

**RUAPEHU DISTRICT COUNCIL**  
**Te Kaunihera-ā-Rohe o Ruapehu**

**MINUTE ATTACHMENT(S)**

AN EMERGENCY MEETING OF RUAPEHU DISTRICT COUNCIL HELD IN THE  
COUNCIL CHAMBERS, 59-61 HUIA STREET, TAUMARUNUI  
ON MONDAY, 19 JUNE 2023, AT 10:05AM

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# FUTURE OPTIONS: RUAPEHU SKI- FIELDS

Background information to assist  
discussion by Ruapehu District  
Council: 19 June 2023

# Background

- RAL took on a debt of \$35m to fund a \$55m Whakapapa development programme. This included the \$25m Sky Waka Gondola development completed in 2019.
- Two Covid affected ski-seasons, an additional poor snow season in 2022 and the high debt burden were sufficient for Ruapehu Alpine Lifts (RAL) to declare themselves insolvent and to invite (11 October 2022) the appointment of PwC as Voluntary Administrator (VA).
- VA role: develop 'value maximising strategy' for all creditors and work alongside key stakeholders to form a viable plan for the future of ski field operations on Mt Ruapehu.
- ANZ and Crown support (\$10.5m) helped to fund making ski-fields ready for 2023 winter season.
- VA formed and has served a Creditors Committee:
  - Priority creditors: one party - \$0.3m
  - Secured creditors: 37 parties - \$37.3m
  - Unsecured creditors: 15,043 parties - \$44m
- VA invited potential purchasers to submit bids to purchase Tūroa and Whakapapa ski-fields – either as individual fields or as a combined proposition.

# Impact of ski-field closure

- Infometrics – three reports
  - Ski-fields contribute around 5% of Ruapehu's jobs – RAL average 750 jobs over winter.
  - On par with the importance of the Tiwai Point Aluminium Smelter to the Southland workforce.
  - Ruapehu tourism contribution: 19% of Ruapehu employment; 1,500 employed; 13% of district GDP / \$100m.

The only conclusion that can be drawn from the three Infometrics' reports is that any decision to not operate the Tūroa and Whakapapa ski-fields in 2023 and beyond, would be devastating for the Ruapehu economy, employment, and community well-being.

# VA's report 13 June 2023

The report provides information about:

- Factors leading to appointment of VA.
- RAL's financial position.
- VA's objectives and the actions taken since appointment, including appointment of Creditors' Committee.
- VA's receipts and payments since appointment.
- Voting process and resolutions for consideration on 20 June, at watershed meeting.
- Overview of Deed of Company Agreement (DOCA) proposal.
- Overview of 'pre-packaged' liquidation and sale arrangements.
- Key elements of proposals put forward by Pure Tūroa and Whakapapa Holdings Ltd.
- Comparison of the 'pre-packaged liquidation' and DOCA arrangements.
- Recommendation to Creditors.

# Potential purchaser: PURE TŪROA

Bid organised by Bruce Stockwell (a bank director and member of the Future Ohakune Project Governance Group), Cameron Robertson (a Taupō based property developer and accommodation owner) and Greg Hickman.

- Purchase for \$1 and assume obligations previously held by RAL.
- Crown will hold 25% shareholding.
- Capitalise Company through shareholder equity, revenue, local investment, and Crown loan.
- Offer Life Pass Holders right to purchase 5-year pass at 60% of full price, and other variations of this.
- Offer new employment contracts to Tūroa based staff.
- Require DoC concession agreement to be assigned from RAL to new company before proceeding.
- Pay 100% of their share of unsecured claim amounts by 30 June 2023.

# Potential purchaser: WHAKAPAPA HOLDING LTD

Bid compiled by Dave Mazey (former CEO of RAL), Tom Elworthy (former owner of Snow Park) and a private investment business operating under the name 'The South Island Office.'

- Purchase for \$1 and assume obligations previously held by RAL.
- Raise capital through shareholder equity and a Crown loan (Crown shareholding of 25%).
- Repay Sky Waka loan (RDC) and bond holders in accordance with initial agreements.
- Renew Life Passes at a cost of either \$1,850 or \$599 depending on when those passes were purchased.
- Honor staff entitlements and offer selected management new contracts.
- Require DoC concession agreement to be assigned from RAL to new company before proceeding.
- Pay 100% of their share of unsecured claim amounts by 30 June 2023.




# Potential purchaser: RUAPEHU SKI-FIELD STAKEHOLDERS ASSOCIATION (RSSA)

- Have prepared a Deed of Company Agreement (DOCA) and a 'Financial Feasibility Study'.
- Retain RAL as operator of both ski-fields but with changes to shareholding structure and constitution.
- Raise capital through life pass holders and crowd funding.
- Provide for equity investment, debt financing and strategic partners and allowing for capital gains for these investors and via secondary trading.
- Maintain community ownership and a non-dividend-paying structure, with profits re-invested back into the ski-fields.
- Establish two contingency funds: the first being a 'rainy day' emergency reserve; the second being a 'capital works improvement fund' using accumulated cash rather than debts.
- Ensure life pass holders may continue to use Ruapehu ski-fields via a 're-activation' fee totalling an estimated \$7.5m.
- Repayment of the loan from Ruapehu District Council of \$0.5m over a 10-year period.



# Resolutions to be put at watershed

VA report has advised a sequence of resolutions will be put...

1. Resolution A will be put first. If passed, a deed of company arrangement (DOCA) will be executed, and no further voting will take place. The Company will be returned to the control of its Directors and the Board will be replaced. 
2. If Resolution A does not pass, Resolution B will be voted on. If passed, liquidators would be appointed, and 'pre-packaged' agreements for the sale and purchase of the assets of the Company (RAL) will be signed with Whakapapa Holdings Ltd and Pure Tūroa Ltd. 
3. If resolution B fails, Resolution C will be deemed to have been passed – the Company will be returned to the Directors who will petition the Court to put the Company into liquidation and the outcome for creditors will be significantly uncertain. 

For a resolution to be passed, it will need 50% of voting creditors by number, AND then to be supported by creditors totalling at least 75% of the value of those creditors that vote on the resolution.

Resolution A: It is resolved that the Company execute the DOCA ...

Resolution B: It is resolved that the Company be placed in liquidation.

Resolution C: It is resolved that the role of the Administration (VA) end, and control of the Company be returned to the Company's directors,

# Crown's position: Cabinet release (Monday 12 June 2023):

- Stated they have a focus on:
  - Ensuring jobs in the region will be secured to enable a 2023 winter ski season to go ahead.
  - Reaching a deal that is the best possible for the region.
  
- Our understanding is that the Crown:
  - Is likely to vote against the proposed DOCA and enable Whakapapa Holding Ltd and Pure Tūroa Ltd to purchase former RAL assets and begin operations.
  - Will invite Kānoa, DoC and Te Arawhiti, to work closely with Iwi and Hapu to ensure their interests and relationships with Ruapehu are addressed and they are comfortable with the process and outcome.
  - Will allow debts owed to Kānoa and DoC, including contingency for the removal of redundant infrastructure, to remain unpaid.
  - Will provide assurance that the 'cost of removal of infrastructure' obligations will be fulfilled (NB these will be taken-on by the Crown).

# VA's / Administrator's position

The Administrators (VA) have advised (report, 13 June 2023) that a:

- 'Pre-packaged liquidation option' has been developed by the Crown involving the sale of the Whakapapa and Tūroa ski fields to Whakapapa Holdings Ltd and Pure Tūroa Ltd.
- On execution of this option, both Whakapapa Holdings Ltd and Pure Tūroa Ltd will be capitalised, with a 25% Crown shareholding in each case, and with Crown loans for working capital purposes.
- All pre-VA trade creditors will be paid within 10 days, employees will be offered immediate employment and there will be minimal disruption to opening for winter 2023.

The Administrators are of the view that the best outcome for the Creditors, from the watershed meeting, is for the Company (RAL) to be placed into liquidation. Immediately on the appointment of the liquidators, agreements for the sale and purchase of the assets of the Company will be signed with Whakapapa Holdings Ltd and Pure Tūroa Ltd.

The Administrators are also of the view that the proposed RSSA / DOCA option delivers substantially less value than the 'pre-packaged liquidation' and sale to Pure Tūroa and Whakapapa Holdings Ltd option. The Administrators note DOCA is dependent on raising future capital, including sufficient funds to repay the Crown-related and ANZ debts in full.