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Speech Notes for Petition Presentation at the Marsden Point Oil Refinery, 3rd December 2021

Let's be clear - the decision to close this refinery - one that New Zealand taxpayers have contributed substantially to over decades – is purely a profit driven one, in the interests of shareholders, mainly the three big oil companies (Exxon Mobil, British Petroleum, and Z Energy [which is about to be taken over by Australia's Ampol]).

In 1962 taxpayers stumped up with the initial £10 million pounds to start the project. In 1973 a further \$106 million went in. The installation of the hydrocracker and the Auckland pipeline cost taxpayers \$1.84 billion by the time it was completed in 1986.

That same year taxpayers tipped in another \$85 million dollars when the plant was privatised. Most of that went straight into the pockets of the oil company shareholders in dividends. A large percentage of the refinery's assets have been funded by taxpayers and motorists.

The pending closure is not because the refinery is old technology or poorly maintained, except perhaps in the last 6 months or so, when as little as possible has been spent because of the planned closure. The two refineries that Australian motorists are subsidising to provide fuel security for their country are currently being upgraded to bring them up to a standard comparable with this plant.

It has a recently renewed 35 year consent to operate from our local councils.

Despite profits being down in the last two years, mainly due to reduced demand because of Covid 19, the refinery is currently making double the profits predicted in a Grant Samuels report that indicated a return to profit in 2024.

Longer term as fossil fuels are phased out, profits don't look so rosy, however it has been developing bio-energy and hydrogen projects and up until new CEO Naomi James appeared on the scene, with what I suspect were instructions to close the refinery down regardless, the future was upbeat.

Close down costs of up to \$300 million are likely with additional costs imposed on WDC and NRC.

But what of the other perspective – New Zealand's fuel security.

That's a government responsibility – one that it appears to be happy to leave up to the oil companies – whose closure of the refinery shows their focus is profit driven, not fuel security driven.

The head of the Northern Australia Strategic Policy Centre Dr John Coyne is aghast, calling that "very naive". He said "They're buying into a very dated view of globalisation, and they certainly haven't learned the lessons from Covid-19, around secure supply chains and national resilience."

According to him the oil companies could not manage the complexities, when conflicts could escalate very quickly, trade splits were deepening, and one natural disaster might pile on top of another.

As we know tensions between USA, Australia, and China have ramped up in recent weeks with the announcement of a nuclear submarine deal, and China is upping the ante on its claim over Taiwan and the Philippines. That might close shipping lanes.

What if the Afghanistan situation sees more terrorist attacks – such as in 2019, when state-owned Saudi Aramco oil processing facilities in eastern Saudi Arabia were targeted in a drone attack, knocking out half Saudi Arabia's oil producing capacity.

I doubt the Asian refineries will say - oops we're short of oil, but that's ok we'll ensure our smallest and furthest away customer New Zealand gets what it needs before our bigger customers.

Where's the fuel for helicopter emergency services, inter-island ferries, shipping to the Pacific Islands, Army, Navy and Air Force rescue and disaster relief operations, agricultural machinery, and the country's trucking fleet that moves goods and food around New Zealand going to come from if refined fuel cannot get here.

At least with the refinery operational we could refine our own Taranaki oil and keep those essential services running. They won't run on batteries.

Approximately 600 jobs will be lost if the refining operation shuts down. We'll be employing workers in Asia instead of Whangarei. With an economic loss of about 8% to the Northland economy many small businesses will close with further catastrophic job losses.

So to ensure fuel security, keep those jobs here, and to develop the new technologies the refinery was investigating, the government needs to step in and purchase the shares, currently valued at around \$250 million.

No taxpayer money would be required. The Government owned Reserve Bank has already created around \$60 billion in the last 18 months and the money needed to purchase the refinery shares would be a drop in the bucket.

That purchase needs to be done within weeks - before the closure begins and the plant is disabled by actions designed to make sure it never becomes operational again.

That's why I started this petition and why I'm grateful to Shane for accepting it and presenting it to parliament.

Chris Leitch

Leader

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