

The Treasury

Solid Energy Information Release

March 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.

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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.



CROWN OWNERSHIP
MONITORING UNIT

Date: 3 May 2012

To: Minister for State Owned Enterprises
cc: Minister of Finance
Associate Minister of Finance (Hon Steven Joyce)

Aide Memoire: Background for Meeting with Solid Energy Chair on 3 May 2012

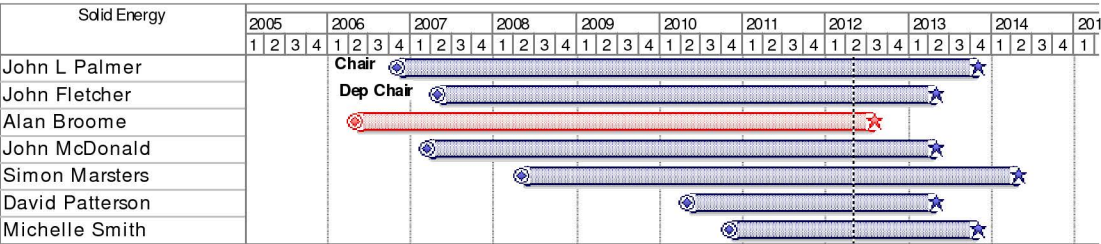
This memo provides background information to assist in your discussion with John Palmer on Thursday 3 May 2012. The meeting is to discuss Solid Energy's response to the scoping study recommendations, and any associated changes required at board level.

Realignment of Business

You met with the Prime Minister, Minister of Finance and Associate Minister of Finance on Monday this week to discuss Solid Energy. Our understanding of the outcome of that meeting was for you to convey to the Chair of Solid Energy that:

- the Government wishes to proceed with an Initial Public Offering (IPO) for Solid Energy, consistent with the Government's mixed ownership policy, at the appropriate time
- the Government does not wish to consider alternatives to the mixed ownership policy, or amendments to the details of that policy, in relation to Solid Energy (eg. the Government expects to retain at least 51% ownership of Solid Energy, and no other owner of the company will be able to hold more than 10% of voting shares)
- shareholding Ministers would like Solid Energy to take the necessary steps to realign its business so that it is IPO-ready as soon as practical (noting that this may take some time)
- shareholding Ministers would expect the realignment of Solid Energy's business to incorporate the majority of the recommendations from the UBS scoping study
- shareholding Ministers expect that Solid Energy's business plan and draft SCI (due to Ministers on Monday 7 May, following a Solid Energy Board meeting this week) would reflect this realignment
- in light of these points, shareholding Ministers would like to discuss with the Chair whether the Board is committed to making the necessary changes to Solid Energy's strategy, and whether the current Board has the appropriate mix of skills, and the desire, to make those changes.

Current Board make up



There have been no new directors appointed since late 2010, and the bulk of the Board has served in excess of four years. There is a strong mix of skills and experience around the board table; however feedback from the scoping study advisors is that the Solid Energy Board needs significant change for it to be ready for listing. Scoping study advisors would expect a publically-listed mining board to have greater industry experience than currently at Solid Energy.

There is a vacancy on the Board following the recent retirement of Adrienne Young-Cooper. The focus has been on identifying additional coal mining expertise.

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