

tō tātou āpōpō the future of us

Draft Annual Plan 2024/25
Consultation Document

dunedin.govt.nz/2024AP

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introduction

As you may know, we have recently undertaken consultation on our draft Annual Plan 2024/25. We have received submissions, and we are hearing from many submitters at our hearings on 8 and 9 May 2024. We appreciate the feedback received to date. All submissions received so far will be fully considered when our Councillors make their decisions on the Annual Plan 2024/25.

We now realise that when we undertook that consultation, to comply with all of the provisions of the Local Government Act 2002, we should also have prepared a Consultation Document.

To respond to this, we have prepared this Consultation Document. It contains no new information, but what it does do

is bring together in one document the key information that we have presented on our Annual Plan page on our DCC website.

We are also re-opening our submissions on the draft Annual Plan for another week, so if you would still like to make a submission, you can do so until 12.00 p.m. on Wednesday 15 May 2024 – one more week. We will hold hearings on Thursday 16 May 2024 for anyone who wants to be heard.

This Consultation Document identifies significant or material differences between the draft Annual Plan 2024/25 and the content of Council's 10 year plan 2021-31. It also tells you how you can make a submission on our Draft Annual Plan 2024/25. Our Draft Annual Plan 2024/25 includes the work we are planning to do in the next 12 months for our community.

what happened to the 10 year plan?

We had been busy working on a 2024-2034 Long Term Plan, but given the recent repeal of 3 Waters legislation, the Government have said that Councils can do an enhanced annual plan instead for this coming year. This is due to uncertainty about the future funding and structure of 3 Waters.

As 3 Waters is a significant part of our Council budget, Dunedin City Council decided to do an enhanced annual plan this year, as this gives us an opportunity next year to develop a long-term plan with more certainty.

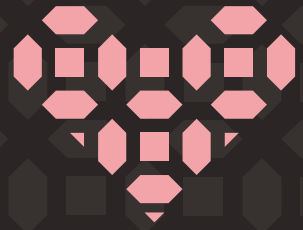
More information about our decision to prepare an Annual Plan rather than a 10 year plan can be found on our website at: **www.dunedin.govt.nz/2024AP-reports**

On this page you will find a report called *Option to prepare an Annual Plan 2024-25* – Report 27 February 2024.

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what we are consulting on the rates increase



Many of the cost increases we are experiencing are beyond our control. They include things like increased energy costs

to run our pools and other facilities, insurance costs, and new costs such as compliance monitoring to meet water quality standards.

One of the new costs is the four-bin kerbside rubbish collection. In the 2021–2031 Long Term Plan we consulted and agreed on the new kerbside service, which starts in July 2024. The cost of that is a 4.4% rate increase, or \$301.50 per household, making it about \$5.80 per week. But you'll have great new services such as garden and food waste collection, and you won't have to buy any more DCC black plastic rubbish bags.

We are proposing a rate increase of 13.1%, plus 4.4% for kerbside collection services, which is higher than the 6.0% provided for in year four of our 10 year plan, and higher than the Financial Strategy rate limit of 6.5%. This rate increase will maintain our

current levels of service, and provide our new kerbside collection service. This decision follows an extensive review of our operations and budgets, while also reflecting our commitment to the city's wellbeing today and into the future.

To see the impact of the proposed rates increase, sample rate accounts showing the proposed change in rates from the 2023/24 year can be found at on our website at:

www.dunedin.govt.nz/2024AP-finance

In addition, proposed rates are provided for all properties online at:

www.dunedin.govt.nz/rates

We understand that this increase is challenging. We have options for paying your rates in smaller amounts, like a weekly or fortnightly direct debit payment.

More information can be found online at:

www.dunedin.govt.nz/rates, or call us on 03 477 4000.

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community housing



The Dunedin City Council has 940 units in its Community Housing portfolio which are prioritised for people aged over 55 years and in urgent need of housing. The portfolio complements other social and community housing providers in the city that prioritise other groups, e.g., families.

The draft Annual Plan 2024/25 budget for Community Housing is based on an 11% (\$14 – \$25 per week) increase in rent. An 11% increase in rent would cover the increased cost to operate the portfolio, including rates, insurance, and the new kerbside collection service.

Tenants will be consulted with directly as part of the consultation. Staff will report back to Council with a summary of feedback during deliberations in May 2024.

More information about our proposal to increase our community housing rental can be found on our website at:

www.dunedin.govt.nz/2024AP-reports

On this page you will find a report called *Community Housing Fees and Charges - Report 12 March 2024*.

Tell us what you think by making a submission on the draft Annual Plan 2024/25.

hockey turf replacement



We're thinking about the most cost-effective way that the two hockey turfs at Logan Park can be upgraded so they continue to provide good facilities for our community.

The turfs are currently owned by the Otago Hockey Association, and the Council provided funding to assist the Otago Hockey Association to build them in 2009 and 2012. They are now nearing the end of their useful life and need an upgrade.

The Association and the Council think the most cost-effective way to do this is for Council to take ownership of the turfs,

borrow money to upgrade them, and then lease them back to the Hockey Association.

More information about our hockey turf replacement proposal can be found on our website at:

www.dunedin.govt.nz/2024AP-reports

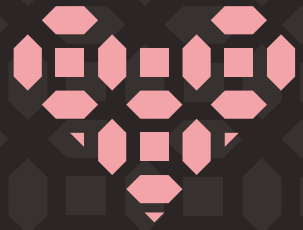
On this page you will find a report called *Options for the replacement of the hockey turfs at Logan Park - Report 12 March 2024*.

Tell us what you think by making a submission on the draft Annual Plan 2024/25.

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planned activities

new kerbside collection service – about \$5.80 a week



From 1 July 2024, we will introduce the new four bin kerbside rubbish service to residential properties.

Food scraps and garden waste collections will now happen along with the red wheelie bin collection services for rubbish and the blue bin for glass. The red bin will replace the current DCC black plastic rubbish bags. The cost of this is \$301.50 per household, or about a 4.4%

rates increase. The cost is the same for every household who is in the service area. We call that a flat targeted rate. Council uses targeted rates to pay for its kerbside collection services as not all property types nor all areas of Dunedin receive this service. The cost is offset by not having to buy any more DCC black rubbish bags.



new waste collections



The biggest area of increase in operating budgets is in the Waste Management activity.

We have increased the operating budget by \$10.159 million due to new contracts for the kerbside rubbish and organics collection services and monitoring costs required in the consent for the new Smooth Hill Landfill.

We are progressing a new landfill at Smooth Hill after the Environment Court granted consent for the project on 9 May 2023. We do not have a set date for construction yet. There are a number of things to factor in. For instance, we are required to monitor the site's air, water, soil and ecology for 36 months prior to any landfill construction. The monitoring began in late 2022 and will cost about \$340,000. We also must implement the Southern Black Back Gull management plan as a requirement of the consent. There is \$700,000 in the budget to do that.

The Smooth Hill Landfill will be an important piece of infrastructure for the people of Dunedin, enabling us to dispose of waste locally without being dependent on transportation to municipal waste facilities located outside of Dunedin.

The construction and operation of the landfill will generate an estimated \$14.6m in net additional value add in the Dunedin economy over 35 years and over 813 full time job equivalents across that same time period.

Where we are heading

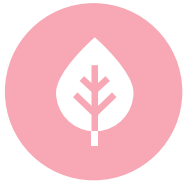
- The new landfill would be run with modern techniques that prevent scavenger activity by reducing organic material and covering rubbish immediately, so seagulls and other pests would have no opportunity or reason to become established at the site.
- Smooth Hill will be a modern landfill which is highly engineered, for less noise, smell or run off.
- Modern landfills are located, designed, operated, and monitored in accordance with the Waste Management Institute of New Zealand Technical Guidelines for Disposal to Land to ensure compliance with the conditions of Resource Consents granted under the Resource Management Act.
- Modern landfills are designed to protect the environment from contaminants.
- This will replace the Green Island landfill which will shortly reach the end of its operational life.
- There will be road widening and upgrades. These works will also result in an improved road safety environment for the existing users of the roads.

The capital budget for our Waste Management activity is around \$14 million higher than what we had provided for in year four of the 10 year plan. We had planned to have completed projects such as the construction of a Material Recovery Facility and Organics Facility at Green Island already, but these were delayed, and so now we have included them in this Annual Plan.

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zero carbon 2030 – changing the way we do business



We think the best way to make an impact as we head towards 2030 is to change the way we do our usual business.

So, we have started working with our contractors, talking to them about what they can do differently to support our 2030 Zero Carbon Plan.

This means different things for different activities. It might mean moving to an eco-friendlier road sealing treatment, or

it might mean changing the way we heat our buildings. We are investigating lots of different options to include carbon reduction aims into our day-to-day business.

We aim to integrate sustainable practices into all our work programs, from roading to waste management. Carbon emissions reduction is not seen as a standalone activity but rather as something that must be integrated into everything we do.

tūhura otago museum funding

The DCC supports the Otago Museum by contributing to the management and funding of the museum, along with three other Councils in Otago (Central Otago, Clutha and Waitaki). The amount that each council contributes varies. The DCC has budgeted to provide \$4.965 million in 2024-25.

Tūhura Otago Museum have asked the DCC to increase the amount of funding we provide. Council staff are working

with Otago Museum to understand their budget requirements and develop a long term forecast of operating revenue and expenditure. This information will support development of a sustainable funding mechanism to provide the necessary certainty around how the DCC will continue to support the Otago Museum.

Staff will report back to Councillors in time for Annual Plan deliberations in May 2024 and longer-term funding options will be considered as part of the DCC's 9 Year Plan.

3 waters – the future



In December 2022
Councils were expecting to
transfer 3 Waters services
to new Water Services
Entities (WSE) by 2026

and were instructed not to include 3 Waters in our 10 year plans beyond the first two years. That has now changed. In February 2024 the Government repealed the existing legislation. This means that there is a new direction for water services delivery that is yet to be established.

what are we doing?

- Caring for our infrastructure by renewing treatment plants and pipelines
- Managing increased regulatory demands by successfully completing our first Drinking Water Quality Assurance Rules submissions under the new water regulatory system
- Planning for the future to accommodate growth

the numbers

In the draft Annual Plan 2024/25 we are proposing to continue accelerating our 3 Waters capital spend by increasing it to \$80.123 million, this is up \$32.076 million on year 4 of the 10 year plan. This includes:

- \$35.704 million for new capital items such as the design and construction of a water supply main to Port Chalmers, network upgrades to support compliance, Mosgiel stormwater pumpstations, as well as resilience work and system upgrades.
- Renewals worth \$37.519 million focussed on projects that are required to maintain service levels or are significant risk areas, such as critical water pump assets, renewal of water treatment plants and improving Metro Wastewater Treatment Plant Resilience.
- \$6.900 million for new works associated with growth across the stormwater, wastewater and water supply activities. Like new houses and industry.

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bath street works - \$17 million over 18 months – April 2024 to July 2025



Whilst George Street is almost done, we are now moving onto Bath Street. Most of the work will be on Bath Street and within

the intersection of Bath and Lower Stuart Streets. There will also be work in Moray Place, near the Great King Street intersection, and within the intersection of Bath and George Streets.

Work had been co-ordinated to reduce the disruption to businesses as much as possible, including starting the project at the end of the cruise ship season. Work near the intersection of Lower Stuart and Bath Streets will require us to close off most of the Lower Stuart Street block from the Octagon to vehicles for six months starting in May 2024. Pedestrian access to all businesses will be maintained.

Why are we doing this?

The Bath Street pipes are old and badly deteriorated.

- Most date back to the 1800s.
- This work aims to future proof them for at least 100 years.
- If we didn't do this work there is a very real risk of the watercourse pipe collapsing, a sinkhole being created, buildings being undermined and flooding.
- Right now, our ongoing maintenance costs are high given the pipes are so old.

Where to next?

Once the new pipes have been installed, we intend to spend \$1.5 million to upgrade the surface of Bath Street, to make the street more attractive. This is included in the \$17 million project budget.

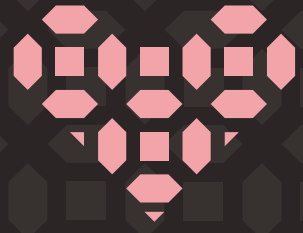


Image: Panorama (cropped) of Dunedin 1874, Photographer: Burton Brothers, [detail showing lower Stuart St and Bath St], Collection of Toitū Otago Settlers Museum

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other matters

fees and charges



We are proposing some changes to our fees and charges that will apply from 1 July 2024.

Details of the proposed fees and charges can be found on our website at:
www.dunedin.govt.nz/2024AP-fees

financial update



Our updated capital expenditure budget proposed for 2024/25 is around \$208 million, compared to \$157 million provided for in year four of the 10 year plan 2021–31. This is an increase of \$51 million. The increase reflects timing changes including an accelerated capital expenditure programme for 3 Waters.

The forecast financial statements show that by 30 June 2025, the debt will be around \$707 million which is 188% of revenue. The debt limit in our Financial Strategy is 250% of revenue. This estimated debt is an increase of \$118 million on the 2023/24 Annual Plan and is \$168 million higher than provided for

in year four of the 10 year plan 2021–31. This also reflects the timing of capital expenditure particularly the accelerated capital expenditure programme for 3 Waters.

Other changes compared to year four of the 10 year plan include:

- The value of our assets, due to asset revaluation and the accelerated capital expenditure programme.
- Higher depreciation costs reflecting the increased asset value.
- Interest expense, reflecting the increase in debt funding and increased interest rate.

As a result of the increased depreciation cost, everyday revenue does not cover everyday expenses. This is not sustainable in the long term so we will be looking at this as part of our 9 year plan.

On our website at: **www.dunedin.govt.nz/2024AP-finances** you can find details about our proposed capital expenditure programme for 2024/25, our proposed operating budgets, draft financial statements and funding impact statements.

council website

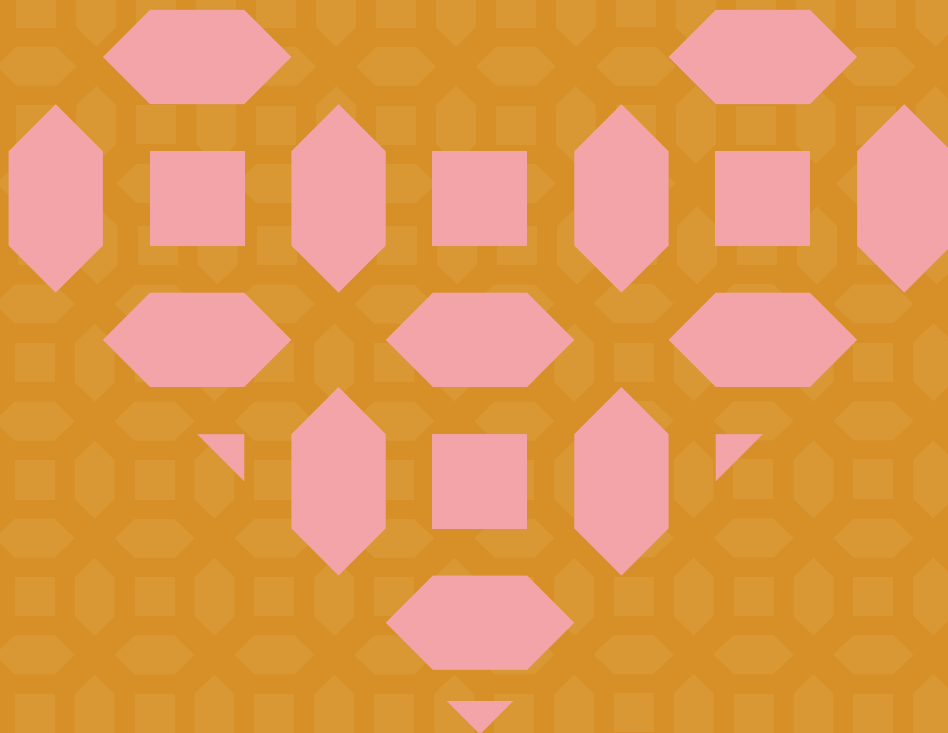
For further information on Council's proposed Annual plan 2024/25, please see Council's website: **www.dunedin.govt.nz/2024AP**

making a submission

We have decided to re-open our submission period for one more week. If you would still like to make a submission, please go to our online submission form at:

www.dunedin.govt.nz/2024AP or email annual.plan@dcc.govt.nz. A submission form that you can also fill in and drop off to the DCC is attached.

Further submissions will close at noon on Wednesday 15 May 2024, and further hearings on this Annual Plan will be held on Thursday 16 May 2024.



contact us



www.dunedin.govt.nz



dcc@dcc.govt.nz



03 477 4000



DunedinCityCouncil