

The Treasury

Solid Energy Information Release

March 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.

Treasury Report: Solid Energy Limited - Further extension for submitting
2012-15 SCI

Date:	30 August 2012	Report No:	T2012/2138
--------------	----------------	-------------------	------------

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	None	None
Associate Minister of Finance (Hon Steven Joyce)	None	None
Minister for State Owned Enterprises (Hon Tony Ryall)	Sign the attached letter	Friday 31 August 2012

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[4]	Analyst, Commercial Transactions Group	[1]	✓
Chris White	Manager, Commercial Transactions Group	[1]	

Actions for the Minister for State Owned Enterprises' Office Staff (if required)

Once signed, send attached letter.

Enclosure: Yes (attached)

[\(Letter to Solid Energy - further extension of time for 2012/15 SCI:2433024\)](#)

Treasury Report: Solid Energy Limited - Further extension for submitting 2012-15 SCI

On 13 June 2012 you wrote to Solid Energy giving it an extension until 31 August 2012 for the submission of its 2012 Statement of Corporate Intent (SCI) and Business Plan. This extension was given at the same time that the company was placed under intensive monitoring, and was intended to allow the company to revise its planning documents to reflect the changing circumstances in the international coal market.

As you will be aware, these circumstances have become even more challenging. This has led the company to undertake a major strategic review and take some significant decisions (mine closures, corporate savings and significant redundancies). A new Chair has also recently been appointed to Solid Energy (Mark Ford) who will begin in this role on 1 October.

Solid Energy has resubmitted a revised draft business plan to us for our comments, ahead of a formal submission to shareholding Ministers. However, Solid Energy advised us within a week of submission that it was operating on the downside scenario within the draft business plan. We were also not satisfied that this plan was a realistic pathway for the company to manage to over the next year, and therefore not sufficient for us to use as a basis for monitoring. We have communicated that to the company and it is working on another revision which it will submit to us following Board agreement to the new strategy. We have not seen a revised SCI from Solid Energy; we assume because it has been focusing on the business plan first, given that the SCI needs to be based on this.

We propose that you further extend the date for the submission of Solid Energy's SCI to 1 December 2012. While it is not desirable to have an SCI signed off so far into a financial year, we think an extension to this date is warranted in these circumstances. It is important that the document contains a credible strategy in the current market and is supported by the incoming chair. We believe this extended timeframe is required for that to happen.

We have enclosed a letter for you to sign to this effect.

Recommended Action

We recommend that you **sign** the attached letter to John Palmer, Chair of Solid Energy

Agree/disagree.

Chris White
Manager, Commercial Transactions

Hon Bill English
Minister of Finance

Hon Steven Joyce
Associate Minister of Finance

Hon Tony Ryall
Minister for State Owned Enterprises



Office of Hon Tony Ryall

Minister of Health

Minister for State Owned Enterprises

John Palmer
Chair
Solid Energy Limited
PO Box 1303
CHRISTCHURCH 8013

Dear Mr Palmer

Extension of deadline for submitting Solid Energy's 2012 SCI and Business Plan

In June I wrote to you to extend the deadline for submitting Solid Energy's revised Business Plan and Statement of Corporate Intent (SCI) to 31 August 2012. Given the continued weakness in the international coal market and Solid Energy's intentions to restructure to respond to this environment, I believe a further extension is warranted. I also note the recent appointment of a new Chair. Obviously, the incoming Chair needs to have the opportunity to review and sign off on the SCI.

Consequently I am extending the deadline for Solid Energy to submit a finalised SCI to **1 December 2012**. While it is not desirable to have an SCI finalised so far into a financial year, I think an extension to this date is warranted in these circumstances. However, a further extension beyond this date is unlikely.

I also understand that Solid Energy has been working with Officials on a revised Business Plan. I thank you for your efforts on this and would like you to continue working on this and submit an agreed business plan along with the SCI.

Yours sincerely

Hon Tony Ryall
Minister for State Owned Enterprises