



## COVERSHEET

<b>Minister</b>	Hon Kiri Allan	<b>Portfolio</b>	Regional Development
<b>Title of Cabinet paper</b>	Ruapehu Alpine Lifts Limited (RAL) – Final Deal	<b>Date to be published</b>	18 December 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
9 June 2023	<i>Ruapehu Alpine Lifts Limited (RAL) – Final Deal</i>	<i>Office of the Minister for Regional Development</i>
12 June 2023	<i>CAB-23-MIN-0240 Ruapehu Alpine Lifts Limited (RAL) – Final Deal</i>	<i>Cabinet Office</i>

### Information redacted

YES / NO (please select)

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Some information has been withheld for the reason of confidentiality, negotiations, commercial information, free and frank opinions and privacy of natural persons.



# Cabinet

## Minute of Decision

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### Ruapehu Alpine Lifts Limited (RAL): Final Deal

**Portfolio**                      **Regional Development**

On 12 June 2023, Cabinet:

#### Background

1        **noted** that the Voluntary Administrator (the VA) is due to call a creditors meeting (the Watershed meeting) by 13 June 2023, which will then be held within five working days (i.e. on or before 20 June 2023);

2        Confidentiality, Negotiations

3        **noted** that the key decisions that are needed from government are:

3.1      Confidentiality, Negotiations

3.2

3.3

#### Agreement to write off previous Crown debts incurred by RAL

4        **noted** that RAL has debts to the Crown of:

4.1      \$15 million of current Provincial Growth Fund (PGF) loans, plus incurred interest, held by Crown Regional Holdings Limited (CRHL), which has previously been noted by Cabinet [CAB-22-MIN-0477];

4.2      \$8 million of bridging loans from the PGF and the RSPF, held by CRHL;

4.3      \$1.5 million in unpaid concession fees and other debts owed to DOC;

4.4      Confidentiality, Commercial Information

4.5 \$270,000 in unpaid GST, PAYE and Fringe Benefits Tax owed to Inland Revenue (IR);

5 Confidentiality, Negotiations

6 Confidentiality, Negotiations

7 Confidentiality, Negotiations

8 **approved** DOC to write off of \$<sup>Confidentiality, Commercial Inform</sup> of debt RAL;

9 **noted** that the decision sought in paragraph 8 will result in an expense being recognised in the 2022/23 year and that there is not a sufficient level of authority in place to incur this expense;

10 **agreed** that:

10.1 additional expenses of up to \$<sup>Confidentiality, Commercial In</sup> against DOC's Non- Department Provision for Bad Debts appropriation be included in the Appropriations (2022/23 Confirmation and Validation) Bill for validation by Parliament;

10.2 in the interim, the expenses be met by Imprest Supply;

11 **agreed** to charge the expense in paragraph 10.1 against the between- Budget contingency established as part of Budget 2023;

12 **noted** the Commissioner of Inland Revenue has statutory independence, and any write-offs are governed by the Tax Administration Act 1994;

### Seeking funding for the Department of Conservation

13 **noted** that the Minister of Conservation has requested an exception from the Minister of Finance to apply for funding to cover the write off of debts owed to DOC and removal of redundant infrastructure;

14 **agreed** to fund DOC \$<sup>Confidentiality, Commercial Inform</sup> to cover unpaid concession fees and historic debt owed by RAL to DOC;

15 **approved** the following changes to appropriations provide for the decision in paragraph 14 above, with a corresponding impact on the operating balance and net debt:

	\$m – increase/(decrease)				
<b>Vote Conservation Minister for Conservation</b>	<b>2022/ 23</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27 &amp; Out-years</b>
Departmental Output Expenses: Management of Recreational Opportunities (funded by Revenue Crown)	<b>Confidentiality, Commercial Information</b>				
<b>Total Operating</b>					

16 **agreed** that the expenses incurred under paragraph 15 above be charged against the between-Budget contingency established as part of Budget 2023;

17 **agreed** that the changes to appropriations in 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

18 **agreed** to establish a tagged contingency associated with Vote Conservation for the removal of redundant infrastructure left by RAL:

	\$m – increase/(decrease)				
	<b>2022/ 23</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27 &amp; Out-years</b>
Removal of redundant infrastructure on Mt Ruapehu tagged contingency	<b>Confidentiality, Commercial Information</b>				

19 **authorised** the Minister of Finance and the Minister of Conservation to jointly draw down on the tagged operating contingency in paragraph 18 above, subject to the Minister of Conservation providing detailed costings of the removal of infrastructure;

20 **agreed** that the tagged contingency in paragraph 18 above be charged against the between-Budget contingency established as part of Budget 2023;

21 **agreed** that the expiry date for the tagged contingency in paragraph 18 will be 1 February 2024;

**Removing the responsibility to remove infrastructure and “make good” the area**

22 **noted** that the DOC license to operate the ski field requires that, if the ski field closes, RAL must “make good” by removing existing structures and remediating the site (including replanting indigenous plants), and DOC estimates the “make good” liability at \$47 million to \$88 million;

23 **noted** that if RAL is liquidated, it will not be able to “make good” the ski fields, and that:

23.1 this obligation could be passed to the new operators, but all four Expressions of Interest received as part of this process noted that they would not be willing to take on this obligation;

23.2 the obligation and liability to will fall to the Crown;

24 **noted** that the transfer of the “make good” obligation to the Crown occurs regardless of whether the proposed deals proceed, with the following fiscal implications:

24.1 Confidentiality, Commercial Information

24.2

25 **authorised** the Minister of Conservation to provide undertakings to iwi and purchasers regarding the transfer of the “make good” obligation to the Crown;

26 **noted** that:

26.1 Confidentiality, Commercial Information

26.2

27 **authorised** the Minister of Finance, the Minister of Conservation and the Minister for Regional Development to confirm the correct treatment of the “make good” obligation, including the quantum and timing of the associated fiscal impacts;

### Iwi Engagement

28 **noted** that Kānoa and DOC have engaged with the four predominant iwi that have interests in the National Park, and ski-fields, since before Christmas, and although engagement was more limited to begin with as matters progressed directly with the Voluntary Administrators (VA) and potential investors, since April 2023 there has been significantly more engagement;

29 **directed** Kānoa, DOC and Te Arawhiti to urgently engage at a senior level with all iwi and hapū that have an interest in Tongariro National Park prior to the watershed meeting, to ensure they have meaningful opportunities to be engaged in the new arrangements for the ski fields on Mt Ruapehu;

**Further investment into the businesses purchasing RAL assets**

30 **noted** that Kānoa negotiated within the parameters agreed by Cabinet [CAB-23-MIN-0192], and:

Commercial Information

Commercial Information

31 **noted** the outlines of the deals, including that:

31.1 Confidentiality, Commercial Information, Negotiations

31.2

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31.11

32 **agreed** Confidentiality, Commercial Information, Negotiations

32.1

32.1.3

Confidentiality, Commercial Information, Negotiations



32.2

WHL: (

Confidentiality, Commercial Information, Negotiations



32.2.1

32.2.2

33 **noted** that, to date, Regional Economic Development Ministers have approved **Confidentiality** worth of regional development projects across all streams, leaving a total of **Confidentiality** remaining;

34 **noted** there are significant trade-offs with funding the investment into Mt Ruapehu ski fields from the Regional Strategic Partnership Fund (RSPF), in that it reduces the funds available for regional projects;

35 **agreed** that **Confidentiality, Commercial Information** funding for the Mt Ruapehu ski field investments come from the emerging priorities stream of Regional Strategic Partnership Fund (RSPF);

36 **noted** that, to enable the Mt Ruapehu ski field investments to be funded from the unallocated funds set aside for emerging priorities, an adjustment to the current stream funding allocations is required;

37 **agreed** to the following changes to the funding allocated to each RSPF stream:

Stream	Description	Current Allocation \$m's	Adjustment \$m's	Revised Allocation \$m's
2	Enabling regional economic and business development	Confidentiality, Commercial Information, Negotiations		
3	Accelerating Māori economic aspirations			
4	Supporting sector transformations			
	Emerging Priorities			
N/A	Support for Regionally Significantly Businesses			
<b>Total</b>				

38 **noted** that the changes in paragraph 37 above are fiscally neutral within the Regional Strategic Partnership Fund Multi-Category Appropriation;

## Transfer of concessions

- 39 **noted** that under section 4 of the Conservation Act 1987, DOC:
- 39.1 must give effect to the principles of the Treaty of Waitangi when making decisions on any applications to transfer RAL's concessions; and
- 39.2 are currently consulting with iwi;
- 40 **noted** that DOC expects a decision on any applications to transfer RAL's concessions can likely be made within days of the watershed meeting, unless matters are raised through consultation that will take further time to resolve, and that DOC will keep the Minister of Conservation and Kānoa updated as consultation progresses;
- 41 **noted** that if no operator was to take over the concessions, this would reduce DOCs forecasted revenue by around <sup>Commercial Information</sup> [REDACTED] which funds core Conservation activities, and so DOC would seek replacement funding, along with operating costs previously covered by RAL;
- 42 **noted** that if no operator was to take over the concessions, the Minister of Conservation would seek an exception from the Minister of Finance to apply for replacement funding and operating costs previously covered by RAL.

Rachel Hayward  
Secretary of the Cabinet