

Finance and Performance Committee
MINUTES ATTACHMENTS

Date: Wednesday 17 April 2024
Time: 9.30 am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

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ChristchurchNZ

Economic Development Agency

Statement of Intent

1 July 2024 to 30 June 2027

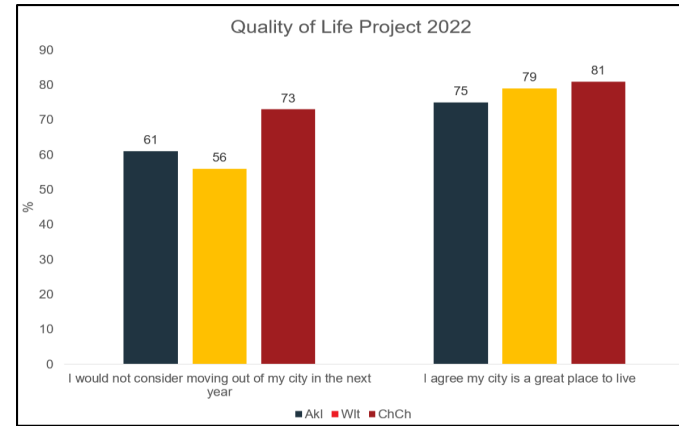
Dr Therese Arseneau, Chair
Ali Adams, CEO



Our city is thriving



Canterbury ranked as the **strongest performing regional economy** in New Zealand for six consecutive quarters by ASB's Regional Economic Scoreboard since 2021

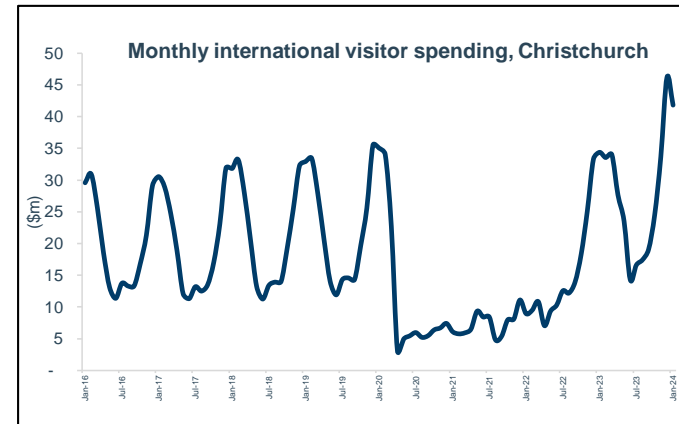


Net domestic migration (2023)	
Region	Net gain
Canterbury	3,000
Waikato	2,600
Otago	1,800
Northland	1,700
Bay of Plenty	1,700
Wellington	- 490
Auckland	- 11,200

Canterbury has had the **largest net gain** from domestic migration of any NZ region for the second year in a row

42% of Kiwis are open to moving to Christchurch

33% of Kiwis would move to Christchurch for better job opportunities



ChristchurchNZ

Clearly defined outcomes

CCC Outcomes



A thriving prosperous city

Everything we deliver is designed to contribute to this outcome



A cultural powerhouse city

We attract major and business events to Christchurch



A green, liveable city

Liveability is one of our four strategic outcomes

CNZ Outcomes



PRODUCTIVITY



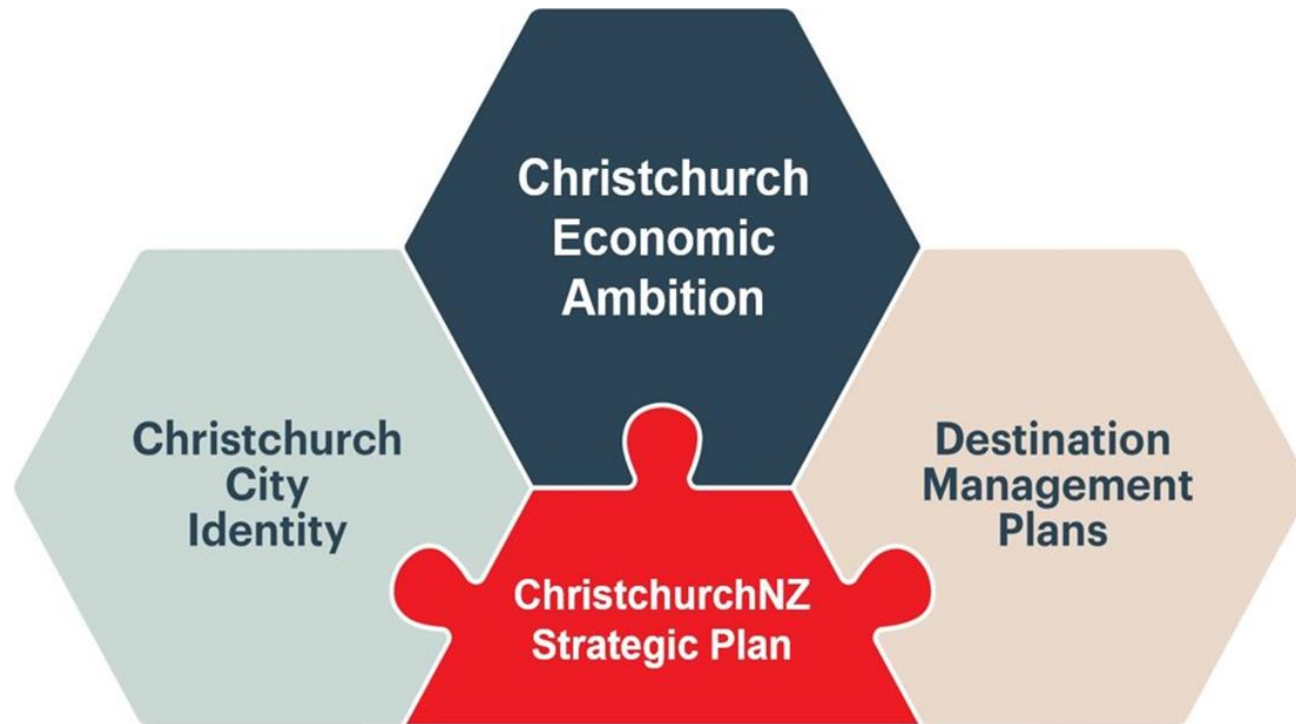
ATTRACTIVENESS



LIVEABILITY

ChristchurchNZ

We have a new strategic framework



ChristchurchNZ

And clearly defined principles



Strategic and Impactful



Intervention Agency



Facilitator and Partner

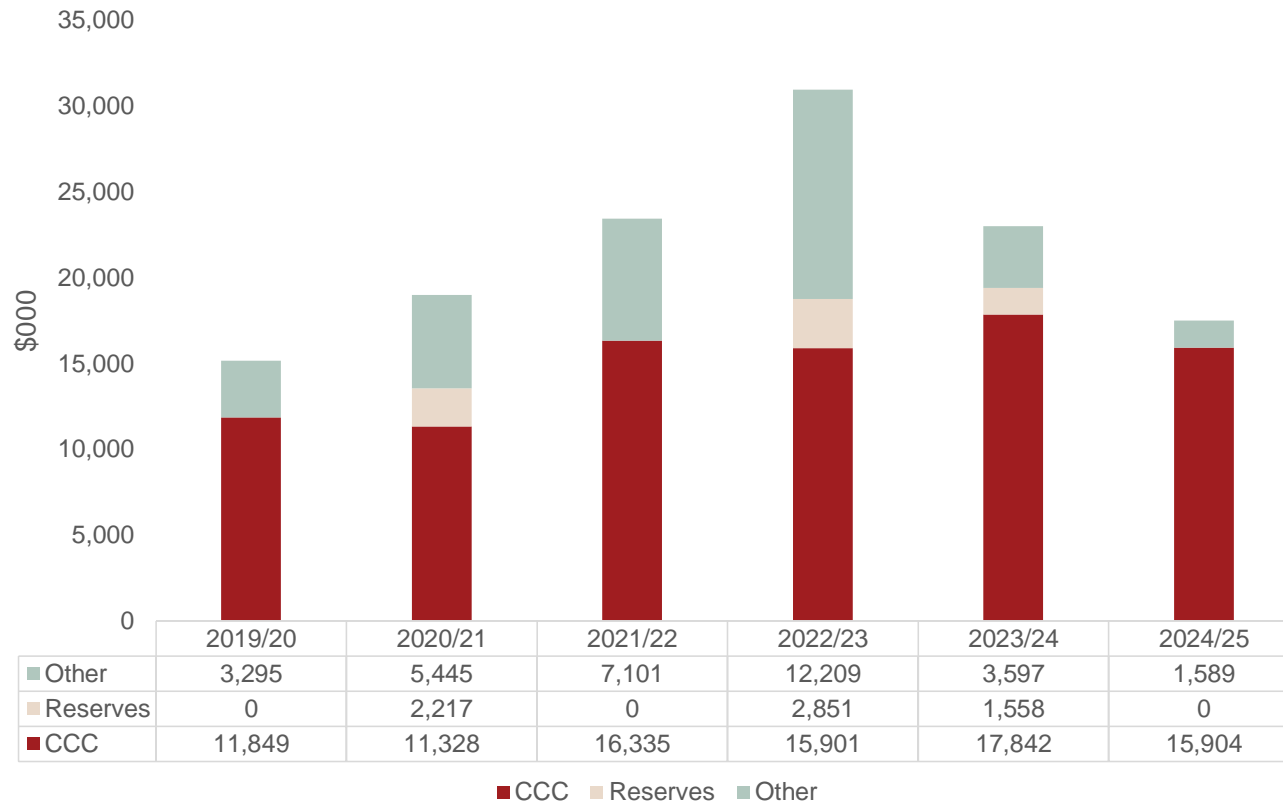


Balanced

ChristchurchNZ

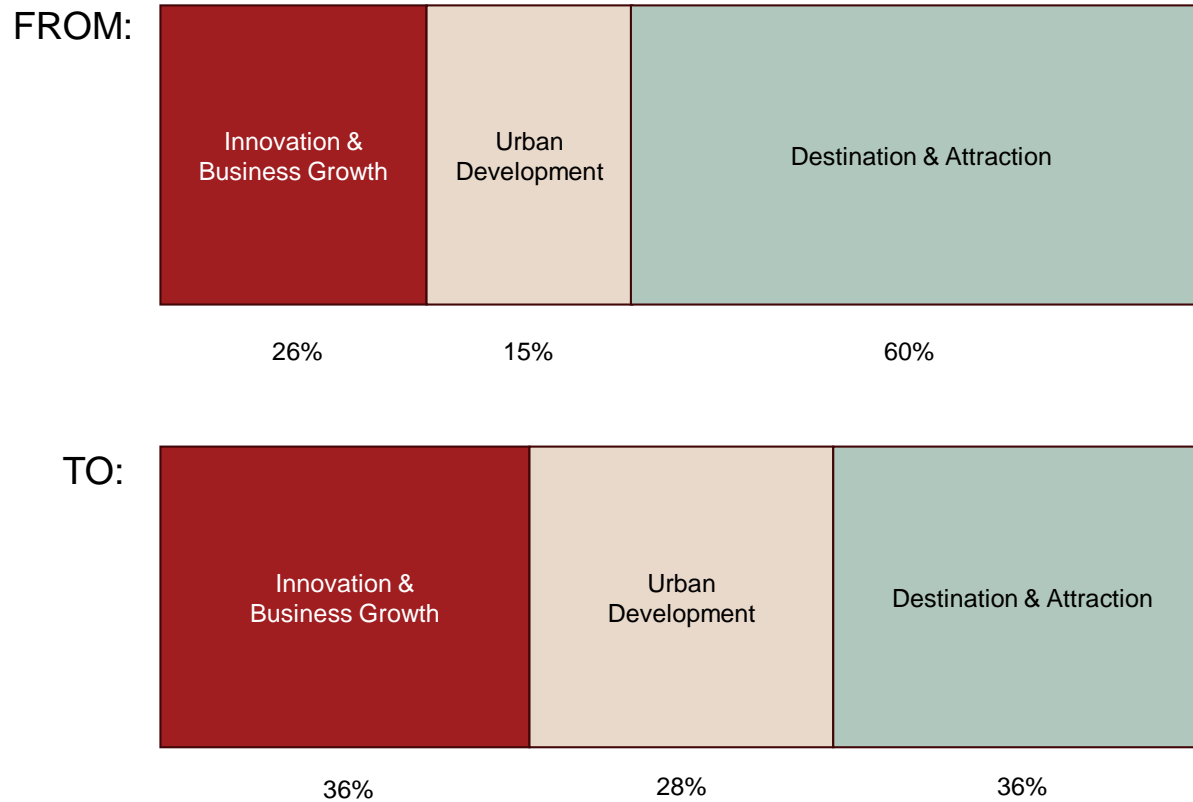
But the next few years will be challenging

CNZ Funding Sources



ChristchurchNZ

A balanced portfolio in 2024/25



ChristchurchNZ

Venues Ōtautahi Draft Statement of Intent

For the period 1 July 2024 to 30 June 2027

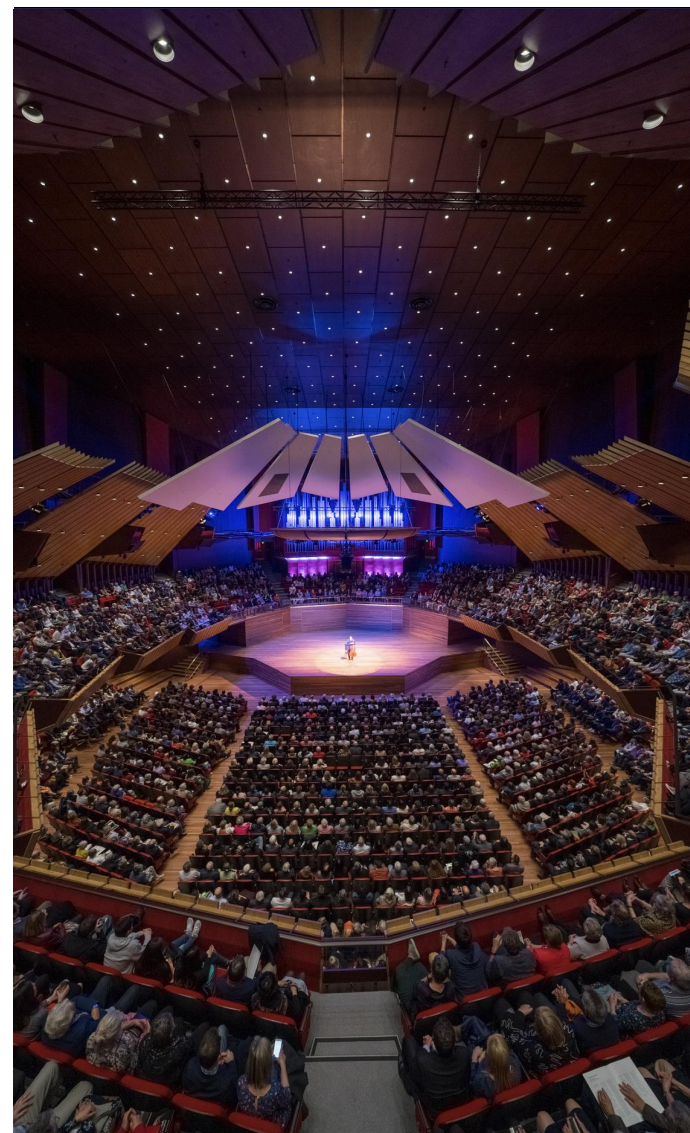
Christchurch City Council Finance and Performance Committee Presentation



Venues Ōtautahi FY25-27 SOI Overview

Evolution of the Venues Ōtautahi Statement of Intent

- Reflects Venues Ōtautahi new strategic framework
 - Aspirational
 - Achievable
- First year since 2020 Covid-19 removed as a material item
 - Long tail of recovery remains
- Te Kaha 2026
 - Includes venue operational and a consolidated financial position
- Reflective of
 - Councils draft strategic framework, vision and community outcomes
 - Draft Council 2024-2034 Long Term Plan
- Does not reflect a definitive position with respect to event attraction funding
- Environmental aspirations added to our mission
 - To strategically manage and leverage the venues to deliver positive social, cultural, environmental, and economic benefit to the region.



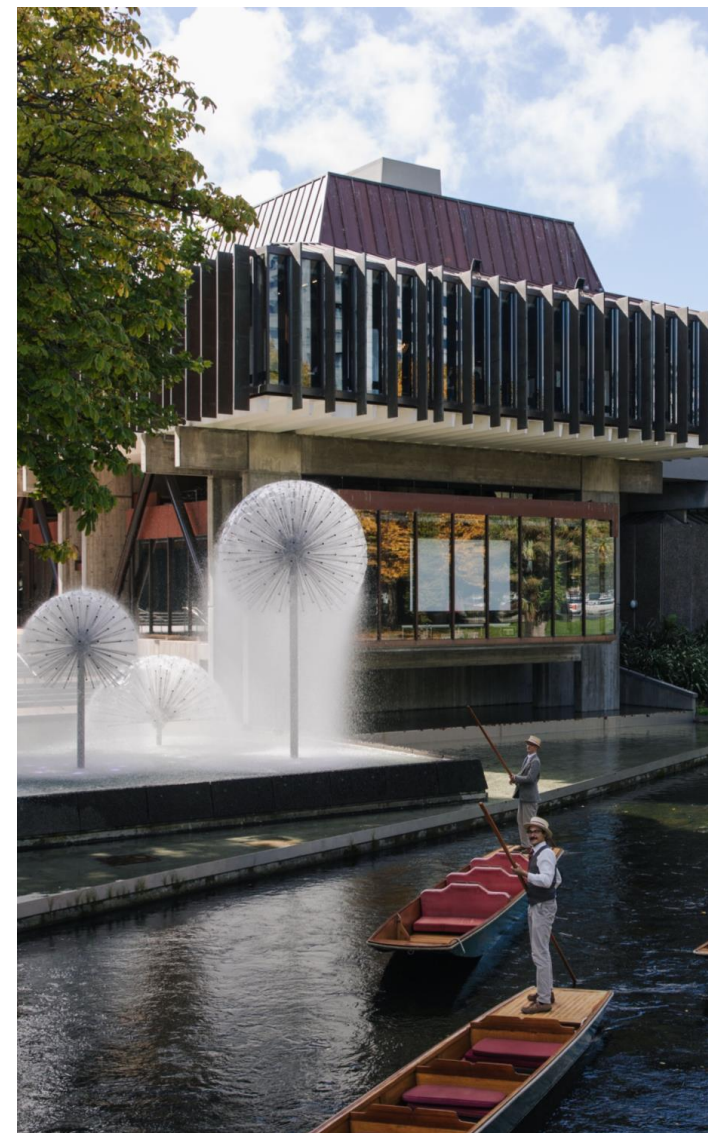
Venues Ōtautahi FY25-27 SOI Overview

Strategic Challenges

- Economic and industry conditions
- Continuing increased cost base – e.g. insurance, living wage, shipping, food, beverage, utilities
- Balance of sustainability aspirations and costs to deliver
- Local competition
- Reflects the draft 2024-2034 LTP
- Extension of Apollo Projects Stadium
- Venues Ōtautahi event attraction strategy development

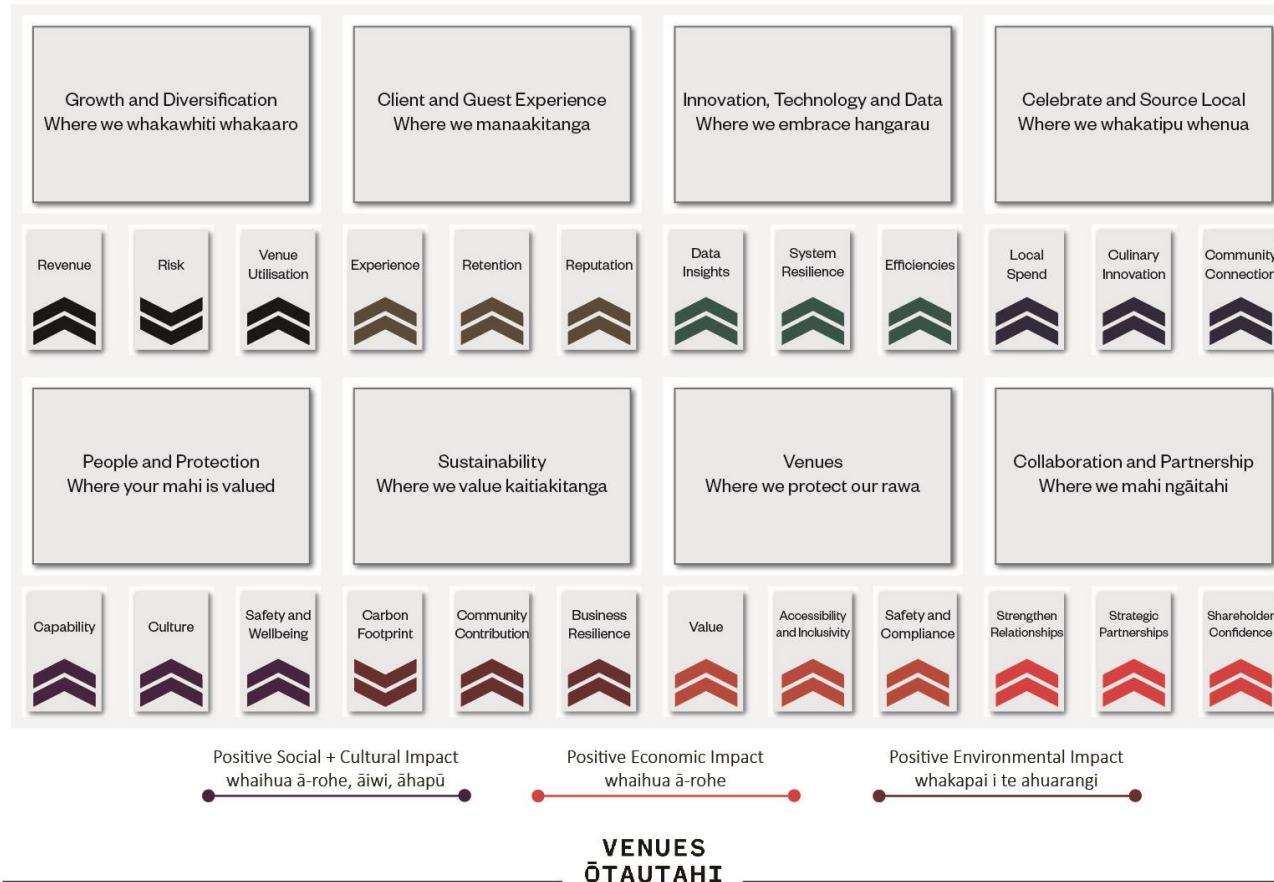
Strategic Opportunities

- Growth and Diversification
- Te Kaha, Commercial and Operational
- **Environmental, Social and Business Sustainability**
- Strategic Asset Management
 - Accessibility and inclusivity
- **Regional Contribution**
 - **Celebrate and Source Local**
 - **Economic Impact through Visitation**
- Collaboration and Partnership
- People and Protection



Venues Ōtautahi Strategic Framework

WHERE ŌTAUTAHI COMES TOGETHER



Growth and Diversification, where we whakawhiti whakaaro

- **Grow the business** through the acquisition of new venues to increase revenue and build a stronger strategic proposition for the attraction of events to Ōtautahi, Christchurch.
- **Diversify revenue streams** to increase revenue and de-risk the business through extending the VŌ culinary and event services delivery model outside of the venue portfolio (VŌ Events) and through VŌ consultancy services.
- **Increase revenue and venue utilisation** through the development of a high yield event attraction strategy that includes strategic procurement, leveraging of core partnerships and building VŌ as a standalone event promoter and creator.



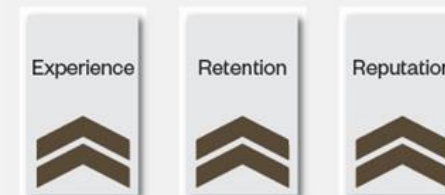
Innovation, Technology and Data, where we embrace hangarau

- Take a strategic and innovative approach to the **acquisition and utilisation of data and data insights** to generate revenue and enhance the guest experience and assure VŌ has the capacity and resource to execute.
- Build **robust internal systems for the management of all VŌ inventory and assets** to deliver cost efficiencies, greater controls and a more streamlined operational delivery framework.
- Develop an Information, Communications and Technology (ICT) strategy and roadmap to assure VŌ has a **resilient and fit for purpose ICT foundation** and platform for the future.
- Research and acquire **global industry leading technologies** to deliver operational efficiencies, build system resilience, enhance the guest experience and generate revenue.
- Consider **strategic technology partnerships** to support VŌ now and in the future to assure VŌ can achieve the aspiration of being an industry leader in event and venue technology and innovation.



Client and Guest Experience, where we manaakitanga

- **Enhance the guest experience and VŌ reputation** through the development of a venue specific but holistic strategy incorporating all aspects of hosting, venue design, corporate and retail food and beverage, technology enhancements and venue presentation.
- Retain current and attract new client custom through taking a continuous improvement approach to delivering a **seamless and technology lead experience** for all VŌ clients.
- **Attract more high yield events to VŌ venues** by prioritising key client retention and engagement strategies across business and ticketed events.
- Through the **assessment and evolution of technology at VŌ venues** assure all remain competitive in attracting and retaining high yield business and ticketed events.



Celebrate and Source Local, where we whakatipu whenua

- Deliver positive economic outcomes to Canterbury through the development and execution of a **celebrate and source local procurement strategy** with a core focus on local food producers and suppliers.
- **Prioritise local in all procurement decisions** and integrate celebrate and source local procurement philosophies across the VŌ social sustainability framework.
- Develop a Culinary Services strategy across corporate and retail food and beverage that not only diversifies the current retail offering in preparation for Te Kaha but continues to be **industry leading in culinary innovation**.
- Develop a strategy, and assure VŌ has the capability to deliver, to **engage and connect the community with the Te Kaha precinct** and integrate this into a broader community connection and engagement strategy for VŌ as a whole.



People and Protection, where your mahi is valued

- Develop a people strategy underpinned by a focus on assuring **VŌ attract and retain the capability and leadership** to deliver operational and strategic aspirations now and in the future.
- Build a **strong and connected culture underpinned by a genuine care for each other** and drive to achieve the company's aspirations for itself and the region, through the development and execution of an internal communications strategy and framework.
- **Protect the safety and wellbeing of all staff, event delivery partners, key stakeholders and visitors** to the venues, by developing an industry leading health and safety management system underpinned by robust systems and controls, a core focus on critical risk and a culture of safety leadership.
- **Build strength, resilience and trust in our people** through taking a holistic approach to the development of a wellbeing strategy with a focus not only on positive wellbeing outcomes but also closer integration between operational delivery and support.



Sustainability, where we value kaitiakitanga

- Deliver **positive environmental outcomes for the region** by developing a carbon reduction strategy, roadmap, internal engagement strategy and monitoring framework to achieve net carbon neutrality for all VŌ owned, operated and occupied venues by 2030.
- To underpin VŌ's aspirations to **deliver positively to the social fabric of the region** develop and execute a social sustainability strategy and framework.
- Take a strategic approach, with a focus on growth and diversification, to assure the **long-term financial viability** and resilience of the business as well as to reduce and **ultimately eliminate VŌ's reliance on its shareholder for operational financial support.**



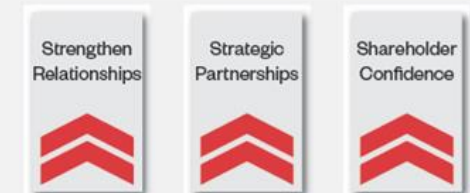
Venues, where we protect our rawa

- Implement long-term **asset management and preventive maintenance plans to maintain the value of assets** on the balance sheet while taking a strategic approach to phasing to allow for strategic procurement opportunities and the maximum utilisation of the venues.
- Assure and enable the same experience for all members of the community through **accessible and inclusive venues**.
- Maximise the opportunity of close involvement in Te Kaha design and construction phases to assure **accurate information is captured to inform the whole of life costing model** and development of the asset management and preventative maintenance plans for the new venue.



Collaboration and partnership, where we mahi ngāitahi

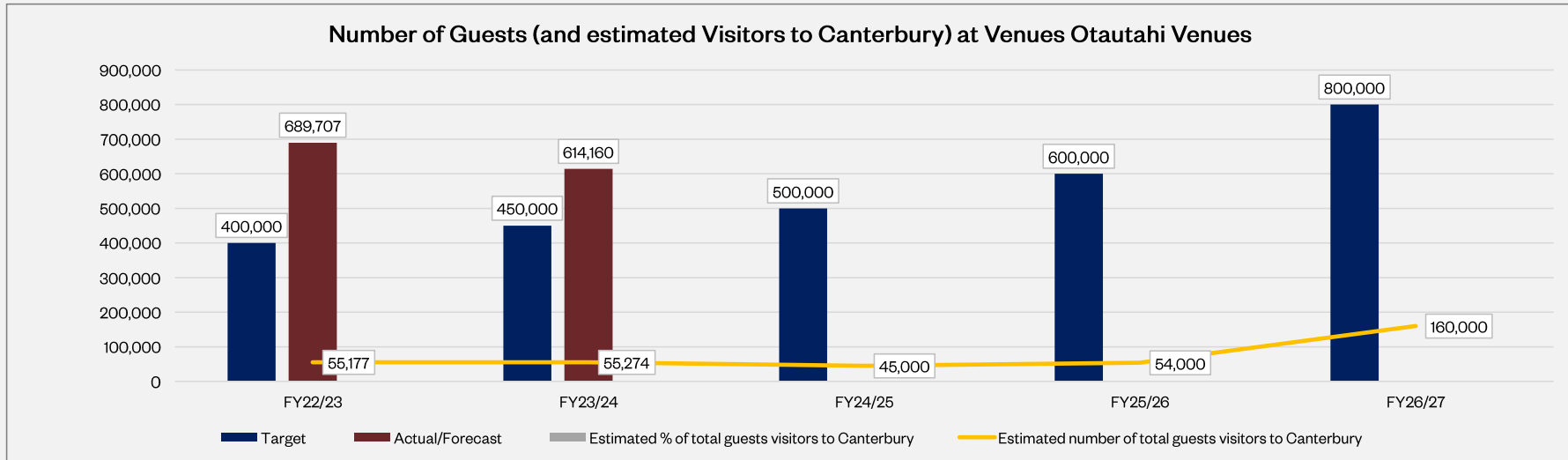
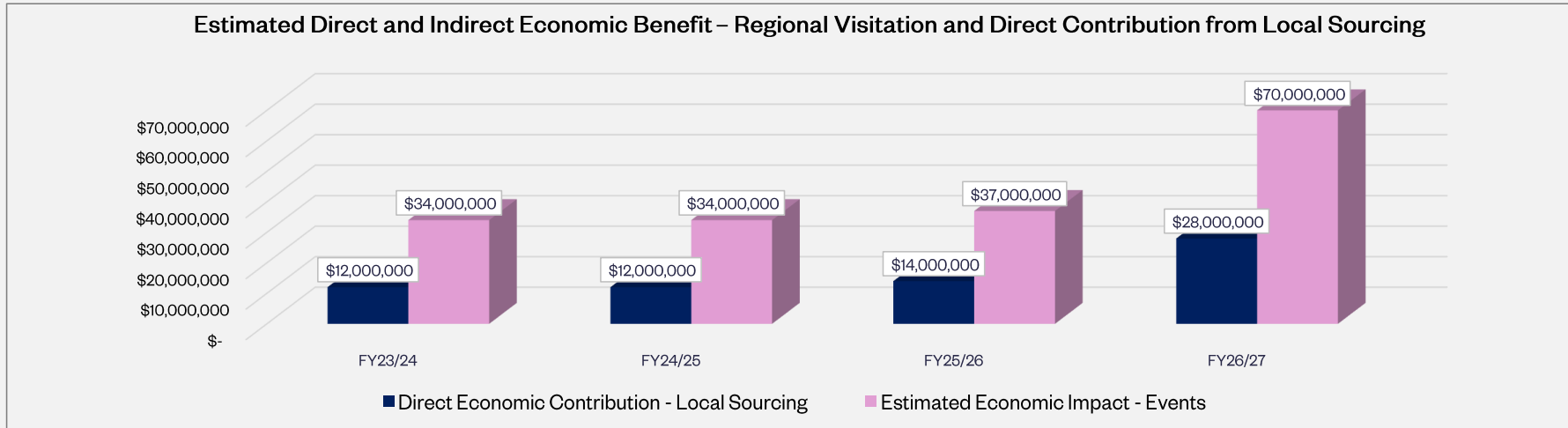
- Take a **strategic partnership approach to all current and future stakeholder relationships** and consider how each could be strengthened and outcomes enhanced through collaboration and shared risk and reward.
- Nurture and enhance the **relationship with our shareholder through close collaboration and a focus on shared outcomes, transparency and strategic alignment** and through developing a programme of meaningful engagements and regular communications forums.
- Grow a **strong network of strategic partnerships** with like-minded organisations all collectively driven to contribute positively to the social, cultural, environmental and economic fabric of the Canterbury region.



Environmental, Social and Business Sustainability, Carbon Reduction Roadmap



Regional Contribution, Celebrate and Source Local + Visitation Economic Impact



Venues Ōtautahi FY25-27 SOI Compensation Sought

Compensation Sought Overview

- Consolidated financial position inclusive of Te Kaha from FY25/26
- Capital support (as per Asset Management Plan)
- Operational support
 - Prioritised to Town Hall, Wolfbrook Arena and APS Stadium asset management + maintenance costs
 - Safety, compliance, operational functionality
 - Council contribution 52% of total, predominantly uncontrollable costs (\$3.25m of total \$6.2m)
 - VŌ operating income, offsets remaining 48% of cost
- **Criticality of subvention receipts**
- Reduction in operating support (debt servicing) in FY23/24, \$4.05m - \$3.25m
- Deferral of remaining Lancaster Park debt repayment (\$2.5m) to FY26/27
- **Te Kaha pre-opening costs - FY22/23 to FY25/26 – met by VŌ with no revenue from the venue (\$4.67m) – support Council**

Consolidated	2024/25	2025/26	2026/27
	\$000	\$000	\$000
Direct operating income	18,479	16,696	14,926
Te Kaha operating income	-	4,869	19,476
Operating support from Council	3,250	3,250	3,200
Te Kaha operating support	-	2,301	1,479
Less: Direct operating expenses	8,513	9,794	15,390
Less: Net operating overheads and fixed costs	14,989	16,980	23,099
Less: Te Kaha pre-opening expenses	1,249	2,345	-
EBITDA	(3,021)	(2,003)	593
Forecasted Subvention	2,000	2,000	2,000
Operating cash surplus/(deficit) excluding interest and depreciation	(1,021)	(3)	2,593



Venues Ōtautahi FY25-27 SOI Compensation Sought

Challenges

- High inflation and volatile economic environment
 - Living wage increase (9.9% September 2023, 6.9% September 2024)
 - Utilities (20% increase FY23/24)
 - Rates (15%)
 - Insurance (54% increase FY23/24 - \$1.4 - \$2.4m, 20% increase forecast, \$2.4m - \$2.9m)
- Cost to deliver sustainability aspirations

Opportunities

- Forecast 86% increase in operating revenue, from FY26/27
- 64% increase in operating expenses, overheads and fixed costs from FY26/27
- Commercial forecasts
- Strengthening of current and formation of new Strategic Partnerships
- Te Kaha operating and capital support
 - \$16.05m saving against 2021-2031 LTP – limited repairs and maintenance with new venue
- Te Kaha asset ownership

Draft to Final VŌ FY25-27 SOI Amendments Signalled

- Clarification of event attraction funding
- Collective review of operational performance targets
- Confirmation and assessment of approach, 2024 living wage
- Insurance renewal



VENUES ŌTAUTAHI

Where Ōtautahi comes together
Where the Kai is homegrown
Where moments take place
Where we gather and share
Where our place is yours
Where we work as one
Where local matters
Where you're part of the whānau

