

From: Mellen Jay

Sent: Saturday, 9 November 2019 9:20 AM

To: Mergers

Subject: Cardrona seeks clearance to acquire the Treble Cone ski field, delayed decision

To the Commerce Commission of New Zealand,

The following is in response to the late submission of:

Hamish Hepburn – Submission on Cardrona Alpine Resort and Treble Cone Investments
Limited Statement of Preliminary Issues – 25 October 2019, Published on October 31 2019

Respectfully, I ask that the Commerce Commission consider my answering email to the late submission offered by Mr Hamish Hepburn.

In his opinion, the merger will substantially lessen market competition. Using many of his same arguments: I would argue that the only way for New Zealand resorts to maintain market competition is to merge regionally (as resorts on the North Island/Ruaphehu Alpine Lifts, and Queenstown/NZSki have done) and continue to invest in infrastructure. Without investment, continued development, and increased international tourism, New Zealanders face losing both their share of the valuable international ski tourism industry, and access to ski hills themselves: as operating costs continue to mount in our changing climate and resorts face closure.

- **Competition in a changing global market.** Internationally, in the past 3 years we have seen the rise of two major players, the expansion of Vail Resorts and the creation of the Alterra Group, that are acquiring ski resorts at an incredible pace. (<https://www.amazon.com/dp/B07Z5CJMSE> , <https://www.afr.com/property/vail-resorts-to-buy-mount-hotham-falls-creek-ski-fields-for-about-120-million-20181220-h19bbk>). Ski resort operators such as NZSki, Ruapehu Alpine Lifts and Cardrona/Treble Cone are not so much competing against one another for New Zealand visits, but also for the rapidly increasing global market of ski tourism in this world of Vail/Alterra. Pricing for passes and services will be dictated by the global market, against the affordable Ikon (Alterra) and Epic (Vail) passes. I acknowledge that the Commerce Commission can only decide on competition within New Zealand markets, but I would argue that with 40% of income from international skier visits, this is a large enough international market to keep pricing competitive.



[Vail Resorts to buy Mount Hotham, Falls Creek ski fields for about \\$120 million](#)

Vail Resorts is planning to buy Victoria's Mount Hotham and Falls Creek ski resorts for about \$120 million to expand its global offering of resorts and widen the pool of customers to whom it can ...
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[Ski Inc. 2020: Alterra counters Vail Resorts; mega-passes transform the landscape; the industry responds and flourishes. For skiing? A North American Renaissance. eBook: Chris Diamond, Andy Bigford: Amazon.ca: Kindle Store](#)

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www.amazon.ca

- **Access to Wanaka.** Wanaka can be accessed from the Queenstown International airport by two different roads: the Crown Range, as well as through Cromwell. Mr Hepburn failed to detail both of these access roads. The Crown Range highway is less exposed to frost, icing and dangerous driving conditions as our climate changes: promoting easier access between Queenstown and Wanaka. The road to bypass the Crown Range via Cromwell does not need to go over an alpine pass, needs no special equipment, and only adds 15-20 minutes driving. Given both future ease of access over the Crown Range, and the alternate route via Cromwell; I argue that Wanaka is not as isolated market and competes with NZSki/Queenstown resorts.
- **Cardrona's intentions.** Mr Hepburn worries that Treble Cone will simply be shut by Cardrona Alpine Resorts. I can find no basis beyond speculation. Cardrona has been clear with their intentions for Treble Cone (<https://www.cardrona.com/content-hub/news/the-facts-soho-treble-cone-and-more/>). Treble Cone is a currently operating ski resort and was financially viable, posting profits as little as 5 years ago. With proper management it seems reasonable that it could be returned to profitability.



[The Facts: Soho, Treble Cone and More | Content Hub | Cardrona NZ](#)

It's an incredibly exciting time at Cardrona. As we approach our 40 th anniversary in 2020, now is the perfect time to reflect on some of the people who made it all possible, and share with you some exciting news about where we're heading.. This is a pretty big deal for us, so we're gonna get a little bit more formal than usual...

www.cardrona.com

- **Treble Cone's mismanagement and underdevelopment.** Treble Cone under current management is consistently posting losses and is in danger of closing. Mr Hepburn uses this as a case to argue against the acquisition. I completely agree that Treble Cone has been terribly mismanaged, and agree that Treble Cone will fail without significant investment from ownership that can fund major projects and a new, strong, streamlined management team. Cardrona, in contrast, has seen excellent growth and financial gain under its current management. Continuing on this trajectory, it seems inevitable that Wanaka will have only a single resort operator: either Cardrona acquires Treble Cone and it continues to operate, or it does not, and Treble Cone closes, leaving Cardona as the sole ski resort.

Thank you for you time and consideration.

Respectfully,

Mellen Jay

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