

## From the director

**Support for the greater** Christchurch rebuild is one of the Government's stated priorities, and its commitment was evident in the 2013 Budget delivered on 16 May. The rebuild is the biggest economic undertaking in New Zealand's history. As Minister for Canterbury Earthquake Recovery Gerry Brownlee outlines on page 4, the total economic cost is now estimated at \$40 billion.

The social impact of the rebuild was underlined in the quarterly workforce analysis released early this month, which showed unemployment fell more markedly in Canterbury than it did in the rest of the country. In the opinion of our guest writer this month, developer Ernest Duval, "Christchurch is leading the national economy and has growth rates similar to China's. We have become to New Zealand what the mines are to Australia."

Meanwhile, there are strong signs that tourism in Canterbury is in the next stages of recovery. More tourist attractions and hotels are opening every month. A highly visible step forward is that the gondola is again plying the Port Hills and attracting huge numbers.



Christchurch Airport has already secured a twice-weekly direct flight to Perth. Within the next two years, it aims to add China and the United States to its list of direct routes.

If those ambitions for direct flights are realised, more tourists will be able to fly straight into the heart of the mainland, stay in greater Christchurch before accessing all the South Island's famous tourism stops.

**Warwick Isaacs**  
Director

## Rebuild gets funding boost

**The mammoth task of** rebuilding Christchurch is gathering momentum as investors and the city's business community begin to understand the potential impact of almost \$100 million of new government funding.

Minister for Canterbury Earthquake Recovery Gerry Brownlee announced the boost to the rebuild effort as part of the Government's 2013 Budget, delivered 16 May.

Minister Brownlee says the new funding recognises "the substantial financial support Christchurch needs to not just get back on its feet, but to position itself on the world stage as a first-class, innovative city where people want to live, visit and invest".

Investor Relations Manager Sheila McBreen-Kerr says investors are showing significant interest in the anchor projects of the Christchurch redevelopment, such as the Justice and Emergency Services Precinct, the Convention Centre, the Bus Interchange and the Stadium. The Health Precinct is already attracting significant business interests as investors become aware of the potential collaborative opportunities. Funding announced in the budget reinforces the determination to create Christchurch as a city of world-class infrastructure, economic strength and liveability.

Over the next four years, new operational funding of \$94.2million will be used on the development of Te Papa Ōtākaro/Avon River Precinct, the Accessible City chapter of the Christchurch Central Recovery Plan and operation of the Christchurch Central Development Unit (CCDU).

Ms McBreen-Kerr says investors are poised and awaiting the release of procurement and timing decisions on each project, to inform their own investment.

Invest Christchurch is the investment facilitation arm of the CCDU. Ms McBreen-Kerr says Invest Christchurch has seen a marked increase in businesses eager to enter the supply chain.

"As the scale and diversity of the rebuild becomes



more apparent, so the opportunities become more apparent to the market."

She says those opportunities span a variety of industries and skills, from the supply of building materials, to human resource match-making, research and development.

Businesses and talent need help finding each other, as do developers and investors, landlords and tenants.

The rebuild is also leading to innovation in the way businesses operate. Increasingly, smaller firms are coming together to develop joint capability and capacity so they can compete for bigger contracts.

Greater Christchurch has maintained economic growth of 7.5 per cent, which Ms McBreen-Kerr says illustrates widespread confidence in the city. She believes this, and the Government's increased funding announced in this month's Budget, will be noted by potential investors beyond the Canterbury region.

**1** All around greater Christchurch are signs the rebuild is underway

## Timeline – 2013

### April



- The Amazing Place Playground competition entries closed
- Land Use Recovery Plan workshops held

### May



- Art Trail Curator RFP released
- Health Precinct master plan draft completed
- Stage 2 residential demonstration project 'Breathe' starts
- Avon River Precinct concept design review process progressing

### June



- Avon River Precinct 'Watermark Site' completed
- Phase one Health Precinct stakeholder engagement commences
- Bus Interchange detailed brief and business case underway



## Robust support for Christchurch Economic Development Strategy

The 19 April launch of the Christchurch Economic Development Strategy drew an “overwhelmingly positive” response from central and local government, the community and the business sector, Canterbury Development Corporation Chief Executive Tom Hooper says.

The strategy was begun before the earthquakes but since then has been substantially revised to take into account regional growth, the Government’s Business Growth Agenda and the impact of the \$40 billion rebuild of greater Christchurch.

“The one-off \$40 billion shot of stimulus is a once-only chance to step-change Christchurch,” Mr Hooper says. “We’ll do everything we can to make sure we get that right.”

Canterbury Development Corporation has a staff of 30 and leads economic development for Christchurch City Council. In its Council-endorsed strategy, it has identified five large-scale opportunities, known as The Big 5, which have the potential to significantly improve the fortunes of the region.

The first of the Big 5 opportunities is to maximise earthquake recovery opportunities.

“There’s no question that the earthquake recovery, the opportunity of that, is a game-changer,” Mr Hooper says.

The other four major opportunities illustrate how the strategy looks well beyond earthquake recovery. Its 20-year focus encompasses effective water resource management, improving productivity through innovation, successful central city design and build, and increased import and export distribution networks.

Mr Hooper says the transformation and revitalisation of the local economy require widespread, genuine buy-in.

“Having the local business community on side to make it happen is a fundamental part of the process.” ©

1 Image courtesy of Canterbury Development Corporation

# What the central city rebuild means to me

Ernest Duval, Equity Trust Pacific – developer

When I think of Christchurch now, I think of a city in transition; a city destined to become one of the finest cities in the country. I say this because the new city has been carefully planned and is a manifestation of the Share an Idea campaign that has brought the ideas of tens of thousands of local people together to be reflected in the Christchurch Central Recovery Plan. There is a sense of positive expectation about the future as people see the progression and transition. I believe this physical transition is also causing a personal transition for many people who have grown from the experience.

It goes without saying that the earthquakes in Canterbury were devastating and very challenging. However, they have also provided many opportunities. One of the most gratifying outcomes has been the way the quakes have galvanised the people of greater Christchurch as a whole. The quakes and their impact spurred in many a commitment to their city and a desire to participate in the process of positive change and rebuilding. Christchurch people feel unified because of the shared experience.

New Zealanders in general are a resilient people. Cantabrians, many of whom have endured grief and personal hardship, have certainly demonstrated this quality. The earthquakes have taught people to prioritise the important things in life: friends and family, rather than objects. In many respects the earthquakes have brought out the very best in the people of greater Christchurch.

Apart from the personal factors, there are enormous commercial opportunities for businesses associated with the rebuild. As the workforce analysis released this month has shown, the quakes have also created significant numbers of jobs. Christchurch is leading the



national economy and has growth rates similar to China’s. We have become to New Zealand what the mines are to Australia.

This generation is tasked with a weighty responsibility to future generations. They will look back and judge us on what we have done and what we haven’t. I would hope we can preserve as much of our history as possible but also build a new generation of buildings suited to the local environment that are safe and architecturally stunning, and that say something about us as a community and this place. I am confident the overall plan will be well-received by future generations and will become a foundation for ongoing growth expansion and development.

What does the central city rebuild mean to me?

It means recreating the city centre in a positive and inclusive way that brings the people and businesses of Christchurch back into the city. It also means preserving key heritage buildings that provide an important connection with our history, as well as building new iconic structures that embrace our vision for the future and are inspirational for this generation and those to come. ©

Canterbury is attracting business from the rest of New Zealand. Inland Revenue data at April 2013 show a “positive net internal migration of businesses”. This means the number of businesses migrating into Canterbury from elsewhere in New Zealand is higher than the number leaving for other regions. Businesses are seeing the opportunities and business environment is attractive enough to relocate or open branches in greater Christchurch.

Canterbury is attracting employees to job opportunities. There are more New Zealand taxpayers moving to Canterbury than there are leaving for other regions. Inland Revenue data on net internal migration of taxpayers shows Canterbury has recorded “positive net migration of taxpayers” (more taxpayers moving into the region than those moving out). The growing attraction of these employees and their families is another demonstration of confidence in the area’s future.

# Tourism turning a corner

It's been a tough couple of years for Canterbury's tourism industry but operators say 2013 has brought some welcome signs of recovery.

Christchurch and Canterbury Tourism Chief Executive Tim Hunter says some operators have seen demand jump 25-30 per cent on the same period in 2012.

The tourism body's own visitor centre noted a 30 per cent spike in numbers. The Asian, Central European and USA markets grew particularly strongly over the summer. Visitor numbers from the United Kingdom have been subdued but Australian numbers are showing the first, modest signs of recovery after a sharp fall in response to the intense media coverage of the quakes.

The long, hot Kiwi summer also helped drive up takings. Outdoor tourism operators in particular were able to work almost every day for weeks on end.

"We feel, in the first quarter of 2013, we started to turn the corner," says Tim Hunter.

After the Christchurch Gondola reopened in April, it drew 10,000 passengers in its first week. The Rendezvous Hotel on Gloucester Street has recently added its 171 rooms to the total of 4,300 commercial rooms available across the city. In the second half of this year, the Novotel, Heritage and Latimer hotels and Quest apartments will also open, which will see city-wide room numbers

rising to 5,000. Even with this growth, however, the city's capacity will be just 68 per cent of what it was before the quakes. The effects of this shortfall were clear from December 2012 to March 2013, when there was extreme pressure on accommodation, and at times the city hit full capacity.

Mr Hunter says key features of the rebuild of Christchurch Convention Centre, estimated to reopen in 2017, will be announced later this year. Before the quakes, the centre hosted 55 events a year, with an average of 650 participants at each event. Mr Hunter says other hotel companies will be encouraged to build in Christchurch once they have firm details about the Convention Centre.

Where previously 900,000 tourists a year wandered through what was known as the Cultural Precinct - the area from the Square to Canterbury Museum - the major central city attractions have become the Re:START Mall, including the Quake City exhibition, and various Rebuild Zone (formerly red zone) tours. Some innovative ideas, such as the punting tour of the rebuild zone, blend old visitor activities with new.

Christchurch and Canterbury Tourism has partnered with organisations in key South Island destinations, such as Dunedin, Queenstown and Wanaka, to create a campaign marketing South Island road trips to Australians. It resulted in a



marked lift in Australian tourists late in 2011, and it has been repeated in 2013; travel data in coming months will reveal whether it has achieved another surge in visitor numbers.

Mr Hunter says alongside funding targeted specifically at rehabilitating the Canterbury tourism sector, the region will also benefit from significant activities at the national level. Notable initiatives are Tourism New Zealand's investment in new markets, such as the Middle East and Latin America; funding to boost marketing of luxury travel; the development of business tourism; and the development of other tourism growth capability across New Zealand. ©

1 Prime Minister John Key at the recent reopening of the Christchurch Gondola

# Christchurch Airport sets sights on China and USA

Fresh from securing direct flights to the wealthy city of Perth in Western Australia, Christchurch Airport's next goal is to achieve direct flights to China and the United States of America.

From December this year, Air New Zealand will offer a twice-weekly direct service from Christchurch to Perth. The long-haul flight will use a 767 wide-body jet. This aircraft offers freight capacity that could prove vital in transporting perishable or high-value goods essential to the rebuild. At the same time, the regular wide-body flights to Australia (the same jet will service the existing Christchurch-Sydney route) will open opportunities for exporters of perishable, time-

sensitive or fragile goods through the Sydney hub at a peak period in the exporting season.

Perth has a population of more than 1.8 million and one of the highest standards of living in the Asia-Pacific region. Christchurch Airport Chief Executive Jim Boulton says the company had targeted a direct service to the mining capital as a strategic goal for 2013.

"It's a winner for us. We're very pleased. That box is ticked," he says.

Now the company is turning its attention to two other long-haul goals: China and the USA.

New Zealand currently attracts around 220,000 Chinese every year.

Mr Boulton says New Zealand's infrastructure needs to develop more to absorb those numbers, but an increase to a manageable figure in the medium term - such as 500,000 Chinese travellers - would significantly boost the New Zealand tourism sector.

"The future promise of that market is just phenomenal," Mr Boulton says.

As a member of the recent Prime Minister's delegation to China, Mr Boulton heard positive news from the chairman of China Southern Airways

(now the world's third-largest carrier).

Encouragingly the chairman told delegates the airline intends to add direct flights to New Zealand destinations beyond Auckland - and he specifically mentioned Christchurch.

The airport company is in discussions with China Southern, Air New Zealand and other airlines regarding direct flights to China and he is hopeful a deal could be struck by the end of 2014.

In the next two years, the company would also like to reinstate services to Los Angeles. An earlier service using large aircraft was discontinued, but Mr Boulton says the introduction of the 777, 787 and A330 has made the route viable again. Discussions about a direct USA service are in progress with Air New Zealand and other airlines.

Mr Boulton says Christchurch has an enviable position as New Zealand's second-largest airport and the only airport outside of Auckland capable of handling wide-body planes.

"Our numbers were dented after the quakes but will start to pick up as the city rebuilds," he says. ©

1 Christchurch Airport Chief Executive Jim Boulton



# \$40 billion invested in our future



As part of May's Budget announcements the Government has revised the estimated economic cost of the Canterbury rebuild from \$30 billion to \$40 billion. Although this is a

substantial increase, which may lead to some questions about whether the rebuild is affordable, it is more understandable in view of several key aspects of the context in which these estimates have been prepared.

The first is the sheer number of insurance claims that the Earthquake Commission and the insurance industry are managing. Over time, insurers will naturally get closer to a complete estimate of the actual cost of work. An average variation of \$10,000 from the estimated cost across more than 100,000 residential and commercial claims is worth over \$1 billion alone.

Second, the Government's share of the estimated cost is actually stabilising. In other words, these numbers are now starting to tell us more about the opportunity available for the private sector to lead the rebuild, and their capacity to do so.

Third, the rebuild of greater Christchurch is

also increasingly a positive reinvestment story. Although many households and businesses still face challenging circumstances, we have not seen anything like the flight of people, businesses and capital that many experts predicted after the earthquakes.

The public sector has a responsibility to provide the private sector with the certainty and direction it wants in order to make sound decisions, and we need to do so this year.

The opportunities in greater Christchurch are global in scale. We will need to expand our access to both global supply chains and other forms of capital in managing the pace and cost of rebuild. Investment will be reflected in the quality of housing and building stock across the city, and infrastructure that will have benefited from the commitments the Government and Christchurch City Council are making to fast-track repairs and replacement that would normally take decades to complete.

The city will have new public spaces, amenities and high-quality community assets that will help attract new people and businesses to the city.

The central city will include a Health Precinct,

## How the money will be spent: earthquake-related expenditure

Residential	50%
Commercial	25%
Infrastructure	10%
Government and community assets	15%

an Innovation Precinct, a more compact and spatially efficient CBD, a distinctive retail heart and much smarter technology platforms on which businesses can operate.

All of these elements will contribute to a city in which residents can enjoy higher incomes over time, leveraging off a stronger regional economy. It will be a city that clearly fulfils its role as New Zealand's second city.

This task is complex, challenging and dynamic, but if we get it right then Cantabrians will come to realise that whatever the 'number' spent on the rebuild proves to be, it is not a 'cost' but an investment in this city.

**Hon Gerry Brownlee,**  
Minister for Canterbury Earthquake Recovery

## Canterbury boosts nationwide employment figures

Employment figures for the quarter to March 2013 have revealed the extent of Canterbury's influence on the national job market.

Nationally unemployment fell 0.6 per cent to 6.2 per cent. In Canterbury it fell from 4.9 per cent (which had been a post-quake record low) to 4.3 per cent.

In releasing the quarterly workforce data on 9 May, Statistics New Zealand said excluding Canterbury from the national estimates revealed a "much weaker" labour market.

"In the rest of the country, the employment rate fell over the year, as did the labour force participation rate. While the unemployment rate fell

in both Canterbury and the rest of New Zealand, Canterbury's fall was larger than the fall in the national estimate."

The following are some key figures from the March 2013 Household Labour Force Survey (Statistics NZ analysis of labour force data in the three months to March 2013).

- The unemployment rate in Canterbury has fallen to 4.3 per cent, which is the lowest that it has been since 2008. It compares with the national unemployment rate of 6.2 per cent.
- The number of filled jobs in Canterbury rose 6.8 per cent in the year to March 2013, which is the largest annual increase in the region since 2005.

- Salaries and wages in Canterbury increased 5.1 per cent in the year to March 2013, compared with a national increase of 3.4 per cent.

The results of the March 2013 Quarterly Employment Survey for Canterbury, also released this month, revealed 15,000 new jobs had been created and filled in Canterbury in the last year. The majority of new jobs were in construction, health care and social assistance, and hospitality services such as hotels, cafes and restaurants. In total, there were 235,400 full-time and part-time jobs in Canterbury in March.

### Key contacts

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