

The Treasury

New Zealand Aluminium Smelters (NZAS) Information Release

September 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 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] 9(2)(h) – to maintain professional legal privilege

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.

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The Rt Hon John Key
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Via email: j.key@ministers.govt.nz

3 April 2013

Dear Prime Minister

I write to further clarify my letter dated 28 March 2013 concerning the proposal from the New Zealand Government in relation to NZAS.

You will recall the reasons Rio Tinto was unable to accept the offer included that very serious implications remained for the long term viability of NZAS and Rio Tinto was given a limited timeframe, a small number of hours, in which to make a decision.

I note your public comments that Rio Tinto had taken a decision to end negotiations with the New Zealand Government. While we were unable to accept your offer in its current form, we have welcomed your involvement in this matter and look forward to continuing discussions with the New Zealand Government. During our discussions we stressed that much progress had been made to bridge the gap between us and that a mutually acceptable outcome was within sight. We should not give up now.

I also note your comments in relation to Pacific Aluminium smelters receiving subsidies from governments in Australia. I am unaware of the source of your information, however, there are no government subsidies provided to any of Pacific Aluminium's operations in Australia. Pacific Aluminium has worked positively with government owned electricity suppliers and governments in Tasmania and the Northern Territory to achieve commercial outcomes which, along with business improvements similar to those implemented at NZAS, have helped secure the long-term viability of its operations and the economic benefits they deliver.

We remain committed to working with the New Zealand Government and Meridian to agree a mutually acceptable commercial outcome that would reduce the cost of delivered power to NZAS in order to make the smelter viable. We remain convinced that this is a realistic goal which could be resolved in a relatively short time frame.

Prime Minister, we are committed to finding a way to a mutually acceptable outcome. To assist with this and to ensure that our position is clear, Sandeep Biswas and I are available to meet with you in New Zealand if you feel this would be helpful.

Yours sincerely

David Peever
Managing Director
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