

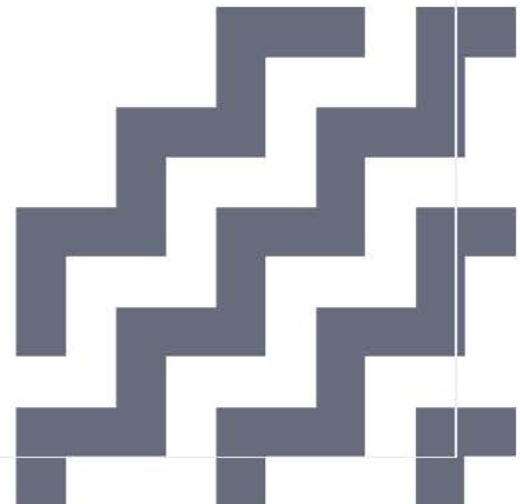


Briefing to Incoming Minister for Greater Christchurch Regeneration



Credit: Christchurch City Council

Date	26 October 2017
Priority	Routine
Security Classification	In Confidence
Tracking Number	3999204





Welcome and introduction

Welcome to your role as Minister for Greater Christchurch Regeneration. On behalf of DPMC and our colleagues across regeneration-related entities, we look forward to working with you to support the regeneration of greater Christchurch.

It has been seven years since the first earthquake struck Canterbury on 4 September 2010, which was followed a few months later by the 22 February 2011 6.3 magnitude earthquake. These devastating events marked the beginning of a long journey of recovery and regeneration for the people of greater Christchurch.

Seven years later, considerable progress has been made rebuilding the city and the lives of those impacted by the earthquakes. We have now entered into a phase of regeneration, with critical decision points around the corner that will shape the future of greater Christchurch. Most notable are the decisions relating to the future use of land in the residential red zones.

This briefing provides you with contextual information about the regeneration of greater Christchurch. It outlines roles and responsibilities across regeneration, including yours as the portfolio Minister, and specific information about key issues and decisions required in the coming months.

Agencies with regeneration functions have contributed to this briefing. As the portfolio Minister, in addition to the Department of the Prime Minister and Cabinet, you will interact with: the Treasury; Ministry of Business, Innovation and Employment; Land Information New Zealand; Ōtākaro Limited; and Regenerate Christchurch.

We welcome the opportunity to provide more detailed papers on the matters in this briefing, and look forward to working with you on your priorities for the portfolio.



Recommendation

The Department of the Prime Minister and Cabinet recommends that you:

Note the contents of this briefing

NOTED

Andrew Kibblewhite

Chief Executive

Date: / /2017

Kelvan Smith

**Director, Greater
Christchurch Group**

Date: / /2017

Hon Dr Megan Woods

**Minister for Greater
Christchurch
Regeneration**

Date: / /2017



Contents

Briefing to Incoming Minister for Greater Christchurch Regeneration	1
Welcome and introduction	2
Recommendation.....	3
1. Overview	6
2. Context	6
Looking ahead.....	7
3. Roles and responsibilities in regeneration.....	9
Your Ministerial responsibilities.....	9
The Greater Christchurch Regeneration Act 2016.....	9
Regeneration agencies	10
Greater Christchurch Group, DPMC	10
4. Key areas of focus	11
Costs across regeneration.....	12
Central city	14
GCR Act regeneration planning.....	15
Appendix A: Other key Ministerial responsibilities	18
LINZ	18
Land management.....	18
Quake Outcasts litigation.....	19
DPMC	20
Horizontal Infrastructure	20
Monitoring Regeneration.....	20
Contract Dispute	21
Health Precinct.....	21
MBIE	22



Monitoring	22
Residential Advisory Service	22
Procurement of the public sector rebuild.....	22
Regenerate Christchurch.....	23
Other activities and functions	24
Ōtākaro Limited	25
Appendix B: Regeneration agencies where you have joint responsibility	26
Ōtākaro Limited	26
Role and functions	26
Role of Ministers and government departments	27
Ōtākaro Limited Anchor Projects.....	27
Regenerate Christchurch.....	28
Role and functions	28
Role of the Minister and Christchurch City Council.....	30
Appendix C: How things are funded	31
Departmental Appropriations changes in out-years	32
Canterbury Earthquake Recovery.....	32
Land Ownership and Management	32
Appendix D: Monitoring greater Christchurch regeneration (September 2017).....	33
Appendix E: The Greater Christchurch Regeneration Act 2016.....	34
Regeneration Plans and section 71.....	35



1. Overview

This briefing sets out:

- context and a summary of key issues likely to require your attention;
- overall roles and responsibilities of the Greater Christchurch Regeneration portfolio; and
- key areas of focus requiring your consideration either immediately or within the next six months.

2. Context

After the devastating earthquakes of 4 September 2010, and 22 February 2011, a national-level response was put in place to manage the size and scale of the recovery challenge. Significant progress has been made. In 2015, central government stepped back from leading and coordinating the overall recovery and put in place arrangements to enable local institutions to lead:

- the Canterbury Earthquake Recovery Act 2011 was allowed to expire and was replaced by the Greater Christchurch Regeneration Act 2016 (GCR Act).
- the Canterbury Earthquake Recovery Authority (CERA) was disestablished on 18 April 2016;
- CERA's functions either ended or were transferred to inheriting agencies including Department of the Prime Minister and Cabinet (DPMC), Land Information New Zealand (LINZ); the Ministry of Business, Innovation and Employment (MBIE); and the Ministry of Health (MOH) / the Canterbury District Health Board (CDHB).
- DPMC became responsible for advising on the regeneration of greater Christchurch, and monitoring and reporting on regeneration progress.
- Two new regeneration-related entities, Regenerate Christchurch and Ōtākaro Limited, were created and inherited or received new functions.

Under these arrangements, the Greater Christchurch Regeneration portfolio is responsible for oversight of the Crown's interests in the regeneration of greater Christchurch. Regeneration leadership currently involves varying degrees of local and central government partnership and collaboration. Central government's local strategic partners in regeneration are: Canterbury Regional Council (commonly referred to as Environment Canterbury); Christchurch City Council, Selwyn and Waimakariri District Councils, and Te Rūnanga o Ngāi Tahu.



Looking ahead


The Crown has made a significant effort to support the recovery and regeneration of greater Christchurch, including investing an estimated \$18 billion to leave it stronger and more resilient than prior to the earthquakes.

Recent progress includes negotiating a significant portion of the outstanding matters on the Cost Sharing Agreement (CSA) with the Christchurch City Council, supporting the reinstatement of the ChristChurch Cathedral and exercising planning powers under the GCR Act.

The central city is beginning to function more like a normal central city. Progress on the anchor projects includes completion of the Canterbury Earthquake National Memorial (*Oi Manawa*); appointment of the Main Contractor for the Convention Centre; work beginning on the first residential area of the East Frame; and the opening of various parts of the private sector-led Retail Precinct. However, several key issues remain as outlined below, and **section 4** provides more detail on these.

In the next three months, you will be asked to make decisions on the following issues:

- **ChristChurch Cathedral:** Arrangements to finalise and implement the Crown's offer of support for reinstating the ChristChurch Cathedral are underway. In the coming months, Ministerial and/or Cabinet decisions will be required to implement the offer, including appointments to the independent trust and policy for enabling legislation.
- **Cost Sharing Agreement implementation:** In September 2017, Ministers approved the terms and payment schedule for the transfer of the Bus Interchange and some Crown-owned residential red zone land (RRZ) to the Christchurch City Council. In the coming months further Ministerial decisions will be required to establish the appropriations necessary for implementation.
- **Metro Sports Facility:** There is an arising issue in the procurement process which may shortly require your and the Minister of Finance's consideration with regard to project timing and cost. The Treasury, Ōtākaro and DPMC will advise you on this.
- **Redcliffs:** The Ministry of Education is intending to transfer Redcliffs School to a new site at the Christchurch City Council-owned Redcliffs Park. Regenerate Christchurch, on behalf of the Ministry, is undertaking a GCR Act process to make the necessary district plan amendments. In the coming months, your statutory decision will be required on whether to proceed with the GCR Act proposal.
- **Waimakariri Residential Red Zone Recovery Plan:** A key action to implement this Recovery Plan is to divest the 993 Crown-owned RRZ properties to the Waimakariri District Council or Te Kōhaka o Tūhaitara Trust. Final land divestment decisions, including specific terms and conditions, will require Cabinet's approval.

- 
- **Other Matters:** Ongoing decisions will be required on land acquisitions for anchor projects, (and related compensation); further decisions following Quake Outcasts litigation and settlement; and whether there is a future need for the Residential Advisory Service.

Other key remaining issues include:

- **Decisions on the Ōtākaro/Avon River Corridor residential red zone:** The draft *Ōtākaro/Avon River Corridor Regeneration Plan*, which will identify long-term land uses for around 602 hectares of land in this RRZ area, is expected to be submitted for Ministerial consideration in late 2018. The majority of this land is currently owned by the Crown, so decisions will also be required on the ongoing ownership of this land, and how the Plan will be implemented.
- **Confirming final aspects of the CSA:** Outstanding cost sharing matters which are yet to be settled with Christchurch City Council include: Multi-Use Arena funding, delivery and ownership; Convention Centre ownership and operation; and the approach to Crown-owned land in the central city not required for anchor projects.
- **Future institutional arrangements:** To fully transition to local leadership as quickly as reasonably possible, consideration needs to be given to appropriate future institutional arrangements. For example, Regenerate Christchurch is a planning agency only, and is expected to transition to a successor organisation by the expiry of the GCR Act in June 2021, at which point the Crown will no longer have a funding or shareholding role. With Regenerate Christchurch expected to complete the planning for the future use of RRZ land in late 2018, as above, it is important to ensure local agencies are well positioned to implement future use decisions.
- **Insurance and psychosocial wellbeing:** Although current data paints an overall positive picture for wellbeing and social recovery, a number of groups of people are more likely to say that their quality of life has decreased over the past 12 months. More information on how recovery and regeneration is tracking can be found in **Appendix D**. While portfolio responsibility for these matters by and large lie with other Ministers (for example, Minister of Health, Minister responsible for the Earthquake Commission, Minister for Building and Construction), these matters are key touchstones for the progress of regeneration.

We look forward to engaging with you on how to progress some of these key areas of regeneration.



3. Roles and responsibilities in regeneration

Your Ministerial responsibilities

Under the *Public Finance Act 1989*, 'Responsible Ministers' are responsible to Parliament for the financial performance of the departments in their portfolios and for protecting central government's interest in those departments. As the Greater Christchurch Group (GCG) is a business unit within DPMC, the Prime Minister holds these responsibilities with respect to the Greater Christchurch Group. Relevant information about funding for the Greater Christchurch Regeneration Portfolio is provided in **Appendix C**.

As the Minister for Greater Christchurch Regeneration you are responsible for central government's ongoing role in the regeneration of greater Christchurch. In particular, the following aspects of regeneration fall under your portfolio:

- responsibility for exercising powers in the GCR Act, including exercising any remaining residual statutory functions of the Minister for Canterbury Earthquake Recovery;
- monitoring ongoing regeneration in greater Christchurch;
- managing residential red zone land;
- overseeing the central government's interests in, and relationship with, Regenerate Christchurch;
- responsibility as a Shareholding Minister, along with the Minister of Finance for Ōtākaro Limited; and
- monitoring of insurance settlements in greater Christchurch.

The Greater Christchurch Regeneration Act 2016

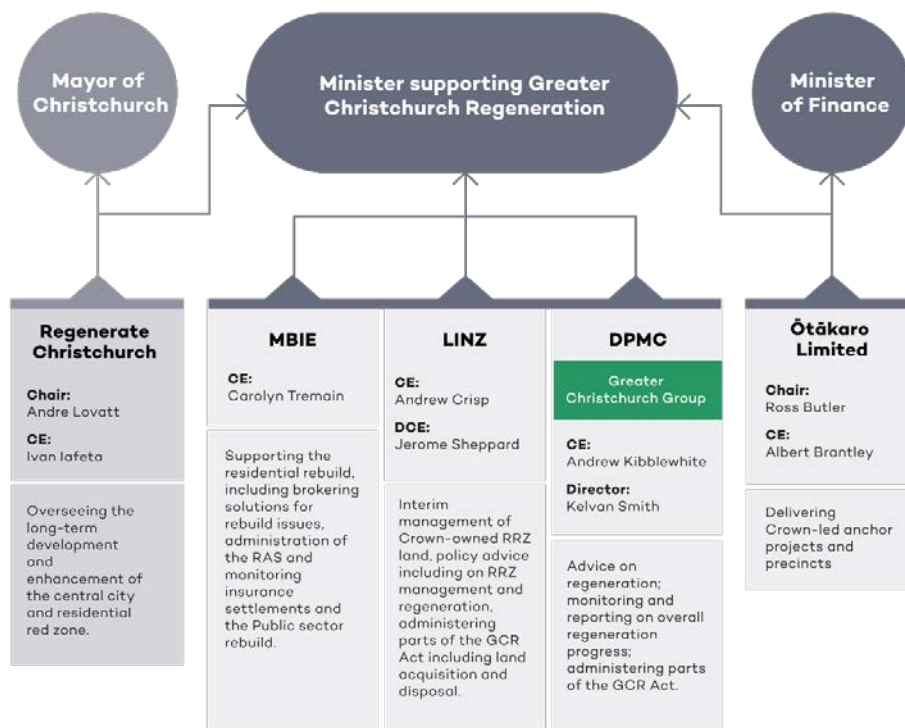
The GCR Act provides the legislative framework to support regeneration in greater Christchurch. It is based on the assumption that central government has a transitional role in greater Christchurch until 2021 when the Act is automatically repealed. More information about the GCR Act and your statutory responsibilities is provided in **Appendix E**.

Regeneration agencies

Following the disestablishment of CERA, a range of agencies picked up roles in the regeneration of greater Christchurch. Four central government agencies, one Crown-Council organisation (Regenerate Christchurch) and a Crown company (Ōtākaro Limited) undertake regeneration functions and report to you as set out in Diagram 1 below.

Ōtākaro Limited reports to both you and the Minister of Finance, as joint shareholders, and Regenerate Christchurch reports to both you and the Mayor of Christchurch. More detail on your role with these two agencies where you have joint responsibility is in **Appendix B**.

Diagram 1: Regeneration related agencies reporting to you



Greater Christchurch Group, DPMC

DPMC, through the Greater Christchurch Group (GCG), is central government's lead agency for regeneration. GCG is a small, agile unit within DPMC, based in both Christchurch and Wellington, and its most important task is to support the transition of leadership in greater Christchurch from central government to local institutions.

GCG's role includes:

- leadership, coordination and brokering across central and local agencies involved in the regeneration of greater Christchurch – e.g. residential recovery, psychosocial and land matters;
- advising you on the regeneration of greater Christchurch;
- providing second-opinion advice to you on policy related to regeneration;
- administering parts of the GCR Act;
- supporting Regenerate Christchurch in delivering its work programme;
- monitoring Regenerate Christchurch;
- being the policy lead for Ōtākaro Limited;
- providing both policy and operational lessons learned from the Canterbury experience in supporting other central and local agencies;
- monitoring and reporting on the overall progress of regeneration; and
- part-funding and joint governance of horizontal infrastructure repairs (largely completed).

Given DPMC's leadership role in regeneration, you can expect GCG to provide you with regular policy advice (both first and second opinion) across all matters under the regeneration portfolio that are discussed in **section 4**. Other parts of DPMC also support you with corporate services such as ministerial services, communications, legal services, and strategy and planning.

4. Key areas of focus

This section provides an overview of the key regeneration projects that require your consideration. These are a mix of strategic and operational, statutory and non-statutory matters, including projects in the central city, costs across regeneration and planning.

Officials look forward to the opportunity to brief you in more detail on these issues and initiatives in the near future, as well as discussing your priorities for the Greater Christchurch Regeneration portfolio.



Public Art: Tree Houses for Swamp Dwellers and the Central Library

Costs across regeneration

Cost Sharing Agreement refresh (*DPMC / Treasury*)

Following the earthquakes in 2010/2011, the Crown and Christchurch City Council entered into a cost sharing agreement (CSA) in 2013, which set out the respective financial contributions of the parties to the recovery of the city.

The CSA was intended to:

- provide confidence to the private sector;
- limit central government's earthquake recovery costs;
- identify which party would fund recovery projects, deliver projects, and operate assets; and
- record other commitments.

While the CSA has met many of these objectives, it necessarily left open some issues – particularly timing of asset transfers and/or terminal ownership of some anchor projects – that could not be resolved at the time with the information available.

DPMC, alongside the Treasury, has been leading negotiations with the Council on behalf of the Minister supporting Greater Christchurch Regeneration and the Minister of Finance. The purpose of negotiations is to finalise the respective financial contributions of each party and to agree the future ownership and operation of relevant assets. This will allow central government agencies to have a normalised relationship with the Council as a territorial local authority.

In August 2017, the Crown and Council agreed to the following proposal, totalling \$75 million:

- the Bus Interchange to be divested to the Council for \$23 million;
- all 597 Port Hills residential red zone (RRZ) properties to be divested to the Council, with the Council contributing \$39 million towards the purchase of some Port Hills RRZ land;
- all 664 Brooklands, Southshore and South New Brighton RRZ properties to be divested to the Council at no cost and without conditions;
- Margaret Mahy Family Playground to be transferred to the Council for \$6.6 million; and
- Te Papa Ōtākaro/the Avon River Precinct project to be transferred to the Council for \$6.4 million.

s9(2)(i), s9(2)(b)(ii), s9(2)(j)

s9(2)(i), s9(2)(b)(ii), s9(2)(j)

The previous Cabinet has authorised the Minister supporting Greater Christchurch Regeneration and the Minister of Finance to make decisions on the relevant appropriations. Crown and Council officials are working through the appropriations and will report to you and the Minister of Finance in due course.

Remaining outstanding CSA matters include the Multi-Use Arena, ownership of the Convention Centre, and central city land not required for anchor projects. Officials will advise you on these matters when appropriate. Crown-owned land in the Ōtākaro/Avon River Corridor RRZ areas was also out of scope of the above agreement due to the regeneration planning process currently underway for this land, as discussed further below.

Cost Sharing Agreement implementation (*LINZ / Christchurch City Council*)

LINZ and Council are responsible for confirming final details of the RRZ land transfers outlined above (Port Hills, Brooklands, Southshore and South New Brighton), including implementation. At this stage it is anticipated that land will be transferred in stages between mid-2018 and late-2019. Subject to your approval, the LINZ Chief Executive can dispose of land in accordance with the GCR Act. LINZ will provide advice to you about implementation shortly.

Cost pressures across regeneration (*DPMC*)

As central government continues to advance the transition to local leadership in greater Christchurch, a number of residual cost pressures continue to impact on the progress of recovery and regeneration. These pressures are not restricted to earthquake recovery and regeneration matters, and not limited to central government. They will impact most substantially on Christchurch City Council and in some cases on private groups or individuals where there might be public interest in a project, such as heritage buildings and implementation of residential red zone projects.

DPMC will provide further advice on specific cost pressures in a subsequent briefing.

The challenge for the Crown – and for you as Minister – will be to complete the transfer of leadership back to local interests in ways that do not impose undue cost on taxpayers from the rest of the country. How you deploy the \$300 million announced in the election campaign will be a key component of your approach.



Central city

ChristChurch Cathedral (DPMC)

On 4 July 2017, the Minister supporting Greater Christchurch Regeneration presented an Offer of Support for the Reinstatement of ChristChurch Cathedral to the Bishop of Christchurch.

In brief, the offer of support consisted of a government contribution of \$10 million; a suspensory loan of \$15 million; a Christchurch City Council grant of \$10 million; the promotion of legislation to support reinstatement; the creation of an independent trust to raise the remaining required funds; and to participate with Church Property Trustees in a joint venture to undertake the delivery of the reinstatement project.

On 9 September 2017, the Synod voted to accept the offer. Subsequently, the previous Minister supporting Greater Christchurch Regeneration and the Bishop of Christchurch signed the overarching commercial terms.

Officials are continuing to progress work to support the reinstatement project, including establishing the independent trust and joint venture, as well as policy development for legislation. In the coming weeks you will be called upon to make decisions necessary to finalise and implement the offer, including appointments to the independent trust before Christmas.

Multi-Use Arena (Stadium) (DPMC)

On 11 August 2017, the Christchurch Stadium Trust delivered a pre-feasibility study to the previous Minister and to the Mayor of Christchurch. The pre-feasibility study looked into four options, identifying that an option that provides for higher utilisation, an appropriate scale for Christchurch, and better financial performance over time may cost approximately \$496 million of which the Council has budgeted to contribute \$253 million. Of the four options considered, there could be a funding gap of between \$115 million and \$331 million, accounting for the Council's budgeted contribution.

On 24 August 2017, the Council agreed to receive the pre-feasibility report and to work with central government to identify next steps. It is likely that these will include the development of a business case (for which there is an existing appropriation) to further assess key options in more detail. Your consideration is required on the appropriate level of central government involvement going forward in the context of the transition to local leadership. DPMC will advise you on this in due course.

Upcoming Ministerial decisions relating to other anchor projects can be found under the Ōtākaro Limited heading in **Appendix A**.



Metro Sports Facility (*Ōtākaro Limited*)

The Metro Sports Facility is a high priority anchor project, funded by the Crown and the Council. The Council's contribution is limited to \$147 million under cost sharing arrangements, with the Crown funding the remainder of the facility, and the Council taking on ownership of the facility in future.

Project delivery, including the ongoing design and procurement process, sits with Ōtākaro. There is an arising issue in the procurement process which may shortly require your and the Minister of Finance's consideration with regard to project timing and cost. The Treasury, Ōtākaro and DPMC will collectively provide further advice.

GCR Act regeneration planning

As outlined in **section 3**, as the Minister for Greater Christchurch Regeneration, you have a statutory decision-making role in the regeneration planning processes under the GCR Act. Your consideration will be required on a section 71 process currently underway, and one regeneration plan, which is outlined below.

Ōtākaro/Avon River Corridor Regeneration Plan (DPMC, Regenerate Christchurch)

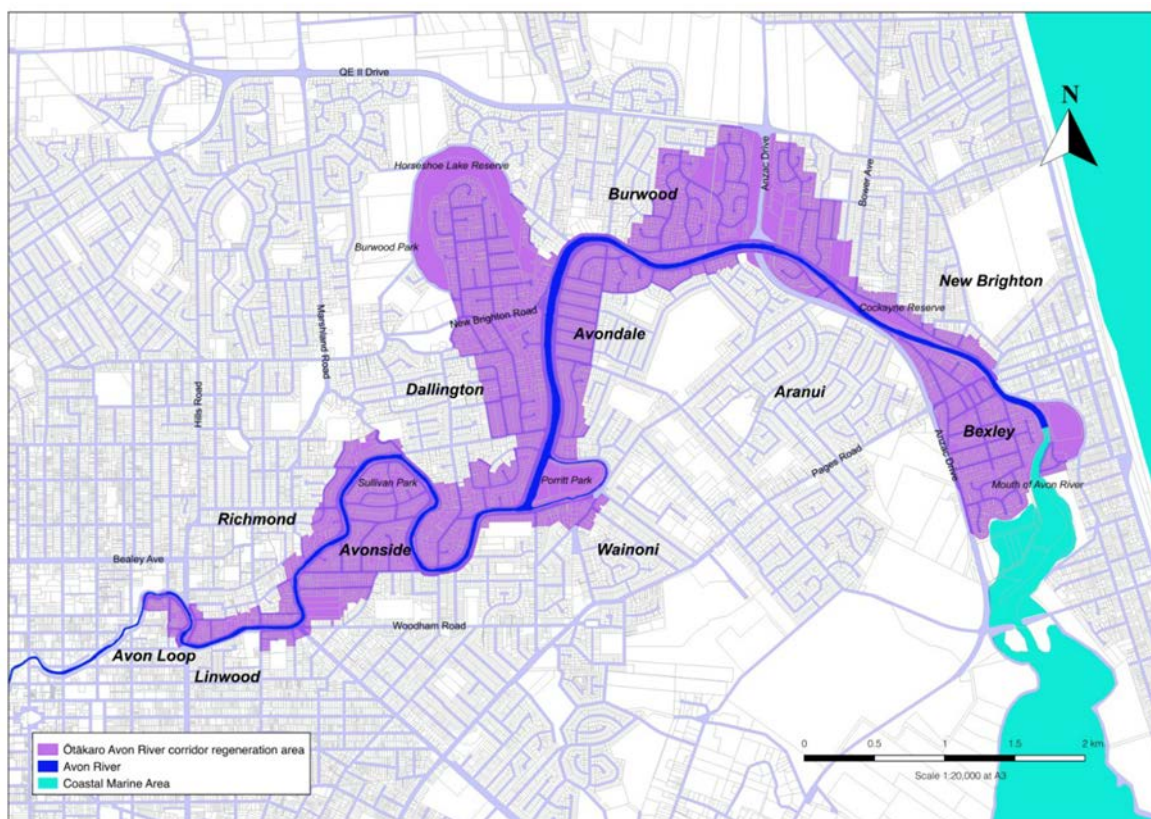
In March 2017, the previous Minister supporting Greater Christchurch Regeneration approved the outline for a draft *Ōtākaro/Avon River Corridor Regeneration Plan*. This draft Regeneration Plan is intended to identify the land uses for around 602 hectares of land within the Ōtākaro/Avon River Corridor residential red zone (RRZ), and some adjacent Christchurch City Council and Crown-owned land. Regenerate Christchurch is the proponent for the Plan, which will need to strike a balance between providing certainty as soon as possible about future use of this important area while also delivering a robust regeneration plan. The Crown has a significant interest in this area as the majority landowner, having expended more than \$1 billion through the Crown offer process in purchasing 5,444 properties.

Your role in this process is to either approve or decline the draft Regeneration Plan when it has been submitted to you (section 38(1)). A preliminary draft Regeneration Plan is expected to be developed by late 2017, and then four months has been allowed for confirming responsibilities for funding, delivery and governance. Following public and stakeholder engagement, the draft Regeneration Plan is expected to be submitted for your decision November 2018.

The late 2018 completion date means there is limited time to exercise powers in the GCR Act that may be required to enable implementation of the regeneration plan. Land and works powers set out in subpart 2 of the GCR Act offer helpful mechanisms for dealing with RRZ land. If decisions regarding the land are not made within the

lifetime of the GCR Act, they would have to be made via other legislation that was not specifically developed for this purpose, for example the *Public Works Act 1981*.

Map: *Ōtākaro/Avon River Corridor Regeneration Area*




The previous Minister supporting Greater Christchurch Regeneration and the Mayor of Christchurch indicated in their 2016 Letter of Expectations to Regenerate Christchurch that this area is a high priority, and that the entity should assess the feasibility of an international water facility as part of identifying land use options. Regenerate Christchurch has completed this feasibility assessment, which was publicly released on 6 October 2017.

DPMC with support from LINZ will provide advice to you and Cabinet as part of the *Ōtākaro/Avon River Corridor Regeneration Plan* process.

Redcliffs School (DPMC, Regenerate Christchurch)

The Ministry of Education is executing a plan to transfer Redcliffs School to a new site at the Christchurch City Council-owned Redcliffs Park. In September 2017, the Council agreed to sell Redcliffs Park to the Ministry of Education for relocation of



Redcliffs School and to manage the existing school site as a recreation reserve. Regenerate Christchurch is acting as the proponent for a proposal to exercise the section 71 GCR Act power to make the necessary district plan amendments required (designation and land use zone changes) to permanently relocate Redcliffs School to Redcliffs Park.

Your role in this process is first to decide whether the proposal to make the district plan amendments should proceed (section 67). The GCR Act gives you up to 30 working days after receiving the proposal to make this decision. Under current timeframes you can expect to receive the proposal in late November 2017.

If you decide that the proposal should proceed, you must invite public written comments on the proposal before making a final decision on whether to approve it and exercise your section 71 power to amend the Christchurch District Plan. DPMC will run this public consultation process and will advise you on your decision to approve the proposal to use section 71. It is anticipated that you would consider this final decision in late January 2018.

DPMC will provide you with advice on your statutory decision making when necessary.



Appendix A: Other key Ministerial responsibilities

This section summarises some of your areas of responsibility which are less urgent than the key focus areas in **section 4**, but are currently active and could require your involvement in the coming months. You will be briefed on the below matters as required. This section is set out in terms of regeneration agencies that report to you:

- Land Information New Zealand (LINZ)
- Department of the Prime Minister and Cabinet (DPMC)
- Ministry for Business, Innovation and Employment (MBIE)
- Regenerate Christchurch
- Ōtākaro Limited

LINZ

Land management


LINZ has responsibility for residential red zone (RRZ) policy and operational functions, including clearing and managing the Crown-owned land and property portfolio in greater Christchurch's RRZ areas, and the central city.

In its management of the portfolio, LINZ is: ensuring that future use options for the RRZ are not limited by its land management; ensuring that it is supporting the regeneration of greater Christchurch; providing advice to support robust Crown decisions about the land; and overseeing the recovery of relevant insurance claims.

Residential red zone land

The Crown currently owns 7,698 RRZ properties. Clearance and property management activities include building demolition, maintenance, security and payment of rates. Clearance of these properties is mostly complete in the flat land areas and expected to be complete in the Port Hills by mid-2018, although management of Crown land by LINZ will be ongoing until decisions are made about future ownership and use. The Crown now has an opportunity to apply what has been learnt from the management of RRZ land to other Crown land (for example, clearances and health and safety practices).

LINZ assesses property-specific requests (transitional and permanent) for accessing and using Crown-owned RRZ land, coordinating with Regenerate Christchurch. Your



approval is required for any permanent use outside of a formal regeneration planning process (for example, for urgent infrastructure works). LINZ is currently progressing several requests and will provide you with further detail.

In December 2016 the previous Minister supporting Greater Christchurch Regeneration approved the *Waimakariri RRZ Recovery Plan*, which sets out the agreed long-term uses for RRZ land in Waimakariri. LINZ is the Crown agency responsible for the Recovery Plan's implementation. The key action is to divest the 993 Crown-owned RRZ properties to the Waimakariri District Council (WDC) or Te Kōhaka o Tūhaitara Trust. Once land has been divested, WDC and the Trust are responsible for implementing the land uses. Final land divestment decisions, including specific terms and conditions, will require Cabinet's approval. LINZ will provide you with advice on this as required.

LINZ supports DPMC in providing advice to you on Regenerate Christchurch's draft *Ōtākaro/Avon River Corridor Regeneration Plan*, and any other RRZ-related regeneration planning activities or strategies that may be developed. The final decision on the Plan will be made by you under the GCR Act.


Central city land

LINZ is working with property owners to acquire land for anchor projects in the central city. You can expect to make decisions on compulsory acquisitions, related compensation, and on land disposals. Your approval is also required for the negotiated acquisition of land and related payments. The South Frame land acquisitions have been protracted, however significant progress has been made recently with acquisition of one key site and agreements in principle signed for two others. You will have the opportunity to consider the continued progress of South Frame development timeframes.

LINZ is responsible for the administration of a Compensation Panel relating to land compulsorily acquired under the *Canterbury Earthquake Recovery Act 2011* or the GCR Act. The Panel comprises three experts and was established to provide advice and recommendations to assist you in determining whether compensation is paid and how much. LINZ will brief you on compensation claims as required.

Quake Outcasts litigation

The self-described 'Quake Outcasts' were originally a group of 45 owners of vacant, commercial or uninsured RRZ properties who challenged their Crown offers by judicial review. In March 2015, they were successful in the Supreme Court, and the Crown developed a Recovery Plan and made new offers. A smaller group of Quake Outcasts (16) challenged this offer in late 2015. The Court of Appeal released its judgment on 1 August 2017 and found that:

- 
- the previous Minister supporting Greater Christchurch Regeneration’s decision to approve the 2015 Recovery Plan, under which the Crown offers were made, with nothing offered for uninsured improvements, was unlawful; and,
 - the question on remedy was reserved for further argument, with both parties invited to make further submissions – no timetable was set for providing these submissions.

The Crown and the Quake Outcasts litigants agreed to settle in early September 2017. The Crown’s decision to settle was not taken lightly and considered a range of factors including: fairness and consistency, precedent, fiscal responsibility, wellbeing, and, protecting the value of insurance. The Crown noted that any further decisions in response to the Court of Appeal’s judgment would be considered after the election period.

DPMC


Horizontal Infrastructure

Central government’s role in greater Christchurch horizontal infrastructure is near completion. The construction of all 743 horizontal infrastructure projects in the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Programme – totalling approximately \$1.4 billion in value, excluding overheads – is now complete. The transition of information and systems to the Christchurch City Council is also well progressed, with a working group established to manage the defects period until June 2018.

In addition, 44 of the 50 horizontal infrastructure projects in the Waimakariri Programme have been completed (totalling approximately \$17.5 million in central government funding, or 58 per cent of the total \$29.9 million appropriation). The central government’s financial interest in the Programme will end with the completion of the physical works in June 2018, after which the 12 month defects liability period will be managed by the Waimakariri District Council.

Monitoring Regeneration

You can expect to receive regular monitoring updates from DPMC. DPMC plays a key role in monitoring and reporting on the overall progress of the regeneration of greater Christchurch. Following the transition of functions from CERA to inheriting agencies, central government remains committed to the regeneration of greater Christchurch. Ongoing monitoring ensures that the most critical issues receive focus by the responsible agencies. Monitoring is undertaken at the following levels:

- 
- **Monitoring progress against overall outcomes using regeneration indicators:**
 - These monitoring reports objectively assess the progress of regeneration in greater Christchurch in six key areas: demographics, the economy, infrastructure, wellbeing, housing and tourism.
 - The most recent of these reports on the progress of regeneration outcomes from the last quarter (July – September 2017) using robust, reliable, and evidence-based data is attached to this briefing (**Appendix D**).
 - **Monitoring and reporting on specific recovery functions by responsible agencies:**
 - This will help central government and communities remain confident that agencies continue to focus on, and are held accountable for, the delivery of recovery functions and programmes and are committed to supporting positive recovery outcomes. In the case where functions have been inherited from CERA, accountability measures have been agreed for inclusion in agencies’ relevant accountability documents (e.g. Statements of Intent) and will be reported annually by the respective agencies.
 - **Joint Crown/Council monitoring of Regenerate Christchurch:**
 - DPMC is jointly responsible with the Council for monitoring the performance of Regenerate Christchurch and its Board. You will receive quarterly joint Crown/Council monitoring reports providing an assessment of whether Regenerate Christchurch is delivering the regeneration outcomes sought. This quarterly report will be accompanied by supplementary outcome information from DPMC intended to identify any risks or future issues which may arise in Regenerate Christchurch driving its regeneration outcomes.

Contract Dispute

DPMC is managing central government’s role in an arbitration process between the Crown and a supplier that formerly provided services to CERA. Because of strict confidentiality obligations, you will be provided with further details and advice in a commercial, in-confidence follow-up briefing.

Health Precinct

DPMC’s primary role in the Health Precinct is through representing the Crown on the Health Precinct Advisory Council. The Advisory Council is the governance group providing oversight and leadership for the Health Precinct anchor project.



MBIE

On 1 December 2015, MBIE inherited the following functions from CERA:

- monitoring the rate and pace of residential insurance settlements;
- brokering solutions for emerging residential repair and rebuild issues;
- participating in the Residential Advisory Service (RAS); and
- monitoring the procurement of the public sector rebuild, and providing procurement advice and coordination.

Monitoring

MBIE reports on the rate of residential insurance settlements coordinating information from the Earthquake Commission (EQC), Insurance Council NZ (ICNZ) and directly from insurers and preparing quarterly reports to you. The next quarterly residential insurance settlement progress report will be delivered to your office on 6 November 2017.

Residential Advisory Service


The Residential Advisory Service (RAS) was established in 2013 to assist homeowners facing challenges in getting their damaged homes repaired or rebuilt following the Canterbury Earthquakes. Assistance can include providing advice about the insurance process, through to more involved engagement with insurers or EQC.

From July 2017, RAS was transferred to MBIE, with MBIE now chairing the governance group and overseeing the Crown funding structure, as well as managing the practical service delivery. Also in July 2017, RAS was extended beyond Christchurch to provide assistance to residents in North Canterbury districts affected by the 7.8 magnitude earthquake that struck on 14 November 2016.

As of 4 September 2017, RAS is managing 291 open cases. A review of the demand for RAS will be conducted in November 2017. At this time, you will have an opportunity to consider the future of the service. MBIE will provide you with advice on the future need for RAS, resulting in either a request for further funding or an end to the service.

Procurement of the public sector rebuild

MBIE also reports on the procurement of the public sector rebuild that is publicly released as part of Treasury's major project report. Historically MBIE provide commercial advice to all rebuild agencies. Now that the major projects are under construction, the focus is on reporting progress, time, cost, risks and issues. MBIE



will be engaging with Treasury on options for ongoing input into its reporting including examining whether separate MBIE reporting is still necessary.

Regenerate Christchurch

Regenerate Christchurch is a body corporate, jointly owned and funded by Christchurch City Council and the Crown. It was established under the GCR Act to lead regeneration in Christchurch. It is governed by an independent Board. More information about Regenerate Christchurch is provided in **Appendix B**.

Regenerate Christchurch's current priorities are – the Ōtākaro/Avon River Corridor Regeneration Area, Cathedral Square and Surrounds, and Southshore and South Brighton. Ensuring that Christchurch realises the benefit of the unique and expedited planning process in the GCR Act is also a key focus for the organisation.

Ōtākaro/Avon River Corridor Regeneration Area

Regeneration planning is underway for the Ōtākaro/Avon River Corridor Regeneration Area. There is significant stakeholder and community interest in the future use of this area with a wide range of potential uses and activities currently under assessment. Work to assess the feasibility of an open water course suitable for international water sports in the area is largely complete.

Following the development of a preliminary draft plan later this year and subsequent engagement with stakeholders and the public, a draft regeneration plan is expected to be submitted for your consideration in November 2018.


Central City

A regeneration strategy is being developed for the Cathedral Square and Surrounding Area to identify ways in which this critical area can be revitalised. A public feedback process was recently undertaken on a draft concept for the area. The regeneration strategy with recommendations for next steps for the area will be provided to you and the Christchurch City Council in late 2017. The Strategy may identify that a regeneration plan is needed, however this is yet to be determined.

The Strategy will inform the development of other initiatives that may be required to increase momentum and support regeneration of the wider central city over the coming years.

Southshore and South New Brighton

Regenerate Christchurch and the Council are jointly developing a regeneration strategy for Southshore and South New Brighton. Planning work commenced earlier



this year with the Council, Environment Canterbury, Ngāi Tahu and the community to respond to the opportunities and issues affecting this area including sea level rise, existing hazards and enhancing community resilience. The Strategy will be developed during the current financial year before being provided to you and the Council for consideration. The Strategy may identify that a regeneration plan is needed for the area.

Redcliffs School Regeneration Project

Regenerate Christchurch has offered to be the proponent for a draft section 71 proposal to enable necessary planning changes to relocate Redcliffs School to Redcliffs Park, and provide for the school's previous site to be used as a park. Regenerate Christchurch is working closely with the Ministry of Education and DPMC as the draft proposal progresses. More on this can be found in **section 4**.

Other activities and functions

Brooklands and Port Hills Residential Red Zones

Regenerate Christchurch intends to commence regeneration planning work in these areas in the 2018-2019 financial year. It has yet to be determined whether regeneration plans will be required for these areas.

New Brighton

Regenerate Christchurch continues to work with Development Christchurch Limited on a series of projects aimed at revitalising New Brighton's commercial core, and creating a strategy for the regeneration of the wider New Brighton area. In the coming year, Regenerate Christchurch will continue to provide advice on regeneration outcomes, interventions, and the contributions of Development Christchurch Limited to you and the Council, while monitoring and reporting on progress.

Other Regeneration Opportunities

Regenerate Christchurch is focused on establishing a pipeline of regeneration activities and ensuring that the GCR Act is used to its full potential. This involves actively identifying regeneration opportunities across the Christchurch district in collaboration with strategic partners and stakeholders.

A prioritisation framework has been developed to identify and assess regeneration opportunities across Christchurch. The prioritisation framework will identify the priority area that will be the subject of the next regeneration plan. Regenerate Christchurch will provide ongoing advice to you and the Council on regeneration opportunities as they are identified and assessed.



Regenerate Christchurch's gateway function

Regenerate Christchurch has an ongoing role in providing advice and recommendations to you on the development, revocation and amendment of regeneration plans and the exercise of section 71 powers in Christchurch District.

Ōtākaro Limited

Ōtākaro Limited (Ōtākaro) was established in 2016 and since establishment has maintained momentum across all projects it has been asked to deliver. More information about Ōtākaro is provided in **Appendix B**.

All projects that Ōtākaro is managing have either pre-construction or construction works occurring on site. Land is being divested in accordance with a Land Divestment Strategy. Ōtākaro updates its Shareholding Ministers on progress as part of a formal quarterly reporting process, or informally as required.

Ōtākaro has recently been through the Investor Confidence Rating (ICR) assessment, in which it achieved an A rating. This is an excellent result and indicates that Ōtākaro has quickly set up a mature investment management process, giving confidence that the company has the skills and processes in place to ensure procurement and contracts are well managed.

Key priorities that will require Ministerial involvement include:

- shareholder consideration of procurement decision-making for the Metro Sports Facility;
- ensuring land is available and transferred to Ōtākaro to enable progression of key projects (including Metro Sports Facility and An Accessible City projects);
- decisions on land in the South Frame need to be consistent with the Christchurch Central Recovery Plan (CCRP). Consistency with the CCRP will enable Ōtākaro to achieve the project outcomes sought from constructing public realm, and maximise returns from divestment of land in this area; and
- under section 35 of the GCR Act, Ōtākaro must provide consent before Regenerate Christchurch can submit a draft outline, draft regeneration plan or an amendment to you, where the draft Plan or amendment relates to an area that includes any of the Christchurch RRZ. Ōtākaro is providing direct support to Regenerate Christchurch in the preparation of such RRZ regeneration plans to facilitate approval for submission to you.



Appendix B: Regeneration agencies where you have joint responsibility

Ōtākaro Limited

Role and functions

Ōtākaro is a Crown company listed in Schedule 4A of the *Public Finance Act*. It was established to take over specific functions of CERA, and became operational in April 2016. Information on Ōtākaro's current priorities can be found in **Appendix A**.

Ōtākaro has an independent Board consisting of four directors who provide strategic direction to the Chief Executive to ensure decisions are made in the interests of the people of Christchurch and the Crown. Day to day operations of Ōtākaro are managed by the Chief Executive under delegated authority from the Board. The company manages its functions and operations in a way that is consistent with the strategy set out by the Board.

Ōtākaro's strategic objectives, acting in the interests of the Crown and the people of Christchurch, are to:

- add value to Crown anchor projects by delivering the projects safely, on budget, to schedule and to the desired quality;
- divest Crown land holdings in central Christchurch in a manner that balances a desire to achieve good commercial outcomes against the central government's regeneration objectives; and
- support the central government's exit from anchor projects and land holdings over time on favourable terms.

The overarching responsibilities of Ōtākaro include:

- delivery of defined anchor projects by providing procurement, design management and construction management services on behalf of the central government;
- providing programme governance, including risk, cost and schedule management;
- divestment of Crown-owned land in central Christchurch and the RRZ (if transferred), while achieving good commercial outcomes; and
- acting in a manner consistent with recovery plans and any regeneration plans.

Ōtākaro is responsible for the Canterbury Earthquake National Memorial, Avon River Precinct, East Frame Public Realm and Residential Project, South Frame Public Realm, An Accessible City Phase 1 (joint delivery responsibility with Christchurch City Council), Convention Centre Precinct and the Metro Sports Facility.

The company will exist until the projects it is responsible for are delivered and land is divested; based on current expectations, a period of no longer than seven years.

Role of Ministers and government departments

Ōtākaro’s shareholders are the Minister of Finance and you as the Minister for Greater Christchurch Regeneration, with each holding 50 per cent of the share capital.

The Treasury monitors Ōtākaro’s commercial and financial performance, while DPMC is the policy lead for Ōtākaro. Key contacts in these agencies are:

- Treasury – David Stanley, Principal Advisor, s9(2)(a)
- DPMC – Pratima Namasivayam, Team Leader Strategic Policy, s9(2)(a)

Ōtākaro Limited Anchor Projects

Project	Description
An Accessible City Phase 1 Status: Construction	<p>These transport projects are part of the An Accessible City programme of improvements to the travel network in the central city.</p> <p>Streets will be prioritised for different forms of transport to provide safer and more efficient ways for motorists, pedestrians, cyclists and public transport users to move around.</p>
Bus Interchange Status: Completed	<p>The new Bus Interchange connects with all Metro bus services. Ōtākaro is the initial owner of the Bus Interchange and Environment Canterbury manages the day-to-day operation of the facility.</p>
Canterbury Earthquake National Memorial Status: Completed	<p>The memorial provides a place to reflect on the events that changed Canterbury forever - paying respect to the 185 people who lost their lives on 22 February 2011 and those who were seriously injured.</p>
Convention Centre Precinct	<p>The Christchurch Convention Centre will be a world class conference facility supported by</p>


Status: Planning/construction	accommodation, retail, hospitality and public transport. In a competitive environment where convention centres around the world are expanding their capacity to accommodate larger events, the Christchurch Convention Centre will be a boutique facility, set in a well organised and compact, regenerating city.
East Frame Status: Planning/construction	The East Frame will be a new residential area in the heart of the city, built around a large park. It will be enhanced by cafés, restaurants and outdoor entertainment areas.
Metro Sports Facility Status: Planning/construction	The largest aquatic and indoor recreation and leisure venue of its kind in New Zealand, the Metro Sports Facility will be accessible to people of all ages, abilities and skill levels.
South Frame Status: Construction	The South Frame will be a place for markets, events and celebrations, including a pedestrian and cycling corridor with distinctive gardens that will run the entire east-west length of the development.
Te Papa Ōtākaro / Avon River Precinct Status: Planning/construction	The central city area of the Ōtākaro/Avon River is being transformed as part of Christchurch's regeneration. A new city waterfront is being created to make it easier to access the river surrounds.

Regenerate Christchurch

Role and functions

Regenerate Christchurch was established under the GCR Act to lead, support and coordinate regeneration activities across Christchurch. Information on Regenerate Christchurch's current priorities can be found in **Appendix A**.

The ownership and governance arrangements mean that Regenerate Christchurch is uniquely positioned to advise you and the Christchurch City Council on the regeneration of Christchurch. Regenerate Christchurch is committed to engaging with the Crown and Council, strategic partners, stakeholders and the wider community as it progresses its substantial work programme.




The functions of Regenerate Christchurch as set out in section 123 of the GCR Act, are to:

- Develop visions, strategies, and regeneration plans to assist in achieving regeneration;
- Make recommendations and provide advice to you on the development, revocation and amendment of regeneration plans and the exercise of power under section 71 of the GCR Act;
- Facilitate increased investment;
- Provide advice to Ōtākaro Limited, Development Christchurch Limited, and others on the regeneration outcomes being sought;
- Comment on regeneration outcomes and interventions, and the contribution of Ōtākaro Limited and Development Christchurch Limited; and
- Provide independent advice on regeneration activities to the Council and to you.

In carrying out its functions, Regenerate Christchurch takes the following approach to its work:

- Taking a holistic view of all public and private sector activities and investment and ensuring that regeneration activities deliver environmental, economic, social, and cultural benefits;
- Developing regeneration plans that have statutory weight – these can affect and direct zoning changes and land uses;
- Investing in genuine and early engagement to secure broad support for its work; and
- Seeking to create alignment between the Council and the Crown including in relation to the development of publicly owned land and the design and delivery of policy initiatives aimed at supporting regeneration.

Regenerate Christchurch's approach to engaging the community in the development of regeneration initiatives will be tailored appropriately for the context. The recent review of the GCR Act has further informed Regenerate Christchurch's work in particular its approach to engagement. Regenerate Christchurch has started with one of the most complex regeneration areas, the Ōtākaro/Avon River Corridor, and the engagement approach for this Regeneration Plan process is extensive. As it moves in focus to a broader range of regeneration activities, the approach taken will be tailored accordingly.



The previous Minister and the Mayor's Joint Letter of Expectations outlines their initial priorities for Regenerate Christchurch, including evaluating progress and providing advice on what is required to increase momentum and support regeneration of the central city; and developing a Prioritisation Framework for the Christchurch district from which to identify further regeneration plans. In addition, Regenerate Christchurch is expected to develop and advocate strategies for regeneration and work with the strategic partners to achieve this, particularly within the RRZ, central city and New Brighton.

Role of the Minister and Christchurch City Council

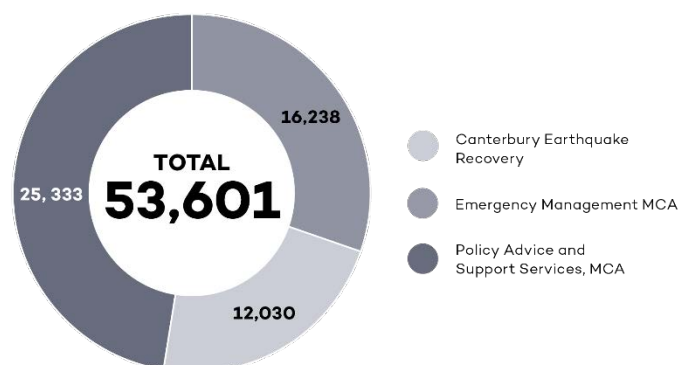
Section 130 of the GCR Act outlines your role as well as the Council (as the shareholders) to:

- Oversee and manage the Council's and Crown's interests in, and relationship with, Regenerate Christchurch; and
- Perform the functions and exercise the powers set out under the GCR Act, including those relating to engaging with Regenerate Christchurch on preparing its Statement of Intent and Statement of Performance Expectations and commenting on the draft and final versions of these documents (where amendments are needed); producing a letter of expectations; and reviewing Regenerate Christchurch's performance.

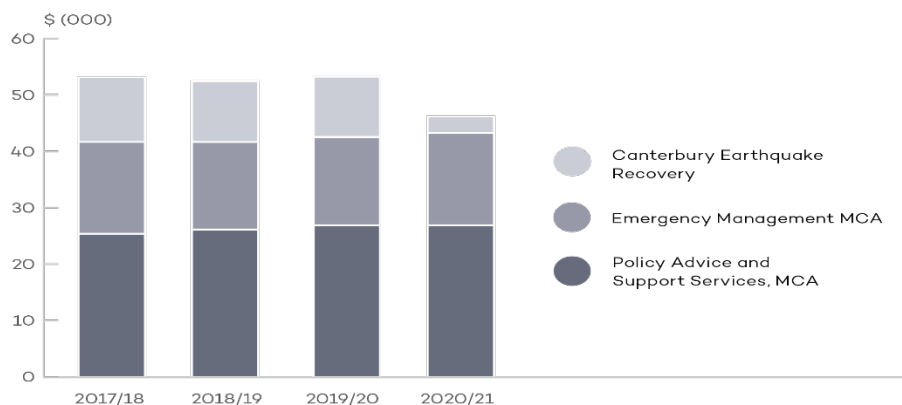
The Crown and Council also have a joint role in funding Regenerate Christchurch (\$4 million per annum each until June 2021).

Appendix C: How things are funded

DPMC departmental activity is funded through a Departmental Output Expense appropriation and through two multi-category expense appropriations (MCA):



The Canterbury Earthquake Recovery appropriation reduces in future years as DPMC responsibilities related to the earthquake recovery wind down or are transferred to local agencies.



While overall activity in DPMC's Greater Christchurch Group looks likely to transition to local agencies earlier than anticipated when CERA was disestablished, there are also some functions that will continue longer than anticipated e.g. resource supporting the Horizontal Infrastructure programme. DPMC is also responding to activity that was not anticipated at the time of CERA's disestablishment e.g. response to the ChristChurch Cathedral Working Group. This creates a tension in budget management to ensure that on-going functions within this group are not adversely impacted by the need to support these areas of extended or unanticipated activity.



Departmental Appropriations changes in out-years

Canterbury Earthquake Recovery

In the 2015-16 financial year CERA was disestablished. Baseline funding was transferred from the CERA appropriations to the agencies that inherited functions from CERA. For DPMC, this funding was for the purpose of the activities of the Greater Christchurch Group and to enhance the capability and capacity of DPMC's corporate functions.

The monitoring and support role for greater Christchurch Regeneration will reduce as more functions are transferred to local organisations and as some areas of activity are completed. This means that departmental funding for Canterbury Earthquake Recovery reduces from \$20 million in 2016-17 to \$12 million in 2017-18, to \$10 million in each of 2018-19 and 2019-20, and then to \$3 million in 2020- 21 and out-years.

The challenge to DPMC is to ensure that functions are transferred to other organisations, activities are completed, and resourcing is reduced in line with these baseline funding reductions. By 2020-21 DPMC will retain a policy function in respect of Canterbury and some of the increased corporate capacity and capability.

Land Ownership and Management

You are also responsible for the Canterbury Earthquake Recovery Land Ownership and Management (M85) Multi-Category Appropriation in Vote Lands. This is a combination of departmental and non-departmental, with the appropriation's purpose being to support the recovery of Canterbury through the purchase, clearance, maintenance and management of land affected by the Canterbury earthquakes.



Appendix D: Monitoring greater Christchurch regeneration (September 2017)

[Provided in a separate document]



MONITORING GREATER CHRISTCHURCH REGENERATION

September 2017



DEPARTMENT of the
PRIME MINISTER and CABINET

Te Tari o Te Pirimia me Te Komiti Matua

Greater Christchurch Group
Monitoring and Evaluation Team

TABLE OF CONTENTS

List of Figures.....	ii
List of Tables.....	iii
About the report.....	1
Overview.....	1
Section 1: Diverse and sustainable local economy.....	5
1.1. Economy.....	5
1.2. Work and income.....	7
1.3. Diversity of the labour market.....	10
1.4. Looking ahead.....	10
Section 2: Christchurch as an attractive city to visit.....	12
2.1. Tourism expenditure.....	12
2.2. International visitors arriving at Christchurch airport.....	12
2.3. Cruise ships.....	14
2.4. Commercial accommodation in greater Christchurch.....	16
2.5. Looking ahead.....	17
Section 3: Housing in greater Christchurch.....	19
3.1. Housing values and rental costs.....	19
3.2. Housing affordability measure.....	22
3.3. Insurance.....	23
3.4. Looking ahead.....	25
Section 4: The wellbeing of greater Christchurch communities and individuals.....	26
4.1. Wellbeing.....	26
Section 5: A vibrant central city for Christchurch.....	28
5.1. Introduction.....	28
5.2. Changing demographics.....	28
5.3. Housing.....	29
5.4. Economy.....	31
5.5. Tourism.....	34
5.6. An attractive destination to visit.....	35
5.7. Looking ahead.....	37
Section 6: Infrastructure and transportation in greater Christchurch.....	39
6.1. Construction.....	39
6.2. Rebuild activity.....	39
6.3. Transport infrastructure.....	42
6.4. Looking ahead.....	44

LIST OF FIGURES

Figure 1-1: Real GDP in greater Christchurch (2010 prices, actuals 12 months to June, forecasts 12 months to March)	5
Figure 1-2: Annual growth in real GDP (2010 prices, quarter comparisons)	6
Figure 1-3: Unemployment rate (actual quarterly rate)	8
Figure 1-4: Underutilisation of people (actual quarterly rate)	8
Figure 1-5: Median weekly earnings (June quarter)	9
Figure 2-1: Greater Christchurch Regional Tourism Estimates (12 months to July)	12
Figure 2-2: International visitors to Christchurch airport (12 months to July)	13
Figure 2-3: International arrivals at Christchurch airport by country of residence, (12 months to July)	14
Figure 2-4: Cruise ship passengers to Canterbury region (2011-2016)	15
Figure 2-5: Value added to Canterbury economy (2011-2016)	16
Figure 2-6: Greater Christchurch guest nights (12 months to June)	16
Figure 3-1: Year on year growth in average house values	19
Figure 3-2: Cumulative growth in average property value (base month = August 2010)	20
Figure 3-3: Average weekly rent from new bonds lodged	21
Figure 3-4: Number of active bonds in greater Christchurch	21
Figure 3-5: HAM Buy for greater Christchurch (higher numbers indicate less-affordable housing)	22
Figure 3-6: HAM Rent for greater Christchurch (higher numbers indicate less-affordable housing)	23
Figure 5-1: Estimated population of central city (as at 30 June)	28
Figure 5-2: Net new dwellings consented in central city (12 months to June)	29
Figure 5-3: Average market rent per week in central city	30
Figure 5-4: Median residential house sale price in Avon Loop	30
Figure 5-5: Central city and Christchurch city employees	31
Figure 5-6: Ground Floor Activity survey by sector (calendar year)	32
Figure 5-7: Retail spending within the central city (year end June)	33
Figure 5-8: Domestic and international guest nights in the central city (year end June)	34
Figure 5-9: Number of offences reported to Police in central city (12 months to June)	36
Figure 6-1: Number of rebuild-related work visa arrivals	40
Figure 6-2: Major projects of the public sector rebuild construction timeframes (as at 30 June 2017)	41

LIST OF TABLES

Table 1-1: Total employment and annual growth (annual 12 months to June, thousands)	9
Table 3-1: Current status of unsettled over-cap residential dwelling claims (as at 30 June 2017)	24

ABOUT THE REPORT

1. The Department of the Prime Minister and Cabinet (DPMC) inherited responsibility for leading and coordinating central government's role in the recovery and regeneration of greater Christchurch when the Canterbury Earthquake Authority was disestablished in April 2016. The current focus of DPMC is on supporting the transition of leadership of the regeneration of greater Christchurch from central government to local institutions. One ongoing role of DPMC is the monitoring and reporting on the overall progress of the regeneration of greater Christchurch.
2. This report provides a summary of regeneration progress, drawing on numerous sources of information collected and published by other agencies. The report provides the public with an easily accessible account of progress in greater Christchurch, based on the latest data available as at 31 August 2017.

OVERVIEW

3. More than seven years since the devastating impact of the Canterbury earthquakes, greater Christchurch¹ has transitioned from recovery to regeneration. The monitoring of regeneration highlights the progress greater Christchurch is making in its journey.

ECONOMIC REGENERATION

4. The rebuild related construction activity in greater Christchurch has been the key driver of economic growth in the region for a number of years. The diversity of the Canterbury economy is similar to the rest of New Zealand, with the exception of the construction industry. In the year ending March 2015, the construction industry contributed 10.3 percent to GDP in Canterbury, compared to 5.1 percent in the rest of New Zealand.
5. The majority of private sector developments are complete, or underway, and a number of government service facilities are now in operation. Economic growth has slowed, reflecting the reality that the rebuild is in an advanced stage. Both economic growth and labour market trends in greater Christchurch are starting to return to historical patterns, and align with the rest of New Zealand.
6. While the period of major private-led construction activity is almost over, a number of high value publicly funded projects are currently under construction or will soon commence construction (e.g. the Convention Centre) and the Christchurch Schools Rebuild Programme is still in its early stages (12 schools have been completed, of 115 schools). There are also a number of other projects in the pipeline, such as the Multi-use arena, the Metro Sports Facility, and future developments in the Residential Red Zones. Therefore, construction activity is forecast to decline slowly, providing for a more gradual transition to a new business-as-usual environment. A strong underlying economy is needed to ensure a smooth transition to the new business-as-usual state.
7. In the central city, the advanced stage of construction activity is clearly visible. The retail precinct is open for business, there are a range of food and beverage options in the central city, and more business have moved into the central city as new office developments completed construction. However, as businesses moved back to the central city, the commercial property market in the suburban areas have been impacted. Office vacancy in Addington, Riccarton and the Burnside Technology Park has increased from 6.6 percent in the June 2015 quarter to 19.7 percent in the June 2017 quarter. The balance between office supply and demand has shifted, evidenced by the decrease in central city and suburban rental rates.

¹ In this report greater Christchurch consists of Christchurch City, Selwyn and Waimakariri districts. This does not directly correspond to the definition of greater Christchurch in the Greater Christchurch Regeneration Act 2016.

8. In terms of the tourism sector, greater Christchurch has made steady progress in attracting visitors back to the region. Overall guest nights and accommodation capacity in greater Christchurch is gradually improving, and a number of significant commercial accommodation developments in the central city are planned or under construction, which will further boost the accommodation capacity. Cruise ships continue to play an important part in the region's tourism sector, and a new cruise ship berth was confirmed for the Port of Lyttelton. Total tourism expenditure has increased each year since 2013, and in the 12 months to July 2017 was \$238 million higher than pre-earthquake expenditure.
9. However, given that the New Zealand tourism sector has grown substantially over this period, Christchurch's share of the tourism market has decreased. For example, Christchurch Airport's share of international arrivals into New Zealand has decreased from 21.8 percent in the 12 months to July 2010, to 14.0 percent in the 12 months to July 2017.

HOUSING REGENERATION

10. The Canterbury Home Repair Programme has concluded, and the majority of insurance claims on greater Christchurch's earthquake-damaged housing stock have been settled. The Earthquake Commission have completed all of those that are within their operational control and not currently under litigation. The Earthquake Commission is focusing on dealing with an estimated 4,659 call-back claims. There are 1.7 percent total first time dwelling claims that remain unsettled, all of which are over-cap and being managed by private insurers. The Residential Advisory Service is continuing to support the more complex claims through to settlement.
11. The decrease in average weekly rent for recently rented properties, and the low house price growth, indicate that the balance between supply and demand for housing in greater Christchurch has stabilised since the peak pressures resulting from the earthquakes. Out of the 15 main areas in New Zealand, Christchurch experienced the lowest percentage increase in average house value. This is positive for first home buyers seeking a foothold on the market, and may attract a greater number of workers and employers to the region.
12. Within the four avenues, the earthquake sequence caused significant damage to the housing stock. The Christchurch Central Recovery Plan notes that "successful cities need attractive central city neighbourhoods with diverse communities to support business growth and development, and bring life to the city centre", and provides a target of 12,000 and 24,000 people living within the four avenues. In 2016, the central city resident population has slowly increased to 5,610, but is still 32.2 percent less than the 2010 total. It is anticipated that the work underway to increase the number and range of residential living options in the central city (e.g. the East Frame, and Welles Street developments), will contribute towards meeting this target.

WELLBEING

13. The wellbeing of greater Christchurch residents is measured through the annual Canterbury Wellbeing Index (CWI). The CWI for 2016 showed the overall wellbeing of greater Christchurch residents has improved since the initial impact of the earthquakes, and many of the indicators are similar to, or better than, national measures.
14. The results of the September 2016 Canterbury Wellbeing Survey show that a total of 82 per cent of greater Christchurch residents rate their quality of life positively, up from 77 per cent in September 2015, and five per cent of residents rated their quality of life poor or extremely poor. These results are in line with the other main centres, as reported in the 2016 Quality of Life Survey.

15. Please refer to the Department of the Prime Minister and Cabinet's *Monitoring Greater Christchurch Regeneration June 2017* report, or the reports published by the Canterbury District Health Board for more detail.

HORIZONTAL INFRASTRUCTURE AND TRANSPORT REGENERATION

16. In June 2017, a major milestone was reached, when the SCIRT Programme was completed. The programme included over 700 individual projects across Christchurch, supporting a better functioning horizontal infrastructure network. The projects have all been handed over to the CCC, who are incorporating these into their business-as-usual maintenance programme following the defects liability period. Work is also progressing on the horizontal infrastructure repairs and rebuilds in Waimakariri District, and the programme is expected to complete by June 2018. The New Zealand Transport Agency's Roads of National Significance programme continues apace, and in the central city work is progressing on the 'An Accessible City' programme. It is estimated that the Ōtākaro Ltd-led projects (phase one of the programme) will be completed mid-2018.
17. Future challenges remain for Christchurch's transportation network, with an additional 70,000 car trips per day forecasted, based on current trends. Encouraging residents' uptake of alternative forms of transport will help mitigate the risk of increased congestion in the future. There are indications that alternative modes of transport are growing (e.g. travel by bike). The use of public transport, however, is yet to return to pre-earthquake levels. A joint Public Transport Committee (comprising of local government, and NZTA) is currently undertaking a review of the network, with the goal of identifying targeted improvements that will encourage public transport uptake.

Economy

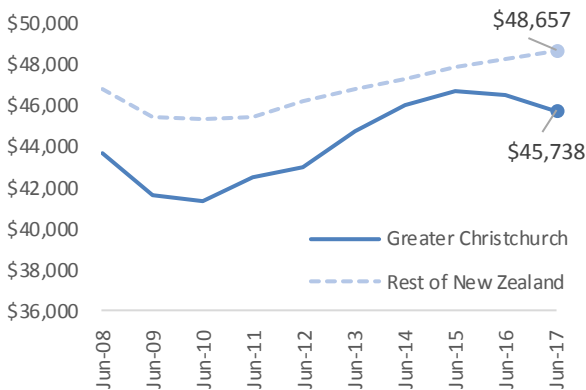
- In the 12 months to June 2017, economic activity in greater Christchurch remained high (\$22.9bn) but growth remained lower than that for the rest of New Zealand, increasing 0.8% on the previous 12 months. Forecasts to 2021 indicate economic activity will grow at a similar rate to the national average.
- Real GDP per person in greater Christchurch has converged to the national average since 2010, but there was a reversal of the trend since June 2016.

Real GDP growth (2010 Price, updated 30 June 2017)

	2010	2015	2016	2017	2021
Greater Chch	0.5%	3.9%	2.2%	0.8%	2.2%
Rest of NZ	1.0%	3.1%	2.8%	3.0%	1.9%

Earthquakes | Forecast

Real GDP per person

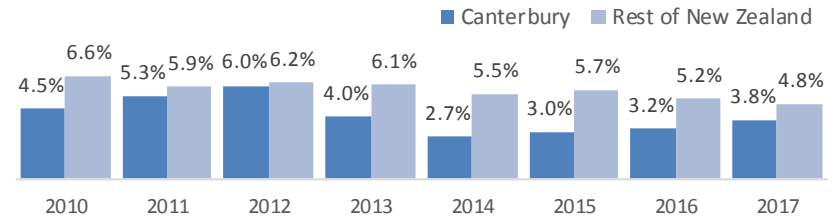


Source: Infometrics Limited. Real GDP per person calculated using Infometrics and Stats NZ data.

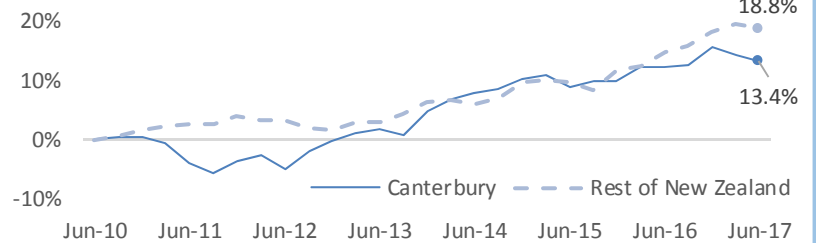
Work and income

- In the June 2017 quarter, the unemployment rate for Canterbury was 3.8%, up from 3.2% in the June 2016 quarter.
- Since the June 2014 quarter, the gap between the unemployment rates for Canterbury and the rest of New Zealand has eased.
- Employment in Canterbury has decreased by 6,300 people since its recent peak in the December 2016 quarter – It is still 3,700 higher compared with the June 2016 quarter.
- Median weekly earnings in Canterbury increased to \$950 (3.2%) between the June 2016 and 2017 quarters. As at the June 2017 quarter, the median weekly earnings in Canterbury was 99.1% of the national average.

Unemployment rate (actuals, June quarter)



Employment growth (June quarter 2010 - June quarter 2017)



Median weekly earnings in Canterbury (June quarter)

	2010	2011	2012	2013	2014	2015	2016	2017
Earnings (\$)	750	767	767	833	825	863	921	950
% of national	97.8%	99.8%	95.9%	99.6%	96.1%	98.1%	99.6%	99.1%
Annual change	+2.6%	+2.3%	+0.0%	+8.5%	-0.9%	+4.6%	+6.7%	+3.2%

Source: Labour market statistics: June 2017, Stats NZ

Diversity of the workforce

- Between the June 2016 and 2017 quarters, the total employee number increased by 3,700 employees. The health care and social assistance; and education and training industries had the largest increases in employment (up 3,700 and 3,500 respectively). The largest decrease was in the agriculture, forestry, and fishing and mining industry (down 2,100 employees).
- Between the June 2010 and 2017 quarters, the construction industry in Canterbury experienced the highest growth, increasing by 21,200 employees (92.9%)
- The manufacturing and electricity, gas, water, and waste services industry had the biggest decline, decreasing by 2,900 employees (7.0%).

Employment by industry grouping in Canterbury (June quarter)

Ranked by changes in industry employment (June 2010 quarter - June 2017 quarter)	Employment Number			Change in employment	
	2010	2016	2017	2010-2017 Number (% change)	2016-2017 Number (% change)
1. Construction.....	22,800	43,500	44,000	21,200 (92.9%)	500 (1.2%)
2. Agriculture, forestry, and fishing and mining.....	18,000	25,700	23,600	5,600 (31.4%)	-2,100 (-8.0%)
3. Professional, scientific and technical services.....	33,600	37,000	38,800	5,200 (15.5%)	1,900 (5.0%)
4. Retail trade and accommodation.....	47,800	50,300	51,600	3,800 (7.9%)	1,300 (2.7%)
5. Arts, recreation and other Services.....	17,000	19,100	20,000	3,000 (17.5%)	900 (4.6%)
6. Transport, postal and warehousing.....	12,300	14,300	13,900	1,700 (13.6%)	-400 (-2.6%)
7. Rental, hiring and real estate services.....	5,600	5,700	7,000	1,400 (25.3%)	1,300 (23.7%)
8. Health care and social assistance.....	30,700	28,300	32,000	1,200 (4.1%)	3,700 (12.9%)
9. Public administration and safety.....	13,000	13,600	13,000	0 (0.0%)	-600 (-4.1%)
10. Financial and insurance services.....	6,400	7,900	6,200	-200 (-3.1%)	-1,800 (-22.1%)
11. Information media and telecommunications.....	4,200	4,400	3,900	-300 (-7.1%)	-500 (-10.9%)
12. Education and training.....	28,100	24,200	27,600	-400 (-1.5%)	3,500 (14.3%)
13. Wholesale trade.....	16,800	16,700	15,800	-1,000 (-6.0%)	-1,000 (-5.8%)
14. Manufacturing and electricity, gas, water, and waste services..	41,300	38,300	38,400	-2,900 (-7.0%)	100 (0.3%)
Total all industries.....	297,900	334,200	337,900	40,000 (13.4%)	3,700 (1.1%)

Source: Labour market statistics – Income supplement: June 2017, Stats NZ

SECTION 1: DIVERSE AND SUSTAINABLE LOCAL ECONOMY

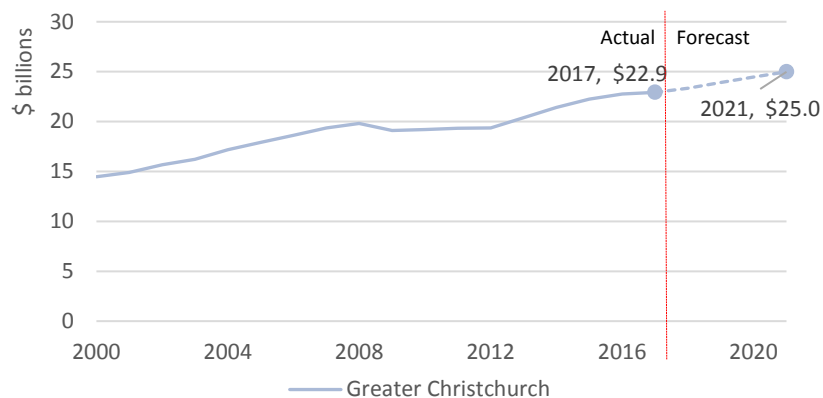
1.1. ECONOMY²

18. Since the Canterbury earthquake sequence, the region has experienced a high level of economic growth, largely driven by rebuild-related construction activity. Between the June 2012 quarter and the March 2015 quarter, the greater Christchurch economy was growing at a faster rate to the rest of New Zealand. Economic growth is now showing signs of slowing down, as expected during this phase of the regeneration as rebuild activity declines. Both economic growth and labour market trends in greater Christchurch are starting to return to historical patterns, and align with the rest of New Zealand.

GROWTH IN REAL GROSS DOMESTIC PRODUCT

19. Adjusting gross domestic product (GDP) figures for inflation (producing real GDP figures) provides a way to measure changes in activity that can otherwise be hidden by price changes. Economic activity in greater Christchurch remains high, with real GDP in the June 2017 quarter at \$5.6 billion, while in the 12 months to June 2017, real GDP reached \$22.9 billion (2010 prices)(see Figure 1-1). Real GDP growth in greater Christchurch is forecast to be similar to the rest of New Zealand over the next two years.³

**Figure 1-1: Real GDP in greater Christchurch
(2010 prices, actuals 12 months to June, forecasts 12 months to March)**



Source: Infometrics Limited

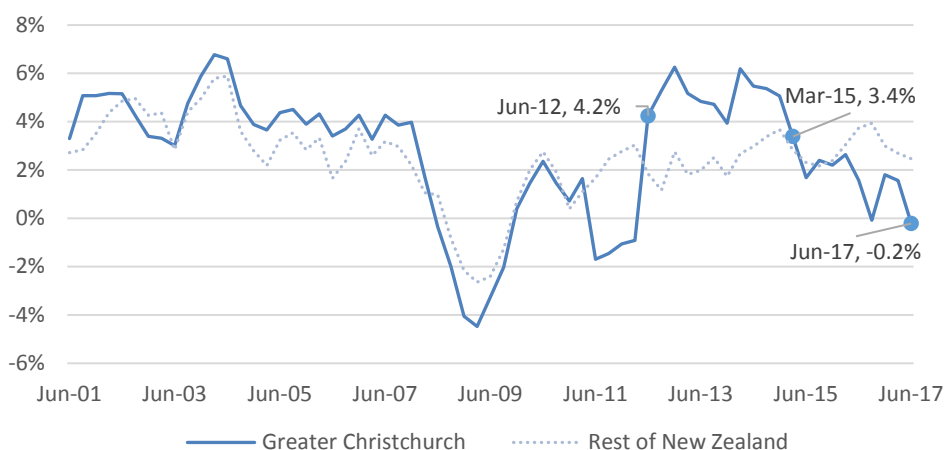
20. As expected during this phase of the regeneration⁴, quarterly real GDP growth has slowed from the peak period between the June 2012 quarter and the March 2015 quarter (see Figure 1-2), and has been lower than the growth in the rest of New Zealand since the December 2015 quarter. The latest quarterly estimates show real GDP in greater Christchurch decreased by 0.2 percent (June 2017 quarter to the June 2016 quarter). Over the same period, real GDP in the rest of New Zealand increased by 2.2 percent.

² Within this section Gross Domestic Product figures are sourced from Stats NZ and Infometrics Limited as each provides unique information relevant to this report. For example, Stats NZ publish an industry breakdown, while Infometrics provides more timely estimates of real GDP.

³ Real GDP figures have been sourced from Infometrics Limited.

⁴ This pattern of GDP growth was identified in the Canterbury Report Spring 2014, page 20 – 21, published by the Canterbury Development Corporation (now ChristchurchNZ).

Figure 1-2: Annual growth in real GDP (2010 prices, quarter comparisons)



Source: Infometrics Limited

21. Since the earthquakes, real GDP in greater Christchurch has increased from \$19.3 billion to 22.9 billion, an average annual growth of 2.9 percent (12 months to June 2011 to 12 months to June 2017). This is greater than the increase in the rest of New Zealand, where the average annual growth was 2.6 percent over the same period. However, growth over the last 12-month period has slowed to 0.8 percent in greater Christchurch, while increasing 3.0 percent in the rest of New Zealand.
22. GDP per capita provides a way to measure the relative level of economic activity across regions of varying size. Between 2011 and 2015 (12 months to June), real GDP per capita in greater Christchurch converged towards the average for the rest of New Zealand⁵, increasing 9.8 percent to reach \$46,666, while the average for the rest of New Zealand increased 5.3 percent to \$47,846. However, real GDP per person has since decreased in greater Christchurch, down 2.0 percent to \$45,738 in 2017, as the population increased at a greater rate than real GDP. Over the same period, real GDP per person in the rest of New Zealand continued to increase, up 1.7 percent to \$48,657.

GROSS DOMESTIC PRODUCT BY INDUSTRY⁶

23. Considering GDP by region and industry can provide an indication of how the Canterbury economy has changed as a result of the earthquakes. Stats NZ publish annual regional GDP figures by industry, the latest release is for the 12 months to March 2016 and contains regional GDP figures for 2016 and industry figures for 2015.⁷
24. Canterbury's GDP was \$33.1 billion in 2016, an increase of 25.1 percent (\$6.6 billion) since 2012.⁸ Canterbury's growth rate over this period was comparable to Auckland, New Zealand's largest regional economy that grew by 24.2 percent to reach \$93.5 billion, and higher than Wellington, New Zealand's second largest regional economy, that grew by 14.6 percent to reach 34.0 billion. In 2016, Canterbury's share of national GDP was 13.2 percent, up from 12.3 percent in 2010.

⁵ Real GDP per capita calculations are based real GDP data supplied by Infometrics limited and subnational population estimates from Stats NZ. Population estimates for June 2017 were calculated by applying the previous year's growth to the 2016 estimate.

⁶ Data in this section is sourced from Stats NZ's Regional gross domestic product. Latest published information on regional gross domestic product is for the year ended March 2016.

⁷ These figures are nominal – they have not been adjusted for inflation.

⁸ Regional Gross Domestic Product: Year ended March 2016, Stats NZ.

25. The diversity of the Canterbury economy is similar to the rest of New Zealand, with each industry's contribution to GDP within two percentage points of the 2015 national average.⁹ The only exception is the construction industry, which contributed 10.3 percent to GDP in Canterbury compared to 5.1 percent in the rest of New Zealand. Between 2010 and 2015 the construction industry's contribution to GDP increased by \$1.9 billion (135.6 percent) in Canterbury¹⁰, and was the largest contributor to Canterbury's GDP growth during this period.
26. In terms of contribution to Canterbury's GDP, other important industries alongside construction (10.3 percent) in the year ending March 2015 are manufacturing (11.5 percent), professional, scientific and technical services (7.3 percent), health care and social assistance (6.0 percent), and agriculture (4.7 percent). Between 2014 and 2015, Canterbury's GDP increased 4.4 percent. Contributing to this increase was the construction (up \$541 million or 19.7 percent), manufacturing (up \$397 million or 12.2 percent) and transport, postal and warehousing (up \$228 million or 16.3 percent) industries. Offsetting these growth industries was a decrease in agriculture, down \$1,025 million (40.8 percent).
27. Overall, the rebuilding of greater Christchurch has been the key driver of economic growth in the region and as it has slowed, so too has the region's growth. To maintain the current high level of economic activity, greater Christchurch will need to rely on its more traditional sectors such as manufacturing and agriculture, as well as other growing industries such as professional, scientific and technical services.

1.2. WORK AND INCOME

28. The earthquakes' impact on the economy and the subsequent rebuild is reflected in Canterbury's labour market conditions. In addition to the immediate negative effect caused by the extensive damage, there was widespread damage and disruption to businesses. Like economic growth, business conditions are showing signs of returning to a pre-earthquake state and converging with the national trends.

UNEMPLOYMENT AND LABOUR UNDERUTILISATION IN CANTERBURY ¹¹

29. Historically, the Canterbury unemployment rate has generally been lower than the rate for the rest of New Zealand. This gap increased as the rebuild activity began to increase, with the Canterbury unemployment rate between the December 2013 quarter and the March 2016 quarter averaging 3.1 percent compared to the rest of New Zealand average of 5.8 percent (see Figure 1-3). In the June 2017 quarter, the unemployment rate for Canterbury was 3.8 percent, up from 3.2 percent in the June 2016 quarter. Since the June 2014 quarter, the gap between the unemployment rates for Canterbury and the rest of New Zealand has narrowed. In the June 2017 quarter, the unemployment rate for the rest of New Zealand was 4.8 percent, down from 5.2 percent in the June 2016 quarter.¹²

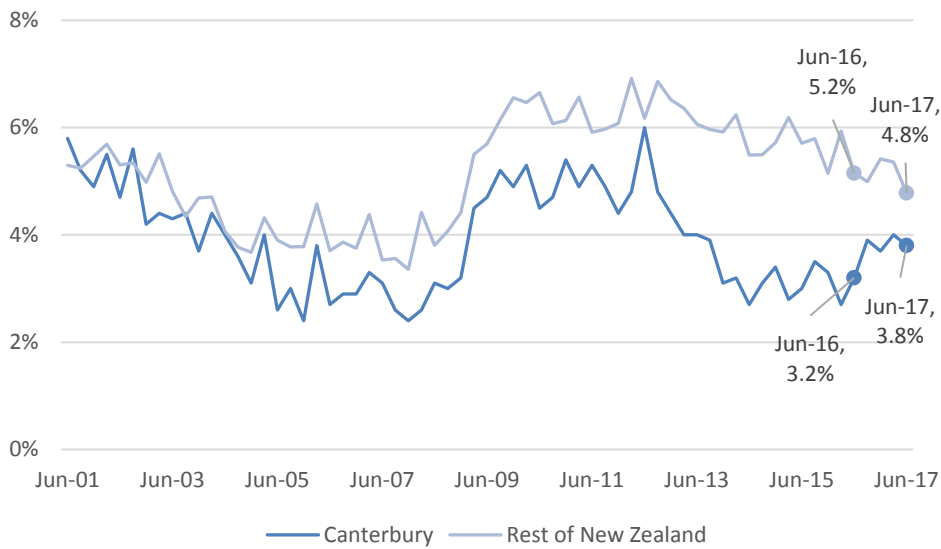
⁹ Regional Gross Domestic Product: Year ended March 2016, Stats NZ.

¹⁰ Latest published information on regional Gross Domestic Product by region and industry is for the year ended March 2015, Stats NZ.

¹¹ As Stats NZ do not publish seasonally adjusted regional unemployment rates, actual values are reported.

¹² Labour Market Statistics: June 2017 quarter, Stats NZ.

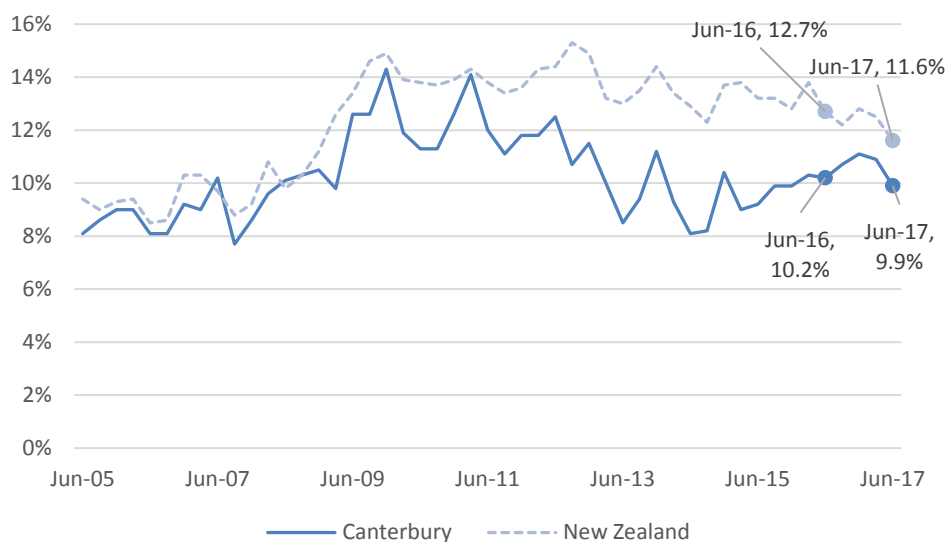
Figure 1-3: Unemployment rate (actual quarterly rate)



Source: Labour market statistics: June 2017, Stats NZ

30. Labour underutilisation, a supplementary unemployment measure, reflects the total number of people in the labour force who are not being fully utilised (e.g. those working part-time who would like to work more), as well as some who are outside of the labour force who can be considered potential labour supply.¹³ The measure reflects the lack of work as measured by unemployment and those underemployed.
31. In the June 2017 quarter, the underutilisation rate in Canterbury was 9.9 percent, which was lower than the New Zealand rate of 11.6 percent (see Figure 1-4). Unlike the unemployment rate, the underutilisation rate for Canterbury decreased between the June 2016 quarter (10.2 percent) and the June 2017 quarter. However, the underutilisation rate has been trending up since the June 2014 quarter.

Figure 1-4: Underutilisation of people (actual quarterly rate)



Source: Labour Market Statistics, Stats NZ

¹³ Stats NZ (2016). Introducing underutilisation in the labour market. Retrieved from www.stats.govt.nz.

GROWTH IN EMPLOYMENT

32. Employment in Canterbury decreased to a post-earthquake low of 280,900 in the September 2011 quarter, down 18,200 (6.1 percent) on the same quarter in 2010. Employment opportunities have since improved. The latest employment estimates, for the June 2017 quarter, has employment at 337,900, an increase of 57,000 (20.3 percent) on the September 2011 quarter and an increase of 3,700 (1.1 percent) on the June 2016 quarter.
33. Annual employment in Canterbury (for the 12 months to June 2017) was 339,600, up 8,700 (2.6 percent) on the previously 12-month period (see Table 1-1). In comparison, over the same 12-month period employment increased by 115,100 (5.6 percent) in the rest of New Zealand.

Table 1-1: Total employment and annual growth (annual 12 months to June, thousands)

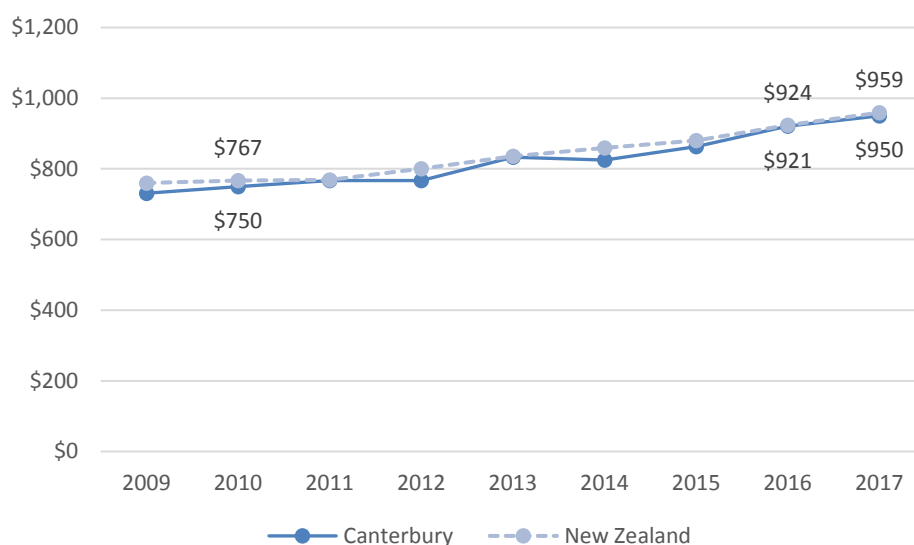
	2010	2011	2012	2013	2014	2015	2016	2017
Canterbury	296.4	295.2	285.3	298.4	313.1	326.5	330.9	339.6
Annual growth	0.3%	-0.4%	-3.4%	4.6%	4.9%	4.3%	1.3%	2.6%
Rest of New Zealand	1,847.1	1,879.8	1,908.5	1,889.3	1,954.4	2,014.2	2,064.4	2,179.5
Annual growth	-1.6%	1.8%	1.5%	-1.0%	3.4%	3.1%	2.5%	5.6%

Source: Labour market statistics: June 2017, Stats NZ

MEDIAN WEEKLY EARNINGS

34. The median weekly earnings for people in paid employment (median weekly earnings) in Canterbury increased by \$29 (3.1 percent) to \$950, between the June 2016 quarter and the June 2017 quarter (see Figure 1-5).¹⁴ Over the same period, the national median weekly earnings increased \$35 (3.8 percent) to \$959. Since the June 2010 quarter, the median weekly earnings in Canterbury increased by \$200 (26.7 percent), in comparison the median weekly earnings nationally increased \$192 (25.0 percent). This reduced the difference between median weekly earnings in Canterbury and the national median from \$17 to \$9.

Figure 1-5: Median weekly earnings (June quarter)



Source: Labour market statistics: June 2017, Stats NZ

¹⁴ Labour Market Statistics: June 2017 quarter, Stats NZ.

1.3. DIVERSITY OF THE LABOUR MARKET

35. In the June 2017 quarter, the diversity of the Canterbury labour market closely matched New Zealand (as measured through employment by industry type). Like the rest of New Zealand, the retail trade and accommodation industry is the largest employer in Canterbury, employing 15.3 percent of the workforce in the June 2017 quarter (51,600 people). The notable exception is the construction industry which has the second largest share of employment in Canterbury at 13.0 percent (44,000 people), whereas in the rest of New Zealand it is the sixth largest with 8.7 percent¹⁵. The professional, scientific, technical, administrative and support services industry is third largest, employing 11.5 percent (38,800 people), while it is the second largest in the rest of New Zealand at 12.6 percent.
36. Changes in the labour market can be used to show more recent changes in the Canterbury economy, as they are reported more frequently and in a timelier manner. Recent employment growth in Canterbury has been led by the education and training, and health care and social assistance industries. Between the June 2016 quarter and June 2017 quarter, the number of people employed in these industries increased by 3,500 (14.3 percent) and 3,700 (12.9 percent) respectively. In the rest of New Zealand, employment growth was led by professional, scientific, technical, administrative and support services (up 29,700 or 12.0 percent) and construction (up 17,400 or 10.0 percent).

Case Study 1-1: GreenHouse Collaborative hub

GreenHouse, based in the Innovation Precinct and part of the city's start-up ecosystem, is set to become a city asset bringing the innovation system to life. The hub, operated by ChristchurchNZ with support from the Ministry of Business, Innovation and Employment, focuses on supporting and commercialising early-stage digital and tech start-ups. In the two years since it opened, GreenHouse has hosted the digital business accelerator Lightning Lab and provided support services and co-working space to more than 10 start-ups.

Source: The Canterbury report (Winter 2017)

1.4. LOOKING AHEAD

37. With building activity in greater Christchurch expected to return to a new business-as-usual levels by 2021 (which is anticipated to be higher than the pre-quake level¹⁶), a strong underlying economy is needed to ensure the smooth transition to this new phase. The declining construction activity could also affect employment in related industries (e.g. professional, scientific, and technical services), increasing the potential of a higher unemployment rate in the region. Recent employment growth has been in the Education and Training; and Health Care and Social Assistance industries.
38. The declining rebuild activity also provides an opportunity for surplus employees to move into the wider economy, both local and national. This transition is likely to be gradual with construction activity forecasts showing a slow decline¹⁷.

¹⁵ Labour Market Statistics: June 2017 quarter, Stats NZ.

¹⁶ Construction Forecast Model: In 2012 dollars, as at 31 March 2017, Ministry of Business, Innovation and Employment.

¹⁷ The Canterbury Rebuild by the Numbers, Ministry of Business, Innovation and Employment.

Tourism

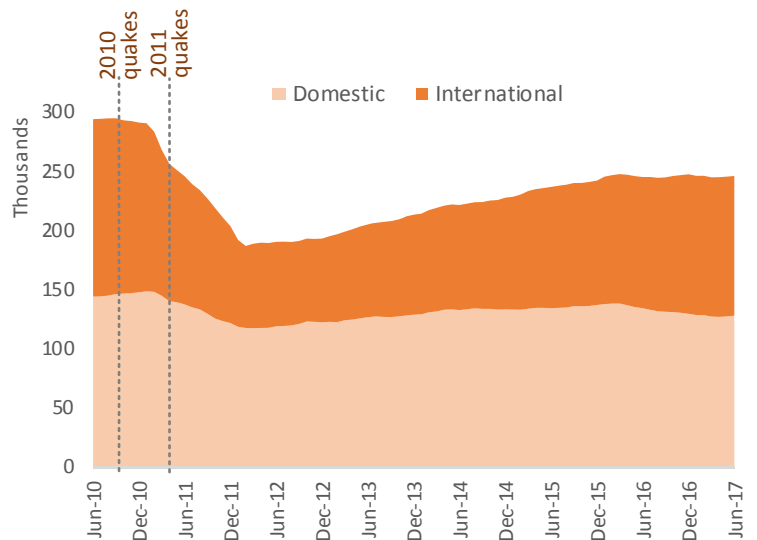
- Accommodation stay units (e.g. hotel rooms) in Christchurch decreased sharply after the 2011 earthquakes, while the capacity in Selwyn and Waimakariri was largely unaffected. As at March 2017, the number of rooms in Christchurch has recovered from 56.6% in June 2010 to 79.1% of its pre earthquake level.
- Between 2016 and 2017, greater Christchurch had a lower rate of growth in annual guest nights than the rest of New Zealand, while the growth rates were higher than the rest of New Zealand between 2013 and 2015. In the 12 months to June 2017, total guest nights increased by 0.4% to 83.7% of their pre earthquake volume of 3,523,949 in the year end June 2010.
- Since 2014, accommodation occupancy rates in greater Christchurch have exceeded those of pre-quake levels, however, this increase has been driven by decreased capacity.
- In the 12 months to July 2017, tourism expenditure in greater Christchurch exceeded its pre-quake (2010) level by \$237.8m, and international visitors have contributed 41.7% of the total tourism expenditure.

Number of accommodation stay units in greater Christchurch
(as % of pre-quake level – September 2010 = 100%)¹

	Christchurch	Selwyn	Waimakariri
Rooms in Sept 2010	10,331	483	1,662
Feb 2011	93.9%	106.0%	100.0%
<hr/>			
Month of June			
2011	56.6%	101.0%	88.3%
2012	59.7%	101.2%	95.2%
2013	63.8%	98.6%	91.5%
2014	70.5%	101.7%	91.5%
2015	75.7%	106.4%	97.1%
2016	77.5%	101.7%	95.6%
2017	79.1%	98.6%	84.2%

1. Stay units are affected by seasonal closures.

Guest nights in greater Christchurch (12-month moving average)

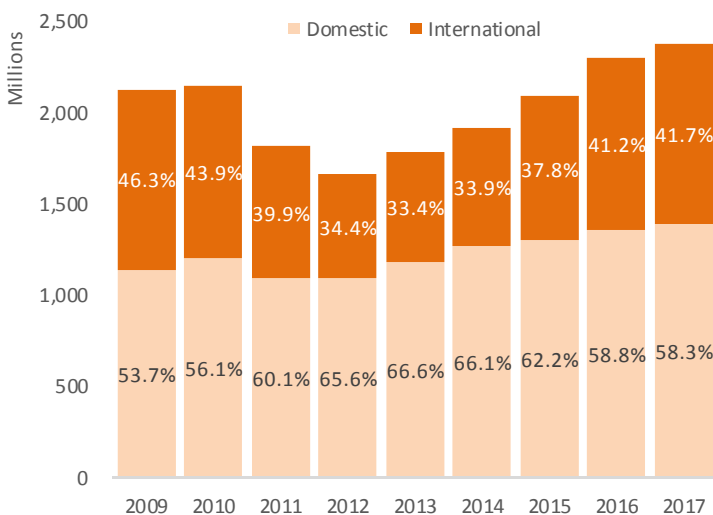


Accommodation occupancy rate (year end June)

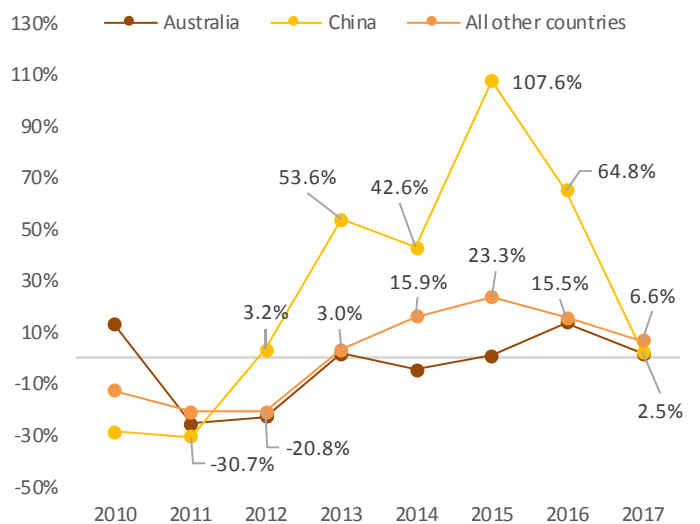
	2010	2011	2012	2013	2014	2015	2016	2017
Christchurch	50.7%	51.6%	53.8%	55.1%	55.3%	57.4%	57.0%	55.2%
Selwyn	18.2%	21.3%	20.1%	24.8%	26.2%	27.2%	28.7%	27.3%
Waimakariri	8.1%	9.3%	12.0%	12.1%	13.0%	13.3%	9.7%	9.9%
New Zealand	36.4%	36.5%	36.6%	36.8%	38.7%	40.7%	42.6%	44.4%

Source: Accommodation Survey: June 2017, Stats NZ

Domestic vs. international tourism spending in greater Christchurch (year end July)



Change in international tourism spending in greater Christchurch (year end July)



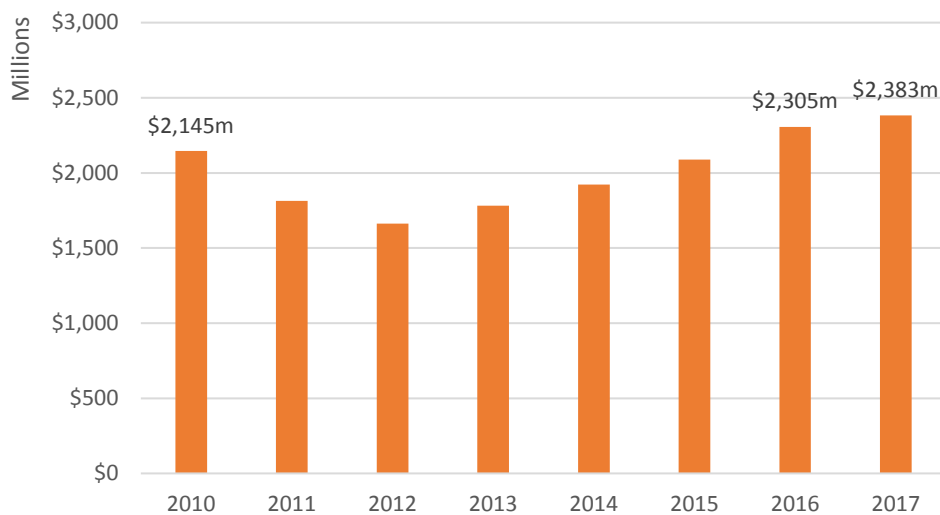
Source: Monthly Regional Tourism Estimates, Ministry of Business, Innovation and Employment

SECTION 2: CHRISTCHURCH AS AN ATTRACTIVE CITY TO VISIT

2.1. TOURISM EXPENDITURE

39. National and international visitors to greater Christchurch make a valuable contribution to the local economy. Since 2013, total tourism expenditure in greater Christchurch has increased each year (see Figure 2-1), with annual expenditure exceeding the pre-earthquake amount by \$160 in the 12 months to July 2016 (compared to the 12 months to July 2010). In the 12 months to July 2017, the amount spent by visitors in greater Christchurch increased by 3.4 percent to reach \$2.4 billion, 11.1 percent higher than for the same period in 2010. In comparison, over the same periods, expenditure in the rest of New Zealand increased 6.0 percent (compared to 2016) and 47.0 percent (compared to 2010).
40. In the 12 months to July 2017, international visitors accounted \$994.5 million (41.7 percent) of the total tourism expenditure in greater Christchurch, while domestic visitors accounted for \$1,338.4 million (58.3 percent). In the rest of New Zealand, the distribution of tourism expenditure by domestic and international visitors was similar, with international visitors accounting for 43.2 percent and domestic 56.8 percent.

Figure 2-1: Greater Christchurch Regional Tourism Estimates (12 months to July)



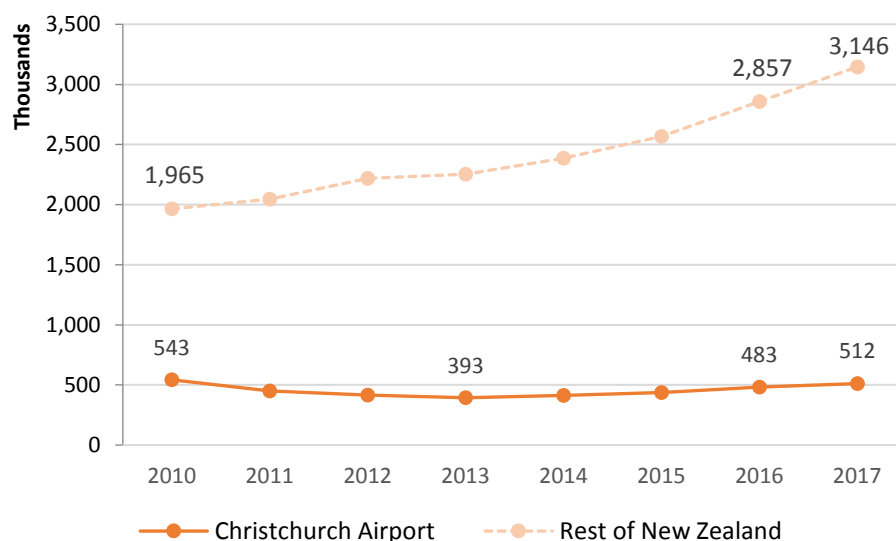
Source: Regional Tourism Estimates, Ministry of Business, Innovation and Employment

2.2. INTERNATIONAL VISITORS ARRIVING AT CHRISTCHURCH AIRPORT

41. In the 12 months to July 2010, 542,917 international visitors arrived at Christchurch Airport. Following the earthquakes arrival numbers started to decrease, reducing to 393,280 in the 12 months to July 2013 (a decrease of 149,637, or 27.6 percent). A lack of accommodation options and damage to the city likely influenced travellers' decisions¹⁸. Since 2014, the number of international visitors has increased to 511,632 (in the 12-month period to July 2017), a 5.9 percent increase on the previous 12-month period (see Figure 2-2).

¹⁸ Christchurch and Canterbury Tourism Five Year Strategic Plan Summary 2014-2019. Page 1.

Figure 2-2: International visitors to Christchurch airport (12 months to July)



Source: International Visitor Arrivals to New Zealand: July 2017, Stats NZ

42. Although the number of international visitor arrivals at Christchurch Airport has been increasing, there are still 31,285 (5.8 percent) fewer arrivals than in 2010.¹⁹ Over this period, international visitor arrivals to the rest of New Zealand has increased by 1.2 million (60.1 percent) to reach 3.1 million. Consequently, Christchurch Airport’s national share of international visitor arrivals has decreased. In the 12 months to July 2010, Christchurch Airport received 21.9 percent of international visitor arrivals. In the 12 months to July 2017, their share of arrivals has decreased to 14.2 percent, or 511,632 of 3.7 million total international visitor arrivals.
43. Visitors from Australia still made up the largest group of international arrivals to Christchurch (see Figure 2-3), as they do for the rest of New Zealand. However, over the last seven years (12 months to July 2010 and the 12 months to July 2017) the number of Australian arrivals to Christchurch has decreased by 21.5 per cent (or 66,631) to 243,536, but increased for the rest of New Zealand, and more so than from any other country (increasing by 335,632, or 29.9 percent).
44. A similar story has emerged with visitors from the United States of America. Between the 12 months to July 2010 and the 12 months to July 2017, visitor arrivals to New Zealand increased by 45.8 percent, while visitor arrivals to Christchurch Airport decreased by 23.7 percent (from 28,926 to 22,080). Visitor arrivals from the United States of America are the third largest visitor arrivals group nationally, compared with Christchurch airport, where they are the fifth largest visitor arrivals group.
45. The greatest percentage decrease in Christchurch visitor arrivals, are those visitor arrivals from Japan. In the 12 months to July 2010, 21,297 Japanese visitors arrived at Christchurch Airport. In spite of some periods of growth in the intermitted years, in the 12 months to July 2017 the number of visitors entering Christchurch through the airport had decreased by 70.7 percent, to 6,240.^{20 21}
46. In the 12 months to April 2016, the number of visitors arriving in Christchurch Airport from China, 36,416, exceeded those international visitors from the United Kingdom, 36,080, for the first time, and is now the second largest group of international visitor arrivals.²² Between the 12 months to July 2010 and the 12

¹⁹ Stats NZ. International Visitor Arrivals to New Zealand: July 2017.

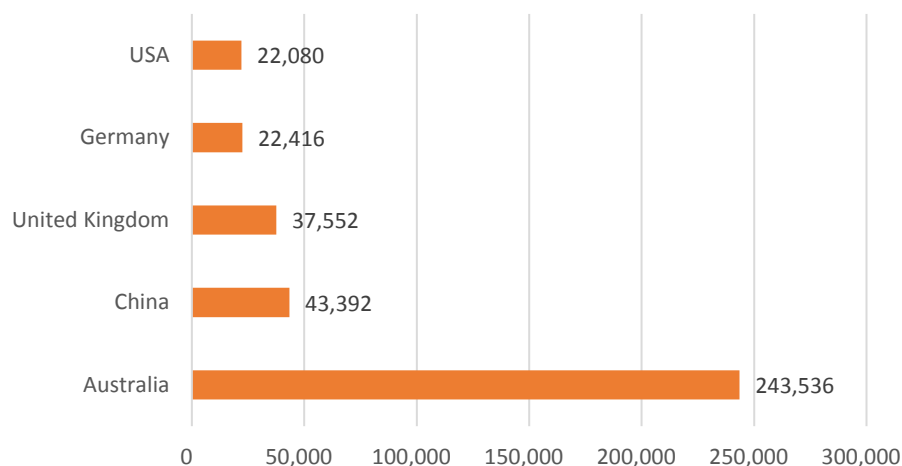
²⁰ Stats NZ. International Visitor Arrivals to New Zealand: July 2014 and July 2017.

²¹ The earthquake disaster was widely reported in the Japanese media, having claimed the lives of 28 Japanese students from the Toyama College of Foreign Languages in the Canterbury Television building collapse.

²² Stats NZ. International Visitor Arrivals to New Zealand: July 2017.

months to July 2017, total Chinese visitor arrivals to Christchurch increased by 35,420 to number 43,392, from 7,972.

Figure 2-3: International arrivals at Christchurch airport by country of residence, (12 months to July)



Source: International Visitor Arrivals to New Zealand: July 2017, Stats NZ

Case Study 2-1: Increasing international flights between China and Christchurch over the summer period

In March 2017 Hong Kong based airline, Cathy Pacific, announced that it would commence direct flights between Hong Kong and Christchurch in December 2017. This is the first time that a direct airline service between these two cities has been offered.

The service will be seasonal, operating over New Zealand's summer months, December to February. Cathy Pacific will offer three flights from Christchurch to Hong Kong each week.

In a similar vein China Southern Airlines recently announced there will be daily direct flights from Guangzhou to Christchurch over the summer season. This will result in an estimated additional 12,000 international seats into and out of Christchurch over the 2017/18 December to February period.

These new services should further boost the expanding number of Chinese visitors taking part in a variety of tourist and hospitality services in greater Christchurch.

2.3. CRUISE SHIPS

47. Over the 2015/2016 cruise season,²³ it was estimated that cruise ships added approximately \$484 million to New Zealand's economy.²⁴ This value added total is predicted to increase over the following years, reaching \$536 million in the 2017/2018 cruise season.²⁵

²³ The cruise season is from August to July.

²⁴ Cruise New Zealand Summary Report. Economic Impact of the 2015-2016 Cruise Sector in New Zealand and Forecasts to 2018.

²⁵ Cruise New Zealand Summary Report. Economic Impact of the 2015-2016 Cruise Sector in New Zealand and Forecasts to 2018.

48. During the 2012-2013 cruise season Canterbury ports experienced 87 visits²⁶, and there were 147,817 total passengers (see Figure 2-4). The visitors contributed approximately \$40.5 million to the local economy. During the 2014-2015 season there were 75 visits, and 127,400 passenger arrivals. The value added to the economy was \$49.5 million.²⁷ For the 2016/2017 cruising season it was forecast that this figure would increase to approximately \$57 million (see Figure 2-5), and passenger numbers would recover further.²⁸

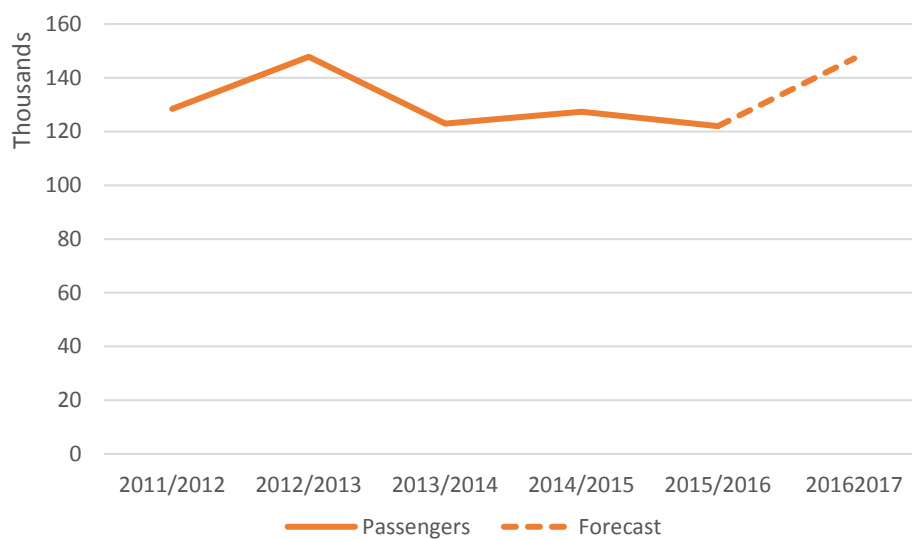
Case Study 2-2: The return of large cruise ships

Cruise ships are important to greater Christchurch’s tourism sector. Up until 2011 large cruise liners were able to dock at Cashin Quay 2 wharf in the port of Lyttelton. However, the earthquakes damaged this quay and prevented bigger ships from berthing. Instead they were diverted to Akaroa. While a convenient alternative to Lyttelton, Akaroa has limits on the size of ship it can accommodate. In addition passengers need to be transferred from their ship to shore and then transported to Christchurch.

In May 2017 it was announced that a new \$56 million cruise ship berth would be built in Lyttelton harbour. The mooring will enable the port to provide berths to large ships that have the capacity to carry over 7,000 passengers and crew members. It is anticipated that this quay will be operating by October 2019.

In 2014 Christchurch and Canterbury Tourism estimated that the return of larger cruise ships to the Port of Lyttelton, in addition to Akaroa, could benefit the region’s economy by around \$315 million over a ten-year period.

Figure 2-4: Cruise ship passengers to Canterbury region (2011-2016)



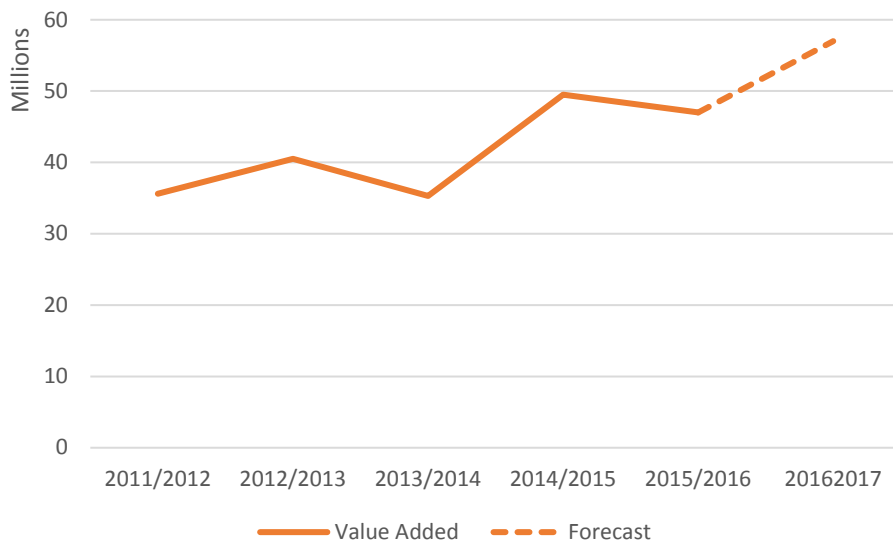
Source: Economic Impact of the 2015-2016 Cruise Sector in New Zealand and Forecasts to 2018. New Zealand Regional Cruise Summary. Cruise New Zealand.

²⁶ Cruise New Zealand defines Canterbury ports as Lyttelton, Akaroa, Timaru, and Kaikoura.

²⁷ Cruise New Zealand. New Zealand Regional Cruise Summary.

²⁸ Cruise New Zealand. New Zealand Regional Cruise Summary.

Figure 2-5: Value added to Canterbury economy (2011-2016)

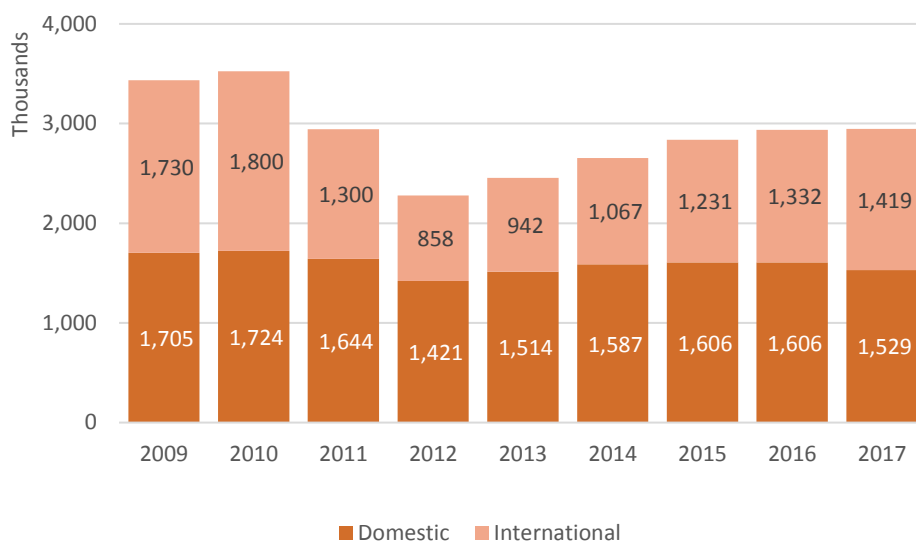


Source: New Zealand Regional Cruise Summary, Cruise New Zealand

2.4. COMMERCIAL ACCOMMODATION IN GREATER CHRISTCHURCH

49. Prior to the earthquakes in the 12-month period to June 2010, there were 3.5 million guest nights²⁹ in greater Christchurch. As a consequence of the earthquakes these numbers decreased to 2.3 million guest nights in the 12 months to June 2012. Since then, recovery has been gradual, with guest nights increasing to 2.9 million over the 12 months to June 2017, 83.7 percent of pre-earthquake level (see Figure 2-6).
50. While overall guest nights are improving, international guest nights remain at 78.8 percent of pre-earthquake levels (12 months to June 2010 compared to 12 months to June 2017), while domestic guest nights were at 88.7 percent. More recently, there has been a decline in domestic guest nights (from 1.61 million in the 12 months to June 2016 to 1.53 million in the 12 months to June 2017).

Figure 2-6: Greater Christchurch guest nights (12 months to June)



Source: Accommodation Survey: June 2017, Stats NZ

²⁹ A guest night is defined as one guest spending one night at an establishment.

51. In June 2017, the number of stay units³⁰ in greater Christchurch has recovered to 77.9 percent of pre-earthquake (June 2010) levels, with a total of 10,048 stay units. Over the next 12 months, the number of rooms is expected to increase as new accommodation options begin to open.³¹

2.5. LOOKING AHEAD

52. The information included in this chapter indicates an increase in the number of international visitors arriving at Christchurch Airport, and Cruise New Zealand forecasts increases in the number of visitors to Canterbury ports. While greater Christchurch's tourism sector is returning to its pre-earthquake state, its proportion of New Zealand's total international visitor arrivals has decreased in the recent period of tourism growth in the country.

53. International visitor arrivals from the United States of America are the third largest visitor cohort to New Zealand ports, while they are the fifth largest visitor group to coming through Christchurch Airport. There is a positive story with visitor arrivals from China, where Christchurch Airport has outperformed New Zealand as a whole. These trends reflect that greater Christchurch has a different tourism profile to the rest of the country.

54. Looking ahead, as the regeneration of greater Christchurch progresses more attractions and travel and hospitality related services will become available³². Supported by the Christchurch Visitor Strategy, it is anticipated that the number of both national and international visitors will continue to increase. This will lead to a growth of tourist expenditure, supporting the local economy.

³⁰ A 'stay unit' is a unit of accommodation that can be hired to guests, for example a room in a hotel or motel, a bed in a backpacker establishment, or a site in a caravan park.

³¹ A 'room' is defined as a 'stay unit'. These are units of accommodation that can be hired to guests, for example a room in a hotel or motel, a bed in a backpacker establishment, or a site in a caravan park.

³² The phased reopening of the Christchurch Arts Centre, The Christchurch Convention Centre, improved road access to Sumner beach and Village, etc.

Housing in greater Christchurch



Housing

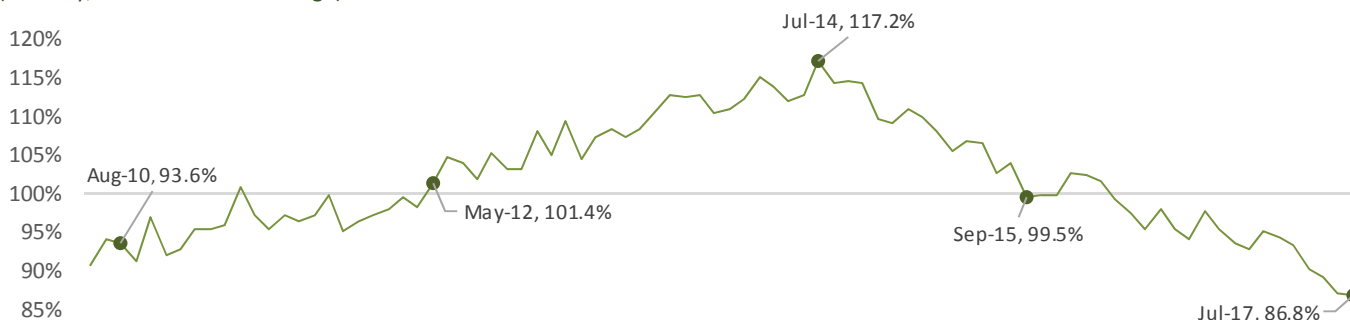
- Between July 2016 and July 2017, Christchurch experienced the lowest average house value growth (0.6%) among the 15 main areas reported on in New Zealand.
- Between April and July 2017, the average rent for newly tenanted properties in greater Christchurch decreased from \$386 to \$377 per week, 86.8% of the national average in July 2017.
- The share of private bonds lodged for lower-cost rentals (less than \$400 per week) has increased, but is still well below its pre-quake level.

Housing market

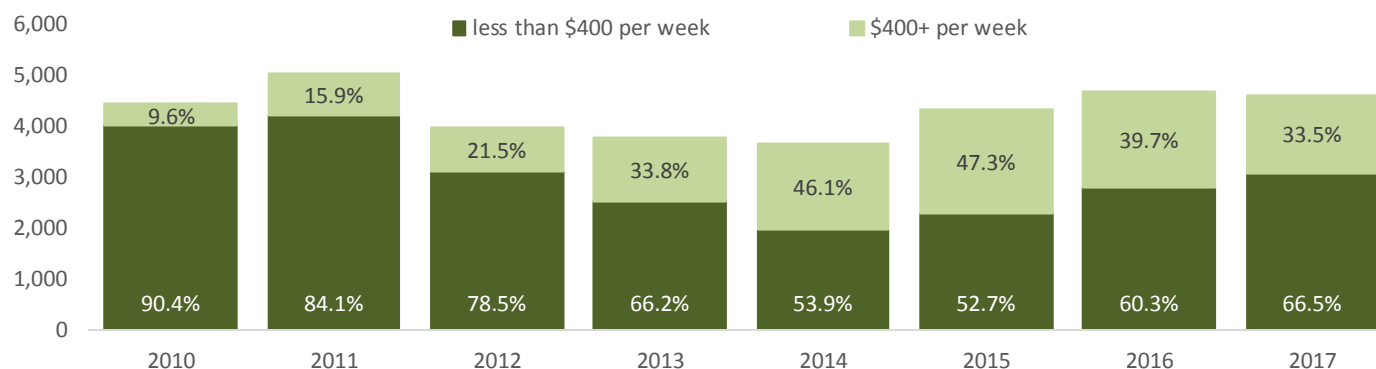
	Average house value	Growth rate (12 months to July 2017)
New Zealand	\$641,280	6.4%
Queenstown-Lakes	\$1,092,748	20.0%
Auckland	\$1,044,303	5.3%
Tauranga	\$691,350	12.3%
Wellington Region	\$607,011	15.8%
Hamilton	\$540,840	5.4%
Nelson	\$531,659	14.4%
Christchurch	\$495,098	0.6%
Whangarei	\$494,212	17.2%
Napier	\$449,717	18.4%
New Plymouth	\$424,296	8.9%
Hastings	\$423,750	20.0%
Rotorua	\$399,024	17.8%
Dunedin	\$373,857	12.6%
Palmerston North	\$359,283	12.2%
Invercargill	\$242,829	8.7%

Average weekly rent from newly tenanted properties in greater Christchurch

(monthly, as % of national average)



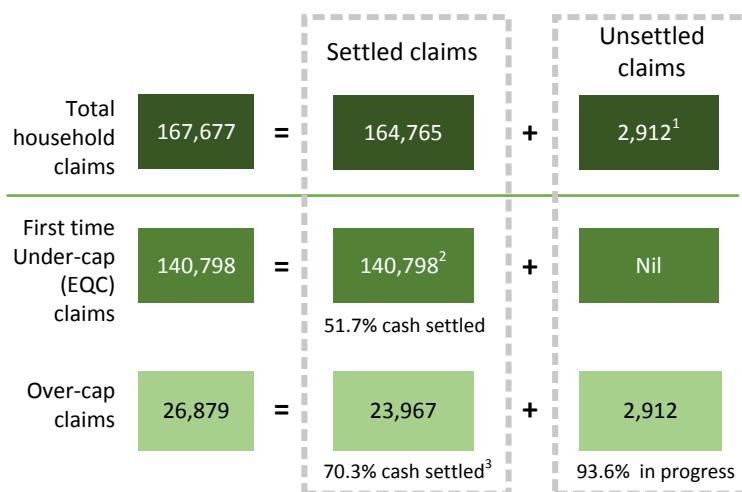
Private bonds lodged in greater Christchurch (3 months to June)



Residential Insurance (as at 30 June 2017)

- The Earthquake Commission reports that of the 140,798 first time under-cap dwelling claims, they have completed all that are within their operational control, i.e. excluding those under litigation. They are now dealing only with call-back claims.
- During the last quarter, 207 call-back claims were transferred from the Earthquake Commission to private insurers, as the value of the claim passed the \$100,000 cap threshold. There are an estimated 4,659 call-back claims with the Earthquake Commission. As of November 2016, 600 to 1,500 call-back claims were anticipated to go over-cap.
- Private insurers have settled a total of 23,967 (89.2%) of all over-cap claims, leaving 2,912 remaining. The number of settlements in the March 2017 quarter was greater than the December 2016 quarter, but still below performance of previous quarters.

Settlement progress



1. Call-back claims with the Earthquake Commission are not included.
2. This figure is likely to be lower as it includes claims outside of the Earthquake Commission's control (e.g. under litigation).
3. Cash settlement does not mean that the property has been repaired or rebuilt, and there is limited visibility of when, or if homeowners repair or rebuild their properties.

Source: Insurance Council NZ and Ministry of Business, Innovation and Employment

Source: Quotable Value NZ and Ministry of Business, Innovation and Employment

SECTION 3: HOUSING IN GREATER CHRISTCHURCH

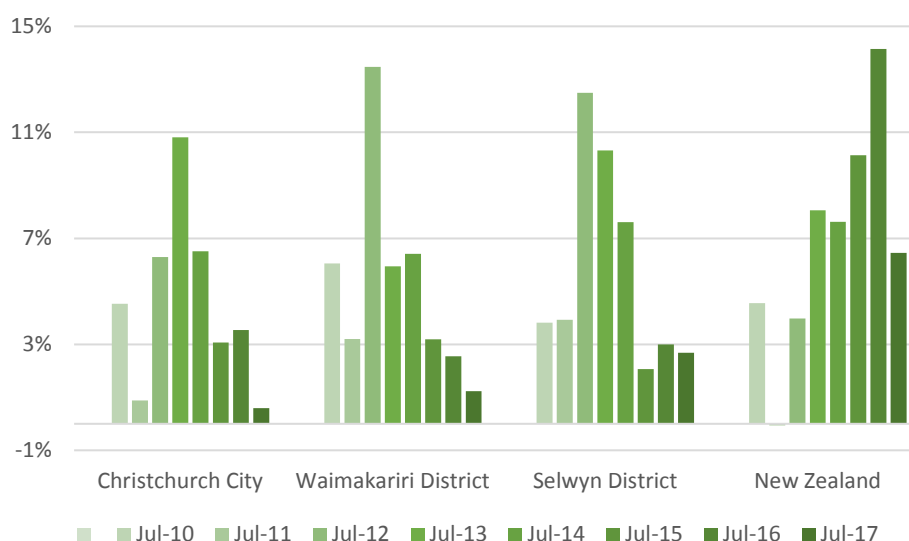
3.1. HOUSING VALUES AND RENTAL COSTS

55. Market indicators (e.g. house values and rental costs) suggest that the supply and demand for residential housing in greater Christchurch remains relatively balanced compared to the rest of New Zealand. House values were essentially unchanged from April 2017 to July 2017 and average rental costs continue to decrease towards pre-earthquake values. This is in contrast to the high growth in average house values in 2013 and the peak of average market rent in 2015.

CHANGE IN AVERAGE HOUSE VALUES

56. Between July 2016 and July 2017, Christchurch experienced the lowest percentage increase in average house value of the 15 selected main areas in New Zealand³³, increasing 0.6 percent (\$2,933) to \$495,098. Nationally the average house value increased 6.4 percent (\$38,846) to \$641,280 (see Figure 3-1 for additional comparisons, including to Waimakariri and Selwyn). The Auckland area had the second lowest percentage increase in average house value, increasing 5.3 percent (\$52,096) to \$1,044,303.

Figure 3-1: Year on year growth in average house values



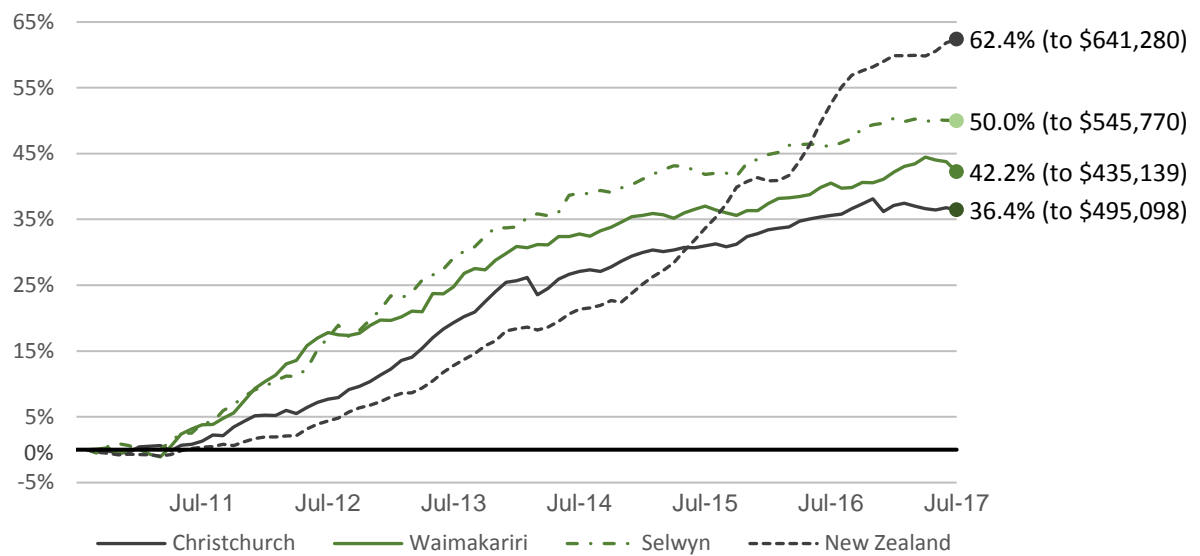
Source: Residential House Values, Quotable Value

57. Comparing monthly average house values to those prior to the first earthquake (August 2010) shows how the average values have changed over time (see Figure 3-2). The average house value in Christchurch has increased by 36.4 percent (between August 2010 and July 2017), while nationally the increase was 62.4 percent. House values in Selwyn and Waimakariri followed a similar pattern of growth to Christchurch, but at a higher rate, likely to be in part due to their higher population growth rates³⁴ increasing demand and the building of new, higher value stock. Between July 2014 and July 2017, Christchurch had the lowest house value growth of the 15 selected main areas, increasing by 7.4 percent (\$33,922), while the second lowest growth area was Invercargill at 17.0 percent (\$35,337). The average national house value grew by 33.8 percent (\$162,087) over the same period.

³³ Residential House Values are obtained from the QV website, the 15 areas are those reported in the monthly QV House Price Index.

³⁴ Between 2010 and 2016, Selwyn's population increased 37.2 percent, in Waimakariri the increase was 21.5 percent. In contrast, Christchurch's population declined 0.3 percent over the same period (subnational population estimates, Stats NZ).

Figure 3-2: Cumulative growth in average property value (base month = August 2010)



Source: Residential House Values, Quotable Value

58. One factor that may play a role in the greater Christchurch housing market is the number of cash settled insurance claims, as cash settlement does not mean that the property has or will be repaired or rebuilt. As there is limited information on the status of these repairs/rebuilds and the number of ‘as is where is’ sales, this could be influencing sale prices and average values.

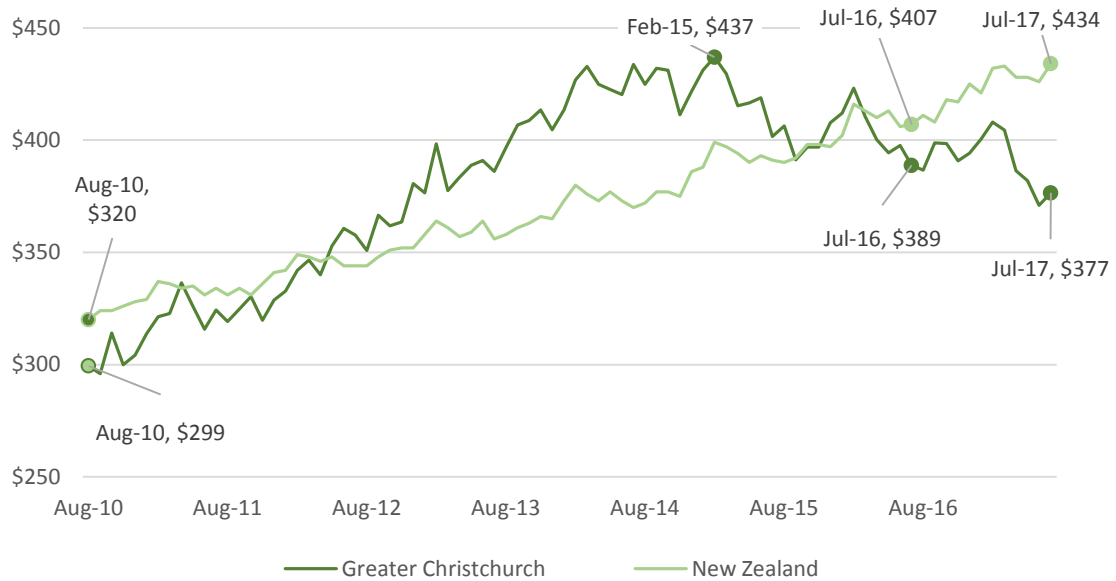
CHANGE IN AVERAGE WEEKLY RENT

59. The average weekly rent of newly tenanted dwellings³⁵ in greater Christchurch continues to decrease. Increased availability of rentals, and lower demand from households temporarily displaced by the earthquakes, has eased the pressure on average rental prices in greater Christchurch, despite the population of greater Christchurch increasing by 2.5 percent (12,100) from 2015 to 2016³⁶. In July 2017, the average weekly rent of new bonds lodged in greater Christchurch was \$377 per week, which was 13.2 percent less than the national average of \$434 per week (see Figure 3-3), and 3.1 percent lower than the greater Christchurch average in July 2016.

³⁵ Rental bond data, Ministry of Business, Innovation and Employment.

³⁶ Subnational population estimates, Stats NZ.

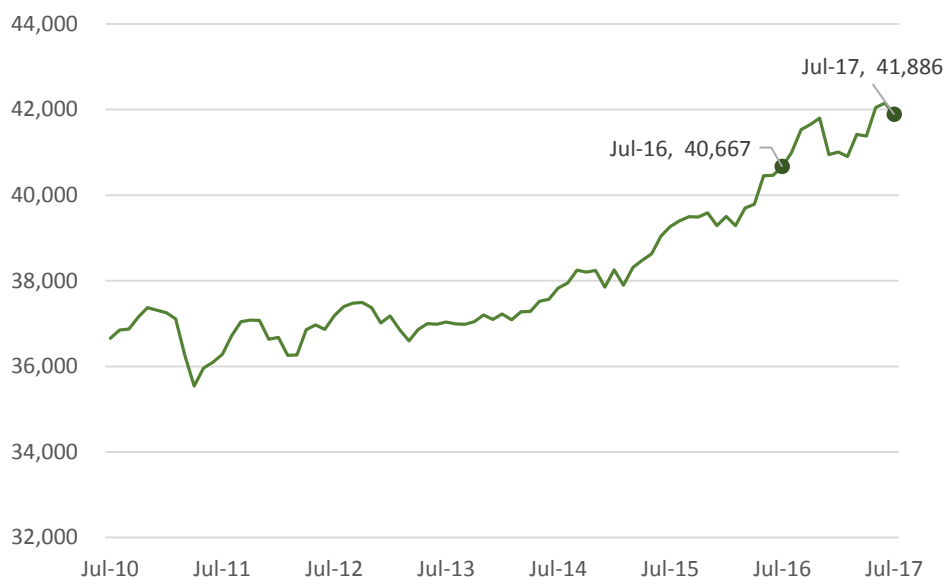
Figure 3-3: Average weekly rent from new bonds lodged



Source: Rental bond data, Ministry of Business, Innovation and Employment

60. In terms of rental dwellings, there were 41,851 active bonds in greater Christchurch in July 2017, a 2.9 percent increase over July 2016 and a 13.6 percent increase on August 2010 (see Figure 3-4). Between the March 2015 quarter and the September 2016 quarter, the total volume of private bonds lodged in greater Christchurch returned to similar levels to those before the 2011 earthquakes. The active bond data does not show the total stock of rental dwellings (the number of unoccupied rental dwellings is not known) nor the total demand.

Figure 3-4: Number of active bonds in greater Christchurch



Source: Rental bond data, Ministry of Business, Innovation and Employment

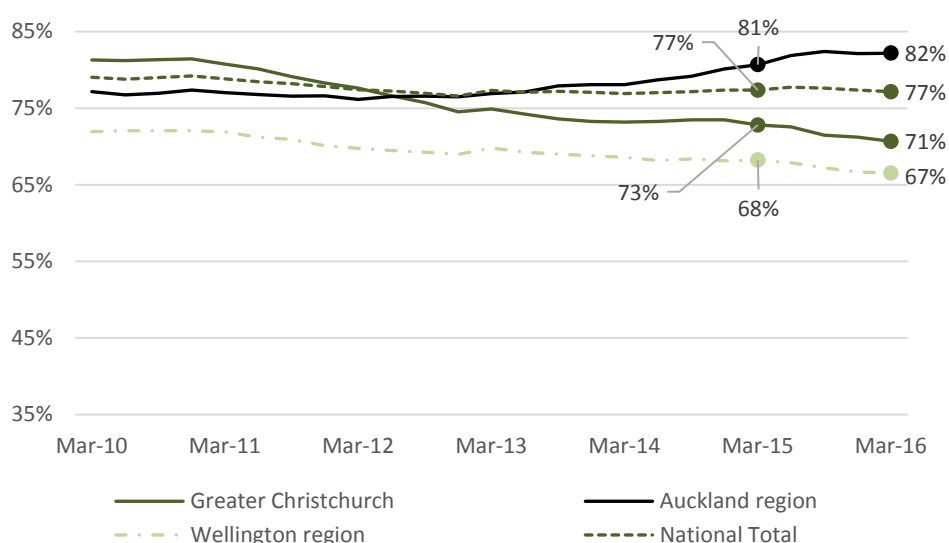
61. The number of bonds lodged for lower-cost rentals (less than \$400 a week) decreased following the earthquakes while those for higher-cost rentals increased. However, since the June 2014 quarter, bonds lodged for lower-cost rentals have increased 56.4 percent from 1,959 to 3,063 in the June 2017 quarter.

3.2. HOUSING AFFORDABILITY MEASURE

62. In August 2017, the Ministry of Business, Innovation and Employment released an update to its Housing Affordability Measure (HAM). The update added four additional quarters of data, extending the period covered by the HAM to the March 2016 quarter, and incorporated minor adjustments to the calculation method³⁷.

63. Housing affordability in greater Christchurch has improved. The HAM Buy indicator shows the share of potential first home buyer households having below-average income after housings costs decreased from 72.8 percent in the March 2015 quarter to 70.7 percent in the March 2016 quarter (see Figure 3-5). Over the same period, housing affordability also improved in Wellington (down from 68.2 percent to 66.5 percent), as well as nationally (down from 77.4 percent to 77.1 percent), while it worsened in Auckland (up from 80.7 percent to 82.2 percent).

Figure 3-5: HAM Buy for greater Christchurch (higher numbers indicate less-affordable housing)



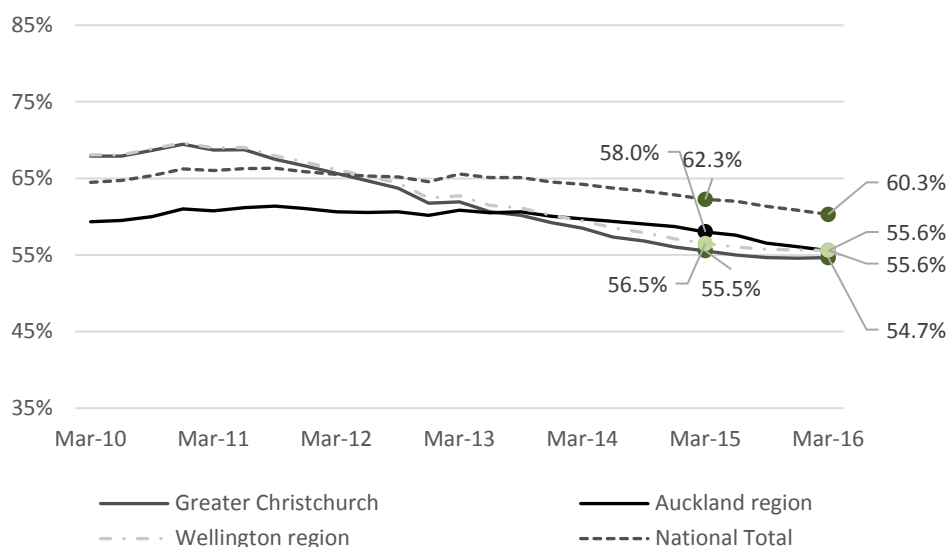
Source: Housing Affordability Measurement, Ministry of Business, Innovation and Employment

64. Housing is more affordable for potential first home buyer households in greater Christchurch, when compared to the national HAM result (see Figure 3-5). Across all New Zealand territorial authorities and the 13 Auckland wards, Selwyn is ranked second behind the Auckland ward of Waitemata and Gulf, in terms of affordability for potential first home buyer households. Christchurch City ranks 12th and Waimakariri 29th, out of in 79 areas. These rankings have improved since the September 2010 quarter, where Selwyn ranked eighth, Christchurch City 36th and Waimakariri 45th.

65. The HAM Rent indicator shows rental affordability in greater Christchurch has also improved with the share of renter households with below-average income after housings costs decreased from 55.5 percent to 54.7 percent, between the March 2015 quarter and the March 2016 quarter. Nationally the share decreased from 62.3 percent to 60.3 percent, over the same period (see Figure 3-6).

³⁷ Information on the HAM is available on the Ministry of Business, Innovation and Employment website (<http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/housing-affordability-measure>). The HAM is a relative measure and currently includes two indicators, 'HAM Buy' and 'HAM Rent'. HAM Buy estimates the share of first home buyer households with below-average income after housing costs should they purchase a lower quartile house in their geographic area and assumes that the household has the house purchase deposit. While, HAM rent estimates the share of renter households with below-average income after housing costs in their geographic area. A decreasing HAM Buy or HAM Rent indicates that the proportion of households with a residual income below the national affordability benchmark is decreasing and therefore housing affordability is improving in the geographic area.

Figure 3-6: HAM Rent for greater Christchurch (higher numbers indicate less-affordable housing)



Source: Housing Affordability Measurement, Ministry of Business, Innovation and Employment

66. Compared to the national result, renting is more affordable for those in greater Christchurch. Across all territorial authorities and Auckland wards, Selwyn ranks second behind the Auckland ward of Orakei, in terms of rental affordability. Christchurch City ranks 12th and Waimakariri 19th, out of in 79 areas. These rankings have improved since the September 2010 quarter, where Selwyn ranked 10th, Christchurch City 35th and Waimakariri 40th.
67. The improved affordability for first home buyers and renting households in greater Christchurch as of March 2016 was due to household incomes in Canterbury growing faster than housing costs.

3.3. INSURANCE

68. The earthquakes damaged about three quarters of Canterbury's housing stock³⁸, resulting in 167,677 first-time residential dwelling claims. As at 30 June 2017, approximately 84.0 percent of these claims (140,798) were under-cap and processed by the Earthquake Commission and the remaining 16.0 percent (26,879) were over-cap and processed by private insurers. The Ministry of Business, Innovation and Employment estimate that the total value of residential earthquake-related construction is approximately \$12.8 billion (in 2012 dollars).
69. In the June 2017 quarter, insurers settled 613 over-cap claims, leaving 2,912 first time residential dwelling claims outstanding (1.7 percent of the total first time residential dwelling claims) – this was more than the 536 settled in the March 2017 quarter, but still below the settlement rate of previous quarters. On 26 July, the Government agreed to extend the Residential Advisory Service from 1 July 2017 to 22 December 2017.
70. Table 3-1 below breaks down the remaining 2,912 unsettled residential dwelling claims, of which almost a quarter of these cases (695 or 23.9 percent) are in construction and have a clear pathway to settlement. In a further 28.7 percent of cases, claimants are considering cash settlements.

³⁸ The Canterbury rebuild five years on from the Christchurch earthquake, Reserve Bank of New Zealand.

Table 3-1: Current status of unsettled over-cap residential dwelling claims (as at 30 June 2017)

	Number of claims	% of unsettled
Insurer assessment of claims	257	8.8%
Design and pricing	996	34.2%
Cash settling, not finalised	837	28.7%
Customer undecided	127	4.4%
In construction	695	23.9%
Total unsettled as at Q1 2017	2,912	100.0%

Source: Ministry of Business, Innovation and Employment

71. As at 30 June 2017, the Earthquake Commission reports that of the 140,798 first time under-cap residential dwelling claims, it has completed all that are within its operational control, i.e. excluding those under litigation. The Earthquake Commission is focusing on dealing with an estimated 4,659 call-back claims³⁹ as at 30 June 2017, down from the 6,578 as at 31 March 2017. During the June 2017 quarter, the Earthquake Commission transferred 207 claims to insurers. Insurers estimated in late 2016 that 600-1,500 call-backs in total may transfer to them as a new over-cap claim as the value of the claim moves past the \$100,000 Earthquake Commission settlement cap threshold. The number of call-back claims may further increase as any claim lodged with the Earthquake Commission can be re-opened, at any time, as new information becomes available.
72. The long tail of unsettled claims has been in part due to the number of repairs in the over-cap claims to be cash settled (repairs can take longer to determine and agree strategy, scope and price than rebuilds) and multi-unit dwelling claims (due to the complexity of the claim). The Hurunui Kaikoura earthquake claims would have also diverted insurers' resources from greater Christchurch settlements.
73. It should be noted that a cash settlement does not mean that the property has been repaired or rebuilt, and there is limited visibility of when, or if home owners repair or rebuild their properties. Unrepaired properties could pose a number of risks. Among these are the quality of local housing stock, and health and safety issues for the occupiers. This uncertainty around the level and quality of repairs may be contributing to lower house sale prices and rental costs.

Case Study 4-1: Cranford Regeneration Plan

The Cranford Regeneration Plan covers approximately 125 hectares of rural zoned land in the Papanui and St Albans area.

The Plan removes the current land use restrictions on urban development on the land around the designated Cranford storm water management area. It also rezones approximately 38 hectares as Residential New Neighbourhood, enabling new houses to be built.

As well as housing, the Plan includes a vision that will see the Cranford stormwater management area transformed into a multi-purpose wetland and recreation area.

The Regeneration Plan was approved on 17 August 2017 under section 38 of the Greater Christchurch Regeneration Act 2016. It took effect on 31 August 2017.

Source: Christchurch City Council

³⁹ Under-cap call-back claims include remediation of first-time repairs; work identified through the Earthquake Repairs to Canterbury Homes – Home Inspection Survey Report and the subfloor review programme; and claims where customers are in dispute with the Earthquake Commission following initial settlement.

3.4. LOOKING AHEAD

74. Unresolved dwelling claims, both first time claims and call-back claims, can have an ongoing negative impact on wellbeing for dwelling owner/occupiers. Continued support through the Residential Advisory Service and a focus on these claims from the Earthquake Commission and insurers is advisable to ensure the tail end of claims does not continue to extend.
75. Housing affordability, although improving since the peak pressures resulting from the earthquakes, should continue to be monitored in greater Christchurch. Some of the inputs into the HAM will assist in improving housing affordability in greater Christchurch (such as low house price growth and decreasing average weekly rents), while others will have the opposite affect (such as increasing interest rates and lower earnings growth).

SECTION 4: THE WELLBEING OF GREATER CHRISTCHURCH COMMUNITIES AND INDIVIDUALS

4.1. WELLBEING

76. Wellbeing refers to diverse and interconnected dimensions of physical, mental, and social well-being that extend beyond the traditional definition of health. The two initiatives developed to measure the wellbeing of greater Christchurch residents are the Canterbury Wellbeing Index and the Canterbury Wellbeing Survey. The index and survey results both indicate that the overall wellbeing of greater Christchurch residents has improved since the initial impact of the earthquakes, and that many of the indicators are similar to, or better than, the comparable national measures.
77. The results from the latest Canterbury Wellbeing Index (2016) and the Canterbury Wellbeing Survey (September 2016) were reported in the June 2017 monitoring greater Christchurch Regeneration report, with the detailed results published by the Canterbury District Health Board.⁴⁰ This section, therefore, does not repeat this information and interested readers can access these documents directly.
78. The ongoing monitoring of psychosocial recovery and wellbeing of the population of greater Christchurch is one of the tasks of the greater Christchurch Psychosocial Committee. The Committee also plans, coordinates, and promotes the psychosocial recovery and wellbeing of the population of greater Christchurch.⁴¹ Although the Canterbury wellbeing index paints an overall positive picture for wellbeing and social recovery in greater Christchurch (e.g. 82 percent of the population rate their overall quality of life 'good' or 'very good'), vulnerable groups do exist for which recovery is slower. The greater Christchurch Psychosocial Committee confirmed these vulnerable groups as priority populations for 2017.⁴²
79. Changes to the Canterbury Wellbeing Index and the Canterbury Wellbeing Survey are underway. The Index is currently under review, while the frequency of the survey has moved from biannual to annual from 2017.

⁴⁰ Monitoring greater Christchurch regeneration (June 2017): <https://www.dpmc.govt.nz/publications/monitoring-greater-christchurch-regeneration>. The Canterbury Wellbeing: <https://www.cph.co.nz/your-health/canterbury-wellbeing-index/>. The Canterbury Wellbeing Survey: <https://www.cph.co.nz/your-health/wellbeing-survey/>.

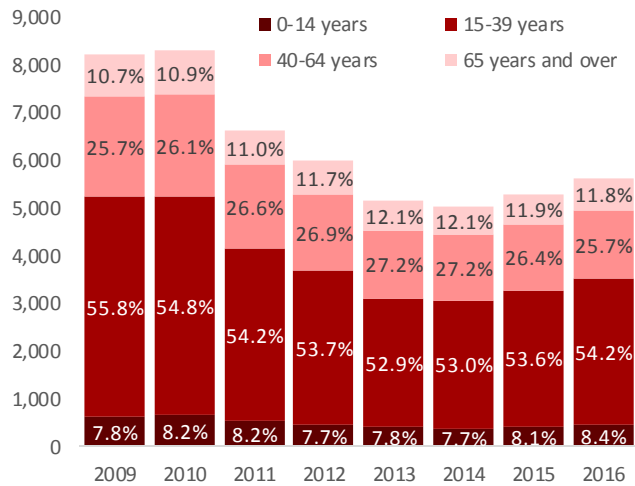
⁴¹ The Psychosocial Committee is an interagency group established to ensure appropriate supports for the population to recover from the earthquakes.

⁴² Source: Greater Christchurch Psychosocial Committee Report (January – June 2017) (<https://www.cph.co.nz/wp-content/uploads/PSC6MonthReportJanJun17.pdf>).

Central city residents and housing

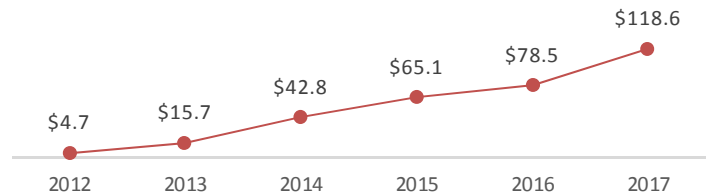
- As at 30 June 2016, the estimated resident population in Christchurch's central city reached 5,610, 67.8% of its pre-quake level in 2010. Despite the population change between 2010 and 2016, the age profile of the central city has remained relatively the same.
- The total value of residential building consents issued has increased each year since 2012.
- More than 30% of Life in Christchurch survey respondents said they would consider moving to the central city, compared to around 39.5% who responded that they would not consider moving.

Change in resident population by age groups (as at 30 June)



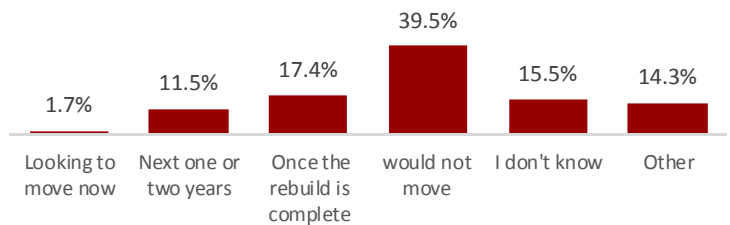
Source: Subnational population estimates, Stats NZ

Value of residential building consents (in millions, year end June)



Source: Building consents, Statistics New Zealand

Intentions to move to the central city (% of survey respondents)

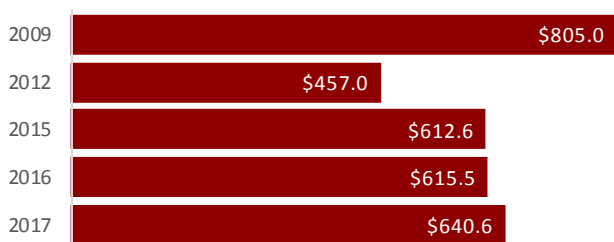


Source: Life in Christchurch 2017 - Central city survey, Christchurch City Council

Businesses in the central city

- In the 12 months to June 2017, retail spending in the central city reached 79.6% of the spending level in 2009.
- As at the end of June 2017, the number of rooms in the central city was at 39.0% of its pre-quake level (August 2009), while commercial accommodation occupancy rates in the central city continued to be higher than the rest of Christchurch.
- The number of people working in the central city dropped sharply after the 2011 earthquakes, and the recovery of employee numbers has slowed between 2015 and 2016. In February 2016, the central city had around 15.4% of total employment in Christchurch, compared to 27.7% in February 2010.

Retail spending within the central city (in millions, year end June)



Source: Marketview

Employment in the central city (as at February)

Year	Number of Employees	Annual Change	% of employees in Christchurch
2009	51,600	-2.3%	27.1%
2010	51,400	-0.4%	27.7%
2011	47,700	-7.2%	25.6%
2012	27,900	-41.5%	15.1%
2013	28,700	+2.9%	15.2%
2014	31,600	+10.1%	15.9%
2015	32,500	+2.8%	15.9%
2016	31,800	-2.2%	15.4%

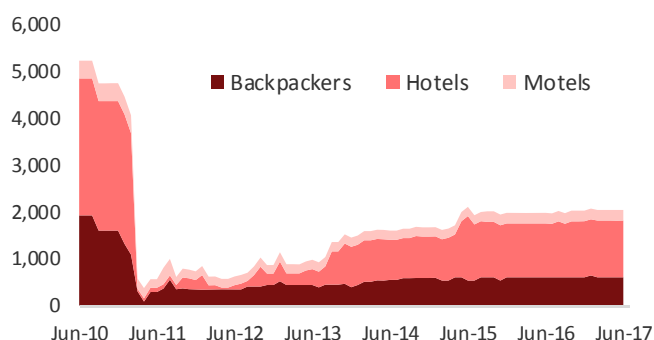
Source: Business demography, Stats NZ

Commercial accommodation occupancy rate (month of June)

	2010	2011	2012	2013	2014	2015	2016	2017
Central City	46.3%	42.3%	50.1%	57.6%	56.4%	59.7%	49.3%	54.3%
Rest of CHCH	27.8%	46.7%	42.3%	46.5%	41.7%	40.4%	38.6%	39.2%

Source: Accommodation Survey: June 2017, Stats NZ

Number of rooms by accommodation types (as at 30 June)



Source: Accommodation Survey: June 2017, Stats NZ

SECTION 5: A VIBRANT CENTRAL CITY FOR CHRISTCHURCH

5.1. INTRODUCTION

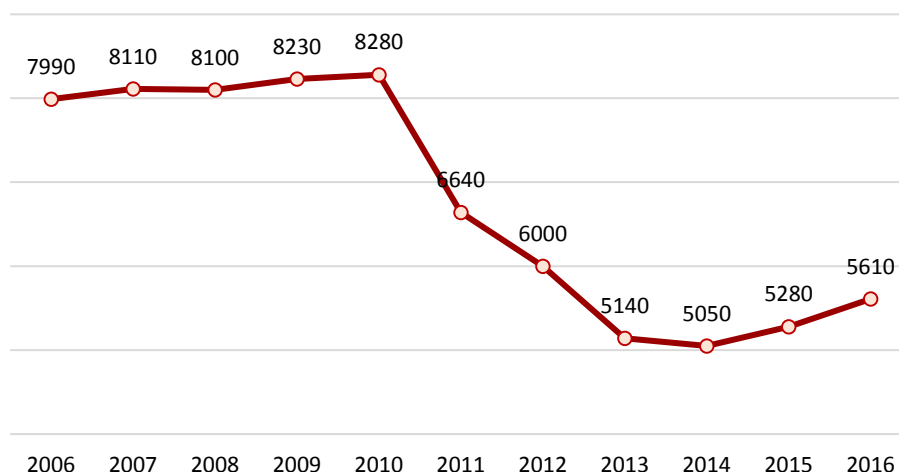
80. Prior to the Canterbury earthquake sequence, the central city provided residents and visitors with opportunities to participate in a range of recreational, social, educational, cultural, artistic, and spiritual activities.⁴³ Nearly 8,300 people lived in the central city and the area contained a large number of businesses, local and central government organisations, and educational facilities.

81. The earthquakes caused significant damage to the central city area. Since this time, progress has been made on rebuilding and regenerating the central city.

5.2. CHANGING DEMOGRAPHICS

82. Over the four years leading up to the earthquakes, the estimated residential population in the central city had gradually increased from 7,990 in 2006 to 8,280 in 2010 (see Figure 5-1). However, during 2011, the central city population reduced by 1,640 to 6,640, a reduction of 19.8 percent. As a result of the earthquake, the population declined from 8,280 to 5,050 in 2014. Since 2015, the central city's population has been slowly growing again, reaching 5,610 in 2016. The 2015 Liveable City document suggested that the optimal number of central city residents is 12,000 to 24,000 people.⁴⁴

Figure 5-1: Estimated population of central city (as at 30 June)



Source: Subnational Population Estimates, Stats NZ

83. According to the 2013 Census, the typical resident living in the central city is a male of European heritage aged between 15 to 39 years. Children, aged 0-14 years, are the least common cohort.⁴⁵ In terms of ethnicity 3,507, or 77.8 percent, of the total central city population identified as being of European heritage. This is less than the proportion of residents identifying as being of European heritage in wider Christchurch city (84 percent), which shows that the central city is slightly more ethnically diverse.⁴⁶ People of Asian descent were the next largest ethnic group at 663 people. Māori were the third largest group, with 321

⁴³ The central city is defined as the geographical area bounded by the Four Avenues (Fitzgerald Avenue, Moorhouse Avenue, Bealey Avenue, and Deans Avenue). For Census purposes the central city consists of three 'Area Units'; Cathedral Square, Hagley Park, and Avon Loop.

⁴⁴ Central City Recovery Plan. Residential chapter-January 2015. A Liveable City. Page 6.

⁴⁵ Central city dwelling types, 2013 Census. Stats NZ. The next Census is scheduled for 2018.

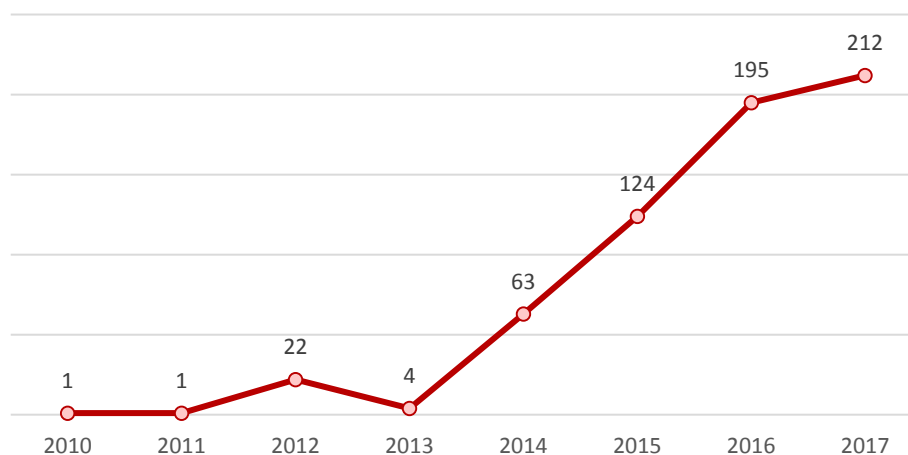
⁴⁶ Subnational Population Estimates, Stats NZ.

people. In the year to 30 June 2009, 81.5 percent of the central city population were in the working age range of 15 to 64 years. Although the central city population had decreased by 2014, the percent of working age residents only decreased to 80.2 percent, a decrease of 1.3 percent. In the year to 30 June 2016 the working age population in the central city was 79.9 percent. As the central city population increases it will be interesting to see how the working age component of the population evolves.

5.3. HOUSING

84. The majority of residential housing in the central city is located in the area north east of Cathedral Square.⁴⁷ Between the 2006 and 2013 Census, the number of occupied residential dwellings in the central city decreased by 1,302 from 3,570 to 2,268, a decrease of 36.4 percent.⁴⁸ Damage to housing caused by the earthquakes was responsible for this decline in occupied housing. Residential housing in the Cathedral Square area⁴⁹ experienced the largest decline, from 417 to 165, or 60.4 percent, over the 2006 to 2013 period. In the Hagley Park area⁵⁰ housing decreased from 897 to 462, or 48.4 percent. The declines in these two areas likely reflects damage to some apartment buildings and larger multi dwelling units. Since the 2011 earthquakes, 620 additional dwellings have been consented within the central city (see Figure 5-2). In the 2017 June quarter, it is estimated the total number of residential dwellings in the central city is 2,815. An increase of 547, or 24.1 percent from 2013.⁵¹

Figure 5-2: Net new dwellings consented in central city (12 months to June)



Source: Building consents, Christchurch City Council

85. In March 2017, the Life in Christchurch Central City Survey of 2,700 Christchurch residents found that 30 percent of respondents indicated an interest in moving into the central city.⁵² Respondents' timeframes for moving varied with two percent currently considering moving, 11 percent looking to move in the next one to two years, and 17 percent reporting they would consider moving once the rebuild is complete. Those respondents who were open to moving were more likely to be aged under 34 years and living in multi-person households.⁵³ Approximately 40 percent who answered the survey said they would not consider moving to the central city. Lifestyle, space, noise and family were all factors which influenced this groups' response to the question.

⁴⁷ This is the Avon Loop Area Unit.

⁴⁸ Because of the earthquake sequence the 2011 Census was postponed until 2013.

⁴⁹ This refers to the Cathedral Square Area Unit.

⁵⁰ This refers to the Hagley Park Area Unit.

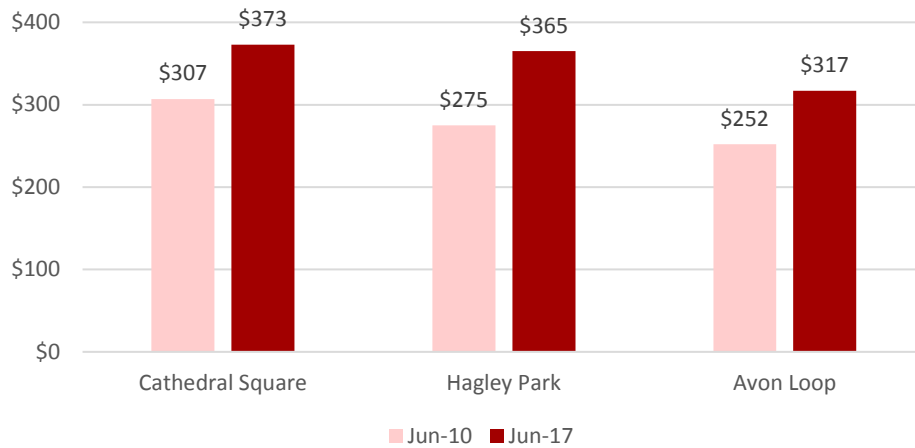
⁵¹ Dwelling Stock. Ministry of Business, Innovation and Employment/CoreLogic.

⁵² Christchurch City Council. The survey used a 'snowball' methodology and therefore is indicative rather than representative.

⁵³ Multi-person households are more commonly known as a 'flatting' living arrangement.

86. The average weekly market rent for a residential home in the central city has increased over the last seven years (see Figure 5-3). The largest increase in rental costs has occurred in the Hagley Park area⁵⁴ where average rents have increased by \$90, or 32.7 percent, between June 2010 and June 2017. A similar pattern of increased rental costs during this seven-year period also occurred in Christchurch. In June 2010, the average weekly rental cost of a residential home in Christchurch city was \$288, this increased by \$78 to \$366 in June 2017, an increase of 27.1 percent.

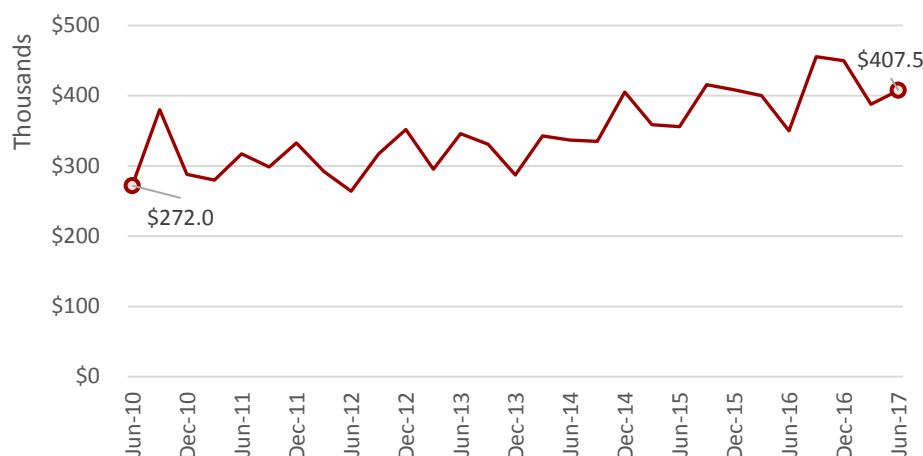
Figure 5-3: Average market rent per week in central city



Source: Rental Bond data, Ministry of Business, Innovation, and Employment

87. The median cost of purchasing a residential property in the central city has increased during the last seven years. The Avon Loop area⁵⁵, north east of Cathedral Square, contains the majority (72.3 percent) of housing stock in the central city. From June 2010 to June 2017, the median sale price has increased from \$272,000 to \$407,500, an increase of \$135,500 or 49.8 percent (see Figure 5-4). Median residential house prices in Hagley Park and Cathedral Square have also increased in this period, however, considerably fewer sales, compared to the Avon Loop, produce results that make accurate comparisons challenging.

Figure 5-4: Median residential house sale price in Avon Loop



Source: The Urban Development Capacity Dashboard, Ministry of Business, Innovation and Employment

88. Work is underway to increase the number and range of residential living options in the central city. In the East Frame twenty terraced homes will be ready for occupation by May 2018. It is anticipated another 200

⁵⁴ This refers to the Hagley Park Area Unit.

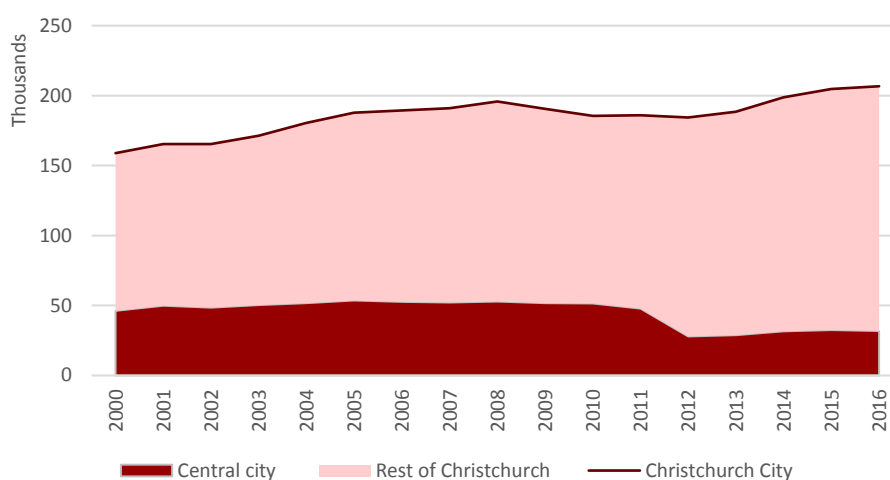
⁵⁵ This refers to the Avon Loop Area Unit.

homes will be completed by mid-2019.⁵⁶ In total the site will offer approximately 900 homes able to accommodate up to 2,000 residents.⁵⁷ Similarly, some of the planned 109 apartments and homes in Welles Street, south of Cathedral Square, will be ready for sale in late 2017.⁵⁸ These Welles Street homes have been built under the Christchurch Housing Accord and are intended to be sold at an affordable price.⁵⁹

5.4. ECONOMY

89. In 2010, there were 51,400 employees in the central city. In 2012 employee numbers decreased to 27,900. This was 23,500, or 45.7 percent, less than in 2010. The decline in employees in the central city over the 2011-2012 period was a consequence of damaged office buildings and the impact of the cordon established to protect the public. Since 2013 the number of employees working within the central city has been recovering. By 2016 the number had increased to 31,800, an increase of 3,100 people, from the 2013 total (see Figure 5-5). This number, 31,800, is 38.1 per cent below the pre earthquake total.

Figure 5-5: Central city and Christchurch city employees



Source: Business demography statistics, Stats NZ

90. Between 2000 and 2010, the number of businesses in the central city slowly increased.⁶⁰ During 2000, 5,610, or 19.4 percent, of businesses in Christchurch were located within the central city. By 2010 the number of businesses in the central city had increased to 6,006, but the proportion of businesses in the central city had decreased to 15.8 percent of the total number of businesses in Christchurch. The change occurred because there was a more pronounced increase in the number of businesses outside of the central city.⁶¹ As a result of the earthquakes, the number of businesses in the central city reduced to 3,588 or 9.5 percent of Christchurch businesses, in 2013. From 2014 onwards, the number of businesses began to increase. In 2016, 3,786 businesses were located with the central city area. This was 9.1 percent of the total number of businesses in Christchurch.

91. Commercial office space in the Central Business District⁶² has continued to increase since the December 2014 quarter. In the June 2015 quarter, 185,555 square metres of office space was available. In the June

⁵⁶ 'Start of construction of East Frame homes rounds out first year', Ōtākaro Ltd Limited, April 2017 Newsletter.

⁵⁷ 'Work on East Frame Residential Development to begin early 2017', Ōtākaro Ltd Limited, December 2016 Newsletter.

⁵⁸ Christchurch Housing Accord Monitoring Report, for the period ended December 2016, Page 6.

⁵⁹ Christchurch Housing Accord 2017. Christchurch City Council. Page 3.

⁶⁰ The term 'business' refers to a geographic unit. A geographic unit is a separate operating unit engaged in one, or predominantly one, kind of economic activity from a single location or base.

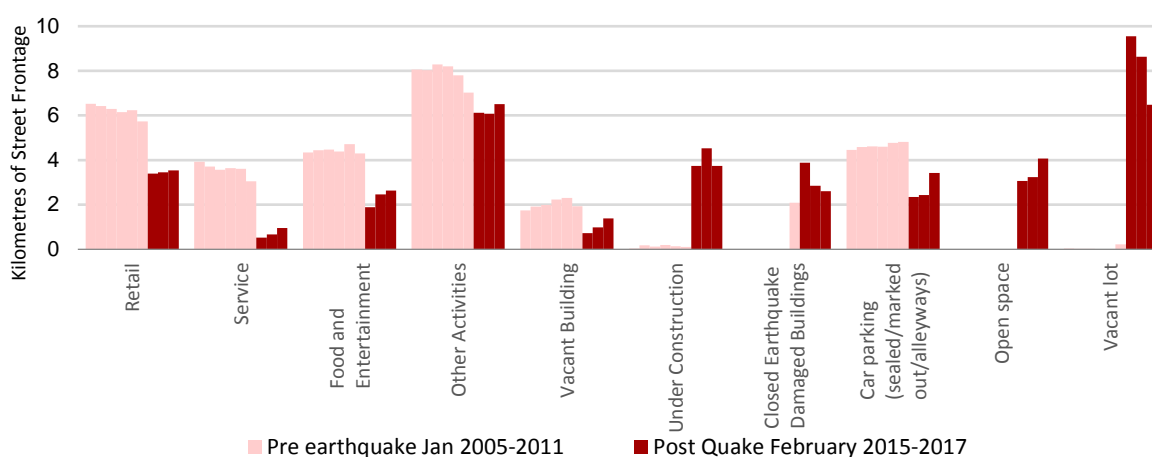
⁶¹ Business demography statistics. Stats NZ.

⁶² These commercial office space measures relate to the core Central Business District within the Central City area, as defined by JLL Limited.

2017 quarter, total office space had increased by 36.3 percent to 291,544 square metres.⁶³ As business services returned to the central city area vacancy rates have reduced. In the June 2017 quarter, available vacant office space has reduced by 1 percent. At 12.9 percent, the central business district commercial vacancy rate is lower than some suburban office rates, in key centres, at 19.7 percent.⁶⁴ The cost of leasing prime office space in the Central Business District has also stabilised to approximately \$355 per square metre, in the June 2017 quarter, a decrease from \$400 per square metre throughout the 2014 year.

92. The 2017 Ground Floor Activity Survey results show growth between 2015 and 2017 in retail, service, and food and entertainment in the central city.⁶⁵ This growth has not exceeded pre earthquake levels. The survey also shows an increase in car parking, open spaces, and vacant buildings. The number of vacant lots has declined, as have closed earthquake damaged buildings (see Figure 5-6).

Figure 5-6: Ground Floor Activity survey by sector (calendar year)



Source: Ground Floor Activity Survey, Christchurch City Council

93. In the 12 months to June 2009, consumers spent \$805.0 million on goods and services in the central city.⁶⁶ The amount decreased to \$457.0 million in 2012, which was an overall decline of 43.2 percent. The amount spent in the central city has increased since 2012, with \$640.6 million spent in the 12 months to June 2017. During the same timeframe, the central city accounted for 12.6 percent of the total retail spending in Christchurch city. Figure 5-7 shows in the 12 months to June 2017, there were notable increases in spending in food and beverage, \$15 million; accommodation, \$3 million; and fuel \$1million. Spending on food and beverage services in the 12 months to June 2017 is \$12million higher than in the same 12-month period in 2009. There has been a decrease in consumer spending on department stores, furniture and flooring, hardware and homeware, recreational, and supermarket and specialised foods since 2009.

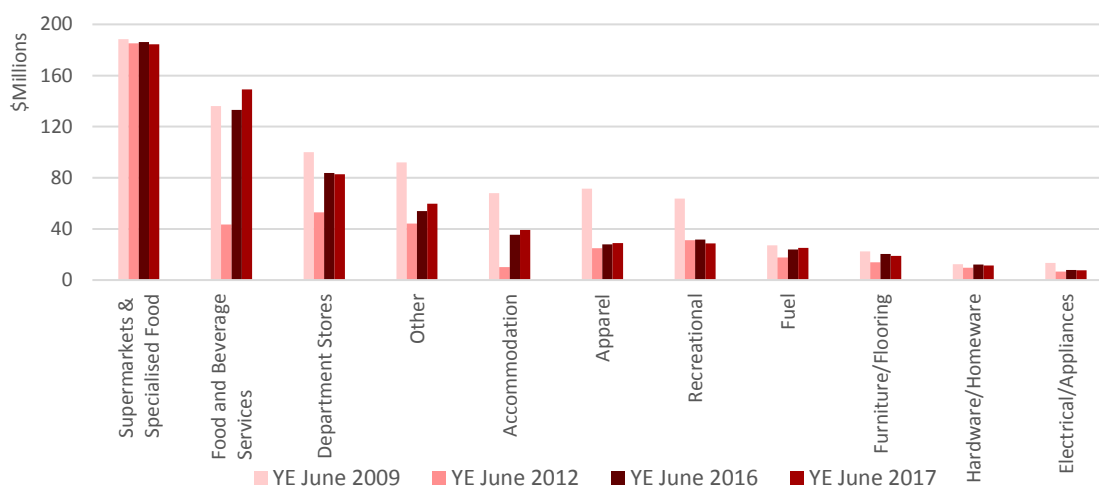
⁶³ JLL Limited. CBD Office Vacancy.

⁶⁴ Suburban office rate refers to commercial office space in Addington, Riccarton and the Burnside Technology Park.

⁶⁵ The Ground Floor Activity Survey measures the amount of per kilometre street frontage for different types of businesses based in the central city. The survey was undertaken in the central city annually during the period 2001 to 2011. It was not conducted during 2012 to 2014, but recommenced in 2015. Additional categories were added after the earthquakes to take account of the impact of the earthquakes on buildings, etc.

⁶⁶ The data on consumer expenditure was not purchased in some years.

Figure 5-7: Retail spending within the central city (year end June)



Source: Electronic card retail transactions, Market View

94. In mid-2016, the Life in Christchurch Survey found 30 percent of respondents reported they were satisfied with the number of recreation, shopping and socialising options in the central city.⁶⁷ Just under a year later, the Life in Christchurch Central City Survey found 85 percent of respondents were satisfied with the range of restaurants, cafes and bars, and just over 60 percent, were satisfied with the range of shops, services and entertainment options. Around 60 percent of respondents had visited the central city at least once a month, for shopping, entertainment, or recreational activities.
95. The South and East Frames create a 'core', within which the central city will be contained. Within the frame a number of large developments, known as anchor projects, are being built. A number of these projects have been completed.⁶⁸ Within the next few months it is expected the Justice and Emergency Services Precinct will be fully open. The Central Library is underway. The contract to design and build the Christchurch Convention Centre was awarded in August 2017. It is anticipated it will be completed in early 2020.⁶⁹ As well as these large scale public sector projects, the ANZ Centre and the final stage of the BNZ Centre opened in late 2016. In early 2017 the Grand Central Building began offering office and retail space. The \$30 million Kahukura Engineering and Architectural Studies facility at Ara Institute of Canterbury, opened in August 2017.⁷⁰ A section of The Crossing opened in September while other retail and hospitality areas such as the second phase of the former McKenzie and Willis site, and The Terraces are due for completion over the next few months. The Hoyts Cinema Complex is underway. The 2017 Life in Christchurch Central City Survey showed 54 percent of respondents were satisfied with the look and feel of the city area while 28 percent reported the city centre was clean, free of rubbish and vandalism.
96. Progress is being made on Te Papa Hauora, the Christchurch Health Precinct, and the redevelopment of Christchurch Hospital. The new outpatients building, the Health Research Education Facility, and the Acute Services Building are due to be finished by early 2019.⁷¹

⁶⁷ Life in Christchurch. 2016 Community Outcomes Survey. Christchurch City Council.

⁶⁸ For example, the Bus Interchange, The Canterbury National Earthquake Memorial, the Margaret Mahy Family Playground, Cricket Oval.

⁶⁹ Main works underway for Christchurch Convention Centre. August 2017. Ōtākaro Ltd Limited.

⁷⁰ Prime Minister opens Kahukura. Ara Institute of Canterbury. 10 August 2017.

⁷¹ It's All Happening. Spring 2016. Issue 10. Canterbury District Health Board.

97. This progress indicates the number of people working and studying in the central city area should continue to increase. With a growth in the number of people coming into the central city it can be expected that retail spending will continue to increase.

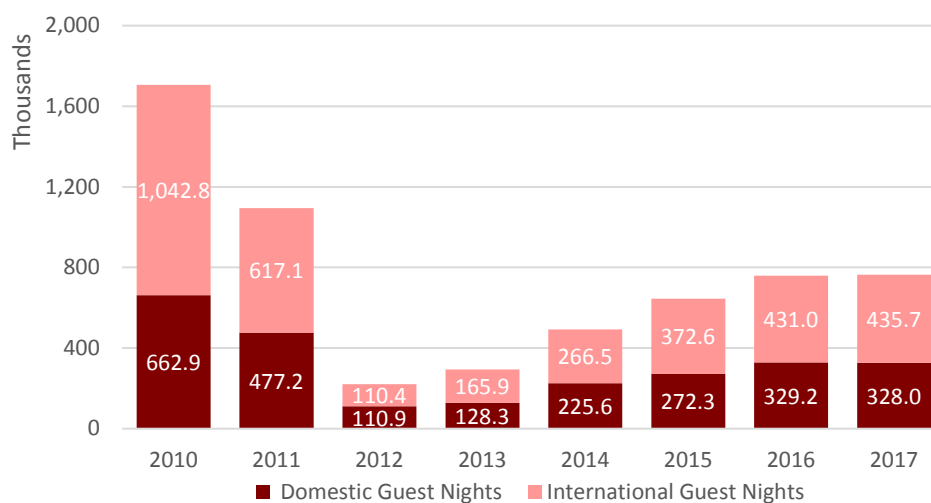
5.5. TOURISM

98. In June 2010, the central city had 63 commercial accommodation options.⁷² By June 2011, the number had decreased to 19. Hotels and backpackers experienced the greatest declines (the number of hotels reduced from 26 to 3 and backpackers from 19 to 3). The number of accommodation providers is slowly recovering, reaching 37 by June 2017. However, the 2017 total is still 41.2 percent less than what was available prior to the earthquakes. Recently a large hotel, The Crowne Plaza, opened while others have announced their intention to open.⁷³

99. In June 2010, 5,232 stay units were available to guests in the central city.⁷⁴ By June 2012 this had reduced to 621, a decrease of 4,611 stay units, or 88.1 percent. By January 2013 there were 976 stay units available in the central city, an increase of 355, or 57.2 percent, on the previous year. In January 2017, 2,042 stay units were available, an increase of 1,066, or 109.2 percent, over a four-year period.

100. In the 12 months to June 2010 there were 1,705,663 guest nights in the central city. The majority of these, 61.1 percent, were international guests. In the 12 months to June 2012, 221,315 total guest nights were recorded, a decline of 1,484,348, or 87.0 percent, over two years (see Figure 5-8).

Figure 5-8: Domestic and international guest nights in the central city (year end June)



Source: Accommodation Survey: June 2017, Stats NZ

101. In the 12 months to June 2016 guest nights in the central city reached 760,128, an increase of 465,926, or 158.4 percent since 2013. The number continued to increase in the 12 months to June 2017 to 763,716. The small decline in domestic guest nights over this one-year period may be partially explained by a reduction in the number of people assisting with wider regeneration activities, staying overnight in the central city. More information on international and domestic visitors to greater Christchurch is provided in Section 2 of this report, 'Christchurch as an attractive city to visit'.

⁷² Hotels, motels, and backpacker hostels. No camping grounds or caravan parks are located in the central city.

⁷³ The Holiday Inn Express, Distinction Christchurch Hotel, and the Sudima Hotel.

⁷⁴ This does not include accommodation provided through Air BNB.

102. In the 12 months to June 2010 occupancy rates for central city accommodation was 60.5 percent⁷⁵. In the 12 months to June 2011 the rate decreased to 59.5 percent. Since this time the rate has increased to 69.6 percent at the end of June 2017. The latest occupancy rate exceeds the June 2010 level. As new central city accommodation brings increased room capacity it remains to be seen how occupancy rates will be impacted.

5.6. AN ATTRACTIVE DESTINATION TO VISIT

103. The 2016 Life in Christchurch Survey showed that The Botanic Gardens, Hagley Park and shopping were most frequently cited as attractions that made the central city unique. Respondents in the 2017 Central City Survey also identified The Botanic Gardens and Hagley Park, but felt the Margaret Mahy Family Playground added to the central city's identity more than shopping options. The majority, 63 percent, of respondents from the 2017 survey were satisfied with the look and feel of new buildings in the central city. Just over 60 percent of respondents reported it was easy to walk about the central city and 52 percent felt the central city provides a safe environment for pedestrians. Approximately 30 percent felt the area was safe for people on bicycles. While walking about the central city is seen as straightforward and generally safe, 65 percent surveyed reported that travelling into the central city by vehicle was not easy. This was mainly due to road works and road closures.

104. A city's character and uniqueness can be judged by both its natural features as well as its built environment. The earthquakes damaged or destroyed a number of the central city's historical buildings, however, some remain and have been repaired or are in the process of being restored.⁷⁶ In September 2017, a decision was made to restore the Christ Church Cathedral. Over the last few years destinations, such as New Regent Street, The Christchurch Art Gallery, and the Isaac Theatre Royal, have reopened. Sections of the Christchurch Arts Centre have also recommenced trading. The 2017 Life in Christchurch Central City Survey revealed nearly all who took part had visited the city over the preceding 12 months. The majority, 60 percent, felt that there is a range of activities for people in the central city. Approximately 65 percent said there were suitable activities for families in the city. During its first three months of operation the Margaret Mahy Family Playground attracted over 150,000 visitors.⁷⁷ In July 2017, an important parcel of land on Colombo Street, north of Cathedral Square, was acquired by the Crown which will strengthen the development of the Performing Arts Precinct.⁷⁸

105. In relation to personal safety, 90 percent of respondents to the 2017 Life in Christchurch Central City Survey indicated they felt safe in the central city during the day. However, fewer than half of the respondents (45 percent) felt safe at night-time. The most common reasons that respondents felt unsafe during the day related to anti-social behaviour, beggars, people under the influence of alcohol and drugs, and homeless people. Police data for the central city shows some changes in the number of offences reported to Police. In the 12 months to June 2016, there was an increase in offences reported to Police in the central city.⁷⁹ The largest increase in reported crime, from 1,190 to 1,455 offences (22 percent), occurred in Cathedral Square.⁸⁰ During this one year period, total reported offences in Christchurch increased from 16,264 to 18,749, an increase of 15.2 percent. However, over the last year, in the 12 months to June 2017, reported offences decreased in all three areas in the central city (see Figure 5-9). The largest declines occurred in both the Cathedral Square and Hagley Park areas, where reported offences decreased approximately 17 percent. Reported offences in Christchurch city decreased from 18,749 to 17,822, a decrease of 927, or 5 percent.

⁷⁵ Accommodation Survey. June 2017. Stats NZ.

⁷⁶ For example, The Christchurch Town Hall, The Christchurch Arts Centre, The Canterbury Museum, The Provincial Chambers, The Victoria Clock Tower.

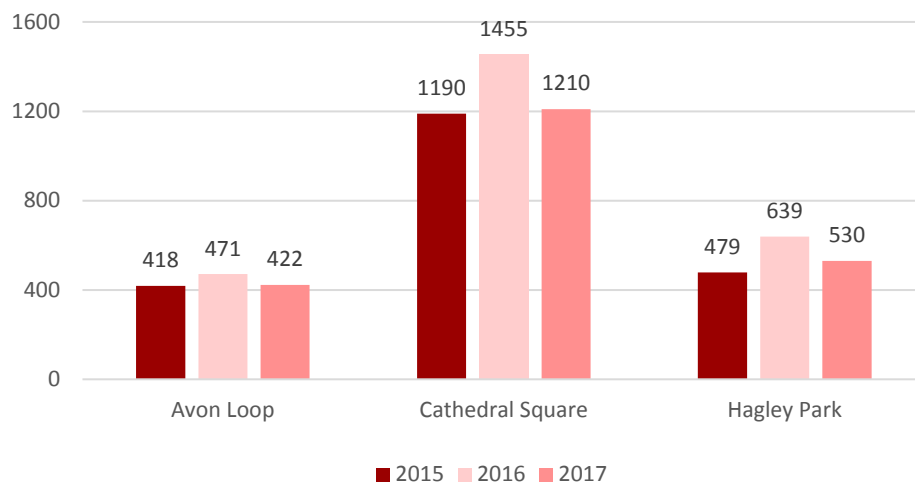
⁷⁷ Life in Christchurch 2017. Central City Results. Page 7.

⁷⁸ Another major step for CBD. The Press. 18 July 2017. Page 1.

⁷⁹ Hagley Park, Cathedral Square, and Avon Loop.

⁸⁰ This refers to the Cathedral Square Area Unit.

Figure 5-9: Number of offences reported to Police in central city (12 months to June)



Source: Victim Time and Place, NZ Police

106. Further detailed information on the wellbeing of central city residents is unavailable. Programmes and services to enhance psycho social wellbeing, such as the All Right? initiative, Right Services Right Time, the Canterbury Earthquake Temporary Accommodation Service, and actions from the Community in Mind Strategy, are available to all residents in greater Christchurch.

107. The central city contains a number of schools and the Ara Institute of Canterbury.⁸¹ These educational facilities experienced varying degrees of disruption during the 2011 earthquakes, however, the majority have continued to operate in their pre earthquake location. Two schools, Unlimited Paenga Tawhiti and Discovery One, which were located in the Central Business District, were forced to move outside of the central city area. In April 2017, it was announced these two schools, which merged in 2014 to form Ao Tawhiti Unlimited Discovery, would be returning to the city in a new site in St Asaph Street.⁸²

108. Within the central city large green spaces such as Hagley Park, and Cranmer and Latimer Squares suffered minor damage from the earthquakes. However, other public areas were impacted.⁸³ The Avon River suffered damage to parts of its banks and water

Case Study 5-1: The Christchurch Integrated Government Accommodation project

The Christchurch Integrated Government Accommodation project was established to plan the co-location of public sector staff members in the central city. An increase in employees will help generate demand for retail, hospitality, and other services.

Fifteen public sector organisations are part of the project. By the time of its completion approximately 1,500 staff members will be located across four buildings in the central city area.

The second of these buildings opened in December 2016. It provides office accommodation to staff from the Ministry of Social Development, the Ministry of Vulnerable Children Oranga Tamariki, the Department of Conservation, and the Ministry of Business, Innovation, and Employment. An international sportswear clothing retailer occupies space on the ground floor. In April 2017 the final section of a large development, Pita Te Hori Centre, formerly known as King Edward Barracks, was opened. This building provides office space to three public service agencies.

⁸¹ Christ's College, Christchurch East School, The Cathedral Grammar School, St Michael's Church School, Catholic Cathedral College, and St Mary's Catholic School.

⁸² 6 April 2017. Construction starts on \$30m Ao Tawhiti Unlimited Discovery, Christchurch. Beehive.govt.nz

⁸³ Victoria Square, Edmonds Band Rotunda, Victoria Lake, Scott Statue Reserve.

quality declined.⁸⁴ Work is underway to enhance the river's banks through the central city. Sections of the Te Papa Ōtākaro Ltd/Avon River Precinct have been completed, with other sections due to open in stages.⁸⁵ The refurbishment of Victoria Square is due to be finished in early 2018.⁸⁶ Additional public green space will be added to the central city when a park is completed in the East Frame site in early 2018.⁸⁷ This public space will be the third largest in Christchurch. In August 2017, proposed concepts for a new design for Cathedral Square and Surrounds were released for public consultation. The plan suggests the creation of three distinct areas which will encourage people to visit and enjoy activities and entertainment on offer.

5.7. LOOKING AHEAD

109. With the completion of the Christchurch Integrated Accommodation project, and other private developments, the number of employees in the central city will have increased since 2016. The development of new residential housing is underway, or due for completion in the next few months. Accommodation options for guests will continue to increase. A decision has been made to repair the Christ Church Cathedral and public consultation on Cathedral Square and Surrounds has been completed. Announcements have been made on the Christchurch Convention Centre. Progress is being made on the revitalisation of the central city and this regeneration will continue to gain momentum over time.

110. Traditionally, the hospitality, retail, and service sectors have tended to offer employment opportunities to younger people. The regeneration of the central city is likely, over a period of time, to generate a number of employment options which will benefit greater Christchurch's young people.

111. Despite clear progress some challenges remain. In May 2017, the Christchurch City Council issued a list of derelict buildings and sites which were seen to be barriers to central city regeneration progress. Road works and partial closures are ongoing in some parts of the central city as the network is upgraded. Some of these are due to be completed in 2018.

Case Study 5-2: Regeneration of Cathedral Square and Surrounds

Regenerate Christchurch has prioritised the development of a Regeneration Strategy for Cathedral Square and the surrounding areas. Activation of the Square is intended to stimulate improved visitation and economic activity. In August 2017, Regenerate Christchurch sought public feedback on five key moves that would stimulate investment and showcase the central city. These five key moves focused on:

- Reshaping Cathedral Square to create more lively public spaces
- Framing the Square with structures and buildings that can stimulate the arts, creative enterprises, knowledge and education
- Improved connectivity to, through and around the area
- Upgrading the streets and lanes between hubs of activity
- Integrating water and the indigenous ecosystem into the streets and public spaces

Feedback from property owners and the public is currently being analysed and will be incorporated into a regeneration strategy for Cathedral Square and the surrounding areas.

Source: Regenerate Christchurch

⁸⁴ Community Profile Christchurch Central. Christchurch City Council.

⁸⁵ Next section of Avon River Precinct works starting soon. Ōtākaro Ltd Limited. June 2017.

⁸⁶ Victoria Square Restoration Fact Sheet. January 2017. Ōtākaro Ltd Limited.

⁸⁷ Start of construction of East Frame homes rounds out first year for Ōtākaro Ltd Limited. April 2017.

Construction activity

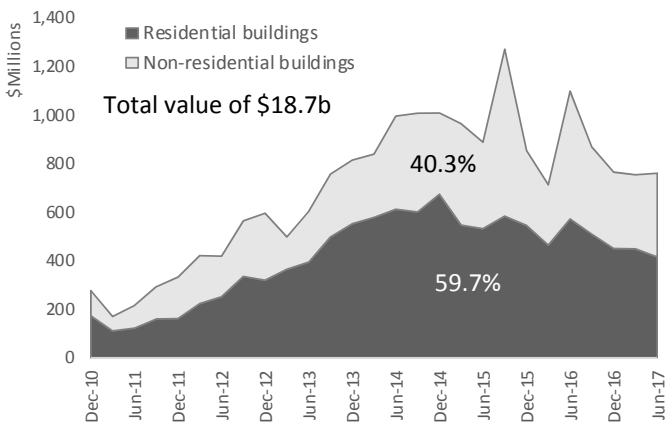
- The total construction cost for the rebuild of Christchurch is currently estimated at around \$32.5bn (in 2012 prices), with 70% of total expenditure spent at the end of June 2017. Heavy commercial construction started later than other sectors. Commercial quarterly expenditure is close to and expected to surpass residential.
- The value of building work consented in greater Christchurch in the June 2017 quarter was \$759.0m, comprising \$414.2m of residential building work and \$344.8m of non-residential building work. Since the December quarter 2010, the total value of residential building work consented is higher than non-residential building work consented.
- Between the December quarter 2010 and the June quarter 2017, \$21.8bn of construction work has been carried out in Canterbury, of which 57.3% was for residential buildings.

Total cost of rebuild construction activity (2012 prices, as at 30 June 2017)

	\$billion	Completed	Remaining
Heavy Commercial	7.9	50%	50%
Light Commercial	5.6	67%	33%
Civil	6.2	74%	26%
Residential	12.8	81%	19%
Total	32.5	70%	30%

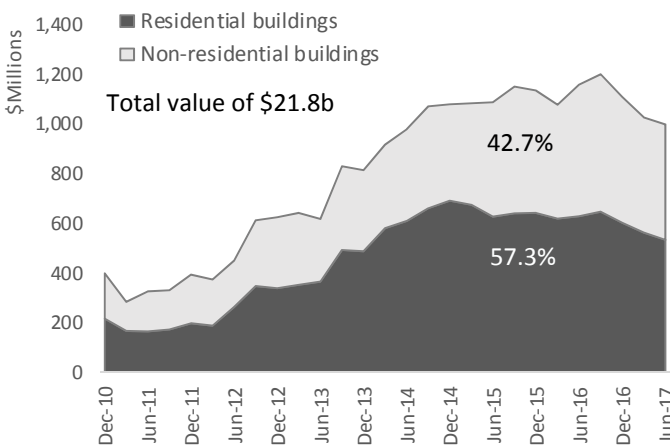
Source: Ministry of Business, Innovation and Employment

Building consents issued in greater Christchurch (December quarter 2010 - June quarter 2017)



Source: Building Consents, Stats NZ

Value of building work put in place – Canterbury (December quarter 2010 – June quarter 2017)



Source: Building Activity Survey, Stats NZ



Public sector/horizontal infrastructure rebuild

- As at 30 June 2017, 11 public sector rebuild projects have completed construction and 28 are underway. Of the total planned expenditure, 48% has been spent.
- The SCIRT programme ended in June 2017, and all assets were handed over to the Christchurch City Council. Approximately 1.4 million m² of roads were repaired or replaced across Christchurch.

Canterbury public sector rebuild progress (as at 30 June 2017)

In planning 11 Projects	In construction 28 Projects	Completed 11 Projects
\$3,054 million spent 48% of total budget		52% remaining

End of SCIRT programme

Total assets repaired/replaced (as at 30 June 2017)

Storm Water 49 kms pipes	Roading 1.4 million m ² roads
Wastewater 511 kms pipes	Fresh Water 96 kms pipes

Source: Ministry of Business, Innovation and Employment and SCIRT

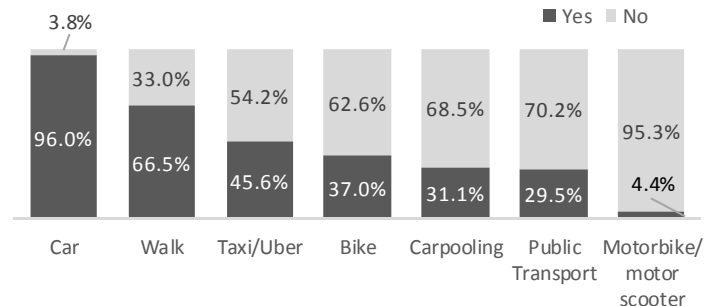


Transport

- In 2017, the Life in Christchurch: Transport survey reported that travel by car was the dominant mode of transport, followed by walking. Approximately one in three respondents travelled by bike in the past 12 months.
- While in 2014 the number of individual bus trips grew to 81.7% of the pre-quake level (2010), there has been a slight decrease in the past three years, to 77.9% of the pre-quake level.

Transport mode

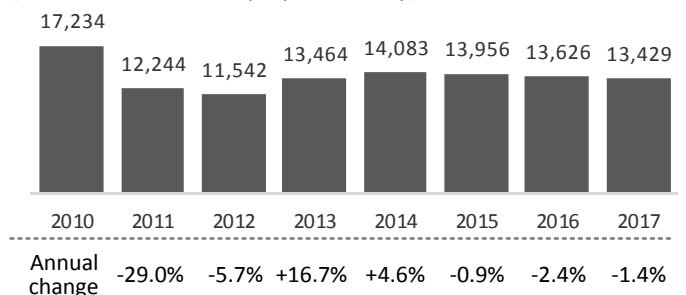
In the last 12 months, have you travelled in Christchurch by the following modes?



Source: Life in Christchurch 2017 - Transport survey, Christchurch City Council

Annual bus trips numbers

(thousands individual trips, year end July)



Source: Environment Canterbury

SECTION 6: INFRASTRUCTURE AND TRANSPORTATION IN GREATER CHRISTCHURCH

6.1. CONSTRUCTION

112. According to Stats NZ's 'Value of building work put in place' releases, there were 11 consecutive quarters of construction activity above \$1 billion in Canterbury from the quarter ending September 2014 to the quarter ending March 2017 (\$998 million in the quarter ending June 2017). The high level of construction activity is particularly evident in the central city, where there are a number of new developments completed, planned or underway, including new public facilities, apartments, hotels, retail, and entertainment developments.

113. While overall construction activity is expected to decrease over the longer-term, the Ministry of Business, Innovation and Employment forecasts that quarterly construction activity could remain at or over \$1 billion until mid-2018. Current modelling from the Ministry of Business, Innovation and Employment suggests that total construction activity will return to pre-quake levels in approximately three to four years' time.⁸⁸

114. The Ministry of Business, Innovation and Employment forecasts show that commercial construction activity was equivalent to residential construction activity in the quarter ending June 2017. While the period of major construction within the four avenues is slowing, a number of high value publicly funded projects are currently under construction or will soon commence construction. Residential construction remains sizeable (approximately \$400 million in the quarter ending June 2017), with support from the ongoing insurer-managed rebuild, the residential projects underway throughout the city (e.g. the East Frame in the central city and Prestons in the north east of Christchurch) and the strong demand for retirement homes.⁸⁹

6.2. REBUILD ACTIVITY

OVERALL REBUILD ACTIVITY

115. The Ministry of Business, Innovation and Employment estimates that the total value of rebuild-related construction activity is \$32.5 billion (as at 30 June 2017). To put this into context, the total GDP in greater Christchurch was reported as \$22.9 billion for the 12 months to June 2017.⁹⁰ The size of construction activity has contributed to the local economy in terms of GDP and employment over the course of the rebuild.

116. Of the estimated total value of rebuild construction activity in greater Christchurch, \$22.5 billion (or 70 percent) has been spent. Although a large volume of rebuild activity remains (approximately \$10 billion as at 30 June 2017), the activity has peaked; and it is anticipated that construction activity will gradually decline. The impact of this on economic growth and employment is discussed further in the *Diverse and Sustainable Local Economy* section of this report. Rebuild-related construction expenditure is expected to pass 80 percent of the forecasted total in the quarter ending September 2018. It is forecast that expenditure on business-as-usual construction activity will surpass rebuild-related construction activity in 2020.⁹¹

117. The advanced progress of the rebuild is reflected in the continued decline in the number of rebuild-related work visas issued, the volumes of which are adjusted to reflect the forecasted remaining rebuild construction work (See Figure 6-1). In the June 2017 quarter, a total of 113 rebuild-related work visas were issued, a 30.7 percent decrease on the March 2017 quarter, and 46.7 percent decrease on the June 2016 quarter.⁹² The total number of people who arrived in New Zealand with rebuild-related work visas from

⁸⁸ Construction Forecast Model: In 2012 dollars, as at 31 March 2017, Ministry of Business, Innovation and Employment.

⁸⁹ Construction Forecast Model: In 2012 dollars, as at 31 March 2017, Ministry of Business, Innovation and Employment.

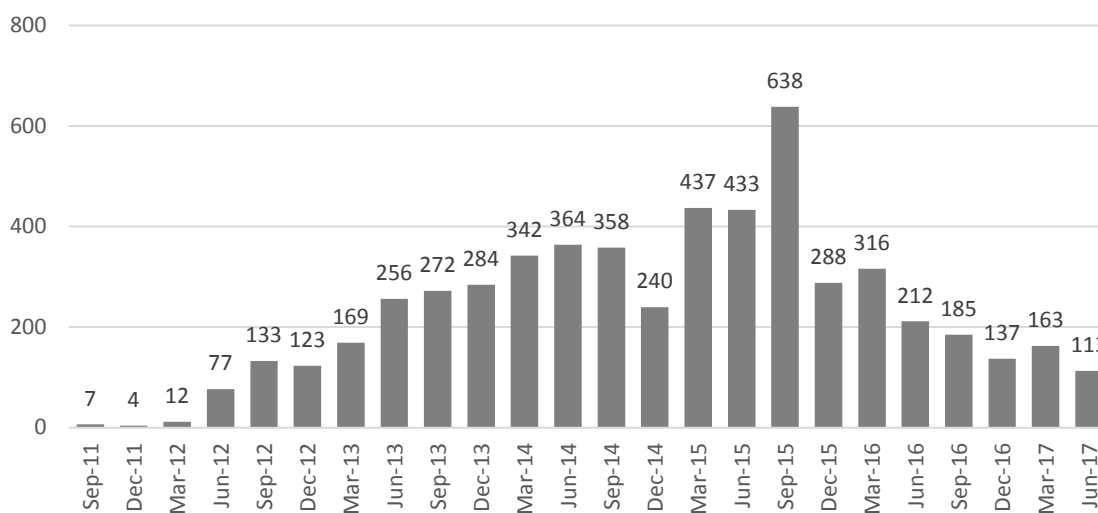
⁹⁰ Real GDP (2010 prices): Infometrics.

⁹¹ Construction Forecast Model: In 2012 dollars, as at 31 March 2017, Ministry of Business, Innovation and Employment.

⁹² Rebuild-related work visa arrivals: To 30 June 2017, Ministry of Business, Innovation and Employment.

September 2011 to June 2017 totalled 5,563. Of these, 3,115 people, or 56.0 percent, are still in New Zealand. A large volume of those with rebuild-related work visas may now be eligible to apply for a residency class visa.

Figure 6-1: Number of rebuild-related work visa arrivals



Source: Rebuild-related work visa arrivals, Ministry of Business, Innovation and Employment

PUBLIC SECTOR REBUILD

118. The Ministry of Business, Innovation and Employment is responsible for monitoring the progress of the public sector rebuild (publicly reported through the Treasury's 'Major Projects Performance' reports). The monitoring of the Canterbury public sector rebuild programme comprises 50 publicly funded construction projects across health, education, social housing, horizontal infrastructure and community facilities (see Figure 6-2), with a total value of \$6.3 billion (in current dollars). The following recent developments have been noted:

- Ōtākaro Ltd has awarded the construction of the Convention Centre to CPB Contractors, the Australian based company who is also building the new Christchurch hospital;
- of the 115 schools in the Christchurch Schools Rebuild Programme, 12 have been completed and 26 are under construction;⁹³
- the Justice and Emergency Services Precinct was officially opened in September 2017;
- Ara Institute of Canterbury's new Engineering and Architectural Studies facility was opened by the Prime Minister on 10 August 2017; and
- Lincoln University has had \$85 million funding confirmed for the Lincoln University AgResearch Joint Facility.⁹⁴
- \$85 million funding confirmed for the Lincoln University AgResearch Joint Facility.⁹⁵

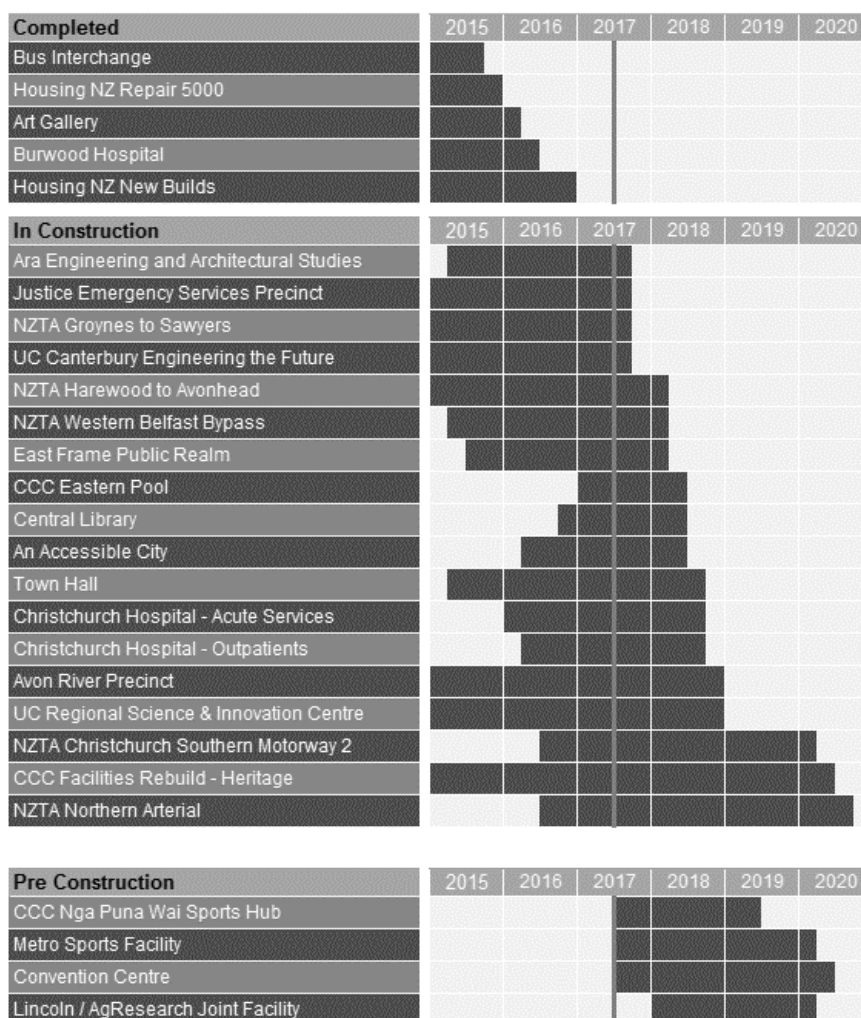
⁹³ Ministry of Education, Christchurch Schools Rebuild Progress Report, as at 30 June 2017.

⁹⁴ Public Sector Rebuild: as at 30 June 2017, Ministry of Business, Innovation and Employment.

⁹⁵ Public Sector Rebuild: as at 30 June 2017, Ministry of Business, Innovation and Employment.

119. While progress is continuing on the public sector rebuild, there was a notable delay on completion of the Justice and Emergency Services Precinct. As noted above, this project is now officially open, and occupation of the premises is expected in the quarter ending December 2017. Project timeframes for the multi-use arena are not yet confirmed, however a pre-feasibility report for the project was released in August 2017 outlining four options for consideration.

Figure 6-2: Major projects of the public sector rebuild construction timeframes (as at 30 June 2017)⁹⁶



Source: Public sector rebuild timelines, Ministry of Business, Innovation and Employment

120. In addition to the recently opened Justice and Emergency Services Precinct, University of Canterbury's Regional Science and Innovation Centre and State Highway 1 between the Groynes and Sawyers Arms Road are all expected to complete construction in the quarter ending September 2017. As at 30 June 2017, \$3.1 billion has been spent on the public sector rebuild (or approximately 48.5 percent of the \$6.3 billion total value).⁹⁷

⁹⁶ Construction time frames for public sector projects over \$30m (projects under \$30, such as the Canterbury Earthquake National Memorial, are excluded). The timelines for the Christchurch Schools Rebuild programme and the multi-use arena are not included.

⁹⁷ Public Sector Rebuild: as at 30 June 2017, Ministry of Business, Innovation and Employment.

121. In June 2017, a major milestone was reached, when the SCIRT Programme was completed. The programme

Case Study 6-1: Christ Church Cathedral

In September 2017, the Synod of the Anglican Diocese of Christchurch voted in favour of reinstating the Christchurch Cathedral.

The estimated cost of restoration is \$104 million. The funding contributions and pledges identified include:

- Government cash contribution of \$10 million;
- Government interest free suspensory loan of \$15 million (repayment of the loan will be suspended and forgiven if the loan conditions are fulfilled);
- Christchurch City Council grant of \$10 million, in principle, subject to public consultation and being provided for in the 2018-2028 Long Term Plan;
- Great Christchurch Buildings Trust donor pledges of \$13.7 million; and
- Insurance proceeds of \$41.5 million.

The Government will establish an independent trust to lead the public fundraising effort, and enter into a joint venture with the Cathedral owners to deliver the restoration project.

Source: Cathedral Working Group

included over 700 individual horizontal infrastructure projects across the city. The estimated total expenditure of the programme was \$2.2 billion and at its peak, the programme employed approximately 2,000 workers. As part of the programme, approximately 1.4 million m² of earthquake damaged roads were repaired or replaced across Christchurch, supporting a better functioning transport network.

122. The Christchurch Central Recovery plan identifies the need for the central city to be more accessible for motorists, pedestrians, cyclists and public transport users. In the central city, work is progressing on the 'An Accessible City' programme. The programme of improvements to the travel network in the central city commenced in May 2016. The programme aims to balance the needs of all residents who travel through the central city. It is estimated that the Ōtākaro Ltd-led projects (phase one of the programme) will be completed mid-2018.

123. Construction of the new St Asaph Street layout was completed in December 2016. Concerns over parking availability, accessibility of the parking

bays, and the width of the traffic lanes were raised by representatives from the Central City Business Group. Following consultation with the Central City Business Group, the Christchurch City Council have prepared two options for road layout changes to address the concerns raised. These options were put forward for public consultation in September 2017. Business owners have raised concerns on the proposals for Victoria Street, including concerns on the potential disruptions during construction and parking availability. The Christchurch City Council is liaising with business owners to work through the issues highlighted.

124. Outside the central city, the New Zealand Transport Agency's Roads of National Significance programme continues apace. As highlighted earlier in this section, State Highway 1 between The Groynes and Sawyers Arms Road is expected to be completed this year. The upgrade of State Highway 1 between Harewood Road and Avonhead Park to a four-lane median separated expressway, and the new Western Belfast Bypass are both expected to be completed in the quarter ending March 2018. The new bypass is expected to halve vehicle numbers on the Main North Road, which in turn will enable more reliable public transport and an improved walking/cycling environment through Belfast. Work is also ramping up on the Christchurch Northern Corridor, which upon completion in 2020 is expected to reduce traffic volumes on Main North Road and Marshland Road.

125. The most common mode of transport used for journeys to all activities, is still the car. Over 90 percent of Christchurch residents, as reported in the Christchurch City Council's Life in Christchurch 2017 Transport survey, have travelled by car in the past 12 months. Of those who had travelled by car, 48 percent use this mode of transport to travel to work five or more times a week.⁹⁸

126. More than half of respondents felt safe when travelling by car in Christchurch, and 30 percent find it easy to travel by car. Ongoing roadworks and road closures was the top reason given as making it difficult for

residents to travel by car. The availability of parking was the next most common issue raised.

Case Study 6-2: Learning from the recovery of the built environment

On 6 September 2016, the EQ Recovery Learning website was launched by the Department of the Prime Minister and Cabinet, with the goal of creating an online platform where the collective learnings from the Canterbury earthquake experience can be shared with leaders and communities involved in disaster recovery. A link to resources and tools related to the built environment is provided below.

<http://www.eqrecoverylearning.org/environments/built>

The learnings and innovations from the SCIRT programme can be found on the website below.

<https://scirtlearninglegacy.org.nz/>

127. The Christchurch City Council notes that roads are expected to improve as they are progressively repaired. The proportion of the network impacted by traffic management plans has decreased from 41 percent in mid-2016, to approximately 25 percent in mid-2017.⁹⁹ The impact of roadworks in the central city is expected to diminish, upon completion of works on Durham Street and Manchester Street. These projects are being managed by Ōtākaro Ltd, and are expected to be completed by the end of 2017 (exact timing for Durham Street works is subject to contract negotiations).¹⁰⁰

128. While 37 percent of respondents had travelled by bike in the past 12 months, the survey results show that the frequency of travel by this transport mode is growing. Of the respondents who completed the Christchurch City Council's Life in Christchurch 2017 Transport survey, 31 percent reported having travelled by bike more than they did 12 months ago. Improved cycle routes and lanes, and more courteous vehicle drivers were the top improvements that would encourage respondents to cycle more often. Travel by car was reported by 30 percent of respondents as being easy, while in comparison over half of respondents who travel by bike reported that it was easy.

129. In addition to the new cycle lanes being incorporated into the An Accessible City works, a number of dedicated cycle routes under the Major Cycle Routes programme (New Zealand Transport Agency/Christchurch City Council joint funded) are under construction, or are open. A high-profile route is the cycle way from the University of Canterbury to the central city, which is expected to be finished in 2017.¹⁰¹

130. In total, New Zealand Transport Agency measured 432 kilometres of urban cycle ways in the Canterbury region in the year to 30 June 2017. This is 100 kilometres more than the pre-quake length recorded (332 kilometres in the year to June 2010)¹⁰². The Christchurch City Council's Life in Christchurch 2017 Transport

⁹⁸ Life in Christchurch Survey – Transport Survey: 2017, Christchurch City Council.

⁹⁹ Life in Christchurch Survey – Transport Survey: 2017, Christchurch City Council.

¹⁰⁰ Retrieved from <https://www.otakaroltd.co.nz/anchor-projects/transport-projects/>.

¹⁰¹ Retrieved from <https://ccc.govt.nz/transport/cycling/major-cycle-routes/cycle-routes/uni-cycle/>.

¹⁰² NZTA – Length of Cycle ways within Road Controlling Authority Areas.

survey reports that approximately 70 percent of those who cycled in the past 12 months, had used at least one of the new major cycle ways. The Christchurch City Council anticipates that the majority of bike trips taken in the future will be made on the new infrastructure.¹⁰³

131. In the March 2017 report, we noted that the total number of bus trips had been decreasing, and were trending away from pre-quake levels. This trend has continued into the latest quarter, and in the 12 months to July 2017 bus trip numbers have decreased by 197,081, or 1.4 percent, compared with the 12 months to July 2016. The total number of trips in the 12 months to July 2017 is at 77.9 percent of pre earthquake levels (12 months to July 2010).¹⁰⁴

132. The Christchurch City Council's Life in Christchurch 2017 Transport survey reports that 30 percent of respondents had travelled by public transport in the past 12 months, and around 20 percent of those respondents had used it as a means to get to work five or more times a week. More direct routes and connections was reported as the most important action that would encourage more frequent use of public transport.

133. A joint Public Transport Committee has been set up with representatives from the Christchurch City Council, Environment Canterbury, Waimakariri and Selwyn District Councils, the New Zealand Transport Agency, and the Canterbury District Health Board. The Committee is currently undertaking a review of the network, with the goal of identifying targeted improvements that will encourage more people to use public transport.¹⁰⁵

6.4. LOOKING AHEAD

134. Rebuild construction activity has peaked, and the majority (80 percent) of rebuild expenditure is expected to be complete in the quarter ending September 2018. However, there are still a number of public sector rebuild projects in the pipeline that will support a more gradual decline in activity over the next few years.

135. The investment into Christchurch's cycle network appears to already be paying off, as demonstrated by the results from the Christchurch City Council's Life in Christchurch 2017 Transport survey. Challenges remain, however. The Christchurch City Council projects that by 2041 there will be an additional 70,000 car trips per day, based on current trends.¹⁰⁶ This presents a significant challenge for the greater Christchurch network, and although significant roading developments are underway, encouraging residents' uptake of alternative forms of transport will also be necessary to mitigate the risk of increased congestion in the future.

¹⁰³ Life in Christchurch Survey – Transport Survey: 2017, Christchurch City Council.

¹⁰⁴ Bus Trips: as at 31 July 2017, Environment Canterbury.

¹⁰⁵ Life in Christchurch Survey – Transport Survey: 2017, Christchurch City Council.

¹⁰⁶ Life in Christchurch Survey – Transport Survey: 2017, Christchurch City Council.



Appendix E: The Greater Christchurch Regeneration Act 2016

The Greater Christchurch Regeneration Act 2016 (GCR Act) provides the legislative framework to support regeneration in greater Christchurch. It is predicated on the assumption that central government has a transitional role in greater Christchurch until 2021 when the Act is repealed.

Previously, the Prime Minister authorised the Minister supporting Greater Christchurch Regeneration to be the responsible Minister for the GCR Act. This means all statutory responsibilities under the Act are vested in one Ministerial portfolio to facilitate a whole of regeneration approach to Ministerial decision-making.

The Prime Minister also authorised two agencies, the Department of the Prime Minister and Cabinet and Land Information New Zealand (LINZ), to be the departments responsible for administering specific provisions of the GCR Act.

Regeneration is defined in section 3(2) of the GCR Act as meaning rebuilding and/or improving the environmental, economic, social, and cultural well-being, and resilience of, communities through urban renewal and development, and restoration and enhancement.

The GCR Act deals primarily with the built element of regeneration. It sets the framework for planning, land use and management in greater Christchurch.

Key provisions in the GCR Act include:

- **Planning** – including the development of regeneration plans and the power to amend *Resource Management Act 1991* (RMA) and other documents;
- **Building/works** – including empowering the Chief Executive of LINZ to carry out works (such as the construction or demolition of buildings) and the ability to restrict access, close, or stop roads;
- **Dealing with land** – including empowering the Chief Executive of LINZ or the Minister to acquire, amalgamate and dispose of land (also provisions relating to compensation claims and payments under certain circumstances);
- **Role and functions of Regenerate Christchurch** – including its purpose and objectives, the Board’s role, and duties on members; and,
- **Ōtākaro Limited** – Regenerate Christchurch must seek Ōtākaro Limited’s consent at certain stages of the regeneration plan process, this is to ensure that the Crown’s interests in residential red zone land are protected.

Regeneration Plans and section 71

There are two types of planning mechanisms provided under the GCR Act – regeneration plans which set the direction of regeneration over large areas by amending RMA, and other documents; and the section 71 process, which is used to make specific discrete amendments to RMA and other documents.

In August 2017, Christchurch City Council's *Cranford Regeneration Plan* (the first



Avonside residential red zone

Regeneration Plan under the GCR Act) was approved. The plan enables an isolated pocket of rural land within Christchurch to be developed for residential use without further urban sprawl. Another regeneration plan is being developed, following the approval of the outline for a *draft Ōtākaro/Avon River Corridor Regeneration Plan*. More information on this Regeneration Plan is outlined in **section 4** above.

The GCR Act provides for separate processes for regeneration plans, amendments or revocations, depending on whether the proposal is based in greater Christchurch or Christchurch District. Various parties' involvement, in particular Regenerate Christchurch and Ōtākaro Limited, differ depending on which geographic process is undertaken.

Ministerial involvement

To reflect the transition of leadership to local entities, the GCR Act allows a range of agencies to be the proponent for regeneration plans or section 71. It also provides the strategic partners, the Department of the Prime Minister and Cabinet, Regenerate Christchurch and Ōtākaro Limited a role in significant Ministerial decision-making processes.

Ministerial decision making on regeneration plans and the exercise of power under section 71 under the GCR Act is required in:

- approving a regeneration plan outline;
- approving regeneration plans;
- deciding whether to proceed with a section 71 proposal; and,
- approving a proposal for exercise of power under section 71.

DPMC can provide you with more information on these processes under the GCR Act if you wish.