



## Briefing: Ruapehu Alpine Lifts and Mt Ruapehu ski fields

<b>To</b>	Minister of Conservation	<b>Date submitted</b>	7 December 2023
<b>Risk Assessment</b>	High  Decisions on future management of the Mt Ruapehu ski fields will attract significant public scrutiny	<b>Priority</b>	High
<b>Reference</b>	23-B-0466	<b>DocCM</b>	DOC-7515948
<b>Security Level</b>	In Confidence		

<b>Action sought</b>	Note the upcoming key decisions.  Meet with Ministers for Regional Development and Minister for Treaty of Waitangi Negotiations to discuss the matters raised here.	<b>Timeframe</b>	20 December 2023
<b>Attachments</b>	No attachments		

Contacts	
Name and position	Cell phone
Ruth Isaac, Deputy Director-General, Policy and Regulatory Services	Sec 9(2)(a)
Stacey Wrenn, Senior Manager, Regulatory Delivery (Acting)	Sec 9(2)(a)

## Executive summary – Whakarāpopoto ā kaiwhakahaere

1. The Mt Ruapehu ski fields (Whakapapa and Tūroa) within Tongariro National Park were previously managed by Ruapehu Alpine Lifts (RAL) via concessions administered by the Department of Conservation (the Department).
2. Further information about the Department's regulatory system, including concessions, is included in your introductory briefings. As Minister of Conservation, you have a role in making regulatory decisions relating to concession applications. Your key strategic decisions for Mt Ruapehu will include options for:
  - removing redundant infrastructure from Tongariro National Park; and
  - the future management of the ski fields, including a possible new concession/s (these decisions may be delegated to a Department official).
3. RAL was placed into liquidation in June 2023, and into receivership by the Ministry of Business, Innovation and Employment (MBIE) (acting through Crown Regional Holdings Ltd) on behalf of the Crown. The receiver is currently operating both ski fields. The sale of RAL's assets on Tūroa ski field to Pure Tūroa Limited (PTL), with Crown support, is in the final stages of negotiation. MBIE is leading this work, and the sale and purchase agreement they are negotiating will be conditional on a new concession being granted.
4. We expect to receive a concession application shortly, potentially before the sale and purchase agreement is finalised. PTL has indicated to MBIE that they would need a concession in place by end of March 2024 to prepare for the winter 2024 ski season. Therefore, we are treating 31 March 2024 as the date by which key decisions on any concession applications will need to be made.
5. Timeframes for concluding the application process by March 2024 will be very tight, so pre-work on the application is already underway.
6. We are aware Whakapapa Holdings Limited (WHL) is also discussing a potential sale and purchase agreement with MBIE to purchase RAL's assets on Whakapapa ski field. WHL has also signalled that it is likely to submit a concession application to operate Whakapapa ski field. It is unclear whether a sale and purchase agreement will be finalised before the application is received.
7. You also have a role to advise on the impacts of the future of RAL's operations at Cabinet. If RAL's concessions are terminated, the current concession requires RAL to remove all infrastructure and remediate the land (the 'make good' provision).
8. As RAL cannot afford to do this, the cost would practically fall to the Department and the Crown – estimated at between \$47 million and \$88 million, with work underway to confirm this cost. The Crown and the Department, therefore, face considerable fiscal risk under scenarios where RAL's assets are sold or mothballed, and the Department becomes responsible for managing the ski field infrastructure.
9. This cost is likely to be incurred if Sec 9(2)(g)(i)  
[REDACTED]  
[REDACTED]
10. Cabinet will receive joint advice from MBIE, the Department, and Te Arawhiti on these issues in March 2024, as requested in October 2023.
11. Some iwi/hapū and Māori representative groups have previously indicated they would not support continuation of commercial ski fields on Ruapehu in their current form, [REDACTED]  
Sec 9(2)(g)(i)
12. Noting the short timeframe in which decisions will need to be made, we recommend an urgent meeting between yourself, the Minister for Regional Development, and the Minister for Treaty of Waitangi Negotiations to discuss engagement with Treaty partners and the concession process. This matter also engages your role as Minister for Māori Crown Relations: Te Arawhiti.

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

		Decision
a)	<b>Note</b> the contents of this briefing, including the offer to meet with officials and discuss the issues in greater detail.	<input checked="" type="checkbox"/> Noted
b)	<b>Agree</b> to meet with Hon. Shane Jones, Minister for Regional Development and Hon. Paul Goldsmith, Minister for Treaty of Waitangi Negotiations to discuss the future process and government decision-making in respect of RAL.	<input checked="" type="checkbox"/> Yes / No

Date: 7/12/2023

Ruth Isaac  
Deputy Director-General, Policy and  
Regulatory Services  
For Director-General of Conservation



Date: 11/12/2023

Hon. Tama Potaka  
**Minister of Conservation**

## Purpose – Te aronga

---

1. This briefing provides a summary of the context and issues concerning the current state, and future management of, Whakapapa and Tūroa ski fields. It notes your key strategic decisions concerning Mt Ruapehu, and next steps.

## Background and context – Te horopaki

---

2. RAL is a limited-purpose public benefit entity that does not pay company tax or dividends to shareholders – instead, it is required to invest profits into the ski field activities to benefit the public on Mt Ruapehu within the Tongariro National Park.
3. In October 2022, RAL entered voluntary administration with around \$25 million of deferred maintenance and debt of close to \$45 million. A significant amount of this debt was owed to the Crown, including loans from the Provincial Growth Fund.
4. On 21 June 2023, RAL was subsequently placed into liquidation by the High Court following an unsuccessful attempt during voluntary administration to sell the fields to private buyers.
5. Crown funding saw RAL able to operate through the 2023 ski season before it was placed into receivership by MBIE (acting through Crown Regional Holdings Ltd) on 2 November 2023. This decision allowed more time to determine a solution on the future of the ski fields.
6. RAL has operated Whakapapa ski field since 1953 and Tūroa since 1999 under concessions granted by the Minister of Conservation. The current Whakapapa concession expires in 2051 (with rights of renewal of up to 25 years) and the current Tūroa concession expires in 2042 (with rights of renewal of up to 35 years). RAL (in liquidation and receivership) continues to manage ski field operations under the existing concessions.
7. We have been working with MBIE, Treasury and Te Arawhiti to identify options for the future management of the ski fields. MBIE is the lead agency for RAL's commercial arrangements (including the receivership) and regional economy matters. The Department of Conservation (the Department) is the lead agency for land management matters. Te Arawhiti has primarily supported both agencies in their engagement with iwi and hapū with interests in Mt Ruapehu.
8. A potential new operator, Pure Tūroa Limited (PTL), is interested in taking over RAL's operations for Tūroa ski field, subject to PTL being granted a concession to operate the ski field prior to the winter season in 2024. We understand PTL are currently preparing a concession application to submit to us.
9. At this stage, we understand there are no formal deals being advanced with any potential operators for Whakapapa ski field, but that MBIE is currently discussing a possible deal with WHL.

## Cabinet decisions to date

10. The issues surrounding the ski fields have been considered at various points by Cabinet under the previous Government, with the most recent decisions made on 2 October 2023. At this time, Cabinet agreed to support a potential buyer for the Tūroa field and keep the Whakapapa business afloat while other options are developed for Cabinet consideration in March 2024. The specific commitments were:
  - agreed in-principle to provide \$3.05 million of support to PTL to purchase and operate RAL assets on the Tūroa ski field, subject to PTL being granted a concession and final Cabinet approval;
  - agreed to move RAL out of liquidation and into receivership;
  - agreed that Kānoa, through Crown Regional Holdings Limited (CRHL) will purchase for \$1 ANZ's security interest associated with \$15 million of debt, making the Crown the majority secured creditor in RAL;

- agreed to provide RAL with a \$4.3 million loan to continue operating until the end of March 2024;
  - directed MBIE, Te Arawhiti, and the Department to jointly report back to Cabinet in March 2024 with options for extending the Crown-funded operation of RAL, detailed information on the ramifications of no longer funding RAL including the costs to the Crown, and any medium-to-long term implications on the commercial operation of the ski fields in the context of the future Tongariro National Park settlement negotiations.
11. MBIE intends to take a paper to Cabinet in March 2024, or sooner, to seek decisions on future options including funding, and finalise Cabinet support for specific bid/s. Crown financial support will likely be necessary for any other viable bid to be sustainable in the long term.
  12. Cabinet has also agreed to fund the removal of infrastructure that RAL was previously required to remove under the terms of their concessions – known as ‘currently redundant infrastructure’. As RAL cannot afford to remove this infrastructure, the cost would practically fall to the Department and Crown.
  13. Cabinet has approved up to \$8.5m for the Department from the current financial year (subject to costings and endorsement by you and the Minister of Finance) for this work.

### **Key upcoming Ministerial and Departmental decisions**

---

14. As Minister of Conservation, the decision to grant a concession (permission required to authorise commercial activity in a conservation area) sits with you, unless delegated to a Department official. Ski field concessions are usually granted by your delegate, but this can be revisited according to your views.
15. In early 2024 we will seek agreement to draw down the tagged contingency for funding the removal and remediation of already redundant infrastructure from joint Ministers (see paragraphs 65-69 below). We will brief you at this time and Treasury will advise the Minister of Finance.
16. We are scheduled to report back to Cabinet in March 2024 along with MBIE and Te Arawhiti, as signalled at paragraph 11, on how any future Treaty negotiations may be affected by decisions to mothball, remediate, or operate (part or all) of RAL’s assets – noting that Treaty negotiations for the Tongariro National Park have not yet commenced (see paragraphs 55-61 below).
17. Prior to this Cabinet meeting we will brief you on the fiscal risks and other implications posed by managing, operating, mothballing or remediating assets under various scenarios.
18. By March 2024 the progress of Pure Tūroa Limited’s concession application will be clear. There may also be greater clarity on options for Whakapapa assets, including whether we are progressing a concession application. We will provide you with a full briefing at this time.
19. We are looking at options that may be required should the March 2024 deadline not be able to be met through the concession process and will provide further advice on this.

### **Timeframes for the Tūroa concessions process**

---

20. PTL is currently in the final stages of negotiating a sale and purchase agreement with MBIE for the transfer of RAL’s operations and assets on Tūroa ski field. This agreement is conditional on a new concession being granted and is subject to final approval from Cabinet, as to date Cabinet has only provided agreement in principle for funding to PTL.
21. We are expecting to receive a concession application from PTL no later than 8 December. PTL has indicated they need a concession in place by end of March 2024, to allow sufficient time to prepare for the winter 2024 ski season.

22. We have advised PTL that we will require a minimum of 71 working days (four months) to undertake the concession process, including public notification. Public notification is required under the Conservation Act 1987 as the concession activity will include exclusive use of some areas (for example buildings).
23. This timeframe is tight but allows sufficient time for each stage of the concession process to progress efficiently. The key steps of the process are:
- review application documents and confirm whether it is ready to notify – six working days
  - public notification (minimum of 20 working days) and public hearing process – 35 working days
  - post-hearing report prepared – 10 working days
  - analyse submissions, hearing report, and prepare a decision report – 15 working days
  - decision maker to decide whether to grant the concession – five working days
24. Accounting for holiday period working day exclusions, we need to receive a concession application in early December 2023 to ensure a decision can be made in March 2024.
25. There are some issues that could challenge the four-month timeframe including:
- the quality of the material submitted with the application not being sufficient to publicly notify, given we have significantly reduced time to seek additional information pre-notification;
  - Sec 9(2)(h) [redacted] (noting the period from 20 December to 10 January is excluded from the working day count);
  - the number and complexity of issues raised through the public notification and / or hearing process; and
  - Sec 9(2)(h) [redacted]
26. PTL has indicated it needs a concession to be issued by 31 March 2024 to allow adequate time to prepare for the 2024 ski season.

### ***Mitigations for timeframe challenges***

27. We have engaged early with iwi to seek to understand their views of the proposed concession activity prior to the concession application being submitted. This engagement will continue throughout the concession process.
28. We have provided pre-application support to PTL, to enable them to prepare a concession application that is ready to publicly notify without further amendments.
29. To reduce complexity in the assessment process, we have advised PTL to apply to undertake activities that were authorised under the previous concession – i.e., not new, untested activities, as these will require further analysis. PTL may apply to extend the scope of their concession in the future via a variation.

### **Possible Whakapapa concession application pending**

30. In addition to an application from PTL to operate the Tūroa ski field, WHL has advised the Department of its intent to apply for a concession to operate the Whakapapa ski field. WHL has advised it may also be able to submit an application as early as 6 December.
31. We understand WHL is also negotiating a revised bid with MBIE, and that WHL may submit a concession application prior to the completion of a Crown-supported funding agreement.



32. An earlier WHL bid was rejected by MBIE as the bid contained unfavourable terms for the Crown and potentially exposed the Crown to significant costs.
33. As with PTL, the Department would need to receive an application in early December 2023, in order to make a concession decision for Whakapapa ski fields in March 2024. Taking this matter to Cabinet would need to occur concurrently to the application being processed, to enable a decision on the concession application to be made by March 2024.
34. If no new operator is in place to manage Whakapapa ski field after March 2024, the Crown has the option for the receiver to remain in place in the medium term to permit RAL to continue operating the ski field. The Crown will incur additional costs for this which are currently being worked through.

#### **Other options for ski field management** Sec 9(2)(g)(i)

35. An efficient concession process with robust public notification and engagement with Treaty partners is the most feasible and preferable option to allow PTL to takeover RAL operations at Tūroa ski field, noting that any concession application must be considered on its merits.

36. Sec 9(2)(g)(i)

Sec 9(2)(g)(i)

Sec 9(2)(g)(i)

#### **Legislative solutions as an alternative to a traditional concessions process**

42. Sec 9(2)(h), Sec 9(2)(f)(iv)

Sec 9(2)(h), Sec 9(2)(f)(iv)

43. Sec 9(2)(h), Sec 9(2)(f)(iv)

### Engagement with iwi to date, and going forward

44. Section 4 of the Conservation Act requires the Crown to give effect to the principles of the Treaty of Waitangi.
45. When making decisions on a concession application for Mt Ruapehu, this will require as a first step ensuring we are informed of and understand the views and interests of all iwi/hapū and Māori representative groups with an interest in the ski field areas (such as Te Pou Tupua which represents the legal person Te Awa Tupua, established through the Whanganui River settlement).
46. We have been engaging with iwi/hapū throughout this process, both directly and via other agencies (Te Arawhiti and MBIE).
47. We have sent introductory letters concerning the pending PTL and potential WHL concession applications to our Treaty partners to further support this engagement.
48. When future concession options were initially raised, letters from Sec 9(2)(ba)(i) expressed a view that they did not support continuation of commercial ski fields on Ruapehu in their current form.
49. The general preference in those letters was for the sales to be halted and for commercial operations to be considered after, or during, the Tongariro National Park Treaty negotiations. Sec 9(2)(ba)(i), Sec 9(2)(b)(ii)
50. We have continued to engage with iwi including to explore options for how the concerns raised can be mitigated. One of the options being discussed is a shorter concession term (up to 10 years rather than 30+), which would enable the concession to be revisited closer to the conclusion of the Tongariro National Park negotiations.
51. Irrespective of discussions to date, formal consultation with our Treaty partners still needs to take place after a concession application is received to ensure we meet our responsibilities under s4 of the Conservation Act.
52. We have good relationships with iwi leaders at an operations level, which will support engagement during the anticipated concession processes.
53. Sec 9(2)(g)(i)
54. Sec 9(2)(g)(i)

### Tongariro National Park Treaty negotiations

55. The Crown is committed to collective negotiations with iwi with interests in Tongariro National Park (including Ngāti Hāua, Ngāti Rangī, Ngāti Tūwharetoa, and the iwi of Te Korowai o Wainuiārua).



56. Tongariro National Park collective negotiations have not yet commenced. However, as part of engagement on the future of RAL, Ngāti Tūwharetoa requested the Crown progress discussions on the future of Tongariro National Park, which the Crown agreed to do with “some urgency”.
57. Sec 9(2)(j)
58. On 11 September 2023, the former Minister of Conservation and Minister for Treaty of Waitangi Negotiations met with representatives of Te Kotahitanga o Ngāti Tūwharetoa, Ngāti Hāua, Ngāti Rangi and Te Korowai o Wainuiārua, as well as Te Ariki Tā Tumu Te Heuheu and his office, to engage about when iwi may be ready to commence negotiations.
59. Sec 9(2)(ba)(i)
60. Sec 9(2)(ba)(i), Sec 9(2)(g)(i)
61. You will receive a separate briefing related to the status of current Treaty negotiations in due course.

### **Ski field infrastructure on Mt Ruapehu is a significant Crown/Departmental liability**

62. There is substantial ski field infrastructure on Mt Ruapehu – such as chair lifts, buildings, chemical storage and other structures. Under the terms of RAL’s concessions, RAL must remove all infrastructure and remediate the land on termination of their concessions – known as the ‘make good’ provision. As RAL cannot afford to fulfil the make good provision, this cost would practically fall to the Department, and therefore the wider Crown.
63. We have estimated the cost to remove infrastructure and remediate the land to be between \$47 million and \$88 million, based on a desktop analysis. Work is underway to refine this estimate and fully understand the costs involved to meet these liabilities.
64. Sec 9(2)(g)(i)

### **Currently redundant infrastructure**

65. Since the ski fields were first established, there has been ongoing replacement and renovation of ski facilities, some of which has resulted in redundant infrastructure being left on site.
66. The Tongariro National Park Management Plan and concession agreements require that this infrastructure is removed. As RAL has no ability to remove this, Cabinet has accepted liability for it.
67. Separately, in 2023, Cabinet approved up to \$8.5m from the current financial year (subject to costings and endorsement by yourself and the Minister of Finance) to remove infrastructure which is already redundant as a result of previous RAL developments.
68. We have contracted surveyors and quantity surveyors to provide these costings by February 2024. We are currently procuring the main contractor to remove the already

redundant infrastructure. The contractor should be in place within 3-6 months and works would begin from mid-2024 (with snow cover required to move heavy machinery into place for works).

69. In recent discussions, PTL has indicated it considers the Ngā Wai Heke ski lift at Tūroa ski field is redundant for its business purposes. No allocation has been made for removing this lift, either as a DOC obligation on behalf of the Crown or as part of MBIE's sales and purchase agreement (which is yet to be signed).

### **Securing health and safety hazards if ski fields are closed**

70. It remains a possibility the ski fields may close, as it is not guaranteed any deals will be successful. In this case, the liquidator or receiver could stop operating the ski fields and look to immediately sell assets where possible. On-going operation through the receiver would require further Crown funding.
71. In the event of closures, our Operations team is prepared to act immediately to manage health and safety risks, including temporarily restricting access to the ski fields while we secure hazardous substances (bulk diesel storage, ammonia, explosives). We would also need to ensure the volcanic alert system, which is based around RAL infrastructure, remains operational, and any other health and safety risks such as de-icing lift towers are well managed.
72. We have undertaken contingency planning for this scenario to allow an assessment of readiness. This work has confirmed the Department has neither sufficient District or Regional capacity nor expertise to manage the fields and would require substantial additional resourcing. It is estimated it would cost up to **Sec 9(2)(j)** to maintain the ski fields in a "ready to re-start" condition.
73. This would include removing cables and towers from ski-lifts, security at site and fixed costs such as power **Sec 9(2)(j)**
74. Funding this from the Department's baseline would have an impact on the Department's ability to deliver its core conservation services.

### **Risk assessment – Aronga tūrarū**

75. Decisions about the future use of ski fields on Mt Ruapehu have generated a significant amount of public interest. **Sec 9(2)(g)(i)**
76. As above, some iwi have already publicly stated a preference for ski field sales to be halted while the Tongariro National Park Treaty negotiations progress. **Sec 9(2)(g)(i), Sec 9(2)(h)**
77. However, waiting for any negotiation process to be finalised is not a viable option. We are mitigating this through early engagement and discussions about reduced concession terms.
78. There will be pressure on the Department to conclude a concessions process before the end of March 2024, **Sec 9(2)(g)(i)**
- To mitigate this risk, we have planned for a timeframe for processing any concession application that, while tight, will ensure we have run a robust process.

79. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]
80. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### Consultation – Kōrero whakawhiti

81. We are working closely with MBIE and Te Arawhiti on matters relating to RAL.
82. We have consulted with Te Arawhiti, MBIE, the Treasury, and the Department of Prime Minister and Cabinet on this briefing.

### Financial implications – Te hiraunga pūtea

83. The Department has previously been approved a write-off of \$1.5m RAL debt for unpaid concession fees and contributions to community services (sewerage, water and other local body services).
84. In the event that no new operator takes over the ski fields, the cost of keeping the fields safe and maintained in an “able to be restarted” condition is estimated [REDACTED]  
Sec 9(2)(j) [REDACTED]  
[REDACTED]
85. No active ski fields would also see the Crown’s revenue from concessions fall by around \$900,000 per year.
86. There also over 55 ski club huts located in Tongariro National Park, each managed under its own concession. If the ski fields close, we expect many of these clubs would also close. While the clubs have obligations in their concessions to remove their infrastructure once their concessions terminate, few have the means to do this. [REDACTED]  
Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]
87. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
88. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]

### Next steps – Ngā tāwhaitanga

89. We suggest a joint meeting between yourself, the Minister for Regional Development and Minister for Treaty of Waitangi Negotiations to discuss these issues in greater detail. Officials can provide additional material to support this meeting.
90. We will provide you with further briefings when decisions are required and will also provide regular status updates through your weekly Status Report.

**ENDS**



## Aide Memoire: Further information on Ruapehu Alpine Lifts Limited decommissioning liability

<b>To</b>	<b>Minister of Conservation</b>	<b>Date submitted</b>	<b>4 March 2024</b>
<b>Risk Assessment</b>	Medium	<b>Priority</b>	Very High
<b>Reference</b>	24-B-0121	<b>DocCM</b>	DOC-7584703
<b>Security Level</b>	In Confidence		
<b>Attachments</b>	Attachment 1 – Previous Cabinet decisions and advice Attachment 2 – Maps of already redundant assets		

<b>Contacts</b>	
<b>Name and position</b>	<b>Cell phone</b>
Ruth Isaac, Deputy Director-General, Policy and Regulatory Services	Sec 9(2)(a)
Sam Harrison, Senior Policy Advisor, Budget and Funding Policy	Sec 9(2)(a)

Date: 04/03/2024

Ruth Isaac  
Deputy Director-General  
Policy and Regulatory Services  
For Director-General of Conservation

## Purpose – Te aronga

---

1. To provide you further information on the Crown's accounting and legal obligations in relation to the decommissioning of Mt Ruapehu Alpine Lift Limited's (**RAL's**) ski field infrastructure on Ruapehu.

## Background and context – Te horopaki

---

2. The Minister of Regional Development is taking a Cabinet paper outlining the current position and future options for RAL to the Cabinet 100-Day Plan Committee on Tuesday, 5 March 2024.
3. To support you at this meeting we are providing you with a Cabinet memo with talking points separately (24-K-0003 refers).
4. On 28 February 2024 we provided you with advice on an out-of-cycle funding request to cover potential liability related to RAL's infrastructure at Whakapapa and Tūroa (24-B-0019 refers). Previous Cabinet decisions and advice on this are summarised in **Attachment 1**. This aide memoire responds to your request for further information on the Crown's accounting and legal obligations.

## RAL and the decommissioning obligation

5. RAL was established in 1953 and since then has built extensive infrastructure in Tongariro National Park as part of their ski field operations at Whakapapa and Tūroa. On 11 October 2022, RAL announced that it had appointed voluntary administrators following a resolution of RAL's directors.
6. The Department of Conservation (**DOC**) administers Tongariro National Park and is required to preserve it in its natural state as far as possible.<sup>1</sup> DOC is also required to manage the park consistent with the Tongariro National Park Management Plan 2006-2016 (**TNPMP**) and the Tongariro/Taupō Conservation Management Strategy 2002-2012 (**TTCMS**).<sup>2</sup>
7. Under the terms of RAL's concessions RAL is liable, if no new operator can be found and the Minister requires it, to remove all infrastructure and remediate the land on termination of their concessions, i.e. liable to decommission. This obligation is known as the 'make good' provision and gives effect to the policies of the TNPMP. RAL's liquidation makes it highly unlikely that they will be able to deliver on their decommissioning obligations.
8. In May 2023 the previous Government made the decision to not require any potential new operators to decommission RAL's existing infrastructure to make RAL's business more attractive for investment [CAB-23-MIN-0192]. This raised the question of the future of RAL's infrastructure, especially if a new operator cannot be found.

## There are four funding requirements related to RAL infrastructure

---

9. We have identified four separate issues related to RAL infrastructure, which come with associated estimated funding requirements outlined below.
  - Removal of already redundant infrastructure on Ruapehu (\$8.5 million for 2023/24).
  - Ongoing maintenance of essential services on Ruapehu (Sec 9(2)(j) [REDACTED]).
  - Whakapapa decommissioning liability (Sec 9(2)(j) [REDACTED]).

---

1 Section 4, *National Parks Act 1980*. This obligation is relaxed to an extent where the land concerned lies within an amenities area. Portions of the Whakapapa and Tūroa ski fields are situated in amenities areas.

2 Section 43, *National Parks Act 1980*.

- Tūroa decommissioning liability (Sec 9(2)(j)).
- Of these, only the removal of already redundant infrastructure has funding set aside in a tagged contingency [CAB-23-MIN-0456]. We will provide advice later in March 2024 on drawing down this contingency. **Attachment 2** contains a map of this infrastructure.
  - Funding for the other three issues is sought in the Minister of Regional Development's Cabinet paper, dependant on which policy options Cabinet opts to support. This aide memoire focuses on the decommissioning liability associated with Whakapapa and Tūroa. Note that the Sky Waka and the lodges at Iwakau Village are not owned by RAL, therefore have been excluded from the estimates above.

### **The Crown has an accounting obligation to recognise the liability**

- Under the Public Finance Act 1989 and the Financial Reporting Act 2013 we are required to abide by the *Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS)*.<sup>3</sup> PBE IPSAS 19 requires that a provision for a liability must be made when three criteria are met. These criteria and our assessment against them are in **Table one** below.

Table one: Analysis of our accounting obligations under PBE IPSAS

	<b>Criteria</b>	<b>Analysis</b>
a)	An entity has a present obligation (legal or constructive) as a result of a past event ( <b>currently met</b> ).	We have a constructive obligation as there is a general expectation from the public, stakeholders and iwi that we will decommission the infrastructure. This expectation comes from previous statements made by the Crown which reflects certain aspects of the National Parks Act, the TNPMP and the TTCMS.
b)	It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation ( <b>not currently met</b> ).	If an operator is still operating the ski fields, the infrastructure will still be in use and maintained – at the point no operator can be found it becomes probable that the Crown, as provider of last resort, will have to fulfil the decommissioning obligation.
c)	A reliable estimate can be made of the amount of the obligation ( <b>currently met</b> ).	A quantity surveyor has provided cost estimates to decommission the infrastructure on Whakapapa, which have had a contingency applied. This has been used as a proxy to estimate the cost for Tūroa.

- Accounting for the liability (the accounting requirement) is a separate and distinct question from whether the Crown has a legal obligation to remove infrastructure from Ruapehu (discussed below).
- The decisions sought in the Minister of Regional Development's Cabinet paper could result in there being no operator for either Whakapapa and/or Tūroa. As discussed in Table one above, this would result in criteria b) being satisfied, triggering the need to recognise the decommissioning liability in our accounts. This would not mean that there is a legal obligation on the Crown to decommission the ski fields.
- The risk of criteria b) being triggered is much higher at Whakapapa than Tūroa. An operator, Pure Tūroa Limited, has applied for a concession to operate the

3 Section 26H, Public Finance Act 1989.  
Section 8, Financial Reporting Act 2013.




infrastructure on Tūroa. On 21 February 2024 we briefed you recommending that you be the decision maker for this application (24-B-0073 refers).

16. There is currently no applicant in relation to Whakapapa. The actual expenditure to decommission may not be incurred for several years, but when it is it will be recorded against the provision. Below are the implications for when the decommissioning liability would need to be recognised at Whakapapa based on the options in the Cabinet paper:
- Option 1: No further support and RAL liquidates – **need to recognise immediately.**
  - Option 2: Long term continued support for Whakapapa – **need to recognise deferred.**
  - Option 3: Short term continued support for Whakapapa – **need to recognise in late 2024 or early 2025.**


#### **A separate decision is required as to whether the Crown decommissions**

17. If no operator can be found for Whakapapa or Tūroa the Government needs to decide whether it wishes to decommission the infrastructure on those ski fields. It is more likely that an operator will take over Tūroa, as discussed in detail in the Cabinet paper.

Sec 9(2)(h)



Sec 9(2)(h)




### **Risk assessment – Aronga tūraru**

---

24. If the decommissioning liability needs to be recognised and there is no funding approved for the liability, we would record a significant amount of unappropriated expenditure.

Sec 9(2)(g)(i)



**ENDS**

---

## Attachment 1: Previous Cabinet decisions and advice

Table one: Decisions made by the previous Government on RAL decommissioning

Date	<i>The previous Government...</i>	Reference
22 May 2023	<ul style="list-style-type: none"> <li><b>noted</b> that RAL's concessions to operate on Ruapehu would be transferred to a new operator if one could be found, but that the liability to decommission existing infrastructure would not be borne by the new entities - instead, it would be quarantined as contingent liabilities of DOC.</li> </ul>	CAB-23-MIN-0192
12 June 2023	<ul style="list-style-type: none"> <li><b>noted</b> that if RAL is liquidated, it would not be able to decommission the ski fields and that this obligation and liability would fall to the Crown – regardless of if proposed deals for the ski fields proceeded.</li> <li><b>authorised</b> the previous Ministers of Finance, Conservation and Regional Development to confirm the correct treatment of the 'make good' obligation including the quantum and timing of the associated fiscal impacts.</li> <li><b>agreed</b> to create a \$4 million tagged contingency for the 2023/24 financial year for the removal of RAL's infrastructure that was already redundant.</li> </ul>	CAB-23-MIN-0240
2 October 2023	<ul style="list-style-type: none"> <li><b>noted</b> that an indicative initial estimate of the liability costs the Crown has accepted to decommission was \$47 million to \$88 million.</li> <li><b>agreed</b> to increase the 2023/24 tagged contingency for the removal of RAL's infrastructure by \$4.5 million, increasing the total funds available to \$8.5 million.</li> </ul>	CAB-23-MIN-0456

Table two: Advice from DOC to the Minister of Conservation on RAL decommissioning

Date	<b>We have provided advice to you that...</b>	Reference
12 February 2024	<ul style="list-style-type: none"> <li>the Crown has previously accepted it is likely to become liable for the cost to remove redundant infrastructure from the ski fields (Whakapapa and Tūroa) and restore the environment to its original state (a 'make good' liability).</li> <li>while the expenditure to make good may not need to be spent for a few or potentially many years, under accounting standards, the liability needs to be recorded by the Crown once confirmed the Crown is liable. An appropriation has been approved to recognise the liability, but no funding approved yet.</li> </ul>	Status Report MOC 7
26 February 2024	<ul style="list-style-type: none"> <li>the revised estimate to remove infrastructure from Whakapapa ski field, excluding the Sky</li> </ul>	Status Report MOC 9



	funding request is sought. The approval is required to include the out-of-cycle funding request in the upcoming paper; Cabinet will make the final decision on whether the funding is approved.	
--	---	--

Released under the Official Information Act

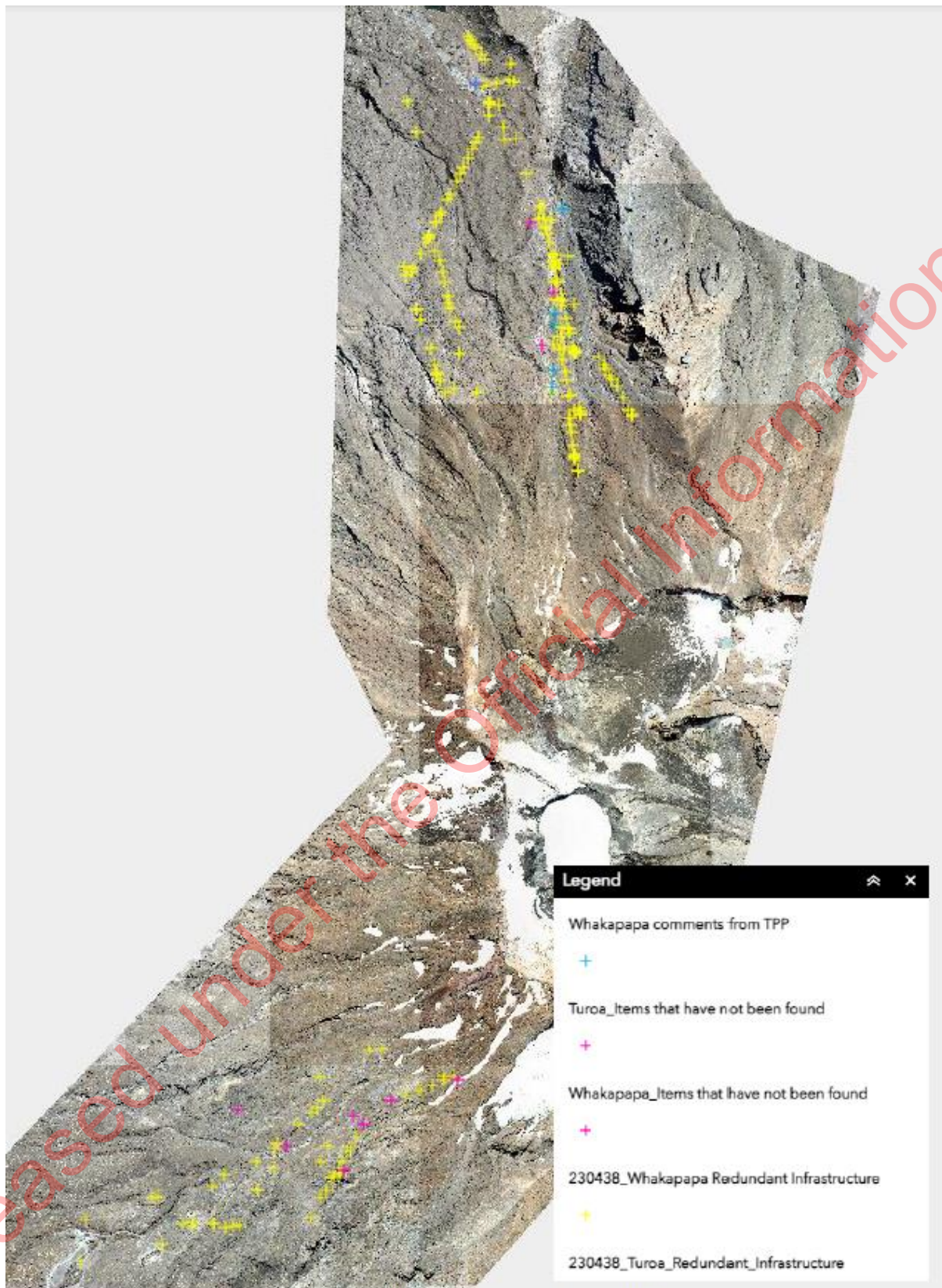
**Attachment 2: Maps of already redundant assets****Figure 1 – Whakapapa and Turoa GIS Overview**





Figure 2 – Turoa GIS of Redundant Structures

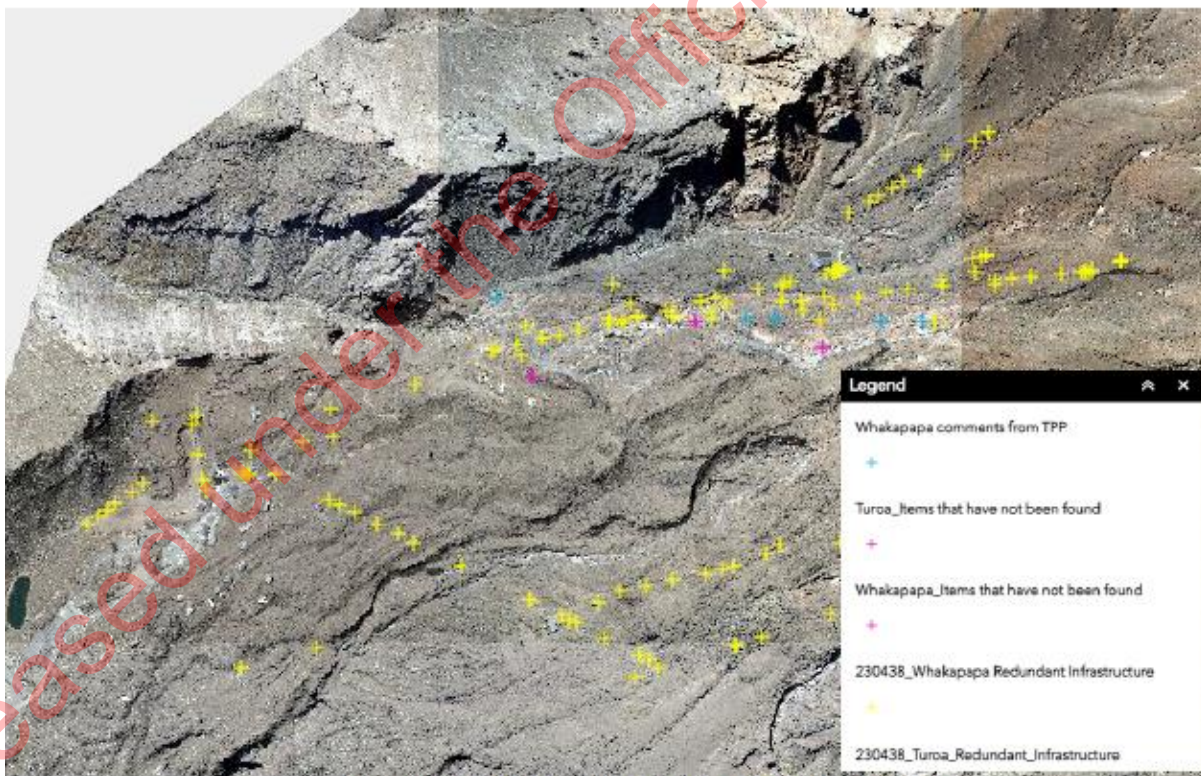


Figure 3 – Whakapapa GIS of Redundant Structures



## Departmental Memo

<b>To</b>	Minister of Conservation	<b>Date submitted</b>	8 March 2024
<b>GS tracking #</b>	24-B-0134	<b>DocCM</b>	DOC-7588248
<b>Security Level</b>	<b>In Confidence</b>		
<b>From</b>	Ruth Isaac, D D-G, Policy and Regulatory Services: Sec 9(2)(a)		
<b>Subject</b>	<b>Regulatory processes for Ruapehu Alpine Lifts and Whakapapa ski field</b>		
<b>Attachments</b>	No attachments		

### Purpose – Te aronga

1. This memo provides information about the regulatory regime and the mitigations DOC can put in place to enable the future operation of Whakapapa ski field, to support decisions at Cabinet concerning Ruapehu Alpine Lifts (RAL).

### Issues and possible mitigations

2. Sec 9(2)(g)(i)  
[Redacted]  
[Redacted]  
[Redacted]

### Concession term length

3. Sec 9(2)(h), Sec 9(2)(g)(i)  
[Redacted]
4. The Conservation Act allows the Minister of Conservation to issue concessions for a term of up to 30 years, or up to 60 years in exceptional circumstances. Ski field operators generally seek longer term concessions as they allow greater security to recoup costs and profit from significant capital investment, and this is likely to be considered an exceptional circumstance to allow for a term between 30 and 60 years.
5. While Pure Tūroa Limited agreed a 10-year concession term would be viable for their operation, potential commercial operators have raised concerns that a 10-year concession does not provide adequate assurance to warrant investment in Whakapapa.
6. A 10-year concession term has been suggested based on early engagement with Treaty partners. They have indicated that if a new concession is granted for Whakapapa, then they would prefer a shorter concession term (10 years rather than 30+). This is so the concession could be revisited closer to the conclusion of the collective Tongariro



National Park (TNP) negotiations (limited to cultural redress, will likely include discussions on TNP future governance and management).

#### Possible mitigations

7. Treaty partners have expressed a range of views about the future of ski activity on Mt Ruapehu – there is no consensus, but the future operation of ski fields RAL and the future Tongariro National Park cultural redress negotiations are closely linked for iwi.

8. Sec 9(2)(g)(i)

9. Sec 9(2)(g)(i)

10. Sec 9(2)(g)(i)

#### **Conditions on the concession**

11. Sec 9(2)(g)(i), Sec 9(2)(f)(iv)

12. Section 4 requires the Minister to consider iwi interests and concerns when setting conditions. This approach would require engagement with iwi prior to setting proposed conditions for a concession, in advance of receiving an application for the activity.

13. Sec 9(2)(j), Sec 9(2)(g)(i)

#### Possible mitigations

14. DOC would work with Treaty partners upfront to determine what can be offered through a concession process (notwithstanding that we will then need to run a notified process). These terms and conditions would need to be sufficiently commercially viable to appeal to a prospective concessionaire.
15. This would be a novel approach as DOC usually consults with Treaty partners on concession terms and conditions after an application is received – as conditions are based on the effects described in the application and may change as a result of public notification.
16. We believe current legislative settings permit DOC to develop a proposition to take to market including indicative / proposed terms and conditions for a concession at Whakapapa. This would provide certainty to operators in advance of applying, about the proposed activities to be permitted.
17. As above, joint Ministerial engagement directly with iwi would likely be required to facilitate buy in for this approach.

### **Commercial and concession process and timeframe**

18. The process to date for the Tūroa concession application has shown that with appropriate resource and preparation, a timely and robust complex concession process can be managed within four months. During this process, DOC received 475 submissions and held public hearings for four days.
19. The Tūroa application has demonstrated that under the current regulatory settings, a commercial entity could be operational at Whakapapa within 12 months if a concession application is submitted by October 2024 (and is subsequently approved).
20. More generally, a one-year timeframe to resolve a commercial option for Whakapapa is very tight – in that time, agencies would need to conclude not only a concession process but also:
  - confirm agreement to proposed terms and conditions for a concession (following Ministerial engagement with iwi);
  - go to market with the proposed terms; and
  - secure an interested operator, allowing time for the relevant agencies to conclude commercial negotiations for RAL assets and other matters.

### **Bespoke legislation could address regulatory barriers, but risks damaging the Crown-Māori relationship**

21. Sec 9(2)(f)(iv), Sec 9(2)(h)

22.

23.

24.

### **Other factors outside DOC's control will also impact commercial viability**

25. There are other challenges a future operator may see in the viability of ski activity at Whakapapa that are outside the Department's ability to manage. These include variable snow cover and weather, market volumes and access challenges, and maintenance issues and costs – all of which will likely be relevant to any future operator.

26. Sec 9(2)(j), Sec 9(2)(b)(ii)

### **Next steps – Ngā tāwhaitanga**

27. Further advice can be provided about these options as indicated.

**ENDS**



## Briefing: Ruapehu redundant infrastructure removal – tagged contingency funding drawdown request

<b>To</b>	Minister of Finance Minister of Conservation	<b>Date submitted</b>	19 March 2024
<b>Risk Assessment</b>	High	<b>Priority</b>	Very High
<b>Reference</b>	24-B-0076	<b>DocCM</b>	DOC-7589906
<b>Security Level</b>	In Confidence		

<b>Action sought</b>	<b>Agree</b> that funding drawdown conditions have been met.  <b>Approve</b> the tagged contingency funding drawdown request.	<b>Timeframe</b>	21 March 2024 If no decision is made before 1 April 2024 the contingency will expire, funding will be returned to the Crown, and no infrastructure will be removed from Ruapehu.
<b>Attachments</b>	<b>Attachment 1:</b> Geographic extent – Cheal (Surveyor's) Report <b>Attachment 2:</b> Detailed costings for options one and two		

Contacts	
Name and position	Cell phone
Ruth Isaac, Deputy Director-General, Policy and Regulatory Services	Sec 9(2)(a)
Henry Weston, Deputy Director-General, Regional Operations	Sec 9(2)(a)
Sam Harrison, Senior Policy Advisor, Budget and Funding Policy	Sec 9(2)(a)

## Executive summary – Whakarāpopoto ā kaiwhakahaere

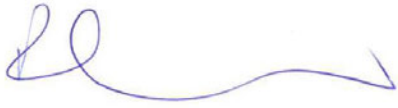
- As part of their works approval to build the Sky Waka in 2019, Ruapehu Alpine Lifts Limited (**RAL**) were required to remove redundant infrastructure at the Whakapapa and Tūroa ski fields in Tongariro National Park. RAL is now in liquidation and cannot fulfil this obligation.
- In October 2023, Cabinet approved the establishment of a tagged contingency of \$8.5 million for the removal of the redundant infrastructure, subject to the provision of detailed costings for the work and Joint Ministers' (Minister of Conservation and Minister of Finance) approval. The contingency will expire on 1 April 2024 [CAB-23-MIN-0456].
- In February 2024, detailed costings were provided by quantity surveyors Resolve Group and surveyors Cheal. The estimated cost of removing the redundant infrastructure at Whakapapa and Tūroa was Sec 9(2)(g)(i), Sec 9(2)(j)  
[REDACTED]
- We seek your approval as Joint Ministers to draw down funds from the tagged contingency. There are three options for the use of the tagged contingency:
  - option one (**recommended**): \$8.5 million for works at Tūroa and high priority work at Whakapapa
  - option two: \$4.45 million for works at Tūroa
  - option three: return the \$8.5 million to the centre and do not progress any removal of redundant infrastructure.
- Sec 9(2)(g)(i)  
[REDACTED].
- Pure Tūroa Limited (PTL) has recently signed a Sale and Purchase agreement to buy RAL's assets and operations at Tūroa Ski Area. The Sale and Purchase of RAL's assets to PTL is conditional upon PTL obtaining a concession to operate Tūroa Ski Area by 31 March 2024. PTL submitted a concession application on 7 December 2023.
- Sec 9(2)(g)(i)  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- Sec 9(2)(g)(i)  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED].
- Therefore, we recommend that the full \$8.5 million is drawn down to cover the removal of redundant infrastructure at Tūroa and high priority work at Whakapapa. If no decision is made before 1 April 2024 the contingency will expire, funding will be returned to the Crown, and no infrastructure will be removed from Ruapehu.



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


		Decision																				
a)	<b>Note</b> that on 12 June 2023 Cabinet agreed to establish a tagged contingency of \$4 million for 2023/24, for the removal of redundant ski field infrastructure on Ruapehu, and that on 2 October 2023 this was increased to \$8.5 million [CAB-23-MIN-0240 and CAB-23-MIN-0456].	Noted																				
b)	<b>Note</b> that the Ministers of Finance and Conservation are authorised to jointly drawdown this tagged contingency subject to detailed costings for the removal of the infrastructure, and that this has now been provided.	Noted																				
c)	<b>Note</b> that the estimated costs of removing the redundant infrastructure at Whakapapa and Tūroa is: <table><tr><td></td><td colspan="5">\$m – increase/(decrease)</td></tr><tr><td><b>Estimated cost of infrastructure removal</b></td><td><b>2023/ 24</b></td><td><b>2024/ 25</b></td><td><b>2025/ 26</b></td><td><b>2026/ 27</b></td><td><b>2027/ 28 &amp; Out-years</b></td></tr><tr><td>Operating</td><td colspan="5">Sec 9(2)(j)</td></tr></table>		\$m – increase/(decrease)					<b>Estimated cost of infrastructure removal</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>	<b>2027/ 28 &amp; Out-years</b>	Operating	Sec 9(2)(j)					Noted		
	\$m – increase/(decrease)																					
<b>Estimated cost of infrastructure removal</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>	<b>2027/ 28 &amp; Out-years</b>																	
Operating	Sec 9(2)(j)																					
d)	<b>Indicate</b> which option you wish to progress for the drawdown of the tagged contingency:																					
d)(1)	<b>Option one (recommended):</b> \$8.5 million for works at Tūroa and high priority work at Whakapapa	Yes / No																				
d)(2)	<b>Option two:</b> \$4.45 million for works at Tūroa	Yes / No																				
d)(3)	<b>Option three:</b> return the \$8.5 million to the centre	Yes / No																				
e)	<b>EITHER</b> <b>Approve</b> the following changes to appropriations to provide for recommendation d)(1) above, with a corresponding impact on the operating balance and net debt: <table><tr><td></td><td colspan="4">\$m – increase/(decrease)</td></tr><tr><td><b>Vote Conservation</b></td><td><b>2023/ 24</b></td><td><b>2024/ 25</b></td><td><b>2025/ 26</b></td><td><b>2026/ 27</b></td></tr><tr><td>Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)</td><td>0.400</td><td>4.500</td><td>3.600</td><td>0.000</td></tr><tr><td><b>Total Operating</b></td><td>0.400</td><td>4.500</td><td>3.600</td><td>0.000</td></tr></table>		\$m – increase/(decrease)				<b>Vote Conservation</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>	Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)	0.400	4.500	3.600	0.000	<b>Total Operating</b>	0.400	4.500	3.600	0.000	Yes / No
	\$m – increase/(decrease)																					
<b>Vote Conservation</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>																		
Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)	0.400	4.500	3.600	0.000																		
<b>Total Operating</b>	0.400	4.500	3.600	0.000																		

	<p><b>OR</b></p> <p><b>Approve</b> the following changes to appropriations to provide for recommendation d)(2) above, with a corresponding impact on the operating balance and net debt:</p> <table><tr><td></td><td colspan="4">\$m – increase/(decrease)</td></tr><tr><td><b>Vote Conservation</b></td><td><b>2023/ 24</b></td><td><b>2024/ 25</b></td><td><b>2025/ 26</b></td><td><b>2026/ 27</b></td></tr><tr><td>Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)</td><td colspan="4" rowspan="2">Sec 9(2)(g)(i)</td></tr><tr><td><b>Total Operating</b></td></tr></table>		\$m – increase/(decrease)				<b>Vote Conservation</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>	Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)	Sec 9(2)(g)(i)				<b>Total Operating</b>	Yes / No
	\$m – increase/(decrease)																	
<b>Vote Conservation</b>	<b>2023/ 24</b>	<b>2024/ 25</b>	<b>2025/ 26</b>	<b>2026/ 27</b>														
Non-Departmental Output Expenses Multi-Year Appropriation: Mount Ruapehu: Management and Removal of Ski Fields Infrastructure (funded by Revenue Crown)	Sec 9(2)(g)(i)																	
<b>Total Operating</b>																		
<b>f)</b>	<p><b>Agree</b> that the proposed changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.</p>	Yes / No																
<b>g)</b>	<p><b>Agree</b> that the expenses incurred under recommendation d) above be charged against the <i>Removal of redundant infrastructure on Mount Ruapehu</i> operating contingency established as part of the Budget 2023 between-Budget contingency.</p>	Yes / No																




Date: 19/03/2024

Ruth Isaac,  
Deputy Director-General  
Policy and Regulatory Services  
For the Director-General of Conservation

 Date: 31/ 3 / 2024

Hon Nicola Willis  
**Minister of Finance**

 Date: 21/ 03/ 24

Hon Tama Potaka  
**Minister of Conservation**

## Purpose – Te Aronga

To seek your approval as Joint Ministers to draw down the tagged contingency *Removal of redundant infrastructure on Mount Ruapehu* to fund the removal of redundant ski field infrastructure on Ruapehu. This must be done by 1 April 2024 or the funds will be returned to the centre.

## Background and context – Te horopaki

### *There is currently redundant infrastructure on Ruapehu*

1. Ruapehu Alpine Lifts Limited (**RAL**) operates two ski fields in Tongariro National Park under concessions, at Whakapapa and Tūroa. RAL entered voluntary administration on 11 October 2022, liquidation on 21 June 2023 and subsequently receivership from 27 October 2023. RAL currently has receivers and liquidators appointed to conduct its affairs.
2. As part of their works approval issued by the Department of Conservation (**DOC**) to build the Sky Waka in 2019 RAL were required to remove redundant infrastructure at the Whakapapa and Tūroa ski fields in Tongariro National Park. RAL had begun planning for this removal work in 2020 but this then stalled due to COVID-19 and subsequent lack of funding.
3. On 12 June 2023 Cabinet approved the creation of a \$4 million tagged contingency for the removal of ski field infrastructure on Ruapehu that was no longer in use and therefore was redundant [CAB-23-MIN-0240]. This infrastructure is identified on the maps in **Attachment 1**.
4. In October 2023, the estimate for the removal of this infrastructure was revised based on more detailed costings completed by DOC using additional information provided by RAL and experienced contractors; this increased the total estimated cost to \$8.5 million. On 2 October 2023, Cabinet agreed to increase the tagged contingency to \$8.5 million [CAB-23-MIN-0456].
5. In February 2024, a detailed survey was completed by Cheal and detailed cost estimation was undertaken by quantity surveyors Resolve Group. They revised the cost estimate for completing all removal work on Tūroa and Whakapapa to [REDACTED]  
[REDACTED] Sec 9(2)(j) When costs already incurred are incorporated the total cost estimate is [REDACTED] Sec 9(2)(j) .
6. The increase from \$8.5 million is attributable to additional redundant infrastructure being identified since October 2023, namely the Ngā Wai Heke chairlift and a buried diesel pipeline, both at Tūroa. The discovery of the buried diesel pipeline illustrates the risk associated with the lack of systematic data on the infrastructure on Ruapehu. Provision for discovery of additional infrastructure has been included in the estimated cost of the removal works.
7. On 4 March 2024, we provided the Minister of Conservation with separate advice on the Crown's legal and accounting obligations in relation to the decommissioning of ski field infrastructure that is still in use (24-B-0121 refers). On 12 June 2023 the previous Government noted that future removal of infrastructure would fall to the Crown so it would not encumber and dissuade new operators from applying for a concession [CAB-23-MIN-0240].

### *Pure Turoa Limited have applied for a concession*

8. Pure Tūroa Limited (**PTL**) has recently signed a Sale and Purchase agreement to buy RAL's assets and operations at Tūroa Ski Area. The Sale and Purchase of RAL's

assets to PTL is (among other things) conditional upon PTL obtaining a concession from the Minister of Conservation to operate Tūroa Ski Area by 31 March 2024.

9. PTL submitted a concession application on 7 December 2023. The Minister of Conservation will be the decision maker for this concession (24-B-0073 refers). PTL has factored in removal of the Ngā Wai Heke chairlift from Tūroa as part of their proposed operational model.
10. There has been no concession application for the Whakapapa ski field. On 11 March 2024, Cabinet agreed to fund the RAL's receivers to operate Whakapapa ski field for one year while officials seek to identify a commercial operator for the ski field [CAB-24-MIN-0070.01].

### **We recommend drawing down the full \$8.5 million**

11. Given the total cost of removing redundant infrastructure was estimated at Sec 9(2)(j), we have identified three options for the use of the \$8.5 million tagged contingency:
  - **option one (recommended):** drawdown the full \$8.5 million for works at Tūroa and high priority work at Whakapapa
  - **option two:** only drawdown \$4.45 million for works at Tūroa and return \$4.05 million to the centre
  - **option three:** return the \$8.5 million to the centre.
12. Sec 9(2)(g)(i)
13. In order to keep within the \$8.5 million, options one and two focus on the highest priority work that mitigates the most risk. If option three is preferred, no infrastructure will be removed as there is no available funding from within DOC's existing baselines. A detailed breakdown of the estimated costs associated with options one and two can be found in **Attachment 2**.
14. We recommend using the full \$8.5 million to cover the costs of removing redundant infrastructure on Tūroa and priority work at Whakapapa.

### **Tūroa is a priority because of PTL's concession application**

15. Work at Tūroa has been identified as a priority because of the concession application from PTL. If redundant infrastructure is not removed from Tūroa there is a tangible risk that PTL will walk away from the mountain, putting at risk the Crown's investment to date to find a commercial operator for Tūroa.
16. Even if PTL still wished to progress their concession application, iwi submitters to the application have made it clear they expect a plan to be in place to remove the redundant infrastructure before any new concession is approved. Not funding the work would be seen as an act of bad faith, which could lead to iwi hardening their opposition and delaying the PTL concession.
17. PTL's sale and purchase agreement with RAL is conditional on the PTL concession decision being made by 31 March 2024. Any delays to the concessions process create risks that the condition in the agreement will not be met and PTL may walk away. If they do, Cabinet noted receivers will run Tūroa over winter 2024 [CAB-24-MIN-0070.01].
18. Focussing funding towards Tūroa is also recommended from a health, safety and environmental risk perspective. Both the Ngā Wai Heke chairlift and the buried diesel

pipeline identified for removal carry health, safety and environmental risks (ice build-up and diesel contamination).

***Including priority work at Whakapapa is recommended***

19. Removal of redundant infrastructure at Whakapapa could be prioritised based on health, safety and environmental risks posed by the infrastructure. This would:
- enable us to better manage the risks from redundant infrastructure at Whakapapa
  - mitigate the potential negative impact on our relationship with iwi connected to Whakapapa
  - increase the likelihood of finding a viable commercial operator for Whakapapa in the future.

***Not removing infrastructure comes with significant risks and ongoing costs***

20. Under option three the health, safety and environmental risks arising from the redundant infrastructure would have to be actively managed. This would pose ongoing costs to DOC with associated trade-offs with other conservation work in the region. It would also have a significant negative impact on Crown-iwi relationships in the region. These risks and impacts are detailed below.

**Risk assessment – Aronga tūraru**

---

21. The Ngā Wai Heke chairlift was not operated by RAL in the 2023 and created a significant hazard due to ice accumulation. The ongoing structural integrity of the chairlift is not certain. If option three is preferred, the health, safety and environmental risks related to the chairlift would have to be actively managed. Works to secure and de-ice the chairlift towers would have to be funded through existing baselines.
22. Removal of the towers may still be necessary for health and safety reasons. Any work funded from existing baselines would impact the delivery of other critical conservation work in the region. The estimated cost to remove the chairlift (not including ancillary costs) is Sec 9(2)(j)
23. More fulsome investigations are required to adequately assess the risks posed by the diesel pipeline.
24. Funding the removal of any infrastructure may increase the expectation that the Crown will remove all of RAL's infrastructure off the mountain when it becomes redundant. Legal advice on this was provided on 4 March 2024 in briefing 24-B-0121.

**Treaty principles (section 4) – Ngā mātaḡpono Tiriti (section 4)**

---

25. DOC has an obligation to interpret and administer the Conservation Act 1987 to give effect to the principles of the Treaty of Waitangi.<sup>1</sup>
26. Under all options some redundant infrastructure will be left on Ruapehu. This will negatively impact our relationship with local iwi and hapū, as te Kahui Maunga iwi have told us that previous failures to remove redundant infrastructure are a significant source of grievance for them.<sup>2</sup>

<sup>1</sup> Section 4, Conservation Act 1987.

<sup>2</sup> Sec 9(2)(g)(i), Sec 9(2)(ba)(i)

27. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
28. Sec 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### **Consultation – Kōrero whakawhiti**

29. Consultation on the Whakapapa and Tūroa concessions has been ongoing with Te Kōtahitanga o Ngāti Tūwharetoa, Ngāti Rangī, Ngāti Hāua, Te Korowai o Wainuiārua, and Ngāti Hikairo through 2023 and 2024.
30. The Treasury has been consulted on this briefing.

### **Next steps – Ngā tāwhaitanga**

31. We are in the planning stages of a procurement project to appoint a contractor to undertake the removal and remediation works. As part of the procurement planning stage, we have met with contractors to increase their awareness and understanding of the contract opportunity.
32. Should you approve option one or two, we will immediately progress the procurement process to begin the removal works prior to the 2025 skiing season, with an aim for work to be completed by June 2027. This is subject to the procurement process, iwi consultation and the weather.
33. If no decision is made before 1 April 2024 the contingency lapses and there will be no infrastructure removal on Ruapehu.

**ENDS**



## Attachment 1: Geographic extent – Cheal (Surveyor's) Report

cheal

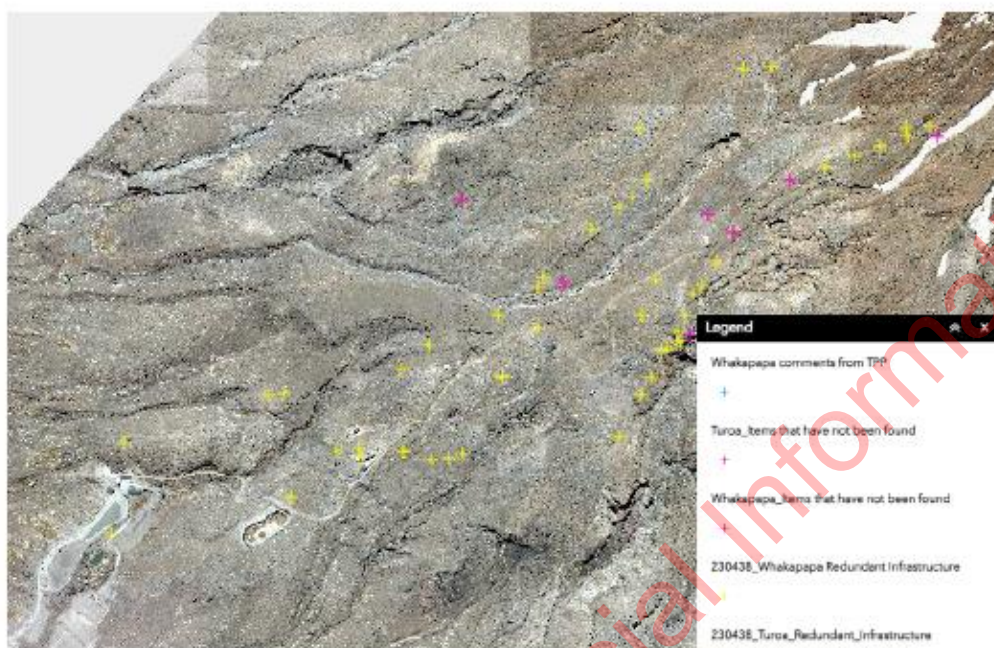


Figure 2 – Turoa GIS of Redundant Structures



Figure 3 – Whakapapa GIS of Redundant Structures

7 / 9

**Attachment 2: Detailed costings for options one and two**

The total costs of removing the redundant infrastructure, based on a survey by Cheal and quantity survey by Resolve Group, are estimated to be Sec 9(2)(j). This has been used to form the high-level estimates below for options one and option two, which fit within the fiscal envelope of the tagged contingency (\$8.500m).

***Option one (Tūroa and priority work at Whakapapa)***

Fixed programme costs **Sec 9(2)(j)** and work at Tūroa **Sec 9(2)(j)** would be prioritised. The remaining funds (\$4.050m) would be used to remove infrastructure at Whakapapa, prioritised based on the health, safety and environmental risk they pose.

[illegible]

**Option two (Tūroa)**

Fixed programme costs Sec 9(2)(j) and work at Tūroa Sec 9(2)(j) would be prioritised. The remaining funds (\$4.050m) would be returned to the centre.

Sec 9(2)(j), Sec 9(2)(g)(i)

