Greater Christchurch Visitor Sector Recovery Plan

Version 07/06/12

Christchurch
& Canterbury Tourism

Foreword

There is no doubt that the extensive physical damage to Christchurch City from the earthquake events of 2010 and 2011 has taken a heavy toll on the visitor sector in Christchurch. More than 1 million visitor nights have been lost in the 12 months to February 2012 and the estimated direct expenditure loss is estimated to be $235 million per annum in the city alone. The reduction in international arrivals into Christchurch of 19% over the same period signals the extent to which the earthquake events have taken a heavy toll on tourism flows across all of Canterbury and the whole of the South Island. Pre-earthquake the Canterbury tourism economy was measured at a total spend of $2.3 billion. It is estimated that due to earthquake impacts this has contracted by at least 15% ($350million) in the past 12 months.

Fifteen months on from the most severe event we have seen little in the way of re-build of tourism infrastructure and a slowing of recovery progress due to a severe shortage of accommodation capacity in Christchurch, particularly in the hotel and backpacker sector. While there are signs of good recovery in the hospitality sector outside of the CBD area, the central city has few activities to provide visitors and offers a very limited selection of bars, cafes and restaurants. The re-vitalisation of this area for visitors, albeit on a temporary basis, now needs to proceed with urgency if Christchurch wishes to be considered as a viable visitor destination.

The Visitor Sector Recovery Plan (VSRP) outlines the specific impacts of the earthquakes on the visitor sectors capability and defines 6 key projects that will assist in accelerating the recovery of visitor flows to the city and region. As it currently stands Christchurch City has lost not just a million visitor nights per year but many more day visitors that would typically come into the city on arrival into the South Island or before leaving. In this respect the reduction in visitor activity in the city is estimated to be 60-65% behind previous year levels. Without "fast track" actions to provide the much needed central city accommodation, activities and hospitality services, Christchurch will have little prospect of mounting an effective recovery that re-vitalises the visitor industry. Without the interventions proposed in this recovery plan in five years' time Christchurch will have only recovered 50% of the visitor nights lost following the 2011 earthquakes. A full recovery to 2010 visitor levels will take 10-15 years.

The four major fast track strategies in this plan will be the key drivers of economic recovery in the tourism sector and will enable us in the next five years to grow visitor nights from 2.3 to 3.4 million and improve visitor spend by 60% from $529million pa (YE 2012) to $843 million pa (YE 2017).

These four primary projects are built around:

- Creating new inner city tourism infrastructure that delivers a viable "Pop Up" Transitional City experience by day and also by night
- Fast track re-builds and new builds of commercial accommodation
- Getting a new Christchurch Convention Centre built and operational by 2016
- Air Service Developments – re-instating Trans Tasman capacity and opening up two new routes from Asia by 2015.

Two further projects around the development of a sports tourism strategy and placing a priority on building the Avon River Park precinct will significantly enhance the rate of recovery and economic returns but require further analysis before the total economic benefits can be identified.

The plan also identifies the importance of ensuring that visitor services development needs to be an integral consideration in the Christchurch rebuild to ensure that our city becomes a more iconic and "must see" visitor destination. A strong visitor industry will contribute enormously to the economic recovery of the inner city and the rate of recovery of many other economic sectors.

Tim Hunter
Chief Executive
Christchurch & Canterbury Tourism

7 June 2012

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ABBREVIATIONS

CBD	Central Business District
CCC	Christchurch City Council
CCP	Central City Plan
CCT	Christchurch & Canterbury Tourism
CDC	Canterbury Development Corporation
CERA	Canterbury Economic Recovery Authority
CIAL	Christchurch International Airport Authority
MED	Ministry of Economic Development
NZMOT	New Zealand Ministry of Transport
TIA	Tourism Industry Association
VFR	Visiting Friends and Relatives
VSRP	Visitor Sector Recovery Plan

1 EXECUTIVE SUMMARY

1.1 Key Issues

1. The visitor industry in Christchurch survived the September 2010 earthquake with some physical damage to old buildings, however most of the city's core tourism infrastructure was relatively unscathed. It was the February 2011 earthquake that devastated the central city and severely damaged tourism infrastructure.
2. The accommodation sector and particularly the central city hotels and backpacker accommodation were most affected. A 40-50% reduction in available beds, mostly in the central city meant that the city could not accommodate the normal level of visitors at the busiest time of the year.
3. The Christchurch Convention Centre, AMI Stadium and QE II Stadium were all closed reducing the number of events that attract longer staying and higher value visitors to the city.
4. All of the major central city attractions, with the exception of the Botanic Gardens, were closed and most have remained closed since 22 February 2011.
5. The central city with its retail, bars and restaurants and other visitor services has remained closed to the public.
6. A year on from the February earthquake and the full impact of the disaster for the tourism sector is evident:

   - Many of the tourism operators that are able to operate find that their markets have reduced in size or disappeared altogether.
   - Christchurch has lost over one million guest nights with two thirds of them being international visitors.
   - The direct impact on the Christchurch tourism sector is an estimated decline in visitor expenditure of $235 million in Christchurch city and $350 million across the Canterbury province based on the loss of visitor nights.
   - The Arts Centre is repairable but will remain closed for years, while the Christ Church Cathedral is to be demolished with no firm plans regarding a replacement.
   - Seven hotels have been demolished or will be demolished with no plans by their owners to re-instate these properties. This represents a loss of 25% on the city's hotel rooms. A further 30% of hotels remain under review and many may not be re-instated.
   - Only one new hotel is under construction and one airport hotel is in the process of building 24 new rooms on their site.
   - Demolition of buildings in the central city is providing an inhospitable visitor environment and delaying the repair of hotel buildings.
   - Major decisions have yet to be made regarding the location and rebuild of a new Convention Centre and sports facilities and this is slowing both the rate of visitor recovery and accommodation investment decisions.
   - Air access has reduced as visitor numbers have declined with 15% fewer seats available on Trans Tasman services and Air Asia X announcing their withdrawal from KUL-CHC services from 31 May 2012.
   - Between January 2011 and January 2012 international guest nights to the South Island have reduced by over 963,000 indicating that Christchurch's losses have not been taken up by other locations.

1.2 The Initial Visitor Sector Response

The visitor sector response to the February earthquake was in two phases. The first was to deal with immediate issues. The second was to accept that the results of the earthquakes would be with us for some years to come and so there would be a need to plan for this new tourism environment.

The immediate response included:

- Assisting travel sellers and consumers to re-organise planned trips by utilising accommodation in other locations.
- Informing the world that despite the devastation Christchurch was still open for business.
- Re-establishing the Christchurch i-SITE in the Botanic Gardens.

The second phase included:

- Developing a comprehensive facilitation plan to enable Akaroa to handle the bulk of 80 cruise ships for summer 2011/12.
- Assisting tourism operators to access business recovery assistance from Recover Canterbury.
- Preparing a submission to the Draft Central City Plan based on tourism industry feedback.
- Preparing a medium term strategic plan to guide CCT's activity priorities over the first three years of the recovery.

1.3 The Purpose of the Visitor Sector Recovery Plan

As an industry that contributes approximately $2.3 billion annually to the Canterbury economy, it is a sector that will play a major role in the recovery of Greater Christchurch.

The recovery plan seeks to respond to three key questions:

1. How can the visitor sector best contribute to Christchurch's recovery?
2. How will this plan link to the broader economic strategy for Greater Christchurch?
3. Why is there a need to move with haste in developing and implementing the Visitor Sector Recovery Plan?

While the major focus for the visitor sector is based around the recovery of essential infrastructure, it is important not to lose sight of the potential for the recovery to become a catalyst for further development of the visitor sector. The earthquakes have given Christchurch the opportunity to challenge what we had and make decisions both about improving (developing) existing infrastructure and amenities as well as identifying new opportunities for development that will enhance the visitor experience.

The focus of this recovery plan is the next five years (2013 – 2017). It is essential that the infrastructure, amenities and services that will drive tourism over the next 20 years are determined and implemented over the next five, if they are to have the desired positive impact on the Christchurch and South Island economies.

1.4 Our Vision

Our vision is based on meeting the needs of existing and future visitors, growing the economic impact of tourism and creating sustainable business opportunities.

a) Visitors and visitor markets will recognise Christchurch as a future focused world class city.
b) Christchurch provides a unique range of high quality experiences and attractions that earns its "sticky destination" rather than just "gateway" status.
c) The visitor industry grows in terms of total visitor numbers, high value visitors and its overall contribution to the economy.
d) It creates sustainable employment opportunities and profitable businesses.

Specific risks that would impact on the vision being achieved fall into two categories:

- Non acceptance of the plan or key parts of it.
- A lack of funding commitment by local and central government to fund key areas of the recovery plan that the private sector is unable or unwilling to initiate.
- Issues beyond the control of the tourism sector that delay or reduce investment and confidence in the rebuild.
- Major tourism businesses fail before a sustained recovery path can be established.

1.5 The Key Projects and Rationale

Figures 1 and 2 provide a summary of the visitor sector recovery if there is:

1. **"No Intervention"** – this would be the outcome if none of the 6 key projects in this plan were adopted and funded.
2. Specific and targeted **"Fast Tracking"** of the four highest priority projects within the recommended 6 key visitor recovery projects.

Without "Fast Tracking" the ability to recover to the 2010 performance will be compromised and take 12-15 years to get back to the pre-earthquake visitor industry performance levels.

Figure 1: Impact on Christchurch Guest Nights

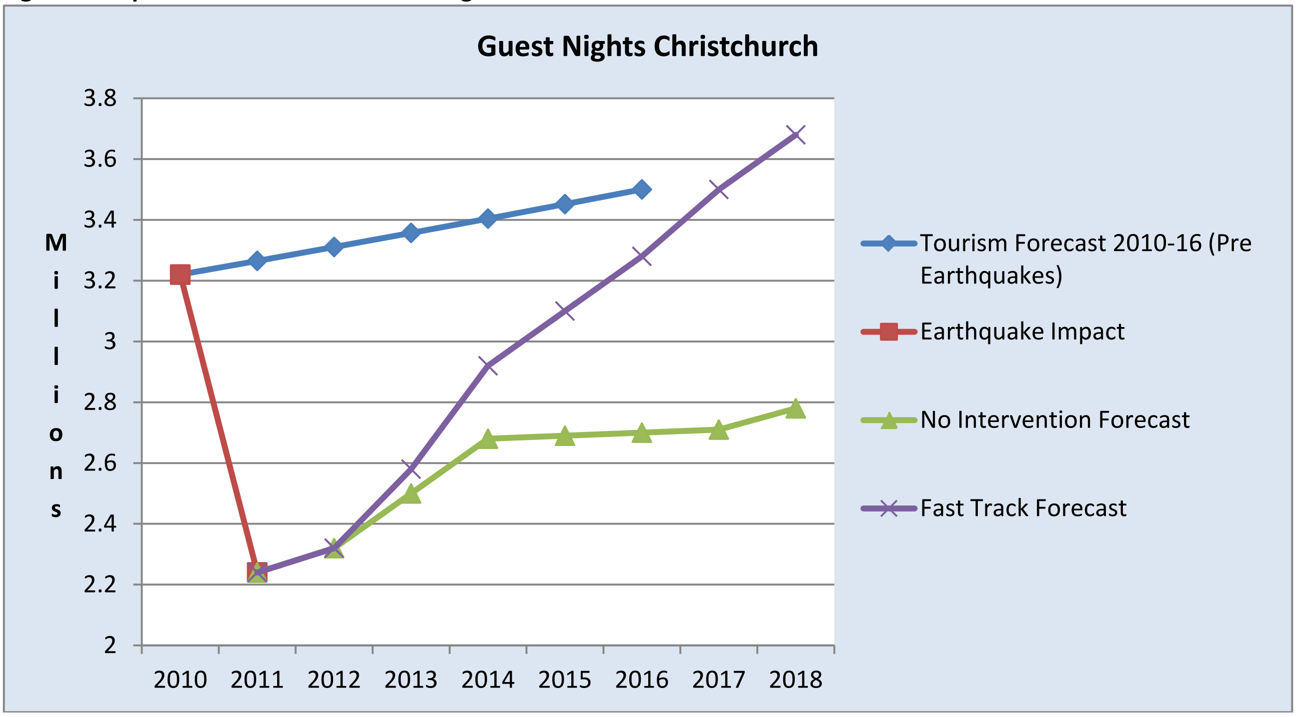
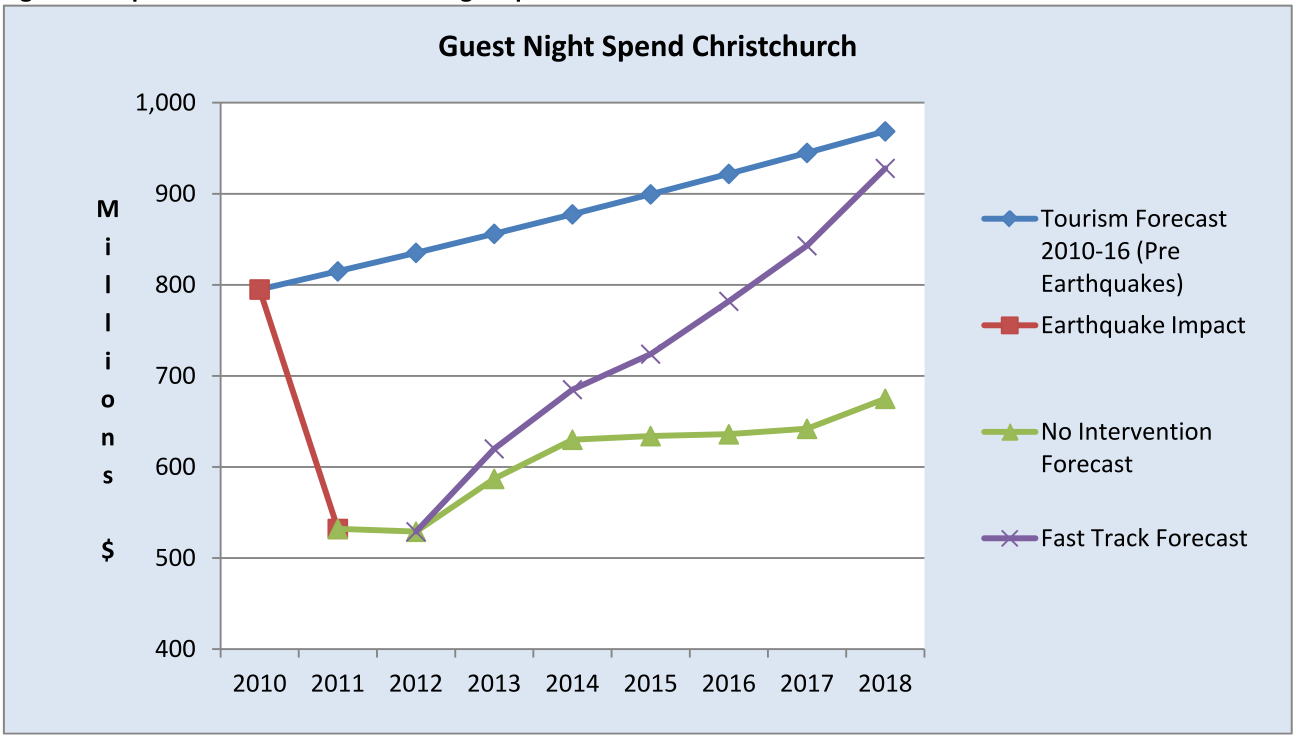


Figure 2: Impact on Christchurch Guest Night Spend



1.6 Key Project Summaries

1) "Pop Up" Transitional City

With most of the central city accommodation, attractions, retail and bars/restaurants damaged, demolished or inaccessible to the public there is a need for innovation and "must see" status to bring visitors to the central city. The creation of the container built Restart Mall has been a very successful first part of this process, but is unable to provide adequate evening experiences.

This project is focused on achieving four goals:

- Providing a medium term home (three years) for the Christchurch Earthquake Exhibition within the central city environment.
- Provide the "start up" capital for a temporary restaurant and entertainment precinct to be established in or adjacent to the Restart Mall area to make this location attractive to visitors by night.
- To improve access to tourism information during summer months by utilising tourism ambassadors working from a central city kiosk.
- Ensuring that the transitional city is effectively marketed to key visitor segments.

Key project activities include:

- Providing a $240,000 rental contribution to land lease for the "Earthquake City" exhibition in the first three years (@$80,000 per year).
- Development of a Dining Precinct (Capital Cost $1.7 - $2 million).
- Provide Tourism Ambassadors in the central city between October and April each year ($55,000).
- Marketing Campaign to rebuild visitor demand to Christchurch (Creative and Media Spend - $900,000 pa).

Benefits:

- 627,000 incremental visitor nights over five years from project commencement.
- $125 million of incremental visitor expenditure in the central city over five years.

2) Re-instatement of Hotel and Backpacker Accommodation

Lack of accommodation is a significant impediment to tourism recovery in Christchurch. This project focuses on speeding up the rate of accommodation re-build and new build to ensure that visitor recovery can be realised quickly.

Rebuilt and new build accommodation will also:

- Be critical "enablers" for the rest of the visitor sector by encouraging other complementary developments in the hospitality and retail sector.
- Bring about the return of much of the coach touring and conference business that have been lost from Christchurch due to the hotel accommodation shortage.
- Secure the return of Backpacker coach tours that no longer "overnight" in Christchurch.
- Be an essential enabler of the Convention Centre project.

Key project activities include:

- Consultancy to research and develop ($20-$30,000)
  - investor information packs
  - incentive framework
  - funding mechanism and commitment
- Implementing incentives for hotel developments (Up to $25 million for a maximum of six projects over five years)
- Implementing incentives for backpacker developments (Up to $8 million for a maximum of six projects over five years)

Benefits:

Short term - Fast tracking Accommodation Impact (based on each rebuild or new build)
Hotel - $13.7 to $19.2 million of incremental visitor spend per year per project.
Backpacker - $4.9 to $7.4 million of incremental visitor spend per year per project.

Medium/Long Term – Regaining Lost Guest Nights
Hotels (six new build projects) – 550,000 incremental visitor nights over six years ($107 million of incremental international visitor expenditure).
Backpacker Hostels (six new build projects) – 919,000 incremental visitor nights over six years ($184 million of incremental international visitor expenditure.

3) New Christchurch Convention Centre

A new Christchurch Convention Centre is essential to re-instate high value business tourism in a city that has previously excelled in the Conference and Convention sector. This project is also a key "enabler" for the accommodation sector that is dependent on a getting strong low season demand from the Conference sector to shore up profitability. Confirmation of the size and location of the Convention Centre will to a great extent determine when, where and how many major hotel developments will be initiated in Christchurch.
Certainty over the re-instatement of a Convention Centre will bolster investment confidence in new hotel developments.

It is assumed that the Christchurch City Council and the Government will have responsibility for funding the new Convention Centre.

Key project activities include:

- Working with a multi skilled project team to ensure size, location and flexibility meet the convention, trade exhibition and other sector needs.
- Once the project is confirmed , that a domestic and international marketing fund of $500,000 per annum is established to ensure that the new facility is effectively marketed and can open with we well nourished order book of events and conferences.

Benefits:

- Events – 60 conferences/conventions or trade shows events per year over the first three years of operation, increasing to 70 events in out-years.
- Incremental Visitors Using Convention Centre – 49,000 to 72,000 per year.
- Delegate Spend Per Year - $95 million (low utilisation) to $140 million (high utilisation).

4) Air Service Development

Christchurch has a substantial strategic asset with the only high volume airport in the South Island that can handle long haul wide-body aircraft operations and provide 24 hour access to international and domestic traffic.

Both passenger traffic levels and capacity have been adversely impacted by the 2011 earthquake events with:

- A 15% loss of seat capacity on Trans Tasman services into Christchurch during 2011 due to weakening inbound holiday traffic from Australia. This reduction has continued into 2012.
- A marked decline in long haul traffic volume from the traditional markets of UK, USA and Japan.
- The loss of a direct long haul connection between Kuala Lumpur and Christchurch operated by Air Asia X which has operated for one year and over that period delivered an estimated 22,000 "new" international visitors to Christchurch.

With South Island airports receiving only 17% of all international airline capacity coming into New Zealand, it is increasingly important that the new direct air links are established to/from more long haul destinations as the South Island attracts more than 51% of international visitor nights in New Zealand.

Key air service development goals in the next five-six years include:

- Restoring Trans Tasman flight capacity into Christchurch to pre 2011 levels.
- Developing a new direct Adelaide – Christchurch and Perth - Christchurch air link by late 2013.
- Retaining the direct Narita – Christchurch services (three per week) during the main demand period (November – March) of the New Zealand peak tourism season.
- Developing a new direct air link from China to Christchurch by 2015 at the latest, with at least four frequencies per week.
- Develop a new direct air service from Hong Kong to Christchurch from late 2014, with at least four frequencies per week.

Benefits:

- Restoration of Trans Tasman capacity to 2010 levels will enable the visitor decline from Australia to be fully recovered over the next four years.

- New services and restored capacity will increase visitor nights over the next five years by 698,000 visitor nights and grow international visitor spend in Christchurch by $186 million.

5) Sports Tourism

With the closure of its major sports stadium Christchurch has been unable to reap the benefit from the Rugby World Cup, International Test rugby, Super 15 matches and a number of other major events. In the same way that convention centres bring new people to a city, sports facilities can have a similar impact.

Key project activities include:

- Market research to inform a sports tourism strategy ($60,000). Currently very little is known about sports tourism (number of events, number of participants, visitor spend etc) and its potential benefits for the broader visitor and accommodation industry.
- Identifying which sports codes can deliver the highest economic benefit from spectator and participant visitation and quantify the benefit of building international standard facilities.
- Longer term activity – Develop a strategy for marketing Christchurch as a sports tourism destination.

Benefits:

- Bring new visitors to Christchurch who stay longer and spend more than the leisure traveller. Christchurch City Council research of events indicates an average spend of around $390 per person.
- Assist in determining the range of facilities to meet national and international event requirements as well as community needs.

6) Papawai Otakaro – Avon River Park

The development of the Avon River Park through the central city is an important 'enabler' for the recovery of the visitor sector in Christchurch, as it will provide an environment that supports the Garden City brand and will significantly enhance the visitor experience. Accommodation developers need to be certain that the CBD as a development location is not overwhelmed by the negative aspects (noise, dust and disruption) of demolition or construction activity.

Key project activities include:

- The main focus will be on lobbying for the business case and funding to implement the Avon River Park as an essential design aspect and feature of the central city layout.

Benefits:

- The completed development will be a significant and iconic promotional feature of the "new' Christchurch
- The Avon River Park will significantly enhance the visitor environment, encourage complementary hospitality and tourist activity developments and complement the "garden city" image of Christchurch.

1.7 Other Visitor Related Initiatives

In addition to the key projects detailed above there are a number of other visitor related projects that need to be undertaken.

1) Education Tourism

The international education sector was devastated by the earthquakes with approximately a third of students lost (4,000). While this market is small compared with the leisure market, it is valuable for a number of reasons.

- Students stay for much longer periods of time than other markets – anything from eight weeks to three or four years.
- The long length of stay increases student spending in Christchurch.
- The students undertake visitor activities.
- The students are a valuable marketing tool through 'Word of Mouth'

Key project activities include:

- Providing support for educational institutions marketing the city internationally.
- Representation on Study Christchurch which is an organisation set up by educational institutions to market Christchurch to international students.

2) Tourism Research Strategy

Making informed decisions is a critical component of planning for a successful visitor industry. There are, at the regional and local government level, many gaps in the information available on visitor perceptions, market characteristics, visitor spend etc.

Key project activities:

- Survey visitors to Christchurch on an annual basis to enhance information for decision making ($50,000).
- Initiate research to better understand the economic impact of the visitor industry ($50,000).
- Initiate research to evaluate the effectiveness of marketing campaigns (cost included as part of marketing project).

Benefits:

- Enhanced information to improve decision making
- More effective use of funds
- Enhanced visitor experience

Linkage with CERA Recovery Strategy

The earthquakes have severely damaged the Christchurch Visitor Industry and this requires a specific sector lead approach to recovery because of the very specific challenges that the visitor industry faces. It is essential, however, that the visitor industry and the investment required for the recovery fits with the overall Greater Christchurch Economic Strategy prepared by CERA for Government.

Issues that are common to the visitor industry and the economy generally include:

- Coordinated planning that supports economic growth
- Labour and accommodation supply
- Promotion of Christchurch as a place to live, work and play
- Development and implementation of the Central City Plan
- Investment for recovery and development
- Revitalising the education sector
- Insurance related concerns

1.8 Alignment with Government Tourism and Economic Development Policy

The Visitor Sector Recovery Plan contains a number of initiatives that are aligned with the Government's Tourism and Economic Development policies. These include:

- Partnership Solutions: A partnership arrangement between MED, Christchurch City Council and CIAL has assisted CCT to play a lead role in the recovery of tourism across Christchurch, Canterbury and the South Island and the development of this economic recovery plan.
- Government has underwritten an 18,000 seat temporary rugby and events stadium for Christchurch.
- This plan seeks to address the Government's goal of realising greater value from visitors through increased spend in sectors such as conventions and sports tourism.
- The broader tourism strategy for New Zealand focuses on achieving growth from developing and emerging markets and has a high degree of focus on developing new and economically sustainable air routes.
- The re-construction of the Christchurch Convention Centre will be an important asset in improve New Zealand's ability to attract a higher global share of business tourism.
- Improving tourism research to better understand market needs and the economic impact of tourism.

2 THE VISITOR SECTOR RECOVERY PLAN

2.1 Purpose

This section responds to three questions:

- How can the visitor sector best contribute to Christchurch's recovery?
- How will this plan link to the broader economic strategy for Greater Christchurch?
- Why is there a need to move with haste in developing and implementing the Visitor Sector Recovery Plan (VSRP)?

a) How can the visitor sector best contribute to Christchurch's recovery?

The visitor sector in Canterbury was a $2.3 billion business[1] in 2009 that had a major impact on not only the traditional areas of accommodation, food and beverage and attractions/activities, but also in retail, transport and tax (GST). The visitor sector is the third largest economic sector in Canterbury according to estimates prepared by CERA and has been substantially impaired by the 2011 earthquake events. This supports the need for a specific recovery plan.

The early re-opening of damaged visitor facilities and services and the timely rebuilding of lost businesses/public facilities will have a positive economic impact on Greater Christchurch and also provide confidence for future investment in the visitor industry and other sectors.

Visitor expenditure also helps underwrite the breadth of restaurants, activities, transport and attractions that make Christchurch a more desirable place to live, thus helping to retain population and improve moral.

b) How does this Plan link into the wider Recovery Planning?

The VSRP has been determined through extensive consultation with the visitor sector and the identification of tourism focused projects that were developed through the Central City Plan (CCP) process. The VSRP will be incorporated into the Greater Christchurch Economic Development Strategy that will be presented to government. The visitor related projects will need to be evaluated against other projects within the plan to obtain support and funding.

c) What if we don't rebuild or move too slowly?

The fact that the visitor sector is a $2.3 billion business which has a major impact on other sectors of the Christchurch economy, particularly retail and transport, is reason enough to plan for the re-instatement of facilities and services. The earthquakes have also provided the opportunity to enhance the visitor facilities and services, maximising the potential economic gain.

Failure to move in a timely manner will delay the recovery of Christchurch as travel operators, airlines and the visiting public stay away from not only Christchurch, but also the South Island and possibly New Zealand as well. The longer the recovery takes, the greater the negative economic impact on businesses and the community. It needs to be remembered that the Christchurch community is a major user of visitor facilities and services (attractions, bars and cafes, retail etc). Any prolonged delay in the recovery will lessen the attractiveness of Christchurch as a place to live and work and slow the overall recovery.

The final section of the VSRP introduces the six major priority projects that will drive the success of the visitor industry over the next 20 years with a specific focus on the first five years. In this document the terms Christchurch and Greater Christchurch are inter-changeable.

2.2 Plan Rationale

The rationale for the VSRP is built around four key areas:

a) A 20 year Timeframe
The rebuilding of destroyed visitor infrastructure and the development of new facilities will be a major component of the VSRP.

[1] http://www.med.govt.nz/sectors-industries/tourism/pdf-docs-library/tourism-research-and-data/other-research-and-reports/regional-forecasts/regional-rto-forecasts-pdfs/Canterbury%20RTO%20Forecast%20Report%202010-2016.pdf

New hotels, convention centre, visitor attractions and sporting facilities will require extensive planning and construction prior to opening. It is proposed that the VSRP will be prepared and implemented over three stages as detailed in Figure 3. The plan presented has a detailed focus on Stage 1 being the period in which we will focus on initial recovery and establishing the imperatives and priorities for building a "new" Christchurch.

Figure 3: Tourism Recovery Planning Framework

Stage 1 – Focus 2013 - 2017	**Stage 2 – Focus 2018 - 2025**	**Stage3 – Focus 2026 - 2032**
▪ Recovering immediate visitor losses ▪ Planning for New Christchurch ▪ Development and implementation of transition plan ▪ High priority projects completed by 2016	▪ Major rebuild construction (75%) completed ▪ Marketing of "New" Christchurch ▪ Delivering strong economic growth from the visitor sector	▪ Complete remaining rebuild projects ▪ Market Christchurch as Australasia's best visitor destination

b) Ensuring Our City's Viability (short term)

Just like any other business recovering from the impact of the earthquakes, the visitor sector needs to 'get back on its feet' as soon as possible. Failure to do so will lead to loss of market share, lack of investment in tourism and related infrastructure, loss of jobs and ultimately a poorer economy.

To retain our viability, the short term plan (up to five years) will:

- Deliver reinstatement of particularly hotel and backpacker accommodation.
- Emphasise communication of a functional city and province.
- Set specific goals with ideas/costs and identify potential providers and funders.
- Rebuild damaged visitor and related infrastructure in the city (hospitality, heritage, transport, public spaces).
- Create a viable (transitional) inner city hub for visitors with retail, restaurants and bars.
- Set a clear project path for the re-build of a Convention Centre
- Ensure that the Canterbury Museum Earthquake Exhibition is retained.

In addition there is an urgent need to ensure that Christchurch retains the accommodation and attractions that were undamaged by the earthquakes. Many of these businesses have already taken steps to:

- Modify operating hours.
- Cut back on staff.
- Reduce operating costs.
- Reduce capital costs.
- Place more focus on domestic tourism to retain revenue.

These businesses may require assistance to keep their organisations financially viable during the rebuild period. This could take the form of:

- Applying funding to retain well qualified and skilled staff
- Identifying markets that can be more easily stimulated while visitor numbers are in short supply.
- Enhancing the quality of products and services delivered.

c) Building Long Term Competitive Advantage

In the future Christchurch's competitive advantage will be built on:

- Restoring adequate accommodation capacity to enable the city to host visitors.
- An accommodation sector that meets the needs of all existing and potential markets and is appropriate for new market sectors (i.e. China, youth sector) as they are developed**.**
- Ensuring that the rebuilt Christchurch earns a "must see" reputation for all intending travellers to New Zealand.
- Ensuring that the new Christchurch offers a range of visitor experiences that are not duplicated in other New Zealand destinations.
- Developing convention and sports facilities that attract high value, longer staying markets to Christchurch.
- Restoring Trans Tasman air capacity to Christchurch that was reduced by 15% in 2011.
- Further enhancing direct air access through Christchurch International Airport with additional long haul connectivity to/from Asian markets and developing new direct flights to Australia.
- Effective research and promotion of visitor attractions in the Greater Christchurch and Canterbury region.

d) Creating New Opportunities

While the devastating earthquakes have forced the temporary and permanent closure of some visitor businesses in Christchurch, it has also provided the city with new opportunities to create new visitor infrastructure and attractions.

The long term goal of the visitor sector rebuild must be to have a range of visitor products and services that provide a better experience than was available prior to the earthquakes and are relevant to our future visitor markets. New opportunities need to be driven by their ability to enhance the performance of the Greater Christchurch visitor industry. To ensure this it requires the following:

- Developing ideas into concepts that are supported by future market needs.
- Preliminary high level evaluation of the opportunities.
- Decision to proceed or reject.
- Full feasibility for those opportunities that pass the preliminary evaluation.

Major areas for new opportunities include:

- Visitor attractions – people come to places to see and do things, iconic experiences have the capability to assist in the decision making to visit a destination, increase the length of stay and encourage repeat visits.
- Accommodation – without a range of accommodation to meet the needs of a broad based visitor market, a destination will miss out on some market segments.
- Events – have a strong pull for participants and spectators, have longer stay times and can encourage further visits in the future (e.g. Rugby World Cup). Events can also contribute to achieving a better seasonal balance and visitor demand.
- Conventions – encourage visits by people who may otherwise not have visited Christchurch. They can also encourage repeat visits and strong recommendation for others to visit. Convention delegates tend to stay longer in Christchurch and spend more than leisure travellers.

3 OVERVIEW OF THE VISITOR SECTOR PRIOR TO THE EARTHQUAKES

3.1 Background

Christchurch is one of the top five visitor destinations in New Zealand and is second only to Auckland in terms of visitor arrivals. The Christchurch International Airport is a key asset that provides a gateway for visitors to the South Island and enhances Christchurch's position as a visitor destination. Prior to September 2010 Christchurch Airport was the disembarkation point for 21% of all international arrivals to New Zealand. However, Christchurch handled 87% of all international arrivals coming directly to the South Island. It provides a direct domestic hub for 13 locations, 7 Australian and Asian locations and 8 international airlines operate out of Christchurch from an airport that operates 24 hours a day.

Through its 'Garden City' branding, a wide range of heritage buildings and the River Avon flowing through the city, Christchurch has a broad appeal to the traditional Christchurch markets of Australia, UK, USA and Japan.

Typical comments from visitor research when asked:

"What did you like most about Christchurch?" were:

> "The number of parks, the Botanic Gardens and beautiful gardens"
> "The Botanic Gardens, remarkable"
> "Historic feel of city, buildings and architecture"
> "A city where you can walk and vehicles don't rule"
> "Ease of getting around, the layout is very good, nice and open feeling of space"
> "Everything you want, had a ball wandering around"

Prior to May 2010 Christchurch had become the number one arrival gateway in New Zealand for Australian holiday travellers. Australia has for sometime been the primary source market for the Canterbury visitor industry with approximately 43% of all international visitors.

As we ended 2010/11 financial year, it was becoming increasingly evident that the deteriorating global economy was impacting on visitor outcomes for New Zealand. Travellers from the traditional western markets were finding that their own economic circumstances were making New Zealand holidays less affordable. Our closeness to Asia was indicating that Asian travellers will have an important role in the future of Christchurch both as a gateway and destination. With Christchurch having direct access, from Singapore and Tokyo there are opportunities to stimulate Asian tourism growth.

Table 1: Summary of Christchurch Visitor Sector Strengths and Weaknesses Pre-Earthquakes

Strengths	Weaknesses
▪ CIAL focused on developing new routes	▪ Central city retail in decline
▪ Convention Centre attracted high value domestic and international visitors	▪ Strength of Auckland as major gateway for international visitors
▪ City offered many day trip options both within and outside the city – TranzAlpine, Akaroa, Hanmer Springs, Kaikoura	▪ Short length of stay for international visitors (1.8 nights) in commercial accommodation
▪ Walkable city	▪ Limited high energy attractions for the youth market
▪ Garden City and heritage buildings had strong appeal to traditional markets	▪ Lacks a truly international quality attraction that brings visitors to the city

3.2 Key Statistics and Trends Prior to the Earthquakes

- Industry value $2.3 billion to Christchurch
- Over 13 million guest nights with approximately equal domestic and international visitors
- Over 500,000 international visitor arrivals through Christchurch International Airport
- Average length of stay in Canterbury was 3.2 nights for international and 2.4 for domestic

4 VISITOR SECTOR IMMEDIATE EARTHQUAKE RESPONSE

Like many other organisations, visitor businesses were displaced from their operational base and many were unable to access essential records and computer systems from damaged buildings. This slowed the ability to respond quickly to the new "imposed" business environment. Once the industry realised there was no quick fix from the devastating earthquakes, the industry through the leadership of Christchurch & Canterbury Tourism began the process of planning for the recovery.

The focus of immediate earthquake response initiated by Christchurch & Canterbury Tourism (CCT) has included:

- Assessing the total impact of the earthquakes on the visitor industry and Greater Christchurch community.
- Assessing the capability of the visitor industry to host visitors through measurement of operational accommodation and visitor attraction resources.
- Helping travel sellers and consumers to re-organise planned visitor trips by utilising accommodation in other locations – Ashburton, Methven, Kaikoura.
- Re-establishing a Christchurch Visitor Information Centre – firstly through an interim site in the Chateau on the Park and then in a new building placed in the Botanic Gardens.
- Delivering a message to the worldwide media that much of Christchurch was still functional and the South Island was still open for business.
- Working with other South Island RTOs to develop a marketing campaign for the Australian market that actively promoted the concept of the South Island offering some of the best road trips in the world. This major campaign partnered with Tourism New Zealand ran from October 2011 – January 2012.
- Providing assistance to business members and to aid recovery and better able to manage their businesses during the recovery period and for the future.
- Instigating industry workshops to understand specific sector issues and identify options for the recovery plan.
- Preparing a submission in response to the Draft Central City Plan based on visitor industry feedback.
- Developing a comprehensive facilitation plan to enable Akaroa to handle the bulk of the 80 cruise ships for summer 2011/12.
- Initiating a domestic marketing campaign to encourage VFR visits to Christchurch.
- Preparing a medium term strategic plan to guide CCT's activity priorities over the first three years of recovery.

Key themes and recommendations from the tourism industry workshop and the joint CCT and Tourism Industry Association submission to the draft Central City Plan are detailed.

a) Tourism Industry Workshop on Future of Christchurch - Emerging Themes

- Cement status of Christchurch as both a "gateway" and viable tourism destination.
- Provide a compact walkable city with linked precincts.
- Acknowledge the importance of the growing Asian markets.
- Re-establish the convention centre.
- Increased focus on business, sports and education tourism.
- Identify the "must see" hooks that will attract new and repeat visitors.
- Retain and increase hotel stock to meet existing and future demand.
- Ensure visitor safety is a prime requirement.

b) CCT and TIA Joint Submission on Draft Central City Plan – Key Recommendations

- **Economic Recovery**
  The draft Central City Plan should incorporate clear economic recovery goals. If the city is not quickly made appealing to the 900,000 international visitors that pass through Canterbury each year, the recovery of private sector investment in the rebuild; retail and hospitality sector and the central city will be substantially compromised.

- **Convention Centre**
  The stated objectives and plans for a Convention Centre rebuild are applauded, however, Council must consider expediting the timeframe with which rebuilding can commence, so that a Convention Centre opening date can be firmly established. A firm commissioning date is the required catalyst to new investment and rebuilding by the accommodation sector and re-establishment of related hospitality and retail businesses.

- **Commercial Accommodation**
  Christchurch urgently needs to reinstate its accommodation stock. The plan should include specific strategies, policy guidelines and a Council undertaking to give urgent consideration to rebuild and new build proposals for commercial accommodation in the CBD.

- **New Commercial Accommodation Build**
  To enable hotels to be economically sustainable the plan should specifically state the circumstances under which the Council would consider dispensations for commercial accommodation from the criteria stated in the draft plan, or alternatively the Council should modify the draft height and parking parameters stated for the central city area.

- **Transitional City**
  Council should beef up its **"Transitional City" plans to consider a designated "Visitor Zone" and zones of normality** that expand in a staged and orderly manner as inner city access increases to incorporate hotels re-opening in the short term. This would effectively lead to the creation of a transitional "heart of the city" area and help alleviate the current visitor loss to Christchurch.

- **Earthquake Visitor Centre**
  The urgent creation of an **interim Earthquake Centre** for both the community, school groups and visitors alike that will offer a central place to learn and understand the earthquake events, remember those lost and affected, and inspire with information, developing ideas and details about the rebuild programme.

- **Stand-out Iconic Building or Structure**
  The creation, of a major physical structure or building that can become a unique and standout visual trigger synonymous with a new Christchurch.

5 OVERVIEW OF THE CURRENT STATUS – POST EARTHQUAKES

5.1 Key Issues

The immediate impact of the September 2010 and more specifically the February 2011 earthquake was a devastating decline both in Christchurch and South Island tourism.

This was highlighted in a number of ways:

- The worldwide media coverage of the earthquakes immediately indicated that Christchurch was "off limits" as a visitor destination choice.
- Damage to buildings and the creation of the "Red Zone" resulted in an immediate 40-50% reduction in available beds, mostly in the CBD.
- 13 of 27 hotels and 15 of 31 backpackers remain operational
- Demand for commercial accommodation in Canterbury has reduced by over one million guest nights, a reduction of 33% for the year ending December 2011 in comparison with the previous year. Most of the decrease in Canterbury commercial guest nights has come from the international market (-73%) rather than the domestic market. Hotels (-782,000) and Backpackers (-278,000) accommodation categories have been the biggest losers. The economic loss for Christchurch is in the region of $235 million. Motel use improved by 111,000 guest nights over the same period. This indicates that some of the capacity is being taken up by the domestic business market involved in the recovery.
- Many attractions in the central city were closed and many remain closed at this time - Christchurch Art Gallery, Christchurch Tram, Christchurch Arts Centre, Science Alive, Christ Church Cathedral. The Arts Centre will be out of use for a number of years as will the Christ Church Cathedral which is substantially damaged and for which there is no current rebuild plan.
- The Rugby World Cup matches planned for Christchurch were cancelled and so eliminated a partial visitor recovery in 2011.
- The closure of the Christchurch Convention Centre and eight conference hotels reduced conference/convention capacity by more than 50%. To the year ending June 2010 the economic value of conferences in Christchurch had been around $100 million.
- The loss of visitors has also had a major impact on other business sectors such as retail and food and beverage which are major areas of expenditure for visitors.
- With the reduction in the visitor sector there is a major risk that international air capacity into Christchurch International Airport will be further eroded. Trans Tasman flight capacity has reduced by 15% since the February earthquake. Further cuts will limit availability and push up the cost of travel.

5.2 Visitor Infrastructure

The physical assets that enable the visitor industry to operate have been badly damaged in the city. The two sectors most impacted have been accommodation and attractions.

Accommodation

Accommodation in both the hotel and back packer sectors has suffered the largest capacity losses due to both building damage and concentration of properties in the closed out "red zone". Whilst re-instatement of lesser damaged hotels will return approximately 1,200 beds during the 2012-2014 period, this will still leave Christchurch with a 45% deficit of hotel beds relative to the February 2011 position.

Urgent new build projects are required especially considering that the City will need to have hotel capacity to service a new and larger Convention Centre that will require up to 1,000 extra beds from the pre 2011 position if it is to operate to its design capacity and attract conferences and meetings of up to 2,500 persons. Christchurch will also need additional hotel capacity to accommodate the business traffic associated with the overall rebuild of the city over the next 10 years.

In terms of accommodation Figures 4 and 5 illustrate how the accommodation sectors are now and potentially in 2012 and 2013.

Figure 4: Hotel and Backpacker Accommodation – Bed capacity

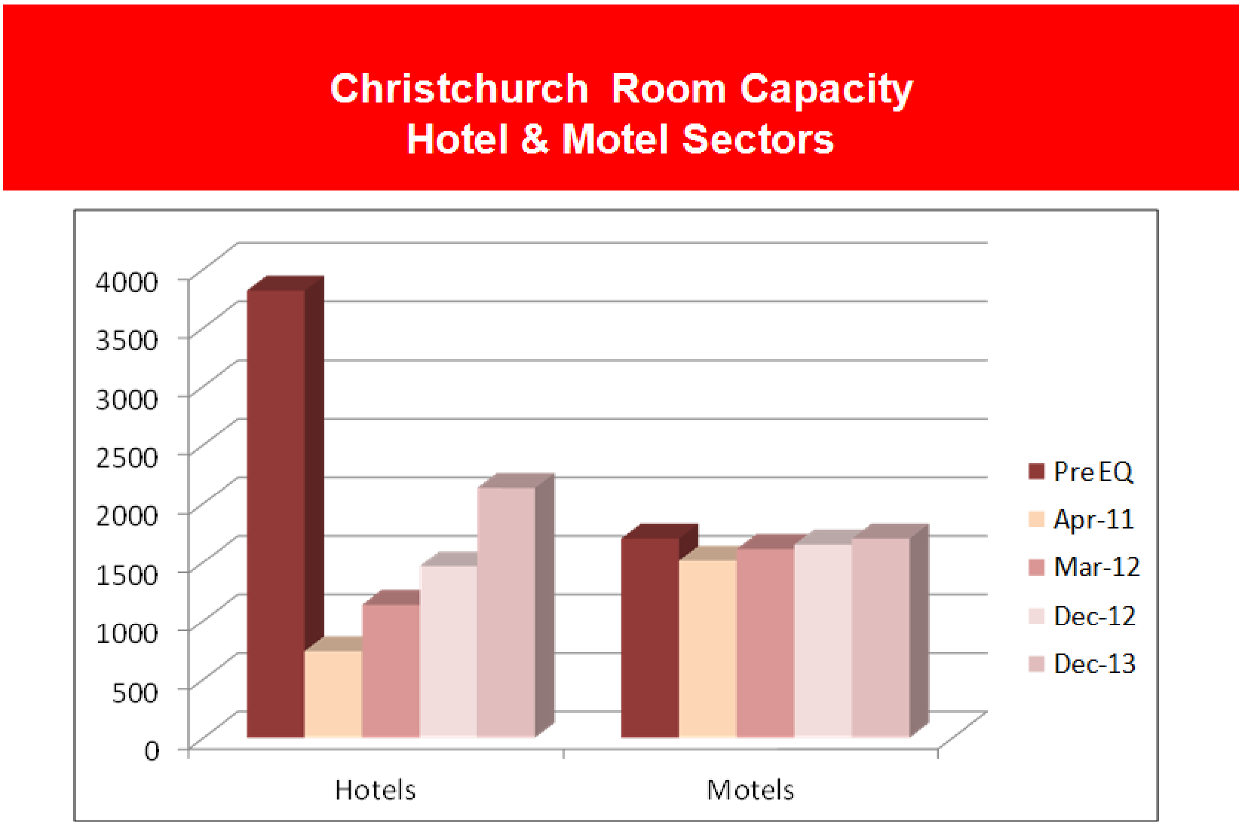
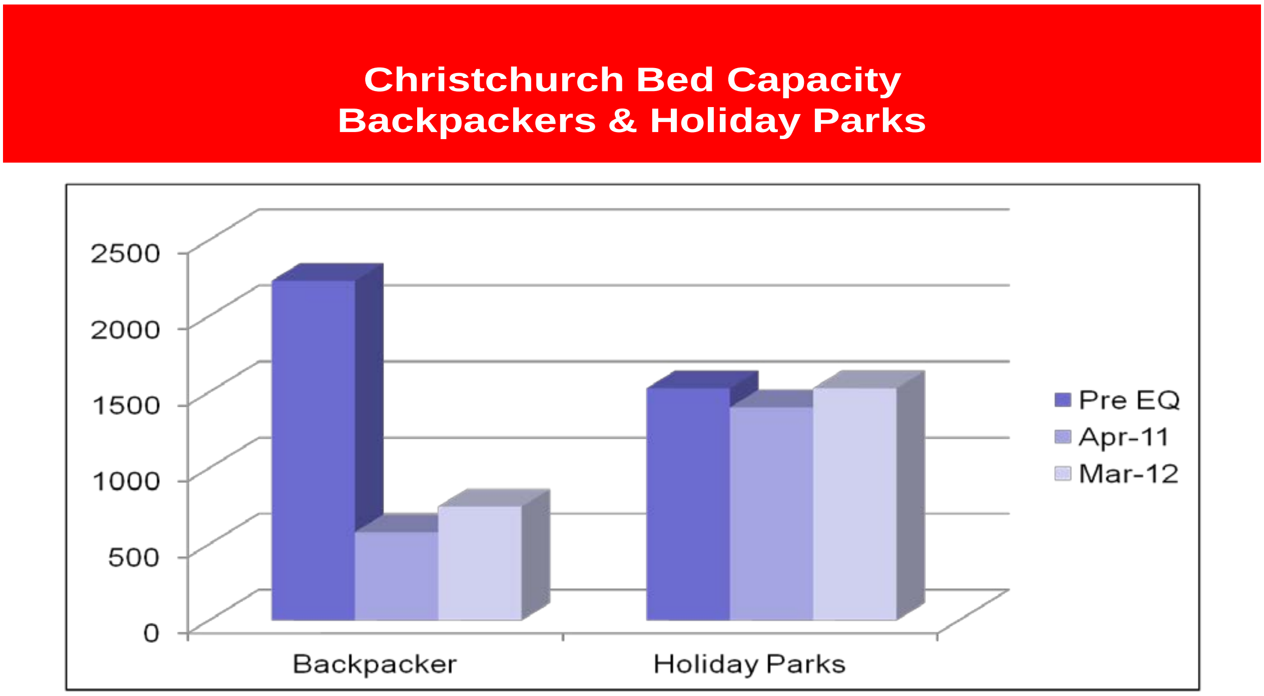


Figure 5: Motel and Holiday Park Accommodation – Bed Capacity



Attractions

The attractions sector, particularly in the central city has also been impacted by closures and potential demolition that will severely reduce the quality of the visitor experience. Table 2 shows the visitor appeal of the top 10 attractions from previous research and an update on their current and future situations following the earthquakes.

Table 2: Earthquake Impact on Visitor Attractions

Attraction	Visitor Engagement %	Current Situation	Future Situation
Cathedral Square	80%	Closed	Major demolitions to take place
Shopping	71%	Retail severely reduced	Dependent on Central City rebuild
Botanic Gardens	67%	Operational	New visitor centre
Arts Centre	66%	Closed	Unlikely to open for many years
Chch Cathedral	47%	Closed	Uncertain future on current site
Canterbury Museum	39%	Closed	Closed due to issues with earthquake code compliance
Christchurch Tram	30%	Closed	Dependent on opening of central city
Antarctic Centre	28%	Open	Open
Chch Gondola	24%	Closed	Unknown
Punting on Avon	17%	Operating	Operating
Orana Park		Operating	Operating
Air Force Museum		Operating	Operating
Willowbank		Operating	Operating
Chch Art Gallery(1)	-	Closed	Dependent on completion of repairs (2013)

(1) The Christchurch Art Gallery was not open at the time of the research

The current major constraints for the accommodation, hospitality and attractions sectors make it difficult to attract visitors to Christchurch, if the two major assets types are not restored at a convincing pace.

The risks are:

- Loss of recognition as a viable visitor destination will result in ongoing erosion of market share in visitors to our region.
- Without an increase in visitors, some accommodation providers, retailers and particularly attractions that are open may not be able to retain their financial viability.
- The closure of facilities either temporarily or permanently could lead to a loss of skilled staff, which when facilities re-open may cause problems for some operators.

5.3 Travel Planner and Visitor Perspective

While previous research identified the popularity of Christchurch attractions, recent industry consultation that included visitor feedback highlighted a number of potential issues in relation to attractions. These included:

- Concerns about seismic activity and the risk of being involved in a further major earthquake has resulted in a portion of travellers using Christchurch as an entry and exit point but not choosing to stay in the city or explore the city. This trend is further exacerbated by the perception that the inner city is so damages that there is 'nothing to do" in the city.
- The loss of accommodation, particularly hotels and backpackers has meant either a total loss of some visitor markets or a significant reduction in time spent in Christchurch. The impact of this is that there are fewer visits to local attractions. Feedback from inbound operators indicates that those visitors staying two nights in Christchurch do not spend all their time in the city, but also make day trips to Akaroa, Kaikoura for Whale Watch, Hanmer Springs, as well as taking the TranzAlpine to Arthur's Pass or the West Coast.
- Consultation also indicated that for the backpacker market "Christchurch was weak on things to do". Others mentioned that for New Zealand generally the country was "not cool" and countries such as Thailand which were offering alternative experiences were gaining in popularity at New Zealand's expense.
- The change in itineraries due to the lack of suitable accommodation may indicate that it will be difficult for Christchurch to regain markets that are currently utilising other destinations.
- The rebuild of the Christ Church Cathedral on its present site was seen as essential, as it was considered "the face of Christchurch" by visitors and was given a very high profile during the reporting of the earthquakes.
- A temporary "Earthquake Experience" attraction is an essential development in the short term as visitors that come to Christchurch have a high level of interest in the earthquake story (90% surveyed in Feb/Mar 2012 have a high degree of interest in the earthquakes and want to learn more about them).

- Christchurch lacks a major “hook” to attract and retain leisure visitors.

Other consistent messages from the consultation included:

- Asia is a major future opportunity for New Zealand and Canterbury with China poised to become New Zealand’s second largest visitor market within 3-4 years.
- The continued lack of hotel and backpacker accommodation in particular will be a major disincentive in attracting more visitors from new markets and ultimately make it more difficult for the Canterbury region to realise its full tourism potential.
- Continuing communication on the status of the rebuild will be critical in determining when travel planners are comfortable with aggressively marketing Christchurch.
- Identifying firm dates for the re-opening of the Christchurch Convention Centre and new hotels to support this facility is critical to giving Professional Conference Organisers and International Associations the confidence to book future events in Christchurch.

6 VISITOR SECTOR VISION/LONG TERM GOAL

6.1 Defining the Vision

"A vision is a guiding image of success"[2] It is a measure of what success looks like. This document not only needs to articulate our vision for the visitor sector, but also must fit with CERA's broader economic strategy, while taking account of particularly the Christchurch City Council's Central City Plan.

With regard to the Central City Plan five specific themes are proposed for Christchurch. While these are in the main focused on resident aspirations, they are equally relevant to the needs of visitors and their expectations of a modern city. At this stage it is difficult to be too detailed about the themes from a visitor perspective and it is probably more appropriate to indicate support for the themes as a proxy for future visitors. CCT seeks to emphasise the importance of the future city meeting and exceeding visitor needs as visitors to Christchurch have for many years been a significant portion of the inner city population with 950,000 plus visitors a year spending an average of 2 days in our city.

Green City
Christchurch has a strong Garden City identity with its parks, rivers, squares and trees. A "Green City" will enhance this unique natural heritage, bringing it together in a diverse park network and innovative green technologies to celebrate Christchurch as modern, resilient and green place to visit.

Distinctive
Christchurch's redeveloped Central City will be a strong, resilient city with a unique and innovative identity as the "pop up" nature of new facilities is already indicating. An opportunity now exists to create a distinctive identity for the Central City as it is rebuilt.

City Life
Christchurch's redeveloped Central City will offer diverse living choices in new communities and celebrate the city's rich cultural diversity with inviting public spaces and new facilities, attracting people to what will be one of the great little cities of the world.

Transport
Christchurch's new transport network for the Central City will offer the choice to walk, cycle, use public transport or to drive to and around the Central City. Better parking amenities for rental cars and motor homes near the inner city would "invite" more visitors to spend time there.

Market City
At the heart of every successful city is a strong, vibrant city centre which is a mix of retail businesses, professional services, tourism and hospitality, generating a range of activities to attract residents and visitors.

In terms of greater Christchurch, the more attractive the city is to visitors the longer they will stay and more likely they will be to take day trips to smaller centres (Akaroa, Kaikoura, Hanmer Springs) or specific activities such as the TranzAlpine. This trend would substantially lift visitor spending in our province.

Become a "Sticky" Destination
An essential goal for Christchurch is restoring its status as a "must visit" destination which is worthy of a multi night stay (become a "sticky" destination). Christchurch has a reputation both as a "gateway" to the South Island and as a city destination in its own right. While the "gateway" is critically important for the South Island visitor industry, for Christchurch to maximise the potential provided by the "gateway" it must attract visitors into the city and keep them here longer. It must offer more than just core tourism services (accommodation and hospitality) by having experiences that differentiate Christchurch from our competitors in New Zealand and internationally and have attractions that are sought after by visitors..

We need to build on our strengths, recognise what visitors cherish about Christchurch and develop new experiences that will provide competitive advantage because others will not have the attributes that the city has to build on.

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[2] Strategic Planning for Non Profit Organisations; Michael Allison and Jude Kaye, Wiley 1997

An Engaged Community
While tourism is a key driver of the Christchurch and Canterbury economy, it also delivers facilities and services for residents that make the city a more exciting and vibrant place to live and work.
An important part of the visitor experience is how well residents provide a welcome for visitors. The Rugby World Cup has shown how appreciative people are when we go out of our way to help visitors. This can have a lasting impact and create a visitor legacy for the future.

An important factor in residents acting as good hosts is their understanding of the importance of the visitor sector to the economy. We need to provide information for residents that highlight the importance of the visitor sector to the economy on a regular basis.

An Environmental Success Story
Sustainability, Clean and Green and 100% Pure have been catch phrases for New Zealand tourism for a number of years. Christchurch now has the opportunity to deliver on these promises in a way that is only possible because of the earthquakes. The Garden City and what that means to residents and visitors is the starting point from where we can deliver an environment that is "Clean and Green" in all facets of development and operation. The benefits for the visitor sector are obvious, but it will need the assistance of all those involved in the redevelopment to deliver the best and most attractive sustainable city in Australasia.

6.2 The Vision

a) Visitors and visitor markets recognise Christchurch as a innovative and stunning city built in a world class garden setting.
b) Christchurch provides a unique range of high quality experiences and attractions that earns it a reputation as a "sticky destination" rather than simply being the "Gateway to the South Island".
c) The visitor industry grows in terms of total visitor numbers, high value visitors and contributions to the economy.
d) That Christchurch recovers quickly so that it remains a relevant part of future visitor itineraries.
e) It creates sustainable employment opportunities and profitable businesses.

7 KEY STRATEGIES

This section identifies strategies that are not specifically market related which are described in the Appendices (separate report). Some of these strategies will have a higher priority (see Section 8) as they will have a greater impact economically, not only for the visitor sector, but also for the Greater Christchurch region. In addition they will require support from other agencies to achieve implementation and the opportunity for success. Those with a lower priority are still important elements of the CCT work plan. Each strategy is detailed according to the format below.

- Purpose of strategy
- Objectives
- Key tasks
- Milestones

7.1 Transitional Plan to Ensure Industry Viability

Purpose	The transitional plan will cover a period of up to five years. The target businesses are those that have both come through the earthquakes relatively undamaged and those that will re-open for business within the five year period.
Objectives	▪ Provide visitors with a tourism attraction that sensitively tells the earthquake story and communicates the central city rebuilding plans ▪ Communicate to the visitor markets that Christchurch and the South Island is open for business ▪ Maintain current funding levels from the Canterbury Tourism Partnership ▪ Ensure visitors have a viable range of tourism experiences by day and night ▪ Ensure financial viability is retained for key visitor businesses
Strategies	▪ Open a temporary i-SITE in the Botanic Gardens ▪ Provide initiatives such as workshops and other support mechanisms that assist business retention ▪ Work with other agencies to enable fast opening of accommodation facilities and attractions currently closed ▪ Develop and implement a plan to inform travel operators in origin markets of milestones achieved and restoration of visitor services ▪ Up weight Canterbury and South Island marketing initiatives ▪ Support the development of a temporary earthquake experience attraction in the central city ▪ Complete a long term Visitor Sector Recovery Plan
Milestones	▪ I-SITE open ▪ Business retention initiatives operational and evaluated for success ▪ Nine hotels re-open ▪ Four attractions re-open in the central city ▪ Increase in visitor arrivals as measured through CAM and arrivals at CIAL ▪ Marketing initiatives implemented and evaluated for success ▪ Temporary earthquake experience open ▪ Visitor Sector Recovery Plan implemented

7.2 Accommodation Strategy

Re-opening existing accommodation, particularly hotels/backpackers and developing new accommodation as demand increases to take the place of those demolished will be a key building block in the visitor recovery process. With the new convention centre targeted to open in 2016, new hotels in particular will be essential to service this market.

The strategy has been prepared in association with:

- Individual hotel operators and management companies
- Potential hotel developers/investors
- Horwath HTL – commissioned report

Purpose	Lack of hotels and backpacker accommodation is the most significant immediate issue for the recovery of the visitor sector in the city. There is a need to act urgently in terms of repairing existing and replacing demolished accommodation. Failure to take action will lead to a significant slowdown in the visitor recovery and potentially lead to the demise of other visitor businesses reliant on a vibrant accommodation sector for their livelihood.
Objectives	▪ To restore confidence with potential visitors and travel sellers that Christchurch can provide accommodation for intending visitors ▪ To determine the number, size and type of accommodation required during the strategy timeframe with a focus on the period 2012 – 2016 ▪ To implement "Fast Tracking" for new hotels/backpackers due to the lack of accommodation inventory
Strategies	▪ Determine the demand for the existing stock and how this may change over the period ▪ Determine the demand for replacement and growth over the period ▪ To develop incentives in conjunction with CERA and CCC that will encourage "Fast Tracking" for hotel/backpacker development ▪ Determine land requirements to meet demand and if necessary "ring fence" specific locations ▪ Identify regulatory issues that may constrain development ▪ Identify investment issues that constrain development ▪ Prepare a fact pack for intending investors/developers
Milestones	▪ Existing hotels/backpackers re-open ▪ New hotels/backpackers open in central city ▪ Christchurch has a better stock of hotels/backpackers than pre-earthquake ▪ Hotel/backpacker profitability improves

7.3 Visitor Attraction Strategy

In combination with the accommodation sector visitor attractions are a key component in attracting visitors to Christchurch. Having things "to see and do" are critical for a high quality visitor experience and a successful visitor destination. Attractions are critical to increasing the length of stay of visitors which can increase daily and trip expenditure through the purchase of retail products and food and beverage. Attractions also have a major role to play in bringing new and repeat visitors from the domestic market to Christchurch.

The strategy has been prepared in consultation with:

- Existing attraction operators
- Inbound tour operators

Purpose	Ensure that Christchurch has a collection of viable, popular and complementary attractions that maximise the investment of CCT and CTP in building leisure tourism. Failure to invest in attractions will slow down the tourism recovery and the economic benefits for the city will be diminished.
Objectives	▪ To have in place a better range and quality of attractions than pre-earthquake including a temporary earthquake experience
Strategies	▪ Review trends in attraction development ▪ Understand the characteristics of the Greater Christchurch attractions sector ▪ Evaluate what we currently have and identifying potential gaps ▪ Develop a specific brief for a new icon attraction ▪ Initiate an international competition ▪ Identify public and private sector funding opportunities
Milestones	▪ Evaluation completed ▪ Key initiatives identified ▪ Attraction development strategy prepared

7.4 Education Tourism Strategy

English Language Schools and tertiary Institutions were severely impacted by the February earthquake in particular. Normally Canterbury, of which Christchurch makes up the vast majority, has 15,000 international fee paying students. Currently there are around 12,500 students studying. This is a loss of 20% across all education categories.

Table 3 identifies the types of education institutions engaged in international education and the impact of the earthquakes on student numbers. Private training establishments that do not receive government support (non-SDR PTEs) have been impacted the most by the earthquakes, losing almost 31% of their students in 2011. Some of these establishments have stopped operating or have moved to other parts of New Zealand. Polytechnics and universities both lost 25% of their students in 2011.

Table 3: International Students Studying in Canterbury (1 January to 31 August)

Category	2009	2010	2011
Primary	642	659	385
Secondary	1,830	1,809	1,611
Polytechnics	1,371	1,568	1,160
Universities	2,963	2,751	2,044
SDR PTEs	637	801	972
Non-SDR PTEs	4,566	4,118	1,961
Total	12,009	11,706	8,133
Variance		-303	-3,573
Variance %		-2.5%	-30.5%

Source: Study Christchurch

While the number of international students studying in Canterbury is relatively low at 8,000 now and normally 12,000, the increased length of stay means that their economic value is relatively high in comparison with leisure travellers.

The strategy has been developed in consultation with:

- Christchurch Polytechnic Institute of Technology (CPIT)
- University of Canterbury
- Lincoln University
- Christchurch College of English Limited
- Study Christchurch

In addition research available from New Zealand Education, the Crown Agency responsible for International Education, has been utilised to resource data on student numbers and economic value.

Purpose	Target a small but potential growth market that could lead to increased visits to Greater Christchurch by students and friends and relations, as well as encouraging graduates to stay and work in New Zealand
Objectives	▪ To grow the number of international students in the language schools and tertiary education sectors
Strategies	▪ Support Study Christchurch in its plans to grow the education tourism market ▪ Support moves that increase the number of working visas and enable more students to take up part time work ▪ Advise visitor sector operators to engage with education providers in a more pro-active way to encourage use of local attractions and activities
Milestones	▪ Formal agreement signed for CCT and Education providers to cooperate on marketing Greater Christchurch ▪ Increased work visas ▪ CCT inputs to marketing programmes ▪ Increase in international students achieved

7.5 Other Key Areas (Retail, Food and Beverage, Entertainment)

The number of retail, restaurants and bars and entertainment facilities damaged by the earthquakes has been very significant, particularly in the central city. Many of these have or will be demolished leaving the city with a substantial shortage of both day and night time activities. The financial impact of this on the tourism industry is likely to be extensive.

While some services have moved to suburban centres, this does not assist the visitor industry which is firmly focused on a major presence in the central city. The New Zealand Tourism Satellite Account developed by Statistics New Zealand identifies that visitor spending on retail accounts for 20% of all visitor expenditure and food and beverage 12%. It is therefore essential strategies for these areas are designed to meet the needs of current and future visitor markets.

Purpose	As accommodation facilities re-open and new ones are built this will drive the development of more retail, food and beverage and entertainment facilities in the central city. It will be important to adopt an integrated approach to the location, style and experience provided by these services so that the visitor experience is of high quality. Failure to maximise the potential of these sectors will have a major economic impact on the visitor sector.
Objectives	▪ To support the provision of a wide range of amenities that are better and more diverse than those in place pre-earthquake
Strategies	▪ Work with the retail, hospitality and entertainment sectors and organisations to identify and resolve constraints to the development of new amenities that provide essential experiences for visitors to the city
Milestones	▪ Re-opening of existing businesses where possible ▪ New precincts planned and opened ▪ Visitor experience surveyed

7.6 Tourism Research Strategy

Making informed decisions is a critical component of planning for a successful visitor industry. Research to support the decisions is essential if projects are to have credibility with potential developers/investors and programme funders.

A recent report from the Ministry of Economic Development (MED) titled Tourism Data Domain Plan aims to "Achieve clarity and agreement from stakeholders about the main priorities for tourism statistics, and provide the strategy for addressing these priorities over the next five to eight years." It will be essential for CCT to work with the Tourism Strategy Group from MED to ensure that national/regional research and data meet the needs of all stakeholders from Government to businesses.

Purpose	A Greater Christchurch visitor research strategy will ensure data is collected, analysed and acted on that informs decision making for visitors and industry.
Objectives	▪ To work with MED, the local visitor industry to utilise data that delivers an enhanced visitor experience and grows a more profitable tourism industry.
Strategies	Visitors ▪ Survey visitors to Christchurch on an annual basis to monitor the quality of the visitor experience and address issues and opportunities identified Industry ▪ Implement research programmes that provide information for Christchurch on: – visitor arrivals by type and country of origin – a Commercial Accommodation Monitor (CAM) for Christchurch City – support continuation of the current research for conferences/conventions – review event research and develop a programme that complements the conference research – undertake research that specifically details the economic value of visitor sectors to the economy
Milestones	▪ Research programme developed and operational ▪ Research findings used to guide decision making ▪ Research enhances the economic benefit of tourism

8 PRIORITY PROJECTS AND IMPLEMENTATION STRATEGY

8.1 Introduction

The projects listed are identified as either "Recovery" or "Development". It is clear that most of the projects have a strong recovery focus. With so many facilities and services devastated by the earthquakes, the priority is to ensure that in the first instance the level of visitor infrastructure and amenities in 2010 is recovered. Development is the focus where the earthquakes have provided an opportunity for a new and/or more extensive facility. In some cases projects will be a combination of "Recovery" and "Development".

A second feature of some projects will be the impact of "No Intervention" and "Fast Tracking". The former is explained by allowing the market to determine the speed of the recovery, whereas the latter indicates a specific decision to bring forward the repair or rebuild of projects and the economic impact that the decision provides.

8.2 Conditions for Success

For the Visitor Sector Recovery Plan (VSRP) to be successful specific conditions need to be in place.

- The VSRP is recognised and approved as the document that details the projects, funding, timeframes and responsibilities for the future of the visitor industry in Greater Christchurch over the next 20 years.
- The regulatory and planning environment provides for development that meets the economic needs of business as well as the expectation of visitors.
- The regulatory and planning environment enables decision making that meets industry timeframes to ensure a 'fast' recovery for visitor related infrastructure.
- Land for major tourism developments is 'Ring Fenced' to ensure that it can be located in places that maximise their economic potential and visitor experience.
- Private and public sector funding is in place for projects when and where required.
- Christchurch and Canterbury Tourism receives a level of funding from Christchurch City Council that enables it to increase investment in re-marketing the city and deliver visitor growth above the levels forecast by 2017.
- Coordination of domestic and international marketing for all visitor related facilities (convention centre, accommodation, attractions, sports, cultural) and events through Christchurch and Canterbury Tourism

8.3 Visitor Industry Partners

The visitor industry comprises a series of sectors representing accommodation, attractions/activities, food and beverage, transport and retail. To operate effectively, however, it requires not only the sectors to work collaboratively but also public agencies, particularly local authorities, which have a major investment in the visitor sector through art galleries and museums, sports facilities, and funding of the Regional Tourism Organisation.

For VSRP the Partner agencies that will have a role in the implementation of the plan include:

- The New Zealand Government.
- Canterbury Earthquake Recovery Authority (CERA).
- Christchurch City Council.
- Waimakariri and Selwyn District Councils.

Christchurch and Canterbury Tourism, as the lead agency for tourism in the region, has the role of integrating the activities of the individual organisations to ensure that the visitor sector benefits.

8.4 High Priority Projects

This section details the high priority projects for VSRP based on the following criteria:

- Essential to "kick starting" the visitor sector recovery.
- Provides essential visitor related infrastructure.
- Impacts on the development of supporting facilities and services.
- Requires external funding support.
- Targets key markets that will drive visitation.
- Major economic driver for Greater Christchurch.
- Acknowledges that in the "no Intervention" scenario where recovery is primarily up to the private sector to lead Christchurch is likely to only reinstate 55% of the pre earthquake hotel capacity and take up to five more years to achieve this level.

<table>
<tr><th><u>Project One:</u></th><th colspan="4">“Pop Up” Transitional City
Recovery Focus</th></tr>
<tr><td>Issue Project Addresses</td><td colspan="4">1. The lack of quality visitor experiences for potential visitors through the closure of the city’s most popular attractions – Cathedral Square, Christ Church Cathedral, the Arts Centre, Christchurch Tram, Science Alive.
2. Improve the availability of retail for potential visitors.
3. Provide information on what is available for visitors that do visit the city.</td></tr>
<tr><td>Primary Goals</td><td colspan="4">Create a central city hub that attracts visitors back into the city through high quality visitor experiences
1. Develop a Temporary (2-5 years) Earthquake City Visitor Attraction.
2. Develop a Dining Precinct that complements and adds value to the Restart mall.
3. Re-opening of central city attractions.
4. Re-opening of central city hotel and backpacker accommodation.
5. Better understand current and future visitor needs.</td></tr>
<tr><td>Key Tasks</td><td colspan="4">1. Support the transfer of the “Earthquake City” exhibition into a purpose built facility in the inner city. The temporary earthquake experience that will incorporate three key components - the story of the earthquake, an audiovisual of the earthquake and how it impacted on the city and an exhibition of how Christchurch will meet the challenges facing it in the future.
2. Work with other agencies to resolve any issues associated with the development of a temporary Dining Precinct until long term building provides this.
3. Fast track hotel/backpacker re-opening by removing impediments and providing effective incentives.
4. Appoint Tourism Ambassadors for the central city to provide visitor information.
5. Actively encourage international travellers, and especially Australians, to visit the central city through an ongoing marketing campaign.
6. Plan, implement and evaluate a market research programme of visitor perceptions.</td></tr>
<tr><td>Timeframe</td><td colspan="4">Timeframes for individual projects prepared over the next three months (February to April 2012)</td></tr>
<tr><td rowspan="6">Project, Funding Costs and Sources</td><td>Activity</td><td>CAPEX</td><td>OPEX</td><td>Recommended Funding Responsibility</td></tr>
<tr><td>1. Rental Subsidy for Temporary Earthquake City Exhibition (Canterbury Museum) to be placed in Restart Mall.</td><td></td><td>$240,000 over three years (@$80,000 per year)</td><td>CERA or MED</td></tr>
<tr><td>2. Development of Dining Precinct</td><td>$2 million (initial CAPEX)</td><td></td><td>CCC/CERA with commercial support from operator leases</td></tr>
<tr><td>3. Tourism Ambassadors</td><td></td><td>Staff $55,000</td><td>CCC/CCT</td></tr>
<tr><td>4. Marketing Restart City</td><td></td><td>Media creative - $100,000 per annum
Media spend:
– Australia up to $500,000 pa
– Online (global) $300,000 pa</td><td>CCC/CCT/CTP</td></tr>
<tr><td></td><td>Total $2 million</td><td>Total $1,035,000 pa</td><td></td></tr>
</table>

Key Benefits	• Speed up rate of recovery • Enhance satisfaction with Christchurch visitor experience • Dining Precinct will encourage people into the central city at night • Opening up accommodation will encourage increased visitor numbers to the city • Completed Earthquake Centre will meet tourism industry requirements and provide a reason for visitors to come to Christchurch • Keep travel sellers informed of progress in the rebuild
Key Risks	1. Key projects not supported and/or funded 2. Delays in implementing the temporary earthquake experience 3. Delays in planning and resource consents reduces ability to attract travel sellers to bring back Christchurch itineraries 4. Delays in planning and resource consents reduces ability to attract visitors back into the city centre
KPIs	• Canterbury Museum's Temporary Earthquake Experience open • Dining Precinct open • Tourism Ambassadors operational • Marketing strategy funded and implemented
Dependencies	• Canterbury Museum provide "Earthquake City" Exhibition
Enablers	• Hospitality industry take up restaurant and bar leases in Dining Precinct

<table>
<tr><th><u>Project Two:</u></th><th colspan="4">Re-instatement of Hotel and Backpacker Accommodation Capacity
Recovery Focus</th></tr>
<tr><td>Issue Project Addresses</td><td colspan="4">1. Loss of international and domestic visitors due to severe shortage of hotel accommodation (re-routing of group tours away from Christchurch)
2. Backpacker tour bus operators' overnight tours away from Christchurch
3. Loss of confidence in selling Christchurch by international travel sellers due to ongoing difficulties with booking accommodation</td></tr>
<tr><td>Primary Goals</td><td colspan="4">Restoring adequate levels of hotel and backpacker accommodation capacity (2010 levels by 2017) through:
1. Fast-tracking access and repairs to existing accommodation; and
2. Creating incentives and enablers for fast-tracking new build hotels and backpacker projects</td></tr>
<tr><td>Incentive Methodology</td><td colspan="4">1. Confirmation of location and specification for the new Convention Centre
2. Subsidised building consent fees
3. Specialist "fast track" approval process for key hotel and backpacker projects (new build and major rebuild/re-fit)
4. Offer an "early opening" interest free loan for up five years on key projects. Incentive loans to be capped at $5 million or 20% of total project cost, whichever is lower.</td></tr>
<tr><td>Key Tasks</td><td colspan="4">a. Re-instatement
i. Clarify existing property repair and re-instatement plans and have a specialist team within CERA work on "fast-tracking" opening dates of repairable properties.
b. New Builds
i. Measure the direct impact of the prevailing accommodation capacity shortage on visitor arrivals and visitor spend in Christchurch
ii. Identify land areas in Christchurch suitably zoned and available to property investors for hotel and backpacker development. Develop investor information packs on key sites and possible projects.
Develop an incentive framework and proposal to be offered to the first six new build or substantial re-build projects to be signed up. Confirm funding source for incentive elements.</td></tr>
<tr><td>Timeframe</td><td colspan="4">• Commence immediately
• Key activity tasks required in 2012-2013 period
• Incentive framework of proposal to be completed by 30 June 2012.</td></tr>
<tr><td rowspan="5">Project, Funding Costs and Sources</td><td>Activity</td><td>OPEX</td><td>LOAN FUNDING</td><td>Recommended Funding Responsibility</td></tr>
<tr><td>1. Develop Investor Information Packs & "Fast Track" Incentive Framework</td><td>$20 - $30,000</td><td>Up to $25 million max of six projects over five years</td><td>CERA or MED</td></tr>
<tr><td>2. Development Loans for "Fast Track" Hotel Developments</td><td></td><td>Up to $7 million max of six projects over five years</td><td>CERA or MED</td></tr>
<tr><td>3. Development Loans for "Fast Track Backpacker Developments</td><td></td><td>(Funding would be progressively required in the form of interest free loans for complying projects over the period 2013-2017)</td><td>CERA or MED</td></tr>
<tr><td></td><td>Total $20 - $30,000</td><td>Total $32,000,000</td><td></td></tr>
</table>

Key Benefits	• Significantly speed up leisure tourism recovery. • Note: a) International guest nights in Canterbury are 37% down for the period year ending December 2011 compared with same period in 2010. b) A 175 room hotel in Christchurch at 80% occupancy rate and $300 daily visitor expenditure would generate an increased annual visitor spend impact of more than $11.5 million per year in Christchurch City and create jobs for at least 80 FTEs. c) A 150 room backpacker in Christchurch at 60% occupancy and $150 daily visitor expenditure would generate an increased annual visitor spend impact of more than $7.4 million per year and create jobs for at least 8-10 FTEs. • Restore the reputation of Christchurch as a viable tourism destination. • Be an instrumental tourism infrastructure foundation for the rebuild of a Convention Centre.
Key Risks	1. Planning and resource consent impediments slow the recovery with demand outstripping supply 2. Convention Centre location not determined to enable 2016/17 opening 3. Financial incentives for capital and operational requirements insufficient to attract developers
KPIs	• Achieve the fast-track re-instatement/new build of up to six hotels (175 rooms) by 2016 (extra 1,050 rooms). (Note : this would bring Christchurch hotel capacity up to 70% of pre earthquake levels) • Realise commencement of "new build" projects on at least three new 150-250 room hotels in the 2012-2013 timeframe to be operational in 2014-2015 period (+525 beds) to prevent long term collapse of international leisure tourism demand for Christchurch. • Realise commencement of new builds of at least three new backpacker hostels of 120+ bed capacity in the 2012-2013 timeframe (+360 beds) and three more in the 2014-2015 timeframe.
Dependencies	• Willing investors attracted through incentives programme
Enablers	• Construction of new Convention Centre

Economic Rationale

Short Term – Fast Tracking Accommodation Impact

Accommodation Type	Number of Rooms per Hotel/ Backpacker	Occupancy (Average per year) post earthquake	Incremental Component (%)	Length of Stay (Nights)	Incremental Visitor Expenditure in Christchurch Based on Spend Per Day (based on each rebuild or new build)		
Hotel	175	80% (51,100 rooms)	50% (25,550)	1.5	$7.7m ($200/day)	$9.0m ($235/day)	$11.5m ($300/day)
Backpacker	150	60% (32,850 rooms)	100% (32,850)	1.5	$4.9m ($100/day)	$6.2m ($125/day)	$7.4m ($150/day)

<table>
<tr><td><u>Project Three:</u></td><td colspan="4">Building a New Christchurch Convention Centre
Recovery Focus (rebuild Convention Centre) & Development Focus (extend size to better meet market requirements)</td></tr>
<tr><td>Issue Project Addresses</td><td colspan="4">1. The existing 1,500 person capacity Convention Centre was severely damaged and has been demolished
2. Christchurch has already identified the need to have a 2,500 person capacity Convention Centre to:
a) Broaden the range of conference and associated meetings and exhibitions it can bid for; and
b) Provide for a facility that can host more than one event at the same time.</td></tr>
<tr><td>Primary Goals</td><td colspan="4">Develop a new convention centre by 2016 that:
1. Accommodates 2,000-3,000 person events
2. Hosts multiple events running at the same time (i.e. 2 x 1,500 person events)
3. Provides exhibition spaces (3,000 – 4,000 sq metres) and extensive dock loading facilities to compete for major NZ trade shows
4. Includes a 4-6 meeting room ratio per 1,000 person of meeting space and establishes a 1:1 ratio of meeting to convention space
5. Is of iconic design and outlook</td></tr>
<tr><td>Key Tasks</td><td colspan="4">1. Appoint a multi-skilled project team to complete a Master Plan to determine the best future market opportunities for Christchurch and inform the scale and primary purpose of the facility
2. Complete an economic feasibility study to test the viability of the proposal and inform the primary funders of the project (i.e. CCC and New Zealand Government)
3. Appoint a design team, design contractors & quantity surveyors.
4. Complete site selection and funding requirements
5. Obtain funding approval
6. Obtain planning consents, appoint project manager and complete construction and commissioning timeline
7. Re-commence sales and marketing functions</td></tr>
<tr><td>Time Frame</td><td colspan="4">To be determined after further consultation with CCC and CERA. Target completion date 2016.</td></tr>
<tr><td rowspan="4">Project, Funding Costs and Sources</td><td>Activity</td><td>CAPEX</td><td>OPEX</td><td>Recommended Funding Responsibility</td></tr>
<tr><td>1. Planning, Design and Build of New Convention Centre in Central Christchurch</td><td>$220 million</td><td></td><td>CERA or MED</td></tr>
<tr><td>2. Domestic & International Sales & Marketing of Conference/ Convention/ Exhibition capability</td><td></td><td>$500,000 pa</td><td>CCC/Vbase/CCT</td></tr>
<tr><td></td><td>Total $220 million</td><td>Total $500,000 pa</td><td></td></tr>
<tr><td>Key Benefits</td><td colspan="4">• Will attract 60 conference/convention/association meetings or trade show events on average per year during the first three years of operation and between 77 and 115 events thereafter.
• Total incremental visitors brought into the city is estimated between 49,000 and 72,000 per year
• Economic benefit of 77 to 115 major events is estimated in the range of $95 million to $140 million per annum in terms of incremental visitor expenditure
• Substantially improving the investment appetite of hotel investors to commence new build hotel projects in Christchurch.</td></tr>
</table>

Key Risks	1. Establishing the location for the new Convention Centre is delayed, thus constraining other investment decisions 2. The best location is not achieved 3. Lack of funding impacts on size and capability of the facility 4. Lack of sufficient funds to mount effective marketing campaigns results in slow sales development after start-up
KPIs	• Project team in place • Design and size agreed • Location determined • Funding approved • Construction commenced • Construction completed and centre open by 2016
Dependencies	• Capital and fit out funding available
Enablers	• Hotels and other accommodation to meet delegate needs; marketing funds available

Quantitative Scenario for New Christchurch Convention Centre

Core Assumptions :

Close proximity to CBD and Central City Hotels
Multiple convention spaces for multiple events
Single event capacity up to 3,000 persons (seated dinners)
Greater than 3,000 sq metres of exhibition space
High ratio of meeting rooms to conference space

Annual Event Forecast	**Events**			**Avg Size**	**Total Attendees**			**Economic Value (Visitor Spend)**		
	Low	**Medium**	**High**		**Low**	**Medium**	**High**	**Low**	**Medium**	**High**
Small Conferences (up to 300 attendees)	28	33	39	206	5,665	6,798	7,931	10,293305	12,351,966	14,410,627
Small Conferences (301 - 800 attendees)	24	32	40	488	11,712	15,616	19,520	25,953,792	34,605,056	43,256,320
Large Conferences (801 - 2,000+ attendees)	8	9	11	1,297	9,728	11,673	13,619	21,556,140	25,867,368	30,178,596
Trade & Consumer Shows	18	21	25	1,250	21,875	26,250	30,625	37,187,500	44,625,000	52,062,500
Totals	**77**	**95**	**115**		**48,980**	**60,337**	**71,695**	**$94,990,737**	**$117,449,390**	**$139,908,043**

Economic Value is assessed as

Domestic Conferences - NZD 1,418 per attendee *Source Covec Survey*
International Conferences - NZD 4,078 per attendee *Source Covec Survey*
Trade & Consumer Shows - $1,700 per delegate
Ave Spend per Conf Delegate based on 75% domestic/25% intl split - $2,083

<table>
<tr><td><u>Project Four:</u></td><td colspan="3">Air Service Development
Recovery Focus (existing routes) & Development Opportunities (new routes)</td></tr>
<tr><td>Issue Project Addresses</td><td colspan="3">1. The 15% loss of Trans Tasman seat capacity and flights into Christchurch since February 2011
2. Christchurch has considerable opportunities to develop more direct flight air linkages from Asia which will enable more visitors to enter the South Island directly
3. New air services will speed up the rate of tourism recovery</td></tr>
<tr><td>Primary Goals</td><td colspan="3">1. Short-Medium Term
a) Gradually restore Trans Tasman services to 4,800 flights and 905,000 seats per year.
(Note: the rate of capacity restoration will need to be linked to the re-opening of hotels and development of new hotel capacity).
b) Retain Narita – Christchurch direct Air New Zealand service (three per week for November - March
c) Secure an airline partner to operate the Adelaide – Christchurch route with connecting services to/from Perth.
d) Develop a new non-stop service from China to Christchurch for commencement by November 2014 to support the long term market growth strategies for Christchurch and the South Island.
2. Long Term Goals
a) Develop a direct air link between Christchurch and Hong Kong.
b) Re-establish regular scheduled services between North America and Christchurch.</td></tr>
<tr><td>Key Tasks</td><td colspan="3">1. Develop a marketing start-up package with an airline partner to support new China - CHC service and initially operate four days per week (NZD1.5-2.0 million considered as the minimum investment level to gain serious interest from an international airline)
2. Target Air NZ or China Southern Airline (CZ). China Southern is the designated Chinese Government option for new air services to New Zealand. China Southern offers 400+ daily domestic flight connections from all points in China to Guangzhou
3. Work alongside NZMOT to ensure successful negotiation of new Air Service Agreement that will enable China – NZ capacity to increase above 14 services per week</td></tr>
<tr><td>Time Frame</td><td colspan="3">• Restoration of Trans Tasman schedules: 5% increments added in each year of 2013, 2014 and 2016.
• Initiation of both Perth – Christchurch and Adelaide to Christchurch route: 2013 or 2014.
• Initiation of China (Beijing, Shanghai, Guangzhou) to Christchurch Service: 2014.
• Development of HKG – CHC direct air service: 2014 to 2015.
• Re-establishing direct air connection from USA: from 2014 or 2015.</td></tr>
<tr><td>Project, Funding Costs and Responsibility</td><td>Activity
Marketing investment for each new route:
Perth – Christchurch Service (2013)
Adelaide – Christchurch (2014)
China (Airport TBA) – Christchurch (2014)
Hong Kong – Christchurch (2015)
Indicative Cost</td><td>OPEX

$500,000 in first year
$500,000 in first year
Up to $2,000,000 in total over 2 years
Up to $2,000,000 in total over 2 years
Total $5,000,000</td><td>Recommended Funding Responsibility

CIAL principal funder
CIAL principal funder/CTP secondary funder
CIAL & TNZ
CIAL & TNZ</td></tr>
</table>

Benefits	• Restoring the pre earthquake holiday visitor flows from our largest market Australia. (Note: the holiday market from Australia is down 30% in 2011). • A new Adelaide – Christchurch service is expected to boost South Australian arrivals by 16,000 per year based on a four day per week service. • Development of direct air connections from China and Hong Kong will enable Christchurch and the South Island to receive a higher share of the inbound market from China, other North Asia and European markets
Key Risks	1. In the short term the shortage of commercial accommodation availability in Christchurch will place a physical constraint on air service growth opportunities because new demand will struggle to be accommodated in the Christchurch gateway at peak times of year. 2. Failure to pursue new air service developments will compromise the development of the South Island as an iconic tourism area.
KPI's	• Restoration of capacity and new start-ups as per "Primary Goals" section.
Dependencies	• Christchurch accommodation – reinstatement provides for a minimum of 2,800 hotel beds by Year End December 2014
Enablers	• Tourism New Zealand supports CIAL marketing proposals for new routes with JV marketing funds

Air Service Development Impact Examples

Example A – Restoring Trans Tasman Services to 4,800 flights and 905,000 seats per year
Current schedules are operating at 4,100 flights and 763,000 seats per year

Background
Visiting Friends and Relatives traffic remains strong (within 2% of the previous year level).
Inbound holiday traffic from all Australian Ports to CHC remains weak (down 36% or 65,000 pax over the past year).

Strategies to achieve capacity improvement goal
1. Canterbury Tourism Partnership continues to run major spring and summer marketing campaigns to recover holiday traffic demand
2. CCT and Mt Hutt Marketing Group continue to run substantial ski season campaigns to boost winter arrivals
3. Rapid accommodation re-instatement in Christchurch is essential to enable high season growth to be achieved
4. CCT successfully develops a new Christchurch City communications strategy in Australia that highlights the safety of the city, the localised nature of aftershock activity and the unique and interesting aspects of the "Restart Mall"

Example B – Secure a new direct non-stop air service from China to Christchurch
(originating in Guangzhou or Shanghai)

Background
- Air New Zealand currently operates daily services from Shanghai to Auckland.
- China Southern Airlines (CZ) has recently commenced daily operation from Guangzhou to Auckland.
- Inbound arrivals to New Zealand grew 17.5% in YE November 2011 and now equate to 141,289 visitors (#4 inbound market to New Zealand).
- The South Island has started to be more commonly featured in New Zealand group itineraries.
- Independent travel demand is growing with FIT visa category increasing from 15% to 28% of all visas issues in the past 12 months.
- Tourism New Zealand is expected to continue making a significant investment in consumer promotion in key Chinese cities.
- Tourism New Zealand is leading its advertising creative in China with South Island leisure images.

Strategies to achieve new China-Christchurch Air Service Goal

1. Develop a marketing start-up package with an airline partner to support new China - CHC service and initially operate 4 days per week (NZD1.5-2.0 million considered as the minimum investment level to gain serious interest from an international airline)
2. Target Air NZ or China Southern Airline (CZ). China Southern is the designated Chinese Government option for new air services to New Zealand. China Southern offers 400+ daily domestic flight connections from all points in China to Guangzhou
3. Work alongside NZMOT to ensure successful negotiation of new Air Service Agreement that would allow for China – NZ capacity to increase above 14 services per week

Quantitative Goals			**Flight Loadings based on 4 flights per week (Guangzhou-CHC)**			
			1,200 seats ***(@ 75% seat factor)***		***Pax per week***	***Pax per year***
Current Arrivals from China to NZ		141,000	NZ Origin Traffic	25%	225	11,700
Estimated % into South Island	22%	31,020	China Origin Traffic	70%	630	32,760
Arrivals into CHC	(70% of SI)	21,714	Other Origin Traffic	5%	45	2,340
			Total One way Traffic		**900**	**46,800**

Anticipate that direct service will stimulate CHC arrivals by at least 50%		**Percentage of international**			**ROI on Marketing Costs of $2million per year**
(note: Air Asia X service stimulated CHC arrivals by		**Traffic incremental to CHC**	70%	24,570	
450%; however pricing a key influence in Air Asia case)		**Value of Visitor Spend in SI**	65% of NZ spend	$54,539,258*	27 to 1
		Value of Visitor Spend in CHC	20% of NZ spend	$16,781,310*	8 to 1
		*** based on IVS visitor spend data**	**$3,415 per trip**		

<table>
<tr><th><u>Project Five:</u></th><th colspan="3">Sports Tourism
Recovery Focus (re-instatement of lost facilities/events) & Development Potential (sports tourism events)</th></tr>
<tr><td>Issue Project Addresses</td><td colspan="3">1. Re-instatement of sports and recreation facilities lost during the earthquake
2. Attract larger number of sports events to benefit tourism
3. Opportunity for a more coordinated marketing approach in bidding for and obtaining national and international sports events</td></tr>
<tr><td>Key Goals</td><td colspan="3">1. Develop sports and recreation facilities that support sports tourism
2. Focus on national and international events that increase visitor numbers to Christchurch
3. Develop and attract annual/regular events (Christchurch Marathon, National Road Cycling, Wellington Sevens Tournament)</td></tr>
<tr><td>Key Tasks</td><td colspan="3">1. Consult with CCC sports and recreation services
2. Research and prepare a Christchurch Sports Tourism Strategy
3. Determine the sports events that could be held with the existing (operational) facilities
4. Identify international events that could be accommodated if Christchurch had the appropriate facilities and support services
5. Target the types of events that provide the greatest economic benefit to the city
6. Determine the range of sports facilities required to maximise the city’s potential for sports tourism
7. Market Christchurch as a sports tourism destination</td></tr>
<tr><td>Timeframe</td><td colspan="3">• Research sports tourism potential during 2012 calendar year
• Prepare sports tourism strategy in late 2012</td></tr>
<tr><td rowspan="4">Project, Funding Cost and Responsibility</td><td>Activity</td><td>OPEX</td><td>Recommended Funding Responsibility</td></tr>
<tr><td>1. Research and prepare a sports tourism strategy</td><td>$60,000</td><td>CCC principal funder</td></tr>
<tr><td>2. Develop a strategy for marketing Christchurch as a sport tourism destination</td><td>TBA</td><td>CCC and CCT</td></tr>
<tr><td></td><td>Total $60,000</td><td></td></tr>
<tr><td>Benefit</td><td colspan="3">• Sports tourism creates another reason for visitors to come to Christchurch
• The Metro Sports facility if developed with a sport tourism focus will attract major events to Christchurch
• The Christchurch community has access to international standard sport and recreation facilities
• Sports events create significant economic impact for the city
• Major sports facilities like convention facilities encourage complementary developments (hotels, restaurants, retail etc)</td></tr>
<tr><td>Key Risks</td><td colspan="3">1. Insufficient market research to determine the key range of facilities to maximise the benefits of sports tourism
2. Key event related facilities are delayed or not supported
3. Insufficient focus at the design stage to ensure event facilities meet national and international standards</td></tr>
</table>

KPIs	• Research project completed • Sport tourism strategy completed • Marketing programme in place • Number of events won • Economic impact from sports events
Dependencies	• Appropriate facilities with national and international event specifications
Enablers	• Number and range of accommodation types to meet demand

Review of 16 Christchurch Sports Events

	All Attendees (Economic Activity)					**Event Motivated Visitors (Economic Impact)**			
	Total Attendances/ Participants	Attendances by Non Locals	Total Direct Expenditure Impact	Expenditure Yield Per Person	Employment Generated (FTE)	Individuals (Event Motivated	Economic Impact on Christchurch	% of Economic Expenditure Contributing to EI	Bed Nights
Total	92,238	30,059	$37,894,481	n/a	423	24,125	$30,638,905	n/a	78,033
Range	500 - 30,456	198 - 7,260	$104,652 - $2.3M	$105 - $2,331	1 - 102	198 - 5,486	$65,900 - $8.9m	43% - 98.6%	86 - 24,133
Average	5,765	1,879	$2,368,405	$622	26	1,508	$1,914,932	73%	4,877
Median	2,910	942	$1,388,790	$606	15	850	$1,271,988	73%	2,023

Source: Christchurch City Council

<table>
<tr><th><u>Project Six:</u></th><th colspan="3">Papawai Otakaro – Avon River Park
Development Focus</th></tr>
<tr><td>Issue Project Addresses</td><td colspan="3">1. Enhances the attractiveness of Christchurch as the Garden City
2. Provide an attractive environment for visitors to enjoy
3. Potentially encourage visitors to stay longer in the central city</td></tr>
<tr><td>Key Goals</td><td colspan="3">Develop the area from the Bridge of Remembrance to the Edmonds Band Rotunda (Manchester Street) as a priority</td></tr>
<tr><td>Key Tasks</td><td colspan="3">Provide the Council with strong social and economic reasons why this section of the river should be a tourism related priority for development</td></tr>
<tr><td>Timeframe</td><td colspan="3">As per the CCC proposed timeframe – 2012 onwards</td></tr>
<tr><td>Project, Funding Cost and Responsibility</td><td>Activity
Develop proposed area between Bridge of Remembrance and Edmonds band Rotunda</td><td>CAPEX
CCC to determine</td><td>Recommended Funding Responsibility
CCC</td></tr>
<tr><td>Benefit</td><td colspan="3">• Acts as a replacement attraction in the central city for a number of lost heritage facilities
• Will attract local residents and visitors
• Strengthens the Garden City brand
• Will create opportunities for small business (cafes, bars) and boost the performances of business in the Restart Mall
• Encourage cycling and walking in the central city
• An opportunity to showcase tangata whenua interests and values to visitors</td></tr>
<tr><td>Key Risks</td><td colspan="3">1. Implementation is delayed which will have a negative impact on providing an attractive environment for visitors that will also encourage accommodation development
2. A “visitor lens” is not put on the development missing opportunities to provide things to “see and do” which will keep visitors in the city longer</td></tr>
<tr><td>KPIs</td><td colspan="3">• Priority agreed
• Work completed</td></tr>
</table>

Cost Summary of Visitor Sector Projects			
Project	**Activity**	**CAPEX**	**OPEX**
Project One: **Transitional City Improvements**	1. Support via Rental Subsidy for Earthquake City Exhibition to be located in Restart area 2. Development of Restaurant/Bar Precinct 3. Tourism Ambassadors 4. Marketing "Pop Up" Transitional City	$2 million	$80,000 pa $55,000 pa Media creative - $100,000 per annum Media spend: Australia up to $500,000 pa; Online (global) $300,000 pa
Project Two: **Re-instatement of Hotel and Backpacker Accommodation Capacity**	1. Consultancy to research and develop: a. Investor information packs b. Incentive framework and incentive scheme conditions and rules c. Funding mechanism and commitment 2. Incentives for Hotel developments 3. Incentives for backpacker developments	Up to $25 million for first 6 projects Up to $7 million for the first 6 projects	$20,000 to $30,000
Project Three: **Building a New Convention Centre**	Capital Cost of Convention Centre Domestic and International marketing	$220 million	$500,000 per annum (2012-17)
Project Four: **Air Service Development**	Perth –CHC (2013) and Adelaide – Christchurch (2014) China (Airport TBA) – Christchurch (2014) Hong Kong – Christchurch (2015)		$1,000,000 (in first year of operation) Up to $2,000,000 over 1st 2 years Up to $2,000,000 over 1st 2 years
Project Five: **Sports Tourism**	1. Research and prepare a sports tourism strategy 2. Develop a strategy for marketing Christchurch as a sports tourism destination		$60,000 TBA
Project Six: **Papawai Otakaro – Avon River Park**	Develop proposed area between Bridge of Remembrance and Edmonds band Rotunda	CCC & CCDU to determine	
TOTAL COSTS		**$254 million in total over 5 years**	**Approx $2.625 mill per year ($13.1 mill over 5 years)**
TOTAL – excl Convention Centre		**$34 million in total over 5 years**	**Approx $2.125 mill per year**

9 VISITOR SECTOR RECOVERY GROWTH PATH

The visitor recovery growth path detailed below incorporates two specific but independent strategic options for consideration. Option one termed “No Intervention” indicates that the recovery will be market lead. Option two termed “Fast Tracking” suggests that the recovery period can be reduced by taking action on specific projects at an earlier stage than the market lead approach is likely to deliver. Both options aid the recovery, but Fast Tracking does it more quickly with the associated increased economic benefits.

Visitor Sector Recovery Growth Paths

Measured by Guest Nights to Christchurch City

	Pre Feb EQ Reference Point	**Base Point**		**Five Year Impact**						
	YE Dec 2010	**YE Dec 2011**	**YE Dec 2012**	**YE Dec 2013**	**YE Dec 2014**	**YE Dec 2015**	**YE Dec 2016**	**YE Dec 2017**	**YE Dec 2018**	**Yield**
Commercial Accommodation										
International Guest Nights	1,610,035	963,313	985,716	1,008,118	1,030,521	1,052,924	1,075,326	1,097,729	1,120,132	
Domestic Guest Nights	1,610,035	1,276,950	1,254,547	1,232,145	1,209,742	1,187,339	1,164,937	1,142,534	1,120,132	
Total Guest Nights	3,220,070	2,240,263	2,240,263	2,240,263	2,240,263	2,240,263	2,240,263	2,240,263	2,240,263	

	YE Dec 2010	**YE Dec 2011**	**YE Dec 2012**	**YE Dec 2013**	**YE Dec 2014**	**YE Dec 2015**	**YE Dec 2016**	**YE Dec 2017**	**YE Dec 2018**	**Yield**
"No Intervention" Scenario Base Level (Guest Nights)	**3,220,070**	**2,240,263**	**2,240,263**	**2,240,263**	**2,240,263**	**2,240,263**	**2,240,263**	**2,240,263**	**2,240,263**	$235
Known Influencing Factors :				**Incremental Visitor Nights Above YE December 2011 Base Point**						
Major hotel guest night annual increase (from 2011 base)	1,678,453	896,582	29,926	140,740	287,470	287,470	287,470	287,470	287,470	$235
Backpacker guest night annual increase (from 2011 base)	648,987	370,985	32,850	65,700	98,550	98,550	98,550	98,550	98,550	$200
Conferencing - gain in delegate days (from 2011 base)	180,300	27,000	2,700	9,740	13,986	22,183	27,102	40,657	114,126	$450
Tasman Air Capacity Improvement (5% only in 2013)				30,900	30,900	30,900	30,900	30,900	30,900	$235
Restoration of major rugby events			9,600	12,800	12,800	12,800	12,800	12,800	12,800	$235
	YE Dec 2010	**YE Dec 2011**	**YE Dec 2012**	**YE Dec 2013**	**YE Dec 2014**	**YE Dec 2015**	**YE Dec 2016**	**YE Dec 2017**	**YE Dec 2018**	**Yield**
"No Intervention" Recovery Forecast			**2,315,339**	**2,500,143**	**2,683,969**	**2,692,166**	**2,697,085**	**2,710,640**	**2,784,109**	
Incremental Visitor Night gain of “influencing factors” above			**75,076**	**259,880**	**443,706**	**451,903**	**456,822**	**470,377**	**543,846**	
Total Spend for All CAM Types	**$795,480,950**	**$532,266,805**	**$529,298,305**	**$587,328,287**	**$630,290,537**	**$633,979,187**	**$636,192,737**	**$642,292,487**	**$675,353,537**	

	YE Dec 2010	YE Dec 2011	YE Dec 2012	YE Dec 2013	YE Dec 2014	YE Dec 2015	YE Dec 2016	YE Dec 2017	YE Dec 2018	Yield
Guest Night Impact of "Fast Tracking" Visitor Sector Recovery Plan (VSRP)				**Incremental Visitor Nights Above YE December 2011 Base Point**						
Accommodation Supply and Estimated Demand										
Fast Track one extra hotel (175 rooms) from 2014			-	-	25,550	51,100	76,650	102,200	127,500	$235
Fast Track 200 backpacker beds from 2013			-	43,800	87,600	131,400	175,200	219,000	262,800	$200
Conferencing										
Gain in Bringing Forward Opening of Convention Centre to Mid 2016			-	-	-	-	40,657	114,126	181,011	$450
Adopt Transitional City Improvements	4%									
Developing Restaurant precinct around Restart;	Annual increase in guest nights									
Temporary Earthquake Centre; Promotion Campaign			-	31,364	62,727	94,091	125,455	156,818	188,182	$235
Air Capacity										
Trans Tasman Improvement - gradually restore all capacity lost (15%) in 2011 by 2016					30,900	30,900	61,800	61,800	61,800	$235
Adelaide - Christchurch (starts late 2013)				8,000	24,000	26,500	26,500	26,500	26,500	$235
New China - Christchurch Direct Service by Oct 2015 (4 times per week)			-	-	9,214	36,855	36,855	36,855	36,855	$350
New Hong Kong - Christchurch Direct Service by Oct 2014 (4 times per week)				-	-	9,214	36,855	36,855	36,855	$300
Other Projects (No projections possible at this time)										
Sports Tourism Strategy										
Papawai Otakaro - Avon River										
Total Impact of VSRP (Guest Nights CAM)			**0**	**83,164**	**239,991**	**380,060**	**579,972**	**754,154**	**921,503**	
Total Impact of Fast Track" Strategies										
Guest Nights			**2,315,339**	**2,583,307**	**2,923,961**	**3,072,226**	**3,277,057**	**3,464,795**	**3,705,612**	
Visitor Spend			**$529,298,305**	**$620,103,003**	**$684,682,118**	**$723,531,533**	**$781,729,248**	**$843,024,764**	**$928,260,029**	
Visitor Spend Impact of "Fast Tracking" over "No Intervention"										
Total Incremental Visitor Spend per Year			**0**	**$32,774,715**	**$54,391,581**	**$89,552,346**	**$145,536,511**	**$200,732,276**	**$252,906,492**	