*, Media Release, The Hon Steven Ciobo, Minister for Trade, Tourism and Investment, Sydney, 15 August 2016

⁵⁰ [Association Conference Delegate Behaviour](#), Tourism Australia, Sydney August 2016

⁵¹ [Attracting talent, growing prosperity: The role of business events in our cities](#). AACB submission to Smart Cities Plan, June 2016

⁵² *Science & Commercialisation*, The Department of Industry and Science, Canberra 2015

⁵³ 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

⁵⁴ Department of the Prime Minister and Cabinet, *National Innovation and Science Agenda*. Commonwealth of Australia, Canberra 2015

⁵⁵ *Attracting Business Events to Australia*, Austrade & Tourism Australia, Canberra, 2014



Conclusion

Australia needs to continue to grow its knowledge-based industries to counter the slowdown in our resources sector. The meetings industry is a cornerstone of the knowledge-based industry sector. Conventions bring world experts to Australia and allow Australians to converse with and collaborate with these world leaders in their fields.

But attendees of business events are also the highest yielding of all visitors to Australia. For this reason, the Australian government has prioritised the growth of business events within the visitor economy framework Tourism 2020.

As we work towards the next ten-year framework, Austrade, as the export trade and industry agency, needs to take the lead in ensuring business events are front and centre of any new policy settings.

Our major cities are already attractive to business travellers, but our cities' ability to attract major conferences is slipping as our rivals across the region raise their game. New facilities and deep government pockets are luring more of the knowledge-transfer events offshore.

As Australia seeks to not only cement its position as a leader in tourism, but also in the soft power of knowledge exchange, support for business events is crucial.

Central to this is the continued support for the new national bid fund, which is contingent on funding for Tourism Australia. But there are a range of other government policies that hamper all tourism growth including business events. These negative policies include costly complex visas and airline taxation that combine to deter some visitors.

As the committee pulls together disparate strands of tourism policy, we are asking for a holistic view of the issues and a framing of the unique opportunity business events present to grow the economy and the knowledge base of Australia simultaneously.