

30 April 2025

Dunedin City Council – Draft Long-Term Plan 2025/34

Business South welcomes the opportunity to provide a submission.

Our key role is to advocate for business members to give Otago and Southland an influential voice on important issues. We are proud to be the voice of business in the south, for businesses of across sectors and districts, and all sizes, a significant number of whom are small and medium enterprises (SMEs) and start-ups.

Our membership sees a need for council to operate as a business savvy organisation, supported by a strong organisational culture and leadership. It is imperative to operate as a high-performance organisation, remaining strategic, leveraging assets and leading with best practice.

We do not support the council imposing any significant proposed rate increases and development contribution costs on businesses, on top of other cost increases in the likes of ACC, wages, and insurance.

We have engaged with 600 businesses across Dunedin City:

- 41% of businesses believe the council is average when it engages with businesses in decision making.
- 43% of businesses believe the council is average at supporting and/or enabling businesses.
- 39% of businesses believe the council is poor at understanding businesses and the impact of their decisions.

What will Dunedin City be known for in the future:

- Healthcare – Leading the investment in new models of care via Digital Interactive Health
- Tourism, internationally recognised as a destination of choice, supporting new and current attractions.
- Our vibrant technology sector from startup to accelerated businesses, including clean technology.
- Education, embracing AI and new learning paradigms in both secondary and tertiary settings.
- Manufacturing, growing via innovative solutions and smart partnerships.

These growth sectors will stimulate new business, and our business eco system while attracting talent and investment into our city. We support the funding into future events given the clear return on investment.

KEY FOCUS AREAS FOR DUNEDIN BUSINESSES:

1. Investment in Core Infrastructure

- Businesses support the investment into infrastructure in transport networks (roads, bridges, cycleways), digital connectivity (fast, reliable internet), and essential services (water, sewerage, energy).
- Modern, efficient infrastructure underpins business growth and resilience.

2. Streamlined Development and Compliance Processes

- Development contributions – we urge the council not to increase development contributions. The council is proposing increases of \$13,000 to \$23,000, including \$9,800 for a brownfield site and \$11,630 for a greenfield site. This additional cost is impacting on our ability to be competitive with other regions and is a disincentive to develop in Dunedin city that means some businesses will stop their operations and move to other locations.
- Bring us into line with the other NZ council's development contribution policies and practices, who support, attract and encourage business development.
- There is strong demand for the Council to simplify consenting processes and reduce unnecessary regulatory barriers.
- Businesses want a faster, more supportive system that enables rather than restricts investment, construction, and innovation.
- Built Environment – modernise zones (commercial, student, industrial) & planning alongside business. Develop a blueprint identifying key precincts and catalyst projects.
- We have received feedback from members that the DCC need to follow the National Environmental Standards aligned to the rest of the country as not doing so is adding costs to infill development in the city.
- Urban design requirements can have costly aesthetic improvements which impose greater costs on developers. The market should decide the design standard of homes as people won't buy the homes if they don't like them.

3. Affordable Housing and Land Supply

- To attract and retain workers, Dunedin needs a greater supply of affordable housing – and affordable industrial and commercial land for business expansion.
- Housing shortages are directly impacting the ability to hire and grow.
- From a developer's perspective a lot of what has been re-zoned, people wouldn't want to live on or is in a hazard zone and purchasers are not interested. As a result, there are higher land prices.
- Businesses and the community want certainty around future plans to have confidence about where they are investing.
- Dunedin is the third most unaffordable major centre in NZ (CoreLogic's latest report).
- It costs \$75,000-100,000 more to build comparable entry level medium density houses in Dunedin than Christchurch. This extra cost is due to many factors, including but not limited to construction costs, availability of suitable land, size of sections, and hilly topography which adds a lot of additional cost i.e. cut, landscape retaining/stairs, building retaining, backfill, steps in foundations, tanking.
- DCC / Aurora power infrastructure - sites typically need significant investment because the majority of Dunedin doesn't have any spare capacity or has very old infrastructure requiring upgrades. Much of this upgrade cost is developer cost.

4. Support for Innovation, Technology, and New Industries

- Businesses are calling for proactive council support in emerging sectors like tech, green energy, advanced manufacturing, and sustainable industries. The council could work in partnership with Business South to establish and support these communities. This includes setting up business hubs, innovation precincts, attracting venture capital partnerships and leverage the University of Otago and Otago Polytechnic.
- Continue to invest economic development expertise in supporting projects associated with future health models of care through digital and interactive healthcare solutions MedTech, innovative food and innovative alternative food, advancing high-value, sustainable, and design-led manufacturing with a focus on niche markets where we hold competitive advantages.

5. Commitment to Regional Connectivity and Air Access

- Improving airline services to and from Dunedin is seen as vital for trade, tourism, and talent attraction. The need to create demand for sustainable flights by marketing the city internationally. We can't do this via email.
- Input into the Otago Regional Public Transport Plan to enable better regional transport connections.
- Businesses are not understanding, nor connecting and leveraging the valuable proposition of our sister city relationships for business growth in the city. The council could provide more forums to educate the business community about these relationships.
- We see the need for a logistics masterplan that leverages our transportation network (port, rail, road) with the intention of providing businesses with services that are affordable and timely to conduct business. It's a competitive environment and we need a logistics strategy for the city and wider region.

6. Strong Economic Development Leadership and Collaboration

- Businesses want a bold, coordinated economic strategy that includes working closely with business groups, tertiary institutions, and government.
- Of the total investment consideration is needed for greater spending on economic development and/or if the funds are to be capped, then how do we work smarter in partnership to enable projects and stimulate economic growth for the city.
- Businesses are asking for the Council to act as an enabler of growth, and to partner with business, in setting a clear, future-focused vision and helping to build momentum across sectors.
- Business South would like to work in partnership with the council on how we attract talent, develop branding, establish incentives for example, hosting international and national events to lift our profile, and utilising Forsyth Barr Stadium
- Continue to establish strategic partnerships with Iwi and Māori businesses to ensure that they are not only included but also lead initiatives in areas such as sustainability, economic development, and social wellbeing.

7. Investment in Events to Stimulate Growth

- We support the funding of events, festivals, music and heritage (\$24.1M over 9 years). Supporting and attracting major events drives significant economic benefits, boosting hospitality, retail, tourism, and professional services sectors. A strong events strategy positions Dunedin as a vibrant destination, enhances the city's national profile, and supports business confidence and year-round economic activity.

8. A Strategic and Sustainable Approach to Tourism

- Tourism is a major economic driver for Dunedin and the wider region, supporting a wide range of businesses from hospitality to creative industries.
- Businesses want to see a long-term tourism strategy that balances sustainable growth with infrastructure investment, protects the city's unique character, and ensures Dunedin can capture more high-value visitors.
- Strengthening destination marketing and visitor experience initiatives is critical to growing the city's share of domestic and international tourism markets.
- We support Dunedin Railways resuming full service (\$2 million each year for 2 years), supporting the growth of Middlemarch, and connecting with cycle operators.
- The Dunedin Urban Cycleways Tunnels Trail – Bring forward the \$1M from year nine to connect with the wider Otago trail network and our world class cycle ecosystem.
- Otago Peninsula - fund Shared Pathway project roading infrastructure to support buses (Portobello School, Desert Road, Otakou Fisheries), reticulation of water and sewage (Portobello to Pukekura); and manage pest species on DCC land.
- We advocate for continued responsible cruise ship access to Milford Sound to ensure that ships still stop in Dunedin.
- We encourage the council to look for new initiatives e.g. we've had a suggestion to consider the walkway and land around the Sir Leonard Wright lookout that offers excellent development potential. Council could work alongside developers to realise this, cafes, restaurants, and better public spaces. It would be a neat alternative to the Esplanade.

Additional feedback

As already discussed with councillors, we have concern that the LTP plan requires growth to deliver the rates to feed the infrastructure requirements of the 9-Year plan. We suggest that to ensure growth is achieved, we need a strong Economic Development Agency that is adequately funded and led by an experienced team outside of the council. We further suggest a private sector governance structure with council representation consisting of the Mayor or Deputy Mayor.

We require a high-performing and functioning council with very strong leadership that can take the city forward and execute the various strategies for the city.

Further, we express the importance of:

- Having a Master Plan linked to a Strategic Economic Development Strategy that gets delivered with the right talent to drive outcomes for the city.
- A more productive partnership between the business community and the council must exist so we can openly work together to grow Dunedin.
- The requirement for strong leadership to ensure that we are delivering on the expectations of rate payers and achieving our objectives.
- An experienced team within an Economic Development Agency that sits outside the council, with private sector representation on the board, and a council member to drive the city's growth strategy and ensure that it is invested correctly by the council.

- Streamlining consent processes, not increasing development contributions, and freeing up land for commercial and residential development will aid in growth balance with supportive infrastructure.
- We need to continually meet and engage with council to collectively assist in our common purpose of helping grow and energise this city.
- Business South wishes to speak at the council hearing.

Themed comments from members

- Council inefficiencies are a major concern. Delays in consenting, red tape, and complex RMA and land development processes are seriously affecting productivity—especially in the construction sector. There's a strong call for the Council to operate more efficiently, cut bureaucracy, and be easier to do business with.
- Infrastructure remains the number one priority for many. Businesses are frustrated that developers are contributing financially, but infrastructure investment isn't following. There's support for better roads, water services, stormwater, sewerage, and faster approval processes.
- Many respondents are frustrated by the absence of a coordinated economic development strategy for Dunedin. They believe this is holding the city back, especially when compared to Central Lakes and Southland. There is a strong desire for a joined-up approach to business attraction, retention, and growth—ideally benchmarked internationally and pursued in partnership with regional stakeholders.
- Financial management and spending priorities were a recurring concern. Many felt too much money was going toward administration and "nice to haves" instead of core services. Calls for restraint included requests to freeze or reduce rates, justify all expenditure, especially with non-local suppliers, and provide support to businesses impacted by Council-led infrastructure changes.
- Improved air connectivity was frequently raised as a key enabler of business growth and accessibility. People want better airline services to and from Dunedin, and for Council to play a more active role in advocating for this with central government and airlines.
- Business owners want to see the city looking and feeling more vibrant and well cared for. There are concerns about derelict buildings, overgrown streets, and poor maintenance in busy areas. There is also support for events and urban beautification projects to make Dunedin a more attractive place to live, work and visit.
- Many respondents feel ignored, under-represented, or disengaged from Council decision-making. They want transparency, accountability, and real engagement—particularly with the business community.