SECTION 2:

He tirohaka whānui
Overview

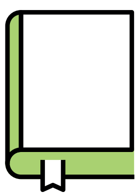
He aha te mahere pae tata
What is the Annual Plan?

Our draft Annual Plan 2026/27 updates year two of our latest Long Term Plan (LTP), i.e., the 9 Year Plan 2025-34.

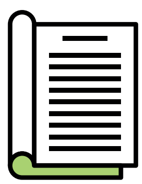
Every three years, councils across New Zealand are required to prepare an LTP under the Local Government Act 2002. This plan sets out the services and activities Council intends to deliver, how they will be funded, and the expected impact on rates and debt.

Councils produce Annual Plans in the years between LTPs to keep the community informed of progress and to highlight any changes since the LTP was adopted. At the end of each financial year, the Council also publishes an Annual Report, which shows how well it has delivered on the goals and promises set out in its plans.

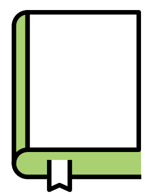
Planning timeline



9 year plan
2025 – 2034



Annual plan
2026/27



10 year plan
2027 – 2037

What's different about this Annual Plan?

The Dunedin City Council (DCC), along with many councils around the country, is now breaking the overall rate increase down into two rate increases – a 3 Waters rate increase and a non-water rate increase. This reflects preparation for changes to the delivery of water services following the government's Local Water Done Well reforms. In 2025, following community consultation, the Council adopted the in-house model as the proposed delivery model for water services rather than establishing a council-controlled water organisation. Council then prepared a Water Services Delivery Plan (WSDP) as required by legislation. DCC's WSDP was then accepted by the Secretary for Local Government on 10 November 2025.

The WSDP demonstrates DCC's commitment to deliver water services that meet regulatory requirements, support growth and urban development, and explains how DCC will ensure financial sustainability for water services by 30 June 2028. Water services are now also subject to economic regulation by the Commerce Commission.

The government's proposed rate cap is expected to apply to non-water rates only and is expected to exclude water services.

For these reasons, you will notice that water and non-water rate information is now presented separately in the Annual Plan.

Whakarāpopoto o te akoako hapori
Summary of community consultation

Community feedback

Community engagement on the draft 2026/27 Annual Plan took place between 30 March and 29 April 2026. A mix of online and printed engagement material was used, including a consultation document. Digital content was available on the DCC website, supported by social media advertising.

Specific feedback was sought on one topic – the proposed introduction of a rating differential for 3 Waters utilities. The community was also invited to provide other feedback that they wished to tell us.

Submissions were collected via an online form, emails, and written letters. Around 30 submissions were presented directly to the Council by their submitters at the Annual Plan hearings on 13 May 2026.

Council received 146 submissions during the feedback period, in addition to social media posts. The community feedback was categorised into topics and the ten most frequently commented on topics were:

Topic	Number of comments
Dunedin Tunnels Trail	102
3 Waters rating differential	27
Rates	16
Transport	13
3 Waters	12
Fees and charges	11
Stadium & Council Controlled Organisations	9
General comments	7
Climate adaptation	7
Parks and recreation	7

Council decision making

Council considered the community feedback received at its deliberations meeting on 27 May 2026. A complete record of the decisions can be found in the meeting minutes on the DCC website.

The Council made decisions and agreed to look into some matters as a result of the community feedback received. Decisions made at the meeting included:

Community Housing

Council agreed that Community Housing rents would remain unchanged from the levels agreed for the 2025/26 year.

Pool entry for Hāpai Access Card holders

Council approved a new Aquatic Services fee to enable people with disabilities who hold a Hāpai Access Card to swim at DCC pools for $3 per week.

McMaster Road

Council agreed to investigate a speed limit reduction on McMaster Road in Saddle Hill.

Road network seal extension policy

Council agreed to review its roading network seal extension policy, including criteria for prioritisation.

Toitū archives service

Staff will prepare a report on options to address the provision of an Archives service at Toitū Otago Settlers Museum.

Rates

Council approved a rate increase of 8.9% for the 2026/27 year, which is made up of a 4.3% increase for non-water activities, and a 16.7% increase for 3 Waters.

He whakatikatika pae tawhiti
9 year plan update

The Council's Long Term Plans usually cover a period of 10 years. However, in 2024 the DCC took a different approach due to a number of legislative changes that affected Council activities. A decision was made to delay the usual 10 year plan and instead create a 9 year plan.

Although it's one year shorter, the 9 year plan serves the same purpose and followed the same process as a 10 year plan. It outlines the services and activities that the DCC will provide, the projects that will be carried out, and the level of service that the community can expect. The 9 year plan also includes how much things will cost, how they will be paid for and what it means for rates and debt.

Although Long Term Plans usually look a decade ahead, they are reviewed and consulted on every three years. This Annual Plan 2026/27 aligns with the second year of the current 9 year plan. Because the Council chose to create a 9 year plan in 2024, this will be the only Annual Plan before another full 10 year plan is developed.

Budget changes for 2026/27

The 2026/27 budget in this document has been compared to the budget for year two in the 9 year plan, and the following differences have been identified:

1. Rates revenue is lower than that provided for in year two of the 9 year plan. The 2026/27 year provides for a rate increase of 8.9%, which is lower than the 10.9% provided for in year two of the 9 year plan. It is also lower than the Financial Strategy rate limit of 12.0%. This rate increase will maintain our current levels of service. This decision follows an extensive review of our operations and budgets, while also reflecting our commitment to invest in our city for now and future generations.
2. A new rating differential for 3 Waters utilities has been introduced. This prevents disproportionately higher 3 Waters utility rates charges being passed on to customers as a result of the 2025 general property revaluation. This was a specific topic of consultation on the draft Annual Plan.
3. Financial revenue is higher than forecast in year two of the 9 year plan due to the inclusion of an additional $3 million dividend from Dunedin City Holdings Limited.
4. Subsidies and grants revenue is higher than forecast in year two of the 9 year plan due to the rephasing of capital expenditure in the Roading and Footpaths group.
5. Other expenses are lower than what is provided for in year two of the 9 year plan reflecting targeted savings across the organisation and reduced costs within the Waste Minimisation group.
6. Personnel costs are higher than what is provided for in year two of the 9 year plan. The increase incorporates scheduled changes in salaries, superannuation, the living wage and additional resources. Additional resources are included to support implementation of Local Water Done Well, an in-house homelessness outreach service and enhanced internal audit processes.
7. Depreciation costs are higher than provided for in year two of the 9 year plan due to the revaluation of assets.
8. Interest expense is lower than forecast in year two of the 9 year plan. The budget reflects updated assumptions relating to forecast debt levels. It also reflects a higher interest rate assumption.
9. The updated capital expenditure programme is detailed in Section 3 of the 2026/27 Annual Plan. The capital expenditure programme for 2026/27 is $198.164 million, compared to $230.510 million in year two of the 9 year plan. This includes a timing adjustment of $12 million for non-waters capital expenditure. This adjustment ensures the capital programme better aligns with historical delivery and is within the realistic capacity of both the organisation and the market.
10. The value of DCC's assets is higher than forecast in year two of the 9 year plan, reflecting asset revaluations.
11. Additional Stadium funding of $1.25 million has been included in the 2026/27 budget, bringing the total payment to $4.155 million. This will be funded from rates and is for maintenance and to enable debt repayment.
12. Borrowing is lower than provided for in the 9 year plan due to a reduction in the capital expenditure programme, with debt projected to reach $785.780 million by 30 June 2027, $101.459 million lower than provided for in year two of the 9 year plan. This reflects lower opening debt than forecast in the 9 year plan and reduced non-waters capital expenditure.

Significant forecasting assumptions for 2026/27

The 9 year plan included an assumed interest rate of 4.15% per annum. The assumed interest rate for 2026/27 has been updated to 4.25%.

There are no other changes to the significant forecasting assumptions for the 2026/27 year. Significant forecasting assumptions can be found in Section 4 of the 9 year plan.

Te tahua ā-tau
Annual budget

Capital costs for 2026-27

$56m
Roading and Footpaths
28%

$18m
City Properties
9%

$14m
Community Recreation
7%

$23m
Waste Minimisation
12%

$5m
Governance and Support Services
3%

$2m
Creative and Cultural Vibrancy
1%

–
Regulatory Services
–

–
Resilient City
–

–
Vibrant Economy
–

–
Treaty Partnership
–

-$12m
Timing Adjustment
–

Non-water subtotal = $106m

$92m
3 Waters
46%

total = $198m

Operating costs for 2026-27

$70m
Roading and Footpaths
15%

$53m
City Properties
11%

$48m
Community Recreation
10%

$36m
Waste Minimisation
8%

$54m
Governance and Support Services
11%

$33m
Creative and Cultural Vibrancy
7%

$23m
Regulatory Services
5%

$12m
Resilient City
3%

$12m
Vibrant Economy
3%

$1m
Treaty Partnership

Non-water subtotal = $342m

$134m
3 Waters
27%

total = $476m