



By Alan Trotter

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The benefits of the convention industry to cities, regions, and countries is well-known, especially in terms of the economic benefits accruing to these places as a result of holding domestic and international conventions.

The other well-known factor about the convention industry is that September is the peak month internationally for convention activity, and in New Zealand the months of June, July and August are also very busy. This is precisely the time that New Zealand needs tourism related business because of a dearth of both domestic and international visitation.

Less well-known are the benefits accruing to an area in terms of non-financial rewards such as the knowledge transfer that occurs when a group of highly educated and experienced convention delegates specialising in particular disciplines, whether they be scientific or medical, descend on the community.

One of the biggest challenges for the

Benefits - obvious and less so

convention industry is that the actual convention centre itself is last in the queue when it comes to revenue generation and whilst the convention itself would not have occurred without the convention centre being in existence, in sheer monetary terms the convention facility often struggles to break-even at best.

When you add in depreciation and maintenance as well as the cost of capital, many centres are not sustainable as stand-alone operations. However, those in the community who are enlightened recognise that like any other major attractors the convention centre is the catalyst for significant economic activity within the region. Without the facility this economic activity would not occur. The situation is rather like a fine arts museum, such as the Guggenheim Museum in Bilbao, Spain which in itself would struggle to cover its operating costs but because of its very existence drives a huge amount of tourism spend into Bilbao, and serves as an economic catalyst for the city and the region.

Convention centres should be viewed in the same manner and there should be a better understanding on behalf of the major beneficiaries of convention activities of this fact. It is a well-known fact that hotels are the biggest beneficiaries of convention spend in terms of what they derive from delegate accommodation, F&B and ancillary spending, and retail also takes about 20% of the average daily spend of a domestic or international delegate.

Different models

I have mentioned in previous columns that I am hopeful 2012 will result in the announcement of two major convention infrastructure developments, one being in Christchurch and one being in Auckland. It is interesting to note the different models that will probably be used if these two developments come to fruition. The Christchurch model will be the traditional model, where the convention centre development cost is picked up by the local council.

The Auckland proposed model is quite radical in terms of the fact that it is to be developed as a direct result of an agreement between central government and SKYCITY Entertainment Group Ltd, a publicly listed company. In return for certain agreements around its core gambling facilities, SKYCITY will fund the capital cost of the build and be responsible for the operating of the proposed new centre. The Auckland model will be unique insofar as it will not depend directly on either local body or central government funding either for the construction costs or the on-going operating and marketing costs. However, SKYCITY is in an advantageous position in terms of being the lead developer as it has two large hotels immediately joining the proposed site, as well as many bars and restaurant outlets adjacent to the proposed site. This will guarantee that SKYCITY will pick up a large part of the revenue accruing from hosting domestic and international

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Alan Trotter speaking at the recent Professional Conference Organisers' (PCO) Association Conference at The Langham Hotel, Auckland

conventions. This is not to say SKYCITY will be the exclusive beneficiary, as obviously some of the larger conventions involving several thousand delegates will stay in other accommodation in Auckland and spend money in bars, restaurants and retail outlets other than those located in the immediate precinct.

To me this is a win-win situation where everybody in the city will benefit and the capital costs and operating costs of the facility will be covered by a publicly listed company. I know there are some issues around problem gambling to be addressed but I am sure that these can be managed. As I have mentioned before, none of us should lose sight of the tremendous opportunity that has presented itself to both Auckland and New Zealand to develop this proposed

financial model. Should this model not proceed, then quite frankly the chances of New Zealand and Auckland getting a major international convention centre in the foreseeable future, given the current grim global financial climate, are minimal.

Regions rock

I have been privileged to travel to several regions recently, both in the North and South Islands, including the Bay of Plenty, Marlborough and the Hanmer Springs region in the South Island. I always come back to Auckland energised from my visits to the regions, and I am constantly surprised at the amount of activity and exuberance that exists in the regions of New Zealand.

Tauranga, as we all know, is well-named as the Bay of Plenty. Nature has bestowed terrific bounty on the region and the people seem to be aware that they are blessed to be in such a beautiful region. Marlborough is a wine lover's paradise and there are some fantastic people who live there who are dedicated to the local community, and some of the food and wine offerings in that region have got to be tasted to be believed. Hanmer Springs rocks and used to be a place where you went to dry out but now it's a place to go to chill out! The local council should be commended on the way that it funds the hot springs and spa facility in Hanmer Springs, and also has the commonsense to have a hands-off approach in terms of how it manages the facility. All these regions are very different in terms of their appeal but all share a common thread of being absolutely fun places to be; all have some great conference and incentive products; and most of all, the people inhabiting these regions really get it in terms of enjoying their lifestyle and putting out a warm welcome to all visitors.

Pet Hates II

Yes, I know I'm getting old and crotchety as I have said before, but one thing that really gets to me is when I walk into a bar with someone else and the music is really loud, in fact so loud that we can't even talk. I invariably tell the bar person that I prefer OFM radio (Old Fart Music) and often as not, they grudgingly turn down the music only to turn it up again when other people come in. I was brought up in the old-fashioned way in Yorkshire that when you went to the pub with your father or friends you actually went for 'a bit of a natter' and there was not a TV screen, jukebox or video game in sight. It would be nice that pubs recognise that sometimes people actually want to have a chat and not be subjected to really loud music that drowns out every conversation.

...and a bouquet

On a more positive note, full marks to the Electoral Commission for the recent election which to my mind went off flawlessly. Having exercised my democratic right and voted, I can only say that the whole process both before the actual voting, the actual voting itself, and certainly the speed of which the results were given were a credit to all concerned, so well done to everybody involved for a fantastic job.

Behind every great team...



Office administration, accounts and financial reporting are normally performed in the back office or behind the scenes in most businesses but they are vitally important roles making the people who carry out these tasks key members of any team. If you happen to phone the CINZ Office it is more than likely that the phone will be answered by Trish Kennedy, administration manager, who has been with CINZ for over seven years.

Her expertise in administration and financial matters ensures that the back end of the business operates smoothly and efficiently. Amongst her varied duties she is

responsible for raising the CINZ membership invoices and preparing financial reports for the CEO and CINZ Board. Her previous roles in banking and auditing; as an administration manager in a law firm and financial controller in a security company have been invaluable for the knowledge and experience she has brought to her role at CINZ. She does get out of the office a couple times a year to attend the CINZ annual conference and AGM, and to assist at registration at MEETINGS – New Zealand's only national trade show for the conventions and incentives industry. If anyone has any admin related queries or requires information or copies of invoices, don't hesitate to contact her by phone or email: Trish@nzconventions.co.nz