



COVERSHEET

Minister	Hon Stuart Nash	Portfolio	Economic and Regional Development
Title of Cabinet paper	Government support for an alternative solution for continued operation of the ski field at Mt Ruapehu	Date to be published	28 February 2023

List of documents that have been proactively released

Date	Title	Author
October 2022	Government support for an alternative solution for continued operation of the ski field at Mt Ruapehu	Office of Minister for Economic and Regional Development
31 October 2022	Government support for an alternative solution for continued operation of the ski field at Mt Ruapehu DEV-22-MIN-0477 Minute	Cabinet Office

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Commercial information and Confidential advice to Government.



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.

Government Support for an Alternative Solution for Continued Operation of the Ski Field at Mt Ruapehu

Portfolio **Economic and Regional Development**

On 31 October 2022, Cabinet:

- 1 **noted** that:
 - 1.1 on 27 April 2018, delegated Regional Economic Development (RED) Ministers approved a \$10 million loan from the Provincial Growth Fund to assist with the financing of the \$25 million Sky Waka gondola at the Whakapapa ski field operated by Ruapehu Alpine Lifts Limited (RAL);
 - 1.2 on 17 August 2020, RED Ministers approved an additional \$5 million loan for RAL operating expenses;
- 2 **noted** that the loans referred to in paragraph 1 above have been fully drawn down;
- 3 **noted** the importance of the ski field to the local community and businesses, both as a tourism asset and as an employer;
- 4 **noted** that additional major creditors of RAL are:
 - 4.1 the ANZ (approximately \$13 million); and
 - 4.2 Bondholders (Tuwharetoa (\$9.5 million), Taupō District Council (\$1 million), Bay of Plenty Community Trust (\$1.5 million), Māori Investments (\$1 million), Atihau-Whanganui Inc (\$500,000) and the Ruapehu District Council (\$500,000 loan), amounting to \$14 million collectively;
- 5 **noted** that the Bondholders are community trusts, iwi organisations and local government authorities;
- 6 **noted** that on 11 October 2022, RAL announced that PwC has been appointed as the Voluntary Administrator following a resolution of RAL's Directors;
- 7 Confidential advice to Government

8 **noted** that officials believe if ANZ and the Crown, through the asset holding company Crown Regional Holdings Limited (CRHL), were prepared to write off or compromise a substantial part of the debt owed by RAL, they could table this proposal with the Voluntary Administrator on the basis that a new entity:

8.1 acquired the assets of RAL;

8.2 assumed the obligations owed to the Bondholders and unsecured creditors;

8.3 raised new capital from the life pass holders;

9 **noted** that this option represents a genuine proposal to support the continued operation of the ski field at Mt Ruapehu, and the associated community and regional benefits;

10 **noted** that this proposal would mean that the Crown (through CRHL) would need to write-off \$15 million in loans to RAL;

11 **noted** that if Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU) is unable to get agreement to this proposal from ANZ, the proposal will not proceed;

12 **agreed** to pursuing this approach, with Kānoa – RDU leading the negotiations with the two other major creditors (ANZ and the Bondholders);

13 **agreed** that bridging finance be required to deliver this outcome, in order to provide sufficient working capital to retain the RAL management team and conclude this transaction;

Financial implications

14 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 12 above, with a corresponding impact on the operating balance and net 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					
Multi-Category Expenses and Capital Expenditure:					
Provincial Growth Fund MCA					
Non-Departmental Capital Expense: Investment through Crown-owned companies	2.000	-	-	-	-
Total Operating	-	-	-	-	-
Total Capital	2.000	-	-	-	-

15 **agreed** that the change to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

16 **agreed** that that the expenses incurred under paragraph 13 above be charged against the Multi-Year Capital Allowance;

- 17 **invited** the Minister for Economic and Regional Development to report back to Cabinet following initial discussions between Kānoa – RDU and the two other major creditors (ANZ and the Bondholders) to seek decisions on the final form of the deal;
- 18 **noted** that the longer-term viability of the ski field at Mt Ruapehu will need to be carefully considered by the relevant groups.

Rachel Hayward
Acting Secretary of the Cabinet