

Enabling Biofuels Project Manager  
Environment Group  
Ministry of Transport  
PO Box 3175  
Wellington

18 October 2006

From: Auckland Regional Council  
21 Pitt Street  
Private Bag 92 012  
Auckland

**Submission on:**

***BIOFUELS SALES OBLIGATION: A discussion paper on proposed policy, September 2006***

1. The Auckland Regional Council (ARC) acknowledges the intention of the Government in encouraging the uptake of biofuels is to reduce New Zealand's carbon dioxide emissions under the Kyoto Protocol and to assist with security of transport fuel supply. The ARC supports both of these intentions.
2. A key goal of the ARC is to improve air quality in the Auckland region. Air quality in the urban area currently breaches acceptable levels required under the Air Quality National Environmental Standards, and the ARC's position is that a range of measures will be required to improve air quality. The combustion of transport fuels is a significant contributor to air pollution in the region. As the country's largest urban area, there are 744,000 motor vehicles registered in the Auckland region, with an annual trend of 5% increase in motor vehicle use. Particulate emissions from motor vehicle fuels constitute 51% of the region's PM<sub>10</sub> emissions<sup>1</sup>. To the extent that this proposed policy assists in reducing emissions to air from the combustion of motor vehicle fuels, the ARC supports this proposal.
3. To achieve improved air quality, the ARC has advocated for many years that fuel specifications be tightened to reduce and remove harmful pollutants. The ARC has been pleased to see improvements in fuel specifications. The ARC welcomed<sup>2</sup> the Associate Minister of Energy's August 2006 announcement that fuel specifications will be improved further<sup>3</sup>, to bring New Zealand in line with best practice overseas. New Zealanders will benefit from improved health due to lower harmful emissions, and the New Zealand motor vehicle

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<sup>1</sup> PM<sub>10</sub> are particulates less than 10 microns in size, which can cause adverse health impacts by lodging in lungs.

<sup>2</sup> ARC welcomes cleaner fuels, media release 3 August 2006: <http://www.arc.govt.nz/arc/about-arc/media/index.cfm?88F08791-BCD4-1A24-9DE9-E5E959F47B1C&entryID=D1DF188B-BCD4-1A24-954D-B7F424D273B3>

<sup>3</sup> Associate Minister of Energy Harry Duynhoven, media release 3 August 2006: Consumers to get cleaner petrol and diesel, <http://www.beehive.govt.nz/ViewDocument.aspx?DocumentID=26665>

industry will benefit because newer vehicles perform best with better fuel quality.

4. The ARC is concerned that in introducing in any policy on biofuels, there should not be any relaxation of New Zealand's fuel specifications detrimental to air quality. The ARC is concerned that any relaxing of fuel specifications may have other adverse environmental or health effects due to a greater release of pollutants. Tight fuel specifications are fundamental to sustainable and integrated transport, health, energy and environmental policies.
5. The ARC notes (paragraphs 115 and 127 of the document) that further technical investigation into the appropriateness and level of any waivers to the PPSR for retail bioethanol-petrol blends and retail biodiesel-diesel blends is taking place, and seeks to be informed of the results and to have an opportunity to comment on them, as mentioned. The ARC has technical expertise in this area and considers this matter of high importance to its air quality policy and requirements to meet the Air Quality National Environmental Standards.
6. The ARC is required to take a sustainable development approach in pursuing its purpose of promoting the social, environmental, economic and cultural well-being of its communities. In accordance with a sustainable development approach, the ARC particularly supports the productive use of local waste products for the production of biofuels. This provides new opportunities for local industry and a greater efficiency of waste product use. The ARC supports a biofuels sales policy that prioritises and incentivises support for waste-to-fuel initiatives. The proposed policy itself recognises that biodiesel has a net national benefit if made from NZ tallow, whereas imported bioethanol does not have a net national benefit (paragraphs 82 and 83).
7. Further, the ARC cautions that unless carefully planned and managed, the production of some biofuels may result in adverse environmental and social impacts, particularly when the broader perspective of farming practices and production of ethanol is taken into account<sup>4</sup>. The benefits to community well-being are not achieved by conversion of arable land to crops dedicated to biofuels. For biofuels to contribute to a sustainable energy strategy, negative impacts arising from biofuel production need to be recognised and taken into consideration and monitored, as part of the potential effects of the policy. Biofuels may be ecologically superior to fossil fuels in terms of being a renewable resource that generates lower carbon dioxide emissions. However, in some countries biofuel production is displacing natural rainforest and local communities<sup>5</sup>. In this case, the overall net ecological and social impact may be negative. The origin of a biofuel product can make a significant difference to its contribution to sustainability. The creation of a biofuel sales obligation is likely to lead to importation of biofuels, which creates further market demand for these fuels without consideration of global environmental and social externalities. The Auckland region does not make progress towards its

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<sup>4</sup> See section 4.3 Environmental Performance, in *Towards a UK Strategy for Biofuels - Public Consultation*, available at:

[http://www.dft.gov.uk/stellent/groups/dft\\_roads/documents/page/dft\\_roads\\_028393-04.hcsp](http://www.dft.gov.uk/stellent/groups/dft_roads/documents/page/dft_roads_028393-04.hcsp)

<sup>5</sup> Information on palm oil plantations replacing rainforest in East Kalimantan is available in the WWF report: *Oil Plantations and Deforestation in Indonesia: What Role Do Europe and Germany Play?* Available at: <http://assets.panda.org/downloads/oilpalmindonesia.pdf>

sustainability by importing fuels that have been created unsustainably. To mitigate this, the ARC:

- a. Supports the gathering of information relating to the origin of biofuels (as outlined in section 32) for further policy consideration of the overall effects of the policy, and
  - b. Suggests that the biofuels sales obligation policy provides strong incentives for a local waste-to-fuels industry to develop, in order to meet the target through the use of local waste products as the priority fuel source.
8. Should you seek any clarification on this submission, please contact: Jo Mackay, 09 366 2000 x 8448 or at [jo.mackay@arc.govt.nz](mailto:jo.mackay@arc.govt.nz) at the first instance, or Dr Gerda Kuschel on 09 366 2000 x 8663 or [gerda.kuschel@arc.govt.nz](mailto:gerda.kuschel@arc.govt.nz) for discussion of technical aspects of fuel specifications.

Yours sincerely

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