CREATIVE AND CULTURAL VIBRANCY - DRAFT OPERATING BUDGET 2026/27

Department: Arts and Culture and Library

EXECUTIVE SUMMARY

1 This report provides an overview of the draft operating budgets for the Annual Plan 2026/27 for the Creative and Cultural Vibrancy Group, as shown at **Attachment A**. A draft funding impact statement is shown at **Attachment B**. The following activities are provided for:

- Creative Partnerships
- Dunedin Public Art Gallery (DPAG), Toitū and Lan Yuan
- Libraries and City of Literature
- Olveston Historic House

2 A schedule of proposed fees and charges for the 2026/27 year is also presented at **Attachment C**.

3 This report asks the Council to adopt the draft operating budget and fees and charges for the purpose of developing the annual plan 2026/27.

RECOMMENDATIONS

That the Council:

a) **Adopts** for the purposes of developing the Annual Plan 2026/27:

i) The draft 2026/27 operating budget for the Creative and Cultural Vibrancy Group as shown/amended at Attachments A and B.

ii) The draft 2026/27 fees and charges schedules for the Creative and Cultural Vibrancy Group as shown/amended at Attachment C.

OPERATING BUDGETS

4 The 2026/27 draft operating budget is $32.775 million. This is an increase of $655k (2.0%) from the 2025/26 year. The following sections explain the revenue and expenditure charged from the previous year.

Revenue

Rates

5 Rates revenue has increased from $29.507 million to $30.081 million, an increase of $574k (1.9%).

External revenue

6 External revenue increased from $2.047 million to $2.097 million, an increase of $50k (2.4%). This is primarily due to general admission fees at Olveston increasing by $37k (9.2%), reflecting forecast visitor volumes, based on visitation for the 2024/25 year.

Grants and subsidies

7 Grants and subsidies have increased from $362k to $391k, an increase of $29k (8.0%). Lan Yuan is expecting an increase in grants from the Dunedin Chinese Garden Trust of $9k (130.8%).

8 DPAG is expecting to be awarded funding of $100k from Creative New Zealand. A three year contract expired at the end of 2025; however, it is anticipated that this will be available again from 2026/27.

Expenditure

Personnel costs

9 Personnel costs have increased from $12.060 million to $12.548 million, an increase of $488k (4.0%), reflecting salary changes and an increase in training costs.

Operations and maintenance

10 Operations and maintenance costs have increased from $1.528 million to $1.558 million, an increase of $30k (2.0%), primarily due to the following:

a) DPAG, Toitū and Lan Yuan have increased by $22k (2.4%) for Building Management System (BMS) replacement parts, collection management costs and event costs.

b) Libraries’ costs increased $44k for security due to health and safety concerns at both Mosgiel and the new South Dunedin libraries.

c) These increases are partially offset by the budget for the Community Partnerships Creative Capability Workstream of $30k. This has been reclassified from operations and maintenance to grants and subsidies reflecting the nature of the funding.

Occupancy costs

11 Occupancy costs increased from $1.403 million to $1.470 million, an increase of $67k (4.8%), primarily driven by electricity and gas cost increases of $76k (10.0%), which has been partially offset with reduced insurance costs of $9k (5.6%).

Consumables and general costs

12 Consumables and general costs decreased from $1.493 million to $1.372 million, a decrease of $121k (8.1%), due to:

a) A reduction of $75k for Creative Partnerships, relating to one-off funding for the Performing Arts Action Plan in 2025/26.

b) A $33k reduction for DPAG, Toitū and Lan Yuan, through reduced travel ($8.2k) and alignment of consumable costs to prior actual costs.

c) A $13k reduction in library online subscriptions and software costs.

Grants and subsidies

13 Grants and subsidies costs have increased from $5.856 million to $5.992 million, an increase of $136k (2.3%), due to:

a) An increase of 2% for the Otago Museum Levy ($106k), which is consistent with year 2 of the 9 Year Plan

b) A reclassification of the Community Partnerships Creative Capability Workstream grant ($30k) from the operations and maintenance cost line to grants and subsidies as outlined in paragraph 10(c) above.

Internal charges

14 Internal charges increased from $7.464 million to $7.732 million, an increase of $268k (3.6%), reflecting a CPI increase to corporate charges.

Depreciation costs

15 Depreciation decreased from $1.712 million to $1.439 million, a decrease of $273k (15.9%), mainly due to timing of capital expenditure. Changes in the expected timing of project completion has resulted in lower depreciation than previously forecast.

Interest costs

16 Interest has increased from $604k to $664k, an increase of $60k (9.9%), due to increased debt associated with the capital programme and the change in interest rate.

FEES AND CHARGES

17 Fees and charges for the Creative and Cultural Vibrancy Group have generally increased by between 2.5-4.0%. Exceptions include:

a) Admission fees to Lan Yuan Chinese Garden have increased by approximately 5% to align with increases in labour and materials costs.

b) Libraries' inter-loan charges increased from $10 to $13 (30.0%). Inter-loan is a co-operative scheme where libraries throughout New Zealand lend items to each other. This fee has increased due to increased costs of postage and handling.

18 A new fee of $10 is proposed for the 'Introduction to Ōtepoti' immersive experience at the Toitū theatrette.

Signatories

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Authoriser:	Mike Costelloe - General Manager, Arts, Culture & Economic Development

Attachments

Title **Page**

A	Draft Operating Budget 2026/27
B	Funding Impact Statement - Creative and Cultural Vibrancy
C	Draft 2026/27 fees and charges - Creative and Cultural Vibrancy

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

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

Fit with strategic framework

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

The Creative and Cultural Vibrancy Group activities primarily contribute to the objectives and priorities of the above strategies.

Māori Impact Statement

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

Sustainability

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

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides draft budgets for the 3 Waters Group for inclusion in the Annual Plan 2026/27.

Financial considerations

Financial considerations are detailed in the report.

Significance

The 9 year plan 2025-34 budgets were considered significant in terms of the Council's Significance and Engagement Policy, and were consulted on. Variations to those budgets are discussed in this report. The draft budgets will be included in the Annual Plan 2026/27 and will be consulted on.

Engagement – external

There has been no external engagement in developing the draft budgets for the Creative and Cultural Vibrancy Group.

Engagement - internal

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

SUMMARY OF CONSIDERATIONS
Risks: Legal / Health and Safety etc. There are no identified risks.
Conflict of Interest There are no known conflicts of interest.
Community Boards Community Boards will have an opportunity to engage in the Annual Plan 2026/27 consultation process.