CEO OVERVIEW REPORT - ANNUAL PLAN 2026/27

Department: Civic and Finance

EXECUTIVE SUMMARY

1 This report provides an overview of the budgets to be included in the draft Annual Plan 2026/27 (the draft Plan). The draft Plan for 2026/27 is an update of year two of the 9 year plan 2025-34 (the 9 year plan).

2 This report largely relates to operating and capital budgets for activities other than 3 Waters (non-waters activities). Note that 3 Waters budgets are the subject of a separate report.

3 This report highlights the budget challenges the DCC faces, with the economy emerging from a protracted recession, high inflation in recent years, and a programme of significant legislative reform from central government. Savings have been found across the organisation to assist in offsetting the increased in capital costs of depreciation.

4 The proposed 'non-waters' rates increase is 6.9% for 2026/27, which is lower than the 8.5% provided for in year two of the 9 year plan.

5 The proposed 3 Waters rates increase is 16.7% for 2026/27, which is higher than the 15.0% provided for in year two of the 9 year plan and in the Water Services Delivery Plan.

6 Staff have worked across all departments to identify savings, reprioritise activities, and refine budgets without compromising levels of service. Additionally, work to scale the capital programme to a more deliverable level is expected to further assist in moderating the rates increase, as it will reduce borrowing, debt servicing, and future depreciation costs.

RECOMMENDATIONS

That the Council:

a) **Adopts** the draft 2026/27 operating budgets for the purpose of community engagement as shown/amended at Attachments A-H.

b) **Notes** that any resolution made during this meeting related to the Annual Plan 2026/27 reports may be subject to further discussions and decision by the meeting.

BACKGROUND

7 Councils across the country, including the DCC, face significant financial and infrastructure challenges. Contributing factors include a recent period of high inflation and increased costs, an extended recession with increased unemployment, and significant legislative reform including rates capping, all of which mean that rates increases have become less affordable to the community.

8 The Local Government Act 2002 (the Act) provides that Council must prepare and adopt an annual plan for each financial year. Section 95 (5) sets out the purpose of an annual plan as follows:

The purpose of an annual plan is to –

(a) Contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and

(b) Identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and

(c) Provide integrated decision making and co-ordination of the resources of the local authority; and

(d) Contribute to the accountability of the local authority to the community.

9 The draft Plan for 2026/27 is an update of year two of the 9 year plan. Budgets for the 2026/27 year have been reviewed and budget update reports for each activity of Council have been prepared for consideration at this meeting.

Financial Strategy

10 Council's Financial Strategy is included as part of the 9 year plan, and is usually updated every three years. It provides guidance for considering proposals for funding and expenditure, and communicates the overall effects of proposals on services, rates, debt and investments.

11 The Financial Strategy includes limits on annual rates increases, debt levels and includes two balanced budget tests.

12 The limits on annual rates increases are:

Years 1 – 3	no more than 12% per annum
Year 4	no more than 8% per annum
Years 5 – 6	no more than 7% per annum
Years 7 – 9	no more than 6% per annum

13 The Financial Strategy debt limit is a variable amount that is calculated as a percentage of revenue. The gross debt limit is set as 250% of revenue (excluding investment property gains). In addition to this limit, other debt limits which Council must comply with include:

a) All relevant financial covenants/ratios of the Local Government Funding Agency (LGFA).

b) Dunedin City Holdings Limited (DCHL) has $1.9 billion of uncalled capital with the Council. This is represented by shares, which have been issued by DCHL to the Council, that are currently unpaid. Dunedin City Treasury Limited (DCTL) is permitted to issue debt securities up to the amount of uncalled capital of $1.9 billion.

c) There is a self-imposed gross debt limit for water services debt set at 400% of water services revenue.

14 The two balanced budget tests included in the Financial Strategy are:

a) <u>Balanced budget</u>
Forecast total operating surplus (after tax) – in Year 1 of the plan we have a balanced budget, and from Year 2, we have an operating surplus (after tax) each year.

b) <u>Everyday costs funded by everyday revenue</u>
Council aims to ensure a balanced budget, meaning everyday costs of running the city can be funded from the everyday revenue (excluding any non-recurring / non-cash items) consistently by the end of Year 3.

DISCUSSION

Approach to the Annual Plan

15 Given that there was a robust process to develop the 9 Year Plan, the draft Plan largely maintains financial settings and priorities for 2026/27 that were previously agreed by Council.

16 Staff have worked hard to absorb cost increases by finding efficiencies while maintaining the current Levels of Service, and savings have been made in areas where costs are controllable. However, some of the cost increases being experienced are outside of the control of Council, e.g., asset revaluation impacting depreciation costs, interest rates movement, increasing maintenance, electricity and gas costs.

17 Central government's proposal to introduce rates capping legislation represents a significant shift. In response to this, work will be required to rationalise expenditure, improve efficiency, and maximise revenue opportunities. This work is underway and will be part of the 10 year plan process, in line with the direction from government that they did not expect amendments to long term plans in response to their rates capping initiative.

18 The draft Plan incorporates cost containment measures, including a Council-wide reduction in consultancy spending. This early step will be built on as part of the 10 Year Plan 2027-37, where a range of options to address rates capping will be explored.

Significant forecasting assumptions

19 Section 4 of the 9 year plan 2025-34 sets out a number of Significant Forecasting Assumptions, which have been used in the development of the draft Plan. Assumptions relating to inflation and interest rates have been updated for the draft budgets.

20 Key assumptions included in the preparation of the draft budget will be further updated in May 2026. This will include but not be limited to:

a) Interest costs

b) Forecast opening debt position as at 30 June 2026

c) Rates on DCC owned properties

d) Depreciation, based on asset completion as at 30 June 2025 and capital spend.

e) The impacts of inflation

f) The level of grant funding from NZTA Waka Kotahi

Draft operating budget

21 The draft operating budget for 2026/27 provides for the day-to-day running of all the activities and services the DCC provides, such as core water and roading infrastructure, waste management, parks, pools, libraries, galleries and museums.

22 The draft budget includes operating expenditure of $477.221 million (refer to Attachments A-H).

23 The total 'non-waters' operating budget is $343.304 million. The rates increase relating to non-water activities is 6.9%, which is lower than the rates increase of 8.5% forecast in the 9 year plan.

a) The biggest areas of increase in operating budgets is in Roading and Footpaths with an increase of $3.050 million (4.5%), City Properties with an increase of $2.207 million (4.4%) and Community Recreation with an increase of $1.910 million (4.2%).

b) Each of the groups of activities have updated year two of their draft operating budget as provided for in the 9 year plan. The key changes in funding sources and expected costs of delivery are discussed in the group operating budget reports.

24 Controllable expenses have been reviewed, and the draft budgets demonstrate that savings have been made in many of the group activities.

Revenue

Rates

25 The draft operating budget for 2026/27 shows overall rates revenue increasing from $264.596 million to $292.392 million, an increase of $27.796 million (10.5%). This is lower than the forecast rate increase of 10.9% provided for in the 9 year plan.

a) 'Non-waters' rates revenue has increased from $166.700 million to $178.123 million, an increase of $11.423 million (6.9%). This incorporates an increase for stadium debt repayment; without this, the rates revenue increase would have been 6.1%. The 6.9% rates increase is lower than the forecast rate increase of 8.5% provided for in the 9 year plan.

b) 3 Waters rates revenue has increased from $97.896 million to $114.270 million, an increase of $16.374 million (16.7%). This is higher than the rates increase of 15.0% forecast in the 9 year plan and Water Services Delivery Plan (WSDP).

26 Table 1 provides a summary of the rates income in the draft 2026/27 operating budget compared to the 9 year plan.

Rates Income	2025/26 LTP Budget $000	2026/27 LTP Budget $000	2026/27 Draft Budget $000	Draft Budget vs Yr 2 9YP $000
Non-waters	166,700	180,830	176,873	(3,957)
Additional for stadium	-	-	1,250	1,250
Total non-waters	166,700	180,830	178,123	(2,707)
3 Waters	97,896	112,606	114,270	1,664
Total Rates	**264,596**	**293,436**	**292,393**	**(1,043)**

Table 1: *Comparison of 9 year plan and Annual Plan rates income*

External revenue

27 External revenue has increased from $100.000 million to $102.532 million, an increase of $2.532 million (2.5%).

a) Non-waters external revenue has increased from $91.252 million to $92.767 million, an increase of $1.515 million (1.7%). The primary driver is an increase of $1.361 million in City Properties as a result of increases in residential rental ($518k), commercial rental ($646k), and recoveries ($255k).

b) 3 Waters external revenue has increased from $8.748 million to $9.765 million, an increase of $1.017 million (11.6%), mainly attributed to increased user charges (fees and charges), which include a 15% increase in water sales (commercial water usage).

28 Fees and charges are discussed separately in the group budget reports. Some fees have increased in line with inflation, and others have increases to better reflect the cost of delivering the service.

29 There are some variances with the Revenue and Financing Policy, and these are highlighted in a separate report. A full review of the policy will occur as part of the development of the 10 year plan 2027-37.

Grants

30 Non-waters grants revenue has decreased from $35.529 million to $30.145 million, a decrease of $5.385 million (15.2%). This includes:

- Operating grants revenue decrease from $13.128 million to $12.314 million, a decrease of $814k (6.2%), mainly due to a reduction in Better Off Funding (financial support for infrastructure provided by central government). This is offset by an increase in Transport of $724k (6.9%), driven by charge out rates for staff cost recoveries.

- Capital grants revenue decrease from $22.402 million to $18.205 million, a decrease of $4.197 million (20.4%) in Transport. This reflects a reduction in co-funding towards the capital expenditure programme, mainly attributed to the Shaping Future Dunedin programme and the Peninsula Connection, as well as emergency works funding from the 2025/26 flood event no longer being applicable.

Expenditure

Personnel costs

31 The budget for the current financial year provided for 881.2 full time equivalent (FTE) staff (including 3 Waters). As previously reported, this incorporated a reduction in FTE, reflecting the number of vacancies held, including some long-term vacant roles of 61.7 FTE (including 3 Waters). The quantum of savings achieved through this process is around $6 million. This work has been underway for the last two years and it should be noted that personnel costs in the current financial year are tracking favourably. Work to ensure the organisational structures align to current budgets is progressing and should be finalised by 30 June 2026.

32 The draft budget provides a general placeholder increase but this is subject to ongoing union bargaining. It is also considered in detail in a separate confidential report to this meeting. The draft budget incorporates scheduled changes to salaries and superannuation as well as an increase in the living wage.

33 Personnel costs have increased from $88.076 million to $91.433 million, an increase of $3.357 million (3.8%). This includes an FTE staff budget of 879.9.

a) Non-waters personnel costs have increased from $76.292 million to $79.043 million, an increase of $2.751 million (3.6%). This includes a net reduction of 3.1 FTE compared to the current budget.

Operations and maintenance costs

34 Operations and maintenance costs have increased from $95.571 million to $97.573 million, an increase of $2.002 million (2.1%).

a) Non-waters operations and maintenance costs have increased from $77.932 million to $80.051 million, an increase of $2.119 million (2.7%). The main changes are:

- City Properties: an increase of $1.037 million (13.2%), primarily reflecting higher reactive maintenance costs across the property portfolio, together with cost increases arising from the retendering of major grounds maintenance contracts.

- Community Recreation: an increase of $879k (6.2%), primarily due to contractual increases.

- Vibrant Economy: an increase of $1.907 million (64.4%), due to reclassification of expenditure items from other expense categories, the approved Festival and Events Plan and an additional Matariki event.

- Resilient City: an increase of $403k (67.6%), due to reclassification of expenditure items from other expense categories.

- Waste Minimisation: a decrease of by $1.864 million (8.4%), primarily due to a reduction in monitoring costs at the Smooth Hill landfill site and a reduction in ETS costs due to lower global carbon credit costs.

- Governance and Support Services: a decrease of by $504k (6.0%), primarily due to 2025 elections costs being removed.

Occupancy costs

35 Non-waters occupancy and property-related costs, such as rates, insurance and fuel, have increased from $22.291 million to $24.285 million, an increase of $1.994 million (8.9%). The main changes are:

- City Properties: an increase of $1.438 million (11.6%), primarily reflecting an increase in rates ($602k), energy costs ($495k) and an allowance for increased cleaning and insurance. Some of the increase in electricity is recoverable ($369k).

- Community Recreation: an increase of $464k (7.5%) mainly due to higher energy costs and rates expense.

Consumables and general costs

36 Across the organisation, staff have focussed on controlling expenditure, including a Council-wide initiative to reduce consultancy budgets by $1 million. Targeted savings have also been made in travel and accommodation budgets. However, these savings have been offset by increases in compliance-related activities and reclassification of costs.

37 Non-waters consumables and general costs have increased from $25.342 million to $26.119 million, an increase of $767k (3.0%). The main changes are due to:

- Governance and Support Services: an increase of $1.267 million (12.0%), mainly due to software licence fees, audit fees and councillor remuneration.

- Resilient City: a decrease of $390k (24.8%), primarily due to a reduction in consultancy costs and a reclassification of expenditure to operations and maintenance costs.

38 3 Waters consumables and general costs have decreased by $1.123 million (28.5%), primarily due to the completion of approved projects and available funding under the Better Off Funding programme and a reduction in consultancy costs.

Grants and subsidies expenditure

39 Non-waters grants and subsidies expenditure has decreased from $12.512 million to $10.923 million, a decrease of $1.589 million (12.7%). The main changes are:

- Vibrant Economy: a decrease of $1.798 million (62.8%), mainly due to a reclassification of $1.645 million to operations and maintenance costs and a reduction to the Major Events grant.

- This is offset by increases for the Centre of Digital Excellence (CODE), Predator Free and the Otago Museum levy, all of which are consistent with decisions made as part of the 9 year plan.

Depreciation costs

40 Non-waters depreciation expense has increased from $61.708 million to $62.476 million, an increase of $768k (1.2%), reflecting an increase in asset valuation in Roading and Footpaths and the capital expenditure programme.

41 A budget update to Council will be provided in May 2026, when the current year capital spend will be more certain, allowing for a more accurate depreciation and interest forecast for the 2026/27 draft budget.

Interest costs

42 Non-waters interest expense has increased from $17.692 million to $20.013 million, an increase of $2.321 million (13.1%), reflecting an increase in debt funding required to support the planned capital expenditure programme and an increase in interest rate.

43 The 9 year plan had an interest rate assumption of 4.15% for the 2026/27 year, increased from 4.00% in the 2025/26 year. For the purposes of preparing the draft budget, an assumption has been made that the borrowing rate for the 2026/27 year will be 4.11%.

Draft financial statements

44 The Draft Forecast Financial Statements at Attachment A-H show that by 30 June 2027, the estimated debt level will be $829 million, which is 190% of revenue. The debt limit provided for in the current Financial Strategy is 250% of revenue (less investment property gains). This is an increase in debt of $104 million from 2025/26 (i.e., year 1 of the 9 year plan).

Compliance with Financial Strategy

45 Attachment I provides a schedule showing compliance against the Financial Strategy limits. Attachment J provides a chart illustrating actual and forecast group debt.

46 The forecast rate increases and forecast debt levels in these draft budgets are within the Financial Strategy limits, including other debt limits.

47 The balanced budget tests, for non-waters activities, in these draft budgets is achieved. As forecast in the 9 year plan and WSDP, the balanced budget tests for 3 Waters won't be achieved until the 2027/28 year.

OPTIONS

48 There are no options.

Signatories

Author:	Janet Fraser - Corporate Planner Hayden McAuliffe - Financial Services Manager
Authoriser:	Carolyn Allan - Chief Financial Officer Sandy Graham - Chief Executive

Attachments

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	☐	☐
Economic Development Strategy	✓	☐	☐
Environment Strategy	✓	☐	☐
Arts and Culture Strategy	✓	☐	☐
3 Waters Strategy	✓	☐	☐
Future Development Strategy	✓	☐	☐
Integrated Transport Strategy	✓	☐	☐
Parks and Recreation Strategy	✓	☐	☐
Other strategic projects/policies/plans	✓	☐	☐

The Activity Groups contribute to the objectives and priorities of the above strategies.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities including Māori. The adoption of Te Taki Haruru – Māori Strategic Framework signals Council's commitment to mana whenua and to its obligations under the Treaty of Waitangi. Mana whenua and Māori will have an opportunity to engage on the Annual Plan 2026/27.

Sustainability

The Annual Plan 2026/27 is not proposing significant changes to that provided for in the 9 year plan 2025-34. Major issues and implications for sustainability are discussed in the Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 9 year plan.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides draft budget information for inclusion in the draft 2026/27 Annual Plan.

Financial considerations

Financial considerations are detailed in the report.

Significance

As part of the development of the 9 year plan 2025-34, budgets were consulted on. Variations to those budgets are discussed in this report and are considered to be of low significance in relation to Council's Significance and Engagement Policy.

Engagement – external

External consultation will be undertaken with the community.

Engagement - internal

Staff from across Council have been involved in the development of the draft budgets and reports.

SUMMARY OF CONSIDERATIONS
Risks: Legal / Health and Safety etc. There are no identified risks.
Conflict of Interest There are no known conflicts of interest.
Community Boards Community Boards will have the opportunity to submit and be heard on the draft 2026/27 Annual Plan.

Dunedin City Council

Income Statement
for the Year Ended 30 June 2027

	Approved Budget 2025/26 $000	Draft Budget 2026/27 $000	YoY Movement 2025 > 2026 $000	YoY Movement 2025 > 2026 %	LTP Y2 Budget 2026-27 $000	Draft Budget vs LTP Y2 2026-27 $000
Revenue						
Rates revenue	264,596	292,393	27,797	10.5%	293,436	(1,043)
Rates penalties	1,300	1,800	500	38.5%	1,300	500
External revenue	100,000	102,532	2,532	2.5%	102,458	74
Fair value gain	7,132	3,488	(3,644)	(51.1%)	3,581	(93)
Grants and subsidies operating	13,166	12,368	(798)	(6.1%)	13,069	(701)
Grants and subsidies capital	22,730	18,796	(3,934)	(17.3%)	16,730	2,066
Development contributions	3,856	3,856	-	-	3,856	-
Vested assets	3,000	3,000	-	-	2,999	1
Internal revenue	45,586	45,906	320	0.7%	46,274	(368)
Tax refund	250	250	-	-	-	250
Total revenue	**461,616**	**484,389**	**22,773**	**4.9%**	**483,703**	**686**
Expenditure						
Personnel costs	88,076	91,433	3,357	3.8%	90,560	873
Operations and maintenance	95,571	97,573	2,002	2.1%	98,004	(431)
Occupancy costs	37,762	39,893	2,131	5.6%	38,774	1,119
Consumables and general	29,280	28,924	(356)	(1.2%)	30,596	(1,672)
Grants and subsidies	12,512	10,923	(1,589)	(12.7%)	12,728	(1,805)
Internal charges	45,587	45,906	319	0.7%	46,274	(368)
Depreciation and amortisation	123,715	129,091	5,376	4.3%	127,897	1,194
Interest	29,113	33,478	4,365	15.0%	36,286	(2,808)
Total expenditure	**461,616**	**477,221**	**15,605**	**3.4%**	**481,119**	**(3,898)**
Net surplus/(deficit)	**-**	**7,168**	**7,168**		**2,584**	**4,584**
Expenditure by group						
City Properties	50,258	52,464	2,206	4.4%	53,065	(601)
Community Recreation	45,804	47,714	1,910	4.2%	48,163	(449)
Creative and Cultural Vibrancy	32,120	32,775	655	2.0%	33,034	(259)
Governance and Support	53,501	53,700	199	0.4%	54,676	(976)
Regulatory Services	22,395	23,153	758	3.4%	22,970	183
Resilient City	11,996	12,175	179	1.5%	12,070	105
Roading and Footpaths	67,602	70,652	3,050	4.5%	72,222	(1,570)
Three Waters	127,597	133,917	6,320	5.0%	132,785	1,132
Waste Minimisation	37,699	37,572	(127)	(0.3%)	38,779	(1,207)
Treaty Partnership	921	926	5	0.5%	948	(22)
Vibrant Economy	11,723	12,173	450	3.8%	12,407	(234)
Total expenditure	**461,616**	**477,221**	**15,605**	**3.4%**	**481,119**	**(3,898)**

Dunedin City Council

Income Statement
for the Year Ended 30 June 2027 for Three Waters

	Approved Budget 2025/26 $000	Draft Budget 2026/27 $000	YoY Movement 2025 > 2026 $000	YoY Movement 2025 > 2026 %	LTP Y2 Budget 2026-27 $000	Draft Budget vs LTP Y2 2026-27 $000
Revenue						
Rates revenue	97,896	114,270	16,374	16.7%	112,606	1,664
Rates penalties	-	-	-	-	-	-
External revenue	8,748	9,765	1,017	11.6%	9,115	650
Fair value gain	-	-	-	-	-	-
Grants and subsidies operating	38	54	16	42.1%	39	15
Grants and subsidies capital	328	591	263	80.2%	173	418
Development contributions	2,559	2,559	-	-	2,559	-
Vested assets	1,424	1,424	-	-	1,423	1
Internal revenue	1,988	350	(1,638)	(82.4%)	1,400	(1,050)
Tax refund	-	-	-	-	-	-
Total revenue	**112,981**	**129,013**	**16,032**	**14.2%**	**127,315**	**1,698**
Expenditure						
Personnel costs	11,784	12,390	606	5.1%	12,086	304
Operations and maintenance	17,639	17,522	(117)	(0.7%)	18,870	(1,348)
Occupancy costs	15,471	15,608	137	0.9%	16,213	(605)
Consumables and general	3,938	2,815	(1,123)	(28.5%)	3,755	(940)
Grants and subsidies	-	-	-	-	-	-
Internal charges	5,337	5,502	165	3.1%	5,497	5
Depreciation and amortisation	62,007	66,615	4,608	7.4%	62,913	3,702
Interest	11,421	13,465	2,044	17.9%	13,451	14
Total expenditure	**127,597**	**133,917**	**6,320**	**5.0%**	**132,785**	**1,132**
Net surplus/(deficit)	**(14,616)**	**(4,904)**	**9,712**	**(66.4%)**	**(5,470)**	**566**

Dunedin City Council

Income Statement
for the Year Ended 30 June 2027 for Non-Waters

	Approved Budget 2025/26 $000	Draft Budget 2026/27 $000	YoY Movement 2025 > 2026 $000	YoY Movement 2025 > 2026 %	LTP Y2 Budget 2026-27 $000	Draft Budget vs LTP Y2 2026-27 $000
Revenue						
Rates revenue	166,700	178,123	11,423	6.9%	180,830	(2,707)
Rates penalties	1,300	1,800	500	38.5%	1,300	500
External revenue	91,252	92,767	1,515	1.7%	93,343	(576)
Fair value gain	7,132	3,488	(3,644)	(51.1%)	3,581	(93)
Grants and subsidies operating	13,128	12,314	(814)	(6.2%)	13,030	(716)
Grants and subsidies capital	22,402	18,205	(4,197)	(18.7%)	16,557	1,648
Development contributions	1,297	1,297	-	-	1,297	-
Vested assets	1,576	1,576	-	-	1,576	-
Internal revenue	43,598	45,556	1,958	4.5%	44,874	682
Tax refund	250	250	-	-	-	250
Total revenue	**348,635**	**355,376**	**6,741**	**1.9%**	**356,388**	**(1,012)**
Expenditure						
Personnel costs	76,292	79,043	2,751	3.6%	78,474	569
Operations and maintenance	77,932	80,051	2,119	2.7%	79,134	917
Occupancy costs	22,291	24,285	1,994	8.9%	22,561	1,724
Consumables and general	25,342	26,109	767	3.0%	26,841	(732)
Grants and subsidies	12,512	10,923	(1,589)	(12.7%)	12,728	(1,805)
Internal charges	40,250	40,404	154	0.4%	40,777	(373)
Depreciation and amortisation	61,708	62,476	768	1.2%	64,984	(2,508)
Interest	17,692	20,013	2,321	13.1%	22,835	(2,822)
Total expenditure	**334,019**	**343,304**	**9,285**	**2.8%**	**348,334**	**(5,030)**
Net surplus/(deficit)	**14,616**	**12,072**	**(2,544)**	**(17.4%)**	**8,054**	**4,018**

Rates Income	Draft Budgets				Year 2 of 9 year plan				
	Budget	**Draft Budget**	**Budget Inc (Dec)**	**Budget Inc (Dec)**	**LTP Budget**	**LTP Budget**	**Budget Inc (Dec)**	**Budget Inc (Dec)**	**Draft Budget vs Yr 2 9YP**
	2025/26 $000	**2026/27 $000**	**$000**	**%**	**2025-26 $000**	**2026-27 $000**	**$000**	**%**	**$000**
Group									
City Properties	12,821	13,458	637	5.0%	12,821	15,348	2,527	19.7%	(1,890)
Community Recreation	38,467	40,174	1,707	4.4%	38,467	40,607	2,140	5.6%	(433)
Creative and Cultural Vibrancy	29,507	30,081	574	1.9%	29,507	30,342	835	2.8%	(261)
Governance and Support	653	1,107	454	69.5%	653	1,450	797	122.1%	(343)
Regulatory Services	6,037	6,316	279	4.6%	6,037	6,215	178	2.9%	101
Resilient City	11,600	11,774	174	1.5%	11,600	11,661	61	0.5%	113
Roading and Footpaths	38,215	44,071	5,856	15.3%	38,215	43,714	5,499	14.4%	357
Waste Minimisation	17,331	17,481	150	0.9%	17,331	18,657	1,326	7.7%	(1,176)
Treaty Partnership	921	926	5	0.5%	921	948	27	2.9%	(22)
Vibrant Economy	11,148	11,485	337	3.0%	11,148	11,888	740	6.6%	(403)
Sub-Total Non-Water Rates	**166,700**	**176,873**	**10,173**	**6.1%**	**166,700**	**180,830**	**14,130**	**8.5%**	**(3,957)**
Stadium Payment	-	1,250	1,250	100.0%	-	-	-	-	1,250
Total Non-Water Rates	**166,700**	**178,123**	**11,423**	**6.9%**	**166,700**	**180,830**	**14,130**	**8.5%**	**(2,707)**
Three Waters	97,896	114,270	16,374	16.7%	97,896	112,606	14,710	15.0%	1,664
Total Rates	**264,596**	**292,393**	**27,797**	**10.5%**	**264,596**	**293,436**	**28,840**	**10.9%**	**(1,043)**

Dunedin City Council

Funding Impact Statement
for the Year Ended 30 June 2027 for (whole of council)

	2026 Annual Plan $000	2027 Long Term Plan $000	2027 Draft Budget $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	145,832	159,320	157,303
Targeted rates	120,064	135,456	136,889
Subsidies and grants for operating purposes	12,266	12,110	11,468
Fees and charges	77,514	79,314	79,638
Interest and dividends from investments	19,328	19,695	19,371
Local authorities fuel tax, fines, infringement fees, and other receipts	4,058	4,088	4,422
Total operating funding	**379,062**	**409,983**	**409,091**
Application of operating funding			
Payments to staff and suppliers	263,204	270,662	268,746
Finance costs	29,114	36,286	33,478
Other operating funding applications	-	-	-
Total application of operating funding	**292,318**	**306,948**	**302,224**
Surplus/(deficit) of operating funding	**86,744**	**103,035**	106,867
Sources of capital funding			
Subsidies and grants for capital expenditure	22,730	16,762	18,796
Development and financial contributions	3,856	3,856	3,856
Increase/(decrease) in debt	121,000	104,065	104,000
Gross proceeds from sale of assets	120	120	120
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**147,706**	**124,803**	**126,772**
Application of capital funding			
Capital expenditure			
- to meet additional demand	2,453	14,184	4,490
- to improve the level of service	91,599	90,071	90,281
- to replace existing assets	137,165	126,255	144,038
Increase/(decrease) in reserves	(1,713)	(867)	409
Increase/(decrease) of investments	4,946	(1,805)	(5,579)
Total application of capital funding	**234,450**	**227,838**	**233,639**
Surplus/(deficit) of capital funding	**(86,744)**	**(103,035)**	**(106,867)**
Funding balance	**-**	**-**	**-**

Dunedin City Council

Funding Impact Statement for the Year Ended 30 June 2027 for Council Excluding 3 Waters

	2026 Annual Plan $000	2027 Long Term Plan $000	2027 Draft Budget $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	145,831	159,320	157,303
Targeted rates	22,168	22,849	22,619
Subsidies and grants for operating purposes	12,227	12,071	11,414
Fees and charges	88,093	89,895	89,244
Internal charges and overheads recovered	43,599	44,874	45,557
Local authorities fuel tax, fines, infringement fees, and other receipts	4,058	4,088	4,422
Total operating funding	**315,976**	**333,097**	**330,559**
Application of operating funding			
Payments to staff and suppliers	214,371	219,736	220,446
Finance costs	17,692	22,835	20,013
Internal charges and overheads applied	40,250	40,777	40,404
Other operating funding applications	-	-	-
Total application of operating funding	**272,313**	**283,348**	**280,863**
Surplus/(deficit) of operating funding	**43,663**	**49,749**	49,696
Sources of capital funding			
Subsidies and grants for capital expenditure	22,402	16,589	18,205
Development and financial contributions	1,297	1,297	1,297
Increase/(decrease) in debt	79,844	67,966	72,204
Gross proceeds from sale of assets	120	120	120
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**103,663**	**85,972**	**91,826**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	2,476	2,476
- to improve the level of service	71,317	58,906	74,772
- to replace existing assets	72,777	77,011	69,444
Increase/(decrease) in reserves	(1,713)	(867)	409
Increase/(decrease) of investments	4,945	(1,805)	(5,579)
Total application of capital funding	**147,326**	**135,721**	**141,522**
Surplus/(deficit) of capital funding	**(43,663)**	**(49,749)**	**(49,696)**
Funding balance	**-**	**-**	**-**

Dunedin City Council

Statement of Financial Position for the year ended 30 June 2027

	Actual 2025	Annual Plan Budget 2026	Draft Budget 2027	LTP Budget 2027
Current assets				
Cash and cash equivalents	15,837	13,357	7,283	13,008
Other current financial assets	8,011	14,426	13,426	15,329
Trade and other receivables	23,684	33,245	24,309	33,003
Current tax asset	489	250	250	250
Inventories	1,039	675	675	675
Prepayments	2,221	2,109	2,109	2,109
Total current assets	**51,281**	**64,062**	**48,052**	**64,374**
Non-current assets				
Other non-current financial assets	211,438	206,560	208,030	206,518
Shares in subsidiary companies	138,889	141,794	145,949	144,710
Intangible assets	5,520	5,382	8,637	8,028
Investment property	113,759	119,563	124,316	125,775
Property, plant and equipment	4,905,981	4,999,123	5,168,593	5,236,670
Total non-current assets	**5,375,587**	**5,472,422**	**5,655,525**	**5,721,701**
Total assets	**5,426,868**	**5,536,484**	**5,703,577**	**5,786,075**
Current liabilities				
Short term borrowings	5,968	6,230	7,813	9,072
Trade and other payables	40,015	40,639	43,512	41,779
Revenue received in advance	7,187	5,663	5,668	5,663
Employee entitlements - Current	11,695	11,025	9,030	11,306
Total current liabilities	**64,865**	**63,557**	**66,023**	**67,820**
Non-current liabilities				
Term loans	650,973	783,173	829,473	887,239
Employee entitlements - Non-Current	1,408	1,216	1,186	1,000
Provisions	20,573	22,206	20,106	22,206
Other non-current liabilities	320	320	320	320
Total non-current liabilities	**673,274**	**806,915**	**851,085**	**910,765**
Equity				
Accumulated funds	1,648,777	1,639,016	1,645,610	1,640,750
Revaluation reserves	3,027,569	3,016,192	3,129,366	3,155,086
Restricted reserves	12,383	10,804	11,494	11,654
Total equity	**4,688,729**	**4,666,012**	**4,786,470**	**4,807,490**
Total liabilities and equity	**5,426,868**	**5,536,484**	**5,703,578**	**5,786,075**

Dunedin City Council

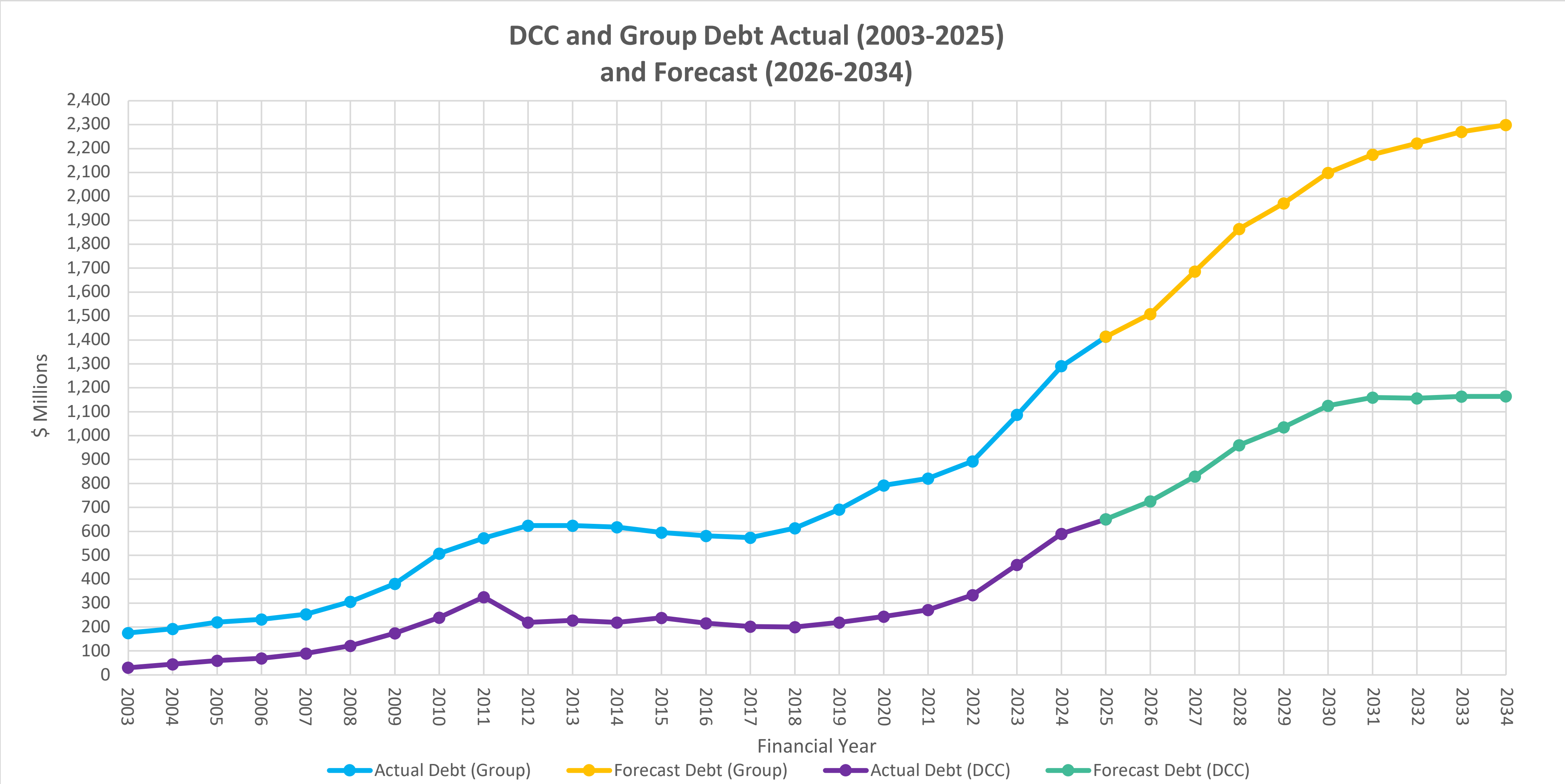
Statement of Cash Flows
for the year ended 30 June 2027

	Annual Plan Budget 2026	Draft Budget 2027	LTP Budget 2027
Cash flow from operating activities			
Cash was provided from operating activities			
Rates received	264,381	292,065	292,327
Other revenue	121,288	118,875	119,520
Interest received	8,313	8,307	8,752
Dividend received	10,815	10,864	10,943
Intra-group tax payment	351	250	250
	405,148	**430,361**	**431,792**
Cash was applied to:			
Suppliers and employees	(263,344)	(268,172)	(266,615)
Interest paid	(29,447)	(31,184)	(36,286)
	(292,791)	**(299,356)**	**(302,901)**
Net cash inflow (outflow) from operating activities	**112,357**	**131,005**	**128,891**
Cash flow from investing activities			
Cash was provided from investing activities			
Sale of assets	120	120	120
Decrease in investments	18,000	18,000	-
	18,120	**18,120**	**120**
Cash was applied to:			
Increase in investments	(21,905)	(21,155)	(2,916)
Capital expenditure	(227,569)	(239,915)	(230,510)
	(249,474)	**(259,198)**	**(233,426)**
Net cash inflow (outflow) from investing activities	**(231,354)**	**(241,078)**	**(233,306)**
Cash flow from financing activities			
Cash was provided from financing activities			
Loans raised	121,000	104,000	104,066
	121,000	**104,000**	**104,066**
Cash was applied to:			
Loans repaid	-	-	-
	-	**-**	**-**
Net cash inflow (outflow) from financing activities	**121,000**	**104,000**	**104,066**
Net increase (decrease) in cash held	**2,003**	**(6,073)**	**(349)**
Opening cash and cash equivalents balance	11,355	13,357	13,357
Closing cash and cash equivalents balance	**13,358**	**7,283**	**13,008**

Financial Strategy Limits – 2026/27 Draft Annual Plan

($'000s)	2024/25 Actual	2025/26 9YP	2026/27 Draft Annual Plan	2026/27 9YP	2026/27 Variance
Debt (Whole of Council)					
Debt	650,973	783,173	829,473	887,239	-57,766
Debt Limit (at 250% of revenue)	953,513	1,025,575	1,091,163	1,088,528	2,635
Total Revenue	381,405	410,230	436,465	435,411	1,054
Debt Limit (at 250% of revenue)	171%	191%	190%	204%	-14%
Debt (Water Services Only)					
Debt (Net Debt)	256,789	304,194	335,990	340,293	-4,303
Debt Limit (at 400% of revenue)	376,732	434,680	497,756	492,640	5,116
Total Revenue	94,183	108,670	124,439	123,160	1,279
Debt Limit (at 400% of revenue)	273%	280%	270%	276%	-6%
Debt (Group)					
Debt	1,413,975	1,585,010	1,686,747	1,745,010	-58,263
Rates (Whole of Council)					
Rates Revenue	239,803	264,596	292,393	293,436	-1,043
Rates Limit	216,576	267,704	299,828	299,828	0
Rates Increase Forecast	17.50%	10.70%	10.51%	10.90%	-0.39%
Rates Increase Limit	6.50%	12.00%	12.00%	12.00%	0.00%
Rates (Water Services Only)					
Rates Revenue	85,129	97,896	114,270	112,606	1,664
Rates Increase Forecast	15.00%	15.00%	16.70%	15.00%	1.70%
Operating Surplus (Whole of Council)					
Surplus/ (deficit)	-733	0	7,168	2,584	4,584
Operating Surplus (Water Services Only)					
Surplus/ (deficit)	-12,940	-16,040	-4,904	-5,470	566

Actual and Forecast Debt – DCC and Group[1]



[1] Debt forecasts for financial years 2026-2034 have been updated to reflect DCC draft budgets and DCHL group long term debt forecasts.