

# BRIEFING

## RUAPEHU APLINE LIFTS – NEGOTIATION PARAMETERS – CABINET PAPER FOR MINSITERIAL CONSULTATION

<b>Date:</b>	17 May 2023	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2223-3901

	Action sought	Deadline
Hon Kiri Allan <b>Minister for Regional Development</b>	<b>Agree</b> to circulate the Cabinet paper titled ‘ <i>Ruapehu Alpine Lifts – Negotiation Parameters</i> ’ to your Ministerial colleagues for consultation  <b>Agree</b> to lodge this Cabinet paper on Friday 19 May 2023.	18 May 2023

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 (Kānoa)	Privacy of natural persons	✓
Isabel Poulson	General Manager, Strategy, Planning and Performance, Kānoa	Privacy of natural persons	

The following departments/agencies have been consulted
Department of Conservation, The Treasury, Te Arawhiti

Minister’s office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister’s Notes

Withdrawn

Comments

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## RUAPEHU APLINE LIFTS – NEGOTIATION PARAMETERS – CABINET PAPER FOR MINSITERIAL CONSULTATION

<b>Date:</b>	17 May 2023	<b>Priority:</b>	Medium
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### Purpose

To provide you with a Cabinet paper titled ‘*Ruapehu Alpine Lifts – Negotiation Parameters*’ to be provided to your Ministerial colleagues for their consideration. The paper provides an overview of the parameters and next steps for the sale of RAL.

### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

a **Agree** to circulate the Cabinet paper titled ‘Ruapehu Alpine Lifts – Negotiation Parameters’ to your Ministerial colleagues for consultation.

Yes / No

b **Agree** to lodge this Cabinet paper on Friday 19 May 2023.

Yes / No

Privacy of natural persons

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

17 / 05 / 2023

Hon Kiri Allan  
**Minister for Regional Development**

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## Background

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1. Officials have drafted a Cabinet paper that seeks agreement to parameters for further Crown funding to enable potential sales of the assets and business of Ruapehu Alpine Lifts Limited (RAL).

## Summary of Cabinet paper

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2. The paper proposes that Kānoa – Regional Economic Development & Investment Unit (Kānoa) negotiate a deal within the following parameters:

- a) Confidentiality, Negotiations

[Redacted]

- i) [Redacted]

- ii) [Redacted]

- iii) [Redacted]

- iv) [Redacted]

- v) [Redacted]

- vi) [Redacted]

- vii) [Redacted]

Confidentiality

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j) Confidentiality, Negotiations

[Redacted]

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[Redacted]

3. Confidentiality, Negotiations

[Redacted]

4. Confidentiality, Negotiations

[Redacted]

## Consultation

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5. In the development of this Cabinet paper we have consulted with the Department of Conservation, Te Arawhiti, and the Treasury. The Department of Prime Minister and Cabinet has been informed.

6. Commercial Information, Negotiations

[Redacted]

7. Free and frank opinions, Confidentiality

[Redacted]

8. Negotiations

[Redacted]

## Next steps

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9. Following the conclusion of negotiations, Kānoa officials will provide another Cabinet paper for you to return to Cabinet on Monday 12 June 2023 to seek agreement to the final form of the deal. If agreed by Cabinet, this will be put to creditors at the Watershed meeting on Tuesday 13 June 2023.

10. At the Watershed meeting, creditors will vote on the resolution put forward by the VA, with a successful vote having to pass two thresholds:

- 50 per cent approval by number of creditors voting; and

- 75 per cent by value of debts.
11. Kānoa officials advise the 75 per cent by value threshold is likely to be easily met. ANZ Bank and the Crown, and the Sky Waka bondholders represent more than 75 per cent of the value of the debts.
  12. However, the vote by number of creditors may be more challenging as each LPH gets one vote, as does every other creditor. There are an estimated 5,000 active LPHs, so it's important that any deal is acceptable to the majority of LPHs. Kānoa officials will work with the new entities to ensure they are aware of this threshold and encourage them to consider how they might incorporate issues important to LPHs, and all creditors, into their proposals.
  13. If the deal passes both thresholds and is accepted by creditors at the Watershed meeting, the VA will transfer the ownership of the assets and business of RAL to the preferred parties.
  14. In order to operationalise the change in operators, there may be other Ministerial decisions required relating to, for example, the operating concessions, "make good" provisions and existing debt to RAL. Officials are working to determine what subsequent decisions will be required.

## Annexes

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**Annex One:** Cabinet paper '*Ruapehu Alpine Lifts – Negotiation Parameters*'

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