



# Christchurch Prosperity Framework 2018-2028

Addressing challenges and realising potential

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## Rationale: Why a Prosperity Framework for Christchurch?

ChristchurchNZ has developed the Christchurch Prosperity Framework to:

- Set an aspiration for the Christchurch economy into the future;
- Address forecast economic challenges;
- Provide guidance and direction to inform decision-making and prioritization for government agencies tasked with economic development and regeneration;
- Assist local and national agencies to make collaborative “best for city” decisions”.

The Prosperity Framework quantifies our ambition for Christchurch.

It sets an aspiration which will not be achieved through incremental change, the status quo, or returning to “pre-earthquake” Christchurch, but rather requires “bold ambition” to imagine and strive for creating new and better economic opportunities for Christchurch and its people.

The ambition set out in the Prosperity Framework cannot be achieved without a whole of city approach.

The Prosperity Framework is driven by our aspiration for ***Christchurch to be an internationally relevant city; attractive to people, high value business and investment***. This requires a transformation of our economy away from a heavy reliance on the rebuild stimulus and servicing the local population.

It is also driven by immediate and significant need to respond to the challenges facing the Christchurch economy:

1. ***We are losing market share of national economy***. Over the past 10 years Christchurch has become relatively less relevant to the national economy as Auckland and the “golden triangle” have grown. The nation’s economic power and population is shifting northward, with the consequential risk that Christchurch becomes relatively less attractive to talent, business and investment. Christchurch is unique among large New Zealand urban centres in having significant capacity for significant growth in economic activity and population without the associated infrastructure and social costs.
2. ***The city’s regeneration risks stalling with a partly complete city***. As the city transitions out of rebuild stimulus, growth is slowing, and unemployment rate is above national average. Christchurch has more capacity than is supported by current economic activity, but we are only part-way through regeneration. Without growth in the scale of our economy and confidence in the city’s economic future, investment in ongoing regeneration may be delayed or stalled.
3. ***There is a poor understanding of the opportunity Christchurch*** amongst potential migrants, businesses and investors, as well as by central government. Christchurch needs to tell a consistent story of ambition and confidence in our economic future and the potential contribution of Christchurch to the national economy to attract talent, business and investment and to engage effectively with central government.

4. ***The city's economy is reliant on the rebuild and servicing the regional population.*** Christchurch has historically been a service centre for Canterbury and the South Island. For Christchurch to provide the employment and business opportunities that will attract and retain people, business and investment, Christchurch needs to grow scale and depth in areas of export-orientated specialisation where we have regional strength.
5. ***Christchurch is facing a significant workforce gap.*** Christchurch and Canterbury's aging population means the region requires an additional 70,000 additional workers over the next 15 years to fill the vacancies created by people moving into retirement. In the global competition for talent, Christchurch needs to offer quality employment opportunities and lifestyle to attract wealth creating talent.

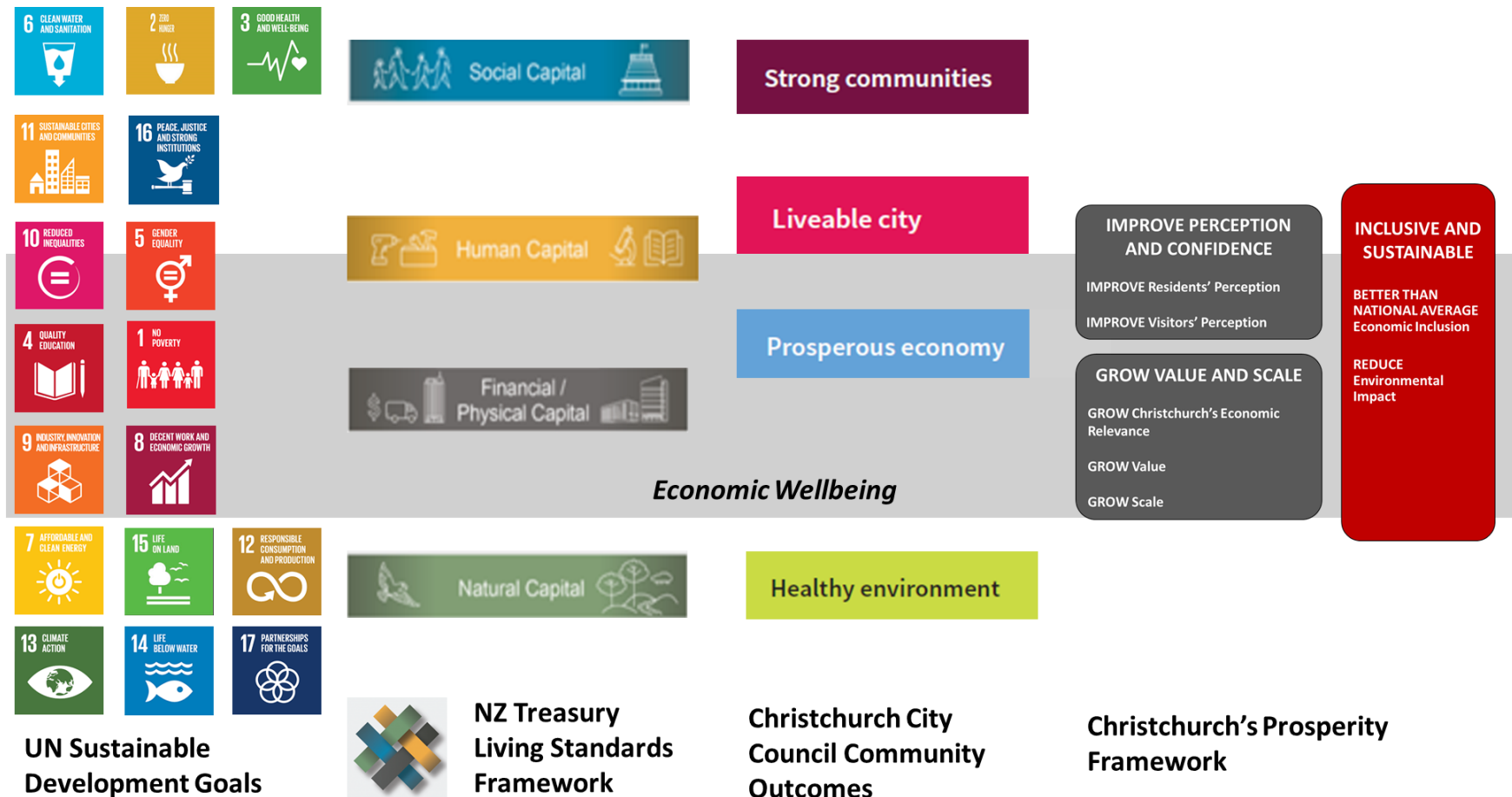
## Prosperity within a wider Wellbeing Framework

**The Christchurch Prosperity Framework focuses on enhancing economic wellbeing.**

The Christchurch Prosperity Framework is not designed to measure all aspects of wellbeing, but rather focuses on economic wellbeing within the wider framework. The Prosperity Framework sits within a cascading set of Wellbeing frameworks – from the United Nations Sustainable Development Goals and Treasury's Living Standards framework through to the Christchurch City Council's Community Outcomes framework. This is represented in the diagram on the following page.

Treasury Living Standards Framework prioritises four capitals: Natural, Social, Human and Financial/Physical. The four capitals aim to put sustainable, intergenerational wellbeing at the core of policy-setting. The Prosperity Framework is consistent with the Living Standards Framework and considers the value of each capital.

Sitting within a wider framework means that it is important to monitor other aspects of wellbeing alongside the goals of prosperity to ensure, for example, environmental or economic inclusion is not being eroded while prosperity goals are achieved.



## Christchurch City Council's Community Outcomes

The Christchurch City Council, through its Long-Term Plan, has adopted a strategic framework that informs its own work plan as well as that of its subsidiary agencies through Letters of Expectation.



The Prosperity Framework is highly alignment with the following Community Outcomes:

- Vibrant and thriving central city, suburban and rural centres
- 21st century garden city we are proud to live in
- Great place for people, business and investment
- Equitable economy with broad-based prosperity
- A productive, adaptive and resilient economic base
- Identity through arts, culture, heritage and sport

The Prosperity Framework also contributes to the following Council Strategic Priorities:

- Enabling active citizenship and connected communities
- Maximising opportunities to develop a vibrant and prosperous and sustainable 21<sup>st</sup> century city
- Climate change leadership (through procurement, contracting and Antarctic Office)

It is important to note, that while Prosperity Framework does not speak directly to other Community Outcomes, it recognises the wider strategic context for the city.

## Christchurch's Prosperity Framework

**The city's Prosperity Framework is designed to quantify our ambition for Christchurch to be an internationally relevant city; attractive to people, high value business and investment.**

This ambition is measured by the degree to which Christchurch increases its **national economic relevance**. Economic relevance is measured as Christchurch city GDP as a % of national GDP.

This is a useful measure of Christchurch's economic success as it speaks to Christchurch being a viable alternate hub of economic activity to Auckland, which can attract and retain people, high value business and investment. It also places Christchurch's economic growth within a national context reflecting the global economic environment in which New Zealand operates and the national policy decisions being made about the balance of economic, environmental and social outcomes the country seeks to achieve.

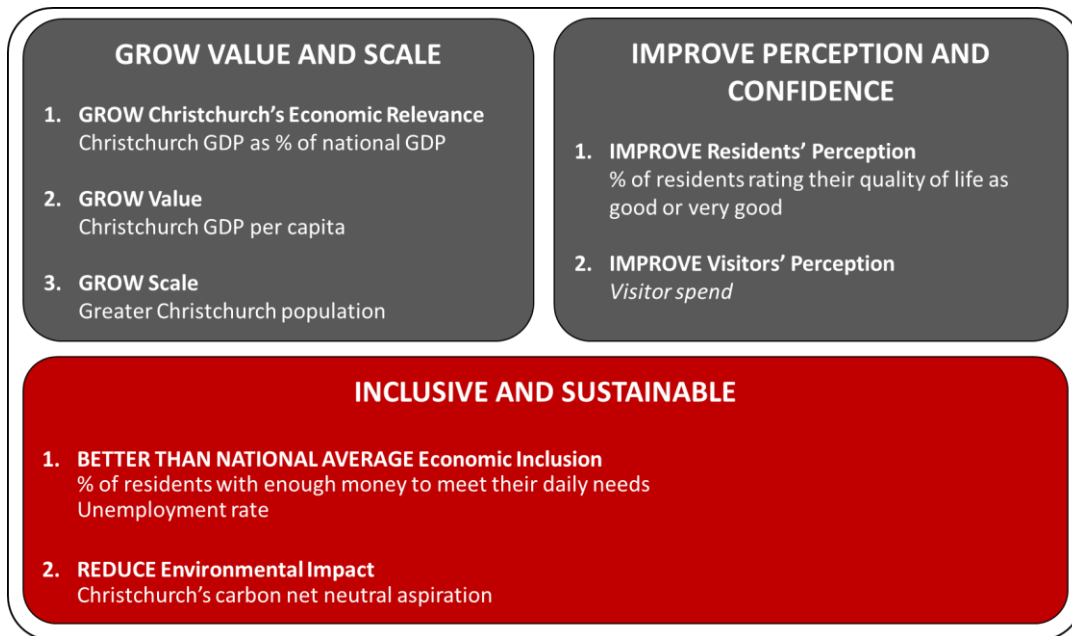
Increasing Christchurch economic relevance will be achieved by:

1. **Growing scale** – we are proposing to measure this by greater Christchurch population growth as opposed to Christchurch city population growth. The rationale for this wider geographical focus is set out in the discussion box below.
2. **Growing economic value** – as measured by Christchurch GDP per capita.
3. **Enhancing people's perception of and confidence in Christchurch as a place to visit (leisure, business and students) and live with a view of attracting and retaining people, and ultimately, business and investment.** This is measured by Christchurch residents' perceptions of quality of life and visitor spend in the city.

Recognising the wider wellbeing framework, other aspects of wellbeing are included alongside prosperity to ensure these other aspects of wellbeing are not eroded while prosperity goals are achieved. To this end, the following variables are included alongside prosperity measures:

1. **Christchurch's economic inclusion** as measured by (1) the unemployment rate; and (2) the % of Christchurch residents that the financial resources to meet their daily needs, with the expectation that inclusiveness of the Christchurch economy will be relatively better than the national average.
2. **Christchurch's carbon footprint** – in line with the Council's objective for the city to be carbon neutral by 2050.





#### Scale measure – Christchurch or Greater Christchurch population?

Greater Christchurch rather than Christchurch City is a more appropriate boundary for measuring population growth because a proportion of people who choose Christchurch for its economic opportunities and quality of life, choose to live in greater Christchurch and benefit from the economic and social amenities which Christchurch city has to offer. A better measure of the city's success in attracting and retaining people to the Christchurch city proposition is to measure those who choose to live in the greater Christchurch catchment rather than in Christchurch alone.

A greater Christchurch population goal also has the advantage of driving the greater Christchurch collaboration and alignment necessary to enhance the Christchurch offering to visitors, talent, business and investment, and to support the discussions around how we recognise the value greater Christchurch residents derive from the economic success and amenities of Christchurch city.

While acknowledging the population catchment of greater Christchurch, significant economic value, infrastructure efficiency and environmental benefits can be gained by encouraging city, and particularly central city living as opposed to urban sprawl.

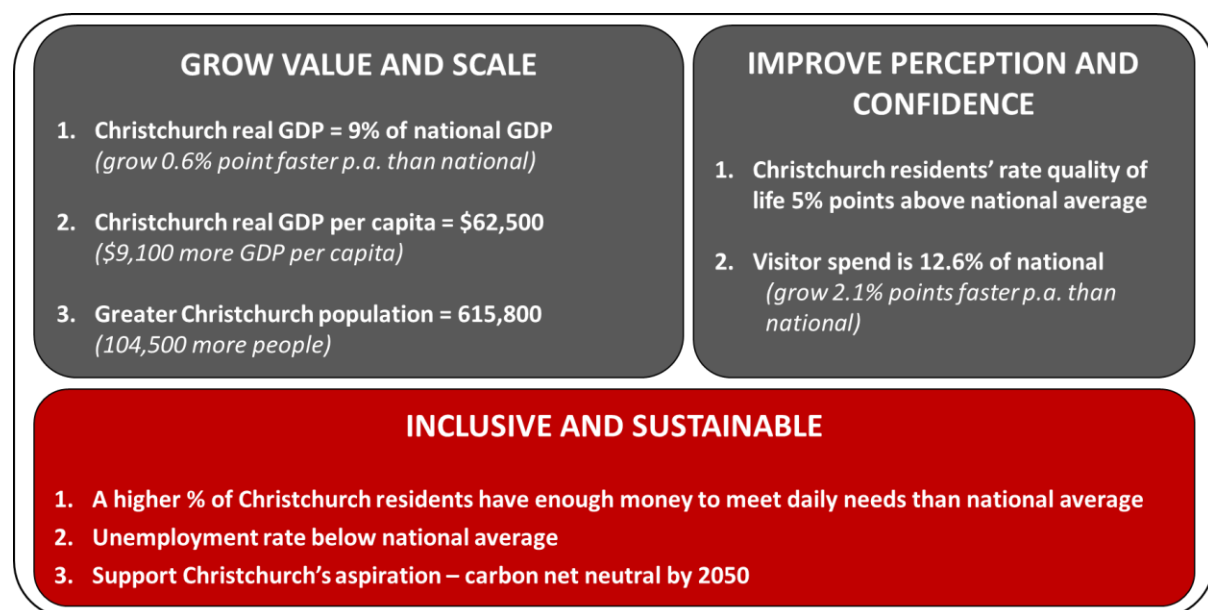


## Specific 10-year goals – setting our level of aspiration for Christchurch

The diagram below details the level of aspiration within the Christchurch Prosperity Framework articulated through 10-year goals. The level of aspiration set by these goals will not be achieved through incremental change, the status quo, or returning to “pre-earthquake” Christchurch.

The 10-year goals set the ambition for Christchurch to regain its pre-quake share of the national economy (a challenge given the relative growth of Auckland and the “golden triangle” in recent years) while delivering on the wider wellbeing aspirations of improved quality of life, economic inclusion and reduced environmental impact.

Achieving these goals would make Christchurch a viable alternate hub of economic activity to Auckland – attractive to people, business and investment; providing the country with a strong urban centre in the South Island. Achieving these goals would realise the opportunity created by the investment by central and local government, and private investment into the world class offering of Christchurch.



To achieve these goals and increase the city's contribution of the national economy, Christchurch will need to perform relatively better than the rest of the New Zealand. This requires population, economic and visitor spend growth above the national average over the next 10 years; improving Christchurch residents' perception of their quality of life to above national average; while maintaining economic inclusion and reducing environmental impact.

These goals set out a “bold ambition” to imagine and strive for creating new and better economic opportunities for Christchurch and its people. They will only be realised through a concerted and coordinated approach amongst city stakeholders, in partnership with central government.

## **Delivering on the 10-year goals: The City's Economic Development Focus**

To realise the ambition set out in the Christchurch Prosperity Framework, Christchurch needs to respond to the immediate challenges facing the city (issues of scale), while ensuring the city is growing scale in export-orientated industries based on the region's economic strengths.

Christchurch's economic development focus over the next few years needs to be:

### ***Addressing the near term – a Proud and Confident City***

We need to generate the additional economic activity needed to continue to drive the regeneration, particularly of the central city, and to offset the impact of lower construction volumes. We need to attract new activity (visitors, new residents, businesses and investment), with continued support to grow our existing economic base and make sure Christchurch has a supportive environment to start and grow business.

### ***Positioning ourselves as an internationally relevant city – a City of Exploration***

We need to position Christchurch as a place open to new ideas, people and ways of doing things. A new city looking to the future. By promoting a strong, compelling story of Christchurch as the basecamp for exploration, Christchurch will attract and retain the talent, innovation and businesses necessary for our future economic success.

This will be achieved through the promotion of the city's narrative and the alignment and intensification of activities that reinforce the story, including international education, major events, destination development, leveraging Christchurch's Antarctic Gateway status, natural and recreational advantages, education and knowledge assets and further leveraging and enhancing Christchurch's strength in its connectivity to its natural environment and landscapes.

### ***Spring boarding into the future – New Horizons***

Christchurch's long-term ability to generate wealth, retain and attract people, employment and business opportunities will depend on its ability to grow scale and value in areas of regional strength with global growth headroom.

Christchurch's areas of strength lie in:

1. **Our place** – we are a city within a rich natural environment of productive land, inspiring landscape and good climate, with strong connections in the wider South Island and internationally. We are a new city, with a quality built-environment and many of the benefits of a large city with few of the inconveniences. Our status as an Antarctica gateway is a unique opportunity. New Zealand's open spaces and open skies are attributes of value to some industries.
2. **Our culture** – we are part of a country with a global reputation for open Government, fairness, transparency, adaptability and a lack of corruption. Our city's long history of social, civic and commercial innovation and the highly connected nature of our city and region are significant strengths, which makes it easier for us to innovate at a civic and national scale i.e., innovative approaches can be supported and enabled at both city-wide and nationwide levels.

3. **Our economic base** – our strong manufacturing and engineering base, our close connection with our rural economy and our innovative, connected health system all provide opportunities to develop sectors of value and scale. Our areas of commercial capability align well with our research and education strengths, creating a strong regional innovation system.

These strengths provide a platform for generating significant value in areas of global growth and disruptive technologies – the city’s “Supernodes”:

1. **Future food, fibre and agritech**

Rapid innovation in the food and fibre sectors; the climatic, market and regulatory impact of climate change; and, the demands and pressures of a growing global population creates both opportunities and threats for Canterbury’s strong agricultural sector. Canterbury is well placed with its strong education and research base, diverse farming systems and strong agri-related professional services and manufacturing base to respond positively to these new opportunities.

2. **Future transport and aerospace**

Christchurch natural environment; strong manufacturing, engineering and air transport industry base; and, innovative national and local government makes us an obvious test-bed for future transport on land, in the air and into space, as well as realising the opportunities that satellites provide to better understand our environment on earth.

3. **Health-tech and resilient communities**

Christchurch’s integrated health system offering combined with commercial capability in medical devices, particularly that support mobility, and our flat city terrain provides an opportunity for Christchurch to develop a strong proposition focused on mobility-related health innovation.

Christchurch has also built significant IP in how communities build resilience in the face of external shocks. Christchurch has developed deep experience and capability in engineering and building design in seismically active environments. Christchurch is also well placed to assist other cities internationally to build resilience and responsiveness in their communities in the face of increasing insecurity and environmental instability, particularly in social, health and wider government sectors.

4. **Hi-tech services**

Christchurch’s existing strength in technology and knowledge intensive services, combined with a highly connected business community can be applied to amplify and leverage these regional Supernodes.

## Appendix 1: Christchurch's Current Economic Status

**Christchurch is part way through one of the most important periods of change in its history.**

Christchurch's near and long-term future will be significantly influenced by our success over the next few years in maintaining the regeneration momentum and continuing to develop the economy away from dependence on the rebuild stimulus and servicing the domestic population.

Christchurch is New Zealand's second largest city and the largest urban centre of the South Island. It is home to four tertiary education providers, has international air and sea ports, is an important logistics and service hub for the wider rural economy, and has strong manufacturing, technology and knowledge services sectors.

Our city economy is currently transitioning out of the high construction volumes post quakes. Our economic growth rate is slowing, and unemployment and labour force participation are worse than national averages. However, the underlying economy is strong, with visitor number continuing to grow as well as employment in some other sectors.

The post-earthquake rebuild has provided Christchurch with a strong platform for future growth – we have new, safe and resilient buildings and horizontal infrastructure, state of the art education and health facilities, fresh amenity and public spaces. We are in a uniquely competitive position of having the capacity for rapid growth which provides a counterbalance to national urban capacity constraints in Auckland and Wellington.

The post-earthquake period has seen strong growth in some sectors, in particular construction, with the associated development of new products and professional services which have opportunities beyond the Christchurch rebuild. The need to reinvest and, in some cases, reinvent post-earthquake has created new opportunities and more resilient business models for some businesses. The post-earthquake environment has also proven extremely challenging for many businesses, resulting in some business closures, or at the least, delayed investment or expansion.

Those parts of the economy most affected by the earthquakes are still facing issues of supply and demand misalignment. Christchurch now has significantly more commercial, hospitality and retail capacity than prior to the earthquakes, as the development of commercial nodes in the suburbs immediately post-earthquake are in addition to commercial, hospitality and retail capacity in the regenerating central city. In other sectors, namely visitor accommodation, the strong seasonality of the visitor sector means there is significant capacity particularly off-peak which, if addressed, would offer greater certainty and yield to developers. Attracting new economic activity – including visitors, population and business is particularly critically to maintain the momentum of the regeneration of the city and create a city with vibrant central city and suburban centres.

Greater Christchurch provides the logistics hub and professional, research and education services for the rural economy. Not only does this mean that the economic future of Christchurch and its rural economy are strongly entwined, but that there is potential for Christchurch and Canterbury to realise greater value through a closer relationship.

## **Christchurch faces many of the challenges faced by other developed cities in the world.**

**Disruptive global trends** – be they rapid technological change, the need to respond to climate change or wider geo-political and societal changes, Christchurch will be significantly impacted as will be every other city around the world. Our ability to adapt and respond to these changes in a positive and constructive way will be critically important for our future.

Alongside technological change, **our ageing population** will impact employment – who is employed, how they work and what they do. With our current industry structure, Canterbury could have as many as 73,500 vacancies over the next 12 years which won't be filled by our natural population growth – around 75% of these vacancies in Christchurch city. The application of new technologies including, for example, digitisation, automation, artificial intelligence and virtual reality will make some jobs and skills obsolete. It is difficult to predict how the interaction of these trends will impact on our workforce over the long term. However, we anticipate that at least in the shorter term, Christchurch will need to attract new talent to meet the needs of our growing economy.

In addition to these global trends, Christchurch faces some particular circumstances which provide specific opportunities and challenges for the city.

## **Our city is still only part way through its regeneration.**

Over the past eight years, we have benefited from investment flowing from government and insurance companies to rebuild our city. Local investors, property owners and businesses have proven their commitment to the city through private property redevelopment and businesses started, retained and expanding in the city.

The challenge Christchurch faces now is one of demand, not supply. Without a significant increase in the demand for new commercial and residential property and, for hospitality and retail offerings the continued regeneration of the city could easily stall. We could face a period of stagnation – with a partially complete central city, empty buildings and stagnating property yields. Increased demand requires attraction of new economic activity into the city – increasing visitors, attracting population and new business investment, in addition to continuing to expand and enhance our existing economic base. Relying on the growth from the existing economic base is insufficient as forecast activity will not result in sufficient growth to support ongoing regeneration.

## **Our city faces some pre-earthquake challenges.**

Prior to the earthquake, Christchurch faced several economic challenges which remain relevant today.

We had and continue to have a highly diverse economy populated by SMEs and micro businesses which is primarily focused on servicing the domestic population – as a retail, health and service centre for the region and the South Island. While economic diversity has been a source of resilience for the city, it limits the city's ability to grow scale and depth in areas of export-orientated specialisation, which is critical to attract international investment and new business, to attract and retain talent and ultimately, if these areas of scale are in high-value industries, to generate higher wages.

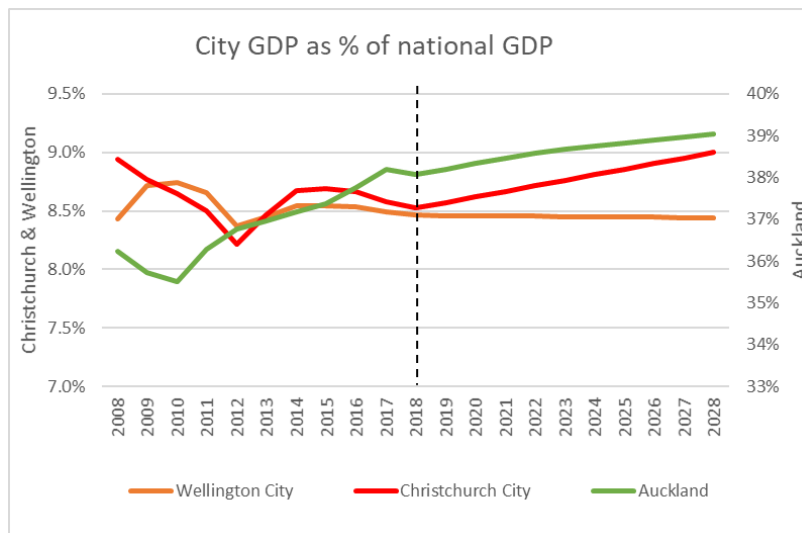
While Christchurch has seen a steady but slow improvement in wages rate relative to Auckland and Wellington, our average weekly income remains below that of these other two major cities.

Prior to the 2010/11 earthquakes, Christchurch's CBD had a significant proportion of empty commercial property, which in turn suppressed reinvestment in and redevelopment of the central city. While the Central City Blueprint tried to address this through reducing the size of the CBD, strong commercial development on the fringe of this CBD in addition to commercial development in Christchurch's industrial suburbs, has meant Christchurch continues to have capacity in commercial property, now coupled with under-developed commercial land, particularly in the central city.

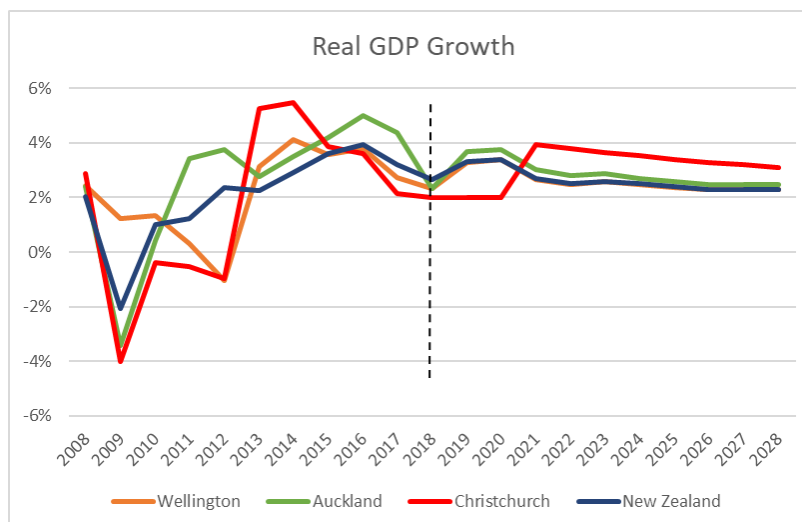
## Appendix 2: 10-Year Goal Charts<sup>1</sup>

### Economic Relevance & Growth

The Prosperity Framework is built around the objective of increasing Christchurch's economic relevance in a national context.



We have set a target of returning Christchurch to 9% of national GDP from a current contribution of 8.5% of GDP.



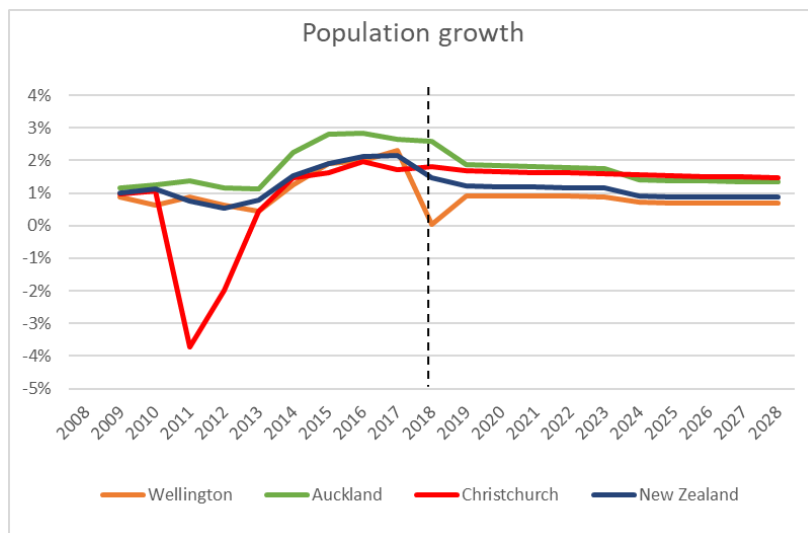
This requires Christchurch real GDP to grow at 3.2% p.a. which is 0.6% points p.a. above the national growth rate.

*Note the national growth rate is based on official Treasury forecasts. Other economists have projected slightly lower national economic growth rates.*

<sup>1</sup> The projections are based on (1) StatsNZ population estimates and projections based on 2013 Census; (2) GDP growth projections based on Treasury forecasts 2018. Details of the 10-year goal methodology are available on request.



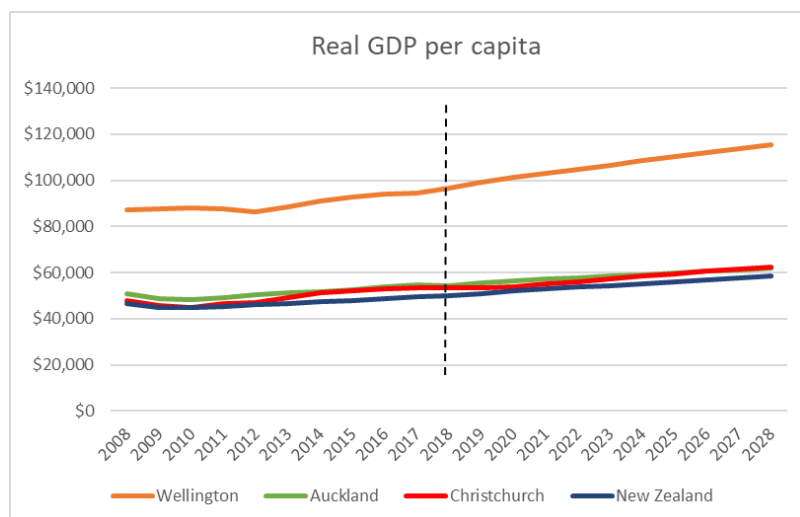
## Population Growth



We have set a target of **615,800 people in greater Christchurch by 2028**. This represents a growth of 10,500 people per year of which 7,800 would need to be immigration. This will require annual average growth of 1.9% p.a. which is 0.8% points higher p.a. than the expected New Zealand population growth rate.

*The New Zealand population growth is based on the median StatisticsNZ population projections.*

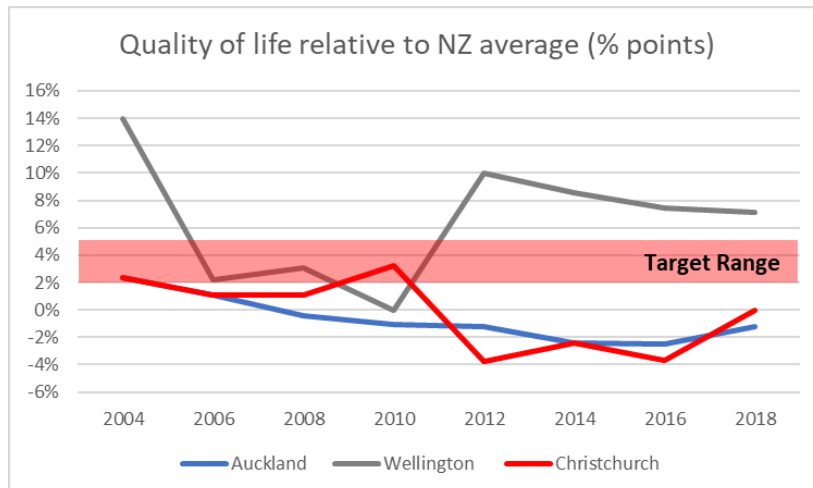
## GDP per capita



A real GDP growth rate of 3.2% p.a. translates, when adjusted for population growth, to a **target of \$62,500 real GDP per capita for Christchurch by 2028**. This is equivalent to a \$9,100 or 17.0% uplift in GDP per capita over the 10 years.

In 2028, Christchurch's GDP per capita would be just above Auckland but below Wellington, reflecting the continued dominance of public-sector jobs in the capital.

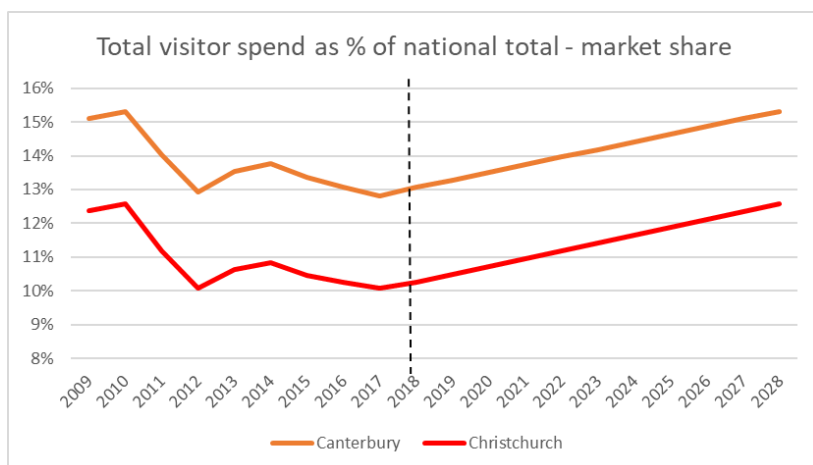
## Quality of life



We have set a target of the proportion of Christchurch residents' who rate their quality of life as good or very good at 2% - 5% points above the national average for New Zealand cities.

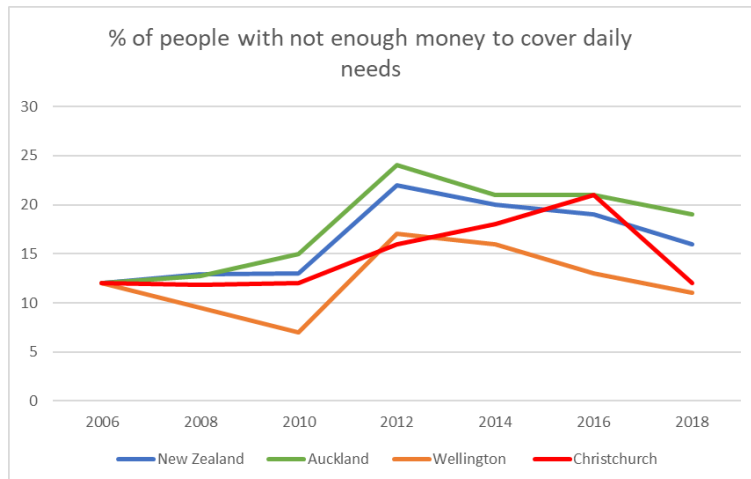
Christchurch residents' quality of life rating is currently 1% point above the national average for New Zealand cities.

## Value of visitor sector (spend)

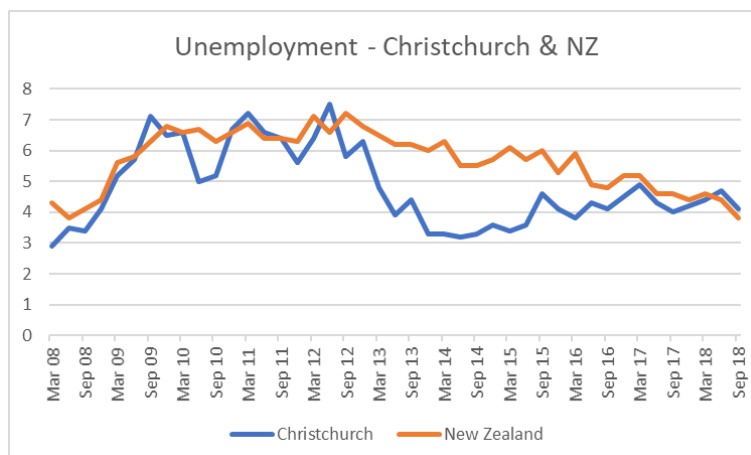


We have set a target of returning Christchurch's share of national visitor spend to pre-quake levels at 12.6% of national visitor spend. This requires Christchurch's visitor spend to grow at 2.1% points p.a. above New Zealand's growth in visitor spend.

## Economic Inclusion

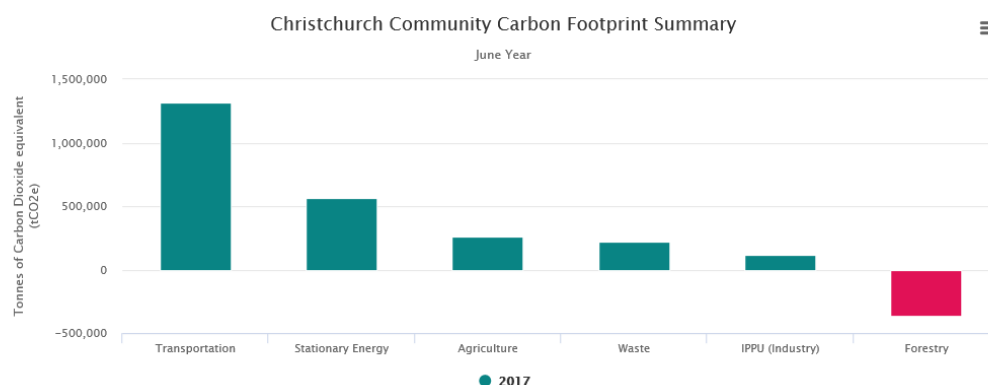


In 2018, 12% of Christchurch residents believed they had insufficient money to cover their daily needs. In comparison, across New Zealand, 16% of people living in urban centres believe they had insufficient money.



In September 2018, Christchurch's unemployment rate was 4.1% compared to a national average of 3.9%.

## Carbon Footprint



In 2017 Christchurch residents produced 7.8 tonnes of carbon per person, higher than Auckland's 7.3 tonnes and Wellington's 5.7 tonnes. The Christchurch City Council have set a target of being carbon neutral by 2050.