



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Economic and Regional Development
<b>Title of Cabinet paper</b>	Government Support for the Continued Operation of the Ski Field at Mt Ruapehu	<b>Date to be published</b>	28 February 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
5 December 2022	Oral Item: Recommendations Relating to Government Support for the Continued Operation of the Ski Field at Mt Ruapehu	Office of Minister for Economic and Regional Development
5 December 2022	Additional Item: Government Support for the Continued Operation of the Ski Field at Mt Ruapehu: Further Update  CAB-22-MIN-0561 Minute	Cabinet Office
7 December 2022	Oral Item: Government Support for the Continued Operation of the Ski Field at Mt Ruapehu: Update  DEV-22-MIN-0306 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, Confidential advice to Government and Negotiations.

**Sensitive**

Office of the Minister of Economic and Regional Development  
Cabinet

**Recommendations**

The Minister for Economic and Regional Development recommends that Cabinet:

- 1 **Note** that on 31 October 2022, Cabinet 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].
- 2 **Note** that on 28 November 2022, Cabinet discussed the results of a survey to Life Pass Holders and asked for information on the parties that had expressed an interest in RAL.
- 3 **Note** that the survey showed RAL Life Passholders have not provided sufficient levels of financial support for a restructured RAL under a new entity (NewCo).
- 4 **Note** that the RAL Voluntary Administrator (VA) did an independent survey of the public and the expressions of financial support, while significant, have yet to be fully tested and Kānoa — RDU takes only limited comfort from these.
- 5 **Commercial Information**  
5.1 **Commercial Information**  
5.2 **Commercial Information**
- 6 **Note** that the VA currently only has sufficient funding from Crown Regional Holdings Limited (CRHL) and ANZ Bank New Zealand Limited (ANZ) to operate until the end of December 2022.
- 7 **Commercial Information**
- 8 **Note** that in the absence of any further bridging funding from the Crown, the VA has confirmed that liquidation (expected to commence on, or about, 16 December 2022) is the only course of action open to him.
- 9 **Note** that RAL being placed in liquidation is expected to have a significant detrimental impact on the economies of local communities especially Ohakune.

- 10 **Note** that there are two options open to Cabinet; both carry risk:
- 10.1 **Option 1** – Provide further bridging support from the Crown to allow the establishment of NewCo.
  - 10.2 **Option 2** – No further support is provided, and RAL is placed into liquidation.
- 11 **Note** that under **Option 1** the Crown would advance up to \$6 million in further bridging funding to enable the VA to maintain the assets, retain the management team, and allow limited operations on the mountain.
- 11.1 During this period a detailed Funding Proposal would be produced to go to Life Pass Holders, and others, to raise the minimum of around \$15 million required to provide NewCo with the funding base to operate for the next 12 to 24 months.
  - 11.2 **Commercial Information** [REDACTED]
  - 11.3 It is understood there is around \$<sup>comme</sup> million of deferred maintenance necessary to bring the ski field to a high quality.
- 12 **Note** that **Option 1** poses the following risks:
- 12.1 **Commercial Information** [REDACTED]
  - 12.2 The fundraising process may not be successful.
  - 12.3 Providing further funding could result in an expectation of even further funding come May 2023, if sufficient funding to operate NewCo has not been achieved.
  - 12.4 **Commercial Information** [REDACTED]
- 13 **Note** that under **Option 2** no further bridging funding is provided, and liquidation commences on, or about, 16 December 2022. This option could lead to multiple possible scenarios:
- 13.1 Third parties seek to acquire some of the moveable assets. Secured creditors, especially Bondholders are unlikely to entertain this.
  - 13.2 Bondholders enforce their security over the Sky Waka, <sup>Commercial Information</sup> **Commercial Information** [REDACTED]



13.3 The Crown (via DoC) assumes control of the remaining assets of RAL (in liquidation):

13.3.1 Crown/DoC would be responsible for the care and maintenance costs (amount unknown) to preserve the non-Sky Waka assets.

13.3.2 **Commercial Information**

14 **Note** that **Option 2** poses the following risks:

14.1 DoC becomes responsible for activities on the mountain.

14.2 Placing RAL in liquidation could see the loss of key staff with the experience needed for maintaining assets and the operations on the mountain.

14.3 Care and maintenance costs could be greater than the \$6 million obligation under Option 1.

14.4 **Commercial Information**

15 **Agree to:**

**EITHER**

15.1 **Option 1** as outlined in recommendation 10.1.

**OR**

15.2 **Option 2** as outlined in recommendation 10.2

#### **Option agnostic risks and opportunities**

16 **Note** that both options have a risk of remediation costs estimated by DoC to be \$<sup>Commer</sup> - <sup>Commer</sup> million.

17 **Commercial Information**

**SENSITIVE**

18 **Note** that Te Arawhiti has advised that the Crown is committed to collective negotiations with the iwi with interests in the national park (including Ngāti Tūwharetoa, Ngāti Rangī, Uenuku, Ngāti Hāua).

19 **Confidential advice to Government**

**Financial implications of Option 1**

20 **Note** that if Option 1 is agreed it has the following financial implications.

21 **Approve** the following changes to appropriations to give effect to the policy decision in Option 1 above, with a corresponding impact on the operating balance and net core Crown debt:

	<b>\$m - increase/(decrease)</b>				
	<b>2022/2 3</b>	<b>2023/2 4</b>	<b>2024/2 5</b>	<b>2025/2 6</b>	<b>2026/2 7</b>
<b>Vote Business, Science and Innovation Minister for Economic and Regional Development</b>					
Multi-Category Expenses and Capital Expenditure: Provincial Growth Fund MCA	6.000	-	-	-	-
Non-Departmental Capital Expense: Investment through Crown-owned companies					
<b>Total Operating</b>	-	-	-	-	-
<b>Total Capital</b>	<b>6.000</b>	-	-	-	-

21.1 **Agree** that the proposed 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;

21.2 **Agree** that the expenses incurred under Option 1 be charged against the between-Budget contingency established as part of Budget 2022.

Authorised for lodgement

Hon Stuart Nash

Minister for Economic and Regional Development