



4 March 2024

Ref: DOIA 2324-1456

Stephen Prendergast

Email: fyi-request-25373-5037b178@requests.fyi.org.nz

Tēnā koe Stephen Prendergast,

Thank you for your email of 11 January 2024 to the Ministry of Business, Innovation and Employment (MBIE) requesting, under the Official Information Act 1982 (the Act), the following information:

On September 6, 2023 Josh Hercus emailed John Marney (TSY) including cashflow and additional analysis for the Cabinet paper Ruapehu Alpine Lifts - options for government support.

This request is for those documents.

I am also requesting all correspondence between Josh Hercus and other parties covering updates on RAL, post watershed which include the term PTL or Pure Turoa.

On 25 January 2024 you narrowed your scope to:

On September 6, 2023 Josh Hercus emailed John Marney (TSY) including cashflow and additional analysis for the Cabinet paper Ruapehu Alpine Lifts - options for government support.

This request is for those documents.

*I am also requesting all correspondence between Josh Hercus and either:
(a) the Office of the Min of Regional Development covering updates on RAL, post watershed through to 1 September 2023 which include the term PTL or Pure Turoa or
(b) Pure Turoa (PTL) from the watershed meeting through to 1 September 2023.*

On 23 February 2023, MBIE advised you of a partial response and an extension for the remaining requested correspondence.

Please find below a schedule of information relevant to the remainder of your request, for correspondence between Josh Hercus and the Office of the Minister of Regional Development, covering updates on RAL, post watershed (20 June 2023) through to 1 September 2023, which include the term PTL or Pure Tūroa:

Date	Title	Type	Decision
17/08/2023 - 18/08/2023	RE: DRAFT briefing: Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support	Email	Released

Date	Title	Type	Decision
17/08/2023	Briefing 2324-0549 Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support	Draft briefing	Withheld - 9(2)(f)(iv); 9(2)(g)(i)
18/08/2023	Briefing 2324-0549 Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support	Draft briefing	Withheld - 9(2)(f)(iv); 9(2)(g)(i)
18/08/2023	Briefing 2324-0549 Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support	Briefing	Released
1/09/2023	2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps	Email	Released
1/09/2023	2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps	Draft briefing	Withheld - 9(2)(f)(iv); 9(2)(g)(i)
1/09/2023	RE: 2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps	Email	Released
1/09/2023	2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps	Briefing	Released

Three draft briefings are being withheld in full under the following sections of the Act:

- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty;

Please note some information within the documents being released to you has been withheld under the following sections of the Act:

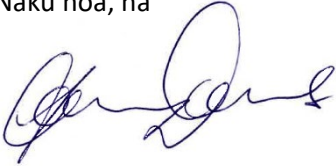
- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(b)(ii), to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;
- 9(2)(ba)(i), to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied;
- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty;
- 9(2)(i), to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities;
- 9(2)(j), to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

I do not consider that the withholding of this information is outweighed by public interest considerations in making the information available.

If you wish to discuss any aspect of your request or this response, or if you require any further assistance, please contact OIA@mbie.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā

A handwritten signature in blue ink, appearing to read 'Tane Dewes', with a stylized flourish at the end.

Tane Dewes

Manager, Operations Support and Improvement

Kānoa – Regional Economic Development & Investment Unit

From: [Josh Hercus](#)
To: [xxxx.xxxxxxxxx@xxxxxxxxxx.xxx.xx](#)
Cc: [Shaun Brown](#); [Briefings](#)
Subject: RE: DRAFT briefing: Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support [IN-CONFIDENTIAL]
Date: Friday, 18 August 2023 10:33:54 am
Attachments: [FINAL_2324-0549 - Initial options for draft Cabinet paper - Ruapehu Alpine Lifts Limited \(RAL\) - options for government support \(1\).docx](#)

Final paper attached sorry for the delay

From: Josh Hercus
Sent: Friday, 18 August 2023 9:01 am
To: [xxxx.xxxxxxxxx@xxxxxxxxxx.xxx.xx](#)
Cc: Shaun Brown <[xxxxx.xxxxx@xxxx.xxx.xx](#)>
Subject: RE: DRAFT briefing: Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support [IN-CONFIDENTIAL]

Sorry Ajax try this one

From: Josh Hercus
Sent: Thursday, 17 August 2023 5:11 pm
To: [xxxx.xxxxxxxxx@xxxxxxxxxx.xxx.xx](#)
Cc: Shaun Brown <[xxxxx.xxxxx@xxxx.xxx.xx](#)>
Subject: DRAFT briefing: Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support [IN-CONFIDENTIAL]

Hi Ajax,

Robert wanted a bit more time to look over this briefing. Attached is the draft that's most of the way there and shouldn't change too much. So you could get a coversheet ready. Will get the final version over first thing tomorrow morning.

As promised, here's a draft timeline below for the Cabinet paper process for the office's consideration. It is extremely tight.

17 August	<ul style="list-style-type: none">• Briefing to Hon McAnulty on initial options for Cabinet paper.
28 – 30 August	<ul style="list-style-type: none">• First round of Departmental consultation on draft Cabinet paper.
31 August	<ul style="list-style-type: none">• Deadline for bids to be submitted to the liquidators and for requests for support from the Crown.
1 - 8 September	<ul style="list-style-type: none">• Kānoa considers commercial bids and requests for government support, and generates recommendations.• Second draft Cabinet paper generated based on
Midday, 8 September	<ul style="list-style-type: none">• Final draft provided to Minister for consideration
11 – 15 September	<ul style="list-style-type: none">• Ministerial consultation on Cabinet paper
Week of 11 September	<ul style="list-style-type: none">• Proposed time for Ministers of Finance, Regional Development, Conservation, Crown Māori Relations to meet to ensure
15 September	<ul style="list-style-type: none">• Late lodge Cabinet paper
18 September	<ul style="list-style-type: none">• Cabinet considers paper

Shout out if you have any questions.

Cheers,
Josh

Josh Hercus

PRINCIPAL ADVISOR TO ROBERT PIGOUE, DEPUTY CHIEF EXECUTIVE and
HEAD OF KĀNOA - REGIONAL ECONOMIC DEVELOPMENT & INVESTMENT UNIT

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15 Stout Street, Wellington 6011, PO Box 1473, Wellington 6140



New Zealand Government

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BRIEFING

Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - options for government support

Date:	18 August 2023	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-0549

Action sought		
	Action sought	Deadline
Hon Kieran McAnulty Minister for Regional Development	Discuss the contents of this briefing with officials at your convenience.	25 August 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	s 9(2)(a)	✓
Josh Hercus	Principal Advisor to the DCE and Head of Kānoa	s 9(2)(a)	

The following departments/agencies have been consulted
DOC, DPMC (PAG)

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Initial options for draft Cabinet paper: Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) - options for government support

Date:	17 August 2023	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-0549

Purpose

To provide you with an overview of officials' initial options for government support to be included in the RAL Cabinet paper to be considered by Cabinet on 18 September.

Executive summary

Since entering liquidation on June 2023, RAL was provided with a \$5 million loan from the government to continue operation during the 2023 ski season to allow time for liquidators to decide on the purchaser or purchasers of the business and its assets. Bids to take over the operation and assets of RAL and requests for government support are expected to be received by 31 August.

The Government's decision to support RAL is impacted by a range of complex issues including the commercial sustainability of a future operator, the cost and benefits of continued investment into the local regional economy, the Crown's obligations to Māori, the Department of Conservation's legislative requirements to undertake a robust concession process, and how long RAL can continue to operate based on current projections.

Kānoa is at the early stages of developing the following options for the future of RAL, which will be considered by Cabinet in September: provide crown support in-principal to the preferred bidder (or bidders) with Cabinet to make final decisions in February 2024, provide funding to RAL's liquidators to provide additional time for a market solution to be found, or withdraw government support.

These options are indicative and may change substantially. Officials would like to discuss the content of this briefing with you at your convenience.

Recommended action

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

- a **Note** that Kānoa is developing a Cabinet paper to provide options on the next steps for Ruapehu Alpine Lifts Limited (in liquidation) (RAL).

Noted

- b **Note** that the options presented in this paper are indicative and may change substantially between now and the final Cabinet paper.

Noted

- c **Note** that there are a complex range of factors that will impact the government's options to support RAL.

Noted

d **Discuss** the contents of this briefing with officials at your convenience.

Yes / No

e **Forward** this briefing to the Minister of Conservation.

Yes / No



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

18 / 08 / 2023

Hon Kieran McAnulty
Minister for Regional Development

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Background

1. Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) entered Voluntary Administration on 11 October 2022, owing creditors an estimated \$45 million at the time. The government has invested \$23 million into RAL as at the June 2023.
2. On 12 June 2023, Cabinet agreed to a package for Pure Tūroa Limited (PTL) and Whakapapa Holdings Limited (WHL) to purchase RAL's assets and continue operating the ski fields on Mt Ruapehu. The package includes an additional \$15.3 million of government investment from Kānoa's Regional Strategic Partnership Fund (RSPF).
3. A watershed meeting of RAL creditors was held on 20 June to vote on the company's future, which resulted in a stalemate. On 21 June, the High Court ordered that RAL be put into liquidation. This meant that the support deal agreed to by Cabinet could not be progressed. The \$15.3 million agreed to be used for PTL and WHL package is ringfenced in the RSPF and remains available.
4. The former Minister for Regional Development announced on 26 June that the government would provide RAL with an additional \$5 million to continue to operate in the 2023 ski season and to allow time for liquidators to decide on the purchaser or purchasers of the business and its assets.
5. A third proposal to purchase and operate both ski fields, put forward by Te Ariki Tā Tumu Te Heuheu on behalf of Ngāti Tūwharetoa (Ngāti Tūwharetoa proposal), is to be considered by the liquidator. This proposal will be considered alongside the existing proposals by WHL, to operate Whakapapa ski field, and PTL, to operate Tūroa ski field.
6. In mid-August, RAL's liquidators wrote to prospective bidders to request that they submit their bid to take over RAL's assets and operations by 31 August. Kānoa has also written to the bidders to submit any requests for Crown support to be considered as part of their bid. These processes are being run in parallel to provide sufficient information for Cabinet's planned consideration of government support on 18 September 2023.
7. Kānoa is at the early stages of developing options for the Cabinet paper. Officials are seeking views on these options from Ministers and government agencies early given the tight timeframes between the end of the bid processes and the development of a final Cabinet paper. The options outlined in this paper are not final as they are subject to a significant level of uncertainty.

There are a complex range of factors that will impact the government's options to support RAL

8. The Government's decision to support RAL can be broadly considered through three overlapping areas:
 - a. Ensuring a sustainable, commercially viable future operator of infrastructure on Ruapehu and its impact on the local economy;
 - b. The Crown's obligations to Māori, including engagement arising from Treaty Settlement Acts, pending treaty negotiations over Tongariro National Park and to ensure the Conservation Act requirement to give effect to the Treaty principles is met during the consideration of a concession application to operate on Mt Ruapehu; and
 - c. Timeframes and sequencing of decisions, including when a commercial deal and Department of Conservation's (DOC) concession process can be completed
9. The following section provides additional detail on factors that should be considered in conjunction as part of final decisions by Cabinet.

Potential impact on the regional economy around Ruapehu

10. Government support for RAL to date has largely been premised on a desire to avoid negative economic impacts on the region and job losses. Minister may wish to consider whether additional support from government would have a cost-effective impact on the regional economy.
11. RAL is economically important to the Ruapehu District. An analysis by economic consultancy Infometrics found that RAL accounts for 5 per cent of Ruapehu's jobs and is a key part of the wider tourism sector that contributed \$99 million per annum to the local Ruapehu economy.
12. These figures suggest that if the ski fields were to cease operation, it is likely that it would have a negative impact on the local economy. Both directly through loss of direct investment in the area and for businesses in the area that rely on visitors to the region for their revenue (such as shops and cafes).
13. However, the government has already provided significant investment in RAL to date. \$28 million of support has been provided, including the most recent \$5 million loan to allow the liquidators of RAL to run the 2023 ski season, represents nearly a third of the estimated GDP of the local economy per annum. If a bid is supported by government, this support could increase to around \$50 million.
14. Since additional funding will likely be required to support a commercially viable bid, there needs to be careful consideration of whether funding to date represents a sunk cost, would benefit from additional funding, and if additional funding represents an acceptable return on investment. There is also an opportunity cost of providing additional funding to RAL when there are other cost pressures across government.

Bids that seek government support need to be sustainable and commercially viable

15. To sufficiently support Ruapehu's local economy, any bid that seeks government support is expected to meet a minimum threshold for its long-term commercial viability. This is to ensure that the government can have a level of confidence that a future operator is unlikely to end up in the position that RAL is currently in, which may result in obligations for the Crown concessions to run the ski field being surrendered to DOC (additional details provided in the next section).
16. Kānoa expects to receive bids for support by the end of 31 August 2023, which will be considered by its commercial team in the first week of September 2023 and assessed on long-term commercial viability. To ensure consistency, officials will use the same criteria to assess bids that was used to recommend the PTL and WHL package that Cabinet agreed to previously [CAB-23-MIN-0240].
17. While officials cannot pre-empt the current processes, Kānoa will provide you with an update in early September on the number of bids received and early indications of their viability. Until this process is completed, officials will not know the content of the bids. Therefore, there is no guarantee at this stage that the bidding processes will produce a clear or acceptable result.
18. Any commercially viable bid is still at risk from other external factors such as weather effects relating to climate change, volcanic activity, and other potentially significant economic event (such as a decline in visitors experienced during COVID-19).

Department of Conservation's concession process [contains legal advice]

19. A concession from DOC is required to operate the ski fields on Mt Ruapehu. DOC has a legislative requirement to consult on the concession process, particularly with local iwi as to give effect to the principals of the Treaty of Waitangi.
20. s 9(2)(f)(iv)

s 9(2)(f)(iv)

21. s 9(2)(f)(iv)

22. s 9(2)(f)(iv)

Maintaining strong Māori/Crown relations and fulfilling the Crown's treaty obligations

23. s 9(2)(f)(iv)

24. Ngāti Rangi has written to you to express their interest in being a part of the decision-making process on the operator of the ski fields. Kānoa is supportive of an inclusive approach to decision making but is seeking advice from Te Arawhiti on how Ngāti Rangi can play a role in decision while maintaining robust and fair processes.
25. Local iwi and hapu have a significant interest in the outcome of the concession process. Kānoa understands that they have a particular interest in:
- Concession tenure – potentially want it reduced to less than 30 years and no 'rolling over' provision.
 - The "tuku" terrain (an area below the mountains highest peak on the whakapapa side) and how it impacts development on the mountain.
 - Business sustainability in a climate change context.
26. There has been considerable engagement with iwi and hapu to understand their views on the changes they want to see in any new concession that differs from the concession RAL currently has.
27. The outcome of the concession process and the terms it imposes could result in terms that are unacceptable to a commercial operator. This may result in them withdrawing their bid. Final terms of the concession are offered at the end of the concession process.
28. This means it is possible that the Crown might support a bid that is commercially viable but ultimately withdraws depending on the outcome of the concession process.

RAL's liquidators are expected to run out of funding by the end of November

29. The liquidator will cease operating if it runs out of funds. Based on current projections, it is likely that RAL will run out of funds before the earliest possible completion of DOC's concession process.
30. RAL's liquidators received a \$5 million loan from the government to operate the ski fields during the 2023 ski season. \$3 million has been drawn down. Of that \$3 million, the liquidators have spent approximately \$2 million.
31. Latest cashflow estimates suggest that the liquidators will run out of funding to operate RAL by the end of November. If a new owner and/or operator is not determined by then or further funding made available, RAL will shut down its operations.

32. s 9(2)(ba)(i), s 9(2)(j)

It is expected that the liquidators will have sufficient liquidity to pay the remaining funds, which has been included in the cashflow estimates above.

33. To provide Doppelmayr with some additional certainty, the Head of Kānoa sent a letter to the RAL Liquidator on 11 August confirming, if required, Kānoa will recommend the Minister for Regional Development seek further funding through Cabinet on or before the meeting on 18 September 2023. RAL's Liquidator has agreed to re-confirm if the additional funding is required by 11 September 2023.
34. Based on the most recent figures provided by RAL's liquidators and assessed by financial advisory entity Calibre Partners, it is estimated that an additional \$⁶⁹² million in funding would be required to maintain operations from the end of November 2023 to the end of February 2024.
35. \$⁹¹ million of funding would be required to continue operations from the end of November until the end of May 2024. The primary purpose of extending RAL's operations would be to provide sufficient time for DOC to undertake to complete the concession process.
36. To provide Ministers with the option to fund RAL until the end of May 2024, Regional Economic Development (RED) Ministers will be asked to consider ringfencing \$⁹¹ million out of the RSPF at their meeting on August 24. You will receive this pack shortly.
37. If RED Ministers do not agree to ringfence the funding, this will limit the options Cabinet will have to extend RAL's operating timeframe.

Initial options for consideration

38. Kānoa has developed the following approaches to frame the options for Cabinet's consideration:
- Provide crown support in-principal to the preferred bidder (or bidders), with Cabinet to make final decisions in February 2024;
 - Provide funding to RAL's liquidators to provide additional time for a market solution to be found;
 - Withdraw government support;
39. **Annex One** provides an overview and description of these options, their potential costs, timeframes, opportunities, and risks. The options presented are indicative and are likely to change significantly depending on the outcome of the existing processes underway.

Next steps

40. Discuss the options at the next officials' meeting or a time that is convenient to you. Kānoa would welcome a discussion at the Regional Development Officials' Meeting on Monday 21 August.
41. Kānoa will continue to provide you with updates the bid process and other matters relating to RAL.

Annexes

Annex One: Overview of potential options to be considered in RAL Cabinet paper

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Annex One: Overview of potential options to be considered in RAL Cabinet paper

Option	Description	Potential cost	Timeframes	Benefits	Risks
1. Agree to in-principal government support for the preferred bid(s) with final decisions in Feb 2024	<p>Government agrees in-principal to support a package up previous amount agreed by Cabinet of \$15.3m.</p> <p>Final confirmation of the funding to be approved by Cabinet in Feb 2024.</p> <p>Government provides \$^{s.9(2)(b)(iv)}m to allow the RAL to continue to operate until Feb 2024.</p> <p>\$^{s.9(2)(b)(iv)}m ringfenced for Cabinet to decide if it should provide additional funding to RAL beyond February, if additional time is required for the concession process and sale and purchase settlement.</p>	<p>Option cost: \$^{s.9(2)(b)(iv)}m</p> <p>Remaining ringfenced funding to be decided by Cabinet in Feb 2024: \$^{s.9(2)(b)(iv)}m</p> <p>\$^{s.9(2)(b)(iv)}m to be funded in additional to the \$15.3m already ringfenced from reprioritising the RSPF.</p> <p>Total cost: \$^{s.9(2)(b)(iv)} million or ~\$^{s.9(2)(b)(iv)} million if a deal is made.</p> <p>Approx \$47-\$^{s.9(2)(b)(iv)} million in 'make good' costs</p>	<p>Sept 2023:</p> <ul style="list-style-type: none"> Cabinet agrees in-principal to provide preferred bidder(s) with government support AND to provide RAL with \$^{s.9(2)(b)(iv)}m to run until Feb 2024. RAL's liquidator selects preferred bidder. DOC's concession process begins <p>Feb 2024</p> <ul style="list-style-type: none"> concession process possibly completed. Cabinet to decide whether to continue with funding arrangements. 	<p>Does not fully commit the Crown until there is greater certainty on the outcome of the concession process.</p> <p>Provides a staged process that would allow for additional time for the concession process, if required.</p> <p>Ensures critical off-season maintenance is done to enable opening for winter 2024 season</p> <p>Minimises risk of Crown (DOC) needing to manage closed ski-fields and removal of redundant infrastructure.</p>	<p>Less certainty for potential bidder(s) if Cabinet decide not to proceed with funding. This may lead to commercial operators withdrawing from the process.</p> <p>May result in the concession returning to the Crown and an obligation to 'make good' the mountain.</p> <p>Bidders will need to have confirmation by Feb to enable a new entity to operate with confidence.</p>
2. Extend timeframe to allow RAL's liquidators to explore wider market proposals	<p>Government does not support any bids.</p> <p>Draws down \$^{s.9(2)(b)(iv)}m of the \$15.3m already ringfenced funding for the liquidators to continue to operate RAL while they decide on a bidder to take over the assets and/or operations.</p> <p>Selected bidder to undertake concession process if required</p>	<p>Option cost: \$4m drawdown of existing funding.(no new funding)</p> <p>\$^{s.9(2)(b)(iv)} million to be returned to the Crown</p> <p>Total cost: \$^{s.9(2)(b)(iv)} million</p>	<p>Sept 2023:</p> <ul style="list-style-type: none"> Cabinet agrees to provide RAL with \$^{s.9(2)(b)(iv)}m to run until Feb 2024. liquidator selects preferred bid and provides final opportunity for the bid to undertake the concession process. DOC's concession process begins. <p>Feb 2024:</p> <ul style="list-style-type: none"> RAL's liquidator exhausts funding. If no new concession is issued by this time, the concession returns to DOC. 	<p>Reduces the amount of overall spending on RAL to date.</p> <p>Provides a potential operator with a final chance at submitting a bid and some time to go through the concession process.</p>	<p>Likely to result in the concession returning to crown and an obligation to 'make good' the mountain.</p>
3. No further government support	<p>Government does not provide any additional funding and withdraws its previous offers.</p>	<p>Option cost: N/A</p> <p>\$15.3 million to be returned to the Crown</p> <p>Approx \$47-\$^{s.9(2)(b)(iv)} million in 'make good' costs</p>	<p>Sept 2023:</p> <ul style="list-style-type: none"> Cabinet agrees to provide no further funding. Liquidators continue to operate RAL until November 2023, then closes. 	<p>Provides certainty of decisions.</p> <p>Reduces cost to Crown.</p>	<p>Negative impact on region's economy</p> <p>Negative impact on Māori/Crown relations</p> <p>Concession returns to crown and an obligation to 'make good' the mountain.</p>

From: [Josh Hercus](#)
To: [xxxx.xxxxxxxx@xxxxxxx.xx](#)
Cc: [Robert Pigou](#); [Tania Paweska](#); [Isabel Poulson](#); [Aaron Norgrove](#); [Shaun Brown](#); [Erin Hill](#)
Subject: 2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps [IN-CONFERENCE]
Date: Friday, 1 September 2023 8:03:16 am
Attachments: [2324-0655- Update on Ruapehu Alpine Lifts Limited \(in liquidation\) \(RAL\) - recent developments and next steps docx](#)
[2324-0655- Update on Ruapehu Alpine Lifts Limited \(in liquidation\) \(RAL\) - recent developments and next steps.pdf](#)

Kia ora Ajax,

Please see the attached briefing for Hon McAnulty. If you could also forward the briefing to the Ministers' offices listed ASAP that would be greatly appreciated.

Ngā mihi,

Josh Hercus

PRINCIPAL ADVISOR TO ROBERT PIGOUE, DEPUTY CHIEF EXECUTIVE and
HEAD OF KĀNOA - REGIONAL ECONOMIC DEVELOPMENT & INVESTMENT UNIT

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Kānoa
Regional Economic Development
& Investment Unit



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUPUKI

New Zealand Government

From: [Josh Hercus](#)
To: [xxxx.xxxxxxxx@xxxxxxx.xx](#)
Cc: [Robert Pigou](#); [Tania Paweska](#); [Isabel Poulson](#); [Aaron Norgrove](#); [Shaun Brown](#); [Erin Hill](#)
Subject: RE: 2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps [IN-CO DENCE]
Date: Friday, 1 September 2023 12:24:18 pm
Attachments: [2324-0655- Update on Ruapehu Alpine Lifts Limited \(in liquidation\) \(RAL\) - recent developments and next steps.docx](#)

Kia ora Ajax,

As requested by the office, please see attached the amended version of the briefing.

Ngā mihi,
Josh

From: Josh Hercus
Sent: Friday, 1 September 2023 8:03 am
To: [xxxx.xxxxxxxx@xxxxxxx.xx](#)
Cc: Robert Pigou <[xxxxxx.xxxxx@xxxx.xxx.xx](#)>; Tania Paweska <[Tania.Paweska@mbie.govt.nz](#)>; Isabel Poulson <[xxxxxx.xxxxx@xxxx.xxx.xx](#)>; Aaron Norgrove <[Aaron.Norgxxxx@xxxx.xxx.xx](#)>; Shaun Brown <[xxxxxx.xxxxx@xxxx.xxx.xx](#)>; Erin Hill <[xxxx.xxxx@xxxx.xxx.nz](#)>
Subject: 2324-0655 Update on Ruapehu Alpine Lifts Limited (in liquidation) (RAL) - recent developments and next steps [IN-CO IDENCE]

Kia ora Ajax,

Please see the attached briefing for Hon McNulty. If you could also forward the briefing to the Ministers' offices listed ASAP that would be greatly appreciated.

Ngā mihi,

Josh Hercus

PRINCIPAL ADVISOR TO ROBERT PIGO, DEPUTY CHIEF EXECUTIVE and
HEAD OF KĀNOA - REGIONAL ECONOMIC DEVELOPMENT & INVESTMENT UNIT

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BRIEFING

Update on Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) - recent developments and next steps

Date:	31 August 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-0655

Action sought		
	Action sought	Deadline
Hon Kieran McAnulty Minister for Regional Development	Forward this briefing to the Minister of Finance, Minister for Māori Crown Relations, Minister for Treaty of Waitangi Negotiations, and Minister of Conservation.	1 September 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	s 9(2)(a)	✓
Josh Hercus	Principal Advisor to the DCE and Head of Kānoa	s 9(2)(a)	

The following departments/agencies have been consulted
DOC, Te Arawhiti, DPMC (PAG), Treasury

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Update on Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) - recent developments and next steps

Date:	31 August 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-0655

Purpose

To update you on recent developments relating to Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) and the implications on the government's options for continued support for RAL.

Executive summary

In July 2023, Cabinet agreed to extend support to Ngāti Tūwharetoa to be able to make an offer to RAL's liquidators to purchase RAL's assets. In addition, Cabinet approved a loan of up to \$5.0 million for RAL's liquidators to operate Mt Ruapehu's ski fields for the 2023 season to allow time for the liquidators to decide on the purchaser(s) of the RAL's assets and the operator of the ski field(s).

On 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not "support a private commercial tender for the purchase of RAL". Their preference is to resolve these matters through the Tongariro National Park Treaty negotiation process.

Cabinet will need to make decisions on the extent of support it provides to RAL prior to the New Zealand General Election.

Officials will develop options that consider recent developments and provide you with a draft Cabinet paper for your feedback on Thursday 7 September.

Recommended action

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

- a **Note** that Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not "support a private commercial tender for the purchase of RAL, and want the long-term operation of ski fields and concessions agreed to as part of the Treaty settlement for the Tongariro National Park.

Noted

- b **Note** that the initial draft options for the Cabinet paper on government support for RAL will need to be reconsidered in response to Ngāti Tūwharetoa's position.

Noted

- c **Note** that MBIE is exploring commercial structures that could be utilised if Cabinet decides that the government will continue funding the operation of Mt Ruapehu's ski fields.

Noted

d **Forward** this briefing to the Minister of Finance, Minister for Māori Crown Relations, Minister for Treaty of Waitangi Negotiations, and Minister of Conservation.

Agree / Disagree



Robert Pigou

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

Hon Kieran McAnulty

Minister for Regional Development

31 / 08 / 2023

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Background


1. Ruapehu Alpine Lifts Limited (In Liquidation) (RAL) holds the Department of Conservation concession, owns the adjacent infrastructure that enables it to operate the Whakapapa and Tūroa ski fields on Mt Ruapehu. The High Court ordered that RAL be put into liquidation on 21 June 2023.
2. On 24 July 2023, Cabinet approved a loan of up to \$5.0 million to the liquidators for the operating costs and commitments for the Whakapapa and Tūroa ski fields for the 2023 season. \$3.0 million of the \$5.0 million loan has been drawn down. Cabinet also agreed the Crown would extend support to Ngāti Tūwharetoa to be able to make an offer to the liquidator to purchase RAL's assets [CAB-23-MIN-0276 refers]. To date, the Crown has provided \$33.5 million of support to RAL.
3. On 17 August 2023, MBIE provided you with initial options for a draft Cabinet paper on options for government support for RAL, which is expected to be considered by Cabinet on 18 September.
4. The draft options were based on the premise that a proposal to purchase RAL's assets and operate the ski fields would be provided by Te Ariki Tā Tumu Te Heuheu on behalf of Tūwharetoa. It was expected that this proposal would be considered alongside the existing proposals by Whakapapa Holdings Limited (WHL), to operate Whakapapa ski field, and Pure Tūroa Limited (PTL), to operate Tūroa ski field.
5. In mid-August, RAL's liquidators wrote to prospective bidders to request that they submit their bid to take over RAL's assets and operations by 31 August 2023. MBIE has also written to the bidders to submit any requests for Crown support to be considered as part of their bid. The intention of this process was to provide Cabinet with the option to transfer RAL's assets and operations to a new commercial operator, pending concessions to run the ski fields being granted under the Conservation Act 1987.

Ngāti Tūwharetoa has advised officials that they will not support a private commercial tender for the purchase of RAL

6. On 31 August 2023, Ngāti Tūwharetoa wrote to Ministers and officials to advise that they will not bid for RAL's assets and will not agree with the current sale and concession process, and want the long-term operation of ski fields and concessions agreed to as part of the Treaty settlement for the Tongariro National Park. The Treaty settlement negotiations is expected to take a number of years to complete.
7. MBIE understands that Ngāti Uenuku/Korowai and Ngāti Hāua are supportive of the Ngāti Tūwharetoa position and Ngāti Rangī are yet to commit their support.

Lack of support from Ngāti Tūwharetoa will complicate the concessions process but may not preclude it

8. Although Crown support is likely to be necessary for a viable commercial offer to be accepted by the liquidators, the Department of Conservation (DOC) could receive an application for a concession at any time irrespective of support from iwi, the liquidator's approval of a specific bid, or Cabinet processes. If an application is received, the consideration process will be complex and would require significant engagement with all iwi, including Ngāti Tūwharetoa.

9. s 9(2)(g)(i), s 9(2)(f)(iv)
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s 9(2)(f)(iv)

10. While Ngāti Tūwharetoa are not the only iwi with rights and interests in the area that need to be considered, s 9(2)(g)(i), s 9(2)(f)(iv).
11. A delay to the liquidation process will have implications for concessions process. The current plan is for concession applications to be received in early October and, if the process runs smoothly, a decision made in February 2024. Until an application or applications are received, DOC cannot provide a timeframe or indication of the likelihood that a concession could be issued to a new commercial operator(s) ahead of the 2024 ski season (potential operators have suggested that a decision would need to be made by early 2024 to give them time to prepare for the forthcoming season).
12. s 9(2)(f)(iv)

Cabinet will need to consider whether the current support for RAL is tenable

13. It is important to note that Ngāti Tuwharetoa is supportive of long-term sustainable commercial activities.
14. However, without the ability for RAL to transfer its assets and/or operations to a new entity, the Crown is left in the difficult position of having to decide whether to continue funding operations, as it currently has been doing through the loan to RAL's liquidators, or to withdraw funding entirely.
15. If the Crown elects not to continue funding operations, and a bid isn't progressed to concession application for either ski field, the closure of the ski fields does not mean that funding can be withdrawn entirely – if this option is taken, Ministers will need to consider phased funding options for essential infrastructure e.g., Whakapapa Village sewerage and the volcanic alert systems.
16. s 9(2)(f)(iv)
17. When Cabinet agreed to provide a \$5.0 million loan to RAL's liquidators in July 2023, it was anticipated that the arrangement would be a short-term solution while a suitable commercial operator could be identified to take over the assets and operation of the ski fields.
18. Continuing to run RAL through a liquidator is an expensive and ineffective as the process is intended to be a short-term arrangement while the liquidators sell the entity's assets.
19. s 9(2)(i), s 9(2)(g)(i)

MBIE officials are exploring other commercial structures that could be utilised if Cabinet decide that the Crown should continue to pay to operate the ski-fields

20. MBIE has received initial advice on commercial structures that could allow the ski fields on Mt Ruapehu to continue to operate using Crown funding. s 9(2)(g)(i), s 9(2)(i)

s 9(2)(g)(i), s 9(2)(i)

21. s 9(2)(g)(i), s 9(2)(i)

22. The length of time a commercial structure needs to be maintained will be a key consideration when deciding an appropriate solution. If a temporary solution is proposed, it may be suitable to maintain the status quo while officials work through the complexities of the situation and provide advice to the government at the end of 2023 or early 2024.
23. MBIE is preparing a paper for Cabinet, expected to be considered on 18 September 2023, which will seek a decision on whether to continue providing financial support to RAL. This paper will include advice regarding will provide details on the best possible commercial structures for financing, including costs, timeframes, and risks involved.
24. MBIE will continue to work with DOC, Te Arawhiti, Crown Law, and the Treasury on the potential implications of alternative options to be included in the draft Cabinet paper.

Next steps

25. Officials will meet with Ministers at 10am on Friday 1 September to discuss the contents of this briefing and potential talking points should Ngāti Tūwharetoa's position enters public discourse.
26. Officials will develop options that consider recent developments and provide you with a draft Cabinet paper for your feedback on Thursday 7 September.

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