

AIDE MEMOIRE

Proposed Talking Points for Cabinet Economic Development Committee oral item: *Further funding for continued operation of ski fields at Mt Ruapehu*

Date:	6 December 2022	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	2223-2117

Information for Minister(s)
Hon Stuart Nash Minister for Economic and Regional Development

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 & Performance	Privacy of natural persons	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 Withdrawn |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

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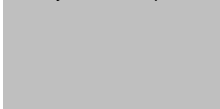
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Purpose

To provide you with suggested talking points for your oral item at Cabinet Economic Development Committee (DEV) *Further funding for continued operation of ski fields at Mt Ruapehu* on 7 December 2022.

Privacy of natural persons



Robert Pigou
Deputy Chief Executive and Head of Kānoa – Regional Economic Development & Investment Unit
 Ministry of Business, Innovation and Employment

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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 (PGF), held by Crown Regional Holdings Limited (CRHL). Since then, Cabinet:
 - a. on 31 October 2022, agreed to provide bridging finance of \$2 million to 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 refers].

3. Cabinet authorised the Minister of Finance, Minister of Conservation and the Minister for Economic and Regional Development (Ministers with Power to Act) to take decisions on the source of the funding to implement the in-principle decision.
4. On 6 December 2022, Ministers with Power to Act agreed to provide a \$6 million in bridging support loan to RAL through the Regional Strategic Partnership Fund (briefing 2223-2108 refers).
5. Kānoa – RDU officials understand you intend to call stakeholders on the morning of Wednesday 7 December, and release a press statement following these calls.
6. Cabinet invited you to report back to the Cabinet Economic Development Committee on 7 December 2022 on the decisions taken by Ministers with Power to Act.
7. This paper provides you with suggested talking points for your oral item at Cabinet Economic Development Committee (DEV) *Further funding for continued operation of ski fields at Mt Ruapehu* on 7 December 2022.

Annex One: Proposed talking points

Background

- 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.
 - 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.
 - Invited me to report back to the Cabinet Economic Development Committee on 7 December 2022 on the decisions taken by the Minister of Finance, Minister of Conservation and the Minister for Economic and Regional Development [CAB-22-MIN-0561 refers].
- This oral item responds to your invitation to report back on the decisions taken by the Minister of Finance, Minister of Conservation and the Minister for Economic and Regional Development

Ministers have agreed to provide bridging finance through the Regional Strategic Partnership Fund (RSPF)

8. 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 refers].
9. Kānoa – Regional Economic Development & Investment Unit (Kānoa –RDU) officials consider this meets the definition of an emerging regional economic development priority and that the RSPF could be used to fund this loan.
10. However, any RSPF funding decisions needed 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 (RED) Ministers.
11. Ministers with Power to Act agreed that it would be appropriate to provide bridging finance through the RSPF, and RED Ministers agreed to fund the loan using the RSPF, on 6 December 2022.
12. I called stakeholders and released a press statement announcing the decision to provide additional bridging funding this morning.

Next Steps

- Kānoa – RDU officials will now undertake the steps necessary to agree the new bridging loan with RAL, through the VA.



- Kānoa – RDU officials will continue to work with other parties, including Bondholders, iwi, and the Voluntary Administrator to further explore options to avoid liquidation.
- I expect to report back to Cabinet in the new year to seek decisions on the final form of the deal [CAB-22-MIN-0477 refers].