



Quarter Two Report 2023-2024

ChristchurchNZ Holdings Limited

ChristchurchNZ

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Executive Summary

The Quarter Two report 2023-2024 of recent and upcoming activities illustrates how ChristchurchNZ is stimulating Christchurch's sustainable economic growth.

We are following through on the commitment in our annual [Statement of Intent](#) to continue to identify and leverage opportunities of scale for the city and act as an intervention agency in areas of market opportunity or failure where we can catalyse significant and sustained economic growth.

Highlighted activities demonstrate how we are implementing our shareholder-approved core strategic directions, through;

- encouraging a regenerative approach to economic growth, as set out in the [Christchurch Economic Ambition](#)
- strengthening the [City Identity](#) locally, nationally and internationally, and
- partnering with stakeholders and local communities to deliver the [Destination Management Plans](#) for Ōtautahi Christchurch and Te Pātaka o Rākaihautū Banks Peninsula.

Activities and events such as SailGP bring multiple opportunities for leverage to progress these strategies. Our successful short notice bid to secure an additional year's hosting of SailGP in March 2024 requires intense, additional work by staff across ChristchurchNZ and the Christchurch City Council (the Council). But it brings opportunities to showcase the city and Te Whakaraupō Lyttelton Harbour to international audiences, bring high-value visitors and expertise to the city, and take advantage of event technologies, innovation and expertise in local legacy programmes.

Similarly, working with commercial and community partners to progress retail and residential developments in New Brighton not only contributes to the regenerative, sustainable economic growth we want for the city but also fosters local community outcomes and benefits achieved through working together.

Our involvement with Huadu & Bridgewest Ventures' planned development of a new multi-disciplinary cancer treatment and innovation centre in Christchurch, attracting skilled expertise and resources to the city, epitomises the value of early intervention and support for new business coming to the city – with cross-sector economic benefits from design, construction (\$500 million +), technical expertise and services provision.

We report on a positive economic outlook and improvement in the level of business confidence compared to elsewhere in New Zealand, with increased international visitor spending offsetting a slight decline in local retail spend.

We are well underway for an exciting 2024 for Ōtautahi Christchurch.

Economic Update

Economic Growth

Christchurch's economy grew 2.4 percent in the year to September 2023, compared to the previous year. GDP growth in Christchurch was higher than that of New Zealand as a whole, with New Zealand's economy expanding 1.7 percent over the same period.

Labour Market

In line with national trends, the unemployment rate in Christchurch increased during the September quarter (lifting to 4.8% from a nine-year low of 3.3% in the June quarter). Labour market dynamics have shifted in recent months, with strong migration inflows leading to growth in the size of the working-age population and the labour force. As labour shortages have begun to ease and hiring intentions have cooled, advertised vacancies have fallen back to pre-COVID levels. Seek data indicates that there has been a sharp lift in the number of applicants per job advertisement. Inflationary pressure on wages is expected to ease in line with this.

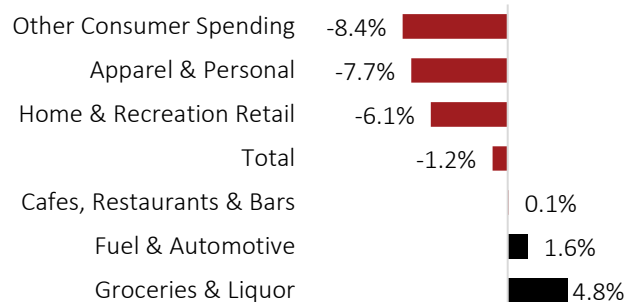
Confidence

Business confidence has improved in Canterbury in recent months, according to Business Canterbury's latest Quarterly Business Survey. The share of businesses that expect the Canterbury economy to be the same or stronger in 12 months increased to 85 percent in the three months to November 2023 (up from 47% in the previous survey). Consumer confidence has been slower to pick up, with results from Westpac's Consumer Confidence survey for the December quarter showing that pessimistic sentiment still outweighs positive sentiment among consumers both in Canterbury and across New Zealand as a whole. Although net pessimistic, Canterbury recorded a slightly higher consumer confidence score than the national average, and a stronger lift from the previous quarter.

Retail Spending

Trends in consumer sentiment are reflected in retail spending data, with consumers continuing to cut back on discretionary or 'non-essential' spend. The value of retail spending in Christchurch during the December 2023 quarter was -1.2 percent lower than the same quarter in 2022. The largest declines in spending took place in the 'other consumer spending' category (which largely captures leisure and recreation product), followed by 'apparel & personal' and 'home & recreation retail'.

Change in retail spend by category, Q4 2023 vs Q4 2022



Visitor Economy

International tourism spending has been offsetting some of the impact of a softening in spending by locals. The value of international visitor spending in Christchurch reached a new monthly record of \$46.1 million during December, with quarterly spend totalling \$104.3 million. This was a 36 percent increase from the December quarter in 2022, and

a 29 percent lift from the same time pre-COVID. Post-COVID growth in visitor spending in Christchurch has been particularly strong among visitors from the USA. Visitors from the USA contributed 31 percent to international visitor spend during the December 2023 quarter, up from 17 percent of market share in the December 2019 quarter.

The above information is based on the latest data available. Detailed economic reports and a live economic dashboard can be found on the [ChristchurchNZ website](#)

Quarter 2 Performance: KPIs & Service Level Measures

At the end of Quarter 2, all 26 Levels of Service (Appendix One) agreed with the Council are on track to be achieved by year-end.

The six monthly monitored KPI results are as follows:

Key performance Indicator	2023/24 Target	Half-year Results
Long-lasting job creation supported by ChristchurchNZ	160 FTE jobs	57 FTE jobs
Short-term job creation supported by ChristchurchNZ through events, urban development, and screen activity	430 FTE jobs	254 FTE jobs
Estimated value of GDP contribution attributable to ChristchurchNZ activity	\$50m	\$17.2m
Contribution to visitor spend supported by ChristchurchNZ	\$30m	\$23.2m
Value of investment into Christchurch supported by ChristchurchNZ (excluding local government)	\$55m	\$4.7m

The KPIs around GDP and investment attraction are highly dependent on several large economic opportunities landing in the current financial year.

Quarter 2 Achievements (October - December 2023)

Our Top Five:

- Negotiated for the global SailGP event to be delivered in March 2024, after late notification that Auckland was unable to host this event. Based on last season's results an estimated \$4 million visitor spend and 22,925 estimated visitor nights from hosting this event. The total TV audience over the weekend was 136.7 million with 21 hours of ChristchurchNZ brand exposure and over 1,500 online press articles.
- Award finalist and winner showcasing Christchurch
 - Took out finalist place for City Brand campaign in the City Nation Place Awards Place Brand of the Year (Global).
 - Won Economic Development NZ awards in two categories - Best Practice for Primary Research, and Best Practice for Innovation.
- Three developers have been shortlisted for the next stage of the competitive Sydenham Yard neighbourhood development. This housing initiative will provide 60-80 community and affordable houses. As part of the development, the groundwork site preparation is progressing for the new NIWA facility, and \$10m of infrastructure upgrades are nearly complete
- Huadu & Bridgewest Ventures signed a strategic purpose agreement for the development of a world-class multi-disciplinary modern cancer treatment including immunotherapy, health technology, and a research and innovation centre in Christchurch. The injection from this activity into the economy for construction costs alone are estimated at over \$500 million over 2.5 years.
- The most recent cruise season at Lyttelton has commenced smoothly, expecting 170,000 cruise passengers. Working with the community and stakeholders, previous logistical issues have been addressed, and as a result, local community satisfaction has markedly improved.

Business Growth Support

- Supported Leaft Foods to secure a full Ārohia grant worth \$2 million, which will be used in commercialising their proprietary Rubisco leaf-derived protein technology. A further \$175,000 in Ārohia seed grants were awarded over the last quarter.
- Completed Healthtech validator in conjunction with the University of Canterbury, supporting 17 startup businesses over the 10-week programme.
- Led celebrations for the Antarctic Season opening with two major events, featuring representatives from 16 countries – the “Explore Day,” attracted 3,500 attendees.
- Worked with key stakeholders to explore enhancing facilities at Christchurch International Airport (CIAL), demonstrating a commitment to supporting Antarctic research and exploration efforts, while efficiently addressing infrastructure needs.

Events and Visitor Attraction

- United Nations Adaptation Futures Conference 2025 (AF2025) announced to be held in Christchurch in 2025, hosted by the University of Canterbury. Over 1,500 of the world's leading network of scientists, practitioners, governments, industry and community, youth, educators, and communicators will attend.

- Bid submitted for our city to host the Asia Pacific Cities Summit and Mayors' Forum (APCS) 2025 (\$2.8m estimated visitor spend and 1,000-1,500 delegates attracted to the city).
- Endorsement of Destination Management Plans for Ōtautahi Christchurch and Te Pātaka o Rākaihautū Banks Peninsula by all partners and stakeholders.

Urban Development

- Demolition of Westpac building in New Brighton is complete, making space for CNZ to coordinate laneway activations, stage two is completed and near full occupation at Seaview Development, and ownership of Roy Stokes Hall was transferred to the Youth Alive Trust with conditions to ensure community access.
- Investigations continue into the feasibility of a community-focused residential and commercial development on the site of the old Stables building in Lyttelton.
- Positive ongoing discussions with Canterbury tertiary and international education providers about demand for student accommodation which could lead to a partnership development project.

Marketing and Promotion

- Our Spring 'On Show' campaign achieved a 104% increase in all digital interactions compared to last year. This marks our most successful outcome to date.
- Live crosses from Christchurch to the Australian breakfast TV show Sunrise to an audience of 905,000+ Australians, concentrated on the East Coast. Featured live crosses included New Regent St featuring local Christchurch businesses, Rollickin' Gelato, Christchurch Tram, Christchurch Symphony Orchestra, and the International Antarctic Centre. The Equivalent Advertising Value (EAV), of the programmes is valued at \$838,407 NZD.

Looking Ahead - Quarter 3 (January – March 2024)

Business Growth Support

- Tāwhaki National Aerospace centre opens their new sealed runway in February 2024 and the Christchurch Aerospace city strategy will be finalised in March. The strategy will inform proposals for city deal partnerships with central government.
- Screen Office working with the University of Canterbury's digital screen campus to attract productions/students from the Indian market.
- Christchurch is hosting the Supersprint Motorsport series. Promoting five local innovative businesses including the unveiling of the world's first Hydrogen drift racing car powered by technology from local company Fabrum.

Urban Development

- Te Pākau Maru pre-construction site blessing will take place in New Brighton in February. This is a significant project milestone, which will see 63 new homes built on vacant land adjacent to the commercial centre. Home NZ will break ground soon after - this mixed housing development is the first of its kind in the city's East.

- Regeneration and local development opportunities will be able to be accelerated, following the establishment of a joint private/public sector working group in New Brighton.
- Investigating an opportunity to address a market gap in the Food, Fibre, and Agritech scale-up sector and accelerate growth across the industry will continue, through working with partners on an under-utilised industrial property of scale.
- Progressing meetings with three shortlisted developers for Sydenham Yard neighbourhood development and issuing of the Request for Development Proposal.

Events and Visitor Attraction

- SailGP will be hosted on Te Whakaraupō Lyttelton Harbour 23/24 March 2024.
- The 2024 winter tourism campaign "Your Winter Playground," will go to live, designed to promote and encourage winter visitation to the Canterbury region.
- Showcasing Christchurch as a destination to travel trade in Melbourne, Sydney, Brisbane and the Gold Coast (100 Australian media and 200 trade and business events agents).
- Hosting Hemisphere magazine (United Airlines inflight publication, which is circulated monthly and reaches 139 million passengers annually), which are preparing a multipage feature on Christchurch, Canterbury, and the South Island
- MOU discussions are currently in progress between ChristchurchNZ, CIAL, and Air New Zealand aimed at collaborating on marketing initiatives to promote Christchurch as a premier destination, once finalised, this MOU would be the only partnership in New Zealand with Air New Zealand.

City Brand, Marketing and Promotion

- Design work for the new city brand integration in CIAL's international arrivals lounge is expected to be completed by February, with roll-out in following months. Phase two of the 'Let's Grow' brand awareness campaign commences, aiming to reframe the outdated perception of Christchurch still rebounding from the earthquakes, and instead showcase us as a city in balance, providing residents, businesses, and tourists time and space to play.
- Merchandise sales (tee-shirts) to embed city brand and develop a new revenue stream for the organisation.

Strategy implementation

- Focus will continue building stakeholder, business, and industry buy-in to the regenerative approach to sustainable economic growth that underpins the Christchurch Economic Ambition.

Quarter 2 Financial Summary to 31 December 2023

<i>ChristchurchNZ Holdings Financial Summary</i> \$000's	<i>Actual to December 2022</i>	<i>Actual to December 2023</i>	<i>Budget to December 2023</i>	<i>Budget Variance</i>
		<i>Unaudited, per Management Accounts</i>		
<i>CCC Core Funding</i>	7,951	7,951	7,951	0
<i>Other Operating Revenue (including interest)</i>	4,319	2,293	1,885	408
<i>Operating Expenditure</i>	(11,905)	(9,018)	(9,474)	(559)
<i>Other Gain/(Loss)</i>		-	-	-
<i>Total Surplus/(Deficit) before tax</i>	366	1,226	362	864
<i>Total Assets</i>	14,645	9,959		
<i>Shareholder Equity</i>	6,257	5,318		
<i>Shareholder funds/total assets</i>	43%	53%		

ChristchurchNZ had a budget variance of \$864,287 at the end of Quarter 2. This is a timing difference due to receiving unbudgeted revenue in the form of grants from Creative NZ and Department of Internal Affairs and continued payments for property management from DCL, as a result of delays to the amalgamation.

Operating expenditure is less than budgeted due to timing differences for sponsorship and some activity occurring later than initially planned. Overall delivery remains on track and this timing difference is expected to resolve by year end. At the end of Quarter 2 ChristchurchNZ has spent 34% of the programme activity budget vs an expected expenditure of 37%.

Managing Risks

ChristchurchNZ regularly assesses and reports organisational risks to the Board's Health, Safety, Audit and Risk Committee. High-level risks include:

	Risk	Description	Mitigation
1.	Economic Volatility/ Recession	Economic Volatility/Recession impacting financial, business interruption, reputation, and corporate objectives	Economic Development Strategy, clear vision, and outcomes agreed for ChristchurchNZ (Statement of Intent) purposeful investment and prioritisation, place brand development, government contracts in place to support recovery and repositioning activity, appropriate use of ChristchurchNZ's reserves.
2.	Political/ Social licence	Stakeholder disengagement impacting on financials, opportunity cost, external relationships, reputation, and corporate objectives	Clear vision and outcomes agreed (Statement of Intent), clear roles/responsibilities (social licence to operate), performance story (reporting, website, media) including return on investment, strong relationships with mana whenua.
3.	Climate Change	Work programme/project impacted by climate change; planning required for climate change	Regenerative Economic Development Ambition, increase support for business sustainability, programme, and project prioritisation, working with the Council on coastal adaptation plan and destination management plans.
4.	Disaster/ Business disruption	Business / Work Programme disrupted by a disaster impact on financial, Health, safety and well-being, business interruption, reputation, and corporate objectives.	Business continuity plans in place, strong remote working capability, Cloud backup in place, strong and regularly updated/communicated emergency response plan, and insurance.

Current risks that may impact our operating environment include:

- There is uncertainty about upcoming central government policies and funding channels, presenting challenges for programme planning – such as funding for Community Housing Providers, which is critical for the Sydenham Yard development. This is also affecting Screen CanterburyNZ grant recipients.
- Hobart's substantial investment in its Antarctic Gateway programme poses a competitive challenge to other gateway cities.
- The short lead-in time to plan and deliver SailGP in March 2024 is demanding on all parties involved.
- There is uncertainty about the level of shareholder investment through the upcoming 2024-34 Long Term Plan.
- Ongoing delays to capitalisation through short-form amalgamation with DCL.

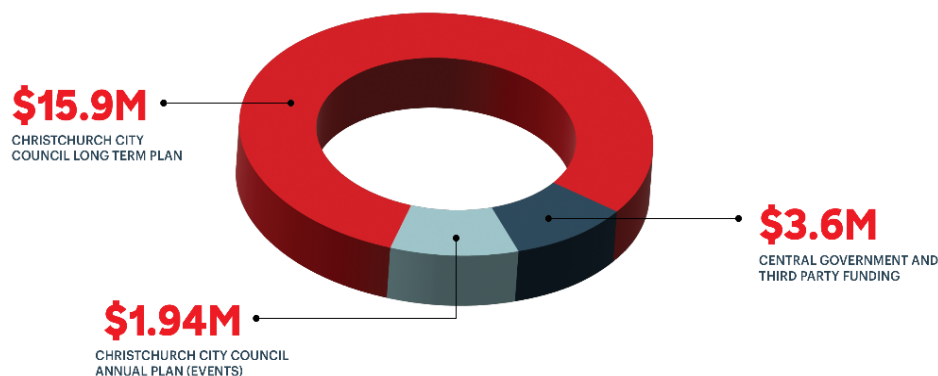
Appendix One – About ChristchurchNZ

Structure and Funding

ChristchurchNZ is a Christchurch City Council-controlled organisation and a public benefit entity. It is a wholly owned subsidiary of ChristchurchNZ Holdings Ltd and there is a common board. ChristchurchNZ delivers economic development services as set out in the Levels of Service in the Council's Long-Term Plan.

ChristchurchNZ has an independent board including two Councillor-appointed directors. The company has ~75 permanent staff and /or fixed-term contracts.

We are funded primarily by our shareholder, the Council. For the 2023/24 year, this investment has been supplemented by a one-off \$1.94 million events funding from the Council, plus \$3.6 million from the Crown and third parties. The Board has approved a budget of \$23 million resulting in a planned \$1.56 million loss for the year, funded from reserves.

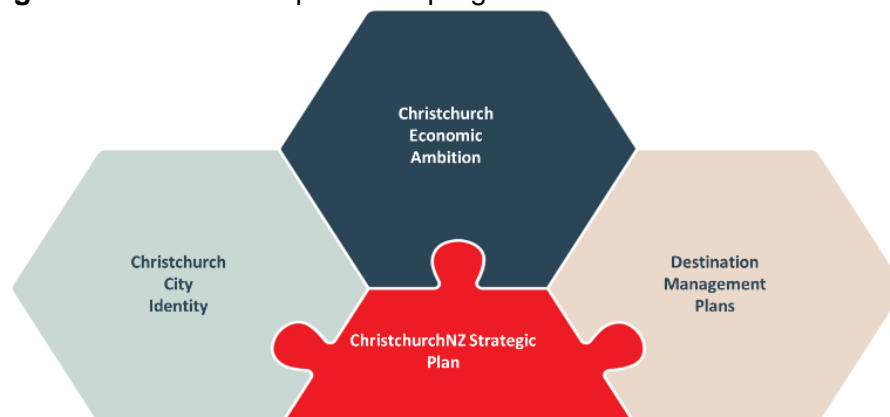


Strategic Direction and Delivering on Outcomes

ChristchurchNZ's **purpose** is: *To stimulate sustainable economic growth for a prosperous Ōtautahi Christchurch on behalf of Christchurch City Council.*

The Council provides an annual [Letter of Expectations](#) to ChristchurchNZ. In response, the Board develops an annual [Statement of Intent](#) outlining objectives, nature, scope of activities, and performance measures based on the Council's expectations. ChristchurchNZ reports on progress quarterly to the shareholder, plus an annual report.

A **strategic framework** underpins work programmes.



This framework drives progress towards measurable **outcomes**, to increase Christchurch's Productivity, Liveability, Workforce and Attractiveness.

Our organisation's **operating model** supports delivery against these outcomes.



ChristchurchNZ uses a range of delivery tactics to contribute to these outcomes including:

- Facilitating central government and local partner investment into Christchurch
- Building on our industry strengths through clustering and encouraging innovation
- Targeted investment in growing and sustaining small and medium-sized businesses
- Urban development through place-led investment and partnerships
- Attracting major and business events, businesses, investment, talent, international students, and visitors
- Building the brand of Christchurch
- Providing the city with economic insights and leadership to enable evidence-led decision making.

Appendix Two- ChristchurchNZ Performance Measures

Levels Of Service Quarter 2 Results (July – December 2023)

LEVEL OF SERVICE MEASURE	TARGET 2022-23	STATUS	ACTUAL	COMMENTARY	
<i>Build innovation & entrepreneurial strength</i>					
1.0	Number of Initiatives to Support Industry Cluster Development	6 initiatives	Will meet target	3	
1.1	Number of start-up/scale-up companies supported to grow innovation and entrepreneurship capability aligned with priority focus areas	40 companies	Will meet target	35	
1.2	Number of employment opportunities that have been attracted to the city	100 employees	Will meet target		
<i>Build a productive knowledge city to grow decent work</i>					
2.0	Number of initiatives that deliver better education outcomes and skills development to meet industry needs and lead to high-value decent work	4 Initiatives	Will meet target		
<i>Partner with mana whenua to support growth in Māori prosperity and self-determination</i>					
3.0	Number of initiatives delivered in partnership with mana whenua and Te Runanga o Ngāi Tahu entities to grow the value of the Māori economy deliver intergenerational prosperity and create decent work	2 initiatives	Will meet target		
<i>Ensure Christchurch businesses have access to comprehensive advice & support to grow competitiveness, resilience & sustainability</i>					
4.0	Number of initiatives delivered with local and central government agencies to drive and advocate for competitiveness, resilience, and sustainability (including carbon footprint reduction) of Christchurch and Canterbury organisations	4 initiatives	Will meet target	2	
4.1	Number of Christchurch and Canterbury businesses accessing support, mentors, and advice provided in partnership with central Government and industry and peak bodies, including the Chamber	500 businesses access business support or advice	Will meet target	376	
4.2	Satisfaction of businesses accessing support or advice services	Net promotor score for business support services is +50 or greater	Will meet target		

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	ACTUAL	COMMENTARY
4.3	Value of Central government or private sector funding secured into economic development activities	\$1,750,000	Will meet target	\$1,531,950	
Realise greater value from Christchurch's Antarctic Gateway					
5.0	The Antarctic Gateway Strategy progress report is produced annually and is available on the CCC website	Deliver actions as set out in the Antarctic Gateway Strategy implementation plan	Will meet target		
5.1	Number of businesses in a business network which secures higher revenues from the National Antarctic Programmes	100 businesses in the network	Will meet target	78	
Develop Christchurch as an attractive destination					
6.0	The Number of initiatives delivered that focus on developing Christchurch and Canterbury as a more attractive and sustainable visitor destination in partnership with third parties where joint outcomes can be amplified	4 initiatives	Will meet target		
6.1	City bids prepared to attract business events to Christchurch in line with the business event strategy	50 bids	Will meet target	38 bids	
6.2	The success rate of bids for business events	At least 37.5% success rate	Will meet target		
6.3	Assess portfolio of events supported against the Major Events Strategy	Annual report on the performance of the major event portfolio against the Major Events Strategy	Will meet target		
6.4	Number of destination product offerings, experiences, or itineraries developed and supported which embed the city narrative	5 destination products	Will meet target		
6.5	Number of screen enquiries attracted and supported, with a view to growing Canterbury's market share of screen GDP.	100 screen enquiries	Will meet target	39 Enquiries	The Writers' strike is impacting this measure.
6.6	Number of screen productions attracted to Christchurch through a grant fund	At least 1 production	Will meet target	1	1 screen grant has been approved
Ensure Christchurch is well positioned as a Confident City that is attractive to businesses, residents, visitors, students, and potential migrants					
7.0	Number of people using city narrative assets and content to tell the Christchurch story integrated with their own organisation or business story	5000 Toolkit asset downloads	Will meet target	2,848 assets	

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	ACTUAL	COMMENTARY
7.1	Number of engagements on ChristchurchNZ-owned digital channels and platforms	4 million	Will meet target		
7.2	The number of engagements with trade agents and investors in priority markets and sectors.	60 engagements with trade agents or investors	Will meet target	48	48 engagements completed in the first 2 quarters
<i>Provide leadership in inclusive and sustainable economic development for Christchurch</i>					
8.0	City economic strategies are reviewed and approved in the context of Greater Christchurch 2050 Strategic Framework and Goals	To be requested and confirmed through the annual letter of expectation and statement of intent process.	Will meet target	No Strategies were requested this financial year	
8.1	Number of economic research and insights reports delivered to provide city partners with robust evidence base on which to base strategies and investment decisions	12 economic reports are produced	Will meet target	9	
8.2	Number of people actively engaging with ChristchurchNZ economic and strategic insights	Deliver economic information to at least 1,000 people through presentations and online information	Achieved	3077 people	Economic information delivered to 2862 people online and 215 in person
8.3	Number of reports on the feasibility of urban development proposals and projects	At least three opportunities for urban development are identified and assessed for feasibility	Will meet target		
8.4	Deliver existing urban development programme (New Brighton) and develop pipeline of urban development projects utilising Council family-owned property or other acquired property	New urban development projects added to the pipeline in line with the strategy	Will meet target		