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Media Release

Gas transition loan scheme a positive step forward for wood products industry

Large industrial gas users now have a new pathway to transition away from natural gas, following the Government's launch of the Gas Transition Loan Guarantee Scheme. The Wood Processors and Manufacturers Association of NZ (WPMA) says the initiative offers a practical and timely solution for manufacturers facing uncertainty around the future availability and cost of natural gas.

"The insecurity created by energy demands is a serious threat to manufacturing growth within New Zealand, and it is welcoming to see Government taking this positive step by making available up to \$1.2 billion of bank loans to reduce our dependency on gas," said Mark Ross, WPMA Chief Executive.

While the scheme is only a partial solution to New Zealand's long-term energy challenges, it offers a practical mechanism for companies exposed to gas shortages to shift toward alternative energy sources such as biomass, which is produced from wood residues and forestry by-products.

Though extending the Government's loan facility to support biomass supply-side development, not just consumption, would assist in accelerating progress. While many regions have the raw biomass resource available, investment in processing, logistics, and infrastructure remains essential to ensure a reliable, cost-effective supply.

"Supporting both sides of the biomass equation, supply and demand, will be a key element to ensuring a long-term sustainable solution," Ross said.

WPMA has also been working closely with the Energy Efficiency and Conservation Authority to support our members in identifying practical opportunities to reduce energy costs across their operations. The Budget's allocation of \$5.9 million for EECA to investigate pathways for transitioning away from gas is therefore a timely welcomed commitment.

"The opportunities to solve our energy challenges are already within reach," Ross said. "This initiative is one important piece of the puzzle, and WPMA continues to support cross-party consensus on a long-term energy strategy that keeps businesses operating and builds a more secure, affordable future for our industry."

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WPMA – who we are:

WPMA is an industry membership association representing companies involved in the wider wood processing and manufacturing industries, including sawn timber, pulp and paperboard, manufactured and engineered wood products, along with bio-forest products. Our vision champions wood processing and manufacturing as the core to New Zealand's economic growth, regional development, and sustainable environment.