

Value of Business Events to Australia

FY 2019 High-level update

Business Events Council of Australia (BECA)

Reliance Restricted

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Via email to: vfindlay@BrickfielderGE.com

4 April 2020

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Value of business events to Australia – FY19 high-level update

Dear Vanessa

In 2014, Ernst & Young (EY) was engaged by the Business Events Council of Australia (BECA) to estimate the value of business events to the Australian economy. The report (2015 EY BECA Report) highlighted the importance of the business events industry to Australia, by estimating the economic contribution, value add and employment of the industry in FY2014.

Please find attached our Financial Year 2019 (FY19) high-level update on the value of business events to Australia, which is based on our 2015 EY BECA Report.

This report may be relied upon by Business Events Council of Australia (BECA) for the purpose of understanding the economic contribution of business events to Australia for FY19. It should not be relied upon for any other purpose or by any other parties.

Thank you for engaging EY again to provide this high-level update, which we understand will be used by BECA to assist them in their discussions with the Federal Government regarding the provision of a support package for the business events sector as a result of the current impact on the industry from COVID-19. If you would like to clarify any aspect of this report or discuss other related matters then please do not hesitate to contact me on 0402 093 800.

Yours sincerely

Matt Colston
Associate Partner
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Dashboard

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Value of Business Events to Australia: FY19 high-level update





1 Value of Business Events to Australia: FY19 high-level update

Based on general industry growth assumptions, the value of the business events industry has grown by c. 30% since FY14, directly contributing \$35.7 billion to the Australian economy in FY19

1 Value of Business Eve ...

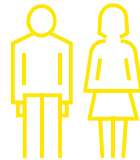
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FY19 high level update of EY's 2015 report on the value of the business events industry in Australia

Attendance

43.7 million



An estimated 43.7 million people attended a business event in Australia in FY19 compared to 37 million in FY14.

Number of business events

484,000



Approximately 484,000 business events (meetings/ conventions, exhibitions and incentive events) were stage in Australia in FY19

Direct contribution

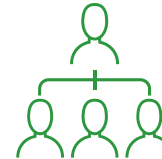
\$35.7 billion



Value of business events: The *direct industry expenditure* is estimated to have increased by over \$7.7 billion, from \$28.0 billion in FY14 to \$35.7 billion in FY19.

Direct employment

229,000



An estimated 229,000 people are directly employed by the business events industry in FY19.

Direct value added

\$17.2 billion



Value of business events: The *direct industry value added* generated by business events increased by \$3.7 billion, from \$13.5 billion (FY14) to \$17.2 billion (FY19).

Direct wages

\$11.1 billion



Based on the average wage in the business events industry (*source: ABS*), the estimated annual expenditure on wages for FY19 for the above mentioned industry direct employment is approximately \$11.1 billion.

FY19 high level update:

EY has provided a high level update of the key metrics contained in our 2015 EY BECA Report on the value of business events in Australia. This high level update is based on basic economic and industry growth data (ABS and Tourism Research Australia Visitor Surveys). The key outputs from this update are:

1. 43.7 million people attended business events in Australia in FY19
2. The number of business events in Australia increased from 412,000 (FY14) to approximately c. 484,000 (2016)
3. The direct industry contribution generated by business events in Australia increased by \$7.7 billion from \$28.0 billion (FY14) \$35.7 billion in FY19
4. The direct industry value added generated by business events increased by \$3.7 billion, from \$13.5 billion (FY14) to \$17.2 billion (FY19)
5. The business events industry in FY19 is supporting an additional c.49,000 jobs (229k in FY19 compare to 179k in FY14).
6. The business events industry wages equated to approximately \$11.1 billion in FY19



1 Value of Business Events to Australia: FY19 high-level update

Meetings and conventions are by far the largest component of the business events industry by volume and value

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Value of business events by sector for FY19

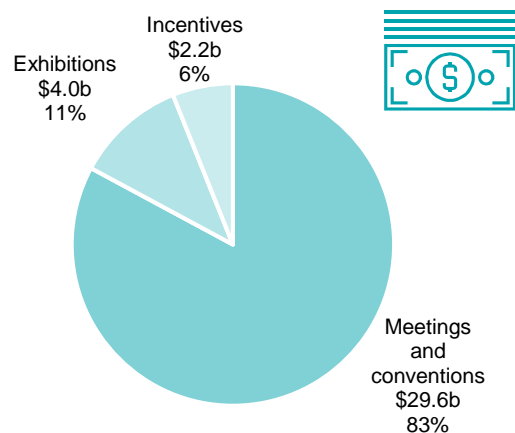
Key industry metric	Meetings & conventions	Exhibitions	Incentives	Total
Number of business events	459,759	2,536	22,087	484,382
Number of attendees: delegates/exhibitors/visitors (millions)	31.1m	11.1m	1.5m	43.7m
Direct expenditure (\$ billions)	\$29.6b	\$4.0b	\$2.2b	\$35.7b
Direct expenditure per event (c. \$)	\$64,000	\$1,560,000	\$98,000	\$74,000
Direct expenditure per attendee (c. \$)	\$950	\$360	\$1,420	\$820
Direct value added (\$ billions)	\$14.4b	\$1.9b	\$0.9b	\$17.2b
Total estimated direct annual wages expense (\$billions)	\$9.1b	\$1.3b	\$0.6b	\$11.1b
Direct employment (c. jobs, rounded)	188,000	28,000	13,000	229,000

Key metrics by event type

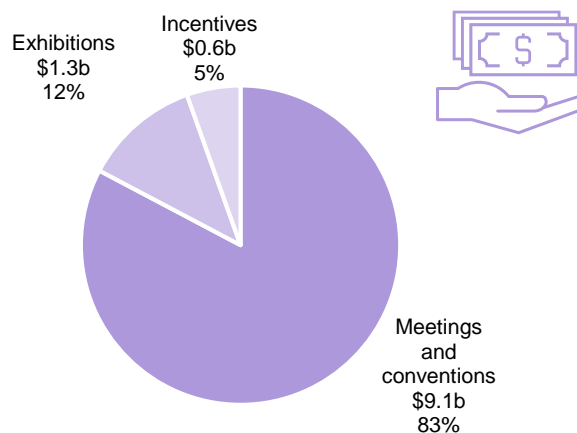
- ▶ Meetings and conventions continue to be the largest component of the business events industry in Australia by total size and expenditure
- ▶ Exhibitions are by far the largest event type on a per event basis in terms of average direct expenditure and attendances per event
- ▶ Incentive events generate the largest average direct expenditure per attendee

Numbers may not equate exactly due to rounding

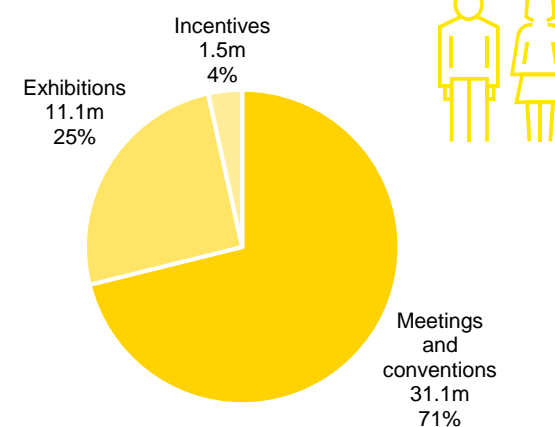
\$35.7 billion direct contribution of the business events industry – by event type



\$11.1 billion direct annual wages contribution of the business events industry – by event type



43.7 million annual attendances at business events in Australia – by event type



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Approach and key assumptions



2 Approach and key assumptions

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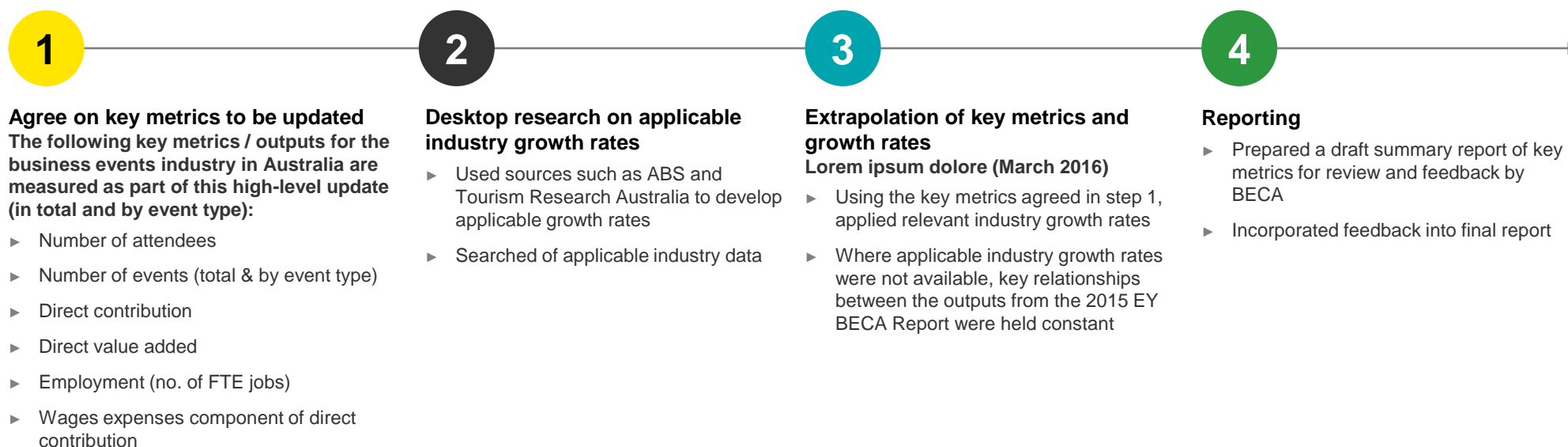
Background

In 2014, Ernst & Young (EY) was engaged by the Business Events Council of Australia (BECA) to estimate the value of business events to the Australian economy. The report (2015 EY BECA Report) highlighted the importance of the business events industry to Australia, by estimating the economic contribution, value add and employment of the industry for the financial year 2014 (FY14). It also estimated other key measures, such as the number of business events, participants, and venues across Australia.

Approach to this high-level update

Given the time and resources required to undertake a full update of the value of the business events industry, an alternate low resource intensive approach has been developed in consultation with BECA. This approach, which is adopted for this FY19 high-level update, involves the development and application of various growth rates to the key outputs from the 2015 EY BECA Report. In the absence of available data to establish growth rates for certain outputs, key relationships between the outputs from the 2015 EY BECA Report were held constant.

For example, while updated data on business trip visitation was available from Tourism Research Australia to establish estimate growth in business event attendances, updated information on the number of business vents staged in Australia in FY19 was not available. As such, the average number of attendees per business event type from the 2015 EY BECA Report was used to update the estimated number of business events by applying this average to the updated attendance estimates. A summary of our approach is provided below, with key assumptions provided over the page.





2 Approach and key assumptions

Key assumptions and calculations

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Key industry metric	Total	Notes
Number of business events	484,382	(1)
Number of attendees: delegates/exhibitors/visitors (millions)	43.7m	(2)
Direct expenditure (\$ billions)	\$35.7b	(3)
Direct value added (\$ billions)	\$17.2b	(4)
Direct employment (c. FTE jobs, rounded)	228,596	(5)
Total estimated direct annual wages expense (\$billions)	\$11.1b	(6)

Notes: Summary of assumptions

- (1) Based on the average growth in attendee numbers as per assumption (2), assuming the average attendee numbers per event remain consistent with the 2015 EY BECA Report on the Value of Business Events to Australia.
- (2) Given the limited updated data available specific to the business events industry, we have assumed the following growth rates for attendees at business events in Australia for FY19:

Attendee origin	Growth rate	EY basis for assumption
Local	8.0%	Based on Australian population growth (ABS) 2014 to 2019 (FY)
National	61.6%	Based on Tourism Research Australia's National Visitor Survey visitor growth 2014 to 2019 - business as primary purpose of travel
International	19.0%	Based on Tourism Research Australia's International Visitor Survey visitor growth 2014 to 2019 - business as primary purpose of travel
Average	17.6%	Average growth rate applied to number of events, keeping the average number of delegates per event consistent with the 2015 EY BECA Report

- (3) Total attendee numbers multiplied by the average spend per attendee per trip from the 2015 EY BECA report. The average spend per trip per attendee has been inflated by CPI June 2014 to June 2019, which equates to an increase of 8.4%.
- (4) Based on the ratio of direct expenditure to direct value add from the 2015 EY BECA Report. The direct value add multipliers from the 2015 EY BECA Report were extracted from the 2014 Tourism Satellite Accounts.
- (5) Based on the ratio of direct expenditure to number of direct jobs from the 2015 EY BECA Report. The direct employment multipliers from the 2015 EY BECA Report were extracted from the 2014 Tourism Satellite Accounts.
- (6) Based on number of jobs as per (5) multiplied by average annual salaries for tourism based industries from the ABS wage data.



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Key assumptions and calculations

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Summary of FY19 high-level update calculations

	No. venues	No. events	No. attendees	Average \$ per delegate per trip *	Total spend (\$B)	No. attendees per event	EY Comment on Growth Factor
2015 EY BECA Report (FY14)	942	412,004	37,153,894	\$754.73	\$28.04	90.18	No. venues - no updated data to assess
Growth factor	0 new venues	17.6%		8.40%			No. events - based on average growth of attendee numbers, therefore keeping no. of attendees per event constant
FY19 estimate	942	484,382	43,680,865	\$818.16	\$35.74	90.18	No. delegates - refer below. \$ per attendee - based on CPI growth
					27.4%		

* Note as this is an average in also incorporates event organiser spend

Business events attendances growth rate calculations

Origin of attendee	<100 delegates	>100 delegates	Total attendees	Total	Growth rate	FY19 updated estimate	EY Comment on Growth Factor
Local	9,049,331	20,357,581	29,406,912	79%	8.0%	31,752,384	Based on Australian population growth (ABS)
National	2,128,856	4,237,911	6,366,767	17%	61.6%	10,285,913	Based on NVS visitor growth - business as primary travel purpose
International	323,161	1,057,054	1,380,215	4%	19.0%	1,642,567	Based on IVS visitor growth - business as primary travel purpose
Total	11,501,348	25,652,546	37,153,894	100.0%	17.6%	43,680,865	

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Note and Disclaimer

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Notice and Disclaimer

In 2014, Ernst & Young (EY) was engaged by the Business Events Council of Australia (BECA) to estimate the value of business events to the Australian economy. The report (2015 EY BECA Report) highlighted the importance of the business events industry to Australia, by estimating the economic contribution, value add and employment of the industry in 2013-14. In March 2020, EY was engaged on the instructions of Business Events Council of Australia (BECA) to provide a high-level update of the key metrics contained in the 2015 EY BECA Report for the Financial Year 2019 (FY19), in accordance with the signed engagement letter dated 23 March 2020.

The results of EY's work, including the assumptions and qualifications made in preparing this high-level update, are set out in this report ('FY19 high-level update report' or 'Report'). The Report should be read in its entirety including the introductory chapters, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report. No further work has been undertaken by EY since the date of the Report to update it.

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Basis of our work and limitations

The information contained in this Report is based on the 2015 EY BECA Report and uses publicly available data to support assumptions developed to update the key outputs contained in that report for FY19. We have not independently verified, or accepted any responsibility or liability for independently verifying, any such information nor do we make any representation as to the accuracy or completeness of the information.

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