

**Full Council**

**4 April 2024**

**Report for Agenda Item | Rīpoata moto e Rāraki take [1]**

**Department: Corporate Services**

**Title | Taitara: Project Manawa Hearing Panel Deliberations and Recommendation**

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

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The purpose of this report is to consider the Hearing Panel deliberations report and recommendation(s), following a special consultative procedure, on a proposed land strategy for the Stanley Street site and proposed joint ownership (with Ngāi Tahu Property Limited) and governance arrangements for the future civic administration building at the Stanley Street site. The Council is to consider the Hearing Panel recommendations and make decisions regarding the options outlined in the Project Manawa Statement of Proposal.

**Recommendation | Kā Tūtohuka**

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That the Council:

1. **Note** the contents of this report and the deliberations report and recommendations of the Hearing Panel.
2. **Direct** the Chief Executive to undertake a review of the proposed Civic Administration Building location and ownership and report back to the Council on the following:
  - a. An update of financial and non-financial information upon which the Stanley Street site was identified as the preferred location for a one office solution, for comparison with similar information for an alternate site;
  - b. An update of the QLDC workplace travel plan for the Stanley Street site and an alternative site;
  - c. A review of the governance structure and funding options for building a Civic Administration Building on the Stanley Street site and an alternative site;
  - d. A proposal for subsequent consultation with the community on these matters;
3. **Adopt** Option 1 under Topic 1 – Land Exchange within the Project Manawa Statement of Proposal [refer pp 13 – 18 Project Manawa Statement of Proposal], namely the proposal to stop part of Ballarat Street and exchanging the freehold land created by stopping that road, with the reserve land to the east of the site, and exchanging freehold land from Robertson Street (or elsewhere) with the reserve land on the Stanley Street site [refer p 16 Project Manawa Statement of Proposal];

4. **Direct** the Chief Executive to report back to the Council with a scope of works programme for:
  - a. obtaining Ministerial approval for the stopping of Ballarat Street under the Public Works Act 1981; and
  - b. notifying the exchange of reserve land under the Reserves Act 1977 to achieve the proposed land exchanges;
5. **Agree** not to proceed with negotiating a joint venture partnership with Ngāi Tahu Property Limited (Topic 2) for the purpose of owning land jointly and/or owning, constructing and administering a new Civic Administration Building at this time, and any future ownership and/or governance arrangements with Ngāi Tahu Property Limited will be subject to the Chief Executive's review of the proposed Civic Administration Building location and ownership, and further consideration and approval by the Council; and
6. **Direct** the Chief Executive to report to the Council regarding the options to provide the maximum number of public carparks at the Stanley Street site for the medium term.

**Prepared by:**



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**Title:** Manager Strategic Projects  
22 March 2024

**Reviewed and Authorised by:**



**Name:** Meaghan Miller  
**Title:** General Manager Corporate Services  
22 March 2024

## Context | Horopaki

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1. On 31 August 2023 the Queenstown Lakes District Council (QLDC) authorised officers to publicly notify the Project Manawa Statement of Proposal (SOP) for the purposes of a special consultative procedure (SCP). The SOP sought community feedback on two consultation topics: a land exchange strategy for the Stanley Street site (the Site) and joint venture partnership with Ngāi Tahu Property Limited (NTP), including governance arrangements for the future Civic Administration Building (CAB).
2. Consultation began on Monday 13 November 2023. It was originally scheduled to close on Sunday 17 December 2023 but was extended to Friday 22 December 2023. 178 submissions were received. The opportunity to participate was promoted across multiple channels. During the consultation period, four public drop-in sessions were held. Submitters were invited to speak at a hearing held on 19 February 2024. 27 members of the public presented submissions at the hearing.
3. The Council's consideration of the Hearing Panel deliberation and recommendation report will inform future decisions of the Council in respect of the Site, including future decisions on the underlying land interests, joint venture arrangements (CCO), advancing commercial discussions with NTP and land sales/revenue.

## Analysis and Advice | Tatāritaka me kā Tohutohu

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### ***Site vision and proposal***

4. Planning and decision making on Project Manawa is consistent with Vision Beyond 2050, the community-developed vision for the district which the Council committed to in March 2019. Project Manawa is guided by the Queenstown town centre masterplan (TCMP) which was endorsed by the Council in 2018 following extensive community engagement.
5. The Site was confirmed as the preferred location for the CAB by the Council in February 2016. The establishment of a civic axis and community heart precinct at the Site was identified as one of the 'key moves' in the TCMP which was endorsed by the Council in 2018. Funding towards the implementation of the vision was also approved through the 2018-2028 Ten Year Plan community consultation process.
6. A possible future built form was set out in the SOP at page 18 (site development plan) has been prepared and has taken an integrated development approach, considering wider Queenstown town centre projects and objectives e.g. a proposed public transport hub on Stanley Street.
7. Based on the vision for future development in the site development plan, the land strategy (Options 1 and 2 under Topic 1 in the SOP) provides for contiguous reserve land to optimise space at the heart of the precinct so that community assets and public space can be integrated within that vision for the Site. The future freehold land development opportunities (balance of the land) would unlock commercial value to offset delivery costs of community assets and support activation of the precinct.

8. A range of community facilities form part of the vision including a new purpose-built modern library, a central community meeting place for civic gatherings, a space for markets or cultural festivals, spaces for visual and performing arts, and shared public workspaces. All proposed facilities are subject to future funding decisions of the Council. Currently, the CAB (including an interim library space), proposed performing arts centre, and public space have been included in the 2021-31 Ten Year Plan.
9. Although, the SOP does not seek feedback on the future use of the Site, it identifies a range of possible development opportunities that would be unlocked if a whole of precinct land exchange is adopted, including commercial opportunities, retail and hospitality functions which will enhance the Site. Revenue from this could provide additional funding to create more affordable options to help deliver a range of possible community and civic facilities.
10. The SOP also sought feedback on two models for proposed joint venture governance arrangements (Topic 2 under the SOP) that provide for the future development and ownership of the CAB at the Site.

### ***Submissions***

11. Most submitters expressed a general opposition to Project Manawa as a whole, rather than addressing opposition to specific features of the options outlined. Key themes arising from submissions included concerns regarding locating the CAB at the Site, the need for further consultation on the location or the need for such facilities, the cost to ratepayers, and the relative priority of other infrastructure projects.
12. Submissions that specifically addressed the options proposed in the SOP, highlighted a need for further information on the proposals before being able to form an opinion, a loss of control of both the project and of QLDC assets should a partnership approach be taken, and that the options outlined do not provide the best outcome for residents. Concerns regarding pressures on scarce carparks in the CBD was another consistent theme.

### ***Hearing Panel Deliberations***

13. Although not the focus of the consultation, the majority of submitters raised concerns regarding future planning around the use of the Site, in particular, using it as the location of the CAB. A number of submitters expressed a preference for Frankton as an alternative location for the CAB. In addition, a majority of submitters highlighted concerns regarding the ability of the potential for the joint venture partnership with NTP to efficiently deliver the CAB, including due to a lack of detailed information.
14. Submitters however generally supported a “one office” solution for QLDC as preferable to the status quo with multiple leases/premises and that the Site (itself) was important to the community, with the potential to support a vibrant Queenstown town centre and district (for example) with arts/cultural and carparking facilities.
15. Many submitters highlighted concerns that establishing a CAB at the Site would increase congestion as QLDC staff would be required to enter the Queenstown town centre to increase pressure on scarce parking. However, a large number of staff already work in the town centre

and there would not be an increase in the movements in and out of Queenstown if the staff were to remain in the town centre.

16. In summary, the Hearing Panel recommendations include:

- a. Proceeding with Option 1 for the proposed land exchange (Topic 1) to optimise the potential opportunities with respect to the Site. Option 1 enables a whole of precinct solution that preserves reserve land around the historically important Ballarat Street axis, central to the Site, and unlocks more freehold land for future development and/or revenue-generation opportunities.
- b. That negotiations on the proposal for a joint venture partnership with NTP (Topic 2) should not proceed until further work and a review is undertaken on the preferred location for the CAB and any potential commercial arrangements, and further consideration and approval by the Council.
- c. Unlocking additional carparking at the Site to relieve carparking issues in the medium term.

17. The Queenstown town centre is the traditional urban centre for the Wakatipu Basin and the proposal does not have to be an “all or nothing approach”. The use, retention or disposal of the land following the various land exchanges can be determined subsequently by the Council.

18. Accordingly, the Hearing Panel recommends that the land exchange proposal should progress regardless of whether the Council decides to build the CAB at a different location and noting that the land exchange does not commit QLDC to establishing a joint venture partnership with NTP.

19. There are a number of steps to achieve the proposed land exchanges and the Council must be cognisant of the partnership with NTP and their various rights and interests in the Site, including a right of first refusal, and recommend officers report back to the Council on a scope of works for the proposed land exchanges.

20. The Hearing Panel’s deliberations report and recommendation(s) is provided as **Attachment B**.

### ***Options for the Council***

21. The Council is to consider the Hearing Panel recommendations which is based on the SOP and public submissions received, and the Council is to make decisions on the topics put out for consultation as set out in the SOP. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

22. Within Topic 1 (land exchange strategy), the options include a whole of precinct land exchange for the Site, and an alternative limited land exchange. Within Topic 2 (joint venture partnership), the options include QLDC negotiating with NTP to establish a jointly owned CCO through a dedicated holding company, or negotiating QLDC having direct ownership of a 50% share in the CCO.

23. The Council also has the option to retain the status quo and not progress either the land exchanges or commence negotiations for the proposed joint venture partnership with NTP at this time.

**Topic 1 – Proposed land Exchanges**

24. Option 1: Adopt the whole of precinct land exchange proposal (Option 1 under Topic 1 in the SOP). This was the option recommended by the Hearing Panel.

*Advantages:*

- The proposed whole of precinct land exchange proposal will activate the Site by optimising future development of community assets at the heart of the Site, and unlocking more freehold land surrounding the reserve land to provide revenue generating opportunities to offset the costs of developing community assets.
- The Council would retain flexibility to make decisions regarding the future use of the Site, including developing community assets and revenue-generating opportunities at a later date.
- It is understood to be the preferred option of NTP, and would allow QLDC to work together with NTP to unlock the potential of the Site given the various land interests held by both parties.
- Consistent with the Hearing Panel’s recommendations.
- The land exchange will still enable the Council to explore making additional parking at the Site available pending decisions being made regarding the future use of the Site.

*Disadvantages:*

- The land exchanges can be staged but will take some time to deliver.
- The land exchanges increase freehold land at the Site on the assumption that it is preferable for enabling future options, rather than leaving the land with reserve status.
- A majority of submitters were opposed to the land exchanges proceeding until further consultation regarding the location of the CAB is carried out.

25. Option 2: Adopt the alternative limited land exchange (Option 2 under Topic 1 of SOP).

*Advantages:*

- It creates adjacent reserve land for public spaces and community assets in the future as future funding allows and freehold land for revenue generating opportunities.
- As a more limited land exchange proposal it may be possible to progress quicker than Option 1 above.
- The land exchange will still enable the Council to explore making additional parking at the Site available pending decisions being made regarding the future use of the Site.

*Disadvantages:*

- It is not a whole of precinct option, and limits opportunities for the Council to create an integrated development in the future.

- Less freehold land would be made available for revenue generating opportunities when compared with Option 1.
- A majority of submitters were opposed to the land exchanges proceeding until further consultation regarding the location of the CAB was carried out.
- Not supported by the Hearing Panel as does not provide a whole of precinct approach.

26. **Option 3:** Decline to proceed with the land exchange strategy at this time (do nothing). This would be a decision of the Council not to proceed with any option under the SOP and to retain the current mix of land parcels at the Site.

*Advantages:*

- Some members of the community may prefer retaining the current use/status of the various land parcels.
- The section of Ballarat Street between Henry Street and Stanley Street would not be stopped, which would maintain the current use of that road.
- The Council is still able to provide additional parking at the Site pending decisions being made regarding the future use of the Site.

*Disadvantages:*

- Not supported by the Hearing Panel.
- The activation of the Site will be delayed or impracticable.
- A holistic development approach to the Site is more difficult or impossible to achieve.
- Discussions with commercial parties will end as there is no certainty of direction, potentially foregoing revenue opportunities if future development opportunities cannot be realised.
- The Site would remain under-utilised by the Council for the foreseeable future.

**Topic 2 – Proposed joint venture partnership with Ngai Tahu Property Ltd**

27. **Option 4:** Direct officers to enter into negotiations with NTP to establish a joint venture partnership through a project specific holding company that is 100% owned and controlled by QLDC, which will own a 50% interest in a CCO established and responsible for overall governance of the development and ownership of the CAB at the Site.

*Advantages:*

- A dedicated holding company can be solely focused on the development and is not distracted with other matters of the Council.
- The dedicated company will report to the Council and seek decisions on key matters rather than the Council having to make all the decisions that may be required.
- There is clear responsibility and accountability for a dedicated board that could be changed to meet the Council's requirements.

*Disadvantages:*

- The Hearing Panel recommended that before further steps are taken in connection with establishing a CCO further analysis should be undertaken to determine whether the Site should remain the preferred location for the CAB or whether an alternative site would provide a better option and such deliberation could be useful to the Council.
- A majority of submitters oppose entering into a joint venture partnership with NTP to develop the CAB at the Site.

28. **Option 5:** Direct officers to enter into negotiations with Ngai Tahu Property Ltd to establish a joint venture partnership through a CCO established and responsible for overall governance of the development and ownership of the CAB, which is 50% owned and controlled by QLDC.

*Advantages:*

- The Council would have more direct control and influence of the construction and administration of the building if it had direct control of the development entity.

*Disadvantages:*

- A majority of submitters oppose entering into a joint venture partnership with NTP to develop the CAB at the Site.
- The Hearing Panel recommended that before further steps are taken in connection with establishing a CCO, further analysis should be undertaken to determine whether the Site should remain the preferred location for the CAB or whether an alternative site would provide a better option and such deliberation could be useful to the Council.
- The Council would need to take more time to focus on the development which consumes valuable time of the Council.
- The Council would be required to make more decisions and possibly under urgency which may be difficult given the Council's schedule.
- The Council may not be across all the issues on a construction site such as Health and Safety matters which may need to be dealt with quickly.
- It may be difficult for a third party to deal with the Council on a day to day basis rather than a dedicated entity.

29. **Option 6:** Decline to proceed with negotiations to establish a joint venture partnership with NTP at this time. This option was recommended by the Hearing Panel and any such negotiations are dependent on, and subject to, (a) the Chief Executive carrying out a review of the proposed CAB location and ownership (b) further consideration and approval by the Council; and (c) further engagement with the community as required.

*Advantages:*

- QLDC would have time to carry out further analysis to determine whether the Site should remain the preferred location for the CAB or whether an alternative site would provide a better option and such deliberation could be useful to the Council.



- A majority of submitters oppose proceeding with the joint venture partnership with NTP, and are likely to be supportive of further community engagement and analysis occurring.

*Disadvantages:*

- The opportunity to jointly develop the Site with NTP may be delayed or lost pending the outcome of further analysis and/or consultation regarding preferred location of the CAB.

30. This report recommends the Council adopt the recommendations of the Hearing Panel, namely proceed with the whole of precinct land exchange proposal (**Option 1**), and decline to proceed with the joint venture partnership with NTP at this time (**Option 6**), until the Chief Executive's review of the proposed CAB location and ownership is carried out, there is further consideration and approval by the Council, and further engagement with the community as required.
31. The whole of precinct land exchange proposal enables the Council to optimise future opportunities to develop community assets and revenue generation opportunities at the Site. The Council would retain flexibility as to the future use of the Site, and would not be bound to establish the new CAB or any specific facility at the Site. Decisions on future use of the Site could be made at a later date.
32. Community concerns regarding the need for further analysis and/or consultation regarding the Site remaining the preferred location for the CAB are acknowledged. By declining to progress the proposal to develop the joint venture partnership, the Council can ensure that the assumptions upon which the Site was identified as the preferred location remain sound.

### Consultation Process | Hātepe Matapaki

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

33. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because Ballarat Street being part of the road network is listed as a strategic asset. The proposal to stop the legal road and then exchange the land with reserve land, in effect transfers ownership of that land to the Crown. Any decision relating to the sale or transfer or sale of shareholding of any strategic asset is assessed as a matter of high impact which is why the SCP was undertaken.
34. The local purpose reserve land on the Site is not listed as a strategic asset, however the proposed Reserves Act land exchange(s) process follow the SCP, including Ministerial approval.
35. The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes District community, Te Rūnanga o Ngāi Tahu (Kāi Tahu), the Department of Conservation, the Ministry of Education, Ministry for Land Information New Zealand (LINZ) and current occupiers of the Site.
36. QLDC may request the Minister for Land Information to authorise the stopping of Ballarat Street pursuant to section 116 Public Works Act 1981 (PWA). Public notice is not required for the road stopping under the PWA, but consultation with internal stakeholders, iwi, and others may still be

required or deemed appropriate under QLDC policies or other legislation. In this case, the proposal is for QLDC and NTP to jointly approach the Minister.

37. The land exchanges under s 15 Reserves Act will take place in tandem (and does require public notice). The intention is for Council and NTP to jointly approach the Minister for Land Information (for the PWA stopping) and the Minister of Conservation (for the Reserves Act land exchanges) to ensure a coordinated approach.

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

38. QLDC has a responsibility to engage with a broad range of Kāi Tahu stakeholders with respect to the Stanley Street site.

39. Kāi Tahu (represented by NTP) have been working closely and collaboratively with QLDC, under the Partnership Agreement, on the site development plan and feasibility model, and proposed land strategy and governance arrangements.

40. Kāi Tahu rūnanga and whānui are very supportive of the intent of the partnership and the opportunity to support a Kāi Tahu presence in the Queenstown town centre. NTP has also ensured that Te Rūnanga o Ngāi Tahu (Kāi Tahu) is informed of progress as the Site development presents the basis for a Public Iwi Partnership.

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

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41. This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

42. The approval of the recommended option will allow the Council to retain the risk at its current level. This will be achieved by enabling future decision-making options for the Council to develop the Site, supporting a well-functioning Queenstown town centre and district. Council will continue to maintain a positive working relationship with NTP in order to unlock the full potential of the Site.

### **Financial Implications | Kā Riteka ā-Pūtea**

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43. The Council's consideration of the land exchange scope of works programme and CAB location review will inform future consideration of Project Manawa costs and revenue. Initial costs for both of these workstreams require review and adjustments made to existing operational and capital expenditure budgets.

44. A detailed assessment of financial implications for the land exchanges can be reported to the Council with the scope of works programme. Depending on the outcome of the review the cost to locate, build and or lease a new council building will change, as may the costs associated with delaying investment in the current financial environment.

45. Some decisions may also require QLDC to continue to renew existing lease arrangements which to date have been predicated on a timeframe for occupation in new premises, which will be further delayed.

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

46. The consultation process is conducted in accordance with section 83 of the Local Government Act 2002. If the Council adopts the recommendations of the Hearing Panel, then it will need to seek Ministerial approval in accordance with s15 of the Reserves Act 1977 (swapping of reserve land) and the Public Works Act 1981 (stopping of part of Ballarat Street).

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

47. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

48. The recommended option:

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

#### Attachments | Kā Tāpirihaka

A	Submissions (received via Let's Talk and via email) <b>(Circulated separately)</b>
B	Hearing Panel's Deliberation Report