

## Canterbury Employers' Chamber of Commerce Submission on the Christchurch City Council Draft Long Term Plan 2021-2031

April 2021

### INTRODUCTION

1. This is a submission from the Canterbury Employers' Chamber of Commerce (The Chamber) on the Christchurch City Council (Council) Draft Long Term Plan 2021-31.
2. The Chamber is a not-for-profit membership-based service organisation that has been the home and voice of business in Waitaha Canterbury since 1859. Comprised of over 2,600 member organisations, The Chamber's purpose is to empower people in business by providing advisory and consultancy support in employment relations, human resources, health and safety, international trade, migrant support, manufacturing, research and development grants, training and development, and events to inspire, inform and educate our members. In the Covid-19 environment, this has included providing support to all businesses in the South Island through our 0800 50 50 96 Covid-19 Business Helpline and our dedicated Covid-19 Response Team.
3. We are pleased to provide a voice for the local business community and to advocate for policies that will help shape and enable a local and national business environment that promotes innovation, productivity and economic growth as critical success factors underpinning a thriving economy and community. We are committed to responsible business behaviour and proactively encourage our members to engage in best business practices in relation to positive social and environmental outcomes for all.
4. In this submission, we will provide commentary on the Council's Long-Term Plan 2021-2031, based on insights from issues raised by The Chamber's member and wider business community as well as our observations as a result of our longstanding relationship with the Council. We have also encouraged Chamber members to make their own submissions.

### OVERVIEW

1. We support the Council's decision "not to take the austerity path in this Draft Long Term Plan"<sup>1</sup> as it is vital that as a city we do everything we can to help our social and economic recovery gain momentum. We would like to see practical strategies to deliver on ambitious aspirations, and then to see these plans and strategies and key performance indicators communicated to key stakeholders, including the business community and wider public, to ensure we bring the community with us on our city's evolution.
2. The Chamber would like to see the following considered and reflected in the Final Annual Plan document:
  - A more supportive and enabling regulatory environment
  - A commitment to increased efficiencies over the ten-year plan, including targets and accountability

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<sup>1</sup> Page 4 Consultation Document

- Greater support for the business community to meet the climate response challenge
- More appropriate investment in water supply for long term
- Modified Strategic Framework to include the business community as one of the Strategic Priorities
- A commitment to developing an innovative approach to managing assets and services, including exploring capital release from Council-owned assets and new ownership models
- Greater support and consideration for businesses and developers in the central city
- Intensified business and people attraction strategies, and appropriate agency resourcing to support this
- Future-focused transport network.

## **COMMENTARY**

### **General**

3. On page 4 of the Christchurch City Council Long Term Plan Consultation Document (Consultation Document), it says “Ōtautahi Christchurch is a city of opportunity for all – open to new ideas, new people and new ways of doing things – a city where anything is possible.” If this is to be more than just an admirable statement, it is essential that this ethos is embodied and embedded through the Council culture. As in previous submissions, we believe it is essential that the Council plays a stronger, more proactive role in being an enabler of businesses and reducing barriers (financial and operational) to ensure businesses can thrive. We believe that can only be achieved by an increased focus and commitment to a turnaround in Council culture.
4. There is an opportunity for the Council to position itself as an organisation that champions local business as the engine room of our economy, but it needs to first look at what more it can do to enable business – and the best place to start is at the frontline. We would like to see a cultural shift within the Council to provide a more customer-focused experience at every single interaction, at every level of the organisation, with a shift from staff being overly risk adverse and process-focused, without the freedom to show initiative, to become more solutions-focused. We would like to see Council staff be empowered to ask: “What can I do to help make this happen?”
5. To truly become a city of opportunity, we also need to ensure that we do everything we can to shape a regulatory environment that enables and doesn’t inhibit opportunity for enterprise. This requires a review of the key legislation that shapes our current regulatory environment from a business perspective.

### **Increased efficiencies**

6. We would like to acknowledge the Council’s focus on finding more efficient ways of doing things, and areas where the Council can make savings – this is an issue that The Chamber has advocated strongly for in the past, so it is pleasing to see that significant savings have been found and will continue to be sought before this plan is signed off.

7. We would like to see this continue to be a priority across all levels of the organisation – while this Long Term Plan is proposing to remove \$329 million of operating costs over the ten years, it is still only a fraction (5%) of the total operating expenditure.
8. We would also question the Council’s perspective on the impact of its level of spending for the wider city – the Consultation Document states: “If operating expenditure was cut further, we would be adding to unemployment and reducing level of service to residents.”<sup>2</sup> However, operating expenditure could be reduced by finding more efficient ways of operating, with staff and contractors focused more on actions that deliver greatest impact and value. It is also questionable as to why any organisation – and particularly an organisation in the public sector – would justify expenditure so as not to add to unemployment.
9. As in the private sector, all employment should be evaluated and assessed on the value it brings to the organisation. While we agree that the Council has an obligation to support the Government’s explicit strategy around recovery, it is important that this is balanced with an obligation to ratepayers that they receive the best return on their rates and an assurance that their rates are being wisely spent.

## Climate change

10. We agree with the Council’s assertion that: “As a district, we need to reduce our carbon emissions and do what we can to mitigate the effects of climate change.”<sup>3</sup> As well as supporting “affected communities to look at measures to mitigate the impact of climate change”, there also needs to be a focus on supporting affected businesses. In the Climate Change Commission first draft advice to the Government, many of the recommendations will largely impact and will need to be driven by the private sector.
11. It is positive to see that one of the Council’s actions to meet the climate response challenge is: “Working with Ngāi Tahu and Papatipu Rūnanga, businesses, organisations and the community to develop and implement actions in our draft Ōtautahi Christchurch Climate Change Strategy.”<sup>4</sup> We look forward to being part of that consultation process, recognising that different businesses and sectors will be impacted in different ways, and welcome a strong collaborative approach.
12. There also needs to be a focus on areas that will create the largest impact across the whole city, ensuring we have the right infrastructure to become a more sustainable city. There also needs to be a focus is on incentivising positive actions, rather than incurring penalties, to ensure the transition is achievable and affordable for all members of the community, including the business community.

## Water supply

13. We support the Council’s proposal to invest 41% of the proposed capital spend on protecting and upgrading our water networks – drinking water, stormwater and wastewater. This has been a key issue following the Canterbury earthquakes, so it would be good to see this resolutely addressed.

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<sup>2</sup> Page 11 Consultation Document

<sup>3</sup> Page 14 Consultation Document

<sup>4</sup> Page 14 Consultation Document

14. However, it is concerning that the Consultation Document states that: “We need this level of investment just to keep things ticking along. In fact, even with this level of investment, we can still expect to see a slight decline in our assets over the period of this Long Term Plan, and a potential corresponding decrease in residents’ satisfaction with our network.” Given this statement, it would be prudent to look at a higher, more appropriate level of investment to ensure we have this future-proofed to ensure our city’s core services are maintained at the level we would expect from Aotearoa New Zealand’s second largest city – particularly with the Council’s own assertion that “the population of Christchurch is expected to increase, and new housing developments continue to increase with it, we need the right infrastructure in the right place at the right time to support this growth”.<sup>5</sup>
15. We support the Council’s proposal to charge an excess water use targeted rate for households that use significantly more water than the average household. By putting a cost on excessive use, it will help to educate the community on the value of water and promote responsible water use, rather than relying on goodwill.
16. It is also essential that Council ‘walks the talk’ by looking at their own water usage and wastage to see where water usage can be reduced or managed more efficiently.

### Council Strategic Framework

17. The foundation of the Council’s Strategic Framework<sup>6</sup> is that the “wellbeing of our people and communities is at the heart of what we do”. Given that businesses are part of our community and play an essential role in supporting and protecting the livelihoods of our residents and our economic wellbeing, we would like to see this focus extended to explicitly include how Council can also support local businesses. There is very limited reference to businesses in the Strategic Framework, yet businesses pay a large percentage of the rates. Within the strategic framework, there is also no specific focus in terms of how the ‘prosperous economy’ community outcomes will be achieved.
18. Therefore we would like to see ‘**Resilient businesses**’ be included under Resilient Communities as one of the four Community Outcomes pillars. We would also like a sixth Strategic Priority to be included, around **Creating an enabling environment for businesses to prosper and thrive**.

### Ōtākaro Avon River Corridor

19. We support the Ōtākaro Avon River Corridor transformation project, as per our letter of support from December 2020 on the proposed plan. The total development project has the potential to be an important local asset and a national destination offering another drawcard for domestic and international visitors and helping to position the city and region as a desirable destination for when the borders re-open. This is particularly important now as we see the economic impact of Covid-19 on many local businesses, including those in the tourism sector, and supporting sectors such as hospitality and accommodation.
20. While the vision to deliver 28 projects over a seven-year development period is ambitious and will no doubt be challenging, the focus on everyone doing their part through key partnerships,

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<sup>5</sup> Page 16 Consultation Document

<sup>6</sup> Page 18 Consultation Document

including with the business community, is an example of a collaborative way of working that we should be striving for. We look forward to seeing this project progress and doing our part to help promote and support such a positive evolution of a key area of our city.

## **Financial Strategy**

21. Given the ongoing limited Council revenue base, and particularly given the “major impact”<sup>7</sup> of Covid-19 on the Council’s finances, now more than ever is when the Council should be exploring all financial avenues which may include recycling or releasing capital from Council-owned assets into investments that provide the priority outcomes needed for the city.
22. As per our previous submissions on the Council annual plans and long-term plans, we suggest that Christchurch City Holdings Limited (CCHL) be directed to provide the Council with advice on how to repackage its investments to maintain services for Christchurch while also releasing capital for new investments and ensure all options are up for consideration and discussion. There are many options available, including bringing in strategic partners in appropriate assets, or a mixed-ownership model.
23. We need to identify new ways to make sure services are available in the city without necessarily owning (and having to pay to build, manage and operate) all of the assets to do so. This would likely also have positive consequences for reducing internal Council processes and project costs. This will require a step change in the way the Council thinks about what assets they currently own, how they manage them, and how they maximise their returns from those assets, but we believe this will pay off in the long-term.
24. We expect to see serious consideration of all ways to maintain and increase momentum on maintenance, rebuild and new growth opportunities. What is the best use of Council owned assets and their dividends and what instructions has CCHL been given to meet those targets? What opportunities have been designed to attract new investment into Council projects from others?

## **Rates**

1. We do recognise and appreciate the balancing act and tension of keeping rates manageable while having to invest in the future. But it is also important to acknowledge that Covid-19 has impacted many businesses, and in some sectors more significantly, and will continue to do so for some time, so now is not an ideal time for rates increases.
2. While a residential rate increase of 5% for an average-valued house is likely to be expected, it is important to acknowledge that the cumulative rates increase over the 10 years this Long Term Plan covers will be 47.8%, which is not insignificant. This reinforces just how important it is that the Council supports and prioritises the economic recovery of the region, to ensure rising costs like rates are affordable by the local community.
3. We also question why rates increases are not smoothed over the ten-year timeframe. If a 2.93% increase is proposed in 2027/28, and a 2.03% increase is proposed in 2029/30, it

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<sup>7</sup> Page 6 Consultation Document

might be preferable and more manageable for the community to make those increases 4% and reduce increases in 2021/22 and 2025/26.

4. The proposed commercial rates increase of 5.91% will be felt by many businesses, particularly small businesses who will be unable to pass on the cost to consumers and will have to absorb it along with the raft of other rising costs, such as electricity pricing, the increased Minimum Wage, additional public holiday, doubling of sick leave allocation and the rising cost of products as a result of our freight challenges.
5. Individuals in our community have also been impacted by the fall-out of struggling businesses, with job seeker support recipients in Canterbury 52% higher than in the first week of January 2020 (pre-Covid-19), moving from 13,256 to 20,223 in the week ending 19 February 2021<sup>8</sup>. The rise in rates from the Council also comes at a time when Environment Canterbury is proposing a significant rise in rates – potentially up to 24.5%. That is why it is so important that Council looks at other revenue-generating options, including exploring capital release from Council-owned assets as mentioned above.

### **Increased rates base**

6. We would like to see a greater focus on the key economic development function of attracting more people to live here and more business revenue to increase the rate base. Without a forward focus on increasing the rates base, the current plan risks limiting or constraining the delivery of acceptable outcomes for the city's regeneration and a population plateau. We would like to see how the Council is actively attracting people to move here, while retaining our current residents, including those who have returned from overseas post-Covid-19.
7. The current plan is lacking in identifying and prioritising ways to not only retain its current population (and rates base) but also to attract new people. Without a forward focus on increasing the rates base, the current plan risks enabling a city to stay at status quo or at the worst into slow decline. What would make people want to stay here or move here? Where is the focus on highlighting and emphasising what we are good at and also what we offer that other cities don't? How many new households are needed to meet the revenue gap? What is the city doing to meet that target? And what is the city doing to maximise and leverage the unique opportunities available to us through the building of our anchor projects?

### **ChristchurchNZ annual funding**

8. We support ChristchurchNZ's additional \$3 million of annual funding included in the Draft Long Term Plan and proposed budget. Attracting major events and business and leisure visitors is critical to the economic recovery of the city. With restricted borders and nationwide 'visit your backyard' messaging, it is important to focus on attracting more domestic visitors. With global attention on Aotearoa due to our Covid-19 response, it is vital that we capitalise on this through the positioning of our region as the most favourable place in the country to visit when borders re-open. It is therefore important that agencies responsible such as ChristchurchNZ are appropriately resourced and positively supported to accelerate work on that positioning and narrative to attract economic returns for the city.

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<sup>8</sup> ChristchurchNZ Covid-19 Monitor: Canterbury Economic Activity Index, Month: [January 2021](#)

9. Businesses will also only decide to stay here or come here if there are compelling reasons to do so, and if those reasons are clearly articulated and communicated. We would like to see business attraction continue to be a focus, with a wider focus on **all** businesses, particularly SMEs, rather than putting the majority of effort into those in the Supernodes.

### **Central City Business Association targeted rate**

10. We do not support a targeted rate on business properties in the central city to fund the annual grant to the Central City Business Association (CCBA). We do support the association and its endeavours and work closely with CCBA to help support and champion central city businesses, however a targeted rate would add to the rising costs of businesses already under significant financial pressure due to the impact of the pandemic and loss of international visitor spend. We would like to see greater support and consideration for businesses and developers in the central city, not increased costs, particularly given the significant investment they have made in leading the regeneration of our central city. We believe CCBA membership should be optional, as businesses who perceive value will pay for those services. Central city promotion should also come under the ChristchurchNZ mandate umbrella.

### **Regulatory framework**

11. We would also like to see more evidence of how to amend the planning and regulatory frameworks – and how Council manages them – to incentivise people and businesses to want to stay or move here (as well as reducing internal costs). Creating a more supportive business environment for central city businesses will be crucial in creating new jobs in the central city.
12. In particular, feedback from our members indicates concerns with the Council’s approach to consenting processes. Through that feedback, we would like to see a more flexible, practical approach, with a willingness to resolve the differences of opinion that often arise between the applicant’s experts and the Council’s experts. We would also like to see more consistent, proactive communication from Council, across the various consent teams. It would also be favourable to review and minimise the financial costs incurred by businesses, as well as the timeframes to see where the Council process could be more efficient to help reduce the length of the process, particularly around requests for further information. While the reform of the Resource Management Act may help with some of the above it is unlikely to resolve these issues; culture also plays an essential role.

### **Potential future rate for vacant sites in the central city**

13. In the Consultation Document it states that: “We’re also looking at ways we can support owners of vacant land in the central city”<sup>9</sup>, however further on in the section, it states that the Council is considering “support tools and funding arrangements, such as a targeted rate for vacant central city land”.
14. A targeted rate is not a ‘support tool’. We need to be creating an enabling environment to help support central city developers into decision-making and further investment in our city, not further penalising them. If the Council does want to introduce a targeted rate, it should

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<sup>9</sup> Page 39 Consultation Document

be framed as a penalty, which is essentially what it is, and it will be essential that developers are given a reasonable specified time period before the penalty is introduced.

## Transport

15. We agree that we do need to “make it easy for people to choose alternative travel options to move around the city”<sup>10</sup> so there needs to be safe, accessible, affordable and timely alternative travel options available. It is positive to see \$146 million of spending over ten years proposed on central city transport projects, and \$96.7 million of spending proposed on bus infrastructure improvements and renewals.
16. However, the Long Term Plan doesn’t seem to take into account the future challenges of transport. Covid-19 has accelerated the digital marketplace, with more and more businesses now selling products online, and consumer purchasing behaviour responding with increased online sales. According to NZ Post, in New Zealand, 2020 online sales were up 25% on the year before, with New Zealanders spending over a billion dollars more online in 2020 than in 2019<sup>11</sup>. This means more parcels for delivery, and an increased number of delivery vehicles on the roads to meet delivery needs. Higher volumes of South Island freight will also have an impact on freight and logistics into and out of the city, such as on Lyttelton Port.

## Funding for Arts Centre

17. We support the \$5.5 million capital grant to the Arts Centre, funded by the introduction of a Special Heritage (Arts Centre) rate that will be set, based on property capital values and applied to all properties across the district until June 2031.
18. As our city faces the challenges of responding to the Covid environment – amid the process of rebuilding and regenerating after the Canterbury earthquakes – we need to ensure we are doing everything possible to best position our city for our residents and visitors, including international visitors when global travel restrictions have eased.
19. The Arts Centre is a unique arts and cultural landmark, and a key part of the social and historical narrative of the city. As home to the largest collection of Category 1 listed heritage buildings in Aotearoa New Zealand and given that the city lost much of its heritage during the Canterbury earthquakes, it is vital that we are able to continue to preserve some of that heritage.
20. It provides unique opportunities for local businesses and Arts Centre tenants, with many tenants enjoying a loyal and repeat customer base and new customers encountering the centre all the time. The presence of the University of Canterbury as an anchor tenant too guarantees that there will be university students and staff enlivening (and spending money) in this part of the city. The next stage of the rebuild will also bring the Observatory’s working telescope back to the city, another drawcard for locals and visitors, as well as a boutique hotel targeting domestic travellers.

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<sup>10</sup> Page 50 Consultation Document

<sup>11</sup> [thefulldownload.co.nz/ecommerce-spotlight-february2021](https://thefulldownload.co.nz/ecommerce-spotlight-february2021)

21. With the Canterbury Museum Redevelopment also in the pipeline, the two iconic attractions will provide a compelling reason for domestic and international visitors to return to the central city, boosting our economic activity and cultural cachet, and increasing the vibrancy and vitality of the central city.
22. Pre-Covid the Centre was attracting 650,000 visitors per year, and with strong ticket sales to many events, venue bookings going well and the restored heritage buildings nearly fully tenanted and paying market rates, we would implore Council to ensure that this iconic piece of our history is able to keep its doors open for the foreseeable future. The funding is essential to the Arts Centre's ability to remain open, and it is vital that the Arts Centre remains a part of our city's make-up as a unique point of difference to other visitor destinations.

### **Funding for base isolation of the Robert McDougall Art Gallery Canterbury Museum**

23. We support the Council funding base isolation of the Robert McDougall Art Gallery as a key part of the Canterbury Museum redevelopment. It is essential that one of our key tourist attractions achieves 100% of the current New Zealand Building Standard. The Chamber has also completed a submission in support of the Canterbury Museum Trust Board's resource consent application to Christchurch City Council for the proposed redevelopment of the Canterbury Museum complex including the Robert McDougall Gallery. [Read our submission here.](#)

### **Potential disposal of surplus Council-owned properties**

24. We support the disposal of surplus Council-owned properties. If the Council owns properties that don't meet the retention criteria, then they should be sold. The process for disposing of surplus properties should be more streamlined as owning property comes at a cost, so unneeded properties should be offloaded as soon as possible.

### **CLOSING COMMENTS**

25. At The Chamber, we have a proud history of working closely with the Council on key issues that will impact the local business community. We look forward to continuing this tradition and would be pleased to work directly with the Council on amendments to the 2021-2031 Long-Term Plan and to provide commentary on other suggestions prior to finalisation of the document.
26. As the home and voice of Canterbury business, The Chamber appreciates the opportunity to work with the Council to ensure that together we can shape and deliver the city – and future – that our businesses and residents deserve.

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