

DRAFT

annual plan consultation document 2026-27

dunedin.govt.nz/2026AP



message from the mayor

Our draft Annual Plan sets out what we propose to achieve in the 2026/27 financial year, which is the second year of our 9 Year Plan 2025-34.

Encouragingly, this draft closely reflects the 9 Year Plan's forecast work and budgets, which we consulted with you about last year. This shows our planning was sound and we're staying steady on our course. We are only asking for your feedback on one key topic from 30 March to 29 April because there are so few changes in this year's draft Annual Plan.

That topic is a proposed change to the rating method intended to address a significant rise in the valuation of our water assets. Our proposal would prevent a correspondingly significant rise in your water rates, where applicable. You'll see information below.

Because we know interest in the Stadium's future is high, we've also included information here about our proposal to help address Stadium expenses and debt in the long term.

We know you'll have a lot of ideas about other ways we can continue to make Ōtepoti Dunedin one of the world's great small cities. The best way for you to let us know what's really important to you and how you want your rates spent in future will be through our next long term plan process.

We'll be developing a draft 10 Year Plan in the coming months, which we'll put out for consultation in early 2027.

Keep an eye on the DCC website and social media for more information. We look forward to hearing from you.

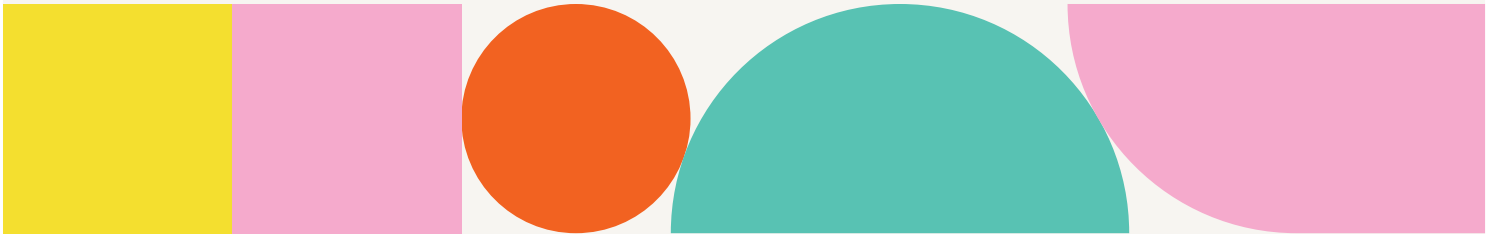
Sophie Barker
Mayor of Dunedin

what's this annual plan for?

Our draft Annual Plan 2026/27 updates year two of the latest Long Term Plan (LTP), i.e. our '9 Year Plan 2025-34'. Councils produce Annual Plans to provide an update on what has changed since the Council adopted its most recent LTP and outlines what it plans to deliver in the coming financial year.

Every three years, councils across New Zealand are required to prepare a Long Term Plan under the Local Government Act 2002. This is normally a 10 year plan that outlines the services and activities that Council intends to deliver, how it will fund them and the expected impact on rates and debt.

In 2024, the DCC decided to delay its usual 10 year plan and so it adopted a 9 year plan in June 2025 instead. Although one year shorter, the 9 Year Plan 2025-34 still serves the same purpose as a standard LTP.



what's different about this draft annual plan?

The overall proposed rates increase is 10.5%.

However, the Dunedin City Council, along with many Councils around the country is now breaking the overall increase down into two rates increases – a non-water rate increase and a 3 Waters rate increase – to reflect the changes required around the delivery of water services. This distinction will be important in coming years as the government's proposed rates cap applies to non-water rates only. The cap is expected to exclude water services.

The proposed non-water rate increase is 6.9% – lower than the 8.5% forecast in the 9 Year Plan. This reflects a lot of hard work by everyone to control costs, make sure we are focussing on the right things, and prepare for signalled rates caps. It includes an additional payment for the Stadium of \$1.25 million.

The 3 Waters rate increase is 16.7%, which is higher than the 9 Year Plan forecast of 15%. This is because the value of water assets has increased with a corresponding increase in replacement costs (depreciation), which Council is required to fund.

10.5%

overall proposed rates increase

Comprised of:

6.9%
proposed
non-water
rates increase

16.7%
proposed
3 Waters
rates increase



what we are consulting on

Changing the rating method – 3 Waters utilities

Background

Every three years a revaluation of the capital value of Dunedin properties is undertaken. This revaluation includes a review of the DCC owned 3 Waters utilities, such as our network of pipes, reservoirs, and buildings.

A revaluation of Dunedin properties took place during 2025 and resulted in a 76.6% increase in the capital value of the 3 Waters utilities¹. This valuation increase is significantly and disproportionately higher than any other property in Dunedin, including other commercial utilities, such as electricity and gas networks.

We use capital values as the basis for working out how much every property in Dunedin will pay in general rates, including our 3 Waters utilities. The rates charged to our 3 Waters utilities is passed on to those ratepayers who use our 3 Waters services, through our targeted drainage and water rates.

The significant increase in the value of our 3 Waters utilities of 76.6%, means that the general rate allocated to these utilities is estimated to increase by around \$6 million, and would result in a significant increase in targeted drainage and water rates charged to our ratepayers.

Our proposal

To prevent a large rise in rates for our water services users, we are proposing to create a new “General Rate Differential” for 3 Waters utilities.

A rating differential allows us to charge different rates (cents in the dollar) based on property types, such as residential, commercial, or lifestyle.

We currently have rating differentials where for example, commercial properties pay 2.5 times the amount that a residential ratepayer will pay.

Currently, our 3 Waters utilities are classified as a commercial ratepayer. The increase in the capital value of the 3 Waters utilities and the resulting increase in rates charged will result in high increases in water and drainage targeted rates for water users, that don't reflect any real change in the cost of providing water services.

We are therefore proposing to introduce a new rating differential of 1.34 for 3 Waters utilities, compared to the 2.50 differential currently in place. It has been calculated using what we charged for water services in 2025/26, adjusted for inflation. It prevents disproportionately higher rates charges for 3 Waters utilities from being passed on to other customers.

Introducing the 1.34 differential for the 3 Waters utilities will result in lower rates increases for lower valued homes, while higher value properties would see a slightly higher increase in rates than they would if we left the rating differential unchanged.

¹ Water services relating to drinking water, wastewater and stormwater.

other matters

Stadium funding

Last year, the 9 Year Plan 2025-34 increased annual funding to the Stadium by \$2 million to support event attraction at the Forsyth Barr Stadium and Dunedin Centre Town Hall (\$1.645 million) and to service debt held by the company that owns the stadium, Dunedin Stadium Property Ltd (DSPL), (\$0.355 million). This raised the total annual funding to DSPL for capital expenditure and debt repayment to \$2.905 million.

Council asked for an updated DSPL debt repayment plan for consideration during this 2026/27 draft Annual Plan process.

We propose additional funding from rates, for maintenance, to enable debt repayment and support the long-term financial sustainability. Funding would increase by \$1.25 million in 2026/27 (bringing the total payment to \$4.155 million), and then rise by an additional \$1.25 million from 2027/28 onwards (bringing the total annual payment to \$5.405 million).

Fees and charges

We are proposing some changes to our fees and charges that will apply from 1 July 2026. Details of the proposed fees and charges can be found on our website at: dunedin.govt.nz/2026AP-fees

Financial update

Council's capital programme includes an estimated spend of \$240 million in the 2026/27 year, which is higher than the \$230 million planned for that year in the long-term budget.

The 3 Waters component of the 2026/27 programme is \$92 million, which is not expected to change. Council is currently reviewing the remaining 'non-waters' component of \$148 million.

Current-year delivery performance is an important consideration in shaping the 2026/27 capital programme. The current-year 'non-waters' programme is tracking behind schedule, with several projects experiencing delays for a variety of reasons. As a result, Council has rephased some work into 2026/27.

We are still fine-tuning the 2026/27 plan, because experience shows we can realistically deliver a combined total of about \$200 million of 3 Waters and 'non-waters' projects. Council will review a budget update in May 2026.

Forecast debt levels are lower than indicated in the 9 Year Plan mainly due to the current-year delays in the capital programme delivery.

The draft Annual Plan provides a balanced budget in 'non-waters' activities. As forecast in the 9 Year Plan and Council's Water Services Delivery Plan, 3 Waters activities will achieve a balanced budget in the 2027/28 year.



find out more
dunedin.govt.nz/2026AP-finances

You can find details about our proposed capital expenditure programme for 2026/27, our proposed operating budgets, draft financial statements and funding impact statements.

How fuel price changes may affect Council costs

Fuel prices have increased and remain uncertain, largely due to global pressures, including the conflict in the Middle East. We acknowledge the very real human cost of the war and its impacts on communities directly affected.

Dunedin City Council has business continuity plans in place to manage unforeseen events, such as fuel supply disruptions or sharp price increases. These plans focus on ensuring essential services continue to operate.

National fuel pressures and the country's position under the Government's fuel traffic-light settings may temporarily reduce some service levels. For example, the Council may defer non-essential or lower-priority maintenance until fuel supply and pricing pressures ease.

kōrerohia mai join the conversation

For further information please visit dunedin.govt.nz/2026AP.

Why make a submission?

You can provide your feedback on the contents of the draft Annual Plan by making a submission. Your comments will be part of a report to Council. You can also choose to speak and to have your views heard by Councillors. After the hearings, Council will deliberate and make final decisions. The 2026/27 Annual Plan will be adopted by 30 June 2026.

How to make a submission:



Online

Go to dunedin.govt.nz/2026AP and fill in the online feedback form.



Written feedback

Write a letter or use the feedback form and drop it off to the Dunedin City Council at 50 The Octagon, or post it to:

Dunedin City Council
PO Box 5045
Dunedin 9054



Hearings

You can also speak to Councillors at the hearings on Wednesday, 13 May 2026. To register, visit dunedin.govt.nz/2026AP or phone us on 03 477 4000.

Submission period

Submissions will be accepted from **Monday, 30 March until noon on Wednesday, 29 April 2026**. Late submissions may not be accepted.



Hearings

There will be an opportunity to speak directly to the Council at the start of a meeting on 13 May 2026.

Do you want to speak to Councillors at the hearing on the morning of Wednesday, 13 May? Please tick your preference.

Yes No

If you wish to speak at the hearing, please ensure you provide your contact details. Normally, speakers will be allocated five minutes but depending on how many people wish to speak, time limits may be adjusted.

Contact details (required if you wish to speak at a hearing)

Name:

Phone number:

Organisation (if applicable):

Postal address:

..... Postcode:

Email address:

The Council is also asking for your age group and ethnicity. This information will be used to help us understand where we get our feedback from and help us plan for the future.

Age: under 15 years 15 – 19 20 – 29 30 – 39 40 – 49 50 – 59 60 – 69 70+

Ethnicity: Māori Iwi/hapū New Zealand European

European Pacific People Asian Middle Eastern/Latin American/African (MELAA)

Other (please state)

The provision of your personal information is optional, however, should you provide this information please note your name and organisation may be included in papers for the public and media. Information you have provided will only be used for the purpose of the Annual Plan. The Council is also asking for your age (in age bands) and ethnicity. This information will be used to help us understand where we get our feedback from and help us plan future engagements.

The Council will collect, use and store your information in accordance with the Privacy Act 2020. A copy of the Council's Privacy Policy can be found on the Council website dunedin.govt.nz/privacy-policy. If you would like a copy of the personal information we hold about you, or to have the information corrected, please contact us at dcc@dcc.govt.nz or 03 477 4000.



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dunedin.govt.nz



DUNEDIN | kaunihera
CITY COUNCIL | a-rohe o
Ōtepoti