Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[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

[4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[5] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[6] 9(2)(j) - to protect the commercial position of the person who supplied the information, or who is the subject of the information; to enable the Crown to carry out commercial activities without disadvantage or prejudice; and to enable the Crown to negotiate without disadvantage or prejudice

[7] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[8] Information is out of scope or not relevant.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.
Will call later this morning

---------- Forwarded message ----------
From: Bill Luff  
Date: Thursday, August 23, 2012  
Subject: Solid Energy  
To: Alan Jackson  
Cc: Don Elder <don.elder@solidenergy.co.nz>

Alan
Thank you for your response.
I think you have asked exactly the right questions and over the course of the recent history of Spring Creek, and in the context of this latest decision, almost all these questions have addressed.
In anticipating, as with our directors, the answers to your queries will give rise to yet further questions, and given that we are very keen to move to announce a series of proposals to staff (relating not only to Spring Creek, but East Mine along with a major internal reorganization - which we have delayed twice now in order to ensure that as the old saying goes 'structure follows strategy') on Wednesday (29/8) next, we would like to explore the possibility of meeting with you to work through your questions. While it would be preferable if you were able to come to Christchurch, which would ensure you could have first hand access to the various people who have worked on this project recently, we would also be happy to come to you. I have spoken to Don Elder and have cleared our diaries tomorrow and Monday, alternatively we are happy to meet over the weekend, whatever is convenient or doable for you.
Regards
Bill
Subject: RE: Solid Energy

Bill

I have gone through the Board paper once given the Director lens and the magnitude of this decision – clearly not privy to questions asked on the day or prior papers relevant to the topic – I have set out questions that would arise in making a decision

1. As a positioning to the paper
   a. A presentation of the recent P and L for the mine and ROFE or equivalent result
      i. Starting say 2-3 years before the capital programme started
      ii. Broken into a few buckets of vol, revenue/tonne, cost per tonne, marketing, other direct costs, allocated overheads, other costs, allocated overheads
      iii. Indicating if there are any other important features of the revenue i.e. part of customer bundle, blending etc.

   b. The business case assumptions at the time the capital investment was commenced and how they compare with today – revenue, costs, capital, safety, etc. and how they differ from today illustrated say with a waterfall chart or something similar that explains the differences in margin or anticipated profitability

2. Then looking forward
   a. Position on global cost curve – can be FOB or delivered to major market – for standard calorific value, sulphur etc. – but highlighting the price premium or discount the Spring Creek product gets relative to the standardised product
   b. The projection for the cost curve and how that may impact price
   c. I see AME figs have been presented – how reliable are these given past experience and why are our projections higher

3. For the business cases
   a. An understanding of the recent prices before the trend projections – say 10 years
   b. A history of direct costs/tonne, overheads and other allocated costs/tonne for the last 3-4 years and how that matches current projections
   c. A P and L of the mine reaching out say 10 years – these will projections will become constant at this
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Thankyou.

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