

Meat Industry Association of New Zealand (Inc)

Submission to the Ministry of Economic
Development and the Ministry for the
Environment on

The New Zealand Energy Strategy to 2050

30 March 2007

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I. About the Meat Industry Association

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 2.4 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 MIA 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; and
 - 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, Meat Act 1981, 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. The Association's goal is to improve profitability in the industry by helping its members achieve marketing and operational excellence.

Background to this Submission

7. This submission is made by the MIA to provide feedback to the Ministry of Economic Development and the Ministry for the Environment on the Draft Energy Strategy to 2050. 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.

II. Executive Summary

9. The MIA appreciates the need for a long-term energy strategy which recognises the need to balance the country's economic viability and environmental responsibility. This discussion paper is a base from which to further develop New Zealand's energy strategy.
10. The MIA agrees with the government's intention to introduce measures that would support the early deployment of emissions trading in the energy sector. New Zealand's meat industry exports approximately 80 percent of its products by value. Because the meat industry competes internationally, any cost imposed by regulations not experienced by our international competitors puts the industry's competitiveness at risk.
11. The MIA supports the introduction of a minimum proportion of renewable energy to be used in the transport and power generation sector. Renewable energy plays an important role in New Zealand's energy supply profile, and has lower operational costs, which could reduce the cost of energy in the long-term.

III. Submission

Transport

12. Security of energy supply is a high priority for New Zealand's meat industry. The MIA agrees that greater diversity of transport fuels will provide greater supply security. Maintaining New Zealand's 90-day reserve oil stock obligation is an essential element of the country's energy security.
13. Coastal shipping is widely regarded as a transport option with a low environmental impact. Whilst there is considerable public investment in road transport, such investment is lacking for alternative transport methods, for example coastal shipping. Any measure that encourages the development of New Zealand's coastal shipping industry would be to the benefit of New Zealand's carbon footprint.
14. Products transported by the meat industry are often time and temperature sensitive. Increased uptake of alternatives to road transport requires 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. In addition, 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.
15. The MIA supports government initiatives to increase the uptake of biofuels, and advocates that a cost-benefit analysis of the use of tallow from the meat industry to contribute to biofuel sources be undertaken. The MIA agrees with the statement that 'The rapid integration of biofuels into New Zealand vehicles needs management¹', and would caution that any importation of raw materials to manufacture biofuels must not compromise New Zealand's biosecurity status.

¹ Draft New Zealand Energy Strategy, page 34

Security and Competitiveness of New Zealand's Energy System

16. A secure, competitive energy supply is of utmost importance both to New Zealand and New Zealand's meat industry. Multiple energy source options reduce the risk of major disruption to energy supplies. Consequently, exploration, development and exploitation of all New Zealand's energy supplies (both renewable and fossil fuel) should be undertaken, with priority given to New Zealand's renewable energy sources.
17. The discussion paper Transitional Measures: options to move towards low emissions electricity and stationary energy supply and to facilitate a transition to greenhouse gas pricing in the future raises the possibility of government subsidies and grants to encourage additional renewable energy capacity and generation. This option is supported by the MIA as it would increase the supply of competitive low emissions energy, and ease barriers currently restricting the commencement of such projects.
18. Communicating the security of New Zealand's energy system is important not only for the general public, but also for investor confidence. However, energy security and energy efficiency messages should not contradict each other.

Greenhouse gases from power and heat generation

19. The MIA supports the government's proposal to implement measures that are compatible with, and enable a transition to, longer-term policy options where the cost of greenhouse gas emissions is reflected in the relative cost of the fuels that produce greenhouse gas emissions. The MIA also agrees that investors in new generation should face a price signal reflecting the value of emissions avoided for renewables relative to fossil fuels, and submit that such a signal should be introduced over a transitional period.
20. Energy sources with a low emissions profile which are not yet widely used should be further explored, and if appropriate developed and exploited. This includes wind, solar, and tidal energy, as well as new technology such as CO₂ capture and storage (CCS). Private investment could be limited by complexity and uncertainty surrounding new, 'climate friendly' technologies, and where there is likely to be a public benefit (such as reduced Kyoto liability), government funding is warranted, in the early stages at least.
21. Amendments to the Resource Management Act to reduce barriers to projects with a positive national environmental effect would increase investor confidence in new low emissions technology, and could increase future energy security and competitiveness.

Energy Efficiency

22. MIA submits that action plan priorities to improve energy efficiency should be determined by the level of improvement in energy efficiency or conservation for the expenditure incurred to make best use of finite resources. Comparisons to determine the priorities should not be restricted to within sectors but should also be benchmarked across sectors.
23. 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.
24. Increased efficiency through capital stock (that is, buildings and appliances) could be achieved by incentivising the uptake of new technology. Measures to achieve this include (not exhaustively) capital grants, subsidies, accelerated depreciation and tax incentives.

25. MIA submits local government can improve the uptake of energy efficiency and renewable energy if the barriers to developments consistent with central government's energy objectives were reduced through the amendment of the RMA consent process to make it more efficient and less costly in both time and expenditure.

Energy innovation

26. The MIA supports the government's intention to establish a working group made up of private and public sector representatives to provide strategic leadership in priority energy innovation areas such as geothermal, marine energy, biofuels and CO₂ capture and storage (CCS). Cooperation between the private and public sectors will be imperative in the development of long-term energy strategies. The MIA can contribute to working groups, particularly in the area of biofuels.
27. The MIA agrees that a centre for sustainable energy research would assist in building the strengths of the energy research sector through greater coordination. International coordination is increasingly important. As global expertise in the energy sector grows, capitalising on work already done will save time and resources, as well as ensuring a consistent international approach to developing innovative energy solutions. One area of research that would be of use to the meat industry is the exploration of environmentally friendly ways to use New Zealand's lignite sources.
28. The MIA also agrees that government support for energy research and innovation, through tax credits or co-funding arrangements will encourage private sector investment, particularly for small firms or for large or complex projects with long-term merit.

IV. Summary

29. The MIA supports priced based mechanisms, such as emissions trading, as a low-cost way for businesses to plan ahead and reduce emissions.
30. The MIA submits that renewable energy should be further exploited to ensure the secure and long term competitive supply of energy. Government funding should be considered to address short-term competitive issues for renewable energy, as the long-term benefits include reduced liability for New Zealand under the Kyoto Protocol.
31. The MIA submits that there are significant emissions gains to be made through energy efficiency. Transport in particular should be targeted for efficiency gains, as it accounts for the highest proportion of New Zealand's energy consumption
32. Co-operation between the private and public sectors will be necessary to ensure the success of a long-term strategy such as the NZES. The MIA supports the government's intention to establish a working group to provide strategic leadership in priority energy innovation areas.

V. Contact Details

33. For any queries relating to this submission, please contact Siobhan Ryan on 04 495 8382 or email siobhan.ryan@mia.co.nz, Meat Industry Association of New Zealand (Inc)

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)
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
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
Mathias International (Mathias Meats NZ Ltd)
New Zealand By-Products
Pilot (NZ) Ltd
PPCS Ltd
Progressive Gisborne Ltd (wholly owned subsidiary of Bernard Matthews NZ Ltd)
Progressive Meats Ltd
Riverlands Ltd (ANZCO group)
South Pacific Meats Ltd
South Pacific Meats - Malvern (AFFCO group)
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