

22 May 2018

Ref: OIA 1718-1380

Redacted - Privacy

Dear Redacted -

Thank you for your email of 29 March 2018 to the Ministry of Business, Innovation and Employment (MBIE) under the Official Information Act 1982, for the following information:

““The following information regarding Gerard Gallagher, an individual linked to a Provincial Growth Fund application:

Any emails or other correspondence with the Serious Fraud Office relating to or referencing an investigation or inquiry into Gerard Gallagher.

Any documents detailing discussions with the Serious Fraud Office relating to or referencing an investigation or inquiry into Gerard Gallagher.

Any internal documents, memos, emails or correspondence generated in the past twelve months relating to or referencing Gerard Gallagher.

Any briefings, memos, emails, correspondence or any other documents provided to the Minister for Regional Development or his office relating to or referencing Gerard Gallagher.

Any briefings, memos, emails, correspondence or any other documents provided to the Minister for Regional Development or his office relating to or referencing Serious Fraud Office investigations or inquiries into Provincial Growth Fund applicants.”

Please note that MBIE’s public release regarding the Waste to Energy Project provides a factual review of MBIE’s actions and communications regarding the Waste to Energy project, and confirms that no email or other correspondence has occurred with the Serious Fraud Office, or referencing Serious Fraud Office investigations or inquiries. The review is available here: [Processes to be strengthened](#).

I attach four documents that fall within the scope of your request, which were provided to the Minister for Regional Economic Development’s office on 28 February 2018:

Document title	Relevant sections of the Official Information Act
Email “West Coast Waste to Energy Plant”	Released in full
Proposed PGF Grant to Renew Energy Limited	Parts withheld under section 9(2)(j) <i>enable a Minister of the Crown or any department or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations</i>
Overview of the PGF Processes	Refused under section 18(d) <i>the information requested is or will soon be publicly available</i>
Draft MBIE Key Messages	Parts withheld under section 9(2)(j)



I have not identified a public interest sufficient to override my reasons for withholding parts of the released documents.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you wish to discuss any aspect of your request or this response, or if you require any further assistance please contact me at stephanie.weller@mbie.govt.nz.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stephanie Weller'.

Stephanie Weller
Regional Economic Development Implementation Manager

Proactively released consistent with the Official Information Act

From: John Doorbar
Sent: Wednesday, 28 February 2018 1:35 p.m.
To: Alex Matheson; Georgina Stylianou
Subject: West Coast Waste to Energy Plant
Importance: High

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Proposed PGF Grant to Renew Energy Limited

Government Grant Funding

On Friday 23 February Hon Shane Jones announced funding of \$350,000 for a waste to energy plant in the Buller District near Westport. The funding comprises:

- \$150,000 from the PGF for feasibility studies for the establishment of ancillary operations for the proposed plant, ^{9(2)(j)} _____
- \$50,000 in 2016/17 New Zealand Trade and Enterprise's (NZTE) Strategic Investment Fund (SIF), with \$41,000 paid out to date.
- NZTE is finalising the paperwork for another \$100,000 SIF funding and a further \$50,000 for a feasibility study for the establishment of a large glasshouse operation adjacent to the waste to energy plant.
- The NZTE and PFG funding is now on hold until after the outcome of the SFO investigation into Mr Gallagher's actions while at CERA.

Renew Energy Limited

Renew Energy Limited (REL) is the company behind the proposed waste to energy plant. Previous names for this company have included:

- From 25 Jun 2016 to 16 Aug 2017, Waste Energy Limited
- From 11 May 2015 to 25 Jun 2016, NZEnz Limited.

The company has six (6) directors:

- ~~Gerard Anthony Gallagher~~ - an inactive director whose role began on 11 May 2015 and was terminated on 16 Aug 2017. Mr Gallagher is under investigation by the Serious Fraud Office for possible conflicts of interest while working at the Canterbury Earthquake Recovery Authority. Mr Gallagher is currently the Chief Executive Officer of REL
- Paul Robert Taylor - an active director whose contract started on 01 May 2016.
- Kevin Robert Stratful - an active director whose contract started on 16 Aug 2017. Kevin Stratful is also the Economic Development Manager for the West Coast.
- Mark Anthony McIntyre - an active director whose contract started on 16 Aug 2017.
- Leonard Hugh Grey (Chair) - an active director whose contract started on 16 Aug 2017. Mr Grey was also an inaugural member of the West Coast Regional Economic Development Governance Group but subsequently stood down.

Renew Energy Ltd physical address is 17 Morris Rd, Rd 2, Ashburton, 7772. This may be Gerard Gallagher's home.

MBIE/NZTE involvement with Renew Limited

- MBIE has had no direct contact with Renew personnel. All contact has been via the West Coast Economic Development Manager, Kevin Stratful.

Timeline of MBIE and NZTE Interactions with REL

Date	NZTE/MBIE	Nature of Engagement
June 2015	MBIE	MBIE was approached by Buller District Council on a proposal for a Waste-to-Energy plant they were working on with Veolia Environment S.A ("Veolia" - a French transnational company involved in water management, waste management, transport and energy services). Veolia, however, withdrew when it became apparent that it would be difficult to agree supply contracts for the proposed plants waste feedstock.
June 2015	NZTE	Around the same time as MBIE's interactions with Veolia, Waste Energy Limited (now Renew Energy Limited) were holding discussions with Buller District Council. Waste Energy Limited then began work on the project and its engagement with NZTE.
July 2016	NZTE	NZTE was introduced to the project by the West Coast's economic development agency, West Coast Development Trust. NZTE agreed to support West Coast Development Trust to progress the project. REL is the private sector promoter of the project. NZTE agreed to provide REL with \$10,000 from its Strategic Investment Fund (SIF) alongside Development West Coast (for feasibility study costs)
January 2017	NZTE	NZTE became aware of the CERA investigation in late January. Following Christchurch press article, NZTE spoke to West Coast Development Trust, REL, and Kevin Stratful. NZTE were informed that these were allegations, there was going to be a review, and Gerard Gallagher would remove himself from the Board of REL. An independent Director was to be appointed to the Board and new shareholders were to be introduced. We assessed this to mitigate the risk at this time.
11 April 2017	SFO	Gerard Gallagher, Simon Nikoloff and Murray Cleverley referred to the Serious Fraud office after claims of serious conflict of interest were found by the SSC at CERA.
April 2017	MBIE	MBIE officials raised the SFO issues and the region's ED Manager acknowledged this and informed officials that they were putting measures in place to address the issues raised.
14 July 2017	MBIE	The proposed waste to energy plant was discussed in the Tai Poutini West Coast Growth study, published in September 2016, but was not included in the July 2017 West Coast Action Plan.
18 August 2017	Renew Energy Ltd	Gerard Callaghan formally removed as Director of Renew Energy but retains role as CEO
September 2017	NZTE	NZTE entered into discussions with West Coast Development Trust to contribute \$100,000 on a one thirds, two thirds basis with external investors, for feasibility study to progress a Waste to Energy Plant. If approved conditions were outlined as:

		<p>\$100,000 was to be paid to external advisors \$200,000 to be contributed from suitable investors Suitable representative on the Board.</p> <p>This has not been approved, NZTE due diligence had not been completed and no contract has been entered into.</p>
21 February 2018	MBIE	<p>MBIE requested and received information on the status of the proposed plant from Kevin Stratful and used that to recommend the provision of \$150,000 from the PGF for further work on feasibility studies.</p>

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Renew Energy Ltd

Gerard Anthony Gallagher
Shareholder 25.95%
Ceased Director 18 Aug 2017
17 Morris Rd, Ashburton

Directors

Leonard Grey
Mark McIntyre
Kevin Straful
Paul Taylor

Shareholders

Paul Taylor 28.68%
Gerard Gallagher 25.95%
McIntyre Contracting 10%
Duncan Cotterill Nelson Trustee 10%
Christopher Moniz 8.71%
Ace Holdings 5.55%
Phillip Cropp 5.55%
Brook Investments 5.55%

Other positions held by Gerard Gallagher

AG One Ltd
Shareholder 50%
197 Middle Rd, Ashburton

Gallagher Ltd
Director
Shareholder 34%
17 Morris Rd, Ashburton

Fusion Gallery Ltd
Director
Shareholder 25%
17 Morris Rd, Ashburton

Waste Energy WC Ltd
Director
17 Morris Rd, Ashburton

Gallagher Grant Ltd
Director
Shareholder 50%
17 Morris Rd, Ashburton

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Overview of the PGF Processes

18(d)

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DRAFT MBIE Key Messages -

Key points for Ministers -

- On 23 February the Provincial Growth Fund was launched and as part of the launch, \$350,000 was announced for a feasibility study into a waste to energy plant in the Buller District near Westport.
- No funding has been contracted to this project as the full due diligence has not yet been undertaken – I am confident this process would have picked up any issues.
- In the light of information in the media today, MBIE and NZTE funding for this project is on hold under MBIE complete the full due diligence. Once this is complete a decision on how to proceed - if at all - will be made.

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Back pocket Q&As

Background and context of Senior Regional Officials

Senior Regional Officials are a single representative for government at the regional governance level. The Senior Regional Official (SRO) is a deputy chief executive from a government agency who advocated for the region and coordinates government support. Bruce Parkes is a Deputy-Director General in the Department of Conservation, and in his role of SRO is supported through MBIE officials.

1. Did ministers receive advice from officials on this project and ignore it?

No officials did not provide advice to Ministers on the approval of this project, it was approved by the SRO group within their delegations.

2. Are the processes being used not suitable for the funding being allocated?

The processes are suitable and this would have been picked up in the next stage of due diligence.

3. Was this rushed to get the PGF launched?

The full proposal due diligence on this application has not occurred by MBIE. This process was going to be undertaken over the next few weeks as we work through our due diligence processes to identify any concerns before a contract was entered and any payments made.

9(2)(j)

6. Does NZTE have an attestation process in its applications to confirm applicants are not under any investigations processes?

It includes a reputation risk assessment as part of the background checks, this hasn't yet been completed for this project.

7. When did we become aware of the issues and what were we going to do about it?

In light of information in the media today, MBIE and NZTE funding for this project is on hold until the SFO investigation is complete. Once this is complete a decision on how to proceed - if at all - will be made.

8. Was Ministers aware that the SFO is still making inquiries into the businessman linked to the Waste to Energy plant proposed for Buller, Gerard Gallagher, a major shareholder of Renew Energy, and until last year, a director?

No we were not aware. This and any other matters would have come up through MBIE's due diligence. All approvals proceed through full due diligence as part of the negotiation and contract drafting. This is undertaken within MBIE who enters the contract on behalf of the Crown.

9. Has the Department, or any other government agency informed either this government or the previous government that Mr Gallagher had been the subject of an SFO referral, and that that matter has not yet been resolved?

No

10. Do Ministers have any concerns that Mr Gallagher is still the subject of a live SFO inquiry, with Renew Energy standing to receive \$350,000 for a feasibility study? If not, why not?

I cannot comment on any SFO inquiry. MBIE as the department responsible for administering the Provincial Growth Fund will manage the funding and undertake relevant due diligence and contract management as per their normal processes.

11. Does he have any concerns about a conflict of interest with Kevin Stratful being a director of Renew Energy and heading a West Coast Development Agency?

It is known on the West Coast that Mr Stratful is a director of Renew Energy. However, he is the West Coast Economic Development Manager and reports directly to the CE of West Coast Regional Council.

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