

Dunedin's Economic Development Strategy

BY DUNEDIN FOR DUNEDIN AND BEYOND 2013-2023





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, a community where enterprise and creativity support a productive and sustainable city.

What are the Strategy's economic goals?

There are two specific economic goals:

- 10,000 extra jobs over 10 years (requiring employment growth of approximately 2% per annum); and
- 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, eight are flagged for immediate attention. These are:

- 1. Better support for exporting
- 2. Dunedin Ambassadors' programme
- 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
- 8. Energy Strategy

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.



Tēnei te rūrū, te koukou mai nei, Kīhai mahitihiti , Kīhai marangaranga,

Te ūpoko 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 Ōtākou by Sir George Grey in the 1850s.)

Tēnā koutou katoa,

He mihi tēnei i kā huamokopuna 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 a koutou e noho karapotia nei i tō tātou awa o Ōtākou tae atu ki kā kete kai o Waikouaiti. Kai te mihi, kai te mihi.

Karaka atu, Karaka atu ki kā karakataka maha e noho ana i te rohe nei, e whai ana i kā 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, 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 1

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.

Dave Cull Mayor Dunedin City Council

Kathy Grant Otago Polytechnic

John Ward Chancellor University of Otago Phil Broughton Otago Southland Employers'

Pete McIntyre Otago Chamber of Commerce

Donna Matahaere Chair Te Rūnanga o Ōtākou

Matapura Ellison Kāti Huirapa Rūnaka ki Puketeraki









Association







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

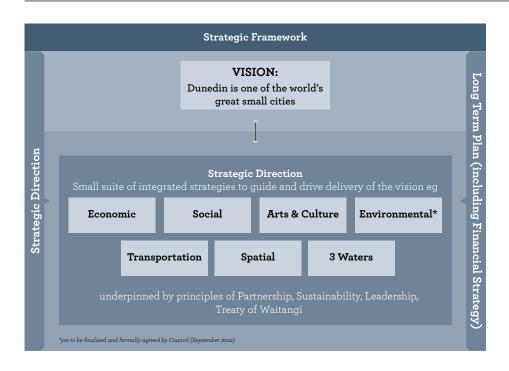
An example of how the Economic Development Strategy relates to other strategies

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.



Planning framework for the Council



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 (for example 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, Kati 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 (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 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 contributer to the Te Waipounamu (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, a
 community 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 the 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

- 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 Comparisions for a discussion of how this has been applied in the New Zealand context.
- 3 For example, Dunedin City's population is predicted to increase at around 0.4% per cent per annum up to 2031. Statistics New Zealand, Subnational Population Projections: 2006(base)-2031 (October 2012 update).

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 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.

	Dunedin	New Zealand	Average growth rate in Dunedin (per annum)*	Average growth rate in New Zealand (per annum)*	Performance relative to NZ ↑ Improving at faster rate = About the same rate ↓ Deteriorating
GDP (2011 \$million)	\$4,785	\$194,277	1.8%	2.3%	\downarrow
GDP per capita (2011)	\$39,128	\$45,808	1.1%	1.0%	=
Median household income (2006)	\$43,400	\$51,400	5.9%	5.4%	\uparrow
Population (2011)	122,298	4,241,126	0.7%	1.3%	\downarrow
Employment (FTEs)	52,264	1,860,767	1.1%	1.9%	\downarrow
Productivity (GDP per FTE, 2011\$)	\$91,559	\$104,407	0.7%	0.4%	<u> </u>

^{*} All growth rates are calculated over the period 2001-2011, 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.

Small cities offer

Strong communities

Compactness and accessibility

Lower cost of living

BUT

Have lower average wages

Are vulnerable to economic shocks

Are more dependent on surrounding regions and other cities

Big cities offer

International business and transport connections

Large range of cultural and retail activities

More/specialised businesses, educational institutions, labour and investment

BUT

Are more expensive to live in

Have higher levels of congestion and pollution

Have extremes of wealth and poverty

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 recurring 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 CITIES⁴



Cambridge, England

- · Population 126,000 (estimated 30,000 students)
- Estimated €22,000 GDP per capita ~ NZ\$44,000 GDP per capita⁵
- 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)6
- · One of the UK's 11 cycling cities



City of Salisbury, North Adelaide, Australia

- · Population 130,000
- Estimated A\$99,000 GDP per capita (2006) and economy grew at a rate of 4.9% per annum over 1991-2006.7
- 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 of 125,000 (metropolitan area 160,000)
- Estimated CA\$33,775 GDP per capita ~ NZ\$43,900 GDP per capita⁸
- 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, logistcs 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 of 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 Technolopolis science and technology parks/centres catering for mobile technologies, health and wellbeing technology and ICT services, and clean technology
- 4 Hofer et al. From Strategy to Practice in University Entrepreneurship Support: Strengthening Entrepreneurship and Local Economic Development in Eastern Germany: Youth, Entrepreneurship and Innovation; City of Salisbury, City of Playford, and City of Tea Tree Gully, 'Invest Northern Adelaide Northern Adelaide is Leading as the "Can Do Place" for Business'; City of Salisbury, Salisbury, It Makes Good Business Sense; Greater Cambridgeshire Partnership. Greater Cambridge Sub-Regional Economic Strategy 2009-2012; Kingston Economic Development Corporation, 'Kedco'; KEDCO, Strategic Plan 2010-2015; City of Oulu, Oulu, Finland: n.d. http://oulu.ouka.fi/english/index.asp; http://www.businessoulu.com/en/home.html; Technopolis 'Home of High Tech' Technolpolis, n.d., http://www.technopolis.fi/en/technopolis/space/oulu/Pages/default.aspx
- 5 European Commission, City Statistics Urban Audit (2007 2009). Euros converted to New Zealand dollars using historic exchange rates
- 6 Cambridge City Council, Cambridge City Annual demographic and socio-economic report 2011.
- 7 City of Salisbury, Salisbury Economic Development Strategy Salisbury, Shaping the Future 2008.
- 8 Kingston Economic Development Corporation. 'Community Profile', Kingston Canada. Canadian dollars converted to New Zealand dollars using historic exchange rates.

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.

Built environment

Attractive and accessible properties, housing and land, which contribute to the functionality of the city and encourage people to live and work in Dunedin.

Business environment

A place where it is easy to do business, through relevant and responsive bylaws, efficient planning and resource management processes and building regulations.

Innovation and knowledge base

The capability to develop new and innovative products, services, processes and markets, underpinned by strong networks and connections between business, education and research organisations.

Connectivity

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.

Image and identity

A high quality lifestyle and distinctive image and authentic identity, which attract and retain people and businesses.

Amenities

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.

Industrial mix

A diverse industrial base, but with specialisations in key sectors or economic functions.

Natural environment

A protected and enhanced natural environment that continues to develop economic advantage.

Dunedin's stand-out advantages

STRONG KNOWLEDGE BASE GROWING POOL OF CREATIVE AND HIGH-TECH ENTERPRISES AND TALENT

HIGH QUALITY AMENITIES COHESIVE COMMUNITY AND WHANAU AND A GREAT LIFESTYLE

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 whanau, 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.⁹ 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.¹⁰ 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." 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.

⁹ Times Higher Education, 'The Times Higher Education World University Rankings 2011-2012'; QS Quacquarelli Symonds Limited, 'QS World University Rankings.' University of Otago.

¹⁰ Tertiary Education Commission, Performance-based Research Fund Annual Report 2009; Tertiary Education Commission, The Performance of Tertiary Education Organisations: University of Otago 2010.

¹¹ Ministry of Research, Science and Technology, Research and Development in New Zealand.

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 Index¹² 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 benefits¹³ paid to recipients aged 18 – 24 (34.3%) in comparison to core cities.¹⁴

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 Zealand¹⁵) 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), 6.1% 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 tradable 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.

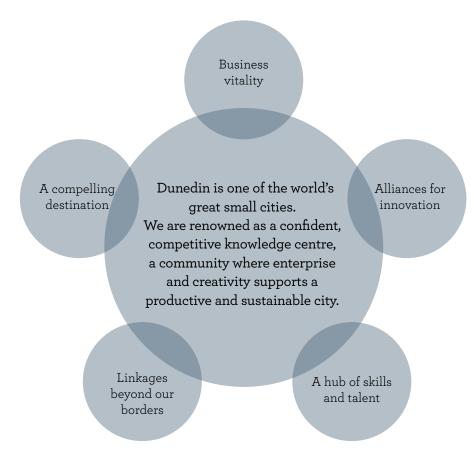
Business as usual will not get us to where we want to be. We need to pool our resources, work in partnership and be bold in our outlook and delivery.

- 12 The New Zealand Deprivation Index is a measure of the level of socio-economic deprivation in small geographic areas of New Zealand. It is created using Census data for the following variables: Car and telephone access, Receipt of means-tested benefits, Unemployment, Household income, Solo parenting, Educational qualifications, Home ownership and Home living space.
- 13 Includes unemployment benefits and unemployment benefits (hardship). This excludes student hardship benefits.
- 14 Ministry of Social Development Centre for Social Research and Evaluation, Benefit Fact Sheets. Figures for other core cities are: Auckland (21.1%), Hamilton (32.1%), Tauranga (27.5%), Wellington (23.7%) and Christchurch (32.2%).
- 15 Statistics New Zealand, 2006 Census Tables About Dunedin City.
- 16 Statistics New Zealand, 'Culture and Identity Statistics New Zealand'. 2006 Census Population and Dwellings Tables, Birthplace and Years Since Arrival in New Zealand.
- 17 Research First, Dunedin City Council Business Survey.

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





	Business vitality	Alliances for innovation	
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.	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?	 Quality business environment Amenities Innovation and knowledge base	Industrial mix 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 <i>Your city, our future</i> survey that 'supporting businesses and industries' should be one of the top four priorities for DCC expenditure.	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?	The Spatial Plan ¹⁸ includes as one of six strategic directions 'a city that enables a prosperous and diverse economy'. The Dunedin Digital Strategy ¹⁹ also has strategic goals for Dunedin businesses to be digitally connected, capable and enabled.	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 ²⁰ 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	

 $sustainable\ energy\ sources.$

¹⁸ Dunedin City Council, A Spatial Plan for Dunedin - Dunedin Towards 2050.

¹⁹ Dunedin City Council, Dunedin Digital Strategy 2010 to 2013.

²⁰ Tourism Resource Consultants, Angus & Associates, and Fernmade Limited, Dunedin Visitor Strategy 2008 - 2015.



A hub of skills and talent	Linkages beyond our borders	A compelling destination
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.	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.	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.
Innovation and knowledge base	Connectivity Image and identity	Amenities Built and natural environment
It will help address the challenge of Dunedin being seen as a place to visit, rather than a long-term destination, and of reducing youth unemployment. It will build on our strength in having high quality amenities. 'More and better job opportunities' is a consistent theme arising from community engagement about the priorities for the DCC's expenditure.	It will help address the challenges of low international aspirations and not being seen as relevant to international migrants, businesses and investors. You told us that 'advocating for better connections in and out of the city' was a high economic development priority.	It will help address the challenge of Dunedin not being on the radar of international migrants, businesses and investors. It builds on our strengths of high quality amenities and having a cohesive community and high quality lifestyle. You told us that 'promoting Dunedin to attract visitors, workers and investors' was a high priority.
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 ²¹ signals that Dunedin will be a welcoming community for migrants. The Dunedin Digital Strategy has a goal to raise digital literacy in the city and the Digital	The Spatial Plan's 'an accessible and connected city' strategic direction encompasses connectivity within the city, as well as maintaining Dunedin's hub role in the regional and national network. The Dunedin Visitor Strategy highlights as an objective 'increase collaborative marketing activities across the sector and neighbouring regions'.	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

Additionally, attracting investors and

ensuring good transport linkages are

priorities.

potential, as well as to increase collaborative

The Social Wellbeing Strategy will explore

cohesive community outcomes and the use

of quality of life indicators in more depth.

marketing activities across the sector.

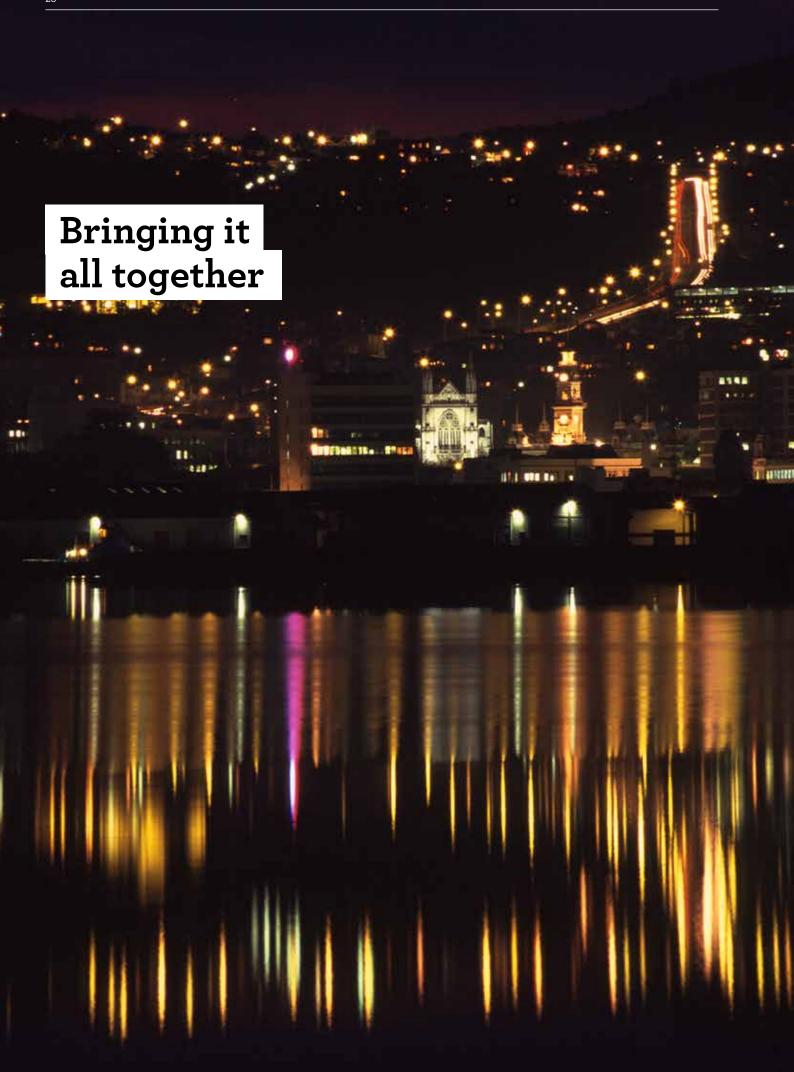
Office is leading projects to achieve this goal.

economy' Spatial Plan strategic direction

students, academic staff and the rest of the community prompts innovation, retention of talent in the city, and life-long learning.

acknowledges that interaction between

The 'city that enables a prosperous and diverse



VISION

Dunedin is one of the world's great small cities. We are renowned as a confident, competitive knowledge centre, a community 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

Business vitality

Alliances for innovation

A hub of skills and talent

Linkages beyond our borders

A compelling destination

OBJECTIVES

Improve ease of doing business Grow the value of exports

Improve linkages between industry and research Increase scale in

innovative and tradable sectors Increase retention of graduates Build the skills base Grow migrant numbers

Increase international investment Establish strategic projects with other

Enhance the city centre and environs Increase the value derived from tourism and events Improve the understanding of Dunedin's advantages

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

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

Satisfaction with the DCC Uptake and availability of land and property Percentage of exporting businesses and value of exports

Employment in knowledge intensive and high tech sectors Number of business and industry-research collaborations

Business expenditure

on R&D

Graduate retention Qualifications of

residents Percentage of New Zealand's recent migrants

Number and value of foreign investment projects Increased linkages with diaspora

Value of export 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 have 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 Strategy²², 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' (eg 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 outcomesbased procurement, awards programmes and procurement competitions to find local solutions to goods and services the DCC 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. Review and streamline existing support processes across agencies.

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 Council/business relationship management model. 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.

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 the 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 kickstart collaboration and innovation.²⁴

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 tradable sectors

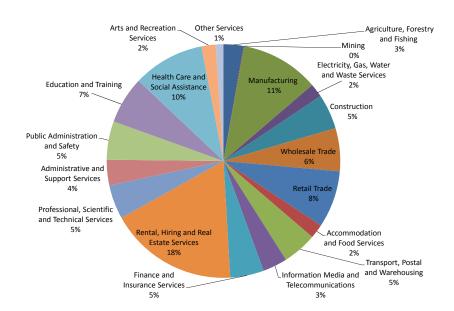
Dunedin also needs to build critical mass in high value, tradable sectors – sectors that are based on what we are already good at, our unique resources and existing knowledge.

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 businesses and organisations, we will pay special attention to internationally competing sectors.

24 OECD, Regions and Innovation Policy.

Industry contributions to Dunedin's GDP, 2011



Source: BERL regional database²⁵

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 Siliconcoach.

The identification of these critical export-facing sectors and platforms of complementary specialisations also provide 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.

Health software and imaging
Health training
ICT for education and sport
Clinical trials
Medical devices

ICT
EDUCATION

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.

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 \$183.2 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.

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.

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. Natural History New Zealand)
- Key companies include: AD Instruments, Animation Research Ltd, Natural History New Zealand and Siliconcoach.

ACTIONS

Grow innovative and internationally competitive industries and clusters in Dunedin

Ensuring our innovation support mechanisms are appropriately structured and co-ordinated. $\!\!\!^\star$

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

Project 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.

Project Convener: Dunedin City Council

Project Partners: 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.²⁶ 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).

Retaining our graduates

Some 22% of Dunedin's residents are students (about 25,000 people).²⁷ A high proportion of tertiary students, including approximately 80% of University of Otago students, come from outside Dunedin²⁸ and do not stay after completing their studies.

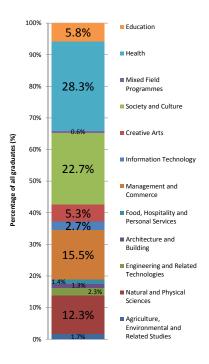
Dunedin must take the opportunity to chart employment pathways for graduates from its tertiary institutes and demonstrate how they can grow their careers in the city. Given the specialisation of the city's tertiary institutions, there are proportionately more graduates in health and society and culture,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

Dunedin.

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

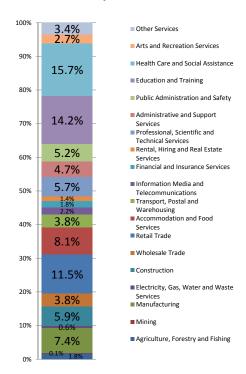
retain a higher proportion of graduates in

Graduates from Dunedin-based tertiary institutions, 2006 - 2010



Source: Ministry of Education, Counts database²⁹

Industry employment in Dunedin city, as at February 2011



Source: Statistics New Zealand, business demography tables $^{\rm 30}$

²⁷ Dunedin City Council, About Dunedin: Facts and Figures.

²⁸ University of Otago, Campus Master Plan, University of Otago, New Zealand.

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 nonformal learning (not counting towards a qualification) than adults in other regions.31 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 200832), 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 do not.

Accessing skills from around New Zealand and globally

Migration is another avenue for accessing skills and knowledge for Dunedin. Migration has been associated with innovation, improved international connections and improved productivity. Net migration to Dunedin has fluctuated over the past 15 years, and Dunedin has experienced more years of negative net migration compared to New Zealand as a whole (although net migration has recently rebounded).

Generally, Dunedin does not attract a significant proportion of New Zealand's recent migrants.²³ Recent research suggests we should be more targeted in our talent attraction approach.²⁴ 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 16.8% 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.

IN ACTION: Matching talent with businesses

AgResearch and University of Otago Summer Intern Scheme

This scheme introduces 3rd and 4th year tertiary science students who intend returning to university for further study to the rigours and demands of research in a working science environment. The scheme involves students completing a specific science project drawn from AgResearch's local programmes. The scheme gives potential science graduates exposure to research in the real world, while giving students and AgResearch a view of future employment opportunities.

Department of Conservation Youth Development Programme (Conservation Corps)

A 10-week programme including conservation work with the Department of Conservation and community groups, challenging outdoor recreation and future-focused education and personal development. Students have gone on to tertiary study and employment in related areas. Students report increased confidence, increased clarity about their own values and goals and more engagement with their community.

- 31 Lane, Adult Literacy and Numeracy in New Zealand: A Regional Analysis. Perspectives from the Adult Literacy and Life Skills Survey.
- 32 Tertiary Education Commission, Industry Training Statistics 2008.
- 33 Statistics New Zealand, 'Culture and Identity Statistics New Zealand'. 2006 Census Population and Dwellings Tables, Birthplace and Years Since Arrival in New Zealand, 2007.
- 34 Uber, The Insiders Guide to Dunedin: Qualitative Research Prepared for Dunedin City Council.
- 35 Ministry of Youth Development, 'Youth Statistics: A Statistical Profile of Young People in New Zealand'. Regional Facts and Stats Dunedin City.
- 36 Tertiary Education Commission, 2010 Regional Briefing: Otago.
- 37 Ministry of Youth Development, 'Youth Statistics: A Statistical Profile of Young People in New Zealand'. Regional Facts and Stats Dunedin City.
- 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, Ngãi 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 who 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.²⁹

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 exstudents from the Otago region registered.

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

The Dunedin-Shanghai relationship is strong culturally and politically. It was pivotal in the development of the Dunedin Chinese Garden, establishing a relationship with the Shanghai Museum and identifying and commissioning the appropriate Chinabased 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.

Dunedin needs Otago, and Otago needs Dunedin.

ACTIONS

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,
Ngãi 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, Otago Polytechnic, Ministry of Foreign Affairs, New Zealand Trade and Enterprise, Shanghai Association, Tourism Dunedin, business leaders

Business and investment attraction

A programme to identify and profile potential offshore investors and companies, 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

STRATEGIC THEME 5:

A compelling destination

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.⁴¹ 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.⁴² 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 2015.⁴³ 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

⁴¹ BERL, Economic Profile and Performance 2011: Otago Region (year Ended March 2011).

⁴² Tourism Resource Consultants, Angus & Associates, and Fernmade Limited, Dunedin Visitor Strategy 2008 - 2015.



we can build off 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

Between 2001 and 2011, the number of international students studying at the University of Otago more than doubled, to the point at which total international enrolments almost reached the University's self-imposed cap of 12% of total enrolments. Otago, which ranks third amongst New Zealand universities for the proportion of international students in its roll and for total revenue received from international students, is likely to raise its international cap to 15% of total enrolments going forward. Otago Polytechnic seeks to grow international student enrolment from its current base of 6% to 20% of all enrolments. 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: Brand Partners (Allied
Press, Dunedin Venues Management,
Otago Chamber of Commerce, Otago
Polytechnic, Otago Southland Employers'
Association, Tourism Dunedin, University
of Otago) Ngāi Tahu, 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 eight 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+ exstudents 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 eight 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 eight 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 tradable 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 coordinate 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 instill a proactive, 'business friendly' approach across the organisation. This will include learning from approaches used by other councils.

Energy Strategy: Develop a strategy that will allow us to understand the economics of low carbon cities 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.

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 Dunedin City Council, Otago Chamber of Commerce, Otago Southland Employers' Association, University of Otago, Otago Polytechnic and Ngai Tahu – 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 partner organisations on progress. The implementation structure is shown below.

Economic Development Strategy implementation structure

Economic Development Strategy Implementation Steering Group 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) A Compelling A hub for Skills and **Business Vitality** Alliances for Innovation Linkages Beyond Our Destination Project **Project Team Project Team** Talent Project Team **Borders Project Team** Team **Business Vitality** Skills and Talent Linkages Beyond Compelling Innovation Actions our Borders Actions **Destination Actions** Actions

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-forprofit 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 of up 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

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 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 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

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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)

	2001	2006	2011	2016	2021	% per annum change	required value change
Resident population							
Dunedin City	114,341	118,683	122,298	126,482	130,809	0.68%	8,511
New Zealand	3,737,277	4,027,947	4,241,126	4,517,978	4,812,902	1.27%	571,776
Value Added GDP (2	:011\$b)						
Dunedin City	3,994	4,810	4,785	5,237	5,732,	1.82%	947,
New Zealand	154,879	188,171	194,277	217,588	243,696,	2.29%	49,419
GDP per capita 2011	\$						
Dunedin City	34,936	40,536	39,128	41,408	43,822	1.14%	4,694
New Zealand	41,442	46,716	45,808	48,160	50,634	1.01%	4,826
Employment (FTEs)							
Dunedin City	46,771	52,803	52,264	55,248	58,403	1.12%	6,139
New Zealand	1,539,917	1,794,183	1,860,767	2,045,452	2,248,468	1.91%	387,701
Productivity (GDP p	er FTE employed 2	2011\$)					
Dunedin City	85,409	91,112	91,559	94,798	98,151	0.70%	6,593
New Zealand	100,577	104,879	104,407	106,377	108,383	0.37%	3,976

DUNEDIN ECONOMIC DEVELOPMENT STRATEGY GOALS

(% per annum goals, ie 2.5% GDP per capita growth and 2.0% employment growth)

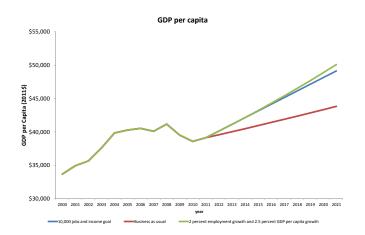
	2001	2006	2011	2016	2021	required % per required value annum change change	
GDP per capita 201	1\$						
Dunedin City	34,936	40,536	39,128	44,269	50,087	2.50%	10,959
New Zealand	41,442	46,716	45,808	48,160	50,634	1.01%	4,826
Employment (FTEs))						
Dunedin City	46,771	52,803	52,264	57,704	63,710	2.00%	11,446
New Zealand	1,539,917	1,794,183	1,860,767	2,045,452	2,248,468	1.91%	387,701
Productivity (GDP)	per FTE employed 2	011\$)					
Dunedin City	85,409	91,112	91,559	97,035	102,838	1.17%	11,279
New Zealand	100,577	104,879	104,407	106,377	108,383	0.37%	3,976

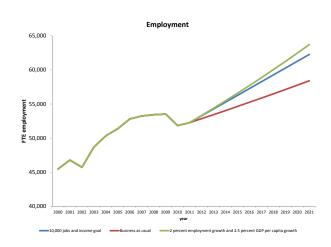
DUNEDIN ECONOMIC DEVELOPMENT STRATEGY

(value changes, i.e., an average extra \$10,000 income per person, and 10,000 extra jobs over 10 years)

	2001	2006	2011	2016	2021	required % annum cha	per required value ange change
GDP per capita 201	1\$						
Dunedin City	34,936	40,536	39,128	44,128	49,128	2.30%	10,000
New Zealand	41,442	46,716	45,808	48,221	50,634	1.01%	4,826
Employment (FTEs)						
Dunedin City	46,771	52,803	52,264	57,264	62,264	1.77%	10,000
New Zealand	1,539,917	1,794,183	1,860,767	2,054,617	2,248,468	1.91%	387,701
Productivity (GDP	per FTE employed 2	2011\$)					
Dunedin City	85,409	91,112	91,559	97,522	103,211	1.21%	11,652
New Zealand	100,577	104,879	104,407	106,035	108,383	0.37%	3,976

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





Source: BERL calculations Source: BERL calculations







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