



## Briefing: Update on the Chateau Tongariro

<b>To</b>	Minister of Conservation	<b>Date submitted</b>	28 March 2023
<b>Risk Assessment</b>	High There are significant risks to be managed including legal, reputational, financial, and health and safety	<b>Priority</b>	High
<b>Reference</b>	23-B-0111	<b>DocCM</b>	DOC 7298874
<b>Security Level</b>	In Confidence		
<b>Action sought</b>	Direction about next steps for heritage chattels	<b>Timeframe</b>	13 April 2023
<b>Attachments</b>	No attachments		
<b>Contacts</b>			
<b>Name and position</b>			<b>Cell phone</b>
Marie Long, Deputy Director-General, National Operations and Regulatory Services			9(2)(a)
Karl Beckert, Director, Operations Support			9(2)(a)
Stacey Wrenn, Principal Advisor, Operations Support			9(2)(a)

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**Executive summary – Whakarāpopoto ā kaiwhakahaere**

1. The Chateau Tongariro (**the Chateau**) is a category 1 Heritage New Zealand Pouhere Taonga listed building in Tongariro National Park that was previously operated as a hotel. The former lessee, KAH New Zealand Limited (**KNZ**) recently closed the hotel and terminated their lease with us.
2. Under the terms of their lease, KNZ yielded the Chateau to us when they terminated the lease. We are now responsible for the security, maintenance, and operational management of the Chateau.
3. 9(2)(h) [Redacted]
4. out of scope [Redacted]
- [Redacted]
- [Redacted]
7. We have so far focused on the transition of the Chateau to the Department. We are now starting to consider the long-term options for the Chateau. There is significant public interest in the future use of the Chateau.
8. We are taking a cross agency approach to the management of the Chateau, working with Land Information New Zealand (**LINZ**) and MCH on relevant matters. We are establishing a steering group for wider regulatory issues in Tongariro National Park and will invite LINZ and MCH representatives to this group to discuss matters relating to the Chateau.

**We recommend that you ... (Ngā tohutohu)**

		Decision
a)	out of scope [Redacted]	Yes / No
b)	out of scope [Redacted]	Yes / No
c)	out of scope [Redacted]	Yes / No

d)	<b>Note</b> that we are continuing negotiations with KAH New Zealand Limited to give effect to the termination clauses of the Chateau Tongariro lease.	
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**9(2)(a)**

Date: 28/03/2023

Marie Long  
Deputy Director-General, National  
Operations and Regulatory Services  
For Director-General of Conservation

Date: / /

Hon Willow-Jean Prime  
**Minister of Conservation**

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## Purpose – Te aronga

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1. The purpose of this briefing is to update you on the termination of the lease for the Chateau Tongariro and seek your direction on matters of high risk or public interest.

## Background and context – Te horopaki

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2. The Chateau Tongariro (**the Chateau**) is a category 1 Heritage New Zealand Pouhere Taonga listed building at the entrance to Whakapapa Village in Tongariro National Park that has been operated as a hotel since 1929.
3. KAH New Zealand Limited (**KNZ**) have operated the hotel since 1991 under a lease granted by us, when they purchased the Chateau from Tourist Hotel Corporation (**THC**), a Crown-owned entity. KNZ purchased the Chateau as a going concern, taking ownership of the buildings and improvements (collectively referred to as the **improvements**) along with the hotel chattels.
4. KNZ's lease expired in 2020. Prior to the expiry of the lease, we attempted to negotiate a new lease with KNZ, but were unable to reach agreement on the terms of a new lease. When their lease expired, KNZ moved to a monthly lease agreement, with a 30-day termination clause.
5. On 31 January 2023, KNZ advised us they were closing the Chateau on 5 February 2023, due to seismic risks identified in a Detailed Seismic Assessment they commissioned. They also cited the uncertainty about the future of Whakapapa ski field due to Ruapehu Alpine Lifts Limited entering voluntary administration as a factor in their decision. KNZ formally notified us of their intention to terminate the lease on 6 February 2023, with the termination taking effect on 9 March 2023.
6. As well as the Chateau building, the lease covers 24 additional buildings located around Whakapapa Village, including the tavern, a café in an historic building, and staff accommodation.
7. Under the terms of the lease, all improvements were yielded to the Department, with no compensation, on the termination of the lease on 9 March 2023. We have worked closely with KNZ staff to ensure a smooth transition from an operational perspective.

## Transition of the Chateau Tongariro

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### *Terms of the lease*

8. 9(2)(h) [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

### Improvements to be yielded in good condition

9. 9(2)(h) [Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

9(2)(h)

Payment for the value of the improvements

13. 9(2)(h)

**Seismic risk**

- 17. Notwithstanding what KNZ have said publicly about the potential seismic risk of the Chateau, a Detailed Seismic Assessment is required to fully understand the health and safety risks and potential remediation work required.
- 18. KNZ are not likely to share their Detailed Seismic Assessment with us until we have resolved their termination obligations of the lease, if at all.
- 19. We are starting a procurement process to commission our own Detailed Seismic Assessment. Until we better understand the seismic risks, we are treating the Chateau as a hazard and have a health and safety plan in place that reflects this.

**Operational matters**

20. out of scope

**Chattels and items with heritage value, including artwork**

24. out of scope

25. out of scope [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

**Future options for the Chateau**

34. Our focus to date has been the transition of the Chateau to the Department. We are now starting to consider the future options for the site. This analysis will be informed by the condition assessment and our understanding of the seismic risks.

35. We have been approached by several parties interested in renovating and operating the Chateau. We are keeping a record of interested parties. Any future operator will require a lease from us under the National Parks Act 1980.

36. Local government and other stakeholders are advocating for solutions that will result in the Chateau continuing to be run as a hotel. We are keeping stakeholders updated.

37. We will update you as we progress our analysis of options for the future use of the Chateau.

<sup>1</sup> out of scope [redacted]

## Cross-agency approach

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38. We have met with both Land Information New Zealand (**LINZ**) and MCH to discuss how we can work together to protect the Crown's interests in matters relating to the Chateau.
39. LINZ undertakes similar work for LINZ-owned assets, including heritage buildings. They have agreed to work with us in an advisory role, and will be providing advice on how we look after the building and obtain the necessary information to make informed decisions about the preservation and maintenance of the Chateau.
40. MCH are advising us about the artwork and other heritage chattels at the Chateau. We will be seeking further advice from MCH and Heritage New Zealand Pouhere Taonga as we focus on maintaining the Chateau, preserving its heritage values, and considering the future use of the Chateau.
41. We have advised Treasury of the significant financial risk the Chateau presents. We will seek approval from Treasury to establish a new appropriation specific to costs related to the Chateau.
42. We are establishing a steering group that will take a strategic approach to significant regulatory matters in Tongariro National Park, including the closure of the Chateau and Ruapehu Alpine Lifts Limited entering voluntary administration. We have invited LINZ and MCH to join this steering group for matters relating to the Chateau.

## Risk assessment – Aronga tūraru

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43. 9(2)(h) [Redacted]
44. out of scope [Redacted]
45. 9(2)(h) [Redacted]
46. out of scope [Redacted]
47. There is significant public interest in the future of the Chateau, including from iwi, local government, local businesses, and members of the public. We will consider the different views and expectations of iwi and stakeholders as we assess the options for the future use of the Chateau.
48. out of scope [Redacted]

out of scop

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

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49. We will be working with iwi with an interest in the Whakapapa area on the future use of the Chateau.

#### Consultation – Kōrero whakawhiti

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50. We have consulted with LINZ and MCH. We will continue to work with these agencies as we manage the Chateau and consider its future use.

#### Financial implications – Te hīraunga pūtea

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51. out of scope
52. We have also commissioned an independent condition assessment and may commission a Detailed Seismic Assessment. The condition assessment is essential for us to have evidence about the work required by KNZ to bring the Chateau up to a good condition to comply with its lease exit obligations. The Detailed Seismic Assessment will help us to manage health and safety risks, and understand the future work that may be required by the Crown to bring the building up to an acceptable seismic standard.
53. out of scope
55. s 9(2)(f)

#### Legal implications – Te hīraunga a ture

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56. 9(2)(h)

#### Next steps – Ngā tāwhaitanga

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58. We will:
- out of scope
  - Continue to work with LINZ and MCH on matters they have an interest in.



- Undertake operational management of the Chateau in the short term, while also considering the future use of the Chateau in the long term. We take a strategic approach when considering the future use of the site that also takes into account the future of the ski fields.

• out of scope

59. We will continue to update you on matters relating to the Chateau, primarily through the status report.

**ENDS**

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