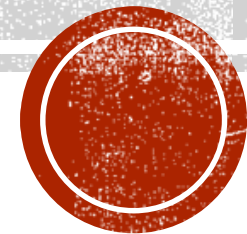


# REVIEW OF RLC VENUES

EXECUTIVE SUMMARY



30 November 2023

# THE BRIEF

- Undertake a review of RLC venues, their associated structure and strategy to deliver on Council objectives, and existing destination management and events strategy
- Identify and recommend options for performance measurement and ROI of venues
- Develop a venue strategy with any fiscal or policy implications





# ACTIVITY UNDERTAKEN

- Review of current venue data, objectives, utilisation (community and commercial) and financial performance
- Overview of ‘competitor/like-minded’ Council approaches to venue strategy and management, identifying best practice
- One-on-one interviews with venue managers, and key staff in RLC and Rotorua NZ to understand key issues and opportunities
- Review of current management approach and leadership of key outcomes, identifying options for greater efficiency and effectiveness
- Development of draft ‘dashboard’ framework to assess venues on a like for like basis – purpose, utilisation, % community or commercial use, revenue/costs, issues and opportunities
- Recommendations to inform development of financial models for consideration; policy and investment for Council consideration



# RLC VENUES – COMMERCIAL VS COMMUNITY

- RLC has five 'core' venues – the Energy Events Centre (EEC), the Sir Howard Morrison Performing Arts Centre (SHMPAC,) the Sportsdrome, the Stadium, and Sports fields and reserves
- Currently a mix of community and commercial use, however only the EEC and SHMPAC have commercial capacity
- The Stadium and Sportsdrome, are community sport facilities. While they 'may' from time to time support a commercial event, the majority of their utilisation is for community sport
- The forest is a hybrid venue in that it is not owned but managed by RLC, and supports both recreational use, and major event / commercial use – the commercial benefits of which are for Brand Rotorua, with no direct commercial return to Council
- All Council venues will continue to have a community role, alongside any commercial use – the opportunity is to increase the commercial return, while maintaining community access

## Community Venues



## Commercial Venues



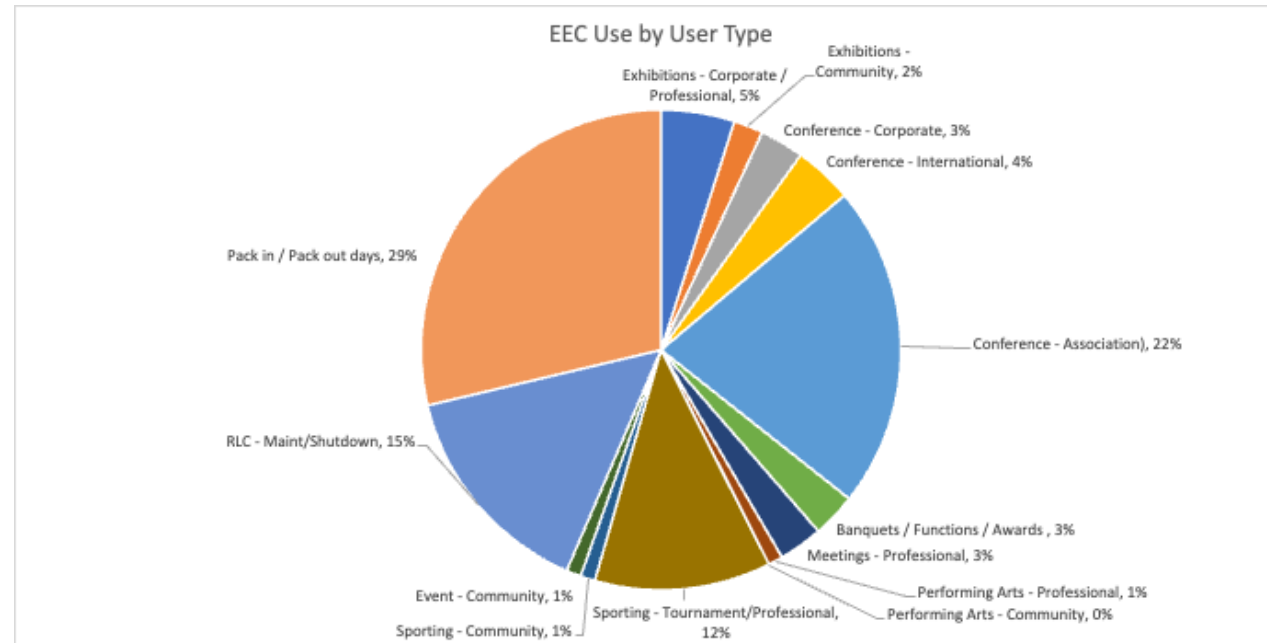
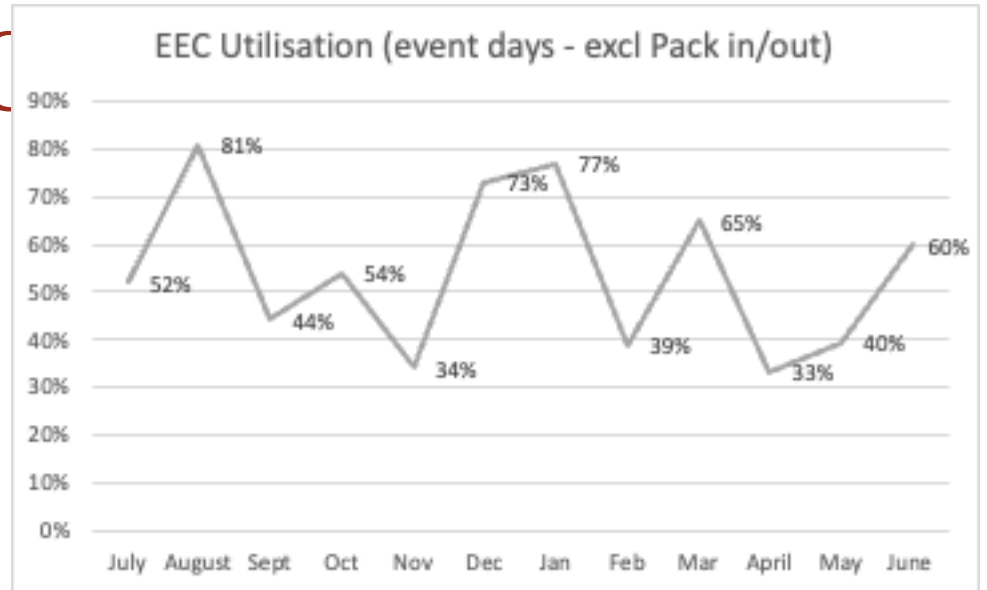
# VENUE PERFORMANCE

Utilisation of the EEC for **event days** over the year July 2022 to June 2023 ranges from 33% (December with a 15-day shutdown) to 81% (August).

When including pack in and pack out days utilisation increases from 57% to 113% (use of multiple spaces). It is not possible from current data, to determine true capacity across all 11 venue spaces.

74% of this use is commercial; 3% is for community use; and 21% is for maintenance and shutdowns.

Of commercial users, 29% are Conferences (Corporate, Association or International), 13% are Sporting events (Tournaments, Professional or Community) and 7% are for Exhibitions and Banquets.



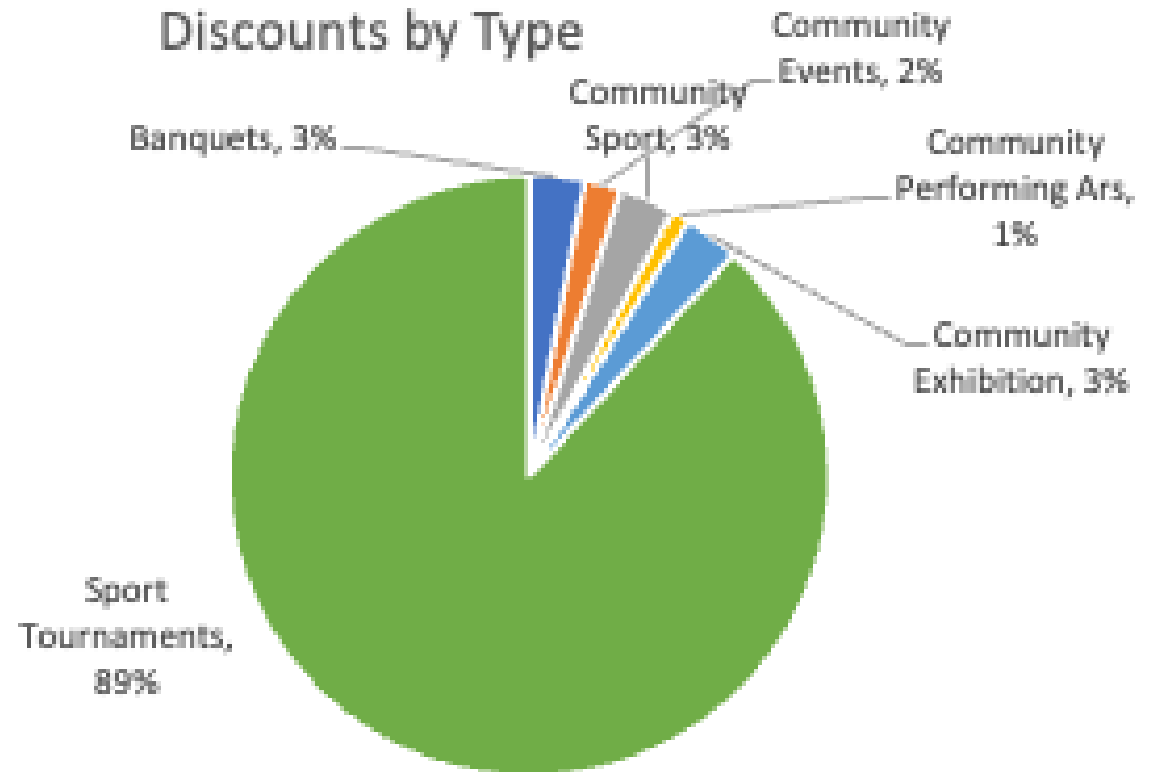
# VENUE PERFORMANCE – EEC

Total venue rental revenue for FY23 was \$933,768.

A further \$392,037 was provided in discounts to community users (11%) and sports tournaments (89%). This represents 29.5% of potential rental.

Of those discounted the major beneficiaries were sports tournaments, with two receiving substantial discounts - \$131,460 for a national sports tournament (paid \$28,170 for venue) and \$200,760 for an Australasian sports tournament (100% discount on venue rental).

Discounts of this magnitude should be considered alongside broader policy, and the events strategy – they are effectively one part of an events attraction/investment fund.

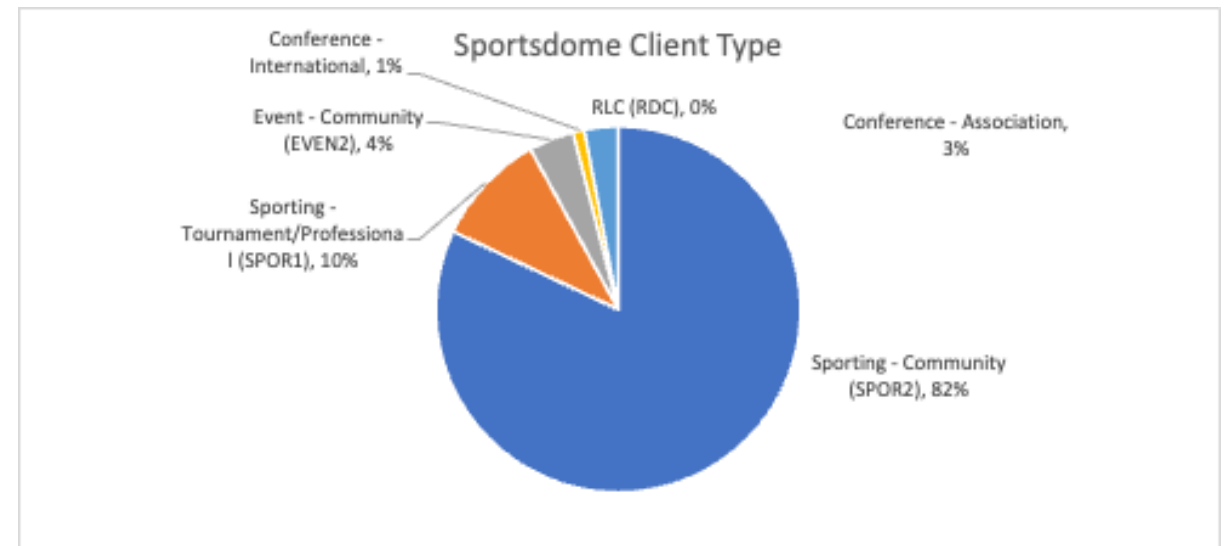
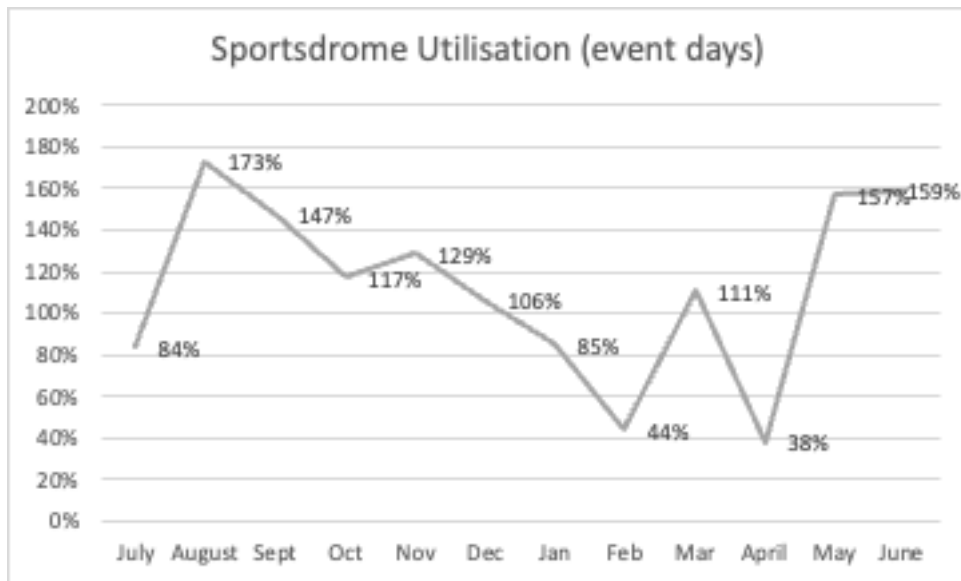


# VENUE PERFORMANCE - SPORTSDROME

Utilisation of the Sportsdrome over FY23 ranged from 38% in April to 173% in August. This represents multiple days use in a day by various sporting groups.

Users of the Sportsdrome are primarily community sporting organisations (82%) and community events (4%), with 10% use for sporting tournaments/professional use; and the balance of 4% by commercial users for international or association conferences.

The Sportsdrome delivered \$67,978 of rental revenue in FY23 (included within EEC reported revenue).



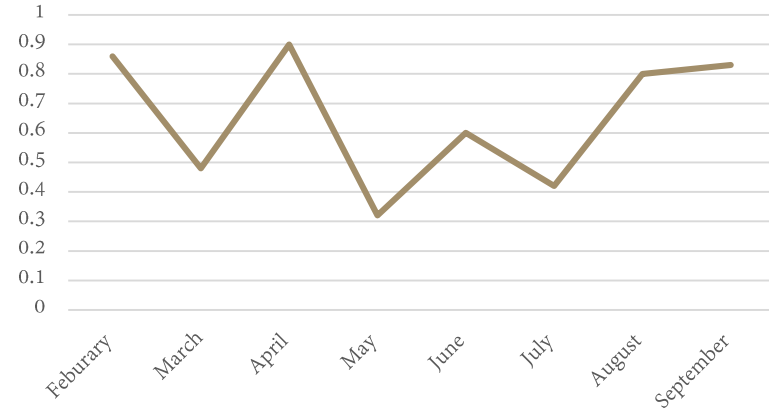
# VENUE PERFORMANCE - SHMPAC

Utilisation of the SHMPAC over the period February to September 2023 has ranged from 30 to 90% per month.

65% of all SHMPAC utilisation is community use (rental discounted by 40%).

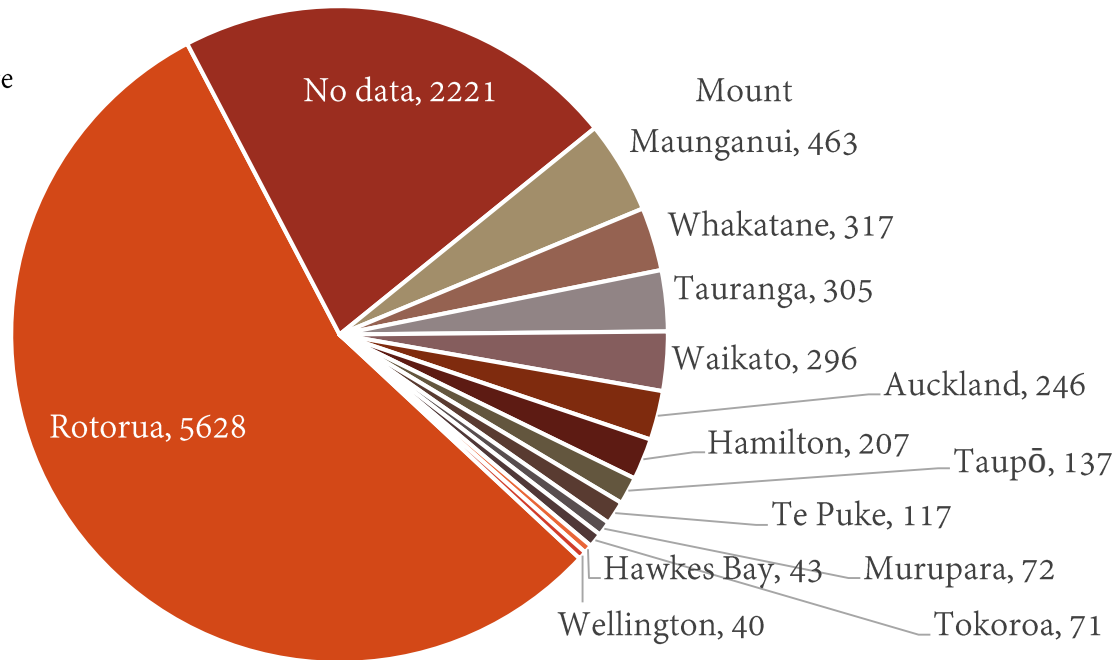
The majority of tickets are currently sold within Rotorua.

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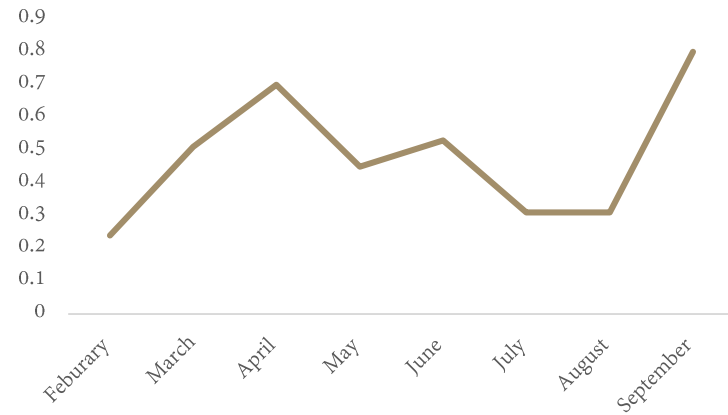


Ticketmaster – where tickets are sold

Source: RLC report



Te Haumako







# RLC VENUE PERFORMANCE

- Both commercial venues are currently underperforming on key KPIs of utilisation and revenue targets
- For the EEC, this is complicated by combining the venue performance data with the Sportsdrome – which, while connected to the EEC, in the last FY was predominantly a community sporting venue with occasional tournament use
- For the SHMPAC, this is due to its recent opening (it takes time to build utilisation and revenue); the design of the venue for performing arts (not as a multi-use venue), and predominant use for community (65%) and as such lower revenue
- The stadium is a substandard commercial venue but is an adequate sports venue/sportsground. It either needs to have significant investment to attract commercial events on a regular basis, or should be maintained as a sports ground only
- The key drivers of RLC venue commercial performance are the ability to secure C&I (led by Rotorua NZ, and the EEC sales team); and performing arts events (led by the Director Performing Arts)
- To do so the venues need to be fit for purpose



# RLC VENUE PERFORMANCE

- Yield and margin management (esp. around f&b and external supply) is key. There is an opportunity to have more cohesive commercial, events attraction and sales leadership
- Consistent data and metrics are essential. Not all venues use the RLC venue booking management system, so there is no consistent view of metrics
- Reporting of utilisation of venue spaces rather than days would be more effective and identify latent capacity
- Core operations, F&B, Technical/AV, and Event Planning/Business support are currently split across two venues
- There is no obvious connection between the venues and the Rotorua Events Strategy, nor is there an investment advisory board or Event permitting office established – both key recommendations of the Event Strategy



# CONSIDERATIONS TO INFORM FUTURE STRATEGY

- **Focus on commercial performance** - A new Council with a focus on greater commercial performance of venues
- **Increased competitor landscape** – new venues in Wellington and Christchurch; proposed major development and investment in the Bay (Tauranga)
- **Current state of RLC venues** – EEC is tired and needs a kitchen and upgrading, SHMPAC needs to have business event capability; Stadium needs major investment or repositioning
- **Audience limitations** – very limited ability to grow performing arts audience within Rotorua and regionally due to socio-economic factors
- **Competition within Rotorua** – RLC venues directly compete with other local venues for small scale events, however now a mature market with strong business sales capability and delivering benefit for both RLC and Brand Rotorua
- **Leadership of economic outcomes** – question as to where economic activity should reside – within Council or Rotorua NZ





# THE OPPORTUNITY

- **Clarity on role of venues** – what is the core objective of RLC venues – to drive revenue and brand Rotorua, or to support community wellbeing through ongoing community use? Not mutually exclusive, however degree of focus has material impact on how they are led and invested in
- **Venue purpose** – Clearly articulate core purpose of each venue, assess fit for purpose, invest and manage accordingly
- **Key Performance Indicators** – Review and refine core KPIs and apply to all venues - aligned to destination, commercial contribution and community wellbeing outcomes
- **Supporting Policy** – to assist achievement of objectives, providing clarity to staff and users
- **Enhanced offering** – delivering a more curated and produced offering for clients, to drive value add and increase yield
- **Greater efficiency and performance of venues** - delivering on Council objectives – as well as aligning all operations to consistent policy



# RECOMMENDATIONS – CONTRIBUTION TO RLC OUTCOMES

- Council determine primary role of venues to generate revenue both for Council and as a direct contributor to regional economic development; with secondary role to contribute to community engagement and wellbeing
- EEC and SHMPAC be managed as commercial venues, with priority placed on their use for commercial purposes, in support of Council's event strategy and in growing the performing arts sector in Rotorua
- Sportsdrome be managed as a community sport venue, with the exception of occasional use in support of major events
- Rotorua International Stadium be managed as a community sport venue, with occasional use for major events where economic benefit outweighs one-off overlay costs to bring venue up to standard for these purposes



# RECOMMENDATIONS – PERFORMANCE AND KPI'S

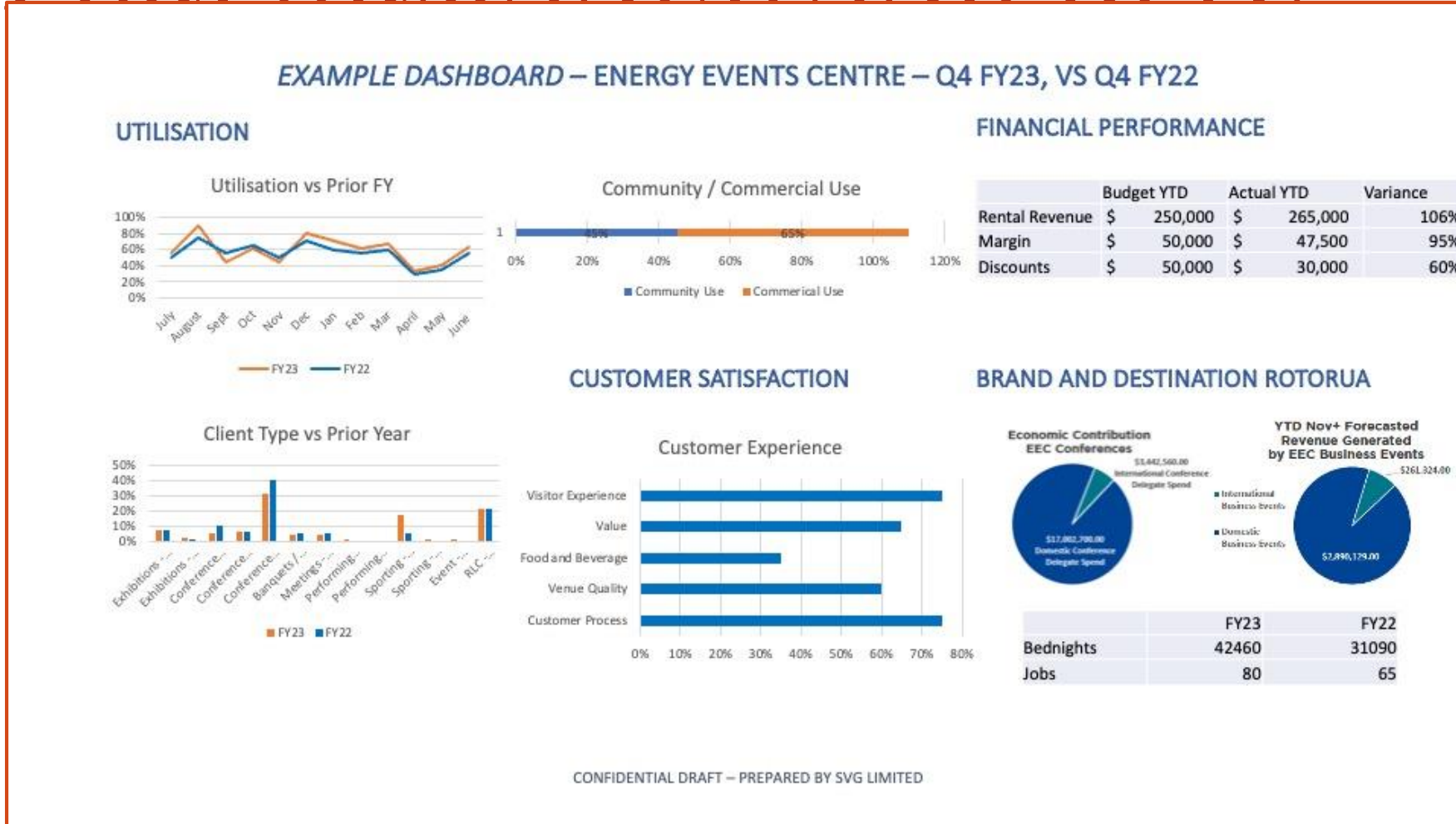
KPIs be established for each venue, including :

- **Utilisation** - Across all venue spaces, by month, by user type, and community vs commercial use
- **Revenue and profitability** - Against budget; average margin on food and beverage and contracted services; % discounts provided within agreed policy
- **Contribution to Brand and Destination Rotorua** – Where relevant number and value of bed nights; visitors vs residents; region/country of origin
- **Customer Satisfaction** – Assessment month on month against agreed criteria – to include visitor experience, value delivered, food and beverage, venue quality, and customer process
- All venues to be managed using the same booking system, to capture consistent metrics (this includes community sports facilities, commercial facilities, and the forest)
- Implement event strategy recommendations, freeing up current investment for events that maximise visitation and commercial return to RLC and Brand Rotorua
- Event attraction and bidding should leverage existing facilities and open space, that does not require expensive duplication of venue or overlay



# RECOMMENDATIONS – PERFORMANCE AND KPI'S

- Dashboards developed for each venue with quarterly reporting



# RECOMMENDATIONS – POLICY

That policies be developed to support operation of RLC venues, reviewed every two years

- **Venue Use** - outlining the purpose of each venue, and the core terms for their use including:
  - the percentage to be made available for community use each year;
  - the criteria for which venues will be made available for one-off events (having consideration for the event calendar and the cost of one-off overlay);
  - the process by which yield is managed, with preference given to commercial use of venues and the impact of this on confirmation of community use rental;
  - the use of discounts for venues (i.e. the provision of Value-In-Kind (VIK) venue rental), as part of a managed Event Attraction/Investment Fund;
  - other matters to ensure consistent management of venues and delivery on Council policy.





# RECOMMENDATIONS – POLICY CONT.

- **Event Attraction/Investment Fund** – reset of the Event Attraction/Investment Fund including:
  - Membership and operation of an advisory board to make decisions on use of the Fund;
  - Council services and facilities that can be provide VIK in support of event attraction;
  - Key purpose and prioritisation of the Fund’s investment – i.e. to support driving Brand and Destination Rotorua in off-peak seasons; or to support key economic development outcomes; or to support sector development;
  - Relationship with other policy including venue and event policy;
  - Other matters to ensure strategic and consistent use of these limited resources.



# RECOMMENDATIONS – INVESTMENT

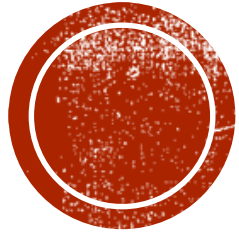
- Venues are assessed as to their current state of fit for purpose, and development plans written outlining any work required to bring them up to spec; and a plan to do so (e.g. EEC kitchen and general presentation; Stadium - maintained for sports field purposes only; SHMPAC and EEC investment in AV Technical to enable multi-use)
- That an Event Attraction/Investment Fund be established, drawing on prior experience, adequately resourced to support the attraction of events and experiences that contribute to the Council's venue and event strategy and objectives
- That a Venue and Event Marketing Fund be established to promote Council venues, in particular the SHMPAC to promoters and potential clients outside of Rotorua and where appropriate internationally



# NEXT STEPS

- Consider recommendations
- Develop dashboards for all venues, with consistent metrics and KPIs
- Develop new policy to support objectives and more commercial outcomes
- Develop case for investment in event attraction, venue development and people





THANK YOU ...

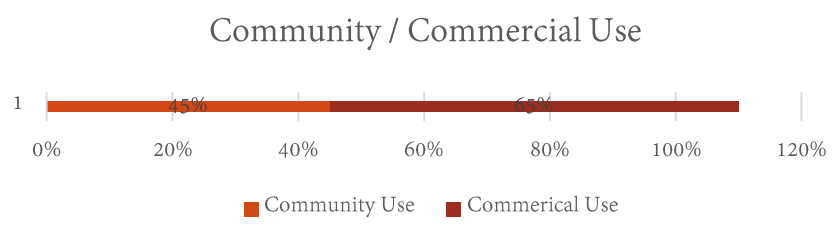
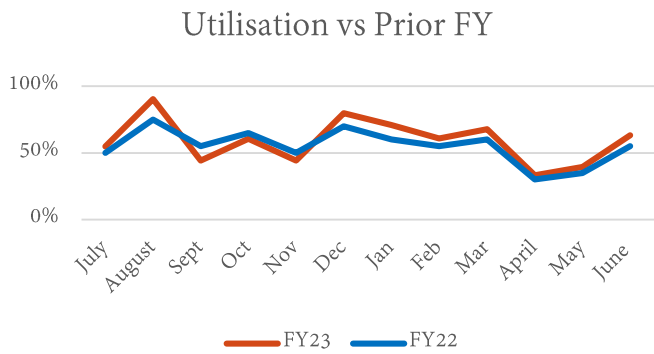
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# EXAMPLE DASHBOARD – ENERGY EVENTS CENTRE – Q4 FY23, VS Q4 FY22

## UTILISATION

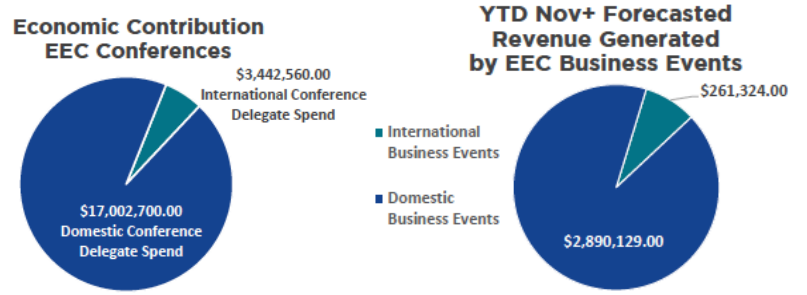
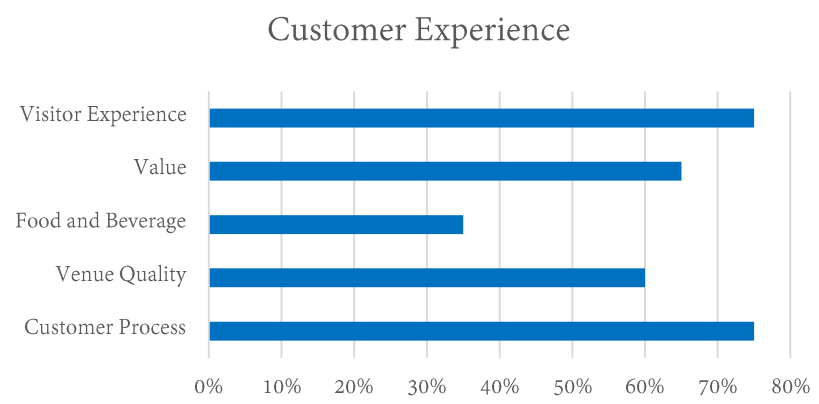
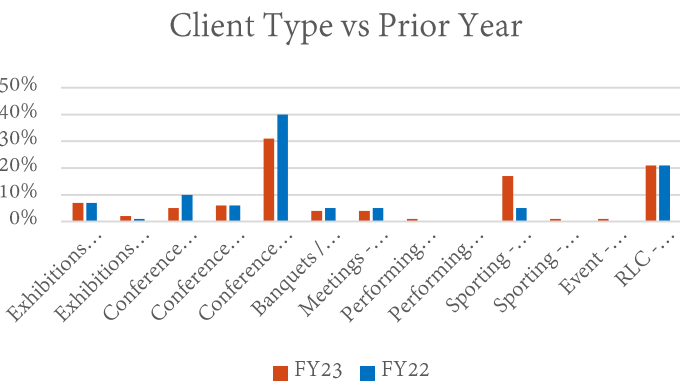
## FINANCIAL PERFORMANCE



	Budget YTD	Actual YTD	Variance
Rental Revenue	\$ 250,000	\$ 265,000	106%
Margin	\$ 50,000	\$ 47,500	95%
Discounts	\$ 50,000	\$ 30,000	60%

## CUSTOMER SATISFACTION

## BRAND AND DESTINATION ROTORUA



	FY23	FY22
Bednights	42460	31090
Jobs	80	65

