



Submission

By

MEAT INDUSTRY ASSOCIATION

To

**Local Government & Environment
Committee**

On the

**Resource Management (Energy and
Climate Change) Amendment Bill**

29 September 2003

Resource Management (Energy & Climate Change) Amendment Bill

SUBMISSION BY MEAT INDUSTRY ASSOCIATION (MIA)

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1. Introduction & Background

- 1.1 The Meat Industry Association (MIA) is the representative body for New Zealand meat processors and exporters. The MIA is a voluntary organization whose member companies are responsible for 98 per cent of New Zealand's meat export products. In 2003 meat exports are expected to earn more than five billion dollars in foreign receipts. Meat exports are New Zealand's second-largest earner of overseas income.
- 1.2 A feature of the meat processing industry is the level of processing integration that takes place on-site. It is common for slaughter, fabrication, packing and storage to occur on one site although a range of situations exist. In addition, the industry produces a range of products from the material that is a by-product of the slaughter process – raw material that would otherwise be considered waste. This wide range of activities creates a concentrated demand for energy and substantial employment opportunities. Access to effective, reliable and low cost energy supplies is critical for the ongoing viability, future growth and development of the meat processing sector.
- 1.3 The meat processing industry is a large consumer of energy. The estimated annual cost is approximately \$200million. This represents around 5% of total plant operating costs. In 2001, electricity accounted for approximately 70% of the energy costs with gas and coal accounting for the remainder. Refrigeration is the largest user of electricity followed by boilers producing steam and hot water – two important components of a successful meat industry.

2 Resource Management (Energy & Climate Change) Amendment Bill

- 2.1 Clause 7 inserts new sections (104E and 104F) in an attempt to clarify for the consent authorities what should and should not be considered. The MIA supports the move under 104F to have consent authorities precluded from having regard to the effects of an emissions discharge on climate change as this is logically dealt with under a national mechanism. That said, the potential for confusion exists when the consent authorities are assessing permit applications. On the one hand consent authorities are precluded, however, where renewable energy is involved consent authorities are expected to take into account the positive effects of this when making their decisions.

3.0 General comment

- 3.1 The MIA is also concerned that the amendments do not address the fundamental problems with the RMA i.e., that the process is costly, protracted and cumbersome for applicants. The directive that consent authorities will need to consider the effect from the use of renewable energy could potentially extend the consent process. Past experience suggests the onus will pass from consent authorities to applicants who will be required to prove in their application that they have researched and considered renewable energy options and their impacts – adding further hurdles to the consent process. The market place is the mechanism that will ultimately determine cost effective energy options.

- 3.2 The MIA is encouraged by the statement on page 8 of the Bill explanatory note which states *“It is not expected that local authorities would incur additional administrative costs.Similarly, it is not expected that there would be any additional costs to applicants including business.”*
- 3.3 Permit applications from meat processors are a mix of renewal of existing permits (e.g. to operate boilers) and new applications to cover plant expansion or new locations. As users of energy, meat processors purchase energy from retailers who in turn purchase from the generators. In our view the policy encouragement to provide cost efficient, reliable supplies of renewable energy should be aimed at the generators, as they are the sector that are in a position to determine whether renewable energy can be supplied cost competitively.
- 3.4 New Zealand’s energy demand increased by approximately 6% in 2002 (*source: MED*). Secure and stable energy supply is under threat and there are considerable uncertainties surrounding fuel supplies, the price and availability of electricity and the construction of generation facilities to secure NZ’s future. Business investment confidence has been undermined by the supply uncertainty in recent years and the MIA position is that NZ must include all energy options in its supply mix (at least in the short/medium term) if it is to remain competitive. The MIA endorses the efficient use of any and all energy fuels and is opposed to any bias given to renewable energy over and above other fuel options at the expense of economic efficiency.

Conclusion:

The MIA supports the attempt to provide clarification for consent authorities, however achievement of environmental goals need to be accompanied by economic efficiency criteria to provide the Bill with the necessary balance. Meat processing companies are end users of energy. If NZ is to provide economically viable options to business users over the longer term, the focus needs to be on the generators ability to supply energy options at an economically viable price. While attempting to provide clarification to consent authorities we believe the Bill is potentially confusing for those authorities and could lengthen the application process and provide further barriers to business investment.