WASTE MINIMISATION - DRAFT OPERATING BUDGET 2026/27

Department: Waste and Environmental Solutions

EXECUTIVE SUMMARY

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

- Landfills
- Refuse, Recycling and Litter
- Waste Strategy
- Waste Support Services

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 for the purposes 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 Waste Minimisation Group as shown/amended at Attachments A and B.

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

OPERATING BUDGETS

4 The 2026/27 draft operating budget is $37.572 million. This is a decrease of $127k (0.3%). The following sections explain the revenue and expenditure changes from the previous year.

5 Note, operational funding of approximately $400k for rental of a central resource recovery hub has not been added to the draft budget. This has been deferred and will be considered as part of the 2027-37 10 year plan.

Revenue

Rates

6 Rates revenue increased from $17.331 million to $17.481 million, an increase of $150k (0.9%).

External revenue

7 External revenue decreased from $14.523 million to $14.255 million, a decrease of $268k (1.8%). This is due to:

a) A reduction in the amount of material entering the landfill, with a $276k (2.3%) decrease in commercial and domestic waste revenue at the Green Island landfill.

b) A reduction of $22k (0.9%) in waste levy revenue because of lower than expected tonnage.

c) Partially offsetting the reductions, recycling bin sales and recovery store revenue is expected to increase $24k (94.8%).

d) An increase in fees and charges is offset by reduced volumes of material entering the landfills.

Internal revenue

8 Internal revenue has increased from $5.518 million to $6.245 million, an increase of $727k (13.2%).

9 Internal kerbside recoveries for the cost of transporting mixed recycling material to Timaru has now been incorporated into the budget as a transfer from the waste levy reserve to kerbside.

10 Revenue from the wastewater treatment plants has reduced $96k with less sludge material from waste treatment plants expected due to more efficient use of the Tahuna WWTP incinerator.

11 Revenue from kerbside collection and other internal disposal fees has reduced $295k due to less volume of materials from red bin collections.

Expenditure

Personnel costs

12 Personnel costs have decreased from $1.253 million to $1.238 million, a decrease of $15k (1.2%), reflecting a general salary increase, but offset by two fixed term positions ending in 2026.

Operations and maintenance costs

13 Operations and maintenance costs have decreased from $22.085 million to $20.221 million, a decrease of $1.864 million (8.4%), primarily due to:

a) A $694k (49%) reduction in monitoring costs at the Smooth Hill landfill site in line with the end of the three year baseline environmental monitoring (as required by consent conditions).

b) A $326k (2.6%) reduction in kerbside collection costs, mainly due to $594k reduced transportation costs of mixed recycling material to Timaru for processing, however, this is offset by increased kerbside contract costs of $268k due to Cost Fluctuation Adjustments.

c) A $753k (32.1%) reduction in ETS costs due to lower global carbon credit costs and reduced tonnage.

d) A $176k (8.3%) reduction in the variable component of the landfill management contract due to an expected reduction in tonnage.

e) Offsetting the above decreases in the budget, transfer station contract costs are budgeted to increase $113k due to the increased cost of transportation of material from Waikouaiti to Green Island.

Occupancy costs

14 Occupancy costs have increased from $246k to $264k, an increase of $18k (7.3%), due to an increase in rates ($32k), partially offset by a reduction in insurance costs ($13k).

Consumables and general costs

15 Consumables and general costs have decreased from $4.381 million to $4.248 million, a decrease of $133k (3.0%).

16 Waste levy costs have reduced by $223k (5.6%), despite an increase in the levy rate payable from $65/tonne to $70/tonne as at 1 July 2026, due to an expected reduction in tonnage.

17 Budgeted costs for other consulting costs increased by $44k, primarily relating to specialist landfill consultants.

18 Further offsetting this is a $50k increase in legal and consultants' fees for Smooth Hill to cover tender documentation costs and the development of various plans as required by consent conditions.

Internal costs

19 Internal costs have increased from $5.059 million to $5.900 million, an increase of $841k (16.6%). A decrease in the cost of disposing kerbside collection material at the Green Island landfill, due to less kerbside material entering the landfill, is offset by an increase in Waste Strategy costs to fund the transport costs of mixed recycling material to Timaru. These costs are funded by the Wate Minimisation Levy.

Depreciation costs

20 Depreciation has increased from $1.768 million to $2.171 million, an increase of $403k (22.8%).

Interest costs

21 Interest has increased from $2.767 million to $3.390 million, an increase of $623k (22.5%). This is below the expected interest in year two of the 9 year plan ($3.909 million) as a result of delayed capital spend ($15 million).

FEES AND CHARGES

22 Fees and charges for Waste Minimisation have generally increased by an average of 8.5%, reflecting contract cost increases and an increase in the waste disposal levy on municipal waste from 1 July 2026.

23 Additionally, some charges had higher increases (up to 39%) to account for a previous increase in the waste disposal levy on non-hazardous and inert materials.

24 Transfer Station charges for station wagons have been removed, as these will be incorporated into 'car' category charges.

OPTIONS

25 Council receives waste levy funding from the Ministry for Environment, and sets direction for how the funding will be used through the Waste Management and Minimisation Plan 2025 (WMMP).

26 There are currently surplus waste levy funds. Council direction is sought on whether more of the waste levy should be allocated to capital expenditure, which is possible while still adhering to the WMMP.

Option One – Use waste levy surplus for capex (Recommended Option)

27 Council's WMMP allows waste levy funds to be used for capital projects where they support waste minimisation activity. Under this option, Council would use the current levy surplus for capital expenditure.

28 This would provide approximately $409k for eligible capital projects in 2026/27.

Advantages

- Helps to deliver infrastructure in a cost-effective way
- Reduced debt funding for capital projects
- Consistent with WMMP objectives

Disadvantages

- Capital funding may be hard to shift once allocated.

Emissions impact statement

- This option is anticipated to have minimal effect on achievement of Dunedin's emissions reduction targets.

Option Two – Status Quo

29 Under this option, Council would continue to use the waste levy primarily for operational expenditure and community grants. The current surplus would be retained in reserve for future operational costs in alignment with the WMMP.

30 No additional levy funding would be allocated to capex.

Advantages

- Continuity of support for community projects
- Supports waste minimisation goals and emissions reduction goals
- Retains flexibility to allocate the waste levy surplus other waste minimisation initiatives

Disadvantages

- Higher proportion of debt funding used for capital projects

Emissions impact statement

- This option would continue existing levels of support for both DCC and Dunedin city's emissions reduction targets.

Signatories

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Attachments

	Title	Page
A	Draft Operating Budget 2026/27	
B	Funding Impact Statement - Waste Minimisation	
C	Draft 2026/27 fees and charges - Waste Minimisation	

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 Waste Minimisation 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 Waste Minimisation 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 Waste Minimisation Group.

SUMMARY OF CONSIDERATIONS
Engagement - internal Staff and managers from across Council have been involved in the development of the draft budgets.
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.