



8 February 2024

Ref: DOIA 2324-1485, DOIA 2324-1529

Stephen Prendergast

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Tēnā koe Stephen Prendergast

Thank you for your request of 17 January 2024, to the Ministry of Business, Innovation and Employment (MBIE) requesting, under the Official Information Act 1982 (the Act), the following information:

*Can you please supply all the updates since 1 July 2023 provided to Cabinet covering the RAL liquidation / receivership and sale of assets.*

On 18 January 2024 you submitted a request to the Department of Conservation (DoC) for:

*All material provided as a cabinet update covering the RAL liquidation / receivership / concession process since 1 July 2023.*

On 24 January 2024, DoC wrote to you to advise you that your request was being transferred to MBIE as the information you requested was not held by Doc but held by MBIE.

Please find enclosed the below documents that are within scope of both your requests:

| Date           | Type           | Title   | Decision |
|----------------|----------------|---|----------|
| 2 October 2023 | Cabinet paper  | CAB-23-SUB-0456: Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) – options for government support | Release  |
| 2 October 2023 | Cabinet minute | CAB-23-MIN-0456 Ruapehu Alpine Lifts Limited (In Liquidation) (RAL): options for government support   | Release  |

Please note some information within these documents have been withheld under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(b)(ii), to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;
- 9(2)(ba)(i), to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar

information, or information from the same source, and it is in the public interest that such information should continue to be supplied;

- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty;
- 9(2)(h), to maintain legal professional privilege;
- 9(2)(i), enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities; and
- 9(2)(j), to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

I do not consider that the withholding of this information is outweighed by public interest considerations in making the information available.

Please note all cabinet papers and briefing material before 1 July 2023 that have already been released are available on the MBIE website. Please note some information contained within these proactively released documents has been withheld. The material can be accessed at the following link: [www.mbie.govt.nz/document-library/search?keywords=ruapehualpinelifts&df=&dt=&submit=Search&sort=desc&start=0](http://www.mbie.govt.nz/document-library/search?keywords=ruapehualpinelifts&df=&dt=&submit=Search&sort=desc&start=0)

If you wish to discuss any aspect of your request or this response, or if you require any further assistance, please contact [OIA@mbie.govt.nz](mailto:OIA@mbie.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Nāku noa, nā



Tane Dewes

**Manager Operations Support and Improvement**

Kānoa – Regional Economic Development & Investment Unit



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Ruapehu Alpine Lifts Limited: Options for Government Support

Portfolio                      Regional Development

On 2 October 2023, Cabinet:

- 1        **noted** that in mid-August 2023, the liquidators of Ruapehu Alpine Lifts Limited (RAL) wrote to prospective bidders, including Ngāti Tūwharetoa, to request that they submit their bid to take over RAL's assets and operations by 31 August 2023;
- 2        **noted** that four bids were received, which all requested some form of Crown support;
- 3        **noted** that a bid was anticipated from Te Ariki Tā Tumu Te Heuheu on behalf of Ngāti Tūwharetoa;
- 4        **noted** that on 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not bid for RAL's assets, do not support a private commercial tender for the purchase of Ruapehu Alpine Lifts and prefer working with the Crown to develop an acceptable transition plan that would operate until the successful conclusion of the Tongariro National Park (TNP) settlement negotiations;
- 5        **noted** that:
  - 5.1        s 9(2)(f)(iv) [REDACTED]
  - 5.2        s 9(2)(f)(iv) [REDACTED]
- 6        **noted** that RAL will cease operations if it runs out of funding in late 2023;
- 7        **noted** that:
  - 7.1        in June 2023, Cabinet agreed to establish a \$4.0 million tagged contingency in Vote Conservation for the removal of redundant infrastructure on Mt Ruapehu left by RAL, to be charged against the between-Budget contingency established in Budget 2023 [CAB-23-MIN-0240];

7.2 there is \$ s 9(2)(i) million ring-fenced in the s 9(2)(f)(iv) [redacted], which is managed by Kānoa, to provide Cabinet with additional flexibility to consider additional options to support RAL, if required;

8 **agreed** to increase the tagged contingency in paragraph 7.1 above by a further \$ s 9(2)(i) million as follows, subject to previously agreed conditions:

| Tagged Contingency   | \$m – increase/(decrease) |         |         |         |                    |
|--|---------------------------|---------|---------|---------|--------------------|
|  | 2023/24                   | 2024/25 | 2025/26 | 2026/27 | 2027/28 & outyears |
| Removal of redundant infrastructure on Mt Ruapehu tagged contingency | s 9(2)(b)(ii), s 9(2)(j)  | -       | -       | -       | -                  |

9 **agreed** that the additional funding in paragraph 8 above be charged against the between-Budget contingency established in Budget 2023;

10 **agreed** to establish the following new multi-year appropriation, to run from 1 October 2023 to 30 June 2028:

| Vote         | Appropriation Minister   | Appropriation Administrator | Title  | Type  | Scope  |
|--------------|--------------------------|-----------------------------|--|---|--|
| Conservation | Minister of Conservation | Department of Conservation  | Mount Ruapehu: Management and Removal of Ski Fields Infrastructure | Non-Departmental Output Expenses Multi-Year Appropriation | This appropriation is limited to the management and operation of infrastructure on the Mount Ruapehu ski fields, and restoration of the environment to its original state. |

11 **noted** that the Department of Conservation (DoC) is currently unfunded for ongoing operational costs for maintaining s 9(2)(i), s 9(2)(j) [redacted]

12 **noted** that an indicative initial estimate of the liability costs the Crown has accepted to remove redundant infrastructure (the ‘make good’ contingent liability) is currently \$47 million to \$88 million;

13 **agreed in-principle** to provide \$3.05 million of support to the preferred bidder, PTL, to purchase and operate RAL assets on the Tūroa ski field, subject to PTL being granted a concession, and final Cabinet approval;

14 **agreed** to move RAL out of liquidation and into receivership;

15 **agreed** that Kānoa, through Crown Regional Holdings Limited (CRHL) will purchase for \$1 ANZ’s security interest associated with \$15 million of debt, making the Crown the majority secured creditor in RAL;

- 16 **agreed** to provide RAL with a \$4.3 million loan to continue operating until the end of March 2024;
- 17 **agreed** that the remaining \$<sup>(s 9(2)(iv), s 9(2)(h))</sup> million of ring-fenced funding for RAL will remain in the RSPF until Cabinet makes decisions on the future of RAL;
- 18 **s 9(2)(f)(iv)** [REDACTED]
- 19 **s 9(2)(f)(iv)** [REDACTED]
- 20 **noted** the risks of the above decisions including, but not limited to, a prolonged concession process, **s 9(2)(h)** [REDACTED] **s 9(2)(f)(iv)** [REDACTED] and the cost to the Crown to keep running the ski field prior to the completion of any transaction;
- 21 **noted** that if no commercial solution is found for the Whakapapa ski field and/or the concession process for Tūroa ski field is not completed before March 2024, Cabinet will need to make decisions on whether it continues to fund RAL to allow it to continue operating past March 2024 once funding runs out;
- 22 **noted** that further work is required to understand the long-term implications for the Whakapapa ski field;
- 23 **noted** that as an interim measure, moving RAL out of liquidation and into receivership is seen as the preferred option because it provides the Crown with additional control, certainty, and flexibility;
- 24 **noted** that the receivership process is expected to be completed in October 2023 and will have an impact on the current staff working at RAL;
- 25 **noted** that the options for alternative commercial arrangements were considered but were deemed to be to complex, impractical, or expensive when compared to receivership.

Rachel Hayward  
 Secretary of the Cabinet

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## In Confidence

Office of the Minister for Regional Development

Cabinet

## Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) – options for government support

### Proposal

- 1 This paper seeks Cabinet’s agreement to one of the following options regarding further government support for RAL:

#### EITHER

- 1.1 Option 1: Agree to a \$7.35 million support package to allow RAL to continue until March 2024 that includes:
  - 1.1.1 Purchasing ANZ debt to RAL for \$1 and move RAL from liquidation to in receivership;
  - 1.1.2 Providing RAL with a \$4.3 million loan to continue operating both the Tūroa and Whakapapa ski fields until the end of March 2024;
  - 1.1.3 In-principle agreement to provide \$3.05 million of support to the preferred bidder of the Tūroa ski field (Pure Tūroa Limited (PTL)) to purchase and operate RAL assets on the Tūroa ski field, subject to being granted a concession, and final Cabinet approval; and
  - 1.1.4 s 9(2)(f)(iv) [REDACTED]

#### OR

- 1.2 Option 2: No additional funding for RAL; and
  - 1.2.1 Agree to a provision for the Department of Conservation’s (DOC’s) immediate operational costs relating to the ski fields on Ruapehu, estimated at up to \$3.0 million for 2023/24 and up to \$5.0 million in 2024/25.
- 2 Regardless of the option selected above, this paper seeks Cabinet’s agreement to increase to the DOC’s tagged contingency agreed by Cabinet in June associated with Vote Conservation for the removal of redundant infrastructure left by RAL from \$4.0 million s 9(2)(i) [REDACTED].

## Relation to government priorities

- 3 Regional Economic Development (RED) is a key focus for the Government's economic vision of an economy that provides economic security in good times and bad. Kānoa – Regional Economic Development & Investment Unit (Kānoa) delivers on RED priorities by providing catalytic investment that directly contributes to the Government's strategic economic objectives in alignment with regions' economic development priorities.

## Executive Summary

- 4 Since June 2023, a process was undertaken, which was led by RAL's liquidators, to seek bids to take over RAL's assets and/or operations. Of the four bids received, only one is recommended for Crown support. The bid is for the Tūroa ski field only. Officials have received a proposal to operate the Whakapapa ski field from Whakapapa Holdings Limited (WHL) but the level of Crown financial support required is considered excessive and is not recommended. This means there is no preferred bids for the Whakapapa ski field on the basis that the terms of the most promising bid subjects the Crown to an unacceptable level of financial risk.
- 5 Given the importance of Mount Ruapehu to the local economy and our obligations to local iwi as Treaty partners, I recommend that Cabinet agree to a \$7.35 million support package to allow RAL to continue operating.
- 6 The package includes moving RAL from liquidation to in receivership, providing RAL with a \$4.3 million loan to continue operating both the Tūroa and Whakapapa ski fields until the end of March 2024, and in-principle agreement to provide to \$3.05 million of support to the preferred bidder of the Tūroa ski field (PTL) to purchase and operate RAL assets on the Tūroa ski field, subject to being granted a concession, and final Cabinet approval.
- 7 The benefits of this approach is that it provides the Crown with additional control and optionality over RAL, ensures that both of RAL's ski fields will continue to operate at least until March 2024, progress transitional arrangements for the Tūroa ski field, and <sup>s 9(2)(f)(iv)</sup> [REDACTED]
- 8 If no commercial solution is found for the Whakapapa ski field and/or the concession process for Tūroa ski fields is not completed before March 2024, Ministers will need to make decisions on <sup>s 9(2)(f)(iv)</sup> [REDACTED]

## Background

- 9 RAL holds DOC concessions and has control of infrastructure that enables it to operate the Whakapapa and Tūroa ski fields on Mt Ruapehu. RAL entered Voluntary Administration on 11 October 2022. At the time, RAL owed creditors an estimated \$45 million.
- 10 On 12 June 2023, Cabinet agreed to a funding package for PTL and WHL to purchase RAL's assets and continue operating the ski fields on Mt Ruapehu [CAB-23-MIN-

0240 refers]. The package includes an additional \$15.3 million of government investment from Kānoa's Regional Strategic Partnership Fund (RSPF). Cabinet also approved a \$1.5 million write off of debts owed to DOC and up to \$4 million for removal of already redundant infrastructure [CAB-23-MIN-0240 refers], subject to final costings.

- 11 A watershed meeting of RAL creditors was held on 20 June 2023 to vote on the company's future. The meeting resulted in a stalemate. On 21 June 2023, the High Court ordered that RAL be put into liquidation. This meant that the support deal agreed to by Cabinet was not progressed. The \$15.3 million agreed to be used for PTL and WHL package is ringfenced in the RSPF and remains available.
- 12 On 24 July 2023, Cabinet approved a loan of up to \$5.0 million to RAL's 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 also enable it to make an offer to the liquidators to purchase RAL's assets, if it wished to [CAB-23-MIN-0276 refers]. To date, the Crown has provided \$33.5 million (\$28 million through MBIE and \$5.5 million through DOC) of support to RAL to enable the 2023 ski season to go ahead given the importance of the Mt Ruapehu ski fields for the region.
- 13 To provide Cabinet with additional flexibility to consider additional options to support RAL, if required, RED Ministers agreed to ringfence a further \$<sup>s 9(2)(f)(iv)</sup> million on 24 August 2023. This brings the total available ringfenced funding for RAL to \$<sup>s 9(2)(f)(iv)</sup> million.

*RAL's liquidators will cease operations if they run out of funding in late 2023*

- 14 Cashflow projections provided to MBIE by RAL's liquidators indicate that RAL will run out of funding by the end of November 2023. If a new owner and/or operator is not determined by then or no further funding is made available, the liquidator will shut down RAL's operations.
- 15 In practice, the liquidators will likely begin the process of selling RAL's assets shortly after any decision from Cabinet not to provide further support since RAL's liquidators would not have the funds to continue operating beyond November 2023. The process is likely to start in the middle of October 2023 and could take several months given the nature of the assets. Partial closure of the ski fields or some facilities (e.g the Sky Waka) could occur at this point.
- 16 This means that Cabinet needs to decide whether to continue funding RAL prior to the 2023 New Zealand General Election. If no decision is made, the liquidator will not have certainty of funding beyond November 2023 and likely begin the process of liquidating RAL's assets in the middle of October 2023 with the intention of concluding any sale before it runs out of funding.
- 17 The Crown is committed to collective negotiations with the iwi with interests in TNP (including Ngāti Tūwharetoa, Ngāti Rangī, Te Korowai o Wainuiārua, Ngāti Hāua). The TNP negotiations are yet to formally commence. However, arising out of the RAL processes in 2023, the Crown has committed to enter those negotiations with



“some urgency.” Most recently the Minister of Treaty of Waitangi Negotiations and the Minister of Conservation met with iwi representatives in early September to discuss the pathway to enter negotiations. s 9(2)(i)

#### Four bids for RAL’s assets had been received by RAL’s liquidators

- 18 On 1 September 2023, four bids for RAL’s assets had been received by RAL’s liquidators from PTL, Tūroa Alpine Limited (TAL), WHL and the Ruapehu Skifields Stakeholders Association (RSSA). PTL and TAL’s bids are for the Tūroa ski field only. WHL’s bid is for the Whakapapa ski field. The RSSA’s bid covers both ski fields.
- 19 All four bids request some form of Crown support. **Annex One** provides an overview of the proposed bids including a comparison between their pre-liquidation and post-liquidation bids.
- 20 A concession to operate each of the ski fields on Tūroa and Whakapapa is required under the Conservation Act 1987. Any successful bidders would still need to apply to DOC for the necessary leases, licences and easements (collectively described as a concession).
- 21 The process would be a public notified application which is open to public submissions. Given statutory notification periods, requirement for hearings and consultation, the process would take a minimum of four months. Ultimately the decision to decline or grant an application and what conditions may be imposed rests solely with the Minister of Conservation (or delegate).

*MBIE officials have identified one bid that is suitable for Crown support*

- 22 PTL’s bid has requested \$3.05 million in Crown funding to operate the Tūroa ski field. MBIE considers the bid to be commercially viable and recommends that it is suitable for Crown support. The benefits and risks of progressing this bid are outlined later in this paper. TAL’s bid for the Tūroa ski field had some attractive qualities, but ultimately is not recommended due to less desirable loan and capital requirements.
- 23 The bid from WHL for the Whakapapa ski field has increased its request for Crown funding from approximately \$<sup>s (2)(b)</sup> million pre-liquidation to \$<sup>s 9(2)(ba)</sup> million. MBIE understands that the rationale for the increase in the bid was partially based on WHL anticipating that if the Crown was going to pay liquidators to continue to run RAL until July 2023, WHL should receive the same amount of funding as part of their bid to take over the Whakapapa ski field in March.
- 24 Additionally, on top of their request for \$<sup>s 9(2)(ba)(i)</sup> million of funding, WHL has asked for a Crown underwrite for their cash balance will be no less than \$<sup>s 9(2)(ba)(i)</sup> million at October 2025. The underwrite would move a lot of the commercial risk from WHL to the Crown without any cap on the exposure.
- 25 The Crown could end up exposed to millions of dollars if it agreed to the underwrite. MBIE considers WHL’s bid exposes the Crown to an unacceptable level of financial

risk as well as representing poor value for money. MBIE recommends that the bid should not be progressed in its current form.

- 26 RSSA submitted a bid to RAL's liquidators to purchase RAL's assets in both fields but did not formally submit a request for Crown support. MBIE has assessed their proposal for government support in the interest of completeness. The RSSA bid is not materially different from the commercial business case that was proposed in June 2023. Despite MBIE outlining its concerns with the proposals in writing in July 2023, the RSSA has not amended its bid.
- 27 MBIE does not consider the RSSA's bid to have sufficient ski-field management experience or a commercial model that is viable over the long term. This reduces any confidence in its ability to be sustainable over the long term. Furthermore, the RSSA is requesting that RAL be taken out of liquidation and continue to run in its existing concession. Based on our conversation with iwi, confirmation of the current RAL concession would not be acceptable. On this basis, MBIE does not recommend providing government support to the RSSA's bid.
- 28 MBIE's assessment is there is one preferred bid for the Tūroa ski field and no suitable bids for the Whakapapa ski field.

**Ngāti Tūwharetoa has advised officials that they will not bid for RAL's assets or support a private commercial tender for the purchase of RAL's assets**

- 29 A bid was anticipated from Te Ariki Tumu Te Heuheu on behalf of Ngāti Tūwharetoa. However, on 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not bid for RAL's assets, do not support a private commercial tender for the purchase of Ruapehu Alpine Lifts and prefer working with the Crown to develop an acceptable transition plan that would operate until the successful conclusion of the TNP settlement negotiations.
- 30 In their letter, Ngāti Tūwharetoa state that they do "...not support progression of the sale of assets. While the Crown may choose to pursue the track it has to date, we would prefer the Crown work with us to develop an acceptable transition plan that would operate until the successful conclusion of the TNP settlement negotiations. If our non-legal options are exhausted we will seek a comprehensive, evidence-based discovery process to identify and quantify the impact of the Crown's preferred solution(s)."
- 31 Ngāti Tūwharetoa state in their letter that they s 9(2)(ba)(i)

*A lack of support from iwi would impact any future concessions process*

- 32 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.
- 33 No matter its provenance, processing any concession application will be complex. It requires significant engagement with all iwi with interests in the maunga, including Ngāti Tūwharetoa, and that public submissions are invited and considered. The

expected level of interest in the concession(s) means that it would be highly likely that DOC would need to convene public hearings following notification.

34 When making decisions on any concession application, the Crown must give effect to the principles of the Treaty of Waitangi, including ensuring it is informed of, and understands, the views and interests of all iwi, hapu, whanau and Māori representative groups with an interest in the ski field areas.

35 Several iwi have interests in Ruapehu maunga, through their whakapapa (genealogical connections) and consider the maunga as their tupuna (ancestor). Different iwi are likely to hold different views on continuing ski field operations on one or both sides of the maunga, and these views would need to be carefully considered before making a decision on any concession application to operate the ski fields. It is also important that iwi are given sufficient time and meaningful information to form their final views on any proposals Cabinet might consider.

36 s 9(2)(ba)(i), s 9(2)(f)(iv), s 9(2)(g)(i)

37 Notwithstanding the importance of the views of iwi, and those of stakeholders and the public, the decision to decline or grant an application and what conditions may be imposed rests solely with the Minister of Conservation (or delegate). There is no right of veto for any party.

38 Any delay in selecting preferred bidder(s) would also have implications for the concessions process. Prior to receiving the bids at the end of August, it was expected that concession applications would be received in early October and, if the process ran smoothly could be completed in four months, meaning a decision made in February 2024.

39 Until a concession 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).

*MBIE's engagement with local iwi indicate that there may be a pathway forward for RAL*

40 Regarding the potential sale and operation of the ski fields on Mount Ruapehu, several iwi have interests in the maunga, through their whakapapa (genealogical connections) and consider the maunga as their tupuna (ancestor). In relation to the sale of RAL assets, Kānoa have engaged with the following iwi who have interests in the maunga:

- Ngāti Rangī, whose Deed of Settlement was signed in 2018. Ngāti Rangī have an existing relationship agreement with RAL over the Tūroa ski area.
- Ngāti Tūwharetoa, whose Deed of Settlement was signed in 2017. Ngāti Tūwharetoa have an existing relationship agreement with RAL over the

Whakapapa ski field. This agreement included the establishment of Te Pae maunga as a joint approach to management of the ski field on the maunga.

- Ngāti Uenuku, through Te Korowai o Wainuiarua. Their Deed of Settlement was signed in July 2023. For the purposes of this issue, Te Korowai o Wainuiārua also represents the interests of Patutokotoko, whose views were also canvassed through the engagement process. They do not have a relationship agreement in place with RAL
- Ngāti Hāua, who are currently negotiating their Treaty Settlement with Te Arawhiti. They do not have a relationship agreement in place with RAL Ngā Tāngata Tiaki o Whanganui, the post settlement governance entity for Whanganui iwi for the purpose of the Whanganui River Settlement.

41 MBIE officials have engaged with iwi through phone conversations, in person meetings, and correspondence, which is detailed in **Annex Two**. MBIE acknowledges that there has been challenges with the engagement process due to commercial confidentiality, lack of visibility over the Liquidators’ process and compressed timeframes with multiple stakeholders involved. However, agreed engagement commitments were met which included sharing the commercial proposals and bids with iwi, as well as ensuring iwi were informed about the proposed options for this cabinet paper and had an opportunity to provide their feedback.

42 Through these engagements two common themes have emerged:

42.1 Iwi have highlighted concerns with the engagement process, short timeframes, and risk that s 9(2)(b)(ii), s 9(2)(j)

42.2 Despite these concerns, iwi have indicated that they want the ski fields to continue operating while longer-term matters are resolved to ensure economic stability in the area.

43 MBIE canvassed iwi views on two key matters:

43.1 Do they support moving RAL into receivership?; and

43.2 Do they support the PTL bid for the Tūroa ski field, including if a short term concession is secured with a 3 year right of review?

44 Table One provides a summary of the views canvassed with iwi and provided to MBIE:

**Table One:** Iwi views provided to MBIE through consultation

| Iwi        | Views on Proposed options |
|------------|---------------------------|
| Tūwharetoa | s 9(2)(ba)(i)             |

|                               |               |
|-------------------------------|---------------|
|                               | s 9(2)(ba)(i) |
| Ngāti Rangi                   | s 9(2)(ba)(i) |
| Uenuku                        | s 9(2)(ba)(i) |
| Patutokotoko                  | s 9(2)(ba)(i) |
| Ngati Hāua                    | s 9(2)(ba)(i) |
| Ngā Tāngata Tiaki o Whanganui | s 9(2)(ba)(i) |

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45 MBIE’s consultation has found that there are clearly a range of views from iwi.

45.1 s 9(2)(ba)(i)

45.2 s 9(2)(ba)(i)

- 45.3 s 9(2)(ba)(i)
- 45.4 s 9(2)(ba)(i)
- 45.5 s 9(2)(ba)(i)

**Cabinet has a choice between continuing to provide support for RAL to continue operations or to withdraw funding from RAL**

- 46 While it is ultimately up to RAL’s liquidators to make final decisions relating to the bids they have received, their decision is heavily influenced by decisions made by the Crown. Not only does the Crown’s influence come from the liquidators’ obligation to act in the Crown’s interest as one of the major secured creditors of RAL, any decision for the Crown to support a bid will play a significant role in the liquidators’ final decision to proceed with a bid.
- 47 Officials have developed the following options for Cabinet’s consideration:
- EITHER**
- 47.1 Option 1: Agree to a \$7.35 million support package to allow RAL to continue until March 2024 that includes:
- 47.1.1 Purchasing ANZ debt to RAL for \$1 and move RAL from liquidation to in receivership;
  - 47.1.2 Providing RAL with a \$4.3 million loan to continue operating both the Tūroa and Whakapapa ski fields until the end of March 2024;
  - 47.1.3 In-principle agreement to provide to \$3.05 million of support to the preferred bidder of the Tūroa ski field (PTL) to purchase and operate RAL assets on the Tūroa ski field, subject to being granted a concession, and final Cabinet approval; and
  - 47.1.4 Directing MBIE officials to provide advice to the Minister of Regional Development on options to continue operating the Whakapapa ski field after March 2023, if required.
- OR**
- 47.2 Option 2: No additional further funding for RAL; and
- 47.2.1 Agree to a provision for DOC’s immediate operational costs relating to the ski fields on Ruapehu, estimated at up to \$3.0 million for 2023/24 and up to \$5.0 million in 2024/25.
- 48 Regardless of the option selected above, I recommend that Cabinet agree to increase DOC’s tagged contingency agreed by Cabinet [CAB-23-MIN-0240 refers] in June

associated with Vote Conservation for the removal of redundant infrastructure left by RAL from \$4.0 million s 9(2)(i)

- 49 I recommend that Cabinet agree to option one as it meets the objectives of the framework for decision making below by striking a balance between additional local iwi desire to keep the ski fields operating as a transitional arrangement, costs to the Crown, an increased probability of maintaining economic stability and jobs in the local economy, and provides an interim solution that does not bind the government to any further decisions.

*DOC requires additional funding regardless of the options selected*

- 50 Irrespective of the options chosen below, the Crown has already committed to writing off bad debt to DOC and accepting the obligation to remove what may in the future become redundant infrastructure [CAB-23-MIN-0240 refers]. That obligations rests with RAL under its current concessions. RAL's financial position means it cannot meet those obligations. RAL's end of concession liability is estimated at \$47 million to \$88 million.
- 51 In RAL's absence, and assuming no new operators intervene, the Crown would be expected to take steps towards removing redundant structures. There is considerable uncertainty as to when removal would need to occur and how much infrastructure would need to be removed. These matters are likely to be influenced by factors such as the outcome of Treaty settlements in respect of the TNP, the review of the current TNP Management Plan, the views of iwi and whether new uses of existing infrastructure can be found.
- 52 The liability for already redundant infrastructure was estimated at \$4 million, a sum approved by Cabinet on 12 June [CAB-23-MIN-0240 refers]. s 9(2)(i)

### **Framework for government decision making**

- 53 I consider that supporting the local economy around Mt Ruapehu, and fulfilling our commitments as an honourable Treaty Partner to be critical decision-making pillars for the government's approach to RAL.
- 54 I consider that Adventure tourism on the maunga is critical to the economic future of the central North Island which otherwise faces substantial economic challenges. Options decided now need to ensure the prosperity and wellbeing of people and the environment of the Central North Island for the long-term.
- 55 Iwi have deep and longstanding connections to the maunga, viewing it as an ancestor, and have strong rights and interests relating to any activity on the maunga

## Option 1: Agree to a \$7.35 million support package to allow RAL to continue until March 2024

56 I recommend that Cabinet agree to Option 1. Option 1 seeks to reconcile continuing economic support through adventure tourism on the maunga with the need to ensure the Crown understands and makes appropriate decisions in light of the iwi interests in this complex scenario. It has different implications for each of the Tūroa and Whakapapa ski fields. Moving RAL into receivership means that the Crown can fund the operation of one or both ski fields as long as it has the funding to do so.

57 It also provides an opportunity to progress a transfer of the Tūroa ski field to a commercial operator, pending robust iwi consultation and the DOC concession process.

58 For the Whakapapa ski field, s 9(2)(f)(iv)

59 s 9(2)(f)(iv)

60 The feedback MBIE has received from consultation with local iwi suggests there are a range of views on the future of the ski fields on Mt Ruapehu that need to be considered. Iwi and hapu views are not homogenous and time is required for these views to be fully explored and understood.

### *Understanding iwi views on possible options to continue to operate the Whakapapa ski field*

61 MBIE has not recommended either bid from WHL and the RSSA be progressed for the Whakapapa ski field. However, I consider that it is prudent to ensure that Whakapapa continues to operate while its future is determined.

62 Providing funding to continue operating RAL in receivership will provide officials with time to understand iwi views on the Ruapehu ski fields and how RAL could be operated as part of a transition plan.

63 MBIE officials will provide advice to the Minister of Finance and the Minister of Regional Development in November 2023 on s 9(2)(f)(iv), s 9(2)(i)

### *There is a pathway for the Tūroa ski field to be moved out of Crown-funded operation*

64 Option 1 allows PTL, with the knowledge of in-principle government support, to apply for a concession to operate the Tūroa ski field. This means that PTL, iwi, hapu,



and DOC can work directly on solution that is mutually agreeable, which could include short term (less than 10 year) concessions. If a concession was granted, RAL's Tūroa assets and operations would be transferred to PTL.

- 65 If PTL are unable to start the concession process shortly, it's possible that a concession would not be granted in time to prepare for the 2024 ski season. Starting the concession process as soon as possible makes the bid more commercially attractive.
- 66 Additionally, allowing RAL to continue operating while PTL applies for a concession would help provide some certainty to the employees who work in the Tūroa ski field, and businesses in Ohakune on the future of the Tūroa ski field. This is likely to assist with maintaining staff who otherwise may consider leaving if they do not have job security for the 2024 ski season and beyond.
- 67 If PTL is unable to obtain a concession, s 9(2)(f)(iv), s 9(2)(j)

*Moving RAL out of liquidation and into receivership provides the Crown with greater optionality and control*

- 68 It was not intended that RAL continue to operate for a prolonged period under liquidation. Entities can only trade under liquidation if there is the prospect of a sale. On that basis, Kānoa has considered four alternative commercial structures for RAL's continued operations – maintaining RAL's liquidators, moving RAL into receivership, reconstituting RAL, and Crown ownership.
- 69 As an interim measure, moving RAL out of liquidation and into receivership is preferred because it has several advantages including:
- 69.1 **Greater control and flexibility for the Crown:** Currently, RAL's liquidators makes the final decision in relation to RAL's operation. Greater control over RAL (through a Crown-appointed receiver) will enable the government to provide greater certainty to those impacted by its potential closure.
- 69.2 **Ability to continue to run RAL over the medium term:** receivership provides options for the Crown to continue to operate over the medium term if Ministers expect to continue to fund RAL's operations.
- 69.3 **Maintains the existing concessions:** avoids the need to undertake a new concession process, which could be prolonged or subject to legal challenges.
- 70 The options for alternative commercial arrangements mentioned above were considered but were deemed to be too complex, impractical, or expensive when compared to receivership. If Cabinet does not agree to move RAL into receivership, RAL will remain in liquidation.
- 71 To move RAL into receivership, Kānoa, through Crown Regional Holdings Limited (CRHL) would purchase, for \$1, ANZ's security interest associated with \$15 million of debt, making the Crown the majority secured creditor. It would then appoint

financial and business advisory group Calibre Partners to be the receiver. This process is expected to take less than two weeks.

72 Transfer from the liquidators to the receivers would take place in mid to late October, which is when the ski season is expected to end, since receivership creates employment challenges for RAL employees. New employment contracts would be sent to staff.

73 s 9(2)(f)(iv)

#### *Moving RAL into receivership may not alleviate possible staff retention issues*

74 The most significant risk in moving RAL into receivership is staff retention. Staff are less likely to want to continue to remain with RAL if they are unsure of their job stability. Without confirmation that RAL will continue to the next ski season starting around June 2024, staff may decide to seek other employment opportunities making it extremely difficult to continue to operate the ski fields without skilled staff. However, this risk is present in any commercial structure to run RAL's operations over the short term.

#### *Providing \$4.3 million of additional funding to RAL to continue operations until the end of March 2024*

75 Regardless of whether a bid for RAL's assets is supported or not, Cabinet still needs to decide to continue to fund RAL because even if a bid is supported, it will take some time for the bidder to apply for a concession (and the outcome of the concession process is currently unknown).

76 With RAL's funding expected to be depleted by the end of November, providing a \$4.3 million loan from the RSPF to allow RAL to continue operating both ski fields until the end of March 2024 is likely to provide some reassurance to stakeholders and local communities who rely on the ski fields as an economic support.

77 Continued funding would also indicate our commitment to an enduring relationship with the iwi and hapu with interests in Mount Ruapehu by providing additional time to work with them on the future of RAL in the context of the TNP Treaty negotiations.

78 It is unlikely that the \$4.3 million loan would be recoverable in the event of an early 2024 decision to withdraw support. The remaining \$<sup>s 9(2)(j)</sup> million (out of \$<sup>s 9(2)(i)</sup> million) of ringfenced funding would remain in the RSPF until Cabinet makes decision on the future of RAL.

#### **There are benefits of continuing to support RAL**

*The primary benefit of supporting RAL is it allows it to continue as an important cornerstone in the Ruapehu regional economy*

- 79 An analysis by economic consultancy Infometrics found that RAL accounts for 5 per cent of the Ruapehu region's jobs and is a key part of the wider tourism sector that contributed \$99 million per annum to the local Ruapehu economy.
- 80 While officials have insufficient information to determine RAL's specific contribution to the local economy, it is likely to be a significant portion given the important role of the ski fields attracting visitors to the area. Providing funding to allow RAL to continue operating is likely to prevent job losses and reduce the chances of an economic contraction in the Ruapehu areas.
- 81 DOC has faced unfunded operational costs following the closure of the Chateau Tongariro in February 2023. <sup>s 9(2)(j)</sup> [REDACTED]  
[REDACTED] The building condition of the Chateau is currently under assessment, but it is otherwise available for future potential uses. <sup>s 9(2)(i)</sup> [REDACTED]  
[REDACTED]
- 82 Continued funding of RAL has the benefit of ensuring continued occupation of houses within Whakapapa Village and the contribution that makes to the sense of community for residents. Alternatively, houses vacated by RAL staff will add to impacts already being felt from the 25 Chateau buildings being abandoned, returned to DOC management (subject to a condition assessment), potentially unable to be occupied.
- Not supporting RAL would mean that the Crown would incur the cost of securing the ski fields and the obligation to 'make good' the mountain by returning it to its natural state earlier*
- 83 There are substantial costs that would fall on DOC in this situation. Whakapapa sewerage, water supply and other services, are dependent on RAL for funding contributions which along with concessions revenue amount to almost \$900,000 annually. The utility costs, at least, would need to continue to be funded with the Department already covering shortfalls from the closure of the Chateau Tongariro.
- 84 Operationally, the sewerage treatment plant in Whakapapa Village serves the Whakapapa ski fields, plus ski clubs and accommodation in the Whakapapa and Iwikau Villages. It is designed for volume from accommodation and ski fields in operation and needs to remain operational. If the ski fields are no longer operational the sewerage system would need to be redesigned so it is fit for the scale of demand and functions appropriately.
- 85 Both fields require electricity, even in a closed state, to operate eruption warning systems, hazardous chemical storage and other equipment essential to maintain public safety. RAL's 2021 power bill was \$<sup>s 9(2)(ba)</sup> [REDACTED] million. The charge is based on a line capacity rating so does not change substantially even where the current usage is low.
- 86 Safety of the sites, which have multiple hazards including chemicals, avalanche and lahar risks and potential for collapse of structures in heavy icing or wind situations, is a priority. Staff at site have made some early contingency plans to cover this eventuality but are aware they have neither funding nor personnel to step in at short notice.

- 87 If there is a desire to keep open the option of having ski fields operating in the longer-term, maintenance of the ski field structures will be required to keep them safe and to permit them to be re-started in future (de-icing for instance). Even if the equipment is to be permanently retired there would need to be some work to render it safe in the interim.
- 88 If Cabinet decided to cease funding RAL, DOC would seek dedicated funding to cover ongoing associated operational costs. These costs could not be met from within baselines without reducing significantly core services. It is estimated DOC would need up to \$<sup>s 9(2)(f)(iv), s 9(2)(j)</sup> million in the current fiscal year and a further \$<sup>s 9(2)(f)(iv), s 9(2)(j)</sup> million for the subsequent fiscal year or years.
- 89 In the longer term, assuming no new operator is prepared to take on RAL's obligations to reinstate the land the Crown would be left to deal with redundant infrastructure [CAB-23-MIN-0240 refers]. It is estimated that the cost of removing all existing infrastructure and reinstating the land is \$47 million to \$88 million. When and whether these costs crystallise depends on a range of factors. For instance, any commitments made through TNP Treaty settlements and/or amendments to the current TNP Management Plan.
- 90 There may be complications relating to the Sky Waka gondola that operates on Mt Ruapehu. Further work is required to understand the implications on the Sky Waka if RAL ceases to exist.

s 9(2)(f)(iv), s 9(2)(j)

91 s 9(2)(f)(iv), s 9(2)(j)

### **However, continued support for RAL comes with a level of risk and uncertainty**

- 92 Cabinet may prefer option 2 – not providing any further funding for RAL (as outlined later in the paper) over options 1 due to the following risks.

*Concession process may be complicated for both the Tūroa and Whakapapa ski fields*

- 93 Based on recent correspondence, s 9(2)(ba)(i) his could potentially put the Iwi-Crown relationship under considerable strain.

- 94 We cannot prejudge the outcome of the concession process. As noted elsewhere, it will involve public consultation and engagement with affected Treaty partners. The increased likelihood that if the preferred bidder applied for a concession, the process may be complicated and prolonged. s 9(2)(i), s 9(2)(j)

s 9(2)(i), s 9(2)(j)

95 s 9(2)(h)

96 s 9(2)(f)(iv)

*Piecemeal funding decisions could be viewed as poor value for money and do not provide sufficient certainty for the regions employees and businesses*

97 The temporary nature of the support provided in option 1 may not be sufficient to provide certainty to employees and businesses who rely on the ski fields. Providing funding until March 2024 does not guarantee that the ski fields will continue to operate during the 2024 ski season. As a result, signing contracts with staff for the 2024 ski season, which usually takes place at the beginning of the year, may be difficult.

*It is inefficient and costly for the government to continue incurring the cost of running the ski fields*

98 The total cost to continue running RAL from the end of November 2023 to the end of May 2024 is estimated to be \$<sup>s 9(2)(f)</sup> million <sup>s 9(2)(f)(iv)</sup>. This forecast assumes the committed balance of the critical maintenance payments (\$<sup>s 9(2)(f)(iv)</sup> million) and RAL's internal costs in respect of the project are paid. It assumes the balance of the current \$5 million loan provided by the government earlier in 2023 is fully drawn.

99 Regardless of the commercial model, if the Crown continues to pay to operate the ski fields over the medium to long term, there is a risk that it could incur both substantial additional costs and reduced revenue if the ski fields have a drop in patronage due to a poor ski season or a more significant event such as a natural disaster. There is also the risk that the Crown is unable to maintain long term operators for the ski fields, which could result in poor staff retention, and possibly leaving the Crown with a stranded asset.

## **Option 2: No additional funding for RAL**

100 Under option 2, RAL would not be provided with any further funding. This would mean that the \$<sup>s 9(2)(f)(iv), s 9</sup> million of ringfenced for RAL would become available. MBIE officials recommend that the funding remain in the RSPF to be reprioritised by Ministers. As noted throughout this paper, DOC will incur significant costs under this option.

- 101 With no further funding it is expected that RAL will likely cease operating in December 2023. It is anticipated that RAL's liquidators will commence selling assets, soon after Cabinet announces its decision, to cover the liquidators' costs and repay secured creditors. Selling the assets may take several months.
- 102 Neither option in this paper is without costs to the Crown. The \$<sup>s 9(2)(f)(iv), s</sup> million of savings from ringfenced funding for RAL from the RSPS need to be considered against the ongoing operational costs that would fall to DOC if RAL ceased to exist.
- 103 If option 2 is agreed to, I propose that Cabinet approve the establishment of a tagged contingency of \$3.0 million per annum for financial years 2023/24 and \$5.0 million for 2024/25, subject to the Minister of Conservation providing detailed costings relating to the management and operation of infrastructure on the Mount Ruapehu ski fields, while the longer-term implications of the liquidation are determined.

### Next steps

- 104 If Cabinet agrees to Option 1, MBIE will commence the process to move RAL out of liquidation and into receivership, including the purchase of ANZ's debt and the appointment of a receiver. A loan of \$4.3 million will be provided to RAL to continue operations until March 2024. PTL will be notified that they have received in-principle support for their bid. It is expected that they will apply for a concession shortly after.

105 s 9(2)(f)(iv)

- 106 I intend to announce the outcome of Cabinet's decision through a press release.

107 s 9(2)(f)(iv)

### Cost-of-living Implications

- 108 There are no direct cost-of-living implications in this paper. However, if RAL ceases operating and there are job losses in the area, this could exacerbate cost-of-living pressures on those impacted.

### Financial Implications

- 109 Regardless of the option selected, this paper seeks Cabinet's agreement to increase to DOC's tagged contingency agreed by Cabinet in June associated with Vote Conservation for the removal of redundant infrastructure left by RAL from \$4.0 million <sup>s 9(2)(i)</sup>.

- 110 Under both options the Crown has accepted a liability for a long term ‘make good’ at an estimated cost of \$47 million to \$88 million.
- 111 Option 1: total cost of \$7.35 million including:
- 111.1 Paying \$1 to purchase RAL’s debt to ANZ to allow RAL to be moved out of liquidation and into receivership;
  - 111.2 In-principle agreement to provide to \$3.05 million of support to the preferred bidder (PTL) to purchase and operate RAL assets on the Tūroa ski field, subject to being granted a concession, and final Cabinet approval; and
  - 111.3 A \$4.3 million loan to RAL to continue to operate both ski fields until March 2024.
- 112 Under option 1 \$<sup>s 9(2)(f)(iv), s 9(</sup> million would remain in the RSPF until further decisions were made on the future of RAL.
- 113 Option 2: No additional funding for RAL that would result in:
- 113.1 Up to \$<sup>s 9(2)(f)(iv), s 9(</sup> million returned to Crown, but DOC to incur costs estimated at up to \$3.0 million for 2023/24 and up to \$5.0 million in 2024/25.
  - 113.2 A provision for DOC’s immediate operational costs relating to the ski fields on Ruapehu, estimated at up to \$3.0 million for 2023/24 and up to \$5.0 million in 2024/25.
- 114 Treasury comment:
- 114.1 Estimated costs to run the ski fields beyond March 2024 in the medium (in the case of Tūroa, depending on the concession process) and long term (in the case of Whakapapa given the absence of a viable commercial bid) are unknown at this point, but will be significant. Though we have a relatively high degree of confidence that the proposed loan will allow for operation until March 2024 there is still some risk that further funding will be required to maintain that policy intent, depending on the cashflow over the final stages of the season.

## Legislative Implications

- 115 There are no legislative implications associated with proposals in this paper.

## Impact Analysis

### Regulatory Impact Statement

- 116 A regulatory impact analysis is not required for the proposals in this paper.

### Climate Implications of Policy Assessment

- 117 No climate change implications in this paper.

## Population Implications

- 118 The Māori workforce in Ruapehu is a considerably larger proportion of the overall District's workforce, compared to the national average. In 2021, the Māori workforce equated to 32% of total employment in Ruapehu District, compared to 13% for the entire New Zealand workforce.
- 119 If RAL were to cease operating and no new operator replaced RAL, Māori in the Ruapehu District may be disproportionately impacted by job losses resulting in the closure of the ski fields.

## Treaty of Waitangi Implications

- 120 Iwi have the longest association and connection with the land comprising the national park, and the associated ski fields, and consider the maunga tupuna (ancestors). Iwi therefore have strong interests and responsibilities in the ongoing care and protection of the maunga different to the general public.
- 121 Iwi also acknowledge the current ski field operations provide training and employment for their people, and revenue for the local business communities that is vital to the economy and to the communities of the central plateau. Entities associated with Ngāti Tūwharetoa and Ngāti Rangī are, for example, key investors in the Sky Waka on the Whakapapa side of the maunga.
- 122 Decisions are also taking place in a context where the Crown is committed to collective negotiations with the iwi with interests in TNP (including Ngāti Tūwharetoa, Ngāti Rangī, Te Korowai o Wainuiārua, Ngāti Hāua). Those negotiations have not yet started. Te Arawhiti has advised that the Crown should engage broadly with all iwi who have interests in the maunga and the TNP as it seeks a solution in respect of the ski fields.
- 123 As described above the options described in this paper seek to balance a range of interests and priorities in a complex scenario with implications for wider economic stability in the region, and s 9(2)(f)(iv)
- 124 While there are varying views about the appropriateness of infrastructure remaining on their ancestors, Kānoa has engaged in good faith with the relevant iwi to ensure that:
- 124.1 iwi are informed about the potential outcomes, and the Crown's preparedness to remain involved in the ski-fields; and
- 124.2 the Crown is as well informed as possible by iwi views as it moves to make its decisions.

## Human Rights

- 125 There are no human rights implications associated with these proposals.

## Use of external Resources



126 External legal and commercial consultants were engaged as part of the development of this paper, primarily in relation to the assessment of bids and working through the complexities involved in a potential commercial transaction. Specialised advice was sought that was not available within MBIE. The policy development and drafting of this paper was undertaken by salaried MBIE employees.

### Consultation

127 The Treasury, Te Arawhiti, Crown Law Office, DOC, and the Department of the Prime Minister and Cabinet (Policy Advisory Group) have been consulted.

### Communications



128 I intend to release a statement on the option agreed to by Cabinet.

### Proactive Release

129 I intend to proactively release this paper, subject to any redactions necessary to protect commercial sensitivity or legal privilege of relevant parties, in due course.

### Recommendations

The Minister for Regional Development recommends that the Committee:

- 1 Note that in mid-August 2023, RAL's liquidators wrote to prospective bidders, including Ngāti Tūwharetoa, to request that they submit their bid to take over RAL's assets and operations by 31 August 2023.
- 2 Note that four bids were received and requested some form of Crown support.
- 3 Note that a bid was anticipated from Te Ariki Tā Tumu Te Heuheu on behalf of Ngāti Tūwharetoa.
- 4 Note that on 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not bid for RAL's assets, do not support a private commercial tender for the purchase of Ruapehu Alpine Lifts and prefer working with the Crown to develop an acceptable transition plan that would operate until the successful conclusion of the TNP settlement negotiations.
- 5 s 9(2)(f)(iv) 
- 6 Note that RAL will cease operations if it runs out of funding in late 2023.
- 7 Note that there is \$  million ringfenced in the Regional Strategic Partnership Fund (RSPF), which is managed by Kānoa, to provide Cabinet with additional flexibility to consider additional options to support RAL, if required.

- 8 Agree to increase to the tagged contingency agreed by Cabinet in June associated with Vote Conservation for the removal of redundant infrastructure left by RAL from \$4.0 million to s 9(2)(i).

| Tagged Contingency   | \$m – increase/(decrease) |         |         |         |                    |
|--|---------------------------|---------|---------|---------|--------------------|
|  | 2023/24                   | 2024/25 | 2025/26 | 2026/27 | 2027/28 & outyears |
| Removal of redundant infrastructure on Mt Ruapehu tagged contingency | s 9(2)(b)(i), s           | -       | -       | -       | -                  |

- 9 Agree that the tagged contingency in recommendation 8 above be charged against the between-Budget contingency established as part of Budget 2023.
- 10 Agree to establish the following new multi-year appropriation, to run from 1 October 2023 to 30 June 2028

| Vote         | Appropriation Minister   | Appropriation Administrator | Title  | Type  | Scope  |
|--------------|--------------------------|-----------------------------|--|---|--|
| Conservation | Minister of Conservation | Department of Conservation  | Mount Ruapehu: Management and Removal of Ski Fields Infrastructure | Non-Departmental Output Expenses Multi-Year Appropriation | This appropriation is limited to the management and operation of infrastructure on the Mount Ruapehu ski fields, and restoration of the environment to its original state. |

- 11 Note that DOC is currently unfunded for ongoing operational costs for maintaining the Chateau s 9(2)(i), s 9(2)(j)
- 12 Note an indicative initial estimate of the liability the cost to the Crown has accepted to remove redundant infrastructure ('make good' contingent liability) is currently \$47 million to \$88 million;

**EITHER**

Option 1: Provide a \$7.35 million support package to allow RAL to continue until March 2024:

- 13 Agree in-principle to provide to \$3.05 million of support to the preferred bidder (PTL) to purchase and operate RAL assets on the Tūroa ski field, subject to being granted a concession, and final Cabinet approval;
- 14 Agree to move RAL out of liquidation and into receivership.

- 15 Agree that Kānoa, through Crown Regional Holdings Limited (CRHL) would purchase for \$1 ANZ's security interest associated with \$15 million of debt, making the Crown the majority secured creditor in RAL.
- 16 Agree to provide RAL with a \$4.3 million loan to continue operating until the end of March 2024.
- 17 Agree that the remaining \$<sup>s 9(2)(f)(iv), s 9(</sup> million of ringfenced funding for RAL will remain in the RSPF until Cabinet makes decisions on the future of RAL.

18 s 9(2)(f)(iv)

19 s 9(2)(f)(iv)

- 20 Note that there are also risks with option 1, including but not limited to a prolonged concession process, legal challenges, s 9(2)(f)(iv), and the cost to the Crown to keep running the ski field prior to the completion of any transaction.
- 21 Note that if no commercial solution is found for the Whakapapa ski field and/or the concession process for Tūroa ski fields is not completed before March 2024, Ministers will need to make decisions on whether it continues to fund RAL to allow it to continue operating past March 2024 once funding runs out.
- 22 Note that further work is required to understand the long-term implications for the Whakapapa ski field.
- 23 Note that as an interim measure, moving RAL out of liquidation and into receivership is the seen as the preferred option because it provides the Crown with additional control, certainty, and flexibility.
- 24 Note that the receivership process is expected to be completed in October and will have an impact on the current staff working at RAL.
- 25 Note that the options for alternative commercial arrangements were considered but were deemed to be to complex, impractical, or expensive when compared to receivership.
- 26 Note that if Cabinet does not agree to move RAL into receivership, RAL will remain in liquidation.

**OR**

Option 2: No additional further funding for RAL;

- 27 Agree to not provide RAL with any additional funding.

- 28 Agree that the \$<sup>9(2)(f)(iv), s</sup> million of ringfenced funding for RAL to support a bid and continued operations be redistributed through the RSPF.
- 29 Note that it is anticipated that RAL’s liquidators will commence selling assets, soon after Cabinet announces its decision, to cover the costs and repay secured creditors. Selling the assets may take several months.
- 30 Note that significant immediate operational costs would be incurred by DOC, estimated at up to \$3.0 million for 2023/24 and up to \$5.0 million in 2024/25, with further details to be provided in March 2024.
- 31 Agree, subject to agreement of recommendation 27, to establish a tagged contingency, associated with Vote Conservation for the management and operation of infrastructure on the Mount Ruapehu ski fields by DOC while the longer-term implications of RAL are determined:

|  | \$m – increase/(decrease) |          |          |          |                     |
|--|---------------------------|----------|----------|----------|---------------------|
|  | 2023/ 24                  | 2024/ 25 | 2025/ 26 | 2026/ 27 | 2027/28 & Out-years |
| Management and operation of infrastructure on the Mount Ruapehu ski fields | 3.000                     | 5.000    | 0.000    | 0.000    | 0.000               |

- 32 Authorise the Minister of Finance and the Minister of Conservation to jointly draw down on the tagged operating contingency in recommendation 31 above, subject to the Minister of Conservation providing detailed costings relating to the management and operation of infrastructure on the Mount Ruapehu ski fields.
- 33 Agree that the tagged contingency in recommendation 31 above be charged against the between-Budget contingency established as part of Budget 2023.
- 34 Agree that the expiry date for the tagged contingency in recommendation 31 will be 30 June 2024.

Authorised for lodgement

Hon Kieran McAnulty

Minister for Regional Development

**Annex One:** Summary of bids received for Crown support for RAL

| <b>Whakapapa Holdings Ltd</b> | <b>Revised offer post-liquidation</b>  | <b>Negotiated position pre-liquidation</b>   |
|-------------------------------|--|--|
| <b>Crown funding</b>          | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> |

| <b>Pure Tūroa Ltd</b> | <b>Revised offer post-liquidation</b>  | <b>Negotiated position pre-liquidation</b>   |
|-----------------------|--|--|
| <b>Crown funding</b>  | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>- s 9(2)(ba)(i), s 9(2)(j)</li> <li>- s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>- s 9(2)(ba)(i), s 9(2)(j)</li> <li>- s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> |

| <b>Tūroa Alpine Ltd</b> | <b>Revised offer post-liquidation</b>  | <b>Negotiated position pre-liquidation</b>   |
|-------------------------|--|--|
| <b>Crown funding</b>    | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> | <ul style="list-style-type: none"> <li>s 9(2)(ba)(i), s 9(2)(j)</li> <li>s 9(2)(ba)(i), s 9(2)(j)</li> <li>s 9(2)(ba)(i), s 9(2)(j)</li> </ul> |

| <b>RSSA</b>          | <b>Revised offer post-liquidation</b>  | <b>Negotiated position pre-liquidation</b>   |
|----------------------|--|--|
| <b>Crown funding</b> | <ul style="list-style-type: none"> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> | <ul style="list-style-type: none"> <li>s 9(2)(ba)(i), s 9(2)(j)</li> <li>s 9(2)(ba)(i), s 9(2)(j)</li> <li>• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> |

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| RSSA | Revised offer post-liquidation | Negotiated position pre-liquidation  |
|------|--------------------------------|--|
|      |                                | <ul style="list-style-type: none"> <li data-bbox="911 237 1388 324">• s 9(2)(ba)(i), s 9(2)(j)</li> </ul> <div data-bbox="943 237 1377 324" style="background-color: gray; width: 100%; height: 100%;"></div> <div data-bbox="911 344 1031 367">s 9(2)(ba)(i), s 9(2)(j)</div> |

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**Annex Two:** Ministry of Business, Innovation and Employment (MBIE) engagement with iwi on Ruapehu Alpine Lifts Limited (In Liquidation) (RAL)

| ENGAGEMENTS WITH NGĀTI TŪWHARETOA |  |
|-----------------------------------|--|
| Date                              | Purpose/Notes  |
| November 2022                     | MBIE met with s 9(2)(a) in their office in Taupo to discuss the current status of RAL and next steps.  |
| December 2022                     | On 15 December, MBIE meet with the s 9(2)(a) to provide an update on the RAL position. A further update was provided on 20 December. MBIE provided an update to s 9(2)(a) and s 9(2)(a) of Te Kotahitanga o Ngāti Tūwharetoa (Ngāti Tūwharetoa) and provided a discussion document regarding the NewCo proposal for their consideration.   |
| January/February 2023             | On 11 January, MBIE had a call with the s 9(2)(a) regarding RAL and to provide them with an update. A further update was provided on 22 February regarding RAL.  |
| March 2023                        | On 9 March, MBIE chaired a call between s 9(2)(a) and the former Minister for Regional Development, who provided reassurance that MBIE will work together with iwi to ensure we work together to come to a solution for both ski fields on Mt Ruapehu.   |
| April 2023                        | Phone calls on the 3 <sup>rd</sup> and 17 <sup>th</sup> of April to provide updates to the s 9(2)(a)   |
| May 2023                          | <p>On 3 May, MBIE provided an update to the s 9(2)(a) on the RAL proposals.</p> <p>On 9 May, MBIE attended the Tūwharetoa Ministerial Forum and provided updates on RAL. In addition, MBIE had a phone call with the s 9(2)(a) advising they (a) were entering into negotiations with two parties for the purchase of the Mount Ruapehu Ski fields. The following day on the 10<sup>th</sup>, MBIE had a phone call with the s 9(2)(a) and followed up with an update on developments relating to RAL and the Crown's progress to identify alternative operators of the ski fields on Mt Ruapehu.</p> <p>On 11 May, MBIE emailed s 9(2)(a) about Ruapehu Alternative Ski Field Operators and Te Pae Maunga, the licence oversight board.</p> <p>On 16 May, MBIE had a call with the s 9(2)(a) to discuss RAL and to provide them an update.</p> <p>On 24 May, MBIE had a call with all iwi Chairs to discuss RAL and next steps with engaging with iwi to find a solution for both ski fields. On 25</p> |

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|                | <p>May 2023, MBIE had a call with the s 9(2)(a) to discuss RAL and to provide them an update.</p>   |
| June 2023      | <p>On 12 June, MBIE, Te Arawhiti and DOC had a hui with all iwi reps to provide updates on the consultation process to date regarding the transfer of the DOC concessions to operate the ski fields on Mt Ruapehu. On 13 June 2023, MBIE provided an email to all the iwi chairs with further information regarding RAL and to provide them all with an update.</p> <p>From 16 to 19 June, MBIE meet with iwi representatives in the region with the former Minister for Regional Development, DOC, and Te Arawhiti to discuss best outcomes for iwi and working together with iwi to find a solution for the mountain.</p> <p>On 20 June, MBIE had a call with s 9(2)(a) and s 9(2)(a) from the s 9(2)(a) to discuss their interest, on behalf of Ngāti Tūwharetoa, in acquiring the assets of RAL.</p> <p>On 22 June, Te Arawhiti, with support from MBIE and DOC, had calls with all iwi regarding RAL and to provide them all with an update.</p> <p>On 23 June, MBIE passed on the process letter to Ngāti Tūwharetoa for their potential bid.</p> |
| July 2023      | <p>On 3 July, MBIE passed on the confidentiality undertaking. On 7 July, Ngāti Tūwharetoa returned their signed NDA to MBIE.</p> <p>On 31 July, MBIE had a call with Ngāti Tūwharetoa regarding RAL and to discuss next steps and options.</p>  |
| August 2023    | <p>On 1 August, MBIE contributed to the joint letter update to iwi CEO &amp; Chairs provided by Te Arawhiti. The following day, 2<sup>nd</sup> August, MBIE had a call with s 9(2)(a) regarding RAL.</p> <p>On 14 August, MBIE, Te Arawhiti and DOC provided all iwi CEOs an update on the current progress of RAL.</p> <p>On 31 August, s 9(2)(a) sent a letter to Ministers and officials to advise that they will not bid for RAL's assets, do not support a private commercial tender for the purchase of RAL and prefer working with the Crown to develop an acceptable transition plan that would operate until the successful conclusion of the TNP settlement negotiations. A similar letter was also sent from the Chief Executive of Ngāti Tūwharetoa to MBIE on 31 August 2023.</p>  |
| September 2023 | <p>s 9(2)(ba)(i)</p>  |



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|  | <p>s 9(2)(ba)(i)</p> <p>s 9(2)(ba)(i)</p> <p>On 7 September , MBIE responded to the letter from the s 9(2)(a) and provided input into the letter from Ministers back to s 9(2)(a) , which was sent from the Minister for Regional Development on 8 September .</p> |
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| <b>ENGAGEMENTS WITH NGATI RANGI</b> |  |
|-------------------------------------|--|
| <b>Date</b>                         | <b>Purpose/Notes</b>   |
| November 2022                       | <p>On 28 November, s 9(2)(a) wrote to MBIE setting out expectations as to ensure Ngāti Rangī remain informed as to progress on RAL. On 29 November, MBIE wrote back to Ngāti Rangī and updated them about developments in relation to RAL following the meeting of Cabinet the day prior.</p>  |
| December 2022                       | <p>On 14 December, MBIE wrote to the s 9(2)(a) to update them about the state of progress. Ngāti Rangī gave guidance as to how Ngāti Rangī would like to move forward and engage with MBIE and MBIE advised they would be happy to do so.</p>  |
| February 2023                       | <p>There were several calls to the s 9(2)(a) in February. MBIE discussed the areas of interest for Ngāti Rangī on Mt Ruapehu. On 16 February, MBIE had a further phone call with the s 9(2)(a) about advice in relation to a bidder getting involved in purchasing of the ski fields. Further calls held on the 17<sup>th</sup> and 27<sup>th</sup> of February to provide further updates.</p>  |
| April 2023                          | <p>Further phone calls held on the 3<sup>rd</sup> and 17<sup>th</sup> of April with the s 9(2)(a) to provide an update regarding the RAL bids.</p>   |
| May 2023                            | <p>On 2 May, MBIE had a phone call with the s 9(2)(a) regarding the Tūroa Alpine Proposal and MBIE asked for their advice on it.</p> <p>On 9 May, MBIE had a phone call with the s 9(2)(a) advising they were entering into negotiations with two parties for the purchase of the Mount Ruapehu Ski fields. The s 9(2)(a) asked to see the proposals for both the Tūroa and Whakapapa ski fields. On 11 May 2023, MBIE provided Ngāti Rangī the two proposals and main sections of the briefing to the former Minister for Regional Development which summaries MBIE’s evaluation and assessment of the proposals and provides their recommendation.</p> |

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|             | <p>On 23 May, MBIE meet with the s 9(2)(a) in Ohakune to discuss RAL and to provide them an update. On 24 May 2023, MBIE had a call with all iwi Chairs to discuss RAL and next steps with engaging with iwi to find a solution for both ski fields.</p>   |
| June 2023   | <p>On 12 June, MBIE, Te Arawhiti and DOC had a hui with all iwi reps to provide updates on the consultation process to date regarding the transfer of the DOC concessions to operate the ski fields on Mt Ruapehu.</p> <p>On 13 June, MBIE provided an email to all the iwi chairs with further information regarding RAL and to provide them all with an update.</p> <p>From 16 to 19 June, MBIE meet with iwi representatives in the region with the former Minister for Regional Development, DOC, and Te Arawhiti to discuss best outcomes for iwi and working together with iwi to find a solution for the mountain.</p> <p>On 20 June, MBIE provided the s 9(2)(a) the most recent redacted Cabinet Paper minutes and RAL Redundant Structure Database GPS details. On 22 June 2023, Te Arawhiti, with support from MBIE and DOC, had calls with all iwi regarding RAL and to provide them all with an update.</p> |
| July 2023   | <p>On 27 July, MBIE provided Ngāti Rangī the Expression of Interest/proposal's received from the Whakapapa ski field bidder after its initial due diligence, summarises of the revised terms negotiated with its principals, and MBIE also advised they have received a letter from s 9(2)(a) and s 9(2)(a) confirming their interest, on behalf of Ngāti Tūwharetoa, in acquiring the assets of RAL.</p>  |
| August 2023 | <p>On 1 August, MBIE contributed to the joint letter update to iwi CEO &amp; Chairs provided by Te Arawhiti. Also on the 1<sup>st</sup> August, MBIE had discussions with the s 9(2)(a) around the proposed concession, Tūroa trademark, and GIS map. Te Arawhiti and DOC were also in attendance.</p> <p>Updates were provided on the 8<sup>th</sup> and 23<sup>rd</sup> of August to Ngāti Rangī. On 14 August MBIE, Te Arawhiti and DOC provided all iwi CEOs an update on the current progress of RAL.</p> <p>On 25 August MBIE provided s 9(2)(a) the proposed timeframe for the RAL Cabinet paper.</p>   |

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| September 2023 | <p>On 7 September MBIE received written correspondence from the Chief Executive of Ngāti Rangī stating that s 9(2)(ba)(i), s 9(2)(j)</p> <p>adding that s 9(2)(ba)(i), s 9(2)(j)</p> <p>Regarding a potential pathway for the sale of assets, the correspondence stated that s 9(2)(ba)(i), s 9(2)(j)</p> <p>s 9(2)(ba)(i)</p> <p>On 7 September, MBIE provided the s 9(2)(a) the funding requests and bid proposals from three of the four parties that have submitted bids (Whakapapa Holdings Limited declined MBIE’s request to submit their proposal to iwi).</p> <p>s 9(2)(ba)(i), s 9(2)(j)</p> |
|----------------|--|

**ENGAGEMENTS WITH UENUKU, PATUTOKOTOKO**

| Date          | Purpose/Notes   |
|---------------|---|
| December 2022 | <p>On 21 December, MBIE had a call with s 9(2)(a) and had a discussion around the current situation of RAL.</p>   |
| May 2023      | <p>On 16 May, MBIE had a call with the s 9(2)(a) to discuss RAL and to provide them an update. A further update was also provided to s 9(2)(a) to discuss RAL and to provide them an update.</p> <p>On 20 May, MBIE virtually met the s 9(2)(a) to discuss RAL and to provide them an update.</p> <p>On 24 May, MBIE had a call with all iwi Chairs to discuss RAL and next steps with engaging with iwi to find a solution for both ski fields.</p> <p>On 30 May, MBIE had conversations with s 9(2)(a) about the Tūroa ski field and to provide them an update.</p> |

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|-----------------------|---|
| <p>June 2023</p>      | <p>On 12 June, MBIE, Te Arawhiti and DOC had a hui with all iwi reps to provide updates on the consultation process to date regarding the transfer of the DOC concessions to operate the ski fields on Mt Ruapehu.</p> <p>On 13 June, MBIE provided an email to all the iwi chairs with further information regarding RAL and to provide them all with an update.</p> <p>From 16 to 19 June, MBIE meet with iwi representatives in the region with the former Minister for Regional Development, DOC, and Te Arawhiti to discuss best outcomes for iwi and working together with iwi to find a solution for the mountain.</p> <p>On 22 June, Te Arawhiti, with support from MBIE and DOC, had calls with all iwi regarding RAL and to provide them all with an update.</p> <p>s 9(2)(b)(ii)</p>   |
| <p>August 2023</p>    | <p>On 1 August, MBIE contributed to the joint letter update to iwi CEO &amp; Chairs provided by Te Arawhiti, and on the 7<sup>th</sup> of August MBIE attended the meeting held in Raetihi with Uenuku regarding RAL and to provide them with an update.</p> <p>On 14 August, MBIE, Te Arawhiti and DOC provided all iwi CEOs an update on the current progress of RAL.</p>   |
| <p>September 2023</p> | <p>On 7 September, MBIE contacted the s 9(2)(a) to provide redacted details of the bids received by RAL's liquidators. MBIE discussed the bids and the next steps with Uenuku on 8 September 2023.. MBIE has agreed to give Uenuku the same involvement rights it has given Ngāti Rangī.</p> <p>On 13 September, MBIE had a phone call with the s 9(2)(a). A follow up summary email was sent by MBIE and this was tabled at their board meeting on 16<sup>th</sup> of September.</p> <p>On 14 September, MBIE provided s 9(2)(a) the same update given to Ngāti Hauā.</p> <p>On 21 September, an email was received by MBIE from the s 9(2)(a), acknowledging what was tabled at the board meeting on 16 September 2023 and that he would have their response in writing to MBIE thereafter.</p> <p>On 25 September MBIE received a letter from Uenuku with their views on the options proposed.</p> <p>On 26 September, a further email was sent to Uenuku offering a further phone call to seek any clarification or respond to any questions they may have.</p> |

| ENGAGEMENTS WITH NGATI HĀUA |  |
|-----------------------------|--|
| Date                        | Purpose/Notes  |
| May 2023                    | <p>On 24 May, MBIE had a call with all iwi Chairs to discuss RAL and next steps with engaging with iwi to find a solution for both ski fields.</p> <p>On 25 May, MBIE had a call with s 9(2)(a) [REDACTED], to discuss RAL and to provide them an update</p>   |
| June 2023                   | <p>On 12 June, MBIE, Te Arawhiti and DOC had a hui with all iwi reps to provide updates on the consultation process to date regarding the transfer of the DOC concessions to operate the ski fields on Mt Ruapehu.</p> <p>On 13 June, MBIE provided an email to all the iwi chairs with further information regarding RAL and to provide them all with an update.</p> <p>On 22 June, Te Arawhiti, with support from MBIE and DOC, had calls with all iwi regarding RAL and to provide them all with an update.</p>   |
| August 2023                 | <p>On 1 August, MBIE contributed to the joint letter update to iwi CEO &amp; Chairs provided by Te Arawhiti. Also, on the 1<sup>st</sup> of August, MBIE had discussions with the s 9(2)(a) [REDACTED] on RAL and to provide them an update. Te Arawhiti and DOC were also in attendance.</p> <p>On 14 August 2023, MBIE, Te Arawhiti and DOC provided all iwi CEOs an update on the current progress of RAL.</p>  |
| September 2023              | <p>s 9(2)(ba)(i) [REDACTED]</p> <p>On 14 September 2023, MBIE had a call with s 9(2)(a) [REDACTED] to discuss the proposed options. On the 21 September 2023, Ngāti Hauā came back with additional questions, MBIE provided a response to those questions on 21 September 2023.</p> <p>On 26 September, a further email was sent to Ngāti Hāua offering a further phone call to seek any clarification or respond to any questions they may have.</p> <p>On 26 September, MBIE received a letter from the s 9(2)(a) [REDACTED] outlining their views on the proposals.</p> |

| ENGAGEMENTS WITH NGĀ TĀNGATA TIAKI |  |
|------------------------------------|--|
| Date                               | Purpose/Notes  |
| September 2023                     | <p>On 21 September 2023, MBIE had a call with s 9(2)(a) [REDACTED] and gave a verbal update on process. A follow up email was sent to s 9(2)(a) [REDACTED] and her team giving a brief timeline of events until now, an update on the proposed options for the cabinet paper, as well as an update</p> |

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|  | <p>on which iwi have been engaged with to date. An opportunity for further discussion was provided and we are awaiting a formal response.</p> <p>On 26 September, a further email was sent to Ngā Tāngata Tiaki offering a further phone call to seek any clarification or respond to any questions they may have.</p> |
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