



Sustainable Biofuels Bill 2009

Parliamentary Commissioner for the Environment, Dr. Jan Wright

Oral submission notes

Thank you for the invitation to assist you by making this submission.

I strongly **support the intent** of the Bill, but seek to make it more workable.

Growing biofuels in New Zealand is very different from importing them:

- In other countries, fuel crops can displace staple foods like grains, cereals and edible oils. Here, agricultural land mostly produces exports, of meat, dairy products, wine and wool.
- In developing countries, expanding biofuel production can drive conversion of rainforests to agricultural land. But in New Zealand, domestic biofuel production is no more likely than other land uses to threaten biodiversity or land with high conservation value.

The **objectives** of the Bill should be:

- **to discourage imports of 'bad' biofuels or their feedstocks, and**
- **to encourage the production of biofuels in New Zealand.**

These objectives have benefits for the environment, energy security, balance of trade and the emerging local biofuels industry.

Background

In April 2008, I recommended to this committee that the Biofuel Bill 2007 not proceed:

- It established a biofuel sales obligation, for fuel companies to ensure that a small percentage of biofuel was mixed in with their conventional fuels.
- It was clearly meant to assist the development of a biofuel industry in New Zealand.
- But it originally contained nothing to prevent fuel companies meeting the obligation by importing 'bad' biofuels from the developing world.
- Sustainability criteria were incorporated, that Bill was enacted and then repealed.

Creating sustainability standards for biofuels is problematic:

- Should we have a greenhouse gas emission standard for diesel made from biomass, but not diesel made from coal?
- Should we have sustainability standards for biofuel production, but not for other land uses?
- How can the same standards be applied to both imported and domestic biofuels?

Bans based on applying sustainability criteria were a necessary part of a biofuel sales obligation, but are unlikely to be consistent with New Zealand's international trade agreements.

There are other ways of pursuing the Bill's first objective, for example:

- Tariffs can be imposed on imported biofuels or feedstocks.
- Transparency – ensure consumers are told what a fuel is made from and where it comes from.
- Adopt internationally accepted standards as and when available.

There are already some programmes pursuing the second objective:

- There is a subsidy on biodiesel sold in New Zealand, and bioethanol is exempt from petrol tax.
- But these subsidies also apply to biofuels made from feedstock grown in other countries, which may well be 'bad' biofuels.

I **recommend** that:

- **If the House is to pass the Sustainable Biofuel Bill, the amendments proposed in my submission are adopted.**
- **If the House does not pass the Sustainable Biofuel Bill, Parliament consider other options for discouraging importation of 'bad' biofuels, and take action as a result.**
- **The excise tax exemption on bioethanol, and the subsidy on biodiesel, be restricted to biofuels grown and manufactured within New Zealand.**