

**QLDC Council**

**24 October 2024**

**Report for Agenda Item | Rīpoata moto e Rāraki take [3]**

**Department: Assurance, Finance & Risk**

**Title | Taitara : Capital Works October 2024 Reforecast**

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

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

**Executive Summary | Whakarāpopototaka Matua**

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- Following approval in September of the 2024-34 LTP and subsequent adjustments for budgets carried forward from 2023/24 along with budgets brought forward into 2023/24, the adjusted LTP budget currently sits at \$2.19B. Note all budgets stated in this report are in year 1 (2024/25) uninflated \$'s for all years.
- It was noted during the LTP submissions review process that due to submissions from the public, requests from councillors and more recent project information from Queenstown Lakes District Council (QLDC) officers, there was some urgent re-prioritisation of projects required. The late confirmation from NZTA (New Zealand Transport Agency) on the subsidised transport programme, has also triggered the need to align budgets with the values approved by NZTA.
- This is the first capital reforecast of the 2024/25 financial year (and associated LTP) to deal with both required adjustments and to consider desirable options supported by the community, councillors and QLDC officers.
- If approved, these changes will deliver a total capital cost budget decrease of \$15.89M to the LTP budgets, which results in a revised total of \$2.17B. Of the reduction, \$13.88M is within subsidised transport projects to align QLDC total budgets with what has since been approved as part of the 2024-2027 National Land Transport Programme (NLTP). This amount represents funding anticipated in the LTP but not received, so the Capital Revenue NZTA Subsidy budget is required to be reduced by \$13.88M to match the total cost budget adjustments, which ensures there is no impact on rates. This is further supplemented with additional anticipated funding and revenue of \$6.81M, however the majority of this (\$5.21M) is parking revenue that funds parking, bus infrastructure and active travel improvements, which does not impact rates.
- The total change proposed to the 2024/25 Annual Plan (year 1 of the LTP) is a decrease of \$3.28M to capital cost budgets, offset with a reduction to third-party funding/revenue of \$1.74M.

**Recommendation | Kā Tūtohuka**

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That the Council:

1. **Note** the contents of this report; and
2. **Approve** all proposed budget changes in accordance with Attachment A of the 'Capital Works - October 2024 Reforecast' report.

**Prepared by:**



**Name:** Jeremy Payze  
**Title:** Senior Management Accountant -  
Projects  
30 September 2024

**Reviewed and Authorised by:**



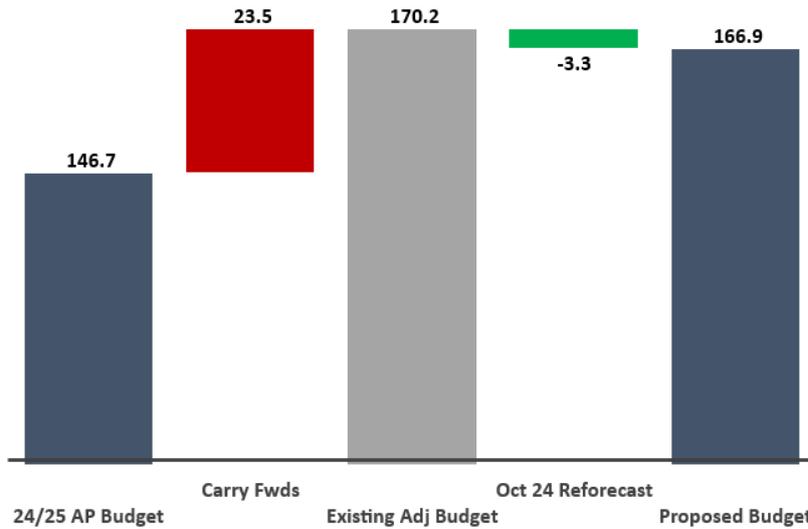
**Name:** Stew Burns  
**Title:** General Manager, Assurance, Finance  
& Risk  
30 September 2024

**Context | Horopaki**

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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 expected changes to the Annual Plan, reasons for such changes, and any arising risks or impacts. This report presents the first reforecast of the 2024/25 financial year.
2. Proposed changes are discussed in the 'Analysis and Advice' section of this report below, and set out in further detail in Attachment A.
3. There are 21 proposed adjustments to assumed NZTA subsidised budgets, updated to reflect the NLTP approved funding position. These adjustments reduce the total cost budgets by the amount of NZTA funding that was assumed in the LTP but not approved in the NLTP; with the residual unmatched QLDC cost share reallocated to new 'unsubsidised' budget lines. A subsequent report will follow in the December Reforecast to discuss options and prioritisation of the local share budgets to allow more time to develop options and engage with elected members on Transport expenditure priorities. Changes to match the NLTP approved programme decreases the LTP total capital cost by \$13.88M, which is spread across the first four years of the LTP. There will be a corresponding decrease of \$13.88M to capital subsidy revenue so NIL impact to rates.
4. There are 9 other proposed changes required to budgets that officers indicate are required to (a) ensure existing commitments are met, (b) maintain operations, and/or (c) align major expenditure items with revised project forecasts. Changes to match other 'required' changes will increase the LTP total cost by \$0.76M (including a decrease of \$3.60M across the first three years).
5. There are four proposed 'additional' changes to budgets that officers have identified for Council consideration. These changes are in response to (a) emerging opportunities for early delivery and avoided costs, or (b) Councillor requests to accelerate project delivery following the LTP consultation process. Changes to match other proposed 'additional' changes will decrease the LTP total cost by \$2.76M (including an increase of \$12.88M across the first three years).
6. The existing approved 2024/25 Annual Plan adjusted budget is \$170.21M which includes \$23.47M of net carry forwards from 2023/24. This report proposes a total capital cost decrease of \$3.28M which will bring the 2024/25 approved adjusted budget to \$166.93M.

Figure 1: Summary of changes approved and proposed to 2024/25 (LTP Year 1) capital budgets (\$M's):



- The existing approved 2024-34 LTP adjusted budget is \$2.19B which includes \$23.47M of net carry forwards from 2023/24. This report proposes a total capital cost decrease of \$15.50M which will bring the LTP approved adjusted budget to \$2.17B.

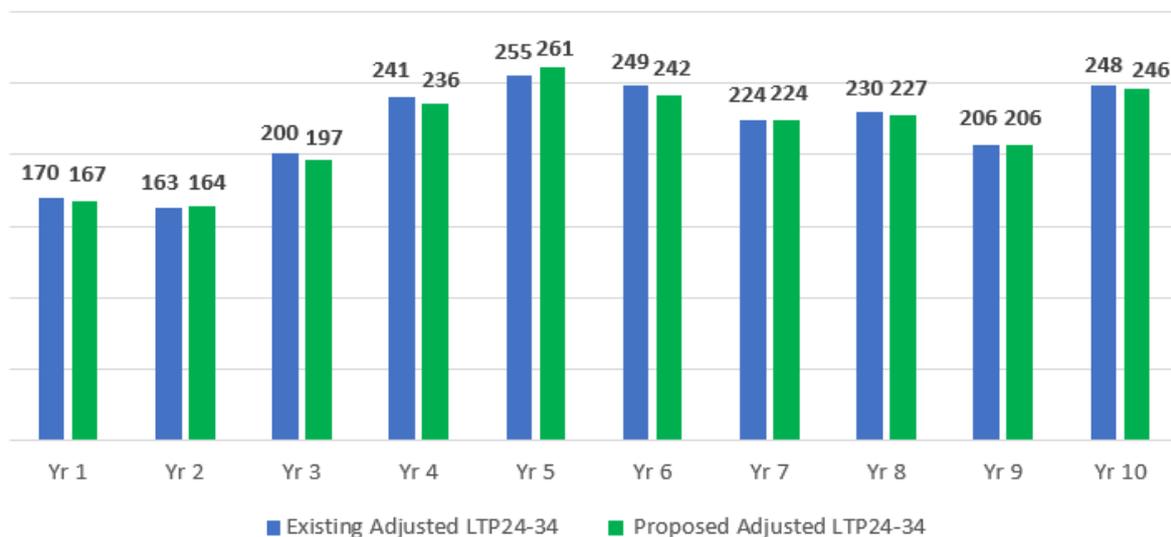
Figure 2a: Table of existing and proposed LTP 2024-34 capital budgets (\$M):

TOTAL CAPITAL COST	Total 10YP	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
LTP24-24 Budget	2,164.6	146.7	162.8	202.8	240.5	255.2	248.7	223.6	229.9	206.4	247.9
Carry Forwards	21.4	23.5	0.4	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Existing LTP Budget</b>	<b>2,186.1</b>	<b>170.2</b>	<b>163.2</b>	<b>200.4</b>	<b>240.5</b>	<b>255.2</b>	<b>248.7</b>	<b>223.6</b>	<b>229.9</b>	<b>206.4</b>	<b>247.9</b>
October Reforecast	-15.9	-3.3	1.0	-3.7	-4.7	5.5	-7.1	0.4	-2.5	0.0	-1.5
<b>Proposed LTP Budget</b>	<b>2,170.2</b>	<b>166.9</b>	<b>164.2</b>	<b>196.6</b>	<b>235.9</b>	<b>260.7</b>	<b>241.6</b>	<b>224.0</b>	<b>227.4</b>	<b>206.4</b>	<b>246.4</b>

REVENUE & FUNDING ADJ	Total 10YP	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
NLTP Adjustments	13.9	3.2	5.4	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Funding	-1.6	-1.5	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Parking Revenue	-5.2	0.0	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
<b>Total Revenue &amp; Funding Adj</b>	<b>7.1</b>	<b>1.7</b>	<b>4.7</b>	<b>4.6</b>	<b>-0.6</b>						

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



## Analysis and Advice | Tatāritaka me kā Tohutohu

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8. Content in this section of the report is organised under the following headings:
- Required changes: budget adjustments recommended by officers to ensure business operations are maintained and existing commitments are met.
  - Optional changes: additional budget adjustment options prepared by officers in response to emerging opportunities and direction from elected members.

### Required Changes

9. NZTA has recently announced the approved subsidised budgets within the NLTP. QLDC had assumed 51% NZTA funding assistance rates across the majority of the subsidised transport programme, however a number of these budgets have not attracted funding assistance through the NLTP. To ensure QLDC remains within the total net approved LTP budget, as a first step budgets are proposed in this paper to be adjusted to match the total cost funding approved by NZTA, with the QLDC local share budget of any unsubsidised portion being separated into an equivalent non-subsidised project. Further analysis and options for revised Transport expenditure priorities will be prepared for consideration at the December 2024 Council meeting (and any subsequent adjustments/planning processes as required e.g. next Annual Plan).
10. As a result of realigning QLDC's budgets to confirmed NLTP funding, the LTP total capital cost will decrease by \$13.88M with a corresponding adjustment to the capital revenue budget. There is no impact on rates as the reduction is commensurate with the amount of third-party funding that had been assumed for each adjusted budget in development of the LTP.
11. Aside from the transport changes to match the NZTA subsidised work programme, there are 9 proposed changes to budgets that officers indicate are essential to (a) ensure existing commitments are met, (b) maintain operations, and/or (c) align major project budgets with revised expenditure forecasts. When combined, the impact of the recommended 'required' changes on the LTP is a total capital cost decrease of \$13.12M across the ten year period (including a reduction of \$18.87M across the first three years).
12. After accounting for estimated (confirmed and probable) third-party funding/revenue offsets of \$12.28M, the net impact of 'required' changes on the LTP (opex & capex) is a total decrease of \$0.84M over the ten-year period, and a net decrease of \$6.59M in the first three years.
13. Proposed 'required' changes are outlined below, and set out in further detail in Attachment A (Items 1-9). The recommended expenditure meets LTP 'baseline' criteria.

### Community Composting

14. A new capital budget of \$0.40M is recommended and is expected to attract a third-party funding assistance rate from the Ministry for the Environment (MfE) of approximately 50%. The estimated net impact on the LTP over the ten-year period is an increase of \$0.20M.
15. QLDC is party to a Deed of Funding with the MfE (for the Waste Minimisation Fund), and has made commitments to the next two Waste Minimisation Fund recipients. This budget was omitted from LTP development in error, and is required to ensure QLDC remains compliant with the Deed and can meet commitments made to funding recipients.

*New project: Community Composting (WM) – refer Attachment A Item 1*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	-	-	-	-	-	-	-	-	-	-
Change	0.20	0.20	-	-	-	-	-	-	-	-	<b>0.40</b>
Revised LTP	0.20	0.20	-	-	-	-	-	-	-	-	<b>0.40</b>
Est. MfE	(0.10)	(0.10)	-	-	-	-	-	-	-	-	<b>(0.20)</b>
Est. net LTP	0.10	0.10	-	-	-	-	-	-	-	-	<b>0.20</b>

### Organic Waste Management

16. An increase of \$0.18M is recommended. This increase is required to fund planning and procurement activities associated with the new food and green waste kerbside collection service to be implemented by QLDC. Provision of funding for these project-related activities was omitted from LTP development in error.

*CP0007688 Organic Waste Management (WM) – refer Attachment A Item 2*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.20	1.52	-	-	-	-	-	-	-	-	<b>1.54</b>
Change	0.08	0.10	-	-	-	-	-	-	-	-	<b>0.18</b>
Revised LTP	0.10	1.62	-	-	-	-	-	-	-	-	<b>1.72</b>

### Wānaka Waste Facilities

17. A deferral of \$6.71M is recommended. Planning for the facility upgrade is taking longer than was reasonably anticipated when developing the LTP. The extended planning period is predominantly driven by QLDC's acquisition of the adjacent Ballantyne Road site which has created alternative facility upgrade and configuration opportunities that require further exploration.

*CP0007205 Wānaka Waste Facilities (WM) – refer Attachment A Item 3*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	3.87	5.29	0.58	-	-	-	-	-	-	-	<b>9.74</b>
Change	(3.37)	(3.34)	6.71	-	-	-	-	-	-	-	-
Revised LTP	0.50	1.95	7.29	-	-	-	-	-	-	-	<b>9.74</b>

### Kingston New Scheme (Stormwater)

18. A bring forward of \$2.67M is recommended. The pre-construction estimate for Stage 1 of the Kingston stormwater works is higher than the estimate used to inform the LTP. Recent tender pricing is consistent with the pre-construction estimate underpinning this proposed budget amendment. It is recommended that LTP funding for future stages be brought forward to supplement the existing LTP provision for Stage 1. The timing of future stages is dependent on the pace of development, and the scope and design of those stages is the responsibility of the developer. As these subsequent stages become better defined, a future LTP process will be used to manage any further budget adjustments if required.

*CP0006831 Kingston New Scheme (SW) – refer Attachment A Item 4*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	7.58	0.04	-	-	-	0.07	3.32	3.26	-	-	<b>14.27</b>
Change	(1.83)	4.48	0.02	-	-	-	-	(2.67)	-	-	-
Revised LTP	5.75	4.52	0.02	-	-	0.07	3.32	0.59	-	-	<b>14.27</b>

*Telemetry (Wastewater, Water Supply)*

19. A combined bring forward of \$3.25M (across all relevant Telemetry budget lines) is recommended. Subject to approval from the Department of Internal Affairs (DIA), QLDC will seek to allocate \$1.00M Better Off Funding (BOF) to this project, helping to minimise the overall funding impact of this proposed bring forward.
20. Bringing forward funding for this project will enable a more methodical and carefully planned approach for the complex migration of telemetry services from the current system (which becomes unsupported from 2027). Acceleration of the project will also enable QLDC to gain greater value from the related works completed during 2024/25 to replace the Lake Hayes Remote Terminal Units, and to ensure the organisation has more robust data management through the reliable SCADA historian software. Without acceleration of investment, ongoing operation of the Lake Hayes scheme will be challenging, and the operational risks associated with QLDC’s current SCADA and telemetry arrangements will escalate.

*Consolidated summary of budgets for Telemetry (WS,WW) – refer Attachment A Item 5*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.09	0.36	3.25	-	-	-	-	-	-	-	<b>3.71</b>
Change	1.02	2.23	(3.25)	-	-	-	-	-	-	-	-
Revised LTP	1.11	2.59	-	-	-	-	-	-	-	-	<b>3.71</b>
Est. BOF	(1.00)	-	-	-	-	-	-	-	-	-	<b>(1.00)</b>
Est. net LTP	0.11	2.59	-	-	-	-	-	-	-	-	<b>2.71</b>

*Arthurs Point Reservoir Land Stability (Water Supply)*

21. A new capital expenditure budget of \$0.18M is recommended. Heavy rainfall during September has resulted in a significant slump at the Arthurs Point Reservoir site. Following an inspection of the site, additional works are recommended without delay to reinforce the exposed surface in order to protect the reservoir.

*New project: Arthurs Point Reservoir Land Stability (WS) – refer Attachment A Item 6*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	-	-	-	-	-	-	-	-	-	-
Change	0.18	-	-	-	-	-	-	-	-	-	<b>0.18</b>
Revised LTP	0.18	-	-	-	-	-	-	-	-	-	<b>0.18</b>

*Southern Corridor New Schemes (Water Supply, Wastewater)*

22. A combined bring forward of \$0.50M (\$0.25M from each budget) is recommended. An accelerated timeline for planning the Southern Corridor’s three waters servicing arrangements is being driven by structure planning for the area. Without clarity of a preferred servicing solution for the corridor, the Structure Plan will not be adequately informed and the risk of new developments self-funding/delivering isolated solutions for the area will increase.

*CP0007179 Southern Corridor New Scheme (WS) – refer Attachment A Item 7*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.03	0.39	2.29	6.89	18.56	12.47	2.46	10.54	10.54	9.70	<b>73.86</b>
Change	0.25	-	-	-	(0.25)	-	-	-	-	-	-
Revised LTP	0.28	0.39	2.29	6.89	18.31	12.47	2.46	10.54	10.54	9.70	<b>73.86</b>

*CP0007180 Southern Corridor New Scheme (WW) – refer Attachment A Item 7*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	-	0.15	0.15	0.79	3.04	5.32	22.82	22.82	20.99	<b>73.86</b>
Change	0.25	-	-	-	(0.25)	-	-	-	-	-	-
Revised LTP	0.25	-	0.15	0.15	0.51	3.04	5.32	22.82	22.82	20.99	<b>73.86</b>

*Capell Avenue Watermain Extension (Water Supply)*

23. A deferral of \$1.11M is recommended. The extension of the Capell Avenue watermain has strong interdependencies with the separate Capell Avenue roading extension project. The roading extension did not receive anticipated funding support through the NLTP. Accordingly, it is recommended that both the roading and water supply extension projects are deferred to provide QLDC with time to assess the impact of the funding decision and prepare corresponding options for Council’s consideration. The change presented in the table below reflects the recommended adjustment to the relevant water supply budget; the corresponding change to the relevant transport budget is addressed in the NLTP transport funding adjustments grouping per Attachment A items 46 and 47.

*CP0006027 Capell Ave Watermain Extension (WS) – refer Attachment A Item 8*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.45	0.68	-	-	-	-	-	-	-	-	<b>1.14</b>
Change	(0.45)	(0.66)	0.20	0.91	-	-	-	-	-	-	-
Revised LTP	-	0.02	0.20	0.91	-	-	-	-	-	-	<b>1.14</b>

*Southwest Wānaka Conveyance Scheme (Wastewater)*

24. A deferral of \$8.41M is recommended. A recent market approach for design of the scheme highlighted a number of further considerations and alternative planning approaches for the area (being the southern and western catchment areas of Wānaka) that require further investigation. The proposed budget deferral will ensure planning for the area is well-considered and robust, and reflect a more realistic expenditure profile based on the revised workplan for the project. The proposed revision to the budget ensures supporting capacity upgrades to the Gordon Road wastewater pump station will be delivered within required timeframes.

*CP0004175 Southwest Wānaka Conveyance Scheme (WW) – refer Attachment A Item 9*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.47	2.52	9.44	11.33	-	-	-	-	-	-	<b>23.77</b>
Change	(0.32)	(1.57)	(4.69)	(1.82)	8.41	-	-	-	-	-	-
Revised LTP	0.15	0.95	4.75	9.51	8.41	-	-	-	-	-	<b>23.77</b>

**Optional Changes**

25. There are four proposed ‘optional’ budget changes that officers have identified for Council consideration. These changes are in response to (a) emerging opportunities for early delivery and avoided costs, or (b) Councillor direction to accelerate project delivery. The proposed ‘additional’ changes are outlined below and set out in further detail in Attachment A (Items 10-13).

*Luggate Water Supply – early delivery of scheme upgrades*

26. The following changes are recommended:

- a. Luggate Scheme Upgrades (WS) budget is reduced by \$9.25M
- b. Compliance Response – UV Treatment (WS) budget is increased by \$6.49M

Combined, the impact of these changes on the LTP is a total reduction of \$2.76M across the ten-year period, and an increase of \$6.25M in the first three years (2024/25-2026/27). The recommended expenditure meets LTP ‘baseline’ criteria.

27. An opportunity has been identified to deliver some planned Luggate water supply scheme upgrades earlier than budgeted in the LTP, and for less overall capital cost. This opportunity has emerged through the Compliance Response project, whereby the containerised UV treatment unit intended to be installed in the Luggate scheme on a temporary basis could instead be installed in a way that provides for the scheme’s longer term water treatment needs.

- a. The LTP provides for two tranches of investment in Luggate’s water supply scheme; (1) short-term compliance upgrades through deployment of a containerised UV treatment unit to be installed on a temporary basis via the Compliance Response project, and (2) construction of a permanent water treatment plant and connecting infrastructure to provide for longer-term needs via the Luggate Scheme Upgrades project.
- b. Through the Compliance Response project, QLDC has planned to deliver a containerised UV water treatment plant, located in a temporary manner, near the Luggate scheme’s current water source and treatment plant. This temporary configuration would ensure the scheme is compliant with Drinking Water Quality Assurance Rules, remaining operational until a permanent water treatment plant and associated supporting scheme upgrades are delivered elsewhere in Luggate in accordance with the LTP (by 2031/32).
- c. The Compliance Response project team has identified an opportunity whereby the containerised UV water treatment plant (described above) could instead be located on the future permanent water treatment plant site, providing a longer-term water treatment arrangement for the scheme. To leverage this opportunity, planned reticulation upgrades required to connect the permanent treatment site with the scheme will be required earlier than otherwise planned in the LTP.
- d. By utilising the containerised treatment plant on a longer-term basis, planned LTP expenditure associated with the construction of a new permanent water treatment plant building can be deferred beyond the LTP period, enabling a reduction relative to currently approved budgets without compromising levels of service.

28. To give effect to this alternative water treatment arrangement for Luggate, an increase in the Compliance Response project budget is required across 2024/25 and 2025/26 - offset by a reduction to the Luggate Scheme Upgrades budget in later years. The increase to the Compliance Response budget reflects the additional scope of works required to locate and connect the containerised treatment plant on the permanent treatment site. The reduction to the Luggate Scheme Upgrades budget reflects the estimated value of a new water treatment plant building that would no longer be required within the LTP period.

29. Subject to the approval from the DIA, it is proposed that \$0.40M of QLDC's Better Off Funding be directed towards the Compliance Response project in support of delivering this alternative investment approach in the Luggate water supply scheme. Application of Better Off Funding to this project would lessen the impact on 2024/25-2026/27 to an increase of \$5.85M, and further improve the total LTP net decrease to \$3.16M over the ten-year period.

*CP0004629 Luggate Scheme Upgrades (WS) – refer Attachment A Item 10*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	0.19	0.77	5.74	3.83	4.78	2.87	0.96	-	-	19.13
Change	-	-	(0.24)	(5.18)	(2.42)	(1.98)	0.40	0.17	-	-	(9.25)
Revised LTP	-	0.19	0.52	0.56	1.40	2.81	3.27	1.12	-	-	9.88

*CP0008133 Compliance Response – UV Treatment (WS) – refer Attachment A Item 10*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	11.16	-	-	-	-	-	-	-	-	-	11.16
Change	2.01	4.49	-	-	-	-	-	-	-	-	6.49
Revised LTP	13.17	4.49	-	-	-	-	-	-	-	-	17.66
Est. BOF	(0.40)	-	-	-	-	-	-	-	-	-	(0.40)
Est. net LTP	12.77	4.49	-	-	-	-	-	-	-	-	17.26

*Transport Model Replacement – early delivery*

30. A bring forward of \$0.55M from 2025/26 to 2024/25 is recommended. This change will have no impact on the LTP ten-year total, will increase the first year (2024/25) by \$0.55M, and reduce the second year (2025/26) commensurately.
31. During the Council Workshop held 10 September 2024, Councillors indicated interest in accelerating the replacement of the district's transport model to support strategic planning activities currently underway. Officers have confirmed that it is possible to commence the new model build within the current financial year (2024/25), meaning delivery of the new model can be completed approximately six months earlier than planned.
32. It is probable that the new transport model build will be co-funded by NZTA and the Otago Regional Council; this funding is dependent on all three organisations entering into a tripartite Memorandum of Understanding (MoU). In the event the MoU is agreed, QLDC's LTP allocation can be reduced to approximately one third of what is presently provisioned; this would be ratified through a future capital expenditure adjustment process.

*CP0006607 Transport Model Replacement (TR) – refer Attachment A Item 11*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	0.09	1.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.03
Change	0.55	(0.55)	-	-	-	-	-	-	-	-	-
Revised LTP	0.64	0.55	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.03

*Stanley Street Parking – early delivery*

33. A bring forward of \$1.50M from 2033/34 into 2024/25 and 2025/26 is recommended. This change will have no impact on the LTP ten-year total, will increase the first year (2024/25) by \$1.10M, and increase the second year (2025/26) by \$0.40M. Indicative analysis completed by officers estimates the upfront \$1.50M capital investment will be offset by new parking revenue generated at the site within three years of being operational.

34. The recommended expenditure does not meet LTP ‘baseline’ criteria; however, it will contribute to the ‘strategic priorities’ of providing for growth, enhancing performance of the transport network, and creating thriving town centres.

*CP0008090 Stanley St Site Works & Temp Parking – refer Attachment A Item 12*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	-	-	-	-	-	-	-	-	4.14	<b>4.14</b>
Change	1.10	0.40	-	-	-	-	-	-	-	(1.50)	-
Revised LTP	1.10	0.40	-	-	-	-	-	-	-	2.64	<b>4.14</b>
Est. revenue	-	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	<b>(5.21)</b>
Est. net LTP	1.10	(0.18)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	(0.58)	<b>(1.07)</b>

*Ballantyne Road Site Remediation Works – early delivery*

35. Request to bring forward funding from year 6 of the LTP to years 1-3. Council recently received a large amount of submissions around the proposed Ballantyne Road Development in the 2024/34 Long Term Plan from the Wānaka – Upper Clutha community. Council staff have been working on a commercial arrangement to remediate and complete earthworks on the Ballantyne Road site within the next 9-16 months. The commercial agreement is confidential but provides Council with a significant opportunity to accelerate the site preparation and remediation of the Ballantyne Road Site earlier than proposed in the 2024/34 LTP. It is also proposed to develop new sports fields on site and or/a contribution towards an artificial turf.

*CP0007475 Ballantyne Rd Site Remediation Works – refer Attachment A Item 13*

(\$m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Existing LTP	-	-	-	-	-	5.13	-	-	-	-	<b>5.13</b>
Change	0.71	1.97	2.44	-	-	(5.13)	-	-	-	-	-
Revised LTP	0.71	1.97	2.44	-	-	-	-	-	-	-	<b>5.13</b>

## Options

36. Option 1 Approve the changes to the 2024/25 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.

37. 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.

38. Option 3 Approve only some of the changes to the 2024/25 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, although potentially to a lesser extent depending on what projects are approved for reprioritisation.

39. 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 2024/25 Annual Plan and associated Ten Year Plan budget setting processes and to maintain debt levels within prescribed funding parameters.

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

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

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41. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 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**

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42. This matter relates to the business continuity risk category. It is associated with RISK10035 'Ineffective business processes' within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating. Approval of the recommended option will allow the Council to avoid the risk. 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**

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43. Approval of the recommended option will decrease planned 2024/25 Annual Plan capital expenditure to \$166.93M (a \$3.28M decrease from the existing adjusted Annual Plan budget of \$170.21M). This is offset with a revenue and third party funding reduction of \$1.74M.

44. Approval of the recommended option will decrease the ten year 2024-34 planned capital expenditure to \$2.17B (a \$15.89M decrease from the existing adjusted Long Term Plan budget of \$2.19B). This is offset with a \$7.07M reduction to revenue and third party funding. The impact on LTP rates is immaterial as the majority (\$5.21M) of the favourable net reduction of \$8.43M is within parking anticipated revenue which funds parking improvements, bus stop infrastructure and active travel.

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

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45. 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.

46. This report considers changes to budgets that were consulted and approved through the 2024 Ten Year Plan adoption process.

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

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47. 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.

48. 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**

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A	Summary of Proposed Changes – Capital Works October 2024 Reforecast
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