

## Dunedin City Council - Annual Plan 2023/24

Business South Inc welcomes the opportunity to provide a submission on Dunedin City Council's (DCC) Annual Plan 2023/24.

Our key role is to advocate for over 1,200 business members to give the region an influential voice on important issues. We are proud to be the voice of business in the south, for businesses of across sectors and districts, and all sizes, a considerable number of whom are small and medium enterprises (SMEs) and start-ups.

We value the positive working relationship we have with the Council in several projects to make the city attractive by having a business-friendly brand which is vital for future investment.

Aligned to our strategy we want to support the business community but also attract new businesses to the city. We want to create the sense of demand that Dunedin is the place to do business in, or from. We should have goals. In 2050, what sectors are we going to be excelling in? What will be Dunedin be known for from a business and community perspective? What needs to be in place to make the sector(s) be a lead in terms of economic development?

The submission is separated into these sections:

- A. Progress to date.
- B. Issues facing businesses.

### A. Progress to date

1. **What has improved** - Since our last submission in April 2022, we wish to give the Council an accolade to the following:
  - a. **George Street redevelopment** – The commitment has been made for it to proceed and businesses want for it to happen as quickly as possible. We do need to acknowledge the financial and social impact it has had on businesses. We are pleased to see it is ahead of schedule, the sooner retail businesses can get back to some normality, the better. Business South Inc wants Council to continue to evaluate the impact of the construction on the retail and hospitality businesses, and what they can do to support these businesses.
  - b. **Dunedin to Middlemarch train line** – It is good a decision has been made about the line being open for use. Business South Inc is supportive of the development given the positive upsides to the business community, as already proven in other districts across the region e.g., Waitaki, Central Otago, Clutha, and Queenstown Lakes. We see this as a vehicle to attract new businesses to Dunedin and increasing the tourism offerings and numbers which is positive.
  - c. **Sustainability and waste minimisation** – there has been an increase and collaboration in the communication and information shared. Business South Inc wants to support the businesses of Dunedin to embrace sustainable business practices. We are

committed to continue collaboration with the Council for the benefit of our members and wider community. There are several proposals currently in progress to bring more educational opportunities to businesses in the region in this space which we hope to roll out in the next 6 months.

- d. **Hosting big events in the city** – We have seen several large events in the last 12 months provide noticeable benefit to the local economy and we encourage more of that. We want to acknowledge that Business South Inc will be working in partnership with the DCC to promote, where appropriate, the FIFA Women’s World Cup 2023 and getting businesses on board with the excitement in the city and all the benefits that brings.

The positive impact the return of cruises to the city and wider region has been beneficial to the tourism, retail, and hospitality sectors.

- e. **Workforce Central Dunedin and procurement** – We are continuing to invest and develop the workforce required to build the new infrastructure projects in the city. We want to continue and build on the strong collaborative working relationship with Council, and other key stakeholders, so that these major projects will successfully contribute to a vibrant liveable city. We have a strong collaboration with the Ministry of Social Development and Te Puni Kokiri.

Business South Inc wants to continue working with the Grow Dunedin Partnership as the governance entity ensuring we are aligned with the city’s strategic planning.

We want to acknowledge the city’s procurement processes in which they are emphasising the support of supporting local businesses ie. shop local where we can.

- f. **Centre of Digital Excellence** - Business South Inc really endorses the great work CODE is providing across the region and we are seeing a greater uptake of business start-ups and a higher profile of the digital gaming community in our region. We see this as a point of difference from other regions that we want to continue to strengthen and support.

## 2. What still remains of focus:

- a. **Otago’s Regional Economic Development Plan** – This plan is guiding investment in the region from government, and the current focus is on two of the four priority areas - collaboration and lifetime value of visitors. Business South Inc is supportive of the collaborative Strategic Doing workshops and will work with the stakeholders to grow these skills in the region. As a next step, the business community would like to understand the benefits to them from the work conducted within the plan.

Business South Inc is piloting projects to enable skill build and resident/visitor attraction across the region. We are working with the Waitaki and Central Otago District Councils who are formalising a cadetship programme using Strategic Doing to leverage the assets and skills to create cumulative, positive outcomes.

- b. **Workforce shortages** – A lot of businesses across sectors are extremely busy, seeing an increase in demand for their services and they are working through workforce recruitment. Positive business sentiments from members include:
- i. 70% are planning on recruiting staff in the next 3 months; and
  - ii. A large investment for technology and people is being made, with 72% of businesses in the next 12 months planning on investing in their people, plant and equipment, and technology.

Business South Inc will continue to work in partnership with the Council's Economic Development Unit to help businesses address workforce needs in terms of attracting people to the region.

- c. **Immigration and new residents to the city** – Businesses are learning and understanding how to navigate the process to get staff who immigrate into the local workforce. It is great to have a wider spectrum of skilled workers now being able to enter the country. They are having to work through the complexities of following the processes. Business South Inc is wanting to collaborate with Council to streamline recruitment and put wrap-around services to support their families to make it easier to move, work and live in Dunedin. Supports needed include accommodation, education, work for partners, access to community groups and overall making people feel welcome. An exemplar to consider is the 'buddy system' in Invercargill.
- d. **Destination Management Plan** - Dunedin needs to invest in itself and needs to have a Destination Management Plan finalised. The first step is to get a plan in place. The business community are looking forward to contributing towards this plan and understanding how they can be involved in driving initiatives. The plan is not just about tourism, in actual fact we get many students, businesses and expos coming to the region. It is important there is a number of interactions in the business community and across the region, which help stimulate us as a destination.
- e. **Domestic and international travel** – We are trying to understand if the business community has a need for improved cargo or passenger travel options. How many businesses, for example, want trans-Tasman flights. If there is any work done in this space, or not, we would like to be part of it.
- f. **Education** – The business community is really concerned about the vocational education reforms from the perspective of understanding whether the quality education system we have relied on still remains, or not. Additionally, our main concern is whether through reforms or structural changes, the priority is to retain those people in our region, as the city is losing staff at Te Pukenga and Otago University. The implications of a significant amount of staff loss at the university has a negative impact in the region and focus needs to go on attracting and retaining skills in our region.

Business South Inc can help provide career opportunities where people are seeking employment, either through being made redundant or looking for work. We can work together to connect businesses who are currently looking for talent and collaborating with providers to do so.

- g. **International partnerships** – Global focus and presence is extremely important, not only to strength our sister city relationships, but it really can create significant opportunities for the business community. We would encourage the ability for business or industry cohorts to engage with the international partnerships. In turn, this will create new opportunities and partnerships they would not otherwise be able to make - open up doors of opportunity at an international level.

In partnership with the Council our international relationships are extremely important. We need to re-sign these agreements, including that with the Shanghai Chamber of International Commerce Council and Business South Inc.

- h. **Strengthening Māori and Pasifika business community** – Business South Inc’s partnerships are strengthening our creative and diverse business communities. We encourage the Council to collaborate with us in this space.
- i. We had an extremely successful Pasifika Navigators of Tomorrow event in March 2023 at the Forsyth Barr Stadium, with over 100 students attending from Otago and Southland. We see this as an exciting space to further support and strengthen partnership with the city and helping create career pathways for Pasifika youth.
  - ii. Business South Inc is collaborating with Te Puni Kokiri to diversify government spend on goods and services and increase Māori business engagement with government procurement. We will be building the capability of Māori businesses to participate in government procurement initiatives, with regional hui, referrals, and agencies to keep abreast of local opportunities.
- i. **Development in the city** - Businesses are procuring commercial and residential land to support the large infrastructure investment in the city. Businesses want to invest in the city locally and get population growth that will come with these infrastructure projects and see it as the catalyst to also grow businesses in the region. We have a business community of investors in support of this growth for the region.

Business South Inc wants to put a business forum together to help have more frequent conversations about development in the city. We do have a poor stock of modern office space for small businesses, and likewise for commercial space. and there is perception that the city is lagging compared to other centres in the country. There are small examples where it is done well and other buildings that need work. If we can create modern spaces for businesses that is affordable and professional, we will attract and retain businesses to the region.

## B. Impacts for businesses

Business South Inc is advocating on behalf of our members against the relentless cost pressures facing business owners, which has changed significantly since our April 2022 submission.

Informed by our recent Quarterly Southern Business Survey, Pulse Checks, and development of the Election Manifesto that will provide opportunities for local and central government (to be released by early June 2023), these are the critical issues for our members.

1. **Engagement with business community** - Business South Inc wants to build on the relationship with DCC and be involved in the Long-Term Plan 2024-34 engagement before the formal Long-Term Plan consultation process in 2024. We would like to continue discussions with the DCC on how we can have a greater involvement in ensuring the business community's voice is considered in future strategic planning.

Action required: Council establish how Business South Inc's members can provide input.

2. **Rate increases** - Feedback from the business community is strong in that rate increases are not sustainable for our business membership, during unprecedented times of rising compliance costs and taxation, cost increases, inflation, wage pressures, and lack of staff availability (see **Appendix 1** for more details). SMEs in particular keep getting hit with additional costs. Greater thought needs to be put into consideration in changes in policy that may directly or indirectly impact SMEs.

A strategic focus for Business South Inc is to support existing businesses and attract new businesses to the region. To do that, one aspect we need to consider is the environment in which businesses operate. Higher rate increases run a risk of driving away the business sectors and council needs to consider the impacts of additional costs on business (not just rates alone). What businesses pay is disproportional to what services they get. Council needs to look at alternative methods of funding.

The proposed rates increase will have a flow-on effect on all members of the community, not only the business and commercial sector. Property owners will be forced to recover these costs through increased rental levels, while business owners will have no choice but to recover these costs through increased costs for products and services. It is also unclear what the additional rates are funding and whether it is beneficial to the business needs.

Action required: Council revisit its policy concerning the differential rating so that it reflects the services what Council provides to businesses.

3. **Compliance costs and policies** - Compliance costs from both central **and** local government are escalating, with decisions made in silos and implemented in an ad hoc way, resulting in unintended consequences. These costs are hurting all businesses on top of the cost-of-living crisis.

These compliance costs often have a disproportionate impact on SMEs, which make up approximately 97% of total businesses in our economy – the backbone of the economy. Failure to recognise that SMEs are the product and service suppliers to larger

businesses. They keep on being hit with costs that impact the livelihood of staff and business owners and go onto impact local communities.

Action required: Business South Inc would like to work with the DCC to:

- a. ensure policy impacts on business are assessed before decisions are made.
  - b. help inform businesses to stay up with the latest changes from local government and any relevant ones from central government; and
  - c. where appropriate, establish forums to help provide input to DCC policy-setting and decision-making.
4. **Consent processing times** Members of the business community have asked for clarity on the following questions:
- a. Does the DCC currently meet the legislative application process timeframes? What is reported to the Ministry for Environment?
  - b. Is the 2023/24 target achievable – has the council costed the implications for businesses in any delays and have a discount policy in place when delays occur?

Action required: Business community has regular access to the information.

5. **Resource Management reforms** – Business South Inc is prepared to work with the DCC to help inform businesses about the reforms as the legislation gets implemented, as only 33% of businesses understand the implications of the reforms on their business.

Whilst the two bills are before the Select Committee and the implementation is going to take years, our members want to be kept updated of the status of the reforms. Furthermore, the planned changes including regional planning committees being responsible for developing the regional spatial strategies and national built environment plans will see input limited to members from local and central government, iwi and hapū.

Action required: Business South will be actively advocating with our partners through the BusinessNZ network to ensure the reforms benefits business and the environment.

On behalf of our members, thank you for considering this submission.

#### **CONTACT FOR FURTHER INFORMATION**

For further information, contact the Chief Executive Officer, Mike Collins, 03 479 0181.

## Appendix 1. Cost increases for businesses



## Other Costs:

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- ↑ Local Govt General Rates Increases, proposed rate increases for next year are between 3.93% and 29% (Only one council is proposing a rates decrease).
- ↑ Rising Electricity Costs: Industrial electricity prices:  
2022: 17.13c/kWh  
2020: 14.58c/kWh  
2017: 12.54c/kWh
- ↑ Increased International air & sea freight costs: At the time of writing "The latest Drewry WCI composite index of \$1,757 per 40-foot container is approximately 30% higher than average 2019 (pre-pandemic) rates of \$1,420."
- ↑ **Inflation – 7.2 per cent CPI increase, 30 year high.** Affects buying power of everyone, including businesses.
- ↑ Commercial Insurance Costs Increases: In 2021, one insurance provider **increased commercial rates by 4 per cent year on year.**