The role of Tourism in the recovery of the City

Monday 24th June 2013

at
Function Room, Level 1
Christchurch City Council
53 Hereford Street

Doors open from 5.30 pm

Presentation starting at 6 pm from

David Simmons
Lincoln University

Entry fee – $2

Sponsored by Planz Consultants

Please RSVP to
Canterbury.westland@planning.org.nz
by Friday 21st June

With thanks to Christchurch Canterbury Tourism
Agenda

• Comment on role of tourism in Christchurch (CHC) economy
• A note on nature/scope of tourism planning
• The earthquake
• Slow road to recovery
• A new vision
Tourism in CHC economy – pre EQ

- 2.3 billion dollar industry
- 12 percent of regional employment
- Reasonable multipliers: ChC 1.98; Kaikoura 1.38; Akaroa 1.15 – belie cross sectoral spread
- 825,000 international visitors to year end March 2010
- Clear links between local amenity, recreation, hospitality and urban re-generation
Core rationales for tourism planning

• Integration of public and private sectors
• Market failures
  – Externalities: unpriced inputs or outputs
    • Management of impacts
  – Merit Goods (goods everyone wants but no one entity can pay for)
• Community consultation and development
• Integration of demand – supply; market – product (Iterative)

Local Govt role = enablement and management!
Significance of amenity

<table>
<thead>
<tr>
<th>Attribute</th>
<th>% of Respondents</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>City environment – streetscape, landscape, parks and gardens</td>
<td>41</td>
<td>237</td>
</tr>
<tr>
<td>Friendly atmosphere and people</td>
<td>28</td>
<td>154</td>
</tr>
<tr>
<td>Weather/climate</td>
<td>13</td>
<td>73</td>
</tr>
<tr>
<td>Buildings and architecture</td>
<td>8</td>
<td>41</td>
</tr>
<tr>
<td>Uncrowded and relaxing</td>
<td>7</td>
<td>39</td>
</tr>
<tr>
<td>Cleanliness of the city</td>
<td>7</td>
<td>37</td>
</tr>
<tr>
<td>Ease of getting around</td>
<td>6</td>
<td>32</td>
</tr>
</tbody>
</table>

Table 1: What Did You Like Most About Christchurch?
Core consultations (8)
Hospitality & accommodation, activities & attractions, infrastructure & transport, conference & incentive, events, inbound operators, North Canterbury Districts, South Canterbury Districts
When it happened it was **not** the Alpine Fault

12:51PM
22 FEBRUARY 2011
“There is no event since World War II that has disrupted our tourism industry by so much and for so long.”
International Guest Nights

International Guest Nights All NZ vs Canterbury

Source: Statistics New Zealand – Origin of Guests Information by RTO

Note: this data compares growth performance vs same month of previous year up to June 2012, from February 2012 onwards compares growth to prequake results of 2010.
Visitor Trends - International

### Tasman Arrivals into Christchurch


### Long haul Arrivals into Christchurch (without Malaysia)


### Tasman Arrivals into New Zealand


### Long Haul Arrivals into New Zealand (without Malaysia)

Our largest visitor market – Australia – is proving the hardest to recover

- The Australian holiday market into Christchurch has fallen 46% since 2010
- The economic loss to the South Island exceeds $174 million pa
Visitor Trends - Domestic

Christchurch City Domestic Guest Nights 2011-2013

Combined Canterbury Domestic Guest Nights 2011-2013 (less Christchurch)
The Damage to our Destination

- Physical
- Reputational
- Developmental
The Physical Damage

• The City was severely compromised in a functional sense for the first 1-2 months
• 43% of our commercial accommodation has gone
• Cathedral, Square, Arts Centre and Tram still closed
• 40% of the city’s restaurants were in the CBD area that is now 70% demolished
• Sports grounds, swimming pools and stadia have suffered significant damage
• 30,000 homes beyond repair and 90,000 requiring repair
'Over the top' Aussies liken Chch to Iran

Christchurch Earthquake 2011

Brownlee cut payout for owners
Classy glass a perfect project for reborn recycler
Asbestos delays BNZ demolition
I told you so, says Brownlee on rockfall
Cathedrals debate reaches Vatican City

What do East Timor, Rwanda, Iran, Gabon, Christchurch and Lyttelton have in common?

They are all places, the Australian Government says, where travellers should "exercise a high degree of caution".

In the rest of New Zealand, Australians are told to "exercise normal safety precautions".

Reputation Damage
2011 was year when our communications needed to be focused on “myth-busting”!

The Four Common Myths

1. The whole city is destroyed.
2. Aftershocks could harm me.
3. There is no accommodation.
4. There will be nothing to do.
Still the glorious Garden City
Every physical symbol of progress has been important.

New Visitor Information Centre in Botanic Gardens (Nov 2011)

Restart Container Mall has been a winner with visitors.

New Court Theatre (Nov 2011)

New Airport Terminal Building opened in May 2011

New Rugby Stadium (March 2012)
Hotels opening in next 12 months

Ibis – Opened on 04 Sep 2012

Novotel: Sep 2013

The Rendezvous: Q2 2013

Latimer Hotel
Opening late 2013

The Heritage Hotel: Mar 2013
## Trans Tasman Air Routes to CHC
- back to 2004 levels of air capacity

<table>
<thead>
<tr>
<th>Route</th>
<th>Capacity (Seats) 2013</th>
<th>Variance to Last Year</th>
<th>Variance to pre EQ in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYD-CHC</td>
<td>357,500</td>
<td>+4%</td>
<td>-12%</td>
</tr>
<tr>
<td>MEL-CHC</td>
<td>154,200</td>
<td>+1%</td>
<td>-20%</td>
</tr>
<tr>
<td>BNE-CHC</td>
<td>126,900</td>
<td>-9%</td>
<td>-41%</td>
</tr>
<tr>
<td>OOL-CHC</td>
<td>44,200</td>
<td>+1%</td>
<td>+44%</td>
</tr>
<tr>
<td>All Routes</td>
<td>682,900</td>
<td>+1%</td>
<td>-20%</td>
</tr>
</tbody>
</table>
International Visitor Arrival Trends – New Zealand Airports
(our main competitors)

Source: IVS - YE March 2013
Commercial Accommodation Shortage is the sector’s #1 recovery constraint

- Beds R ... (not quite) Us!
- Not enough beds in Christchurch during in peak periods
- Turning regular group tours away
- Loss of conferences has been substantial
- Jan-Mar 2013 was been a particularly difficult period
- The problem is most dire in the backpacker sector
## Overall Accommodation Situation in Christchurch

<table>
<thead>
<tr>
<th>Category of Accommodation</th>
<th>Rooms Pre Earthquakes</th>
<th>Rooms Now</th>
<th>Variance to pre EQ</th>
<th>No of Properties (now)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>4,223</td>
<td>1,516</td>
<td>-64%</td>
<td>16</td>
</tr>
<tr>
<td>Motels</td>
<td>1,805</td>
<td>1,845</td>
<td>+2%</td>
<td>119</td>
</tr>
<tr>
<td>Backpackers</td>
<td>770</td>
<td>404</td>
<td>-48%</td>
<td>24</td>
</tr>
<tr>
<td>B &amp; B’s</td>
<td>338</td>
<td>280</td>
<td>-18%</td>
<td>103</td>
</tr>
<tr>
<td>Holiday Parks</td>
<td>384</td>
<td>384</td>
<td>Nil Change</td>
<td>10</td>
</tr>
<tr>
<td>Apartments &amp; Lodges</td>
<td>289</td>
<td>192</td>
<td>-44%</td>
<td>11</td>
</tr>
<tr>
<td>All Accommodation</td>
<td>7,809</td>
<td>4,621</td>
<td>-41%</td>
<td>283</td>
</tr>
</tbody>
</table>
Lack of confidence in accommodation investors remains a significant challenge

- Investors put off by state of the city
- No clear timeline for rebuild of CBD
- Land prices, building costs and insurance have escalated
- The rate of tourism recovery is not well defined or certain
- Many existing hotels are not being repaired
- Prolonged delay in confirming the Convention Centre project leaves investors in doubt
- Existing hoteliers in Christchurch already claiming that there is over-capacity
The shape of recovery

• It will be slow
• Independent travellers will return first
• Long haul markets will lead the recovery
• Speed of recovery = f (supply factors)
  = more beds + air seats
• Best possibilities for growth will be outside of the high season
More Marketing Opportunities ... than last year

• Open up the Western Australian holiday market with the aid of direct flights Perth-Christchurch
• The strongest recovery in leisure travel will be driven from Asia
• Important to rectify the misinformation about Christchurch on international travel sites
• Conferencing opportunities will improve as 4 more hotels re-open in Christchurch in 2013
• China and Indian markets!
The (CCDU) Christchurch Central Recovery Plan, July, 2012, acknowledged that tourism was central to the city’s redevelopment.

Among the 17 anchor projects it detailed are:

- A new convention centre (incorporating options for two hotels)
- A new sport complex linked by open space to the retail sector
- A New rugby/concert stadium
- A cultural performance precinct with a new cultural centre
- A green “frame” for a compressed city centre
CBD Frame

• Framing of the new CBD widely acclaimed incl “Papa O Otakaro/Avon River Precinct”, intended to make the river a central visual focus to the north and west, with a ‘green frame’ on the east and south.

• Together, these lock together a central amenity frame, which along with the designated precincts (convention and performing arts, innovation and health), provide the skeleton for an amenity-rich ‘destination’.

• However, debate continues about how best to integrate a hospitality precinct, including cafés, bars, restaurants and night-clubs, within a denser commercial and residential central business district.
‘Attractions are the grains of sand around which the destination ‘pearl’ grows’

- John Swarbrooke – The Development and Management of Visitor Attractions
# Attractions

## Table 2: Earthquake Impact on Visitor Attractions

<table>
<thead>
<tr>
<th>Attraction</th>
<th>Visitor Engagement %</th>
<th>Current Situation</th>
<th>Future Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cathedral Square</td>
<td>80%</td>
<td>Closed</td>
<td>Major demolitions to take place</td>
</tr>
<tr>
<td>Shopping</td>
<td>71%</td>
<td>Retail severely reduced</td>
<td>Dependent on Central City rebuild</td>
</tr>
<tr>
<td>Botanic Gardens</td>
<td>67%</td>
<td>Operating</td>
<td>New visitor centre</td>
</tr>
<tr>
<td>Arts Centre</td>
<td>66%</td>
<td>Closed</td>
<td>Unlikely to open for many years</td>
</tr>
<tr>
<td>Chch Cathedral</td>
<td>47%</td>
<td>Closed</td>
<td>Uncertain future on current site</td>
</tr>
<tr>
<td>Canterbury Museum</td>
<td>39%</td>
<td>Re-opened</td>
<td></td>
</tr>
<tr>
<td>Christchurch Tram</td>
<td>30%</td>
<td>Closed</td>
<td>Dependent on opening of central city</td>
</tr>
<tr>
<td>Antarctic Centre</td>
<td>28%</td>
<td>Open</td>
<td>Open</td>
</tr>
<tr>
<td>Chch Gondola</td>
<td>24%</td>
<td>Open</td>
<td>Re-opened 2012</td>
</tr>
<tr>
<td>Punting on Avon</td>
<td>17%</td>
<td>Operating</td>
<td>Operating</td>
</tr>
<tr>
<td>Orana Park</td>
<td></td>
<td>Operating</td>
<td>Operating</td>
</tr>
<tr>
<td>Air Force Museum</td>
<td></td>
<td>Operating</td>
<td>Operating</td>
</tr>
<tr>
<td>Willowbank</td>
<td></td>
<td>Operating</td>
<td>Operating</td>
</tr>
<tr>
<td>Chch Art Gallery</td>
<td>-</td>
<td>Closed</td>
<td>Dependent on completion of repairs (2013)</td>
</tr>
</tbody>
</table>
- Provide a growth path for visitor arrivals
- Enhance the range and quality of Christchurch attractions
- Provide a central city focus for visitors following the earthquakes
- Provide a Christchurch icon attraction to influence visitor decision making
- Provide iconic buildings that influence visitor decision making
- Provide reasons for increased direct Christchurch flights
Conversation starters

A new world class attraction.. ?
... discussions well under way

Local Govt Act: and tourism planning:
LTCCP > wellbeing or.... Back to the past