

Reference: 20210337

16 August 2021

Dear [REDACTED]

Thank you for your Official Information Act request, received on 20 July 2021. You requested copies of the following documents:

1. *Inland Revenue Report IR2021/197: High Wealth Individual Research Project: Rationale and intended work*
2. *Reserve Bank of New Zealand Briefing to the Minister 5814: Briefing on Reserve Bank brand refresh*
3. *Reserve Bank of New Zealand Briefing to the Minister 5821: Reserve Bank Report: Statement of Intent 2021-2024*
4. *Aide Memoire T2021/1094: Meeting with Rio Tinto on 6 May 2021*

On 26 July 2021, the Treasury transferred your request for document 1 to the Inland Revenue Department, and documents 2 and 3 to the Reserve Bank of New Zealand under section 14(b)(i) of the OIA.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	29 April 2021	Aide Memoire: Meeting with Rio Tinto on 6 May 2021	Release in part

I have decided to release the document listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal details of members of the public, under section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

I have redacted the direct dial phone numbers of officials under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams.

This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Reubhan Swann
Manager, Ministerial Advisory Service

Reference: T2021/1094 SH-11-5-1-4

Date: 29 April 2021

To: Minister of Finance (Hon Grant Robertson)
Minister of Energy and Resources (Hon Dr Megan Woods)
Minister for the Environment (Hon David Parker)

Deadline: 5pm Thursday 6 May 2021

Aide Memoire: Meeting with Rio Tinto on 6 May 2021

You are meeting with Ivan Vella, the new Chief Executive of Rio Tinto's Aluminium product group, on 6 May 2021 at 5-5.30pm. Jennifer Nolan, the Director of External Relations for New Zealand Aluminium Smelters Limited (NZAS), will also attend.

You previously met with Ivan Vella virtually on 1 April 2021. During this meeting, Ivan committed to:

- providing the Government with monitoring and sampling information on the environmental condition of the site,
- closing the smelter in a responsible and sustainable manner, meeting international closure standards, and
- removing all spent cell linings (SCL)¹ from the site to be recycled, or disposed of safely.

These commitments were also made in a letter from Ivan to you on 31 March 2021 and have subsequently been communicated widely via the media in New Zealand. The commitment to remove and appropriately address the SCL is an important step for Rio Tinto in taking responsibility for the environmental consequences of its smelting operation. This represents some progress for the Crown, as Rio Tinto was unwilling to make this commitment during negotiations. However, Rio Tinto has not yet provided detailed information on how or when the SCL will be removed and disposed of.

Rio Tinto related developments

NZAS has increased its estimate of the amount of SCL currently stored onsite by 36,000 tonnes

As part of Rio Tinto's financial reporting obligations, NZAS' auditors have surveyed the exact amount of SCL currently stored at Tiwai Point. NZAS has now increased its estimates of the quantity of SCL to 217,000 tonnes, an approximately 20% increase from the previous public figure of 181,000 tonnes. NZAS have stated this adjustment will not have a material impact on the timeline for full removal of the SCL, which remains unknown. Around 58,000 tonnes have been exported over the past decade to

¹ SCL are the concrete linings of the smelter pits that degrade and are replaced, which are highly contaminated.

end users overseas, and NZAS have said they are exploring options to increase this rate. The Ministry for the Environment (MfE) remains committed to working with NZAS to advance the safe removal of the SCL.

NZAS has publicly released some information about its sampling plan and previous groundwater assessments which Environment Southland is considering

NZAS has recently released a set of three reports, including its preliminary sampling plan to assess the contamination status of the NZAS site. This report indicates the 238 sites NZAS is sampling for its closure study, but does not contain sampling results. NZAS has previously advised it is expecting initial results in May 2021, which it will then verify. The results are expected to be shared with the Crown around the end of May. MfE remains interested in having soil samples from under the pot lines tested, which is not included in NZAS' sampling plan due to the hazards present while the smelter is operating. The report also indicates that some sampling bores have succumbed to coastal erosion. The other two reports related to groundwater assessments near the landfill and the SCL storage facilities.

Environment Southland (ES) has engaged Aurecon, an international engineering consultancy, to assist and advise on a monitoring programme for the NZAS site. Aurecon was the author of the Crown commissioned desk-based study of the level of contamination at the Tiwai site and produced the cost estimates for remediation. Aurecon is reviewing the NZAS sampling programme and using it to help ES develop its own monitoring programme to enable ES to make its own assessment on the state of the site.

The Treasury's initial assessment of the information released by NZAS does not support re-engagement with Rio Tinto regarding Crown support

The information released by NZAS relates to its impact on the smelter site and surrounding environment and is standard information that NZAS would be expected to collect and share with ES. It is the type of information that the Crown negotiating team requested and expected to be shared during the course of negotiations, but was not provided. For example, some of the groundwater assessment results start from 1995. It is also likely that NZAS knew, or should have known, about the higher volume of stored SCL based on historical production rates. The released information does not change the Crown's position of deferring negotiations until substantive and detailed remediation information is shared, and Rio Tinto is able to make corresponding remediation commitments.

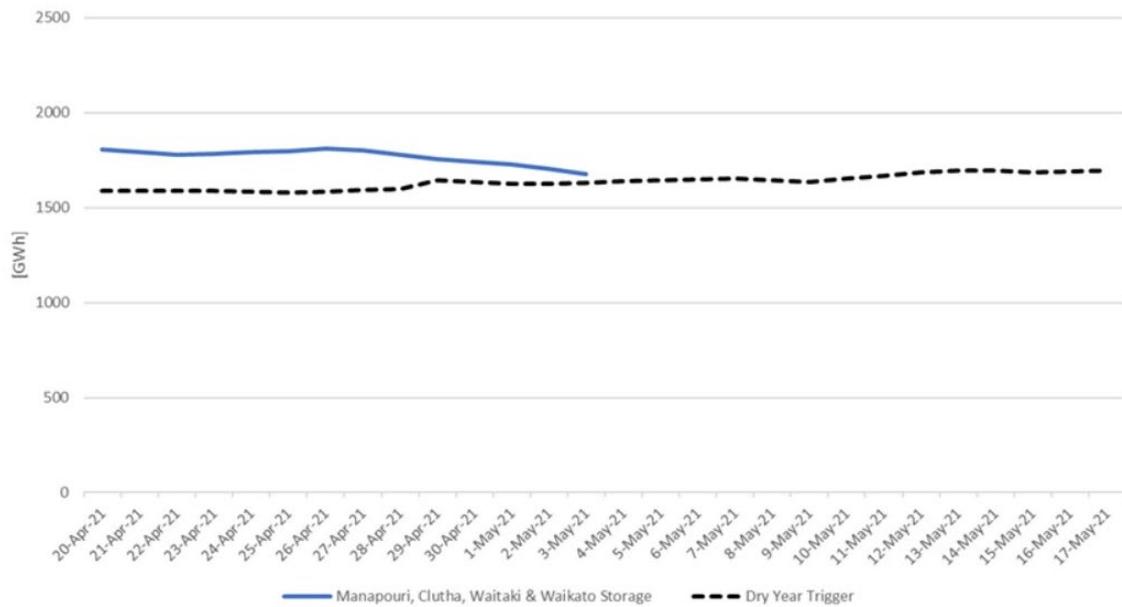
Energy market developments

Meridian Energy Limited (MEL) and NZAS have agreed an electricity swap to enable NZAS to voluntarily reduce its electricity consumption

The swap has been agreed in response to the recent low levels of hydro storage. The agreement compensates NZAS for any load it voluntarily reduces up to 30.5MWh per

hour and is in place until 31 May 2021. The announcement did not detail the price to be paid. The swap does not replace MEL’s ability to call a Smelter Demand Response (SDR) if the dry year trigger level in the main MEL / NZAS electricity contract is reached. Under an SDR event, NZAS would be required to achieve a reduction in electricity consumption of 250GWh over 130 days. This would be about 14% of Tiwai’s usual demand, and around 1.7% of total New Zealand demand during the 130 days. Hydro storage has recently moved closer to the trigger level (see Figure 1). An SDR event is likely if dry conditions continue.

Figure 1: Hydro storage versus dry year trigger threshold (3 May 2021)



(Source: Meridian Energy Limited)

The Commerce Commission is making enquiries into the hedging arrangements between MEL and Contact Energy (Contact) relating to supply of NZAS

Under the arrangements, Contact will supply MEL with an average of 100MW of baseload electricity to power NZAS, which has a full electricity consumption of 572MW when operating at full capacity. The Commerce Commission’s enquiries do not amount to an investigation. Contact have stated that the commission had previously made enquires when new power supply deals had been arranged with NZAS. MEL also has financial contracts with other generators, such as Genesis Energy, to protect it from higher wholesale prices.

Other relevant updates

Over the past two months there has been a noticeable change in NZAS’ media strategy. NZAS has taken a more proactive approach to publicly releasing information on the condition of the site. This may be an attempt to change the public narrative, following some negative press about the environmental waste stored on the site.

Ivan Vella invited officials from the Treasury and the Ministry of Business, Innovation and Employment (MBIE) for lunch with himself and other business leaders from across the country on 6 May 2021, the same day as your scheduled meeting. The Treasury

declined the invitation and officials understand MBIE's Chief Executive, Carolyn Tremain, will attend.

The Crown's 2003 and 2004 indemnities related to the Haysoms Dross have been released to the media under the Official Information Act

s9(2)(a) requested the indemnities which the Treasury released on 3 May 2021, alongside the accompanying advice. Both Sir Michael Cullen and NZAS were provided advanced notice of the release as relevant parties. The Ministry for the Environment is separately providing information related to the 2021 Matarua dross indemnity.

Each 2003 and 2004 Crown indemnity applies to, and is limited to, the dross waste that was stored at two premises in 2003 and 2004 and moved to the Tiwai site (collectively the Haysoms dross). The indemnities make the Crown liable for costs associated with digging up the dross waste, moving it to the nearest landfill that is able to dispose of the dross waste (or any other site agreed to by the Crown) and landfill charges payable for the disposal of the relevant waste (but not storage costs). Costs are only payable when the waste is 'required' to be removed, which is triggered by a statutory or legal requirement but excludes a voluntary movement of the waste.

George Wibberley, Senior Analyst, Transitions, Regions, and Economic Development, s9(2)(k)

Jean Le Roux, Manager, Transitions, Regions, and Economic Development, s9(2)(k)
s9(2)(k)

Annex One: Biographies

 A professional headshot of Ivan Vella, a man with short dark hair, wearing a dark suit, white shirt, and patterned tie, smiling against a light blue background.	<p>Ivan Vella, Chief Executive of Rio Tinto Aluminium</p> <p>Ivan was appointed Chief Executive of Rio Tinto Aluminium in January 2021. He has worked for Rio Tinto for 17 years within senior leadership positions, working on the Copper and Iron Ore product groups. Ivan previously worked for Deloitte Consulting for five years, focused on technology and innovation in the mining industry. Ivan is also currently the president of the Chamber of Minerals and Energy of Western Australia.</p>
 A professional headshot of Jen Nolan, a woman with shoulder-length blonde hair, wearing a blue button-down shirt, smiling against a light grey background.	<p>Jen Nolan, Director External Relations (NZ)</p> <p>Jen Nolan joined Rio Tinto as Director External Relations (NZ) in 2014. Jen is responsible for the corporate reputation of NZAS and Rio Tinto in New Zealand. Her work incorporates government and regulatory affairs, internal and external communications, including media management, oversight of NZAS' community investment programme and the role of deputy chair of the Major Electricity Users' Group (MEUG).</p>