

Meat Industry Association of New Zealand (Inc)

Submission to the Energy Efficiency and
Conservation Authority on

The Draft New Zealand Energy Efficiency and
Conservation Strategy

March 2007

Contents

- I: Introduction3
- II: Executive Summary4
- III: Submission4
- IV: Contact Details:.....8
- Appendix: List of MIA Members – Year Commencing 1 July 2006.....9

I: Introduction

1. The Meat Industry Association of New Zealand Incorporated ('MIA') is a voluntary trade association representing New Zealand meat processors, marketers and exporters. It is an Incorporated Society (owned by members) that represents companies supplying virtually all of New Zealand sheepmeat exports and all beef exports, producing 17 per cent of our nation's exports by value (30 percent of New Zealand's primary sector export revenue). The New Zealand meat industry earned \$5 billion in export revenue in the year ended May 2006 and \$1.22 billion from domestic meat sales in the year ended March 2006.
2. MIA member companies operate approximately 80 processing plants dispersed throughout the country. The plants slaughter and process approximately 24 million lambs, 4.4 million sheep and 4.2 million cattle and calves each year. Ninety percent of this production is processed into value-added products. Approximately 800,000 tonnes or 85% of the production is exported to overseas destinations. Our affiliate members add to the depth of expertise available from the membership, with representation throughout the meat supply chain, including road and rail transport, shipping lines, ports, packaging firms, specialist product exporters, research and technology.
3. The Association advocates on behalf of its members and provides advice on economic, trade policy, market access, employment relations, business compliance costs and technical and regulatory issues facing the industry, with a particular focus on:
 - Food safety trends and developments in importing countries
 - Economic and trade aspects of market access to key overseas markets
 - Major public policy proposals that could impact on industry operations
4. The MIA is also the interface between the meat industry and government (i.e., it is the consultative body referred to in various New Zealand statutes, such as the Meat Board Act 2004 and the Animal Products Act 1999).
5. The Association's mission is to:
 - Provide a forum for consideration of industry-wide commercial, human resource, marketing, and sanitary and zoosanitary issues; and
 - Provide the means of formulating a collective view on issues of industry-wide interest, and of conveying that position to government, departments of state, trade bodies, and other appropriate external agencies and organisations.
6. A list of Association members is attached as Appendix 1.

Background to this Submission

7. This submission is made by the MIA to provide feedback to the Energy Efficiency and Conservation Authority on the Draft Energy Efficiency and Conservation Strategy. It represents the views held by our members in response to consultation undertaken with them.

8. In developing the submission all MIA members and affiliate members were consulted and asked for input, although individual members may also make their own submissions specific to the views of their operations.
9. The questions contained within the Draft Strategy form the basis of this submission.

II: Executive Summary

10. MIA agrees generally the direction of the draft energy efficiency and conservation strategy is appropriate.
11. MIA submits that action plan priorities should be determined by the level of improvement in energy efficiency or conservation for the expenditure incurred. Comparisons to determine the priorities should not be restricted to within sectors but should also be benchmarked across sectors.
12. MIA agrees the targets set as part of the objectives should be quantifiable, easily understood and transparent.
13. MIA believes partnerships and cooperation between central and local governments together with commercial interests will be necessary to maximise the impact of the action plans.
14. MIA submits that energy conserving behaviour has the potential to significantly contribute to reaching the energy efficiency and conservation targets, particularly in the transport sector because of its high proportion of national energy consumption, but also in other sectors.
15. Transport, because of its proportion of national energy consumption (43%) represents the area of greatest potential to effect efficiency and conservation gains, and therefore should be afforded the highest priority. Opportunities exist to coordinate road, rail, coastal and international shipping to utilise the most energy efficient modes of transport.
16. MIA also submits renewable energy targets should be sector specific and implemented in the electricity generation and transport sectors as well as in industries of intensive energy consumption such as cement and steel production.

III: Submission

Within each sector do we have the right mix of actions?

17. MIA submits the mix of actions should be determined by the level of energy savings achieved annually by each of the actions. On that basis, there will be a requirement to monitor the energy savings annually and to adjust the mix of actions to incentivise those providing the best efficiency and conservation returns.
18. MIA also submits prioritising the mix of actions should not be restricted to considering this within sectors, but priorities should be considered across sectors to ensure the limited resources are applied to where they will provide the best result.
19. This approach will therefore ensure those projects delivering the best savings will be accorded the highest priority, and as the ability to generate greater efficiencies and conservation become more costly for the results generated from existing projects, new projects will attain higher priority status. This may be achieved by an annual review process to monitor project performance in meeting each projects environmental objective and its economic impact.

Do you have suggestions for prioritising actions within each sector?

20. MIA submits actions should be prioritised both within and across sectors on the basis of how rapidly the objectives can be met and what the size of the energy savings achieved are for the amount of expenditure.
21. The energy savings should be real and quantifiable, and monitored annually to enable the most effective actions to be given the highest priority.
22. There should also be an annual review of the action priorities, particularly their effectiveness to enable the redirection of resources if appropriate.

Have we assigned accountability for actions to the right agencies? If not, who should be responsible for those actions?

23. MIA submits it is more important to assign accountability to the right people, rather than to place energy efficiency projects into departmental silos. The assignment of accountabilities should go to where the greatest experience and expertise rests, for each specific action or related group of actions. An additional consideration is to ensure the agency involved has access to the data required to monitor the progress of each action to enable the assessments to be made. MIA does not have the knowledge to make specific judgements on which agencies accountability for specific actions should rest with.

Do you consider that the proposed approach towards setting targets and performance indicators as described on page 63 is appropriate? If not, why?

24. MIA generally agrees with the approach towards setting targets and performance indicators as outlined on page 63 of the Draft Strategy document. There is likely to be further advantage to be gained by extending this approach down to sectoral level and ultimately business level so sectors and businesses can benchmark their own level of energy efficiency against their sector, and also best practice. Appropriate units of measure would need to be agreed to enable this to take place.

Do you agree with how progress towards meeting targets and progress indicators will be monitored?

25. MIA agrees with how progress will be monitored and analysed in terms of energy use, intensity, efficiency conservation and renewable energy at a sectoral level, with the sectoral level markers being integrated into national targets and used to monitor the effectiveness of the final overall national strategy. It is particularly important to monitor this at sectoral level, to enable benchmarking and international comparisons to be made.
26. It is therefore important for the information gaps identified in the Statistics New Zealand *Domain Plan for the Energy Sector* to be addressed to enable the monitoring to be effective and timely.
27. MIA also agrees the measures, whether outcome or output based, should be quantifiable and easily understood.

How can local government and non government agencies work with central government to improve the uptake of energy efficiency and renewable energy? What is needed to enable this to happen?

28. Local government can adopt similar policies and actions as central government as outlined in the draft strategy document, showing leadership in implementing the National Energy Strategy.
29. MIA submits local government can improve the uptake of energy efficiency and renewable energy by reducing the barriers to developments consistent with central governments energy objectives by amending the RMA consent process to make it more efficient and less costly in both time and expenditure.
30. Local government policy should be consistent with the national energy strategy. For example, the operation of an efficient public transport system, generation of renewable energy from landfill waste and effluent treatment systems are areas where local government can have significant influence.
31. Improved infrastructure, particularly road, rail and shipping, to improve transport efficiencies, and power distribution facilities will have a significant positive impact on our major energy consuming sectors.

What contribution do you think non government organisations and business organisations can make to improve energy efficiency and enhance uptake of renewable energy?

32. Within the Action Plans, there are a number of actions promulgated which will improve energy efficiency, and simultaneously reduce costs for business and consumers. For example the integration of road, rail and coastal shipping networks and acceleration of biodiesel uptake are examples where non governmental organisations can assist for example by providing services and service standards which make them attractive options.
33. Adoption and reporting on progress of energy conservation initiatives will educate and change attitudes at enterprise level.

Have we got the right emphasis on improving technical efficiency versus influencing and modifying New Zealanders' energy purchase and use behaviours?

34. MIA considers the mix between improving technical efficiency and influencing and modifying energy purchase and use behaviours is about right. National transport (43%) and industrial (29%) together make up 72% of New Zealand's energy consumption. These areas will provide the greatest opportunities for energy efficiency improvements however in addition, within the other sectors there will be some easily obtained improvements, such as those obtained from the commercial building and better products strategies as detailed in the Draft Strategy document.
35. The detailed action plan entitled "Further on a full tank" provides just under 50% of the estimated annual savings target to be achieved by 2030. Implementation of this plan needs to be afforded a high priority due to its weighting within the overall strategy.

What role do you see, if any, for energy conserving behaviour to reduce energy use and carbon emissions? Should such behaviour be encouraged continually or sporadically?

36. MIA submits behavioural changes can have a significant impact on the reduction of energy use. Energy efficient behaviour should be encouraged all of the time, including the work place, home and in driving habits and frequency. As an example, National News UK reports on a Somerfield supermarket study that shows just less than 1M tonnes of CO₂ per annum are generated by unnecessary grocery shopping trips in UK¹.
37. There are also benefits to be obtained by changing employee behaviour in the workplace through shutting down equipment and lighting not in use. Such behavioural changes if constantly reinforced will be extended into all facets of life and will ultimately become habitual. Energy use savings generated by behavioural change while difficult to estimate will form part of the contribution to the economy indicators such as the energy: GDP ratio and CO₂ : GDP ratio as proposed in the Draft Strategy.

Limited targets are currently proposed in the transport sector. There is an opportunity to include more specific transport targets that apply at a local level e.g. increased modal share of public transport. What transport targets would be appropriate to include in the final strategy?

38. MIA submits that public transport, while important is only one aspect of this question. Public transport usage is currently measured by existing operators, which provides the opportunity to establish targets on data which is currently available. The advantage arising from increased use of public transport is the consequent reduction of traffic and therefore congestion on the roads. Targets should therefore be included covering public transport use, which utilise existing data systems.
39. Another transport sector target should be the proportion of freight carried by the most fuel efficient modes. Data providing comparisons between for example, coastal shipping, rail freight and road transport should be freely available so users of the services can make informed decisions based on such factors as cost, service, reliability and environmental impact. Government subsidisation of the most fuel efficient transport modes will encourage more rapid uptake of these options.

Do you think there is an opportunity to increase the energy efficiency of freight movement? If so, how do you think this could best be achieved?

40. MIA agrees there is likely to be an opportunity to increase the energy efficiency of freight movement.
41. The requirements to achieve this include improvements in the reliability, frequency and convenience of both coastal shipping and rail freight. These alternatives to road transport must also provide a door to door service and provide a superior cost base to compete with the convenience of road freight. Independent quantifiable data on the fuel efficiency of each transport mode should also be made available to allow informed decisions to be made by users of the service. Cost, frequency and reliability of service will generally be higher priority considerations than environmental impact when contracting freight services.

Do you think we need one renewable energy target or specific sector targets? What measures are needed to achieve a target or targets?

¹ Located at the following link.

http://www.lse.co.uk/ShowStory.asp?story=DZ1535108U&news_headline=unnecessary_shopping_trips_damaging_environment

42. MIA supports specific sector renewable energy targets. There is scope in particular for establishing renewable energy targets for power generation and the transport sectors. There is also an opportunity to extend this concept into major energy intensive production facilities such as cement production and steel works. Organisations of this nature provide opportunities to establish Emissions Reduction Agreements with the Crown which could include a renewable energy target.

Are there other targets we should be using for the electricity sector, e.g. a low-carbon electricity system target?

43. MIA contends the primary target for the electricity sector can be embodied in the renewable fuel targets. Whilst initial capital costs may be currently more expensive per electricity unit produced for renewable fuel generation options, over time cheaper operating costs will provide longer term advantages. MIA agrees that environmental costs should be factored into future power generation project modelling.
44. MIA believes that efficiency and power leakage rate targets should also be set for the power transmission and distribution networks. These networks should be benchmarked with other countries' national grids and targets should be set at levels consistent with best practice.

Are there any big opportunities that have been overlooked in this draft?

45. MIA believes major energy efficiency and conservation action plans have been provided for in this draft strategy document. A possible area for further research is the feasibility of supplementing specific energy consumption requirements e.g., street lighting, with combined solar power and batteries.

IV: Contact Details:

46. To discuss this submission further, please contact
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Appendix: List of MIA Members – Year Commencing 1 July 2006

Members
Advance Marketing Ltd
AFFCO New Zealand Ltd
Alliance Group Ltd
ANZCO Foods Ltd
ANZCO Green Island Ltd (ANZCO group)
ANZPAC Foods Ltd
APJ Meats Ltd
Auckland Meat Processors Ltd
Ballande New Zealand Ltd
Bernard Matthews New Zealand Ltd
Blue Sky Meats (NZ) Ltd
<i>Brookland (NZ) Ltd (in receivership)</i>
Canterbury Meat Packers Ltd (ANZCO group)
CMP Rakaia
Columbia Exports Ltd
Crown Marketing Ltd (ANZCO group)
Crusader Meats New Zealand Ltd
Dairy Meats NZ Ltd (AFFCO group)
Davmet New Zealand Ltd
Fern Ridge Ltd
Frasertown Meat Company Ltd
Garra International Ltd
Glovers Foods Ltd
Greenlea Premier Meats Ltd
Harrier Exports Ltd
Horizon Meats New Zealand Ltd (wholly owned subsidiary of Blue Sky Meats (NZ) Ltd)
Hygrade Casings Company (wholly owned subsidiary of New Zealand By-Products)
Lamb Packers Feilding Ltd (wholly owned subsidiary of Bernard Matthews NZ Ltd)
Land Meat (NZ) Ltd (AFFCO group)
Lanexco Ltd
Lowe Corporation Ltd
Malvern Meat Processors Ltd (AFFCO Group)
Mathias International (Mathias Meats NZ Ltd)
New Zealand By-Products
Pilot (NZ) Ltd
Primary Producers Co-operative Society Ltd (PPCS)

Progressive Gisborne Ltd (wholly owned subsidiary of Bernard Matthews NZ Ltd)
Progressive Meats Ltd
Riverlands Ltd (ANZCO group)
South Pacific Meats Ltd
Tara Exports Ltd
Taylor Preston Ltd
Te Kuiti Meat Processors Ltd
Towers Thompson (New Zealand) Ltd
Universal Beef Packers Ltd (UBP)
Wallace Corporation Ltd

Affiliate Members
AgResearch-MIRINZ Centre
Aon New Zealand Limited
Axis Intermodal (Ports of Auckland Ltd)
Carter Holt Harvey, Packaging
CentrePort Wellington
Energy for Industry (ex Meridian Solutions)
Hamburg-Sud New Zealand Ltd
Hapag Lloyd (New Zealand) Ltd
Maersk New Zealand Ltd
Millers Mechanical NZ Ltd
Oceanic Navigation Ltd
Port of Napier
Port Otago Ltd
Port Taranaki Ltd (previously Westgate Transport Ltd)
ProAnd Ltd (Meatek Ltd)
Rissington Breedline Ltd
Sealed Air (New Zealand), Cryovac Division
Thompson Clarke Shipping Pty Ltd (ANZ Marketing Representative for the Port of Los Angeles)
Vero Marine Insurance