

The Treasury

New Zealand Aluminium Smelters (NZAS) Information Release

September 2013

Release Document

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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 enable the Crown to negotiate without disadvantage or prejudice
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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: Baker, Phil [Phil.Baker@pacificaluminium.com.au]
Sent: Wednesday, 17 July 2013 3:33 p.m.
To: Chris White [TSY]
Cc: ^MOF: Andrew Craig
Subject: RE: NZAS proposal

Hi Chris,

Thanks for the telephone discussion and your email (below). As we discussed, we would like this matter clarified to enable the proposal from the Deputy Prime Minister to be presented to the ultimate owners tomorrow please. To this end, it would be best to have an updated letter from the Deputy Prime Minister incorporating the clarifications and changes you have outlined, given the written offer will become the reference point for the currency of the proposed completion incentive.

You confirmed on our call today that the second dash point of your email means that any announcement that the smelter is serving notice to reduce load to two potlines and 400MW, in accordance with the Meridian agreement, will not be an announcement regarding a review of ongoing viability for the purposes of the written offer from the Deputy Prime Minister. This, together with the revised date of 30 June 2015, should be made clear in an official letter please.

I would be pleased to discuss this at your convenience if necessary Chris.

Regards, Phil

Phil Baker
Chief Financial Officer

Pacific Aluminium
Address: Level 3, 500 Queen Street, Brisbane, Qld 4000
Telephone: +61 (7)^[1]
Mobile phone:^[1]

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From: Chris White [TSY] [mailto:Chris.White@treasury.govt.nz]
Sent: Wednesday, 17 July 2013 12:46 PM
To: Baker, Phil
Cc: ^MOF: Andrew Craig
Subject: RE: NZAS proposal

Dear Phil

Thank you for your email.

We have considered the points you raise below and confirm that Ministers agree that:

- the requirement that NZAS refunds the \$30 million lump sum in full to the Crown if a review of the ongoing viability of the smelter is publicly announced only applies to announcements made up to and including 30 June 2015; and

- any notice given to Meridian under the new contract that the smelter will reduce its electricity take to 400MW and its capacity from 3 potlines to 2 potlines will not be treated as a public announcement in respect of the ongoing viability of the smelter.

We look forward to receiving your response to the Minister's offer by 5pm (NZ time) on Friday 19 July 2013.

Regards

Chris

Chris White | Director, Government Share Offer Programme | **The Treasury**

Tel: +64 4 890 7256 | Cell:[1]

| chris.white@treasury.govt.nz

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From: Baker, Phil [<mailto:Phil.Baker@pacificaluminium.com.au>]

Sent: Tuesday, 16 July 2013 6:34 p.m.

To: ^MOF: Andrew Craig; Chris White [TSY]

Subject: RE: NZAS proposal

Dear Andrew and Chris,

Upon further consideration of this matter, in particular the non-announcement condition that has been imposed, the timing for full compliance with the new condition (say August 2015) does not align with the timetable of elections and notice periods agreed already with Meridian. You should discuss this matter in the first instance with Meridian, noting the criticality of the notice date of 1 July 2015, a date prior to the end of the 2 year period sought by the Government.

You should also note that, at Meridian's insistence, the new contract contemplates the smelter reducing capacity from 3 potlines to 2 potlines as early as the start of 2015 with notice required to be given 12 months before.

It follows that any announcement of notice served under the new contract should not be treated as a breach of your condition re non-announcement.

I would be happy to discuss this with you Wednesday.

Regards, Phil

From: Andrew Craig (MIN) [<mailto:Andrew.Craig@parliament.govt.nz>]

Sent: Monday, 15 July 2013 7:11 PM

To: Baker, Phil

Cc: Chris White

Subject: NZAS proposal

Hi Phil,

Please find attached a letter from Hon. Bill English confirming the Government's response to the Pacific Aluminium request as discussed with the Minister in your phone conversation of 11 July. A condition has been included around the public announcement of a review of the smelter's viability which I understand Chris White has already informed you about.

The Minister has requested a response to the offer by 5pm Friday 19 July.

Thanks
Andrew

Andrew Craig | Economic Advisor

Office of Hon Bill English | Deputy Prime Minister, Minister of Finance

7.6 Beehive, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand

T: [1] | M: [1] | F: 04 817 6501 | E: andrew.craig@parliament.govt.nz

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