



COVERSHEET

Minister	Hon Kiri Allan	Portfolio	Regional Development
Title of Cabinet paper	Ruapehu Alpine Lifts Limited (RAL) – Final Deal	Date to be published	18 December 2023

List of documents that have been proactively released

Date	Title	Author
9 June 2023	<i>Ruapehu Alpine Lifts Limited (RAL) – Final Deal</i>	<i>Office of the Minister for Regional Development</i>
12 June 2023	<i>CAB-23-MIN-0240 Ruapehu Alpine Lifts Limited (RAL) – Final Deal</i>	<i>Cabinet Office</i>

Information redacted

YES / NO (please select)

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 reason of confidentiality, negotiations, commercial information, free and frank opinions and privacy of natural persons.

In Confidence

Office of the Minister for Regional Development

Cabinet

Ruapehu Alpine Lifts Limited (RAL) – Final Deal

Proposal

- 1 This paper seeks agreement to provide Crown support to two bids for the purchase of the former RAL assets and business.

Relation to government priorities

- 2 Regional Economic Development (RED) is a key focus for the Government’s economic vision of an economy that provides economic security in good times and bad. Kānoa – Regional Development & Investment Unit (Kānoa) delivers on RED priorities by providing catalytic investment, from the Regional Strategic Partnership Fund (RSPF) and other funds under its management, in projects that directly contribute to the Government’s strategic economic objectives in alignment with regions’ economic development priorities.
- 3 Domestic tourism is a significant driver of economic activity for the Ruapehu district. The significance of skiing on Ruapehu to the local economy arises from two factors. Firstly, it is a winter tourism experience. As an example from 2018-2021, approximately 42% of domestic tourism spend happened in the winter months in Ruapehu, compared to 23% at the national level. Year round visitation helps local firms to invest in their businesses and offer more stable employment which is good for workers and residents. Secondly, the operation of the mountain leads to an influx of seasonal workers. The local population in the peak month in 2019 (August) was 64% higher than the lowest month (May). This adds to demand in the local economy which benefits permanent residents because of increased levels of service (e.g. the supermarket, the hairdresser etc).

Executive summary

- 4 On 22 May Cabinet considered the future of the RAL ski field assets and options for Government support [CAB-23-MIN-0192 refers]. Cabinet agreed to a set of parameters for Kānoa in negotiating with the parties who had expressed an interest in purchasing the assets.

- 5 Kānoa has been working closely with two parties –Confidentiality, Negotiations
[Redacted text block]

Confidentiality, Negotiations
[Redacted]

6 Confidentiality, Negotiations
[Redacted]

7 These deals will provide a positive outcome for the communities around the mountain. They will provide jobs and tourism activity through the winter months, and allow the communities to continue to benefit from activity on the mountain.

8 Confidentiality, Negotiations
[Redacted]

Background

Ruapehu Alpine Lifts Limited (RAL)

9 RAL operated the Whakapapa and Tūroa Ski Areas on Mt Ruapehu and owns the assets of the two ski areas. RAL entered Voluntary Administration on 11 October 2022, owing creditors an estimated \$45 million at the time; including \$15 million in loans from the Crown, approximately \$13 million to ANZ Bank, and \$14 million to various community trusts, iwi organisations and local government authorities¹ (the Bondholders). Confidentiality [Redacted]

10 On 22 May 2023, Cabinet considered the history of RAL, government support to date, the concessions required to operate on Mt Ruapehu and the Expressions of Interest (EOI) process for RAL assets. Confidentiality, Negotiations [Redacted] (CAB-23-MIN-0192 refers).

11 Confidentiality, Negotiations
[Redacted]

12 The two parties Kānoa have been negotiating with are Confidentiality, Negotiations [Redacted]

¹ The Tourism Bonds are held by 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)

Confidentiality, Negotiations

Watershed meeting

13 The Voluntary Administrators (the VA) are due to call a creditors meeting (the Watershed meeting) by 13 June 2023. The meeting will then be held within five working days (i.e. on or before 20 June 2023). At that meeting, creditors will vote on resolutions put forward by the VA. In order to pass, the resolution must be approved by:

13.1 50 per cent of creditors attending and voting by number; and

13.2 75 per cent of creditors attending and voting by value of debts.

14 Confidentiality

15 More information about the process for during and after the Watershed meeting is supplied in Annex 1.

The potential purchasers of RAL assets are wanting several types of support from the Crown

16 Prior to the Watershed meeting the VA must issue a report to creditors with their recommendation on the best course of action for creditors. Confidentiality, Negotiations

17 The key decisions that are needed from Cabinet are:

17.1 Negotiations, Commercial Information

17.2 Negotiations, Commercial Information

17.3 Negotiations, Commercial Information

Writing off existing Crown debt incurred by RAL

- 18 As RAL is not able to meet its financial obligations, following the sale of its assets, all debts owing to it will need to be written off through the RAL liquidation process, *Negotiations, Commercial Information*
- 19 However, it is clear that any deal with the new operators will not include the transfer of obligations owed to the Crown. This includes the debts to the Crown of:
- 19.1 \$15 million of current Provincial Growth Fund (PGF) loans, plus incurred interest. This has previously been noted by Cabinet [CAB-22-MIN-0477 refers]
 - 19.2 \$8 million of bridging loans from the PGF and the RSPF
 - 19.3 \$1.5 million in unpaid concession fees and other debts owed to DOC
 - 19.4 an estimated \$4 million to remove redundant infrastructure; and
 - 19.5 \$270,000 in unpaid GST, PAYE and Fringe Benefits Tax owed to Inland Revenue (IR)³.
- 20 The PGF and RSPF loans are held by Crown Regional Holdings Limited (CRHL). CRHL has fully provisioned for the loss of these loans, based on Kānoa and CRHL standard processes. This means writing off these debts will have no impact on core Crown debt.
- 21 *Negotiations, Commercial Information*
- 22 *Confidentiality, Negotiations*
- 23 *Negotiations, Commercial Information*

² The Tourism Bonds are held by 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).

³ Based on the VA records

⁴ IR debt will be as a preferential or general creditor, depending on the tax type. Some of the CRHL debt has security granted by RAL, *Confidentiality, Negotiations*

Negotiations, Commercial Information [Redacted]

24 Negotiations, Commercial Information [Redacted]

25 Negotiations, Commercial Information [Redacted]

26 Confidentiality [Redacted]

Removing the responsibility to remove infrastructure and “make good” the area

27 The DOC license to operate the ski field requires that, if the ski field closes, RAL must “make good” by removing existing structures and remediating the site (including replanting indigenous plants). DOC estimates the “make good” liability at \$47 million to 88 million.

28 Confidentiality, Negotiations [Redacted]

29 Estimating the cost of “making good” obligations is difficult due to the number of operational decisions required (CAB-23-MIN-0192 refers). DOC have completed a desk-top calculation estimating “make good” costs of \$47 million to \$88 million, but this would need to be recalculated once decisions affecting the assumptions made in the calculation have been confirmed.

30 Confidentiality, Negotiations [Redacted]

31 Negotiations, Commercial Information [Redacted]

Negotiations, Commercial Information
[Redacted]

32 Negotiations, Commercial Information
[Redacted]

33 Negotiations, Commercial Information
[Redacted]

Kānoa has been negotiating with parties that represent a sustainable solution

Overview of negotiations

34 As noted by Cabinet [CAB-MIN-MIN-0192], four EOIs were received, [Redacted] Confidentiality, Negotiation
[Redacted]
[Redacted] Kānoa started negotiations with the two preferred parties, on behalf of the Crown, in the week of 8 May 2023, and concluded high level terms in the week of 29 May 2023. Detailed negotiation and agreement of documents has continued and is ongoing.

35 Kānoa negotiated within the parameters agreed by Cabinet [CAB-23-MIN-0192 refers]. Confidentiality, Negotiations
[Redacted] Kānoa has negotiated a significant minority shareholding position (25 per cent) with each entity

36 I am satisfied that Kānoa has negotiated the best possible deals for the sustainable continuation of the ski field. Kānoa and its commercial advisors (Chapman Tripp and Calibre Partners) developed assessment criteria to determine which parties would be able to operate the business on a sustainable basis. Confidentiality, Negotiations
[Redacted]
[Redacted]
[Redacted]
[Redacted]

Confidentiality, Negotiations

- 37 The purchasers have provided financial models and cash flow forecasts for their operations which have been reviewed by the commercial advisors and that demonstrate their ability to operate sustainably over the next two seasons, including meeting deferred maintenance and expenditure. The models are based on revenue assumptions that Kānoa considers reasonable in the circumstances. The capital structures for each of the purchasers should provide the required liquidity for the purchasers.
- 38 While Kānoa are confident that the operators are financially sustainable, success will ultimately depend on the weather, with snowfall and subsequent weather making the biggest difference to ongoing success.

Iwi engagement

- 39 The Crown has agreed areas of interest with Ngāti Tūwharetoa, Ngāti Rangī, Ngāti Haua, and Uenuku that includes Tongariro National Park. Kānoa has engaged with the four iwi that since before Christmas. Although engagement was more limited initially as matters progressed directly with the VA and potential investors, since April 2023 there has been significantly more engagement.

Negotiations, Commercial Information

- 40 Negotiations, Commercial Information

- 41 Negotiations, Commercial Information

- 42 Negotiations, Commercial Information

Negotiations, Commercial Information

- 43 Negotiations, Commercial Information

Negotiations, Commercial Information
[Redacted]

44 Negotiations, Commercial Information
[Redacted]

45 Free and frank opinions
[Redacted]

46 Confidentiality, Negotiations, Free and frank opinions
[Redacted]

47 Negotiations, Commercial Information
[Redacted]

Negotiations, Commercial Informat
[Redacted]

48 Negotiations, Commercial Information
[Redacted]

Negotiations, Commercial Information
[Redacted]

49 Negotiations, Commercial Information
[Redacted]
Confidentiality, Free and frank
opinions
[Redacted]

Negotiations, Commercial Information

50 Confidentiality, Negotiations, Free and frank opinions
[Redacted]

The parties are wanting \$^{Confidentiality} million of further Crown investment

51 I propose that Cabinet agree to provide up to \$^{Negotiations, C} million of funding across both deals. This is comprised of:

51.1 Negotiations, Commercial Information [Redacted] :

51.1.1 Negotiations, Commercial Information [Redacted]

51.1.2 Negotiations, Commercial Information [Redacted]
[Redacted]
[Redacted]

51.1.3 Negotiations, Commercial Information [Redacted]
[Redacted]
[Redacted]
[Redacted]

51.2 Negotiations, Commercial Information [Redacted]

51.2.1 Negotiations, Commercial Information [Redacted]

51.2.2 Negotiations, Commercial Information [Redacted]
[Redacted]
[Redacted]
[Redacted]

52 Negotiations, Commercial Information [Redacted]
[Redacted]
[Redacted]

53 Negotiations, Commercial Information [Redacted]
[Redacted]
[Redacted]
[Redacted]

54 Negotiations, Commercial Information [Redacted]

54.1 Negotiations, Commercial Information [Redacted]

54.2 Negotiations, Commercial Information [Redacted]

Negotiations, Commercial Information [Redacted]

55 Negotiations, Commercial Information [Redacted]

56 Negotiations, Commercial Information [Redacted]

57 Negotiations, Commercial Information [Redacted]

58 Negotiations, Commercial Information [Redacted]

58.1 Negotiations, Commercial Information [Redacted]

58.2 Negotiations, Commercial Information [Redacted]

59 Negotiations, Commercial Information [Redacted] ff.

60 Negotiations, Commercial Information [Redacted]

61 Negotiations, Commercial Information [Redacted]

62 Negotiations, Commercial Information [Redacted]

Negotiations, Commercial Information [Redacted]

63 Negotiations, Commercial Information [Redacted]

64 Negotiations, Commercial Information [Redacted]

65 Negotiations, Commercial Information [Redacted]

- 66 Negotiations, Commercial Information
- 67 Negotiations, Commercial Information
- 68 Negotiations, Commercial Information
 - 68.1 Negotiations, Commercial Information
 - 68.2 Negotiations, Commercial Information
- 69 Negotiations, Commercial Information
- 70 Negotiations, Commercial Information
- 71 Negotiations, Commercial Information

Funding for buy-in can come from the Regional Strategic Partnership Fund (RSPF)

- 72 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. When establishing the RSPF, Cabinet agreed to split the funding across three funding streams [CBC-21-MIN-0013 refers]:
 - 72.1 Stream 2 – Enabling Regional Economic and Business Development (\$60 million),
 - 72.2 Stream 3 – Accelerating Māori economic Aspirations (\$40 million); and
 - 72.3 Stream 4 – Supporting sector transformations (\$80 million).
- 73 A further \$20 million remained unallocated to respond to emerging government or regional development priorities.
- 74 To date RED Ministers have approved \$114.25 million worth of regional development projects across all streams, leaving a total of \$85.75 million remaining. However, this is not evenly distributed across the four allocations:
 - 74.1 Stream 2 – Enabling Regional Economic and Business Development (\$35.3 million remaining from \$60 million allocation),

- 74.2 Stream 3 – Accelerating Māori economic Aspirations (\$13.6 million remaining from \$40 million allocation)
- 74.3 Stream 4 – Supporting sector transformations (\$23.8 million remaining from a \$80 million allocation); and
- 74.4 From the unallocated funds \$13.0 million remaining from \$20 million set aside.

75 Confidentiality [Redacted]

76 Confidentiality [Redacted]

77 Confidentiality [Redacted]

Subsequent decisions required

Write-off of existing loans

78 Negotiations, Commercial Information [Redacted]

79 It is anticipated that CRHL Directors will be able to pass this resolution at their next meeting on 13 June 2023.

Transfer of concessions

80 RAL operates the ski fields under concessions granted by the Minister of Conservation. I previously outlined the process DOC will follow to transfer the concession [CAB-23-MIN-0192 refers]. Negotiations, Commercial Information [Redacted]

⁵ Confidentiality [Redacted]

81 Confidentiality, Negotiations [Redacted]

82 Confidentiality, Negotiations [Redacted]

Expand activities under the Tongariro National Park Management Plan (TNPMP)

83 Ruapehu does have a strong summer offering. There are still more visitors to Ruapehu in summer than in winter. Between DOC tracks and MBIE funded Cycle Trails there is a significant Crown investment in summer tourism experiences that help operators to generate business all year. Summer experiences that utilise ski-field equipment would help with the resilience and viability of the ski-field operation.

84 Currently the TNPMP restricts activities permitted in the National Park. To allow mountain biking, or other activities not currently permitted under the Plan, Confidentiality [Redacted]

85 Confidentiality [Redacted]

What happens if no deal happens?

86 A potential outcome of the watershed meeting is that no resolution reaches the required threshold of 75% of creditors by value and 50% by number. In that case, the Companies Act provides that the voluntary administration ends and RAL will be handed back to the directors. The directors are in no position to take control of/responsibility for the company. Therefore, Privacy of natural persons (RAL chair at the time of appointment of the administrator) will make an application to the High Court to appoint a liquidator to RAL. In order for that application to be heard by the Court immediately following the Watershed meeting, the directors have commenced their application process. The application will also be advertised publicly. The Administrators will need to disclose in their report that the directors have applied for the appointment of a liquidator if RAL is returned to their control.

If there are no purchasers, DOC will face a revenue drop due to no longer collecting revenue on the concessions

87 RAL has paid DOC a yearly concession fee to use the mountain that reflects the market value of this activity. This fee is currently Commercial per cent of gross

Confidentiality. In 2019 this was around \$^{Commercial Information} 6. In addition, RAL contributed to community services undertaken by DOC, such as eruption warning systems, at a cost of around \$^{Commercial Information} per year.

88 If no operator was to take over the concessions, this would reduce DOCs forecasted revenue⁷ by around \$^{Confidentiality}. This funds core Conservation activities.

Financial Implications

Funding options for the Department of Conservation

- 89 Commercial Information, Confidentiality
[Redacted]
- 89.1 Commercial Information, Confidentiality
[Redacted]
- 89.2 Commercial Information, Confidentiality
[Redacted]
- 90 Commercial Information, Confidentiality
[Redacted]

Fiscal impacts of the “make good” liability

- 91 The transfer of responsibility to “make good” the mountain creates a liability for the Crown.^{Commercial Information, Confidentiality}
[Redacted]

Unappropriated Expenditure

- 92 Confidentiality
[Redacted]

⁶ The concession fees were waived in 2020 and 2021 as part of the Government’s COVID-19 support.

⁷ Commercial Information
[Redacted]

Legislative Implications

93 There are no legislative implications associated with this proposal.

Impact Analysis

Regulatory Impact Statement

94 A regulatory impact analysis is not required for this proposal.

Climate Implications of Policy Assessment

95 A Climate Implications of Policy Assessment is not required for this proposal as the direct impact on greenhouse gas emissions is unlikely to be equal to or above 0.5 million tonnes CO₂-e within the first ten years of the proposal period.

Population Implications

96 Supporting the continuation of the operation of the ski fields on Mt Ruapehu helps to mitigate the risk of closure or reduction in operations of many other small businesses that rely on the visitors the ski fields bring into the region. A closure or reduction in operations would have a negative impact on the region, businesses and people who rely on them – including vulnerable populations.

Treaty of Waitangi Implications

97 The Crown is committed to collective negotiations with the iwi with interests in Tongariro National Park (including Ngāti Tūwharetoa, Ngāti Rangī, Te Korowai o Wainuiārua, Ngāti Hāua). Te Arawhiti has advised that the Crown should engage broadly with all iwi as it seeks a solution in respect of the ski fields.

98 Iwi have the longest association and connection with the land comprising the national park, and the associated ski fields, and consider the maunga tupuna (ancestors). Iwi therefore have rights and responsibilities towards, and interests in, the ongoing care on protection of the maunga above those of the general public. Iwi also acknowledge the current ski field operations provide training and employment for their people, and revenue for the local business communities that is vital to the economy and to the communities of the central plateau.

99 While there are varying views from within the iwi collective about the appropriateness of infrastructure remaining on their ancestors, Kānoa has engaged in good faith with the relevant iwi to ensure that:

99.1 iwi are informed about the potential outcomes, and the Crown's preparedness to remain involved in the ski-fields;

99.2 the Crown is as well informed as possible by iwi views as it moves to make its decisions; and

- 99.3 Confidentiality, Negotiations [redacted]
- 100 Confidentiality [redacted]
- 101 Confidentiality, Negotiations [redacted]
- 102 Under s4 of the Conservation Act 1987, DOC must give effect to the principles of the Treaty of Waitangi when making decisions on any applications to transfer RAL's concessions to new operators. Confidentiality [redacted]

Human Rights

103 There are no human rights implications associated with this proposal.

Consultation

104 Treasury, Te Arawhiti and DOC have been consulted. The Department of Prime Minister and Cabinet (Policy Advisory Group) was informed of this proposal.

Communications

105 I do not intend to release a statement on this issue. However, given the large number of parties involved in the Watershed meeting where these deals will be put to Creditors, it's highly likely this information will enter the public domain.

Proactive Release

106 I intend to proactively release this paper, subject to any redactions necessary to protect the commercial sensitivity of relevant parties, within 30 business days of negotiations with all parties, and any associated transactions being fully concluded.

Recommendations

The Minister for Regional Development recommends that the Committee:

- 1 **note** the Voluntary Administrator (the VA) is due to call a creditors meeting (the Watershed meeting) by 13 June 2023. The meeting will then be held within five working days (i.e. on or before 20 June 2023).

2 **note** all potential operators have indicated that they will need government support in order to take over the assets and to operate.

3 **note** the key decisions that are needed from government are:

3.1 Confidentiality, Negotiations
[Redacted]

3.2 Confidentiality, Negotiations
[Redacted]

3.3 Confidentiality, Negotiations
[Redacted]

Agreement to write off previous Crown debts incurred by RAL

4 **note** RAL has debts to the Crown of:

4.1 \$15 million of current PGF loans, plus incurred interest, held by Crown Regional Holdings Limited (CRHL). This has previously been noted by Cabinet [CAB-22-MIN-0477 refers],

4.2 \$8 million of bridging loans from the PGF and the RSPF, held by CRHL.

4.3 \$1.5 million in unpaid concession fees and other debts owed to DOC.

4.4 an estimated \$4 million to remove redundant infrastructure.

4.5 \$270,000 in unpaid GST, PAYE and Fringe Benefits Tax owed to Inland Revenue (IR)⁸.

5 **agree** to direct CRHL Directors, via Kānoa, to write off the debt owed by RAL.

6 **note** that if Cabinet agreed to recommendation 5 above, CRHL directors will need to be instructed by Kānoa to agree to the proposed transactions, including the sale of RAL's assets to Confidentiality, Negotiations
[Redacted]

7 **note** the write-off of debt to CRHL has been fully provisioned for in CRHL accounts and will have no impact on OBEGAL.

8 **approve** the Department of Conservation to write off of \$1.5 million of debt RAL.

9 Confidentiality
[Redacted]

⁸ Based on the VA records

10 **agree that:**

10.1 Confidentiality [Redacted]
[Redacted]
[Redacted]
[Redacted]

10.2 Confidentiality [Redacted]

11 Confidentiality [Redacted]
[Redacted]

12 **note** the Commissioner of IR has statutory independence, and any write-offs are governed by the Tax Administration Act 1994.

Seeking funding for the Department of Conservation

13 Commercial Information, Confidentiality [Redacted]
[Redacted]
[Redacted]

14 Commercial Information, Confidentiality [Redacted]
[Redacted]

15 Commercial Information, Confidentiality [Redacted]
[Redacted]
[Redacted] :

Vote Conservation Minister for Conservation	\$m – increase/(decrease)				
	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27 & Out-years
Departmental Output Expenses: Management of Recreational Opportunities (funded by Revenue Crown)	Confidentiality [Redacted]				
Total Operating	[Redacted]				

16 Commercial Information, Confidentiality [Redacted]
[Redacted]
[Redacted]

17 Commercial Information, Confidentiality [Redacted]
[Redacted]
[Redacted]

18 Commercial Information, Confidentiality [Redacted]
[Redacted]

	\$m – increase/(decrease)				
	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27 & Out-years
Removal of redundant infrastructure on Mt Ruapehu tagged contingency	Confidentiality				

19 Commercial Information, Confidentiality

20 Commercial Information, Confidentiality

21 Commercial Information, Confidentiality

Removing the responsibility to remove infrastructure and “make good” the area

22 **note** the DOC license to operate the ski field requires that, if the ski field closes, RAL must “make good” by removing existing structures and remediating the site (including replanting indigenous plants). DOC estimates the “make good” liability at \$47 million to \$88 million.

23 **note** if RAL is liquidated, it will not be able to “make good” the ski fields. The
 Confidentiality, Negotiations

24 **note** that the transfer of the “make good” obligation to the Crown occurs regardless of whether the proposed deals proceed, with the following fiscal implications:

- Commercial Information, Confidentiality
- Commercial Information, Confidentiality

25 Commercial Information, Confidentiality, Negotiations
[Redacted]

26 Commercial Information, Confidentiality, Negotiations
[Redacted]

27 **note** that officials will undertake further work to confirm the quantum and timing of these fiscal impacts.

Iwi Engagement

28 **note** Kānoa and DOC have engaged with the four predominant iwi that have interests in the National Park, and ski-fields, since before Christmas. Although engagement was more limited to begin with as matters progressed directly with the VA and potential investors, since April there has been significantly more engagement.

Further investment into the businesses purchasing RAL assets

29 **note** Kānoa negotiated within the parameters agreed by Cabinet [CAB-23-MIN-0192 refers]. Commercial Information, Confidentiality, Negotiations
[Redacted]

30 **note** the outlines of the deals, including that:

30.1 Commercial Information, Negotiations
[Redacted];

30.2 Commercial Information, Negotiations
[Redacted]

30.3 Commercial Information, Negotiations
[Redacted]

30.4 Commercial Information, Negotiations
[Redacted]

30.5 Commercial Information, Negotiations
[Redacted]

30.6 Commercial Information, Negotiations
[Redacted]

30.7 Commercial Information, Negotiations
[Redacted]

30.8 Commercial Information, Negotiations [Redacted]

30.9 Commercial Information, Negotiations [Redacted]

30.10 Commercial Information, Negotiations [Redacted]

30.11 Commercial Information, Negotiations [Redacted]

31 **agree** to provide up to \$[Redacted] million of funding across both deals. This is comprised of:

31.1 Commercial Information, Negotiations [Redacted]

31.1.1 Commercial Information, Negotiations [Redacted]

31.1.2 Commercial Information, Negotiations [Redacted]

31.1.3 Commercial Information, Negotiations [Redacted]

31.2 Commercial Information, Negotiations [Redacted]

31.2.1 Commercial Information, Negotiations [Redacted]

31.2.2 Commercial Information, Negotiations [Redacted]

32 **note** to date RED Ministers have approved \$114.25 million worth of regional development projects across all streams, leaving a total of \$85.75 million remaining.

33 **note** there are significant trade-offs with funding the investment into Mt Ruapehu ski fields from the RSPF, in that it reduces the funds available for regional projects.

34 **agree** that \$[Redacted] million funding for the Mt Ruapehu ski field investments come from the emerging priorities stream of Regional Strategic Partnership Fund (RSPF).

35 **note** to enable the Mt Ruapehu ski field investments to be funded from the unallocated funds set aside for emerging priorities an adjustment to the current stream funding allocations is required.

36 **agree** the following changes to the funding allocated to each RSPF stream:

Stream	Description	Current Allocation \$m's	Adjustment \$m's	Revised Allocation \$m's
2	Enabling regional economic and business development	Confidentiality		
3	Accelerating Māori economic aspirations			
4	Supporting sector transformations			
	Emerging Priorities			
N/A	Support for Regionally Significantly Businesses			
Total				

37 **note** the changes in recommendation 29 above are fiscally neutral within the Regional Strategic Partnership Fund Multi-Category Appropriation.

Transfer of concessions

38 **note** that under s4 of the Conservation Act 1987 DOC must give effect to the principles of the Treaty of Waitangi when making decisions on any applications to transfer RAL's concessions. DOC are currently consulting with iwi.

39 **note** DOC expects a decision on any applications to transfer RAL's concessions can likely be made within days of the watershed meeting, unless matters are raised through consultation that will take further time to resolve. DOC will keep the Minister of Conservation and Kānoa updated as consultation progresses.

40 **note** if no operator was to take over the concessions, this would reduce DOCs forecasted revenue by around \$Confidentiality This funds core Conservation activities. DOC would seek replacement funding, along with operating costs previously covered by RAL.

41 **note** if no operator was to take over the concessions, the Minister of Conservation would seek an exception from the Minister of Finance to apply for replacement funding and operating costs previously covered by RAL.

Authorised for lodgement

Hon Kiri Allan


Minister for Regional Development

Annex 1 – Overview of technical process from Watershed meeting


1. The VA must convene a Watershed meeting on or before the 13 June 2023 and the Watershed meeting must then be held within five business days. It is anticipated that the VA will convene the Watershed meeting on Monday 13 June 2023 and the Watershed meeting will be held on Monday 20 June 2023.
2. The Watershed meeting provides an opportunity for the creditors to decide the future of the company. There are three possible outcomes at a watershed meeting. The company may:
 - a. enter a deed of company arrangement (DOCA)⁹;
 - b. be placed into liquidation; or
 - c. be returned to the control of directors.
3. MBIE is not proposing a DOCA, but another creditor may do so. MBIE is unlikely to support any DOCA proposal.
4. The VA will provide creditors with a report and recommend an outcome. The creditors will vote on a resolution that RAL be placed into liquidation and that a liquidator be appointed (in this situation the VA would become the liquidator). Liquidation will enable the sale of assets and business to be completed by the liquidator. MBIE intends to support this resolution.
5. The resolution/s must be accepted by:
 - a. 50 percent of creditors by number; and
 - b. 75 percent of creditors by value of debts.
6. In the event no resolution is passed, the company is returned to the control of the directors. The Directors would likely apply to the Courts to have RAL placed in liquidation. This will be publicly notified and would likely take a significant amount of time to be resolved, leaving the ski fields unable to be operated for the 2023 ski season.
7. In the event the resolution is passed, and RAL is placed into liquidation, the liquidator will complete the sale of RAL assets to the proposed purchasers.

⁹ A DOCA is an agreement between the business and its creditors to restructure the business, usually by repaying outstanding debt at a lower amount and/or over a period of time.

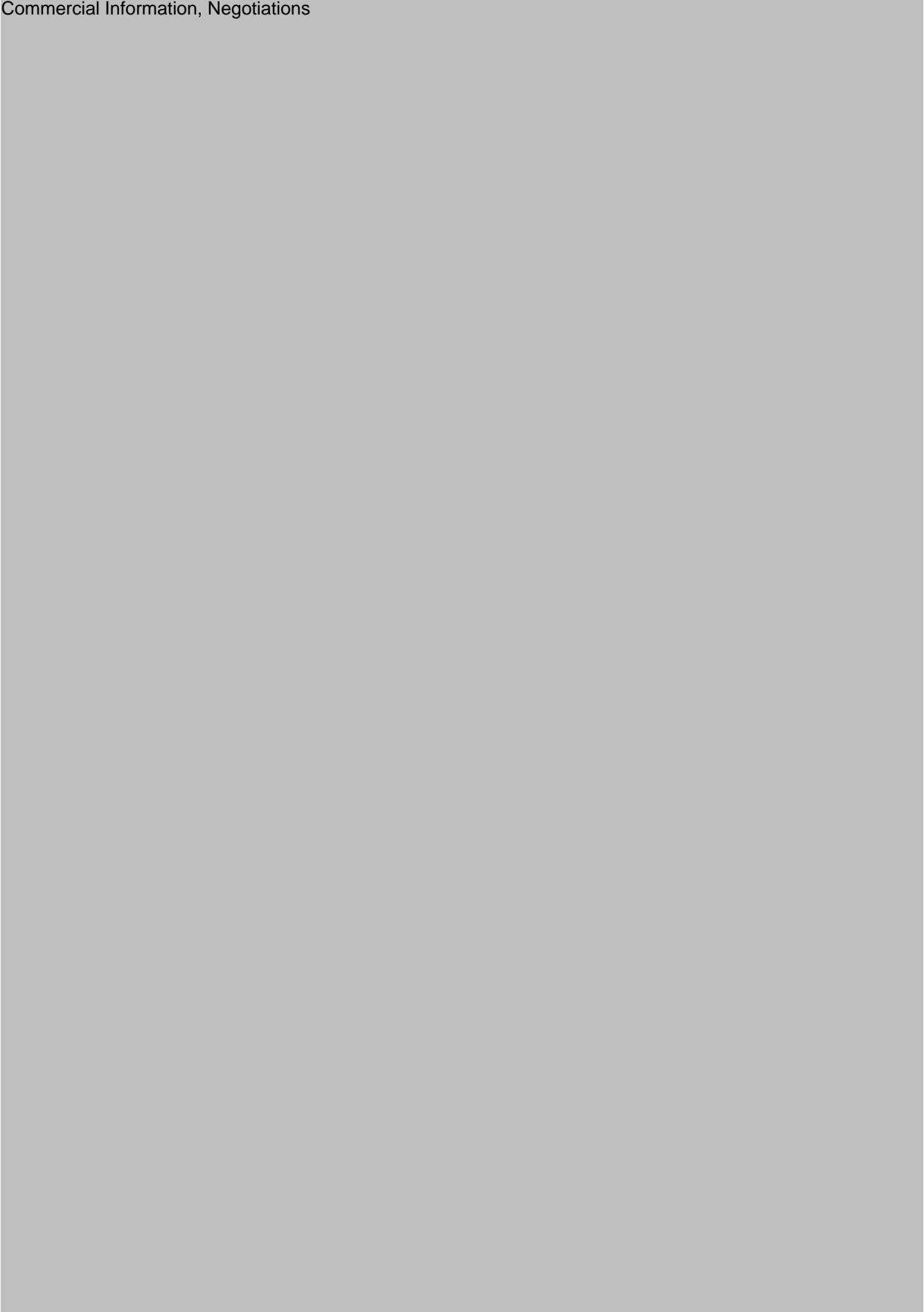
Commercial Information, Negotiations




Commercial Information, Negotiations



Commercial Information, Negotiations



Commercial Information, Negotiations



Commercial Information, Negotiations

