

Shell Taranaki Ltd. Applications for Marine Consent and Marine Discharge Consent

Hearings Statement by Catherine Cheung, 3 October 2017

The key points of my submission have already been covered by Climate Justice Taranaki and Dr Lyndon DeVantier's statements. I would like to elaborate on just two points.

Marine Mammals

To illustrate how important the South Taranaki Bight is to the globally endangered blue whale, I'd like to show the wonderful footage that Dr Leigh Torres and her team made early this year.

<Video 2.23min> <http://blogs.oregonstate.edu/gemmlab/2017/04/18/new-aerial-footage-captures-blue-whale-lunge-feeding/>

The video highlights not only the remarkable selective foraging behaviour of the blue whale, but also how little we know about species, species interactions, and their requirements to survive and to thrive. Just because there's a big blue ocean out there does not mean that it's all good, safe and sufficient for a species. I found it all rather naïve when reading various Shell witnesses saying that the impacts will be temporary and localised, the harmful discharges will be rapidly dispersed and diluted to effectively become harmless. And if there are any permanent impacts, they will only be so small compared to the entire area of similar depths or habitats in the region, that they will be negligible and of no consequence.

Nature is far more complicated than that. It is full of unexpected consequences. Reputable scientists would always recognise their lack of knowledge and data, and err on caution. To me, it is ignorant and imprudent to say that all will be fine whatever we do!

Economics

<Slide 1> Both the fossil fuel industry and the government put a great deal of effort trying to convince us that fossil fuel mining is and continues to be extremely profitable, even indispensable, to New Zealand's national and regional economies. But the top graph clearly shows the drastic decline of royalties since 2008. And the bottom graph shows that Taranaki is the only province with a drop, a nearly 10% drop in GDP per capita since 2009. What happened to our economic benefit from the industry?

<Slide 2> As oil prices go up and down, so do fossil fuel company spending. When the price is low, companies pull their purse strings.

<Slide 3> The result is that companies reliant on the industry close down and people lose their jobs, as we've experienced repeatedly in Taranaki.

<Slide 4> Yet the government remains hell bent on protecting, supporting and luring the industry, including subsidies in many forms, to the tune of over \$80 million a year.

<Slide 5> Earlier this year, it came to light that the government is even prepared to pay \$800 million plus to help companies decommission their aging oil rigs offshore, including the Maui platforms of course.

<Slide 6> Two months ago MBIE put out a call for tender for technical service, to assess the integrity and risks of old onshore wells, as there are no plugging and abandonment records for some of these wells. Who will pay for such risk assessments? Proper decommissioning is obviously critical, and will be more difficult and costly offshore. Shell should be investing or saving up for decommissioning now. Perhaps they are, by switching from a semi-TAD rig to a jack-up rig which is apparently much cheaper, according to Shell witness Mr Fraser Colegrave. How about saving even more by not drilling anymore, and spending the savings on demonstrating how world-class, responsible decommissioning offshore could look like?

<Slide 7> Are we simply going through the boom and bust cycle? Not so, according to ANZ's chief economist: *"Things are moving at such an exponential pace... What we're seeing is a massive structural change"*.

<Slide 8> Last month, NZ Super Fund announced that as part of its "carbon transition", they've slashed over \$930 million of carbon-intensive investments in 300 firms, including Exxon Mobil, BP, Statoil and Shell.

<Slide 9> A former drilling company manager warned, *"Over the decades Taranaki has gone through fits and starts... [Now] oil companies are doing the absolute minimum that they have to... People who've run out of work in the oil and gas industry are looking at a shaky future... They really need to seriously commit to retraining into some other skill set – some other industry perhaps..."*

<Slide 10> Union organiser Ross Henderson calls for a just transition, to protect workers' jobs and livelihoods when economies are shifting to sustainable production.

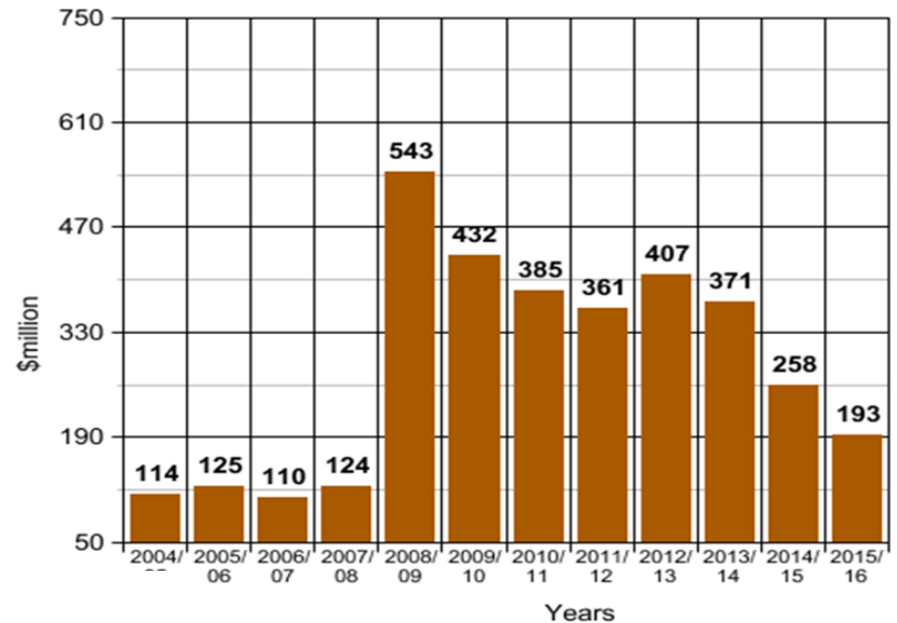
<Slide 11> So this is what we really need now – just, equitable and inclusive transition – to a sustainable future, not more fossil fuel mining. If you think I am a radical greenie not worth listening to, listen to them.

Declining Royalties

“The fall is being blamed on low oil prices, which are netting the government less money in pro rata terms as well as discouraging oil exploration in the first place”

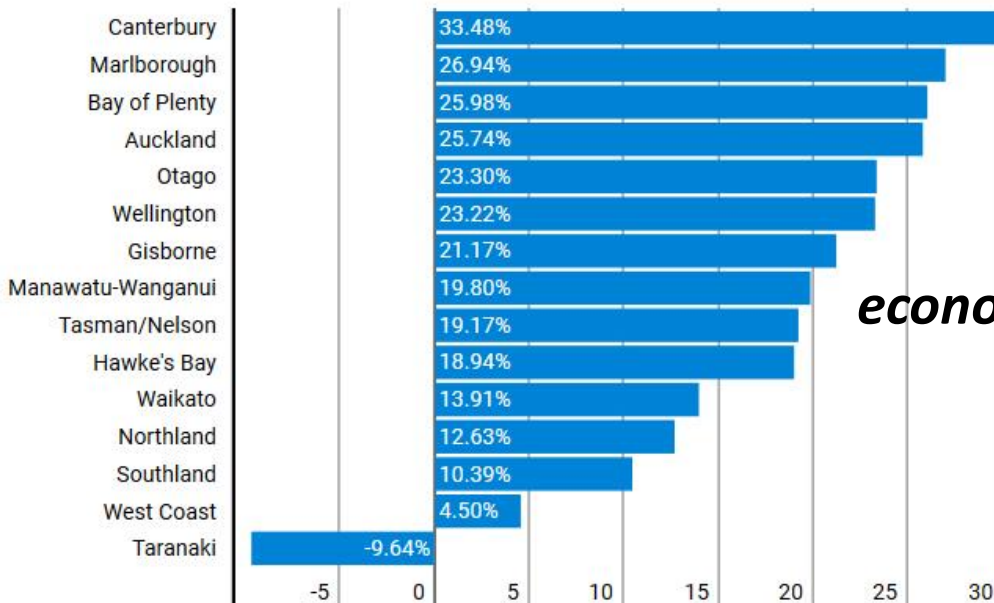
Radio NZ, 20/10/2016

NZ Oil and Gas Royalties



<http://www.radionz.co.nz/news/business/316602/oil-and-gas-royalties-plummet>

Change in GDP per capita, 2009-2016

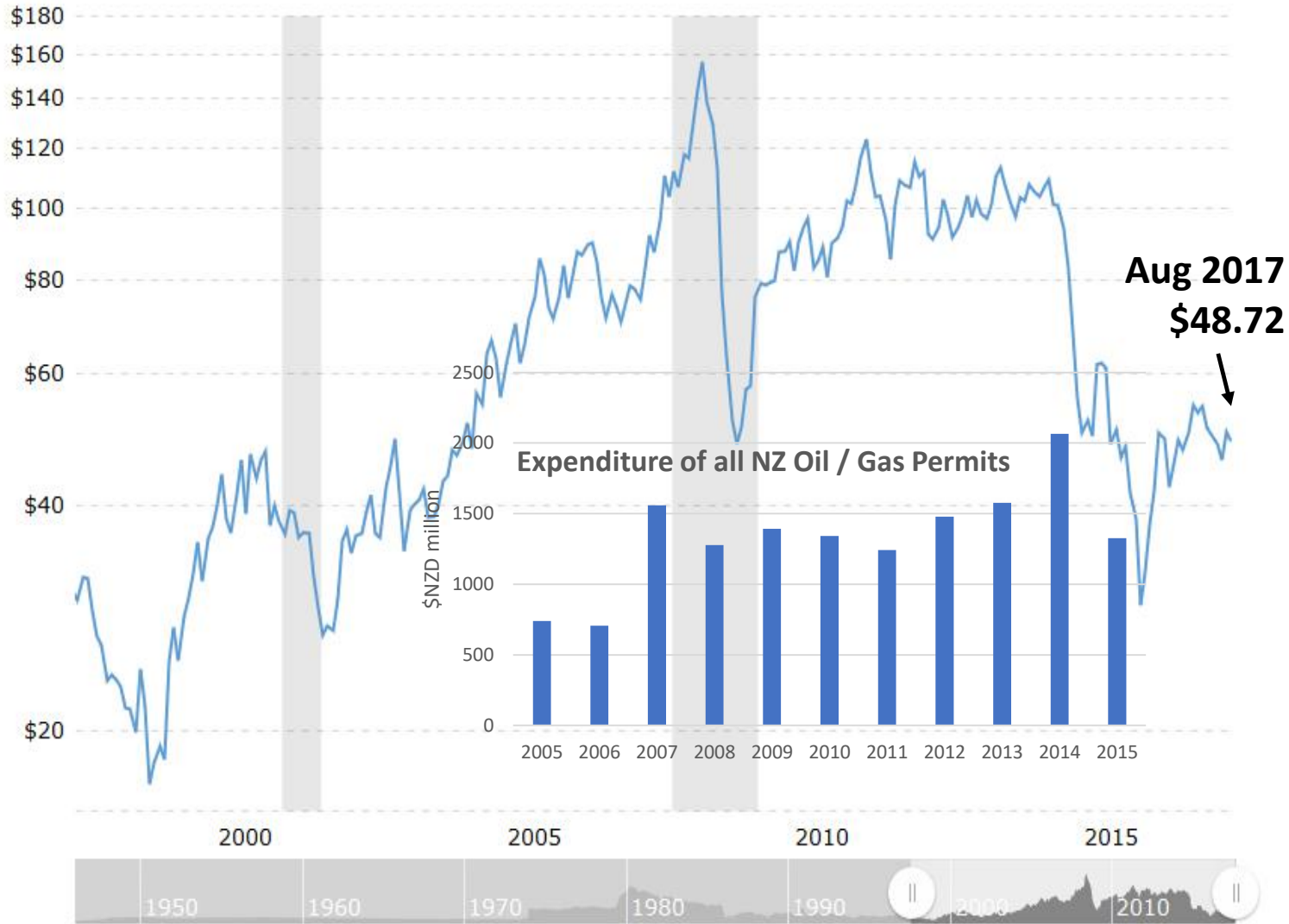


“Oil and dairy have long been the region's flotation device but the economic downturn signalled a warning call for an industry shake-up...”

Taranaki Daily News, 3/4/2017

<http://www.stuff.co.nz/taranaki-daily-news/news/91027256/gdp-hit-the-hardest-in-taranaki-but-region-still-leads-the-country>

Historic Trend of Crude Oil Prices



<http://www.macrotrends.net/1369/crude-oil-price-history-chart>

<http://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-data-modelling/publications/energy-in-new-zealand>

More job losses at Taranaki engineering company ITL

DEENA COSTER

Last updated 12:43, May 29 2015



Taranaki engineering company ITL has undergone its second round of redundancies within 12 months and 14 jobs are going.

<http://www.stuff.co.nz/taranaki-daily-news/68953932/more-job-losses-at-taranaki-engineering-company-itl>

Taranaki's slumping economy causes rise in benefit numbers

TARA SHASKEY

Last updated 19:04, October 19 2015



<http://www.stuff.co.nz/taranaki-daily-news/news/73150533/taranakis-slumping-economy-causes-rise-in-benefit-numbers>

Staff made redundant from Port Taranaki

LEIGHTON KEITH

Last updated 13:46, June 27 2016



Industry jobs shrinking with oil price

DEENA COSTER

Last updated 05:00, February 13 2015

The ripple effects of the worldwide oil price drop are being felt within Taranaki's oil and gas industry. While thousands of positions are being cut at international companies like Halliburton and Schlumberger, the Taranaki region have been forced to re-look at their budgets in a bid to remain financially viable.

<http://www.stuff.co.nz/taranaki-daily-news/news/66131327/industry-jobs-shrinking-with-oil-price>

<http://www.stuff.co.nz/business/81483504/Staff-made-redundant-from-Port-Taranaki>

Redundancies on the cards at Energyworks

MATT RILKOFF

Last updated 14:07, March 11 2015



Redundancies are looming for staff at Taranaki oil and gas pipeline specialists Energyworks, which is restructuring its workforce.

Chief executive officer Allen Clarke said because of a significant downturn in their workload the Bell Block-based company expected a number of positions would be made redundant.

<http://www.stuff.co.nz/taranaki-daily-news/news/67219999/redundancies-on-the-cards-at-energyworks>

Taranaki 'powerhouse' of New Zealand claim questioned

Susan Strongman · 03:52, Apr 11 2014



<http://www.stuff.co.nz/taranaki-daily-news/news/9929155/Taranaki-powerhouse-of-New-Zealand-claim-questioned>

Taranaki Engineering company lays off all its staff

LEIGHTON KEITH

Last updated 15:55, July 30 2017



<https://www.stuff.co.nz/taranaki-daily-news/news/95251374/taranaki-engineering-company-lays-off-all-its-staff>



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Oil/Gas Subsidies

New report exposes Government hypocrisy on fossil fuel subsidies

\$46-\$85 million/year

Posted on 04 June 2013 | 2 Comments

The New Zealand government is subsidising the oil and gas industry to the tune of \$46 million annually, an investment at odds with its claims on the world stage to be 'spearheading' efforts to reform fossil fuel subsidies, says global conservation organisation WWF.

http://awsassets.wfnz.panda.org/downloads/wwf_fossil_fuel_finance_nz_subsidies_report.pdf

Government grant slammed as 'subsidy' for oil and gas explorers

DEENA COSTER

Last updated 09:04, September 8 2015



Drilling sites like Kowhai B in Tikorangi may be more common across New Zealand as a result of multi-million dollar research project.

<http://www.stuff.co.nz/taranaki-daily-news/news/71799723/government-grant-slammed-as-subsidy-for-oil-and-gas-explorers>

<https://www.greens.org.nz/news/press-release/government-still-funding-oil-industry-and-ignoring-renewables>

<https://nzpam.govt.nz/about/news/new-south-island-aeromagnetic-and-soil-geochemistry-data-available/>

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Government still funding oil industry and ignoring renewables

Gareth Hughes MP on Sunday, March 20, 2016 - 11:32

The Green Party can reveal the Government is continuing to pour public money into subsidies for the oil and gas industry and ignore clean energy investment, on the eve of a major government-sponsored oil and gas conference starting in Auckland tomorrow.

The Government has just confirmed it spent \$47,583 on the 2016 Minerals Exploration Data Pack – a collection of valuable data for overseas fossil fuel companies as a sweetener to make drilling for oil in New Zealand more attractive.

Government faces multi-million dollar bill to decommission oil rigs

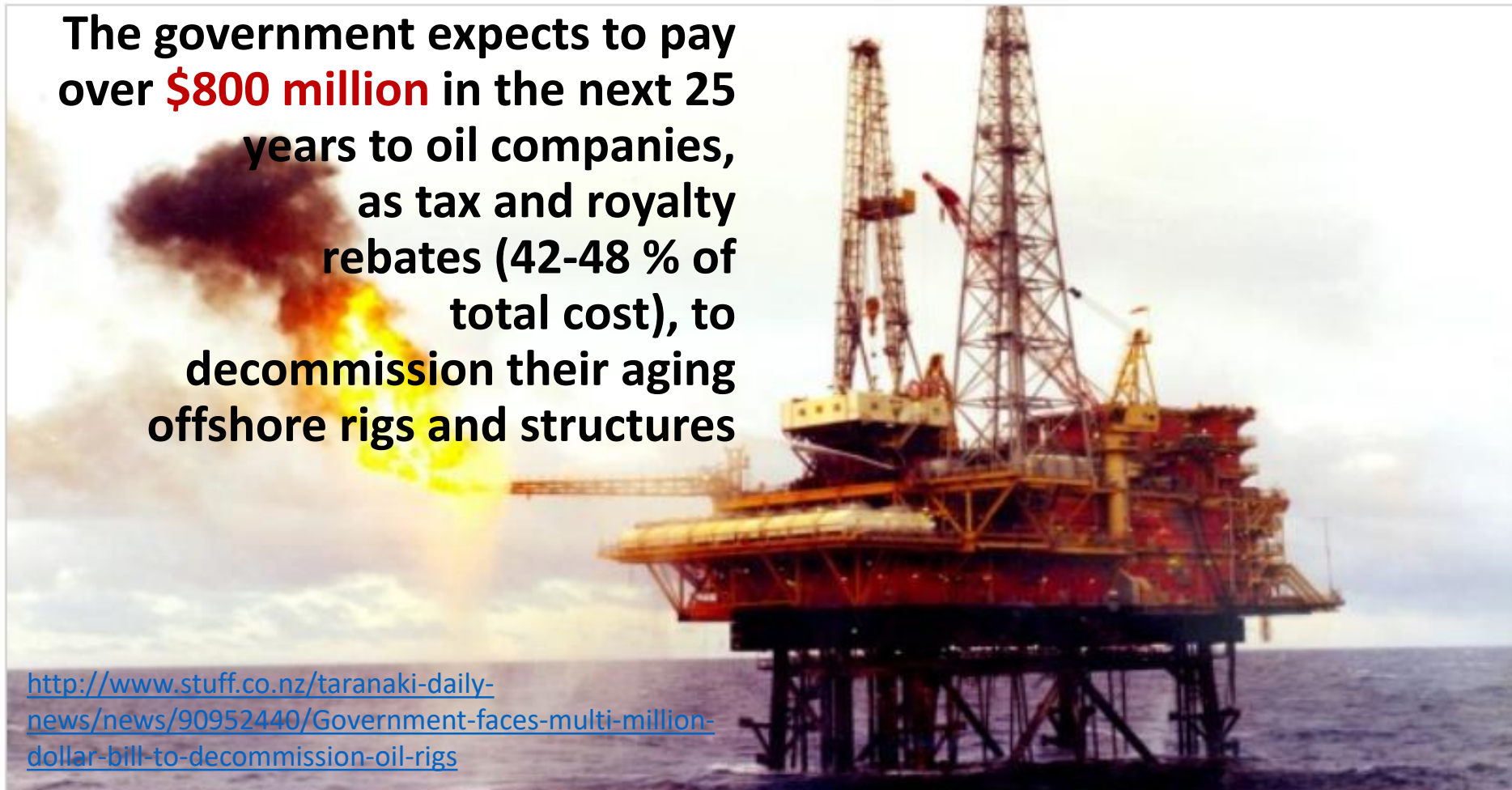
LEIGHTON KEITH

Last updated 09:19, March 29 2017



The government expects to pay over **\$800 million** in the next 25 years to oil companies, as tax and royalty rebates (42-48 % of total cost), to decommission their aging offshore rigs and structures

<http://www.stuff.co.nz/taranaki-daily-news/news/90952440/Government-faces-multi-million-dollar-bill-to-decommission-oil-rigs>



Call for Tender: Onshore Petroleum Wells Technical Assessment

MBIE's recent review of more than 960 onshore well drilled over the last 150 years found a number of wells to have ***“outstanding plugging and abandonment (P&A) commitments, i.e. these wells are not recorded as having been plugged and abandoned. These wells represent an unknown risk to health and safety, and the environment”***.

MBIE is looking for a **suitably qualified technical service** provider to assist in determining and describing the technical integrity of these wells, and provide a methodology that **ranks the risk these wells** pose, which will be used to prioritise any activities to **address this risk**.

<https://www.gets.govt.nz/MBIE/ExternalTenderDetails.htm?id=18827350> (July 2017)

**ANZ chief economist
Cameron Bagrie said
nothing good can last
forever...**

***"Volatility is the
name of the game...
The idea you're going
to have one career for
life is a joke. Things
are moving at such an
exponential pace...
What we're seeing is
a massive structural
change"***



The slow demise or temporary slump of New Zealand's oil and gas industry

BRITTANY BAKER

Last updated 16:01, March 24 2017



ANDY JACKSON/Fairfax NZ

Oil and gas are still the dominant player in the world's energy game but global warming is pushing fossil fuels into the socially and politically unacceptable zone.

<http://www.stuff.co.nz/business/industries/90611800/the-slow-demise-or-temporary-slump-of-new-zealands-oil-and-gas-industry> (24 March 2017)

Photo by: Lindsay Keats

Climate change risk prompts Super Fund to sell shares in oil, gas firms

1:05 pm on 15 August 2017

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Eric Frykberg, Transport, Energy & Resource Infrastructure Reporter
✉ eric.frykberg@radionz.co.nz

The New Zealand Superannuation Fund has sold shares in some of the world's biggest companies to reduce exposure to firms emitting greenhouse gases.



*“We think that climate change represents a **material risk**, one that is **not being properly priced** by the markets... This is clearly **not an ethical decision** at this stage, it is an **investment decision**”* Matt Whineray of NZ Super Fund

<http://www.radionz.co.nz/news/national/337218/super-fund-sells-shares-to-cut-climate-change-exposure>

<http://www.noted.co.nz/money/investment/why-nz-super-fund-is-ditching-millions-worth-of-climate-damaging-investments/>

James Reo, former country manager for an international drilling company said:

*“Over the decades Taranaki has gone through **fits and starts**... [Now] oil companies are doing the **absolute minimum** that they have to [to] keep their leases and honour their contracts of supply...*



<http://www.radionz.co.nz/programmes/brighter-future/story/201850964/brighter-future-the-boom-the-bust-and-the-rustbelt>



Andy Jackson/
Fairfax NZ

*People who’ve run out of work in the oil and gas industry are looking at **a shaky future**. They really need to seriously commit to **retraining** into some other skill set – some other industry perhaps...”*

Union organiser Ross Henderson calls for **a just transition** - a framework developed by the trade union movement to **protect workers' jobs and livelihoods** when economies are shifting to sustainable production...



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*“Yes it would be great to come back to what it used to be but I don't think oil and gas is the future... They need to be **trained in new skills**... They're perfectly capable, they just need a little help along the way...”*

<http://www.stuff.co.nz/business/industries/90611800/the-slow-demise-or-temporary-slump-of-new-zealands-oil-and-gas-industry> (24 March 2017)
<http://www.justtransition.com/>

Just Equitable Inclusive Transition



<https://blog.p2pfoundation.net/3-steps-to-building-just-transition-now-with-a-permanent-community-energy-cooperative/2017/05/09>