

Extension of the Melbourne Exhibition Centre

Background

Value of the Victorian Events Industry

- Melbourne has built a reputation as a world leading destination for major events, and is a leading destination for business events. Business events, including exhibitions, are one of the fastest growing tourism segments.
- Victoria currently holds a 25 per cent share of the Australian business events sector. Each year business events attract around 5.4 million delegates (including international visitors) and support 22,600 jobs (directly and indirectly). They generate 9 per cent of total tourism revenues, or around \$1.2 billion per annum.
- Victoria University research indicates that the current Melbourne Exhibition Centre contributes on average an additional \$260 million per annum to the Victorian business tourism market from sources outside Victoria. This research shows that an 18,000 square metre expansion of the existing facility will contribute an additional \$150 million per annum to the business tourism market.

Existing Exhibition Capacity

- The existing 30,000 square metre Melbourne Exhibition Centre is located in central Melbourne and is considered to be a pre-eminent exhibition space in the Australasian region. VEIC proposes to extend this capacity by an additional 18,000 square metres.
- As a result of Victoria's continued strong commercial performance and events profile, there has been such a high demand for space that the current Exhibition Centre is at full capacity for between 5 and 6 months each year. In addition the Centre is at a level of utilisation several other months each year that makes it difficult to meet industry space requirements. The result of these levels of occupancy is that there is already a significant amount of business either being turned away or unable to expand because of space limitations. Currently a number of key exhibitions are forced to run over two separate venues, which is unsatisfactory to both exhibitors and visitors, and not does reflect a 'world-class' event or facility.
- The Melbourne Exhibition Centre management have estimated there will be a further 20 per cent increase in demand for exhibition space resulting from new conferences attracted to the State when the new Plenary Hall is completed. The increase in demand for space for conference-related exhibitions cannot be accommodated and will be at the expense of traditional exhibitions currently being conducted at the MEC.
- The locational and associated benefits of our central 'business/leisure' precinct (including access to significant population and visitors, well developed and efficient transport systems and accommodation) have created a continued demand for space that outstrips current availability and most event promoters

and organisers are unwilling to relocate to suburban venues such as racecourses and showgrounds as the abovementioned benefits are largely absent.

Future Growth Requirements and the Benefits of Expansion

- An important driver of future growth is the physical space or capacity available to host major business and other events.
- VEIC considers the proposed expansion of the Melbourne Exhibition Centre will give Victoria a 10 year competitive advantage over competing capital cities in attracting business events to the State. It will also enable Melbourne to maximise opportunities to attract large international trade shows.
- The proposed 18,000 square metre extension is estimated to contribute an additional \$150 million per annum to the business tourism market, and will give Melbourne a 78 per cent capacity advantage over the Sydney Exhibition Centre at Darling Harbour. It will also assist our exhibition and events industry to remain competitive against countries like Malaysia, Thailand, Hong Kong and Singapore who have captured an increasing share of the international business events market in recent years. This capacity advantage will also:
 - Help Melbourne to permanently secure major Australian exhibitions.
 - Provide capacity for shows requiring more space to expand.
 - Provide Melbourne with a significant advantage over Sydney in securing major international events.
 - Provide capacity to absorb demand once the new Plenary Hall is completed.
- Independent research conducted by Victoria University suggests that the expansion of the Melbourne Exhibition Centre will underpin current and future employment growth in key industries such as manufacturing (specifically automotive, furniture, and boating), tourism, retail and hospitality.
- There is a significant economic and strategic opportunity cost associated with not expanding the capacity of the existing Exhibition Centre. Failure to act will potentially damage the market opportunities of key industries and companies that rely on major exhibitions for their annual sales in both domestic and international markets.

Policy Position

- Support for business events, including exhibitions, is vital to the growth of the Victorian tourism and events industry, as well as the broader State economy.
- The expansion of the Melbourne Exhibition Centre is necessary in order to meet current and future demand for exhibition space, and attract and retain major state, national and international events.