



## COVERSHEET

<b>Minister</b>	Hon Kiri Allan	<b>Portfolio</b>	Regional Development
<b>Title of Cabinet paper</b>	Ruapehu Alpine Lifts Limited – Agreeing parameters for further Crown funding	<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>
19 May 2023	<i>Ruapehu Alpine Lifts Limited – Agreeing parameters for further Crown funding</i>	<i>Office of the Minister for Regional Development</i>
22 May 2023	<i>CAB-23-MIN-0192 Ruapehu Alpine Lifts Limited – Agreeing parameters for further Crown funding</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 confidential advice to the Government.



# Cabinet

## Minute of Decision

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### Ruapehu Alpine Lifts Limited: Agreeing Parameters for Further Crown Funding

**Portfolio**                      **Regional Development**

On 22 May 2023, Cabinet:

- 1        **noted** that on 11 October 2022, Mt Ruapehu Alpine Lifts Limited (RAL) announced that PwC had been appointed as Voluntary Administrators (VA) following a resolution of RAL's Directors;
- 2        **noted** that the total Crown investment in RAL is \$23 million, comprised of:
  - 2.1      a \$10 million loan, from the Provincial Growth Fund (PGF), in 2018, to assist with the financing of the "Sky Waka" gondola;
  - 2.2      a \$5 million loan, from the PGF, in 2020, for operating expenses;
  - 2.3      a \$2 million loan, from the Multi-Year Capital Allowance, through the PGF, in November 2022, as bridging finance while the VA investigated options for RAL's capital structure [CAB-22-MIN-0477];
  - 2.4      a \$6 million loan, from the Regional Strategic Partnership Fund, in December 2022, as further bridging finance to allow the VA to maintain the assets, retain the management team, and allow limited operations on the mountain [CAB-22-MIN-0561];
- 3        **noted** that the RAL Administrators advise there is sufficient funding remaining to maintain business functions until late-June 2023;
- 4        **noted** that four expressions of interest were received for the assets and business of RAL;
- 5        **noted** that based on the assessment of the Expressions of Interest (EOIs) by Kānoa and its advisors, and prior discussions with the parties, two parties, Pure Tūroa and South Island Office, were recommended as the preferred parties to engage in detailed negotiation;
- 6        **noted** that negotiations began with parties in the week of 8 May 2023, and are expected to be concluded in the week commencing 29 May 2023;

7 **agreed** to direct Kānoa to negotiate a deal within the following parameters:

7.1 Commercial Information, Negotiations

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8 **noted** that, notwithstanding any agreement to the proposed negotiating mandate outlined in paragraph 7 above, no Crown funding decision is final unless agreed by Cabinet;

9 **noted** that the Department of Conservation (DOC) will need to transfer RAL's concessions to operate on the mountain to the new entities to allow them to operate. Kānoa will work with DOC to facilitate this process. The licences will remain the same apart from the following potential alterations:

9.1 Negotiations, Confidentiality

9.2

9.3

10 **noted** that officials will work on funding arrangements should the "make good" provisions fall to DOC;

11

Negotiations, Confidentiality

12

**noted** that:

12.1 the Minister for Regional Development intends to return to Cabinet to seek agreement to the final structure of the deal and associated Crown contribution on Monday 12 June 2023, prior to the watershed meeting on Tuesday, 13 June 2023;

12.2 this timeframe will enable ski field operations to commence in June/July 2023, in time for the 2023 season;

13

**noted** that at the watershed meeting, creditors will vote on the resolution put forward by the VA, with a successful vote having to pass two thresholds:

13.1 50 per cent approval by number of creditors voting;

13.2 75 per cent by value of debts;

14

**noted** that:

14.1 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;

14.2 officials are working to determine what subsequent decisions will be required, and the Minister for Regional Development will outline these in full in a further paper to Cabinet on 12 June 2023;

15

**noted** that there are compelling reasons for the Crown to remain involved:

15.1 the ski field is a key contributor to the economy of the Ruapehu district, with tourism making up 8.5 per cent of the regional gross domestic product (GDP) in 2021 (and 13.6 per cent of regional GDP in 2019). Related businesses, such as accommodation and food service businesses, and rental and hiring businesses, rely on patronage from visitors to the ski field;

15.2 from 2018-2021, approximately 42 per cent of domestic Tourism Electronic Card Transaction spend over the year happened in the winter months in Ruapehu, compared to 23 per cent at the national level. It is unlikely that activities other than skiing would generate this winter business;

15.3

Commercial Information

15.4 liquidation of the assets and business of RAL is likely to have significant consequences on employment and small businesses in the Ruapehu area;

15.5 even if a purchaser was found through a liquidation process, it is unlikely the mountain would be able to open for the 2023 ski season, leading to impacts on the community and businesses. In fact, it is more likely any purchaser would cherry-pick the remaining assets for use elsewhere;

15.6 Commercial Information, Negotiations



Commercial Information



16 **noted** that Kānoa officials advise that, given the VA's assessment that remaining funding will maintain business functions until late-June 2023:

16.1 Negotiations, Confidentiality



16.2 if the deal was not passed at the watershed meeting, the VA would then likely sell any moveable assets to cover its costs, put RAL into liquidation and hand responsibility back to the licensee (DOC);

17 **noted** that:

17.1 officials from the Treasury and Kānoa are working to find a source of, and mechanism for, funding;

17.2 current considerations are the Regional Strategic Partnership Fund, underspent funds in the PGF or the Between Budget Contingency/a pre-commitment against Budget 2024

18 **directed** officials from the Ministry for Business, Innovation and Employment - Kānoa, the Department of Conservation, and The Treasury to provide an assessment of any future financial implications.

Rachel Hayward  
Secretary of the Cabinet