VIBRANT ECONOMY - DRAFT OPERATING BUDGET 2026/27

Department: Enterprise Dunedin and Events

EXECUTIVE SUMMARY

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

- Economic Development
- isite Visitor Centre (isite)
- City Marketing
- Events

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 Vibrant Economy Group as shown/amended at Attachments A and B.

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

OPERATING BUDGETS

4 The 2026/27 draft operating budget is $12.173 million. This is an increase of $450k (3.8%) from the 2025/26 year. Year two of the 9 year plan included an increase of $400k for the Festivals and Events plan. The following sections explain the revenue and expenditure changes from the previous year.

Revenue

Rates

5 Rates revenue has increased from $11.148 million to $11.485 million, an increase of $337k (3.0%).

External revenue

6 External revenue has increased from $560k to $681k, an increase of $121k (21.6%), due to new revenue from the Lantern Festival ($99k) and Mid-Winter Ice Skating event ($49k).

7 Offsetting the increase, merchandise sales at the isite have decreased from $200k to $175k, a decrease of $25k (12.5%), as a result of fewer cruise ship visits expected in 2026/27. This decrease means the isite is non-compliant with Council's Revenue and Financing Policy. The Policy will be reviewed as part of the development of the 10 year plan.

Expenditure

Personnel costs

8 Personnel costs have increased from $3.268 million to $3.456 million, an increase of $188k (5.8%). This increase relates to a general salary increase and additional staffing required for new events as per the Festival and Events plan.

Operations and maintenance costs

9 Operations and maintenance costs have increased from $2.959 million to $4.866 million, an increase of $1.907 million (64.4%).

10 This increase is mainly due to the Service Level Agreement (SLA) to Dunedin Venues Management Limited for event attraction, where $1.645 million, of the $2.045 million in total, has been reclassified from grants and subsidies.

11 The remaining increase in budget relates to the approved Festivals and Events Plan for events such as the night market, solar eclipse event, Matariki event, and lantern festival. Due to the timing of Matariki, the event occurs twice within the 2026/27 budget year.

Consumables and general costs

12 Consumables and general costs have increased from $1.310 million to $1.383 million, an increase of $73k (5.6%), relating to the above-mentioned spending within Events along with advertising/promotions cost increases of $97k (24.0%).

13 Costs for the isite have reduced by $47k (25.0%) driven by a $21k reduction in inventory purchases and $21k reduced bank commissions to better reflect actual expected costs.

Grants and subsidies

14 Grants and subsidies have decreased overall from $2.861 million to $1.063 million, a decrease of $1.798 million (62.8%). This is made up from the following changes:

a) The reclassification of event attraction funding to Dunedin Venues Management Limited to the operations and maintenance cost line of $1.645 million.

b) A grant to the Centre of Digital Excellence (CODE) for $150k has been included, which was approved as part of the 9 year plan 2025-34.

c) A grant towards the Matariki event for $15k, funded through the additional allocation for the Festival and Events plan.

d) A reduction to the Major Events grant of $280k due to a scheduled reduction in the funding plan.

e) A reduction in the grant to the Masters Games Trust of $38k as the event is not hosted in Dunedin in the 2026/27 year.

Internal costs

15 Internal costs have increased from $1.264 million to $1.325 million, an increase of $61k (4.8%), reflecting a CPI increase to corporate charges.

FEES AND CHARGES

16 Fees and charges for the Vibrant Economy Group, relating to film permit charges, remain unchanged from the 2025/26 year.

Signatories

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Attachments

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

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 Vibrant Economy 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 2025-34 plan. 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 Vibrant Economy 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 Vibrant Economy 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.