

Parliament passes biofuel bill

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Parliament last night passed legislation requiring oil companies to supply biofuel at a fixed percentage of their total sales.

They have to start supplying it in October this year at 0.5 percent, rising to 2.5 percent by 2012.

Decisions about which type of biofuel is supplied, how much of it is blended with fossil fuels and where it comes from will be up to the industry.

Energy Minister David Parker said during the third reading of the Biofuel Bill that the alternative fuels would have to be sustainable.

"We know all biofuels are not equal and sustainability is under increasing scrutiny," he said.

"But because some biofuels are not good doesn't mean all are bad."

Mr Parker said the cost was frequently misrepresented and would depend on the price of oil, the cost of biofuels and the exchange rate.

Estimates ranged between a price increase of 1.3 cents a litre and a saving of 4 cents a litre.

National opposed the bill and MP John Carter said the Government was asking Parliament to support "a great big, unsubstantiated experiment" without any facts to back it.

He said the OECD, the G8 conference and many other world bodies had all said there was great doubt about the benefits of introducing biofuels.

"Why does it have to be New Zealand?" he asked.

ACT leader Rodney Hide interjected: "No one else is stupid enough."

Green Party co-leader Jeanette Fitzsimons said it was a small step but it would bring in investment that would create the infrastructure to produce biofuels that could be used when new technologies became available.

"The arguments against it are based on a mixture of mind-boggling ignorance by some and an absolute determination by others to ignore all the facts, no matter how many times they are put in front of them," she said.

Ms Fitzsimons said biofuels had been used in Brazil for 40 years and were produced in many other countries.

"It's not rocket science and it's not an experiment," she said.

The bill passed its third reading 70-50, with Parliament sitting under urgency.