

# Keynote Address

## Pansy Wong MP

*National Party Spokesperson for Energy*

Delegates, guests from abroad, it's a pleasure to be here today on my inaugural visit. Thank you for the opportunity to speak.

Recently, I was pondering the theme of this speech then I remembered some interesting comments I read earlier - in one of the many Energy magazines I seem to collect these days. The comments strongly pointed to New Zealand being the land of opportunity for new players.

Today I want to examine, in my newly acquired role as the National Party's Energy Spokesperson, whether there is any truth in this. Is New Zealand really a good place for explorers, like yourselves, to invest? I may be preaching to the converted.... I hope.

Well according to Mr Bruce Vincent from the US company, Swift Energy, there are many favourable factors that accompany working in New Zealand.

We've got a lot of existing seismic data. We have very favourable permit terms; in fact it's better than Texas or Louisiana. We've got a very stable government (remembering these particular comments were published before the last election....), and we have a good legal and tax system, according to Mr Vincent.

He goes on to say that we have excellent markets, both in terms of the domestic market and access to international oil markets. And we have a developed natural gas marketplace with the additional ability to convert natural gas into methanol - broadening our access to worldwide markets.

Delegates, can things get any better for explorers like yourselves? YES! Apparently we remain grossly underexplored.

In addition to our winning Black Magic yacht, I believe the most significant thing this country possesses is potential.

In the past decade New Zealand has become increasingly aware of the importance and the potential of the petroleum industry. It is after all a billion dollar industry, and is undoubtedly a big factor in the country's economy.

New Zealand has always had an eye open for foreign investment. We need to. And fortunately we have always been an attractive option to foreign investors.

New Zealand has long welcomed the petroleum industry to our shores and National will keep pressure on the new Government to ensure this country continues to provide a

friendly operating environment - without compromising our natural splendour.

I'm aware of the heightened interest in the conservation area, but it doesn't necessarily mean locking the gates. Mankind needs natural resources, and if we respect our environment nothing needs to be lost.

My message today to existing explorers and developers is that National in the 1990s created a business environment that is an attractive and competitive one, and we want it kept that way. We have been one of the most open economies in the world and we are open for your business.

I'm also fully aware of the gripes within the industry:

Some say the royalties the Government takes are too high; drilling costs are high - especially compared with Australia; there is a lack of flexibility in the control of licenses; compliance with the Resource Management Act takes too much time; and that New Zealand has a relatively low profile as an oil producer.

These gripes however obviously haven't been enough to deter a recent increase in exploration in New Zealand. There has been a high level of interest with the new permits offered and it is pleasing to see explorers move beyond the traditional Taranaki Basin - once exploration's exclusive home.

Obviously Taranaki remains our number one basin and we all know that there things are heating up. All eyes are on New Zealand Oil and Gas's drilling at a wildcat oil well west of the massive offshore Maui oil and gas field.

If much-needed discoveries do not come to fruition, some are saying the Government may have to consider incentives. Well, that is something for the industry and the new government to flesh out.

I reiterate however that over the last decade significant progress has been made to ensure New Zealand's business environment is amongst the best in the world for your exploration.

The 1990s saw compliance costs slashed. Last year as chairperson of the select committee inquiry on compliance costs faced by small and medium-sized businesses I led the charge for less complication and more common sense.

Bureaucratic red tape and compliance costs have often seen the death of common sense. Take a moment to listen to some of these overseas laws: laws that are real and are enforced.

For example, in one country it is illegal for a driver to be blindfolded while operating a vehicle, and you're not allowed to walk across a street on your hands.

How about this one! Biting someone with your natural teeth is 'simple assault', while biting someone with your false teeth is 'aggravated assault'.

Believe me I've got many more of these laws I could tell you but no doubt you've got the gist of what I'm trying to say: Human beings have an uncanny ability of leaving no stone unturned when it comes to rules and regulations.

Like many countries, New Zealand is over governed. By this I mean that the business community, and society in general, is encumbered by an excessive amount of parliamentary laws, subordinate legislation, decrees, licences, codes and informal instructions.

Since its introduction in 1991, many, including your industry, have voiced gripes about the Resource Management Act. At the end of the '90s this momentous Act was reviewed, with wide-ranging public consultation.

The result of this review has been the Resource Management Amendment Bill, championed by the Honourable Simon Upton - National's previous Minister for the Environment.

Most of the concern about the Act has focused on land use and subdivision controls. There is room to improve practice and procedures. We needed to reduce duplication, uncertainty and the costs of compliance, while being careful not to undermine the environmental purpose of the Act. The Amendment Bill was introduced to Parliament in July last year and it is currently going through the processes required to enact it.

The National Government was serious about reducing compliance costs and much has been achieved, and this has had a real impact on businesses and New Zealanders everyday lives.

For example, an IRD television advertising campaign is currently reminding us that 1.2 million wage and salary earner tax returns have been eliminated from our lives - this was just part of the National Government's push for tax simplification.

Today, I give my assurance to your association, that her Majesty's loyal opposition will also keep pressure on the new Government to continue with the fine-tuning and minimisation of regulations and compliance costs. We have long relied on foreign investment - and we will continue to. We can't afford to block investment with unnecessary barriers.

The National Party has always, and will continue, to look beyond the royalties New Zealand collects and keep focused on the wide-ranging importance of petroleum production on our local economies and communities. Just look at Taranaki - the energy province - and all the spin-offs gained.

Venture Taranaki, a private sector ginger group for commerce in the region, estimates one job in hydrocarbons ultimately supports as many as 14 in the service sector.

Delegates, I have already alluded to the fact that New Zealand has a relatively low profile as an oil producer. This works against both investors searching for prospective partners and a country calling out for foreign investment.

As an advocate for Asian New Zealanders I fully understand the difficulty involved in growing a positive profile of a smaller player.

If a random survey was carried out today on what were New Zealand's important industries - the answers would predictably be meat, wool, dairy, forestry and tourism, unless of course the surveyor was standing outside this very venue.

My point is the petroleum industry has a low profile but it doesn't always have to be this way.

In the bigger picture the industry, like our budding wine industry, is still in its infancy. Let's not forget that till only recently New Zealand had only one producing basin, with nine other basins extremely underexplored.

There are many exploration years ahead but the only way to ensure the industry's long-term existence is to bring the public with you. And let's not forget in the world of public relations the public is always right! Believe me, we politicians are reminded of this every three years.

Most New Zealanders know very little about our petroleum industry. And those few willing to comment would possibly spit out something derogatory about multi-nationals and conspiracy theories.

The fact that the knowledge base is so thin can be an advantage. There aren't too many preconceptions to have to change. Ask any public relations company - dealing with audience ignorant about your product can be a bliss.

And being an Opposition MP, and a newly appointed spokesperson on Energy, I am surely perfectly qualified to talk to the public in lay terms. I could be a bigger help in getting your message across than you think!

On a more serious note though, I am working hard on the energy portfolio - no easy task considering all the jargon and technology involved. I look forward to building a close relationship with you industry and the many players within it.

Delegates, one of our most established industries, dairying, is still trying to find its feet. Your industry in this country is still in its infancy in comparison - although I do point out that you're early developers. Let's not beat ourselves up - we've got time on our side.

Oil may have been discovered here in the 19th Century but it's only within our own lifetimes that this country has been able to become somewhat self-sufficient in terms of producing enough fuel for its own needs.

Although our oil self-sufficiency has slipped in the last couple of years to 42%, we can't overlook the fact that New Zealand is self-sufficient in all energy forms, apart from liquid fuels.

I believe we should aim to be more self-sufficient in oil. The less self-sufficient we are, the more vulnerable we are to external pressures - such as volatile crude oil prices and foreign exchange rates.

New Zealanders wouldn't consider oil consumption as a national pastime, but it probably is.

We love our motor vehicles but it's well justified, because of distance, isolation or because of a lack of public transport. Even in Wellington, world famous in New Zealand for its public transport system, only 15% of workers ride in a bus or a train.

To become self-sufficient in liquid fuels, however, remains a measured challenge for many within the industry.

But to reiterate, let's not beat ourselves up. The industry is still a new one, and much potential remains in the exploration and in things such as public and government relations.

As far as the National Party is concerned New Zealand needs to keep assuring and proving to key investors like yourselves that the benefits of doing business in New Zealand override any gripes you may have.

I'm pleased to say that industry gripes have lessened over the past decade, but I'll continue to keep a watchful eye. My colleagues and I will continue to plug away on issues like compliance costs.

In recent times there may have been an increasing level of exploration activity in New Zealand but we need more, and let's hope with your investment in exploration we're on the threshold of making further discoveries. Discoveries this country wants and needs.

New Zealand comes with its own brand of backyard brilliance too.

Our so-called 'number 8' wire mentality is world famous. Both onshore and offshore, foreign investors have long made full use of Kiwi ingenuity and innovation.

The company Virtual Spectator is a great example of Kiwi ingenuity being very much alive and well in the new millennium - albeit now in cyberspace.

With the Internet as their medium, Virtual Spectator provided yachting fans all around the world with live coverage of the recent Luis Vuitton and America's Cup races.

Virtual Spectator has come up with a breakthrough combination of CDROM, global satellite positioning and Internet technologies to provide live Internet-based sporting event coverage.

People tell me it has revolutionised the way the world watches yachting, and the technology is attracting interest from other sports codes around the world.

This New Zealand company is just another example of Kiwi ingenuity continuing to foot it with the best in the world - or in the case of Virtual Spectator, leading the world.

New Zealand has certainly not been left behind in this the Information Age. We've adapted to communication changes readily and willingly.

We're no slugs in the electronic age - and if my memory serves me right I think we've got more eftpos terminals per head of population than anywhere else in the world.

Advancing communications technology has meant that when it comes to knowledge and innovation we are no longer isolated. We no longer rely on ships delivering our books. Today, our reliance is on being able to boot up our computers.

Our upbeat attitude towards innovation and our back-yard brilliance is a big plus to your work here in New Zealand.

And just as ongoing research and development is fundamental to your exploration success, my party, National believes in nurturing a culture of innovation and enterprise.

Last year National launched its 'Bright Future' package - a blueprint for the future, ensuring funding resources are directed effectively and that the right people and sectors work together to enable this country to excel in the knowledge era. We are challenging the new Government to continue work in the area.

Finally delegates, I see some irony in my appointment as spokesperson for the Energy portfolio. In the 19th Century Chinese flocked to Central Otago in pursuit of gold. Today I stand before you as not only New Zealand's first MP of Chinese ethnic origin but as spokesperson for, amongst other things, liquid gold!

Again, thank you for the opportunity to speak. I wish you all an enjoyable conference, and all the very best in your exploration.