



30 April 2005

Inquiry into Energy Efficiency  
Productivity Commission  
LB2 Collins Street East  
MELBOURNE VIC 8803

RE: Comments on draft report on Energy Efficiency

To Whom It May Concern:

Firstly, we would like to correct an omission from our submission to the inquiry hearings. In addition to the AMPC members participating in the Greenhouse Challenge program already mentioned, we would also like to draw attention to Fletcher International Exports, which has two plants on the program, the headquarters in Dubbo, New South Wales and the plant near Albany in Western Australia. Fletchers are Australia's largest sheep processor, and ship sheep meat, wool tops, and associated products to more than 70 countries around the world.

Secondly, we would like to provide the following comments on the draft report. They have been summarised into a table for the sake of brevity.

Issue	Comment
Firms generally implement energy efficiency improvements that are cost effective	In an industry like the meat industry, which is heavily compliance focused and heavily regulated in areas such as food hygiene/safety, quality and occupational health & safety, and where utility costs account for approximately 5% of non-livestock operating costs, energy efficiency is not a key strategic issue. If information and tool to assess options are not readily available, opportunities will be missed as companies focus on issues which are more key to their business success, such as stock supply or product marketing
Different incentives	This is particularly true for energy efficiency which results in reduced electricity demand (which a site will probably obtain no benefit from electricity network companies for) and the audit requirements for greenhouse trading schemes can mean that all but the largest projects are not worth organising contracts for. Both these areas can be influenced by Government
Mandatory measures	AMPC are glad that the report has not underestimated the massive amount of research which would be required to develop meaningful industry benchmarks and key performance indicators. Through the Greenhouse Challenge program, it has become that even though the meat industry does have published benchmarks, they are of limited usefulness as they relate only to the main product (tonnes of hot standard carcass weight) and do not consider the plethora of other byproducts which plants produce (tallow, meal, offal, wool, runners, skins etc)

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Signals from Government	Perhaps the most powerful signal about Australia's commitment to greenhouse gas abatement is the fact that the Federal Government has not ratified the Kyoto protocol. This sends a very strong message to the business community that the Federal Government is not serious about greenhouse
Evaluations of existing programs	This is a commendable move, and should include how the principles of the new AEPKA Best Practice Guide for Measurement and Verification of Energy Savings can be incorporated into Government programs. This should assist in limiting the amount of additional auditing required, which currently erodes the value of tradeable greenhouse emissions credits
Conservation measures	Some industries, such as the meat processing industry, are limited in terms of conservation measures because to the strict nature of quality controls eg room temperatures are mandatory, hot water delivery temperatures are mandatory
Organisational failures & behavioural norms – role of information	Information needs to be targeted at both the senior management who make decisions about resource allocation AND technical staff who make the actual recommendations about equipment purchases. For example, in 1997 the UK Energy Efficiency Best Practice program had over 800 publications which covered energy consumption guides, best practice, good practice, future practice. The publications related to industry sectors and technologies, and were based on communicating actual case studies. The information provided by DITR Energy Efficiency Best Practice program is a worthwhile start, but only covers a limited number of industry sectors and is does not have the same depth of information.
Role of Government in providing information	Most businesses are constantly being approached by vendors trying to sell them something and vendors of energy efficiency equipment are no different. There is a clear role for Government to assist businesses in making informed decisions, as indicated by the CADDET/EEBP case study approach + motors database. The consumer equivalent is something like Choice Magazine – consumers may make a choice based on non-energy related issues, but at least they are provided with a comparison of options
Role of Government in capacity building in regional areas	There is a clear role for Government to assist rural and regional businesses, such as AMPC members, to access resources and reduce individual business risks. For example, after sales support for new or novel equipment can be a critical issue in equipment selection if it will take 5 working days for someone to visit a site in a regional area. Most energy efficiency service companies are also located in major centres, so rural and regional areas may need more support to achieve the same level of service availability at a competitive price. This is particularly relevant in States where the utilities are still owned by Government.
Lack of Government co-ordination	The lack of co-ordination between State and Federal Government agencies means that it is not a simple task to find all the information available. For example, the Energy Smart Toolbox on the DEUS site has useful online calculators that are just as relevant for businesses in every state and yet they are not linked to Federal of other state sites.

Yours sincerely,

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