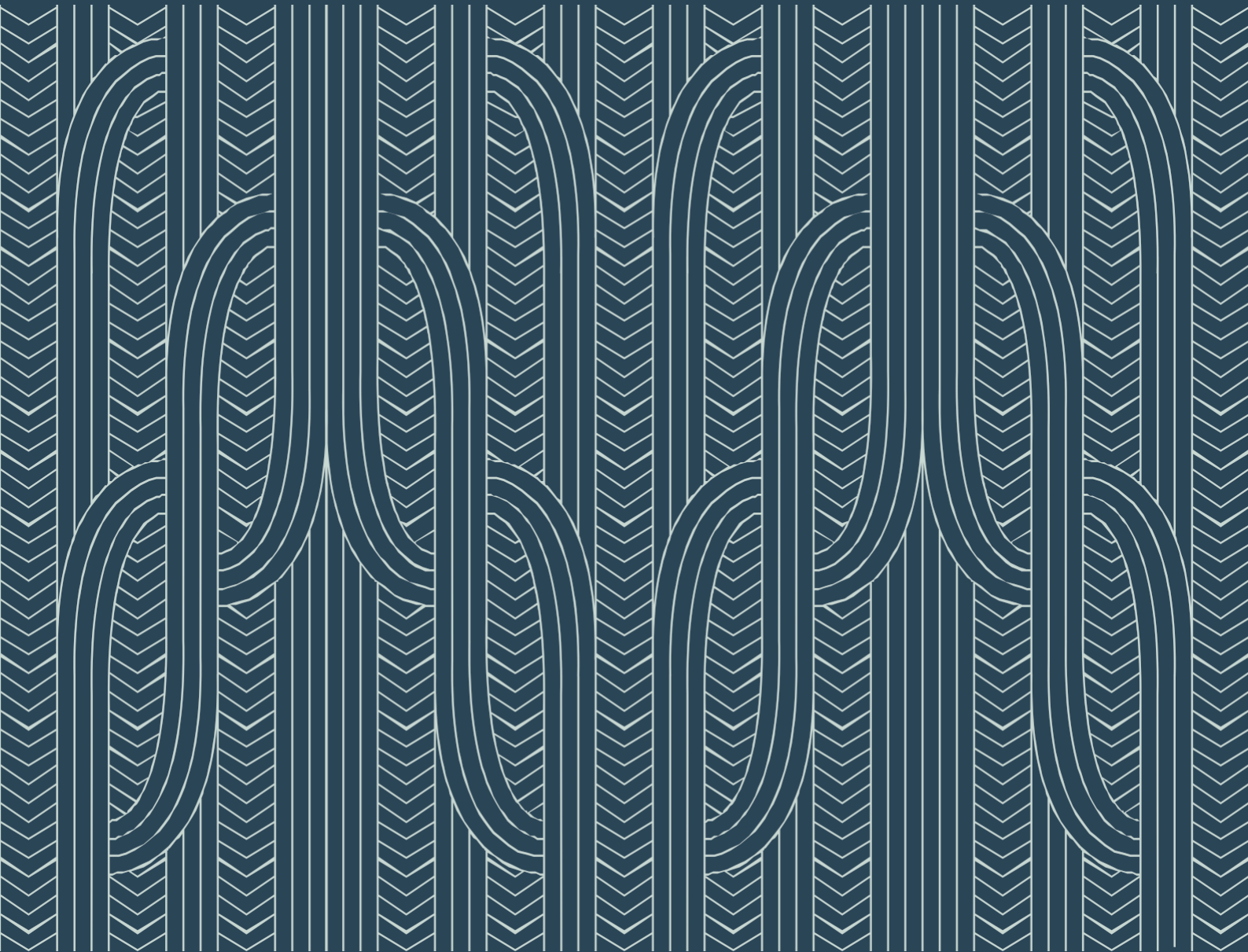


ChristchurchNZ Holdings Ltd

QUARTERLY REPORT

31 September 2022



ChristchurchNZ

Introduction

ChristchurchNZ is a council-controlled organisation (CCO) and a public benefit entity. ChristchurchNZ has an independent board with 7 directors including 2 Councillor directors. The company has ~71 permanent staff (79 FTE including fixed term contracts).

The Council's Long-Term Plan commits to providing fixed funding of \$15.901m to ChristchurchNZ from 2021 to 2031 and for the 2022/23 year this is supplemented by \$12.209m in funding from the Crown and third parties.

The Board has approved a budget of \$30.961m resulting in a planned \$2.850m loss for the year, funded from reserves.

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
Focussing on Christchurch City Council Community outcomes

- Prosperous Economy
- Liveable City

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)
- 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)

Measurable **outcomes** are

- Increase in high value decent work in Christchurch
- Increased productivity and GDP output
- Improved resilience and sustainability of our businesses
- Improve the attractiveness of Christchurch

To deliver against outcomes ChristchurchNZ **uses a range of tools** 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, talent, international students and visitors
- Building the brand of Christchurch
- Providing the city with economic insights and leadership to enable evidence led decision making

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.

Organisational Risks

	Risk	Description	Mitigation
1.	Global Pandemic and economic impact.	Work programme significantly disrupted by global pandemic. Resulting in economic volatility, uncertainty, financial losses, reduced business confidence, reputational damage.	Christchurch Economic Recovery Plan to reshape activity required and target outcomes. Govt contracts in place to support recovery and repositioning activity. Continual monitoring of Programme and Project progress.
2.	Cyber Security/ICT Failure	Cyber Security/Ransomware exposure resulting in system penetration. Reduced use of ICT systems and/or website, reputational impact, financial impact, loss of data.	Technology prevention measures in place, ICT security reviews regularly undertaken. Security policies and processes in place, regularly communicated and compliance monitored.
3.	Governance Clarity Urban Development functions	Lack of clear mandate for the Urban Development function and/or a lack of sufficient funding or other resource.	Funding and service level agreements in place. Council approval of capitalisation confirmed in April 2022. Expanded Economic Development Agency Implementation plan underway.
4.	Confidential information breach	Inappropriate access of confidential information, breach of the privacy act	Secure ICT systems and policies in place and regularly reviewed/audited. IEA's and Code of Conduct clear on responsibilities for accessing and use of company information. Ongoing training
5.	Leadership and Organisational Wellbeing	Team fatigue caused by prolonged periods of stress and change results in reduced resilience and effectiveness.	Structured wellbeing programme, recognition of risks and symptoms, PD plans in place, prioritisation of work

Financial Update to 31 August 2022

CNZH Financial Summary \$000's	Actual Three Months to September 2022 <i>Unaudited, per Management Accounts</i>	Budget Three Months to September 2022	Budget Variance	Var %	Actual Three Months to September 2021 <i>Unaudited, per Management Accounts</i>	Budget Twelve Months to June 2022 *	Actual Twelve Months to June 2022 <i>Audited</i>
CCC Core Funding	4,075	4,075	0	0%	3,976	15,901	15,901
Other Operating Revenue (including interest)	2,567	4,228	(1,661)	-39%	1,744	12,482	7,473
Operating Expenditure	(6,243)	(8,129)	1,886	23%	(4,990)	(31,226)	(22,651)
Other Gain/(Loss)	0	-	-	-	55	-	62
Total Surplus/(Deficit) before tax	400	175	225	129%	785	(2,843)	785
Shareholder Equity	6,294	6,069	225	4%	5,897	3,129	5,894
Shareholder funds/total assets	39%	40%	-1%	-2%	35%	56%	36%

- CNZH is tracking ahead of budget for the quarter (+129%) due to some planned activity payments occurring later than anticipated.
- The negative YTD revenue variance of \$1.6m (which is more than matched by a cost underspend) is primarily related to the MBIE funded TCSRPP (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 and this funding will be returned (nil bottom line impact).

Notes: Current year budget and activity is supported by significant external funding for Covid recovery and the utilisation of prior year reserves. This level of activity will not be sustainable on current Core funding. 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

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	YTD ACTUAL	COMMENTARY
Build innovation & entrepreneurial strength					
1.0	Number of Initiatives to support industry cluster development, to support job creation and work opportunities	6 initiatives	On Track		
1.1	Number of start-up/scale-up companies supported to grow innovation and entrepreneurship capability aligned with priority focus areas	40 companies	On Track		
1.2	Number of employers that have been actively worked with to attract them to the city to support economic recovery and repositioning	60 employers	On Track		
1.3	Value of central government investment secured into innovation and entrepreneurship; labour market transition and job creation	\$550,000	On Track		
Build a productive knowledge city to grow decent work					
2.0	Number of initiatives that deliver better education outcomes and skills development to meet industry need and lead to high-value decent work	4 Initiatives	On Track		
Partner with mana whenua to support growth in Māori prosperity and self determination					
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 and deliver intergenerational prosperity and create decent work	2 initiatives	On Track		
Ensure Christchurch businesses have access to comprehensive advice & support to grow competitiveness, resilience & sustainability					
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	On Track		
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	On Track		
4.2	Satisfaction of businesses accessing support or advice services	Net promotor score for business support services is +50 or greater	On Track		

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	YTD ACTUAL	COMMENTARY
4.3	Value of Central government investment secured into regional business support	\$450,000	On Track		
Realise greater value from Christchurch's Antarctic Gateway					
5.0	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	On Track		Days of Ice delivered to celebrate the beginning of the Antarctic summer science season. Including the Explore Antarctica Family Day, the 2-day Business and Civic programme with members of the diplomatic community and Key Antarctic personnel and the Civic Reception.
5.1	Number of businesses in a business network which secures higher revenues from the National Antarctic Programmes	100 businesses in the network	On Track		
Develop Christchurch as an attractive destination					
6.0	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	On Track		
6.1	City bids prepared to attract business events to Christchurch in line with the business event strategy and economic recovery plan	30 bids	On Track		
6.2	Success rate of bids for business events	At least 35% success rate	On Track		
6.3	Assess portfolio of events supported against the Major Events Strategy	Annual report on performance of the major event portfolio against the Major Events Strategy	On Track		
6.4	Major events seeding round delivered using criteria that support strategic goals of the Major Events Strategy	One Major Events Seed Funding round	Measure on hold		Since this measure was put in place a new Major Event Strategy has been approved by Council and the associated implementation plan has been developed with expert external advice. The implementation plan has identified that the specific mechanism identified in this measure, a seed fund, is no longer the preferred approach to implement the Major Event Strategy and a seed fund will not be delivered. Major event delivery be measured and reported through the measure "annual report on performance or the major event portfolio against the Major Events Strategy".
6.5	Number of destination product offerings, experiences or itineraries developed and supported which embed the city narrative	5 destination products	Measure on hold		Work is underway to develop a new place brand (narrative) for the city as well as Destination Management Plans (DMP) for Christchurch and Banks Peninsula. This target will likely not be achieved in the current financial year as work undertaken to achieve it could be

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	YTD ACTUAL	COMMENTARY
					<p>counterproductive to the outcome of these foundational developments.</p> <p>The new place brand (narrative) and Destination Management Plans will determine the types of investment that will best support the development of Christchurch as a destination in a coordinated and targeted way. Committing resources in developing products ahead of this work being completed runs the risk of investing in products that do not align with the needs identified in the DMPs. Therefore, ChristchurchNZ will not be actively driving for delivery of new products ahead of their adoption.</p>
6.6	Number of screen enquiries attracted and supported, with a view to growing Canterbury's market share of screen GDP.	100 screen enquiries	On Track		
6.7	Number of screen productions attracted to CHC through a grant fund	At least 1 production	Achieved	1	One feature film was recently filmed entirely in Canterbury region.
6.8	Value of investment secured into destination promotion and product development	\$500,000	On Track		
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	Monitor month on month narrative assets and content to ensure consistently increasing engagement and usage	On Track		<p>Work is underway to develop a new place brand (narrative) for the city. The new place brand work has been communicated with stakeholders and as a result use of existing narrative assets is expected to subside in coming months in anticipation of new assets becoming available in May/June 2023. It would be counterproductive to push month on month increases in use of assets that are soon to be replaced. Therefore, this target may not be achieved in the current financial year.</p> <p>When the new assets are released there will be significant activity to promote them and their use and we will work to drive a significant increase in use at that time.</p>
7.1	Number of engagements on ChristchurchNZ owned digital channels and platforms	3 million	On Track		
7.2	Number of engagements with trade agents and investors in priority markets and sectors.	60 engagements with trade agents or investors	On Track		
Provide leadership in inclusive and sustainable economic development for Christchurch					
8.0	City economic strategies are reviewed and approved in context of Greater Christchurch 2050 Strategic Framework and Goals.	Preparation of a ChristchurchNZ Economic Development Plan, Destination Management Plans for Greater	On Track		Economic Development Strategy development is underway. External engagement has begun on vision and objectives for the city. A contract has been let for development of Destination Management Plans and a Place Brand Strategy,

LEVEL OF SERVICE MEASURE		TARGET 2022-23	STATUS	YTD ACTUAL	COMMENTARY
		Christchurch and Banks Peninsula, and a Place Brand Strategy for Christchurch to support the Greater Christchurch 2050 Vision.			the first of three phases, evidence gathering, and community engagement was largely completed in the quarter.
8.1	Report on implementation of initiatives within mandate set out in the (Covid-19) Christchurch Economic Recovery Plan and when appropriate, Greater Christchurch 2050	Delivery of actions set out in the economic recovery plan and Greater Christchurch 2050	On Track		Business recovery support contracts with central government were delivered in the quarter. These programmes are in the final stages and will be ending during this financial year.
8.2	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	On Track	6 Reports completed	
8.3	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	On Track	848 people	
8.4	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	On Track		
8.5	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 decision-making framework and strategy	On Track		