

Governments: Willing partners or uncertain investors



By Barbara Maple

of other economic and non-economic benefits that are dispersed widely throughout the local economy.

The problem is how to capture some of this benefit to pay for both the initial investment in facilities and ongoing operating costs. Governments are typically the only group that can do this – through their ability to tax the benefits that arise. Whether these are dedicated taxes, as in the hotel taxes common in many parts of the world or general taxes, such as income tax revenue from the increased employment activity resulting from conventions, only governments are realistically in a position to collect these.

But there are other reasons governments need to be the investor. For one thing, the lead time for many larger events is such that patient investment is required – you're spending today for business that may not deliver its benefits for another seven or eight years, and few private businesses can wait that long for a return. For another, some of the benefits that are created don't have immediate financial impact, even though they are of long-term economic importance. These include such things as the role of a centre in promoting trade, investment, professional development and even community profile – things that are necessary to a community's long-term prosperity even though they don't generate immediate, identifiable revenues.

So there are some very good reasons for governments to invest in these kinds of facilities, and to support the convention and exhibition business in a long term way.

Yet as the years go by, the original rationale often fades from the political mind until all that's left is the annual annoyance of having to deal with requests for capital funding or ongoing operating grants. As people whose business future depends on government's ongoing willingness to make this kind of investment, what should we be doing to improve their attitude?

One answer is that we need to be continually reminding our government representatives of the kinds of benefits the meetings industry creates and why industry economics require government investment. Again, these concepts might have been clear to the original investors, but turnover is often rapid in the political area and every new group of government leaders and administrators needs to be reminded again of how the equation works in order to restore the collective memory.

In doing this, we need to be mindful of the fact that while the financial benefits are significant, this is not just about government revenues. It's also about community and economic development, given the role that a centre and the events it hosts play in enhancing so many aspects of community life and business. Politicians

have many agendas to address, and we need to be thinking in terms of all of these as we shape our messages to them.

Finally, we need to make sure they understand this is a highly competitive business – and that means ongoing investment is required in order to be able to continue to compete with other destinations. These days in particular, there are many new and upgraded facilities coming into the market – and every one represents competition. Under these conditions, only those who can offer superior service and facilities will survive to generate those much-wanted benefits.

So whether they – or we – like it, governments are our long-term partner in this business. It's important we make the effort to get their understanding and support for the ongoing investment that's required, because that's the only way we can continue to generate all the benefits the community has come to expect. **e**

Throughout the world, congress centres are typically owned by governments. Yet increasingly, they appear to be ambivalent business partners; often unsure of why they're in this business, what their expectations should be and why someone else – preferably in the private sector – can't take over their role in this regard. So why are they there – and what should they be doing to manage the public investment?

The answer to the first question is relatively easy – they're there because while they want the economic benefits a centre brings, industry economics don't encourage any other investor to get involved in this area. Convention centres are typically "loss leaders" in the sense that while they themselves aren't usually profitable, their presence in the community generates lots



Barbara Maple is the President of the International Association of Congress Centres (AIPC); President of the Vancouver Convention & Exhibition Centre President of the Joint Meetings Industry Council (JMIC) and Chairman of the World Council for Venue Management (WCVM) secretariat@aipc.org www.aipc.org