



10 November 2004

Neil Byron
Presiding Commissioner
Productivity Commission Energy Efficiency Inquiry

Submission - Energy Efficiency Inquiry
Australian Meat Processor Corporation Ltd

As requested, please see summarised below feedback from Australian Meat Processor Corporation Ltd (AMPC). AMPC believes that there is significant potential for energy efficiency amongst its member's which is presently unutilised. Given the regional location of many of the members, we believe this would have economic and environmental benefits for the rural community. We have kept the submission brief and summarised it in table form, in consideration of the time constraints of the Commissioners.

Many businesses in the meat industry are small companies, with flat organisational structures. A substantial number are family owned. This means that often no one person has direct responsibility for energy efficiency issues, but rather they are spread around job roles. The meat industry is very heavily regulated from an Occupational Health and Safety and Food Safety perspective, so the nature of the industry is often focused on compliance issues in these key areas. The margins in the industry as a whole have been declining due to issues such as drought related supply constraints. As utilities generally account for a small proportion of total production costs, they are not necessarily given a great deal of attention due to the other pressures of the business. The lack of government programs supporting energy efficiency sends a very strong message to the meat industry and that message is that the government isn't really concerned.

Supply Side Issues

Cogeneration	Due to the lack of consistent government policy, programs and incentives between State and Federal agencies, lack of any financial benefits to host sites for electricity demand benefits and the non-core nature of cogeneration, this technology has not been widely adopted. However, the heat and electrical load of meat processing plants, in particular their need for hot water and low pressure steam, makes them ideal potential host sites for BOO/BOOT cogeneration schemes.
Biogas	Potential exists to generate biogas both from existing anaerobic ponds and from new bioreactor treatment plants. The latter have been used overseas to treat wastewater, paunch, manure and other solid wastes, reducing waste to landfill, odour complaints from wastewater treatment ponds and recover useful energy from the waste streams through bioconversion

Supply Side Issues

Biodiesel Substantial programs exist overseas for converting tallow into biodiesel. While this has largely stemmed from restrictions on the use of tallow for human consumption, this technology has the potential to provide more sustainable fuel supply to regional areas. Biodiesel demand currently outstrips supply, due in part to the superior performance of biodiesel in relation to particulate levels.

Biomass For plants with solid fuel fired boilers and wastewater irrigation, the potential exists to use short rotation coppicing of native species (such as the mallee plant in WA) to sustainably utilise wastewater and produce fuel which could offset coal consumption. A number of biomass fuelled plants are considering changing to coal due to constraint on supply and occupational health and safety issues

Ideal outcome;

- development and implementation of programs such as those in existence overseas eg UK cogeneration support, US/Canada biodiesel program, EU/UK "Set aside"/ biomass programs
- tax relief for investment, such as accelerated depreciation, ability to claim R&D expense for development work

Demand Side Issues

Information General information, such as how to improve the efficiency of boiler/steam systems, is available but not in a consolidated, comprehensive form that is easily accessible. Much of the case study material available is written in the form of public relations material rather than technical documents, with insufficient information to be able to replicate the projects elsewhere.

Some regional locations do not have the same level of access to the Internet as metropolitan locations, so information provision needs to consider this equity issue.

Industry – specific information The meat industry is fortunate to have the Eco-Efficiency Manual at it's disposal, but this really needs to be supplemented with spreadsheet calculators and detailed case studies.

In particular, additional work needs to be done to develop key performance indicators and benchmarks which account for byproducts processing, as currently this is not accounted for in industry benchmarks

- Government programs**
- If each State had a program similar to the NSW DEUS Energy Smart Business Program but at a lower cost and with greenhouse credits being utilised to subsidise the scheme, more could be achieved.
 - At present 27 AMPC members are involved in the Greenhouse Challenge Program. AMPC has only been able to supply them with limited additional support to implement action items, but have this year received funding to develop some communication tools for mini-audits on site. In reality, the money AMPC obtains from AGO will not cover the total cost of implementing this measure, but AMPC is committed to supporting its members who have chosen to be proactive in managing energy efficiency in whichever way possible

Demand Side Issues

Training	The meat industry is fortunate in having a specific industry training group, MINTRAC, which has developed and facilitates training courses. However, as courses are expensive to run given that participants must come from a wide catchment area it is difficult to obtain the required numbers to run the "Utilities and Energy" course. All MINTRAC courses are competency based and students are required to develop and implement projects at their plant as part of the assessment, in addition to developing a management system approach to Utilities and Energy Management. Plants are often limited in who they can send to courses, as it requires time away from work and most organisations have very lean structures.
Management System	AMPC, with funding support from the industry, has developed a comprehensive Quality Management System, which has been adopted by AQIS. AMPC would like to extend the scope of this system to cover environmental issues, in particular energy efficiency, benchmarking and key performance indicators, to enable sites to manage these issues on a more frequent basis ie weekly/monthly rather than an annual report. AMPC sees this as the key to improving industry performance. Ideally, the measurement and verification section relating to energy efficiency projects would be based on the principles of the AEPICA Best Practice Guide for Measurement and Verification. This would enable sites to obtain a financial benefit as the system could then be used to "sell" greenhouse credits, either through a scheme such as the NSW NGACs or private schemes such as the Commonwealth Bank Greenhouse Friendly Scheme.

Ideal outcome:

- support to develop resources which can be used in training and inhouse at the plant to assist in identifying and implementing projects
- support to assist sites in implementing a management system to enable them to reap the external benefits of improving greenhouse gas emissions
- work towards regional sites being given financial consideration for electricity network benefits relating to reduced demand and improved load factors

We look forward to meeting you in person on 16th November to discuss these issues further

Yours sincerely,

Tracey Colley
Greenhouse Challenge Program Co-ordinator & MINTRAC Trainer