

Read

Departmental Briefing



In Confidence

GS ref: 23-B-0304
DOCCM: DOC-7394609
MBIE ref: 2324-0361

To: Minister for Regional Development, Minister of Conservation

Date: 28 July 2023

Subject: Ruapehu Alpine Lifts (In Liquidation) concessions process and Confidentiality

Action sought: To note options outlined in the paper to address Confidentiality

Time Frame: 4 August 2023

Risk Assessment: Confidentiality

Department's Priority: Very High

Level of Risk: Confidential

Contacts

Name and position	Cellphone	First contact	Principal author
Marie Long DDG, National Programmes and Regulatory Services, DOC	Privacy of natural	✓	
Robert Pigou, Deputy Chief Executive and Head of Kānoa – Regional Economic Development & Investment Unit (Kānoa), MBIE	Privacy of natural	✓	
Jonty Somers, Chief Legal Advisor, DOC	Privacy of natural		
Steve Brightwell, Principal Advisor, DOC	Privacy of natural		✓
Erin Hill, Principal Advisor, Strategy, Planning & Performance, Kānoa, MBIE	Privacy of natural		

Executive summary – Whakarāpopoto ā kaiwhakahaere

- Following the watershed meeting for the voluntary administration of Ruapehu Alpine Lifts (In Liquidation) (RAL) on 20 June 2023, John Fisk and Richard Nacey of PricewaterhouseCooper (PwC) were appointed as liquidators of RAL on 21 June 2023 by the High Court.
- Potential sales of the ski-field business to Pure Tūroa Limited and Whakapapa Holdings Limited remain on the table at present, however, a third offer from ^{Privacy of natural pers} of Ngāti Tūwharetoa is also expected when their due diligence is completed. Once the Tūwharetoa offer is tabled, Cabinet will be asked to confirm it is prepared to provide the same overall support for the bid as has been indicated for the two other bids. Upon selection of a buyer, or buyers, by the liquidators, the Department of Conservation (DOC) will be asked to consider ski-field concessions for the new operator or operators.
- Commercial Information

. DOC will also need to ensure that the process meets all other requirements of the Conservation Act. New concessions will also need to be acceptable to the new operator(s).
- The concessions application and draft concessions will be publicly notified. Early feedback has revealed iwi and hapū expect some concession changes and time to properly consider the proposals. Public notification will take a minimum of four months following an application for the concession. Ministers for Regional Development, Treaty of Waitangi negotiations, and Conservation have expressed their views in writing to iwi that officials will work with iwi differently, keeping iwi fully informed at every step.
- Commercial Information, Confidentiality

Commercial Information, Confidentiality

- 6. Given the \$5 million loan Cabinet agreed to provide to the liquidator on 26 June 2023 was to meet any operating costs and commitments during the ski season [CAB-23-MIN--0276 refers], Commercial Information, Confidentiality, Negotiations

[Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

We recommend that you ... (Ngā tohutohu)

		Decision
a)	note that officials have considered a range of options to address the Confidentiality of the RAL liquidators, and that this may need to be Confidentiality while a robust and transparent concessions process is undertaken	
b)	note that MBIE will closely monitor the situation and recommend options to the Minister for Regional Development to Confidentiality in further advice to the Minister for Regional Development	

Privacy of natural persons
[Redacted]

Date: 28 /07 /2023

Robert Pigou
Deputy Chief Executive,
Regional Economic Development &
Investment Unit, MBIE

Hon Kieran McNulty
Minister for Regional Development

Date: / /

Privacy of natural persons
[Redacted]

Date: 28/07/2023

Marie Long
DDG, National Programmes and
Regulatory Services
For Director-General of Conservation

Hon Willow-Jean Prime
Minister of Conservation

Date: / /

Purpose – Te aronga

1. The purpose of this briefing is to:
 - provide an analysis of options for a new operator(s) to potentially acquire concessions for the Tūroa and Whakapapa ski-fields
 - Confidentiality [REDACTED]

Background and context – Te horopaki

2. On 21 June 2023, RAL was placed in liquidation by the High Court, after its voluntary administration ended following the Watershed meeting on 20 June 2023 where no resolutions were passed by creditors. John Fisk and Richard Nacey of PricewaterhouseCoopers (PwC) were appointed as the liquidators. Prior to the liquidation, senior officials from MBIE, DOC and Te Arawhiti met with iwi and hapū. Officials acknowledged that the Crown had not allowed appropriate time or provided sufficient quality information to enable good engagement. A 20 June 2023 letter from the Ministers for Regional Development, Treaty of Waitangi negotiations, and Conservation committed MBIE, Te Arawhiti and DOC to working with iwi differently, keeping iwi fully informed at every step Negotiations [REDACTED]
3. On 26 June 2023, Cabinet agreed to provide \$5 million funding to allow the liquidator to operate Whakapapa and Tūroa ski fields for the 2023 season [CAB-23-MIN-0276 refers]. This decision was made to allow time for:
 - DOC to conduct an appropriate process, including consultation with iwi and hapū, to consider a new operator(s) potentially acquiring the concessions.
 - A third proposal to purchase and operate both ski fields, put forward by [REDACTED] Privacy of natural per on behalf of Ngāti Tūwharetoa (Ngāti Tūwharetoa proposal), to be considered by the liquidator. This proposal will be considered alongside the existing proposals by Whakapapa Holdings Limited (Whakapapa Holdings), to operate Whakapapa ski field, and Pure Tūroa Limited (Pure Tūroa) to operate Tūroa ski field.
4. DOC officials were previously of the view that it might be possible to conclude the process for considering the new operator(s) potentially acquiring the concessions by 1 July 2023, unless issues were raised through engagement that were unable to be resolved by this date.
5. As it transpired, consultation revealed:
6. All iwi require further time to consider how their interests should be reflected in the Whakapapa concession;
7. Privacy of natural persons [REDACTED] is putting forward a proposal, which means needing to work further with Te Kotahitanga o Ngāti Tūwharetoa (Te Kotahitanga) to fully understand the views of Ngāti Tūwharetoa; and
8. Confidentiality, Negotiations [REDACTED]

Potential acquisition of Tūroa and Whakapapa concessions by a new operator

Public notification

9. The proposed new operator(s) will make an application under the Conservation Act for a new concession. Applications for concession leases or licences must be publicly notified unless they fall within a narrow exception. Legal professional privilege

10. Confidentiality

- | [Redacted]
- | [Redacted]
- | [Redacted]
- | [Redacted]

11. Under the Conservation Act, DOC needs to know the identity of the proposed new operator before the application can be publicly notified. DOC cannot notify a mere intent that an undetermined operator will apply to acquire the concessions. This means DOC needs to wait until the liquidator determines its preferred operator(s), and the preferred operator(s) makes an application for the concessions before DOC can publicly notify that application.

Proposed process and timeframes

12. DOC expects the process for the new operator(s) to acquire the Tūroa and Whakapapa concessions to be as follows (also shown as Appendix One):

Step	Work	Details	Timeframe
	[Redacted]	<ul style="list-style-type: none"> • Commercial Information, Confidentiality [Redacted] [Redacted] [Redacted] [Redacted] 	[Redacted] from 26 June 2023

b.	[REDACTED]	Commercial Information, Confidentiality [REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	

13. DOC has developed this process to ensure it is working as efficiently as possible while also running a robust regulatory process that meets the requirements of DOC's legislative framework. It is expected to take four months to run the regulatory process after the liquidator determines its preferred operator(s), and consultation with iwi and hapū on the draft concessions documents has been completed. Changes to the concessions may vary depending on who the operator is.
14. These timeframes are significantly shorter than DOCs usual timeframes, and do not include contingencies. It is possible that these timeframes may need to be longer depending on who the proposed new operator is and the issues that arise through engagement with iwi and hapū and public consultation.

Confidentiality, Commercial Information

15. Commercial Information, Confidentiality

[REDACTED]

16. As of 21 July 2023, the liquidators have Confidentiality of the total \$5 million facility, however it is unclear when further drawdowns will be required – being dependent on the success of the ski season. MBIE officials will continue to stay in contact with the liquidator and monitor position throughout the ski season.

17. Commercial Information

Commercial Information, Confidentiality

[Redacted]

[Redacted]

[Redacted]

Confidentiality

21. Confidentiality, Legal professional privilege

[Redacted]

[Redacted]

¹Confidentiality

Confidentiality, Legal professional privilege

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Confidential Advice to Government

[Redacted]

Confidential Advice to Government

[Redacted]

31. PGF surplus funding was reprioritised to set-up the RSPF; Confidentiality million in April 2021 [CAB -21-MIN-0114] and Confidentiality in December 2021 [CAB-21-MIN-0520].
32. Surplus funding from the PGF is becoming less common, fewer projects have surpluses and far more projects have cost pressures. For example: the Minister of Finance and the Minister for Regional Development conduct twice-yearly reprioritisation exercises [CAB 21-MIN-0520 refers]. Following the last exercise in June 2023, the Minister for Regional Development sought Cabinet agreement for funding to be transferred from RSPF to the PGF to cover cost pressures, with the expectation that future PGF surplus will be used to pay back the RSPF. [CAB-23-MIN-0227 refers]
33. MBIE officials are in the early stages of the next reprioritisation exercise and have tentatively identified Confidentiality of cost savings and underspends available for immediate reprioritisation for PGF projects. However, \$13.4 million of confirmed and a

² An additional \$6.9 million surplus is expected to be returned from the Ministry of Primary Industries in the October Baseline Update.

further Confidentiality of potential cost pressures in the PGF have been identified, meaning the funding required already exceeds funding available.

- 34. Furthermore, using PGF underspends would create opportunity cost, as it would reduce options to manage the allocation of funding to cover future cost pressures in the PGF, and new funding may need to be sought for these. Reducing the funds available for reprioritisation within the PGF is likely to mean PGF funding projects will not be able to complete or will have to drastically reduce scope, compromising the regional development benefits of these projects.

Confidentiality [Redacted]

- 35. The RSPF is a regional development fund that came from a manifesto commitment to establish a \$200 million fund to accelerate the development of local plans by regional economic development agencies. The RSPF is an evolution of regional development delivering local approaches building on regional comparative advantages with coordinated Regional Economic Partnerships.
- 36. The RSPF is operating well, regions have developed plans and there is a large pipeline of proposals, with the fund on track to be fully subscribed following the Regional Economic Development (RED) Ministers' final meeting in August 2023. Regional partnerships have strong expectations that the RSPF will assist their region.
- 37. Following funding decisions made by RED Ministers in July, \$36.66 million remains for future investment decisions across all streams. Kānoa intends to recommend the remaining funding in proposals to the August RED Ministers (Confidentiality [Redacted]). If all these projects are approved, then no funding will remain in the RSPF.

38. Confidentiality [Redacted]

39. Confidentiality, Commercial Information [Redacted]

3) Confidentiality [Redacted]

40. Confidentiality [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

42. Confidentiality

[Redacted]

[Redacted]

[Redacted]

[Redacted] ity

[Redacted]

45. The liquidator would need to agree to take instructions from the proposed new operator(s) in terms of entering into contracts and undertaking summer-time maintenance. Presently the liquidator has been running the seasons along the same financial modelling as RAL has run for previous years. New operators may have different pricing and business models which would not be able to be rolled out. Additionally, the liquidator would likely to be reticent about running a season pass campaign following the conclusion of the 2023 ski season, while new operators would likely want to use a season pass campaign at this time to raise capital.

46. Kānoa suggest this idea is socialised with the potential operators before decisions are made, given the risk of this negatively impacting the deal.

Confidentiality

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Confidentiality

[Redacted]

[Redacted]

[Redacted]

[Redacted] Legal professional privilege

56. Legal professional privilege [Redacted]

[Redacted]

Treaty principles (section 4) – Ngā mātaḗpono Tiriti (section 4)

58. Commercial Information [Redacted]

59. Confidentiality [Redacted]


Confidentiality

[Redacted]

Confidentiality



Next steps – Ngā tāwhaitanga

63. MBIE will continue to receive updates from the liquidator and will provide detailed advice and recommendations on options to bridge the Confidentiality  to the Minister for Regional Development.
64. DOC will continue to work with iwi and hapū to incorporate their feedback into draft concessions documents and plan for public notification once a preferred operator or operators have lodged their application.

PROACTIVELY RELEASED

Read

Appendix One: Draft timeframes for process to consider RAL's concessions

This timeline assumes the process for the liquidator to determine the preferred operator will take approximately 8 weeks.



Department of
Conservation
Te Papa Atawhai

Commercial Information, Confidentiality



Read	
------	--

Appendix 2: options considered by DOC officials to shorten or amend the concessions process [this section contains legal advice]



Department of Conservation
Te Papa Atawhai

Legal professional privilege [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Legal professional privilege

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Legal professional privilege

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]