The Treasury
Solid Energy Information Release
May 2013
Release Document

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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.
BRIEFING NOTE

8 October 2012

PRIVATE & CONFIDENTIAL

Solid Energy on the West Coast

1. Spring Creek Mine
1.1 Current Situation: Solid Energy told our Spring Creek employees on 24 September that we had completed our review of the mine’s viability and concluded that due to very poor performance and the major downturn in international prices, the mine was no longer economic and unlikely to be in the near future, with costs to go forward between $50 - $70 million. As a result we proposed putting the mine into care and maintenance. We are now in a period of consultation with Spring Creek employees about this proposal and expect to confirm the future of the mine to them on Thursday, 18 October 2012.

All underground work at the mine, except essential safety and maintenance work, remains suspended. If the company confirms its proposal, staff numbers at the mine would reduce from about 254 to about 32. Up to two months of underground work would be required to set up the mine for care and maintenance, including some tunnelling to enable adequate ventilation. Thereafter a staff of about 20 would maintain the mine infrastructure.

The decision would also affect the jobs of up to another 130 people, employed by contractors, many of whom had been on the site as part of a development project.

Note: Care and maintenance is a transitional state, a time when a mine has stopped production for technical, environmental, financial or labour-related reasons, but the owner has not yet decided whether it will be closed/abandoned, sold or operations resumed. During care and maintenance, a much smaller workforce ensures the mine presents no danger to human life or the environment and that the capital equipment, including developed roadways, is maintained in a state which does not constrain any future option. At a mine like Spring Creek, the electricity needed to run the mine’s ventilation and water pumping systems would be a significant ongoing cost during care and maintenance.

1.2 Alternative Employment: Solid Energy remains confident about future prospects for mining on the West Coast and that we will continue to need people, even if in smaller numbers than in the past. The company has committed to helping Spring Creek employees find new employment, that retains their strong links to Greymouth, if the proposal goes ahead as. We are retaining dedicated capability in Greymouth to explore a number of opportunities, especially in the Christchurch rebuild but also in the industry in Australia. Representatives of Stronger Christchurch Infrastructure Rebuild Team (SCIRT) held a first meeting in Greymouth on 28 September to outline the opportunities available in the Christchurch rebuild. About 150 people attended – these would have been contractors potentially affected by the changes as well as our employees. SKIRT has received about 100 applications of interest to date which they are progressing. They are planning another meeting in Greymouth towards the end of October. We have also contracted with Stellar Recruitment to explore mining opportunities in Australia and with other companies in New Zealand in similar/related industries.

1.3 Future Prospects for the Mine: To bring Spring Creek Mine out of care and maintenance, we would need to meet the following criteria:

- A credible mine plan (noting that the mine never hit its past plans)
- A significant uplift in international prices

[2]
2. **Other Resource Opportunities**

In addition to reopening Spring Creek Mine, Solid Energy is prioritising the following resource opportunities, but we would need to meet the same criteria as those outlined above:

- Island block, near Reefton
- Buller resources at and near Stockton.
- Liverpool/Rajah Resource, near Greymouth
- Pike River

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