

# **The Treasury**

## **Solid Energy Information Release**

**May 2013**

### **Release Document**

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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.

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**From:** [4]  
**Sent:** Thursday, 22 September 2011 9:17 a.m.  
**To:** John Crawford; James Cunningham; Andrew Blazey; Andrew Turner  
**Subject:** RE: Solid Energy Annual Report

Hi All

I just got feedback from [4] on the Solid Energy Annual Report comment – the Minister said that it is not worth worrying about.

Regards

[4] | Analyst | The Treasury  
[1] | [4]

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**From:** [4]  
**Sent:** Wednesday, 21 September 2011 11:08 a.m.  
**To:** John Crawford; James Cunningham; Andrew Blazey; Andrew Turner  
**Subject:** FW: Solid Energy Annual Report

FYI – Here is the response from Solid Energy to yesterday's email regarding the Annual Report. I have made [4] aware of the stance Solid Energy is taking.

Regards

[1] | Analyst | The Treasury  
[1] | [4]

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**From:** Don Elder [mailto:don.elder@solidenergy.co.nz]  
**Sent:** Wednesday, 21 September 2011 10:36 a.m.  
**To:** [4]  
**Cc:** ^SOLID: Vicki Blyth; Christine Drummond; Bill Luff; Anthony Burg  
**Subject:** RE: Solid Energy Annual Report

Hi [4]

First, can I note that for some reason your email did not come through to me even though it appears you have my email address correct. Vicki and I checked my inbox, deleted box etc but no sign of it. Anthony also thought you may have copied me on an email to him yesterday or Monday but I didn't receive that one either. I have no explanation for that. Perhaps to be safe you should copy [4] my EA whenever you include me on an email.

Regarding the matter below, I spoke to John Palmer about this. He confirmed that he and the Board have reviewed and considered carefully the wording in the Annual Report, including this section in particular, and that is the wording they wish to use and they would not want to change it. It is fully consistent with the wording that has been used by Solid Energy, John and me on a number of occasions over the past 2 years or so.

I think the point here is that we are commenting on a fundamentally important economic issue for NZ and NZers, which we believe we are better positioned to comment on with respect to our business than anyone else. It follows

John Palmer's discussion with the (previous) shareholding minister that we would continue to push out for national discussion the issues we believed were very important relevant to our business and we wouldn't shy away from these. Our comment refers to a national strategy and policy option that NZ could take, and has considered, but so far has chosen not to take, even though most other countries in the world are discussing and pursuing it, even including Australia. As such the message is not at all a direct criticism of any current government but it is a comment on collective national thinking past and present. It transcends politics (politicians can only respond to national moods) and in fact it provides a clear context for why Solid Energy is pursuing the options we are pursuing - because we see these options ultimately best meet our mandate under the SOE Act. Our comments therefore are about why value for the shareholder, for the country, could be but is not being maximised.

- We do not see that this is unhelpful to the MOM process (in fact we can easily present the opposite case, that if considered properly it could significantly enhance the MOM process)
- It is not about energy policy at all – resources in NZ include everything from land to water to coal to iron sands
- While we appreciate that some may regard the comments as controversial, we don't believe avoiding hard potentially controversial issues is a relevant objective for us, especially not in the resources sector we are in

I hope this helps.

Best regards  
Don

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**From:** Vicki Blyth  
**Sent:** Wednesday, 21 September 2011 10:11 a.m.  
**To:** Don Elder  
**Subject:** FW: Solid Energy Annual Report

Did you get this??  
V

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**From:** [4]  
**Sent:** Tuesday, 20 September 2011 5:22 p.m.  
**To:** Don Elder; Vicki Blyth  
**Cc:** John Crawford; James Cunningham; Andrew Blazey; Andrew Turner  
**Subject:** Solid Energy Annual Report

Good afternoon Don and Vicki

Thanks for sending us a copy of your draft Annual Report.

I notice that this year's report has a new section being "2011 Strategy" (pages 11-14). We recognise that the Annual Report is Solid Energy's document and represents the views of Solid Energy. However, given the current work on the Mixed Ownership Model (MoM), we don't think the following wording (from the bottom of page 12) is particularly helpful. At the most extreme interpretation, it could be viewed as openly criticising the government's energy policy, even if that is not the intention.

"However, unless New Zealand adopts a clear, coherent and proactive strategy to accelerate resource development in ways that maximise value for New Zealand, while meeting New Zealanders' environmental and sustainability expectations, most of these significant economic benefits will never be realised – or will be handed to offshore investors".

We think that, even if this is Solid Energy's view, this could be expressed differently and in a less controversial manner. For example:

"Solid Energy considers that a proactive strategy to accelerate resource development in ways that maximise value for New Zealand, while meeting New Zealanders' environmental and sustainability expectations, would increase the realisation of economic benefits for New Zealand".

In addition we note that there is a typographical error on the y axis of the graph at the top of page 12.

We would appreciate if you could consider this amendment and more generally whether Solid Energy's comments regarding energy policy are expressed appropriately.

I would be grateful if you could let me and the Minister for SOEs' Office know what you decide to do.

I'm happy to discuss if need be.

Thanks and Regards

[4] Analyst | **The Treasury**  
[1] ||[4]

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Thankyou.

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