

AIDE MEMOIRE

Ruapehu Alpine Lifts Limited – Post-Watershed Options and funding for 2023 ski season – Talking points for Cabinet 26 June 2023

Date:	26 June 2023	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	2223-4372

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

Declined

Noted

Needs change

Seen

Overtaken by

See Minister's Notes

Withdrawn

Comments

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Purpose

To provide you with talking points to support the paper “Ruapehu Alpine Lifts Limited (RAL) – Post-Watershed Options and funding for 2023 ski season” which you intend to take to Cabinet on Monday 26 June 2023.

Privacy of natural persons

Robert Pigou

Deputy Chief Executive and Head of Kānoa

Ministry of Business, Innovation & Employment

.26/06/2023.

Annex One: Proposed talking points for item about RAL post-Watershed Options and funding for 2023 ski season on 26 June 2023

Background

- We discussed the “final” deal Ruapehu Alpine Lifts two weeks ago on 12 June. At that meeting we agreed to:
 - Confidentiality, Negotiations [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- The Watershed meeting of RAL creditors was held on 20 June 2023. Due to a stalemate vote, control of RAL was returned to the Directors, who applied to the High Court for RAL to be placed into liquidation. On 21 June 2023 the High Court ordered that RAL be put into liquidation, with PWC appointed as liquidators.
- The role of the liquidator is to sell the company, or the company’s assets with cash realised to be used to pay to the company’s creditors and shareholders. Liquidators usually run a competitive process for the assets. Confidentiality [REDACTED]

The concession transfer process has been more complex than originally planned

- Cabinet had previously noted that DOC officials expected decisions on the proposed transfer of RAL’s concessions could be made reasonably quickly, provided no further issues were raised through consultation that needed time to be addressed. However, further issues have been raised that need to be addressed.
- Iwi and hapū have provided feedback on changes they would like to see to the concessions. Kānoa, DOC and Te Arawhiti officials advise that a number of useful and sensible suggestions have been made, and are working through these across all iwi and hapū. This will take more time than previously planned.
- Additionally, individual hapū have indicated high interest and have sought direct engagement in addition to the broader iwi entities.
- It will not be possible for the Minister of Conservation to make a robust regulatory decision of the proposed transfer of concessions prior to 1 July 2023. DOC officials will advise further on possible timeframes, after further consultation with iwi and hapū, and if public consultation is required.

Ngāti Tūwharetoa have expressed interest in purchasing RAL assets and business

- Ngāti Tūwharetoa approached the Voluntary Administrator (VA) in November 2022 but **Confidentiality, Free and frank opinions, Confidential** [REDACTED]. At this point in the process, it was the VAs role to engage potential bidders.
- Kānoa's engagement with the four bidders did not take place until after Expressions of interest (EOIs) were submitted, when it was clear all bids **Confidentiality, Confidential information entrusted to the Governme** [REDACTED]. There was not an EOI received from Ngāti Tūwharetoa formally at this point and **Confidentiality, Confidential information entrusted to the Government**, therefore they were not engaged with as part of the four submitted EOIs.
- **Confidentiality** [REDACTED]
[REDACTED]
[REDACTED]
- The commercial proposal from Ngāti Tūwharetoa, and the costs to run the 2023 ski season (discussed later in this paper), **Confidentiality, Negotiations** [REDACTED] [CAB-23-MIN-0192 refers].
- **Commercial Information, Free and frank opinions** [REDACTED]
[REDACTED]

The RAL liquidator could run the ski fields for the 2023 ski season

- The liquidator must get the best deal for creditors and shareholders. Legally there are no time periods within which a liquidator must act. The liquidator can continue to operate the business if it prepares the business for sale.
- The liquidators have the power to carry on RAL's business in the name and on behalf of the company under the existing concessions. Officials are confident the liquidator can run the ski fields as they have retained key staff, are familiar with the business and have been operating it over the summer period. Furthermore PWC operated the Tūroa ski field when it was put into receivership in 2000
- A loan of \$5 million will be required for the liquidator to operate the ski fields over the 2023 ski season. This would cover the payment of fees incurred to date by PWC as the Voluntary Administrators of RAL (**Commercial Information**) and provide a sufficient buffer if the revenue generated by the operation of the ski field does not cover the cost of operations. PWC fees as liquidators of RAL will be paid from the revenue generated by the ski field

- Cabinet approval is required for any projects requiring over \$20.0 million of PGF funding [CAB-18-MIN-0045 refers]. To date \$23.0 million has been approved for the investment in Ruapehu Alpine Lifts
- I propose the \$5.0 million required for the operation of the 2023 ski season be provided from the emerging priorities allocation of the RSPF

Risks

- There are a number of risks to this proposal, however I believe these are outweighed by the impact to the Ruapehu community of the mountain not opening for the 2023 ski season.
- Risks include:

Confidentiality

Next Steps

- Subject to our decisions today, a number of operational and ministerial steps need to occur:
 - Kānoa will enter into an agreement with the liquidator to run the 2023 season;
 - The Minister of Finance will determine if the loan to the liquidation is in the public interest as outlined in s65L of the Public Finance Act;
 - Ngāti Tūwharetoa will begin due diligence, officials, led by Te Arawhiti, will work with iwi and hapū to understand all positions and issues with regard to the proposals; and
 - In due course the Minister of Conservation will need to make a decision on the transfer of concessions.
- I intend to return to Cabinet to seek final approval for confirmation of the final Government support needed for the purchase of RAL's assets.

Annex Two: Reactive Q&As

Free and frank opinions, Negotiations, Confidentiality



Free and frank opinions, Negotiations, Confidentiality

