

EVENTS INDUSTRY INFRASTRUCTURE AND SUPPORT SERVICES

“Cities competing to host major events have to demonstrate their capacity to host such events. Superior quality and capacity of event facilities are essential to induce demand and competitive advantage. Victoria’s challenge is to ensure that our events industry infrastructure remains competitive and attractive with the best in the world. ”

– Wayne Kayler-Thomson, CEO, VEIC

BACKGROUND

- Business events are a high yielding component of the Australian tourism industry and have potential for further expansion. Melbourne has built a reputation as a world leading location for business and major events. Regional Victoria enjoys a well-developed a vibrant annual, special and business events program.
- VEIC considers new investment in physical infrastructure and supporting services is vital to support the future growth and success of Victoria’s events industry. While much of this new investment will need to come from the Government, opportunities to encourage increased private sector investment in building, owning, operating and developing events industry assets should be encouraged.
- The 2007/08 Victorian Budget provides an additional \$34.2 million over four years for major events in Victoria. A further allocation of \$2 million has been provided to support regional community tourism events that will stimulate visitation to the regions.
- This funding has been welcome by VEIC and reflects the Victorian Government’s commitment to increase the Major Events Cap, expand the role of the Victoria Major Events Company, and boost support for major sporting and cultural events.
- While enhanced event attraction and promotion is a vital to the future growth of the industry, these activities need to be augmented by additional funding for the development of new and enhanced event industry infrastructure.
- Marketing alone will not sustain event industry growth. The stimulus to demand from promotion, event branding and attraction needs to be matched by supply led infrastructure initiatives that not only raise the productive capacity of the industry, but also facilitate market growth into the future.
- The opportunity cost of failing to continue to invest in events industry infrastructure and supporting services is likely to be significant. Competition for the right to host major events is fierce, particularly from traditional interstate rivals like Sydney but increasingly so from a number of Asian countries who have matched their rapid economic expansion with significant event-related infrastructure development.
- In such an environment, success will continue to be heavily influenced by the competitive position of the host city generally, as well as the appropriateness of sporting, convention and exhibition facilities. Victoria’s challenge is to ensure that our venues remain competitive and attractive with the best in the world.

KEY ISSUES

- Investment in events industry infrastructure can take a number of forms. It can include new investment in physical infrastructure or the refurbishment and/or extension of existing infrastructure. Both forms of investment are needed to ensure Victoria's events industry maintains its competitive edge, positioning the sector – and Victoria - to capitalise on future market growth.
- The significant cost of establishing convention and exhibition facilities, and their inability to capture sufficient commercial returns, suggests that Government has a major role to play in funding the development of stand alone facilities. Emerging capacity constraints need to be offset by recurring investment in events facilities as a means of securing ongoing competitive advantage.
- VEIC considers the incorporation of additional revenue streams and/or business activities into Private-Public-Partnerships (PPPs) models for major events facilities development has the potential to improve returns from such infrastructure investments for the private sector. If these additional business activities can be accommodated in future development plans, the attraction of such projects to the private sector will likely increase.
- The absence of comprehensive data on forecast business event visitor numbers can pose a problem for the planning of future investment in such facilities. VEIC therefore supports efforts to develop improved forecasts of business and major events - and hence business tourism - and a closer matching of supply with demand. This needs to include likely international business events, some of which are bid for eight years out and can be up to 25,000 delegates in size.
- As a base for industry development, it also is vital that urban and regional planning policies do not inadvertently discourage investment. Planning policies need to be closely aligned to regional development and event and tourism industry growth objectives in order to ensure optimal investment occurs. The focus is not just about securing government funding for major event-related infrastructure projects, but also ensuring the right policy environment to support private sector investment or partnerships, through providing certainty, transparency and clarity in regulation.

DISCUSSION

- Are current major and business event infrastructure projects on time and on budget? Where are the gaps and what can be done to ensure their timely and effective delivery?
- What should the hierarchy of event-related infrastructure projects be for Victoria over the next 5 – 10 years?
- How does Victoria's share of private and public infrastructure spending on business and major events compare with other States?
- How do we leverage greater private sector involvement in the financing, development, management and operation of events industry assets?
- What planning reforms are needed to fast-track major new events projects?
- What support services are required to maintain and grow event delivery capacity?