

27 August 2010

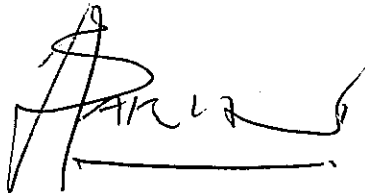
Sandy Maier
Chief Executive Officer
South Canterbury Finance
19 Sophia Street
TIMARU 7940

Dear Sandy

I am responding to your letter of 27 August 2010, in which you raise fiscal and other policy considerations associated with Crown support for the recapitalisation of South Canterbury Finance Limited.

In regards to your letter, which we have discussed with Ministers, I can confirm that Ministers have already considered the issues that you have raised in coming to the decision I communicated to you yesterday. The Government does not share SCF's views on the costs to the Crown of the recapitalisation proposal and I can therefore reconfirm that the Government is unable to provide the support you have requested and is not prepared to entertain any similar proposals.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gabs Makhoulf', with a horizontal line underneath the name.

Gabs Makhoulf
Deputy Chief Executive