

Queenstown Electric Bus Depot Business Case

Final Draft for Councillors

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Queenstown Electric Bus Depot Business Case

Prepared for:

Otago Regional Council

Quality Assurance Statement

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Executive summary

Purpose of this document

Otago Regional Council (ORC) has developed this Business Case to support an investment decision around a Queenstown-based bus depot and charging facilities that will service an electrified bus fleet. This Business Case seeks to provide the ORC with a preferred option that gives direction on the location, specifications and commercial operation of a Queenstown bus depot. ORC is on a timeline for the Queenstown Bus Depot to be operational in time for the next contract renewal, by November 2029.

Strategic context

ORC is progressing with planning for a Queenstown Electric Bus Depot to support the transition to a zero-emissions public transport fleet by 2035, in alignment with national climate commitments and the Climate Change Response (Zero Carbon) Amendment Act 2019. In addition to this, the Emissions Reduction Plan, requires decarbonisation of the public transport fleet by 2035, mandating that all new buses procured after 1 July 2025 must be zero emissions.

Queenstown's transport system is under increasing pressure due to rapid population growth, tourism, and ambitious mode shift targets. Forecasts indicate a doubling of vehicle trips between 2018 and 2053, requiring a fleet of 59 buses and a depot site of approximately 10,000m². In addition to this, land availability in Queenstown is constrained by topography, zoning, and high cost of land.

Furthermore, there is considerable uncertainty surrounding the public transport landscape at both regional and national levels. This includes evolving Regional Deals, NZ Transport Authority (NZTA) Transport Procurement Manual review, the development of Mass Rapid Transit (MRT), and significant land use changes proposed in Queenstown-Lakes District Council's (QLDC) District Plan. While these shifts present future opportunities, they also introduce significant uncertainty.

PREVIOUS WORK COMPLETED TO DATE

Queenstown Business Case 2020 assessed options for improving Queenstown's transport network. Built on previous studies: Queenstown Integrated Transport PBC (2017), Queenstown Town Centre Masterplan PBC (2017) and related IBCs for arterial roads, PT and Parking Infrastructure.

Queenstown Public Transport Business Case (QPTBC) 2024 confirms the case for investment in a 30-year plan for future public transport for Queenstown, signalling the need to have a fully electrified bus fleet servicing Queenstown by 2035.

WSP Advisory Papers 2024 were developed to support the QPTBC. Specifically, Public Transport Hubs & Infrastructure (Paper 5) determined scope requirements for the associated infrastructure (fleet size, land requirements, power supply etc.). Suburb-level assessment of possible depot locations was undertaken.

Queenstown Electric Bus Depot - Pre-detailed Business Case Assessment 2024 by Beca undertook site assessment of 7 possible sites across Frankton. Assessment identified 2 preferred sites for a bus depot.

Investment objectives

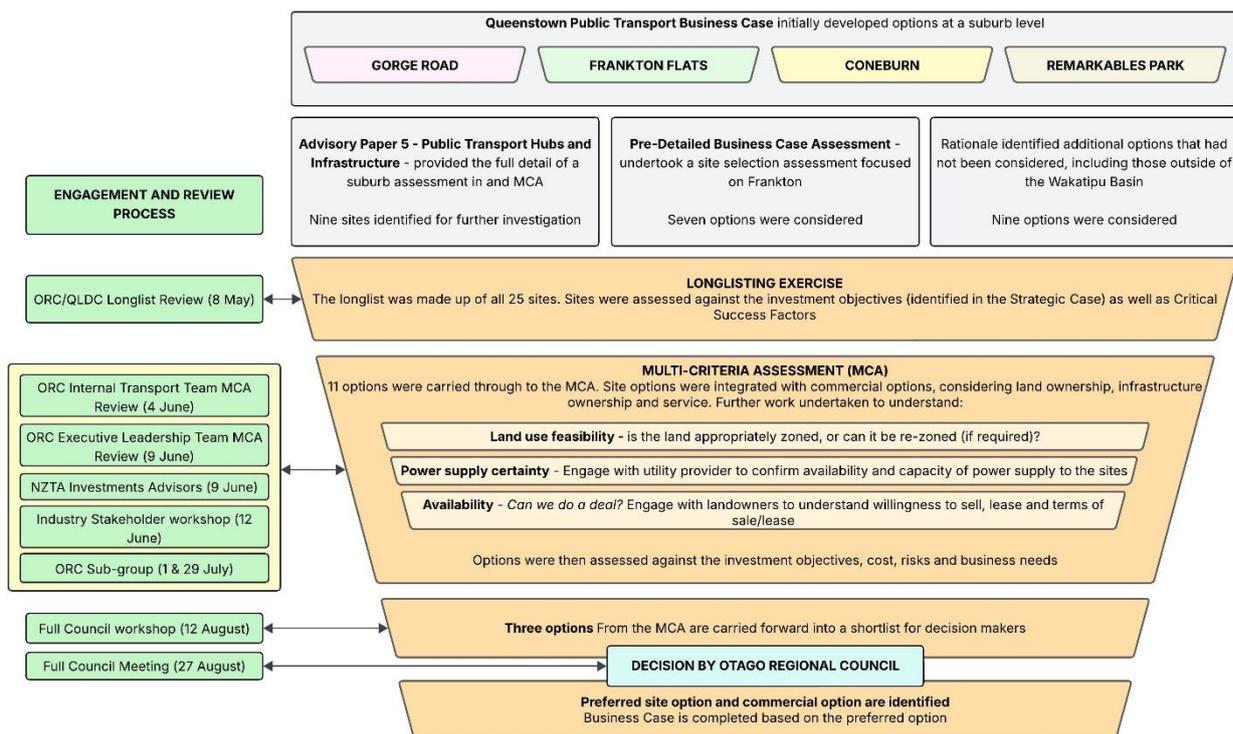
An Investment Logic Map (ILM) was developed to identify the problems, benefits and subsequent performance measures associated with an Electric Bus Depot. This process outlined the following investment objectives which have been used to evaluate options throughout this business case:

1. Sufficient developable land area to meet current and future demand.
2. Efficient location for bus operations.
3. Encouraging a competitive marketplace for contracted bus services.
4. Efficient and effective depot delivery, operation and management.

Optioneering process

A wide range of options have been considered through the development of this business case, and a comprehensive optioneering process has been undertaken to identify a preferred way forward.

This optioneering process, including engagement and review steps, can be seen in diagram below:



OPTIONS DEVELOPMENT AND ANALYSIS

A longlisting exercise considered 25 site options. Site options were developed based on options already identified by the QTPTBC and Pre-Detailed Business Case Assessment, as well as an additional nine options – these options collectively made up the 'long list'.

From the long list exercise, 11 integrated options were brought forward and assessed through a multi-criteria analysis (MCA), considering investment objectives, cost (30 Year Present Value), risk, and business needs. Rationale undertook the first cut of this analysis and then tested and confirmed the results with ORC as shown above.

Option 4: Lease Option – Grant Road, Frankton Flats (QAC site), is the top performer, however land purchase options were not far behind, with sensitivity analysis concluding there was no clear winner. Leaving it to the market or private enterprise involvement were not preferred, primarily due to cost, barriers to entry and risk.

Three options were taken forward to an elected member sub-group for further discussion.

ELECTED MEMBER SUB-GROUP

The sub-group met on two occasions. The purpose of these meetings was to share the process, results, provide an opportunity for questions and for feedback to be provided. No decisions were made.

Following the MCA process three options were then shortlisted:

- Option 1: Leave it to the market (status quo).
- Option 4: Lease Option – Grant Road, Frankton Flats (QAC site)
- Option 8 or 9: Ownership option – Paired facilities: Stage 1: Frankton land purchase, Stage 2: Land purchased in a distributed network.

Option 4 emerged as the preferred option due to its strong performance across all criteria. Option 8 or 9 also scored well and were retained as potential solutions.

Option 1 was retained to enable a value for money comparison.

Between the two sub-group meetings, the land identified for purchase in option 8 & 9 was no longer available. Further market investigation provided no alternative parcels of land. Given this, the project team returned to the second sub-group meeting recommending Option 4.

Preferred Option: Lease of QAC Site (Option 4)

The preferred option identified through the MCA is **Option 4: QAC Offer – Frankton Flats**. This is a lease arrangement with Queenstown Airport Corporation (QAC) for a site located at the corner of Grant Road and Hawthorne Drive. It achieves the best overall rating against the investment objectives, is low risk and it aligns well with ORC’s business needs.

This site meets the minimum spatial requirement of 10,000m² and is well located within the public transport network, offering operational efficiency and proximity to key corridors. The site is flat, readily available, allowing for timely implementation. Power supply has been confirmed by Aurora in written correspondence.

Under this option, ORC would lease the land and buildings from QAC and retain control over the depot infrastructure, reducing barriers to entry for future operators. The lease model also reduces upfront capital requirements.

PREFERRED OPTION – QAC LEASE (OPTION 4)

ORC lease land and facilities from QAC, located at the corner of Grant Road and Hawthorne Drive – Frankton.

Site Development/Investment: QAC

Charging Infrastructure: PTO delivered through new contract, with transfer clauses.

Meets all spatial requirements

10,000m² flat, zoned, serviced land with power access. Well located within the public transport network for operational efficiency.

Available now

Enables timely delivery by November 2029, avoiding delays associated with land acquisition and consenting.

Reduces upfront capital cost/asset control

Lease model has lower initial investment, while maintaining strategic asset control.

Supports market competition

ORC can retain control over the depot, reducing barriers to entry for future PTOs.



Given the level of uncertainty, progressing with Option 4 is prudent. Uncertainty exists:

- Potential land use changes, including the Southern Corridor (Coneburn Industrial), Ladies Mile, Remarkables Park Zone, and the Frankton North structure plan.
- MRT, Ferry Services, Regional Deal, RMA reform, NLTF, NZTA Procurement Manual review – the **environment is dynamic**, this provides **uncertainty, but also future opportunities**.

The lease option gives ORC time to consider what a distributed network could look like and the value it may bring. A distributed network could enable land to be purchased by ORC.

Note: A confidential concept proposal was received from a private entity towards the end of the investigation. The details are not clear but aligns with the Option 2 - 3rd Party Provision. Until further details of this proposal are understood, there is no reason to score this option better.

Procurement

The current Public Transport contracts in Queenstown are due to expire in November 2029. ORC intends to retain its established approach of open tendering, evaluated using the Price-Quality Method (PQM),

for the next round of bus service contracts. This approach is consistent with national best practice and aligns with the NZTA Procurement Manual. The depot will need to be available to the newly contracted PTO.

Procurement of the depot will need to align with the NZTA Procurement Manual and ORC Procurement Strategy. Demonstrating value for money will be essential.

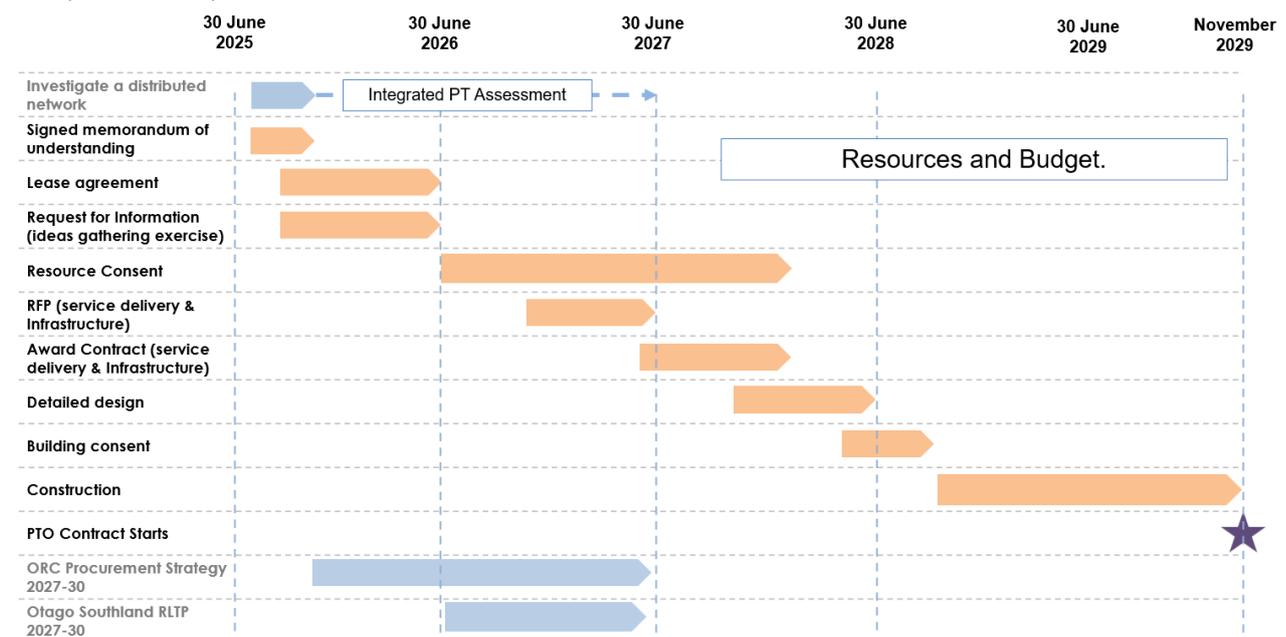
As part of this procurement, delivery of the charging infrastructure will need to be considered. To support this, two procurement pathways have been explored:

- **Option A: Decoupled Contract Process** – ORC procures and owns the infrastructure, and tenders separately for a PTO to operate services.
- **Option B: Joint Contract Procurement** – ORC tenders a combined contract for infrastructure delivery and service operation, transferring delivery risk to the PTO. Charging infrastructure can be transferred to ORC at the end of the contract term.

Option B: Joint Contract Procurement is recommended as the preferred delivery pathway. This model allows ORC to issue a single contract for both infrastructure delivery and service operation, transferring delivery risk to the PTO and streamlining project management. It also enables the PTO to design and build infrastructure tailored to operational needs, while ORC retains control over land and contract terms. Further consideration will be needed.

Delivery

The following diagram outlines the proposed high-level timeline for infrastructure development under the lease arrangement, targeting delivery by November 2029 to align with the commencement of the next public transport bus contract.



Resources and finances to progress delivery have not been allocated at this stage.

Next steps

1. Council endorsement.
2. Consider confidential concept proposal.
3. Procurement planning, including update to the ORC Procurement Strategy.
4. Council approval of the Business Case and future funding of the preferred option: Option 4 – QAC Lease Model.
5. Further consider Option B – Joint Contract Procurement as the preferred delivery pathway, enabling integrated infrastructure and service delivery under a single contract.

6. Initiate lease negotiations with QAC and begin preparations for a joint Request for Proposal (RFP) process, including reference design development and market engagement.
7. Begin discussions with QLDC to reduce consenting risks and map out a pathway forward.
8. Resource Identification to support project roll-out – internal and external.
9. Applications for third party funding.
10. Retain strategic flexibility to revisit land ownership in future planning cycles.

PARALLEL WORKSTREAMS

1. Initiate high-level review of QTPBC to assess feasibility of a distributed network.
2. Investigate future ownership opportunities to inform 2027 Procurement Strategy and PTO contract (duration, footprint, cost)

Strategic Case

Making the Case for Investment

1 Strategic Case

1.1 Strategic Context

An Electric Bus Depot is required to support Otago Regional Council's (ORC) commitment to transitioning to a net zero transport fleet by 2035. This investment will deliver a fit-for-purpose bus depot that meets the requirements for housing and maintaining an electrified bus fleet while supporting the broader sustainability goals of the region. The main drivers of this project are:

- Regulatory compliance: and Emissions Reduction Plan, driven by The Climate Change Response (Zero Carbon) Amendment Act, mandates full bus fleet decarbonisation by 2035. All new buses procured after 1 July 2025 must have zero emissions at the exhaust pipe.
- Capacity constraints: Queenstown's transport system is under increasing strain due to rapid population growth and tourism.
- Mode share targets: Queenstown has an ambitious mode share target of over 40% (53% at AM peak hour traffic across the Kawarau Falls bridge), which will require serious consideration on how to encourage more people to use buses instead of single-occupancy vehicles.
- Fleet size: To meet projected demand and mode share targets, a fleet of 59 buses is required by 2053. In order to service a fleet this size, 10,000m² of land is required.
- Land constraints: A new site of approximately 10,000m² is needed, but land availability in Queenstown is severely limited due to topography, zoning, and cost.
- Power supply certainty is also a challenge, with the depot requiring a 4MW high-voltage connection.

This section provides a summary of the strategic context for the investment proposal and makes the case for change. It summarises the work completed to date, key drivers for investment, project requirements and scope of this investment.

The scope of this business case is to identify a preferred way forward for securing land for the purposes of charging buses in Queenstown.

1.2 Climate Change and Environmental Commitments

One of the key drivers for the Queenstown Electric Bus Depot is ORC's commitment to achieving net zero emissions by 2050, in alignment with the Climate Change Response (Zero Carbon) Amendment Act 2019. The Act mandates significant reductions in greenhouse gas emissions and has set the trajectory for all new buses to be zero-emission from 1 July 2025, with full fleet decarbonisation required by 2035. The requirement for full fleet decarbonisation required by 2035 places time pressure on ORC to ensure that appropriate infrastructure is in place to support this decarbonisation.

Supporting this transition, the Government's Emissions Reduction Plan (ERP2) and New Zealand Emissions Trading Scheme (ETS) provide regulatory and economic incentives, reinforcing the strategic need for infrastructure like an electric bus depot.

These two pieces of legislation have guided work to date, setting the scale and timing of delivery. There are many more relevant national, regional and local pieces of national and local legislation that will be considered during optioneering and guide the project to a lesser extent, these are detailed in Appendix A – .

Many regional authorities who have public transport services are undergoing the same transformation at present.

1.3 Previous work completed to date

The Queenstown Electric Bus Depot project has evolved through several key phases since 2020. The following three documents have set the direction and determined the scope of this project and will be discussed throughout the strategic case. This business case consolidates and builds on work completed to date.

A timeline of work completed to date is shown below:

Year	Milestone
2020/21	<p>Queenstown Business Case is commissioned.</p> <p>Queenstown Business Case is endorsed by NZTA, ORC and QLDC. Developed three business cases:</p> <ol style="list-style-type: none"> 1. The Queenstown Town Centre Detailed Business Case 2. The Frankton to Queenstown Single Stage Business Case 3. High-Capacity Passenger Transport improvements Indicative Business Case <p>Mode share requirements are defined.</p>
2022	QTPTBC is commissioned.
2023	<p>Technical Advisory Papers are developed for all components of the QTPTBC, including:</p> <ul style="list-style-type: none"> • Forecast bus demand. • Scope and key service requirements of an electric bus depot. • Cost estimate for an electric bus depot.
September 2024	Pre-Detailed Business Case recommends a preferred site in Frankton for the bus depot. The Pre-Detailed Business Case is taken to Council for decision, but it is decided there is not enough evidence to progress to the next stage.

1.4 Queenstown Business Case¹

In 2020, NZTA developed the Queenstown Business Case to assess options for improving Queenstown's transport network. This case builds on previous studies, including the Queenstown Integrated Transport Programme Business Case (June 2017), Queenstown Town Centre Masterplan PBC (November 2017), and related Indicative Business Cases for arterial roads, public transport, and parking infrastructure.

The project partners sought endorsement for the Queenstown Business Case programme. During the 2021-24 National Land Transport Programme (NLTP) period, two business case activities were developed: one for Travel Demand Management (TDM) and the other for Public Transport (PT) Services and Infrastructure.

The business case recommended a preferred programme that shifts away from car usage towards public transport, in order to reduce congestion and improve overall transport efficiency.

1.5 Queenstown Public Transport Business Case²

In 2022, ORC commissioned the Queenstown Public Transport Business Case (QPTBC) to consider the opportunities for public transport in Queenstown. The QPTBC presents a 30-year plan for future public transport for Queenstown, signalling the need to have a fully electrified bus fleet servicing Queenstown by 2035.

To support the Queenstown Public Transport Business Case, a number of detailed advisory papers were developed by WSP. These advisory papers collectively provide a detailed analysis and recommendations to support the Queenstown Public Transport Business Case, ensuring that the proposed public transport system is efficient, reliable, and capable of meeting future demand.

1.5.1 INCREASING DEMAND AND CAPACITY CONSTRAINTS

Queenstown's transport system is under increasing strain due to rapid population growth and tourism. Modelling undertaken for the Queenstown Public Transport Business Case (QTPTBC) predicts that vehicle trips per hour will nearly double between 2018 and 2053³, necessitating a substantial mode shift towards public transport to maintain traffic flow and accessibility.

Public transport mode share along key corridors such as SH6A and Kawarau Falls Bridge needs to rise to nearly 50% by 2053. To meet these demands, the forecasted bus fleet will expand to 59 vehicles,

¹ <https://www.qldc.govt.nz/media/jundat0n/5ab-queenstown-business-case-summary-report.pdf>

² <https://www.orc.govt.nz/your-council/plans-and-strategies/transport-plans-and-policies/queenstown-public-transport-business-case/>

³ <https://www.orc.govt.nz/media/rasnp1qg/queenstown-public-transport-business-case-final-2024.pdf>

requiring a modern, spacious depot of approximately 10,000m². The depot is an enabling component of the wider strategy to increase capacity, meet mode share targets, and maintain a resilient public transport network.

1.5.2 FORECAST BUS DEMAND

The Forecast Demand Advisory Paper by WSP⁴ conducted traffic and public transport demand forecasting to identify future infrastructure and service needs across the Wakatipu Basin network. This modelling was based on:

- Strategic TRACKS model to determine traffic demand across the QLDC area.
- A bespoke public transport model developed to estimate public transport mode share across the intended public transport network (including Park and Ride, water services and future mass transit options).

TRACKS Model Update

Model scenarios were developed for the base year of 2018 and future years up to 2054. These scenarios indicate significant growth in demand on the transport network, with total vehicle trips per hour expected to nearly double from 2018 to 2053.

For context, the table also shows the future year matrixes at 2028 and 2048 within the previous QTBC project.

Table 1: TRACKS Matrix Size (Total Vehicle Trips per hour)

	Morning peak hour (0800-0900)	Interpeak hour (1200-1300)	Afternoon peak hour (1700-1800)
2018	16092	15403	21291
2024	19890	18833	26102
Growth p.a. (2018-2024)	3.9%	3.7%	3.8%
2027	21575	20459	28320
Growth p.a. (2024-27)	2.8%	2.9%	2.8%
2028 QTBC	22647	24274	27149
2039	26754	25487	35194
Growth p.a. (2027-2039)	2.0%	2.0%	2.0%
2048 QTBC	29469	34052	38383
2053	32125	30799	42264
Growth p.a. (2039-2053)	1.4%	1.3%	1.4%

There is significant demand in future years, around a doubling from 2018 to 2053. These scenarios are independent public transport provision, meaning the demand is based on existing private car trip rates due to low public transport share.

1.5.3 PUBLIC TRANSPORT FORECASTING

A link analysis was conducted to determine the scale and volume of passengers required to keep the road network operating efficiently (at 90% capacity). The table below shows the target public transport mode share and passenger numbers for key directions:

⁴ WSP: Forecast Demand Advisory Paper for QTPTBC, 2024.

Table 2: Critical Public Transport Mode Share Targets

		AM Peak hour		PM peak hour	
		PT share	PT Pass/hour	PT share	PT Pass/hour
2027	SH6A	27%	529	28%	594
	Shotover Bridge	18%	323	18%	369
	Kawarau Falls	11%	186	7%	123
2039	SH6A	40%	1082	40%	1028
	Shotover Bridge	25%	514	29%	657
	Kawarau Falls	40%	1033	37%	909
2053	SH6A	47%	1466	48%	1348
	Shotover Bridge	34%	772	35%	869
	Kawarau Falls	53%	1687	49%	1489

Reaching the intended level of ambition will require a focused and ongoing effort to facilitate mode shift. Changes will need to be made to address certain constraints, including notable areas such as the Kawarau Bridge and Shotover Bridge, where existing infrastructure is under considerable pressure.

The fleet to service the level of mode shift required by 2053 is outlined in the table below:

Table 3: Forecast fleet requirements for the two short list service pattern options

Bus type	In service	Spares	Total
Articulated	47	5	52
Standard	6	1	7

1.5.4 LAND REQUIREMENTS

A Public Transport Hubs and Infrastructure Advisory Paper was developed by WSP⁵ as part of the QPTBC's suite of advisory papers. It documents the public transport infrastructure that would be required to support the public transport services proposed as part of the QPTBC. Part of this investigation considered appropriate locations for a bus depot.

The existing Ritchie's bus depot on Glenda Drive in Frankton, which is about 3,800m², is too small to accommodate the increase in peak vehicle requirements.

Details of what is included in the bus depot calculations and assumptions is included in Appendix B - Bus Depot Requirements.

By combining the area required for bus depot facilities (including electrical charging), and space for staff vehicle parking, the estimated total parcel size required to accommodate a bus depot is summarised in the table below.

Table 4: Estimated total space requirements for the Electric Bus depot

Depot element	Area required
Bus parking, maintenance, cleaning, access, etc (Allowed for 52 articulated and 7 standard buses)	6,416m ²
Vehicle parking (One space per bus driver, office staff and mechanics = 63 car parks)	2,025m ²
Office space (2nd floor) (Additional footprint for office space is assumed to be zero)	0m ²
Space for electrical charging (estimated to require 20% of bus parking & space)	1,283m ²
Total estimated bus depot space	9,724m ²

⁵ WSP: Public Transport Hubs and Infrastructure Advisory Paper for QPTBC, 2024.

1.6 Land Availability

Land availability has been identified early in the planning process as a critical constraint to delivering a fit-for-purpose electric bus depot in Queenstown. The depot requires approximately 10,000m² of land to accommodate the forecast fleet size and associated infrastructure, including charging, maintenance, and staff facilities. The land must be zoned for Service Activity, which typically includes transport and utility infrastructure.

Recognising these constraints, ORC commissioned Beca to develop the Queenstown Electric Bus Depot Pre-Detailed Business Case Assessment in 2024 to investigate viable land options. The assessment identified two preferred sites within the Frankton Flats area that could meet the depot's spatial and power supply requirements. However, the analysis also highlighted significant trade-offs related to zoning, traffic access, and topography, which require further investigation before a preferred site can be confirmed.

The assessment identified two preferred sites within Frankton, one lease option and one purchase option. Ultimately, the Pre-Detailed Business Case provided valuable insights but lacked sufficient evidence to confirm a preferred site. This business case builds on that work to identify a clear path forward for securing land and enabling infrastructure.

1.7 Investment Objectives

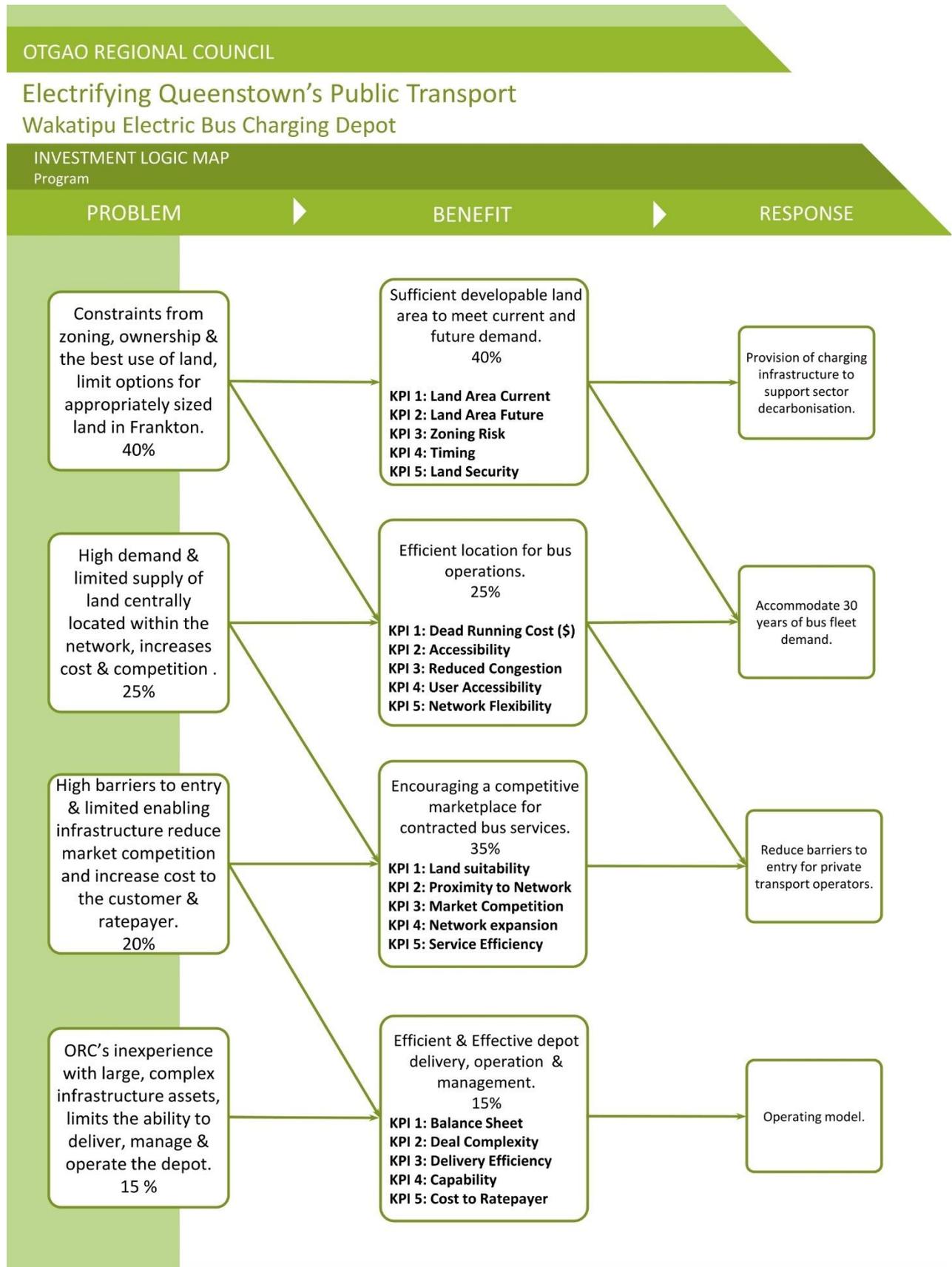
An Investment Logic Map (ILM) was developed to identify the problems, benefits and subsequent performance measures associated with an Electric Bus Depot.

Based on work completed to date and the two previous business cases, the scope of the ILM assumes that there will be an electric bus depot in the Queenstown area. Therefore, the problems identifying are related to the design, provision and implementation of an electric bus depot.

The ILM was developed by Rationale as a desktop exercise and tested and finalised with ORC and the project team.

The benefits are what will be achieved if we invest in the problem statements. The benefits were derived as a part of the ILM exercises.

Figure 1: Investment Logic Map



Investor: Otago Regional Council
 Facilitator: Edward Guy
 Accredited Facilitator: Partial

Version no: 1.0
 Initial Workshop: N/A
 Last modified by: Edward Guy
 Template version: 6.0

1.8 Problem Statements

Problem statements are used to identify the issues ORC is trying to address.

Problem 1	Constraints from zoning, ownership & the best use of land, limit options for appropriately sized land.
Evidence	<ul style="list-style-type: none"> • A bus depot qualifies as a service activity under the operative QLDC District Plan, which defines service activity as the use of land and buildings for transport, storage, maintenance, or repair of goods. • There are few greenfield land sites that are suitably zoned for service activity, such as the Remarkables Park Zone. • Most available land parcels are either too small or already developed, making it difficult to find a site that meets the depot size requirements and is also available and can be consented. • Beca's initial site assessment identified significant restrictions due to topography, congestion, access issues, and designation as 'areas of outstanding natural landscape'. • Land ownership complicates site selection, with key sites privately owned and limited tenure options. • Public land may be more affordable to lease or acquire but is often constrained by recreation zoning, cultural and natural overlays, or environmental contamination. • A small number of landowners are land banking for their own purposes, further limiting availability. • Service activity zoning is often non-complying, requiring resource consent that may involve public notification and opposition, increasing risk, cost, and timeline. • In cases where the activity is prohibited, consent cannot be obtained, eliminating those sites from consideration. • These constraints make site acquisition and development for a bus depot highly complex and strategic.
Problem 2	High demand & limited supply of land centrally located within the network, increases cost.
Evidence	<ul style="list-style-type: none"> • Queenstown is experiencing a significant shortage of commercial and industrial land, which has led to rising property prices. • Industrial land in Queenstown has been selling for over \$1,000 to \$1,500 per square metre, with a 10,000m² site priced at \$14 million. • According to CBRE's February 2025 report, Queenstown continues to outperform many other regions in terms of commercial property growth and investment returns. • These market conditions make it challenging to find depot sites that are centrally located, affordable, and meet the required size. • Queenstown is pursuing changes through the proposed District Plan, aiming to increase the amount of commercial and industrial land zoned.
Problem 3	High barriers to entry and limited enabling infrastructure reduce market competition.
Evidence	<ul style="list-style-type: none"> • There are high barriers for PTOs to enter the market in Queenstown, including land values and availability, inflexible planning regulations, scarcity of suitable land, and high infrastructure costs.

Problem 3	High barriers to entry and limited enabling infrastructure reduce market competition.
	<ul style="list-style-type: none"> • Limited enabling infrastructure, such as bus charging facilities, requires significant upfront investment from new operators. • No publicly owned infrastructure exists to support or incentivise new market entrants. • These conditions increase the risk of monopolistic behaviour among existing public transport providers in Queenstown. • The recent \$35 million sale of the Wellington bus depot has prompted a shift in thinking around public transport infrastructure ownership. Reasoning for GWRC included: <ul style="list-style-type: none"> ○ Improve control over public transport infrastructure ○ Reduce barriers to entry for new operators ○ Encourage market competition ○ Lower costs for customers ○ Land purchase price and availability.

Problem 4	ORC's inexperience with large, complex infrastructure assets, limits the ability to deliver, manage & operate the depot.
Evidence	<ul style="list-style-type: none"> • Regional councils in New Zealand generally lack experience with large infrastructure projects like bus depots, which affects their ability to deliver and manage such assets effectively. • Infrastructure such as roads, water systems, and depots is typically managed by local authorities or private providers, leaving regional councils without the necessary technical expertise or asset management systems. • Their primary focus is on environmental management and public transport services, not infrastructure ownership or operations. • Councils often lack internal capabilities in property management, direct service delivery, and long-term asset planning. • The transition to zero-emission buses adds technical and operational complexity to depot development, including charging infrastructure and upgraded electrical systems. • Without prior experience in these areas, regional councils face increased risks of delays, cost overruns, and performance issues.

1.9 Existing Arrangement & Business Needs

Existing arrangements are the current systems, structures, and practices a business has in place to operate. Business needs are requirements or gaps that must be addressed for the solution to be successful. Both existing arrangements and business needs shape the scope of options available to ORC.

1.9.1 EXISTING ARRANGEMENTS

Current Bus Operator Contract

ORC currently contracts out the operation of the public transport services to private transport operators, in accordance with Public Transport Operating Manual (PTOM). ORC currently has two bus contracts in place in Queenstown. Both contracts were awarded to Ritchies Transport in September 2017.

Unit	Description	Contract Start Date	Contract End Date
6	Queenstown Airport to Fernhill; Jack's Point to Frankton	18 September 2017	19 November 2029
7	Arrowtown to Arthurs Point, Lake Hayes to Queenstown and Kelvin Heights to Frankton Flats	18 September 2017	19 November 2026

The intention is to align the expiration dates of both the Unit 6 and Unit 7 contracts to November 2029. This will require an extension of 3 years for the current Unit 7 bus contract. It is anticipated that the bus depot will be operational by November 2029 to support the next contract.

1.9.2 BUSINESS NEEDS

Fleet Decarbonisation Timeframe

From 1 July 2025, all new buses must have zero exhaust emissions, with complete fleet decarbonisation required by 2035. This puts time pressure on ORC to establish suitable infrastructure, including a bus depot operational by 2029 to support the transition.

NZTA Bus Decarbonisation Programme

NZTA has developed the Requirements for Urban Buses in New Zealand (RUB) to further standardise urban bus requirements across regional councils, incorporating the 2025 fleet decarbonisation mandate and charging specifications for electric buses⁶. The Electric Bus Depot Project will continue to align with NZTA requirements.

1.10 Scope and Key Service Requirements

The scope defines the boundaries and extent of the investment proposal. Much of this work has already been completed to date via the QTPTBC and the WSP Advisory papers, a high-level summary of scope and key service requirements is provided below, with more detail on scope provided in Appendix B - Bus Depot Requirements as set by WSP.

Table 5: Scope and Key Service Requirements

Scope	Service Requirement
Site location & size	<ul style="list-style-type: none">Minimum total size 10,000m².
Power supply	<ul style="list-style-type: none">4MW high voltage electrical connection.
Facility requirements:	<ul style="list-style-type: none">Bus parking.Space for bus movements, avoiding the need for reversing.Bus charging facilities.Bus maintenance and washing facilities.

⁶ <https://www.transport.govt.nz/area-of-interest/public-transport/public-transport-decarbonisation>

Scope	Service Requirement
	<ul style="list-style-type: none"> An office for bus depot staff and drivers. Car, motorcycle, and cycle parking for staff.
Commercial arrangements, including private sector operators.	All commercial arrangements available to ORC will be explored.

1.11 Risks

Risks result from uncertain events that either improve or undermine the achievement of benefits. The main risks that might create, enhance, prevent, degrade, accelerate, or delay the achievement of the investment objectives are identified and analysed below.

Table 6: Risks

Main Risks	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
Delayed decision-making	Medium	Low	Engage with elected members early, through a sub-group to support timely, evidence-based decision-making.
Low level of political appetite for investment	High	Low	Work closely with elected members to be transparent.
Low level of industry and community support	Medium	Low	Create a good communications plan to manage community expectations.
Poor project management	Medium	Low	Complete Project Execution and Implementation plans.
Optimism Bias	Medium	Low	Use independent advisors.
Deliverability	Medium	Low	Use Better Business Case methods with good optioneering processes.

1.12 Key Constraints and Dependencies and Assumptions

A preferred option to meet the community and business needs of ORC will be subject to a number of constraints and dependencies. The following table outlines these at a high level.

Table 7. Identified key constraints and dependencies.

Constraints	Notes
Obtaining resource consents	Suitability of land will be constrained by ability to obtain appropriate consents and resources.
Restricted funding	The project maybe too ambitious for the funding available.
Ability of ORC staff to deliver the project	ORC lacks internal expertise to manage complex infrastructure assets. Transitioning to ownership would require targeted resourcing and a phased approach.
Timeframe to meet regulatory requirements	The depot must be operational by November 2029 to align with new contract start date and meet the fleet decarbonisation mandate. Delays will compromise delivery

Tendering for new PTO services	Contracts expire in 2026 and 2029. ORC intends to align both to 2029 and must prepare for procurement well in advance.
Dependencies	Notes
Funding	The project is dependent on additional funding to be able to deliver on the preferred option.
Power supply certainty	A 4MW high-voltage connection is required for overnight charging of 59 buses. Assumed feasible per WSP Advisory Paper.
Access	Many sites may be constrained by topography, zoning, and congestion. The preferred site offers good access to key corridors.
Assumptions	Notes
Evidence	All evidence has been assumed accurate as per the WSP Advisory papers and subsequent Beca Site Options assessment.
Land availability	It is assumed that places not currently for sale can be sold and therefore a viable option for consideration.
Plan changes	It is assumed that necessary plan changes will be approved.

Economic Case

Determining the Preferred Way Forward

2 Economic Case

The purpose of the economic case is to identify the preferred programme that optimises value for money. Having determined the strategic context for the investment proposal and established a robust case for change, the economic case:

- Identifies and assesses the long list of options for delivering the service needs
- Outlines the approach to and results of a value for money assessment
- Recommends a preferred way forward.

2.1 Approach

The Economic Case builds on the work completed to date detailed in the Strategic Case. Site options were developed based on options already identified by the QTPTBC and Pre-Detailed Business Case Assessment, as well as an additional nine options – these options collectively made up the ‘long list’.

The long list was confirmed and assessed by Rationale and ORC, with help from QLDC. Options that passed the long list assessment were then carried forward to the short list. The shortlist was assessed using a multi-criteria analysis to identify the preferred option. Rationale undertook the first cut of this analysis and then tested and confirmed the results with ORC.

Below is a diagram summarising the methodology used in the Economic case to develop options and identified the preferred option.

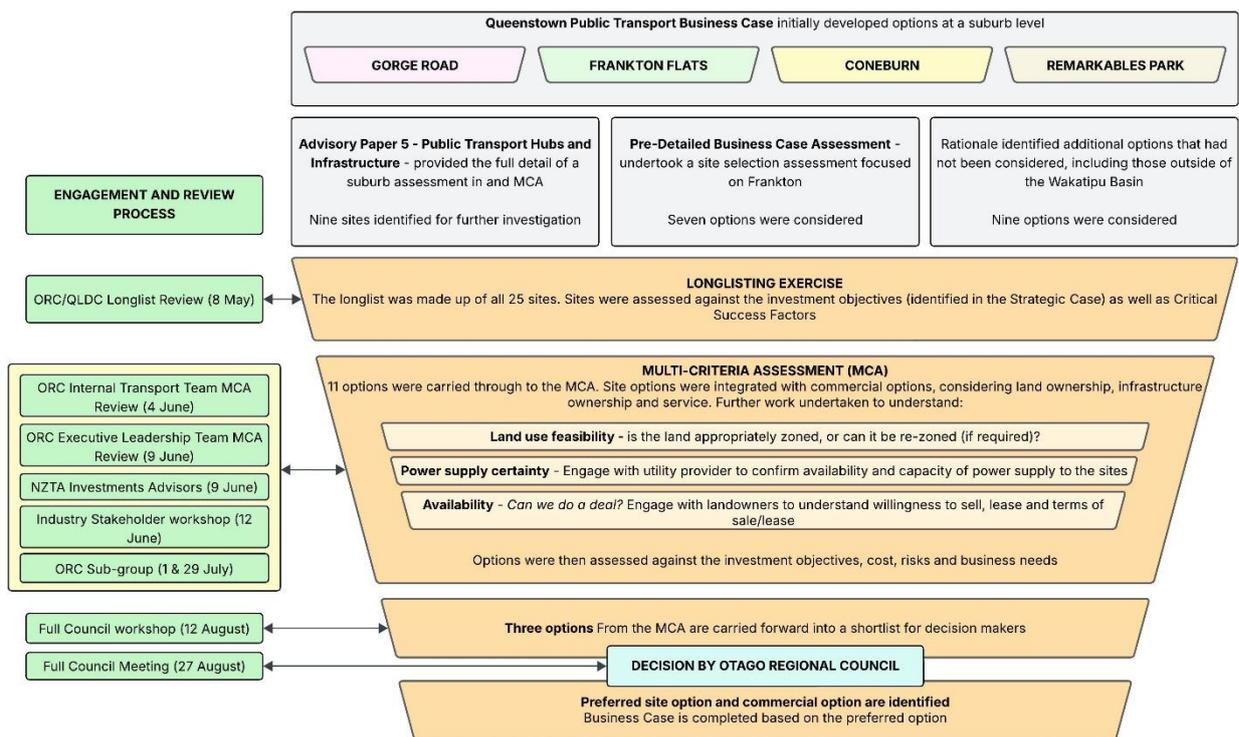


Figure 2: Approach taken for options identification and assessment in the Economic Case

2.2 Long List Options Development

The purpose of the longlisting exercise is to identify as wide a range as possible of realistic options for meeting the investment objectives that lie within the identified scope and are likely to achieve the expected benefits.

The following table provides a high-level summary of each longlist option. More detail on the longlist options is provided in Appendix C – Long List Options and Assessment.

Table 8: High Level Summary of Long List Options

No.	Name	Location	Source
SC-1	Frankton-Ladies Mile Highway	Frankton	Pre Detailed Business case
SC-2	Corner of Grant Rd & Hawthorne Dr	Frankton	Pre Detailed Business case
SC-3	Brookes Road	Frankton	Pre Detailed Business case
SC-4	Remarkables Park (Purple Ash Ave)	Frankton	Pre Detailed Business case
SC-5	Shotover River, Tuckcer Beach Rd	Frankton	Pre Detailed Business case
SC-6	Kawarau River, off Hawthorne Dr	Frankton	Pre Detailed Business case
SC-7	Frankton Flats, Books Rd	Frankton	Pre Detailed Business case
SC-8	105-121 Gorge Rd	Queenstown Centre	Advisory Paper 5
SC-9	1 Bowen Street / Gorge Rd	Queenstown Centre	Advisory Paper 5
SC-10	145 Frankton Ladies Mile Highway	Frankton	Advisory Paper 5
SC-11	495 Kingston Road	Jacks Point	Advisory Paper 5
SC-12	Kingston Rd, undeveloped land	Jacks Point	Advisory Paper 5
SC-13	1 Hansen Rd / Prosperity Lane	Frankton	Advisory Paper 5
SC-14	27 Lucas Place North, QAC	Frankton	Advisory Paper 5
SC-15	Tex Smith Lane, QAC	Frankton	Advisory Paper 5
SC-16	27 Lucas Place South, QAC	Frankton	Advisory Paper 5
SC-17	489 Frankton-Ladies Mile Highway	Lake Hayes	Other options
SC-18	499 Frankton-Ladies Mile Highway	Lake Hayes	Other options
SC-19	Red Oaks Drive - Remarkables Park	Remarkables Park	Other options
SC-20	64a Grant Raod	Frankton	Other options
SC-21	Victoria Flats	Gibston Valley	Other options
SC-22	Coneburn	Coneburn	Other options
SC-23	Wanaka	Wanaka	Other options
SC-24	Cromwell	Cromwell	Other options
SC-25	Ferry Hill / Proposed Gondola Site	Frankton	Other options

2.3 Long List Assessment

2.3.1 ASSESSMENT CRITERIA

The longlisting approach allows for an initial ‘sieving’ exercise to rule out impractical and unachievable options to see how well each option meets the investment objectives and critical success factors before moving it on to the next phase of optioneering – the multi-criteria analysis (MCA).

In addition to assessing the longlist against the Investment objectives identified in the ILM, the options were also ranked against critical success factors (CSF). Critical success factors are attributes essential to successful delivery of the proposal. The CSF therefore must be critical, not desirable. The CSF were determined using Treasury’s guidance to Better Business Cases and subsequently agreed to in a workshop with stakeholders from QLDC and ORC on 8 May 2025.

Table 9: Critical success factors

Key Critical Success Factors	Broad description
Strategic fit and business needs	How well the option: <ul style="list-style-type: none"> fits with other strategies, programmes and projects
Potential value for money	How well the option: <ul style="list-style-type: none"> optimises value for money (ie, the optimal mix of potential benefits, costs and risks).
Supplier capacity and capability	How well the option: <ul style="list-style-type: none"> matches the ability of potential suppliers to deliver the required services, and is likely to result in a sustainable arrangement that optimises value for money over the term of the contract.
Potential affordability	How well the option: <ul style="list-style-type: none"> can be met from likely available funding, and matches other funding constraints.
Potential achievability	How well the option: <ul style="list-style-type: none"> is likely to be delivered given the organisation's ability to respond to the changes required, and matches the level of available skills required for successful delivery.

2.3.2 ASSESSMENT RESULTS

The longlist assessment was initially carried out by Rationale, and then subsequently reviewed in the stakeholder workshop on 8 June 2025.

The longlist assessment resulted 10 possible sites and 15 discounted sites. The detailed long list assessment results are provided in Appendix C – Long List Options and Assessment.

2.4 Multicriteria Analysis

The MCA was developed based on the sites identified as 'possible' during the long list exercise. 11 options were developed, ranging from Leave it to the Market, to a full In-House option. Option 11, In-House, was discarded as it was considered high risk and unachievable and therefore did not score well in the MCA.

The MCA was developed by Rationale and tested with ORC and NZTA during a series of meetings and workshops.

The following ten options were then assessed in the MCA. Options 1, 2 and 3 had the least control from ORC. These options were site-agnostic, meaning that ORC would not have direct say over the location of the depot. Four of the sites are distributed options – meaning that that the bus depot is split between two separate sites. In these options ORC would purchase 5,000m2 in Frankton to service the first 9 – 10 years of bus forecast demand and then purchase or leased second site in the future, when future requirements are less uncertain.

Table 10: MCA Options

Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Option 10
Name	Leave it to the market (PTO contract-holder) (site-agnostic)	Third Party Provision: Private enterprise (site-agnostic)	Public Private Partnership (PPP) Arrangement: (site-agnostic)	QAC Offer: Frankton Flats Grant Road	NZTA/Alliance Depot Frankton Flats	SH6: Frankton Flats Hawthorne Dr Roundabout	Paired Facilities Stage 1: Frankton Stage 2: Gorge Road	Paired Facilities: Stage 1: Frankton Stage 2: Ladies Mile	Paired Facilities: Stage 1: Frankton Stage 2: Southern Corridor	Paired Facilities: Stage 1: Frankton Stage 2: Ferry Hill Frankton
Description	PTO Responsibility No Provisions by ORC	PTO Contracts Third Party to Provide Charging Services. No Exclusive PTO Use	ORC form a legal partnership with a private company to deliver charging services. No Exclusive PTO Use.	Corner of Grant Rd & Hawthorne Drive. Site owned by QAC and offered as a lease.	64a Grant Road, currently being leased off QLDC & QAC by NZTA for the QT Transport Alliance.	Undeveloped land at 145 Frankton-Ladies Mile Highway. Not currently for sale.	First site is 5,000m2 for sale in Frankton, Second site is undeveloped land in Gorge Rd,	ORC Purchase Land, Develop Facilities and Charging Infrastructure. PTO Operates Facility	ORC Purchase Land, Develop Facilities and Charging Infrastructure. PTO Operates Facility	ORC Lease Land & Facility, ORC Purchase Charging Facilities. PTO Operates Facility
Map Area	Site-agnostic	Site-agnostic	Site-agnostic				 	 	 	 

2.5 MCA Assessment

2.5.1 MULTICRITERIA ANALYSIS

A multicriteria analysis is a decision-making tool used to evaluate and compare multiple options or alternatives based on a set of defined criteria. It is particularly useful when decisions involve trade-offs between economic, environmental, social, technical, and other factors that cannot be easily reduced to a single monetary value. The MCA provides a method to assess the preferred option against other options to ensure it delivers the best mix of outcomes and value for money.

2.5.1.1 ASSESSMENT RESULTS

A summary of the multi-criteria assessment is set out in the table below.

		Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Option 10
Name		Leave it to the market (PTO contract-holder)	Third Party Provision: Private enterprise	Public Private Partnership (PPP)	QAC Offer: Frankton Flats Grant Road	NZTA/Alliance Depot Frankton Flats	SH6: Frankton Flats Hawthorne Dr Roundabout	Paired Facilities Stage 1: Frankton Stage 2: Gorge Road	Paired Facilities: Stage 1: Frankton Stage 2: Ladies Mile	Paired Facilities: Stage 1: Frankton Stage 2: Southern Corridor	Paired Facilities: Stage 1: Frankton Stage 2: Ferry Hill Frankton
Investment objectives	1. Sufficient developable land area to meet current and future demand. 40%	50%	50%	80%	70%	70%	100%	100%	100%	100%	100%
	2. Efficient location for bus operations. 25%	100%	100%	100%	100%	100%	100%	60%	70%	80%	80%
	3. Encouraging a competitive marketplace for contracted bus services. 35%	10%	20%	40%	60%	70%	90%	90%	90%	90%	80%
	4. Efficient & Effective depot delivery, operation & management. 15%	90%	50%	80%	90%	70%	60%	40%	40%	40%	40%
Total IO Score		56%	54%	76%	76%	76%	94%	84%	86%	88%	86%
PV⁷ Cost (30 Years)		\$74.4 million	\$75.4 million	\$70.0 million	\$47.9 million	\$45.5 million	\$51.8 million	\$45.5 million	\$45.5 million	\$45.5 million	\$45.0 million
Risks		M	M	L	L	L - M	L - M	L - M	L - M	L - M	L - M
Business needs		M - H	M - H	M	M - H	M - H	M	H	H	H	M - H
Overall assessment		9	11	8	1	2	7	6	4	3	5

Figure 3: Summary of MCA results

⁷ Present Value (PV) is the sum of future investments in today's dollars

2.5.1.2 ASSESSMENT CRITERIA

A range of criteria across four key components; investment objectives, costs, risks and business needs has been developed by Rationale and confirmed by QAC.

The details of the assessment criteria is as follows:

Investment objectives identified in the strategic case:

- Sufficient developable land area to meet current and future demand.
- Efficient location for bus operations.
- Encouraging a competitive marketplace for contracted bus services.
- Efficient and effective depot delivery, operation and management.

1. **Costs**, including sale, lease and infrastructure costs.
2. The high-level **risks** associated with delivering the investment proposal.
 - Technical – can it be delivered within the regulatory timeframe?
 - Operational – how easy will it be to manage going forward?
 - Financial – investment losses and cost overruns?
 - Legal – will it be challenged?
 - Political – will it be supported?
 - Economic – will it impact economic growth?
 - Stakeholder / public – will it be supported by ratepayers
3. **Business needs** (or changes) required to get from the current arrangements to deliver the investment objectives. These are business needs that have not been previously considered elsewhere in the MCA or investment objectives but directly align with relevant strategies for ORC

2.6 Sensitivity Analysis

Sensitivity analysis is a form of quantitative analysis that examines how different weightings, benefits, costs, risks and business needs impact the results. This approach is used to test the stability and reliability of the options analysis.

A sensitivity analysis was undertaken to understand how variable the option ranking was to change in criteria weighting assumptions. The weightings used in the MCA are the 'proposed' weightings.

Table 11: Sensitivity analysis - criteria weighting assumptions.

	Initial	2x Inv. Obj.	2x Cost	2x Risk	2x Business Needs	Proposed
Investment Objectives	25%	50%	17%	17%	17%	20%
Cost	25%	17%	50%	17%	17%	35%
Risks	25%	17%	17%	50%	17%	30%
Business Needs	25%	17%	17%	17%	50%	15%
Total	100%	100%	100%	100%	100%	100%

Table 12: Sensitivity Analysis Results

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Option 10	Option 11
	Leave it to the market (PTO contract-holder)	Third Party Provision: Private enterprise (site-agnostic)	Public Private Partnership (PPP) Arrangement: (site-agnostic)	QAC Offer: Frankton Flats Grant Road	NZTA/Alliance Depot Frankton Flats	SH6: Frankton Flats Hawthorne Dr Roundabout: 145 Frankton-Ladies Mile Highway	Paired Facilities Stage 1: Frankton Stage 2: Gorge Road	Paired Facilities: Stage 1: Frankton Stage 2: Ladies Mile	Paired Facilities: Stage 1: Frankton Stage 2: Southern Corridor	Paired Facilities: Stage 1: Frankton Stage 2: Ferry Hill Frankton	In House Option
Initial	9	11	8	1	2	6	7	4	3	5	10
2x Inv. Obj.	10	11	8	6	7	1	5	3	2	4	9
2x Cost	10	11	9	2	1	7	6	4	3	5	8
2x Risk	4	5	3	1	2	9	10	7	6	8	11
2x Bus. Needs	11	10	8	5	7	3	4	2	1	6	9
Proposed	9	11	8	1	2	7	6	4	3	5	10

This analysis tells us the following:

- Leaving it to the market does not score well and should be disregarded
- Option four scores the best, but given the patchwork of colours, the result is somewhat unstable – there is no option that is the obvious ‘winner’ to recommend as a clear preferred way forward.
- Between four, five, eight and nine – given the nature of the analysis, all have merit in different ways.
- Given the nature of the analysis, while Options 4 and 5 are the most preferred, options 8 and 9 are also worthy of further analysis, particularly around the risks between owning and leasing land.

2.7 Lease vs. Own - risk analysis

Councillors requested an analysis of the risks between leasing and owning a site for the proposed bus hub. This analysis is outlined below and shows that there is expected risk in leasing the QAC site when compare with owning a site (assuming a site is available). What this shows is that while land ownership has a higher degree of risk associated with it, ORC may be prepared to take that risk if there was investment returns available.

Table 13: Lease vs own - risk analysis

Main Risks			Preferred Way Forward - Lease QAC			Land Ownership and Site Development - (Assuming a site is available)			Comments and Risk Management Strategies
Description	Cause	Outcome	Likelihood (H/M/L)	Consequence (H/M/L)	Overall Risk	Likelihood (H/M/L)	Consequence (H/M/L)	Overall Risk	
Obsolescence	Government Changes Rules Requiring Electric Buses	Facility no longer needed.	Medium	Medium	Medium	Medium	High	Medium	Changes to requirements are likely to occur in the near term, giving ORC time to change direction before Nov 2029. Contract negotiations need to accommodate this possibility.
Project Delivery	Project Delay: Securing Land, Consenting, Design & Construction	Failure to renew contract by November 2029, Impacting PT Service Delivery	Low	Medium	Low	Medium	Medium	Medium	There is sufficient time to deliver under the lease option in a partnership with QAC and a new PTO. Land ownership, may lead to time delays due to acquisition, consenting and ORC delivery.
Financial	Cost Overruns	Financial Losses	Low	Low	Low	Medium	Medium	Medium	Lease arrangements and PTO installation of charging infrastructure, cost overruns will be for contracted parties to manage and absorb.
Financial	Changes in PT Service Delivery - ORC not involved or changes in PT Services.	Stranded Asset - Contingent Liabilities	Medium	Medium	Medium	Medium	High	Medium	Uncertainty with Regional Deals, MRT Development, PT Service offering etc. Lease arrangements need to accommodate this. Integrated PT Analysis required.
Competitive Market	PTO gains control of facility, acts anti-competitively.	Barriers to entry, unhealthy PTO contracting market	Medium	Medium	Medium	Low	Medium	Low	This model in both instances will provide asset control to ORC. The lease arrangements has less protection due to the length of lease.
Maintenance and Operations	Failure to manage site	H&S, poor asset management, asset failure	Low	Low	Low	Medium	Low	Low	QAC will want to maintain its asset, as will the PTO. ORC asset ownership does represent greater risk.

2.8 Return on Investment analysis

Council asked for a return-on-investment (ROI) comparison between lease and purchase options. However, a formal ROI analysis was considered but not completed due to the following reasons:

- **Too many assumptions required:** Future land values, lease escalation, infrastructure renewal, discount rates, and asset transfer terms.
- **Unreliable outputs:** Would not meaningfully differentiate options or support decision-making.
- **Lease Recommendation:** Analysis unnecessary due to the lack of upfront investment.
- ORC can command a fair return through:
 - Charging PTOs via contract
 - Farebox recovery
 - Rates and NLTF co-funding

2.9 Review process

Throughout the development and analysis of the options, a number of reviews have been undertaken with ORC Officers and Elected Members. This process has been a central piece of the process, ensuring all parties have been taken on the decisionmaking journey and have had an opportunity to contribute to the process

These include:

1. ORC/QLDC Longlist Review (8 May)
2. Internal Transport Team MCA Review (4 June)
3. Executive Leadership Team MCA Review (9 June)
4. NZTA Investments Advisors (9 June)
5. Stakeholder Workshop (12 June)
6. ORC Sub-group (1 & 29 July)
7. Full Council Workshop (12 August)
8. Full Council Meeting (27 August)

2.10 Shortlist for decision-makers

Throughout the analysis, it became evident that the key decision point was not site-specific, but rather whether ORC should lease or purchase land.

To support this decision, a shortlist assessment was undertaken. The shortlist considered three options:

- **Option 1:** Leave it to the market
- **Option 4:** Lease option – Grant Road, Frankton Flats (QAC-owned site)
- **Option 8 or 9:** Purchase option: Paired Facilities: Stage 1: Frankton; Stage 2: Distributed Site (Southern Corridor/Ladies Mile/MRT Site)

Option 1 was introduced into the shortlist as a baseline option, to compare value for money.

Table 14: Shortlist for decision-makers

	Leave it to the Market	Lease	Buy land (Limited Options)
Description	PTO responsibility. No provisions are provided by ORC.	<ul style="list-style-type: none"> • ORC lease land & facilities off QAC (office building, parking space, etc.) • ORC contracts out charging infrastructure build and PTO services. • PTO operates the facility and transfers charging infrastructure to ORC at the end of the contract. • QAC have indicated they would work with anything from a 10 to 25-year lease. 	<ul style="list-style-type: none"> • ORC purchase 5,000m2 from Kern Enterprises Ltd in Frankton. • Land would provide cover for the first PTO contract of 9 years. • ORC contracts out charging infrastructure build and PTO services. • PTO operates the facility and transfers charging infrastructure to ORC at the end of the contract. • This option assumes that ORC lease or buy an additional piece of land to cater for future bus demand
30 year PV	\$74.3 million	\$47.9 million	\$45.2 million

The shortlist assessment included a qualitative analysis of the three options, outlining the advantages, disadvantages and key uncertainties identified. This approach enabled a clearer understanding of the trade-offs associated with each model and provided a more targeted comparison of delivery pathways.

Table 15: Pros, cons and uncertainties of shortlist options

	Option 1 – leave it to the Market	Option 4 – Lease Option	Option 9 Purchase option
Pros	<ul style="list-style-type: none"> PTOs have proven delivery capability. Faster infrastructure delivery due to internal processes and experience. 	<ul style="list-style-type: none"> Lower upfront cost for ORC. Proven model used in other regions. Options around infrastructure ownership e.g. asset transfer at end of contract, reducing barriers to entry for future PTOs Flexible lease terms, up to 25 years. Lease can be reassigned to the PTO, simplifying contract management. Strong alignment to investment objectives. Site is immediately available and well-located. Flat land simplifies development. 	<ul style="list-style-type: none"> Stage 1 site meets immediate needs; Stage 2 allows for future expansion. ORC retains full control over depot location and infrastructure. Public ownership supports fair competition and access for PTOs. Two-site model improves network coverage, especially in growth areas like the Southern Corridor. Helps reduce congestion at Kawarau Bridge by distributing operations. Zoning in the Southern Corridor supports depot development. Depots can be located closer to service routes, reducing non-revenue travel. Public ownership avoids commercial lock-in and ensures continuity across contract cycles. Supports long-term flexibility and resilience in the transport network.
Cons	<ul style="list-style-type: none"> PTO gains competitive advantage, reducing market competition. ORC has no control over location or infrastructure. High costs and limited access deter new operators. 	<ul style="list-style-type: none"> Long-term control over land is uncertain under a lease. Lease costs may increase over time. ORC must manage depot infrastructure and lease obligations. Zoning changes are required to allow depot use on the site. Leasing does not build long-term land equity for ORC. 	<ul style="list-style-type: none"> Requires significant capital investment and long-term financial commitment. Longer delivery timelines due to consenting and construction processes. ORC do not have experience in building and/or owning this type of infrastructure. ORC would need to build internal capability or engage specialist support for delivery. Higher upfront risk by the public sector. Requires ongoing asset management and maintenance responsibilities. Uncertainty about lease costs as Coneburn Industrial area has yet to be sub-divided and publicly available. More complex to deliver and manage two sites. Requires significant coordination and long-term planning. Implementation timeframe for Site 2: Southern Corridor is uncertain. Risk can be minimised as this will be a staged approach.
Uncertainties	<ul style="list-style-type: none"> Long term pricing / affordability 	<ul style="list-style-type: none"> Long term certainty of land available for bus depot. 	<ul style="list-style-type: none"> Unconfirmed price and willingness to sell for identified land parcels.

2.10.1 OPTION 1: LEAVE IT TO THE MARKET

Under this model, the Private Transport Operator (PTO) is responsible for the full delivery and operation of the bus depot. This includes ownership or lease of the land, development of enabling infrastructure (such as charging facilities), and day-to-day service delivery. The depot is integrated into the PTO's business model, and the operator is compensated through the public transport contract for delivering services.

This approach has been the most common model for diesel bus depots across New Zealand and is currently used in Queenstown under the current PT delivery arrangements. Advantages of this model include leveraging private sector expertise and efficiency, allowing operators to design and manage depots in ways that best suit their operational needs. PTOs typically have established blueprints for depot design and are experienced in managing fleet logistics and infrastructure maintenance.

However, with a market-led model, the public sector, in this case ORC, has limited control over depot location and long-term continuity. This can result in reduced competition as the PTO gains significant commercial advantage, which creates anti-competitive and monopolistic behaviour.

By way of example, in June 2025, Greater Wellington Regional Council (GWRC) purchased land for the Happy Valley Bus depot to shift away from a market-led model⁸. The depot is part of Metlink's Public Transport Asset Control Strategy, which was adopted in June 2024 and endorsed by 86% of respondents during consultation for the 2024–34 Long Term Plan. The strategy recognises that public ownership of strategic assets is essential to:

- Ensure long-term continuity and resilience of the bus network.
- Support the delivery of existing and future routes and timetables.
- Avoid commercial lock-in and reduce barriers to entry for new operators.

2.10.2 OPTION 4: LEASE OPTION - GRANT ROAD, FRANKTON FLATS (QAC-OWNED SITE)

Under this option, ORC would lease the land from QAC. The QAC proposal does not include charging infrastructure. The PTO would operate the facility under a service contract. In terms of the charging infrastructure under this arrangement, there are three options, depending on how the contract and negotiated terms are set out (see section 3.3.5 Contract Procurement Options for further detail):

- **1. Own infrastructure:** ORC could lease the depot site, building and groundworks, while retaining ownership of the charging infrastructure, or
- **2 & 3 Lease Charging Infrastructure:** See options below:

Table 16: Charging infrastructure pathways

	Option A: Decoupled Contract	Option B: Joint Contract – PTO Services & Charging Infrastructure
Description	ORC procures PTO services and charging infrastructure separately.	ORC issues a single contract for charging infrastructure and PTO services.
Key Steps	ORC in collaboration with QAC and PTO designs, consents, and delivers charging infrastructure; PTO contract awarded separately.	PTO in collaboration with QAC designs, consents, builds, and operates depot under contract, with assets transferred at the end of contract.
Advantages	Greater asset control, reducing barriers to entry.	Transfers delivery risk; streamlined management; tailored infrastructure.
Risks	Higher upfront investment; increased ORC delivery & contract management. Fails to meet PTO requirements.	Loss of asset control, cost escalation (gaming), loss of market competition.

⁸ <https://www.metlink.org.nz/news-and-updates/news/happy-valley-land-purchased-for-metlink-bus-depot>

The NZTA Procurement Manual, aims to reduce monopolistic behaviour by allowing for asset transfer to councils at the end of the contract term. This reduces the risk between the two infrastructure options above, and can ensure continuity of services beyond individual contract terms.

This model ensures long-term site provision and lowers upfront costs for ORC. It grants ORC full control over the depot site independent of PTO contracts, allowing asset ownership at contract end. However, it requires careful lease term negotiation and must meet the PTO's operational and technical needs, especially regarding charging infrastructure.

Examples of this model being operational include Waikato and East Auckland (Taurakau Drive), where infrastructure is leased back to the operator (Ritchies).

2.10.3 OPTION 9: PURCHASE OPTION - DISTRIBUTED FACILITIES: STAGE 1: FRANKTON; STAGE 2: PURCHASE SECOND SITE

Under this option, ORC would have a distributed network of two depots, with a staged approach to land acquisition:

- Site 1: ORC would purchase a smaller parcel of land (approximately 5000m²) in Frankton to meet immediate needs. This site is expected to support service delivery for the duration of the next contract term (nine years from 2029).
- Site 2: Purchase a second parcel of land to accommodate future expansion and the potential for a distributed network. (Southern Corridor, Ladies Mile, MRT/Ferry).

ORC would develop the depot infrastructure, including charging facilities. The PTO would then operate both facilities under a service contract.

However, between the two councillor sub-group meetings, the identified Purchase option in Frankton was sold and is no longer available. Further market sounding efforts did not uncover any viable alternatives. This highlights the ongoing challenge of land availability in Queenstown, where few alternative sites of suitable size and location exist.

2.11 Preferred way forward

On this basis, the Option 4 – QAC Lease has become the preferred option. This option is outlined below.

PREFERRED OPTION – QAC LEASE (OPTION 4)

ORC lease land and facilities from QAC, located at the corner of Grant Road and Hawthorne Drive – Frankton.

Site Development/Investment: QAC

Charging Infrastructure: PTO delivered through new contract, with transfer clauses.

Meets all spatial requirements

10,000m² flat, zoned, serviced land with power access. Well located within the public transport network for operational efficiency.

Available now

Enables timely delivery by November 2029, avoiding delays associated with land acquisition and consenting.

Reduces upfront capital cost/asset control

Lease model has lower initial investment, while maintaining strategic asset control.

Supports market competition

ORC can retain control over the depot, reducing barriers to entry for future PTOs.



WHY OPTION 4 – QAC LEASE IS RECOMMENDED

Market conditions have shifted

- Site at Glenda Drive (5,000m²) is no longer available.
- Initial market research confirms that **no suitable land is currently available for sale**, nor is any expected in the near term.
- Zoning changes are in the pipeline, they are not yet confirmed or actionable.

There is a high degree of uncertainty at the moment

- Potential land use changes, including the Southern Corridor (Coneburn Industrial), Ladies Mile, Remarkables Park Zone, and the Frankton North structure plan.
- MRT, Ferry Services, Regional Deal, RMA reform, NLTF, NZTA Procurement Manual review – the **environment is dynamic**, this provides **uncertainty, but also future opportunities**.
- The lease option gives ORC time to consider what a distributed network could look like.

Commercial Case

Assessing the Commercial Viability

3 Commercial Case

The Commercial Case outlines the commercial viability of the preferred option and the procurement approach for delivering the Queenstown Electric Bus Depot. Given this is an indicative business case, commercial arrangements have been summarised only. Further investigation is required to define ownership model, delivery structure, and procurement pathways.

Note: An unsolicited private proposal for a was presented to ORC for the delivery of depot. The proposal is independent of the future PTO service provider. The private proposal is comparable to Option 2: Third Party Provision, which scored poorly in the MCA analysis. Contributing to the poor score was cost (assuming third party risk and investment return), promoting competition, efficient management and risk. Until further detail is known, there is no reason to score it differently from Option 2.

The private proposal was received towards the end of the investigation and needs to be compared alongside the preferred way forward, namely the QAC lease option.

3.1 Summary

The following steps summarise the commercial case recommendations:

1. Commence negotiations with QAC
2. RFI to the market to assess viable options for delivering charging infrastructure and PTO services.
3. Consider alternative proposals received.
4. Distributed network viability assessment to inform QAC negotiations
5. Procurement Strategy update
6. Procurement approach defined and agreed with co-investor NZTA
7. Contracts preparation.

Resourcing will be critical to ensure timely and effective delivery.

3.2 Commercial Delivery Model

The current arrangement in Queenstown is that the PTO leases the depot land. This model has been widely used across New Zealand for diesel bus depots, allowing councils to leverage private sector delivery and efficiency.

However, the transition to electric fleets introduces new infrastructure requirements and higher capital costs, particularly for charging systems. The Queenstown Public Transport Business Case (QTPTBC) recommended public ownership of depot land and infrastructure to reduce barriers to entry and avoid monopolistic behaviour. However, under a lease model, ORC can retain ownership of the charging infrastructure. This enables ORC to maintain strategic control over critical assets and supports continuity of service beyond individual contract terms.

The preferred option identified through this business case: Option 4: Lease Option - Grant Road, Frankton Flats (QAC-owned site) requires a lease arrangement. QAC has confirmed the site's availability and is willing to negotiate terms. [REDACTED]

[REDACTED] Under a design-and-build lease arrangement, QAC will be responsible for building the office & facilities building, workshop, bus parking and yard space and carparks. A cost breakdown can be found in section 4.1.

The development and installation of charging infrastructure has not been included in the QAC proposal and will need to be considered as part of future detailed planning and negotiations with prospective PTOs.

3.3 Communication and Stakeholder Engagement

3.3.1 MARKET SOUNDING WORKSHOP

On 12 June 2025, a stakeholder workshop was held at the Queenstown Events Centre to inform the development of the Queenstown Electric Bus Depot business case. Facilitated by Edward Guy (Rationale), the session brought together PTOs, tourism operators, infrastructure developers, ORC and QLDC.

The workshop aimed to encourage collaboration and gather insights on the electrification journey, infrastructure needs, and delivery models for the proposed depot. Participants shared their experiences and challenges with electrification, including power constraints, depot design, and operational logistics. In particular, Kinetic and Ritchies (both PTO operators) highlighted the importance of PTO exclusive use over depot infrastructure, citing Health and Safety, efficiency, and workforce management as critical factors.

Tourism operators are expressed strong interest in electrification but cite limited EV range and charging infrastructure limitations, especially in remote areas, as major barriers. Long-distance tourism may realistically require 5 years for battery technology to meet its needs.

Key issues identified included:

- Operational conflicts and Health & Safety risks in shared depot environments.
- Limited transmission capacity in Queenstown.
- Constraints for long-distance tourism electrification.
- Urgent need for driver accommodation.
- Lengthy consenting processes (estimated 18 months).
- PTO's believed WSP's infrastructure estimate to be overstated (it includes 40% contingency)

Opportunities discussed included:

- Co-location of transport modes and site segregation for public/private charging.
- Options of asset transfer of infrastructure from PTO to Council at the end of contract term.
- PTO's prefer to design the charging infrastructure (irrespective of who owns it).
- Exploration of PPP models and third-party infrastructure provision (e.g. Zenobe, Charge Net).
- Alignment with spatial planning initiatives and Queenstown's 40–60% mode shift target.
- Use of experienced delivery models and reference designs to ensure depot suitability.

The workshop concluded with strong interest in continued collaboration, in addition from tourism operators, and a recommendation for ORC to issue a scope and Request for Information (RFI) to further explore partnership opportunities. The insights gathered from the workshop have been used to inform the Business Case.

3.4 Procurement Approach

3.4.1 SITE PROCUREMENT

Procurement of the depot site will commence once the preferred location is confirmed through the business case process. This process will be guided by the NZTA Procurement Manual and the ORC Transport Procurement Strategy 2024–27, ensuring compliance with the Land Transport Management Act 2003 (LTMA) and ORC's internal procurement policies.

As ORC does not have expertise in this area, obtaining professional services and considering procurement support may be appropriate for the following steps:

- Finalise lease terms with QAC.
- Undertake due diligence, valuation, and legal review.
- Engage early with QLDC to manage consenting risks.

3.4.2 PROCUREMENT APPROACH - SERVICE DELIVERY AND INFRASTRUCTURE

The current Public Transport contracts in Queenstown are due to expire in November 2029. ORC intends to retain its established approach of open tendering, evaluated using the Price-Quality Method (PQM), for the next round of bus service contracts. This approach is consistent with national best practice and aligns with the NZTA Procurement Manual.

As part of this procurement, delivery of the charging infrastructure will need to be considered. To support this, two procurement pathways have been explored:

- Option A: Decoupled Contract Process – ORC procures and owns the infrastructure, and tenders separately for a PTO to operate services.
- Option B: Joint Contract Procurement – ORC tenders a combined contract for infrastructure delivery and service operation, transferring delivery risk to the PTO. Charging infrastructure can be transferred to ORC at the end of the contract term.

While other procurement approaches may exist, they have not been evaluated in detail at this stage due to the indicative nature of this business case. A broader range of options can be considered during the contract negotiation phase.

At this stage, Option B: Joint Contract Procurement is recommended as the preferred delivery pathway. This model allows ORC to issue a single contract for both infrastructure delivery and service operation, transferring delivery risk to the PTO and streamlining project management. It also enables the PTO to design and build infrastructure tailored to operational needs, while ORC retains control over land and contract terms.

Table 17: Procurement Options for Service Delivery and Infrastructure

	Option A: Decoupled Contract Process (service delivery only)	Option B: Joint contract procurement (service delivery & infrastructure)
Description	<p>Under this model, ORC would:</p> <ul style="list-style-type: none"> Lease land from QAC. Obtain resource consent for the depot site. Co-design and deliver charging infrastructure independently of service delivery. Own and manage the infrastructure over the contract term and beyond 	<p>In this model, ORC would:</p> <ul style="list-style-type: none"> Lease land from QAC. Obtain resource consent for the depot site. Award a joint contract to a PTO responsible for: designing, consenting, constructing the charging infrastructure and delivering transport services.
Key steps	<ol style="list-style-type: none"> ORC secures lease and obtains resource consent. ORC commissions detailed design and feasibility study, based on the PTO's infrastructure requirements to ensure it is fit-for-purpose. ORC obtains building consent. ORC procures and manages infrastructure delivery. PTO contract is awarded separately, with depot access included in service terms. 	<ol style="list-style-type: none"> ORC secures lease and obtains resource consent. ORC issues a joint RFP for infrastructure delivery and service operation. PTO designs depot and applies for building consent. PTO builds and operates the depot under contract terms.
Advantages	<ul style="list-style-type: none"> Full public control over infrastructure. Reduced barriers to entry for future PTOs. 	<ul style="list-style-type: none"> transfers delivery risk to the PTO and leverages private sector expertise in infrastructure delivery. Streamlined delivery with a single accountable party. Reduced delivery burden for ORC. Potential for innovative design and delivery solutions.
Risks	<ul style="list-style-type: none"> Higher upfront capital investment. ORC must manage delivery and asset lifecycle. If co-design is misaligned, charging infrastructure may not be fit-for-purpose for the PTO. 	<ul style="list-style-type: none"> Risk of misalignment with long-term public transport goals. ORC must ensure robust contract terms to protect public interest.

3.4.3 ORC TRANSPORT PROCUREMENT STRATEGY 2024-27⁹

Procurement for this project will be in line with ORC's Transport Procurement Strategy (2024-27), which is informed by NZTA Procurement Manual and The Land Transport Management Act 2003 (LTMA). The Strategy outlines ORC's approach to procurement through five key principles:

- Best value for money spent
- Competitive and efficient supply markets
- Broader outcomes
- Decarbonisation

A formal review and update of ORC's procurement strategy will be required in 2027, ahead of the expiry of current service contracts in 2029. Strategic planning for this update should begin in the near term, allowing ORC to assess its long-term objectives, particularly regarding land ownership, and future service expansion.

Key considerations for the 2027 review include:

- Depot Network Planning: Should a distributed charging and depot model be explored to support network resilience and fleet growth? Potential locations could include Ferry Hill, Ladies Mile, Coneburn, and the Remarkables Park zone.
- Land Ownership Strategy: Should ORC begin planning for the strategic acquisition of land to reduce long-term leasing costs, improve control over key infrastructure sites, and support future flexibility?

3.4.4 NZTA PROCUREMENT MANUAL

The delivery of the Queenstown Electric Bus Depot will be subject to procurement processes that align with national guidance from NZTA. NZTA is currently consulting on updates to its Procurement Manual for PT operations, which outlines the procedures and expectations for activities funded through the National Land Transport Fund (NLTF).

The proposed updates aim to:

- Improve long-term cost effectiveness and value for money.
- Reflect changes in legislation and delivery environments.
- Provide clearer, more flexible guidance tailored to public transport authorities (PTAs).

Under the LTMA, NZTA must approve procurement procedures for public transport services and infrastructure. The revised manual will replace existing content and is being developed in collaboration with PTAs, operators, and sector reference groups.

Key themes emerging from the consultation include:

- Value for money: Emphasis on balancing cost, quality, and long-term sustainability.
- Barriers to entry: Recognition that infrastructure ownership by incumbent operators can deter new entrants and reduce competition.
- Decarbonisation and Innovation: Support for procurement models that enable fleet transition and infrastructure investment aligned with climate goals.
- Flexibility in Delivery Models: Encouragement of approaches that allow for PPPs, public ownership, and transitional lease arrangements.

⁹ <https://www.orc.govt.nz/media/ckap2kx5/transport-procurement-strategy-2024-2027-v103-final.pdf>

Financial Case

Determining the Funding Pathway

4 Financial Case

The purpose of the Financial Case is to determine the funding requirements of the preferred option and to demonstrate that the recommended deal is affordable.

For the purpose of this business case, funding and financing has not been considered, rather Present Value (PV) of options has been undertaken.

Funding and financing of the preferred option has three primary sources of revenue, namely the farebox, rates and NZTA subsidy. Debt may be required should ORC wish to own the charging infrastructure.

Funding for the proposal is not currently available as the project is not included in the Regional Land Transport Plan (RLTP), nor the National Land Transport Plan (NLTP).

4.1 Funding Sources

The following funding sources are available to ORC:

4.1.1 NATIONAL LAND TRANSPORT FUND

The National Land Transport Fund (NLTF) is a dedicated fund used to finance New Zealand transport system, including roads, public transport, walking and cycling, and safety initiatives. NLTF provides financial subsidies to regional councils, typically covering 51% (or more) of eligible public transport costs.

The Funding Assistance Rates (FARs) are the contributions, in percentage terms, that Waka Kotahi assigns from the NLTF to approved organisations for the delivery of activities. The FAR can vary depending on the organisation applying for funding and in some cases also on the type of activity being proposed.

ORC has the option to seek partial funding of public transport infrastructure through the NLTF through its Regional Land Transport Plan and Annual Plan. The next NLTF is scheduled to be developed during 2026 and early 2027, taking effect from July 2027.

4.1.2 RATES

Regional Council rates are property taxes levied by ORC on residents and businesses within their jurisdiction and are used to pay for public transport planning, infrastructure and operations. ORC adopted its Annual Plan in late June 2025, setting an average rates rise of 5.5% overall, and has slightly reduced its transport funding budget. Cutting transport spending helped moderate the general rates burden, but it also means other sources of funding must supplement the reductions.

4.1.3 FAREBOX RECOVERY

Farebox recovery refers to the proportion of public transport operating costs that are recovered through passenger fares. New Zealand historically maintained a Farebox Recovery Policy (2010–2021), which encouraged regional councils to aim for a farebox recovery ratio of around 50% nationally. This meant that ideally, half of public transport costs would be covered by fares, and the rest subsidised.

However, this policy was repealed in 2021 and replaced with a more flexible funding and fare strategy focused on accessibility and environmental outcomes. Since then, farebox recovery has remained a performance indicator but is no longer a mandated target. Instead, emphasis has shifted toward:

- Reducing transport emissions
- Improving equity and access, especially for low-income households
- Encouraging public transport usage as an alternative to car dependency

Public Transport in Queenstown is currently capped at a subsidised adult price of \$2 per trip in order to encourage public transport use. ORC is implementing its 2025–35 Regional Public Transport Plan (RPTP) which includes an increase in adult fares from \$2 to \$2.50 and other fare adjustments (zone pricing and youth concessions).

ORC has the option to further reduce the subsidy and increase farebox recovery to pay for public transport. The risk with this is that high farebox recovery may deter current or potential public transport users.

4.1.4 ENERGY EFFICIENCY AND CONSERVATION AUTHORITY

The Energy Efficiency and Conservation Authority (ECCA) funds electrification infrastructure for the public sector in New Zealand through several initiatives. While local authorities are not eligible to apply for the Fleet Transition Program, ORC can apply for funding through the Low Emissions Transport Fund for Public EV Charging.

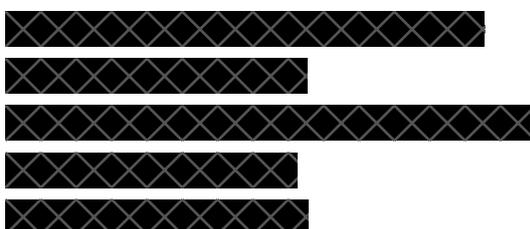
This fund has successfully co-funded local authority initiatives that support EV charging. ORC will meet with ECCA to determine whether the Low Emissions Transport Fund is an option for co-funding.

4.2 Financial Costing Approach

The forecast capital investment includes lease and infrastructure costs over a 30-year time horizon, it does not include the cost of running the public transport service delivery. The lease costs have been provided by Queenstown Airport Corporation Limited (QAC) and the infrastructure costs are based on WSP's Technical Advisory Paper 'Cost Estimate Report' to support the QTPTBC¹⁰.

Lease costs

Estimated annual **lease cost** has been provided by QAC and is exclusive of the charging infrastructure. QAC will work with the power companies (Aurora and PowerNet) to provide the external infrastructure to support bus charging. A breakdown of lease costs is as follows:



Infrastructure Costs

Infrastructure costs are based off of the QTPTBC WSP Cost estimate Report¹¹, with dollars indexed from 2023 to 2025 using NZTA's Structures Indices updated 03 March 2025. The percentages applied by WSP for preliminary and general, on cost and contingency have been replicated in this analysis. A breakdown of these costs is as follows:

- Physical works - \$11,222,200
- Preliminary and general – 10%
- On-cost – 26%
- Contingency – 40%

4.2.1 PRESENT VALUE (PV) ASSUMPTIONS

Cashflow is presented in the form of a PV, the following assumptions have been made:

- Figures are in real terms, not nominal.
- Depreciation has been excluded from the PV, as per Treasury guidance.
- A 30-year time horizon has been assumed based on the QTPTBC time horizon.
- A discount rate of 5% has been applied. This rate is a combination of Treasury guidance of 2% for non-commercial assets and 8% for commercial assets. A combination rate was chosen to reflect the commercial arrangements in the lease agreement and PTO contract.
- Lease cost includes an appreciation rate (exclusive of inflation) of 4% to account for land appreciation. This was based off a Colliers report into the Otago Property Market.¹²
- Renewal cost of \$10 million for the charging infrastructure have been assumed at year 15, this cost is based off of the WSP Cost estimate Report.¹³

¹⁰ Capital Cost Estimate Report, QTPTBC, WSP, 2024.

¹¹ WSP, Queenstown Public Transport Business Case Cost Estimate Report, 2024.

¹² Colliers, 2024-2025 Otago Property Market Review and Outlook, 2024.

¹³ WSP, Queenstown Public Transport Business Case Cost Estimate Report, 2024.

4.3 Overall Affordability

Funding for the Electric Bus Depot has not yet been allocated and is assumed to be paid for through a combination of the funding sources discussed in the previous section. This is in line with other regional Councils, for example, Greater Wellington Regional Council who allocate the following funding sources to public transport operations:

- Approximately 25-30% from rates
- Approximately 50% from NLTF
- Approximately 20-25% from fares and other revenue.

ORC will engage with potential funding partners post business case approval.

4.4 Base Line Financials

PV analysis for each option was assessed from a baseline cost assessment for the QAC proposal.

Management Case

Determining the Delivery Arrangements

5 Management Case

The management case confirms that the proposal is achievable and details the arrangements needed to both ensure successful delivery and to manage project risks.

5.1 Project Plan and Milestones

Delivering the preferred QAC option remains constrained for time.

5.1.1 INFRASTRUCTURE DEVELOPMENT TIMEFRAMES

The following diagram outlines the high-level timeline for infrastructure development under the lease arrangement, targeting delivery by November 2029 to align with the commencement of the next public transport bus contract.

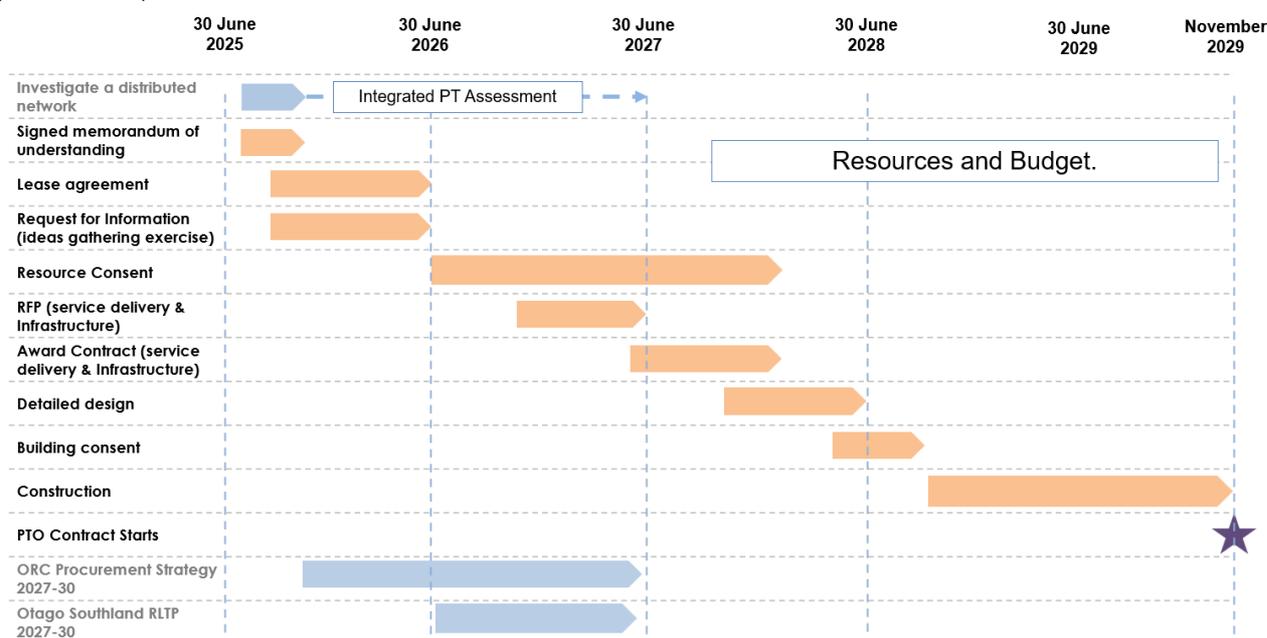


Figure 4: Infrastructure development timeframes

Key milestones include:

- Once preferred lease option is agreed, a Memorandum of Understanding (MoU) should be signed with QAC, with the lease agreement finalised by 30 June 2026.
- Concurrently, an RFI should be prepared and issued to the market to explore service delivery and infrastructure options, supporting the development of depot design and requirements.
- A resource consent application is to be submitted by 1 July 2026, allowing up to 18 months for approval. Market sounding indicates this process typically takes between 12 and 18 months. During this period, an RFP for service delivery and infrastructure should be issued, with contract award targeted by the end of 2027.
- Throughout 2028, the PTO, in collaboration with ORC, will finalise the detailed design and submit for Building Consent.
- Following Building Consent issuance, depot construction will commence, aiming for completion in time for service delivery by November 2029. Market sounding suggests the construction may take between 6 and 12 months.

5.2 Governance and Reporting

Below is a high level organisational structure.



5.3 Project Management and Assurance

Role	Responsibility
Governance Group	<p>The responsibilities of the Governance Group is to:</p> <ul style="list-style-type: none"> • Provide oversight and overall direction, to ensure that the project is tracking as expected and operating within the agreed tolerances for decision-making. • Request reports and information to ensure the Governance Group has adequate visibility to make decisions, monitor performance and provide direction to the project. • Ensure that project risks and issues are identified, managed and/or appropriately escalated. • Approve changes or exceptions to budget, schedule or scope etc. within agreed tolerances or escalate as appropriate. • Provide oversight and direction on identified project dependencies and wider organisational or community impacts.
ORC – Project Sponsor	<p>As Project Sponsor, responsibilities include but are not limited to:</p> <ul style="list-style-type: none"> • Providing the project's strategic direction and overview. • Secure funding and political support. • Act as the primary interface with Council and external agencies. • Monitoring progress against the project's objectives.
Project Director	<p>As Project Director, responsibilities include</p>

Role	Responsibility
	<ul style="list-style-type: none"> Overseeing all delivery components: lease negotiation, infrastructure, procurement, and stakeholder engagement. Coordinate across internal teams and external partners. Ensure integration of commercial, technical, and regulatory workstreams. Report to the Governance Group and Project Sponsor.
Project Manager	<p>As Project Manager, responsibilities include but are not limited to:</p> <ul style="list-style-type: none"> Managing the project plan, milestones and reporting. Coordinate consultants, advisors and contractors. Ensure timely submission of resource and building consents. Successfully delivering the project Ensuring risk is effectively identified and managed. <p>The Project Manager will report directly to the Project Director.</p>
Project Negotiator	<p>As Project Negotiator, responsibilities include but are not limited to:</p> <ul style="list-style-type: none"> Negotiate lease terms with QAC. Align lease terms with ORC's strategic goals and procurement strategy (lease duration, footprint size). Identify and manage risks related to land acquisition, lease terms, and infrastructure delivery timelines. Identify and manage risks related to land acquisition, lease terms, and infrastructure delivery timelines.

5.4 Risk Management

Main risks	Likelihood (L, M, H)	Consequence (L, M, H)	Comments and risk management strategies
Site Acquisition and Planning Approvals	M	H	Securing a suitable site for the bus depot and obtaining the necessary planning approvals can be challenging. Potential delays in site acquisition or planning approvals could affect the project schedule.
Power Supply and Infrastructure	M/ L	H	Ensuring there is adequate provision of power to the Whakatipu basin is essential for a project of this nature. Robust assessment on the current and future power supply and demand is necessary to ensure the project is viable.
Funding and financing	M	H	Developing robust financial analysis, exploring multiple funding sources, and maintaining transparency with potential investors to ensure costs are accurate and investors can be confident.
Environmental Impact and Compliance	L	M	Conducting thorough environmental assessments and engaging with environmental groups can help ensure compliance and address any concerns.
Stakeholder Engagement and Support	L	M	Maintaining strong engagement at the right time with the right groups is important for the projects support. Early identification of the key transport providers and relevant government agencies.

Change of government direction

M

M

Changes of government have resulted in changing government priorities. There is a risk that the government may change their priorities with de-carbonisation of the public transport sector, which would shift a number of strategic policies and potential funding sources.

6 Next Steps

11. Council endorsement.
12. Consider confidential concept proposal.
13. Procurement planning, including update to the ORC Procurement Strategy.
14. Council approval of the Business Case and future funding of the preferred option: Option 4 – QAC Lease Model.
15. Further consider Option B – Joint Contract Procurement as the preferred delivery pathway, enabling integrated infrastructure and service delivery under a single contract.
16. Initiate lease negotiations with QAC and begin preparations for a joint Request for Proposal (RFP) process, including reference design development and market engagement.
17. Begin discussions with QLDC to reduce consenting risks and map out a pathway forward.
18. Resource Identification to support project roll-out – internal and external.
19. Applications for third party funding.
20. Retain strategic flexibility to revisit land ownership in future planning cycles.

PARALLEL WORKSTREAMS

3. Initiate high-level review of QTPBC to assess feasibility of a distributed network.
4. Investigate future ownership opportunities to inform 2027 Procurement Strategy and PTO contract (duration, footprint, cost)

Appendices

Appendix A – Additional context

6.1 National Context

6.1.1 Climate Change Response (Zero carbon) Amendment Act 2019¹⁴

The Climate Change (Zero Carbon) Amendment Act 2019 was introduced to establish a national framework to guide and implement climate change policies. The primary objectives of the Act are to contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels and to prepare New Zealand for the effects of climate change.

Transport is a major source of emissions in New Zealand and internationally, key requirements related to transport are:

- Set a new domestic greenhouse gas emissions reduction target for New Zealand to:
- Reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050.
- Reduce emissions of biogenic methane to 24–47 per cent below 2017 levels by 2050, including to 10 per cent below 2017 levels by 2030.
- Require the Government to develop and implement policies for climate change adaptation and mitigation (includes development of National Adaptation Plan, Emissions Reduction Plan, and monitoring).

The Act is highly relevant to the Queenstown bus depot electrification project as it sets the framework for New Zealand's climate change policies.

By transitioning to electric buses, the project directly supports the Act's objectives of reducing greenhouse gas emissions and achieving net-zero emissions by 2050. The electrification of the bus fleet aligns with the Act's goal of reducing transport emissions, which are a significant source of New Zealand's overall emissions.

6.1.2 EMISSIONS REDUCTION PLAN¹⁵

The government produces an Emissions Reduction Plan (ERP) every five years, and each ERP sets out the policies and strategies to meet the emissions budgets for the corresponding period. The emissions budgets act as stepping stones towards New Zealand's long-term climate goals. These plans outline sector-specific policies and actions, as well as a multi-sector strategy that New Zealand will take to reduce greenhouse gas emissions and meet the targets set by the Climate Change (Zero Carbon) Amendment Act 2019.

The most recent Emissions Reduction Plan (ERP2) covers the period from 2026 to 2030. Public consultation for ERP2 occurred in mid-2024, finalised in December 2024. The Government has presented several transport policies, including boosting EV charging infrastructure, continuing the Clean Car Importer Standard, and major public transport projects¹⁶.

As part of the ERP, the sector-specific plan for Transport outlines policies and initiatives for the industry. The ERP notes that Transport was responsible for 17.5% of New Zealand's gross greenhouse gas emissions in 2022. More than 90 per cent of transport emissions are from road transport. New Zealand has the fifth highest per-capita transport emissions among developed countries.

¹⁴ <https://environment.govt.nz/acts-and-regulations/acts/climate-change-response-amendment-act-2019/>

¹⁵ <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/emissions-reductions/>

¹⁶ <https://environment.govt.nz/assets/publications/climate-change/ERP2/New-Zealands-second-emissions-reduction-plan-202630.pdf>

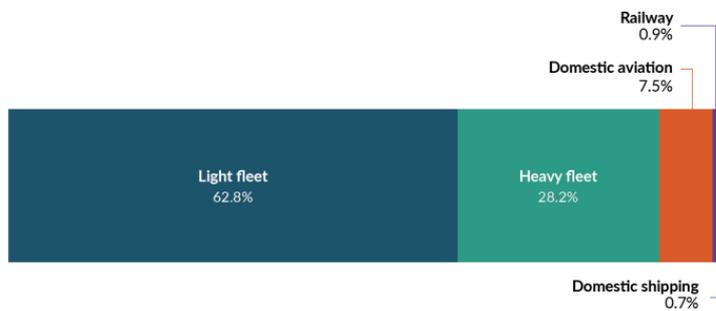


Figure 1: Transport emissions by transport type, as at December 2022 (Source: ERP2 2024)

Supporting actions for transport, specifically related to the Queenstown Electric Bus Depot, is supporting the transition to zero-emissions buses. The ERP2 outlines that from 1 July 2025, authorities are required to procure only zero-emissions buses.

To support this transition, the Government has reconfirmed \$44.721 million through Budget 2024 over four years. Co-funding will be available to authorities to:

- speed up the deployment of the buses
- encourage innovative approaches for the rollout of buses and infrastructure.

Most public transport authorities have begun using zero-emissions buses in their public transport fleets, because of the economic, health and emissions benefits.

6.1.3 NEW ZEALAND EMISSIONS TRADING SCHEME (ETS)¹⁷

The New Zealand Emissions Trading Scheme (NZ ETS) is a key tool for meeting domestic and international climate change targets, created through the Climate Change Response (Zero Carbon) Amendment Act 2019. The Act sets overarching goals, the Emissions Reduction Plan (ERP) outlines specific actions to achieve these goals, and the ETS provides economic incentives to reduce emissions.

Emissions budgets are set every five years, and the Climate Change Commission provides independent advice on these budgets and the policy direction of emissions reduction plans. The first ERP includes actions to reduce emissions from 2022 to 2035, with the ETS being a key part of this plan.

The ETS helps achieve climate change targets by putting a price on carbon emissions, making it more expensive to pollute and encouraging businesses to reduce their greenhouse gas emissions. It sets a cap on total emissions and allows businesses to buy and sell emission units within that cap, providing economic incentives for cleaner energy solutions.

Money from the ETS goes into the Climate Emergency Response Fund (CERF) to fund initiatives that reduce emissions and help adapt to climate change impacts.

Strategically, the ETS supports projects like the bus fleet electrification in Queenstown by providing financial incentives to reduce emissions. As polluting becomes more expensive, companies are motivated to adopt cleaner technologies, such as electric buses, contributing to New Zealand's overall emissions reduction goals.

6.1.4 NEW ZEALAND TRANSPORT AGENCY (NZTA) INITIATIVES

The New Zealand Transport Agency (NZTA) is actively involved in initiatives to decarbonise the public transport sector. In January 2021, the Government announced it will require only zero-emission public transport buses to be purchased from 2025 and target the complete decarbonisation of the public transport bus fleet by 2035¹⁸.

The Requirements for Urban Buses in New Zealand (RUB)¹⁹ further standardise urban bus requirements across regional councils, incorporating the 2025 mandate and charging specifications for electric buses.

The bus decarbonisation programme of work is part of the NZTA Climate Emergency Response Fund (CERF) programme²⁰, established in 2021. The fund started with an initial \$4.5 billion for New Zealand's climate spending, from the Emissions Trading Scheme proceeds. The previous Government periodically

¹⁷ <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/ets/>

¹⁸ <https://www.transport.govt.nz/area-of-interest/public-transport/public-transport-decarbonisation>

¹⁹ <https://www.nzta.govt.nz/resources/requirements-for-urban-buses/>

²⁰ <https://www.treasury.govt.nz/information-and-services/nz-economy/climate-change/climate-emergency-response-fund>

added to it during economic and fiscal updates. At Budget 2024, the Government confirmed its decision to close the CERF, opting in favour of considering any new funding for climate-related initiatives as part of the normal Budget process. As part of Budget 2024 decisions, the Government agreed to retain funding for some initiatives that had previously been funded through the CERF.

The Queenstown bus depot electrification project aligns with NZTA's mandate to require only zero-emission public transport buses from 2025.

In addition to the above, the NZTA's Sustainable Public Transport Framework (SPTF) introduced a series of reforms encompassing both operational policy and legislative changes that govern the contracting and delivery of public transport services across New Zealand²¹. The SPTF established a new set of objectives for public transport, replacing those previously introduced under the Public Transport Operating Model (PTOM), with a broader focus on prioritising mode-shift, fair and equitable treatment of employees, and improved environment and health outcomes.

The SPTF introduced the following objectives:

- public transport services supports mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe
- employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services
- well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology
- provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.

6.1.5 GOVERNMENT POLICY STATEMENT (GPS) ON LAND TRANSPORT 2024²²

The GPS sets out the government's priorities for expenditure from the National Land Transport Fund (NLTF) over a 10-year period, and how funding should be allocated. Regional Land Transport Plans must be consistent with the GPS, and NZTA must give effect to it with regards to land transport planning and funding.

The 2024 GPS Strategic priorities are:

- Economic Growth and Productivity
- Increased Maintenance and Resilience
- Safety
- Value for Money.

The GPS influences decisions on how funding from the NLTF is invested, providing direction to local government and NZTA on the type of activities that should be included in Regional Land Transport Plans (RLTP) and National Land Transport Plans (NLTP), respectively.

Local Government, NZTA and other approved organisations under the Land Transport Management Act 2003 (the Act) can receive funding from the NLTF for the land transport activities they deliver, such as the construction and maintenance of state highways, local and rural roads and public transport. In turn, RLTPs must be consistent with the GPS.

The Queenstown bus depot electrification project supports the Government Policy Statement on Land Transport 2024 by investing in zero-emissions buses. This enhances the efficiency and reliability of Queenstown's public transport, contributing to economic growth, productivity, and reduced congestion.

There are risks if government policies change and decarbonisation efforts are abolished. The Emissions Trading Scheme (ETS) makes carbon emissions costly, incentivising decarbonisation. Alterations or removal of the ETS could reduce financial incentives, increase operational costs, and misalign the project with strategic priorities.

²¹ <https://www.legislation.govt.nz/bill/government/2023/0237/30.0/d7100704e2.html>

²² <https://www.transport.govt.nz/area-of-interest/strategy-and-direction/government-policy-statement-on-land-transport-2024>

6.1.6 TRANSPORT OUTCOMES FRAMEWORK²³

The Ministry of Transport developed the Transport Outcomes Framework which sets a purpose for the transport system centred around the wellbeing of New Zealanders and the liveability of places. It outlines five outcome areas, which are intended to help the transport sector work together, provide a framework for assessing the effectiveness of policy, and ensure all forms of transport are considered when planning, investment, and when regulatory decisions are made.

Since 2018 the Framework has been progressively embedded in the strategic frameworks used by the transport sector and directly informs policy and strategy initiatives.

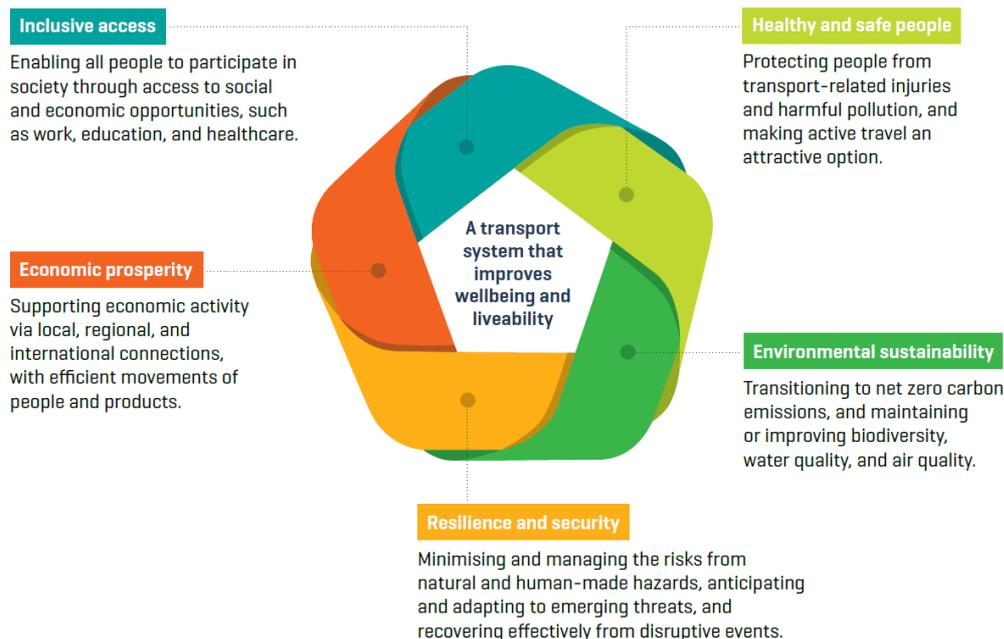


Figure 2: Transport Outcomes Framework

The project supports the framework's goals of providing safe, accessible, and environmentally friendly transport options. There is a risk that a change in government direction, the framework's priorities may shift, potentially affecting the project's alignment with national transport policies and funding availability.

6.1.7 ARATAKI 30-YEAR PLAN (2023)²⁴

First published in 2019, Arataki is developed as a shared sector view of how planning, developing and investing in the land transport system should be handled over the next 30-years. Arataki is a strategic document that identifies step changes needed to meet the government's short-term priorities and long-term outcomes for the land transport system. It considers how NZTA should focus its efforts in each region. As a foundation, it uses the Transport outcomes Framework.

For Otago, a number of directions relevant to Queenstown public transport and bus network were identified as important issues to be resolved over the next 10 years to make progress towards transport programmes.

- Begin to reduce vehicle kilometres travelled, focusing on Queenstown and Dunedin, in a way that's equitable and improves people's quality of life.
- Plan and deliver growth and urban development, especially in rapidly growing Queenstown, in an affordable and cost-effective way that aligns with emissions-reduction goals.
- Maintain and improve the resilience and efficiency of road and rail connections to surrounding regions and the Port Otago.
- Improve access to social and economic opportunities, especially by public transport, walking, and cycling.

²³ <https://www.transport.govt.nz/area-of-interest/strategy-and-direction/transport-outcomes-framework>

²⁴ <https://www.nzta.govt.nz/planning-and-investment/planning/arataki/>

- Provide better access for tourists in Queenstown and opportunities created by the new Dunedin Hospital.
- Significantly reduce the harm caused by the transport system of Otago, especially through improved road safety and reduced pollutants dangerous to health.
- Encourage growth and development in areas that already have good travel choices and shorter average trip lengths, like working with Queenstown Lakes District Council (QLDC) and central government to implement the Queenstown Lakes Spatial Plan.
- Improve and expand public transport services, including exploring the potential for new and emerging technologies, such as on-demand services, to improve access to social and economic opportunities.
- Better understand the impact of future economic transformation on travel patterns and freight volumes.
- The Queenstown bus depot electrification project aligns with the plan's focus on reducing vehicle kilometres travelled, improving public transport services, and supporting emissions-reduction goals. By transitioning to electric buses, the project contributes to the plan's objectives of enhancing the resilience and efficiency of the transport system. There is a risk that Changes in long-term strategic priorities or funding allocations.

6.1.8 ENERGY EFFICIENCY & CONSERVATION AUTHORITY (EECA)²⁵

EECA is a New Zealand government agency that focuses on promoting energy efficiency and renewable energy. EECA has a range of funding opportunities available to assist both the private and public sector with uptake of energy efficient technologies and the use of renewable sources of energy. The funding opportunities available include:

- Feasibility studies and business cases: Support with the technical options and costs of an energy efficient or renewable energy project.
- Energy transition accelerator: Supporting businesses to make technically and economically viable decisions and investments.
- Fleet transition programme: Supporting businesses to make technically and economically viable decisions and investments.
- Crown loans: Low cost, interest free loans to co-fund energy efficient equipment and vehicles.

As EECA plays a crucial role in supporting the decarbonisation of the public transport sector, these funding sources may be able to be used to assist with the development of the Queenstown bus. This aligns with the national mandate that all new buses procured after July 1, 2025, must have zero emissions at the exhaust pipe.

The EECA's initiatives are part of a broader strategy to enhance the sustainability and environmental performance of public transport systems across the country. Changes in EECA's funding priorities or availability of financial support could impact the project's ability to secure necessary funding.

6.1.9 RESOURCE MANAGEMENT ACT (RMA)²⁶

The RMA is a key piece of legislation in New Zealand that governs the use of natural and physical resources. It plays a crucial role in the planning and development of infrastructure projects, including the Queenstown Electric Bus Depot.

The RMA ensures that such projects are carried out in a manner that is sustainable and environmentally responsible. It provides a framework for assessing the environmental impacts of proposed developments and for engaging with stakeholders and the community.

The RMA requires that any development project, such as the Queenstown Electric Bus Depot, must consider its effects on the environment and obtain the necessary consents and approvals before proceeding.

The RMA is currently undergoing a review, changes to the RMA are expected to reduce compliance requirements and consenting timeframes.

²⁵ <https://www.eeca.govt.nz/co-funding-and-support/products/?audience=3>

²⁶ <https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/>

6.2 Regional Context

6.2.1 GEOGRAPHIC AND ECONOMIC

Otago is the country's second largest region by land area. It has a population of just under 250,000 and is expected to grow to 282,000 by 2048. Dunedin is Otago's largest urban centre, but Queenstown is the fastest growing area.

The economy is dominated by the accommodation, food service, education and tourism sectors. Therefore, safe and reliable access to Port Otago and the airports in Dunedin and Queenstown is vital for the economy.

In rural areas, sheep and beef farming, along with fruit growing, will likely remain important contributors to the regional economy. The main employment growth areas in Dunedin, Queenstown, and other urban centres are expected to be public services, electricity, manufacturing, healthcare, service industries, education institutes, and construction.

While public transport use has grown in Dunedin and Queenstown, private vehicles still dominate as mode share across the region. The geographical layout of Queenstown has limited the size of the main centre and access roads. Limited transport options have created a heavy dependency on private vehicles. This means increasingly restricted access to the town centre and difficulties moving freight along SH6/6A. Ensuring the effective movement of people and goods in and around Queenstown is important to the region and Aotearoa New Zealand.

6.2.2 2021-31 OTAGO SOUTHLAND REGIONAL LAND TRANSPORT PLAN (RLTP)²⁷

The Otago Southland RLTP is a legislative document that sets the strategic direction for transport across the two regions. The Plan was developed in a collaborative manner by the Otago and Southland Regional Transport Committees on behalf of the respective regional councils. The Otago Southland RLTP contains 30-year strategic objectives, 10-year headline targets and 10-year investment plans. The 10-year headline targets for the 2021-24 RLTP are:

- **Road fatalities** – reduce seriousness and impact of road trauma
- **Mode shift** – increase in journey to work and school by public transport, walking and cycling
- **Network resilience** -reduced number and duration of closures on the strategic road network
- **Reduced emissions** – decreased transport emissions
- **Proactive response** – increase programme investment levels

The purpose of the 10-year investment plans are to secure funding from the National Land Transport Fund to invest in projects important to the communities of Otago and Southland. This includes investment in public transport in Dunedin and Queenstown, investment in the State Highway network by NZTA and the investment plans of the individual Councils in the regions.

Councils are required to review the RLTP at least every three years to ensure they remain relevant. A mid-term review was undertaken in 2024, and following consultation, the RLTP was updated and submitted to NZTA²⁸.

Key aspects of the revised RLTP include:

- Strengthening the need for increased funding for the transport networks to increase resilience, safety, productivity, and community wellbeing.
- Emphasis on alternative transport option. Alternative transport options will be investigated during the duration of this Plan.
- Greater emphasis on promoting the development and connection of walking and cycling trails.
- An increased emphasis on the importance of an accessible transport system for people with disabilities.
- Minor changes to reflect the direction set out in the draft Government Policy Statement on land transport released in March.

²⁷ <https://www.orc.govt.nz/your-council/plans-and-strategies/transport-plans-and-policies/regional-land-transport-plans-rltp/>

²⁸ <https://www.orc.govt.nz/your-council/plans-and-strategies/transport-plans-and-policies/regional-land-transport-plans-rltp/regional-land-transport-plan-2021-2031-2024-mid-term-review/>

- More detail about the strategic corridors between the regions and across the South Island.
- Changes to the activity tables as requested by the road controlling authorities.

6.2.3 1.2.3 2025-35 DRAFT OTAGO REGIONAL PUBLIC TRANSPORT PLAN (RPTP)²⁹

The Otago Regional Public Transport Plan (RPTP) is strategic document that guides the planning and delivery of public transport services and infrastructure in Otago. ORC, together with its partner agencies, has prepared this RPTP to set out the objectives and policies for delivering public transport in Dunedin, Whakatipu and the wider Otago Region over the next ten years (2025-35).

It is a strategic document that directs ORC's focus and investment over the coming decade and provides clear direction on how to respond to future challenges and opportunities.

The vision "Inclusive, accessible, and innovative public transport that connects Otago and contributes positively to our community, environment and economy" is supported by key priorities which are customer focus, Environment and health, innovation and funding.

This RPTP describes the proposed public transport services that will meet the needs of new and existing customers and the policies which those services will operate under. It also explains how ORC will work in partnership with operators and city and district councils in Otago.

6.3 Local Context

6.3.1 QUEENSTOWN LAKES SPATIAL PLAN³⁰

The 2021 Queenstown Lakes Spatial Plan sets out a vision and framework for how and where the district will grow between now and 2050. The purpose is to ensure that future growth happens in the right place and is supported by the right infrastructure, guiding decisions and investment across local, regional and central government. The plan was developed by *The Grow Well Whaiora Partnership*, which was a newly established Urban Growth Partnership between government, Kāi Tahu, and the Queenstown Lakes District Council.

It has been prepared to be consistent with the direction of the NPS-UD to provide sufficient development capacity and achieve well-functioning urban environments.

The joint work programme will initially focus on advancing the priority initiatives identified under each of the five outcomes:

1. Consolidated growth and more housing choice
2. Public transport, walking and cycling is the preferred option for daily travel
3. A sustainable tourism system
4. Well-designed neighbourhoods that provide for everyday needs
5. A diverse economy where everyone can thrive

The Spatial Plan outlines a strategy for accommodating growth in the Queenstown Lakes region through a consolidated and mixed-use approach. In the existing Queenstown urban area, growth will be directed to locations with good access to facilities, employment, and public transport. This will involve allowing higher density development and a greater variety of uses than currently available.

The Spatial Plan anticipates significant growth for Queenstown Lakes:³¹

- The average resident population (residents and visitors) for the district is expected to increase from an estimated 41,000 people in 2021 to an estimated 120,000 in 2051.
- The average daily visitors for the district is expected to increase from 10,000 visitors in 2021 to an estimated 42,000 visitors in 2051.
- The peak day population (residents and visitors) for the district is expected to increase from an estimated 103,000 people (41,000 residents and 62,000 visitors) in 2021 to an estimated 204,000 (78,000 residents and 126,000 visitors) in 2051. The resident population is approximately 38% on a peak day.

Residential growth will increasingly move towards medium and higher density housing. Concentrating growth in the existing urban areas will mean more people live in areas where public transport, cycling

²⁹ <https://www.orc.govt.nz/your-council/plans-and-strategies/transport-plans-and-policies/regional-public-transport-plans-rpto/>

³⁰ <https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan/>

³¹ WSP: Forecast Demand Advisory Paper for QTPTBC, 2024.

and walking is easy and attractive. This is intended to support investment in improved public transport and active mode infrastructure, reduce the impact on the environment particularly through reducing emissions, and make the transport system safer and more resilient.

The plan identifies the importance of community engagement, cultural values and environmental sustainability in shaping the future of the district. An annual monitoring report will track progress on the priority initiatives and how growth is occurring in relation to the Spatial Plan's strategic direction.

The Queenstown bus depot electrification project aligns with the plan's objectives of providing modern, sustainable public transport solutions that meet the needs of the growing population. By reducing the environmental impact of transportation, the project supports the spatial plan's goals of sustainable urban development and improved quality of life for residents.

Appendix B - Bus Depot Requirements

6.3.2 BUS PARKING SPACE REQUIREMENTS

To estimate the size of a depot, the following formulas from the Bus Rapid Transit planning guide have been applied:

- Area occupied by a vehicle = VA
- Articulated bus: 45 m²
- Standard 10m long bus: 25m²
- Access area, AP = 4 * VA
- Area for visual inspection and cleaning, VI = 6 * VA
- Bus parking area, PAR = 2 * VA * N, where N = number of buses
- Maintenance area, MA = 0.2 * PAR

Table 18: Space required for 52 articulated buses and seven standard buses

Component	Articulated buses	Standard buses	Total area
Number of articulated buses required	52	7	
Area occupied by vehicle, VA	45m ²	25m ²	
Access area, AP	4 * 45 = 180m ²	NA, use same space as articulated buses	180m ²
Area for visual inspection & cleaning, VI	6 * 45 = 270m ²	NA, use same space as articulated buses	270m ²
Bus parking area, PAR	2 * 45 * 52 = 4,680m ²	2 * 25 * 7 = 350m ²	5,030m ²
Maintenance area, MA	0.2 * 4680 = 936m ²	NA, use same space as articulated buses	936m ²
Total			6,416m ²

6.3.3 PARKING

For parking assumptions, WSP utilised the QLDC District Plan and Auckland Transport's Parking Design Guide to provide guidance space requirements for car parking, mobility parking, motorcycle and cycle parking.

A total of 53 buses will be in service, requiring 53 drivers. With one office staff per 10 drivers, there will be five office staff. Providing one parking space per staff member means 58 car parks are needed. The required parking space according to the district plan is shown below:

Table 19: Parking Requirements, QLDC District Plan Rules

Vehicle type	Rule	Recommendation	Space requirement
Car	Parking maximum: 3.5m ² per 100m ² of area used for maintaining etc, plus 1 per 100m ² storage space ~98 spaces	One space per bus driver, office staff and mechanics = 63 car parks	29.9m ² per car park = 1,884m ²
Mobility parking	Up to 10,000m ² floor area used for storage,	Two mobility parking spaces	40.3m ² per car park = 80.5m ²

	and up to 2,500 m ² used for other industrial uses = Two spaces		
Bicycle	One bike space per 10 on-site workers	Equivalent of one car parking space to provide enough space for 8-10 bicycles	29.9m ²
Motorcycle / scooter	None	Equivalent of one car parking space to provide space for ~5 motorcycles or scooters	29.9m ²
Total			2,025m ²

It is assumed that car parking arrangements will be at 90° angles and considers manoeuvring space and space between vehicles. There is an opportunity to reduce car parking space with different angles or a lower number of car parks.

Given the high cost of living in Queenstown and surrounding suburbs, it is expected that many staff will drive to the depot from outer towns such as Cromwell and Kingston.

6.3.4 OFFICE SPACE

Office space includes offices for depot-based staff, as well as common areas for drivers when on breaks or between shifts. For the purposes of estimating size requirements, it is assumed that office space will be on a second storey, above the maintenance area. This is common practice for bus depot design with examples being Kaiwharawhara depot in Wellington and Maces Road Depot in Christchurch. Therefore, the additional footprint for office space is assumed to be zero.

6.3.5 ELECTRIC CHARGING FACILITIES

Electric bus depots charging would occur where the buses are parked whereas for diesel bus depots refuelling occurs at a centralised point. Therefore, the space required for electric bus depots tends to be larger than that of the equivalent diesel bus depot due to the chargers and associated electrical equipment. The exception to this is if the bus depot uses overhead structures to place the charger unit above the bus rather than to the side or back. However, these overhead structures tend to be more expensive therefore for this assessment chargers located on the ground have been assumed.

New Zealand's first fully electric bus depot, in Panmure, Auckland, opened in January 2023. The number of buses it was able to hold reduced from 44 to 35, a reduction of 20%. Based on this example, an extra 20% space to account for electric bus charging to the estimated space required from the BRT formula was applied:

$$6,416\text{m}^2 * 20\% = 1,283\text{m}^2$$

6.3.6 ESTIMATED TOTAL SPACE REQUIREMENTS

By combining the area required for bus depot facilities (including electrical charging), and space for staff vehicle parking, the estimated total parcel size required to accommodate a bus depot is summarised in the table below.

Table 20: Estimated total space requirements for the Electric Bus depot

Depot element	Area required
Bus parking, maintenance, cleaning, access, etc (Allowed for 52 articulated and 7 standard buses)	6,416m ²
Vehicle parking (One space per bus driver, office staff and mechanics = 63 car parks)	2,025m ²
Office space (2nd floor) (Additional footprint for office space is assumed to be zero)	0m ²

Space for electrical charging (estimated to require 20% of bus parking & space)	1,283m ²
Total estimated bus depot space	9,724m ²

As summarised above, just under 10,000m² is required to accommodate the future electric bus depot. This is considerably larger than the existing Ritchie's bus depot on Glenda Drive in Frankton, which is about 3,800m². It should be noted that the vehicle requirement increases from approximately 18 buses current to 59 buses for the new network in 2053, hence the increase in depot space required.

Location:

- A flat site for easy storage and manoeuvring of buses.
- A site near existing bus route termini and routes to eliminate dead running and avoid delays at the start of the day on the network.
- A site located away from natural hazards and that has multiple connections to the transport network for long term resilience.
- Proximity to Cromwell/eastern side of Queenstown.
- Accommodation

Although no specific calculations or assumptions have been made, larger sites may offer on-site staff accommodation. Alternatively, nearby accommodation options could be available. This is important for ensuring staff have convenient living arrangements, which can help attract and retain employees in areas with high living costs or limited housing availability.

6.3.7 CERTAINTY OF POWER SUPPLY

The ability to provide the appropriate power supply for the charging of electric buses is critical.

The WSP Hubs and Infrastructure Advisory Paper estimates that a 4MW high voltage electrical connection is projected to be necessary for the bus depot to accommodate overnight charging of all buses. This was based upon an assumption that 48 80 kW chargers plus other site load will be required. Given that most commercial and industrial sites are typically connected to the low voltage network, establishing a new HV connection and installing a transformer will likely be required.

This estimate assumes 48x80Kw chargers and two 60kW chargers for the workshop are required. Most buses will be charged at night (between 10pm and 6am). This equates to 3,900 kW which requires 4MW of installed capacity (WSP report pg 68).

Appendix C – Long List Options and Assessment

	THE WHAT																								
	Location																								
Source	SC-1	SC-2	SC-3	SC-4	SC-5	SC-6	SC-7	SC-8	SC-9	SC-10	SC-11	SC-12	SC-13	SC-14	SC-15	SC-16	SC-17	SC-18	SC-19	SC-20	SC-21	SC-22	SC-23	SC-24	SC-25
Name	BECA Report Sites							WSP List of potential sites										Other Options							
Location	Frankton-Ladies Mile Highway	Grant Road, Frankton	Brookes Road	Remarkables Park (Purple Ash Ave)	Shotover River	Kawarau River	Frankton Flats	105 - 121 Gorge Road	1 Bowen Street / Gorge Road	145 Frankton - Ladies Mile Highway	495 Kingston Road	Kingston Rd	1 Hansen Rd / Prosperity Lane	27 Lucas Place (north)	Tex Smith Lane / The Landing, Frankton	27 Lucas Place (south)	489 Frankton-Ladies Mile Highway	499 Frankton-Ladies Mile Highway	KEA Oaks Drive Remarkables Park	64a Grant Road	Victoria Flats	Coneburn	Wanaka	Cromwell	Ferry Hill
Description of Option:	Specific site SOLD in 2024. Possibly could explore other properties in this	Chr of Grant Rd & Hawthorne Dr. North of Runway, South of 5 mile shopping centre	Situated behind Pak'nSave QAC does not want operation in this area.	Remarkables Park Zone Opposite Whakatipu High	Tucker Bach Rd, adjacent to Shotover, located in Outstanding	Off Hawthorne Drive, adjacent to the Kawarau River	Corner of Brookes Road and Glenda Drive. (Mitre10 and Pak'nSave	Improved site	Undeveloped land	Undeveloped land	Opposite Henley's Farm Undeveloped land	Undeveloped land	Opposite Events Centre Undeveloped land	Opposite Queenstown Hospital	South of QAC, opposite Entry to Remarkables Park	Opposite Queenstown Hospital	Currently zoned commercial-residential	Currently zoned commercial-residential	Already consented development sites (for hotels).	Alliance / Depot Land (Option from ORC)					Proposed Gondola Station Site
Owner	Latitude 45	QAC	QAC	Remarkables Park Ltd	QLDC	QLDC	Kern Enterprises Ltd	Queenstown Property Holdings						QAC	QAC	QAC	Listed for sale by CBRE	Listed for sale by JLL	Listed for sale by JLL	QLDC & QAC					Southern Infrastructure Ltd
Size	8000 m2	10,900 m2	41,635 m2		32,700 m2	72,700m2	5160 m2	11,000 m2	13,000 m2	40,000 m2	413,000 m2	300,000 m2	34,000 m2	42,000 m2	90,000 m2	40,000 m2	48,700m2	33,200m2	10,909m2	12,000m2					262,780m2
Ownership offer	Sale	Lease	No offer	Sale	Transfer / lease	Transfer / Lease	Sale							Lease	Lease	Lease	Sale	Sale	Sale	Lease					Lease
Investment Objectives																									
Increasing capacity to meet our obligations.	Partial	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Partial	Partial	Yes
Meeting the expectations of our customers.	Partial	Partial	Partial	Yes	Yes	Yes	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Yes	Partial	Yes	Partial	Partial	Yes	Yes	Partial	No	Partial	Yes	Partial
An economically efficient transport system.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Partial	Yes	Partial	Partial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	No	No	No	Partial
Critical Success Factors (as these CSFs are crucial (not desirable) any options that score a 'no' are automatically discounted from further analysis)																									
Strategic fit and business needs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Potential value for money - right solution, right time at the right price.	Partial	Yes	No	Yes	Yes	Yes	Partial	Partial	Partial	Partial	Partial	Partial	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	No	Partial
Supplier capacity and capability - is it a sustainable arrangement / does it provide for longevity	No	Yes	No	partial	Yes	Yes	Partial	Partial	Partial	Yes	Partial	Partial	Partial	No	Yes	No	No	No	No	Yes					Yes
Potential affordability - is funding available to make the change	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No									
Potential achievability - ability and skills to deliver (internal capacity to implement in the timeframes available)	No	Partial	No	No	No	No	Yes	Yes	Partial	Partial	Partial	Partial	Yes	No	Yes	No	No	No	Partial	Yes	Yes	Partial	Partial	No	
Summary of Advantages and Disadvantages	3	7	3.5	6.5	7	7	5.5	6	5.5	6	5.5	5.5	6.5	5	6	5	3.5	3.5	5	6.5	3.5	4	1.5	2	4.5
Overall Assessment:	Discount	Possible	Discount	Discount	Discount	Discount	Possible	Possible	Possible	Possible	Possible	Possible	Possible	Discount	Discount	Discount	Discount	Discount	Discount	Possible	Discount	Discount	Discount	Discount	Discount

Appendix D – Multi Criteria Analysis

		Activity options											
		Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Option 10	Option 11	
		Leave it to the market (PTO contract-holder)	Third Party Provision: Private enterprise (site-agnostic)	Public Private Partnership (PPP) Arrangement: (site-agnostic)	QAC Offer: Frankton Flats Grant Road	NZTA/Alliance Depot Frankton Flats	SH6: Frankton Flats Hawthorne Dr Roundabout: 145 Frankton-Ladies Mile Highway	Paired Facilities Stage 1: Frankton Stage 2: Gorge Road	Paired Facilities: Stage 1: Frankton Stage 2: Ladies Mile	Paired Facilities: Stage 1: Frankton Stage 2: Southern Corridor	Paired Facilities: Stage 1: Frankton Stage 2: Ferry Hill Frankton	In House Option	
		Market	Third Party	PPP	Lease Land	Lease Land	Purchase	Purchase	Purchase	Purchase	Lease Land	Do it All	
Investment Objectives		Relative Importance of objective	56%	54%	76%	76%	76%	94%	84%	86%	88%	86%	73%
Investment Objective 1	Sufficient scale to meet existing & future needs	50%	50%	80%	70%	70%	100%	100%	100%	100%	100%	100%	100%
Investment Objective 2	Efficient location for Bus operations	20%	100%	100%	100%	100%	100%	60%	70%	80%	80%	100%	
Investment Objective 3	Encourage market competition	20%	10%	20%	40%	60%	70%	90%	90%	90%	90%	80%	10%
Investment Objective 4	Efficient & effective management	10%	90%	50%	80%	90%	70%	60%	40%	40%	40%	40%	10%
		100%											
Cost													
Total NPV		\$ 74,395,968	\$ 75,358,002	\$ 70,074,879	\$ 47,877,098	\$ 45,484,992	\$ 51,836,393	\$ 45,522,466	\$ 45,522,466	\$ 45,522,466	\$ 45,029,639	\$ 45,447,751	
Risks													
Technical - can't be delivered within the regulatory timeframe (01/07/2028)	20%	VL	VL	L	L	M	H	H	H	H	H	H	H
Operational - how easy will it be to manage going forward?	20%	VL	L	L	L	L	L	M	M	M	M	M	H
Financial - Investment losses & cost overruns?	20%	M	M	L	M	M	M	L	L	L	L	L	L
Legal - will it be challenged?	5%	L	L	M	L	L	L	L	L	L	L	L	M
Political - won't be supported politically.?	15%	H	H	M	L	L	L	L	L	L	L	L	H
Economic - will it impact economic growth?	5%	VL	VL	VL	VL	VL	VL	VL	VL	VL	VL	VL	VL
Stakeholder/Public - will it be supported by ratepayers, NZTA and other private transport operators	15%	H	H	M	L	L	M	M	M	M	M	M	H
		100%											
Business Needs													
QIPTBC - Achieving 40% alternative mode share needed during the PM peak on SH6A by 2028.	20%	M	M	M	M	M	M	M	H	H	M	M	
NZTA Transport Outcomes Framework: Environmental sustainability - transitioning to net zero emissions, support other private	20%	M	H	H	M	M	M	M	M	M	M	M	
Queenstown Regional Deal Alignment - energy infrastructure that allows the economy to thrive,	20%	M	H	H	M	M	M	M	M	M	M	M	
Queenstown Spatial Plan - Well-designed neighbourhoods that provide for everyday	10%	L	L	M	H	H	H	H	H	H	H	H	
QPTBC: Assessment consideration - Proximity to adequate accommodation for bus drivers	10%	H	M	M	H	H	H	H	H	H	H	H	
QPTBC: Minimising impact on existing bridge infrastructure across Shotover and Kawarau.	10%	H	M	M	H	H	H	H	M	M	H	H	
Port Otago Statement of Intent: Our Financial Value: Reliable sustainable dividends for our	10%	L	L	M	L	L	H	H	H	H	M	L	
NZTA Transport Outcomes Framework - Inclusive Access: Enabling all people to participate in	0%												
		100%											
Ranking													
Final Ranking		9	11	8	1	2	7	6	4	3	5	10	