



Independent S17A Review

Date Requested: 22 July 2025
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Overview


The independent section 17A review looked at all aspects of the Council's economic development activity, including those services being provided by the Council and by entities such as ChristchurchNZ and Venues Ōtautahi.

All councils are obliged under the Local Government Act to consider their services using s17A reviews.

During 2022, potential activities were identified for s17A reviews and this included the economic development activity as a priority for review. The review was discussed with Council and the CCO entities during 2024, as it was considered timely for the Council to be reviewing economic development across Christchurch given the significant city growth and the facilities opening over the next 2-3 years which will have an impact on the economic, development and events activity.

The review was provided to the Mayor and Councillors in a workshop on 15 July and they had a further session to ask questions on 23 July.

No decisions have been made at this stage. Staff will review the independent section 17A and provide advice in a report which will be considered by the Council after the election.



Review of Christchurch City Council's Expenditure on Economic Development Activity

7 July 2025

Disclaimer

This report has been prepared by the author in their capacity as an independent consultant engaged to provide professional advice. The findings, interpretations, conclusions, and recommendations expressed in this report are based on information available at the time of writing and reflect the author's professional judgement, experience, and interpretation of that information.

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About the Reviewer

Malcolm Alexander

Partner, Yule Alexander Limited

Malcolm is a partner at Yule Alexander Limited, an advisory firm serving clients across the public and private sectors.

He holds degrees in law and political studies and began his career practising commercial, competition, and public law in New Zealand and the City of London. In 2008, he completed the Advanced Management Programme at Harvard Business School.

From 2012 to 2020, Malcolm was Chief Executive of Local Government New Zealand (LGNZ), where he led the organisation's strategy, policy development, and stakeholder engagement.

Prior to LGNZ, he was a senior executive at Genesis Energy (2004–2012), serving as General Manager of Corporate Affairs, with responsibility for external relations, communications, strategic planning, and the company's response to climate change and sustainability.

Earlier, he was General Manager of Market Services at M-co Limited, overseeing the governance of New Zealand's wholesale and retail electricity markets.

Malcolm has also held a number of governance roles, including Board Member of the New Zealand Council for Infrastructure Development (2008–2012), Independent Chair of the Telecommunications Carriers' Forum (2002–2008), Chair of the Horowhenua Coy Limited (Horowhenua's EDA 2021–2023), and Board Member of the Aotearoa Circle (2017–2019).

He was born and raised in Christchurch but now lives in Wellington.

1. Introduction

1.1 Christchurch City Council has commissioned Yule Alexander Limited to conduct a review of its' expenditure on economic development activities pursuant to section 17A of the Local Government Act 2002 ("LGA"). The Reviewer understands that a formal section 17A LGA review of such expenditure by Christchurch City Council has not been conducted before although an internal review of economic development functionality was conducted in 2015.

1.2 Section 17A LGA states (emphasis, in bold, added):

17A Delivery of services

- (1) **A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.**
- (2) *Subject to subsection (3), a review under subsection (1) must be undertaken —*
 - (a) *in conjunction with consideration of any significant change to relevant service levels; and*
 - (b) *within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and*
 - (c) **at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).**
- (3) *Despite subsection (2)(c), a local authority is not required to undertake a review under subsection (1) in relation to the governance, funding, and delivery of any infrastructure, service, or regulatory function—*
 - (a) *to the extent that the delivery of that infrastructure, service, or regulatory function is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years; or*
 - (b) **if the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review.**
- (4) **A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:**
 - (a) **responsibility for governance, funding, and delivery is exercised by the local authority:**
 - (b) **responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—**
 - (i) **a council-controlled organisation of the local authority; or**
 - (ii) **a council-controlled organisation in which the local authority is one of several shareholders; or**
 - (iii) **another local authority; or**
 - (iv) **another person or agency:**
 - (c) *responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).*
- (5) **If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—**
 - (a) **the required service levels; and**
 - (b) **the performance measures and targets to be used to assess compliance with the required service levels; and**
 - (c) **how performance is to be assessed and reported; and**
 - (d) **how the costs of delivery are to be met; and**

- (e) *how any risks are to be managed; and*
- (f) *what penalties for non-performance may be applied; and*
- (g) *how accountability is to be enforced.*
- (6) *Subsection (5) does not apply to an arrangement to the extent that any of the matters specified in paragraphs (a) to (g) are—*
 - (a) *governed by any provision in an enactment; or*
 - (b) *specified in the constitution or statement of intent of a council-controlled organisation.*
- (7) *Subsection (5) does not apply to an arrangement if the entity that is responsible for governance is satisfied that—*
 - (a) *the entity responsible for delivery is a community group or a not-for-profit organisation; and*
 - (b) *the arrangement does not involve significant cost or risk to any local authority.*
- (8) *The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publicly available.*
- (9) *Nothing in this section requires the entity that is responsible for governance to make publicly accessible any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.*

1.3 Section 17A LGA was enacted on 8 August 2014¹ at a time when the then Government was concerned about the level of rate increases being set by local authorities. In the Reviewer's view, this concern has not dissipated. For example, the Government recently has announced that it will be publishing a set of metrics for each council on or about 30 June 2025² that aims to provide ratepayers with an assessment of how each council is performing.

1.4 When viewed in that context, section 17A LGA is designed to prompt formal reviews of expenditure by local authorities to ensure that a local authority has satisfied itself that the particular activity under review is being delivered in the most cost-effective and efficient manner possible. Any deviation from that standard would, by default, indicate that ratepayers may not be getting value for money for the delivery of that activity.

1.5 In the present case, the activity in issue is Christchurch City Council's expenditure on economic development activities. In the context of section 17A LGA, this is a service. It is not related to infrastructure (for example, roading expenditure), nor is it a regulatory function whose delivery is a legal requirement imposed on councils by statute. Such a service then is, by definition, a discretionary activity. A local authority may choose to expend monies to a particular level, or, at the other extreme, it may in fact choose not to deliver the service at all. The choices lie in the hands of elected members after consultation with their community.

1.6 The review used the following framework:

- a. An immediate consideration of the current form and structure of the delivery agencies was set aside. Instead, the nature of the respective functions and activities was assessed relative to the objective and purpose of those functions and activities;
- b. Once a view on functionality was reached, a consideration of form and structure was made;
- c. On reaching a view on form and structure, an assessment of that view against the current

¹ Local Government Act 2002 Amendment Act 2014 (2014 No 55)

² Note recent correspondence from the Department of Internal Affairs indicates that this may be delayed until approximately mid-July 2025 to cater for feedback from the sector on the design of the metrics.

situation was undertaken; and

- d. Finally, to the extent recommendations for change arose from that analysis, those recommendations are presented for the ultimate consideration of Christchurch City Council's elected members and officers.

2. Executive Summary

2.1 This report presents a review of Christchurch City Council's economic development functions and delivery entities, conducted within the broader economic and political context currently shaping local government in New Zealand.

National Context and Fiscal Imperatives

2.2 New Zealand is facing sobering economic headwinds, including inflation pressures, high living costs, and declining housing affordability. Against this backdrop, Central Government is placing increasing pressure on councils to curb rates rises and focus spending on core services. Measures under consideration by Central Government include revenue caps, the removal of the 'four well-being's' from the LGA, and the introduction of public performance metrics. These trends necessitate more disciplined, transparent, and value-driven local government expenditure.

Section 17A Reviews: Strategic Relevance

2.3 Section 17A reviews, mandated by the LGA, are crucial mechanisms for ensuring ratepayer-funded services remain efficient and fit-for-purpose. These reviews are especially critical in an environment of constrained public spending and shifting Central Government expectations. The report reinforces that such reviews must go beyond simple LGA compliance but instead be used to drive strategic reprioritisation and service efficiency.

Understanding Economic Development

2.4 Economic development is broadly defined as the process of enhancing a region's economic well-being and quality of life through job creation, business attraction, and productivity growth. For the purposes of this review, the concept has been split into two functional components:

- i. Economic Activity – Initiatives that stimulate demand and participation within Christchurch's existing economy (e.g. events); and
- ii. Inward Investment – Efforts to attract new businesses and to sustain and grow the city's economic base.

2.5 A third intersecting area, Destination Promotion, supports both categories by marketing Christchurch to external and internal audiences such as tourists, investors, event organisers, and residents.

Christchurch's Economic Development Structure: Evolution and Current State

2.6 Christchurch's economic development efforts are primarily delivered through two council controlled organisations (CCOs): ChristchurchNZ and Venues Ōtautahi. Originally established post-earthquake under a consolidated TEED (Tourism, Events, Economic Development) model, ChristchurchNZ's role has expanded over time to include inward investment, destination promotion, events, and urban development. However, the original context that justified this integration has changed. Over the last several years, the city has received substantial infrastructure investment, inward migration to the city is growing, and its economy now has stabilised. This prompts the need to reassess organisational roles and focus so as to support Christchurch's continued growth from this point in time forward.

Key Findings and Strategic Recommendations

Events Delivery Consolidation:

2.7 Event responsibilities are currently fragmented across differing entities, creating duplication and inefficiency. The report recommends transferring all commercially oriented event functions from ChristchurchNZ to Venues Ōtautahi, which would be renamed Events Ōtautahi. This would streamline delivery, improve accountability, and enable stronger commercial management. Governance oversight should be transferred to Christchurch City Holdings Limited (CCHL) to enhance oversight rigour. In the alternative, and pending any business case decision about evolving Venues Ōtautahi into a new organisation (Events Ōtautahi), ChristchurchNZ's events functionality could be transferred in-house to Christchurch City Council.

Refocusing ChristchurchNZ:

2.8 ChristchurchNZ would then be in a position to refocus on its core strengths, namely: inward investment attraction, and destination promotion. Non-core activities, such as urban development and event attraction and promotion, should be removed to sharpen its strategic mission and reduce costs. However, clearer KPIs, performance tracking, and a greater emphasis on measurable economic impact are required.

Urban Development Realignment:

2.9 Outside of very large and lumpy publicly focused developments e.g. Te Pae, Parakiore Recreation and Sports Centre, and Te Kaha, urban development is largely a private-sector activity, with the public sector's role better suited to planning and regulation which assists the private sector to deliver timely and compliant investments at least-cost. As such, ChristchurchNZ's urban development responsibilities should return to Christchurch City Council, allowing ChristchurchNZ to concentrate on inward investment attraction.

Strategic Partnerships and Leadership:

2.10 The Mayor's Office should assume leadership of Christchurch's Antarctic Strategy and lead the investigation into forming a new strategic inward investment partnership with the University of Canterbury (and potentially Business Canterbury) to enhance inward investment efforts. ChristchurchNZ would support delivery.

Establishment of a Chief Economist Function:

2.11 To improve economic insight, policy alignment, and CCO accountability, the report recommends creating a Chief Economist role within the Christchurch City Council's Chief Executive's Office. This office would support better KPI development, offer empirical economic advice and insight to Christchurch City Council and the broader community, and strengthen performance oversight across all CCOs. This model is inspired by the successful Auckland Council example.

CCO Governance and Accountability

2.12 While the LGA provides a sound accountability framework for CCOs, its effectiveness depends on the strength of shareholder oversight. Christchurch City Council currently employs two oversight models:

- CCHL-led Oversight: Commercially oriented CCOs (e.g., Orion, LPC, CIAL) are managed under the governance of Christchurch City Holdings Limited (CCHL), which is independently chaired and performs effectively in safeguarding shareholder value; and
- Direct Council Oversight: ChristchurchNZ and Venues Ōtautahi are directly overseen by Christchurch City Council. This latter arrangement is viewed as weaker than the former model and in need of strengthening, especially if Christchurch City Council does not adopt the report's broader structural recommendations.

2.13 As noted above, to mitigate risks such as ownership "capture" and improve strategic oversight, the Reviewer recommends creating a Chief Economist role within the Chief Executive's Office. This role would provide independent, empirically grounded economic advice and analysis, support KPI development, and improve policy and planning decisions.

Organisational Implications

2.14 If the recommendations are implemented:

- i. ChristchurchNZ's scope and staffing would reduce, allowing for a leaner, more focused organisation;
- ii. ChristchurchNZ's events functionality would consolidate under a new events focussed company Events Ōtautahi, (which would naturally evolve from Venues Ōtautahi) generating cost savings. Alternatively, in a stepped approach, ChristchurchNZ's events functionality could transfer first to Christchurch City Council;

- iii. Urban development and the Antarctic Strategy would shift to Christchurch City Council and the Mayor's Office respectively. The Mayor's Office would explore and lead a strategic partnership with the University of Canterbury; and
- iv. A Chief Economist office would be created to support evidence-based governance and economic strategy.

2.15 These changes aim to sharpen organisational focus, enhance accountability, reduce inefficiencies, and better position Christchurch for long-term economic growth and investment attraction.

3. Methodology

3.1 The approach taken in the review was as follows:

- i. Literature review;
- ii. Stakeholder interviews; and
- iii. Independent economic analysis of announced results.

3.2 The literature review encompassed reading and assimilating the key points of Christchurch City Council and CCO documentation such as the Long Term Plan Activity Plan for Economic Development and Letters of Expectation for Council Controlled Organisations ("CCO"); CCO strategies; CCO Statements of Intent ("SOI") and draft SOI's; CCO Annual and Quarterly Reports, and past council reports on economic development matters. Additionally, Christchurch City Council staff carried out (on the behalf of the Reviewer) general research into like reviews. The best example in the Reviewer's opinion was the Review of Auckland Council's Council Controlled Organisations of July 2020.³ That exercise was of a significantly enhanced scope and scale to the present review, and resulted in a comprehensive assessment of the entirety of Auckland Council's CCO structure, functionality and governance. That review included consideration of the then ATEED, and Regional Facilities Auckland, CCO's, whose Christchurch counterparts are ChristchurchNZ and Venues Ōtautahi.

3.3 An extensive list of people and organisations were interviewed. Additionally, a workshop with elected members was held on 25 March 2025.

3.4 Interviews were conducted on the basis that comments provided would remain confidential to the Reviewer, and no attribution to individuals, or to the organisations they represented, would be made in the report. This approach was taken to ensure a free and frank expression of opinion was given to the Reviewer. This was achieved, as the views expressed during the review were forthright.

3.5 Nonetheless, and adopting the Auckland Review Panel approach, a list of stakeholders involved in the section 17A LGA review, grouped by type, are set out in **Appendix 1**.

³ <https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/Documents/CCO-review.pdf>

3.6 To test the validity of claimed results in the area of inward investment, a short-form economic analysis of the 2024-25 half year results recently published by ChristchurchNZ, was commissioned to test matters relating to accuracy and attribution. The results are such that the Reviewer considers that there are lessons to be drawn for the mode and manner in which Christchurch City Council informs itself about the underlying state of Christchurch's economy, and for the manner in which it carries out oversight of its CCO's in its role as shareholder.

3.7 At this point, it is worth noting that precise definition of what is, and is not, economic development, and what can, and cannot, be attributed to outcomes and outputs arising from specified inputs is inherently challenging (a point acknowledged by many stakeholders during the course of the review). This means that some of the conclusions drawn are by definition subjective in nature. But the conclusions drawn are reached on the balance of probabilities based on the comments and opinions of stakeholders, the economic analysis conducted, and the Reviewer's judgment.

4. Context

4.1 Section 17A LGA reviews do not happen in a vacuum. The underlying context in which a particular activity or service operates should, in the Reviewer's opinion, form part of the broader review. In this regard, two matters are worthy of note:

- i. The state of the broader economy; and
- ii. The possible introduction of rates-capping by the Government.

4.2 The cost of living as it affects individuals across the country has become a pressing issue in New Zealand. This is influenced by global inflationary pressures, supply chain disruptions, and local factors such as housing market dynamics. Housing affordability and availability remains a critical concern. In many areas of the country, the demand for housing has outpaced supply, pushing prices to levels that are increasingly out of reach for many New Zealanders. This has led to growing rates of homelessness and housing insecurity, particularly among younger generations and low-income families. Moreover, the affordability of everyday goods and services has been impacted. Food prices, fuel costs, and utility bills have all seen significant increases, straining household budgets. While wages have grown to some extent, they have not kept pace with the soaring costs, eroding purchasing power and financial stability for many individuals.

4.3 In such economic circumstances, all local authorities are under an obligation to ensure that what they are delivering for ratepayers is sufficiently clear and of value to justify the level of rates that a local authority imposes. Simply rating for a matter because it has always been a focus of rates expenditure is not sufficient. This is why section 17A LGA exists. It prompts periodic critical reviews of expenditure matters. This is doubly important where Central Government forms a view that local government generally, or some local governments specifically, are not acting with due regard to broader economic drivers and the impact of those drivers on household incomes and costs. That goes to the second aspect.

4.4 In the Reviewer's opinion, the present Government has clearly indicated that it is not comfortable with the present level of rate increases that various local governments are proposing. The Prime Minister made this point of view quite clear at the Local Government New Zealand 2024 Conference during which he signalled a number of impending changes that his Government proposes to pursue. The Prime Minister stated:⁴

Third, Cabinet has agreed to investigate options to limit council expenditure on 'nice-to-haves'.

In some Australian states, revenue caps are applied to non-core activities to control rates increases.

We're interested in how a similar approach could work here in New Zealand, ensuring the right balance between ratepayers' interests and councils' financial positions.

Yes, councils need adequate revenue to fund core responsibilities like roads, rubbish and water, but the value-for-money proposition is more questionable in a range of other areas.

Councils need to examine those areas more closely, and I'm up for any tool – like revenue capping – that makes them do so.

4.5 That speech was followed by then Minister of Local Government, Hon Simeon Brown, in a media release⁵ that same day (21 August 2024) stating:

"Council rates are increasing by around 15 per cent on average this year, which is more than four times the rate of inflation. This is unacceptable and councils must ensure they are doing everything they can to reduce pressure on ratepayers.

"Ratepayers expect local government to focus on delivering the basics, picking up rubbish, fixing water infrastructure, and filling in potholes. We have done our part, and Kiwis expect councils to do theirs.

"The Government has already taken action to support local councils with our Local Water Done Well policy, which will ensure councils can move water debt into new Council Controlled Organisations and increase borrowings against water revenue to 500 per cent. However, there is more work to do.

"We are removing references to the previous government's four wellbeings in the Local Government Act, which distracted councils from the key issues facing communities at a time when Kiwis have been doing it tough.

"Central government is focusing on the must-haves, not the nice-to-haves. Our expectation is that local government does the same.

"That's why we are refocusing the purpose of local government to ensure councils are delivering the high-quality core services and infrastructure Kiwis expect, in a way that is most cost-effective for households and businesses.

"Our Government will also investigate performance measures for local government on the areas councils should already have a close eye on, and will look at options like revenue-capping to limit councils spending hard-earned ratepayer money on nice-to-have pet projects. These performance measures will be published on a regular basis to give ratepayers more visibility about the financial prudence of their council."

⁴ <https://www.beehive.govt.nz/speech/speech-lgnz-superlocal-conference>

⁵ <https://www.beehive.govt.nz/release/back-basics-local-government>

There is no room for wasteful spending and there is no escaping the need for fiscal responsibility. Kiwis have had to tighten their belts when faced with the high cost of living. We need councils to get serious about focusing on the basics.”

4.6 The impending publication of council financial metrics flows directly from the then Minister’s speech. One might view metrics publication as a light touch policy intervention. A far more onerous policy intervention would be the introduction of rates capping.

4.7 The matter of proposed rates capping, is a matter that all councils should be considering in the context of future planning. If the Government proceeds (as it has indicated it will) with such an initiative (and leaving aside for the purposes of this report, the pros and cons of whether rates-capping is an appropriate policy tool or not), a legislative bar to any proposal to increase rates beyond, for example, inflation plus a few percentage points, is likely to force councils to review all expenditure items, especially discretionary items of expenditure. For many councils, that may drive some difficult local conversations.

4.8 The observations made above are not made to promote any particular viewpoint. They are made to make it clear to the readers that a section 17A LGA review is not an academic exercise to achieve legislative compliance with the LGA. It is much more than that. At its heart it is a mechanism to ensure that elected members have turned their minds to examining critically on a periodic basis various items of expenditure to ensure that rate payers are getting full value for the money taken from them under a local authority’s taxation power. Further, the Reviewer is of the view that that assessment should be carried out with a view to the underlying political economy in which those choices are made.

5. What is Economic Development?

5.1 At its simplest, economic development may be described as a multifaceted process aimed at improving a region’s economic well-being and quality of life. It may involve strategies to create and sustain jobs, attract businesses, increase productivity, and make a community a better place to live and work. Ultimately, economic development seeks to create wealth and distribute its benefits to the community.

5.2 For the purposes of the section 17A LGA review, the Reviewer has divided that broad definition into two sub-components. This has been done to make for a more straightforward assessment of the various economic development activities undertaken by Christchurch City Council and its agencies. The two components are:

- i. **Economic activity** – i.e. those activities that stimulate economic activity of the existing business base in Christchurch but do not, other than at the margins, add new businesses or commercial activity. Events and conferences are the principal examples of this type of activity; and
- ii. **Inward investment** – i.e. those activities which are designed to grow and sustain Christchurch’s economic base through the addition of new businesses or by growing existing

businesses, as opposed to simply stimulating economic activity on the existing economic base.

5.3 This approach to breaking down the broader definition of “economic development” into these two components was tested with stakeholders. None took issue with it.

5.4 Although useful as a framework to analyse the various functions that are carried out by Christchurch City Council and its agencies, the position is not as black and white as the above might suggest. Sitting in the intersection between the two sub-components is what may be termed “Destination Promotion.” This is a function that essentially markets the attractions of Christchurch to a variety of audiences, including:

- New businesses contemplating establishing in, or moving to, Christchurch;
- Event promoters who have location choices available to them in terms of bringing events to a city or region;
- Non-residents who may be interested in visiting Christchurch as a tourist;
- Conference and convention organisers considering using Christchurch’s facilities to run conferences of varying sizes; and
- Residents of Christchurch to promote the cultural and social well-being of the city.

5.5 A further activity that was in scope for this review but which does not neatly fit this analytical framework is urban development. Urban development primarily is concerned with the construction of new buildings (residential, commercial, industrial), roads, transportation networks, and other infrastructure like utilities and public spaces. It may involve the repurposing or renovation of existing buildings and areas, often with the goal of revitalising neighbourhoods or addressing challenges like housing shortages.

5.6 The chief driver of urban development projects is the private sector. Although the Crown and local government can, and do, promote and complete developments, these tend to be large community focussed developments (stadia, libraries, conference centres, etc). They are lumpy in nature. In fact, most developments are commercial and housing developments. These are driven by private businesses using private capital.

5.7 Urban development is a specific activity which ChristchurchNZ has been tasked with advancing. Given the nature of the activity, whether this should be a function of council, or whether it best sits with an agency principally tasked with inward investment, will be separately addressed in this report outside of the framework noted above.

6. Current Economic Activity and Development Organisations

6.1 In 2015, Christchurch City Council delivered its economic development activities through three CCOs, namely:

- Development Christchurch Limited: Focused on attracting investment and urban regeneration;

- Canterbury Development Corporation: Responsible for general economic development; and
- Christchurch & Canterbury Tourism: The region's tourism organisation.

6.2 Christchurch City Council also directly provided major and regional events and city promotional services.

6.3 Another CCO, Vbase (now known as Venues Ōtautahi) managed venues and events. After the earthquakes, Christchurch City Council temporarily brought Vbase's operations in-house. However, by 2019, it was re-established as an independent CCO.

6.4 In late 2015, a Visitor Strategy was presented to the Council.⁶ The strategy aimed to guide the rebuild and long-term development of the visitor economy in Christchurch, Canterbury, and the South Island through to 2025.

6.5 In response to that strategy, a proposal was developed to consolidate Christchurch City Council's economic development functions into a single operational model. The plan was to merge tourism, events, and economic development functions into one entity, referred to as the TEED model (Tourism, Events, and Economic Development).⁷

6.6 The TEED entity was to deliver tourism, business events, major events, economic development and brand & identity, with local/community events to remain the responsibility of Christchurch City Council. Vbase (now renamed Venues Ōtautahi) and Development Christchurch Limited (investment attraction and urban regeneration) were to remain independent entities. In terms of events, the proposal differentiated between the TEED entity as the attractor and potential funder of events, and the event facility provider (Vbase) as the venue delivery entity.

6.7 On 1 July 2017, the TEED structure was established (ChristchurchNZ) and remains current. To date, ChristchurchNZ and Venues Ōtautahi continue to operate as separate CCOs delivering the lion's share of Christchurch City Council's funded economic development activities. Since that time, a further iteration of the model in 2021, was to wind the urban development activities of Development Christchurch Limited into ChristchurchNZ.⁸

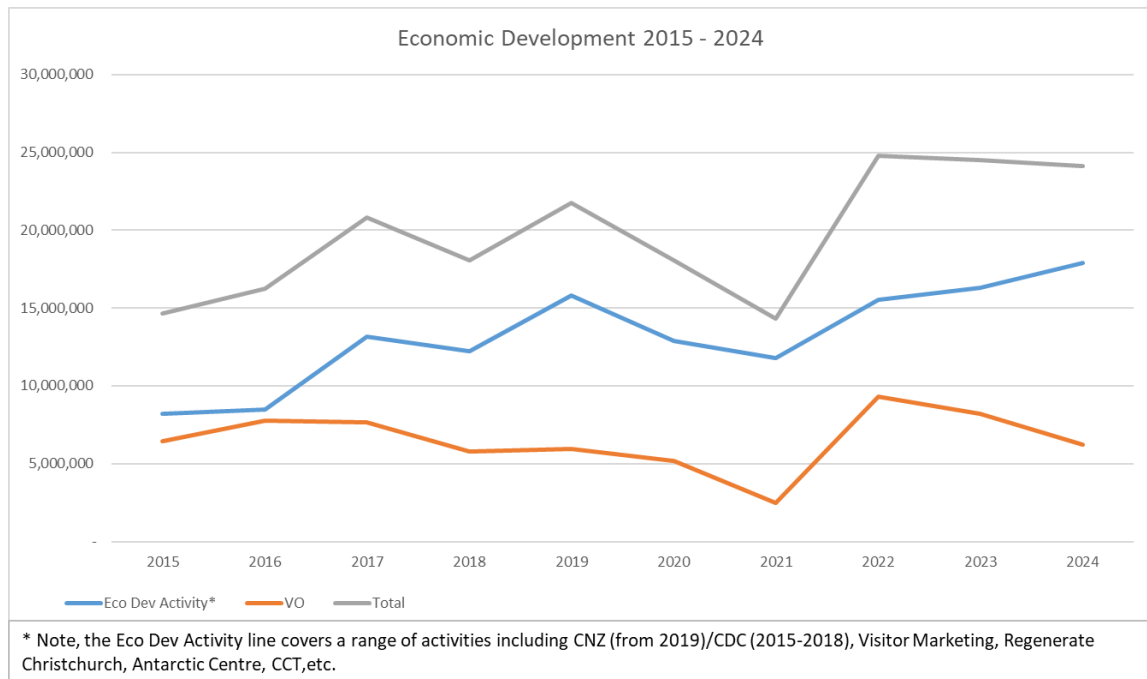
6.8 Since 2015, Christchurch's economic and social landscape has changed significantly. The city no longer relies on the post-earthquake rebuild for economic growth. The retail, hospitality, and accommodation sectors have largely recovered indicating a shift from the environment that originally led to the TEED model.

⁶ See CCC report 15/1343935

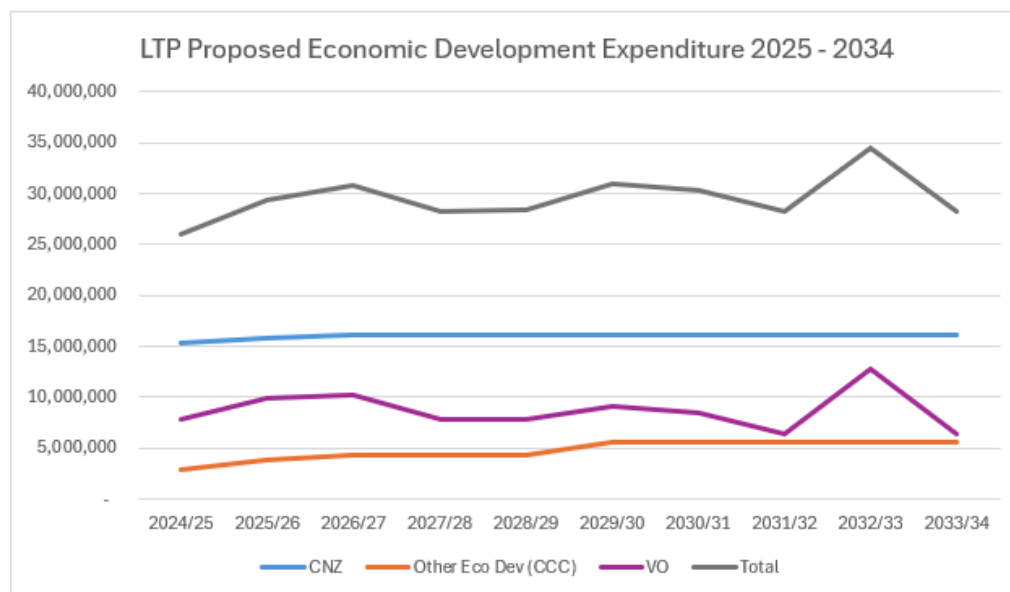
⁷ See CCC report 16/481045

⁸ See CCC report 21/1728391

6.9 Christchurch City Council's spending on economic development since 2015, including support for asset management by Venues Ōtautahi on Council-owned facilities, has ranged from approximately \$15 million to just under \$25 million per year, as shown in the graph below.⁹



6.10 Christchurch City Council's projected spend as set out in its Long-Term Plan (LTP) is set out in the graph below:



⁹ Source for all expenditure, rating, and LTP data – Christchurch City Council

6.11 In numeric form, the projected expenditure in the Long Term Plan on economic development is:

Year	Expenditure (\$)
2025	26,104,345
2026	29,458,644
2027	30,779,973
2028	28,295,083
2029	28,371,378
2030	30,933,621
2031	30,338,571
2032	28,203,626
2033	34,565,488
2034	28,288,008
Total	\$295,338,737

6.12 For the ten year period from 2025, the Long-Term Plan suggests that if nothing changes, Christchurch City Council ratepayers will be funding just over \$295 million in economic development expenditure. This is a substantial sum of money. On an annual basis, it is approximately 2.9% of an average rates bill.

ChristchurchNZ

6.13 ChristchurchNZ is the operating subsidiary of ChristchurchNZ Holdings Limited. ChristchurchNZ Holdings Limited is wholly owned by Christchurch City Council. ChristchurchNZ therefore is a CCO within the meaning of the LGA. The accountability framework for CCO's set out in the LGA, applies to ChristchurchNZ.

6.14 ChristchurchNZ has an independently chaired Board and a majority of independent members. Christchurch City Council appoints two elected members as directors of ChristchurchNZ.

6.15 ChristchurchNZ has a staff size of approximately 75 full time equivalents focussed on delivering the following broad business lines:

- i. Inward investment: This function is centered around the attraction of new business investment to Christchurch. It includes business clusters and subsidy schemes e.g. Screen Canterbury;
- ii. Events: This function includes the acquisition and development of major events and conferences. It has both economic activity elements to stimulate the local economy and economic development aspects to the extent that they form part of an inward investment strategy;
- iii. Destination promotion: This function encompasses the general promotion of Christchurch as a tourist destination, a business and conference destination, and an educational centre. It includes management of the visitor experience. ChristchurchNZ states that this activity encompasses championing and leading the development of the Ōtautahi Christchurch city brand;

- iv. Urban development: The activities previously carried out by Development Christchurch Limited. ChristchurchNZ was tasked with establishing a pipeline of urban development projects beyond the Development Christchurch legacy projects;
- v. Business support: This function provides business advice and support including Central Government business support programmes; and
- vi. Economic strategy and monitoring/insights: this activity focuses on developing economic development strategies, and monitors, reports and provides insights on the performance of the local economy.

6.16 According to its 2024 Annual Report, 37 employees earn over \$100,000, six of whom earn over \$200,000.¹⁰

6.17 In the current financial year 2024-2025, it forecast a deficit of \$654,000. Funding from Christchurch City Council was forecast to be \$15,902,000 with subvention funding of a further \$522,000 (note that in its draft Statement of Intent for 2025-2028 this deficit has been reforecast to be \$136,000).¹¹ Its draft Statement of Intent for 2025-2028 forecasts a deficit of \$387,000 in the 2025-26 financial year, with breakeven outlooks for the following two financial years. Forecast funding from Christchurch City Council is \$16.6 million in 2025-26, and \$16.7 million in both 2026-27 and 2027-28. Known external revenue is budgeted at \$985,000 in 2025-26. Forecast targeted external revenue is \$2.1 million in 2025-26, \$3.67 million in 2026-27, and \$4.1 million in 2027-28. If that targeted revenue is achieved, ChristchurchNZ's funding from Christchurch City Council will be 84% in 2025-26, 82% in 2026-27, and 80% in 2027-28. Achieving these levels of external funding are Key Performance Indicators for ChristchurchNZ.

6.18 Readers should note the numbers cited in the preceding paragraph (and again in paragraph 6.26 below) are sourced from actual and proposed Statements of Intent. The contents of a Statement of Intent can differ from a Long-Term Plan. The essential difference is that a Long-Term Plan is a formal audited document which describes the city's strategy and proposed initiatives and investments, and the proposed level of local taxation over a ten year period to support those initiatives. A Statement of Intent sets out a budget and key performance indicators against which a CCO's effectiveness is measured. It is renewed annually.

Venues Ōtautahi

6.19 Venues Ōtautahi is a CCO directly governed by Christchurch City Council. Again the usual accountability mechanisms for CCOs under the LGA apply.

6.20 In the Reviewer's opinion, Venues Ōtautahi primarily is an events management company. As part of that mandate, it manages and operates some venue assets where events may be held. Some of these assets are owned by Christchurch City Council, while other non-council owned venues are operated under a management contract.

¹⁰ <https://www.christchurchnz.com/media/r04oml0l/cnz-ltd-annual-report-2024.pdf> see page 37

¹¹ <https://a-ap.storyblok.com/f/3000820/x/0012bb1699/cnzhl-statement-of-intent-2024-27.pdf>

6.21 During the course of the stakeholder interviews, varying views were expressed as to whether Venues Ōtautahi was primarily an asset management company that hosts events, or an events attraction company that manages assets. After consideration, the Reviewer has reached the view (accepting that Venues Ōtautahi may not necessarily agree) that Venues Ōtautahi's chief business activity is event attraction and promotion. Where it has control of an asset, proper management of the asset is required in order to ensure it can effectively operate in the events market but that is a supporting activity to the prime business purpose. Venue assets without events effectively become "white elephants."

6.22 Of all the functions carried out by various economic development agencies, this is the function that most closely mirrors a commercial business. The more successful that business is, the less call on ratepayer funding is required.

6.23 Venues Ōtautahi is developing a commercial strategy designed to reduce the call on ratepayer funds over time. Whether that strategy will prove successful remains to be seen, but in the Reviewer's opinion it is to be commended as it is designed to alleviate cost pressure on ratepayers. Ratepayers funds are exclusively used for asset maintenance on council owned facilities. The impending opening of the Te Kaha stadium (which Venues Ōtautahi will manage under contract) will provide a step change in Venues Ōtautahi's commercial operations and is the basis on which a greater drive to achieve commercial independence from ratepayer funding is grounded.

6.24 As at April 2024, Venues Ōtautahi had a staff size of approximately 84 full time equivalents. The CCO presently is undergoing restructuring to position itself for the opening of Te Kaha so there will be changes to reflect the management of that new asset.

6.25 According to its 2024 Annual Report, 15 employees earn over \$100,000, with four earning over \$200,000.¹²

6.26 In the financial year 2024-2025, it budgeted an operating cash deficit of \$811,000 which included grant revenue from Christchurch City Council of \$3.25 million.¹³ Venues Ōtautahi advises that it is on track to outperform that budget. Its Statement of Intent for 2025-2028 forecasts an operating cash surplus of \$1.185 million in the year ending June 2026, rising to \$2.579 million in the year ending June 2027. Christchurch City Council grant funding is forecast to be \$2.5 million in 2025-26 and nil in 2026-27. There also is forecasted subvention payments from Christchurch City Council of \$2 million in 2025-26, \$1 million in 2026-27, and nil in 2027-28.

Christchurch City Council

6.27 Christchurch City Council too is directly engaged in the economic activity arm of economic development through the running of community focussed events using a variety of council facilities. The focus here is on the city's cultural and social well-being, but there is nonetheless an economic activity aspect to such events.

¹² <https://d3gfo3bbxkyin0.cloudfront.net/files/Venues-Otautahi-2024-Annual-Report.pdf>, see page 48

¹³ https://d3gfo3bbxkyin0.cloudfront.net/files/Venues-Otautahi-FY25-27-FINAL-Statement-of-Intent-2024_06_30.pdf, see page 28

6.28 Christchurch City Council's in-house events team is more than minor. Approximately 20 staff are employed in its events team and this number can rise to around 50 persons in the summer period.

6.29 Christchurch City Council provides funds of approximately \$1.9 million which are applied towards various community events.

6.30 Additionally, over 300 events are permitted by Christchurch City Council which are run by other parties whether they be commercial events, community events, sports events or suchlike. These events are held on public land (like parks, roads, or similar spaces). Christchurch City Council's events staff assist groups with their obtaining permits and they provide advice on matters pertaining to an event.

7. Economic Activity and Development Functions Delivered in the Christchurch Market

Inward Investment

7.1 The chief role of any economic development function is to deliver additional business activity over and above the pre-existing baseline. Primarily it is additive in nature, although a retention of existing business can be a lesser, but still important, role.

7.2 Achieving growth is dependent on many factors. These include:

- i. Fit for purpose infrastructure on which markets can operate effectively and efficiently;
- ii. A regulatory framework which is enabling of business growth;
- iii. A regulatory culture that looks to enable new business activity whilst meeting regulatory obligations;
- iv. Ready access to funding and finance for new or expanding business activity; and
- v. Social, cultural, educational, environmental, and sporting facilities that are attractive to new businesses and employees.

7.3 Without these aspects, additive economic development is challenging. Destination promotion has a role to play to ensure that factors such as those listed immediately above are well-known to potential investors.

7.4 Additionally, the ability to connect potential new investment/investors with persons and organisations within Christchurch who can offer business partnering and support also is important. The Reviewer describes this as a "concierge" function. There is stakeholder support for such functionality.

7.5 Christchurch now is well-positioned to experience growth in its economic base because many of the factors noted above now exist. Most prominently, fit for purpose infrastructure. Much of this

infrastructure is a product of the earthquakes rebuild. But with most of the rebuild projects now complete or soon to be complete, this places Christchurch, in the Reviewer's view, at a competitive advantage relative to other metropolitan districts of like size.

7.6 How these various factors inter-relate may be seen by the case example of BioOra. BioOra is a biotech company partly owned by the Malaghan Institute of Medical Research, and is intending to invest millions of dollars on a high tech facility in Christchurch, to manufacture cell therapies (CAR T-cell therapy) that have proved significant in the treatment of some blood cancers.

7.7 Its Managing Director, John Robson, was quoted in the media¹⁴, as saying that the company's clinical trial had produced strong results, with more than half of patients - who had run out of other treatments and were extremely sick - cleared of cancer within months of treatment.

7.8 BioOra is intending to raise capital by way of an Initial Public Offering to build a new high-tech facility in Christchurch, to scale up its automated manufacturing. Leveraging off this technology, BioOra is hoping to create an international immunotherapy business based in Christchurch. International and domestic people would travel to Christchurch rather than other international destinations for world-class treatment.

7.9 At the invitation of ChristchurchNZ, the Reviewer was able to delve a little deeper into the motivations of BioOra and in particular why it had chosen Christchurch as the city in New Zealand in which this investment would be made. Crucially the decision was driven by infrastructure. Ready and convenient access to an international airport close to a world class hospital and health precinct were key. Because those attributes did not exist in its closest competitors to the degree that they existed in Christchurch, Christchurch was chosen. The inward investment team at ChristchurchNZ played a helpful and useful concierge role, but the investment drivers were economic in nature.

Events

7.10 It is the Reviewer's position that events (including conferences) are drivers of economic activity rather than growth *per se*. There may be growth at the margins driven by events at new facilities such as Te Kaha, but that growth is driven by the infrastructure investment which will host the events that take place there.

7.11 The principal beneficiaries of events are:

- i. The citizens of Christchurch who get to enjoy a wide variety of cultural, social, and sporting events using Christchurch's built infrastructure, and parks and gardens;
- ii. Tourists/business persons who (depending on the nature of the event or conference) are drawn to Christchurch;
- iii. Accommodation and hospitality providers who benefit from ancillary economic activity arising from an event; and
- iv. Christchurch International Airport Limited, who has an in-built incentive to maximise

¹⁴ <https://www.stuff.co.nz/nz-news/360682662/people-are-dying-why-company-wants-be-rocket-lab-immunotherapy>

passenger through-put through the airport.

7.12 Events should be seen primarily through a commercial lens. Most events should aim to at least break even, if not turn a profit. Profitable event activity by Venues Ōtautahi, means less underwriting risk from ratepayers.

7.13 Exceptions to the foregoing arguably are:

- i. Community-based events. As noted earlier, these are often organised or promoted by Christchurch City Council as part of its broader community well-being role. This is appropriate. Where however, commercial event venues are being utilised, then any ratepayer funding associated with such an event should be made transparent to ratepayers. Arms-length transparent management agreements should be in place between Christchurch City Council and a commercial provider if such services (venue or event management) are utilised; and
- ii. Events that are intimately associated with a proposed inward investment. In such a case, the inward investment organisation should appropriately contract in event management expertise, not seek to replicate event management services.

7.14 A fund exists to help attract major events to Christchurch exists and is administered by Christchurch City Council. Applications may be made via ChristchurchNZ or Venues Ōtautahi. Decisions on applications are made by the City Partners Group which is independently chaired by a non-Christchurch resident.

Urban Development

7.15 Urban development is included in this analysis because Christchurch City Council historically, and currently, to a certain extent, treats this as an economic development activity. Fundamentally though, it is a subset of the broader infrastructure investment activity. Fit for purpose infrastructure helps drive economic growth.

7.16 As noted earlier, other than the large lumpy vertical e.g. Te Pae and Te Kaha, and horizontal infrastructure projects (3 Waters and roading); most urban investments are delivered by the private sector. In this regard, the role of Christchurch City Council is that of enabler – effective city design and planning, efficient resource management and building consenting, and so on. Christchurch City Council does have an urban development capability which primarily is focussed on ensuring that developers are able to interact with Christchurch City Council planners and regulators constructively and to progress projects efficiently. There was strong stakeholder feedback that Christchurch City Council has improved its relationships with the development community significantly in recent years. This improvement is to everyone's benefit and should continue to evolve productively.

7.17 As noted earlier, ChristchurchNZ inherited an urban development function when the operations of Development Christchurch Limited were wound down. The Reviewer has been unable to identify any particular comparative advantage that ChristchurchNZ possesses in carrying out this role relative to the expertise and finance available to the private sector. Arguably, it detracts from its more important inward investment role and exposes ratepayers to unnecessary commercial risk.

7.18 ChristchurchNZ is concerned that it lacks the resources and pipeline of work to properly carry out this role. It has written to Christchurch City Council putting that view (**Appendix 2**) and suggesting that if Christchurch City Council is not prepared to commit to pass to ChristchurchNZ the resources it believes are necessary, then Christchurch City Council should bring the functionality in-house.

7.19 Given the Reviewer's perspective that ChristchurchNZ possesses no particular comparative advantage in this area, the Reviewer considers that Christchurch City Council should accept ChristchurchNZ's suggestion and bring whatever functionality and resources which exist in that regard, and which operate presently in ChristchurchNZ, back into Christchurch City Council. Given Christchurch City Council's existing urban development functionality there ought to be some prospect that efficiencies can be achieved, to the ratepayers benefit.

7.20 The counterfactual is to make a significant new investment into ChristchurchNZ to achieve the requisite level of expertise required to engage successfully in the activity. Although no business case has been prepared, the Reviewer's view is that ChristchurchNZ should concentrate its focus on its core activities and leave urban development to Christchurch City Council's existing team and the private sector. This position is supported by stakeholder feedback. There was no stakeholder support for ChristchurchNZ continuing to engage in this activity.

Ancillary Activities

7.21 Under the broad economic development rubric a variety of more specific economic activity/development activities are carried out. They are:

- i. Matters relating to activity in the Antarctic;
- ii. Matters relating to film production in Canterbury:
 - a. In the 2024-2026 period ChristchurchNZ is making available grants totalling \$600,000. The fund will accept applications for scripted and factual content, including film, television, web series, and video on demand. ChristchurchNZ has used third party funding to increase the allocated amount by a further \$150,000 in the 2024-25 financial year;
 - b. The grant funding is supplemented by a number of other support services, for example, accessing film locations;
- iii. Matters relating to the education industry; and
- iv. The operation of various business clusters.

Antarctica

7.22 ChristchurchNZ operates (and receives tagged funding from Christchurch City Council for that purpose) what it brands the "Christchurch Antarctic Office." At its heart this essentially promotes Christchurch's attractions to those involved in various countries Antarctic operations (those of the United States of America being the most visible and well-known). It is an aspect of tourist promotion. Well-known facilities such as the International Antarctic Centre are privately owned and operated. Notwithstanding the tourism aspect, ChristchurchNZ endeavours also to promote the economic

development outcomes of being a Gateway city, and it is this aspect which ChristchurchNZ regards as its key focus.

7.23 Christchurch City Council has an Antarctic Gateway Strategy.¹⁵ The strategy is designed to “maximise the value of being one of only five Antarctic Gateway cities in the world.” The strategy has both a stewardship aspect and an economic development aspect. The former aspect looks to support New Zealand’s role in the Antarctic, and be a good host to the several countries who utilise Christchurch for their own Antarctic activities. The latter aspect looks to seize opportunities to realise greater economic, community, cultural, scientific and environmental value.

7.24 The Antarctic Gateway Strategy is supplemented by an “Action Plan 2021-24” (currently under revision). The Action Plan is led by the Christchurch Antarctic Office i.e. ChristchurchNZ, and is designed to maximise the economic benefit of being a Gateway city. Its text reflects the “good host” and tourism objectives. Perhaps the most noteworthy activity, and the one mentioned by stakeholders, was the Season Opening for National Antarctic Programmes.

7.25 The Action Plan contains many short, medium, and long-term outcomes. Many are general in nature. For example, “the local Christchurch community understand the city’s unique Antarctic legacy and current role and enjoys participating in Season Opening and other related events throughout the year.”

7.26 Stakeholder feedback was ambivalent about ChristchurchNZ’s role in the sense that its activities did not really touch on the stakeholders day to day activities. Christchurch is seen as a welcoming host city which contributes to New Zealand’s national interests in the Antarctic. The Mayor’s participation in the Season Opening was noted. The political leadership and visible support for New Zealand’s Antarctic activities from the Mayor’s Office is seen as important. Flight risk of other nations from Christchurch is seen as low.

7.27 The Reviewer considers that any review of the Antarctic Gateway Strategy and Action Plan should clearly distinguish between the two chief activities. The positioning of Christchurch as a good host is key. Ideally this would be led from the Mayor’s Office and moreover be seen to be led by the Mayor’s Office. Promotion of ancillary tourist-related activities and any quantifiable economic development activity, sits better with inward investment and destination promotion. The two should be separated clearly and the latter subject to quantifiable measures to determine successful execution or not. The Mayor’s Office should be resourced to ensure it can contribute effectively at the political level.

Film Production

7.28 An increased level of Central Government support for film production in New Zealand was announced in the 2025 Budget.¹⁶ The Minister of Finance noted that : “The Budget increase of \$577 million across this year and the next four takes total funding for the rebate scheme to \$1.09 billion

¹⁵ <https://Christchurch City Council.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Strategies/Christchurch-Antarctic-Gateway-Strategy.PDF>

¹⁶ <https://www.beehive.govt.nz/release/577-million-support-film-and-tv-production>

over the forecast period, better reflecting expected demand for the scheme. Settings remain unchanged.”

7.29 A budget increase across four years of \$577 million to take the total to \$1.09 billion, is significant. In that regard a Christchurch based subsidy fund of \$600,000 across 2024-2026 pales in comparison. If the fund is to be retained post-2026, its effectiveness relative to the Government’s scheme should be critically assessed i.e. is it an unnecessary duplication of taxpayer and ratepayer resources? It is a potential source of savings to ratepayers.

Education

7.30 ChristchurchNZ has a focus on attracting students to study in Christchurch. It is essentially a promotion activity focussed on international students. ChristchurchNZ states also that it is developing talent pathways to support business investment and attraction.

7.31 The activities in this space were only raised by a couple of stakeholders. The most direct feedback is that ChristchurchNZ’s education focus would be better directed to vocational activities directed at the youth training and employment, in the context where a focus on upskilling young people in trades related education would ultimately directly contribute to a growth in the skills base for Christchurch.

7.32 The Reviewer considers that there is a balance to be struck between promoting attendance at academic institutions and promoting trades based vocational education. This balance is achieved well in Switzerland and perhaps some lessons could be drawn from how that jurisdiction has approached the issue.

Business Clusters

7.33 ChristchurchNZ’s strategic planning includes a focus on “identifying and developing mission-led clusters, focussing on sectors where Christchurch has: a unique selling point, opportunities of scale, a potential to become circular or regenerative, or a clear unmet need for government investment/intervention.”

7.34 ChristchurchNZ operates business clusters in: aerospace and future transport; health tech; food, fibre and agritech; Hi-Tech Services; and cleantech.

7.35 There was limited stakeholder feedback about the business clusters. What there was, could at best be characterised as muted support. Some stakeholders questioned the value-add that ChristchurchNZ was bringing to the table in the cluster related work. The view of some stakeholders was that those with actual business interests in the cluster network should take more of a lead role.

7.36 The cluster model is based on the work of Professor Michael Porter, an influential economist and professor at Harvard Business School.¹⁷ The concept provides insight into how geographical concentrations of interconnected businesses, suppliers, and associated institutions can foster innovation, drive productivity, and enhance competitiveness.

7.37 One of the central tenets of Porter's framework is that proximity—both physical and intellectual—stimulates collaboration and competition. Firms within a cluster interact frequently, sharing knowledge, technologies, and skills. This exchange fosters innovation as companies are pushed to refine their processes and products to stay competitive. Proximity also facilitates access to specialized suppliers and skilled labour, reducing transaction costs and logistical challenges.

7.38 Given the muted stakeholder feedback and the limited reporting of quantifiable results of the business clusters it is difficult to determine whether they are adding actual economic value or not. On balance the Reviewer believes that they offer the potential to add value, but better measurement of results would be beneficial. They should remain for the present as a part of the overall inward investment functionality.

8. Analysis of ChristchurchNZ's Half Year Report for 2024-2025

8.1 The majority of Christchurch City Council's expenditure on economic development activity is provided to ChristchurchNZ. ChristchurchNZ primarily is funded by Christchurch City Council. Third party funding (mainly contracted revenue from the Crown) is beginning to tail off but ChristchurchNZ believes it will be able to attract private sector funding in future years (in its draft Statement of Intent for 2025-2028, this is known as Targeted External Revenue and by definition is speculative – it may or may not be achieved). Even if it is achieved, ratepayers nonetheless will continue to be the source of most of ChristchurchNZ's revenue.

8.2 Given ChristchurchNZ's financial footprint, its announced results were selected by the Reviewer as being the most appropriate to analyse with a view to determining whether it is providing a sound return to ratepayers given the scale of the ratepayer funding that it attracts. The analysis was carried out for the Reviewer by Dave Grimmond of Infometrics. Given its targeted focus, it is a short report and is attached as **Appendix 3**.

¹⁷ The Reviewer, when attending Harvard Business School, was fortunate enough to have attended lectures by Professor Porter on the topic.

8.3 Reproduced below is the table presented in Appendix 1 of the ChristchurchNZ Half Year Report for 2024-2025:

Table 1: Claimed performance by ChristchurchNZ in six months to December 2024

KPI MEASURE	TARGET 2024-25	STRETCH TARGET	HALF-YEAR RESULTS
Long-lasting job creation supported by ChristchurchNZ	180 FTE jobs	220 FTE jobs	680 FTE jobs
Short-term job creation supported by ChristchurchNZ through events, urban development, and screen activity	320 FTE jobs	350 FTE jobs	146 FTE jobs
Estimated value of GDP contribution attributable to ChristchurchNZ activity	\$40 Million	\$60 Million	\$74.8m
Contribution to visitor spend supported by ChristchurchNZ*	\$27 Million	\$30 Million	\$13.3m
Value of investment into Christchurch supported by ChristchurchNZ (excluding local government)	\$35 Million	\$65 Million	\$276.1m

8.4 Mr Grimmond's analysis of the above results calls into question aspects of the methodology behind both the target and the calculation of the results.

8.5 For example, in respect of long lasting job creation he notes that is normal to consider jobs on a per person basis and that:

"Full time equivalent (FTE) job measures are usually used to allow a way of combining full time and part time positions in a consistent and meaningful way. However, the ChristchurchNZ long lasting job creation targets and measures are presented as a sum of jobs over three years. Thus one person employed over a three year period would be counted as three FTEs. Although both targets and measurements are presented in consistent ways, the resulting job counts suggest larger job creation outcomes than is actually planned. Instead of summing the jobs over three years, it might be clearer to use the level expected by the third year. This would reduce the target from 180 to 60 and the reported half year outcome from 680 to 233.

8.6 In addition to the analysis of the results themselves, attribution of ChristchurchNZ's activities to the claimed results was found to be hazy. Mr Grimmond stated:

"The language used by ChristchurchNZ needs to allow for the tenuous link between agency activities and potential outcomes for the city. This is to reflect the unavoidable uncertainty relating to the degree of attribution that can be claimed linking agency activities and any

positive outcome for the city. This uncertainty reflects inevitable imprecision in the estimation of outcomes:

- *There is a forecast aspect in all of the estimated outcomes: will the investment and employment expected actually materialise in the expected levels? Will the impacts of these developments have the estimated impact on city outcomes?*
- *There are also significant attribution issues: To what extent did agency activities actually contribute to city outcomes? For example, to what extent would have claimed investment and employment decisions have occurred anyway without the involvement of ChristchurchNZ?*
- *There are also unknown, and potentially uncomfortable, counterfactuals. For example, to what extent did ChristchurchNZ involvement perhaps play a role in dissuading other unreported organisations from investing or holding events in Christchurch? To what extent did sponsored events and investments displace other activities taking place in the city?*

There is no way of totally resolving such sources of uncertainty in estimating the potential contribution of economic development agencies like ChristchurchNZ. Instead it may be preferable for ChristchurchNZ to place more emphasis on reporting the specific activities undertaken by ChristchurchNZ, and being a bit more circumspect about the nature and scale of resulting outcomes for the city. This approach would be more consistent with the analysis of Morris and Shin (2002) who advise that the publication of information by government funded agencies should focus on easily verifiable information. This reflects the higher credence placed on “official” information. There is a greater potential for harm from officially sourced speculations as they will be given a higher level of credence than privately sourced speculations. Instead, the emphasis should perhaps be more on a clear presentation of actual activities accompanied with an explanation of the purpose of the activities and some discussion of the type and quantum of desired outcomes.”

8.7 Mr Grimmond concludes his short report by noting:

“I have detailed a few areas where I have specific concerns. Although, the issues identified are generally moderate in scale, it is a concern that the errors or questionable ways of reporting all seem to exaggerate perceptions about the resulting level of outcomes.”

8.8 Mr Grimmond’s conclusion accords with the Reviewer’s observation made earlier in the report that attributing broad economic outcomes to specific activities by economic development agencies is inherently challenging.

8.9 What that does mean, however, is that if measurable outcomes cannot be definitively ascertained then the investment directed to such activities should understand well the risks inherent in the expectation of results. More vague the outcomes, perhaps the more circumspect should be the quantum of investment in such activities. This is more so, when other investments with measurable outcomes might be available.

9. Opportunities for Improving Effectiveness and Efficiency

Events

9.1 The Reviewer believes for two reasons that there is a strong case for rationalising how events are developed, attracted, promoted, and managed in Christchurch.

9.2 The first reason is strategic in nature, and that is to better focus the inward investment delivery arm more keenly and directly on that role. The second reason is to capture efficiency savings to the benefit of ratepayers.

9.3 Currently, three separate ratepayer-funded organisations are involved in event-related responsibilities. This fragmented approach is inefficient.

9.4 According to the organisations involved, and other stakeholders, the primary distinction between different types of events appears to lie in their scale—major events versus smaller ones—and/or their connection to inward investment strategies. A third category includes community-focused, primarily non-commercial events.

9.5 However, upon reflection, the Reviewer considers these distinctions to be somewhat arbitrary. An event is an event, regardless of its scale. If an event aligns with a specific inward investment strategy, it should be contracted through a dedicated event provider, using specifications tailored to that strategy. Similarly, if Christchurch City Council wishes to deliver more sophisticated community events—especially those requiring complex planning or the use of Venues Ōtautahi facilities—this should be done through a transparent contract. That contract should also make clear any ratepayer subsidy involved.

9.6 The Reviewer therefore recommends consolidating all commercially oriented event-related functions within Christchurch City Council's group of economic development organisations into a single entity. The most logical choice for this is Venues Ōtautahi. However, the name "Venues Ōtautahi" would no longer accurately reflect its evolved and expanded role; a more fitting name would be **Events Ōtautahi**.

9.7 This restructuring would involve transferring responsibility for major events, conferences, and similar activities from ChristchurchNZ to the newly named Events Ōtautahi.

9.8 This recommendation has similarities with, but is not identical to, the views of the Independent Panel which reviewed Auckland Council's CCO structure in 2020. The Panel recommended the amalgamation of ATEED and Regional Facilities Auckland. The corresponding CCO's in Christchurch are ChristchurchNZ and Venues Ōtautahi respectively.

9.9 The Panel recommended the Auckland amalgamation because in its view:¹⁸

¹⁸ See page 23 of the Report

- i. It would bring together two entities with more similarities than differences;
- ii. It would produce economies of scale, cost savings and other tangible benefits;
- iii. It would be a first step towards the rationalisation process set in train by the local government reforms in Auckland; and
- iv. It would enable better accountability and monitoring by reducing the number of CCO's from five to four.

9.10 In the Reviewer's view, only the second of the four reasons applies in Christchurch's case, i.e. amalgamating the events function into a new Events Ōtautahi, which offers the prospect of cost savings.

9.11 The third and fourth reasons are Auckland specific. In Christchurch City Holdings Ltd (CCHL), Christchurch City Council already has an efficient and effective oversight agency for the bulk of its CCO's.

9.12 The first reason does not apply. In the Reviewers opinion, ChristchurchNZ and Venues Ōtautahi are culturally very different to one another. A straight merger of the two organisations would probably fail. Moreover, it would once again continue the confusion between economic activity and economic development. The two activities require different approaches and different skills. Combining the two functions in one entity inevitably means one will suffer, and that is invariably economic development (inward investment) activity.

9.13 Events are more visible and easy to measure in terms of economic impact. Inward investment is less visible, more intangible. It is harder to be successful. But when success comes (such as in the BioOra case) the impact can be significant.

9.14 The Reviewer considers that the two functions should be separate. To achieve that, the more straightforward action is to move events responsibility to Venues Ōtautahi from ChristchurchNZ. The chief focus of ChristchurchNZ consequently, by definition, becomes inward investment.

9.15 Interestingly, the approach described in paragraph 9.14 now also has been adopted by Auckland Council. In December 2024, Auckland Council decided to remove the economic development function from Tātake Auckland Unlimited (the CCO that arose from the 2020 review) and instead in-house it within Auckland Council.¹⁹ This took effect on 1 July 2025 when the Economic Development Office of Auckland Council commenced operations.²⁰ Whilst the Reviewer is not recommending that economic development be in-housed at this time, he does (as noted above) recommend a division between events functionality and economic development activities, in similar fashion to that which Auckland Council has just implemented.

9.16 It is worth noting at this point that an alternative approach also is available and that is to move the events function of ChristchurchNZ in-house to Christchurch City Council's events team. This would

¹⁹ https://infocouncil.aucklandcouncil.govt.nz/Open/2025/02/20250227_GB_ATT_11283_WEB.htm

²⁰ <https://ourauckland.aucklandcouncil.govt.nz/news/2025/07/new-council-functions-launch-following-cco-integration/>

achieve both a level of efficiency gains and achieve the strategic objective of re-focussing ChristchurchNZ on its core inward investment role.

9.17 An in-house move to first to Christchurch City Council may have the following benefits:

- i. It achieves the strategic refocus needed for ChristchurchNZ but mitigates immediate transition risk for Venues Ōtautahi which presently is committed to readying itself for the opening of Te Kaha; and
- ii. It allows time for a more substantial business case (which was outside the scope of this review) to be built for an eventual consolidation of events functionality into a new CCO, Events Ōtautahi, should Christchurch City Council see the merits in that recommendation.

9.18 While this recommendation may be disappointing to ChristchurchNZ, and a source of trepidation for Venues Ōtautahi, these reactions should be seen as temporary. For ChristchurchNZ, a sharper focus on inward investment would benefit not only the organisation itself but also Christchurch City Council and local ratepayers. Many stakeholders interviewed expressed concern that events have come to dominate ChristchurchNZ's agenda, diverting it from its core mandate—economic development.

9.19 As for Venues Ōtautahi, its current priority is preparing for the April 2026 opening of Te Kaha. This is understandably central to its planning. However, once Te Kaha enters operational mode, Venues Ōtautahi would be well-positioned to evolve into an expanded role. The Reviewer believes the organisation is well-managed and well-governed, and fully capable of evolving its business model and culture to accommodate an expanded role.

9.20 The proposed rationalisation could generate cost savings for ratepayers in two key ways:

- i. By allowing ChristchurchNZ to streamline operations and focus keenly on inward investment; and
- ii. The commercial focus of “Events Ōtautahi” should drive a constant focus on limiting ratepayer underwriting for what are mainly commercial activities.

9.21 To further strengthen accountability, consideration should be given to placing Events Ōtautahi under the governance of CCHL. This would provide more rigorous shareholder oversight, helping to ensure that the anticipated efficiencies and ratepayer benefits from this rationalisation are fully realised.

Inward Investment

9.22 Economic development fundamentally is about generating inward investment to grow the Christchurch economy, and so, in turn, grow jobs and opportunities for the people of Christchurch. The weight of stakeholder feedback is that ChristchurchNZ has let that aspect of its portfolio suffer in order to advance activities that are more prominent and easier to measure in terms of impact; conferences and events being the most obvious.

9.23 In discussions with the Board of ChristchurchNZ, it appeared to the Reviewer that the Board did not have an real appreciation of the depth of stakeholder feeling that existed about its perceived effectiveness in the area of inward investment. The BioOra case was cited as a success story, and it is, but it is a success story driven off an infrastructure investment strategy that has had little to do with ChristchurchNZ. ChristchurchNZ nonetheless played an important concierge and promotion role in the BioOra case. Using the lessons of that success story ought to point the way forward to how ChristchurchNZ might understand how best to leverage the many positive aspects of the broader Christchurch economy to the city's advantage. But it is a leveraging and promotion activity first and foremost.

9.24 Even if little change comes about from this review, I have recommended orally to the Board of ChristchurchNZ, that it (as a Board) initiates regular arms-length stakeholder surveys to gauge the perceptions of ChristchurchNZ's performance from its stakeholders. As stated at the outset of this report, the views expressed by stakeholders to the Reviewer were forthright. They were forthright because anonymity was promised in exchange for honesty. It would be to the advantage of the Board of ChristchurchNZ as it establishes, evolves, and measure the success of its business strategy, to hear such stakeholder views more directly.

9.25 Stakeholder feedback received during the course of the review raised three other matters where improvements to Christchurch's inward investment strategy might be improved. They are:

- i. The role of the Mayor;
- ii. The role of the University of Canterbury; and
- iii. Business mentoring.

9.26 Mayoral activity in any particular area will always be subject to mandate, personal interest, community views and so on. However, it is evident that mayors have played a useful role in generating inward investment. The role of the former mayor Garry Moore, in the original establishment of the Pratt and Whitney – Air New Zealand aircraft engineering facility was referenced.²¹ The perceived importance of the mayoral role by external stakeholders in the Antarctic Season opening was another example.

9.27 The Reviewer considers that under present settings, the importance and usefulness of the Christchurch mayoralty (the mayor of the second largest city in New Zealand, and the largest in the South Island), particularly in attracting inward investment, is not being as gainfully used as it could be. Investors who have confidence that their investments have the support of the leadership of the city are likely to have higher levels of investment confidence and certainty. In the Reviewer's opinion, Christchurch's inward investment strategy should explicitly recognise and provide for mayoral involvement where this adds value. ChristchurchNZ's strategic plan (updated in August 2024)²² does not explicitly mention this aspect. Disappointingly it refers to Christchurch City Council as a "partner" and "stakeholder" (see page 13) when it is in fact ChristchurchNZ's owner and purchaser of services. A

²¹ <http://archived.ccc.govt.nz/MediaReleases/2003/February/NewAircraftEngineeringPremisesWillKeepJobsInTheCity.asp>

²² <https://www.christchurchnz.com/media/vi4lmrwu/christchurchnz-strategic-plan.pdf>

sharper and keener understanding of roles and how different roles can be leveraged to the city's best effect is required.

9.28 In addition to recommending that ChristchurchNZ give greater consideration to this aspect, the Reviewer makes recommendations in section 10 below as to how shareholder oversight and input into CCO strategy and performance might be improved. If implemented, such improved shareholder oversight would be a further incentive on all organisations with an inward investment lens to ensure that all the tools at the city's disposal are being utilised to their best effect.

9.29 In similar vein, the Reviewer considers that a critical review be carried out into the involvement of the University in the city's inward investment strategy. The education arm of an inward investment strategy, is more than just about increasing student numbers. Rather it's about harnessing the University's intellectual capital in a host of different ways. At present there is stakeholder dissatisfaction with the present state of affairs. After discussion with a range of stakeholders there was support for a more direct relationship between the University and the City on inward investment matters and at a senior level. The Reviewer agrees, and suggests that the Mayor's Office work directly with the Vice-Chancellor to develop and sharpen up a strategic partnership. ChristchurchNZ can assist in this regard as a delivery agent.

9.30 Signalling a clear partnership between Christchurch City Council and the University to the inward investment community is likely in the Reviewer's opinion to increase the city's investment attractiveness, and is consistent with cluster theory. It may be important to broaden this further by including Business Canterbury. The University of Canterbury already is one of Business Canterbury's five strategic partners. Business Canterbury notes:²³

"UC is a significant driver of economic growth - 95% of UC graduates are in employment or further study six months after finishing their degree, and half of them join the workforce in Waitaha Canterbury. UC's partnership with Business Canterbury nurtures local talent, preparing our graduates for the rapidly changing world of work, and driving our economy forward."

9.31 A final aspect reflected in the stakeholder feedback was the function and the role of business mentoring. As noted earlier, this is an existing function of ChristchurchNZ and is a corollary to an inward investment strategy i.e. growing existing businesses. Stakeholder feedback was that this activity could be a much more dominant role for ChristchurchNZ. Collaboration with Business Canterbury would likely add value as well. The Statement of Intent does not contain a direct KPI on this aspect of ChristchurchNZ's mandate.

Urban Development

9.32 For the reasons expressed in section 7 above, the Reviewer considers urban development should return in-house to Christchurch City Council.

²³ <https://www.cecc.org.nz/about/our-partners>

9.33 As noted earlier this removes from ChristchurchNZ a distraction from its core inward investment role.

Destination Promotion

9.34 Destination promotion plays a critical role in economic development and tourism by actively marketing a city, region, or country to attract visitors, investment, and talent. There are six key roles:

- i. Attracting visitors to Christchurch;
- ii. Enhancing the economic impact of the visitor economy;
- iii. Building and maintaining Christchurch's brand identity;
- iv. Attracting investment and talent to Christchurch;
- v. Supporting events and promotions; and
- vi. Achieving collaboration and coordination in messaging across multiple platforms and delivery agents.

9.35 In summary, destination promotion is a strategic activity that drives visitor demand, boosts economic activity, and builds a strong, attractive identity for a place. For a city like Christchurch, it is a key part of recovery, growth, and long-term economic resilience.

9.36 However, not all of these roles need be delivered by one agency. In the tourism market, for example, there are strong incentives on airports and airlines to market destinations in order to gain commercial advantage. Similarly, promotion and advertising of events are best carried out by the organisation running an event.

9.37 In the present context, the Reviewer is of the view that because of the inward investment focus of ChristchurchNZ (indeed, the core focus if this report's recommendations are adopted), destination promotion is an appropriate activity for it to continue pursuing, and depending on the context, collaborating and coordinating with other destination promoters. This suggests to the Reviewer that the first four roles noted above should remain functions of ChristchurchNZ. It should work with other destination promoters on message consistency but this is a persuasive and collaborative activity not a regulatory or directional function. Other destination promoters should be free to take a different view depending on their particular circumstances. Diversity of approach promotes innovation, in the context where all players have aligned incentives i.e. the economic benefit to Christchurch.

9.38 Having made those points, the Reviewer observes that the resources devoted by ChristchurchNZ to communications and marketing activities are more than minor. Given that Christchurch's profile is high and recovery mainly is complete, ChristchurchNZ, and Christchurch City Council as its shareholder, should critically review whether the present quantum of resources applied is necessary. The Reviewer considers that there is scope for efficiencies to be achieved. Once a clear line of sight concerning future functionality is achieved, Christchurch City Council and ChristchurchNZ should together reassess budget requirements to ensure ratepayers are not excessively resourcing the functionality required. Such an assessment should consider also whether the existing CCO structure

is right for a more focussed inward investment role and destination management role. Form should follow function.

10. Improving Shareholder Oversight

10.1 The CCO accountability framework is set out in Part 5 and Schedule 8 of the LGA. The key aspects of that framework are:

- i. The requirement for a CCO to operate under an approved Statement of Intent which must contain:
 - a. the objectives of the CCO;
 - b. a statement of the board's approach to the governance of the CCO;
 - c. the nature and scope of the activities to be undertaken by the CCO;
 - d. the non-financial performance targets and other measures by which the performance of the CCO may be judged in relation to its objectives;
- ii. The ability for a shareholder to require a CCO to prepare additional plans over and above the Statement of Intent;
- iii. The ability of CCO shareholders to prepare a Statement of Expectations for a CCO;
- iv. A requirement on a local authority to regularly undertake performance monitoring of a CCO; and
- v. The requirement on a CCO to produce regular reports and audited financial statements.

10.2 The above framework is sound but its effectiveness is determined by the degree to which shareholder oversight is rigorously exercised. This is particularly the case in two respects:

- i. The establishment of key performance indicators ("KPI's") that test the effectiveness over time of the performance of the CCO; and
- ii. KPI's that are quantitatively and qualitatively measurable.

10.3 Christchurch City Council employs two broad approaches to the monitoring of its CCO's. As noted earlier, it's commercially oriented CCO's sit under the governance of CCHL. CCHL is wholly owned by Christchurch City Council. It is independently chaired and has a majority of independent directors. It is responsible for a portfolio valued in June 2024 at over \$3.5 billion. Companies within the CCHL group include: Orion, the Lyttleton Port Company, Christchurch International Airport, and Enable. The chief role of CCHL is to monitor the performance of the companies in its group to ensure long-term shareholder value is being delivered. The Reviewer considers this to be an effective approach to shareholder oversight.

10.4 The second approach is that taken in respect of ChristchurchNZ and Venues Ōtautahi. Both of those CCO's are under direct Council oversight, not CCHL. If that position is to remain the case (depending on the extent to which the mix of recommendations in this review are taken up, or not, by Christchurch City Council), then the Reviewer considers that shareholder oversight needs to be strengthened in order to both, set effective Statement of Intent, and analyse the performance of the two CCO's against the KPI's laid out in those documents.

10.5 In improving oversight effectiveness, consideration must be given to mechanisms that reduce the risk of “capture.” Capture occurs, or may occur, when the organisation being monitored is able to exercise a degree of influence over the monitoring organisation. This can happen for a variety of reasons (and no view is expressed here as to whether that has occurred in the present circumstances), it is simply enough to note that it is a risk inherent in any monitoring relationship and should be considered when designing a performance management system. The intermediation of CCHL’s role between the monitored CCO’s and council is an example of such a design.

10.6 To improve shareholder oversight of non-CCHL CCO’s, the Reviewer recommends that Christchurch City Council give consideration to the creation of a new role which may appropriately sit within the Chief Executive’s Office (to avoid siloing with a line department).

10.7 That role would be one of Chief Economist with a small staff of economically and financially literate people, and people skilled in data and statistical analysis. Attached to the Chief Executive’s Office, and with the role appropriately positioned in seniority, the ability to be captured ought to be quite limited. In the Reviewer’s opinion, such a role requires a degree of independence and oversight which argues against being subsumed within a line department

10.8 The Reviewer considers such a role would offer the following benefits:

- i. Improve the objective analysis of results reporting by the CCO’s, allowing Christchurch City Council elected members and management to better test the performance of those CCO’s over time, improving ratepayer value;
- ii. Improve the establishment of KPI’s which are measurable and the achievement of which can be directly attributable to the CCO’s activities;
- iii. Allow Christchurch City Council to formulate directly its own assessment of the state of the Christchurch economy and so allowing it to better direct CCO activity through more focused Letters of Expectation and Statements of Intent;
- iv. Allow Christchurch City Council directly to better contribute to matters of economic importance to Christchurch through informed comment built on empirical data and research; and
- v. By directly contributing their expertise, improve the ability of Christchurch City Council to set more effective Long-Term Plans and associated activity plans, Annual Plans, and Infrastructure Strategies, using in-house resources.

10.9 The Reviewer notes that Auckland Council has a similar role, where that role is described by Auckland Council²⁴ as:

“We undertake economic analysis to assist colleagues and advise elected members on the costs, benefits and wellbeing implications of policy and infrastructure proposals.

We promote cost benefit analysis to identify the net benefit of options and demonstrate the trade-offs.

²⁴ <https://www.aucklandcouncil.govt.nz/about-auckland-council/business-in-auckland/economic-advice-publications/Pages/default.aspx>

Through our Auckland Economic Quarterly and Insights papers, we offer insights to inform debate on issues that matter for Auckland's overall wellbeing, including:

- *how we accommodate growth*
- *housing affordability*
- *paying for infrastructure*
- *making trade-offs among competing priorities."*

11. Organisational Implications

11.1 The organisational impacts will depend on the extent to which the basket of recommendations contained in this report are adopted. Assuming that that is so, the following would likely apply:

- A. ChristchurchNZ would transfer responsibility for urban development to Christchurch City Council. This would reduce headcount at ChristchurchNZ. It may increase headcount at Christchurch City Council depending on the degree to which Christchurch City Council is able to make efficiency gains, which should be the objective;
- B. ChristchurchNZ would transfer events responsibility to Venues Ōtautahi. This would reduce headcount at ChristchurchNZ. It may increase headcount at Venues Ōtautahi depending on the degree to which Venues Ōtautahi is able to make efficiency gains, which should be the objective. In the alternative, ChristchurchNZ would transfer events responsibility to Christchurch City Council pending the development of a business case for the possible further transfer onto a new evolved CCO, Events Ōtautahi. In this event, some form of efficiency gain should still be achievable;
- C. ChristchurchNZ retains responsibility for inward investment and destination promotion. However, an organisational review to create a leaner organisation keenly focused on those two activities should be undertaken jointly by both ChristchurchNZ and Christchurch City Council as owner and funder. In the Reviewer's opinion there is scope for an efficiency dividend to ratepayers;
- D. Christchurch City Council's Antarctic Strategy should be managed from the Mayoral Office. There may be an uplift required to the Office's funding. Non-destination promotion activities related to the Antarctic Strategy should transfer to Christchurch City Council. This should result in a cost reduction essentially matching any increase in Mayoral Office costs;
- E. The Mayoral Office should develop at a strategic level its relationship with the Vice-Chancellor's Office at the University of Canterbury with a view to maximizing a broad range of inward investment opportunities. This could be extended to include Business Canterbury. Required outputs from that partnership to the extent required would be reflected in ChristchurchNZ's Statement of Intent; and

- F. Christchurch City Council should create a new Chief Economist role, with adequate staff resourcing, aligned to the Chief Executive's Office to take the lead on economic analysis and debate on the Christchurch economy, and to assist with shareholder oversight of its CCO's.

12. Conclusion

12.1 This review of economic development activity in Christchurch reveals a timely and necessary opportunity to improve the efficiency, effectiveness, and impact of how the city delivers on its economic aspirations. Through analysis of current structures and functions, the Reviewer considers that Christchurch can achieve better outcomes for its residents while also ensuring a more prudent use of public funds.

12.2 The current model, while established with good intent, has led to duplication of effort, blurred accountability, and inefficiencies in delivery. Addressing these issues is not only fiscally responsible but critical to achieving a more coherent and strategically aligned economic development agenda.

12.3 One of the clearest opportunities lies in the consolidation of events management under either Venues Ōtautahi or Christchurch City Council. Transferring all event-related responsibilities from ChristchurchNZ would harness existing operational strengths, remove unnecessary overlap, and create a single centre of excellence for event delivery. This change would not compromise output; rather, it would enable more coordinated, higher-quality events, supported by a focused and professional team. It would sharpen also the strategic focus of ChristchurchNZ.

12.4 Similarly, the recommendation to return urban development functions to Christchurch City Council reflects a move toward better integration of planning and delivery. Urban development is inherently linked to statutory planning and regulatory frameworks—areas that naturally sit within the purview of council. Reintegrating this function will strengthen strategic alignment, improve decision-making, and ensure that urban growth is managed in a way that reflects the council's broader objectives, community expectations, and long-term vision for the city.

12.5 Additionally, strengthening the capacity and role of the Mayoral Office will support clearer leadership and more effective coordination across the economic development landscape. The Mayor has a unique convening power and visibility, and a well-resourced office can help elevate Christchurch's position both nationally and internationally, while ensuring stronger political oversight of strategic initiatives.

12.6 Finally, the creation of a Chief Economist role within Christchurch City Council would be an important step towards embedding economic insight and analytical capability at the heart of policy development. This role would provide evidence-based advice to support council decision-making, assess the long-term economic impact of major initiatives, and help evaluate the return on investment from economic development activity. Having this expertise in-house will enhance the city's ability to respond to emerging challenges and seize new opportunities with agility and confidence.

12.7 Together, these recommendations represent a pragmatic yet forward-looking approach to reform. They prioritise efficiency without sacrificing quality, and they realign functions in a way that supports stronger governance, clearer accountability, and better value for Christchurch ratepayers. Councillors are encouraged to adopt these proposals not only as cost-saving measures, but as a means of strengthening the city's overall economic development capability and positioning Christchurch for sustainable, inclusive growth in the years to come.

13. Recommendations

13.1 The Reviewer recommends as follows:

- A. **Refocusing ChristchurchNZ:** ChristchurchNZ should refocus on its core strengths, namely inward investment attraction and destination promotion. Non-core activities should be removed to sharpen its strategic mission and reduce costs;
- B. **Destination Promotion:** ChristchurchNZ should continue pursuing destination promotion and collaborate with other destination promoters on message consistency;
- C. **Events Consolidation:** ChristchurchNZ's events functionality should be transferred to Venues Ōtautahi, which should be renamed Events Ōtautahi. In the alternative, the events functionality could be transferred to Christchurch City Council pending further analysis of the benefits of onward transfer to a new evolved CCO, Events Ōtautahi;
- D. **Strategic Partnerships and Leadership:** The Mayor's Office should assume leadership of Christchurch's Antarctic Strategy and lead the investigation into forming a new strategic inward investment partnership with the University of Canterbury (and potentially Business Canterbury) to enhance inward investment efforts. ChristchurchNZ should support such an initiative;
- E. **Shareholder Oversight:** Responsibility for shareholder oversight of a new Events Ōtautahi should be transferred to Christchurch City Holdings Limited (CCHL) to enhance oversight rigour;
- F. **Establishment of a Chief Economist Function:** Christchurch City Council should create a Chief Economist role within the Chief Executive's Office to improve economic insight on the Christchurch's economy, improve policy alignment, and improve CCO KPI settings and performance monitoring; and

- G. **Urban Development Realignment:** ChristchurchNZ's urban development responsibilities should return to Christchurch City Council, allowing ChristchurchNZ to concentrate on investment attraction.



Malcolm Alexander
Yule Alexander Limited

7 July 2025

APPENDIX 1

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Stakeholders Involved in the Review

- Christchurch City Council Elected Members
- Christchurch City Council officers
- Council Controlled Organisation directors
- Council Controlled Organisation management
- Mana Whenua perspective
- Urban developers
- Education provider
- Sports organisations
- Event organiser
- Conference facility provider
- Infrastructure provider
- Business representative organisation
- Government department
- Crown Entity
- Independent Chair

APPENDIX 2

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28 January 2025

Mayor
Christchurch City Council

Dear Phil,

ChristchurchNZ Urban Development Function

The Board of ChristchurchNZ Holdings Ltd (CNZHL) acknowledges the Christchurch City Council 2025/26 Letter of Expectation and, as always, looks forward to delivering meaningful outcomes for the City.

Following my meeting with you in December the Board wishes to draw your attention to matters that are impacting CNZHL's ability to deliver on expected outcomes in urban development. While we acknowledge the planned Section 17a review we believe these matters are urgent and cannot wait for any relevant recommendations of such a review.

In particular, the absence of a pipeline of work identified by Council, a failure to execute service level agreements, a lack of progress on the capitalisation of CNZHL via a short form amalgamation with DCL and delays in implementing recommendations made in the independent review of Council and CNZHL's urban development functions means that CNZHL has not been properly enabled to deliver to shareholder expectations.

The ongoing uncertainty around this function means CNZHL cannot continue to enter into good faith negotiations with the private sector. In addition, it is highly unsettling for CNZHL urban development staff leading to a higher than expected rate of attrition and in present state represents an ineffective use of ratepayer funding.


We propose that Council delivers a pipeline of work and success metrics for approval by elected members by March 30. Or if it is the Council's preference, that we begin a process to transfer CNZ's urban development function to Council by June 30.

Since taking on the urban development functions of DCL and developing an expanded economic development agency at Council's request, CNZHL has a proven track record of success. The New Brighton project is creating economic momentum, with new housing developments underway and work started on a major private hospitality and retail development in the mall. The site of the DCL-owned former convention centre (Kilmore/Peterborough) now houses a new hotel and an almost complete residential development, while land assembly and partnerships at the Milton Street site have seen city infrastructure upgrades, investment by NIWA and a conditional agreement in place with a residential housing developer.

We're extremely proud of the outcomes delivered by this team but if the shareholder's preference is for this work to be delivered by Council we are committed to working constructively towards a handover so that Council staff can continue to build on the momentum generated by CNZHL to the benefit of the City while delivering on existing commitments.

We propose a follow up conversation to discuss the contents of this letter and to collaboratively agree next steps.

Regards



Lauren Quaintance
Chair, CNZHL Board

CC- Bryan Pearson, Chair, CCHL

ChristchurchNZ

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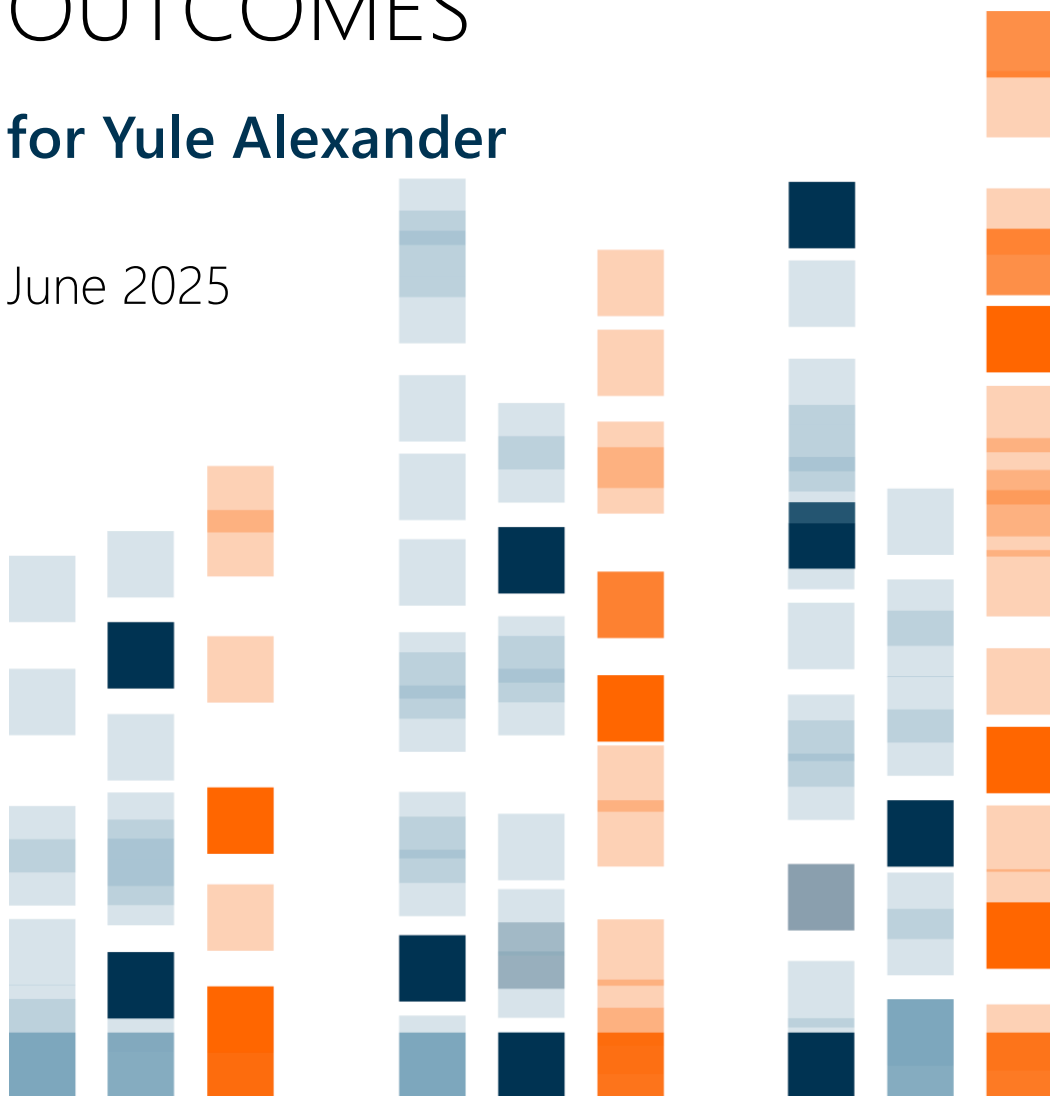
APPENDIX 3

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REVIEW OF CHRISTCHURCHNZ HOLDINGS LTD 2024/25 HALF YEAR PERFORMANCE OUTCOMES

for Yule Alexander

June 2025



Infometrics

Economics put simply

Authorship

This report has been prepared by Infometrics Associate Economist Dave Grimmond, with the input of Director Gareth Kiernan.

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Dave Grimmond

Associate Economist

Dave Grimmond is an independent consulting economist based in Wellington, New Zealand. Dave grew up in Dunedin and studied at the University of Otago.

Dave started his career working at the New Zealand Institute of Economic Research where he had a leading role preparing economic forecasts, editing the Quarterly Survey of Business Opinion, and undertaking customised projects for clients. Dave next worked at the Treasury where he led the team preparing economic forecasts for the Budget and later managed the Macroeconomic Policy team, which had oversight over medium term fiscal strategy as well as providing advice on the performance of the Reserve Bank. Dave also spent four years as the Department of Labour's economic adviser, in which time he also established the Department's Future of Work unit, and at separate times managed their Research and Evaluation and Labour Market Information units. More recently Dave was the economist for the Greater Wellington Regional Council from 2016 to 2020.

For a large part of his career, Dave worked at Infometrics Ltd, later becoming a Director. For many years he led their economic forecasting activities, but increasingly focused on consulting activities, contributing to around 150 projects for clients. The types of services that Dave has provided for clients include:

- Project assessment (including cost benefit analysis, social returns on investment, risk analysis)
- Customised forecasting services (including the development of client specific forecast models and facilitating scenario development)
- Policy and strategic analysis advice
- Expert witness services in relation to employment, environmental, and investment performance issues

Dave has provided advice to clients on labour market performance, education issues, skill requirements, immigration policy, building sector performance and prospects, environmental issues (such as waste management and trade-offs associated with species protection), tax policy, the contribution of social investments to national wellbeing, and tobacco control policies.

Dave has a BA (Hons) in economics from the University of Otago and is a member of the American Economic Association.

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Purpose

Table 1 below reproduces the table presented in Appendix 1 of the ChristchurchNZ Half Year Report for 2024-2025. This report makes use of background information provided by ChristchurchNZ to verify the extent that these claims can be substantiated.

Table 1: Claimed performance by ChristchurchNZ in six months to December 2024

KPI MEASURE	TARGET 2024-25	STRETCH TARGET	HALF-YEAR RESULTS
Long-Lasting Job Creation Supported By ChristchurchNZ	180 FTE jobs	220 FTE jobs	680 FTE jobs
Short-Term Job Creation Supported By ChristchurchNZ Through Events, Urban Development, And Screen Activity	320 FTE jobs	350 FTE jobs	146 FTE jobs
Estimated Value Of Gdp Contribution Attributable To ChristchurchNZ Activity	\$40 Million	\$60 Million	\$74.8m
Contribution To Visitor Spend Supported By ChristchurchNZ	\$27 Million	\$30 Million	\$13.3m
Value Of Investment Into Christchurch Supported By ChristchurchNZ (Excluding Local Government)	\$35 Million	\$65 Million	\$276.1m

General issues

The language used by ChristchurchNZ needs to allow for the tenuous link between agency activities and potential outcomes for the city. This is to reflect the unavoidable uncertainty relating to the degree of attribution that can be claimed linking agency activities and any positive outcome for the city. This uncertainty reflects inevitable imprecision in the estimation of outcomes:

- There is a forecast aspect in all of the estimated outcomes: will the investment and employment expected actually materialise in the expected levels? Will the impacts of these developments have the estimated impact on city outcomes?
- There are also significant attribution issues: To what extent did agency activities actually contribute to city outcomes? For example, to what extent would have claimed investment and employment decisions have occurred anyway without the involvement of ChristchurchNZ?
- There are also unknown, and potentially uncomfortable, counterfactuals. For example, to what extent did ChristchurchNZ involvement perhaps play a role in dissuading other unreported organisations from investing or holding events in Christchurch? To what extent did sponsored events and investments displace other activities taking place in the city?

There is no way of totally resolving such sources of uncertainty in estimating the potential contribution of economic development agencies like ChristchurchNZ. Instead it may be preferable for ChristchurchNZ to place more emphasis on reporting the specific activities undertaken by ChristchurchNZ, and being a bit more circumspect about the nature and scale of resulting outcomes for the city. This approach would be more consistent with the analysis of Morris and Shin (2002) who advise that the publication of information by government funded agencies should focus on easily verifiable information.¹ This reflects the higher credence placed on "official" information. There is a greater potential for harm from officially sourced speculations as they will be given a higher level of credence than privately sourced speculations. Instead, the emphasis should perhaps be more on a clear presentation of actual activities accompanied with an explanation of the purpose of the activities and some discussion of the type and quantum of desired outcomes.

¹ Stephen Morris and Hyun Song Shin, 'Social Value of Public Information', *American Economic Review* 92, no. 5 (1 November 2002): 1521–34, <https://doi.org/10.1257/000282802762024610>.

Specific concerns

The comments presented below relate to specific measurement issues observed from reviewing information provided by ChristchurchNZ

Long lasting job creation

Both the target and reporting of long lasting job creation is presented in a seemingly exaggerated way. One normally considers jobs on a per person basis. Full time equivalent (FTE) job measures are usually used to allow a way of combining full time and part time positions in a consistent and meaningful way. However, the ChristchurchNZ long lasting job creation targets and measures are presented as a sum of jobs over three years. Thus one person employed over a three year period would be counted as three FTEs. Although both targets and measurements are presented in consistent ways, the resulting job counts suggest larger job creation outcomes than is actually planned. Instead of summing the jobs over three years, it might be clearer to use the level expected by the third year. This would reduce the target from 180 to 60 and the reported half year outcome from 680 to 233.

Visitor spend

Visitor spend calculations at **business events** should probably exclude spending by local delegates. Money spent by local delegates is unlikely to represent a cash injection to the city. If local delegates did not attend the business events, the spending attributed to them is likely to be still spent in the region on other things. The impact of correcting this aspect is unlikely to have a large impact on the resulting estimates. For example, the estimated spend by local delegates in the half year estimates was \$106,950 out of a total of \$5,937,310 of spending stimulus estimated from business events.

The economic contribution from major events in the in the six months to December 2024 has not been verified as material provided did not identify how the claimed \$7.4 million visitor spend resulting from four **major events** had been estimated.

Contribution to GDP

The estimated contribution to GDP from **business events** is likely to be slightly overstated by the inclusion of the allowance for spend by local delegates for the reason discussed in **Visitor spend** above.

It is not clear why the three-year salary of **attracted businesses** is added to GDP contribution estimates. This appears to inflate the potential contribution for a number of reasons. First it is attributing a three-year gain from attracting businesses when one typically considers GDP on an annual basis, and it is adding this three-year figure to annual figures from other sources (eg events). Even if this three-year approach is accepted the estimates provided are likely to be overstatements as salaries in future years should be discounted (probably at the Treasury recommended rate of 8% for commercial activities²) and allowance should be made for funds flowing out of the city (ie the 0.61 multiplier applied to ChristchurchNZ spending should be applied).

² <https://www.treasury.govt.nz/sites/default/files/2024-10/treasury-circular-2024-15.pdf>

This 0.61 multiplier impact should also be applied to contributions from clusters and business sustainability estimates.

The **organisational effectiveness** contribution (estimated as \$5.178 million for the first half of 2024/25) should be completely removed. The counterfactual is no ChristchurchNZ. In which case all of this money would potentially be returned to ratepayers, who would spend it or save it in a manner of their choosing. Indeed, one could argue that instead of adding a contribution to GDP from ChristchurchNZ's activities, one should make a negative allowance for the deadweight cost of rates. Paying rates is not voluntary. Landowners are obliged to pay rates and between elections they must accept council spending decisions. The implication is that there are strong risks of allocative efficiency costs associated with any forcible tax system.

Rather than claiming a \$5.178 million contribution from ChristchurchNZ activities in the first half of 2024/25, it would probably be more prudent for ChristchurchNZ to acknowledge and allow for a \$1.703 million economic cost from their presence. This estimated economic cost, \$1.703 million, is estimated by applying a 20% allowance for the deadweight cost of taxation³ to the \$8.516 million rates funding allocated to ChristchurchNZ in the first half of 2024/25. That is, the organisational effectiveness component probably contributes to a \$6.9 million overstatement of the six-month GDP contribution estimate.

Investment

Abstracting from discussion about the true role of ChristchurchNZ in attracting investment to the city (for example, what was ChristchurchNZ's role in the \$6.4 million of central government grants to Christchurch based organisations or the \$250 million investment related to the Christchurch Engine Centre and so on?) the biggest issue in their investment estimates is that the \$1.114 million of investment attributed to **organisational effectiveness** is a complete double count. All of the subcomponents of this figure enter individually before being added in again in total under the organisational effectiveness banner.

³ As recommended in The Treasury, 'Guide to Social Cost Benefit Analysis' (New Zealand Treasury, 2015), <https://treasury.govt.nz/publications/guide/guide-social-cost-benefit-analysis>.

Conclusion

It is meritorious for ChristchurchNZ to actively consider the way that its activities could impact on outcomes for the city, and further still to attempt to estimate the scale of these outcomes. However, it is the nature of economic development activities for there to be considerable uncertainty in assessing the extent of such outcomes. This uncertainty reflects uncertainty around forecasting the nature and level of future outcomes, difficulties in assessing the extent that outcomes can be attributed to specific actions by the development agency, and uncertainty in assessing the counterfactual, ie the outcomes that would have been present in the absence of economic development activities.

In light of these inherent uncertainties, I would recommend that ChristchurchNZ place more emphasis in its reporting on describing the nature and scale of the actual activities undertaken. It would still be useful for ChristchurchNZ to explain the reasoning for undertaking specific activities and to describe the type and scale of outcomes desired. But circumspection about these outcomes could perhaps enhance plausibility.

I have also investigated the background calculations underpinning the outcomes presented in the ChristchurchNZ Half Year Report for 2024-2025. I have detailed a few areas where I have specific concerns. Although, the issues identified are generally moderate in scale, it is a concern that the errors or questionable ways of reporting all seem to exaggerate perceptions about the resulting level of outcomes.