Summary Annual Report



2025/26

DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti



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Introduction from the Mayor



This Annual Report shows the Dunedin City Council's progress during the 2025/26 year. It reflects the budgets and aims of the first year of Council's 9 year plan 2025-34 and reports on the work undertaken during that year.

While the year brought positive developments for our city, it was also marked by the loss of former Mayor and Councillor Jules Radich, who passed away in January 2026. Jules served as a Dunedin City Councillor from 2019 to 2022, as the city's 59th Mayor from 2022 to 2025, and returned as a Councillor following the 2025 local elections. He will be remembered for the significant contribution he made through his service and dedication to the city and its people, and as a valued and deeply missed colleague.

Our operating environment continued to shift during the 2025/26 year, and we remain mindful of the financial pressures facing households and businesses across Ōtepoti Dunedin. Against that backdrop, we continued to focus on delivering the priorities set out in the 9 year plan, while carefully managing costs and ensuring our programme of work remained affordable and deliverable. For the first time since the 2021/22 year, DCC met the balanced budget benchmark, meaning revenue was equal or greater than operating expenses (see more on page 188 of the Full Annual Report). The DCC ended the year with a $30 million surplus, but this was not the result of collecting $30 million more from ratepayers than was needed. A significant part of the surplus was non-cash and included gifted assets, one of which was a boardwalk from NZTA (see more on page 182 of the Full Annual Report).

In the first half of 2026, we consulted the public on our draft Annual Plan 2026/27, which confirms our direction and budgets for that year. The plan closely reflects what we said we would do when developing the 9 year plan and, while there has been some refinement, there aren't major changes in direction for the year.

One of the most significant milestones during the year was the opening of the South Dunedin Community Library, Te Whata o Kaituna, on 27 September 2025. Developed in collaboration with Positive Property Ltd, mana whenua-owned organisation Aukaha, Baker Garden Architects and Naylor Love, the library provides a modern community facility for learning, creativity and connection. Community response since opening has been overwhelmingly positive. Attendance has been strong, collections are being well used, and more than 1,000 new members have joined the library. The project was also recognised with a Gold Award in the Civic category of the New Zealand Commercial Project Awards.

Another important achievement was the completion of Stage One of the Tunnels Trail shared walking and cycling path, which includes a wonderful section of the Victorian-era Chain Hills Tunnel. The work to reopen the tunnel to the public was recognised nationally when the Tunnels Trails Trust and the Dunedin City Council jointly received the Rail Heritage Trust of New Zealand Restoration Award.

The 2025/26 year also marked the commencement of Te Pae Māori as a Council committee. The committee focuses on advancing Māori outcomes, strengthening partnerships with mana whenua and embedding Māori perspectives across Council activities and decision-making. This represents an important step in strengthening relationships and ensuring those perspectives continue to be reflected in our work.

Ōtepoti Dunedin continued to attract attention during the year. Film Dunedin's promotional showreel was named a finalist in the Best City Promotion category at the US International Awards in Los Angeles. Produced in-house by Enterprise Dunedin, the showreel was developed to promote Dunedin to screen industry professionals and showcase the city's landscapes, heritage and versatility as a filming location. Additionally, Netflix's adaptation of East of Eden was filmed in Dunedin during January 2025. The production transformed parts of the city's historic Exchange and warehouse precincts into early twentieth-century California and highlighted the value of the city's heritage assets and growing screen sector.

The 2026 Quality of Life Survey, conducted between March and May 2026, provided positive feedback from residents about life in Ōtepoti Dunedin. Our city recorded the highest quality of life rating among the seven participating cities, with 83% of respondents rating their quality of life positively and 78% agreeing their local area is a great place to live.

Looking ahead, the DCC – like all councils – is operating in a time of significant change for local government. Central government has signalled substantial reforms that will affect how councils operate in the future, and the scale of these changes means our next 10 year plan 2027-37 will be a significant and critically important piece of work.

We appreciate the support and engagement of our community throughout the year. Together, we will continue to look after and invest in our city, while ensuring the assets and services we rely on are maintained for current and future generations.

Sophie Barker, Mayor of Dunedin

He tirohaka whānui
Strategic overview

The DCC's Current Strategic Framework

The DCC's strategic vision was developed through a city-wide engagement process that started in 2010. The last of the eight current strategies was adopted in 2024. These strategies focus on long-term outcomes and Dunedin's development.

- The **Future Development Strategy** (previously the Spatial Plan) sets out a long-term strategic planning approach to achieve a well-functioning city for existing and future community needs.
- The **Economic Development Strategy** sets out priorities for growing Ōtepoti Dunedin's economy.
- **Ara Toi Ōtepoti Arts and Culture Strategy** roadmaps strategic actions to support the creative sector in Ōtepoti Dunedin and develop an environment that acknowledges the intrinsic value of the arts.
- The **Integrated Transport Strategy** sets priorities for how the safe and efficient movement of people and goods will be supported.
- **Te Ao Tūroa, Ōtepoti Dunedin's Environment Strategy**, sets a pathway to improve and maintain the health of Ōtepoti Dunedin's natural environment.
- The **Parks and Recreation Strategy** develops the use of Ōtepoti Dunedin's open spaces, recreation facilities and parks that are connected and valued to encourage communities to be more active.
- The **Social Wellbeing Strategy** outlines how we achieve a city with connected people, cohesive communities and quality lifestyles for all.
- The **3 Waters Strategic Direction Statement** sets out how the DCC will ensure the city has a reliable supply of clean, safe drinking water and effective water services.



Refreshing DCC Strategies

The strategic framework refresh project focuses on DCC's commitments to the Treaty of Waitangi, sustainability, and on refreshing four key wellbeing strategies that guide work across the Council (i.e., Economic Development, Social Wellbeing, Ara Toi Ōtepoti - Arts and Culture and Te Ao Tūroa - Environment).

Over the past year, the DCC has focused its effort on responding to significant central government reforms and the operational changes required across the organisation. This work has been substantial and has needed sustained attention from staff to ensure Council can meet new legislative and policy requirements.

As a result, further development of the strategic framework and associated strategies has not progressed during this period. The existing work remains in place, including the 2020 stocktake of the strategic framework, Council's commitment to partnering with mana whenua and the wider Māori community, and the integration of the United Nations Sustainable Development Goals.

Implementation of Te Taki Haruru (Māori Strategic Framework), adopted by Council in 2024, continues to guide how the DCC partners with mana whenua and upholds its commitments under Te Tiriti o Waitangi / The Treaty of Waitangi. Work on the sustainability framework remains paused while organisational capacity is directed toward meeting reform related requirements.

Achieving Great Outcomes as a Community

The purpose of a strategic approach to decision making is ultimately to achieve great outcomes for the city. The hard work is done by everyone in the city when it comes to achieving our goals and the Council is just one of many stakeholders working to support Dunedin being one of the world's great small cities.

Vision: Dunedin is one of the World's Great Small Cities

Strategic Principles

Two strategic principles – Te Taki Haruru Māori Strategic Framework and Sustainability – underpin the DCC's strategic framework.

Strategic Principles	Indicators	2025/26 statistics
Te Taki Haruru Māori Strategic Framework	Cultural Capability is strengthened across Council to ensure effective engagement with the Māori community	By the end of the 25/26 financial year, approximately 309 staff have completed at least one Tū Kotahi course.
	Mana whenua continue to be actively engaged as partners and decision-makers in projects they determine are a priority	Mana whenua were actively engaged in ten priority programmes in 2025/26
Sustainability	An increased percentage of residents agree that 'Dunedin is a sustainable city'	66% (an increase from 45% in 2024/25)
	Increased DCC support for community initiatives that are focussed on sustainability	(Not measured)



Community Outcomes

A supportive city with caring communities and a great quality of life (Social Wellbeing)

Social wellbeing is about making sure everyone feels connected, supported, and able to live well. Strong neighbourhoods, inclusive services and opportunities to participate in community life all contribute to a sense of belonging. A focus on wellbeing helps build resilience, reduce isolation, and support people of all ages and backgrounds to thrive.

Priorities

- **Connected people:** making people feel connected and involved in community and city affairs
- **Vibrant and cohesive communities:** building better communities both at a local/ geographic level and communities of interest
- **Healthy and safe people:** promoting good health and ensuring people feel safe, and are safe
- **Reasonable standard of living:** promoting a good work/life balance and full employment
- **Affordable and healthy homes:** people are living in warm and healthy homes and affordable housing options are available to all

Indicators

The DCC manages warm, dry, and safe community housing

100% compliance with Healthy Homes

An increased number of residents who are satisfied with the look and feel of the city

60% (down from 64% in 2024/25)

Percentage of residents who feel safe

In the city centre, **92%** feel safe during the day and **48%** feel safe after dark.

Increased satisfaction of Dunedin residents with their work / life balance

58% satisfaction (down from 63% in 2023/24*)

*result is from the Quality of Life survey, which is conducted every two years and so a 2024/25 comparative result is not available

Number of residents who participate in public consultations, forums, submissions, or are engaged on the Council's digital platforms over the year

(Not measured)

The DCC is prepared to respond in the event of a civil defence emergency

The minimum capability levels for Emergency Operations Centre functioning have been met. This includes 3 controllers, 14 function leads and 42 team members.

Decreased number of people living without access to affordable and healthy homes

44% of residents agree that housing is affordable (up from 36% in 2023/24*) and **77%** of residents agree that their home suits the needs of their household (up from 75% in 2023/24*)



DUNEDINNZ – CHRISTMAS IN THE BOTANIC GARDEN 2026

A healthy city with reliable and quality water, wastewater and stormwater systems (3 Waters)

Safe, reliable water services are essential for public health and environmental care. Managing drinking water, wastewater, and stormwater systems responsibly helps protect local waterways, reduce flood risks and ensure people have access to clean water every day. Ongoing investment and planning are key to maintaining these systems for the long term.

Priorities

- **Meet water needs:** Utilising existing water sources for the safe and quality water needs of the city for the next 50 years
- **Adaptable supply:** Adaptable water supply to a variety of future climate change and population scenarios
- **Improve discharges:** Improving discharges to minimise the impact on the environment
- **Maintain service levels:** Maintaining, and where practicable, improving key service levels into the future
- **Kaitiakitaka:** An integrated approach to management of the three waters which embraces the concept of kaitiakitaka (guardianship)
- **Waste Services:** Active commitment to zero waste, to enhance the health of our environment and people by 2030

Indicators

The water service is reliable, tastes and looks pleasant, and is supplied at adequate pressure

69% of residents are satisfied with water pressure and quality

Stormwater services perform adequately and reliably

43% of residents are satisfied with the stormwater system

The DCC develops a climate change adaptation plan for South Dunedin in collaboration with the community and mana whenua

A shortlist of three proposed adaptation futures for South Dunedin was drafted by June 2026.

The wastewater service is reliable, and DCC is responsive to customer concerns

60% of residents are satisfied with the wastewater system



DCC – 3 WATERS WAIKOUAITI WTP NEW WATER TANNKS

A compact city with a vibrant CBD and thriving suburban and rural centres (Future Development)

Planning for growth in a compact and coordinated way helps make the most of existing infrastructure, protect natural areas, and support a lively central city. At the same time, it allows suburban and rural centres to grow in ways that reflect their unique character. This approach helps connect people to jobs, services and green spaces, while supporting a more sustainable future.

Priorities

- **Liveable city:** a healthy and safe environment; quality air and water; a connected community; recreation, leisure and learning opportunities; healthcare, and warm housing
- **Environmentally sustainable and resilient city:** resilient ecosystems and communities; actively responding to climate change; reducing dependence on non-renewable resources; seismic-strengthened heritage buildings
- **Memorable and distinctive city:** protecting significant landscapes; quality architecture and urban design; memorable and engaging public art; celebrating Takata Whenua and European heritage; actively re-using built heritage
- **A city that enables a prosperous and diverse economy:** maintaining and growing our rural economy, industrial base and world class communications; attracting and retaining internationally-focused people; supporting and benefiting from the tertiary education sector
- **Accessible and connected city:** an urban form that supports accessibility from a range of modes and sustainable transport choices; a safe and efficient road network; affordable and convenient public transport; it is safe and pleasant to walk and cycle
- **A vibrant and exciting city:** a successful arts and culture scene, vibrant central city and local centres

Indicators

Number of new residential building consents issued in the past 12 months
430

Increased number of residents who are satisfied with the overall look and feel of the city
60% satisaction (down from 64% in 2024/25)

Progress on implementation of the Heritage Action Plan (HAP) 2023 to support the conservation of Dunedin's built heritage
35% complete



DUNEDINNZ – MATARIKI 2026 STADIUM MURAL

A successful city with a diverse, innovative and productive economy (Economic Development)

A strong local economy supports jobs, attracts talent, and helps communities prosper. Encouraging a mix of industries—from education and research to tourism, tech and the creative sector—builds resilience and opens up new opportunities. Supporting innovation and enterprise helps the city adapt to change and grow in a way that benefits everyone.

Priorities

- **Business vitality:** improving the ease of doing business and growing the value of exports
- **Alliances for innovation:** improving linkages between industry and research and increasing scale in innovative and tradable sectors
- **A hub for skills and talent:** increasing the retention of graduates, building the skills base and growing migrant numbers
- **Linkages beyond our borders:** increasing international investment and establishing strategic projects with other cities
- **A compelling destination:** marketing Dunedin and exporting education uplift

Indicators

Council funded events meet the needs of residents

46% of residents are satisfied with city festivals and events

Business sector is supported, and the marketing of the city is coordinated for tourism and education and attracting investment and skilled migrants

17 business event bids supported, **10** targeted city marketing campaigns, and **9** film permits issued

Increased support to business innovation that fosters growth, strength, and resilience of the local economy

Startup Dunedin worked with **174** founders, ran **135** events and workshops, and delivered **284** one-on-one capability sessions over the year. $15,000 was distributed in microgrants across **10** startups, from a pool of **49** applications requesting over $72,000. Startup Dunedin also supported **13** high-growth startups through the Distiller Incubator.

Enterprise Dunedin's 'Dunedin Works Better' campaign takes a witty and honest approach to attract professionals feeling burned out by big-city life. Using cheeky, made-up stats and clever copy, the campaign highlights Dunedin's relaxed lifestyle, short commutes, and natural beauty as a genuine alternative to Auckland, Wellington, and Queenstown.



DCC – ECONOMIC DEVELOPMENT CAMPAIGN

A creative city with a rich and diverse arts and culture scene (Ara Toi)

Creativity and culture are central to the city's identity, with a long-standing tradition of artistic expression, heritage and innovation. Supporting a diverse arts and culture scene brings life to public spaces, strengthens community connections and celebrates the stories that make the city unique. It also contributes to economic vitality, attracts visitors and fosters a sense of pride and belonging.

Priorities

- **Identity pride:** embedding creativity in city decision making
- **Access and inclusion:** investing in access to arts and culture and enabling self-expression
- **Creative economy:** leveraging the economic growth of the arts and culture sector
- **Inspired connections:** utilising existing networks and fostering new connections to drive creativity

Indicators

Percentage of residents rating Dunedin as a creative city	Number of events for local and international audiences supported by the DCC
68% of residents	**9** local and **4** regional events were led by DCC
Percentage of residents who visit one or more cultural facility within the last 12 months and are satisfied with their visit	**Increased access to inclusive cultural facilities provided by the DCC**
85% of residents visited and were satisfied	**585,120** visits to DCC cultural attractions (up from 541,539 in 2024/25)



DUNEDINNZ – PORT CHALMERS MARITIME MUSEUM

A connected city with a safe, accessible and low-carbon transport system (Integrated Transport)

An effective transport system helps people get where they need to go safely, easily, and sustainably. Supporting walking, cycling, public transport and low-emission travel reduces congestion and emissions, while improving access to work, education and services. A well-connected network also supports compact urban growth and contributes to a healthier, more inclusive city.

Priorities

- **Safety:** prioritising safety improvements according to risk
- **Travel choices:** prioritising investment and space to improve the provision of active modes and public transport
- **Connectivity of centres:** improving connections within and between centres and the central city for public transport and active modes
- **Freight:** efficiently and effectively moving freight
- **Resilient network**: integrating land use and transport to reduce demand for vehicle travel and increasing the resilience of the transport network

Indicators

Percentage of complaints around safety on the road	Reduction in the number of fatalities and serious injury crashes on the local road network	Percentage of residents who are satisfied with the efficiency, comfort, and accessibility of the transport network for walking, cycling, and public transport
(Not measured)	**30** (no change from 2024/25)	**46%** satisfaction



DUNEDINNZ – SEASIDER OTAGO HARBOUR

A sustainable city with healthy and treasured natural environments (Te Ao Tūroa)

Protecting and enhancing the natural environment is vital to the city's identity, wellbeing, and long-term resilience. From coastlines and native bush to urban green spaces, these areas are deeply valued by the community. Taking a sustainable approach to development and resource use helps safeguard ecosystems, reduce emissions, and ensure that future generations can enjoy the city's natural beauty and biodiversity..

Priorities

- **Resilient and carbon zero:** planning for and adapting to climate change and impacting positively on global environment and managing resources sustainably
- **Healthy environment:** sustaining ecosystem services, increasing indigenous biodiversity and restoring areas of ecological value
- **Caring for the natural world/ Tiakitaka:** enjoying, connecting to, and celebrating the natural environment

Indicators

Reduction to DCC's emissions and city overall emissions

DCC: **30.7%** reduction against 2018/19 baseline as of 2025/26
Dunedin: **13%** reduction against 2018/19 baseline as of 2024/25*

Percentage of residents finding the refuse collection and kerbside recycling meet their expectations

71% of residents satisfied with rubbish disposal services

*the most recent emissions inventory for Dunedin was in 2024/25. The inventory is updated every three years, with the next one scheduled for 2027/28.

Number of biodiversity grants and number of indigenous biodiversity grants

28 biodiversity grants were approved over the year, with **6** of these directly relating to native and indigenous species.

Total area of indigenous habitats in Ōtepoti Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms and/or recognised as Areas of Significant Conservation Value

Since 1995: **Total = 44,487 ha** (using new DOC land layer)



DUNEDINNZ – TAKAHE AT OROKONUI ECOSANCTUARY

An active city with quality and accessible recreational spaces and opportunities (Parks and Recreation)

Access to quality recreational spaces and activities supports physical and mental wellbeing, encourages social connection and adds to the vibrancy of city life. Whether it's parks, sports facilities, walking tracks or coastal areas, providing inclusive and well-maintained spaces helps people of all ages stay active and engaged. It also supports community events, lifelong participation and a strong sense of place..

Priorities

- **Active people:** people are living active lives by participating in formal and informal recreation and sport
- **Open spaces and facilities:** our parks and facilities are meeting the changing needs of our communities and are increasingly used
- **Treasured parks, natural landscapes, flora and fauna:** understanding, protecting and restoring our ecosystems and biodiversity, and our parks and landscapes bringing people together to celebrate our cultures and heritage
- **We work with others:** having strong relationships with takata whenua, and creating effective local and national partnerships

Indicators

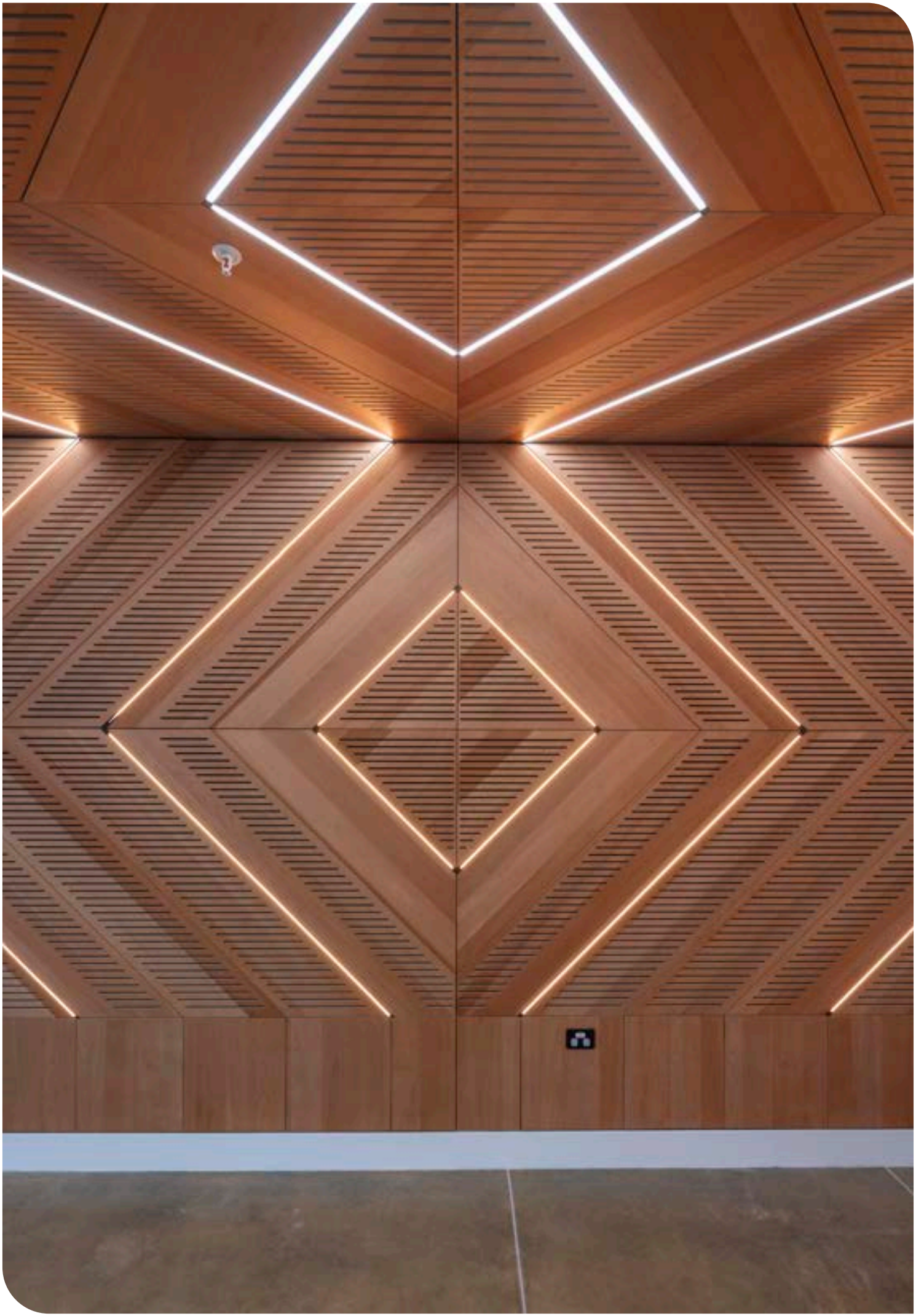
Percentage of residents who participate in physical activity using the DCC facilities
(Not measured)

Number of days sports fields are open to the public and are considered safe and well maintained
347 days

Increased number of residents who use a park, reserve, open space, and/or recreation facility and report satisfaction with the service
75% of residents used and were satisfied (down from 78% in 2024/25)



DUNEDINNZ – MOUNTAIN BIKING



GRAHAM WARMAN – TE WHATA O KAITUNA

Te ārahi me te whakarite i kā hua pai ake mā te Māori | Leading and developing better outcomes for Māori

For many years, the DCC, mana whenua and Māori have been on a long journey towards a more meaningful partnership.

Key roles in the DCC over recent years have been instrumental in laying the foundations for the DCC to progress its commitment to the Treaty of Waitangi. These key roles include the executive-level role of Manahautū - General Manager Policy & Partnerships (established in 2020) alongside further roles to lead and implement key workstreams within the organisation, including mana whenua and Māori partnerships, policy and cultural capability.

Significant developments in recent years are progressing the DCC's Treaty of Waitangi commitments across our governance arrangements and projects. These include:

2021

The establishment of kā rūnaka representative positions on two Council committee – the Strategy, Planning & Engagement Committee (SPEC) and Infrastructure Committee.

2022

The signing of the Manatu Whakaaetaka Relationship Agreement, a refreshed MoU between Council and kā rūnaka. The intended outcome of this Agreement is to facilitate a relationship of mutual benefit between mana whenua and the DCC, in order to produce meaningful outcomes for current and future generations of Māori within Ōtepoti Dunedin.

The establishment of Te Pae Māori, a mana-to-mana forum. The intended outcome of Te Pae Māori is to bring all of Council, mana whenua and mātāwaka together to advance shared goals and mutual respect, to acknowledge one another's roles and responsibilities and uphold each other's commitment to the Treaty of Waitangi.

2023

The adoption by Council of Te Taki Haruru – the DCC's Māori Strategic Framework. Collaboration between mana whenua, Māori and the DCC established a framework of principles and values by which the DCC can give effect to its commitment to the Treaty of Waitangi.

The Customer Services team complete the pilot Whakaohooho programme under Tū Kotahi - the DCC's Māori Cultural Capability Framework.

2024

The implementation of Tū Kotahi, which gives staff, and the organisation as a whole, foundational cultural knowledge and capability to work with Māori communities.

Te Taki Haruru Implementation Plan is approved by SPEC, allowing Mana Ruruku (formally Māori Partnerships and Māori Cultural Capability) to progress Tū Kotahi, Tū Ake and Tū Hono work programmes.

George Street Project opening, representing a co-design partnership between DCC and mana whenua through their company Aukaha.

2025

Mana Ruruku established, bringing Māori Partnerships and Māori Cultural Capability together under the new Kaiwhakahaere o Mana Ruruku (Mana Ruruku Manager) role.

2026

Te Pae Māori becomes a Council Committee with two members from each rūnaka and one mātāwaka representative.

Two kā rūnaka representative positions on the Policy and Planning Committee and Finance and Performance Committee, as well as one mana whenua representative on the Grants Subcommittee.

Over 350 staff completed, or enrolled in, at least one programme in Tū Kotahi.

Notable Partnerships Projects:

Moana Pool Upgrades (2021 - present)

Civic Centre - Level 2 renovation narrative (2024/25)

Te Whata o Kaituna – South Dunedin Library Complex (2024/25)

Matariki (2025) and Waitangi Commemoration (2026)



DUNEDINNZ: TEAKA OTAKOU MARKERS

He pūroko whakapūmautaka
Our commitment to sustainability

Sustainability is one of two strategic principles underpinning DCC's broader strategic framework.

Sustainability means ensuring Ōtepoti Dunedin can thrive now and into the future. It requires balancing environmental, social, cultural and economic wellbeing, while making decisions that support resilient communities, healthy ecosystems and infrastructure that can serve future generations.

Climate change is one of the most significant challenges to long-term sustainability. It is already affecting Ōtepoti Dunedin, with increasing risks from extreme rainfall, sea level rise and changes to coastal and freshwater environments. These hazards increase the likelihood of flooding, coastal erosion, rising groundwater and damage to infrastructure, and can compound existing challenges such as housing quality and affordability, ageing infrastructure, social wellbeing and inequality.

DCC is responding through a combination of climate adaptation, resilience-building and emissions reduction. During 2025/26, DCC strengthened its approach to climate adaptation and resilience through the adoption of a Climate Adaptation Policy, design of a citywide Climate Resilience Framework and development of a comprehensive Citywide Climate Risk Assessment. Together with the Resilience Roadmap, this work provides a foundation for identifying and prioritising climate risks across Dunedin and integrating climate resilience into long-term planning, investment and decision-making.

DCC continues to focus on reducing the impacts of sea level rise, flooding, coastal erosion and rising groundwater. Alongside citywide planning, adaptation work is continuing in high-risk areas including South Dunedin and the St Clair-St Kilda coastline, where homes, community facilities, infrastructure and other assets are exposed to increasing coastal and flood hazards.

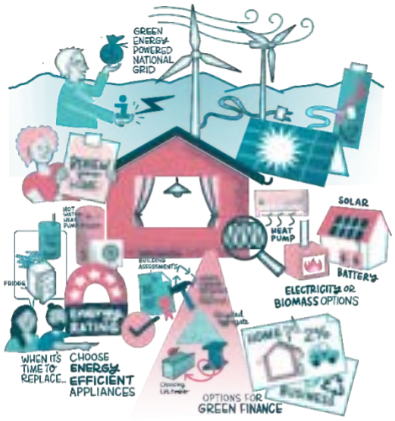
Adaptation alone cannot address all climate risks. Reducing greenhouse gas emissions is essential to limit the scale of future climate change and keep adaptation achievable and affordable. A low emissions Ōtepoti Dunedin can also deliver local benefits through more efficient infrastructure and systems, greater energy independence, healthier environments and improved public health, while contributing to global climate goals.

DCC is working to reduce both organisational and city-wide emissions. Following the declaration of a climate emergency in 2019, the Council adopted the Zero Carbon Plan in 2023. The Zero Carbon Plan sets out the key shifts needed across the city to achieve net zero emissions, alongside action areas for DCC to support progress towards the city's emissions reduction goals.

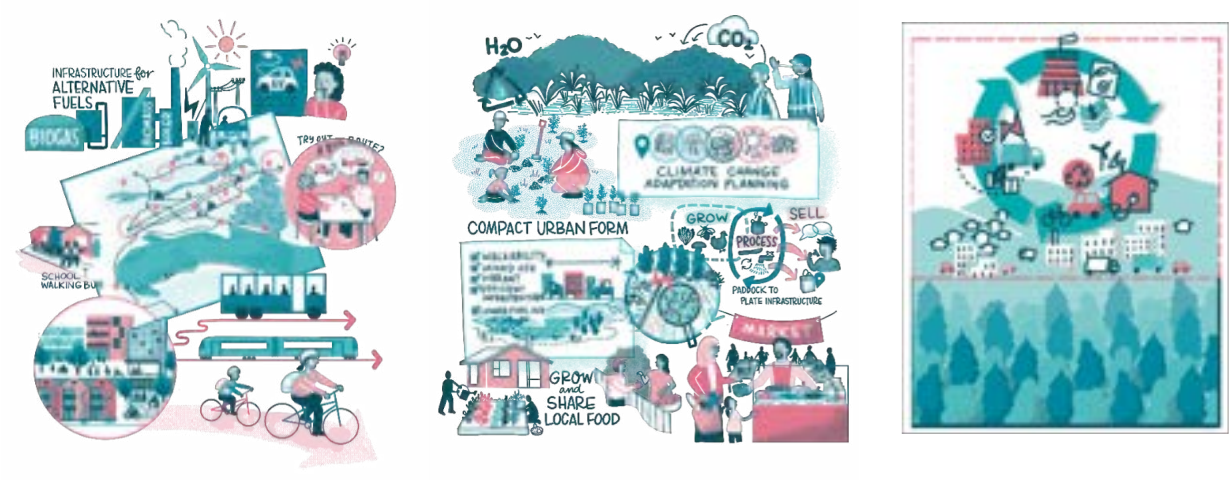
DCC is investing in projects to reduce emissions from key sectors such as waste and transport. These include enhancing landfill gas capture, expanding public and active transport infrastructure, and transitioning Council's fleet and buildings to cleaner energy. The Zero Carbon Plan also emphasises collaboration with businesses, communities and partner organisations through initiatives such as the Zero Carbon Alliance, recognising that achieving a zero carbon city requires collective action.

DCC also maintains an Emissions Management and Reduction Plan for its own operations. This sets out the actions the Council will take to reduce greenhouse gas emissions associated with its activities and track progress towards its organisational emissions reduction targets.









Sustainability Highlights from the 2025/26 Financial Year

- Began design and establishment of the **Climate Resilience Framework**
- Ongoing collaboration with **Zero Carbon Alliance partners**
- Commenced the **Citywide Climate Risk Assessment**
- **Zero Carbon Business Support Programme** is in full implementation following a pilot phase, designed to assist local businesses and organisations with emissions reductions
- Adopted a **Climate Adaptation Policy**
- Continued progress with integrating emissions considerations into DCC policies and processes, including project management
- Advanced adaptation planning for South Dunedin
- Continued progress on projects that will support organisational emissions reduction
- Continued coastal hazard and adaptation work for the St Clair-St Kilda coastline
- Participation in a climate mainstreaming pilot programme led by the Centre for Public Impact



DUNEDINNZ: KURI BUSH BEACH

He ohu nā te kaunihera
Council controlled organisations

In order to achieve key strategic objectives for Dunedin, the Council owns a number of Council Controlled Organisations (CCOs). These CCOs are held as investments to manage assets and/or to deliver economic and cultural benefits to the wider Dunedin community.

The following diagram illustrates the current structure and ownership of the CCOs (except for non-trading) and associate companies.



Dunedin City Holdings Ltd: the governing shareholder of eight subsidiary and associate companies that deliver investment returns and other benefits to the city. DCHL's purpose is to achieve the best for Dunedin from its investments.

Aurora Energy Ltd: owns and operates the electricity distribution networks in Ōtepoti Dunedin, Central Otago, Wānaka and Tāhuna Queenstown, delivering power from the national grid to customers, while also exploring new technologies to support future energy needs.

City Forests Ltd: owns and manages plantation forests in Otago, focusing on sustainable harvesting, land stewardship, and supporting local wood processing.

Delta Utility Services Ltd: delivers contracting services in the construction, operation, and maintenance of energy and environmental infrastructure.

Dunedin International Airport Ltd: operates Dunedin Airport, providing both airside and landside infrastructure to support safe, efficient air travel and regional connectivity. It plays a key role in the wider aviation ecosystem and supports economic growth in the Otago region.

Dunedin Stadium Property Ltd: holds the ownership of Forsyth Barr Stadium.

Dunedin Venues Management Ltd: manages and operates venues, primarily sourcing and delivering events, maintaining facilities, and enabling community access, with a focus on generating commercial and regional economic benefits.

Dunedin Railways Ltd: operates a rail tourism business, featuring the iconic Taieri Gorge railway line. The business is in a transitional phase, having been hibernated in response to the Covid pandemic.

Dunedin City Treasury Ltd: provides treasury and funds management services to the Dunedin City Council Group, including sourcing and on-lending debt, managing financial risks and relationships, and overseeing the Waipori Fund.

Summary of 2025/26 Performance

The 2025/26 year saw steady improvement in financial performance across the DCHL Group, continued investment in critical infrastructure, and a renewed focus on the future of DCC's investment portfolio.

A major focus during the year was the completion of a comprehensive review of the Council's investment portfolio, including trading companies, the Waipori Fund and investment property holdings. DCHL developed a new Investment Framework. This framework establishes a clear platform for the future management of the portfolio, and confirms two core objectives: to protect the real value of capital for future generations and to provide strong, consistent and sustainable distributions to Council.

The DCHL Group reported its fourth consecutive increase in earnings, delivering net profit before tax of $32.8 million. In line with targets, DCHL distributed $14.9 million to Council, as well as an additional $1 million investment to support track renewals at Dunedin Railways.

Aurora Energy, the Council's largest investment, continued to perform strongly, reporting net profit before tax of $48.6 million. This year marks the completion of the company's five-year Customised Price-Quality Path (CPP) programme, through which approximately $560 million was invested to renew and strengthen the electricity network, and to help meet anticipated demand.

Dunedin International Airport also invested in infrastructure, spending $24 million on projects including runway renewal, strategic land acquisition and water infrastructure. Despite 2025/26 being a challenging year for the global aviation industry, the company reported growth in aeronautical and commercial revenues. DCHL's 50% share of the company's net profit after tax was $0.8 million. The Dunedin-Gold Coast service completed its first full year of operation, carrying more than 45,000 passengers and contributing to regional tourism activity.

Severe wind events in October 2025 had a significant impact on City Forests, damaging approximately four percent of the productive estate. The impact of the storm, coupled with a market under pressure from high fuel and shipping costs and flat prices, contributed to a pre-tax loss of $3.2 million. The company responded rapidly to the storm, accelerating production to prioritise recovery of damaged trees before decay and further value loss, and keeping a strong focus on health and safety throughout the process.

Following the October 2025 storm, Delta played an important role in ensuring a range of local resources, such as playgrounds, parks and event spaces, were safe and accessible. A focus on operational efficiency and managing costs saw the company deliver a net profit before tax of $6.8m, a significant improvement on the prior year.

DCHL's community-focused assets continued to provide social and economic benefits. Dunedin Venues hosted 39 community events attended by more than 44,000 people, while Dunedin Railways continued rebuilding its tourism operations, achieving stronger-than-expected passenger numbers.



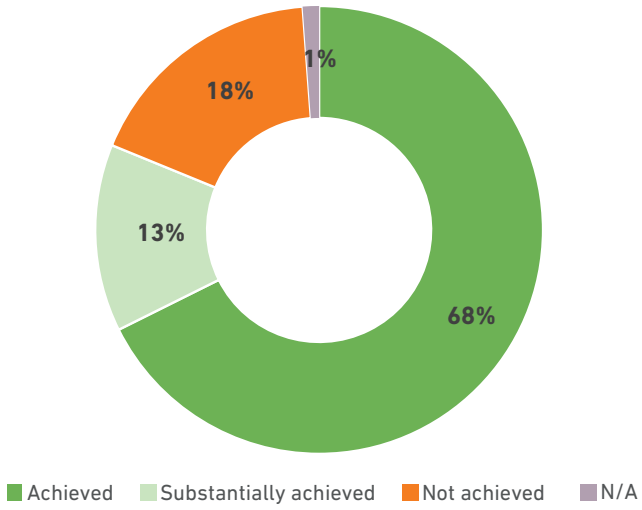
DUNEDIN AIRPORT

I pēhea tā mātou mahi
How the Council did

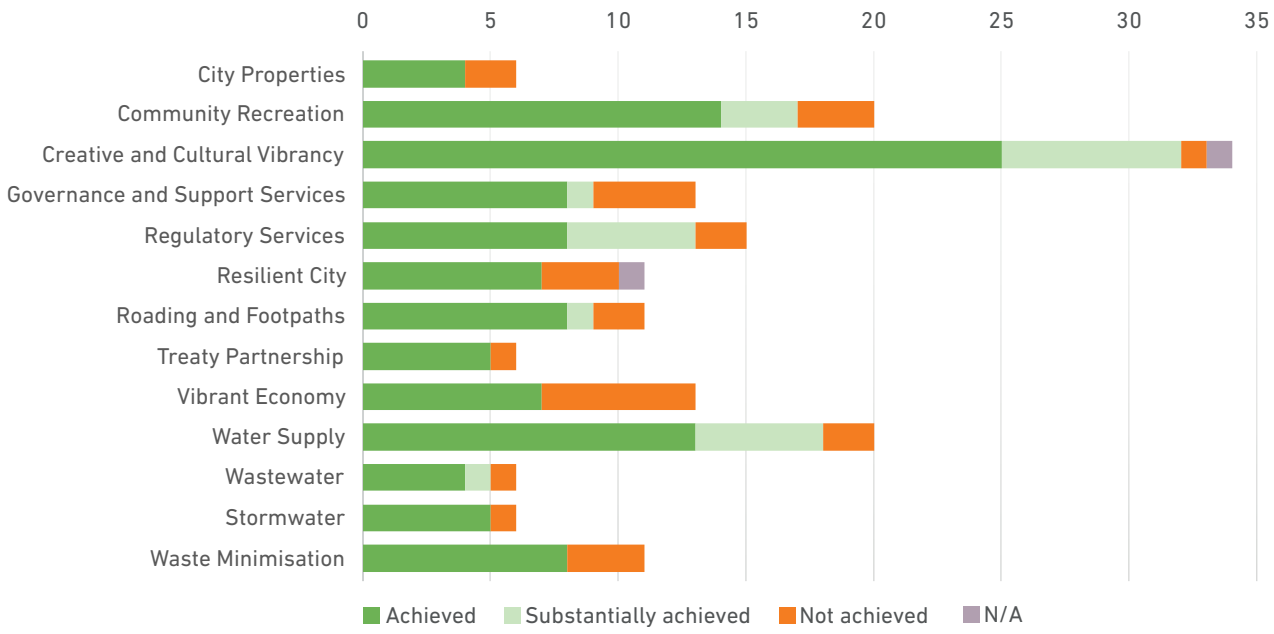
We measure our performance in delivering services to the community using targets set out in Council's 9 year plan 2025-34. Reporting against these targets presents a broad view of our performance for the 2025/26 financial year.

The charts below summarise achievement of performance targets overall, and by activity group.

Results were recorded as 'achieved' where performance met or exceeded its target in the 2025/26 year. 'Substantially achieved' relates to results that were within 5% of achieving their targets. 'Not achieved' means the target was not met, and was not within 5%. Some levels of service were not measured in 2025/26, or do not have a specific target associated with them; in these instances, the result was recorded as 'N/A' (not applicable).



2025/26 Service Performance Summary



2025/26 Service Performance Summary by Activity Group

Where your money went

Activities and services	Capital costs		Operating costs	
	Actual $174M	Budget $230M	Actual $447M	Budget $462M
 City Properties	$16m	$22m	$51m	$50m
 Community Recreation	$9m	$15m	$45m	$46m
 Creative and Cultural Vibrancy	$2m	$2m	$32m	$32m
 Governance and Support Services	$1m	$4m	$54m	$54m
 Regulatory Services	-	$0m	$22m	$22m
 Resilient City	$0m	$0m	$11m	$12m
 Roading and Footpaths	$48m	$55m	$67m	$68m
 Treaty Partnership	-	-	$1m	$1m
 Vibrant Economy	$0m	-	$11m	$12m
 Water Supply	$48m	$42m	$53m	$53m
 Wastewater	$30m	$33m	$56m	$55m
 Stormwater	$9m	$12m	$19m	$19m
 Waste Minimisation	$11m	$45m	$25m	$38m

Operating costs include depreciation

He pūroko tahua | Financial statements

Dunedin City Council

Summary statement of comprehensive revenue and expense for the year ended 30 June 2026

	CORE COUNCIL			CONSOLIDATED	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Total operating revenue	432,592	415,780	381,405	764,673	700,120
Operating expenditure	374,691	386,916	355,371	652,546	622,577
Financial expenses	27,658	29,114	27,155	57,116	59,079
Total operating expenditure	402,349	416,030	382,526	709,662	681,656
Operating surplus (deficit) from operations	30,243	(250)	(1,121)	55,011	18,464
Share of associate surplus (deficit)	201	-	-	1,028	2,301
Surplus (deficit) before taxation	30,444	(250)	(1,121)	56,039	20,765
Less taxation	(229)	(250)	(388)	10,762	7,110
Surplus (deficit) after taxation	**30,673**	**-**	**(733)**	**45,277**	**13,655**
Other comprehensive revenue and expense					
Gain (loss) on property, plant and equipment revaluations	421,602	112,130	340,692	421,602	340,692
Gain (loss) on forestry land revaluations	-	-	-	(10,581)	26,649
Gain (loss) of comprehensive revenue in associates	-	-	-	26	3,752
Gain (loss) of cash flow hedges at fair value through other comprehensive revenue and expense	-	-	-	(6,650)	(26,337)
Carbon credits (devaluation) on sale units	-	-	-	1,417	(840)
Gain (loss) on carbon credit revaluation	-	-	-	(6,945)	5,774
Gain (loss) on recognition of Dunedin Heritage Fund CCO	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	2,496	4,290
Total other comprehensive revenue and expense	**421,602**	**112,130**	**340,692**	**401,365**	**353,980**
Total comprehensive revenue and expense	**452,275**	**112,130**	**339,959**	**446,642**	**367,635**
Surplus (deficit) attributable to:					
Dunedin City Council and Group	30,673	-	(733)	45,277	13,655
Total comprehensive revenue and expense attributable to:					
Dunedin City Council and Group	452,275	112,130	339,959	446,642	367,635

Dunedin City Council

Summary statement of changes in equity for the year ended 30 June 2026

	CORE COUNCIL			CONSOLIDATED	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Movements in equity					
Opening equity	4,688,729	4,553,882	4,348,770	5,005,995	4,638,360
Total comprehensive revenue and expense attributable to Dunedin City Council and Group	452,275	112,130	339,959	446,642	367,635
Closing equity	**5,141,004**	**4,666,012**	**4,688,729**	**5,452,637**	**5,005,995**
Components of equity					
Accumulated funds	1,678,365	1,639,016	1,648,777	1,878,803	1,827,843
Reserves	3,462,639	3,026,996	3,039,952	3,573,834	3,178,152
Total equity	**5,141,004**	**4,666,012**	**4,688,729**	**5,452,637**	**5,005,995**

Dunedin City Council

Summary statement of financial position as at 30 June 2026

	CORE COUNCIL			CONSOLIDATED	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Current assets	55,824	64,062	51,281	156,180	114,911
Non-current assets	5,893,435	5,472,422	5,375,587	7,137,701	6,594,534
Total assets	**5,949,259**	**5,536,484**	**5,426,868**	**7,293,880**	**6,709,445**
Current liabilities	72,621	63,557	64,865	124,820	111,891
Non-current liabilities	735,634	806,915	673,274	1,716,424	1,591,559
Total liabilities	**808,255**	**870,472**	**738,139**	**1,841,244**	**1,703,450**
Equity attributable to Dunedin City Council and Group	5,141,004	4,666,012	4,688,729	5,452,637	5,005,995
Total equity	**5,141,004**	**4,666,012**	**4,688,729**	**5,452,637**	**5,005,995**
Total liabilities and equity	**5,949,259**	**5,536,484**	**5,426,868**	**7,293,880**	**6,709,445**

Dunedin City Council

Summary statement of cashflows for the year ended 30 June 2026

	CORE COUNCIL			CONSOLIDATED	
	Actual 2026 $000	Budget 2026 $000	Actual 2025 $000	Actual 2026 $000	Actual 2025 $000
Net cash inflow (outflow) from operating activities	116,166	112,357	95,658	190,325	136,310
Net cash inflow (outflow) from investing activities	(175,900)	(231,354)	(148,876)	(266,835)	(243,082)
Net cash inflow (outflow) from financing activities	61,000	121,000	60,500	114,333	110,222
Net increase (decrease) in cash held	**1,266**	**2,003**	**7,282**	**37,822**	**3,450**
Net foreign exchange difference	-	-	-	(59)	(949)
Opening cash and cash equivalents balance	15,837	11,354	8,555	29,773	27,272
Closing cash and cash equivalents balance	**17,103**	**13,357**	**15,837**	**67,536**	**29,773**

Notes to the summary financial statements

Overview

The summary financial statements presented are for the reporting entity Dunedin City Council (the Council) and the consolidated financial statements of the Group comprising Dunedin City Council and its subsidiary and associate companies; Dunedin City Holdings Limited and its subsidiary and associate companies.

The summary financial statements of the Council and Group are for the year ended 30 June 2026.

The specific disclosures included in the summary financial statements have been extracted from the full financial statements. The full financial statements were authorised for issue by the Council on 29 October 2026 and have been audited, receiving an unqualified opinion.

The budget amounts shown in the summary financial statements are derived from the 2025/34 Long Term Plan.

Statement of accounting policies

The Council has designated itself and the Group as public benefit entities (PBEs). The full financial statements and service performance information have been prepared in accordance with Tier 1 PBE accounting standards and generally accepted accounting practice in New Zealand (NZ GAAP), and make an explicit and unreserved statement of compliance with PBE accounting standards for the period presented in this summary annual report.

The information in this summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements.

Users of the summary financial report should note that the summary financial statements do not include all of the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

All amounts are shown in New Zealand dollars and are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The full Annual Report can be found on the Council website at www.dunedin.govt.nz. Users who do not have access to the website can request a printed version from the following address:

Chief Financial Officer, Dunedin City Council, PO Box 5045, Dunedin 9054.

There were no standards issued and not yet effective that have been early adopted.

Amendments to PBE IPSAS 1 has been issued with an effective for the year ended 30 June 2027 financial reporting. This amendment clarifies the principles for classifying a liability as current or non current, particularly in relation to loan covenants. The Council has not early adopted this accounting standard.

There have been no other new accounting standards introduced during the year ended 30 June 2026.

DCTL reviewed the contractual terms of LGFA borrower notes, which have historically been classified as financial assets measured at amortised cost. The review identified that there are contractual terms which could give rise to cash flows that are not solely payments of principal and interest. Accordingly, these financial assets have been reclassified and measured at fair value through profit and loss.

The impact of this change in accounting policy was assessed and determined to be immaterial to the prior year financial statements. Accordingly, no balances have been restated.

There have been no other changes in accounting policy. All other policies for the current year and comparative year have been applied on a consistent basis.

Capital commitments

The capital commitments of the Council were $61.290 million (2025: $70.962 million) and of the Group $92.708 million (2025: $87.608 million).

Contingencies

The Council has uncalled capital of 1.9 billion shares (2025: 1.6 billion) for Dunedin City Holdings Limited. The Group has contingent liabilities relating to performance bonds of $0.6 million (2025: $0.6 million).

The Council is investigating an historic landfill under Kettle Park which operated next to Ocean beach until the early 1950s. Storm events over the last 15 years have caused erosion to the dune seaward protection of the landfill. DCC has allocated $37.8 million of funding in the 9 Year Plan 2025-34 for Kettle Park remediation. Options and timeframes for erosion mitigation and dune remediation work, as well as the approach across the wider landfill site, are currently being assessed.

The infrastructure linking the Musselburgh Pump Station and the Tahuna Wastewater Treatment Plant is critical infrastructure that requires renewal. DCC has allocated $49 million of funding in the 9 Year Plan 2025-34 for this link. Replacement pipes are expected in years 2-6 of the plan. Interim mitigation measures are underway.

The DCC's Warm Dunedin targeted rates scheme was available to eligible residents to spread out the costs of floor/ceiling insulation and/or clean heating appliances over 10 years via their rates payments. The scheme began in 2013 and was closed to new applicants in 2021. Repayments and interest are still being received from residents who signed up to the scheme. The Commerce Commission is concerned about any breaches of the Credit Contracts and Consumer Finance Act prior to the programme being stopped. The Government has exempted targeted rates such as Warm Dunedin from the Act, however this exemption may not be retrospective. If the exemption is not retrospective and DCC's Warm Dunedin targeted rates scheme was found not to be compliant with the Credit Contracts and Consumer Finance Act, then DCC may be required to repay interest received from members of the scheme.

The Otago Regional Council requires the payment of a bond from those entities involved in solid waste disposal. By mutual agreement the payment of a bond of $1,000,000 has been waived as long as the Council retains ownership of the Green Island landfill site, and maintains the conditions of the consents.

There are a number of known risks associated with the issue of building consents, including in relation to section 73 Building Act requirements. The magnitude of financial exposure (if any) is not quantifiable at this time.

In addition to the above, the Council is exposed to various legal claims on an ongoing basis. The maximum financial exposure under those additional claims is likely to be less than $2,500,000.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA (Stable).

The Council is one of 74 local authority guarantors of the LGFA. The LGFA's loans to local authorities total $23.1 billion (2025: $22.7 billion), of which the Group and Council have borrowed $680 million (2025: $440 million). The council is a guarantor of all of the LGFA's borrowings. As at 30 June 2026, the carrying value of LGFA liabilities covered by the guarantee was $26.55 billion (2025: $25.5 billion), while the maximum potential future liability of the Council under the guarantee was $28.4 billion (2025: $26.3 billion).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12 month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12 month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12 month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Transactions with related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the DCC Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on/within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Explanations of major variances against budget

Explanations for major variances from the Council's 2025/2026 Annual Plan budget figures are as follows:

Statement of Comprehensive Revenue and Expense

Total operating revenue for the year was $432.5 million or $16.8 million higher than budgeted. This was due to:

- vested assets of $18.4 million (non-cash) relating to new subdivisions and SH88 boardwalk (known as Te Ara Moana - The Ocean Path) vested from NZTA, being $15.4 million higher than budgeted.
- a net gain on the fair value of investments held by the Waipori Fund of $5.5 million, being $4.2 million higher than budgeted.
- a net gain on revaluation of investment properties of $3.4 million, being $2.5 million less than budgeted.

Note that rates revenue is higher than budget due to metered water revenue of $6.7 million being reclassified as rates revenue, having previously been disclosed under other revenue. The budget for metered water revenue has not been reclassified and remains under other revenue, resulting in other revenue being lower than budget.

Total operating expenses for the year was $402.3 million or $13.6 million less than budgeted. This variance was due to:

- a change in accounting treatment for the landfill after-care provision has meant that the provision in operating expenses has reduced by $10.2 million. Provision for future capital works has been moved from operating expenses to the Statement of Financial Position (balance sheet), the provision for future maintenance costs has remained in operating expenses.
- waste minimisation operating expenditure was lower than budgeted by $2.1 million due to lower landfill and emission trading scheme costs.
- personnel costs were lower than budget by $1.5 million due to vacancies during the year.
- interest costs were lower than budget by $1.5 million due to reduced capital funding requirements.
- depreciation costs were higher than budget by $0.8 million, mainly relating to Three Waters assets.

Statement of Cashflows

Cash inflows from rates received are higher than budget due to the metered water rate being reclassified as rates revenue. This has resulted in other revenue being lower than budget due to the reclassification.

Net cash outflow from investing activities was lower than budget due to an underspend of the capital expenditure programme. The underspend was primarily due to delays in the timing of works.

Net cash inflow from financing activities was lower than budget due to the lower spend on capital expenditure.

Reclassification of comparative year figures

The Group has made some minor reclassification adjustments to prior year comparative figures. This is to better reflect the financial position at year end.

The 9 Year Plan 2025-34 revised the activity group structure previously used in the 2025 Annual Report for Core Council. To ensure comparability under the revised structure, the 2025 comparative information presented in Note 10 and Note 11 of the Full Annual Report have been reclassified to align with the new activity group structure. .

Local Water Done Well

Background and Delivery Model

The Government's Local Water Done Well framework, enacted under the Local Government (Water Services Preliminary Arrangements) Act 2024 and the Local Government (Water Services) Act 2025, required all territorial authorities to submit a Water Services Delivery Plan demonstrating the long-term financial sustainability of their drinking water, wastewater, and stormwater services ("Three Waters"). Council formally adopted and submitted its plan to the Department of Internal Affairs on 25 August 2025.

Council resolved to retain the delivery of Three Waters services internally within the existing Council organisation. It does not intend to transfer these activities to a separate water services organisation or a Council-Controlled Organisation (CCO). Accordingly, Council retains full ownership, control, and operational responsibility for all underlying Three Waters assets, liabilities, revenues, and expenses.

Financial Reporting and Compliance

To satisfy statutory transparency and regulatory ring-fencing requirements under the legislation, Council will separate financial statements for its Three Waters activities effective from 1 July 2026. This reporting will be designed to clearly demonstrate the distinct financial performance and long-term sustainability of water services.

The preparation of these financial statements will not alter the legal ownership, control, or primary accounting recognition of the underlying assets and liabilities, which will continue to be recognised within Council's consolidated financial statements.

Financial Effects

Because water services remain within the core Council organisation:

- No assets, liabilities, operations, or personnel transfer to an external entity;
- No contingent items arise from a transfer arrangement; and
- Existing capital commitments and contractual arrangements remain fully with Council.

Local Government Reforms

The New Zealand Government is part way through a programme of reforms affecting local government. These reforms include the Local Government (Systems Improvements) Amendment Act 2026, the "Simplifying Local Government" programme and rate capping. Other proposals in progress include resource management system reform, emergency management reform, and earthquake prone buildings legislation.

The systems improvements reforms are intended to get councils to have a stronger focus on the provision of core services, provide clearer information on performance and have greater accountability. They aim to reduce the pressure on council rates.

The Simplifying Local Government programme is intended, through reorganisation, to simplify governance, strengthen strategic planning, improve the delivery of regional functions and establish governance arrangements that are more efficient, financially sustainable and easier for communities to understand. The Government has provided two pathways for reorganisation – the Head Start Pathway, and the Back Stop process. These are discussed in detail below.

The Local Government (Rates Capping) Amendment Bill aims to limit annual increases of council rates to promote fiscal responsibility and provide predictability to ratepayers. Rates relating to water services, being drinking water, wastewater and stormwater, are not included in the rate cap.

Rate capping is proposed to have an implementation date of 1 July 2029, however, there is an expectation that Council's will have regard to the target cap range when setting rates for 2027/28 and 2028/29. Rate cap targets are expected to be set at 2%-4% per annum.

The Government reforms are at various stages of progress. Many aspects of the reform programme remain under development, with proposed law still in progress towards becoming Acts of Parliament.

The outcomes and timing of the reforms is therefore uncertain. The Council continues to monitor developments and participate in consultation processes where appropriate. Until the relevant legislative and policy decisions have been finalised, the full impact of the reforms on the Council's revenue, operations, assets, liabilities, governance arrangements, service delivery responsibilities, and financial position cannot be reliably determined.

Notwithstanding this uncertainty, the financial statements have been prepared on a going concern basis. This reflects the current expectation that the Council will continue to operate in its existing form and continue providing local government services unless and until any future reform decisions are implemented.

Simplifying Local Government – Head Start Pathway

As part of the Government's 'Simplifying Local Government' programme, councils were provided with an opportunity to submit proposals under the "Head Start" pathway. This voluntary process enabled groups of territorial authorities to develop locally led proposals for unitary governance and structural arrangements. These proposals will be assessed by the Government against five criteria: support for the new planning system, simplified governance, economies of scale, maintaining local voice, and deliverability.

In August 2026, Dunedin City Council and Queenstown Lakes District Council jointly submitted a voluntary Head Start proposal to the Government. The proposal outlines a model for local government reform in Otago that would establish two unitary authorities, supported by a shared regional services structure. The proposed Coastal Otago Unitary Authority would comprise Dunedin City, Clutha District and potentially part or all of Waitaki District, while the proposed Inland Otago Unitary Authority would comprise Queenstown Lakes District and Central Otago District. Regional functions currently delivered by the Otago Regional Council would be delivered through a shared regional services operating across both unitary authorities.

The proposal is intended to simplify local government structures, strengthen regional capability, support planning reform, reduce duplication and improve coordination of functions delivered at a regional scale. The proposal notes that detailed design work, public consultation, engagement with Te Rūnanga o Ngāi Tahu and affected Papatipu Rūnanga, and further assessment of governance, representation, financial implications and service delivery arrangements would be required before any final decisions are made.

As at the date of adoption of these financial statements, the Government had not made any decisions regarding the proposal. The Government has advised that Cabinet is expected to consider Head Start proposals during early 2027, and if endorsed, the proposal will be fully developed and considered for final approval later in 2027. The Government has indicated that any resulting changes are intended to be implemented prior to the 2028 local government elections.

The outcome of the Council's Head Start proposal, and any resulting implications for the Council's governance arrangements, operations, assets, liabilities, service delivery responsibilities and financial position, remain uncertain.

Simplifying Local Government – Backstop Process

The "backstop" process may be used where councils have not participated in the Head Start pathway, or where proposals submitted under the Head Start pathway are not accepted by the Government. Further detail regarding the "backstop" process is expected to be provided in early 2027.

While Council has participated in the Head Start pathway through its joint proposal with Queenstown Lakes District Council, it remains possible that the Council could be subject to the backstop process if the proposal is not accepted or does not proceed.

The Government has indicated that any changes arising from the Simplifying Local Government programme through the backstop process are expected to take effect following the 2028 local government elections.

Events after balance date

There were no other significant post balance date events.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Dunedin City Council's summary of the annual report for the year ended 30 June 2026

The summary of the annual report was derived from the annual report of the Dunedin City Council (the Council) for the year ended 30 June 2026.

The summary of the annual report comprises the following information on page 22 and pages 24 to 29:

- The summary statement of financial position of the Council and Group as at 30 June 2026.
- The summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows of the Council and Group for the year ended 30 June 2026.
- The notes to the summary financial statements that include accounting policies and other explanatory information.
- The summary of the services and activities section (referred to as "How the Council did") in the summary annual report.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements.*

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2026 in our auditor's report dated 29 October 2026.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to note 43 on pages 183 to 184 of the financial statements. The note describes the Government's proposal to simplify local government, including reducing the number of local authorities through regional amalgamations. The Council is part of an amalgamation proposal under the Head Start pathway that may, if approved, be implemented before the 2028 local elections.

The eventual outcome for the Council depends on future Cabinet decisions and the enactment of enabling legislation. Because there is significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis. Our opinion was not modified in respect of this matter.

Information about this matter is also disclosed on page 29 of the summary of the annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements.*

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

The independent Chair of the Council's Audit and Risk Committee until March 2026 was also the independent Chair of the Auditor-General's Audit and Risk Committee, and subsequently is the Chair of the Auditor-General's Public Audit System Committee. There are appropriate safeguards to reduce any threat to auditor independence, as the Auditor-General's committees do not assume any of the Audit Office's management functions, and a member of the Auditor-General's committees (when acting in this capacity) has no involvement in, or influence over, the audit of the Council.

In addition to the audit and our report on the disclosure requirements, we have carried out statutory and regulatory engagements for the Council's subsidiaries and associate and performed a limited assurance engagement related to the Council's Debenture Trust Deed, which are compatible with those independence requirements.

Other than these engagements, and the relationship with the Auditor-General's Committees, we have no relationship with, or interests, in the Council or any of its subsidiaries and controlled entities.



Rudie Tomlinson
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
9 November 2026

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