Smart Finance Committee

10 September 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [8]

Department: **Assurance, Finance & Risk**

Title | Taitara: **Budget Carry Forwards from 2025/26**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to adjust the capital and operational budgets in the 2026/27 and 2027/28 financial years as a result of requests for unspent budget carry forwards from 2025/26 along with other adjustments to bring forward certain approved capital budgets from within the 2024-34 Long Term Plan, where spending has occurred in advance of budgeted timeframes in 2025/26.

Recommendation | Kā Tūtohuka

That the Smart Finance Committee:

1. **Note** the contents of this report;

2. **Authorise** adjustments to the capital expenditure budgets in order to provide for net carry forwards of $23.8M to the 2026/27 financial year [Attachment A]; and

3. **Authorise** adjustments to the operational budgets to provide for carry forwards of $0.8M to the 2026/27 financial year [Attachment B].

Prepared by:	Reviewed by:	Authorised by:
Name: Stephen Bayley	**Name:** Tanea Hawkins	**Name:** Katherine Harbrow
Title: Business Partner Manager	**Title:** Acting Finance Director	**Title:** General Manager, Assurance, Finance & Risk
14 August 2026	14 August 2026	18 August 2026

Context | Horopaki

1. In many instances, it is not possible to complete all capital projects within annual plan time frames and many project lifecycles span naturally across multiple years. Where projects have not been completed by 30 June 2026, the budget manager must request that funding be carried forward from 2025/26 to complete a project. In some other cases where actuals are greater than budgeted in the current year, but budget exists in future years, additional budget is required to be brought forward.

2. Reasons for the need to request budget carry forwards include:

   - Dependencies with third parties including reliance on developer agreements and ability of those partners to participate within Council's planned timelines;
   - Timing and agreement of land acquisitions and consents;
   - Timing of approvals for new projects and budget adjustments throughout the year;
   - Comprehensive processes of community and stakeholder engagement in more significant projects to agree design solutions resulting in delays to subsequent development and implementation project phases;
   - Responding to weather related events and impact to programmed works;
   - Dependency on warmer season temperatures for roading reseal contracts to be completed;
   - Lengthy procurement tender process and limited contractor availability in the market; and
   - Supply chain delays.

3. 2025/26 is the second year of the 2024-34 Long Term Plan and had an adjusted budget of $146.4M. Actual spend was $118.6M (81%).

4. The total net capital budget to carry forward of $23.8M compares favourably to prior years which totalled $17.1M in 2024/25, $21.4m in 2023/24, and $45.5M in 2022/23.

5. A summary of adjustments by programme is detailed in Attachment A.

Analysis and Advice | Tatāritaka me kā Tohutohu

6. 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.

7. Option 1 Authorise the carry forwards/brought forward budgets and adjust the 2026/27 and 2027/28 budgets.

   Advantages:

   - Provides budget for previously approved projects in the year that the work is carried out.
   - Allows for continuation of projects that are underway.

   Disadvantages:

   - None.

8. Option 2 Do not authorise the carry forwards and do not adjust the 2026/27 and 2027/28 budgets.

   Advantages:

   - None.

   Disadvantages:

   - Project delivery would be disrupted, and a significant amount of reprioritisation work would delay the programme of works committed.

9. This report recommends **Option 1** for addressing the matter because it provides budget for previously approved projects and allows projects that are started to continue.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

10. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because all of these projects were subject to the Annual Plan process, which requires the Special Consultative Process, and as such no wider consultation is required.

11. The persons who are affected by or interested in this matter are residents and ratepayers of the Queenstown Lakes district community.

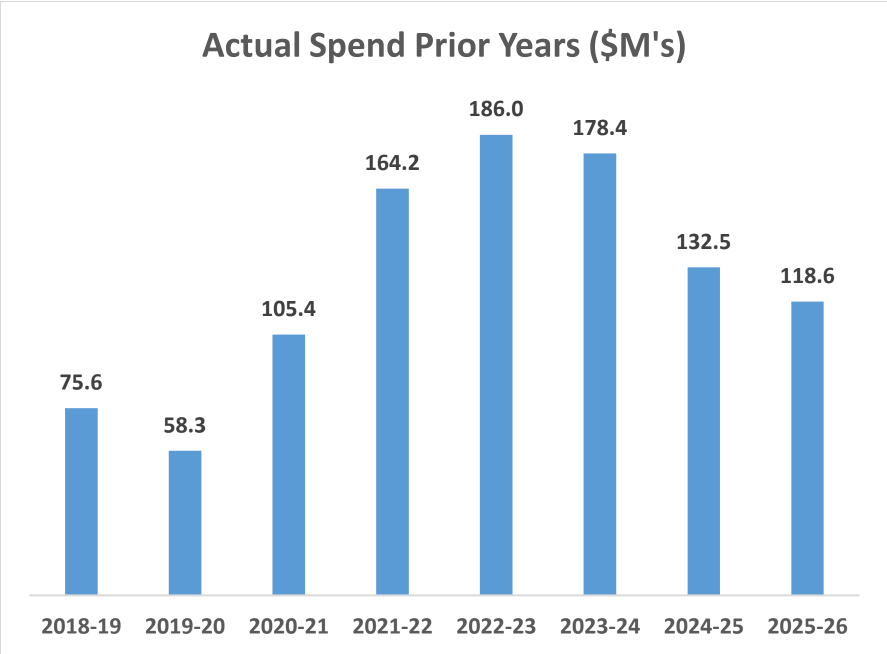
Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

12. This matter relates to the Financial risk category. It is associated with RISK10014 Ineffective Financial Strategy within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

13. Approval of the recommended option will allow Council to avoid the risk. This will be achieved by closing out capital and operational projects as previously approved.

Financial Implications | Kā Riteka ā-Pūtea

14. The approved capital budget for the 2025/26 Annual Plan totalled $128.9M. This was further supplemented by $17.5M of carried forward budget from the 2024/25 financial year. The final adjusted budget for 2025/26 was $146.4M. Spend in 2025/26 vs prior years is shown in the following chart.



15. The actual expenditure in 2025/26 was $118.6M, which was 81% of the adjusted budget of $146.4M as at 30 June 2026.

16. The total of capital carry forwards requests from 2025/26 to 2026/27 and 2027/28 for approval now by council is $23.8M. Refer to Attachment A for the detailed breakdown.

17. The existing 2026/27 annual plan capital budget is $177.8M which with these net adjustments of $20.9M would bring the total up to $198.7M. The existing 2027/28 annual plan operating expenditure budget is $279.5M.

18. Approved financial commitments for previously agreed contracts and purchase orders for the projects requested for carry forward sits at circa $69.2M as at the end of July 2026.

19. The total operational carry forward requests recommended by senior executives is $0.8M. Carry forward requests for opex are only sought where the budget is for a discreet operational project, programme or initiative already approved which has not been completed and where no available budget is provided in 2026/27. These includes $0.6M for Natural Hazards Wanaka & Frankton

programmes ($0.6M added to other consultants expenses), $0.2M for committed contracts with Central Otago DC as per requirements of NPS-UD and the Urban design contract for the Frankton structure. A breakdown is included in Attachment B.

20. The financial impact on approved budgets for 2026/27 and 2027/28 is largely neutral as the approved funding from 2025/26 is also carried forward. The funding will be a mix of loans, transfers from reserves (depreciation, development contributions and land sales), Waka Kotahi NZTA subsidy, Crown Infrastructure Partner funding and rates.

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

21. The following Council policies, strategies and bylaws were considered:

    - Policy on Significance – Although the decision is in respect to strategic assets, namely, water supply infrastructure, sewage treatment plants and the roading network, the decision does not involve the transfer of ownership, sale or long-term lease of these strategic assets. The policy of significance therefore does not apply.

    - Long Term Plan 2024-34 and

    - Annual Plans 2026/27 and 2027/28.

22. The recommended option is consistent with the principles set out in the named Revenue and Finance Policy.

23. This matter is included in the Long Term Plan/Annual Plan as an addendum to the capital plan.

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

24. 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 recommendation in this report is appropriate and within the ambit of Section 10 of the Act it would provide for good-quality local infrastructure, local public services, and performance of regulatory functions in a cost-effective way for households and businesses by providing budget for the completion of the 2026-27 Capital Programme.

25. The recommended option:

    - 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	2025/26 Capital Project Carry Forwards
B	2025/26 Operational Carry Forwards