

New Zealand Business Growth Agenda and Bioenergy – key points of note

1. Introduction

The Government released its **Business Growth Agenda (“the BGA”)** on 1st March 2012 (see [Cabinet Paper](#))¹. The Business Growth Agenda (BGA) provides the framework for the Government’s priorities for supporting New Zealand businesses to grow in order to create jobs and improve New Zealanders’ standard of living. The Business Growth Agenda replaces the previous Economic Growth Agenda.

The full BGA is available from <http://www.mbie.govt.nz/info-services/business/business-growth-agenda/2012/?searchterm=business%20growth%20agenda%2A>. The BGA has the stated aim of delivering innovative initiatives and policy reforms that will help create a more productive and competitive economy. The Government has encouraged interested parties to work with them on implementing the Agenda workstreams.

The BGA focuses on **six key “ingredients”** the Government believes businesses need to grow. Each of these has its own programme of work. To date, a progress report has been released for each workstream.

- Workstream 1: Building innovation
- Workstream 2: Export markets
- Workstream 3: Building infrastructure
- Workstream 4: Skilled and safe workplaces
- Workstream 5: Natural resources, and
- Workstream 6: Capital markets.

2. Relevance to BANZ

With the Government’s policy focus being on the Business Growth Agenda it is important that BANZ is able to identify the ‘bio’ opportunities that they have included or failed to include in each of the **six key “ingredients”**.

This BANZ Information Sheet summarises references of relevance in the BGA workstreams (specifically ‘bio’, ‘energy’, ‘fuel’, ‘land use’, ‘energy security’ and ‘wood’, ‘emissions’, ‘sustainability’) to the bioenergy sector. This Information Sheet also notes briefly what additional opportunities could be recommended by BANZ to be included in the BGA and what the Association (on behalf of the sector) needs to do in order to present these opportunities effectively to Government.

¹ http://www.mbie.govt.nz/pdf-library/what-we-do/business-growth-agenda/Cabinet-paper-governments-bga.pdf/at_download/file

A priority order with which BANZ should address the workstreams and put forward a case to the respective responsible ministries is also proposed under ‘Next Steps’. The case prepared will present the contribution that bioenergy and bio resources in New Zealand can contribute to the desired outcomes of all 6 workstreams.

3. New Zealand Business Growth Agenda – the Six Ingredients

In the table following for each of the six ingredient workstreams the following is noted:

- Introduction text – this is taken from the government website.
- What’s there – a brief look at the content of the workstream from a BANZ perspective).
- What could be there – What opportunities BANZ has identified that would fit into delivering on the workstream objectives but are not specifically listed.
- Additional Notes – Supplementary information is also noted including the responsible agency, recent progress reports and links to other government policies (in particular the policies around Green Growth).

3.1 Workstream 5: Natural Resources²

Information Text	What’s there	What could be there
<p>Natural Resources The Building Natural Resources work stream of the Business Growth Agenda aims to make better use of New Zealand’s abundant natural resources, so we can continue to grow our economy and look after our environment. Read more...</p>	<p>There is reference to ‘biomass’, ‘biodiversity’, ‘biotechnology’.</p> <p>There is a small biodiesel case study and the investment made by the government in the biodiesel grants scheme is also noted.</p> <p>There is reference to ‘woody biomass’ and there is also reference to landuse and ‘productive landuse’ and ‘landuse change’.</p> <p>The work stream also notes the importance of Maori land use and in providing opportunities for iwi and maori to improve sustainable land use.</p> <p>While there is no specific mention of bioenergy there are several references to renewable energy.</p>	<p>Of the six key ingredients this is the one that holds most opportunity for the New Zealand bioenergy industry.</p> <p>Specifically the opportunity is land use and the potential to maximize return from land using bio based initiatives.</p> <p>While there is no specific mention of bioenergy, as a renewable energy, biobased fuels have a role and growth in their use needs support through previous schemes such as EECA’s Wood Energy Programme.</p>
<p>Additional Notes: Responsible Agency: The responsible government agencies for this programme of work are assumed to be MBIE, MfE and MPI (formerly MAFF). Natural Resources Progress Report (11 Dec 2012)³ Also noted is the Media Statement - Building growth & jobs through sustainably using NZ’s natural resources (11 Dec 2012)⁴</p> <p>Additional Links: Greening New Zealand’s Growth⁵ Greening New Zealand’s Growth Progress Report Recommendations⁶ - Note under Recommendation 24 progress is very much focused on the petroleum and minerals aspects but we note the comment, “The Government is also</p>		

² Note – this workstream is likely to be of most interest to BANZ and so it’s discussed first.

³ <http://www.mbie.govt.nz/what-we-do/business-growth-agenda/pdf-folder/BGA-Natural-Resources-report-December-2012.pdf>

⁴ <http://www.beehive.govt.nz/release/building-growth-amp-jobs-through-sustainably-using-nz%E2%80%99s-natural-resources>

⁵ <http://www.med.govt.nz/sectors-industries/environment/pdf-docs-library/Greening%20New%20Zealands%20Growth.pdf>

⁶ <http://www.national.org.nz/Article.aspx?articleId=40016>

engaging in public discussion on the role of natural resources development in supporting jobs and economic growth in New Zealand.” [BANZ Comment – there is a significant opportunity for the bioenergy sector here in the creation of jobs and economic growth. This is the point that BANZ has been making for some time now].

Also noted under Recommendation 23 is the following, “The Government should explore/investigate, with industry leaders, businesses and local authorities the concept of high-profile New Zealand tourist destinations becoming models or exemplars of green growth in this sector. This model should be:

- drawn from experiences of current locations which have adopted this approach, such as Kaikoura;
- based on coordinated uptake of recognised and credible sustainability practices by as many commercial entities in that location as possible;

and

The Government supports this recommendation in principle but notes that responsibility and leadership in this area should come first from business and regional stakeholders.

Related government work includes Qualmark Enviro which provides for certification of environmental management practices by tourism operators, and local government waste management activities.

- an authentic and visible demonstration to visitors of environmental sustainability in combination with world-class tourism offerings.”

[BANZ Comment: BANZ notes the valuable contribution that the visible use of biofuels and wood present in this area for tourism, transport and accommodation. Several such ‘bio’ examples exist].

3.2 Workstream 1: Building Innovation

Introduction Text	What’s there	What could be there
<p>Building Innovation The Building Innovation work stream of the Business Growth Agenda aims to grow New Zealand’s economy by encouraging and enabling investment in research and development, and lifting the value of public investments in science and research. Read more...</p>	<p>A more detailed look at the work stream indicates reference only in passing to the following: ‘high value wood products’; ‘wood processing’, ‘industrial biotechnology [bioplastics and wood processing], (ref:Scion); and ‘biopolymer network’. There is reference to key players in the biotech sector but no specific reference to bioenergy or fuels. There is limited reference to the government investment in the high value manufacturing and services sector and biological industries.</p>	<p>New Zealand has much to gain from investment in advanced biofuels research and production from cellulosic fibres. This work is happening but is not mentioned. There is much to be gained from the development of innovative approaches to maximizing land use and economic outcomes from NZ land but this is not mentioned.</p>

Additional Notes:

The Responsible Agency: The responsible government area for this programme of work is Science and Innovation. The specific agency is assumed to be the Ministry of Business and Innovation. [Building Innovation Progress Report](#) (21 August 2012)⁷

Additional Links:

[Greening New Zealand’s Growth](#)⁸
[Greening New Zealand’s Growth Progress Report Recommendations](#)⁹ - **Note Recommendation 8** – “The Government should ensure reforms now being implemented in the Innovation System are given time to work. The Advisory Group supports these reforms, including changes within Crown Research Institutes (CRIs), **and the development of more**

⁷ <http://www.beehive.govt.nz/release/building-innovation-report-launched>

⁸ <http://www.med.govt.nz/sectors-industries/environment/pdf-docs-library/Greening%20New%20Zealands%20Growth.pdf>

⁹ <http://www.national.org.nz/Article.aspx?articleId=40016>

effective links between the business sector and CRIs and universities.” [BANZ Comment - a role for industry associations such as BANZ].

We note also Recommendation 24 – “The Advisory Group supports the conclusions and recommendations of the “Powering Innovation” and Crown Research Institute Taskforce reports and recommends that the Government consider green growth when implementing the recommendations of those reports. In particular, green growth should be considered in regard to:

- the work programme of the proposed advanced technology institutes;
- measures to support professional skill development in New Zealand; and
- the capabilities of public institutions as these are developed to support growth in high value manufacturing and services.”

and

“We are also working to strengthen research institutions and reposition public education and research institutions to develop more effective links between the business sector, CRIs and universities.”

We note also Recommendation 9 – “The Government should provide more support for the transfer, adaptation and adoption of existing knowledge and technology into New Zealand from overseas to support green growth.”

3.3 Workstream 2: Export Markets

Introduction Text	What’s there	What could be there
<p>Export Markets</p> <p>The export markets work stream of the Business Growth Agenda aims to increase exports by New Zealand businesses, which is necessary to lift New Zealand’s economic growth and living standards. Read more...</p>	<p>There is reference to the following: Biosecurity, wood pulp and high value wood products. In addition it is noted ‘make the most of our abundant energy and minerals’. Potential through environmental responsibility. Development and use of the country’s diverse energy resources. Fuel and mining products.</p>	<p>The export of high quality wood pellets is still an opportunity for New Zealand.</p> <p>The export of skills and technologies in relation to advanced biofuels .</p> <p>Specific research streams on the potential for value add bioproducts from the NZ forestry sector would be of significant value. It will be important to demonstrate the potential and the economic viability in order to interest prospective investors.</p> <p>NZ wood fuel boiler and biogas expertise has significant potential in the Australian markets for these services.</p>

Additional Notes:

Responsible Agency: The responsible agencies for this programme of work are assumed to be MBIE and NZTE. [Export Markets Progress Report](#) (15 August 2012)¹⁰

Additional Links:

[Greening New Zealand’s Growth](#)¹¹
[Greening New Zealand’s Growth Progress Report Recommendations](#)¹² - **Note Recommendation 5** – “The Government should promote the voluntary adoption of **standards and certification schemes by businesses and other entities where these help raise environmental performance and economic growth.**” [BANZ Comment - BANZ standards are certification schemes for bioenergy and wood fuel]

Also noted is Recommendation 22 – “The Government should work with the tourism industry on a new strategy for positioning New Zealand strongly with high value tourists in the greener market segment. This strategy should promote:

- increased uptake of environmental management systems and relevant certifications among New Zealand tourism businesses;

¹⁰ <http://www.beehive.govt.nz/release/govt-releases-first-progress-report-export-markets>

¹¹ <http://www.med.govt.nz/sectors-industries/environment/pdf-docs-library/Greening%20New%20Zealands%20Growth.pdf>

¹² <http://www.national.org.nz/Article.aspx?articleId=40016>

- clear linkage of “clean green” country brand attributes to different elements of New Zealand’s tourism offering, including high quality food and beverage production; and
- enhanced usage of online and social media communications to reach tourists who are both more attuned to these channels and more attracted to environmental sustainability.”

[BANZ Comment: BANZ has a significant role to play here and NZ bioenergy is already prominent. The provision of green fuel (biofuel) and green heating (wood fuelled boilers) is a very visible sign of this in the tourism sector giving credibility to the ‘green clean’ image. Further sector support and incentives could assist uptake.

We note also - Recommendation 9 – “The Government should provide more support for the transfer, adaptation and adoption of existing knowledge and technology into New Zealand from overseas to support green growth.”

We note also - Recommendation 11 – “The Government should develop and distribute to interested parties a fact-based narrative about New Zealand’s place in the world as a competitive trading nation with comparatively strong “green credentials”.

This narrative would:

- articulate the story of brand “New Zealand” and its attributes including the nation’s “clean green” reputation;
- draw together relevant facts about New Zealand (including the Green Growth Dashboard) and present these in a compelling manner; and
- become a valuable resource for businesspeople and others in their efforts to inform international audiences about New Zealand.”

3.4 Workstream 3: Building Infrastructure

Introduction Text	What’s there	What could be there
<p>Building Infrastructure The building infrastructure work stream of the Business Growth Agenda aims to provide the physical platform that will support sustained economic growth. Read more...</p>	<p>There is reference to the following: Biofuels and reference to the importance of advanced biofuels for transport Security of supply interruptions Review of oil security.</p>	<p>Biofuels for heat and for transport fuel present a significant opportunity to New Zealand to maximize return from natural resources. Specific programmes targeting the promotion of bioenergy use would be advantageous.</p>

Additional Notes:

Responsible Agency: The responsible government agency for this programme of work is assumed to be MBIE. [Building Infrastructure Progress Report](#) (1 Nov 2012) ¹³

Additional Links:

[Greening New Zealand’s Growth](#)¹⁴

[Greening New Zealand’s Growth Progress Report Recommendations](#)¹⁵

We note here - Recommendation 15 – “The Government should designate construction and healthcare, as ‘green growth sectors’ in relation to Public Sector procurement. Purchasing in these sectors will then be tied more explicitly to the ‘sustainability’ principle and a small number of priority environmental factors (for example, GHG emission reduction, waste minimisation). In the construction sector, highest priority should be given to the ‘greening’ of procurement in the rebuild of Christchurch.

Implementing this recommendation would involve setting sustainability targets for District Health Boards, New Zealand Transport Agency and construction procurement generally, and as such does not have a good fit with existing initiatives.

However, MBIE is developing procurement centres of expertise in the construction and health sectors as well as providing procurement services and support to the rebuild of Christchurch.”

[BANZ Comment: We note a growing number of health service providers switching to sustainable wood fuelled heating. BANZ has a promotional role here.]

¹³ <http://www.national.org.nz/Article.aspx?articleId=39732>

¹⁴ <http://www.med.govt.nz/sectors-industries/environment/pdf-docs-library/Greening%20New%20Zealands%20Growth.pdf>

¹⁵ <http://www.national.org.nz/Article.aspx?articleId=40016>

3.5 Workstream 4: Skilled and Safe Workplaces

Information Text	What's there	What could be there
<p>Skilled and Safe Workplaces The skilled and safe workplaces work stream of the Business Growth Agenda aims to improve the safety of the workforce and build sustained economic growth through a skilled and responsive labour market. Read more...</p>	<p>There appears to be little of relevance to the bioenergy sector.</p>	<p>NZ needs to ensure that the skills to take advantage of the production of energy from it's natural resources are in place. This can be achieved through national programmes but also making the most of international partnerships such as the IEA Bioenergy Task Groups.</p> <p>Financial support for industry has always been a missing link here. Learning is essential beyond just research institutes.</p>
<p>Additional Notes: Responsible Agency: The responsible government agency for this programme of work is assumed to be MBIE. Skilled and Safe Workplaces Progress Report (9 Oct 2012)¹⁶</p>		

3.6 Workstream 6: Capital Markets

Information Text	What's there	What could be there
<p>Capital Markets The Building Capital Markets work stream of the Business Growth Agenda aims to ensure New Zealand has high performing capital markets that support investment, growth and jobs. Read more...</p>	<p>While this workstream states that it is aimed at redesigning Government research and development funding and incubator programmes, and increasing investment and the flow of capital into our export sector there appears to be little of direct relevance to the bioenergy sector.</p>	<p>The promotion of investment in current and future bio initiatives.</p> <p>BANZ needs to consider an investment strategy approach that will assist current and future players in the sector.</p>
<p>Additional Notes: Responsible Agency: The responsible government agency for this programme of work is assumed to be MBIE. Building Capital Progress Report (11 Feb 2013)¹⁷</p>		

4. Relevance to the Bioenergy Strategy

The New Zealand Bioenergy Strategy was released on 8th September 2010. (See the joint BANZ and NZFOA Press Release [here](#).)

The Government through the New Zealand Energy Strategies (NZES) has endorsed this industry lead initiative as the focus for increasing the use of bioenergy in the New Zealand energy mix.

It's clear however that the current policy focus for the Government is on the Business Growth Agenda and while the Bioenergy Strategy and the NZES provide an anchor for BANZ, the NZES is near dormant within Government and the Bioenergy Strategy must be dovetailed into the current policy focus.

¹⁶ <http://www.national.org.nz/Article.aspx?articleId=39572>

¹⁷ <http://www.mbie.govt.nz/what-we-do/business-growth-agenda/pdf-folder/Capital-Markets-report.pdf>

The strategy notes the following Vision:

Economic growth and employment built on New Zealand’s capability and expertise in forestry, wood processing and bioenergy production - leading to new business opportunities which by 2040 supply more than 25% of the country’s energy needs, including 30% of the country’s transport fuels.

Implementation of the Bioenergy strategy will achieve multiple national economic benefits – both through extracting additional value from existing harvest residues, organic wastes, and diversified land use; and through economic growth generated by new energy crops.

To succeed, the strategy requires the sector to work with a common vision and collaboration in partnership with Government. With the endorsement provided through the NZES industry now needs to work with Government to establish mechanisms to support investment and overcome market barriers, particularly through clustering of market participants.

Existing and new forests, and farm-based energy crops, will be utilised to establish regional supply chains - building on the expertise and infrastructure of larger players in the energy, forestry and wood processing sectors. However, it is also important that small industry players are supported through integrating their needs into the BGA.

Collaboration with the forestry sector will be key to reduce growing, collection and processing costs of wood fuel, and to ensure delivery to specified quality standards but this is not touched in the BGA.

5. Next Steps and activities

Given that the Business Growth Agenda is the government’s focus, the onus is now on BANZ to identify and build on the opportunities in the ‘six ingredient’ workstreams to promote the role of bioenergy and resources and so deliver the desired outcomes.

Given the issues set out in each of the work streams it’s clear that BANZ can add to some areas more than others. It’s clear for example that there are more opportunities to feed into the Natural Resources workstream than the Skilled and Safe Workplaces workstream. BANZ has identified the following order or priority in terms of developing an approach to take to the respective agencies responsible for delivering on each workstream:

- Highest Priority**
1. Priority 1 - Natural resources
 2. Priority 2 - Building innovation
 3. Priority 3 - Export markets
 4. Priority 4 - Building infrastructure
- Generic interest and contribution (less important to BANZ)**
5. Priority 5 - Skilled and safe workplaces
 6. Priority 6 - Capital markets

Actions

	Activity	Who
1	<p>In preparation for meeting with the Minister of Energy and Resources develop a short, sharp 2-page briefing note on the opportunities that bioenergy and bio resources present in terms of delivering on the desired outcome of each of the four priority workstreams of the Business Growth Agenda noting:</p> <ul style="list-style-type: none"> • New Zealand’s bioenergy potential and the opportunities • How these opportunities fit with and can deliver on the desired workstream outcomes • What the sector needs from Government to facilitate delivery • What the sector can deliver that meets the government’s objectives with this workstream <p>For each 2 pager there needs to be a clear case made of the added value NZ bioenergy presents to delivering on the objectives of the workstream.</p> <p>For each 2-pager reference should be made to successes so far, opportunities, overseas experience etc.</p> <p>For each 2-pager there needs to be a clear setting out of the following:</p> <ul style="list-style-type: none"> • what it is that BANZ can contribute, • what it is that BANZ wants, and • the next steps in turning ideas into results. 	<p>BANZ Team to draft two pager briefing document on each workstream.</p> <p>Circulate the draft to BANZ Board members</p> <p>Draft finalized and approved.</p> <p>Prepare a 4-slide presentation.</p>
2	<p>For each of the four priority workstreams engage directly with the identified relevant agency.</p> <p>Considerable effort is now required to ensure that bioenergy is represented as a strong contributor to meeting objectives to those now tasked with delivering on the Growth Agenda.</p>	<p>Executive Officer to send the 2-pager to the relevant government agency and their relevant Minister requesting an opportunity to meet.</p> <p>The Executive Officer and one Board member to attend.</p> <p>A follow up contact would be undertaken</p>
3	<p>Media Statements – visibility.</p> <p>BANZ has a good record of medias statements being picked up in the press. A positive media statement should be developed to back up each of the 2 pagers.</p>	<p>Executive Officer to draft for Chairman’s approval.</p>

6. Timescale

A timescale for the development of the notes and the meetings with the relevant agency to take place should be developed following agreement from the Board on the proposed way forward.