The Treasury
Solid Energy Information Release
May 2013
Release Document

www.treasury.govt.nz/publications/information-releases/solidenergy

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.
John-fyi

Sent from my iPhone

Begin forwarded message:

From: Larry Hull <Larry.Hull@solidenergy.co.nz>
Date: 20 September 2012 10:13:16 AM NZST
To: "MFord (Mark)" <MFord@water.co.nz>
Subject: Update on Spring Creek discussions

Hello Mark,

As you requested an update on Spring Creek discussions:

On Tuesday it was agreed that management and representatives from the EPMU and employees at Spring Creek would meet and work on any and all possible alternatives for Spring Creek with the intent of me presenting a report to the board on Friday.

I have personally been here at Spring Creek during this process to insure that the people at Spring Creek see management's commitment to "turning over every rock".

On Wednesday we held an all day meeting at Spring Creek. Present were Garth Elliot and Trevor Bolderson from the EPMU as well as 6 other members of the Spring Creek work force. Present for the company was myself, Craig Smith, Greg Duncan, Dinghy Pattison, engineering and HR.

Overall, the meeting went well. There was little if any "positioning" by either side. I was quite pleased with the overall demeanor of the group.

Originally we invited the employees to work with us on a "clean slate" or "start from scratch" approach. After they conferred privately, Garth declined the offer saying it was unfair to expect the employees to build a model on such short notice. In reality, I believe the EPMU is very reluctant to commit to anything they might view as a "give back" to their "hard earned" negotiated rights. This is ESPECIALLY true in light of everyone's recognition that the most likely outcome is Care and Maintenance anyway.

I agreed to share with them mine management's latest submission that included major changes in manpower, rosters, costs, etc. We put this on a screen and went over in detail and encouraged the employees to provide input on changes they would make. After the "ball got rolling", they became very active in comments and recommendations. I believe this was a real turning point in their attitude towards our willingness to work together.

We proceeded to breakout in small groups to work on separate issues such as manpower, productivity and costs. These meetings were very workmanlike. We are today incorporating all the comments into the model and we will reconvene with the entire group later today.
The employees fully recognize that ANY scenario presented will still need a major influx of cash to get the mine to extraction. The EARLIEST time that the pump station could be finished is the end of January and extraction at that time is doubtful.

The case presented still shows a shortfall of +$40 million to get to extraction. We will have an updated number today based on all the employees' inputs but I do not expect a major swing.

We will apply the latest price curves to this model which as Don expressed Monday are even more depressed than those used in the current model. The EPMU and the employees understand this.

I must say that this model as presented will be VERY aggressive and will also be "first pass" in terms of financials. Nonetheless, I have allowed management and the employees to put their best foot forward.

With all this said, the bottom line will be that the company must have tens of millions of dollars to go forward with Spring Creek. The EPMU fully recognizes this and they said SEVERAL times yesterday that their only savior would be a bailout from the shareholder which they fully intended to keep the pressure on.

Garth and Trevor said several times yesterday that everyone recognizes there will be "some pain" in terms of reductions even in the best case.

Lastly, despite all the progress of the past two days, you and the shareholder must be prepared for the EPMU to continue arguing that they were not allowed to participate in the process. I disagree with this, but the emotions are running high and these guys do face a lot of pain.

Regards,
Larry

Larry Hull
Group Manager Coal Operations
Solid Energy
Christchurch New Zealand

larry.hull@solidenergy.co.nz

Sent from my iPad

Please consider the environment before printing this email

WARNING

The content of this message is intended only for the use of the person it is addressed to and is confidential and may also be legally privileged. If this message is not addressed to you, you must not read, use, distribute or copy this document. If you have received this message in error please advise Solid Energy by return email at administrator@solidenergy.co.nz and destroy the original message.

Thankyou.

=======