

Full Council

8 October 2026

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

Department: Community Services

Title | Taitara: QLDC Aquatic Centres Decarbonisation (LPG Conversion)

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to seek approval to proceed with the Alpine Aqualand (QEC) and Wānaka Recreation Centre (WRC) pool energy upgrade projects and approve the transfer of budget from existing projects in the Long Term Plan (LTP) to fund their delivery.

The report also seeks Queenstown Lakes District Council (QLDC) approval of the procurement plan to allow for the purchase of long-lead heat-pump equipment to deliver the projects in 2027.

Public Excluded | Ārai te Iwi Whānui

It is recommended that Attachment B is considered while the public is excluded. This recommendation is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Section and Grounds	Reason for this recommendation
7(2)(i) to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	The procurement plan (Attachment B) includes commercial and cost information. Withholding the information is necessary to protect the commercial position of QLDC through the procurement process. In this situation the importance of withholding commercially sensitive information and protecting QLDC's commercial position outweighs the release of such information.

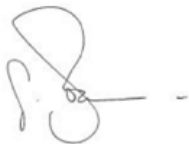
Recommendation | Kā Tūtohuka

That the Council:

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

2. **Approve** delivery of the pool energy upgrade projects at Alpine Aqualand at Queenstown Events Centre (QEC) and Wānaka Recreation Centre (WRC);
3. **Approve** the budget transfers as set out in Attachment A of this report, to fund the budget shortfall to deliver the pool energy upgrade projects, noting that budget changes will be included in the 2026 December reforecast for completeness;
4. **Approve** the Pool Energy Upgrade Projects Procurement Plan to procure the long lead heat pump equipment items;
5. **Delegate** authority to the General Manager, Community Services to:
 - a. Approve the Main Contractor Procurement Plan for installation and commissioning;
 - b. Approve the Procurement Recommendation Reports;
 - c. Sign, amend, novate and/or terminate the contracts with the preferred suppliers for the equipment and Main Contractor; and
6. **Agree** the procurement plan (Attachment B) will be publicly released following completion of the procurement process.

Prepared by:

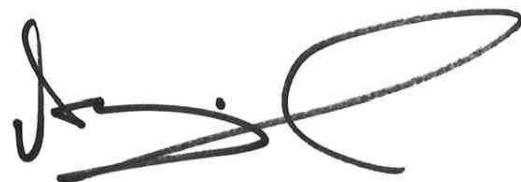


Name: Greg Rozen

Title: Interim Programme Director and IQA Role

21 September 2026

Reviewed and Authorised by:



Name: Ken Bailey

Title: General Manager, Community Services

23 September 2026

Context | Horopaki

1. The pool energy upgrade projects at Arrowtown Memorial Pool, Alpine Aqualand at the Queenstown Events Centre (QEC), and the Wānaka Recreation Centre (WRC) are designed to reduce reliance on liquefied petroleum gas (LPG) and reduce Council's direct greenhouse gas (GHG) emissions. The projects were approved through the 2024–34 LTP.
2. Council has been investigating options to reduce reliance on LPG at its pool facilities since 2018. Existing LPG heating systems are a significant source of operational GHG emissions and energy costs.
3. The pool energy upgrade projects support Action 2.1 in Council's Climate and Biodiversity Plan 2025-28 to implement targeted investments to reduce Council's emissions by transitioning to cleaner energy sources. QLDC achieved Toitū Carbon Reduce certification in 2023 and has made a commitment to demonstrate a 44% reduction in scope 1 and 2 GHG emissions (against a 2019 baseline) by 2030. The pool energy upgrade projects are critical to achieving this target.
4. Construction of the Arrowtown Memorial Pool energy upgrade began in July 2026. This work will remove all LPG based water heating from the pool site and replace these systems with fully electrified solutions. Completion is scheduled before the pool opens for summer on 1 December 2026.

Development of the QEC and WRC energy upgrade solutions

5. The QEC and WRC energy upgrade projects have completed preliminary design and technical assessment. This work has addressed questions about technology, operational impacts, electrical infrastructure, future requirements, costs and delivery.
6. Several heating technology solutions were assessed, including biomass, ground-source heating, wastewater and lake-water heat recovery, and future solar and battery options. Heat-pump systems were identified as the preferred solution for both facilities.
7. At Alpine Aqualand (QEC), the preferred solution combines exhaust-air heat recovery with air-source heat pumps. The existing infrastructure is generally suitable, but additional electrical and enabling works are required.
8. At WRC, whilst biomass was considered, the heat-pump solution was preferred because it supports Council's strategic commitments to electrification and would integrate with future solar generation and battery storage solutions.
9. For all the pool locations, technical due diligence has confirmed that the recommended heat pump solution meets the system requirements and is suitable for Queenstown and Wānaka's cold-climate conditions. Preferred manufacturers have been identified, and the proposed purchase package includes spare parts and equipment redundancy to support ongoing maintenance. New Zealand-based maintenance support is also available.

10. Conversion to heat-pump systems will materially increase electricity demand at both facilities and requires transformer upgrades. Aurora has confirmed it will fund, own and maintain the required transformer upgrades as network assets, with no transformer capital cost to Council.
11. The Community and Environment Committee was briefed on progress on the pool energy upgrades projects at workshops on 23 April 2026 and 8 September 2026.

Analysis and Advice | Tatāritaka me kā Tohutohu

Benefits of the proposed energy upgrades

12. Completing the pool energy upgrades will provide significant annual energy savings and emissions reductions. Table 1 sets out the indicative savings for each pool.

	QEC	WRC
Indicative annual energy saving	~\$620k	~\$110k
Indicative GHG emissions reduction	~80%	~67%

Table 1: Indicative annual energy and GHG emissions reductions.

13. Together, the two projects are forecast to provide approximately \$730,000 per annum in energy-bill savings and approximately 1,080 tCO₂-e per annum in GHG emissions reductions. These financial savings remain subject to final electricity tariff and network-charge modelling.
14. Electrification also provides opportunities for future operational cost savings and energy optimisation that extend beyond the current comparison of LPG and electricity prices. Council is in the process of entering into a new contract with an electricity supplier which provides pricing certainty for the coming five years (contract signing is targeted for the next month). By transitioning to electrically driven heat-pump systems, both facilities become capable of leveraging benefits available through Council's electricity retailer arrangements, including demand management programmes, flexible load control, time-of-use pricing, battery energy storage, and future solar generation integration.

Indicative Funding Gap

15. Completion of the preliminary designs has provided greater certainty about the expected cost to deliver the QEC and WRC pool energy upgrades. This has identified a significant gap between the estimated project costs and the funding in the 2024-34 LTP.
16. The current project estimates, LTP budgets and indicative funding gaps are outlined in Table 2 below:

Project	Current project estimate	Current identified budget in 2026/27	Indicative funding gap
Alpine Aqualand (QEC)	\$8.48m	\$5.31m	\$3.17m
Wānaka Recreation Centre	\$4.56m	\$0.73m	\$3.83m
Total	\$13.04m	\$6.04m	\$7m

Table 2: Project budget, estimates and indicative funding gaps

Proposed budget adjustments for QEC pool energy upgrade

17. There is sufficient budget to progress the QEC Energy Upgrade project for the current financial year 2026/27. To address the funding gap identified in Table 2 for 2027/28, it is proposed to reprioritise available budget from existing Queenstown projects that are not expected to fully utilise their 2026/27 allocations. If approved by Council, these changes will be included in the December reforecast. The proposed budget adjustments to fund the QEC pool energy upgrade project are set out in Table 3 below:

Funding position QEC	Amount
Current Alpine Aqualand Energy Upgrade budget	\$5.31m
Transfer from:	
New Sports Fields in Queenstown/ 001507- (Partial budget transfer)	\$1.52m
516 Ladies Mile Stage 1/ 001004- (Partial budget transfer)	\$1.5m
QEC Events equipment and fit out renewal/ 000377- (Partial budget transfer)	\$0.15m
Revised Alpine Aqualand Energy Upgrade budget	\$8.48m
Current project estimate	\$8.48m
Remaining surplus / (shortfall)	\$0m

Table 3: Proposed budget transfers to address QEC indicative funding gap

18. 516 Ladies Mile Stage 1 project is continuing to face complexity and uncertainty in delivery. It is proposed to reprioritise \$1.5 million of the available 2026/27 budget to the QEC Energy Upgrade project. This retains sufficient budget to cover expenditure incurred to date and any further project-related costs this financial year. The future funding requirements for 516 Ladies Mile will be reconsidered through the upcoming LTP planning cycle.

19. New sportsfields in Queenstown are still being scoped pending further Council direction on 516 Ladies' Mile and the QEC Indoor Courts Project (for its potential impact on an existing

sportsfield). Construction of a new sportsfield in Queenstown is unable to be achieved this financial year. It is proposed to partially transfer \$1.52m from this project budget for 2026/27 to QEC Energy Upgrade projects 2027/28. The remaining \$0.35m is being reallocated as part of the December reforecast. Future funding reprioritisation for sportsfields will be considered in the upcoming LTP planning cycle.

20. QEC Events Equipment and Fit Out Renewals- 000377 budget is forecasting a \$0.92m spend with a surplus of \$0.37m within FY27. It is proposed that \$0.15 of this surplus can be made available for transfer to the QEC Energy Upgrade for FY28.

Proposed budget adjustments for WRC pool energy upgrade

21. There is insufficient budget to deliver the WRC Energy Upgrade project across both 2026/27 and 2027/28 (as outlined in Table 2). To address this funding shortfall, it is proposed to reprioritise future budget from the Wānaka Pool Extension project currently allocated in 2031/32 and 2032/33. The proposed budget adjustments are set out in Table 4 below:

Funding position WRC	Amount
Current Wānaka Energy Upgrade budget	\$0.73m
Transfer from: Wanaka Pool Extension/ CP 008128- (Partial Budget transfer year 8 & 9 LTP)	\$3.82m
Revised Wānaka Energy Upgrade budget	\$4.55m
Current project estimate	\$4.56m
Remaining surplus / (shortfall)	-\$0.01m

Table 4: Proposed budget transfers to address QEC indicative funding gap

22. Wānaka Pool leisure extension funding is currently programmed in Years 8, 9 and 10 of the LTP, with a total project allocation of \$15.7m. It is proposed to reprioritise \$3.82 million from years 8 and 9 of the LTP allocation to the WRC Energy Upgrade project across 2026/27 and 2027/28, enabling delivery of the required energy and plant upgrades. The transfer retains the investment within Wānaka and the WRC facility and draws from the same rates funding source. There will be no impact on current rates due to the timing of this spend which will be included in the 2027/28 Annual Plan. Future funding requirements for the Wānaka Pool Leisure Extension will be reconsidered through the 2027–2037 LTP process.

23. For further detail on the proposed budget changes, refer to Attachment A – Proposed Budget Transfers Detailed Financial Summary document.

Delivery and procurement approach

24. An early market scan has confirmed there are main contractors with relevant experience and capability to undertake the heat pump installation in New Zealand. The QLDC Property team has

also been engaged to ensure post-handover maintenance obligations are understood and considered as part of the procurement and delivery approach.

25. Following approval of both energy projects Alpine Aqualand and WRC would enter into detailed design and procurement will commence, with detailed design scheduled for completion in December 2026.
26. Preferred delivery windows have been identified to minimise the impact on pool operations, use and revenue. While an initial six-week facility shutdown was contemplated, the current design intent is to undertake a staged changeover that allows much of the work to occur while the facility remains operational, reducing impacts on users. The final shutdown strategy and programme will be confirmed through detailed design and consultation with facility operators; however, the current identified delivery window is within the period of mid-August to late-September 2027.
27. To stay within the 2027 delivery programme, long-lead heat-pump equipment must be ordered by the end of 2026.
28. The proposed procurement approach is to undertake an open-market competitive process for the supply of air sourced and water sourced heat pump systems. The preference is to appoint a single supplier across both facilities to minimise interface, installation, warranty and maintenance risks.
29. The approach has been informed by market analysis of key suppliers, including their technical capability, local support arrangements, spare parts availability, delivery capacity and previous performance, and seeks to achieve a value-for-money outcome that supports reliable long-term operation and project delivery objectives.
30. QLDC proposes to purchase the heat-pump equipment before appointing the Main Contractor who will either be supplied the equipment as Principal Supplied Equipment or the equipment supply contract will be novated from QLDC to the Main Contractor. The Main Contractor will be appointed via an open-market competitive tendering process in 2027 following completion of the detailed design and prior to delivery of the heat pump equipment. Further information is set out in the procurement plan – Attachment B.
31. 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.
32. Option 1: Proceed with both QEC and WRC Pool energy upgrades.

(Council approval to deliver both projects, the reprioritisation of existing capital budgets and the procurement plan)

Advantages:

- Delivers Council's previous direction to decarbonise its aquatic facilities.

- Maintains the current delivery programme that enables energy upgrades at both pools to be completed in 2027.
- Delivers the greatest combined emissions benefit, currently estimated at approximately 1,080 tCO₂-e per annum.
- Provides indicative combined annual energy-bill savings of approximately \$730,000, subject to final electricity tariff and network-charge modelling.
- Reduces ongoing reliance on LPG.
- Provides the opportunity to coordinate procurement and delivery efficiencies by progressing both projects concurrently, including potential cost advantages through coordinated equipment procurement, contractor mobilisation and programme delivery.

Disadvantages:

- Requires approximately \$7 million of re-allocated capital funding based on the current project estimates and identified budgets.
- Impacts the timing and/or scope of the projects from which funding is transferred.
- Delivery in 2027 requires procuring equipment ahead of appointment of the main contractor which introduces contractual, warranty and delivery-interface risks that must be managed through the procurement process.
- Some final financial assumptions remain under assessment, including electricity tariffs and ongoing network charges.

33. Option 2: Proceed with the QEC Energy Upgrade and defer the Wānaka Energy Upgrade.

(Council approval of the QEC Energy Upgrade, reallocation of Whakatipu capital budgets and the procurement plan. Place the Wānaka Energy Upgrade on hold pending future funding consideration in the 2027-37 LTP)

Advantages:

- Prioritises the QEC Energy Upgrade, which is currently forecast to deliver the greater annual operating-cost savings and emissions reduction benefit.
- Enables QEC to maintain delivery momentum and progress within the current programme.
- Reduces the immediate capital funding requirement compared with proceeding with both QEC and Wānaka at the same time.

- Removes continued LPG reliance at QEC.
- Allows Council additional time to reconsider the scope, timing and funding pathway for the Wānaka Energy Upgrade through a future budget or LTP process.

Disadvantages:

- Potential impact on QLDCs ability to achieve its commitment to reduce scope 1 and 2 GHG emissions by 44% (against a 2019 baseline) by 2030, and risks losing Toitū Carbon Reduce certification.
- Delays the operating-cost and emissions benefits associated with the Wānaka Energy Upgrade.
- Wānaka would continue to rely on its existing gas/LPG heating infrastructure until the project is subsequently funded and delivered.
- Deferral may result in increased future project costs due to construction escalation, equipment pricing and contractor availability.
- Some efficiencies associated with coordinating procurement and delivery across the two projects may be lost.
- Funding for the Wānaka Energy Upgrade would remain unresolved and would need to be considered through a later budget process.

34. Option 3 - Defer both projects and reconsider funding through the 2027-37 LTP

(Council does not approve either project, budget reallocations or procurement.)

Advantages:

- Allows the additional capital requirement to be considered alongside Council's wider capital programme through the 2027-37 LTP.
- Provides additional time to complete further financial and early procurement planning where this can continue within existing authority.

Disadvantages:

- QLDC will not achieve its commitment to reduce scope 1 and 2 GHG emissions by 44% (against a 2019 baseline) by 2030, and risks losing Toitū Carbon Reduce certification.

- The existing 2026/27 budgets of \$6.04m won't be spent and the current project delivery programme won't be achieved.
- Delays approximately \$730,000 per annum in indicative combined energy savings.
- Delays the anticipated emissions reductions of approximately 1,080 tCO₂-e per annum from both projects and impacts on Council's ability to achieve an action in the Climate and Biodiversity Plan 2025-28.
- Requires both projects to be reprogrammed.
- May affect future heat-pump availability, pricing and contractor availability.
- Extends reliance on LPG at both facilities.
- May create additional escalation or remobilisation costs.

35. This report recommends **Option 1** for addressing the matter because it delivers the greatest combined financial and emissions benefits. It is forecast to reduce annual energy costs by approximately \$730,000 and operational GHG emissions by approximately 1,080 tCO₂-e each year, while progressing Council's commitment to decarbonise its aquatic facilities.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

36. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because of the reallocation of funding needed from other budgets to complete these projects. Upgrading the pools energy generation is an operational matter that aligns with the goals of the Climate and Biodiversity Plan 2025-28.

37. The persons who are affected by or interested in this matter are users of the pools in Queenstown and Wānaka and Queenstown Lakes ratepayers.

38. The Council has consulted with the public on the aquatic facility energy upgrades in the 2024–2034 LTP in June–July 2024.

Māori Consultation | Iwi Rūnaka

39. The Council has not engaged with iwi on this matter as upgrading the existing energy systems is an operational matter.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

40. This matter relates to the Community & Wellbeing 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.
41. Approval of the recommended option will allow Council to avoid the risk. This will be achieved by effective planning and investment in transitioning from LPG to cleaner energy sources for water heating at Council pools, reducing reliance on fossil fuels and decreasing operational costs.

Financial Implications | Kā Riteka ā-Pūtea

42. There are additional capital expenditure requirements beyond the existing LTP 2024-34 budgets to complete the pool energy upgrade projects. The indicative funding gap, proposed budget reallocations and implications of these reallocations is set out in the report.

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

43. The following Council policies, strategies and bylaws were considered:
- QLDC's Strategic Framework including the Vision Beyond 2050: Our Strategic Framework | Queenstown Lakes District Council. This item specifically aligns with: Zero carbon communities
 - Queenstown Lakes Climate and Biodiversity Plan 2025-28
 - QLDC Long Term Plan 2024-34
 - Queenstown Lakes-Central Otago Sub-Regional Sport & Recreation Facility Strategy
44. The recommended option is consistent with the principles set out in the named policies.
45. This matter is included in the LTP. Reallocation of funding from other projects in 2026/27 is being sought to complete the pool energy upgrade projects.

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

46. 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. Upgrading the pools at QEC and WRC to reduce carbon emissions and reduce operating costs promotes the well-being of communities. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

47. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan (if reallocation of existing budgets is approved);
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Proposed Budget Transfers Detailed Financial Summary
B	Procurement Plan – Community Services Energy Projects PUBLIC EXCLUDED