

Full Council

27 November 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [7]

Department: Assurance, Finance & Risk

Title | Taitara: 2025/26 Capital Works First Reforecast

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to seek approval of proposed amendments to Queenstown Lakes District Council's (QLDC) capital works programme budgets as set out in the 2024-34 Long Term Plan (LTP).

Executive Summary | Whakarāpopototaka Matua

- Councils are required to adopt an audited Long Term Plan (LTP) every three years that covers in detail future years 1-10, and high level for years 11 through 30 via an Infrastructure Strategy. In the years following the adoption of the LTP, the Council is required to produce an annual update in terms of budgeting and performance requirements which is the Annual Plan process. These budget/performance documents enable striking of the rates on an annual basis. The annual report is then produced at the end of each financial year as the accountability document to these plans.
- As part of this planning and accountability cycle we are required to assess the status of our capital expenditure programme as it typically spans multiple years. At the end of each financial year we consider the status of the projects to determine what unspent capital budgets need carried forward to the next year in order for the project to continue to deliver as required. Following on from that we periodically reforecast our capital works program for the reasons outlined below.
- Regular capital works reforecasting is a crucial part of the local government project management lifecycle as it:
 - **Ensures Financial Accountability and Transparency** - Accurate forecasting and regular budget adjustments ensure that funds are allocated efficiently and spent responsibly.
 - **Helps to manage Project Risks, Opportunities and Uncertainties** - Regular budget adjustments allow project managers to account for uncertainties and adapt to new information such as changing market conditions, unexpected site conditions, regulatory changes, developer agreements, third party funding, weather events, alignment with contractor programmes and flexibility towards shifting community priorities.
 - **Aligns Resources with Project Needs** - Enables the prioritisation and reallocation of resources ensuring used where most needed.

- **Improves Project Performance and Deliverables** - Helps to identify potential bottlenecks or budgetary constraints early, allowing project managers to take corrective actions before issues escalate, ensuring projects can remain on schedule and within the expected performance metrics.
 - **Enhances Stakeholder Confidence** - Transparent forecasting and budget adjustments communicate that the project is being carefully monitored, reducing concerns about waste, inefficiency, or mismanagement. It provides an approval gateway giving visibility to councillors and senior leadership which gives surety to project managers to continue to progress a project during periods of change and uncertainty.
 - **Facilitates Long-Term Planning** - Financial planning is improved by having a live adjusted long term plan which provides valuable data that can inform future capital project strategies, helping to optimize financial planning and securing funding. Regularly updated accurate budget modelling enables debt levels to be carefully managed and means we don't need to start from the beginning each LTP cycle.
 - **Note:** that Council has robust internal project management processes which ensure that project scope, risks, delivery timeframes are being managed.
- Following approval in September 2025 of carry forward adjustments from the 2024/25 Annual Plan (QLDC Annual Plans), this is the first capital reforecast of the 2025/26 financial year (year 2 of the associated 2024-34 LTP). This considers recommended adjustments to the capital works programme based on the latest information available to Council officers.
 - The total change proposed in this report to the 2025/26 Annual Plan (year 2 of the LTP) is a decrease of \$35.9M (20%) to capital cost budgets. This is predominantly to reflect the latest timing and forecast of delivery for the capital works programme, reprioritisation of budgets including cost savings identified and to maximise external funding available. The reduction to year 2 is largely offset with deferrals into the following years of the LTP which will be further reviewed and refined as part of the 2026/27 Annual Plan review process.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Approve** all proposed budget changes in accordance with Attachment A of the '2025-26 Capital Works First Reforecast' report.

3.

Prepared by:



Name: Jeremy Payze

Title: Senior Finance Business Partner - Projects

7 November 2025

Reviewed and Authorised by:



Name: Katherine Harbrow

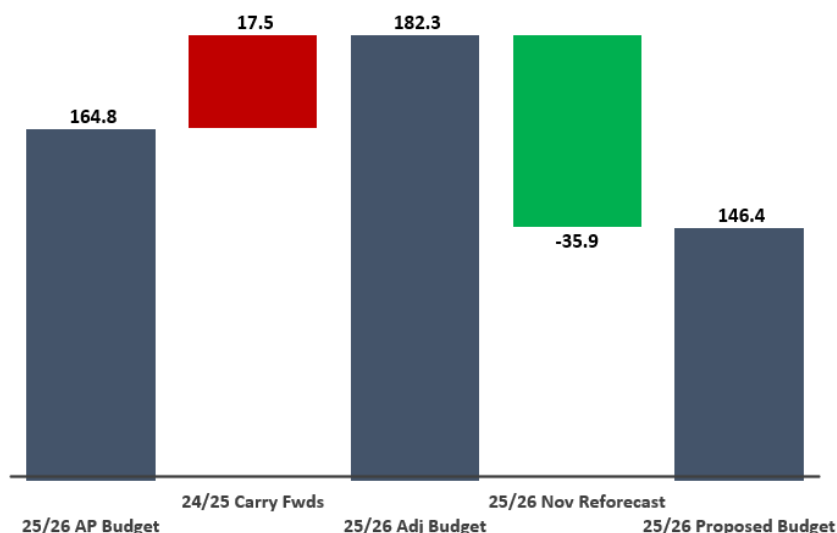
Title: General Manager, Assurance, Finance &
Risk

7 November 2025

Context | Horopaki

1. QLDC uses a structured reforecasting process to ensure its capital expenditure is appropriately managed and transparently reported throughout the financial year. The reforecast process provides visibility of requested changes to the Annual Plan, reasons for such changes, and any arising risks, impacts or opportunities. This report presents the first capital works reforecast of the 2025/26 financial year.
2. High level changes are presented in the 'Analysis and Advice' section of this report below, and set out in further detail by project in Attachment A.
3. The existing approved 2025/26 Annual Plan adjusted budget is \$182.3M which includes \$17.5M of net carry forwards from 2024/25. This report proposes a further total capital cost decrease of \$35.9M which will bring the 2025/26 approved adjusted budget to \$146.4M.

Figure 1: Summary of changes approved and proposed to 2025/26 (LTP Year 2) capital budgets (\$M's):



4. As part of QLDC's standard annual process of ensuring capital budgets reflect the latest information available, the annual cycle includes:
 - a. Adjusting the current year's Annual Plan from approved carry forward or brought forward budgets approved from the prior year. This is typically approved in the first week of September following the close out of the prior year's annual report;
 - b. A first full reforecast is submitted to Council for approval by December to ensure the Annual Plan/ LTP reflects the latest forecast and priorities in relation to projects that are underway. Occasionally a briefer reforecast is required for more urgent council approvals prior to this.

- c. There is often a requirement for another brief reforecast around March to ensure any interdependencies with changes presented in the following year's Annual Plan are factored in.
 - d. A final reforecast will typically be presented to Council in May, which is generally used to reprioritise the current years budgets (without amendments to future years)
5. The existing approved 2024-34 LTP adjusted budget is \$2,261M (inflated to current year 2025/26 \$'s for all years). The changes proposed in this paper decreases the total capital cost LTP budget by \$2.8M to \$2,258M which is further supplemented with a minor net increase in third-party funding of \$0.1M.

Figure 2a: Table of existing and proposed LTP 2024-34 capital budgets (\$M):

	Total 10YP Budget	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Existing Adj LTP24-34	2,260.8	152.5	182.3	207.7	245.8	279.0	258.0	232.1	236.0	213.2	254.3
Proposed Adj LTP24-34	2,258.0	152.5	146.4	224.0	259.0	278.9	259.4	232.5	238.2	212.1	255.1
Change	- 2.8	-	- 35.9	16.2	13.2	- 0.1	1.4	0.4	2.2	- 1.1	0.8

Figure 2b: Chart of existing and proposed LTP 2024-34 capital budgets (\$M):

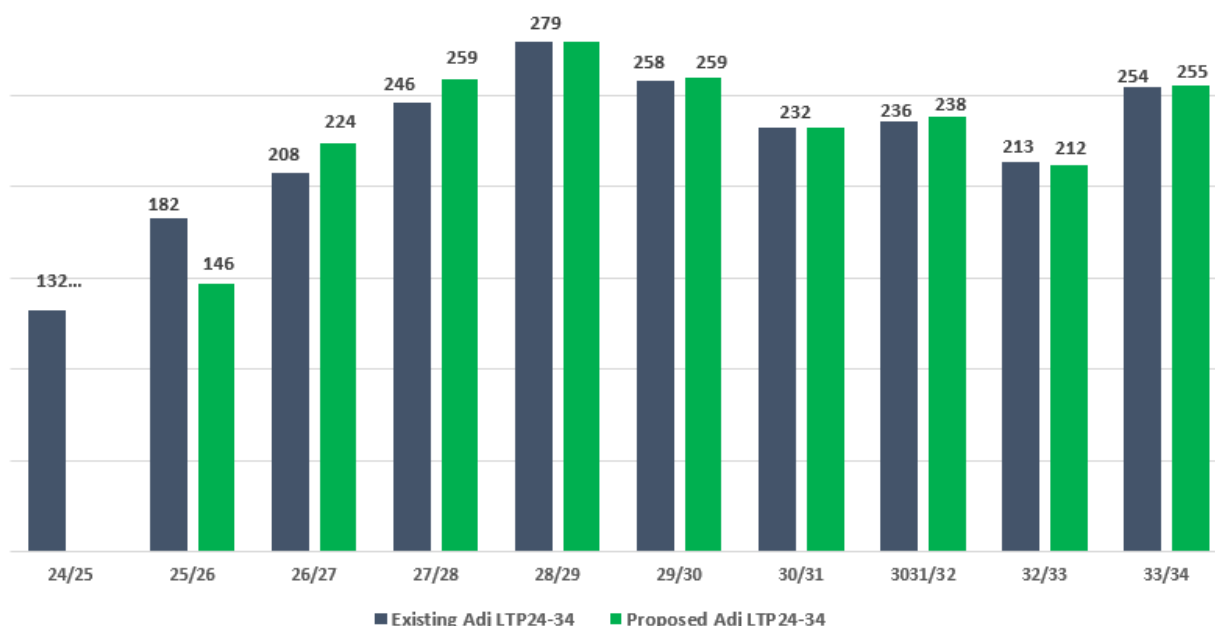
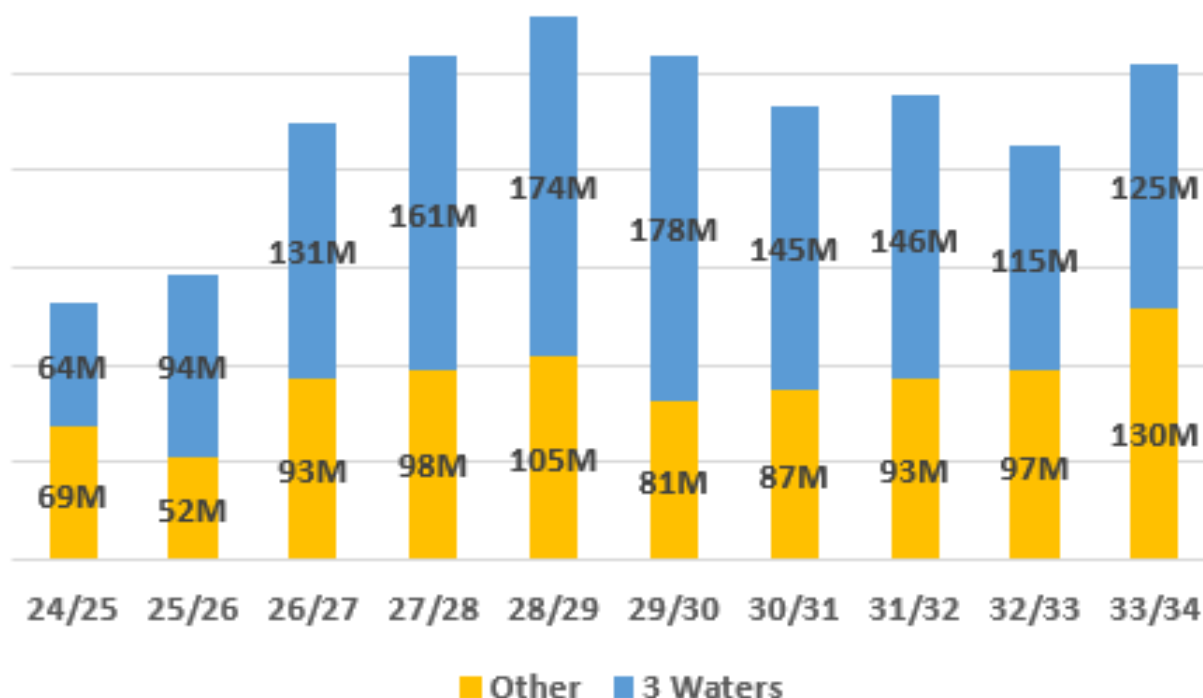


Figure 2c: Chart of Proposed Budgets split between 3 Waters and Other Projects (green bar above):



6. Note all LTP budgets stated in this report are inflated to 2025/26 Annual Plan year \$'s for all years.
7. Specific projects as set out in the 2024-34 LTP can be found on the QLDC website via the following link [QLDC - Council Projects](#)
8. Further changes proposed as part of the 26/27 Annual Plan Capex budget review process will be presented to Councillors at the 9 December 2025 Council workshop, along with final changes to be approved as part of the Draft 26/27 Annual Plan approval at the full Council meeting proposed for 19 March 2026. There may be some further impact to 2025/26 budgets through this process to be presented to Council in March 2026. Otherwise the next full reforecast of 2025/26 budgets will be presented at the 7 May 2026 Council meeting.

Analysis and Advice | Tatāritaka me kā Tohutohu

9. This is a standard annual report as part of QLDC's structured reforecasting process. Capital works naturally cross many years within a project lifecycle, which don't often align with annual financial years. Typically, after budgets have been adjusted for carry forwards from prior years, a rephasing is required to ensure cashflow forecasts are more closely aligned with budget phasing to optimise the programme.

10. A majority of the budgets for year 2 of the LTP were prepared over 2 years in advance of commencement of the 2025/26 year. The first reforecast is used to more closely align budgets with the current forecast information available to council officers, including both the current and future years to inform both the 2026/27 Annual Plan and subsequent new LTP adjustments.

Key Changes by Programme

11. A detailed list of proposed changes by project is shown and explained in attachment A. The following chart and table summarises the overall movement to the 2025/26 Annual Plan by programme.

Figure 3: Summary of 2025:26 Budget Movement by Programme:

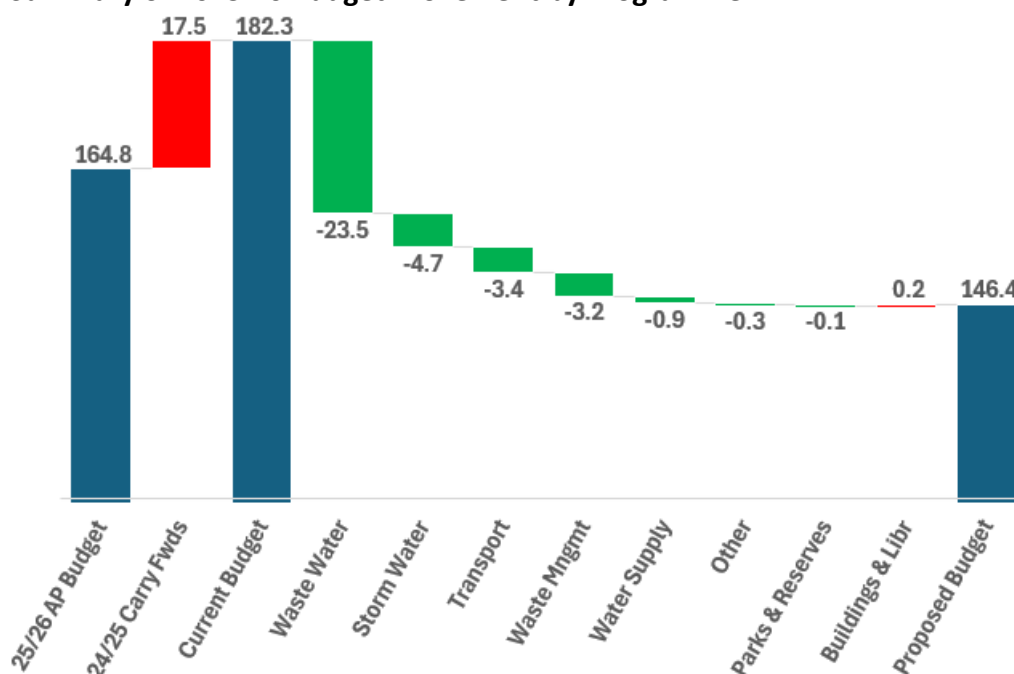


Table 1: Summary of 2025:26 Changes by Programme

PROGRAMME	CHANGE \$M's	COMMENTS
WASTE WATER	-23.5	The significant change reflects revised project delivery timelines including deferrals of \$8.8M for Kingston New Wastewater Scheme, \$7.6M for North Wanaka Conveyance Stage 2 Wastewater, \$2.9M for Shotover Pond Decommissioning, \$1.4M for Septage Disposal and \$1.0M across Wastewater Telemetry. This is offset with a brought forward budget of \$6.2M for Upper Clutha Wastewater Conveyance Scheme, which is tracking ahead of schedule.

PROGRAMME	CHANGE \$M's	COMMENTS
		Cost savings have been identified within Project Shotover Stage 3 Wastewater treatment Plant and CBD to Frankton Conveyance, which have been used to offset funding requirements including Robins Road Conveyance Upgrade and Shotover Pond Decommissioning. Total cost reductions proposed across the LTP within the subsequent AP26/27 review include \$5.1M for Project Shotover Stage 3, \$14.4M for CBD to Frankton Conveyance and \$34.1M for Upper Clutha Conveyance Scheme (which are spread across 2025-2029). This is due to more favourable market conditions following contractor pricing being received.
STORM WATER	-4.7	The change is predominantly due to deferrals of \$2.0M for Kingston Storm Water Scheme, \$2.1M for Rockabilly Gully Erosion Protection and \$0.5M for Remarkables Park Outlet. \$0.4M has also been reprioritised to Gorge Road/Robins Road Active Travel to align with wastewater construction works.
TRANSPORT	-3.4	Predominantly due to deferrals of \$2.0M for Sealed Road Rehabs, \$1.0M for Crown Range Resilience (with construction programmed for 26/27), along with \$0.5M for Transport Model replacement. Savings within Arterial Stage One and Queenstown Street Upgrades have been transferred to offset funding requirements for Stanley Street Carpark and Robins Road Active Travel.
WASTE MANAGEMENT	-3.2	Includes deferrals of \$1.0M for New Waste Facilities and \$0.6M for Wanaka New Waste Facilities (based on current design programme), along with \$1.7M for Organic Waste Management, which is pending CODC commitment to build an organics processing facility.
WATER SUPPLY	-0.9	Changes reflect revised project delivery timelines including deferrals of \$1.5M for Hawea Levels of Service Improvements, \$1.3M for Compliance Response UV Treatment, \$1.0M for Kingston New WS Scheme and \$1.0M across Water Supply Telemetry. Offset with brought forward budgets of \$1.0M for Filtration Queenstown/Wanaka. Reallocations include \$3.8M from CBD to Frankton Wastewater Conveyance to Frankton Road Watermain Upgrade and \$1.5M from Queenstown Wastewater to Water Supply Renewals.

PROGRAMME	CHANGE \$M's	COMMENTS
OTHER	-0.3	Deferral of \$0.3M for Whakatipu Priority Growth Areas along with reprioritisation of funding from planning activities to Head of the Lake Adaptation.
PARKS & RESERVES	-0.1	Deferral of \$0.2M for Rockfall Mitigation design. Minor reallocations include transfer from Wildfire Reserve Sensors programme to new project Merton Park Playground, Shotover Country.
BUILDINGS & LIBRARIES	0.2	Change due to brought forward budget of \$0.5M for Lakeview Cabins Building Renewals, offset with surplus budgets of \$0.2M for Queenstown Bay Masterplan and \$0.2M for Library Systems. Transfers include \$0.5M from Wanaka Airport Renewals to Wanaka Airport Upgrades and \$0.3M from Library Systems to Paetara Aspiring HVAC.
TOTAL	-35.9	

Options

12. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
13. Option 1 Approve the changes to the 2025/26 Annual Plan and 2024-34 proposed capital works programme as proposed in Attachment A.

Advantages:

- Ensures Council's capital expenditure is aligned to the most up to date project forecasting. This alignment ensures the allocation of resourcing and expenditure is optimised, overspends and underspends are appropriately managed, and forward planning is based on the most accurate information available.
- Ensures Council remains agile and able to respond to changed circumstances by realigning and signalling early what its preferred programme is as circumstances change.

Disadvantages:

- Changes to the timing, cost, and/or completion of some previously approved projects may be perceived as disadvantageous by the community and supply market.

14. Option 2 Do not approve the changes (do nothing option).

Advantages:

- Maintains the existing programme which was signalled to be delivered.

Disadvantages:

- Investment will not be prioritised to the greatest area of need, and planned projects that do not have sufficient budget will be at high risk of failure.
- Council would be in the less favourable financial position to address the emerging cost and other issues faced with delivering on the current programme.

15. Option 3 Approve only some of the changes to the 2025/26 Annual Plan and 2024-34 proposed capital works programme.

Advantages:

- Provides some ability to manage the impacts of overspends against current budget and, where possible, the opportunity to take steps to keep capital expenditure within overall annual budgets.

Disadvantages:

- As per option one, though potentially to a lesser extent depending on what projects are approved for reprioritisation.

16. This report recommends **Option 1** for addressing the matter. This allows Council to maintain a more accurate forecast across years, ensuring that Council has a sound base for the 2026/27 Annual Plan and associated LTP budget setting processes and to maintain debt levels within prescribed funding parameters.

17. Adjusting the budgets as identified in Attachment A will ensure Council can continue to deliver the agreed programmes in the LTP, maximise external funding and respond to delivery critical works required.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

18. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the proposed adjustments are not assessed as having a material impact to the district's environment or people, and will improve alignment of planned expenditure to central government expectations and QLDC's funding constraints.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

19. This matter relates to the financial risk category. It is associated with RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
20. The approval of the recommended option will support the Council by allowing the risk to be avoided. This shall be achieved by reprioritisation of funding to ensure delivery of projects as set out in the LTP.

Financial Implications | Kā Riteka ā-Pūtea

21. Approval of the recommended option will decrease planned 2025/26 Annual Plan capital expenditure to \$146.4M, a \$35.9M decrease from the existing adjusted Annual Plan budget of \$182.3M. Forecast associated third party funding revenue in 2025/26 will decrease by \$1.8M (which will be recouped in the following year).
22. Approval of the recommended option will decrease the ten year 2024-34 planned capital expenditure to \$2,258M (a \$2.8M decrease from the existing adjusted Long Term Plan budget of \$2,261M). This is supplemented with addition third party funding revenue of \$0.1M.
23. Further reductions totalling \$19.6M to the following LTP years 2026-34 are proposed as part of the subsequent draft 2026/27 Annual Plan process, which will be presented to the December 9th council workshop which is also in part to the favourable market conditions following contractor pricing being received

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

24. The recommended option is consistent with the principles set out in QLDC's Significance and Engagement Policy. Although the decision is in respect to strategic assets (namely three waters, transport, and community services infrastructure), the decision does not involve the transfer of ownership, sale, or long term lease of these assets.
25. This report considers changes to budgets that were consulted and approved through the 2024 LTP adoption process.

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

26. 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. The recommended adjustments will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring that the right projects are completed at the right time.

27. The recommended option:

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

[Attachments | Kā Tāpirihaka](#)

A	2025-26 Capital Works First Reforecast
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