



Association of Australian
Convention Bureaux

Australian Services Exports

Productivity Commission

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ABOUT AACB

The Association of Australian convention bureaux (AACB) is the peak business events network driving economic prosperity for Australia.

The AACB brings together 15 city and regional bureaux dedicated to marketing their specific region as premier business events destinations to intrastate, interstate and international markets. Bureaux recognise their collective responsibility to promote Australia as a whole.

Our mission is to ensure that the business events industry is understood and recognised as a key sector of the visitor and knowledge economies. Last year AACB partnered with Deloitte Access Economics to examine Australia's international business events sector and outline the economic and strategic value proposition.

Key findings, derived from international studies, national data and AACB market intelligence, identify industry trends, drivers and barriers are detailed in this submission and the attached documents:

- *Australia's International Business Events Sector: The Economic and Strategic Value Proposition*, Deloitte Access Economics, 2014
- *Business Events: Delivering Economic Prosperity for Australia*, Association of Australian Convention Bureaux, 2014

ABOUT BUSINESS EVENTS

The Business Events Council of Australia (BECA) defines a business event as any public or private activity consisting of a minimum of 15 persons with a common interest or vocation, held in a specific venue or venues, and hosted by an organisation (or organisations). This may include (but not limited to): conferences, conventions, symposia, congresses, incentive group events, marketing events, special celebrations, seminar, courses, public or trade shows, product launches, exhibitions, company general meetings, corporate retreats, study tours or training programs.

The demand for a business event is driven mainly by organisations choosing it as a forum to communicate messages, to educate or train, to promote a product, to reward or celebrate, to collaborate on issues and solutions, or to generate resources.



Types of Business Events

Business events are generally made up of meetings, incentives, conventions and exhibitions.

- Meetings: off-site gatherings in a commercial venue; with more than 15 persons; and with a common purpose.
- Incentives: programs which are attended by 'high achievers' to recognise and further motivate participants for their performance within the organisation. Incentives are also used to introduce new products and services to key players.
- Conventions: Also referred to as conferences, conventions are large assembly of participants, often several thousand, with many international visitors. Most conventions will have some form of exhibition attached.
- Exhibitions: gatherings where suppliers display their products and services for trade and public exhibition purposes.

SERVICES EXPORTS OPPORTUNITY

Australia is well positioned to benefit from the services export sector through high job growth and economic activity by engaging in international trade and investment in the services sector.

The business events industry offers a unique mechanism and opportunity for government and the whole services sector to exploit - on home soil.

A recent study from Asialink Business, *'Australia's Jobs Future: The rise of Asia and the services opportunity'*, reveals that Australia's biggest export is services, accounting for 41 per cent of Australia's export earnings when measured in terms of total value added. Further, it is expected that the demand for Australian services will expand to a total value of \$163 billion per year and add more than 1 million jobs by 2030.

The growth prospects from Asia alone represent an extraordinary opportunity but we, Australia, must act now to capitalise on this growing market.

Recent free trade agreements, liberation of Asian economies and a fast growing middle class places Australia at the doorstep of this vast opportunity.

BUSINESS EVENTS INDUSTRY

In addition to building a stronger, more productive and more diverse Australian economy, international business events will play a significant role in helping facilitate and grow the Australian services exports sector.

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



high yield and long-term benefits accruing from growth in the visitor and knowledge-based economies.

Realising the full potential of the services exports sector requires business focus, supportive policy environments and greater industry awareness. The business events industry will help cultivate opportunities and confidence that industry, small business and government can capitalise on.

According to the recent ANZ PwC Asialink Business Services Report, in 2013 direct and value added services accounted for \$112 billion and 1.1 million jobs, in contrast mining accounted for \$101 billion and 227,000 jobs.

Gaining better access to Asia and other markets through Australia's Free Trade Agreements is not only opening up services exports but is also making Australian companies and providers more competitive.

Behind mining, services is the second largest export to Asia and as Asian economies mature a growing share of economic growth will come from the services exports sector.

Business events can provide much needed support in helping build relationships, awareness and capability with our Asian neighbours. This is critical, while you no longer need to get on a plane to do business, there is no substitute to building trust, understanding and sustainable relationships than through face to face meetings and business events.

KEY SERVICES EXPORT SECTORS

Tourism, education, professional services, financial services, information technology and health services all benefit from hosting international business events in Australia – not to mention the economic impact it has on the economy as a whole and the opportunity to best showcase Australian expertise and know-how.

SERVICES EXPORTS: MARKET DRIVERS

Free Trade Agreements

Opening markets and allowing free trade and investment is driving competition. Free trade agreements help liberalise Asian governments providing stronger opportunities for services exports. As Asian economies mature, economic growth will come from the services sector.

In addition, the Trade in Services Agreement (TiSA) currently being negotiated by World Trade Organisation members, led by Australia, the EU and the US, will expand the services exports sector even greater, offering more opportunity for Australia to capitalise on. This agreement will represent 70 per cent of the global trade in services market.



With Australia positioned at Asia's doorstep it offers a strategic advantage and great opportunity. The Deloitte Access Economics report '*Australia's business events sector: the economic and strategic value proposition*' states that 30% of international business events delegates to Australia are from Asia, making up the fastest growing cohort of international meetings participants.

Open markets also drive Australian services to continually be more competitive, innovate and increase productivity. Australian exports are strongly collated and influenced by Australia's competitiveness.

Export Support Programs

The Export Market Development Grant Scheme (EMDG) plays a very important role in increasing Australian trade and investment.

AACB recently submitted to the 2015 Review of the EMDG Scheme. That submission is referenced for your information and review.

Further to EMDG, both state and federal governments offer export support programs to help with stimulating international trade opportunities in the services exports sector. But programs are not effective if no one is aware of the opportunity and the assistance that is available.

Education and Awareness (of services exports opportunities and cultural exchange)

Understanding Asian culture and relationships is significant to growing services exports. It is important to incorporate cultural exchange between trading partners – which can occur at business events. This also gives the country an opportunity to showcase Australian expertise and allows Australian companies to meet with and develop personal relationships with business delegates from Asia.

Cultural exchange is vital. This goes hand in hand with developing an Asia-capable / internationally oriented Australian workforce. The Export Council of Australia identifies that one of the biggest challenges for Australian exporters is navigating the Asian business culture.

Face to face meetings and interaction will be critical in building relationships, trust, and understanding that will lead to more export opportunities for Australia.

Government Support

Austrade offices are represented around the world play an important role in promoting Australian expertise, products and investment opportunities as well as connecting export opportunities with Australian business.



Additionally, Tourism Australia plays an important role in attracting international visitors to the country for leisure and business events, as well as showcasing Australian expertise, experiences, knowledge and companies and organisations to the international community. International marketing is critical to every sector in Australia, not just services exports.

Increasing the awareness of government agencies and their roles and support mechanisms will provide great return and drive greater results.

Rising Middle Class in Asia

As incomes rise in Asia so does the demand for Australian services. This is evident, in 2012 China surpassed Japan to become Australia's largest trading partner.

Currency exchange also plays an important role - and more is being spent on Australian services, including tourism, from Asian countries.

The Reserve Bank of Australia in its June Quarter 2013 Bulletin reported that China has become the most important source of export income for the Australian tourism industry since 2010/11 – this is expected to grow.

As Asian economies continue to urbanise, industrialise and incomes grow, Australia will be well placed to supply services exports.

International Business Events

AACB, in partnership with Deloitte Access Economics, released a report titled '*Australia's international business events sector: the economic and strategic value proposition*' (2014).

Key findings identified that in 2012, 900,000 international business event delegates contributed to \$2.7 billion in delegate expenditure – 21% of all international visitor spend – and generated \$2.2 billion in GDP.

In 2012/13, \$241 million (GDP) was attributed directly to business development (bid wins) by Australian convention bureaux, off the back of international marketing activity. Further, 78% of delegates expected to attend international business events won by Australia's convention bureaux fall within the 5-Pillar economy, aligning with the Nation's trade and investment priority areas.

Additionally, the sector augments economic activity well beyond directly measurable metrics and drives many other positive impacts:

- Attracting global talent
- Transferring knowledge
- Encouraging foreign investment



- Stimulating trade
- Fostering innovation
- Boosting productivity
- Nurturing research collaboration
- Promoting cultural exchange
- Delivering community benefits

As such, the Minister for Trade and Investment, the Hon Andrew Robb AO MP, has identified the international business events industry as an integral part of Australia's economic diplomacy agenda. *'Attracting Business Events to Australia: Role of Government Agencies'*, announced on 27 November 2014, recognises the work that Australia's convention bureaux do by making them an important point of contact in accessing bid and marketing support through a new Austrade and Tourism Australia partnership.

A recent report by Ernst and Young *'The Value of Business Events to Australia'* further emphasises the economic importance of business events to Australia's economy, stating that in 2014 the industry contributed:

- \$28 billion in direct expenditure
- \$13.5 billion in direct value added
- 179,357 direct jobs
- \$23.1 billion in total economic contribution (GDP).

The business events industry is driving industry growth. Days by international business events delegates have grown at twice the pace of overall visitation over the last four years, while expenditure has grown nearly five times faster.

Business events also capitalise on Australia's advantages with convention bureaux directly bidding for international business events affiliated with the fastest growing global industries - each of which has been identified to enjoy a relatively high level of advantage. The industry showcases Australia's strengths as a destination to invest, work, live, learn and play in.

Further, business events promote growth and development in regional Australia with 46% of international delegates participating in pre and post-event tourism. In addition, 26% of delegates bring at least one family member or friend with them and 60% are likely to visit Australia again within two years.

SERVICES EXPORTS: BARRIERS

Planning and Cultural

As international trading markets open, some companies and organisations will make decisions without proper planning or understanding of foreign business cultures. This could



make the trade investment activity unsuccessful and lead to abandoning exporting altogether.

Cultural differences can result in a negative impact or response on service, quality and experience. Misunderstandings between different cultures creates dissatisfaction for all parties and can stifle trade deals. It is important to understand one another and each trade partner's expectations.

Supporting more business events, on home soil, will help connect individuals and companies with potential buyers and trade partners. The face to face interaction is critical in understanding new cultures and will help with risk mitigation. Cultural exchange, the transfer of information and promoting trade partnerships is best done in person.

Business events help with crossing borders – culturally – and building trust, communications and other important elements for the trade relationship to be successful.

Immigration and Border Policy

High border fees and charges hinder growth in the services export sector. Further, lengthy bureaucratic processes and application times also have a negative effect.

As such, the new online visa application process and multi-visit visas help streamline and ensure greater opportunity for growth in the sector.

Australia's tourism industry was highlighted in the recent Deloitte Access Economics report, *'Positioning for Prosperity, Catching the Next Wave'*, where tourism is identified as one of Australia's five super growth industries capable of delivering an additional \$250 billion to the national economy over the next 20 years.

Immigration policy and requirements are key to maximising the sectors potential growth and should be continually reviewed, streamlined and simplified.

Infrastructure

Infrastructure plays a big part – from accessibility to regional areas to public transportation and accommodation. International delegates coming for an event usually prefer direct flights. While some progress has been made, with the recent budget appropriation to upgrade border service processing at Townsville and Sunshine Coast airports, more must be done to accommodate future opportunities.

Exchange Rates

Fluctuation in currency can be a barrier when you have individuals or companies interested in Australian goods and services. Policy that helps maintain a positive, stable and competitive currency rate is important.



Investment and Funding

Access to capital and funding is also important – from establishing new connections and partnerships to international promotional campaigns. Further, it is critical that there be a strong investment in human capital as well as research and development in order to be competitive in the global marketplace.

MECHANISM FOR REMOVING BARRIERS

Business events provide a strong mechanisms for government and industry to leverage and provides strong economic activity as well as beyond directly measurable metrics to drive positive impacts for Australia's services exports sector.

Business events result in the creation of new partnerships and opportunities for trade. This also opens up possibilities for research collaboration and knowledge transfer, helping increase innovation as well as boost productivity and competitiveness for Australia.

SUPPORTING REFERENCES

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