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MEDIA STATEMENT

Biofuels “boost” welcomed – it’s the strong signal that will give the sector the confidence it needs to grow

The Bioenergy Association of New Zealand (BANZ) welcomed the news yesterday from Energy Minister Gerry Brownlee on the biodiesel focused grant aimed at boosting the use of biofuels in New Zealand.

Speaking yesterday, Brian Cox, Executive Officer of the Bioenergy Association gave his full support to the news.

Mr Cox said, “*We have been waiting anxiously for an announcement for some time now from the Minister so we welcome this news. It’s the confidence that the sector needs to continue to grow and secure future investment. The Biofuels Sales Obligation was repealed back in December last year and we flagged back then of the need for something to fill the void. On the face of it this announcement looks like great news for biodiesel producers in New Zealand. In terms of support for the bioenergy sector by government it’s a good start to lifting the recognition that bioenergy can provide a significant part of NZ’s energy supply.*”

Mr Cox added, “*We indicated to the Minister’s Office earlier this year of our commitment to work with him and his Officials to ensure that the opportunity presented by a New Zealand grown, sustainably produced biofuel will create employment and value-add local resources. Sustainably grown biofuels is what New Zealand is providing and that is what this grant appears to be rewarding, so it good news. The players in the NZ biofuels industry are well positioned to utilize the quantities of sustainable resources readily available in our country and have already demonstrated a responsible leadership position to ensure that liquid biofuels is indeed the NZ advantage. Our members have had a nervous few months but they are already indicating this grant will help them secure jobs and invest in the medium to long term in plant and equipment.*”

The major industry players have today indicated that the prompt action by the Minister has provided immediate security to 40 direct jobs and 200 indirect jobs (using a x5 multiplier effect which is common in the manufacturing sector) The implementation of investment plans will provide a further 100 jobs in the first year. It is expected that the industry will grow to provide at least 55 direct jobs in year 3.

The specific condition of the Grant Scheme supporting only quality biodiesel that complies with the government’s regulated fuel quality specifications is welcomed too as this will ensure the growth of a robust industry that consumers will have confidence in.

Mr Cox added, “*Another key issue for our members was the need to find a mechanism to equalise ethanol’s advantage in the marketplace. The Minister has said this Scheme is designed to do that so that’s another strong positive.*”

“New Zealand is fortunate that it has a wide range of sustainable sources of bioenergy and many of these are by-products of other processing. We need to focus our attention on utilising our energy riches to maximise our economic and social wellbeing. Indigenous production of biodiesel is a good start but we can get similar value from biogas, production of bioethanol, and wood fuels.”

In its recent Position Statement on the Sustainability of NZ biofuel’s the BANZ Liquid Biofuel Interest Group set out its view’s on the advantage that biofuels offered to New Zealand. Key advantages identified were as follows:

- **Enhanced security of fuel supply** – indigenous supply of fuel - security of supply especially for New Zealand essential services in times of need.

- **Value added New Zealand raw materials that are currently exported** – the processing of these resources on New Zealand soil brings economic growth advantages by reducing our reliance on imports and providing a increased local taxation base
- **Employment "green collar" jobs** – the job creation potential is both direct and indirect via multiplier effect.
- **Value maximisation of land** - improved utilization of land and value creation within rural communities eg. rotational oilseeds, salix based cellulose to ethanol. Some biofuel crops may well also utilize otherwise poor quality and low value land thus providing increased value for land owners.
- **Reduction of 'wastes' to landfill** – many current bio-waste going to landfill are indeed bio-resources - dairy industry waste lipid streams, grease trap waste and some forestry waste is currently land-filled and yet could be converted into good quality biofuels
- **Mitigating Kyoto agreement liability due to reduced net GHG emissions from transport** - Reduced CO₂ emissions by direct displacement of fossil fuels
- **Positive health impact** - grass roots improvements in workplace health, biofuels produce far less emissions and don't contain carcinogens and harmful polyaromatic cyclic hydrocarbons (true for both biodiesel and bioethanol). One only needs to refer to the Brazilian experience from using bioethanol and how it has helped to clean up the air in their cities.

From an international perspective, the advantages that investment in liquid biofuels offers to New Zealand are also economic in nature – international investment opportunities), and they are reputational (evidence to support the 'clean green' image New Zealand likes to portray abroad').

- **Investment in R&D and biofuel manufacturing** - developing an industry platform for the eventual deployment of 3rd generation technologies, i.e. establish a proven track record of capability that would provide for future investor confidence, growth of a strong knowledge base and enhanced skill set.
- **Tourism growth by reinforcing the NZ "Clean & Green" image** – In this respect several New Zealand tourism focused companies are already leading the way (Air New Zealand for example). The potential to actively promote New Zealand as an eco-tourism destination (eg. Great Barrier Island) is significant as interest in eco-tourism is seen around the globe. The fishing and marine tourism industries are very good examples of this. Using a fuel that, if spilled, is essentially fish food is a huge advantage in our environmentally sensitive places.

Further details on the BANZ Liquid Biofuels Position Statement submitted to the minister in mid March – ***"The Sustainable Production and Use of Liquid Biofuels in New Zealand – Advantages to the New Zealand Economy and a Proposed Tax Incentive to Facilitate Market Growth, 13 March 2009"***, can be found [here](#).

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