

BRIEFING

Funding options for the continued operation of the ski field at Mt Ruapehu

Date:	6 December 2022	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	2223-2108

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	<p>Agree to fund the bridging loan:</p> <ul style="list-style-type: none"> - through underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment <p>OR</p> <ul style="list-style-type: none"> - through the Regional Strategic Partnership Fund (RSPF). 	6 December 2022
Hon Poto Williams Minister of Conservation	<p>Agree to fund the bridging loan:</p> <ul style="list-style-type: none"> - through underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment <p>OR</p> <ul style="list-style-type: none"> - through the Regional Strategic Partnership Fund (RSPF). 	6 December 2022
Hon Stuart Nash Minister for Economic and Regional Development Minister for Tourism	<p>Agree to fund the bridging loan:</p> <ul style="list-style-type: none"> - through underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment <p>OR</p> <ul style="list-style-type: none"> - through the Regional Strategic Partnership Fund (RSPF). 	6 December 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robert Pigou	Head of Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU)	Privacy of natural persons	✓
Isabel Poulson	General Manager, Strategy, Planning and Performance, Kānoa – RDU	Privacy of natural persons	

The following departments/agencies have been consulted

Minister’s office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister’s Notes | <input type="checkbox"/> Withdrawn |

Comments

BRIEFING

Funding options for the continued operation of the ski field at Mt Ruapehu

Date:	6 December 2022	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	2223-2108

Purpose

To urgently seek your decision on funding options for a \$6 million loan to Ruapehu Alpine Lifts Limited, agreed in-principle by Cabinet on 5 December 2022 [CAB-22-MIN-0561].

Recommended action

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

- a **Note** Cabinet agreed in principle that the Crown provide further bridging support, of up to \$6 million, to allow the necessary time to enable the establishment of “NewCo”, and development of a Funding Proposal, as well as enabling the Voluntary Administrator to maintain the assets, retain the management team, and allow limited operations on the mountain [CAB-22-MIN-0561].
Noted
- b **Note** Cabinet authorised the Minister of Finance, Minister of Conservation and the Minister for Economic and Regional Development to take decisions on the source of the funding to implement the in-principle decision.
Noted
- c **Note** MBIE has identified two possible funding options within MBIE baselines:
 - i. **Option One:** underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment; and
 - ii. **Option Two:** Regional Strategic Partnership Fund (RSPF).
Noted
- d **Note** that following your decision, the Minister for Economic and Regional Development will release a public statement announcing the decision to provide RAL with additional funding.
Noted
- e **Note** The Minister for Economic and Regional Development will update the Cabinet Economic Development Committee on Wednesday 7 December about this decision and next steps, as an oral item.
Noted

EITHER

f **Agree** to **Option One** as outlined in recommendation c:

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister of Conservation</i>	<i>Agree / Disagree</i>
<i>Minister for Economic and Regional Development</i>	<i>Agree / Disagree</i>

i. **Approve** the following changes to appropriations to give effect to the policy decision in recommendation c above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27
Vote Business, Science and Innovation Minister for Economic and Regional Development					
Non-Departmental Other Expense: COVID-19 Events Transition Support Payment	(6.000)	-	-	-	-
Economic and Regional Development: Provincial Growth Fund MCA Investment through Crown-owned companies	6.000	-	-	-	-
Total Operating	(6.000)	-	-	-	-
Total Capital	6.000	-	-	-	-

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister of Conservation</i>	<i>Noted</i>
<i>Minister for Tourism</i>	<i>Agree / Disagree</i>

ii. **Agree** that the proposed changes to appropriations above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister of Conservation</i>	<i>Noted</i>
<i>Minister for Tourism</i>	<i>Agree / Disagree</i>

OR

g **Agree to Option Two** as outlined in recommendation c:

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister of Conservation</i>	<i>Agree / Disagree</i>
<i>Minister for Economic and Regional Development</i>	<i>Agree / Disagree</i>

i. **Note** that RSPF funding requires the approval of Regional Economic Development (RED) Ministers.

Noted

ii. Subject to your agreement to recommendation g, **Agree** to forward this briefing to RED Ministers to seek their agreement to **Option Two**.

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister of Conservation</i>	<i>Agree / Disagree</i>
<i>Minister for Economic and Regional Development</i>	<i>Agree / Disagree.</i>

Subject to Ministers Agreement to Recommendation g:

FOR RED MINISTERS

h **Agree to provide a \$6.000 million loan through the RSPF to provide for further bridging support from the Crown to allow the establishment of NewCo.**

<i>Minister of Finance</i>	<i>Agree / Disagree</i>
<i>Minister for Social Development and Employment</i>	<i>Agree / Disagree</i>
<i>Minister for Economic and Regional Development</i>	<i>Agree / Disagree</i>
<i>Minister for Māori Development</i>	<i>Agree / Disagree</i>

Privacy of natural persons



Robert Pigou
Head of Kānoa – Regional Economic Development & Investment Unit, MBIE

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Hon Grant Robertson
Minister of Finance

..... / /

Hon Poto Williams
Minister of Conservation

..... / /

Hon Stuart Nash
Minister for Economic and Regional Development
Minister for Tourism

..... / /

Background

1. Ruapehu Alpine Lifts Limited (RAL) was placed in administration on 11 October 2022, owing an estimated \$45 million, including \$15 million in loans through the Provincial Growth Fund, held by Crown Regional Holdings Limited (CRHL). Since then, Cabinet:
 - a. on 31 October 2022, agreed to provide bridging finance of \$2 million to Ruapehu Alpine Lifts (RAL) to allow time to investigate a potential solution that would ensure the continued operation of the ski fields at Mt Ruapehu and protect the investment of Bondholders [CAB-22-MIN-0477 refers]; and
 - b. on 28 November 2022, discussed the results of a survey to Life Pass Holders and asked for information on the parties that had expressed an interest in RAL.
2. On 5 December 2022, Cabinet agreed in principle that the Crown provide further bridging support, of up to \$6 million, to allow the necessary time to enable the establishment of “NewCo” and development of a Funding Proposal, as well as enabling the Voluntary Administrator (the VA) to maintain the assets, retain the management team, and allow limited operations on the mountain [CAB-22-MIN-0561].
3. Cabinet authorised the Minister of Finance, Minister of Conservation and the Minister for Economic and Regional Development to take decisions on the source of the funding to implement the in-principle decision.

Funding option

4. The Ministry of Business, Innovation and Employment (MBIE) has identified two possible funding options within MBIE baselines: the Regional Strategic Partnership Fund (RSPF), and underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment.

RSPF

5. When considering the design of the RSPF, Cabinet agreed that \$20 million would remain unallocated ‘to respond to emerging government or regional economic development priorities as they arise’. This was in order to enable flexibility to respond to government and regional economic development priorities as they arise. [CAB-21-MIN-0006].
6. Officials consider this meets the definition of an emerging regional economic development priority and that the RSPF could be used to fund this loan.
7. Any RSPF funding decisions would need to be agreed by the Minister of Finance, the Minister for Social Development and Employment, the Minister for Economic and Regional Development and the Minister for Māori Development, as Regional Economic Development Ministers.

Underspends from the Economic and Regional Development: COVID-19 Events Transition Support Payment

8. The Economic and Regional Development: COVID-19 Events Transition Support Payment (the ETSP) was established through the COVID Response and Recovery Fund to provide the confidence needed for organisers of large-scale events to continue organising their events over 2022. The ETSP acts as an insurance-type scheme and covers up to 90 per cent of eligible, unrecoverable costs associated with a cancelled or postponed eligible event.
9. In November 2022, the Minister for Economic and Regional Development was advised that \$287 million in ETSP underspend was returned to the Centre and that \$19 million remain in

the appropriation as contingency until conclusion of the scheme (briefing 2223-1777 refers). The Minister also agreed to continue the ETSP Scheme until the end of its term on 31 January 2023.

10. If you decided to fund the continued operation of the ski fields at Mt Ruapehu through this option, \$6 million of this funding could be transferred to a Capital appropriation, leaving \$13 million in the ETSP appropriation.
11. MBIE Tourism officials advise that it is unlikely that more than \$13 million would be needed to meet any claims arising in the remaining weeks of the scheme. The only remaining trigger for payment would be if a lead artist / subject is required to self-isolate due to COVID-19 and there is no available alternative artist/subject.
12. Agreement to this transfer would be required from the Minister of Finance and the Minister for Tourism, as Joint Ministers.

Next steps

13. Following your decision, the Minister for Economic and Regional Development will release a public statement announcing the decision to provide RAL with additional funding.
14. Kānoa – Regional Economic Development & Investment Unit officials will undertake the steps necessary to agree the new bridging loan with RAL, through the VA.
15. The Minister for Economic and Regional Development will update the Cabinet Economic Development Committee on Wednesday 7 December about this decision and next steps, as an oral item.