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## **Speech by Social Credit Party Leader, Chris Leitch to the Don't Destroy the Refinery public meeting, Sunday April 24<sup>th</sup> at the Forum North complex, Whangarei**

The decision to close the Marsden Point oil refinery is nothing more nor less than one driven by profit.

It has nothing to do with the age of it, the condition of it, or its capabilities.

Many people believe it's old and out of date. That's not the case. While it's true maintenance has been less than it should have been since the decision was made offshore by the oil companies that it should be closed, it is in the top third of refineries internationally.

The Refinery's web site boasted this until a few months ago - *"We are a critical link in New Zealand's energy infrastructure and a major economic and social contributor to Northland. Refining NZ has a reputation as one of Asia Pacific's safest and most reliable refineries"*.

It's better than the two refineries Australia has decided to keep operational with subsidies to ensure it has fuel security. Some of that subsidy money is underpinning upgrades to those two refineries.

It has little to do with whether it was profitable. Sure, Covid had effected many years of good profits, but a report the company commissioned from advisors Grant Samuels, predicted it would return to good profits again by 2024. The world is opening up and the company's profits were already surpassing those predictions this year – two years early.

EV's are becoming more popular and the government has set carbon reduction targets, but the likelihood of us not needing oil based fuels for many more years is slim. New fuel technologies at scale are a long way off yet – especially for vehicles other than cars and the refinery could play a key role in those.

So why was it closed down? Why didn't the company apply to the government for a fuel subsidy like Australia's refineries did?

I believe that the current CEO Naomi James was sent here in April 2020 with the sole task of closing it down and that she will be off to a new posting (likely with a big bonus) once the new imported fuel regime is bedded down.

We'll see if I'm right.

I have no problem with profit driven decisions. They're necessary for companies to return value to shareholders. But there are other considerations, particularly in this case.

And overseas entities are generally brutal in seeking maximum profits and cutting their losses. They have no loyalty to any country.

German multi-media company Bauer media for example. It bought up a whole lot of our top magazine titles – the NZ Woman's Weekly, the Listener, North and South and a lot more. It made a sudden exit from New Zealand in early 2020 saying the business was 'no longer viable' – code for 'we're not making enough profit'. Over 600 people lost their jobs.

Australia's Nine Entertainment did a similar thing, selling its New Zealand newspaper and radio subsidiary Stuff to local management.

The NZ Refining company, now renamed Channel Infrastructure, is not doing either. It's consolidating its profits by locking us into a deal we can never get out of.

New Zealand's fuel supply is not something, like magazines or newspapers, that we have any choice over. It underpins our whole economy.

Without a secure fuel supply, our agricultural machinery can't operate. Trucks can't get our biggest overseas earner off the farms and to our processors for export. The transport fleet that puts food on the shelves of our supermarkets and goods on every shop shelf won't be able to do that.

Our emergency services – ambulance, fire, rescue helicopters, and army, navy, and air force search and rescue and disaster relief will be paralyzed.

Construction will come to a halt. Interisland and Pacific shipping will stop. There's much more.

The oil companies, the major shareholders, have tightened their control on our economy and ensured we can't do without them, and in the process generated themselves an income stream that will produce increased profits for years to come.

Any chance of self-reliance has been stripped away. How could we be so stupid?

The supply chain issues currently being experienced world wide that are seeing shortages in almost everything we buy should have rung alarm bells.

A paper presented to cabinet in November 2021 by Energy Minister, Megan Woods, states this, and I quote - *"There does not appear to be a clear case for maintaining refinery operations for fuel resilience reasons, **except** to address an exceptional 'no fuel imports' scenario."*

*This is an unlikely scenario, **but not entirely implausible**, therefore I believe the option of maintaining refinery capacity warrants an active decision by Government”.*

Amongst its recommendations was this *“Closure of the refinery is expected to have little impact on fuel supply resilience under **most** disruption scenarios, but it **could** reduce New Zealand’s resilience to a **low likelihood** but **high consequence** event, that leaves New Zealand with **no ability to import fuels**.”*

Just five months later that *“high consequence event that leaves New Zealand with no ability to import fuels”* and *“an exceptional ‘no fuel imports’ scenario”* may just have arrived with the Russia - Ukraine conflict. It has certainly affected the price.

And what about the possibility of another conflict?

China has been claiming vast areas as its own and has built a military base on islands it reclaimed from the ocean off the coast of the Philippines. It’s just signed an agreement with the Solomon Islands, and continues to claim it is going to take Taiwan back under mainland Chinese government.

Are we prepared for a China/ United States/ Australia conflict?

Will the shipping routes from the Asian refineries the company is sourcing its refined fuel from be cut off and the supply of fuel to our essential services severely compromised?

Who knows.

But shouldn’t we be prepared for that *‘exceptional ‘no fuel imports’ scenario’* by at least keeping the refinery operational?

The oil companies have said ‘no problem’ we can guarantee supply security.

But where’s the proof?      Where’s the precedent we can rely on?

According to the National Fuel Plan, NZ is supposed to hold 90 days of fuel demand in stock. In reality it holds only two thirds of that – 60 days. Take note - the Russia - Ukraine conflict has been going on for 59 days.

The other third is held in ‘tickets’ – promises from other countries to release some of their fuel stocks to us if we are in need. The cost of that amounts to more than \$13 million per year.

But what happens if those countries are also affected by the disruption? Will they release those stocks? What do **you** think?

And what happens if the shipping lanes are disrupted? Those stocks wouldn’t be able to get to us anyway. So where does that leave us?

At least with the refinery operational we could refine our own Taranaki oil - albeit less efficiently than normal crude. Our oil would be able to keep the refinery running at around one third of its capacity and be able to keep essential services running should a crisis eventuate. The refinery already used some of that Taranaki oil in its operation.

The cabinet paper acknowledged that *“Having a domestic refinery could potentially enable the refining of at least some fuels from crude oil produced within New Zealand, together with any imported crude oil that is available.”*

Yet for the sake of around \$400 million to buy the shares in the refining company, the Cabinet decided not to provide the country with an insurance policy, but to rely on the promises of the oil companies.

I believe that’s one of the most short-sighted decisions government has made – and there are many.

Some might say that \$400 million would be better spent building state houses, helping reduce poverty, or providing more resources for our hospitals. That we’re already taxed too much.

Of course they’re right.

But that \$400 million could have been found without costing taxpayers a single cent.

If you’re not already aware, the government owned Reserve Bank has created around \$55 billion – that’s 55 thousand million – in the last two years, and it hasn’t cost taxpayers anything.

Another \$400 million would have been a drop in the bucket – especially to secure our fuel supply.

Is it too late?

Well, nearly, but not quite.

That’s why the company is proceeding with indecent haste to destroy the refinery infrastructure, and is heavying staff to try to ensure that information doesn’t get out.

In it’s advice booklet to shareholders before the vote to close the operation it said this – *“Refining NZ is planning the safe and efficient shutdown of the refinery and the subsequent decommissioning of redundant assets which are not suitable for repurposing. This includes the de-inventorying, de-energising and isolation of these assets to leave them in a safe condition for **future demolition or other uses**. These assets include the refinery processing plants, surplus tanks, piping and other equipment not required for terminal operation.”*

Are the stories about concrete being poured into pipes, holes being cut into them, and electrical circuits being cut true? I don't know. But why would those stories be doing the rounds? That's not securing those assets for ***future demolition or other uses***.

And why are staff being heavied, with one former worker being sacked from his new refinery job in Australia just days after being quoted in a Northern Advocate article?

If you wanted to ensure the refinery never gets used again, those are the sort of actions you'd take.

Remember I said earlier - overseas entities are generally brutal in seeking maximum profits and cutting their losses. They have no loyalty to any country.

Apart from the need to have an insurance policy to ensure the country has fuel security, there are other reasons to keep the refinery operational.

You will have heard Brian Cox talking about bio-fuels and the refinery blending those.

But additionally Marsden Point could become the centre of a new technology development.

Currently the biggest waste company in New Zealand, Chinese owned Waste Management, is looking to develop an enormous new tip site in the pristine Dome Valley, just South of Wellsford, to put Auckland's rubbish into. Any leakages from that site will flow into the Kaipara Harbour, one of our main fish breeding areas. An Environment Court challenge, led by the Save The Dome group is underway.

Why are we looking to dig another big hole in the ground to tip rubbish into? That's third world stuff. Advanced countries view rubbish as a valuable resource and are building Waste-to-Energy plants. There are over 2,000 of them around the world.

A waste-to-energy plant at Marsden Point could produce enough power to run the refinery and power and heat to run other new technology developments.

It could take rubbish from around the country and the Pacific (which has a major rubbish problem) by rail and ship, divert plastic to a new plastic-to-fuel plant, to building materials production, and a plastic reforming plant.

The site could accommodate a plant using carbon capture technology, turning carbon dioxide from the air into fuel.

Complimentary technologies like a waste water treatment plant and desalination plant to provide fresh water could go hand in hand with those other forward thinking ideas.

They are all operating overseas.

Without an operating refinery many of those new technologies become less viable.

Why weren't those possibilities part of Cabinet's consideration? They should have been.

So what we in Social Credit, the other guest speakers, the 18,300 people who signed the petition, and, I think, all of you want, is for Cabinet to urgently reconsider – before it really is too late – and to move to protect the refinery, the country's fuel security, and those potential new technological developments that would be great for our economy and our environment.

The refinery is not Channel Infrastructure's or the Government's to destroy. It's been paid for by the taxes of decades of Kiwis and by fuel users. It belongs to us. It should be retained in working condition.