



BRIEFING

Proposed funding transfer from NZ Police to Pike River Recovery Agency to fund the NZ Police Forensic Investigation Borehole Drilling Programme at Pike River Mine

Date:	23 March 2021	Priority:	Urgent
Security classification:	In Confidence	Tracking number:	BN2021/0067

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to the proposed appropriation changes, transferring funding from Vote Police to Vote Pike River Re-entry	30 March 2021
Hon Andrew Little Minister Responsible for Pike River Re-entry		30 March 2021
Hon Poto Williams Minister of Police		30 March 2021

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Dave Gawn	Chief Executive, PRRA	03 966 9210	[REDACTED]	✓
Michelle Wessing	Chief of Staff, PRRA	03 966 9221	[REDACTED]	
Jo-Anne Taylor	Manager Finance Business Partner, MBIE	(04) 901 8704	[REDACTED]	
Dave Greig	Acting Superintendent, Pike River Re-entry, NZ Police		[REDACTED]	

The following departments/agencies have been consulted: Treasury and NZ Police

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

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Purpose

To seek approval for the transfer of funds from Vote Police to Vote Pike River Re-entry to fund proposed new boreholes into the mine workings, beyond the roof fall to inform the criminal investigation.

Recommended action

The Pike River Recovery Agency ("The Agency") recommends that you:

- a **Note** that because of the limitation of access beyond the roof fall, the Police investigation is currently limited to what is identified and recovered in the accessible area of the mine.
Noted
- b **Note** the NZ Police believe that further evidence can be gained by drilling boreholes from the surface to intersect with targeted areas in the mine inbye of the roof fall.
Noted
- c **Note** the NZ Police have \$3 million allocated for the completion of the work, which includes the drilling, helicopter support and downhole exploration activities.
Noted
- d **Note** that it will be more cost and time effective for the Pike River Recovery Agency (rather than NZ Police) to manage and implement the borehole drilling programme, as the mine operator.
Noted
- e **Note** that Vote Pike River-Re-entry has an existing multi-year-appropriation *Pike River Recovery MYA* that began in 2017/18 with an expiry date of 30 June 2022.
Noted
- f **Approve** the following changes to appropriations, with no impact on the operating balance or net debt, to transfer funding from Vote Police to Vote Pike River Re-entry.

Agree / Disagree



	\$m - increase/(decrease)			
	2020/21 to 2021/22	2022/23	2023/24	2024/25 & Outyears
Vote Pike River Re-entry Minister for Pike River Re-entry Departmental Output Expense: Pike River Recovery (funded by revenue Crown)	3.000	-	-	-
Vote Police Minister of Police Policing Services MCA Departmental Output Expenses: Investigations and Case Resolutions (funded by revenue Crown)	(3.000)	-	-	-

g **Note** that the indicative spending profile for the new funding transferred to the multi-year appropriation described in Recommendation F above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
	2.000	1.000	-	-	-

Noted

h **Agree** that the proposed changes to the appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase in Vote Pike River Re-entry be met from Imprest Supply.

Agree / Disagree

i **Agree** for the Agency and NZ Police to enter into an agreement for the purpose of carrying out the proposed drilling exploration programme.

Agree / Disagree



Dave Gawn
Chief Executive
Pike River Recovery Agency

23 / 03 / 2021



Hon Andrew Little
Minister Responsible for Pike
River Re-entry

20 / 3 / 21

Hon Grant Robertson
Minister of Finance

..... / /

Hon Poto Williams
Minister of Police

..... / /



Background

1. The mandate given by the Government to the Agency is to recover the 2.3km drift to the roof fall as well as 600m of intersecting roadways housing electrical and mechanical infrastructure of critical interest to the NZ Police's criminal investigation in an area known as Pit Bottom in Stone (PBIS).
2. The current NZ Police investigation has the benefit of additional information stemming from review of the material held, as well as new material from the ongoing investigation of records and the re-interviewing of witnesses.
3. The mine recovery progress has now reached the significant PBIS area. [REDACTED]
4. The cause of the mine exploding, five main theories were presented to and accepted by the Royal Commission of Enquiry (RCOI). None of the theories as to the cause of the explosion were presented as conclusive. Cases were presented based on the evidence known about the mine and the work that was underway in the days leading up to and including the first explosion.
5. [REDACTED]
6. Expert evidence at the RCOI included statements that additional boreholes in strategic places would likely answer some unknown questions and produce further evidence from which conclusions could be reached.
7. In consultation with the Agency and geotechnical experts, the NZ Police has undertaken a feasibility study with a view to understanding what borehole exploration into the mine workings might be technically feasible to potentially advance and inform the current criminal investigation.
8. On the basis of the feasibility study a business case has been approved recently by the NZ Police Executive for the drilling of up to 6 prioritised boreholes into the mine workings, beyond the roof fall.
9. The NZ Police believes drilling beyond the roof fall is critical to establishing sufficient evidence to inform their criminal investigation. [REDACTED]
10. Given that a manned re-entry of the mine workings is not intended by Government, prioritised borehole exploration presents as the only other viable option to gather sufficient evidence to support the criminal investigation.

Drilling exploration programme

11. Drilling operations into the mine drift have been successfully, and safely carried out at Pike River mine by the Agency, and that the experience and knowledge gained will be used to implement the proposed drilling exploration programme for the drill holes to intercept targeted areas, based on expert advice provided to the NZ Police, within the mine workings.
12. The NZ Police have selected the drill sites and interception areas because they believe the information obtained by lowering control down hole cameras and/or scanner will significantly progress the current investigation and be critical to gather evidence to support a potential prosecution.
13. The time period for the drilling exploration programme must occur now, during the Agency's underground recovery operation, and before final seal and closure of the mine because the Agency's statutory management, mining permit, access arrangements to the Paparoa National Park and support services are essential for the drilling programme to be implemented safe and successfully.
14. From the drill operation the NZ Police are expecting to gain evidence relating to:
[REDACTED]



15. The Agency has been engaged to project manage the work on behalf of NZ Police, leveraging off their existing relationships they have with relevant suppliers and regulatory authorities. The Agency will carry out the work for NZ Police in a support role, managed by their Agency's statutory officials as the mine operator and permit holder utilising existing baseline funding.
16. Both the NZ Police as the lead Department, and the Agency agree that it is more cost and time effective for the Agency to manage the drilling exploration work programme as the Agency will need to remain on site having statutory management responsibilities of the mine and its surrounding area, and the mine atmosphere must be monitored while the borehole drilling programme and detailed forensic examination of the Pit Bottom in Stone (PBiS) area continues.
17. The work proposed represents scope beyond the Agency's current mandate to recover the mine drift to the roof fall and cannot be undertaken without an amendment to the scope of operations authorised by the Government.
18. The mechanism for authorising the amendment to the Agency's mandate to borehole exploration into, and forensic work in, the mine workings is by an amendment to the re-entry and recovery plan that is currently with the Office of the Minister Responsible for Pike River Re-entry for consideration (refer BN 2021/0066). If approved, the Cabinet Committee would be notified of the approved amendment to the scope of the re-entry and recovery plan.
19. In parallel, as the proposed drill hole sites are within the Paparoa National Park work is well advanced with Department of Conversation to brief them on the proposed work and secure the required access arrangements.
20. It is therefore proposed that the approved funding allocated to the work programme (see Table 1 below) by NZ Police (\$3.00m) be transferred:
 - a. **From** the Policing Services multi category appropriation: Investigations and Case Resolutions department output expense appropriation in Vote Police
 - b. **To** Pike River Recovery multiyear appropriation in Vote Pike River Re-entry to meet external costs, not Agency overheads costs, with any unspent funding returned to Vote Police at the end of the drilling work programme.

Borehole	Depth (m)	Hole dia. (mm)	Drilling Time (days)	Cost (\$)
NZP_DH01A – Drilling and direct related costs – Labour and materials	142	152	25	
NZP_DH01B	141	152	25	
NZP_DH02A	101	152	20	
NZP_DH02B	95	152	19	
NZP_DH03	85	300 - 400	26	
NZP_DH04	120	Redrill out	13	
Demobilisation of drilling rig(s) - Labour				
Drill tools/material- Materials				
Forensic Imaging –Labour and Materials				
Contingency				
Total	684		128	\$3,000,000.00

Table 1 Cost breakdown of the allocated funding



Risk and Mitigations

21. The drilling of boreholes carries with it several inherent risks, all of which have the potential to impact the success, timeliness and cost of the undertaking. Adverse weather and terrain are factors that have delayed operations Mt Hawera to date and can reasonably be expected to continue to do so going forward as winter approaches.
22. The following table summarises the primary risks and mitigations.

Risk	Issue	Mitigation
Surface Terrain	The surface terrain is challenging and heli-support is required for all boreholes. Suitable drill sites need to be confirmed via field inspection and survey. DH03 appears the highest risk due to the particularly steep terrain in this area.	Complete field inspection and survey early to assist with detailed planning. Move collar locations and re-design boreholes if required. Abandon boreholes if terrain is found to be unsuitable for drill site establishment or design / engineer suitable drill platform.
Weather	Poor weather limits access to hill for drilling. Cold winter weather creates hazards and can result in frozen water lines. Weather delays push out schedule and increase costs.	Drill holes in summer and autumn months whilst weather is typically better. Potential to start drilling deeper holes (DH01A/B) with a single drill rig in Jan 2021 and stand-off intersecting workings to allow underground recovery operations to progress unimpeded.
Missing Target	Holes are not steered and non-directional and may wander off target missing the underground workings.	Detailed survey, design and set-off. Experienced and competent drillers. Correct drilling methods to minimise risk. Downhole survey during drilling Re-drill holes if required.
Ground Conditions	Poor ground conditions may result in holes that take longer to drill increasing costs or holes that need to be abandoned. Ground conditions at the proposed intersection points with the workings is not known. Potential exists for drillholes to intersect collapsed workings	Experienced and competent drillers. Contingency in budget. Re-drill holes if required.
Increases to Schedule & Costs	Weather or other delays including downhole investigation times. Drilling rates slower than planned. Gear breakdowns. High non – drilling related overhead costs.	Experienced and competent drillers. Contingency in budget. Potential to trial open hole drilling on some of the shallow holes to fast-track programme. Potential to start drilling deeper holes (DH01A/B) with a single drill rig in Jan 2021 and stand-off intersecting workings to allow underground recovery operations to progress unimpeded.
Availability of Experienced Driller & Drill Rigs	Drilling company availability.	Engage with preferred drilling contractor early to start detailed planning processes and arrangements. Potential may exist to start drilling earlier next year with a single rig. If larger hole sizes (Option 2) are required note lead times and optimise parallel planning around this aspect.



Next steps

23. Following the approval of the funding transfer and assuming the required authorisations and access arrangements are secured work can then begin with urgency on a detailed field inspection and survey of the proposed drill hole sites to confirm suitability of drill holes sites and surface conditions and the extent (if any) of the site works required.
24. Written notification to WorkSafe will be provided, as one of the Agency's suppliers will again be using non-intrinsically safe camera equipment, which is currently a prohibited activity.
25. NZ Police will provide a more detailed briefing for the Pike River families, supported by the Agency once all the required authorisation have been acquired (or not).
26. The NZ Police and Agency will then enter into a memorandum of understanding agreement for the purpose of carrying out the proposed drilling exploration programme.
27. The Agency is acutely aware of the cost implications of this additional work programme and any delays such a programme may cause. Options to manage the cost pressures in part to address this, as well as to address shortfalls created by Covid 19, delays to the work schedule created by the extent and complexity of the clearance operations in the upper reaches of the mine drift, and the detailed forensic examination and recovery operation in PBiS area on behalf of NZ Police, are being actively considered by both the Agency and NZ Police. [REDACTED]