



cutting through complexity

Food SA's Energy Efficiency Program

Outcomes and Future Directions

Trends in energy and carbon policies for manufacturing, potential grants, other mechanisms for energy efficiency measures

13 February 2014
John Nixon



Out with the “old”; In with the “new”

“Out”: The “old” Labor government approaches

Sticks

- “Carbon Pollution Reduction Scheme”
- “Carbon Pricing Mechanism”

Carrots (e.g.)

- Clean Technology Program
 - Clean Technology Innovation Program
 - Clean Technology Investment Program
 - Clean Technology Food and Foundries Investment Program

“In”: The “new” Liberal government approaches

“Direct Action”

- Sticks: from 1 July 2015
 - Compliance to baseline National Greenhouse and Energy Reporting Scheme emissions
- Carrots: from 1 July 2014
 - Emissions Reduction Fund

But first, some more reviews...

“An integrated approach to Australia’s energy policy”

Department of Industry

■ Timeline

- 05 Dec 2013 Terms of Reference released
- 17 Dec 2013 Issues Paper released
- 07 Feb 2014 Close of submissions for the Issues Paper
- ?? May 2014 Green Paper released (expected)
- ?? Sep 2014 Energy White Paper released (expected)

www.ewp.industry.gov.au

Direct Action

Timeline

- First proposed 2010
- Green Paper submissions due by 21 February 2014
- White Paper to follow
- Review in 2015

Emissions Reduction Fund (ERF)

\$ 1.55 Billion over 4 years (1 July 2014 to 30 June 2018)

- Companies bid under a “reverse auction” tender process for grants
 - Lowest cost projects for emissions reduction/abatement win
- Relevant example projects:
 - Energy efficiency of buildings
 - Improving manufacturing
- Maximum project duration of 5 years
- Payment on delivery of emissions reductions

Clean Energy Finance Corporation (CEFC)

Energy Efficiency Loan

\$100 M programme

- Designed to help businesses upgrade equipment to reduce energy costs
 - Particularly in the manufacturing sector

Typically \$0.5 M to \$5.0 M loans

- Can be used to finance up to 100 per cent of purchase price
- The equipment being financed acts as security for the loan
- Loan terms can be aligned to the effective life of the equipment

Possible mechanism for Small Business to finance ERF projects?

Federal government will pass legislation to **abolish** this entity

- After control gained of the Senate mid-year
 - Minister not budging

www.cleanenergyfinancecorp.com.au

Clean Energy Finance Corporation (cont.)

Energy Efficiency Loan (cont.)

Wide array of energy saving technologies covered including:

- energy efficient lighting
- industrial refrigeration
- methane capture
- heat exchangers
- energy efficient motors
- pumps and fans
- solar panels
- compressed air and variable speed drives
- cogeneration and tri-generation plants
- *demand management technology (that clearly demonstrates an emissions intensity reduction)*

Definitions: Useful in grant/loan eligibility determination

“Energy efficiency”

An increased output per unit of energy input, where:

- output and energy input are measured in physical units; and
- this results in a decrease in CO2e emissions intensity relative to the baseline activity

“Energy conservation”

The reduction of energy consumption

“Demand management”

Includes:

- demand response
- demand side management
- demand side response

“Securing Australia’s Manufacturing Future”

Response to wind-down of GM Holden’s manufacturing operations by 2017

Targeted support for regions impacted

- Reviews of SA & VIC economies to report in February 2014 to Government
- Addressing ways to boost the competitiveness of the State economies, including by:
 - Encouraging investment and innovation in high growth sectors in the affected regions
 - Further investing in infrastructure to boost productive capacity
 - Where appropriate and cost effective, relocating CPS functions to the affected regions
 - Considering the most pressing concerns of the shipbuilding industry
 - Supporting the diversification of automotive supply chain companies
 - Supporting the training and redevelopment of workers displaced by closures
- \$100 M growth fund commencing 1 July 2014
 - \$60 M : Australian Government
 - \$12 M : VIC Government
 - \$28 M : SA Government & GM Holden

Enterprise Connect

Comprehensive advice and support to help SMEs transform and reach their full potential

Services businesses in industries and sectors as diverse as:

- Manufacturing
- Clean Technology
- Resources
- Defence
- Tourism
- Creative
- Transport (freight) and logistics
- Professional Services
- ICT

Provides business improvement services, including:

- Researchers in Business
- Continuous Improvement Program
- Supplier Continuous Improvement Program
- Business Review
- Tailored Advisory Service

www.enterpriseconnect.gov.au

EC – Business Review (free)

The BR is a top-to-bottom analysis of your business

Carried out on-site by highly skilled and experienced Business Advisers (BA) at no charge

- The BA works throughout various operational levels to develop a thorough view of:
 - Relative strengths and weaknesses
 - Strategic business issues
 - Critical areas for business improvement
 - Potential pathways for growth
- Three-step process:
 - To apply you complete and submit a short form (10 to 15 minutes).
 - Your BA will spend time on-site gathering information for your BR (3 to 4 days)
 - The BA will provide a BR report (within 6 months of work commencing)

If you've had a BR/CIP/SCIP you can apply for a Tailored Advisory Service grant

EC – Business Review (cont.)

Remote Enterprise Centre

Remote or very remote businesses

- Revenue or expenditure of between \$750,000 and \$100,000,000
- Possess an ABN
- Have a trading history of at least 3 years

Businesses in other regional areas with substantial operations or activity in remote Australia maybe...

Manufacturing Network

Manufacturing businesses

- Revenue or expenditure of between \$1,500,000 and \$100,000,000
- Possess an ACN
- Have a trading history of at least 3 years

Applications can be made individually or as a group

Group of 3 to 6 companies must demonstrate common business interest(s)

The revenue/expenditure thresholds are somewhat relaxed for all but the lead business

EC – Tailored Advisory Service (grant)

Engage consultant/s to make the improvements the BA recommended in the BR

Maximum of \$20,000 (excluding GST) funded at up to 1:1 support

- The types of improvements eligible for funding may include, but are not limited to:
 - Supply chain management
 - Business and quality management systems
 - Lean manufacturing/office
 - Strategic and business planning
 - Resource management
 - Waste/resource management
 - People and change management
 - New product/service development
 - Diversification/economies of scope
 - Market access and development
 - Export strategy

Energy Efficiency Exchange (“eex”)

Supports the development/implementation of energy management/efficiency strategies

Intended for use by medium to large Australian energy-using companies

- Companies using > 0.1 petajoules of energy p.a. (equivalent to 2,000 households)

Provides quality information from respected national and international sources in one location

Food and Beverage Manufacturing

- Optimise the use of existing equipment
- Invest in process innovation and equipment upgrade
- Invest in low carbon energy supply options
- Key resources
 - Food South Australia - Energy Efficient Equipment Toolkit 2013
 - *(Other key resources of greater age)*

www.eex.gov.au

Energy Efficiency Exchange (cont.)

Provides quality information from respected sources in one location

Case Studies

- Some linking to sites no longer accessible (e.g. DRET)
 - Murray Goulburn Co-operative - Energy Efficiency Best Practice (2003)
 - Bakers Delight - Energy Efficiency Best Practice (2003)
 - Mushroom Exchange Production Plant - Industrial Refrigeration (2008)
 - Maple Leaf Foods Inc. - Corporate Energy Efficiency Strategy (2005)
 - Richmond Dairies - Freezer room upgrade (2013)
 - Nestle - Industrial Refrigeration Best Practice (2011)

Thank you

Presentation by John Nixon



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Export Market Development Grant (EMDG)

Encourages small and medium sized Australian businesses to develop export markets

Reimburse up to 50% of eligible export promotion expenses

- Above \$10,000
- Provided that the total expenses are at least \$20,000

Eligible export products, services or know-how must be substantially of Australian origin:

- Goods made in Australia must have at least 50% Australian content or have at least 75% of their components have at least 50% Australian content if they are made outside Australia;
- Services include tourism services delivered in Australia, conference and events held in Australia and intellectual property rights resulting from substantial work done in Australia; or
- Know-how resulting from substantial research work done in Australia

www.austrade.gov.au/Export/Export-Grants

Export Market Development Grant (cont.)

Details

Nine categories of promotional activities can be claimed:

- Overseas representatives
- Marketing consultants
- Marketing visits
- Communications
- Free samples
- Trade fairs, seminars, in-store promotions
- Promotional literature and advertising
- Overseas buyers
- Registration and/or insurance of eligible intellectual property

Most recent call: Closed 2 December 2013

- Expenses incurred during financial year 2012/13
- First time applicants encouraged to register their “intention to apply” with Austrade

Gateway Business Program

Competitive SA government program to assist established companies to export

Applications must be lodged before a project commences.

Applicants must have been in business for at least two years with revenue of > \$150,000 a year.

Up to \$25,000 to cover up to 50% of eligible costs to develop international markets including:

- Up to \$10,000 for international trade shows (excluding travel & accommodation)
- Up to \$ 5,000 for international trade shows travel & accommodation
- Up to \$10,000 to engage third-party research for overseas markets
- Up to \$ 5,000 for export coaching and mentoring
- Up to \$ 5,000 for marketing materials (brochures, DVD, etc.) for overseas
- Up to \$ 500 for auditing websites for international markets
- Up to \$ 5,000 for modifying websites for international markets
- Up to \$ 2,000 for travel & accommodation of incoming buyers

www.dmitre.sa.gov.au/trade/gateway_business_program