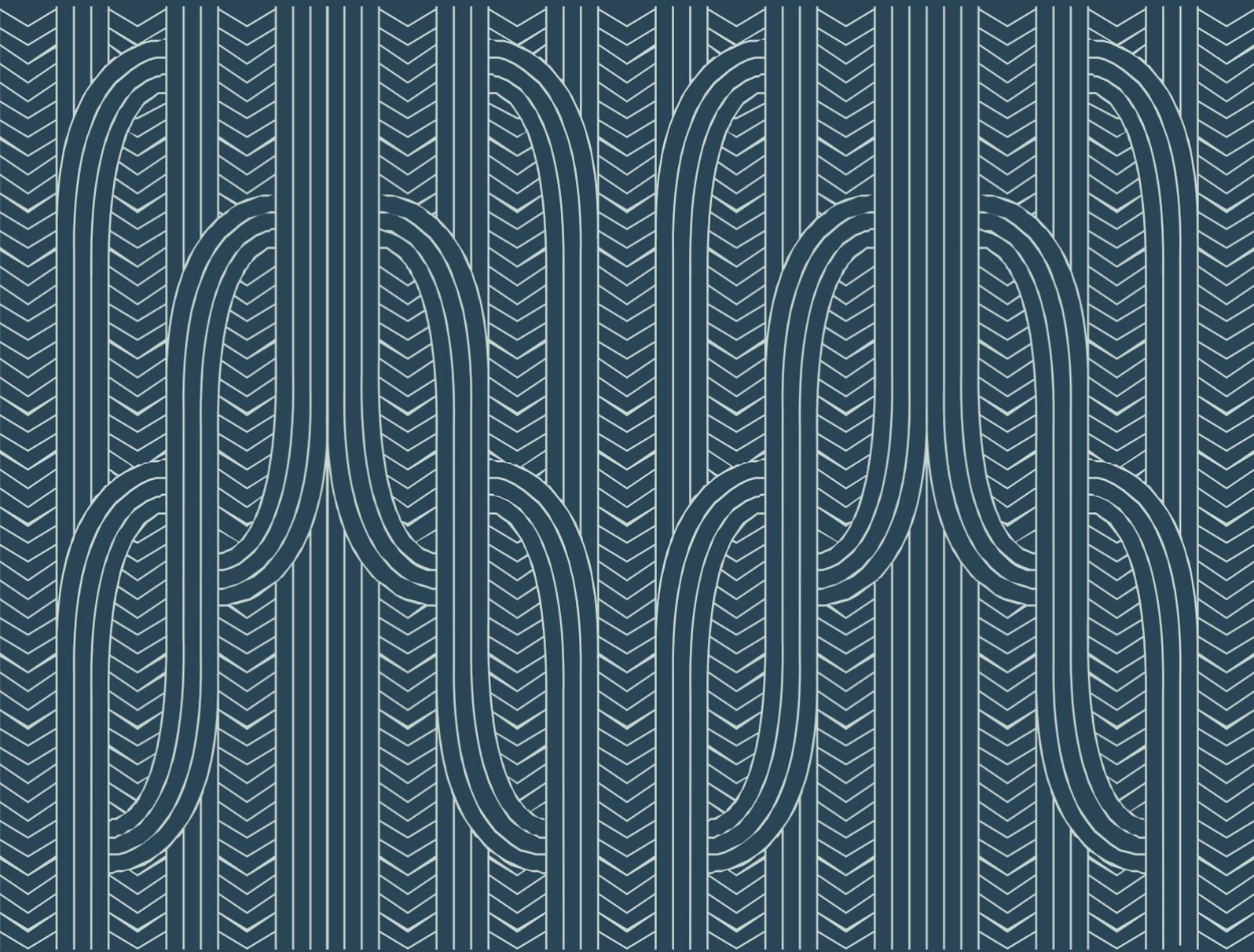


ChristchurchNZ Holdings Ltd

HALF YEAR REPORT

31 December 2022



ChristchurchNZ

Introduction

ChristchurchNZ (CNZ) is a council-controlled organisation (CCO) and a public benefit entity. ChristchurchNZ has an independent board with 7 directors (currently 8) including 2 Councillor directors (yet to be appointed). The company has ~73 permanent staff (84 FTE including fixed term contracts).

A [letter of expectation](#) is provided annually by Council and the Board develops an annual [Statement of Intent](#) outlining objectives, nature and scope of activity, and performance measures based on the Council's expectations. CNZ reports on progress quarterly to the shareholder including a financial and activity update, information on health and safety practices and current risks that may impact the performance of the organisation.

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

Measurable **outcomes** include an increase in Christchurch's:

- Productivity and GDP output
- Liveability
- Workforce (including business resilience and high value decent work)
- Attractiveness

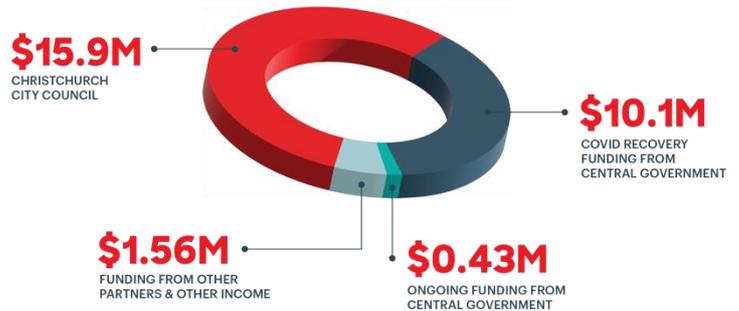
Work is informed by a range of **City Strategies** including:

- Christchurch Economic Development Strategy (owned by CNZ)
- Greater Christchurch 2050 (in development by Greater Christchurch Partnership)
- Christchurch Visitor Strategy (owned by CCC) – to be replaced by Destination Management Plans in 2023
- Antarctic Gateway Strategy (owned by CCC)
- Events Policy Framework (owned by CCC) and Major Events Strategy (owned by CNZ)
- Business Events Strategy (owned by CNZ)

ChristchurchNZ uses the following **operating model**:



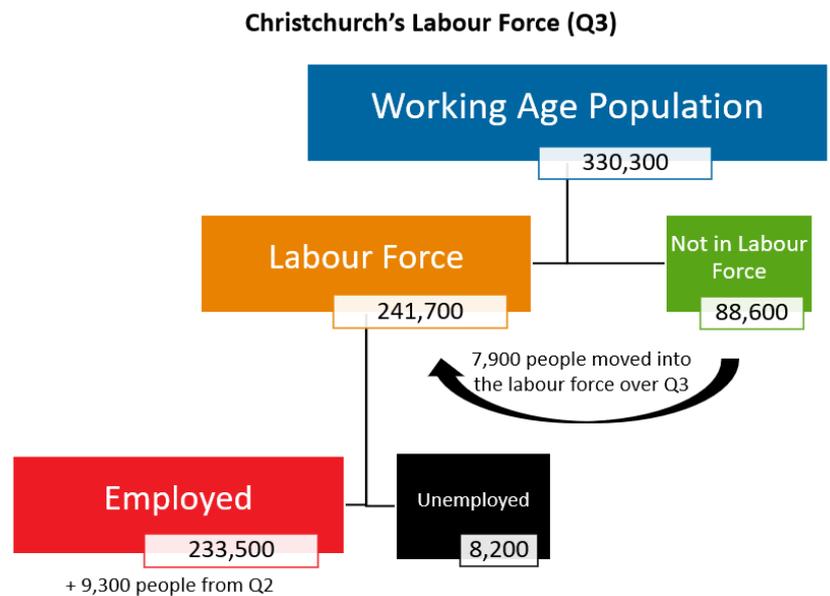
ChristchurchNZ Funding 2022/23



Economic Update

Unemployment

Christchurch's unemployment rate fell to its lowest level since 2014 during Q3 2022, dropping from 3.9% in the previous quarter to 3.4% in Q3. Labour force participation increased significantly over the same period, rising from 70.2% in Q2 to 73.2% in Q3. This is the largest quarterly jump in Christchurch's labour force participation rate in eighteen years and represented a 9,300 person increase in employment from Q2. 80% of this increase was due to people moving into the labour force who were not looking for work in the previous quarter.



Net Exports

The value of exports from Christchurch ports increased 24.1% in Q3 2022 compared to the same time in 2021, largely due to historically high world prices for agricultural products. Despite an increase in imports over the same period, Christchurch's trade balance remained net positive.

Manufacturing & Services

Canterbury's manufacturing sector was expansive during Q4 2022, with slightly stronger performance than that of New Zealand as a whole. The services sector was also in expansion on average over Q4, however monthly data shows that activity slowed toward the end of the quarter, falling into contraction. This has been linked to ongoing challenges in finding staff within the services sector, as well as general market uncertainty.

Confidence

In line with national trends, consumer confidence in Canterbury remained at record lows during Q4. Financial concerns continue to dominate household sentiment, with cost-of-living pressures, fear of recession and rising interest rates pushing confidence down to GFC-level lows. Although weak, confidence scores in Canterbury are slightly higher than national, and the region is expected to outperform the other major metropolitan centres in the coming year, due to strength in agricultural incomes and recovery in the tourism sector.

Housing market

The median house price in Christchurch during Q4 was \$660k. House prices have been declining nationwide in recent months, as have the number of real estate sales. Christchurch's housing market peaked later and at lower levels than other major cities in New Zealand, and as a result have been falling at a slower rate.

Tourism

The return of international visitation has driven tourism activity upward in recent months, with latest figures showing approximately 53,500 unique international visitors to the Christchurch RTO area in November 2022. The injection into Christchurch's economy from international visitor dollars has been growing rapidly. The volume of retail transactions made by international visitors within Christchurch increased at an average month-on-month rate of 26% each month during the second half of 2022. During Q4, international visitor spend value sat at approximately 83% of pre-COVID (Q4 2019) levels, after adjusting for inflation.

International tourism recovery in Christchurch has also been supported by the revival of the cruise sector, with approximately 57,300 guests onboard the 28 cruise ships that visited the ports of Lyttelton and Akaroa during Q4.

See ChristchurchNZ the [quarterly economic dashboard](#) for more economic metrics.

Christchurch NZ Half Year Results

Performance in delivering our strategic outcomes is measured through five key performance indicators. These KPIs measure return on the Council's investment into ChristchurchNZ, full year investment is \$15.9m, and the results outlined below are for the half year (\$7.9m).



Internal KPIs

Internal KPIs measuring our financial and operational performance are on track. Measurement against UN Sustainable Development goals, carbon emissions targets and employee engagement are measured at year end.

Levels of Service

In addition to KPIs ChristchurchNZ has 30 Council Levels of Service with 93% on track to be achieved by year end. Two levels of service are not expected to be achieved:

- Number of destination product offerings, experiences or itineraries developed and supported which embed the city narrative.
- Value of investment secured into destination promotion and product development.

These levels of service are impacted by the work underway to develop the new city place brand (narrative) and the Destination Management Plans (DMP) for Christchurch and Banks Peninsula. The narrative and destination management plans will determine the types of investment that will best support the development of Christchurch as a destination and will be completed by 30 June. Committing resources to developing and investing in products prior to this work being completed risks investing in products that do not align with the city's future needs.

Health and Safety Practices

ChristchurchNZ has robust health and safety practices in place, and reports regularly to the Health Safety, Audit and Risk Committee of the Board on incidents and near misses. The Committee is actively managing a risk arising from sharing a building with the Accident Compensation Corporation and the impact of having to close down public access for periods of time when a threat is made to ACC staff.

An independent risk advisor has been appointed by the commercial landlord to identify a permanent solution and interim steps to keep staff and visitors safe. During the period the CNZ Board escalated the issue to the ACC Board.

Organisational Risks

	Risk	Description	Mitigation
1.	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 and responsibilities (social licence to operate), performance story (reporting, website, media) including return on investment, strong relationships with mana whenua.
2.	Economic Volatility/Recession	Economic Volatility/Recession impacting financially, business interruption, reputation, and corporate objectives	Economic Development Strategy, clear vision and outcomes agreed for CNZ (Statement of Intent) purposeful investment and prioritisation, place brand development, government contracts in place to support recovery and repositioning activity, appropriate use of CNZ reserves.
3.	Disaster/Business disruption	Business / Work Programme disrupted by a disaster impact on financial, Health, safety and wellbeing, business interruption, reputation and corporate objectives	Business continuity plans in place, strong remote working capability, Cloud back up in place, strong and regularly updated/communicated emergency response plan, insurance.
4.	Climate Change	Work programme/project impacted by climate change, planning required for climate change.	Regenerative economic development strategy, increase support for business sustainability, programme and project prioritisation

Financial Update to 31 December 2022

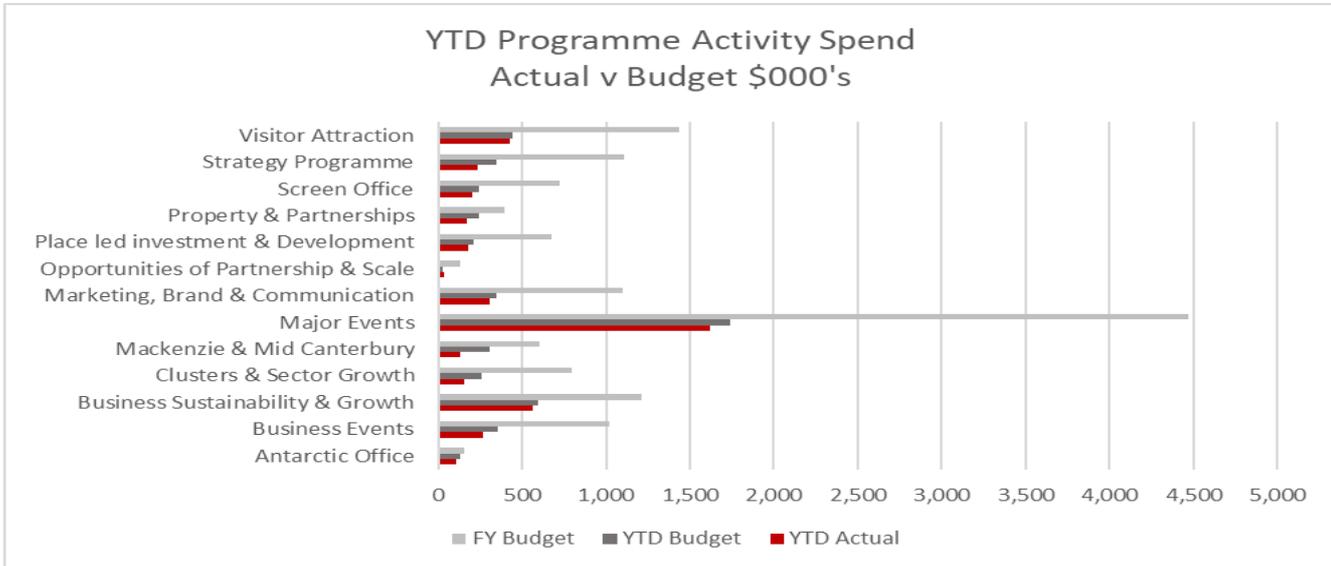
CNZH Financial Summary \$000's	Actual Six Months to December 2022	Budget Six Months to December 2022	Budget Variance	Var %	Actual Six Months to December 2021
	<i>Unaudited, per Management Accounts</i>				<i>Unaudited, per Management Accounts</i>
CCC Core Funding	7,951	7,931	20	0%	7,951
Other Operating Revenue (including interest)	4,320	5,666	(1,347)	-24%	3,221
Operating Expenditure	(11,917)	(13,575)	1,658	12%	(9,672)
Other Gain/(Loss)	12	-	-		54
Total Surplus/(Deficit) before tax	366	22	344	1551%	1,554
Total Assets	14,645	9,642	5,003	52%	18,214
Shareholder Equity	6,260	5,916	344	6%	6,657
Shareholder funds/total assets	43%	61%	-19%	-30%	37%

ChristchurchNZ Holdings is tracking ahead of budget for the quarter (+\$344k) due to some planned activity occurring later than anticipated.

The negative YTD revenue variance of \$1.3m is primarily related to the MBIE funded Tourism Kickstarter Covid recovery scheme for Kaikoura and Mackenzie. The Grant revenue received from MBIE has not been fully subscribed and the programme has now been closed. Funding is expected to be returned to MBIE in February (nil bottom line impact). Timing differences on the completion of other MBIE funded activity (Regional Events Fund and Strategic Tourism Assets Protection Programme) account for the remaining revenue variance, noting that the total revenue shortfall is exceeded by the underspend on activity (\$1.6m).

Notes:

- i) Current year budget/activity is supported by external funding for Covid recovery, and prior year reserves. This level of activity will not be sustainable on current Core funding.
- ii) The Urban Development Function (which includes Place Led Investment and Property & Partnerships) continues to operate under a contract for services with DCL and is not a fully capitalised function.



excludes employee costs and Kickstarter Grants

Key Highlights to 31 December 2022

City Narrative and Promotion

- **City Narrative** - Phase one of the three phase city identity and destination management plan work has been completed. Phase 1 -the discovery phase included community and visitor surveys, stakeholder interviews and workshops, and a benchmarking analysis of Christchurch. These insights have now informed the work of phase 2, which has resulted in our city narrative that talks to a city in pursuit of balance and making space and time for play. This narrative has been widely consulted and in December it was endorsed by councillors. The final part of phase 2, the creative platform for our city identity, is in development throughout Q3.
- **On Show** - For the last three years, our spring campaign had been delivered under the BLOOM brand, originally launched in 2019 and Covid disrupted for 2020 and 2021. With mixed results from BLOOM, this year we took the opportunity to re position the campaign. Partnering with a local creative agency, 'On Show' was developed with the aim of bringing together attractions, destinations, fashion, racing, gigs, sport and the beauty of spring under one banner celebrating Christchurch and its unique vibrancy during the spring season. It predominantly targeted those in Christchurch and the surrounding area totalling 10.3m impressions, 415,337 social engagements, 51,575 pageviews and an average time of around two minutes on the website.
- **Cruise PR** – The opening day of the cruise season proved to be the biggest single media day of 2022 for ChristchurchNZ. As a result of an extensive PR plan, we gained coverage across multiple television, radio, digital and print platforms, resulting in 55 stories/broadcast pieces. The potential reach of these stories was 34 million people, with an Advertising Value Equivalency of approximately \$312k. This included live breakfast crosses of the arrival of the first ship on both TV1 and TV3. For a taste of the coverage, see [here](#).

Innovation and Business Growth

- **Start-up Ecosystem** – The Christchurch ecosystem is humming. In the 2022 Global Startup Blinc report Christchurch moved up 165 places, to become the 229th best city for start-ups in the world (ahead of Wellington). Aided by ongoing advocacy, funding, and support from CNZ, The Ministry of Awesome (located at Te Ohaka on the Christchurch campus of Te Pukenga) was successful in winning Callaghan Innovation funding. Before this Christchurch received just 3% of central government allocation for start-ups. We are also seeing incubator graduate companies successfully raising capital, headlined by the two-year-old Christchurch based start-up Partly, having the largest ever Series A raise by a New Zealand company of \$37 million.
- **Power Up Skills Initiative** – This award-winning programme was developed in response to the skill shortage challenges created by the compounding impacts of COVID-19 border closures and strong economic growth. It aimed to utilise the approximately 20,000 underemployed and underutilised women in the Canterbury workforce. The purpose was to inform women on job opportunities, particularly in the region’s growth sectors, to inspire women to search for or upskill/reskill into those areas and connect them with support services and employers. The activity to deliver the campaign was significant:
 - 1) 3 x ‘women and tech industry facing events’ were delivered, with 31 tech businesses and 126 women interested in tech careers attending (resulting in multiple employment outcomes).
 - 2) 1 full day seminar for skilled migrant women to build job-readiness and connect them with employers (25 women, 5 employers).
 - 3) 2 stakeholder events with over 70 participants to bring together the ‘women employment support’ ecosystem.
 - 4) A series of diversity, equity and inclusion workshops piloted, which delivered to 15 tech businesses.
 - 5) Digital campaign which resulted in 34,915 social engagements, 26,690 page views and an average time of 3 minutes 29 sec on the website.
- **Screen Canterbury** - The Screen Canterbury grants programme has started delivering economic benefit to the city. Two feature films have finished shooting, *Te Motu* and *Head South*, as well as one short film. This has provided 90 jobs and delivered a minimum spend in Canterbury of \$2.8 million. We currently have a strong pipeline of four feature films and two documentaries scheduled to shoot this calendar year.

Urban Development

- **Heart of the City** - After completing baseline analysis in the Cultural Heart of the City area, a series of projects is being scoped to address the challenges and opportunities identified. These include evening night-time destination development through lighting, projection and illumination as well as a place management approach to contracts and maintenance. During the first half of the year, support was also provided to a number of initiatives to bring life and activity to the central city with partners including SCAPE, Life in Vacant Spaces, Tūranga, Gap Filler, Watch this Space, and Moana Vā.
- **Sydenham** - Work continues to investigate issues and opportunities and develop a proposed framework for the long-term transformation of the Sydenham area. This work will support and inform council’s draft proposals for intensification in this area, signalled in proposed plan change 14.
- **New Brighton** - The regeneration project in New Brighton continues to progress at speed. Significant progress was made on phase one of the Seaview residential project this period and we expect new residents in these homes before the end of the year. We continue to work closely with private developers and have seen exciting progress on some key sites; we will continue to support these developers in the coming period. CNZ has supported business through a series of workshops,

business mentoring and a robust marketing campaign to support a perception change for the area. We have also successfully implemented or supported a number of placemaking interventions including an events assessment, new street art, upgraded signage for the art gallery, quarterly night markets and more.

Destination and Attraction

- **All Blacks** - After a six year gap, the All Blacks returned to Christchurch to take on Argentina at Orange Theory Stadium on 27 August 2022. Key data analytics showed;
 - The event generated \$2.1m of visitor expenditure in Christchurch
 - The benefit to cost ratio for Christchurch was 1:21
 - 20,285 people attended the event and 9,222 visitors were attracted to Christchurch for the match, generating 9,967 visitor nights
 - In addition, many hospitality businesses in Addington recorded significant jumps in revenue. Electronic card transactions showed the value of retail spending was up 33% on the average August weekend in 2022 in the Addington suburb.
- **Cruise** - The return of cruise to a new cruise terminal after an 11 year hiatus, and in the absence of an i-SITE, meant that in excess of fifty Cruise Champion volunteers were recruited and trained to welcome and assist the 177,000 cruise passengers estimated to visit Ōtautahi Christchurch this season. The Cruise Champion programme has stimulated resident pride and appreciation from local businesses who've shown their gratitude through hosting of functions and extending FOC experiences to the Champions. It has also created a community of volunteers who are keen to continue to work alongside CNZ beyond this season. Early indications in this period were a positive impact on visitor experience and cruise visitor spend being strong.
- **Events Ecosystem** - Completion of external review by Daylight Ltd of both the Major Event Strategy and Implementation plan and Business Event Benefits and Opportunities which have been important inputs into recommendations to CFINouncil on the broader events ecosystem plan - ensuring best practice and maximisation of our infrastructure.

Shared Services and Economic Insight

- Economic Development Strategy - Phases one (evidence base and analysis) and two (develop strategic direction, consultation with city leaders) of the Economic Development Strategy project completed. Phase three (prepare city framework and CNZ Implementation strategy) underway.
- Significant engagement with staff creating a shared understanding of the behaviours that underpin the CNZ values (Open, Purposeful, Together) and the part they play in creating the desired culture for CNZ.
- Arts Centre - lease ended 28 November 2022, make good provisions completed.