

The Treasury

Solid Energy Information Release

May 2013

Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information
- [3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: John Crawford
Sent: Wednesday, 15 August 2012 9:28 a.m.
To: ^AssocMoF: [4]
Cc: Chris White; ^MOF: Andrew Craig
Subject: RE: Update from conversation with John Palmer

Chris and I think a 5-10 min conversation with Ministers would be useful today on this – doesn't need any longer

Separate discussion needed re Chair options

John Crawford | Deputy Secretary, Commercial Transactions | **The Treasury**
Tel: +64 4 917 6251 [1] John.Crawford@treasury.govt.nz

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From: [4] (MIN) [[mailto:\[4\]@parliament.govt.nz](mailto:[4]@parliament.govt.nz)]
Sent: Wednesday, 15 August 2012 8:20 a.m.
To: John Crawford
Subject: RE: Update from conversation with John Palmer

Hi John,

Keen to touch base when you get a chance. Think I should let Minister Ryall know, would be useful to discuss with you this morning and perhaps flag with Peter that we may need some time with Ministers today. Does that seem sensible?

Thanks,
[4]

From: John Crawford [<mailto:John.Crawford@treasury.govt.nz>]
Sent: Tuesday, August 14, 2012 9:48 PM
To: [4] (MIN); Andrew Craig (MIN); Chris White; [4] ^DPMC: Simon Macpherson
Subject: Update from conversation with John Palmer

Gents

I have just finished a conversation with Mr Palmer which has not ended where I would have wished.

Firstly, the Board meeting on Monday is via telephone and he does not see it as being appropriate that Treasury participates. His preference is for Treasury to meet the Board in person at the next available opportunity.

Secondly, he does not see the need for an independent advisor providing advice to the Board (or shareholders) in respect of the major decisions they face. His argument is that there are 2 major decisions to face and that the decisions are straightforward and will not be changed or helped by the involvement of 3rd party advisors.

In respect of the closure of Spring Creek, he makes the point that we have all known for some time that the mine has been marginal, and that the only prospect at current levels of price was to find a replacement for Cargills. No JV buyer has been found, and in his view no other buyer is likely to be looking at a NZ mine on a standalone basis. Putting the mine into mothballs saves cash and may preserve future value, and is by far the most appropriate

decision to make (on the assumption that a buyer will not be found). The justification for keeping mine development going has been the potential interest from jv partners to date.

In respect of Huntly East,^[2], ^[6]

Again, he does not see the value of an independent advisor.

I have made the point on both of these that we do not have confidence in management making these calls given it is the same management that has got us into the current situation. His counter is that the Board is across these issues and has the ability to make these calls and interrogate management on their proposals. The question of our confidence in the Board did not arise.

I have left it on the basis that I would reflect on the issues overnight and call him again on Thursday. I suggest that we touch base with Ministers during the day tomorrow once we have thought through the possible answers we might need once their announcement is made.

Cheers

John Crawford | Deputy Secretary, Commercial Transactions | The Treasury

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