

## Property Council New Zealand

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Submission on

# Dunedin City Council's Draft Annual Plan 2026-27

24 April 2026

**For more information and further queries, please contact**

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Dunedin City Council  
Via online

## **Submission on Dunedin City Council’s Draft Annual Plan 2026-27**

### **1. Summary**

- 1.1. Property Council New Zealand’s South Island Regional Committee (“Property Council”) welcomes the opportunity to provide feedback on Dunedin City Council’s Draft Annual Plan 2026-27 (“draft Annual Plan”).
- 1.2. Property Council is concerned that the draft Annual Plan proposes significant rates and fee increases, alongside continued business and vacant site differentials, placing pressure on ratepayers and investment. A stronger focus is needed on reducing expenditure, improving transparency and forecasting, and adopting alternative funding approaches.

### **2. Recommendations**

2.1 At a high level, we recommend that Dunedin City Council:

- Reduce the scale of future rates increases through careful management of operational and capital expenditure;
- Provide clarification for new fees and fee increases, including the cost drivers, and how they reflect genuine cost recovery;
- Incorporate a phased plan for the complete removal of the commercial differential in next year’s Long-Term Plan and investigate alternative funding mechanisms;
- Remove the differential for Three Waters utilities, rather than creating a new differential or continuing to apply the commercial differential;
- Avoid using ratepayer funds to repay Stadium debts, and instead investigate alternative funding mechanisms; and
- In future, prepare a full draft Annual Plan for public feedback. This will support better clarity and accessibility.

### **3. Introduction to Property Council New Zealand**

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive.”
- 3.2. The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.

- 3.3. Property is Otago's largest industry. There are around \$11.4 billion in property assets across Otago, with property providing a direct contribution to GDP of \$1.8 billion and employment for 12,360 Otago residents.
- 3.4. Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 85 Otago companies (and their teams) across the private, public and charitable sectors.
- 3.5. This document provides Property Council's feedback on [Dunedin City Council's Draft Annual Plan 2026-27](#), with comments and recommendations on issues relevant to our members. Reflecting the diversity of our membership, Property Council members may wish to comment in greater detail on issues specific to their business. Accordingly, we support individual members providing separate submissions addressing those matters.

#### **4. Rates**

- 4.1. Rates are the primary source of funding for Dunedin City Council's activities. For the 2026-27 financial year, the Council proposes to collect \$292.4 million in rates, representing a proposed increase of 10.5%. While the proposed non-water rates increase is of 6.9%, which is lower than the 8.5% forecast in the 9 Year Plan, it is disappointing that the water rate increase of 16.7% is higher than the 15% increase previously indicated in the 9 Year Plan. For the property sector, rate increases above long-term forecasts affect the ability of businesses to plan with confidence.
- 4.2. The rates increase for businesses is higher again at 13.6%, placing additional pressure on a sector already facing rising operating costs. Rates form a significant component of property operating expenses, and over time, have increased faster than inflation. While occasional increases above inflation may be manageable, the cumulative effect of year-on-year increases compounds costs and places growing pressure on property owners and tenant businesses.
- 4.3. Businesses and visitors are feeling the pinch with the cost-of-living crisis and global economic conditions. We urge careful management of Council's operational expenditure, noting it is \$10 million higher than forecast for 2026-27 in the 9 Year Plan.

##### *Alternative funding mechanisms*

- 4.4. Property Council advocates for all local authorities throughout New Zealand to investigate alternative funding methods. We support the use of transparent, user-pays funding models for local government.
- 4.5. Examples of these models include targeted rates, user-pays models and Special Purpose Vehicles. These alternative models meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local Governing (Rating) Act 2002*. Our approach is also consistent with the

recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources<sup>1</sup>.

## 5. Rating differentials

### *Commercial property differential*

5.1. Property Council notes the commercial differential remains unchanged at 2.50. While we are glad that this is unchanged, the use of rating differentials has been consistently opposed by Property Council as they are collected within the pool of general rates, leaving businesses unable to identify where these funds are spent. This leads to lack of transparency and equity concerns.

5.2. We would ultimately like to see the commercial property differential removed entirely and ask that Dunedin City Council include a phased plan for its removal in next year's Long-Term Plan.

### *Three Waters utilities differential*

5.3. A key change proposed in the draft Annual Plan relates to the differential rating for Three Waters utilities. We understand that the council valuation of Three Waters utilities has increased significantly, therefore adding to their rating burden. In the absence of other funding sources, there is an assumption that the higher rates bills for water utilities would be reflected in the costs to water services users.

5.4. The proposal for a new Three Waters utilities differential provides two options:

- Introduce a new differential for Three Waters utilities of 1.34, to reduce the costs that would be passed on to water services users
- Maintain the status quo and continue to treat Three Waters utilities as commercial properties with differential of 2.50

5.5. We reject both of these options and we recommend a further option: remove differentials for all commercial properties (including water utilities) and apply the same general rate as residential properties. This in line with our strongly held position that commercial properties should not be subject to differential rates.

## 6. Fees and charges

### *New fees*

6.1. For the 2026-27 financial year, Dunedin City Council plans to introduce new fees for Project Information Memoranda, resource consent monitoring, site contamination searches and vehicle crossing requests. Such fees may add substantial cost to projects that have already been scoped, for example an additional \$1,760 for a site

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<sup>1</sup>Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

contamination search. The new fees are proposed to take effect on 1 July - this is short notice for affected parties.

#### *Increased fees*

- 6.2. The draft Annual Plan also includes proposed increases to resource consenting and building consenting fees, and other fees associated with regulatory services. The fee increases range from 2% to 17.6% and the draft Annual Plan does not provide rationale for the increases. The varying scale of the increases is a particular concern.
- 6.3. The consultation material does not clearly explain the reasons for the introduction of new fees or increases on existing fees, and we request further clarification. Transparency around fee setting is important for the development sector, as application costs directly affect project feasibility and investment decisions. Clear justification creates confidence that fees reflect genuine cost recovery and advance notification of changes enables the sector to plan with greater certainty.

### **7. Forsyth Barr Stadium funding**

- 7.1. The consultation material proposes an allocation of \$1.25 million in rates funding for the 2026-27 financial year to enable debt repayment for the Forsyth Barr Stadium (“the Stadium”). This is additional to \$2.905 million already allocated to the Stadium for the 2026-27 financial year to support event attraction and to service debt. The 9 Year Plan envisages ongoing funding for Stadium maintenance and debt repayment.
- 7.2. Our members appreciate the importance of the Stadium as a venue for local and international events which support the local economy. Long-term financial stability is essential to keep the Stadium running and support its ongoing role for the community and the city. At the same time, any debt should be managed in ways that do not place an undue burden on ratepayers. We therefore recommend Dunedin City Council actively investigate alternative funding mechanisms as a matter of priority, including external fundraising, user-pays models and asset recycling to enable the Stadium to continue operating.

### **8. Consultation material**

- 8.1. We would also like to raise concern about the nature and format of the consultation material. While the Consultation Document is accessible and easy to understand, the supporting material is difficult to engage with. It was challenging to find key details within multiple webpages containing links to the relevant information. In future, we recommend publishing a single draft ‘Annual Plan’ document that takes the same form as finalised Annual Plans from previous years. This will improve accessibility and support public participation in the annual plan development process.

## 9. Conclusion

- 9.1. Property Council advocates for the creation of a well-designed, functional and sustainable built environment. We are concerned about proposed increases to rates and fees in draft Annual Plan, as well as rating differentials. These place pressure on ratepayers and businesses. Council should focus on cost control, transparency, and alternative funding to ensure Dunedin remains vibrant and attractive for businesses and visitors.
- 9.2. Property Council members invest, own, and develop property in Dunedin. We wish to thank the Dunedin City Council for the opportunity to submit on draft Annual Plan as this gives our members a chance to have their say in the future of our city. **We also wish to be heard in support of our submission.**
- 9.3. Any further enquires do not hesitate to contact Samantha Lay Yee, Senior Advocacy Advisor, via email: [samantha@propertynz.co.nz](mailto:samantha@propertynz.co.nz) or phone: 09 300 9580.

Yours Sincerely,



Tom Chatterton  
South Island Regional Committee Chair  
Property Council New Zealand