Marsden must be maintained, says bio body

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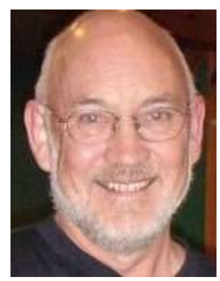
Marsden Point

The bioenergy industry is calling on the Government to prevent the closure of New Zealand's only oil refinery, saying its loss will damage the country's ability to cut greenhouse gas emissions.

"The argument for intervention over the refinery is as strong as it was for Air New Zealand", Bioenergy Association executive officer Brian Cox said this morning, referring to the Government's 2001 purchase of a majority stake in the national airline after a failed privatisation.

The New Zealand Refining Company has told the sharemarket it will simplify operations at the Marsden Point refinery and concentrate on supplying the Northland and Auckland markets only.



Brian Cox

The announcement is just the first stage of a strategic review that could see refining at Marsden Point stop altogether and the site turned into an import facility, using its wharves and pipeline to carry imported refined fuels to Auckland.

Such a move would require shareholder approval, but one of the company's largest shareholders, Z Energy, has already said it supports it.

Skilled workers

Unions say halting refining at Marsden Point would cost more than 1000 jobs at the refinery and another 2400 jobs around the country.

Cox says that both the skilled workforce and the refinery itself are critical to decarbonising New Zealand's economy.

"It is a very important part of the transition to a bioeconomy as they have the skills and capability to pick up the opportunities without much difficulty," he told Carbon News.

Crude biofuels produced from plastics, wood or other feedstocks still needed to be refined, and converting an existing refinery would be much cheaper than spending billions of dollars building a new one, he said.

"It's a lot easier to change the spouting on the roof than to build the whole building from scratch," he said.

The refining company says it has been badly affected by a drop in fuel consumption as a result of the covid-19 pandemic global lockdown, and it needs to maximise returns to shareholders while providing a secure fuel supply for New Zealand.

Typical issue

Cox says he understands the company cannot put the good of the country ahead of the good of the shareholders, and the Government needs to step in in some way to protect the refinery as a strategic asset.

"This is a typical issue for markets – a long-term asset owned by business with a short-term focus," he said.

"The public-good benefits are long-term compared to the short-term financial benefits sought by asset owners."

The refinery was built in the 1960s with $10 billion of Government money. In the 1980s the assets and $80 million in cash were transferred to a consortium of petrol retailers, the New Zealand Refining Company.

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