



## MEMO TO THE INDEPENDENT ADVISORY PANEL

### RAL Update

<b>Date prepared:</b>	5 April 2018	<b>Meeting date:</b>	10 April 2018
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#### Purpose

1. To update the Panel on progress of the RAL proposal.

#### Recommended action

2. We recommend that IAP note that officials are progressing discussions with RAL management with a view to commencing detailed discussions about the nature and key terms of the debt financing.

#### Key points

##### *Independent Advisory Panel recommendation*

3. On 13 March 2018, RAL's proposal was put before the PGF's Independent Advisory Panel (IAP) for consideration. The IAP was broadly supportive of RAL's proposal noting that it would bring wider social and economic benefits to the Ruapehu District and wider area.
4. The Panel recommended that RAL's proposal be considered for funding through the PGF. They recommended that funding be on a commercial basis given that, despite RAL's status as a public benefit entity, it remains a commercial operation and not suitable for a grant.

##### *Update*

5. Discussions are progressing with RAL management. These are focussed on obtaining additional information prior to entering negotiations as to the form of PGF funding. Additional material being sought relates to the:
  - engineering/construction and geotechnical issues for the aerial tram
  - financial modelling
  - validation of the economic benefits assessment.
  - Confirmation of committed funding from RAL and the two local authorities.
  - Project timetable
6. Most of this additional information is expected by the end of this week. Officials will provide an update to the Minister within the next fortnight on the projects's timing and also the probable nature and key terms and conditions of the investment mechanism.

**Investment Options**

7. Officials are continuing to develop operational policy regarding investment mechanisms (i.e. grants, loans and equity, etc.).
8. RAL has advised that it proposes that funding from **Commercial Information** [REDACTED]. It has suggested the PDU also consider a similar investment mechanism. This may be an appropriate method as some form of term debt instrument would appear the best option for RAL and is consistent with the IAP's view that as a commercial operation a grant would not be suitable.
9. **Commercial Information** [REDACTED]

PROACTIVELY RELEASED