

BRIEFING

Ruapehu Alpine Lifts Limited – Assurance to enter good faith negotiations

Date:	5 May 2023	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	2223-3731

Action sought		
	Action sought	Deadline
Hon Kiri Allan Minister for Regional Development	Agree to discuss the content of this briefing with the Minister of Finance, and communicate any confirmation to the Head of Kānoa as soon as possible.	8 May 2023

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robert Pigou	Deputy Chief Executive and Head of Kānoa – Regional Economic Development & Investment Unit	Privacy of natural persons	✓

The following departments/agencies have been consulted

Te Arawhiti

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by

Withdrawn

Comments

BRIEFING

Ruapehu Alpine Lifts Limited – Assurance to enter good faith negotiations

Date:	5 May 2023	Priority:	Urgent
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Purpose

To urgently seek assurance from yourself and the Minister of Finance that Kānoa – Regional Development & Investment Unit may undertake negotiations in good faith with two prospective purchasers of Ruapehu Alpine Lifts Limited.

Recommended action

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

- a **Note** on 28 April 2023 you were briefed about four Expressions of Interest (EOI) received from potential purchasers of Ruapehu Alpine Lifts Limited (RAL) assets (briefing 2223-3590 refers).

Noted

- b **Note** Kānoa – Regional Development & Investment Unit (Kānoa) and its advisors (Chapman Tripp and Calibre Partners) have assessed two of the EOIs as being viable for further consideration, and Kānoa intends to progress negotiations with these parties. Cabinet has agreed Kānoa would lead these negotiations [CAB-22-MI-0477 refers].

Noted

- c **Negotiations**

Noted

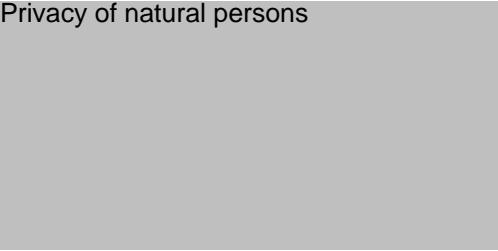
- d **Note** Kānoa urgently requires confirmation from yourself and the Minister of Finance that additional investment in the skifield/s on Mt Ruapehu would be supported in-principle, and that negotiations with the two parties may proceed.

Noted

- e **Agree** to discuss the content of this briefing with the Minister of Finance, and communicate any confirmation to the Head of Kānoa as soon as possible.

Agree / Disagree

Privacy of natural persons



Robert Pigou
**Deputy Chief Executive and Head of Kānoa
– Regional Economic Development &
Investment Unit, MBIE**

5 / 05 / 2023

Hon Kiri Allan
Minister for Regional Development

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Background

1. On 28 April 2023, you were briefed about four Expressions of Interest (EOI) received from potential purchasers of Ruapehu Alpine Lifts Limited (RAL) assets (briefing 2223-3590 refers).
2. Additionally, that briefing outlined that the earlier proposal to establish a new company (that protected the interested of Bondholders) and raise the required capital of circa **Confidential** from Life Pass Holders [CAB-22-MIN-0561 refers] has proven to be highly unlikely to succeed. Attraction of quality directors would also be likely to be difficult without an established NewCo and committed capital base.
3. Kānoa – Regional Development & Investment Unit (Kānoa) and its advisors (Chapman Tripp and Calibre Partners) have assessed two of the EOIs as being viable for further consideration and Kānoa intends to progress negotiations with these parties in order to find a resolution to support the continued operation of a ski field on Mt Ruapehu, and the associated community and regional benefits and protected. Cabinet has agreed Kānoa would lead these negotiations [CAB-22-MIN-0477 refers].
4. All of the EOIs, including the two assessed as more viable, require a degree of financial support from the Government.
5. Cabinet would remain the decision-maker on the final form of any deal [CAB-22-MIN-0477 refers]. In order to progress negotiations in good faith, Kānoa urgently requires confirmation from yourself and the Minister of Finance that additional investment in the skifield/s on Mt Ruapehu would be supported in-principle, and that negotiations with the two parties may proceed.
6. It is urgent that negotiations with the preferred parties are undertaken as soon as possible as:
 - a. previous funds provided for RAL operating expenses [CAB-22-MIN-0561 refers] are expected to be exhausted mid-June 2023,
 - b. a watershed meeting of RAL creditors to decide the future of the company must be held by late May 2023 at the latest (i.e. before RAL operating funds are fully exhausted),
 - c. parties that have submitted EOIs are seeking immediate assurance that negotiations will commence; and
 - d. time will be required for any new entity to be ready to commence operations in time for the 2023 ski season (currently intended to be: Whakapapa June 2023 for sledding and sightseeing, July 2023 for skiing and snowboarding; Tūroa July 2023 for skiing and snowboarding).

7. Kānoa recommends that you discuss the content of this briefing with the Minister of Finance, and communicate any confirmation to the Head of Kānoa as soon as possible.
8. Subject to receiving confirmation from yourself and the Minister of Finance, Kānoa will immediately engage with Pure Tūroa and SIO to negotiate final terms and conditions and deal structure.
9. As negotiations proceed, the Head of Kānoa will keep you informed, and Kānoa will commence drafting a paper to seek Cabinet agreement to the final structure of the deal, as it emerges.

Four EOIs have been received

10. EOIs (summarised in **Annex 1**, briefing 2223-3590 refers) have been received from:
 - a. Pure Tūroa, a group of local Ohakune business people.
 - b. Tūroa Alpine, a recently established company led by a former RAL director.
 - c. South Island Office (**SIO**), a Christchurch-based equity investment company.
 - d. Ruapehu Skifields Stakeholders Association (**RSSA**), an incorporated society, led by two members of the RAL creditor committee representing life pass holders.
11. Kānoa believes that the four EOIs represent the best proposals available, and that no other deals or interested parties are likely to emerge.

Kānoa and its advisors have analysed the EOIs and intends to progress negotiations with Pure Tūroa and SIO

12. The four EOIs vary significantly in terms of calibre and experience of the acquiring parties, ski field/s to be operated, purchase price, sources of funding (including amount of Crown funding requested) and other conditions.
13. In order to analyse the differing offers, Kānoa and its advisors (Chapman Tripp and Calibre Partners) have developed assessment criteria, in order to determine which parties could operate the business on a sustainable basis. Legal advice from Chapman Tripp is included in **Annex 2**.
14. The assessment criteria are as follows:

Confidentiality 

Confidentiality

[Redacted text block]

Analysis

	Pure Tūroa	Tūroa Alpine	SIO	RSSA
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Commercial Information, Negotiations

[Redacted text block]

- 15. Following this analysis, Kānoa believes the best available option is to progress negotiations with Pure Tūroa and SIO. This would provide the best opportunity for employment and business continuity in Ohakune, Raetihi, National Park and Taupō, as well as the continued operations of the skifields on Mount Ruapehu.
- 16. Kānoa notes that EOIs are not binding offers and require significant work to develop into full binding offers. It's possible that issues will emerge during negotiations that will not be able to be resolved, or that may require additional Crown support.

Kānoa requires urgent confirmation from yourself and the Minister of Finance, in order to negotiate in good faith

17. Cabinet has agreed that Kānoa would lead negotiations to enable the associated community and regional benefits to be delivered and the continued operation of the ski fields at Mt Ruapehu. Cabinet remains the final decision maker [CAB-22-MIN-0477 refers].

18. Confidentiality, Negotiations

[Redacted]

Confidentiality, Negotiations

[Redacted]

19. In addition, Confidentiality, Negotiations

[Redacted]

20. Confidentiality, Negotiations

[Redacted]

21. As outlined in paragraphs 5 & 6, it's urgent that Kānoa receives confirmation from yourself and the Minister of Finance in order to undertake negotiations as quickly as possible.

Tongariro National Park Treaty negotiations:

Confidentiality, Negotiations

[Redacted]

Next steps

24. Kānoa recommends that you discuss the content of this briefing with the Minister of Finance, and communicate any confirmation to the Head of Kānoa as soon as possible.
25. Subject to receiving confirmation from yourself and the Minister of Finance, Kānoa will immediately engage with Pure Tūroa and SIO to negotiate final terms and conditions and deal structure.
26. The Head of Kānoa will consult with, and update, Ngāti Tūwharetoa and Ngāti Rangi on Ministers directions to Kanoa, the preferred parties and how the two iwi wish to be involved in, or updated about, the negotiations.
27. As negotiations proceed, the Head of Kānoa will keep you informed.
28. As negotiations develop towards a deal, Kānoa will commence drafting a paper to seek Cabinet agreement to the final structure of the deal.

Annexes

Annex One: Summary of RAL proposals

Annex Two: Chapman Trip legal advice – Ruapehu Alpine Lifts Limited (Administrators Appointed)

Annex One: Summary of RAL proposals

RAL Proposals

Item Pure Tūroa Commercial Information, Ne

Negotiations, Commercial Information



RAL Proposals

Item	Tūroa Alpine <small>Commercial Information</small>
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Commercial Information, Confidential information entrusted to the Government



RAL Proposals

Item	South Island Office	Commercial Information
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Commercial Information, Confidential information entrusted to the Government



RAL Proposals

Item	Ruapehu Skifields Stakeholders Association (RSSA)	Commercial Information
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Commercial Information, Confidential information entrusted to the Government



Annex Two: Chapman Trip legal advice – Ruapehu Alpine Lifts Limited (Administrators Appointed)



27 April 2023

Hon. Kiri Allan
Minister for Regional Development

From: Privacy of natural persons
Direct:
Mobile:
Email:
Ref: 100557148/9796394.2

RUAPEHU ALPINE LIFTS LIMITED (*ADMINISTRATORS APPOINTED*) (*RAL*)

Legal professional privilege

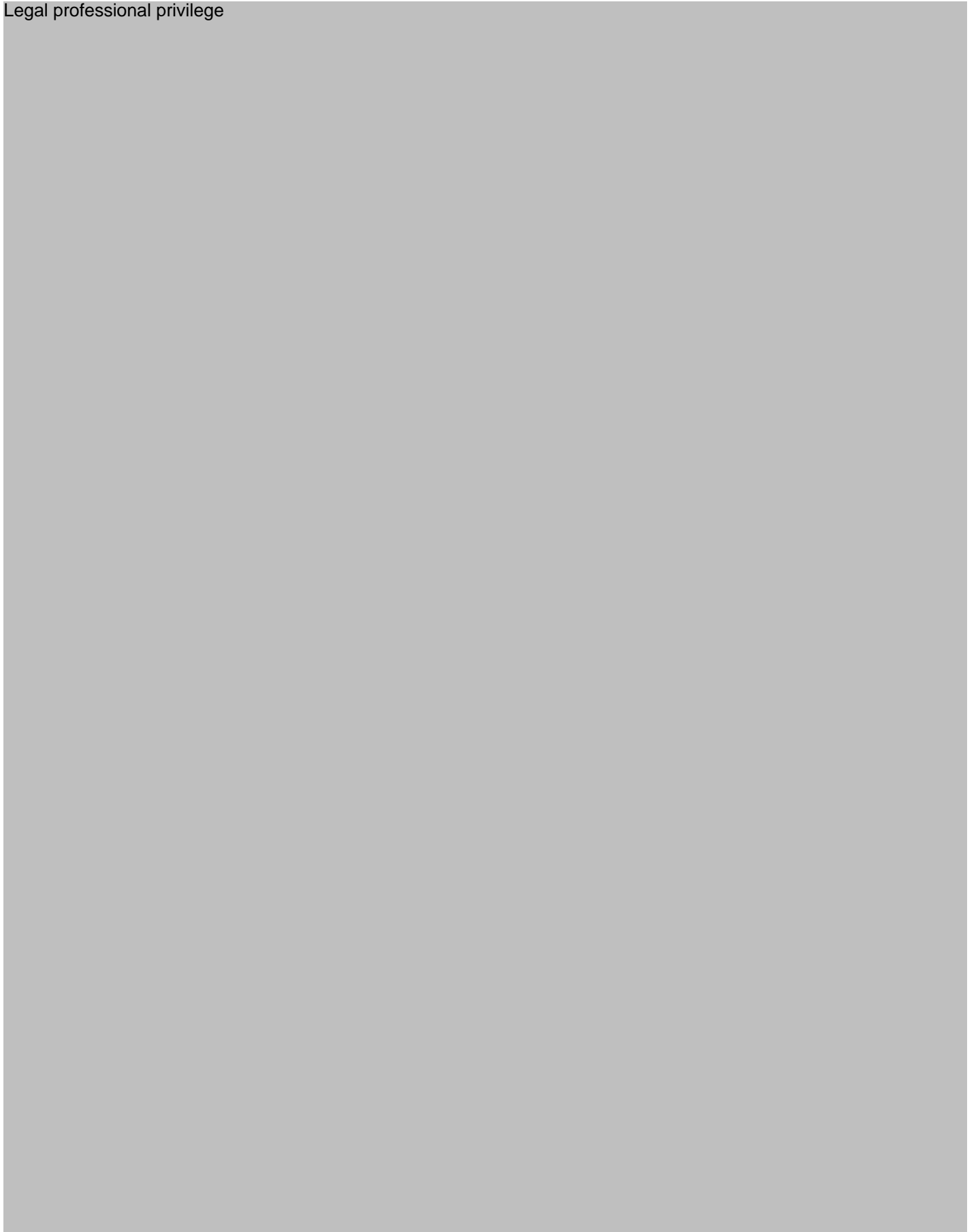


Legal professional privilege





Legal professional privilege





Legal professional privilege

