TO: Council
FROM: Manager, Economic Development Unit
MEETING DATE: 17 September 2012

SUBJECT: DUNEDIN'S ECONOMIC DEVELOPMENT STRATEGY

SUMMARY
Dunedin’s Economic Development Strategy has been developed collaboratively between the Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers Association and University of Otago.

Significant consultation and research led to a draft strategy being accepted by all stakeholders, including the Dunedin City Council on 15 May 2012. Consultation sparked 95 submissions from a wide range of individuals and organisations.

The feedback and changes have been summarised in the attached report. The revised draft has been adopted by the Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association and the University of Otago. Ngāi Tahu is supportive of the strategy but the final adoption process is yet to be finalised.

An implementation plan will be developed once the strategy is adopted, with different organisations leading initial projects. Council will lead work on the ‘red carpet, not red tape’ and ‘marketing Dunedin’ projects and be closely involved with a number of others. Council will also consider the best ways to structure and resource its role in delivering the strategy.

IMPLICATIONS FOR:

(i) Policy: Yes – this will be one of the ‘suite’ of strategies that Council consider making future funding decisions

(ii) Approved Annual Budget: No

(iii) LTP/Funding Policy: No

(iv) Activity Management Plans: Yes – this strategy will influence the Activity Management Plan for the Economic Development Unit

(v) Community Boards: No

(vi) Sustainability: No
RECOMMENDATIONS

2. An implementation plan is developed with the strategy partners.

INTRODUCTION

This report outlines the consultation process undertaken on the draft Economic Development Strategy and the refinements made. It presents a final strategy for consideration by Council.

BACKGROUND

The Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association and University of Otago agreed to be involved in a collaborative economic development strategy in 2011.

Significant research, community feedback and a review of local, national and international strategies has been undertaken to develop a draft strategy presented to Council on 15 May 2012. Council agreed that it was acceptable as a draft to be consulted on with the public.

Public awareness of the consultation was sparked by:

- www.dunedinconomy.co.nz website, where the draft was highlighted and feedback was loaded as it came in during consultation (where the submitter agreed to make their feedback public) with 387 visits
- PR – Channel 9, Radio 1, Otago Daily Times, DScene
- Advertising – Otago Daily Times and radio advertisements
- Public meetings including a Centre for Theology and Public Issues public forum
- Interest group meetings
- 96 twitter feeds (run by the Otago Chamber of Commerce)
- LinkedIn group which attracted 227 members

This awareness led to 95 submissions being received by the end of the consultation period on 15 June 2012.

DISCUSSION

The attached Martin Jenkins report details the feedback received and the changes made to the draft EDS. The vision, key goals and strategic themes remain fundamentally the same but there have been a number of changes to both the background and the projects in light of the feedback.

The front cover graphic is being reviewed but the content of the strategy has been accepted as a final version by the steering group.

The report attached outlines priority projects that differ slightly from the initial projects selected in the final strategy. The steering group made these changes in light of the need to prioritise coordination of marketing before undertaking projects with a strong branding/marketing focus. An additional project around coordination of support for high growth businesses and innovation has also been added, as this is underway via UPSTART and the University of Otago’s School of Business.

The revised draft has been adopted by the Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association and University of Otago. Ngāi Tahu is supportive of the strategy but the final adoption process from them is yet to be finalised.
The implications of this strategy for Dunedin City Council will be that the organisation will convene or support a range of projects that will flow from the strategy, the initial seven projects detailed below.

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<tr>
<th>Actions</th>
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There will also be a review of the structure and governance options for how the Council can best organise its efforts to help deliver the strategy. This will include revision of grants, rebates and other economic development `tools' that can best help achieve the goals.

**CONCLUSION**

Dunedin’s Economic Development Strategy has been refined in light of a wide variety of feedback on the draft. The five other organisations look forward to Dunedin City Council being a partner in the delivery of Dunedin’s Economic Development Strategy.

Once the strategy is adopted, an implementation plan will be completed and a review of how the Council should organise, monitor and govern its economic development and visitor industry support efforts will be undertaken.

Prepared by:

Peter Harris
**MANAGER, ECONOMIC DEVELOPMENT UNIT**

Approved by:  Sue Bidrose
**GENERAL MANAGER CITY STRATEGY AND DEVELOPMENT**

Date report prepared:  30 August 2012

**Attachments**

1. Dunedin’s Economic Development Strategy
2. Dunedin’s Economic Development Strategy – Final Report Consultation Submissions and Recommended Changes
Dunedin’s Economic Development Strategy
BY DUNEDIN FOR DUNEDIN AND BEYOND 2013-2023
Executive summary
**Background**

In 2010, the Dunedin City Council pulled together a small group of key economic partners – including representatives from the Otago Chamber of Commerce, Otago Southland Employers’ Association, Otago Polytechnic, University of Otago and Ngāi Tahu – to help guide Dunedin’s economic future over the next 10 years.

**What is the purpose of the Economic Development Strategy?**

The Strategy recognises that, all things being equal, Dunedin faces the risk of losing business and people to other cities. Ultimately, the Strategy has been developed to increase skills, incomes and job opportunities for Dunedin’s residents. The Steering Group researched the city’s current economic situation, reviewed strategies of similar cities, listened to locals, and talked with both national and international experts. Its members agreed on a shared vision and economic goals. Then – based on Dunedin’s strengths and challenges – they identified five Strategic Themes for the city to focus on during the next 10 years.

**The vision**

Dunedin is one of the world’s great small cities. We are renowned as a confident, competitive knowledge centre, where enterprise and creativity support a productive and sustainable city.

**What are the Strategy’s economic goals?**

There are two specific economic goals:

1. 10,000 extra jobs over 10 years (requiring employment growth of approximately 2% per annum); and
2. An average of $10,000 extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).

**Strategic themes**

The Strategy is built around five themes:

1. Business vitality
2. Alliances for innovation
3. A hub of skills and talent
4. Linkages beyond our borders
5. A compelling destination

**Initial Actions**

Within each Strategic Theme, specific Actions have been identified. While there are a total of 13 Actions, seven are flagged for immediate attention. These are:

1. Better support for exporting
2. Dunedin Ambassadors
3. Export education uplift
4. Grow innovative and internationally competitive industries and clusters
5. Marketing Dunedin
6. Project Shanghai and China
7. Red carpet, not red tape.

**What happens next?**

For each of the five Strategic Themes, project teams will be formed to develop plans to achieve each theme’s set of Actions. An overall implementation plan will be released to the public. An augmented Steering Group will continue to oversee the Strategy and report progress to the Council and the public.

This Strategy should inspire confidence in Dunedin’s economic future and galvanise efforts to see Dunedin become one of the world’s truly great small cities.
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This is the owl that cries out
His head does not move from side to side
It does not stir either up and down
Ever vigilant the owl cries
Terekou!
Tis night
Tis night
Tis day
Tis day
Ah, tis daylight.

(This whakaaraara was collected at Ōtākou by Sir George Grey in the 1850s.)

Greetings to all,
This is an acknowledgement from the grandchildren of this land, the descendents of Tahupōtiki, Hotu Māmoe and Waitaha.
The acknowledgement is extended from the sub tribes of Te Rushikihiki and Huirapa, from the sacred mountains of Pukekura and Hikaroroa to all who live around our waterway, Ōtākou and Puketeraki. Salutations.
We call to the many people who live in this area, who pursue the many different opportunities that this town offers, what for? For the wellbeing of all.
Greetings.
Introduction

While Dunedin provides its residents with a great lifestyle, the city is at risk of losing business and people to other centres. Creating an attractive environment – where businesses thrive and residents feel proud – will establish Dunedin as one of the world’s great small cities.

Dunedin has an historic, cultural and physical identity that provides an enviable lifestyle. Specifically:

• The largest concentration of heritage buildings in New Zealand, as well as architectural hotspots around the Octagon, lower Stuart Street, the Exchange/Queen’s Garden precinct, and the campus of the University of Otago
• Outstanding natural beauty and wildlife, including the Otago Peninsula
• Quality healthcare
• First-class leisure facilities and infrastructure, such as the Forsyth Barr Stadium, Edgar Centre and Dunedin Ice Stadium
• A creative, educated, multi-cultural and innovative community that comes from being a true university city
• A vibrant city with a range of cultural, arts and recreational activities and facilities
• A compact, safe metropolitan area surrounded by a productive hinterland

We also have important economic foundations on which to build a prosperous city of opportunity. These include:

• The University of Otago and Otago Polytechnic, and a reputation for high quality education, innovation and research
• Access to significant natural resources, such as mineral wealth in the hinterland and extensive agriculture
• Developing strengths in high value niches of the economy related to health technologies and biotechnology, food processing, ICT, creativity, niche manufacturing and engineering
• Being the gateway to the lower South Island – a major transport and export hub

While we can be proud of our history, identity and assets, economic growth has been modest over recent decades. We are at risk of losing business, skills and investment to other faster-growing cities in New Zealand and the Asia-Pacific region. The world is experiencing an unprecedented rate of change, and our businesses and residents need to be able to respond quickly and plan ahead. Our competitors will not wait for us to catch up.

We need to build on our existing foundations and utilise our strengths and capabilities to ensure sustainable economic and community development. We also need to provide diverse economic opportunities for our businesses and residents, while also ensuring environmental sustainability.

This Economic Development Strategy sets out the shared vision for increasing Dunedin’s prosperity and a pathway for achieving that vision.

While there have been previous economic development strategies for Dunedin, this is the first time leading stakeholder organisations have come together and committed to a shared vision and responsibilities. We have listened to a broad range of important contributors – from community and industry leaders, to overseas alumni, incoming migrants and Dunedin’s young professionals.

Now it is time for us to take a bold step in advancing the city, by creating an attractive environment which enables business development and makes Dunedin’s residents feel proud to live here. It is also time to share our capabilities and success stories with the rest of the world.

We will not get there alone. Dunedin needs a healthy region, island and nation, and they will in turn benefit from a prosperous Dunedin. We must work together with our neighbours and allies for mutual benefit.

We, the undersigned, are committed to ensuring the on-going development of Dunedin, by achieving the vision and goals outlined in this Strategy. We invite you to join us on this journey.

[Placeholder for signatures and names]

1 In 2011, primary production (agriculture, agricultural services, forestry and logging and mining and services to mining) contributed just over $136 million to the Dunedin economy (BERL, Economic Profile and Performance 2011: Otago Region, 2012). Full details of references cited in the footnotes are provided in the reference section at the back of the Strategy.
The role of the Economic Development Strategy

At the highest level, the Economic Development Strategy is designed to unite stakeholders and provide a single, shared vision for Dunedin. This vision – Dunedin is one of the world’s great small cities – is ultimately about increasing incomes and job opportunities for those who live here.

This Economic Development Strategy plans to grow incomes and job opportunities by leveraging the resources available to enhance Dunedin’s business, industry and economic growth performance.

The Strategy:
- Articulates a bold economic vision and goals for Dunedin’s economy
- Identifies the challenges and opportunities we face in achieving that vision
- Identifies Dunedin’s economic value proposition and the most likely drivers of growth
- Proposes several ‘Actions’ that will positively affect those growth drivers and create opportunities for all

An example of how the Economic Development Strategy relates to other strategies

For the Dunedin City Council (DCC), this is one of a set of strategies that underpin its Long Term Community Plan. The table below shows how the Economic Development Strategy fits within the broader DCC planning framework. The Strategy incorporates the implementation of the Dunedin Visitor Strategy, which is focused on growing our visitor industry. It has been informed by the Spatial Plan to ensure that its economic aspirations are consistent with the long-term aspirations for the city. It sits alongside and will align with our cultural, environmental, digital, transport and social wellbeing strategies. This alignment recognises that our economic development efforts must positively affect our quality of life and the environment while, at the same time, leveraging these features of Dunedin for economic advantage. The other strategies will set priorities for different aspects of our city and region, and will also affect our economic development.
Dunedin Digital Strategy (2010 – 2013)
The Strategy has a vision to create ‘Digital Dunedin’ and, through the development and leadership of digital initiatives, to increase access to digital networks and use of digital technology across the city. The Strategy aims to increase the delivery of digital content and raise the level of digital capability across the community, business and service sectors.

The actions in the Dunedin Digital Strategy and Dunedin Economic Development Strategy are mutually supportive. For example, the delivery of a high performing and quality digital network across the city, improving the accessibility and affordability of digital services, and improving digital literacy will improve labour and business productivity. In particular, the Digital Ambassadors project seeks to improve small business use of, and skills related to, digital technology and digital services.

Dunedin has a dedicated Digital Office that is focused on the implementation of the Digital Strategy and the leadership of the digital projects and initiatives within the Strategy.

Social Wellbeing Strategy
The Social Wellbeing Strategy aims for Dunedin to be a city with connected people, cohesive communities and quality lifestyles. There are five strategic directions:

- Connected people
- Vibrant and cohesive communities
- Healthy and safe people
- A reasonable standard of living for all
- Affordable and healthy homes

The Social Wellbeing Strategy includes a focus on a range of employment opportunities for all, as well as the provision of warm, healthy and affordable housing. The indicators to be monitored as part of the strategy include total employment, population with low incomes and number of homes insulated under schemes.

Arts and Culture Strategy
The arts and culture sector plays an important part in Dunedin’s economy. It contributes to the development of the economy in its own right through its practitioners, businesses and employees, but the sector also reinforces other sectors (like tourism, engineering and ICT). Significantly, it provides a point of difference, vibrancy and place and identity-shaping elements to the city. The Arts and Culture Strategy is in development.

Partnership
Key economic partners within Dunedin have come together and committed to this Strategy. We have pooled resources and effort, and accepted responsibility for leading, supporting and delivering actions that will accelerate Dunedin’s economic prosperity.

Each Strategy partner also has its own strategy with organisation-specific visions and goals. However, Strategy partners have agreed to weave this Strategy’s vision, goals and actions with their own.

While this partnership will help ensure Dunedin reaches its economic potential, others play a vital role. We will continue working directly with industries, investors, individual businesses and residents to make this happen.

Dunedin City Council
The Dunedin City Council can help encourage local economic prosperity through:

- Helping create a city that is attractive to visit and live in
- Investing in new and existing infrastructure
- Balancing the need for regulation with a business-friendly ethos
- Its procurement policies
- Supporting business development initiatives
- Helping promote the city to current and potential investors, skilled staff and others with access to resources
- Working to ensure the city’s economy is resilient to future change

Otago Chamber of Commerce
The Otago Chamber has been bringing Otago business leaders together for more than 150 years. Its purpose is to lobby and advocate on behalf of Otago’s business community.

Through the support of its members and their contributions, it promotes opportunities for both business and economic development.
It will use its international, national and local reputation as an organisation with proven results to support and promote the vision, goals and various projects identified in this Strategy.

**Otago Southland Employers’ Association (OSEA)**

Through an extensive Dunedin city and adjacent dual province membership base, OSEA will apply a wide range of commercial and business support mechanisms to assist in securing local economic development objectives. Delivery of employment law, health and safety and business training offerings serve to maintain and enhance recognised professional outputs as demanded by local operators.

As a founding stakeholder in BusinessNZ, it works diligently to activate effective lobbying of central Government as and when city needs arise. This capability is also applied through its representation in ManufacturingNZ and ExportNZ activities. OSEA will continue to work effectively with many local organisations in partnership capacities.

**Otago Polytechnic**

The Otago Polytechnic makes a significant direct contribution to the Dunedin economy through its teaching and applied research activities. The Polytechnic is committed to deploying its resources in the interests of industry, business and community. Its particular contribution to the economic development of the city and the wider Otago region is the provision of ‘work-ready’ graduates and technology and knowledge transfer services. The Polytechnic will align its own development initiatives with those identified in this Strategy.

**University of Otago**

The University of Otago is the city’s largest employer and home to more than 20,000 students – of whom about 80% come from outside Dunedin. The University makes a substantial contribution to the Dunedin economy through its teaching, research and commercial activities and the provision of infrastructure to enable these.

It will continue to deploy its expertise and network of contacts to support Dunedin’s economic development more generally. That contribution will be underpinned by a partnership approach to economic development, particularly with Crown Research Institutes that have a presence in the city, Dunedin City Council and other Strategy partnership members.

**Ngāi Tahu**

The Takatā Whenua (people of the land) of the Dunedin area originate from the Waitaha, Kāti Māmoe and Kāi Tahu tribes who, over time, through conquest, marriage and peace alliances, largely merged and are generally referred to now as Ngāi Tahu (Kāi Tahu in the southern dialect). The wider Dunedin region was the site of many settlements, and today the traditional settlement areas for Kāi Tahu are located at Ōtākou (Otago Peninsula) and Puketeraki (Karitane), within close proximity of the traditional pa of former times, Pukekura (Taiao Head) and Huriawa (Karitane).

Our tupuna (ancestors) signed the Treaty of Waitangi at Pukekura (Taiaroa Head), at the entrance of the Otago Harbour.

Kāi Tahu welcomes the opportunity to work alongside the Dunedin City Council to build a prosperous future for our city. Te Rūnanga o Ngāi Tahu is a significant contributor to the Te Waihoupu (South Island) economy, and looks forward to forging effective relationships to continue to grow a tribal asset base that supports the aspirations of whānau. Ōtākou and Puketeraki, as manawhenua, will take central roles in articulating and leading the engagement of Kāi Tahu in this Strategy.

**The business community**

Ultimately, it is Dunedin’s business community that will ensure that this Strategy is successful. It is businesses that innovate, export, grow, create jobs and generate higher incomes for residents. All of the Strategy’s actions aim to make Dunedin a better place to do business. We need businesses to partner with the Strategy – to ensure the Actions make a real difference.

**Neighbouring districts, regions and central Government agencies**

We must inspire confidence amongst our ‘neighbours’ and central Government that we are committed to the Strategy, will add value, and will involve them in delivery of the Actions. Collaboration with other parts of Otago and the South Island is essential, as is working alongside organisations like the Ministry of Business, Innovation and Employment, New Zealand Trade and Enterprise, the Advanced Technology Institute and the Otago Regional Council.
The 10-year vision and goals

- Dunedin is one of the world’s great small cities. We are renowned as a confident, competitive knowledge centre, where enterprise and creativity support a productive and sustainable city.

- Dunedin provides sustaining and appealing jobs, business and lifestyle opportunities for all. Specifically: 10,000 extra jobs over 10 years (requiring employment growth of approximately 2 percent per annum); and an average $10,000 of extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).

- Dunedin residents rate their quality of life the highest in New Zealand.
- Dunedin has the highest proportion of the adult population with educational qualifications, when benchmarked against comparator cities.
- Dunedin has the highest proportion of workers employed in knowledge intensive industries, when benchmarked against comparator cities.
- Dunedin’s export growth exceeds the national average over 10 years.
- Dunedin’s proportion of high growth businesses exceeds the national average.
- Enterprise start-up rates exceed those of comparator cities.

Our vision encapsulates several ideas:
- Dunedin is a centre of learning, education and research
- It sparks creativity and experimentation in our community
- It has an enterprising and pioneering spirit
- The city has an inspiring cultural, heritage and natural environment
- Dunedin is relevant and connected to international markets

If Dunedin achieves its vision in the next decade, we will share company with benchmark small creative/knowledge cities, such as the City of Salisbury (Adelaide), Kingston (Canada), Dundee (Scotland), Oulu (Finland), Uppsala (Sweden), Tubingen (Germany), Cambridge and Durham (England), and Leuven (Belgium). We intend to match them with regard to quality of life, education, knowledge intensity, export growth and enterprise.

To achieve the vision, we have identified key goals and benchmarks2 that will have the most significant effect on our economic performance and which are also measurable and tangible.

These goals and benchmarks are focused on economic growth. Other strategies include goals and priorities related to inequality, the environment, and quality of housing.

The key goals are challenging, but achievable. For example, the employment goal of 2% per annum growth over the next ten years compares to realised employment growth in Dunedin of 1.1% over the last decade. The analysis and testing of the goals is attached at Appendix 1.

While we have met some of these targets in the past, we are operating in a new and changed world. If we do not change our performance and find new ways of doing business, Dunedin is predicted to have limited growth over coming decades.3 Success will require big impact projects and a commitment to:

- Providing an environment that enables and encourages businesses and other organisations to flourish, grow, export and adapt
- Using partnerships to build scale in existing industry and research strengths
- Responding collaboratively to resource scarcity and consumer pressures for low carbon, ethical products and processes
- Further aligning the skills being generated through our education and training system with industry opportunities
- Developing our personal, business and city relationships with regional and Asia-Pacific trading and investment partners
- Continuing to invest in our cultural, leisure and natural assets

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2 Note that, in the benchmarks, knowledge intensive industries include medium and high tech manufacturing and knowledge intensive services. The segments of industries which are considered to be knowledge intensive have been determined by the OECD and European Union according to technological intensity (R&D expenditure/value added) and knowledge intensity of services (based on shares of tertiary educated people), using a statistical classification of economic activities. See Grimes et al. Auckland’s Knowledge Economy: Australasian and European Comparisons for a discussion of how this has been applied in the New Zealand context.

3 For example, Dunedin’s population is predicted to increase at around 0.24% per annum over the next 50 years. Dunedin City Council, A Spatial Plan for Dunedin – Dunedin Towards 2050: Draft for Consultation, November 2011.
Two scenarios for Dunedin

The Strategy’s vision is clear: Dunedin will become one of the world’s great small cities within 10 years. However, it is also clear what the future holds if there is a lack of commitment to the Strategy: Dunedin will be a small, peripheral city – invisible on the world stage and in slow decline.

1. If we commit to this Strategy:

Dunedin will be one of the world’s great small cities – an internationally competitive, growing knowledge centre

For businesses:
- Clusters of ICT and creative, health technologies and biotechnology, primary and food processing, niche manufacturing and engineering, and education businesses are established and growing, located in attractive and visible locations.
- Exporting is actively pursued and celebrated.
- Entrepreneurs, researchers, expats, migrants, students, and visitors are drawn to Dunedin.
- Skilled staff are readily available to meet growth demands.
- Investment flows into local businesses.
- Businesses are aware of, and take advantage of, global trends, and leverage inter- and intra-regional opportunities.

For the community:
- A greater number of high paying jobs are available.
- Unemployment declines.
- Residents are proud of national and international achievements in business, cultural and leisure activities.
- Everyone shares in economic success.
- There is a vibrancy in the central city.
- Residents enjoy a high quality of life.

For local and central government:
- The rating and tax base increases.
- Improving infrastructure and maintaining cultural amenities is affordable.
- A positive cycle of growth becomes embedded.

2. If we do not commit to this Strategy:

Dunedin will be a small, peripheral city – invisible on the world stage and in slow decline

For businesses:
- High tech businesses leave Dunedin for other cities. Dunedin loses its innovators and sectors become less innovative and export driven.
- Demand for service businesses declines and they too close their doors.
- Students, migrants and visitors use Dunedin as a stepping stone to other more exciting destinations.
- Dunedin finds it difficult to attract capital for businesses or projects.

For the community:
- Unemployment increases.
- Lower relative incomes for residents, with people leaving for better opportunities in other cities.
- Increasing disparity between the wealthy and the majority of the community.
- The central city becomes run down.
- Residents’ quality of life declines over time.

For local and central government:
- The rating and tax base declines.
- Dunedin cannot afford to maintain its heritage buildings, cultural or sporting amenities.
- A cycle of decline becomes entrenched.
Dunedin’s economic performance
Dunedin’s economic performance has improved over the past 10 years, but it lags behind the national average and growth rates are not sufficient to see the city catch up in the near future. For Dunedin to remain attractive, there need to be compelling reasons for people to move to and remain in the city, our businesses must be productive and incomes must rise.

In 2011, Dunedin generated about $4.8 billion of gross domestic product (GDP) and employed about 52,000 full time equivalent (FTE) employees. This represents a significant increase from 10 years earlier, when Dunedin generated almost $4 billion in GDP and created jobs for about 47,000 FTEs.

During the five years from 2005 to 2010, Dunedin’s unemployment rate tracked below the nationwide level – compared to the previous five years, when Dunedin consistently registered a higher unemployment rate than the national average.

Despite these positive results, employment and GDP growth in Dunedin have generally been below average. This can be partly explained by Dunedin’s slow rate of population growth, which was about half the national average between 2000 and 2010, and well below other cities in New Zealand. While the rate of population growth in Dunedin is expected to increase, it is at a rate well behind the national average.

Dunedin also performs relatively poorly on most measures of income. For example, Dunedin’s GDP per capita was estimated at $39,128 in 2011, compared to $45,808 across New Zealand. The 2006 Census also showed that both median household and personal incomes lagged significantly behind the national average ($43,400 per annum, compared to $51,400 nationwide in the case of household income). However, on both measures, Dunedin’s growth rate is slightly above the national average.

Many of these differences can be explained by the size of Dunedin’s student population. However, statistics suggest that average labour productivity across most sectors (GDP per FTE) is lower in Dunedin (although growing faster than New Zealand’s average rate).

While this may be partly attributable to differences in the number of hours worked, it does pose some challenges, given that an aging population is expected to reduce the size of Dunedin’s workforce between 2011 and 2031.

Overall, Dunedin’s economic performance has improved over the past 10 years. However, Dunedin’s performance is not improving at a fast enough rate to better the national average in the foreseeable future. Turning this around will require growth in population and labour utilisation, as well as productivity improvements across the city’s economy.

<table>
<thead>
<tr>
<th></th>
<th>Dunedin</th>
<th>New Zealand</th>
<th>Average growth rate in Dunedin (per annum)*</th>
<th>Average growth rate in New Zealand (per annum)*</th>
<th>Performance relative to NZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (2011 $million)</td>
<td>$4,785</td>
<td>$194,277</td>
<td>1.8%</td>
<td>2.3%</td>
<td>↓</td>
</tr>
<tr>
<td>GDP per capita (2011)</td>
<td>$39,128</td>
<td>$45,808</td>
<td>1.1%</td>
<td>1.0%</td>
<td>≈</td>
</tr>
<tr>
<td>Median household income (2006)</td>
<td>$43,400</td>
<td>$51,400</td>
<td>5.9%</td>
<td>5.4%</td>
<td>↑</td>
</tr>
<tr>
<td>Population (2011)</td>
<td>122,298</td>
<td>4,241,126</td>
<td>0.7%</td>
<td>1.3%</td>
<td>↓</td>
</tr>
<tr>
<td>Employment (FTEs)</td>
<td>52,264</td>
<td>1,860,767</td>
<td>1.1%</td>
<td>1.9%</td>
<td>↓</td>
</tr>
<tr>
<td>Productivity (GDP per FTE, 2011$)</td>
<td>$91,559</td>
<td>$104,407</td>
<td>0.7%</td>
<td>0.4%</td>
<td>↑</td>
</tr>
</tbody>
</table>

* All growth rates are calculated over the period from 2001 to 2011, except median household income (which is for the period 2001-2006). Source: BERL regional data
The economic role of small cities and drivers of growth

Small cities are, obviously, very different to large cities. Dunedin can learn from similar small cities’ successes and priorities, focusing on our own points of difference and advantages.

<table>
<thead>
<tr>
<th>Small cities offer</th>
<th>Big cities offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong communities</td>
<td>International business and transport connections</td>
</tr>
<tr>
<td>Compactness and accessibility</td>
<td>Large range of cultural and retail activities</td>
</tr>
<tr>
<td>Lower cost of living</td>
<td>More/specialised businesses, educational institutions, labour and investment</td>
</tr>
<tr>
<td><strong>BUT</strong></td>
<td><strong>BUT</strong></td>
</tr>
<tr>
<td>Have lower average wages</td>
<td>Are more expensive to live in</td>
</tr>
<tr>
<td>Are vulnerable to economic shocks</td>
<td>Have higher levels of congestion and pollution</td>
</tr>
<tr>
<td>Are more dependent on surrounding regions and other cities</td>
<td>Have extremes of wealth and poverty</td>
</tr>
</tbody>
</table>

Cities play a growing and critical role in contributing to a nation’s economic prosperity, because they are the preferred location for skilled people, creative and high technology businesses, tertiary and research institutions, and financiers and capital providers. People and businesses move to – and stay in – cities because they provide a variety of opportunities in one location, whether these are jobs, cultural, recreational or leisure activities.

Small- and medium-sized cities, like Dunedin, play a different role than large metropolitan cities, like Auckland. They have different advantages and disadvantages. We cannot, and should not try to, make Dunedin a large metropolitan city. Rather, we need to focus on Dunedin’s points of difference and making the most of the advantages that our smaller city offers. This means understanding our history and where we have come from, where we are now, and our strengths and weaknesses. We need to build on what we have, rather than try to replicate initiatives of metropolitan cities.

We can learn from the successes of international small knowledge cities. Studying other small cities with similar characteristics to Dunedin and which punch above their weight, we find re-occurring themes:

- Strong connections between tertiary specialties and the local economy
- A focus on high-value science, technology and research and development driven industries
- Strong networks within and between industry, research and academia for innovation
- A well-utilised, highly-qualified workforce, which continually attracts and retains new talent
- A high-quality natural and built environment
COMPARATOR SMALL KNOWLEDGE CITIES

Cambridge, England
- Population: 126,000 (estimated 30,000 students)
- Estimated GDP: £22,000 per capita = NZ$44,000 GDP per capita
- University town (University of Cambridge as well as Anglia Ruskin University, Hills Road Sixth Form College, Long Road Sixth Form College and Cambridge Regional College)
- Scientific research and development capital of the UK
- Five times more research and development jobs than the UK average
- Specialties in biotechnology and software development
- High population growth (8.4% annual growth in population over 2001-2009)
- One of the UK’s 11 cycling cities

City of Salisbury, North Adelaide, Australia
- Population: 130,000
- Estimated GDP: A$99,000 per capita (2006) and economy grew at a rate of 4.9% per annum over 1991-2006.
- University of South Australia Mawson Lakes Campus specialises in computing and information technology, engineering, science, civil aviation, applied science, sports science, e-commerce and environmental studies. University campus has collaborative links with the nearby Technology Park
- Recognised national leader in defence, electronics and technology industries and environmental endeavours
- Home to BAE Systems, Motorola Australia, Mayne Pharma, Tenix Defence, Michell Australia, SAAB Systems and Air International

Kingston, Ontario, Canada
- Population: 125,000 (metropolitan area 160,000)
- Estimated GDP: CA$33,775 per capita = NZ$43,900 GDP per capita
- Home to Queen’s University (17,000 students), Royal Military College of Canada, St Lawrence College
- Focus sectors: green technologies, advanced manufacturing, food processing and agri-business, research and development, logistics and warehousing, health care, tourism
- Most PhD-holders per capita of any city in Canada
- Recognised nationally for high quality of living and amenities

Oulu, Finland
- Population: 144,000
- Home to University of Oulu and the Oulu University of Applied Sciences (formerly Oulu Polytechnic)
- Northern Ostrobothnia Hospital District is a significant employer
- Once known for wood tar and salmon, Oulu has evolved into a major high-tech centre, particularly in ICT and health technology. More than 200 global companies operate in Oulu
- 5th in R&D spending per capita in Europe
- Ranks number one on growth competitive index in Finland
- Has five Technopolis science and technology parks/centres catering for mobile technologies, health and wellbeing technology and ICT services, and clean technology

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6. Cambridge City Council, Cambridge City Annual demographic and socio-economic report 2011
What factors will drive Dunedin’s economic performance?

Dunedin’s economic performance and potential is based on:

- People
- Infrastructure
- Capital
- Land and natural environment
- Education, research and local government institutions
- The quality and degree of complementarity between these resources

In combination, and when mutually supporting, these resources can create sources of economic advantage. These include having high quality built, natural and business environments, innovation and knowledge bases, connectivity, image and identity, amenities and industrial mix.

Dunedin’s performance across each of these drivers has been assessed to identify our value proposition and the most likely drivers of growth, as well as key challenges that need to be addressed.

<table>
<thead>
<tr>
<th>Built environment</th>
<th>Attractive and accessible properties, housing and land, which contribute to the functionality of the city and encourage people to live and work in Dunedin.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment</td>
<td>A place where it is easy to do business, through relevant and responsive bylaws, efficient planning and resource management processes and building regulations.</td>
</tr>
<tr>
<td>Innovation and knowledge base</td>
<td>The capability to develop new and innovative products, services, processes and markets, underpinned by strong networks and connections between business, education and research organisations.</td>
</tr>
<tr>
<td>Connectivity</td>
<td>Many and quality links within the city, nationally and internationally, by digital infrastructure, road, rail, sea and air - to enable the transfer of goods, services, people, knowledge, technology and investment.</td>
</tr>
<tr>
<td>Image and identity</td>
<td>A high quality lifestyle and distinctive image and authentic identity, which attract and retain people and businesses.</td>
</tr>
<tr>
<td>Amenities</td>
<td>Attributes and services which make a city attractive and safe for living and working, including a range and quality of retail, cultural, natural and public amenities.</td>
</tr>
<tr>
<td>Industrial mix</td>
<td>A diverse industrial base, but with specialisations in key sectors or economic functions.</td>
</tr>
<tr>
<td>Natural environment</td>
<td>A protected and enhanced natural environment that continues to develop economic advantage.</td>
</tr>
</tbody>
</table>
Dunedin’s stand-out advantages

As a city, Dunedin has four significant advantages:

- A strong knowledge base
- A growing pool of creative and high-tech enterprises and talent
- High quality amenities
- Cohesive community and whānau, and a great lifestyle.

**Strong knowledge base**

The University of Otago is a university of international standing. All major international rankings assess the University as one of New Zealand’s top two universities, recognising the quality of its education and research.10 The University of Otago achieves the highest student retention and qualification completion rates in New Zealand, and it is the country’s most research-intensive university.11 It is New Zealand’s only provider of dentistry and surveying degrees, and one of only two providers in several other fields, including medicine.

The Otago Polytechnic is one of New Zealand’s top performing polytechnics, with high course and qualification completion rates and the New Zealand Qualification Authority’s highest quality rating.11 Its core strengths are in health services, design, IT and engineering. It also has specialist expertise in business improvement.

These institutions attract many students and academics to Dunedin, (including substantial numbers from overseas) and have expertise that supports research and development in several of our industries. They also punch above their weight with regard to external research.

Dunedin is also home to a number of Crown Research Institutes.

- AgResearch in Invermay, which specialises in animal molecular biology (particularly genomics), deer, sheep, land management, biocontrol and biosecurity.
- Plant and Food Research is part of the Plant Extracts research unit at the University of Otago.
- The National Institute of Water and Atmospheric research team in Dunedin focuses on water resources and atmospheric processes.
- The Institute of Geological and Nuclear Sciences team investigates natural hazards and geological resources.
- Landcare Research specialises in catchment ecosystem services, geometric mapping and terrestrial vertebrate pest control research.

Dunedin has a well-educated population, with the highest concentration of postgraduate qualifications of any New Zealand city.

**Growing pool of creative and high-tech enterprises and talent**

Dunedin has a high proportion of workers employed in knowledge-intensive occupations. Health technologies and biotechnology, niche manufacturing and engineering, ICT and creative-related industries have all grown over the past decade, representing more than $500 million to the Dunedin economy. These industries are built on the city’s history of investments and capability and it would be difficult to replicate them elsewhere (for example, the Medical School, Natural History New Zealand, Invermay Agricultural Research Campus).

**Range of high quality amenities**

Dunedin is unique in New Zealand in having a high standard of cultural, leisure, public and natural amenities. There is also a strong commitment to environmental sustainability and city resilience. Key amenity strengths include:

- The largest amount of green space per person for a New Zealand city and a stunning natural environment
- New Zealand’s largest collection of heritage buildings in our city centre
- Numerous theatres, galleries, churches and community facilities
- Award winning architecture
- Access to quality public and private health services
- A relatively safe city, with low crime rates
- An enviable range of recreation and leisure opportunities and facilities, such as parks and reserves, the Otago Peninsula, tracks and cycle ways
- World-class venues, including Moana Pool, the Forsyth Barr Stadium and the Edgar Centre
- A high standard of infrastructure

**Cohesive community and whānau, and a great lifestyle**

Many people choose to live in Dunedin for lifestyle reasons. It is an excellent city in which to raise a family. The 2010 Quality of Life report indicated 93% of Dunedin residents rated their overall quality of life as ‘extremely good’ or ‘good’. There is a strong sense of place and understanding of the importance of heritage. There is a strong social glue and commitment towards local community. The style of doing business is open and relaxed and based on personal reputation and integrity. Dunedin’s size makes it perfect for creating and fostering networks.

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11 Ministry of Research, Science and Technology, Research and Development in New Zealand, 2006, Wellington
Dunedin’s challenges

Dunedin is not without its challenges when it comes to achieving its economic goals. These challenges stem from being smaller than, and distant from, other cities and countries. However, the challenges are surmountable.

We are not on the radar of international investors, businesses and migrants.

While we have good sea freight connections, via Port Chalmers, we lack direct air connections to major markets beyond Australia. International business travellers and investors must travel through Christchurch or Auckland. We have little or no profile with major markets, although we are building good economic relationships in China. While Dunedin must retain and enhance its lifestyle appeal, this must be supported by good job opportunities and incomes for migrants.

We need to build up our high value and tradeable sectors.

Like many other cities internationally, Dunedin’s economy has shifted from manufacturing to a more service orientation.

For Dunedin, this gradual process of deindustrialisation has meant stronger employment growth in more inwardly-focused (rather than export-focused) sectors like education and health care. These sectors are reliant on central Government policy and funding and, as a result, a significant proportion of Dunedin’s economy is determined by central Government policy.

The Government is signalling a desire for greater value for money from its investment and more efficient services.

The challenge is building off, and diversifying, our existing strengths to maintain and create growth in high value added and tradeable sectors.

We have pockets of deprivation and youth unemployment.

In 2006, the New Zealand Deprivation Index showed that 26% of Dunedin’s population lived in areas that are most deprived (deciles 8, 9 or 10 of deprivation index). The student and outside the working age populations are factors in these results. However, it is clear that there are significant economic inequalities present in Dunedin.

Compared with other cities in New Zealand, Dunedin appears to have high youth unemployment. In the June 2012 quarter, Dunedin had the highest proportion of unemployment benefits paid to recipients aged 18–24 (34.3%) in comparison to core cities.

We are too often regarded as a place to visit, rather than a permanent destination.

While 80% of university students come to Dunedin from outside the region, only a small proportion of them stay following graduation. We are not creating enough job opportunities relevant to their areas of study. A relatively low proportion of Dunedin’s workforce is born overseas (17%, compared to 23% across New Zealand) and we attract only a small proportion of New Zealand’s permanent migrants (2.3% in 2006). This compares to 18.9% for Auckland (based on old Auckland City Council boundaries), 8.1% for Wellington and 8.8% for Christchurch.

We have weak international connections.

While a significant proportion of New Zealand’s exports exit through Dunedin’s ports (third highest New Zealand’s export tonnage, and fourth highest export value), the vast majority is not produced or manufactured in Dunedin.

A survey of Dunedin businesses found that while 15% currently exported, 94% had no intention of exporting in the future. The same survey in Christchurch found that 39% exported. Only a small proportion of our economy is in internationally tradeable sectors. The current (and predicted increases in) costs of travel and freight also act as a barrier to connecting beyond our borders.

We need to maintain and enhance the vibrancy of our city.

Unlike larger, more sprawling metropolitan cities, we have a definite central business district. However, there is a risk this will become increasingly jaded and poorly maintained. Many of our heritage buildings require upgrading. There are pockets of under-utilisation in and around our city centre, with vacant heritage, warehousing and character buildings. More can be done to increase public art and recreational, cultural and leisure opportunities.

Our city is more than the central business district, so all our centres must be attractive and pleasant places to live and work in. Much of this is influenced by housing performance. One of the key challenges for Dunedin is our ageing housing stock. One in five dwellings in Dunedin was built prior to 1920 and a large number of dwellings was built from 1950 to 1970. The design, condition and insulation of many of these buildings are poor.

We need to have a unified stance and a passion for doing things differently.

Business as usual will not get us to where we want to be. We need to pool our resources, work in partnership and be bold in our outlook and delivery.
Strategic framework

Dunedin’s residents have told us they want greater economic opportunities. This requires developing, attracting and retaining more people and businesses to work, live and play in Dunedin to create a positive cycle of growth. Analysis of our challenges and strengths and consultation with our Strategy partners have highlighted five strategic themes for the next decade:

1. Business vitality
2. Alliances for innovation
3. A hub of skills and talent
4. Linkages beyond our borders
5. A compelling destination

Dunedin is one of the world’s great small cities. We are renowned as a confident, competitive knowledge centre
### Business vitality

**What does this mean?**
This theme is about ensuring Dunedin is an easy place to do business and that enterprises can anticipate and adapt to resource scarcity and consumer pressures. We need land and office space available for commercial endeavours, support for entrepreneurs to establish enterprises and for our businesses to grow, DCC policies and processes that encourage business, infrastructure that supports business growth and adaptability, and businesses with the right know-how and aspirations to compete internationally.

**What advantages does this theme build on?**
- Quality business environment
- Amenities
- Innovation and knowledge base

**What is the relevance of this theme?**
It will help address the challenges of few international connections and the risk that our central city environment may lose its vibrancy.
You told us through the Your city, our future survey that ‘supporting businesses and industries’ should be one of the top four priorities for DCC expenditure.

**How does this theme fit with other strategies and plans?**
The Spatial Plan includes as one of six strategic directions ‘a city that enables a prosperous and diverse economy’. The Dunedin Digital Strategy also has strategic goals for Dunedin businesses to be digitally connected, capable and enabled.

### Alliances for innovation

**What does this mean?**
This theme is about ensuring Dunedin uses its industrial and research strengths to its advantage. This means building scale in existing industry and research strengths through partnerships, as well as ensuring the research and science base helps build commercial opportunities.
It also challenges us to combine forces to develop greener products, services, technologies, practices and markets.

**What advantages does this theme build on?**
- Industrial mix
- Innovation and knowledge base

**What is the relevance of this theme?**
It will build on our strengths of a strong knowledge base and a growing pool of creative and high-tech talent and enterprises.
"Advocating for retention of our hospital and medical research capacity" was indicated as the highest spending priority in the Your city, our future survey.

**How does this theme fit with other strategies and plans?**
One of the Dunedin Digital Strategy’s goals is to develop Dunedin ‘as a centre of digital innovation’.
The Spatial Plan acknowledges the importance of business collaboration and physical clustering of similar businesses in attractive and visible locations.
The Dunedin Visitor Strategy has an overarching goal to increase the contribution of the visitor industry to Dunedin’s economic development.
A city wide Energy Strategy is being considered that will look at ways to reduce energy dependence and boost locally sustainable energy sources.

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18 Dunedin City Council, A Spatial Plan for Dunedin - Dunedin Towards 2050.
19 Dunedin City Council, Dunedin Digital Strategy 2010 to 2013.
A hub of skills and talent

This theme is about ensuring we build and retain the skills and knowledge of existing residents, as well as attracting the talent we need to Dunedin. This includes creating job and training opportunities for youth, reducing economic inequality, retaining skilled students as workers, attracting migrants to Dunedin, maintaining the relatively high knowledge and skills base that exists, and encouraging our labour force to continually up-skill.

- Innovation and knowledge base

Linkages beyond our borders

This theme is about increasing our scale and opportunities for growth by working with others beyond Dunedin. It means attracting investment, making better international connections through our diaspora, linking Dunedin internationally, and playing our part in supporting the wider South Island.

- Connectivity
- Image and identity

A compelling destination

This theme is about showcasing Dunedin’s value proposition, revitalising the city centre, leveraging tourism and events and taking other steps to maintain a high quality of life, including ensuring environmental sustainability. It also means leveraging our sport, public art, cultural, leisure and recreational amenities to improve wellbeing and attract visitors, residents and commercial opportunities.

- Amenities
- Built and natural environment

The Spatial Plan’s ‘a liveable city’ strategic direction recognises the reputation Dunedin has for its quality schools and respected tertiary education institutions.

The Social Wellbeing Strategy’ signals that Dunedin will be a welcoming community for migrants and will work to ensure youth have job opportunities.

The Dunedin Digital Strategy has a goal to raise digital literacy in the city and the Digital Office is leading projects to achieve this goal.

The ‘city that enables a prosperous and diverse economy’ Spatial Plan strategic direction acknowledges that interaction between students, academic staff and the rest of the community prompts innovation, retention of talent in the city, and life-long learning.

The Dunedin Visitor Strategy highlights as an objective ‘increase collaborative marketing activities across the sector and neighbouring regions’.

Additionally, attracting investors and ensuring good transport linkages are priorities.

Many of the strategic directions of the Spatial Plan are aligned with this theme: ‘a memorable and distinctive city’, ‘a vibrant and exciting city’, ‘an accessible and connected city’ and ‘an environmentally sustainable and resilient city’.

The Dunedin Visitor Strategy sets out to deliver marketing campaigns that target visitor markets with the best growth potential, as well as to increase collaborative marketing activities across the sector.

The Social Wellbeing Strategy will explore cohesive community outcomes and the use of quality of life indicators in more depth.
Bringing it all together
### Vision
Dunedin is one of the world’s great small cities. We are renowned as a confident, competitive knowledge centre where enterprise and creativity support a productive and sustainable city.

### Economic Goals
- 10,000 extra jobs over 10 years (requiring employment growth of approximately 2 percent per annum); and
- An average $10,000 extra income for each person (requiring GDP per capita to rise by about 2.5% per annum).

### Benchmarks
- Dunedin residents rate their quality of life the highest in New Zealand.
- Dunedin has the highest proportion of the adult population with educational qualifications, when benchmarked against comparator cities.
- Dunedin’s export growth exceeds the national average over 10 years.
- Dunedin has the highest proportion of workers employed in knowledge intensive industries, when benchmarked against comparator cities.
- Dunedin’s proportion of high growth businesses exceeds the national average.
- Enterprise start-up rates exceed comparator cities.

### Strategic Themes

<table>
<thead>
<tr>
<th>Business Vitality</th>
<th>Alliances for Innovation</th>
<th>A Hub of Skills and Talent</th>
<th>Linkages Beyond Our Borders</th>
<th>A Compelling Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve ease of doing business</td>
<td>Improve linkages between industry and research</td>
<td>Increase retention of graduates and build the skills base</td>
<td>Increase international investment and establish strategic projects with other cities</td>
<td>Enhance the city centre and environs, increase the value derived from tourism and events, improve the understanding of Dunedin’s advantages</td>
</tr>
<tr>
<td>Grow the value of exports</td>
<td>Increase scale in innovative and tradeable sectors</td>
<td>Grow migrant numbers</td>
<td>Increase</td>
<td></td>
</tr>
</tbody>
</table>

### Objectives

- Better support for exporting
- Red carpet, not red tape
- Unlocking land and development opportunities
- Business development through procurement

### Actions

- Grow innovative and internationally competitive industries and clusters in Dunedin
- Energy Strategy
- Education and employment/self-employment pathways
- Targeted talent attraction and retention
- Dunedin Ambassadors programme
- Project Shanghai and China Business and investment attraction
- Marketing Dunedin Export education uplift

### Key Indicators

- Satisfaction with the DCC
- Uptake and availability of land and property
- Percentage of exporting businesses and value of exports
- Business expenditure on R&D
- Employment in knowledge intensive and high tech sectors
- Number of business and industry-research collaborations
- Graduate retention rate
- Qualifications of residents
- Percentage of New Zealand’s recent migrants
- Number and value of foreign investment projects
- Increased linkages with diaspora
- Value of export education
- Length of visitor stay
- Visitor expenditure
This theme recognises that businesses thrive in an environment where it is easy to ‘do business’. Four Actions are suggested, based on supporting exporting businesses, reducing red tape, exploring development opportunities within Dunedin, and assisting businesses through procurement opportunities.

**Making it easier to do business**

By working with businesses to improve their performance and the city’s business environment, the DCC can actively increase business vitality.

Businesses have told us that they want faster DCC processes, including building and resource consenting, and continuous improvement of District Plan rules. They’ve also told us of several other barriers to doing business, such as parking, transport, the cost of heritage upgrading and earthquake strengthening, and broadband. It is important that we have a proactive and business-friendly approach across the DCC.

We must protect our strong city centre. There are potential threats to the availability of suitable industrial land in the city, such as re-zoning for other uses and establishment of large format retail on industrial land. While there appears to be sufficient land (both Greenfield and Brownfield sites) to provide for future need, protecting existing land will be important, particularly as the economy continues to move from manufacturing to service-based activities. We must also ensure land and assets held by local and regional government are used more productively.

Broadband and digital communication technology make it easy to transact business in New Zealand and overseas, and help reduce the costs of Dunedin’s distance. However, businesses have told us that they are not serviced by fast, high quality digital networks. Furthermore, what is on offer is expensive and not easy to connect to. Through the Government’s Ultra Fast Broadband (UFB) and Rural Broadband Initiative (RBI) programmes, Dunedin will increasingly be serviced by high speed broadband access. Schools are the initial focus. Businesses in Dunedin’s central and industrial areas will increasingly have greater opportunity to connect to fibre as programmes develop. As part of Dunedin’s Digital Strategy,22 work is progressing to ensure residents and businesses have the capability to use the network to their advantage. This includes Digital Office leadership and actions to raise awareness about the UFB and RBI programmes through projects like the Digital Ambassadors and Digital Enablement programmes. The Digital Office is also leading projects to offer guidance on the technology advantages of fast broadband (for example, changes in business models, cloud computing, and unified computing). There are also environmental and consumer ‘megatrends’ (e.g. expected increases in energy costs and changing consumer expectations) that will affect business. Business should be supported to anticipate and adapt early to take advantage of new opportunities rather than be caught by surprise by these changes.

**Support for business growth and exporting**

Dunedin businesses that are able to create and capture value in international markets are critical to Dunedin’s economic performance, no matter what sector they are in. But only a small proportion of our businesses are export-facing.23 and, while
some of our businesses are performing well, many could do better.

There are many organisations in Dunedin that provide support in some way to the business community, whether through training, advice or access to offshore networks and investors. But we need our support to be seamless, so businesses can access the right support at the right time and at the right stage of the business lifecycle. We need to ensure our existing international businesses have access to the resources they need to grow, and to encourage the international ambitions of our many small businesses.

Councils and other large organisations in the city have significant purchasing power and have the opportunity to back local firms where feasible, and challenge them to innovate and secure work nationally and internationally. Comparator cities overseas tend to make a greater use of procurement to incentivise local innovation and retain spend within the city to the greatest degree possible. This includes using novel procurement practices such as outcomes-based procurement, awards programmes and procurement competitions to find local solutions to goods and services the council needs, as well as to solve city-wide and region-wide problems.

### ACTIONS

#### Better support for exporting

Identify businesses in Dunedin with current and potential international opportunities and ensure seamless delivery of support that will improve their growth prospects.

*Project Convener: Otago Southland Employers’ Association*

*Project Partners: Dunedin City Council, Otago Chamber of Commerce, University of Otago, Advanced Technology Institute, Ministry of Business, Innovation and Employment, UpStart, private business support providers*

#### Red carpet, not red tape

Establish a relationship management model for all businesses. Instil a proactive and business-friendly approach across the DCC. A business reference group will be established to contribute to and monitor this action.

*Project Convener: Dunedin City Council*

*Project Partners: Otago Chamber of Commerce, Otago Southland Employers’ Association, business representatives*

#### Unlocking land and development opportunities

Review Dunedin City Council and others’ land and property holdings to ensure maximum economic development value is extracted, while ensuring consideration is given to the protection of landscape values, biodiversity, recreation, heritage and the environment.

*Project Partners: Dunedin City Council, Otago Polytechnic, University of Otago, Port Otago Ltd*

#### Business development through procurement

Identify barriers for local small- and medium-size enterprises to participate in procurement opportunities. Explore, with other city and regional councils, the use of novel procurement practices to encourage innovation and growth in local firms, and retain spend within the city to the greatest degree possible.

*Project Partners: Dunedin City Council, regional councils and central Government agencies*
As a compact city, Dunedin lends itself to collaboration. The Actions suggested to advance this theme focus on using this advantage to grow our innovative and internationally competitive industries and exploring energy opportunities.

Business innovation is the application of new ideas in a commercial environment. It is a key driver of competitive cities. While good ideas may originate from one person or organisation, innovation is interactive and relies on collaboration. Dunedin’s compactness should allow collaboration to occur to a greater extent than most other New Zealand cities.

Creating collaborative spaces
One of Dunedin’s key potential strengths is the economic value that can be generated from the medical and related research that is undertaken by the University of Otago, Dunedin Public Hospital and the Otago Polytechnic. There are several examples of how a meeting of commercial and research objectives and expertise creates businesses, including in the areas of probiotics (for example, BLIS Technologies’ probiotic for mouth and throat), glaucoma drainage devices (Molteno Ophthalmic) and health information systems (for example, Otago Clinical Audit’s software for reviewing the performance of a surgical unit).

It is clear that the meeting of minds between entrepreneurs, researchers, businesses and scientists can lead to remarkable results and contribute to our city’s economic performance. We must identify ways to encourage such collaboration and exchange. This can occur through networks and collaborative partnerships, and in physical facilities, precincts and spaces, where similar businesses and other organisations can be located near each other.

Dunedin has several facilities that could be supported to better connect research and science expertise with business, for example, the UpStart business incubator, the Distiller Lab (which offers shared space for technology-based start-ups), and the Centre for Innovation at University of Otago.

Research shows that while physical facilities, precincts and incubators can foster collaboration through proximity, other linkages and support mechanisms (for example, business networks, business and innovation support services, access to venture capital and/or opportunities and incentives for collaborative projects between research, industry and academia) need to be in place to really kick start collaboration and innovation.

In general, while Dunedin and New Zealand businesses and entrepreneurs are often not short of a novel idea or solution to a problem, they encounter difficulties in commercialising innovation. This can include the ability to convert that idea to commercial scale, ensuring the product or service matches customer needs or having the capability to take that product/service to market. There are opportunities to improve the support that entrepreneurs and businesses receive in this area.

Building critical mass in our innovative and tradeable sectors
Dunedin also needs to build critical mass in high value, tradable sectors – sectors that are based on what we are already good at, our unique resources and existing knowledge.

Dunedin’s economy is service oriented, like most cities internationally. Sectors that make a proportionally large contribution are property and business services, health and community services, education and retail trade. As discussed, our largest industries and businesses are generally not outward-facing.

While all sectors of the Dunedin economy make important contributions, there is a positive association between average incomes and international trade. The competition that is experienced through exporting improves productivity and innovation and enhances our ability to exploit economies of scale. While the actions of the Strategy apply to all business and organisations, we will pay special attention to internationally competing sectors.

OECD, Regions and Innovation Policy.
Industry contributions to Dunedin’s GDP, 2011

There is an opportunity to build scale in export-facing sectors where we have growing capability and real advantages. This includes health technologies and biotechnology, primary and food and beverage processing, education, tourism, niche manufacturing and engineering, and ICT and creative content.

While we should build more scale and depth in these sectors, greater value may be obtained by identifying a nexus of interests between these sectors and how they can mutually support each other. For example, the health, education and ICT sectors in combination provide a platform of skills and technologies to support the development of health software and imaging, evidenced by best practice and businesses such as AD Instruments and Silicon Coach.

The identification of these critical export-facing sectors and platforms of complementary specialisations also provides a focus for other activity. For example, we should target our investment attraction and retention efforts to firms in these industries.

Potential implications of oil and gas

Seismic explorations for oil and gas have been undertaken off the Otago coast. Test drilling is planned about 65km offshore in 2013. If commercially viable quantities of oil or gas are discovered, Dunedin will become a supply base for this industry. The exploration rights and regulations are set by central Government, but this possibility has already sparked local debate. Some see it as a welcome potential boost for the local economy, while others fear the environmental risk posed by drilling.

From an economic point of view alone, a discovery of oil and/or gas would attract skilled, well-paid workers to Dunedin. The flow on from the company and staff spending would be significant. The oil and gas industry could significantly change Dunedin’s economy and support other sectors, such as niche manufacturing and engineering. The challenge will be to ensure this growth is managed in a sustainable way. The DCC will continue to monitor developments to be ready to act in the event of discovery.

Collaborating to adapt

Dunedin organisations must join forces to anticipate environmental, energy and consumer changes and adapt in innovative ways to these.

A city-wide Energy Strategy is to be developed that will explore ways to reduce our energy consumption and find more secure and sustainable local energy sources to meet our needs.

This strategy is one step towards developing new models of achieving a low carbon, high value economy that will meet the changing expectations of local communities and international customers.

An example of complementary areas of specialisation

However, we also need to recognise that new and unforeseen innovations and specialisations may emerge from other industries in Dunedin in the future.
### Innovative and internationally competing sectors in Dunedin

#### HEALTH TECHNOLOGIES AND BIOTECHNOLOGY
- Contributes $330 million to the Dunedin economy.
- Research groups and innovative companies have evolved from the University of Otago and its medical schools.
- Key companies include Molteno Ophthalmic, Embryonic Diagnostic Research Group, Pacific Edge Biotechnology, LifeVent, Otago Osmometers, Otago Clinical Audit, Sir John Walsh Research Institute, Genomnz and Oritain.
- Dunedin’s sporting facilities and tradition of excellence across a number of sporting codes also supports the health sector through training services.

#### PRIMARY AND FOOD AND BEVERAGE PROCESSING
- The primary processing sector contributes $288 million in GDP. Within this, food and beverage processing contributes about $240 million to the economy, although it has declined slightly over the last decade.
- The Invermay Agricultural Research Campus undertakes agricultural research including genomics, animal management, biocontrol and biosecurity.
- Port and transport infrastructure means that Dunedin has a key position in the Otago and Southland regions.
- Key companies include: Cadbury, Greggs, Bell Tea, Green Man Brewery, Gourmet Ice-Cream Company, Silver Fern Farms, Speights, Emersons.

#### EDUCATION
- Higher education is worth about $200 million to the Dunedin economy (although it is unclear what proportion of this is from export education).
- Every year, Dunedin has about 3,000 international students from more than 80 countries.
- International students also study through Dunedin’s primary schools, 12 secondary schools and a number of English-language schools.
- Growth has been marginal over the last decade. However, clear strength in this sector is built around the University of Otago and Otago Polytechnic.

#### NICHE MANUFACTURING AND ENGINEERING
- This is worth almost $70 million to the domestic economy.
- It is a high productivity sector, and has a mature and well-functioning engineering cluster.
- There is potential for Dunedin to be the supply base for oil and gas industry in South Basin areas.
- Key companies include: Escea, Scott Technologies, Milmeq, Farra Engineering and DC Ross.

#### TOURISM
- This is worth about $180 million to the Dunedin economy.
- It has achieved an average of 4.2% growth over the last 10 years.
- It is a natural fit with Dunedin’s gateway role and quality natural amenities (including significant public conservation land). Guest arrivals and guest nights are up about a third since 2000, although there has been little movement in the average length of visitor stays.
- Key attractions include: Taieri Gorge Railway, Forsyth Barr Stadium, Cadbury, Larnach Castle, Royal Albatross Centre. New products over the last few years include Dunedin Chinese Garden, Orokonui Ecosanctuary, and food and wine tours.

#### ICT AND CREATIVE CONTENT
- ICT sector is worth about $140 million and the creative sector contributes about $55 million in GDP, with film, video and television services contributing $17 million within this.
- ICT sector has achieved moderate growth over the last decade although creative, film and television has declined.
- Capability is based on historical investment (e.g. NHNZ)
- Key companies include: AD Instruments, Animation Research Ltd, Natural History New Zealand and Silicon Coach.
**ACTIONS**

**Grow innovative and internationally competitive industries and clusters in Dunedin**

Ensuring our innovation support mechanisms are appropriately structured and co-ordinated.*

Create action plans to build scale in internationally competing industries (for example, through clusters, precincts, improving connections to R&D expertise). This will include:

- Pursuing opportunities to expand the economic value from the combination of health, education and ICT capability in Dunedin, such as becoming an active partner in the national health innovation hub and better connecting health technology businesses with the R&D capability that exists in the University of Otago.
- Supporting collaboration and networking of creative companies, for example, through the proposed Warehouse Precinct.
- Developing an agricultural science innovation precinct at the Invermay Agricultural Research Campus, and better connecting businesses to the R&D expertise that exists at AgResearch.

*Project Convener (*initial phase*): University of Otago

*Partner Partners:* Dunedin City Council, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association, Advanced Technology Institute, AgResearch, industry groups (eg ICT cluster), Ministry of Business, Innovation and Employment, New Zealand Trade and Enterprise, Southern District Health Board, UpStart

**Energy Strategy**

Develop a strategy that will allow us to understand the economics of low carbon cities, identify the economic benefits of reducing energy demand and carbon emissions to Dunedin’s economy and make practical recommendations about the development of a local energy infrastructure that accelerates the decarbonisation of the local economy and opens up commercial opportunities for local business.

*Partner Partners:* Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association, University of Otago
Businesses in Dunedin need good people at all levels of their operations to improve productivity and grow. Two Actions are proposed. The first concentrates on employment pathways for school and tertiary students, the unemployed, and skilled migrants and partners. The second is about attracting talent to Dunedin.

Businesses need talented people to manage them, and to create and generate high-value products and services. The knowledge and skills base in Dunedin is relatively high, built on the strengths of the University and the health sector, as well as the professional services sector and high-value manufacturing industry. It is important that we work hard to retain our existing businesses and workforce, and provide them with opportunities to continually up-skill, be challenged, grow their careers and create new enterprises. However, this is against a backdrop of slow population growth and an aging population.

Some believe that Dunedin has the capacity for 20,000 – 30,000 extra residents and that this would boost the economy significantly. Dunedin has good infrastructure and a population increase of this magnitude would create more local demand.

Research has shown that the key reasons why people are unwilling to move to Dunedin are a perception of a lack of job or business opportunities, and a cold climate. While we can argue the reality of this, these perceptions need to be overcome to achieve a significant population increase. Furthermore, while an increased population would spark job opportunities, without job opportunities, we are unlikely to spark population growth.

Amenities and other draw cards also attract and retain talent – such as a stunning natural environment, safety, an abundance of recreational opportunities, and a cohesive community. It is clear that Dunedin has these in spades but we have not yet effectively promoted these to the world (see Strategic Theme 5).

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Retaining our graduates

Some 22% of Dunedin’s residents are students (about 25,000 people). A high proportion of tertiary students, including approximately 80% of University of Otago students, come from outside Dunedin and do not stay after completing their studies.

Dunedin must take the opportunity to chart employment pathways for graduates from its tertiary institutes and demonstrate how they can grow their careers in the city. Given the specialisation of the city’s tertiary institutions, there are proportionately more graduates in health and society and culture, and far fewer in architecture, building, engineering and related technologies.

By doing more to match graduates to opportunities in Dunedin, we should retain a higher proportion of graduates in Dunedin.

However, industry employment in Dunedin paints a different picture to the specialties graduates are majoring in.

Graduates from Dunedin-based tertiary institutions, 2006 - 2010

Industry employment in Dunedin city, as at February 2011

Source: Ministry of Education, Counts database

Source: Statistics New Zealand, business demography tables

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27 Dunedin City Council, About Dunedin: Facts and Figures.
28 University of Otago, Campus Master Plan, University of Otago, New Zealand.
29 Ministry of Education, ‘Provider Summary: Enrolments, EFTS, Completions, Revenue and Surplus’ Summary Tables - Education Counts
We have employment opportunities in science, technology and engineering. While there are many science graduates, there are few engineering and technology graduates. Our key companies need engineers and most are sourcing them from elsewhere in New Zealand or offshore. Increased activity in seismic strengthening of our buildings will also increase demand for architecture, engineering and related skills. While some businesses are not facing current skill constraints in this area, future-proofing needs to be considered.

Dunedin is a key supplier of health graduates and early childhood/primary/secondary teachers for the nation. The nexus between health, education and ICT provides exciting prospects for graduates. Graduate programmes and placements are ways to facilitate the transfer of our students into Dunedin’s workforce. Initiatives in this area are already underway including Sexy Summer Jobs and the Audacious Business Challenge.

**Lifelong learning**

Our city provides great opportunities to learn and, by default, we should be a ‘learning city’. Ideally our residents will be passionate about continual learning and improvement, as this will lead to improved productivity of our workforce. Survey data suggests that adults in the South Canterbury and Otago region are undertaking less formal or non-formal learning (not counting towards a qualification) than adults in other regions.39 While industry training participation in Dunedin is broadly in line with other main centres (4.3% of all industry trainees were from Dunedin - 5,415 of 124,923 trainees in 200830), residents of a learning city should over-perform in this regard. We need to do more to connect our residents into the learning system and to ensure our education providers are tailoring their offerings to the needs of non-traditional students.

Capable New Zealand at Otago Polytechnic is one example of extending learning opportunities. Its Centre for Assessment of Prior Learning (CAPL) process means that knowledge and skills gained over one’s life and work can count towards a range of formal qualifications. The Dunedin Digital Office has started programmes to raise digital literacy and capability across the city and to the bridge the gap between those who understand technology and those who don’t.

**Accessing skills from around New Zealand and globally**

Migration is another avenue for accessing skills and knowledge for Dunedin. Migration has recently rebounded). Generally, Dunedin does not attract a significant proportion of New Zealand’s recent migrants.33 Recent research suggests we should be more targeted in our talent attraction approach.34 We need to identify real business job opportunities that will attract talent and tailor our settlement processes to the types of talent we need to attract.

**Youth unemployment**

The picture of Dunedin’s youth unemployment is somewhat distorted by its large student population. For example, Dunedin’s youth unemployment rate is 18.8% while the national average is 13.3%.35 But, in 2006, Dunedin had a particularly low rate of youth that were not in employment, education or training (NEET) of 6.7%, against a national average of 12.5%.36 Proportionately, more young people are also staying in school and leaving with qualifications.37 However, unemployment benefit figures tell another story. In the June 2012 quarter, 34.3% of Dunedin’s unemployment beneficiaries were aged between 18 and 24. Nationally, 26.4% of unemployment beneficiaries were youth.38 In addition to Dunedin’s graduates, we must also offer good opportunities for all. This means charting pathways to employment for the city’s young unemployed population and matching them to learning and employment opportunities.

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31 Lane, Adult Literacy and Numeracy in New Zealand: A Regional Analysis. Perspectives from the Adult Literacy and Life Skills Survey.
38 Ministry of Social Development Centre for Social Research and Evaluation, Benefit Fact Sheets.
**ACTIONS**

**Education and employment/self employment pathways (building and matching talent to meet business needs)**

Establish a programme of employment and training pathways to meet business needs, building skills to fill skill gaps and encouraging life-long learning. Target markets include unemployed, youth unemployed, skilled migrants and partners, students and international students. This will draw on lessons learned from current programmes.

*Project Partners: Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association, University of Otago, Careers Service, Digital Office, Immigration New Zealand, Ministry of Business, Innovation and Employment, University Students’ Association/Student Job Search, Work and Income New Zealand, businesses, community organisations, private training establishments, recruitment agencies, secondary schools*

**Targeted talent attraction and retention**

Design and deliver a talent attraction and retention programme, based on offering specific job and business opportunities in Dunedin to migrants that meet the city’s capability needs. This could also involve partnering with other neighbouring city and regional councils.

*Project Partners: Dunedin City Council, Otago Chamber of Commerce, Otago Southland Employers’ Association, Immigration New Zealand (Settlement Support), KEA, Otago Regional Council, businesses, district health boards, recruitment agencies, tertiary institutions*
Dunedin cannot reach its economic goals if it does not work with others. The first action involves identifying ex-Dunedin people to act as ambassadors. The second proposes profiling Dunedin opportunities in Shanghai and China and the third is focused on attracting business and investment to the city.

Dunedin is on the edge of the world, but that does not mean we have to isolate ourselves.

Feedback tells us that our residents view ‘fostering stronger relationships with people who studied in Dunedin, so they invest in, return to, or support Dunedin’ and ‘strengthen the links between industries and businesses across the Otago region’ as high economic priorities.39

**Regional linkages**

Dunedin is small, but there are opportunities to increase scale through working with our neighbours, as well as other cities in New Zealand. We are already working with Auckland, Hamilton, Tauranga, Wellington and Christchurch to better understand our complementary strengths and opportunities for working together. This could mean, for example, working with Auckland to examine a Dunedin presence within Auckland-based innovation precincts. The University of Otago already has significant campuses in Wellington and Christchurch; the University and Otago Polytechnic both have bases in Auckland. These footholds could be used to help Dunedin become more relevant to these cities.

On our doorstep are the Southland, Queenstown Lakes District and wider Otago regions. There is some healthy competition occurring, but we need to make sure that we collaborate to compete on the world stage, rather than compete amongst ourselves. Otherwise we risk being less than the sum of our parts, and being too inward focused and parochial, while other cities and regions band together and leapfrog us. Dunedin needs Otago, and Otago needs Dunedin.

Tourism is one area where we can leverage each of our strengths to create competitive advantage. Queenstown is known for adventure tourism, Central Otago is wine country, Te Anau and Fiordland have World Heritage Status and the Great Walks, and Dunedin is a regular stop over for cruise ships. We can band together to give visitors, and potential residents, a tourism experience like no other.

Christchurch has suffered terribly in the September 2010 and February 2011 earthquakes. We need to identify tangible ways we can use our industrial strengths to support the earthquake recovery efforts. This could mean lending support through our experience with earthquake strengthening, partnering with Christchurch businesses on international sector marketing efforts, secondments in the niche manufacturing and engineering sector, formal relationships with the University of Canterbury Engineering School, and running business exchange programmes.

**Diaspora**

Our past residents and students take an active part in the international community, and they are an untapped source of talent, investment and international connections. They work in, own and manage large multinational companies. They are big investors in their own right and are at the forefront of new knowledge, science and research (for example, University of Otago alumni hold senior positions in ANZ Banking Group, Pfizer Inc, Sangamo BioSciences, Lockheed Martin and KPMG San Francisco).

The University of Otago alone has more than 80,000 registered alumni, with over 55% living beyond the South Island, including over 20% overseas. Research shows that alumni are positive about the city and keep up with its progress. However, their perception of a lack of well-paid jobs and the climate are barriers that prevent many from returning.40

AlumniConnect Otago also has 30,000 ex-students from the Otago region registered.

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We need to engage our diaspora in a meaningful and targeted way. This may include alerting them to job opportunities and positive changes in Dunedin. Additionally, there is a role for these people to act as city ambassadors – providing valuable business and market contacts, and making direct investments.

**China and sister cities**

Dunedin also has formal international links through the sister cities programme, including with Edinburgh (Scotland), Otaru (Japan), Shanghai (China) and Portsmouth (USA). The Portsmouth relationship is largely dormant, but there are strong, mostly culturally-based linkages with the others. There is an opportunity to explore the extent to which greater economic value can be extracted, particularly where trade and investment relationships can be built and maintained via flight access. Given that Dunedin’s relationship with Shanghai is the most advanced, and the city is directly connected via ports and other networks to New Zealand, this has the most potential to expand trade and investment activities.

The Dunedin-Shanghai relationship is pivotal in the development of the Dunedin Chinese Garden, establishing a relationship with the Shanghai Museum and identifying and commissioning the appropriate China-based garden construction contractor. This provides a strong platform for building trade and investment relationships with the financial capital of China and China’s largest port of entry for goods and services. This does not mean we will exclusively focus on Shanghai in the future. Other cities in China, other sister cities, and potential alternative ones, will be assessed as to whether more business and investment opportunities can be leveraged.

**Air linkages**

A key enabler of international connections, other than ultra fast and quality broadband, is air links. The Dunedin International Airport has a daily schedule of flights to Auckland, Wellington and Christchurch (with onward connecting flights to other New Zealand destinations). There are some direct flights also available to Australia and long-haul international flights available via Auckland and Christchurch. Four airlines operate from Dunedin International Airport – Air New Zealand, Jetstar, Pacific Blue and Mainland Air. Passenger movements from and into Dunedin are much lower than in larger centres like Christchurch, Wellington and Auckland. While frequency is a continuing issue hampering our connectivity to the world, so too is cost. We must work with our airlines, airport, businesses (in tourism and other sectors) and residents to ensure air linkages meet our requirements.

Our ports and rail network also play a vital role in moving people and freight. The supporting road transport infrastructure needs to connect people and freight efficiently to these hubs.

**Business and investment attraction**

Other parts of this Strategy have discussed how we can create and support new businesses, and facilitate the sectors and businesses we already have to innovate and improve their performance. However, we can also encourage new and more businesses and investment to enter and stay in Dunedin.

We need to bring new opportunities into the city, through proactive business and investment attraction. In doing so, it is timely to re-examine Dunedin’s existing investment opportunities and develop a strategy for attracting international projects and investments consistent with our Economic Development Strategy.

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**Dunedin Ambassadors programme**

The programme will identify ex-Dunedin residents to mentor Dunedin businesses, attract inward investment, and potentially provide employment pathways and connections.

**Project Convener:** University of Otago
**Project Partners:** Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Southland Employers’ Association, University of Otago, AlumniConnect (secondary schools), KEA, New Zealand Trade and Enterprise, Tourism Dunedin, multinational companies.

**Project Shanghai and China**

Identify specific two-way trade and investment opportunities (including for talent and education) between Dunedin and Shanghai, including assessing the extent to which political and Shanghai city ownership interests can be leveraged for the benefit of Dunedin businesses. Shanghai will be the initial focus and, if successful, similar approaches will be made with other cities in China and offshore, incorporating lessons learned from Shanghai.

**Project Convener:** Otago Chamber of Commerce
**Project Partners:** Dunedin City Council, Otago Chamber of Commerce, Otago Southland Employers’ Association, University of Otago, Ministry of Foreign Affairs, New Zealand Trade and Enterprise, Shanghai Association, Tourism Dunedin, business leaders

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**Business and investment attraction**

A programme to identify and profile potential offshore investors and companies, identify business and R&D investment opportunities in Dunedin, and facilitate the matching of the investors with the opportunities. This will include developing collateral that articulates Dunedin’s value proposition to businesses and investors in New Zealand and offshore (including through www.DunedinNZ.com).

We will also work with other regional and local councils in undertaking investment attraction efforts in order to ensure we get greatest value from our collective efforts.

**Project Partners:** Dunedin City Council, Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association, University of Otago, Immigration New Zealand, KEA, Ministry of Business, Innovation and Employment, New Zealand Trade and Enterprise.
Dunedin provides a great lifestyle and we need to ensure this continues for our existing and potential new residents and business. The emphasis needs to be on leveraging existing assets, natural features and historical investments. The two proposed Actions are to review the case for a Dunedin marketing agency or coordination point and to develop an export education strategy specific to Dunedin’s needs.

**Compelling Dunedin**

While job opportunities may attract some to Dunedin, it is the lifestyle that will make them stay. This means providing a quality and attractive built environment, protecting our natural environment, and providing exciting cultural, sporting and recreational activities and venues.

We must evolve from primarily selling the city to visitors and students, to offering compelling stories that inspire public and private investors, skilled staff and ambitious entrepreneurs to focus their efforts here. We need to understand these groups’ needs and develop innovative and collaborative ways to build their confidence – so Dunedin is a natural choice for them. Ultimately, we want visitors to come back to live, work and invest and our residents to stay.

**Urban destination**

While we have an unparalleled natural environment, we cannot rely on this alone to attract and retain talented people. We need to make sure our urban centres are as appealing as our natural resources. Much of this vision has been expressed in our draft Spatial Plan.

Our Ngāi Tahu cultural heritage is a distinctive element and needs to be acknowledged. Visitors to, and residents of, Dunedin are afforded an accessible, meaningful and authentic interpretation of Ngāi Tahu historic and contemporary culture. This can be expressed more fully by increasing its visibility through events and integration into urban design (for example, in public spaces and architecture).

The central city is Dunedin’s commercial heart but more can be done to provide a safe and pleasant environment for residents, visitors and businesses. This includes designated public spaces, revitalisation of parts of the city, encouraging heritage restoration through rates relief policies, improving infrastructure for walking and cycling, enhanced access to the Harbour, and more clearly defined industrial precincts. In revitalising the city centre, attention needs to be paid to the quality of the retail, entertainment and dining offering.

Additionally, our city is more than the central business district. The draft Spatial Plan acknowledges the need to revitalise our suburban and rural centres, within the context of a hierarchy of the roles and functions they serve (principal suburban, suburban, neighbourhood, rural and destination). At the same time, there are demands to increase commercial presence beyond the central city and established centres. However, with a current oversupply of commercial buildings and a risk of reducing the buzz of the central city, these forces need to be carefully managed.

All of Dunedin must be attractive and easy to live and work in. This means that beyond the city centre, Dunedin must exhibit high quality foundations and amenities, including quality housing, public transport, safety, recreation and open space, heritage areas and infrastructure.

**Leveraging visitors**

Tourism is an important part of the Dunedin economy, contributing almost 4% of GDP and 6% of employment. But there is a need to increase the length of stays, and for visitors not to treat Dunedin as a ‘pass through’. Dunedin’s tourism expenditure is domestically focused, as domestic tourists contribute more in expenditure than international tourists. Most domestic visitors are from the South Island; most international visitors are from Australia, the Americas, the UK and Nordic nations.

Dunedin has already created a strategy to ensure that the visitor economy continues to increase its contribution. Dunedin has a goal of being a premier regional tourism destination by 2015. A series of objectives and actions has been outlined in the Dunedin Visitor Strategy, implemented in 2008. It recognises the platform of key tourism products we already have which

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41 BERL, *Economic Profile and Performance 2011: Otago Region (year Ended March 2011).*
43 Ibid.
we can build on including the Dunedin Botanic Garden, Orokonui Ecosanctuary, Larnach Castle, Cadbury, the Royal Albatross Centre, Taieri Gorge Railway and our sporting events and venues. The Visitor Strategy actions include increasing visitor nights and market share, developing more cost-effective marketing campaigns (that target visitors with the best growth potential for Dunedin), expanding the range of tourism attractions and activities, and improving management of Dunedin as a visitor destination.

As well as being important in its own right, tourism supports other sectors by drawing on a range of inputs, for example food and beverage and ICT, but more value could be leveraged from the sector. This includes linking tourism to the education sector, through co-ordinated international education marketing or tourism experiences targeted at families visiting international students.

International education

In 2010, the University of Otago had proportionately fewer foreign fee-paying students than all other New Zealand universities, other than the University of Canterbury. This is due to a self-imposed cap on international enrolments. Otago Polytechnic also has fewer international students that the average institute of technology and polytechnic. International students also study in Dunedin’s primary, secondary and English language schools. The international education sector has the potential to provide significantly more value to Dunedin, to provide services and education offshore, and to be incorporated into destination marketing efforts. International education products include the development and marketing of summer school courses for international students, short courses for postgraduate international students and for professional development.

Events

Events contribute to the buzz of a city and attract visitors and potential residents. Signature Dunedin events include Dunedin Cadbury Chocolate Carnival, International Science Festival and iD Dunedin Fashion Week. Dunedin has already adopted an Events Strategy, which includes developing a portfolio of exciting events that appeal to residents, contribute to social wellbeing and celebrate a culturally rich city – while also optimising the economic contribution of festivals and events to Dunedin.

Relevant actions include prioritising events that showcase and are supported by key industries in Dunedin, prioritising funding for premier festivals and events that strongly identify with city marketing and promotions, and basing investment decisions for premier events on projected economic forecasts and economic impact assessments. The completion of the Forsyth Barr Stadium, Toitū Otago Settlers Museum and the refurbished Town Hall provide the opportunity to host more significant events and extract more economic value.

Dunedin also has many recreational and sporting opportunities built around the Otago Harbour, coast, track networks and high quality facilities (for example, the Edgar Centre, Forsyth Barr Stadium, Dunedin Ice Stadium and Dunedin Centre of Excellence at Logan Park). The marketing of Dunedin and events needs to include Dunedin’s sporting advantages and cultural institutions.

ACTIONS

Marketing Dunedin

Review the case for a Dunedin marketing agency or mechanism that co-ordinates tourism, events, investment, skills and migrant promotion and attraction efforts. The agency would likely play a key role in the talent, education and investment attraction actions noted elsewhere in this strategy.

Project Convener: Dunedin City Council
Project Partners: Ngāi Tahu, Otago Chamber of Commerce, Otago Polytechnic, Otago Southland Employers’ Association, University of Otago, New Zealand Trade and Enterprise

Export education uplift

Develop an export education strategy and action plan to support education providers to attract international students, to develop local education businesses and providers with export potential, and to leverage export education to attract and retain talent and support other sectors (including tourism) in Dunedin.

Project Convener: Otago Polytechnic, Project Partners: Dunedin City Council, Otago Polytechnic, University of Otago, Education New Zealand, Secondary Principals’ Association NZ, Tourism Dunedin, English language schools, private training providers, primary and secondary schools
Implementation

Dunedin can be a great small city – one of the greatest – but this Economic Development Strategy will only be effective if there is strong commitment to and resourcing for the proposed Actions. A total of 13 Actions are proposed across the five themes. However seven have been flagged as requiring immediate attention.

Several initiatives are already underway and offer a solid base, while other existing programmes may need to make way – freeing up resources – to focus on new priorities. Some of the initiatives already underway that support this Strategy are:

### Turning ambition into profits (Business vitality)

UpStart business incubator has started a project to refresh how the city backs entrepreneurs. Otago Polytechnic, University of Otago, the Dunedin City Council and a number of entrepreneurs are working to join the dots better to ensure that we give the best possible support to those with the most potential.

### Alumni re-engagement (A hub for skills and talent)

Eleven Otago schools are enrolled in the AlumniConnect network with 30,000+ ex-students enrolled within a centrally managed service. The Otago region has a page on the Kiwi Expats Abroad (KEA) website. Such networks will be used to inform and inspire alumni to donate and/or invest, work in, or support Dunedin.

### Students embracing summer in Dunedin (A hub for skills and talent)

In the summer of 2011/12, more than 70 tertiary students stayed in Dunedin and used their skills in local businesses, while a dozen others stayed to work on their own business ideas. The ‘Sexy Summer Jobs’ internships offered employers a subsidy and helped match-make local businesses looking for talent with bright students, while Audacious offered a working space and mutual support to student entrepreneurs. Experience shows that a third of these interns will get ongoing work locally, while a number of students have now launched their own businesses in the city.

The seven priorities were selected by the Economic Development Strategy steering group on the basis of the following criteria:

- Potential impact – the action is likely to have sizable impact on the economy and achieving the Strategy’s economic goals
- Practicality – the action can be implemented and managed relatively easily
- International orientation – the action has the potential to increase export earnings, overseas investments and/or migration
- Collaboration – the action involves a number of partners
- Leverages existing investments – the action builds on current work or investment
- Alignment – the action is consistent with other local and national priorities

Additionally, these seven actions are mutually reinforcing and should be developed in concert.
INITIAL ACTIONS

Better support for exporting: There is a mix of organisations, grants and advice currently available to ambitious businesses. It is time to independently assess what effect these have on businesses in our innovative and tradeable sectors and whether there are other ways to boost success.

Dunedin Ambassadors programme: Expats and friends of Dunedin offshore can help connect exporting businesses with customers, investors and talent.

Export education uplift: Identifying and targeting opportunities to attract international students into Dunedin and to boost the provision of education products and services offshore.

Grow innovative and internationally competitive industries and clusters: The initial phase of this project will focus on ensuring our support mechanisms are appropriately structured and coordinated to maximise the commercial potential from innovation.

Marketing Dunedin: Consider the case for an agency or mechanism to co-ordinate the city’s marketing efforts. It will look at both the variety of people that Dunedin needs to attract such as investors, skilled staff and visitors and also how we market to these groups.

Project Shanghai and China: Identifying business and investment opportunities in Dunedin that can be profiled in Shanghai. The project will need to be formed by the investment and talent plans.

Red carpet, not red tape: Dunedin City Council will refine its processes and communication to instil a proactive, ‘business friendly’ approach across the organisation. This will include learning from approaches used by other councils.

The Dunedin City Council will continue to work with private sector and non-government bodies to deliver on these actions and others in the Economic Development Strategy. The Economic Development Strategy Steering Group – currently comprising representatives from the DCC, Otago Chamber of Commerce, Otago Southland Employers’ Association, University of Otago, and the Otago Polytechnic – will continue to oversee the Strategy, provide advice on implementation and monitor progress on the actions under each strategic theme. Tourism Dunedin, the Digital Office and New Zealand Trade and Enterprise will be invited to join the group. Additional private sector representatives and advisors from outside Dunedin may also be added to the group. It will report to the Council and other partner organisations on progress. The implementation structure is shown below.

Economic Development Strategy implementation structure

<table>
<thead>
<tr>
<th>Economic Development Strategy Implementation Steering Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunedin City Council, Otago Chamber of Commerce, Otago Southland Employers’ Association, University of Otago, Otago Polytechnic, Ngāi Tahu, Tourism Dunedin, the Digital Office and New Zealand Trade and Enterprise (with others to be determined)</td>
</tr>
</tbody>
</table>

Project teams from key delivery organisations will be formed to develop implementation plans for the Actions under each strategic theme, with clear milestones. The plans will provide clarity about how each of the Actions will be delivered, by whom, and over what timeframe. In some cases, Actions can be delivered relatively quickly (for example, the Better Support for Exporting and Marketing Dunedin actions, where preliminary work is underway). In other cases, feasibility studies or business cases will need to be developed to determine how the Actions should be best implemented.

We are not alone in delivering and implementing an economic development strategy. We need to learn from the successes (and mistakes) of others. We will draw on expertise from outside Dunedin, outside Otago and possibly outside New Zealand.

The project teams will help prioritise the Actions, liaise with businesses and stakeholders involved in the delivery of various Actions, and monitor and evaluate progress against Actions.

The DCC will also ensure that the Actions are incorporated into its Long-Term Community Plan.

This Economic Development Strategy sets the strategic direction and is not an implementation plan. The development of an implementation plan with more detailed timelines, measures, resourcing (including allocation of resources by the DCC and Strategy partners) will be part of the next phase of work. This implementation plan will be released publicly.
Guiding Principles

In order for the Strategy to be a success, we recognise that there needs to be a step change in the approach and attitude of the city, and those within it. We are facing new challenges and opportunities, and need to be equipped to deal with them. We have identified a set of guiding principles – or values – that will underpin the implementation of this Strategy.

1. Work in collaboration and partnership
No one organisation or person by themselves can change the course of Dunedin’s economic trajectory. Local and central Government, business, not-for-profit organisations, iwi, and research and education institutions must all work together in an environment of mutual trust, pooled resources and a shared vision. The formation of the Economic Development Strategy Steering Group is one way this has already occurred, but our task is significant and the issues and opportunities diverse. We will need to work hand in hand with the city’s many different organisations and also co-ordinate with other relevant strategies. Partnership must be the default position for all future initiatives.

2. Support courageous leadership
We have already embarked on partnerships to develop the Strategy. It has bold projects and goals that require courageous leadership and decision-making. We and our partner organisations will champion the economic development vision and the projects, taking responsibility for bringing them to fruition.

3. Welcome diversity
Dunedin is made up of a diverse group of individuals, households, employees, businesses and organisations. We need to ensure that everyone has the opportunity to contribute to the implementation of the Strategy. We must continue to encourage different viewpoints and test our assumptions.

4. Ensure excellence and encourage innovation
We need to make sure we do a good job. Our city and economy depend on it. We are encouraging excellence and innovation through the Strategy and we must therefore model this behaviour also. In doing so, we must be open to doing and trying new things, and strive for continuous improvement. We must also share lessons learnt and celebrate successes.

5. Enable people to get on with making the Strategy a reality
We want to facilitate an environment that makes things happen and gives people the authority and tools to deliver.

6. Be proactive and flexible
We will be proactive. We will review the Strategy regularly and be open to adding new projects or modifying projects to enable better outcomes. We will also seek advice from others to make sure we are heading in the right direction, and/or to develop our evidence base. We must shape projects and initiatives to the constantly changing economic environment and international market.

7. Keep an eye on the future
We need to make sure our economy is resilient and able to respond to challenges, such as climate change and fiscal imbalances, adapting quickly and making the most of the opportunities on offer. We are learning that ensuring long-term economic success has to be built on enhancing and protecting strong communities and a good natural environment.
Monitoring and evaluation

Results will be measured to ensure we are meeting our goals and achieving our vision. We have already identified a range of potential measures to help assess progress on the five themes. The measures will also help to identify when we need to change course, as well as when we should celebrate success.

As part of the implementation process, we will develop a monitoring and evaluation framework. This will provide a plan for when, how and what we will measure and assess. We intend to:

- Deliver a summary progress report on the themes and actions, including reporting on outputs, intermediate objectives and measures of success, on a bi-annual basis to the Council, Strategy partners and the public
- Deliver a detailed progress report to the Council, Strategy partners and the public on the overall Strategy, every three years
- Formally review the Strategy in five years
- Conduct in-depth evaluations of key projects and initiatives, with the results available to the Council, Strategy partners and the public

We want the projects outlined in this Strategy to achieve real change, as well as to understand what works and what does not. In-depth evaluation will help us do this. The monitoring and evaluation framework will identify an evaluation schedule.

We have identified indicative key measures of success for the strategic themes as shown. The more detailed monitoring and evaluation framework, with final measures and targets, will be developed and released to the public. It is important to note that these measures of success will be influenced by many things outside our control (for example, economic downturns and changes in Government policy).

### BUSINESS VITALITY

**Improve ease of doing business**

**Grow the value of exports**

- Business satisfaction with the DCC and business environment
- Uptake and availability of business-zoned land and property
- Percentage of Dunedin businesses who export and value of exports

### ALLIANCES FOR INNOVATION

**Improve the linkages between industry and research**

**Increase scale in innovative and tradeable sectors**

- Business expenditure on R&D
- Employment in knowledge intensive and high tech industries
- Number of business collaborations
- Number of industry-research collaborations

### A HUB FOR SKILLS AND TALENT

**Increased retention of graduates**

**Build the skills base**

**Grow migrant numbers**

- Graduate retention rate
- Qualifications of residents
- Percentage of New Zealand’s migrants

### LINKAGES BEYOND OUR BORDERS

**Increased international investment**

**Strategic projects with other cities**

- Number and value of foreign investment projects
- Increased linkages with diaspora

### COMPELLING DESTINATION

**Enhanced city centre and environs**

**Increased value from tourism and events**

**Improved understanding of Dunedin’s value proposition**

- Value of export education
- Length of visitor stay
- Visitor expenditure
References


Ministry of Research, Science and Technology. Research and Development in New Zealand 2006, Wellington


Research First. Dunedin City Council Business Survey, Christchurch: Research First, October 2010.


APPENDIX 1:

Background information on the 10-year vision and goals

Goals recap:

10,000 extra jobs over 10 years. This will require employment growth of close to 2% per annum.

An extra $10,000 income on average for each person. This will require GDP per capita to rise by about 2.5% per annum.

The goals were based on historic performance, with some stretch. BERL tested the goals as shown below.

BUSINESS AS USUAL
(using 10-year historic performance)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>% per annum change</th>
<th>required value change</th>
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</thead>
<tbody>
<tr>
<td><strong>Resident population</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>130,809</td>
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<td>571,776</td>
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<td><strong>Value Added GDP (2011$)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dunedin City</td>
<td>3,994</td>
<td>4,810</td>
<td>4,785</td>
<td>5,237</td>
<td>5,732</td>
<td>1.82%</td>
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<td></td>
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</tr>
<tr>
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<td>46,716</td>
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<td>48,160</td>
<td>50,634</td>
<td>1.01%</td>
<td>4,318</td>
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<tr>
<td><strong>Employment (FTEs)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Dunedin City</td>
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<td>55,248</td>
<td>58,403</td>
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<tr>
<td><strong>Productivity (GDP per FTE employed 2011$)</strong></td>
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<td></td>
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<tr>
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<td>104,407</td>
<td>106,377</td>
<td>108,383</td>
<td>0.37%</td>
<td>3,976</td>
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## Dunedin Economic Development Strategy Goals

### Goals

<table>
<thead>
<tr>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>Required % per annum change</th>
<th>Required value change</th>
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<tbody>
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<td>GDP per capita 2011$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dunedin City</td>
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<td>39,128</td>
<td>44,269</td>
<td>50,087</td>
<td>2.50%</td>
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<tr>
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<td>52,284</td>
<td>57,704</td>
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<td>1.91%</td>
</tr>
<tr>
<td>Productivity (GDP per FTE employed 2011$)</td>
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<td></td>
<td></td>
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</tr>
<tr>
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<td>104,407</td>
<td>106,377</td>
<td>108,383</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

## Dunedin Economic Development Strategy

### Value Changes

<table>
<thead>
<tr>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>Required % per annum change</th>
<th>Required value change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita 2011$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dunedin City</td>
<td>34,936</td>
<td>40,536</td>
<td>39,128</td>
<td>44,269</td>
<td>49,128</td>
<td>2.30%</td>
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<td>45,808</td>
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<td>1.01%</td>
</tr>
<tr>
<td>Employment (FTEs)</td>
<td></td>
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<td></td>
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<tr>
<td>Dunedin City</td>
<td>46,771</td>
<td>52,803</td>
<td>52,284</td>
<td>57,704</td>
<td>62,264</td>
<td>1.77%</td>
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<td>New Zealand</td>
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<td>1,860,767</td>
<td>2,045,452</td>
<td>2,248,468</td>
<td>1.91%</td>
</tr>
<tr>
<td>Productivity (GDP per FTE employed 2011$)</td>
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</tr>
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<td>91,559</td>
<td>97,522</td>
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<td>104,407</td>
<td>106,035</td>
<td>108,383</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

The following graphs show the difference between business as usual and the Economic Development Strategy goals.

**GDP per capita**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business as usual</th>
<th>10,000 jobs and income goal</th>
</tr>
</thead>
</table>

**Employment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business as usual</th>
<th>10,000 jobs and income goal</th>
</tr>
</thead>
</table>

Source: BERL calculations
Preface

This report has been prepared for the Dunedin City Council by Stephen Knuckey and EeMun Chen from MartinJenkins (Martin, Jenkins & Associates Limited).

Our goal is to improve the effectiveness and efficiency of the organisations we work with. We do this by providing strategic advice and operational support in the following areas:

- Strategy, Transformation & Performance
- Policy & Economics
- Evaluation & Research

MartinJenkins was established in 1993 and is 100% New Zealand owned. It is governed by executive directors Doug Martin, Kevin Jenkins, Michael Mills, Nick Davis and Nick Hill, plus independent directors Peter Taylor (Chair) and Sir John Wells.
Summary of recommendations

The Draft Dunedin Economic Development Strategy (EDS) was publicly released on 7 May 2012. 95 submissions were received on the EDS by the end of the consultation period on 15 June (77 online, 18 written responses). This report details the feedback received, and recommends a number of changes to the draft EDS.

There was a highly positive response to the strategy overall, with the large majority of comments supporting the strategic framework, themes and actions. 77 percent of respondents strongly agreed or agreed with the overall strategy and between 81 percent and 90 percent of respondents agreed with each of the proposed strategic themes. Suggestions for changes were often made by only one or up to a few respondents, so we have looked for common themes across respondents in recommending whether to make changes.

The key suggestions received and major recommended changes to the EDS include:

- Several respondents suggested that broader leadership of the implementation of the strategy was needed and that the role of the private sector, Maori, the Digital Office, Tourism Dunedin, Crown Research Institutes and central government should be better recognised. Several respondents questioned why the Council was identified as the lead for most of the actions in the draft.
  - Ngāi Tahu should be included as a key partner in the EDS. Many of the actions should have a non-Council lead agency and the range of partner agencies for each action should be expanded to ensure relevant organisations are included. Tourism Dunedin, the Digital Office and New Zealand Trade and Enterprise should be invited to join the Steering Group for the implementation of the EDS, and additional private sector representatives should also be considered.

- There was feedback that the sectors identified in the EDS as critical to Dunedin’s innovation and growth potential (health technologies, food processing, ICT and digital, specialised manufacturing, education and engineering, tourism) did not cover all of Dunedin’s strengths.
  - The narrative should be revised to refer to the contribution of a broader range of sectors to Dunedin’s economy, including the creative, agriculture and biotechnology sectors.

- There was feedback that in places the EDS was not Dunedin-specific enough and that the narrative needed to include more about the distinctive issues facing and advantages of Dunedin.
  - In relation to the challenges that Dunedin faces, references should be made to youth unemployment in Dunedin, the quality of housing stock and the need to build up the tradeable sectors of Dunedin’s economy and be less reliant on government sectors. In relation to potential advantages to build on, more reference should be made to heritage and cultural assets and amenities, and the EDS should include specific examples of successful initiatives to date.

- There were several questions raised about how the EDS actions would be implemented, the role of the Steering Group and how progress on the actions, goals and measures will be communicated to the public.
The EDS should be more specific about review and reporting – we suggest that bi-annual summary reports on progress and three-yearly detailed progress reports be provided to the Council and released to the public, and that formal review and evaluation occur every five years. The EDS should also note that a detailed monitoring and evaluation framework and an implementation plan will be developed and released to the public within the calendar year.

- There were some constructive suggestions about revising actions, which should be incorporated:
  - The previous innovation actions related to health innovation, the tertiary-medical precinct and creative quarter should be replaced with a new umbrella action related to growing innovative and internationally competitive industries and clusters in Dunedin (through a variety of means).
  - The previously narrowly focused education and employment pathways action (which was focused on post-school and graduate internships, placements and apprenticeships) should be expanded to cover a range of employment and training pathways for youth unemployed, skilled migrants, students and international students.
  - The discussion on Project Shanghai should clarify that Shanghai is an initial focus for the international linkages action but, if successful, the lessons learned could be applied to building relationships with other cities.

A number of other editorial changes were suggested, the most significant of which are below:

<table>
<thead>
<tr>
<th>Previous text</th>
<th>Recommended new text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision: Dunedin will be one of the world's great small cities. We will be known as a confident, competitive knowledge centre, where enterprise and creativity support a productive and sustainable city.</td>
<td>Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, where enterprise and creativity support a productive and sustainable city.</td>
</tr>
<tr>
<td>Goal: Dunedin will create sustaining and appealing jobs, business and lifestyle opportunities for all.</td>
<td>Dunedin provides sustaining and appealing jobs, business and lifestyle opportunities for all.</td>
</tr>
<tr>
<td>These changes are recommended to reflect the outcome of meeting the vision.</td>
<td></td>
</tr>
</tbody>
</table>

**Five Strategic Themes**

<table>
<thead>
<tr>
<th>Previous text</th>
<th>Recommended new text</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase Business vitality</td>
<td>1. Business vitality</td>
</tr>
<tr>
<td>2. Encourage Alliances for innovation</td>
<td>2. Alliances for innovation</td>
</tr>
<tr>
<td>3. Position Dunedin as a magnet for skills and talent</td>
<td>3. A hub of skills and talent</td>
</tr>
<tr>
<td>4. Establish linkages beyond our borders</td>
<td>4. Linkages beyond our borders</td>
</tr>
<tr>
<td>5. Showcase Dunedin as a compelling destination.</td>
<td>5. A compelling destination.</td>
</tr>
<tr>
<td>These changes are recommended for simplicity and because the wording now reflects the outcomes rather than the process of getting there. The recommended wording change on theme 3 also reflects feedback that the use of the word ‘magnet’ gave the impression that the theme was about attracting talent rather than building and developing existing talent.</td>
<td></td>
</tr>
</tbody>
</table>
Priority Actions

1. Better support for exporting
2. Business and investment attraction
3. Dunedin Ambassador’s programme
4. Talent attraction and retention
5. Project Shanghai
6. Energy Strategy

1. Better support for exporting
2. Business and investment attraction
3. Dunedin Ambassador’s programme
4. Talent attraction and retention
5. Project Shanghai
6. Export Education Uplift

We recommend the Energy Strategy be removed from the list of priorities because it is unlikely to have a significant impact in the short-medium term and is not internationally oriented (the Strategy should still remain as one of the 13 actions noted in the EDS). Export Education Uplift should be added given its potential impact, international orientation and alignment with the other priorities. Together, these six priority actions will be mutually reinforcing.

There were a range of suggestions made for additional goals and benchmarks to be included, for example on the measures of inequality, international visibility, the quality of the environment, or improving the housing stock. We reviewed the suggestions and consider that the existing list of goals and benchmarks is appropriate. They represent a good range of leading indicators of GDP and employment growth (i.e., measures of skills, innovation, exports, entrepreneurship). Many of the alternative benchmarks suggested were considered during the drafting of the strategy but were discounted due to being difficult to measure or compare (for example, brand values, visibility on the international stage). Other benchmarks are more appropriately highlighted in other strategies, such as the social well-being strategy or environmental strategy. While the EDS should refer to and be aligned with the goals of other strategies, our view is that the focus of the benchmarks in this strategy should be on economic issues.

A range of other suggested edits are recommended throughout this report.
Introduction

The Draft Dunedin Economic Development Strategy (EDS) was publicly released on 7 May 2012. Submissions on the draft EDS closed Friday 15 June 2012.

The public has been able to provide feedback on the draft EDS through an online questionnaire and written submissions.

This report summarises the feedback received, and recommends a number of changes to the draft EDS.

Process

Members of the public have been able to provide feedback on the draft EDS through an online questionnaire, with links available on:

- The draft EDS website: http://www.dunedinconomy.co.nz/
- Dunedin City Council’s twitter page: http://twitter.com/#!/dncitycouncil

Sample

77 members of the public submitted a response via the online questionnaire or gave their response in a format that allowed it to be entered into the online questionnaire. A further 18 respondents submitted formal submissions. Dunedin City Council’s (DCC) Economic Development Unit has also suggested a number of additions and changes.

The number of submissions (from a population of just over 125,000) compares relatively well to other regions. For example, there were 45 submissions on the Wellington city economic development strategy in 2011, from a population base of around 200,000; there were 207 submissions on Auckland’s economic development strategy, but from a population of around 1.5 million.

It is also important to emphasise that there was considerable consultation prior to the draft strategy being released. Hence the draft strategy had already incorporated views from a variety of stakeholders.

The online questionnaire asked respondents to what extent they agreed with the strategy – generally, its vision and goals, the framework, measures of success, themes and actions, and the proposed implementation. It also provided space to add comments and/or suggested changes to the strategy’s contents.

Consultation processes are different from opinion polls and the results from each should not be confused. Consultation processes are useful to help identify issues stakeholders feel strongly about, and to raise points that may have been overlooked. However, they do not canvas a population, or a representative random sample, to make generalisations about the views of the Dunedin population. Indeed, individuals and organisations who respond are unlikely to be representative of the Dunedin population. They are motivated individuals, and are likely to be
polarised in their responses – that is, they are more likely to respond at the item response anchors (that is, strongly agree and strongly disagree).

The following summary of responses includes a pie chart for each section that indicates to the extent to which respondents to the online questionnaire agreed with each section’s direction and contents. Respondents did not always answer every question and more respondents answered the first question (62 respondents) than the last question (56 respondents).
Consultation responses and submissions

General

The majority of respondents agreed or strongly agreed with the overall draft EDS (48 out of 62 or 77 percent¹). Of the 48, 21 strongly agreed and 27 agreed. This is a very positive result. On the other end of the scale, 8 disagreed and 4 strongly disagreed. As is noted in subsequent sections of this report, between 81 percent and 90 percent of respondents agreed or strongly agreed with each of the five strategic themes. This positive response compares well with results from economic development strategy submission processes in other regions.²

This section summarises both the overall comments and concluding comments (provided at the end of the online questionnaire), as both cover similar themes. Respondents were asked to provide any comments on the draft strategy as a whole (question 1) and whether they had any other comments or suggested changes on the draft strategy (question 11).

In general the comments made on the overall strategy were positive. In particular, the collaborative approach to strategy development was mentioned in a positive light by many respondents. Many individuals considered the vision, goals and the strategy document to be clear, well-evidenced and practical. Some were excited, inspired and impressed by the strategy and were pleased to see an articulation of the city’s vision that they could identify with and tell others about.

The following are general comments made by respondents, rather than comments made on specific sections. We emphasise that there were not consistent and generally agreed comments across respondents, so some of the points below represent comments made by less than three respondents, although where consistent themes have been expressed, we have recommended that they be incorporated. Note too that a number of these general comments were also made in relation to specific sections and will be referred to again later in this report.

¹ Note that 77% differs from the 78% indicated in the pie chart due to rounding in the chart.
² For example, 58% of submitters in the Kapiti Coast supported their region’s draft economic development strategy this year. The level of positive response to different strategic priorities in the Auckland economic development strategy ranged from 46 percent to 71 percent (although less than 5 percent opposed the strategy).
Governance and implementation

General comments made that we recommend be incorporated are:

- The need for broader leadership of the strategy and a Dunedin economic development strategy rather than a “Dunedin City Council” economic development strategy. Several submitters noted that the Council was identified as the lead (or co-lead) for all the actions, when other partners should be taking the lead on some actions. The strategy needs to provide greater differentiation on the role of the Council relative to other partners and the private sector in leading actions. The following organisations have signalled that they would like to be named as implementation partners on specific actions:
  - Education Dunedin
  - AgResearch
  - Otago University Students Association/Student Job Search
  - Tourism Dunedin
  - The Digital Office.
- Note the need for alignment of support agencies in delivering on the strategy.
- A suggestion to have central government representation on the implementation structure as they have key levers to influence some of the actions.
- Better recognition of the partnership role and role of Māori, Ngāi Tahu and iwi; the Digital Office; the wider Otago region; and Crown Research Institutes, including the new Advanced Technology Institute.

Other comments to take on board, but which should not alter the EDS include:

- A question about whether a growth coalition, development corporation, public-private development agency or more formal delivery structure would be an appropriate mechanism to deliver the strategy.
- A few concerns that there has been a lack of input from employee representatives, students, tertiary graduates, not-for-profit sectors, social services, aged care, mental health, rural and farming community, and disability services. We note that there is a separate social well-being strategy being developed and we would expect that several of these groups would be consulted as part of that process.
- There was some concern from a number of respondents about the ability to implement the strategy, the formation and composition of project teams, and the accountability and governance framework, i.e., while the strategy looks good, success will depend fundamentally on the quality of the execution.
- Several respondents wanted greater clarity on actions (e.g., timelines), measures and resources that would be devoted to implementation. We note that this is a strategy, not an implementation plan. Further detail would be more appropriate for an implementation plan, rather than this strategy.

Other industries and sectors

General comments that we recommend be incorporated are:
• The strategy should refer more to the potential of the cultural and creative sector as an economic enabler and as contributor to Dunedin’s liveability. One respondent commented that the Spatial Plan has the specific objective of developing Dunedin as an arts capital.

• The strategy should also note the importance of the agriculture and biotechnology sectors.

• More emphasis should be made about Dunedin as a tourist destination, and the distinctive natural and amenity elements that contribute to that proposition. It was suggested that tourism be included as a platform economic sector. A few submissions highlighted the importance of promoting Dunedin to the world, as well as Dunedin to residents (changing international and domestic perceptions)

**Specific points that some submitters thought should be incorporated/acknowledged**

Other comments that we recommend be incorporated/taken account of are:

• Refer to “ensuring environmental sustainability” rather than “minimising environmental impacts”.

• Draw out the more distinctive elements of Dunedin. Examples provided by respondents include:
  – Capitalise on Dunedin’s relative global isolation is use of the city as a test centre for discrete trialling of new technologies and ideas. (It should be noted that this idea has been proposed for Auckland and New Zealand, but as yet, has not been taken advantage of)
  – Excellent healthcare
  – Otago Peninsula
  – Architecture (not just heritage).

• Explicitly acknowledge that the strategy is concerned with improving access to higher paid jobs and increasing skills for current residents. A few respondents commented that there should be more emphasis in the document on how it will affect current residents and businesses. Additionally, a few respondents commented that the strategy appears to focus on attracting new businesses and people, rather than developing and supporting incumbent enterprises and skills.

• Similarly, equal emphasis should be given to developing the fundamental elements of a healthy economy, rather than just focusing on new elements.

• Some respondents suggested that there needed to be better/more explicit alignment between the EDS and the Spatial Plan, Long Term Plan and Digital Strategy, including integration of the economic vision with the wider vision for the city.

Other general questions and points that were made that should be taken on board but which we do not recommend alter the current EDS are:

• How will the actions and aspirations impact on the outer areas of the city?

  “Dunedin is more than the student area, Māori Hill, St Clair and Waverley. It is South Dunedin, Mosgiel, Green Island, Corstorphine, Kaikorai Valley, Wakari, [and] Brockville.”
• How will the EDS tackle Dunedin’s disadvantages such as housing performance (old and cold), poor public transport, drunken youth/students, dependence on fossil fuels, perceived ‘old boys network’ business culture in Dunedin and pockets of power and influence? We note that many of these issues are more appropriately addressed through other strategies (e.g., the social well-being strategy).

• The inclusion of the comparator cities, and the vision, themes and actions gave some the sense that the strategy is a follower approach, rather than a leader/distinctive/unique approach.

• The desire for a broader perspective to economic growth and development, e.g., distributed economic development, economic resilience, economic sustainability, social well-being, sustainable local economic development, community development and the non-for-profit sector.

• The DCC EDU provides three funding programmes to support local businesses and opportunities: Market Support Programme, Industry Project Fund and Research Support Fund. A few submissions commented on how funding support is applied through these programmes and how these might be used for the EDS, and also questioned the relativity of funding for tourism versus international education, and tourism versus economic development.

The remainder of this report focuses on the response to feedback provided on particular sections or elements of the draft EDS. Many of the general points above are picked up again in relevant sections.
Although respondents were not asked to comment on the introduction or the section on the role of the economic development strategy, a few suggestions were made. We recommend the following be incorporated:

- The addition of the following mihi at the start of the introduction section as suggested by Ngāi Tahu (page 3):

  Tēnei te rūrū, te koukou mai nei,
  Kīhai mahitihiti, Kīhai marangaranga,
  Te upoko nui, o te rūrū,
  Terekou,
  He pō
  He pō
  He ao
  He ao
  He awatea, e-e.

  This is the owl that cries out
  His head does not move from side to side
  It does not stir either up and down
  Ever vigilant the owl cries
  Terekou!
  Tis night
  Tis night
  Tis day
  Tis day
  Ah, tis daylight.

  (This whakaaraara was collected at Otakou by Sir George Grey in the 1850s.)

  Tēnā koutou katoa,
  He mihi tēnei i kāhuamokopuna o tēnei whenua, kā uri o Tahupōtiki, o Hotu Māmoe, o Waitaha hoki.
  Ka rere atu kā mihi i kā hapū o Kāi Te Ruahikihiki me Kāti Huirapa, mai i kā mauka tapu o Pukekura, a Hikaroroa hoki ki ā koutou e noho karapotia nei i tō tātou awa o Ītākou tae atu ki kā kete kai o Waikouaiti. Kai te mihi, kai te mihi.
  Karaka atu, Karaka atu, Karaka atu ki kā karakataka maha e noho ana i te rohe nei, e whai ana ikā kaupapa maha o tēnei taone, hai aha? hai oraka mō tātou katoa.
  Tēnā tātou katoa.

Greetings to all,
This is an acknowledgement from the grandchildren of this land, the descendents of Tahupōtiki, Hotu Māmoe and Waitaha.
The acknowledgement is extended from the sub tribes of Te Ruahikihiki and Huirapa, from the sacred mountains of Pukekura and Hikaroroa to all who live around our waterway, Ītākou and Puketeraki. Salutations.
We call to the many people who live in this area, who pursue the many different opportunities that this town offers, what for? for the wellbeing of all.
Greetings.
The addition of Ngāi Tahu and the following paragraphs to the partnership section (page 5):

The Takatā Whenua (people of the land) of the Dunedin area originate from the Waitaha, Kati Mamoe and Kāi Tahu tribes who, over time, through conquest, marriage and peace alliances, largely merged and are generally referred to now as Ngāi Tahu (Kāi Tahu in the southern dialect). The wider Dunedin region was the site of many settlements, and today the traditional settlement areas for Kāi Tahu are located at Ōtākou (Otago Peninsula) and Puketeraki (Karitane), within close proximity of the traditional pa of former times, Pukekura (Taiaroa Head) and Huriawa (Karitane). Our tupuna (ancestors) signed the Treaty of Waitangi at Pukekura (Taiaroa Head), at the entrance of the Otago Harbour.

Kāi Tahu welcome the opportunity to work alongside the Dunedin City Council to build a prosperous future for our city. Te Rūnanga o Ngāi Tahu are a significant component to the Te Waipounamu (South Island) economy, and look forward to forging effective relationships to continue to grow a tribal asset base that supports the aspirations of whānau. Ōtākou and Puketeraki, as manawhenua, will take central roles in articulating and leading the engagement of Kāi Tahu in this Strategy.

- The addition of the digital strategy to the diagram on the planning framework for the Council (page 4).

- Further explanation about how other strategies, particularly the Digital, Social Well-Being and Arts and Culture Strategy relate to the EDS.
Vision, goals and benchmarks

Question 2 asked respondents “to what extent do you agree with the Vision and Goals of the draft strategy?”

In general, the submissions support the overall vision and goals (78 percent agreed or strongly agreed), with a few commenting on the appropriateness of having measurable, stretch and tangible targets. Respondents liked the “world's great small cities” tag line and thought the vision was clear. The economic goals were considered to be positively aspirational, and the 10,000 jobs over 10 year goals a clear call to action.

There were some questions about the alignment of the vision and goals. Additionally, one respondent commented that the first part of the vision is an overall city vision, while the rest is an economic vision and questioned how this lines up with other Dunedin city strategies.

Recommendations for Vision and Goals (page 6)

- Some submissions noted that the vision needed to be a statement about what Dunedin will be in future, rather than what it could or should be. We recommend that the vision statement be amended to: Dunedin is [rather than ‘will be’] one of the world’s great small cities. We are [rather than ‘will be’] renowned as a confident, competitive knowledge centre where enterprise and creativity support a productive and sustainable city. Similarly, we recommend that the economic goal statement be amended to “Dunedin provides sustaining and appealing job, business and lifestyle opportunities for all”, rather than “will create”.

- A few submissions questioned whether the goals were too ambitious, while others thought they were not ambitious enough. We suggest that the report note that the goals are challenging but achievable and that the BERL analysis of the goals be appended or footnoted.

- Some respondents suggested additional or alternative goals, related to low or no unemployment, zero poverty, human development or reducing inequality. Our view is that such goals and priorities should be emphasised in the social-wellbeing strategy, rather than this strategy.

- A few submissions questioned the interpretation of wording in the goals and narrative. We suggested that footnote references be included for:
  - the definition of knowledge intensive jobs or industries. Refer to OECD definitions and definitions used by others (e.g., Grimes, Le Vaillant, & McCann, 2011).
  - the value of the “productive hinterland” with information in the BERL report which states that in 2011 primary production (agriculture, agricultural services, forestry and

Figure 2. To what extent do you agree with the Vision and Goals of the draft Strategy?
logging and mining and services to mining) contributed just over $136 million to the Dunedin economy.

- The bullet list in the narrative on page 6 should include reference to culture, i.e., the fourth bullet should be revised to “the city has an inspiring heritage, natural and cultural environment.”

**Benchmarks (page 6)**

Question 4 asked respondents “to what extent do you agree with how we will measure our success (i.e. Benchmarks)?”

While the majority of respondents agreed with the benchmarks, agreement on this section was less than all other surveyed areas (although 65 percent agreed or strongly agreed, compared to only 19 percent that disagreed or strongly disagreed).

The benchmarks were viewed by a number of respondents as good, clear and measurable, and conceptually sound. Some thought the benchmarks were unachievable, while others thought they were not ambitious enough. The few that disagreed or strongly disagreed (11 respondents) tended to offer alternative benchmarks (for example, housing performance or the quality of the environment). Two respondents commented that the benchmarks should be linked to what made the international comparator cities successful, and thus the comment on page 6 of the draft EDS that “we will match them with regard to quality of life, education, knowledge intensity, export growth and enterprise”.

Two respondents commented that targets have been provided for the vision, and targets should also be extended to the benchmarks. Additionally, a few respondents noted that the timeframe for achievement of the targets is unclear and another respondent suggested a staged approach be used (e.g. goals for 3, 5 and 10 years). One respondent also noted that targets should be set relative to the national and international economic situation.

**Recommendations for benchmarks**

We consider that the current list of benchmarks is appropriate. They represent a good range of leading indicators of GDP and employment growth (i.e. skills, innovation, exports, entrepreneurship). We also note that many of the benchmarks are relative to comparator cities.
so do indeed relate well to the overall statement of matching such cities on quality of life, education, knowledge intensity etc. We also note that many of the alternative benchmarks suggested (see Appendix 1), were considered during the drafting of the strategy but were discounted due to being difficult to measure or compare (for example, brand values, visibility on the international stage). Other benchmarks are more appropriately highlighted in other strategies, such as the social well-being strategy or environmental strategy (e.g. for benchmarks related to reducing inequality, improving the housing stock, and the quality of the environment). While the economic development strategy should refer to and be aligned with the goals of other strategies, the focus of the benchmarks in this strategy should be on economic issues.

In relation to comments made about having specific targets, we consider that it would be difficult to set targets for some of these at the current time as: a) current base level measures are not available and will need to be collected in order to establish a comparison, and b) setting a specific target may not be appropriate (for example, setting a target for export growth of say 4% per annum may still mean that Dunedin underperforms the national average in the long-run – a point made by some respondents). However, the development of targets should be part of the monitoring and evaluation framework.

Scenarios, the economic role of small cities, Dunedin’s advantages and challenges

Several submitters made comments and suggestions on other introductory sections of the strategy, as listed in Appendix 1. Many of these were to improve clarity and can be incorporated through the following drafting changes.

Scenarios (page 7)

- Add to last point in scenario 1 in “For businesses”: Business are aware of, and take advantage of, global trends and leverage inter- and intra-regional opportunities.

Economic role of small cities (pages 10-11)

- Add ‘research’ to third bullet point on page 10: “Strong networks within and between industry, research and academia for innovation”.
- Include comparative economic indicators on the cities where available (e.g., GDP, population, growth, number of businesses, employment).
- Some respondents made suggestions to use alternative comparator cities which also have an export port, rather than just university cities, or had similar economic histories and which are distant from key metropoles. However, several of the cities suggested by respondents were actually relatively large and/or close to metropolitan areas. Of those suggested, we recommend the following comparator city be added to the existing comparator small knowledge cities:
  - Oulu, Finland. Population of 144,000. Home to the University of Oulu and the Oulu University of Applied Sciences (formerly Oulu Polytechnic). Northern Ostrobothnia Hospital District is a significant employer. Once known for wood tar and salmon, Oulu has evolved into a major high-tech centre, particularly in ICT and health technology. More than 200 global companies operate in Oulu. 5th in R&D spending per capita in Europe. Ranks number one on growth competitive index in Finland. Has five
Technopolis science and technology parks/centres catering for mobile technologies, health and wellbeing technology and ICT services, and clean technology.

**What factors will drive Dunedin’s economic performance? (page 12)**

- Adjust the “Image and Identity” box as follows: “A high quality lifestyle and distinctive image and authentic identity which attracts and retains people and businesses”

**Dunedin’s stand-out advantages and challenges (pages 13-14)**

- Several respondents suggested that the points on Dunedin’s advantages and challenges could be enhanced. We recommend that the discussion on advantages be extended to include heritage and architecture (rather than just heritage buildings), iwi/whānau, agricultural research activities, quality health care, the Otago Peninsula, the range of Crown Research Institutes and the Invermay Agricultural Research Campus. While some of these are discussed later in the EDS, we recommend that these points be included upfront.
- We also recommend that the following points be included in the challenges discussion:
  - Changing industrial structure, including moving from manufacturing to services and its consequences, and the reduction in government services.
  - Youth unemployment and current employment growth in low growth sectors.
- The discussion of exporting businesses in Dunedin should be clarified. For accuracy the narrative should be changed to “A survey of Dunedin businesses found that while 15 percent currently exported, 94 percent had no intention to export in the future. The same survey in Christchurch found that 39 percent exported.”

**Strategic framework (pages 15-19)**

Question 2 asked respondents “to what extent do you agree with the overall framework, as presented on page 19?”

The strategic framework summarises the introductory section and highlights the five themes, and the fit of the economic development strategy with other strategies and plans. Respondents agreed with the themes, describing them as appropriate, sensible and defensible. Some liked the framework because they viewed it as clear and measurable and well aligned with Dunedin’s strengths and opportunities. Seventy-four percent of respondents agreed or strongly agreed with the strategic framework compared to 21 percent (12 respondents) that disagreed or strongly disagreed.

![Figure 4. To what extent do you agree with the overall Framework, as presented on page 19?](image-url)
**Recommendations for the strategic framework**

- Most of the comments on the framework related to the highlighted platform sectors. Several respondents suggested, and we agree, that if platform sectors are in the framework they should be consistent with the sectors highlighted in the rest of the EDS (e.g. include niche manufacturing and engineering, food and beverage processing, tourism etc.). However, we recommend that the ‘platforms’ layer be removed from this framework. As several submitters correctly noted, several of the strategic themes and projects will be relevant across all industries, not just the few highlighted sectors. Others noted that this layer of the framework means that the objectives and projects do not line up well with the strategic theme. Further discussion and suggestions on the narrative for sectors is provided in response to submissions made on strategic theme 2.

- Ensure the narrative on page 16 highlights that the business vitality theme includes new enterprise creation, and on page 17 that the skills theme references the importance of retaining and building the skills and knowledge of existing talent.

- List the correct set of headline projects under business vitality (unlocking land and development opportunities rather than portfolio management, and adding business development through procurement).

- Footnote the reference “Your city our future” survey for the statement “Dunedin’s residents have told us they want greater economic opportunities”.
Strategic theme 1: Business Vitality

Question 5 of the feedback form asked respondents “to what extent do you agree with the theme of BUSINESS VITALITY – support for exporting, red carpet not red tape, unlocking land and development opportunities, business development through procurement and the associated actions?”

There was strong agreement with the ‘Business vitality’ theme (81 percent agreed or strongly agreed). Respondents referred to the direction of this theme as a positive shift within the Council. This theme was considered by respondents to be essential, and a large majority endorsed the actions within the theme.

Respondents who suggested changes generally referred to the importance of implementation and provided suggestions for how the actions could be implemented. One respondent commented that the actions should apply to all sectors, rather than just the platform and innovative sectors highlighted in the document (discussed previously).

Recommendations for this section

Better support for exporting (page 21)

Respondents suggested that this action should apply to a broader range of businesses than exporters. However, we note that the action refers to current and potential exporters. We do recommend that the narrative acknowledges the importance of supporting internationalising SMEs and businesses that are not just in the platform/innovative sectors. In discussing seamless support across agencies, support throughout the business life cycle should also be referred to.

We recommend that the lead agencies for this action should be private sector-led such as the Otago Chamber of Commerce and Otago Southland Employers’ Association, and that additional partner agencies be included, as suggested by DCC Economic Development Unit, so that the list includes: New Zealand Trade and Enterprise, Dunedin City Council, the University of Otago, Ministry of Business, Innovation and Employment, Advanced Technology Institute, Upstart, private business support providers.

Red carpet, not red tape (page 21)

This action, in particular, resonated with respondents. The majority of comments related to how the action would be implemented in practice, rather than to the narrative in the EDS. However, we recommend additional wording in this action to highlight the importance of having a pro-active and business-friendly approach across the Council.
While business representatives are on the EDS Steering Group, such as through the Otago Chamber of Commerce and Otago Southland Employers’ Association, there is merit in assessing whether a business reference group is an appropriate mechanism for helping to develop and monitor this action.

**Unlocking land and development opportunities (page 21)**

Alter the description of this action to: “Review Dunedin City Council and other’s land and property holdings to ensure maximum economic development value is extracted, while ensuring consideration is given to protection of landscape values, heritage, recreation and the environment”.

**Business development through procurement (page 21)**

Some respondents asked for examples of what novel procurement practices mean. Add references to novel procurement practices such as outcomes-based procurement, awards programmes, and procurement competitions. Extend the narrative on how procurement can be used to incentivise innovation as well as environmentally sustainable practices, products and services. Potentially create a sidebar example showing how council procurement practices enabled innovation and business development – this could include WindFlow Technology and Christchurch City Council or a local example.

**Suggested new actions**

Some new actions were suggested for this theme (see Appendix 1). The Digital Office suggested that new actions related to the Digital Strategy be added. Rather than adding new actions to the EDS, we suggest that this theme include an extended discussion of the relevant actions from the Digital Strategy which relate to economic development. A point of emphasis should be ultra-fast broadband and the opportunities that this will provide the business community. We also note that, as per the recommended change for the introductory section, further explanation would be included upfront about how the EDS relates to the digital strategy.

We did not regard the suggested “better support for SMEs” action, recommended by the DCC Economic Development Unit, as being as important as the “better support for exporting businesses” action – it is exposure to international markets and competition that will drive productivity improvements and increased incomes in Dunedin.
Strategic theme 2: Alliances for innovation

Question 6 of the feedback form asked respondents “to what extent do you agree with the theme ALLIANCES FOR INNOVATION – health innovation, tertiary medical innovation precinct, creative quarter and energy strategy – and the associated actions?”

Of all the strategic themes, the ‘Alliances for innovation’ theme was most positively agreed with (90 percent agreed or strongly agreed). Respondents liked the idea of alliances and some felt that this section was more specific on the issues, opportunities and the actions. Respondents reacted particularly positively to the recognition of the strong concentration of research and industry strengths as a unique point of difference, but that collaboration and networks are needed to accelerate it. Respondents recognised that smaller cities are most able to capitalise on this opportunity.

Figure 6. To what extent do you agree with the theme ALLIANCES FOR INNOVATION...?

Recommendations for this section (pages 22-24)

Some respondents were concerned that the listing of ‘innovative’ sectors (on page 24) made it appear that there was limited innovation being undertaken in other sectors. This was not the intention, but for clarity, we suggest that:

- the narrative on page 22 note the importance of improving productivity in all sectors of the Dunedin economy, but emphasise why high value, export facing sectors are particularly important (e.g., because of the productivity and innovation gains that come from competing internationally, the ability to exploit economies of scale, and that there is a positive relationship between international trade and average incomes).

- The title above the description of sectors on page 24 be revised to “Innovative and internationally competing sectors”.

Several respondents suggested expanding the list of sectors. Some indicated that the arts and cultural sector and/or creative sector are strengths of Dunedin and should be emphasised as important innovative or internationally competitive sectors for Dunedin. We note that BERL analysis defines and quantifies the creative sector as printing and publishing; arts and antiques market; commercial services; film, video and television services; and music, creative and performing arts and venues. Given the intersection of these segments with ICT/digital, we suggest changing the reference to ICT and digital media to ‘ICT and creative content’. We also
recommend that arts and culture be highlighted as an important element of Dunedin’s high quality amenities in the discussion on stand-out advantages earlier in the strategy, and emphasised under strategic theme 5 as one element underpinning Dunedin as a compelling destination. Reference should also be made to the proposed arts and culture strategy for Dunedin.

Others suggested, and we agree, that:

- the reference to the health technologies and services sector should be broadened to include biotechnology.
- Dunedin’s linkages with primary industries, in particular capability in agriculture research be emphasised. We suggest this be added to the box on food processing.

Some submitters questioned the focus of the actions on physical precincts (page 25). A few respondents suggested that a larger issue is the weak capability of businesses, in general, to commercialise innovation and the need to support and mechanisms to foster this. We suggest the narrative include a reference to this issue, and that the discussion of physical precincts and incubators should also refer to the importance of ‘soft infrastructure’ or business development services to facilitate collaboration and innovation. Another suggestion by the DCC Economic Development Unit was that the key action should be about growing key industries and clusters in Dunedin. Based on these comments we recommend that the actions related to health innovation, the tertiary-medical innovation precinct and creative quarter be folded into a broader action with the following elements:

- **Grow innovative and internationally competitive industries and clusters in Dunedin**
  - Create action plans to build scale in internationally competing industries (for example, clusters, precincts, improving connections to R&D expertise). This will include:
    - Pursuing opportunities to expand the economic value from the combination of health, education and IT capability in Dunedin, such as becoming an active partner in the national health innovation hub and better connecting health technology businesses with the R&D capability that exists in the University of Otago
    - Supporting collaboration and networking of creative companies, for example through the proposed Warehouse Precinct.
    - Developing an agricultural science innovation precinct at the Invermay Agricultural Research Campus, and better connecting businesses to the R&D expertise that exists at AgResearch.

We recommend that lead agencies for this action should be the University of Otago, Otago Polytechnic, AgResearch, UpStart, and Dunedin City Council, and that partners include Industry Groups, Otago Chamber of Commerce, Otago Southland Employers’ Association, Southern District Health Board, New Zealand Trade and Enterprise, Advanced Technology Institute and the Ministry of Business, Innovation and Employment.

A few respondents commented that it is unrealistic to expect Dunedin to find low-carbon energy alternatives as described under the Energy Strategy action. However, given that the relevant action is an exploratory study, we recommend that the action remain. Ngāi Tahu should be added to the partner agencies of this action.
**Additional recommended edits**

Other edits that we recommend be included are:

- The DCC Economic Development Unit noted that there will be other examples of complementary areas of specialisation (e.g. the intersection of education, tourism and health) and suggested that the diagram on page 23 be titled “An example of complementary areas of specialisation”.

- A couple of respondents suggested adding an example of collaborating on innovation and interacting with the innovation support system.

- In relation to the sectors highlighted on page 24:
  - the tourism box be redrafted to include the point that it has achieved an average of 4.2 percent growth over the last ten years; key companies and institutions to include Taierei Gorge Railway, Dunedin Venues Ltd, Larnach Castle, Royal Albatross Centre; new services include the Dunedin Chinese Garden, Orokonui Sanctuary, and food and wine tours.
  - Revise spelling of niche manufacturing and engineering key company to Milmeq.
  - List Emersons as a key company for the food and beverage processing sector.
  - Extend the description of the education sector to include secondary and primary schooling.
Strategic theme 3: Position Dunedin as a magnet for skills and talent

Question 7 asked respondents “To what extent do you agree with the theme MAGNET FOR SKILLS AND TALENT – education and employment pathways, targeted talent attraction and retention, and the associated actions?”

A number of respondents considered this as the most important theme of the strategy and were pleased to see it identified and articulated (86 percent agreed or strongly agreed compared to only 5 percent who disagreed or strongly disagreed). At the same time it was recognised as a key opportunity for Dunedin. A number of respondents commented on this theme being related to Dunedin's brand, acknowledging that Dunedin has strengths in many areas but has not been active in promoting those strengths – particularly in the context of attracting and retaining skills, and ensuring the skills in Dunedin are continuously improved and retained.

Respondents’ comments on the theme and associated actions agreed with its intent but questioned whether:

- enough can be done to attract skilled migrants, and to encourage graduates to stay
- more can be done in this area, and
- there is a need to focus more on developing incumbent skills and talent rather than relying on inwards skills and talent.

Recommendations for this section (pages 26-27)

Several respondents interpreted the word ‘magnet’ as a focus on attracting skills to Dunedin rather than growing the existing skills base. We suggest that this theme be reworded to “a hub of skills and talent”.

A few respondents recommended, and we agree, that the narrative:

- Be amended to emphasise the importance of retaining as well as creating businesses and building on the businesses and skills already in the city.
- Note (in the third paragraph) the importance of amenities and other draw-cards in attracting and retaining talent.
- Include a sidebar example of AgResearch and University of Otago’s summer intern scheme and/or Department of Conservation’s Youth Development Programme.
**Education and employment pathways action (page 27)**

The DCC Economic Development Unit suggested a few amendments to this action to make it more expansive, which we recommend are incorporated as follows:

- Establish a programme matching employment and training pathways to meet business needs, filling skill gaps, developing digital skills and encouraging life-long learning. This could include internships, placements, apprenticeship and work experience programmes. Target markets include unemployed, youth unemployed, skilled migrants and partners, students and international students.
- Partner agencies: Careers Service, University of Otago, Otago University Students Association/Student Job Search, Ngāi Tahu, Work and Income New Zealand, Immigration New Zealand, the Digital Office, Ministry of Business, Innovation and Employment, recruitment agencies, private training establishments, secondary schools, community organisations.

**Targeted talent attraction and retention (page 27)**

- Revise the wording of this action to “Design and deliver a talent attraction and retention programme, based on…”.
- Change lead agencies to: Immigration New Zealand and Dunedin City Council.
- Add the District Health Board, tertiary institutions and recruitment agencies as partner agencies.

Some submitters considered there should be an additional action focused on tackling youth unemployment. However, we note the inclusion of youth unemployed in the expanded scope of the pathways action noted above. We consider that any additional actions focused on youth unemployment would be more appropriate for the social well-being strategy.
Strategic theme 4: Establish linkages beyond our borders

Respondents were asked in question 8 of the feedback form “To what extent do you agree with the theme LINKAGES BEYOND OUR BORDERS – Dunedin ambassadors programme, Project Shanghai, Business Investment and attraction, and the associated actions?”

Respondents also reacted positively to the theme (with 81 percent agreeing or strongly agreeing). They recognised the need for Dunedin to embrace globalisation and were keen on the concepts of developing linkages with different audiences and through different mechanisms. Positive comments were received on building linkages through graduates, sister-city relationships and expats.

Recommendations for this section (pages 28-29)

A few respondents questioned the statement in the discussion on diaspora on page 28 that: “their perception of a lack of well-paid jobs and the climate are barriers that prevent many from returning”. This statement should be referenced and footnoted.

Several respondents questioned the focus on Shanghai, while others agreed with the narrow focus. Shanghai’s size, perceived environmental policies, and likely target for other cities were particular concerns. We consider the discussion on page 29 already explains why Shanghai should be a focus and is justified given Dunedin’s existing relationships. However, we suggest that Shanghai is noted as an initial focus, with the potential to expand this to other cities over time.

Some respondents interpreted the actions as being marketing oriented rather than focused on tangible outcomes.

Dunedin Ambassadors programme (page 29)

We suggest that this action be reworded so that it is clear it is not purely a marketing-related action, but a mechanism to increase capability of Dunedin businesses (e.g., through mentoring), attract inward investment, and potentially provide employment pathways and connections. This action should include reference to both multinational companies and tertiary education institutions.

We recommend that the lead agencies for this action should be: The University of Otago and AlumniConnect. Partners should include: KEA, Dunedin City Council, New Zealand Trade and Enterprise, Otago Chamber of Commerce, Otago Southland Employers’ Association, Ngāi Tahu, multinational companies and Tourism Dunedin.
**Project Shanghai (page 29)**

The narrative for this action should note that Shanghai will be an initial focus, but if successful, similar approaches will be made with other cities offshore. Extend the project to include talent and educational opportunities as well as business and investment opportunities.

We recommend that the lead agencies should be: Otago Chamber of Commerce and Dunedin City Council. Partners should include the Ministry of Foreign Affairs and Trade, Otago Southland Employers’ Association, Shanghai Association, University of Otago, Tourism Dunedin and business leaders.

**Business and investment attraction (page 29)**

Reword the action so that it is clear it is not purely a marketing-related action, but a pro-active approach to identify and facilitate investment opportunities. Note the ability to build off [www.DunedinNZ.com](http://www.DunedinNZ.com)

Partners should include New Zealand Trade and Enterprise, KEA, Otago Chamber of Commerce, Otago Southland Employers’ Association, University of Otago, Otago Polytechnic, Ministry of Business, Innovation and Employment, Immigration New Zealand, Ngāi Tahu.
Strategic theme 5: Showcase Dunedin as a compelling destination

Submitters were asked in question 9 of the feedback form “To what extent do you agree with the theme COMPELLING DESTINATION – Marketing Dunedin, Export Education Uplift, and the associated actions?”

Respondents also agreed with this theme (81 percent agreed or strongly agreed) and liked the narrative about the need to promote Dunedin. Some respondents thought this was a very important section and considered it to be an area in urgent need of improvement.

**Recommendations for this section (pages 30-31)**

Several respondents thought, and we agree, that the narrative should emphasise more the importance of Dunedin as being not just a tourist destination but a compelling destination to live and work, and the importance of retaining incumbent businesses and skills. The urban destination section on page 30 should also discuss foundations and amenities beyond the city centre, such as quality housing, public transport, safety, recreation and open space, heritage areas and infrastructure.

We recommend that Ngāi Tahu’s suggested addition to the narrative be included in the introduction of this section on page 30: “Our Ngāi Tahu cultural heritage is a distinctive element and needs to be acknowledged. Visitors to Dunedin are afforded an accessible, meaningful and authentic interpretation of Ngāi Tahu historical and contemporary culture.”

The international education narrative on page 31 should include reference to the University of Otago summer school courses available to international students and for professional development.

Numerous submitters suggested that the narrative include reference to a larger range of amenities, such as wildlife conservation, the Botanic Gardens, Orokonui EcoSanctuary, Larnach Castle, Cadbury World and the Royal Albatross Centre.

**Marketing Dunedin (page 31)**

Several respondents agreed with the need to have one agency or mechanism for marketing. A suggestion, which we agree with, is that this action should include reference to the potential projects/other actions that are likely to be within the scope of the new agency/mechanism.

The lead agencies should be the organisations involved in Brand Dunedin. Partner agencies should include Ngāi Tahu and New Zealand Trade and Enterprise.
Export education uplift (page 31)

Based on respondents’ feedback, we recommend that the lead agencies should include Otago Polytechnic and the University of Otago, and that partner agencies include: Education New Zealand, Tourism Dunedin, Dunedin City Council, primary and secondary schools, English language schools and private training providers.
Implementation

Question 10 asked respondents “To what extent do you agree with the Priority Actions, Principles and Monitoring?”

Seventy-three percent of respondents agreed or strongly agreed with this section. Other than ‘Benchmarks’, there was least agreement with this section (although it is still very high). Respondents thought the guiding principles (page 34) were particularly good – two respondents stated they were “fantastic”, and believed they were a solid foundation to develop and implement the EDS.

Recommendations for this section (pages 32-35)

A few comments were made that it was unclear why the priority actions (page 33) have been designated as priority, and several respondents suggested that other actions be included as priorities. We suggest that the sentence on page 32 which briefly refers to how the priorities have been determined be extended as follows: “the following five have been identified as priorities for initial focus. The priorities were selected by the steering group on the basis of the following criteria:

- Potential impact – the action is likely to have sizable impact on the economy and achieving the strategy’s economic goals.
- Practicality – the action is able to be implemented and managed relatively easily.
- International orientation – the action has the potential to increase export earnings, overseas investment and/or migration.
- Collaborative – the action involves a number of partners.
- Leverages existing investments – the action builds on current work or investment.
- Consistency with other local and national priorities.

We recommend that the Energy Strategy be omitted from the list of priorities as it is unlikely to have a significant (at least short-medium term) impact and is not internationally oriented. We suggest that the Export Education Uplift action be added to the priority list, as it meets most of the criteria above and is also well aligned with the other actions. Together the six priorities will be mutually reinforcing.

Although the discussion on the implementation structure (page 33) notes that additional steering group representatives will be determined, several respondents suggested that the implementation group needed to include additional members from the outset. Based on their importance to various actions, we recommend that Tourism Dunedin, the Digital Office, and New Zealand Trade and Enterprise be added to the implementation group, at a minimum.

Some submissions sought greater clarity about how progress on the strategy would be communicated to the public (page 35). We recommend that the strategy be more specific about when formal review will occur (e.g., every three years) and note that the bi-annual summary progress reports and longer-term evaluation results will be available to the public.
A few respondents thought that the measures of success noted on page 35 should be more specific (e.g. rather than business satisfaction with the Council, suggest that 90% of businesses are satisfied with their dealings with the Council, as reported through an annual survey). We recommend that the strategy note that these are indicative measures only, and that a detailed monitoring and evaluation plan is being developed which will have specific measures and targets.

Others thought that this section should include further detail on the timeframes for implementing the actions and the resources that would be required (e.g., funding). We recommend that the narrative note that more detailed timelines and resourcing commitments will be developed as part of the implementation plan. The strategy should specify when the implementation plan will be completed and available to the public.
Appendix 1. Specific suggestions made by respondents

Introduction (page 3)

Suggestions and comments included:
- Clarify how the city benefits from the productive hinterland, mining and agriculture.
- Broaden the scope of the creative niches mentioned.

Vision and goals (page 6)

Suggestions and comments included:
- The vision statement should be: Dunedin IS one of the world’s great small cities ...
- Include “and the wider Otago region” to the end of the vision statement to acknowledge the city’s role as an urban hub for the wider rural region.
- A couple of comments on shortening the vision. Alternative vision offered of “Dunedin is the most liveable and business friendly city in the Southern Hemisphere”.
- Have a longer term 25 year vision.
- Outline the intermediate steps, that is, what is achievable in the next 12 months, 3 years, 5 years, and 10 years.
- Include information on how the 10,000 job target was arrived at, and whether this is achievable.
- Use of median wage, rather than average wage.
- “Knowledge intensive jobs” has been interpreted by one respondent as education and IT jobs. Note that knowledge intensive jobs also include jobs in medium and high tech manufacturing.
- Remove the targets.
- Amend the economic goals statement to “Dunedin provides sustaining and appealing job, business and lifestyle opportunities for all”, rather than “will create”.
- Ensure arrangements are in place for monitoring and re-adjustment of the goals and targets. Have flexibility in the strategy to determine what needs to be changed and by when.
- A question about whether the use of sustainable refers to economic, social, environmental or all three.
- Some alternative/additional goals/targets (note that some of these were considered when drafting the strategy but were discounted due to the lack of robust, regular and comparative data, or because they are more appropriate for other strategies):
  - Low or no unemployment
  - Sustainability goals, including green jobs
  - Housing performance
– Public transport
– Zero poverty
– Safe/equitable society
– Health of the business community, for example, collaboration and open networks
– An additional 10 percent of Dunedin’s GDP is derived from export sales
– Residents recognise Dunedin’s advantages and are united in building the future from that base
– Increasing numbers of youth in employment, education or training
– Increasing number of SMEs
– International perceptions of Dunedin
– Improving the Human Development Index, General Progress Indicator and/or reducing the Gini coefficient
– Increase number of long term, quality jobs with overall improvements in wage levels
– Increase quality of life, using an external national or international measure.

Benchmarks (page 6)

The following were offered as additional or alternative benchmarks by respondents:

• An investment benchmark. Some kind of indicator on the attraction of businesses and setting up of funding sources for innovation. Note that a current investment indicator does not exist for Dunedin.
• Brand value. A current indicator does not exist.
• Reducing inequality benchmarks, such as the gap between the lowest and highest earners, or employment opportunities for all. Other indicators offered in this area include minimum wage, lowest skill level, educational fail rates and student reading rates. Our view is that this is an economic growth and development strategy and that social benchmarks are best articulated in a social strategy.
• Enterprise age, rather than birth. This would not be comparable to other cities.
• Number of higher paying jobs. This will be difficult to define.
• Share, or intensity, of export GDP in Dunedin relative to New Zealand. Diversity of exports. This would be difficult to measure.
• Use of workforce as a benchmark for educational attainment, rather than population. Note that the internationally comparable indicator for tertiary education qualifications is “share of population of 15 years and more with tertiary education”.
• Low or no unemployment.
• Improved housing stock. Would be difficult to measure.
• Environmental benchmarks. Our view is that this is an economic growth and development strategy and that environmental goals are best highlighted in an environmental strategy.
• Business retention.
• Visibility on the international stage.
Scenarios (page 7)

There was only one specific suggestion for this section - add to last point in “For businesses”: Businesses are aware of, and take advantage of, global trends and leverage inter- and intra-regional opportunities.

Some respondents viewed the scenarios section positively while one respondent suggested the scenarios be deleted.

Dunedin’s economic performance (page 9)

Suggestions and comments included:

- In productivity statistics, factor out the contribution of students and/or the university (this data is not available).
- Recognise increased investment in visitor economy infrastructure, including the new hotel, and its impact on the economy.
- Add shift-share analysis to indicate comparative advantages and disadvantages (this is not currently available and would need to be separately commissioned. However, we considered location quotients as a measure of comparative advantage).

Role of small cities (pages 10-11)

Suggestions and comments included:

- Add ‘research’ to “Strong networks within and between industry and academia for innovation” so that it includes Crown Research Institutes such as AgResearch.
- One respondent noted that Cambridge, Salisbury and Leuven are within short distances of major metropolitan regions and may therefore not be appropriate comparators. A couple of respondents also noted that the Leuven and Kingston graphic are the same.
- Comparator cities suggested included Port Elizabeth, South Africa; Lulea, Sweden; Uppsala, Sweden; Tubingen, Germany; a Finnish city; Durham, UK.
- Include more information on the economic performance of the comparator cities, including economic development budget, percent growth, number of businesses, etc.
- Include local, regional and national success stories rather than international cities.

Dunedin’s stand-out advantages (page 13)

Suggestions and comments included:

- Could add more distinctive stand-out advantages, including the heritage industry.
- Add Dunedin’s agricultural research activities and unique and extensive knowledge base at Invermay.
- Industries noted appear to be not consistent with BERL analysis on sectors, particularly in relation to the growth of ICT and the heritage industry. However, we note the BERL report on the Otago Region’s economic performance in 2011, including Dunedin City, was an input into the development of the draft economic development strategy. ICT is highlighted at various points in the strategy as a sector of importance. In this section it is
encompassed within health technologies and services (such as health informatics) and digital media. Additionally, heritage activities in the context of the BERL report actually refers to museum operations and parks and gardens which is best captured in this section in the “range of high quality amenities” and also in tourism.

- No mention of the ‘distributed development approach’ as signalled in the Draft Spatial Plan. Enhance Dunedin’s advantages of dynamic and engaged citizens by supporting organisations to contribute to the distributed development approach.
- Add, if available, research and information on migrants’ perceptions of Dunedin’s cohesiveness and lifestyle.

Dunedin’s challenges (page 14)

- Suggested additions to the list of challenges included:
  - The gradual process of industrialisation and its consequences
  - Concentrations of deprivation
  - Rising youth unemployment
  - Major job creation in low economic growth sectors, few jobs in high growth sectors
  - Current industry mix
  - Poor quality of existing housing stock
  - Reliance on state funding, especially in the health and education sectors
  - Economic risk including economic disruption, resource depletion and climate change
  - Relative isolation from population centres and markets (which can also be an opportunity)
  - Earthquake risk to infrastructure and older buildings.
- A question was raised why the statistics for exporting is intention to export, not actual businesses who export.
- It was considered that the significant export of meat and dairy from Port Chalmers should be viewed as a strength given the forecast export demand of protein.

Strategic framework (pages 15-19)

Most respondents agreed with the general direction with the following additions or comments:

- The potential addition of the following sectors as platform sectors in the figure:
  - niche manufacturing/high tech engineering
  - tourism
  - food and beverage manufacturing
  - arts and culture sector
  - redefining the platform sectors to digital content (ICT), human performance (health) and the addition of bespoke engineering.
- Ensure business vitality also includes new business creation.
• Include reducing economic inequality, and engagement of those at the margins.

• Expand the theme of attracting inward talent and businesses to include building up the capability of incumbents.

• Show the interconnections between the EDS goals and themes with benchmarks and themes in other strategies and plans (environment, housing, transport, social cohesion, wellbeing, spatial plan).

• Refer to the research that underpins “Dunedin’s residents have told us they want greater economic opportunities”.

• Enlarge the circles for the themes in the diagram to highlight their importance.

• “Relevance of this theme” section should discuss other relevant partners’ plans and strategies.

• It was also suggested that the platforms be moved up one level so that the strategic themes more clearly line up with the objectives, headline projects and key indicators. The headline projects under “business vitality” have also been incorrectly referred to.

**Strategic theme 1: Business Vitality**

**Better support for exporting (page 21)**

Suggestions and comments on this action included:

• While the ‘better support for exporting’ action mentions the need to review and streamline existing support processes across agencies, it could specifically highlight coordination amongst support providers as firms move through the business lifecycle.

• The potential to partner with schools (curriculum development and partnership opportunities). The submission was unclear on what context this would be, but we assume this is related to enterprise culture development.

• Work with successful companies to determine what will make them more successful, grow and export. Undertake a stocktake of the capabilities of existing businesses. Peer review or provide external input on the plans and performance of individual businesses. While this will be important, we consider it that such suggestions are too detailed to be included in this strategy.

• Should include skills development support provided by other organisations (for example, University of Otago’s executive programme).

• Provide broader business capability support:
  – Develop infrastructure for the provision of employee support, primarily for smaller businesses who cannot offer it themselves (could be provided by the Public Benefit Enterprise sector in Dunedin)
  – New incubators and support for small businesses
  – Provide support through the business lifecycle
  – Provide support to help firms develop their business practices (needs assessment, networking, HR, procurement, infrastructure and planning obstacles, business planning, employment support)
  – Facilitate mentoring and alliances between new, small, and large businesses.
- Support exports through infrastructure development (for example, airport runway extensions and rail improvements).
- Promote business success stories.

Red carpet, not red tape (page 21)

The following comments highlight the issues raised in relation to implementing the action:

- One respondent commented that how the Council interacts with business is as much perception as reality. They had heard from different sources that the City Council provides the best support for emerging businesses, but another source said that it put up barriers to new initiatives.
- The need to have a business-friendly approach *across* the Council, but also a balanced approach to assessing and addressing public and private concerns.
- The establishment of a business advisory group to regularly meet with Council officers to provide advice on implementing this aspect of the strategy and to provide feedback on progress.
- A concern that this action is inconsistent with perceived high fees, permit and parking fees relative to the rest of New Zealand, a high cost of office rent in the city centre, and heritage rules and regulations which can be a barrier to development.
- Identifying who should get red carpet treatment, using a values and quality approach (for example, those with well-paying jobs, environmental credentials, etc.). Concern that red carpet treatment will only apply to big businesses rather than local SMEs. The DCC EDU suggests new wording “Speeding up consenting processes and establish a relationship management model for all businesses”. We do not think this will be focused enough to make a difference.

Unlocking land and development opportunities (page 21)

Suggestions and comments on this action included:

- Refer to the need to ensure sustainable, renewable and environmentally sound land use.
- Property development opportunities should be available to all, including for social housing.
- That there needs to be an articulation of the sort of development Dunedin residents want and value.
- Add the wording: “with consideration to protection of landscape values and heritage buildings”.
- Refer to the District Plan review.

Business development through procurement (page 21)

Suggestions and comments on this action included:

- That there is an opportunity through this action to champion and substantiate good practice (including good environmental management, sustainable practices, ethical products).
- Include an awards programme or other local recognition.
• A suggestion that the expertise and skills of local Dunedin businesses be communicated to other national and international procurers.

• Develop a preferential local purchasing policy, e.g., a discount rate for local suppliers (typically in the range of 10-15 percent), to enable higher priced local tenders to be competitive with non-local proposals.

• WindFlow Technology and Christchurch City Council could be used as a procurement example.

**Suggested additional actions for strategic theme 1**

• Need better recognition of the implementation of ultra-fast broadband in Dunedin and alignment with Digital Strategy actions. Need an action to extend the network throughout the city as well as a digital enablement project. For e.g.,
  
  **Raise business awareness of UFB** (suggested by the Digital Office)
  
  Develop a project to raise business awareness of the UFB project and provide businesses with the knowledge necessary to decide if UFB is right for them.

  Lead agency: Digital Office
  
  Partner agencies: Dunedin City Council, Otago Chamber of Commerce

• Have initiatives to increase employment, such as home improvement schemes, social housing projects, etc.

• Have an additional action:
  
  – **Better support for SMEs** (as suggested by the DCC Economic Development Unit)
    
    Identify support for businesses in Dunedin and ensure seamless delivery of support that will improve their growth prospects. Review and streamline existing support processes across agencies. May include working towards weekly ‘one-stop business support clinics’.

    Lead agency: To be confirmed

    Partner agencies: Dunedin City Council, New Zealand Trade and Enterprise, Otago Chamber of Commerce, Otago Southland Employers Association, Upstart, private business support providers

**Strategic theme 2: Alliances for Innovation**

The following comments and suggestions were made (again, note that the majority of these were made by only a few respondents):

• Not to just focus on high tech sectors at the exclusion of:
  
  – primary production and downstream processing and marketing by companies just beyond Dunedin (e.g., Fonterra and Southern Cross Forest Products)
  
  – sustainability and environmental innovations
  
  – the creative sector including design, communications/marketing, web development, business support services and media
  
  – community issues and social enterprise
agricultural research. Key organisations include Genomnz, Innervision, Centre for Reproduction and Genomics, Animal Molecular Biology Laboratory and regional council research programmes.

- the services economy (financial, business, retail).

- Separate manufacturing from engineering, and increase the prominence of engineering. One submitter questioned the value-added figures of the niche manufacturing and engineering sector.

- One respondent suggested focusing less on education and engineering, as they are not promising sectors.

- Suggest renaming the title “Innovative sectors in Dunedin” as it implies that those not listed are not innovative.

- Note the importance of the social services sector (such as community care) in contributing to employment and the economy.

- Sustainability and the low carbon economy, and the oil and gas sector, were treated with caution by some respondents. Respondents were mixed on whether the city should be focusing on these areas. One respondent suggested moving the commentary on oil and gas to Strategic Theme 1.

- Questions were raised about the dollar value of tourism to the Dunedin economy. Suggestions included adding more commentary on investment in the visitor economy through accommodation, attraction, activity and hospitality development and the need to recognise the benefits of public conservation land. The Department of Conservation has also created a business development manager position within the Otago conservancy to enable commercial activities on, or associated with, public conservation lands and waters.

- Other suggested text for the Tourism box: Tourism has grown above the national average over the last 10 years with an average of 4.2 percent growth. Key companies include Taierei Gorge Railway, Dunedin Venues Ltd, Cadbury, Larnach Caste, Royal Albatross Centre. New products over the last three years include Dunedin Chinese Garden, Orokonui Sanctuary, and food and wine tours.

- Ensure the correct spelling of niche manufacturing and engineering company Milmeq.

- List Emersons as a key company for the food and beverage processing sector.

- Ensure the precincts and quarters have the soft infrastructure in place (for example, investment ready support, venture funds, business assistance, Dragons Den events, foreign direct investment attraction). Acknowledge the mixed success of cluster/science park initiatives internationally, and learn from the critical success factors of the more successful examples.

- Highlight the necessity to commercialise innovation, but that New Zealand has been less successful in doing this.

- Include schools through to post graduate education as part of the education and export education sector.

- Powerhouse Wind could be used as a successful innovation system example, incorporating Dunedin’s engineering business, testing and evaluation from Blueskin Resilient Communities Trust, University of Otago Energy Research Centre and design services from University of Otago and Otago Polytechnic, including DCC Economic Development Unit advice and access to TechNZ funding.
• Add a diagram on the landscape of existing support.
• Refer to “Complementary areas of specialisation” as an example, as there are other complementary areas.

Health Innovation (page 25)

• Extend the health technologies and services sector to include biotechnology. This would include the agricultural strengths of Otago, South Island and New Zealand, as well as the Invermay Agricultural Research Campus and adjacent Research Farm on Puddle Alley in Mosgiel.
• NZTE noted a role for the NZTE Capital Team once the proposal is more concrete.

Tertiary-Medical Innovation Precinct (page 25)

• One respondent mentioned that such a precinct already exists near the hospital. The action could build on infrastructure that already exists. Additionally, the importance of soft infrastructure (over hard ‘bricks and mortar’ infrastructure) was highlighted, with a need for better and more mechanisms for interaction between academics and businesses.
• A concern was expressed about the University’s approach to sharing IP to enable collaboration, and its commitment to undertake activities and research which are complementary to business and industry.
• NZTE notes a role for the NZTE Capital Team once the proposal is more concrete.

Creative Quarter (page 25)

• Broaden the definition of the creative sector to include design, fashion, art, events, communications/marketing, web development, business services and media.
• Rename the action to “Warehouse Precinct”.

Energy Strategy (page 25)

• Two respondents questioned the need to highlight this within an EDS.
• Some suggested broadening the discussion to include sustainable production, reducing emissions, resource recovery and design aided waste minimisation.
• A few respondents noted that there was no previous reference to the energy strategy prior to the action box.
• A question was raised about the rationale for the action, given that New Zealand has a higher dependence on renewable energy than most countries and energy generation on a smaller scale is not generally effective.
• The discussion could incorporate analysis from DCC’s reports on peak oil and climate change.

Suggested additional actions for strategic theme 2

• Other spatially-based actions such as facilitation of access to space, areas of deprivation and special rating areas.
• Joint ventures and virtual projects between businesses and institutions.
• An advanced engineering/niche manufacturing sector action linked with Otago Polytechnic.
• A food and beverage processing action. Being part of the New Zealand Food Innovation Network, capitalising on University of Otago’s food science department, food and beverage businesses and national food awards.
• Innovative sectors in Dunedin (suggested by DCC EDU):
  – Identify a nexus of interests between the six key innovative sectors and how they can mutually support each other. Examine and create action plans for opportunities to build scale in these export-facing sectors (for example, clusters, precincts, connections to R&D, soft infrastructure, supporting companies, and co-location).
  – Moving all ‘precinct’ actions under this action.
• Agricultural Science Innovation Precinct (suggested by AgResearch, as below, and others more generally):
  – Develop an Agricultural Science Innovation Precinct at the Invermay Agricultural Research Campus. Connect businesses to R&D expertise and ensure soft infrastructure, supporting companies, organisations and facilities are located in the precinct to maximise innovation and economic value.
  – Lead agency: Dunedin City Council
  – Partner agencies: AgResearch, University of Otago, Otago Polytechnic, Otago Regional Council, Otago Property Investors Association and businesses, Ministry of Economic Development, New Zealand Trade and Enterprise.
• Digital Innovation Advisory Group (suggested by the Digital Office and is an existing Digital Strategy project):
  – Develop a Digital Innovation Advisory Group to lead the development of digital innovation across the city and initiatives to attract and retail new digital businesses to the city.
  – Lead agency: Digital Office
  – Partner agencies: Dunedin City Council, University of Otago, Otago Polytechnic
• The Dunedin Innovation Working Group (University of Otago, Otago Polytechnic and Dunedin City Council, hosted by Upstart) has identified three priority focus areas: sustainable network, telling the stories, and integrating with existing businesses. It was suggested that a discrete high priority project be developed for the strategy based on the work completed so far.

Strategic theme 3: Position Dunedin as a magnet for skills and talent

Specific comments and suggested changes and additions included:

• Need to engage those who have stayed to find out why they have, and those that are leaving what will make them stay.
• The EDS should have more on management capability (note that support for business growth and exporting is covered in theme 1. It has been recommended that business capability be specifically mentioned in that theme and relevant action).
The need to develop pull-factors (other than jobs) to encourage people to come to Dunedin, and minimise the (amenity-related) disadvantages.

A belief that the youth unemployment figure is not distorted by the student population and is as negative as portrayed in the first statistic. A suggestion that MSD beneficiary statistics could be used (in 2012, Dunedin beneficiaries aged 18-24 were 19.3 percent, compared to a national average of 17.5 percent). However, we note that this figure includes unemployment benefits to students (hardship), so this may be distorted as well.

Encouraging retention as well as establishment of new business ventures.

The discussion suggests that education institutions should be training more graduates in engineering and architecture, rather than generating more opportunities for health, society and culture graduates.

An additional action to address youth unemployment.

An additional action: Growing digital talent in our city (as suggested by the Digital Office)
- Support and advance existing digital skills programmes to grow the talent in our city
- Lead agency: Digital Office
- Partner agencies: Dunedin City Council, Otago Polytechnic, University of Otago, Otago Chamber of Commerce.

Education and employment pathways action (page 27)

Refer to IT career pathways, access to university employment, integration and partnerships with primary and secondary education, skills enhancement of existing workforce

Should also include career development beyond the first few years after graduation.

The potential for OSEA and/or the Chamber of Commerce to lead this action. Add Otago University Students Association/Student Job Search as a partner.

Use AgResearch and University of Otago’s summer intern scheme as a current successful example. The Department of Conservation’s Youth Development Programme could also be used as an example.

New/alternative wording (suggested by DCC EDU):

Education and employment pathways (matching talent with businesses)
- Establish a programme matching employment and training pathways to business needs, filling skill gaps and encouraging life-long learning. Target markets include unemployed, youth unemployed, skilled migrants and partners, students and international students
- Partner agencies: Work and Income New Zealand, Careers Service, Immigration New Zealand, Department of Labour, recruitment agencies, tertiary institutions, private training establishments, secondary schools, not for profit sector, charities, trusts, Otago Chamber of Commerce, Otago Southland Employers Association

Targeted talent attraction and retention (page 27)

Refer to providing an environment where specialists in any discipline can find a niche.
• DCC have a role in settlement support but may not be the appropriate lead agency.
• Could attract students from China (at the primary, secondary and tertiary level) as a way to enhance business and people linkages with China.
• Add “and retention” to the action. Include businesses, District Health Board, tertiary institutions and recruitment agencies as partner agencies.

Strategic theme 4: Establish linkages beyond our borders

Suggested changes and additions included:

• The potential of other growing markets such as South America (especially Brazil, Chile and Argentina), India, South Africa and Australia and Dunedin’s other sister cities were offered as additions to Shanghai. Other parts of China were also discussed (e.g., Qingdao).
• Making specific reference to and actions for collaboration within Otago, as well as with neighbouring regions. A view that current arrangements are ineffective. We note that the discussion on page 28 already includes significant reference to regional linkages.
• The need to review existing sister city relationships and make new ones with small comparator cities.
• Suggestions that broad options for increasing supply of flights are subsidisation and increasing demand.
• The need to particularly ensure accountability and measurement for these actions. There is a concern that some actions will be “junkets” and “talk-fests”.
• Refer to the ability to create linkages through existing diversity within the community.
• Refer to the importance of UFB in creating and maintaining linkages.
• Refer to the research which is the basis of the statement that “their perception of a lack of well-paid jobs and the climate are barriers that prevent many from returning”.
• An additional action: Regional collaboration (as suggested by DCC EDU)
  – Create a collaborative strategy to act on the opportunities that the Christchurch rebuild offers (niche manufacturing/engineering; international sector marketing efforts in tourism, education, food and beverage; ICT; oil and gas; and film and creative sectors)
  – From a cross-regional collaborative group to explore and understand complementary strengths and opportunities for working together.

Dunedin Ambassadors programme (page 29)

• Extend the programme to work with multinational corporations to create pathways for students.
• Extend the programme to work with a number of international universities (including international business schools) to create an open pathway for education, development and experience.
• Ensure the programme is linked to the University, so that multinational companies have a way to access to the University.
• Add University of Otago, Development and Alumni Relations, and Tourism Dunedin, as partner agencies.
• Perception by DCC EDU that this is primarily a marketing action and should be moved to Strategic Theme 5 (however, we emphasise that this action is not about marketing).

Project Shanghai (page 29)

• Potentially identify land/zones where Chinese businesses can be established.
• Establish a dedicated team with the Economic Development Unit, who have the capabilities (including language and culture) to work with the target market.
• Questions were raised about the capability of businesses in Dunedin to respond to demand from China.
• A suggestion to develop a coordinated strategy on export education with Shanghai, including secondary and tertiary pathways, and a welcome and on-going support programme for students that acknowledges the sister-city relationship.
• Add Tourism Dunedin as a partner.

Business and investment attraction (page 29)

• It was unclear to some respondents what this action means.
• There is a need to work with the NZTE Capital Team on this action.
• A rates holiday to attract businesses was suggested.
• Consider mechanisms for local ‘mum and dad’ investors to invest in local initiatives.
• Tourism Dunedin notes that www.DunedinNZ.com could be used for assisting in this action. Additionally, Tourism Dunedin promotes a tangible marketing hub concept to showcase Dunedin businesses and the city.
• DCC EDU perceived that this is primarily a marketing action and should be moved to Strategic Theme 5 (however, this is not primarily a marketing action).

Strategic theme 5: Showcase Dunedin as a compelling destination

Suggested changes and additions include:

• More recognition that Dunedin needs to be a compelling destination to live and work (and is important to retain skills and talent).
• Recognise the need to upgrade Dunedin Airport.
• Ensure Dunedin has the foundations to attract and retain people, including infrastructure, events, public transport, a waterfront, good housing, safety, vibrancy, social and cultural infrastructure, recreational amenities and being ‘clean and green’. A suggestion was made to hold international design contents for key infrastructure, including the waterfront.
• The need to review the investment in and effectiveness of current tourism promotion compared with economic development efforts. Some questions were raised about whether a significant focus on tourism and tourism-jobs will lead to the goals.
• The need to align the Tourism Dunedin brand with economic development messaging.
• A suggested new product offering – Otago University summer school courses with learning and field trips.

• A view that Dunedin has to be kept as a hub and gateway and help tourists with access to the South Island rather than try to capture tourists for Dunedin itself.

• Suggestions to include reference to Botanic Gardens, Orokonui EcoSanctuary, Larnach Castle, Cadburys and Royal Albatross Centre.

• The need to recognise the development of Dunedin as a sporting hub, based on the linkages between sport, tourism and education.

• Ensure the importance of settlement of migrants is captured, including support and employment for spouses.

• An additional action: **Liveable city** (suggested by DCC EDU)
  
  – Continue to provide a quality and attractive environment for residents, businesses and visitors by ensuring all appropriate Dunedin City Council and partner strategies and plans are linked to, and compliment, the Dunedin Economic Development Strategy and its vision.

  Our view is that this action is not specific enough for inclusion.

**Marketing Dunedin (page 31)**

• A number of respondents agreed with the need to have one agency or mechanism for this activity.

• Several noted the need to leverage the resources of partners outside the city (for example, Christchurch, Queenstown, Wanaka, etc.) when targeting markets.

• This action should also refer to related actions that could be the focus of this agency/mecanism, such as Dunedin Ambassadors, Business and investment attraction, and Project Shanghai.

**Export education uplift (page 31)**

• Include Education Dunedin as a lead agency or partner. Some questioned the appropriateness and capability of Dunedin City Council as the lead agency.

• A suggestion was made that a dedicated entity was also needed for international education.

• There is the potential to partner with Tourism Dunedin (for example, for inbound familiarisation programmes for education agents and institutional partners, leverage inbound visits at graduation and first semester).

• Include schools and private training providers as partners.

• Include Digital Education as part of the strategy.

**Implementation**

The following outlines changes and additions suggested by respondents (noting again that many of these were made by only 1-2 respondents).
Priority actions (page 33)

- A few comments made that it was unclear why the priority actions have been designated as priority.
- Five priority actions are mentioned on page 32, but six priority actions listed on page 33 (as a result of the energy strategy being added at the end of the process).
- Suggestions were made to include the following actions as priorities:
  - the suggested ‘collaborating within Otago and with neighbouring regions’
  - ‘red carpet, not red tape’
  - ‘export education uplift’
  - the suggested ‘Agricultural science innovation precinct’
  - the suggested ‘digital enablement project’.

Implementation structure (page 33)

- One respondent suggested the establishment of a growth coalition, development corporation or a public-private development agency to deliver the strategy. Others suggested the establishment of a dedicated delivery group, rather than a committee/steering group.
- Some respondents wanted to see timelines and key performance indicators for the actions.
- While DCC is the lead on most/all of the actions, ensure the partnership approach is maintained. Lead agencies should be spread across partners.
- A few respondents commented that it was unclear what funding and other mechanisms were being used to develop and implement the strategy, for the example, the Long Term Plan and District Plans. Questions were also asked about the extent to which DCC resources and funding were being committed to the actions and the goals.

Guiding principles (page 34)

- One respondent commented that it appeared there had been more input from academics than private sector businesses, while another thought the University should be involved more. Additionally, it was felt that the partnerships section was not unique enough to Dunedin. For example, the strategy could involve a partnership with new graduates and students.
- Some noted that it was important to ensure strong linkages with central government so that Dunedin is not an “outpost” for innovation funding and delivery.
- A question was raised about the role of the Otago Regional Council and how it should fit within the partnership.
- ‘Keep an eye on the future’ could include the need to involve schools.
- The guiding principles of consistency and resilience could be added to ensure implementation is continued with sustained effort.

Monitoring and evaluation (page 35)

- A suggested addition of formal review points at the 2 and 4 year marks.
- The need to monitor comparator cities to understand their initiatives and determinants of success.
- Respondents asked whether monitoring results will be publicly available.
- A suggestion to turn the indicators into goals, or some measure of whether the project has been successful.
- A couple of respondents thought the strategy should have a more meaningful measure of exporting than ‘the share of Dunedin businesses who export’. One respondent noted that this does not take into account the value of exports: “New Zealand has more than 10,000 companies exporting less than $25,000 pa, but less than 300 exporting more than $25 million pa”.
- Additional measures suggested included the Human Development Index, Gini co-efficient, Genuine Progress Indicator, unemployment, and social and economic impact measures.