



BRIEFING

Update on Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) - recent developments and next steps

Date:	31 August 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-0655

Action sought		
	Action sought	Deadline
Hon Kieran McAnulty Minister for Regional Development	Forward this briefing to the Minister of Finance, Minister for Māori Crown Relations, Minister for Treaty of Waitangi Negotiations, and Minister of Conservation.	1 September 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	Privacy of natural persons	✓
Josh Hercus	Principal Advisor to the DCE and Head of Kānoa	Privacy of natural persons	

The following departments/agencies have been consulted
DOC, Te Arawhiti, DPMC (PAG), Treasury

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



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Purpose

To update you on recent developments relating to Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) and the implications on the government's options for continued support for RAL.

Executive summary

In July 2023, Cabinet agreed to extend support to Ngāti Tūwharetoa to be able to make an offer to RAL's liquidators to purchase RAL's assets. In addition, Cabinet approved a loan of up to \$5.0 million for RAL's liquidators to operate Mt Ruapehu's ski fields for the 2023 season to allow time for the liquidators to decide on the purchaser(s) of the RAL's assets and the operator of the ski field(s).

On 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not "support a private commercial tender for the purchase of RAL". Their preference is to resolve these matters through the Tongariro National Park Treaty negotiation process.

Cabinet will need to make decisions on the extent of support it provides to RAL prior to the New Zealand General Election.

Officials will develop options that consider recent developments and provide you with a draft Cabinet paper for your feedback on Thursday 7 September.

Recommended action

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

- a **Note** that Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not "support a private commercial tender for the purchase of RAL, and want the long-term operation of ski fields and concessions agreed to as part of the Treaty settlement for the Tongariro National Park.

Noted

- b **Note** that the initial draft options for the Cabinet paper on government support for RAL will need to be reconsidered in response to Ngāti Tūwharetoa's position.

Noted

- c **Note** that MBIE is exploring commercial structures that could be utilised if Cabinet decides that the government will continue funding the operation of Mt Ruapehu's ski fields.

Noted

d **Forward** this briefing to the Minister of Finance, Minister for Māori Crown Relations, Minister for Treaty of Waitangi Negotiations, and Minister of Conservation.

Agree / Disagree

Privacy of natural persons



Robert Pigou

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

Hon Kieran McAnulty

Minister for Regional Development

31 / 08 / 2023

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Background

1. Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) holds the Department of Conservation concession, owns the adjacent infrastructure that enables it to operate the Whakapapa and Tūroa ski fields on Mt Ruapehu. The High Court ordered that RAL be put into liquidation on 21 June 2023.
2. On 24 July 2023, Cabinet approved a loan of up to \$5.0 million to the liquidators for the operating costs and commitments for the Whakapapa and Tūroa ski fields for the 2023 season. \$3.0 million of the \$5.0 million loan has been drawn down. Cabinet also agreed the Crown would extend support to Ngāti Tūwharetoa to be able to make an offer to the liquidator to purchase RAL's assets [CAB-23-MIN-0276 refers]. To date, the Crown has provided \$33.5 million of support to RAL.
3. On 17 August 2023, MBIE provided you with initial options for a draft Cabinet paper on options for government support for RAL, which is expected to be considered by Cabinet on 18 September.
4. The draft options were based on the premise that a proposal to purchase RAL's assets and operate the ski fields would be provided by Te Ariki Tā Tumu Te Heuheu on behalf of Tūwharetoa. It was expected that this proposal would be considered alongside the existing proposals by Whakapapa Holdings Limited (WHL), to operate Whakapapa ski field, and Pure Tūroa Limited (PTL), to operate Tūroa ski field.
5. In mid-August, RAL's liquidators wrote to prospective bidders to request that they submit their bid to take over RAL's assets and operations by 31 August 2023. MBIE has also written to the bidders to submit any requests for Crown support to be considered as part of their bid. The intention of this process was to provide Cabinet with the option to transfer RAL's assets and operations to a new commercial operator, pending concessions to run the ski fields being granted under the Conservation Act 1987.

Ngāti Tūwharetoa has advised officials that they will not support a private commercial tender for the purchase of RAL

6. On 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not bid for RAL's assets and will not agree with the current sale and concession process, and want the long-term operation of ski fields and concessions agreed to as part of the Treaty settlement for the Tongariro National Park. The Treaty settlement negotiations is expected to take a number of years to complete.
7. MBIE understands that Ngāti Uenuku/Korowai and Ngāti Hāua are supportive of the Ngāti Tūwharetoa position and Ngāti Rangī are yet to commit their support.

Lack of support from Ngāti Tūwharetoa will complicate the concessions process but may not preclude it

8. Although Crown support is likely to be necessary for a viable commercial offer to be accepted by the liquidators, the Department of Conservation (DOC) could receive an application for a concession at any time irrespective of support from iwi, the liquidator's approval of a specific bid, or Cabinet processes. If an application is received, the consideration process will be complex and would require significant engagement with all iwi, including Ngāti Tūwharetoa.
9. Confidential advice to Government, Free and frank opinions

Confidential advice to Government

10. Confidential advice to Government, Free and frank opinions
11. A delay to the liquidation process will have implications for concessions process. The current plan is for concession applications to be received in early October and, if the process runs smoothly, a decision made in February 2024. Until an application or applications are received, DOC cannot provide a timeframe or indication of the likelihood that a concession could be issued to a new commercial operator(s) ahead of the 2024 ski season (potential operators have suggested that a decision would need to be made by early 2024 to give them time to prepare for the forthcoming season).
12. Confidential advice to Government

Cabinet will need to consider whether the current support for RAL is tenable

13. It is important to note that Ngāti Tuwharetoa is supportive of long-term sustainable commercial activities.
14. However, without the ability for RAL to transfer its assets and/or operations to a new entity, the Crown is left in the difficult position of having to decide whether to continue funding operations, as it currently has been doing through the loan to RAL's liquidators, or to withdraw funding entirely.
15. If the Crown elects not to continue funding operations, and a bid isn't progressed to concession application for either ski field, the closure of the ski fields does not mean that funding can be withdrawn entirely – if this option is taken, Ministers will need to consider phased funding options for essential infrastructure e.g., Whakapapa Village sewerage and the volcanic alert systems.
16. Confidential advice to Government
17. When Cabinet agreed to provide a \$5.0 million loan to RAL's liquidators in July 2023, it was anticipated that the arrangement would be a short-term solution while a suitable commercial operator could be identified to take over the assets and operation of the ski fields.
18. Confidential advice to Government, Free and frank opinions
19. Free and frank opinions, Commercial Information

MBIE officials are exploring other commercial structures that could be utilised if Cabinet decide that the Crown should continue to pay to operate the ski-fields

20. MBIE has received initial advice on commercial structures that could allow the ski fields on Mt Ruapehu to continue to operate using Crown funding. Free and frank opinions, Commercial Information

Free and frank opinions, Commercial Information

21. Free and frank opinions, Commercial Information
22. The length of time a commercial structure needs to be maintained will be a key consideration when deciding an appropriate solution. If a temporary solution is proposed, it may be suitable to maintain the status quo while officials work through the complexities of the situation and provide advice to the government at the end of 2023 or early 2024.
23. MBIE is preparing a paper for Cabinet, expected to be considered on 18 September 2023, which will seek a decision on whether to continue providing financial support to RAL. This paper will include advice regarding will provide details on the best possible commercial structures for financing, including costs, timeframes, and risks involved.
24. MBIE will continue to work with DOC, Te Arawhiti, Crown Law, and the Treasury on the potential implications of alternative options to be included in the draft Cabinet paper.

Next steps

25. Officials will meet with Ministers at 10am on Friday 1 September to discuss the contents of this briefing and potential talking points should Ngāti Tūwharetoa's position enters public discourse.
26. Officials will develop options that consider recent developments and provide you with a draft Cabinet paper for your feedback on Thursday 7 September.