

AIDE MEMOIRE

Ruapehu Alpine Lifts

Date:	23 February 2023	Priority:	High
Security classification:	Confidential	Tracking number:	2223-2731

Information for Minister(s)

Hon Kiri Allan

Minister for Regional Development

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Robert Pigou	Deputy Chief Executive and Head of Kānoa – Regional Economic Development & Investment Unit	Privacy of natural persons	✓

The following departments/agencies have been consulted

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Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments

AIDE MEMOIRE

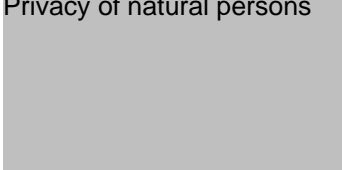
Ruapehu Alpine Lifts

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Purpose

This paper is being sent to you to provide an update on the background information for Ruapehu Alpine Lifts.

Privacy of natural persons



Robert Pigou
**Deputy Chief Executive and Head of Kānoa –
Regional Economic Development &
Investment Unit**

Ministry of Business, Innovation and
Employment

22 / 02 / 2023

Background

1. Ruapehu Alpine Lifts (RAL) Limited was put into Voluntary Administration (VA) on 11 October 2022. There have been no buyers found for the business.
2. Bridging funding has been provided to RAL (VA) by ANZ, \$2.5m, and the Crown \$2m then an additional \$6m.
3. This will provide RAL funding until 1 June 2023, or the date of a Watershed Meeting if sooner, to provide a window for options to be explored, a restructuring plan developed and the creation of a new entity (NEWCO) along with a funding proposal to raise circa \$15 - \$20 million.
4. Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU) has consulted with Tuwharetoa, Ngāti Rangī, Ngāti Uenuka about the creation of NEWCO and how iwi may wish to be involved.
5. Kānoa – RDU has engaged Chapman Tripp and Calibre Partners to provide legal and commercial advice in relation to the establishment of NEWCO.

NEWCO

6. Kānoa – RDU is seeking to establish NEWCO that would replace RAL.
7. Confidentiality [REDACTED]
8. Commercial Information [REDACTED]. The “make good” liability for operations on the mountain up until today would reside with the Crown.

Current Situation

9. Draft legal documents to create NEWCO have been produced. The proposed structure is a Legal professional privilege [REDACTED].

10. The draft structure has **Commercial Information**
[Redacted]
[Redacted]

11. It would also provide oversights that the terms of the DoC licence and the protocols established with Ngāti Rangī (re Turoa) and Ngāti Hikairo (Whakapapa) were applied and observed.

12. **Commercial Information**
[Redacted]

13. Financial modelling has been completed for the FY23 and FY24 years. This has been undertaken in conjunction with RAL management who have also provided advice on the basis for sensitivity analysis.

14. We now have the core documents to develop, with RAL management assistance, a funding proposal.

15. Last week Ngāti Rangī provided very clear advice as to its position vis a vis RAL/NEWCO. **Negotiations**
[Redacted]
[Redacted]

16. **Commercial Information**
[Redacted]

Commercial Information, Confidentiality

[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]

Confidentiality, Legal professional privilege

[Redacted]

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

[Redacted]

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

Alternative Proposals

South Island Office (SIO) Limited offer

23. The principals of the SIO offer are Tom Elworthy and Sam Rolfe with Dave Mazey, ex RAL CEO, as consultant. Their proposal is for Negotiations, Commercial Information [Redacted]

Pure Turoa

24. A group of local Ohakune business people. We have met with them, and they wish to acquire [Redacted] Negotiations, Commercial Information [Redacted]

Save Ruapehu

25. A group comprising the two LPH representatives on the RAL (VA) Creditor Committee and the 'Save Mt. Ruapehu' Group. These people are in the process of incorporating a society

for individuals that are committed to, interested in, saving the alpine sporting facilities on Mt. Ruapehu.

26. They have strong views about the current management team, the corporate “excess” of the past 20 years and the real extent of the deferred maintenance.

27. However, their core values closely align with Negotiations, Commercial Information

Next Steps

Seasons Pass Campaign

28. We have advised the PwC appointed administration, John Fisk, that RAL (VA) should proceed with a Seasons Pass campaign for the 2023 ski season. We have determined this is appropriate after consultation with Turoa Limited promoters and the Save Ruapehu / LPH representatives. Their advice is that the people who will buy Seasons Passes are very different from, and motivated by different objectives, compared to LPH's and those who would contribute to a capital raising programme. We expect this Season Pass sale programme will commence late March.

Cabinet Paper

29. This is being drafted for you to consider in the week commencing March 6th. It will outline options the capital raising options, the forum of that proposal and recs as to what we consider the preferable course of action.

Funding Proposal

30. The drafting of the Funding Proposal, in conjunction with RAL (VA) management, will be undertaken contemporaneously with the preparation of the Cabinet paper.

31. Discussions with potential directors will also occur during this period. Confirmation of their preparedness to serve as directors will be highly conditional on a successful capital raising.

Other Relevant Matters

DoC Licence

32. Discussions with DoC have been undertaken regarding either a new licence or variation to the existing one to enable NEWCO to assume RAL's operational role on the mountain. Further discussions will occur later this week.

Tongariro National Park (TNP) Settlement

33. We have had several conversations with Te Arawhiti and also John Wood, the Crown's Chief Negotiator for the TNP settlement.