

Business Events: **Delivering Economic Prosperity for Australia.**

Reforms to Modernise Australia's Visa System
By the Association of Australian Convention Bureaux

15 September 2017



Association of Australian
Convention Bureaux

INDUSTRY OVERVIEW

About the AACB

The Association of Australian Convention Bureaux is the peak business events network driving economic prosperity for Australia. The Association brings together Australia's most influential city and regional convention bureaux, each dedicated to marketing their specific regions as premier business events destinations.

AACB and its members represent more than 1,700 businesses and organisations across Australia. We welcome the opportunity to provide comment on the Australian Government's proposal for visa simplification, as visas can present a barrier to business visitation.

What are convention bureaux?

Convention bureaux are the drivers of business events coming to the country with the support of industry. They directly bid for business events affiliated with the fastest growing global industries and facilitate the engagement of local businesses in conventions won for their host destinations. Convention bureaux models vary across Australia, but typically rely on a mix of public funding from state or territory and local governments, and private investment through membership and cooperative marketing.

The business events industry

Deloitte Access Economics has described the business events sector as "a high-value, fast-growing component of the visitor economy". One in five dollars spent by international visitors to Australia is spent by a delegate attending a business event. In addition, international delegates spend, on average, 21% more than other international visitors over the course of their trip – and 77% more per day¹.

However, the business events sector augments economic activity well beyond tourism. It underpins knowledge transfer and stimulates trade and investment. International business events play a significant role in building a more productive and more diverse Australian economy.

Around the world, business events are being used as strategic tools for attracting trade, investment and global talent. Governments invest in the business events sector because they recognise not just the high yield, but also the long-term benefits accruing from growth in the visitor and knowledge based economies.

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

THE VALUE OF BUSINESS EVENTS TO AUSTRALIA

Over **38 million** people attended more than **429,500 business events** across Australia in 2015-16.

These business events directly generated:

- > **\$30.2 billion**
in direct expenditure
- > **\$13.9 billion**
in direct value added
- > **193,203**
direct jobs
- > **\$24.9 billion**
in total economic contribution (GDP)

*The Value of Business Events to Australia
By Ernst & Young for the Business Events Council of
Australia, Sydney, January 2017.*



VISA SIMPLIFICATION RECOMMENDATIONS

Aligned with the Business Events Industry

The Department of Immigration and Border Protection has as its mandate the task of streamlining Australia's visa process to further the country's economic prosperity while simultaneously maintaining a strong control on the border entry process.

Entrant types relevant to the business events sector		
Delegates: Most delegates enter on visitor visas.		
Situation:	<ul style="list-style-type: none"> Delegates from New Zealand enter on special category visa (subclass 444) Delegates from Europe eligible for the fee-free eVisitor (subclass 651) Delegates from eight "low-risk" nations enter on a \$20 Electronic Travel Authority (subclass 601) Most other delegates enter on a business visitor visa (subclass 600) 	<p>Recommendation: Replace the existing three subclass structure with a unified and expanded ETA scheme that covers all business visitors.</p> <p>The expansion would be funded by the additional visa processing fees received from moving EU visitors to the new visa waiver scheme. Move New Zealanders to a fee-free ETA.</p>
Paid Participants: Speakers, presenters, performers or other paid contributors require a special visa.		
Situation:	<ul style="list-style-type: none"> Speakers, performers, entertainers, presenters and even foreign media all require Temporary Activity visa (subclass 408) to attend conventions. 	<p>Recommendation: All temporary event participants, paid by non-Australian entities, should be eligible for the expanded ETA on the basis that no remuneration is earned in Australia.</p>
Event Personnel: Event project management or specialist construction workers require work visas.		
Situation:	<ul style="list-style-type: none"> Event staff, technical experts and foreign journalists require a Temporary Work (Short Stay Specialist) visa (subclass 400) to attend a business event. 	<p>Recommendation: Reforms to streamline the business visa process should include simplifying the temporary work visa subclasses to reflect the low risk of these applicants.</p>
Venue Staff: Casual and permanent staff from overseas also require work visas.		
Situation:	<ul style="list-style-type: none"> Conference venues require both full-time workers on Temporary Work (Skilled) visa (subclass 457) and casual Working Holiday Makers (subclass 417 and 462) to staff major events. 	<p>Recommendation: Government to include hospitality and event occupations in the new Temporary Skill Shortage (TSS) visa to be introduced in March 2018 and reduce the tax disincentive on working holiday makers.</p>



EXECUTIVE SUMMARY

Conventions and Reward Travel are at the Heart of Business Travel

New ideas are crucial to Australia's future prosperity. New ideas rely on collaboration, much of which happens at meetings, exhibitions and conferences. Likewise, the world of sales and marketing is lubricated by reward travel that motivates teams through off-site business trips to exotic destinations.

For this reason, the AACB believes making the process as easy as possible for overseas business travellers to attend business events here to be of crucial importance.

We acknowledge that the Department of Immigration and Border Protection also has a mandate to ensure Australia's border remain secure. We are pleased to be able to make the following submission into the visa simplification initiative. As an association and as a business sector, we have been calling for reform in the business visitor visa space for many years, most notably in our two most recent pre-budget submissions².

Although there is a mix of visas applicable to participants of business events in Australia, we have chosen to concentrate this submission on business visitors. The bulk of delegates enter on a visitor visa: either an Electronic Travel Authority (subclass 601), an eVisitor (subclass 651), or a Visitor visa (subclass 600 Business visitor) depending on their nationality³. However, many professionals in the industry, from speakers to specialised technical crews also need to enter on temporary work visas (typically subclasses 408 or 400).

There has been some streamlining of these subclasses in recent years, but more work is needed. Australia's visa system complex (with 99 subclasses), difficult to understand and difficult to administer⁴. Worse, for the visitor economy, its cost and complexity also acts as a barrier to travel for many potential visitors, who compare and contrast Australia with other destinations.

Australia needs a visa system that is easier to understand, better suited to the rapidly growing number of visitors, and flexible enough for Australia to remain a competitive destination for temporary visitors and the longer-term entrants Australia needs.

A simpler visa system should enable the government to marry its two priorities of delivering faster, simpler services, and mitigating risk. Through greater digitisation and innovative technology, it will be possible to focus on low-risk, but high yield travellers.

² *Convention bureaux: Powering collaboration. Pre-budget submission 2016-17*, Association of Australian Convention Bureaux, Canberra, February 2016.

³ *Visa options for conferences, seminars, trade fairs or expos - Version Feb 2017*, Department of Immigration and Border Protection, Australian Government, Canberra, February 2017.

⁴ *Policy Consultation Paper - Visa Simplification: Transforming Australia's Visa System*, Department of Immigration and Border Protection, Australian Government, Canberra, June 2017.



Encouraging Low Risk, High Yield Visitors

As highlighted in several other submissions into this consultation, overly complex, costly or discriminatory visa regimes harm Australia's economic, social and security interests by dissuading talent from coming here⁵.

The AACB believes that of the department's stated three motivations for simplifying the current visa regime, the support of national economic interests has not received sufficient priority. Australia is already losing major conferences and conventions due to its costly and complex visa regime. The price-sensitive incentive travel market is even worse affected, with Australia written off as a destination for many, due to our visa costs.

Business visitors are among the highest yielding travellers to Australia. One in five dollars spent by international visitors to Australia is spent by a business event delegate⁶. Looking at the reward travel sector, the figures are even starker: international incentive delegate expenditure is on average 6.5 times more than holiday visitors; and can be up to 9.4 times more than holiday visitor spend⁷.

As well as being higher yielding visitors, business delegates are also lower risk. International convention delegates are far less likely to overstay a visa and have a higher visa grant rate than leisure travellers⁸. We will make the case in this submission for a policy shift to ease visa access for low risk, high yield visitors.

This is because Australia is losing out globally in the race to attract and host the largest business events. Rival cities and countries compete against each other to create the best infrastructure, financial and marketing support to maximise a convention for its organisers. For incentive travel, Australia is already an outsider.

In FY16 alone, Australia lost bids for 61 international association conventions⁹. This lost business is estimated to be valued at close to \$85 million in potential visitor expenditure that will now take place in other countries.

The trend towards governments offsetting the cost of staging a major convention is growing, particularly in Asia, where government mitigate the financial risk associated with major conventions¹⁰.

However, in parallel, many of our Asian rivals have made it easier of business travellers to attend conventions and business events. Singapore, South Korea and Hong Kong, for example, have visa-free entry requirements for visitors from almost all Asian, European and North American countries.

⁵ Bernard Lane & John Ross, *Go8 visa push to lure Indian PhD students*, The Australian, Sydney, 30 August 2017.

⁶ *Australia's international business events sector: the economic and strategic value proposition*. Deloitte Access Economics for AACB, Melbourne 2014.

⁷ Dr Carmel Foley, Dr Deborah Edwards and Ms Anja Hergesell, *Asian incentive events in New South Wales Expenditure and retail impact*, University of Technology, Sydney, November 2014.

⁸ *Visitor visa programme bi-annual report to 31 December 2016*, Department of Immigration and Border Protection, Canberra, 2017.

⁹ Internal AACB analysis of reasons for loss of major international bids, Canberra, December 2016.

¹⁰ Sally Greenhill and Tony Rogers. *Subvention and Bid Support Practices for International Conferences and Events in Britain*, Business Visits & Events Partnership, London, October 2011.



WHY THE BUSINESS EVENTS SECTOR NEEDS VISA REFORM

Business travel represents one of the highest yielding sectors in Australia's visitor economy. Business events (meetings, conventions, incentive travel and exhibitions) are some of the key drivers of business travel. In the four years to 2014, the economic value of the meetings, incentive, convention and exhibition industries combined grew from just under \$10 billion to over \$13 billion¹¹. The Australian Government target under its Tourism 2020 goals is for business events to contribute up to \$16 billion each year to the Australian economy by 2020¹².

Business events have been identified as a high yield sector with a strong potential for growth, based on the rapid acceleration of professional industries and sales based economies across Asia. Of the \$13 billion expenditure total, the \$3 billion generated by international delegates, is expected to provide the strongest growth.

However, this growth expectation is now in doubt. One of the primary reasons for doubt is the reduction in Australia's share of major global conferences. In 2015/16, Australia recorded a decline of around 11% of overseas visitors attending a conference in Australia as primary purpose of visit¹³.

Around the world, approximately one-quarter of all business-related travel is undertaken as part of all-expenses paid company reward trips (known as incentive travel)¹⁴. However, despite incentive travel being particularly valuable in regional destinations such as Kangaroo Island and Far North Queensland, Australia struggles to reach 10% of all business travel in this category. This is due in chief to our poor cost proposition.

MAIN VISITOR VISA CLASSES FOR DELEGATES ATTENDING BUSINESS EVENTS IN AUSTRALIA

Visa type	Special Category visa (subclass 444)	eVisitor (subclass 651)	Electronic Travel Authority (subclass 601)	Visitor (Subclass 600)
Nationalities	New Zealand	36 European countries (28 EU + 4 EFTA + microstates)	eVisitor countries + Brunei, Canada, Hong Kong, Malaysia, Singapore, South Korea, Taiwan, USA	All other countries (including high growth markets such as China, India, Indonesia and Thailand) Five streams: <i>Tourist, Sponsored family, Business visitor, Frequent traveller, Approved Destination Status</i>
Fee	\$0	\$0	\$20	\$140-\$1020
Application	On arrival	Online	Online	Paper or online, depending on nationality
Validity	Unlimited	3 months	3, 6 or 12-month	3, 6 or 12-month
Entries	Multiple	Single	Single	Single (except Frequent Traveller)

Source: Department of Immigration and Border Protection

¹¹ *Attracting Business Events to Australia: Role of Government Agencies*, Austrade and Tourism Australia, Canberra 2014.

¹² *Tourism 2020 Business Events Sector Progress Report*, Business Events Australia, Sydney, July 2013.

¹³ *International Visitor Survey*, Table 6, Australian Bureau of Statistics, Sydney, June 2016.

¹⁴ *Rebounding the Recession: 10 Trends Paint a Picture of The Future of Incentive Travel 2015*, Incentive Research Foundation, 2014.



Visas Becoming a Barrier to Growth

A decade ago, Australia was consistently among the ten most popular countries to play host to major international association conventions¹⁵. Today we sit at 16th¹⁶. Our market share has fallen too, to just 1.7%. This is despite international association meetings growing globally in 2015 by 5%¹⁷.

Australia now lies behind Japan, China and South Korea in the league of convention destinations in our Asia-Pacific region.

The AACB has undertaken some detailed analysis of the reasons behind conference organisers choosing a rival destination over Australia. Although travel distance and financial packages remain the largest barriers to securing more major business events in Australia, visa application processes are reported as a negative factor for 11% of respondents.

One subpart of the business events sector, the incentive travel market, is particularly highly exposed to visa charges. The all-expenses paid trips for high performing staff are very price sensitive. The cost of visa applications for a large group of Chinese nationals is a considerable factor in many incentive trips considering Australia, opting to take their event elsewhere.

Incentive travel is a popular management tool to incentivise and encourage productivity and performance with key stakeholders and Asian markets are strong users of this tool, with international travel a key enticement. But 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.

The market is more closely aligned with package leisure travel than conference or convention travel, with a keen focus on price per head. Other highly aspirational leisure tourism destinations, such as Brazil, are working towards policies that leverage off the country's reputation as a fun place to do business with liberal policies on group visa applications¹⁸. New Zealand, meanwhile, waives visa application fees for large incentive travel groups from places such as China¹⁹.

In contrast, Australia has recently closed down its last remaining bulk visa application discount scheme, in place for the visiting musicians' subclass, the 408 temporary activity visa²⁰. This leaves Australia in a comparative weak spot when bidding for large incentive travel pieces of business.

¹⁵ *ICCA Country & City Rankings*, International Congress and Convention Association, Amsterdam, 2011.

¹⁶ *ICCA Statistics Report 2016*, International Congress and Convention Association, Amsterdam, 2016.

¹⁷ *Worrying Slide in Australia's Business Events Ranking*, AACB Media Release, Canberra, 18 May 2016.

¹⁸ *CBC&VB lança projeto para capação de Eventos Internacionais*, Confederação Brasileira de Convention & Visitors Bureaux, Belo Horizonte, October 2015.

¹⁹ Eric Frykberg, *Queenstown leaders revel in Amway deal*, Radio New Zealand, Wellington, 22 April 2016.

²⁰ *New entertainment visas for Australia: A new regime expected the end of 2016*, McCormicks Law, September 2016.



CASE STUDIES OF BUSINESS LOST

Chinese Retail Incentive 2018

Bidding City:	Cairns
Event Date:	April 2018 (off-peak)
Event Type:	Corporate Incentive Group
Nationality of Delegates:	Chinese
Expected Delegates:	8,000
Event Duration:	4 nights
Expected Bed Nights:	32,000
Tourism Value:	\$40m approximately
Australian Visa Cost:	\$1.9m approximately

The Chinese Incentive bid was lost to New Zealand due to a competing financial offer. The New Zealand Government was able to waive visa fees for the entire group. In addition to waiving visa fees, the New Zealand Government offered a financial package including delegate boosting support around the announcement and lead-up to the event.

Indian Automotive Incentive 2016

Bidding City:	Sydney
Event Date:	September 2016
Event Type:	Corporate Incentive Group
Nationality of Delegates:	Indian
Expected Delegates:	1,100
Event Duration:	4 nights
Expected Bed Nights:	4,400
Tourism Value:	\$4.5m approximately
Australian Visa Cost:	\$240,000 approximately

The Indian Incentive bid was lost to Vienna, Austria, in part due to client concerns regarding Australian Government visa processing timelines and document requirements.

Thai Direct Selling Incentive 2018

Bidding City:	Sydney
Event Date:	March 2018
Event Type:	Corporate Incentive Group
Nationality of Delegates:	Thai
Expected Delegates:	1,500
Event Duration:	5 nights
Expected Bed Nights:	7,500
Tourism Value:	\$7.5m approximately
Australian Visa Cost:	\$330,000 approximately

The Thai Incentive bid was lost to New Zealand in part due to Australian Government visa costs which added significant additional expense to the program for the organiser compared with the competing destination.



Too Many Asian Business Visitors Need Costly Visas

Visas stop people from travelling. If the cost of obtaining a visa (either financial or in time) is too high, potential travellers will go elsewhere²¹.

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% of international delegates to Australia are from Asia, but the growth prospects are greater than any other market as the middle class expands and business meetings take priority²². 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.

But this growth is jeopardised by Australia's visa regime that grants free, often instant, visas to Europeans (eVisitor), \$20 Electronic Travel Authority (ETA) visa waivers to North Americans, but obliges most Asian visitors to apply for a costly and complex visitor visa (subclass 600).

The current visa system discriminates against Asian travellers but favours those with whom Australia has colonial, linguistic or ideological ties²³. Although Australia is broadly in line with other likeminded nations in this regard, there is a growing sense of discrimination and lack of value in China over our policy²⁴.

But business events in Australia rely on delegates and speakers from Asia to be commercially viable. This absence of Asia preference in visa issuance could be damaging and is at odds with both a free trade agenda and the government's Asian Century policies.

As an example of the disparity of this policy, visa applications for mainland Chinese citizens start at \$140 (plus associated translation and lodgement costs)²⁵. By contrast, Hong Kong Chinese citizens have access to the immediate online ETA costing just \$20.

Business events need free and easy visa requirements to maximise attendance. Evidence suggests that visa restrictions lower trade and foreign direct investment between a pair of countries by as much as a quarter²⁶.

²¹ World Tourism Organization and World Travel & Tourism Council, *The Impact of Visa Facilitation in APEC Economies*, United Nations, Madrid, 2013 .

²² *Australia's international business events sector: the economic and strategic value proposition*. Deloitte Access Economics 2014.

²³ Eric. Neumayer, *Visa Restrictions and Bilateral Travel*, *The Professional Geographer*, vol. 62, No. 2, 2010.

²⁴ *Does Australia make it hard for Chinese tourists to apply for a visa?* ABC News, Sydney, 17 April 2014.

²⁵ Justin Wastnage. *Australian Tourism Industry Submission to Joint Review of Border Fees, Charges and Taxes*, Sydney, 2015.

²⁶ *Sticker shock*, *The Economist*, London, 2 January 2016.



Visas are bad for tourism too. VisitBritain estimates some £2.8 billion (\$5.9 billion) is lost every year in tourist revenue from Chinese tourists to mainland Europe who are deterred from crossing the Channel by the UK's visa system, which is separate from the rest of Europe²⁷. Only 6% of Chinese visitors to mainland Europe also visit the UK²⁸.

The benefits to the wider economy of easing travel restrictions are beginning to be understood in many places in the world. India replaced its former cumbersome manual visa processes with fee-free electronic visa waivers in February 2014 to citizens of almost every country²⁹. India saw a 28.9% increase in the number of visitor visas issued in September 2014 compared to September 2013³⁰.

The United States tourism industry is lobbying for expansion of its visa waiver programme, with evidence suggesting that tourism receipts could swell by up to US\$120 billion (\$139 billion) if the USA eliminated all visa requirements³¹.

Visa-Free: The New Normal in Asia

Australian conference destinations compete with cities in Asia with more liberal visa regimes. Indeed, anecdotal evidence from major business event bids suggests that Australia's rivals use their easier entry requirements as a selling point. In this regard Singapore leads the pack, with citizens of almost 80% of the world's countries granted visa-free travel for short-stay business trips. Similarly, citizens of all but 46 countries can travel to Hong Kong for a short trip without requiring a visa (see chart overleaf).

Other rivals to Australian convention cities are actively changing their visa policies to position themselves more favourably for regional conferences. South Korea spotted an opportunity, in 2008, to break away from the pack of developed countries and offer visa free travel for Chinese nationals, first to its conference facilities on the resort island of Jeju³², then across the whole country. The result of the visa waiver scheme was immediate and impressive: In 2009, Chinese arrivals to South Korea grew 64.5% above 2005 levels, over half of whom attended a conference³³.

Perceptions also matter in visa policy. Opening (or closing) doors to visitors also sends a message about how welcome a nationality may be in your country. To illustrate, contrast the 30% increase in Czech tourists Canada received after it scrapped visa controls for citizens of Czechia with the 70% reduction in Czechs visiting Canada in the three years after controls were reimposed in 2009³⁴.

²⁷ *A strange sort of welcome*, The Economist, London 2 January 2016.

²⁸ *Will Chinese Tourists Determine the Future of the UK Tourism Industry?* Brussels, Euromonitor Research, 29 July 2013.

²⁹ BBC News India, *India visa-on-arrival scheme to be extended*, British Broadcasting Corporation, 6 February 2014.

³⁰ U.N. Sushma, *28.9% increase in issuance of visa on arrival*, The Times of India, New Delhi, 18 October 2014.

³¹ Robert A. Lawson, Saurav Roychoudhury, and Ryan Murphy, *The Economic Gains from Eliminating U.S. Travel Visas*. Economic Development Bulletin No 19, Cato Institute, Washington DC 6 February 2014.

³² *Special Entry Arrangements for the Jeju island*, Korea Immigration Service, Seoul, 2016.

³³ World Tourism Organization and World Travel & Tourism Council, *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, United Nations, Madrid, 2012.

³⁴ *A strange sort of welcome*, The Economist, London, 2 January 2016.



While business travellers are generally less price-sensitive than leisure travellers, many travelling for associations congresses fund their own travel. For many delegates and speakers at business events, it is the first visit to Australia and the complexity and cost of the visa process can present both a barrier to attendance for the delegate themselves but also discouragement to bring a spouse or recommending colleagues attend. Both serve to reduce the competitiveness of Australian cities and regions hosting major business events.

Additionally, in the incentives travel market, an inbound tour operator measures Australia against rival destinations on a purely financial basis. In this context, a case can be made for bulk discounts since the applications can be done in one session, reducing administrative cost. There have been cases of major incentives groups and even major conferences receiving bulk visa application fee reductions, but only on an *ad hoc* basis and usually after substantial lobbying from state governments³⁵.

CITIZENSHIPS REQUIRING VISA FOR ENTRY



³⁵ *Conferences and events*, Department of Immigration and Border Protection, Canberra 2016.



The Solution: Expand the ETA Scheme for Business Visitors

The federal government has made significant progress in reducing complexity, shifting 153 countries from paper to electronic visas since 2010³⁶. It has also introduced the 10-year Frequent Traveller multiple entry visas to encourage repeat visitation from Chinese visitors, which is also a welcome step forward.

For the business events sector, a further change would be to include all those attending major international conferences in the existing ETA. India, for example, has made it easier for Asian visitors to attend its conferences as part of its visa reforms. India now has a special category of conference visa for major conventions endorsed by a government department of any of its state or federal governments³⁷.

The easiest way of applying this would be to enable delegates attending approved conferences or incentive group to apply for an ETA (subclass 601) rather than a full subclass 600 visitor visa.

The move towards electronic visa waivers (as the ETA can be categorised) for low-risk, high yield travellers is gaining traction elsewhere in the world. In recognition of the low risk presented by some Middle Eastern tourists, for example, the UK now offers electronic visa waivers to Emiratis, Omanis and Qataris³⁸.

As has been demonstrated internationally, reducing visa application fees stimulates demand. The demand elasticity for business travel is less than for leisure travel, but visa fees continue to place a downward pressure on Australian destinations' ability to market themselves.

In the business events space, the most obvious examples are China and India. Both nations feature in the top ten markets for international business event delegates ranked by average delegate spend³⁹. The 71,000 Chinese nationals attending a business event in Australia in 2014 spent \$262 million, while the 33,000 Indians attending a business event in Australia collectively spent \$117 million.

Chinese, Indians and other Asians currently requiring a full visa to visit Australia for a conference now have a wealth of other destinations competing for their attention that do not require visas. For the potential delegate, he or she can weigh up attending a congress in Singapore or Hong Kong rather than Australia and save him or herself at least \$140. Conversely, the removal of fees results in an upswing.

However, the extension of fee-free eVisitor visas to the citizens of 36 European Union and associated countries⁴⁰ is estimated to cost the Treasury some \$12 million per year, largely in information technology and compliance⁴¹.

³⁶ United Nations World Tourism Organization (UNWTO) *Visa Openness Report* Madrid, 2015.

³⁷ Indian Conference Visa, VFS Global, Delhi, 2016.

³⁸ *UK electronic visa waiver introduced for Oman, Qatar and UAE*, UK Visas and Immigration, Gov.uk London, 2014.

³⁹ *Tourism 2020- The Business Events Sector Quarterly Progress Report*, Business Events Australia, Sydney, 2015.

⁴⁰ The 28 European Union members states (including the United Kingdom), plus Andorra, Liechtenstein, Monaco, San Marino, Switzerland, Iceland, Norway and the Vatican City.

⁴¹ Figures based on EU and US estimates of cost of electronic visa waiver schemes, multiplied by EU arrivals.



An End to Fee-Free Reciprocity

The eVisitor scheme is based on a treaty between the European Union and Australia granting each other's citizens visa-free entry⁴². But this principle of reciprocity is being challenged globally. In 2010, the United States levied its fee for its visa waiver program, the Electronic System for Travel Authorization (ESTA) of US\$14⁴³. Similarly, Canada's Electronic Travel Authorization (eTA) is a replacement for its visa waiver programme and attracts a fee of C\$7 (\$7.20)⁴⁴ for all but US citizens. Both the ESTA and eTA have been cleared by the European Commission as cost recovery, rather than visa fees⁴⁵.

Indeed, Europe is set to join the electronic visa waiver club with the introduction of the European Travel Information and Authorisation System (ETIAS) next year that will impose a modest fee for Australians (and citizens of other developed nations) to enter the Schengen zone⁴⁶.

Although the impact of the UK leaving the European Union is unclear, with competing political voices in Britain calling for variously a reduction in all foreign workers⁴⁷ or an increase in those from the former Commonwealth Realms⁴⁸, the timing for a change in status is clear. Australia could use the Brexit process as a reason to introduce new visa arrangements with both the UK and the (by then) rest of Europe.

If Australia were to charge a fee to Europeans, as foreshadowed under this scenario, it could use this windfall to reduce visa application charges to high yield, low risk subclasses. The market stimulation in extending ETAs to Indian and Chinese business travellers is estimated to be 30%, although international evidence suggests this is conservative. A move like this would take Chinese nationals to number one in terms of delegate spend, with an additional 21.3 million Chinese event delegates taking total spend to \$340 million, ahead of the USA at \$329 million. Similarly, Indians would overtake Singaporeans in terms of overall spend, at an estimated \$152.2 million.

At an average of \$3,690 spend per Chinese delegate and an average \$3,545 per Indian delegate, this would result in \$113.2 million additional expenditure into Australia each year. Despite Chinese and Indian applications now live online, work remains to reduce the visa application fee.

⁴² *Seventh report on certain third countries' maintenance of visa requirements in breach of the principle of reciprocity*, European Commission, Brussels, 26 November 2012.

⁴³ *DHS, CBP Announce Interim Final Rule for ESTA Fee*, Media release, US Customs and Border Protection, Washington, August 2010.

⁴⁴ *Qu'est-ce qu'une autorisation de voyage électronique*, Immigration et citoyenneté Canada, Ottawa, June 2017.

⁴⁵ Duncan Robinson, *Non-EU travellers face €5 fee to enter passport-free Schengen zone*, Financial Times, 16 November 2016.

⁴⁶ *European travel information and authorisation system - Council agrees negotiating position*, press release, European Commission, Brussels, 9 June 2017.

⁴⁷ Simon Osborne, *Migrants will ONLY be offered visa if they have skilled job - to reduce numbers by 100k*, Express, 15 October 2016.

⁴⁸ Jamie Smyth, Kiran Stacey & Helen Warrell, *Australia warns UK not to toughen visa regime*, Financial Times, 25 July 2017.



Focus on Low Risk, High Yield

Once a visa pioneer, Australia is now falling behind comparable countries when it comes to visa policy. Our competitive set is beginning to make changes to their visa application processes and charges. Australia was a pioneer in electronic visa waiver schemes, with the ETA introduced for Singaporean nationals in 1996 the first of its kind globally. Now the USA, Canada and soon the EU have similar advanced screening electronic schemes in place.

But progress on extending the ETA has stalled, even as other countries have adopted the pre-clearance principles of the ETA. Rather than wait for visitors to arrive at the border, Australia recognised 20 years ago that obliging travellers to submit details in advance was a security and border protection measure worth taking. However, the corollary of this is that much is known about the cohort of business travellers, who pose statistically the lowest risk. ETAs should be extended to this class of traveller first.

The most direct way of extending easier visas to business visitors would be to enable delegates attending conferences, exhibitions or travelling as part of an incentive group tours to apply for an ETA (subclass 601) rather than a full subclass 600 visitor visa⁴⁹. The move towards electronic visa waivers like the ETA for low-risk, high yield travellers is gaining traction around the world⁵⁰. Expansion of the ETA to high yield, low risk travellers also has industry support⁵¹.

The evidentiary proof required could easily be provided since almost 100% of conferences and exhibitions use a digital ticketing program to manage admission. This would also enable the department to monitor the delegates' attendance at the events. Incentive tour operators and corporate travel agencies could also provide itinerary in a format acceptable to the department for evidencing purposes.

A Cost-Neutral Option

Around one-tenth of all visitor visas are granted to applicants who declare business as a purpose of visit⁵². Based on this, the AACB has calculated that if all business travellers were able to apply for an ETA instead of a subclass 600 visa, this would amount to around 200,000 fewer subclass 600 visas each year. Under current regime, this loss of revenue would be unacceptable to Treasury.

However, if combined with a move to ETAs for Europeans, the move could be cost-neutral. For example, currently Australia effectively subsidises the travel of its citizens to Europe through the reciprocal fee-free visitor visa scheme. But if the Schengen area of the EU were to impose a €5 (\$6) fee for its planned ETIAS, Australia could reciprocate and impose a fee on visiting Europeans.

If Europeans were included in the ETA, and if this were levied at all existing and European nations at a rate of \$25 (to allow for increased complexity), then receipts to Treasury would total \$117 million. This would largely offset the loss in subclass 600 receipts (see table overleaf).

⁴⁹ *Powering Collaboration. AACB pre-budget submission 2015-16*, Canberra February 2016.

⁵⁰ *UK electronic visa waiver introduced for Oman, Qatar and UAE*, UK Visas and Immigration, Gov.uk London 2014.

⁵¹ *Barriers to service Export*, Tourism & Transport Forum, May 2015.

⁵² *Overseas Arrivals and Departures*, Australia, June 2017, Australian Bureau of Statistics.



ESTIMATED CURRENT VISA FEE REVENUE TO GOVERNMENT			
Visa	Arrivals (FY16-17)	Current fee (average)	Estimated revenue
NZ	1.35m	\$0	\$0
eVisitor	1.53m	\$0	\$0
ETA	2.92m	\$20	\$58.6m
Visitor	2.74m	\$205*	\$576.1m
Total	8.55m	-	\$634.7m

*answers on notice on average visa application fee of subclass 600 visa given to Tourism Visa Advisory Group June 2015

ESTIMATED POTENTIAL FUTURE VISA FEE REVENUE TO GOVERNMENT			
Visa	Arrivals	Possible fee (average)	Estimated revenue
NZ	1.35m	\$0	\$0
ETA	4.66m	\$25	\$116.5m
Visitor	2.53m	\$210*	\$534.1m
Total	8.55m	-	\$650.6m

*calculations based on 10% of visitors stating conference or business as their purpose of travel, but their removal as a cohort raising the risk profile (and thus average fee paid) by \$5

International studies have shown that if the cost of obtaining a visa (both financial and time) is too high, potential travellers will go elsewhere⁵³. Tourism Australia recently found that in the case of association conference delegates, budgetary constraints play a major role in securing approval to travel for around 60% of delegates⁵⁴. For the corporate incentive travel market, the cost factors of Australia are even more acute, as visa fees add to the total package cost and impact the feasibility of destination options. For the price sensitive Chinese market, visa fees are a deal breaker.

Australia's current visa system discriminates against most, but not all, Asian travellers. As an example of the disparity of this policy, visa applications for mainland Chinese citizens start at \$135 plus associated lodgement costs. By contrast, Hong Kong Chinese citizens have access to an immediate online visa waiver scheme known as the Electronic Travel Authority (ETA) costing just \$20.

There is a growing sense in China that its citizens are being discriminated against, or at the very least not being offered the best deal on the table. The department could point to a relatively high rate of visa overstaying among Chinese citizens, although this is comparable to citizens of Ireland⁵⁵.

⁵³ World Tourism Organization and World Travel & Tourism Council, *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, United Nations, Madrid, 2012.

⁵⁴ *Association Conference Delegate Behaviour*, Snapcracker for Tourism Australia, Sydney, August 2016.

⁵⁵ *Visa overstays - Programme 2.3: Visa*, Additional estimates hearing, Parliament of Australia, Canberra, 24 March 2017.



Skilled Migration to Address Industry Needs

In addition to short-term visitor and business visa initiatives, designed to attract more delegates to Australia, the visa simplification process must also give due consideration to the business events industry's work visa needs to address specialist event requirements and skills shortages.

According to Meetings & Events Australia, 47% of organisations in the business events industry reported that skills shortages are currently impacting their ability to recruit⁵⁶. 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 (mid and senior-level), Sales Executive, Business Development Manager and Technical staff.

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.

The business events industry is heavily dependent upon professional delivery within its tourism and events supply chain including accommodation, hospitality, transport, attractions, and venue and event management.

Deloitte Access Economic identified that the top five occupations by projected skills shortage – café and restaurant managers, automobile drivers, chefs, waiters and kitchenhands – account for a shortfall of 15,961 workers, or 52% of the total skilled shortage forecast by 2020⁵⁷.

The top tourism occupations effected by skill deficiency include:

- Accommodation – cleaner and receptionist
- Attractions – tour guide
- Restaurants/cafes – chef, cook and café/restaurant manager.

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 reduce 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.

The AACB understands that the Government will be replacing the 457 Temporary Work (Skilled) Visa with a Temporary Skills Shortage (TSS) visa in March 2018. The Government should therefore include appropriate hospitality and event occupations on the relevant Short-Term and Medium to Long-Term Strategic Skills Lists in consultation with the industry and reduce the tax disincentive on working holiday makers.

⁵⁶ *The Australian Workplace Skills Survey for the Events Industry Sector*, Meetings & Events Australia, Sydney, 2017.

⁵⁷ *Australian Tourism Labour Force Report: 2015-2020*, Deloitte Access Economics for the Australian Trade Commission (Austrade), October 2015.



CONCLUSION

The Association of Australian Convention Bureaux recommends that:

1. If the Government raises the visitor visa fee for Europeans to \$20 or \$25, this revenue must be re-allocated into reducing visa fees for other visitors.
2. Business visitors, as the lowest risk and highest yield, should be the first group to benefit from lower visa fees.
3. The Government should publish criteria for new nationalities to join the ETA (eg. overstay risk, wealth, political stability etc).

Australia faces aggressive competition in the business of luring high yield business events — both major conventions and large incentive travel groups — to our shores. National governments elsewhere are committed to investing in business event attraction through event support and progressive visa regimes.

In 2015/16, some 18% of bids for major business events were lost due to stronger financial incentives offered by our rivals, almost double that of 2014/15. Most of our international business events rivals also have visa free entry for Asian, European and North American citizens, in part to secure major conferences and reward travel groups.

In this submission, we have also reiterated our call to reduce the cost of obtaining a visa to attend a conference here for most Asian visitors. Too many of our neighbours require full visitor visas to attend a business event here. We need to extend electronic fee-free visas to all business event attendees.

International studies have shown that if the cost of obtaining a visa (both financial and time) is too high, potential travellers will go elsewhere⁵⁸. Tourism Australia recently found that in the case of association conference delegates, budgetary constraints play a major role in securing approval to travel for around 60% of delegates⁵⁹. For the corporate incentive travel market, the cost factors of Australia are even more acute, as visa fees add to the total package cost and impact the feasibility of destination options.

If we are to maximise the Asian Century, this must include business travellers, whose value is around four time greater than that of leisure tourists.

The economic imperative for investment in this sector is compelling and we commend the Department of Immigration and Border Protection to explore our recommendations further. We would welcome the opportunity to discuss any of the matters raised in this submission further.

⁵⁸ World Tourism Organization and World Travel & Tourism Council, *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, United Nations, Madrid, 2012.

⁵⁹ Association Conference Delegate Behaviour, Snapcracker for Tourism Australia, Sydney August 2016.

