

**Full Council**

**7 May 2026**

**Report for Agenda Item | Rīpoata moto e Rāraki take [5]**

**Department: Property & Infrastructure**

**Title | Taitara: Kā Huanui a Tāhuna Alliance Delivered Projects, Annual Status Report**

**Purpose of the Report | Te Take mō te Pūroko**

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The purpose of this report is to provide Council with an annual status update across the three Queenstown Lakes District Council (QLDC) projects being delivered by the Kā Huanui a Tāhuna, the Whakatipu Transport Programme Alliance ('the Alliance').

**Public Excluded | Ārai te Iwi Whānui**

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It is recommended that **Attachment A** to this report is considered while the public is excluded. This recommendation is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Section and Grounds	Reason for this recommendation
7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Attachment A to this report contains commercial, budgetary, legal and risk information. Withholding this information is necessary to protect the commercial positions and relationships of QLDC and its negotiations with the participants of Kā Huanui a Tāhuna, the Whakatipu Transport Programme Alliance, and owners of private property. While it is acknowledged that there is a strong public interest in the use of ratepayer funds, in this situation, the importance of withholding commercially sensitive information and protecting QLDC's commercial position outweighs the release of such information.

Recommendation | Kā Tūtohuka

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That the Council:

1. **Note** the contents of this report;
2. **Delegate** authority to the Chief Executive to make a public statement about this report at an appropriate time; and
3. **Authorise** the Chief Executive to make public Attachment A to this report within three months of the resolution of all commercial issues.

**Prepared by:**



**Name:** Geoff Mayman  
**Title:** Commercial & Procurement Manager

15 April 2026

**Reviewed and Authorised by:**



**Name:** Tony Avery  
**Title:** General Manager Property &  
Infrastructure  
15 April 2026

## Context | Horopaki

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1. During the early stages of the initial COVID-19 lockdown (quarter two of 2020), the Government made available funding for “shovel ready” projects. QLDC applied for funding for a number of projects and was successful in gaining offers of part funding for two projects, namely the Queenstown Town Centre Street Upgrades project (the Street Upgrades project) and the Town Centre Arterial Stage 1 project (the Arterial project).
2. In August 2020 the Council entered into a funding agreement with Crown Infrastructure Partners (CIP) to fund the “shovel ready” projects. The Street Upgrades and Arterial projects were funded at \$35m and \$50m respectively. The agreement capped CIP funding at this amount, which means QLDC had 100% of the risk on any cost increases above CIP funding. There were also strict milestone requirements that needed to be met.
3. In September 2020, QLDC entered into a Memorandum of Understanding (MoU) with the New Zealand Transport Agency (Waka Kotahi or NZTA) to deliver the Arterial and Street Upgrades projects, alongside their NZUP project on SH6 from Frankton to the Town Centre. After a procurement workshop with Councillors which discussed a range of models, there was an informal consensus that an Alliance was the preferred contracting approach. The Council subsequently delegated the development of the procurement plan and formation of the Alliance to the Chief Executive.
4. In late 2020 QLDC and NZTA went to the open market to establish an Alliance.
5. A consortium of engineering consultant companies (Beca and WSP) and contractors (Downer and Fulton Hogan) were appointed. There was one bid. The successful consortia (the Non-Owner Participants or NOPs), along with QLDC and NZTA (the Owner Participants or OPs), then collectively formed the Kā Huanui a Tāhuna the Whakatipu Transport Programme Alliance (the Alliance).
6. The Lakeview subdivision and ancillary works (the Lakeview project), which included the preparation of the subdivision and upgrades to surrounding roading and three waters assets, was added to the Alliance scope in March 2021. The three projects form the QLDC Projects.
7. The initial Target Outturn Costs<sup>1</sup> (TOC) for the QLDC Projects were reconciled by the Independent Expert<sup>2</sup> during 2021:
  - a. In June for the Street Upgrades project
  - b. July for Lakeview project; and

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<sup>1</sup> Target Outturn Cost (TOC) – the initial value of the project as reconciled by the Independent Expert and accepted by the Owner and endorsed by the Programme Alliance Board.

<sup>2</sup> Independent Expert - one of two key independent roles provided for in the Alliance Agreement. Responsible for the parallel estimating and reconciliation of each project’s TOC.

- c. September for the Arterial project.
8. There were forecast delays in the projects reaching Practical Completion when compared against their initial 2021 target dates and there were two significant budget adjustments approved by Council for the Arterials project culminating in establishing a revised total budget of \$128.02m in February 2024.
9. Noting the above delays and cost increases, in the 27 April 2023 Council meeting, Council resolved to direct the Chief Executive (CE) to undertake a lessons-learnt review of the performance of the Alliance. The CE commissioned Mr Dave Brash to undertake the review. He reported his findings in a workshop with Councillors on 21 May 2024, and this was subsequently presented in a report to Council at the 12 December 2024 meeting.
10. This is the second annual report and seeks to build on the recommendations of Mr Brash's lessons-learnt review and provide Council with a further annual status update on the three QLDC Projects being delivered by the Alliance.

## **ARTERIAL PROJECT**

### **Delivery Status**

11. The main alignment of the Arterial project (Frankton Road to Henry Street) opened to the public on 30 January 2025. The final construction elements, including the completion of the side roads and the Lower Ballarat stormwater, were operational from the end of June 2025. This enabled the Arterial project to achieve Practical Completion<sup>3</sup> effective from 30 June 2025.
12. With the Arterial project now in the Defects Period<sup>4</sup>, work is ongoing to remediate minor defects and minor omissions (snags) and complete the quality assurance processes necessary to achieve Final Completion<sup>5</sup>.

### **Quality Assurance**

13. A status update on the quality assurances processes follows:
  - a. All physical works necessary to remediate snags has been completed.
  - b. All physical works items from the Post Construction Road Safety Audit have been completed.

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<sup>3</sup> Practical Completion: the point when the project is complete except for minor omissions and minor defects which do not prevent the project from being reasonably capable of being used for its intended purpose.

<sup>4</sup> Defects Period: the base two year period from Practical Completion and ending at Final Completion.

<sup>5</sup> Final Completion: The point when the Defects Period has elapsed, defects are resolved, and the Alliance Participants have satisfied all their obligations. This means that QLDC is now fully responsible for operating and maintaining the project assets.

- c. Eight items are being monitored to determine whether they become snags and require remediation.
- d. Quality assurance processes are very nearly complete.

14. It is anticipated that all physical works and quality assurance processes will be complete enabling Final Completion to be issued effective from 30 June 2026.

**Stakeholders**

15. Since Practical Completion, the Community Liaison Group (CLG), a requirement of the Designation, has been disestablished.

16. There are no current stakeholder issues being addressed.

**Variations**

17. Since last year’s Annual Status Report:

- a. All variations have been resolved and the financial implications have been incorporated into the project financials.
- b. The negotiated outcome of the variations resulted in little material impact on the Final Forecast Cost.

**Project Financials**

18. QLDC has satisfied all criteria from its Crown Infrastructure Partners (now National Infrastructure Funding & Financing Ltd) funding agreement and has received its full \$50m entitlement.

19. The project financials are summarised below:

Total LTP 21-31 Budget	Total 21-31 Actuals	Estimate of Cost to Complete, Incl Pain/Gain provisions	Final Forecast Cost (FFC)	Contingency	Variance: LTP Budget minus FFC
\$128,109,547	\$129,025,307	-\$4,560,588	\$124,464,719	\$3,644,828	-

20. Note that an \$805k surplus was declared through the November 2025 Council Capital Works Reforecast process. The \$805k surplus enabled a budget transfer to support the development of the Stanley Street Carpark project.

21. The Arterial project is forecast to be completed within its current budget.

### **STREET UPGRADES PROJECT**

#### **Delivery Status**

22. The Street Upgrades project achieved:

- a. Practical Completion in November 2023; and
- b. Final Completion on 21 October 2025.

23. Minor project elements, such as the operability and (re)location of some items of street furniture and landscape maintenance are now being managed directly by QLDC.

#### **Project Financials**

24. QLDC has satisfied all criteria from its Crown Infrastructure Partners (now National Infrastructure Funding & Financing Ltd) funding agreement and has received its full \$35m entitlement.

25. The project financials are summarised below:

<b>Total LTP 21-31 Budget</b>	<b>Total 21-31 Actuals</b>	<b>Estimate of Cost to Complete, Incl Pain/Gain provisions</b>	<b>Final Forecast Cost (FFC)</b>	<b>Contingency</b>	<b>Variance: LTP Budget minus FFC</b>
\$62,652,024	\$62,332,933	\$182,848	\$62,515,391	\$136,633	-

26. Note that a \$200k surplus was declared through the 2024/25-year end process and \$400k through the November 2025 Council Capital Works Reforecast process. The surplus from the reforecast process enabled a \$400k budget transfer to support the development of the Gorge Road/Robins Road Active Travel project.

27. With the Alliance having now completed all snagging, quality assurance and handover requirements, the project has reached Final Completion; and is forecast to be completed within its current budget.

### **LAKEVIEW PROJECT**

#### **Delivery Status**

28. The Alliance delivered works for the Subdivision and Ancillary works achieved Practical Completion on 28 March 2024.

### Quality Assurance

29. A status update on the quality assurance processes follows:

- a. There are two physical works snags that have yet to be completed.
- b. All physical works items from the Post Construction Road Safety Audit have been completed.
- c. There are no items being monitored to determine whether they become snags and require remediation.
- d. Quality assurance processes are very nearly complete.

30. It is anticipated that all physical works and quality assurance processes will be complete enabling Final Completion to be issued effective from 30 June 2026

### Variations

31. Since last year's Annual Status Report:

- a. All variations have been resolved and the financial implications have been incorporated into the project financials.
- b. The negotiated outcome of the variations resulted in a lower than anticipated Final Forecast Cost and a correspondingly lower overspend of ~\$250k, or 0.5% of budget.

### Project Financials

32. The Lakeview project did not attract Crown Infrastructure Partners funding.

33. The project financials are summarised below:

Total LTP 21-31 Budget	Total 21-31 Actuals	Estimate of Cost to Complete, Incl Pain/Gain provisions	Final Forecast Cost (FFC)	Contingency	Variance: LTP Budget minus FFC
\$51,829,737	\$51,638,048	\$391,373	\$52,029,421	\$50,000	-\$249,684

34. On project completion, the estimated \$250k (0.5%) overspend will be managed through a future Council Capital Works Reforecast process.

### **NEW ZEALAND TRANSPORT AGENCY (NZTA)**

35. QLDC and NZTA are co-owners of the Alliance. Each owner is responsible for fully funding their own projects.
36. While the QLDC Projects are nearly complete, NZTA still has considerable work to complete its NZUP programme of works (rebranded to the Queenstown package), which is now focused on State Highway 6 (SH6) at the BP roundabout and the Howards Drive intersection.
37. QLDC and NZTA are responsible for jointly funding the overhead operation of the Alliance, through the Alliance Management Fee. QLDC and NZTA are in negotiations on Council's respective proportional contribution to funding the Alliance Management Fee given the change in focus and work on each agency's projects.

### **Attachment A – Further Status Updates**

38. Attachment A is Public excluded and provides further details which include information that is commercially sensitive.

### **Analysis and Advice | Tatāritaka me kā Tohutohu**

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39. Options have not been presented as this report is intended for noting purposes only and no decisions are being sought.

### **Consultation Process | Hātepe Matapaki**

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### **Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka**

40. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the QLDC Projects have all now reached Practical Completion and have reached, or are approaching Final Completion.
41. The persons who are affected by or interested in this matter are the community as a whole given the previous budget increases and disruptive impact of the Arterial project during construction, and also the positive benefits from now having the QLDC Projects fully operational.
42. The Council provided regular public reporting through its Monthly Highlight Report and various community newsletters and notices.

### **Māori Consultation | Iwi Rūnaka**

43. The Council has not consulted with Iwi in preparation of this report.

### Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

44. This matter relates to the Financial risk category. It is associated with RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. The QLDC Risk Register has a pre-defined assessment of the Financial risk as having a high residual risk rating.
45. Applying the Risk Management Policy to this report and specifically the risk that costs may exceed budget, the Likelihood is Unlikely and the Consequence is Moderate, the Residual Risk rating relating to this report is Low.
46. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by active management and a focus on closing out the projects to reach Final Completion.

### Financial Implications | Kā Riteka ā-Pūtea

47. There are no financial implications arising from this report, however the matter relates to the assurance of capital expenditure. Financial reporting of QLDC's capital programme is provided regularly to both the Risk and Assurance Committee and Council.

### Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

48. The following Council policies, strategies and bylaws were considered:
- Reference alignment with and consideration of the principles of the Strategic Framework including the Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council
  - QLDC Risk Management Policy
  - QLDC Annual and Long Term Plans
49. The recommended option is consistent with the principles set out in the Risk Management Policy.
50. This matter is included in and supports the Long Term Plan/Annual Plan through ensuring that effective mitigations are in place to manage risks that could impact plan objectives.

### Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

51. There are no legal considerations arising from this report.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

52. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future, by providing a Risk Management framework that supports QLDC in achieving its strategic and operational objectives. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

53. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	<b>PUBLIC EXCLUDED</b> Kā Huanui a Tāhuna Alliance Delivered Projects, Annual Status Report – Further Status Updates
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