

Report 6
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Tourism Recovery and Resilience after the Canterbury Earthquakes

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Tourism and the Canterbury earthquakes

The city of Christchurch has experienced two significant earthquakes since September 4th 2010, and an aftershock sequence of nearly 15,000 smaller events. On February 22nd 2011, a magnitude 6.3 earthquake struck directly beneath the city, causing extensive damage and loss of life. Before the earthquakes, the Canterbury region had a thriving economy based on agriculture, tourism, education, health and information technology. Christchurch is the second largest city in New Zealand, and contributed 16% of the total tourism activity nationwide prior to the September earthquake in 2010 (Ministry of Economic Development 2012).

The tourism sector has experienced significant losses primarily due to damaged infrastructure and extensive global media impacting on the reputation of Christchurch as a safe destination, causing a sense of fear and anxiety in the international inbound market. Recovery has been slow, mainly due to delays in the rebuild of the central city where the majority of hotels and tourist facilities were situated. The earthquake also damaged many heritage buildings, notably Christchurch Cathedral, an iconic building of great significance to the people of the city, and as a tourist attraction. In the period since the February earthquake approximately 220 heritage buildings have been demolished, changing the face of the city of Christchurch forever (CERA 2012).



Christ Church Cathedral before and after the February 2011 earthquake.

Christchurch has traditionally been the ‘gateway to the South Island’ for international tourists, with 85% of international visitor arrivals and departures to and from the South Island taking place through Christchurch Airport (CIAL 2012). The earthquakes significantly reduced the number of arrivals at the airport, which led to flow-on impacts for the industry throughout the South Island. The Christchurch Central Business District (CBD) has remained cordoned off since the February 2011 earthquake, although the cordoned area has significantly reduced in size. The majority of the city’s hotels were located within the cordon and suffered significant losses. As a consequence, visitors to the city have sought alternatives to hotel accommodation in the outer suburbs.

In April 2012 a postal survey was sent to all tourism operators in the Canterbury region involved with activity/attraction, accommodation and visitor transport (total sample population, N = 719). The survey asked a range of questions about the business impacts resulting from the earthquakes. It also inquired about business preparedness and resilience to future significant business interruptions.

Results

Impacts on tourism businesses

- **The earthquakes changed the types of visitors.** The most notable change was the reported decline in the international market by 70% of businesses. International guest nights reported dropped 73% in the year following the February earthquake (Wilson & Riley 2012; New Zealand Herald 2012). Some districts outside Christchurch reported increased numbers of visitors from within Canterbury, illustrating the outflow of Christchurch residents seeking respite from the aftershocks.
- **While some businesses are still struggling, others are thriving.** Parts of the accommodation sector are performing very well, with motels and holiday parks reporting positive outcomes compared to all other business types. Three-quarters of motel operators reported increased revenue after February, while hotels reported lower revenue. This result supports the most recent Commercial Accommodation Monitor data for Canterbury Year Ending May 2012 showing a 26% increase in occupancy rate for motels compared to Year Ending May 2011. In contrast, hotels and backpackers were down 54% and 35.4% respectively. Accommodation facilities in the CBD were destroyed, resulting in a significant reduction in capacity, and as a consequence accommodation facilities located outside the CBD experienced a sharp increase in demand.
- **Transport businesses were particularly hard hit.** They were significantly more likely to work reduced hours, and only 5% reported being slightly or significantly better off after the earthquakes. Eighty-five per cent of visitor transport operators reported a decline in revenue after the February earthquake. Visitor transport operators serve the tourism industry by moving tourists within and between destinations, interacting with accommodation and activity/attraction networks. The significant drop in both international and domestic visitation was a major blow to this sector. Recovery is dependent on the rebuild of the critical tourism infrastructure in Christchurch, at which point visitors will be attracted back to the city in sufficient numbers to regenerate this sector.
- **Activity/Attraction businesses were also hard hit by the earthquakes.** They were significantly more likely to close temporarily and almost two-thirds reported a decline in revenue after the February earthquake. They were also significantly more likely to report a decline in arrivals from all market segments, particularly international visitors. Activity and attraction businesses are heavily reliant on inbound visitors, especially international visitors. These businesses are often larger than other tourism sectors, which has the potential to make them more resilient to business interruptions,

but it also means they have more staff and higher costs to manage when visitors stop coming.

- **Reduced visitor numbers was the most disruptive factor affecting tourism businesses from the earthquakes.** Non-structural damage (fixtures and fittings) and damage to equipment were also very disruptive. Communications, electricity and road network issues were the most commonly reported critical infrastructure problems after the February earthquake, and were described as slightly to moderately disruptive.
- **Two years on, the tourism industry is yet to bounce back to where it was prior to the earthquakes.**

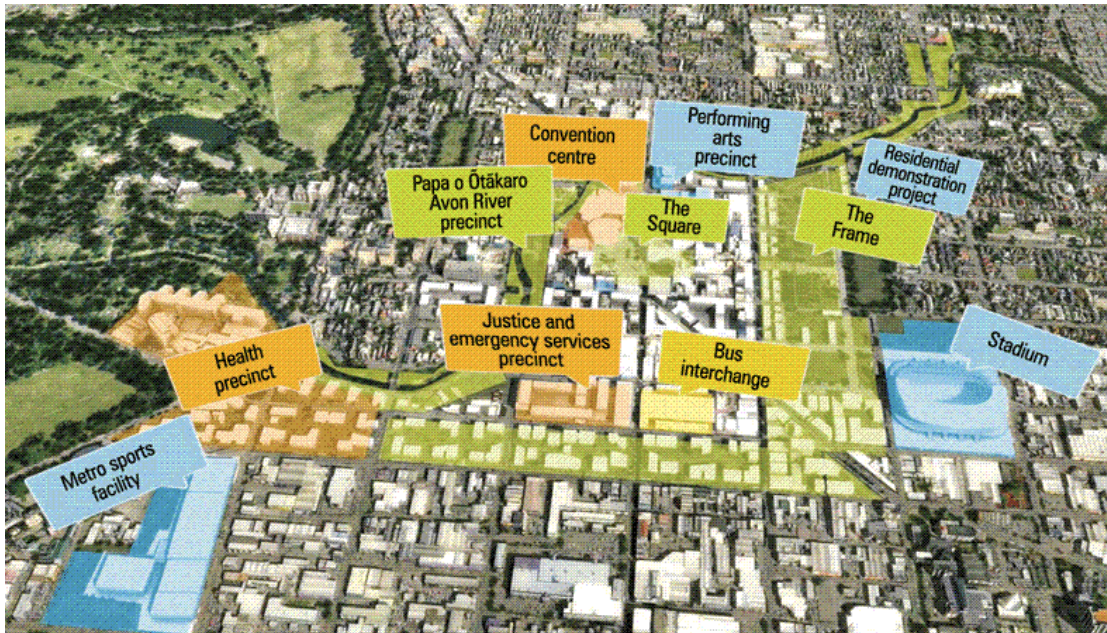
Preparedness issues

- **Many tourism operators are over-confident of their preparedness.** For example, while the majority of operators are happy with their current level of preparedness, and feel much better prepared to deal with a future disaster since experiencing the earthquakes, almost half of all operators currently do not have any back up IT facilities.
- **Very few tourism operators train staff on how to respond to an earthquake.** Many employees in the tourism sector are foreign nationals with very little knowledge of the seismic potential in New Zealand. Staff inductions are being used by half of Canterbury businesses, however very few include any mention of how to respond in an earthquake. The induction process has significant scope for building the capacity of staff to cope with an earthquake and thus improve post-disaster outcomes for businesses (Johnston et al. 2007; Orchiston in press).
- **More than half of Canterbury tourism operators have not practiced how they would respond in an emergency.** The feedback from respondents to this question suggests that for many smaller businesses, formal planning for emergencies does not happen because of the small-scale nature of their tourism enterprises, which are typically owner-operators with few or no employees. Many described informal discussions or plans that they had.
- **There have been slight increases in the number of businesses engaging in crisis and emergency planning, and business continuity planning since the earthquakes.** Survey respondents alluded to a lack of time for and interest in developing plans, with many relying on their ability to react to an emergency situation as it presents itself.

Conclusions

The earthquake sequence has resulted in significant physical and reputational damage to the Canterbury tourism industry. Eighteen months after the earthquakes inbound tourism data is still below pre-earthquake levels, with Canterbury operators reporting that the industry has not bounced back to where it was before September 2010. Outcomes of the earthquakes on business performance highlight there were winners and losers in the aftermath.

Recovery of inbound tourism markets is closely tied to the timeframe to rebuild the CBD of Christchurch. Reinstating critical tourism infrastructure will drive future tourism investment, and allow tourism businesses to regenerate and thrive into the future. A blueprint for rebuilding the CBD of Christchurch was released by the Christchurch City Council in July 2012, and has been well received by tourism stakeholders in the region. The challenge now is for city officials to fund the development projects outlined in the blueprint, and to rebuild the CBD as quickly as possible in order to help regenerate the tourism industry in Christchurch, Canterbury and the rest of the South Island.



Blueprint for the redevelopment of Christchurch city centre
(Source: Christchurch Central Development Unit).

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