ROADING AND FOOTPATHS - DRAFT OPERATING BUDGET 2026/27

Department: Transport

EXECUTIVE SUMMARY

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

- Transport

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 changes 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 Roading and Footpaths Group as shown/amended at Attachments A and B.

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

OPERATING BUDGETS

4 The 2026/27 draft operating budget is $70.652 million. This is an increase of $3.050 million (4.5%). The following sections explain the revenue and expenditure changes from the previous year.

Revenue

Rates

5 Rates revenue increased from $38.215 million to $44.071 million, an increase of $5.856 million (15.3%). Rates revenue for the Roading and Footpaths Group includes funding for the Transport activity. It also incorporates the increase in funding required across the whole of council in order to achieve the ‘balanced budget’ test in Council’s Financial Strategy – where everyday costs are funded by everyday revenue.

External revenue

6 External revenue decreased from $1.969 million to $1.713 million, a decrease of $256k (13.0%). This is due to reduced demand and availability for resident parking permits ($11k) and fewer corridor access applications ($41k). The revenue recovery for State Highway streetlight maintenance was removed as this has now been taken in-house by NZTA Waka Kotahi ($190k); previously this was paid by DCC and was 100% recoverable.

7 A new fee for vehicle crossing applications has been established, attracting revenue of $63k, which partially offsets the above decreases.

Grants and subsidies - operating

8 Grants and subsidies (operating) revenue increased from $10.472 million to $11.197 million, an increase of $725k (6.9%). This reflects the operational funded spend for the year, however the change mainly provides for an increase in the current charge out rates for the staff recovery component of the funding claim.

Grants and subsidies - capital

9 Capital subsidies decreased from $22.372 million to $18.175 million, a decrease of $4.197 million (18.8%). Overall, this is due to a decrease in NZTA Waka Kotahi co-funded projects. Capital subsidies are split into new capital and renewal capital.

a) Revenue from new capital subsidies decreased from $6.843 million to $3.987 million, a decrease of $2.856 million (41.7%). This decrease reflects a reduction in co-funding, mainly attributed to the Shaping Future Dunedin programme and the Peninsula Connection.

b) Revenue renewal subsidies decreased from $15.529 million to $14.188 million, a decrease of $1.340 million (8.6%). This decrease is mainly because the additional emergency works funding from 2025/26 flood event no longer applies.

Expenditure

Personnel costs

10 Personnel costs have increased from $4.887 million to $4.989 million, an increase of $102k (2.1%), reflecting a general salary increase.

Operations and maintenance costs

11 Operations and maintenance costs increased from $19.214 million to $19.385 million, an increase of $171k (0.9%). This is primarily due to:

a) An $853k increase for maintenance works reflects contractual cost escalation aligned with inflation and based on NZTA rates.

b) This increase is partially offset by a $205k reduction in State Highway streetlight maintenance as NZTA Waka Kotahi will manage its own streetlight network from 1 May 2026.

c) There has also been a $229k decrease from rationalising Community Road Safety and Coastal budgets to align with NZTA Waka Kotahi co-funding requirements and identified needs.

Occupancy costs

12 Occupancy costs increased from $1.383 million to $1.388 million, an increase of $5k (0.4%). Rent increased by $52k due to the new Mosgiel Park and Ride facility, though this was offset by decreases in electricity costs to be reflective of actual costs.

Depreciation costs

13 Depreciation increased from $32.125 million to $33.833 million, an increase of $1.708 million (5.3%). This increase reflects the 30 June 2025 revaluation, an allowance for the 30 June 2026 revaluation, and the capital expenditure programme. The valuations reflect vested assets, asset condition and contract rates.

Interest costs

14 Interest increased from $6.391 million to $7.463 million, an increase of $1.072 million (16.8%). This is mainly due to increased debt resulting from the capital programme and the change in interest rate.

Emissions impact statement

15 Travel demand management and road safety promotion activity and programmes will be reduced during the 2026/27 year which will impact some Zero Carbon Plan actions but will have minimal impact on achievement of Dunedin's emissions reduction targets.

FEES AND CHARGES

16 Fees and charges for Roading and Footpaths have largely increased by 3.0%, resulting from increased contract and other operating costs.

17 The penalty fee for unapproved corridor access has increased from $736 to $1,500. This is to encourage compliance.

18 Two new fees are proposed, relating to vehicle crossing requests.

Signatories

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Attachments

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

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 Roading and Footpaths 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 Roading and Footpaths 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 Roading and Footpaths 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.