



Rendering Circles

A Quarterly newsletter produced by the Australian Renderers' Association
for customers and members

No. 10 – December, 2000

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From the President

The EU Agricultural Ministers have banned the use of all animal protein meals in animal feed for six months. This decision adds to what we already knew about bans in France feeding any animal protein to animals and threats by German Chancellor Gerhard Schroeder to ban meat meal in animal feed. Of course the UK has banned meat meal in animal feed for several years.

There is plenty of speculation about the effects of the latest developments in the EU. We have already seen a jump in soy futures in the expectation that EU feed mills will be searching for vegetable protein meals to replace meat meal. More expensive vegetable proteins could mean higher prices for meat meal on the world market, at least for those who can sell their meat meal. We are yet to discover if meat meal that cannot be used in Europe can be exported to other destinations. If the EU bans the export of meat meal, Australian renderers could benefit from a shortage of meal in Asia. Alternatively Australia may suffer if product that is unwanted in Europe is dumped into Japan and S.E. Asia.

If European meat meal cannot be exported to Japan, Australian renderers must be ready to fill the gap. This means that Australian renderers must be able to produce Salmonella-free meal.

Australian renderers may make a quick buck as a result of European bans on the use of meat meal. But the long-term effects of the European decisions and associated bad publicity cannot be good for the worldwide rendering industry. We know that meat meal is an excellent source of protein for feeding pigs and poultry and that risks to animal health can be controlled. There is no evidence that BSE can be passed to pigs and poultry although there have been many attempts to do so. The decisions to ban the use of meat and bone meal are a result of political considerations and are aimed at boosting consumer confidence in meat products.

It is claimed that bans on the use of meat meal in all animal feeds are necessary to prevent the risk of cross-contamination of ruminant feeds with meat meal either in feed mills or at farms. If this is the case, there must be more sensible methods of preventing cross-contamination of feeds. The Europeans have

seen fit to segregate rendering plants into those licensed to process high-risk material and those processing low risk material. Why not segregate feed mills into those that can use meat meal because they do not produce ruminant feeds and those that are licensed to make ruminant feed and cannot have meat meal on the premises?

Dr Vivien Kite of the Stock Feed Manufacturers Association of Australia has told Rendering Circles that Australian feed millers and poultry producers are not considering a reduction in the use of meat meal in poultry rations. She confirmed that there is no scientific evidence to support the European decisions to ban meat meal in poultry rations. She also pointed out there is no known case of naturally occurring or artificially induced TSE in chickens.

It is up to all ARA members to spread the word to users of meat meal that it is a wholesome product. The ARA will be working closely with the World Renderers Organisation to promote the message to governments and customers that meat meal can be used safely in poultry, pig and other animal feeds. 



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WRO holds first congress

The World Renderers Organisation held its first congress in October. The Congress was held in conjunction with the Annual Convention of the National Renderers Association and included the second annual meeting of the WRO. The combined WRO and NRA meetings attracted a record attendance for an NRA Convention.

Paul Stenzel of Gardner Smith and Graeme Banks represented the ARA at the Congress. Julius Rath of Peerless Holdings also took part in the meetings. Ambassador Clayton Yeutter was the keynote speaker at the WRO Congress. Ambassador Yeutter was Secretary of Agriculture in the Bush administration and is also a charismatic speaker. He discussed the prospects for the next round of trade negotiations meetings of the World Trade Organisation from the background of his vast experience of international trade negotiations.

Ambassador Yeutter is strongly in favour of free trade. He argued against trade concessions and trade impediments. He said the WTO need both China and Taiwan as part of the organisation and that China should be a member by the end of the year. He also predicted that at the next trade round of the

WTO export subsidies on agricultural products would be banned, tariffs should be resolved and a more streamlined WTO dispute settlement should be put in place. He also emphasized that the WTO must pay attention to the smaller players in the world market and not just provide benefits for the major trade countries. He warned that the smaller countries would not put up with being disadvantaged by rules set by the economic powers.

International trade in rendered products is particularly affected by the WTO phytosanitary rules. Ambassador Yeutter acknowledged that countries are entitled to protect their health status but emphasized that restrictions in trade for phytosanitary reasons must be based on sound science. He said that more harmonisation in phytosanitary standards and rules is required. While many organisations attempt to set standards, Ambassador Yeutter told the WRO that the Codex Alimentarius Commission is the most appropriate forum for setting international standards for food and feeds. Codex is the one organisation that allows representation from all countries. However, the representatives at Codex should be decision

makers e.g. at ministerial level so that the deliberations of Codex can be progressed more quickly.

Following the keynote address, the WRO held an international forum to discuss a list of pre-prepared questions. Paul Stenzel explained the ARA's position on questions



Paul Stenzel addresses the WRO forum
Photograph courtesy of Tina Caparella

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such as whether renderers should pay for raw material and the effect on EU regulations on trade from third countries (i.e. non-EU countries). The forum debated EU proposals to rank raw materials into three categories with categories 1 and 2 being excluded from animal feed. This means that dead stock cannot be rendered to make stock feed. Some of the European delegates supported these proposals and pointed out that strict regulations are needed to win back consumer confidence in meat products. They cited the example of EU supermarket chains that will not accept any meat products from stock fed with animal by-products. However, Harald Niemann representing German renderers told the forum that the German Renderers Association does not support the exclusion of dead stock from animal feeds. He said that the German rendering industry is using the rendering processes to eliminate risks from meat meal produced from dead stock and the product should be allowed for use in stock feed.

Representatives of fifteen countries met for the second annual meeting of the WRO. During the meeting Israel joined the WRO. After discussion of several topics, Chairman Mike Langenhorst proposed that small committees should be set up to investigate and provide advice to the WRO members on specific issues. The meeting voted to set up an executive committee, a regulatory committee and a feed safety committee. Andy Bennett represents the ARA on the executive committee. The ARA has subsequently nominated Andy Bennett with mate Paul Stenzel to sit on the regulatory committee and Bill Spooncer to sit on the feed safety committee.



Second annual meeting of the World Renderers Organisation

Australia represented on FPRF Board

The FPRF annual meeting in October elected Dr Lewe Atkinson of MLA to the Board of Directors for a three-year term. Gary Pearl, President of the FPRF said that he hoped the close cooperation between MLA, the ARA and the FPRF would continue and that Lewe's presence of the FPRF board would help coordination of research between MLA and the FPRF. Lewe continues as a member of the FPRF research committee with responsibility for product innovation. ARA President Andy Bennett is also a member of the FPRF research committee representing international industry.

Also at the FPRF annual meeting, Chairman Kevin Custer of American Proteins of stepped down. David Kaluzney II of Kaluzney Brothers is the new Chairman of the FPRF.

The FPRF research committee considered 13 research proposals at the October meeting. Four proposals were recommended to the Board of Directors and have been approved. These proposals are:

- Biodiesel life cycle inventory for recycled grease.
- The effect of poultry by-product supplemented with L-lysine, DL-methionine, and L-histamine as a replacement for fishmeal on performance of rainbow trout. (Two other aquaculture projects were not supported).
- Use of fibrolytic enzymes to augment the feeding value of supplementary fats in high forage diets for feedlot cattle. Fat slows down digestion of fibre in the rumen and leads to a build up of fibre. This project will investigate use of added enzymes to help digestion of fibre in the rumen and thereby promote the use of more fat in high forage diets.
- Baseline study to determine the incidence and significance of pentobarbital and antibacterial residues in animal rendered products. Pentobarbital could be used by petfood manufacturers as an indicator of euthanased animals in meat meal. The antibacterial residue study follows a Canadian survey that found sulphamethazole in 27% of meat meal samples.

The total value of the proposals was US\$ 49,000. This is in addition to the existing US\$ 146,000 worth of projects.

Status reports

The FPRF meeting also heard status reports about current research work. The main address was about the use of animal proteins in aquaculture and was presented by Dr Dominique Bureau of the University of Guelph.

Accreditation Workshop

The twelfth workshop on Hygienic Production of Rendered Animal Products will be held at the University of Western Sydney at Richmond from 11-16 February. Registration forms for the workshop have been distributed to all renderers but if you need a registration form or more information please call Graeme Banks or Bill Spooncer on 02 4567 7952.

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Co-operative Ltd
1999 - Gelbone Separation

Nelson Bays Meat Producers Ltd
1997 - Bio-Filter

Waikato By Products Ltd
1997 - Bio-Filter

Wallace Corporation Ltd
1997 - Wastewater Treatment Plant

INDIA

Frigorifico Allana
1999 - Meat & Bone LTR Rendering

Frigorifico Allana
2000 - Meat & Bone LTR Rendering

AUSTRALIA

Hazeldene Chicken Farms Ltd - VIC
2000 - Feather and Blood Dryer

Sydney Water Corporation - NSW
2000 - Bio-Filter

Rockdale Beef Pty Ltd - NSW
1999 - Stickwater Evaporator

Sunland Meats Pty Ltd - QLD
1999 - Bio-Filter

Belandra Pty Ltd - VIC
1999 - Wastewater Treatment Plant

Rockdale Beef Pty Ltd - NSW
1998 - Gelbone Separation

Belandra Pty Ltd - VIC
1998 - Gelbone Separation

Oakey Abattoir Pty Ltd - QLD
1998 - Meat & bone LTR Rendering c/w
Blood, Gelbone Separation

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Dr Bureau's recommendations on research were that the FPRF should:

- Support research aimed at determining the nutritive value of rendered products. He said that in determining nutritive values, the fish species does not matter and that results can be extrapolated across species.
- Support research in countries where rendered products are well accepted and are a useful complement to local ingredients.
- Support research aimed at a better understanding of the amino acid and nutrient utilisation of fish.
- Support initiatives to share knowledge with the aquaculture community, e.g. provide translations of research papers.

Dr Bureau gave a review of the nutritional value of animal protein meals. He said that digestibility is the primary indicator of nutritive value. Old figures showed the digestibility of animal protein meal by fish is low, e.g. 58% for feather meal and 68% for poultry meal. These figures have now been revised as a result of better techniques for measuring protein digestibility in fish. He put the protein digestibility of poultry meal at 87-91%, meat and bone meal 81-87% and feather meal 81-87%.

In conclusion he said that:

- There may be constraints on using individual rendered products in aquafeeds but rendered products could complement each other, e.g. combinations of meat meal and poultry meal could increase the amount of animal protein meal that could be used in aquafeeds.
- Rendered products should be seen as highly digestible.
- Further knowledge of amino acid nutrition is required.

Gary Pearl gave an update on biodiesel. The FPRF and NRA have combined to negotiate with government to get the same subsidies and tax concessions for animal fat biodiesel that are available for soy farmers and corn alcohol.

On the technical side, there may be an opportunity to promote animal fat biodiesel as an additive to diesel rather than a replacement. Limits on the sulphur content of diesel are being reduced and this affects the lubricity of the diesel. Biodiesel added at 1-2% can improve lubricity and as an additive, a better profit margin is available.

There is 31 million tonnes of oil (including soy and animal fats) available in the US to make biodiesel. This equates to 7% of the total diesel market. In effect biodiesel will only be 1-1.5% of the diesel market and it could be appropriate to market biodiesel as an additive rather than replacement. Unfortunately standard tests to measure the lubricity of diesel and blends are not available and it is difficult to provide evidence of the improved lubricity of biodiesel.

There was a presentation by Dr George Lazarovits about the benefits of using animal protein meal to suppress bacterial and fungal pathogens and nematodes in a wide range of crop production. This work adds another dimension to the use animal protein meals as fertilizers. Dr Jim Walsh explained work at Georgia Tech on identification and control of odours from rendering plants. There were also talks on use of animal fats in ruminant feed and the use of yellow grease and other additives to control road dust.

A future issue for the FPRF is research on the use of DAF waste. Some work has been carried out to replace iron-based flocculents

used in DAF systems with aluminium and manganese based flocculents. Reducing the iron in DAF waste should make the processed waste more acceptable in animal feeds. Dr Don Franco also highlighted some priorities for future FPRF research. He recommended:

- Further biosecurity research.
- Research on pesticide residues in rendered product. This follows new USDA regulations that will result in condemnation of carcasses that have residues that exceed MRLs. Don proposed random pesticide residue testing of rendered products to establish a baseline.



Rendering Statistics

The Australian Bureau of Statistics stopped collecting information on rendering production in 1994 although they still publish figures on exports of tallow and meat meal. Since 1994 the ARA has been looking for ways to maintain up-to-date statistics on production of rendered products. A working group was set up at the ARA meeting in Mudgee to consider how to update industry statistics. As a result, Graeme Banks and David Satchell will meet with MLA to seek support to collect in collecting industry statistics

Collection of accurate statistics requires co-operation from all renderers. Industry statistics play an important role in the ARA's representation to Government and are needed to demonstrate the size and value of the industry.

In 1996 the Meat Research Corporation published a second report on meat meal and tallow markets. In this report, the annual production of meat meal was estimated to be about 480,000 tonnes and the annual production of

tallow was about 441,000 tonnes. The estimated disposal of tallow and meat meal is shown in the accompanying figures.

While the MRC report provides a wealth of information it is out of date. The ARA hopes that all members will co-operate in any projects to update the statistics on production and use of Australian rendered products.



What is Codex?

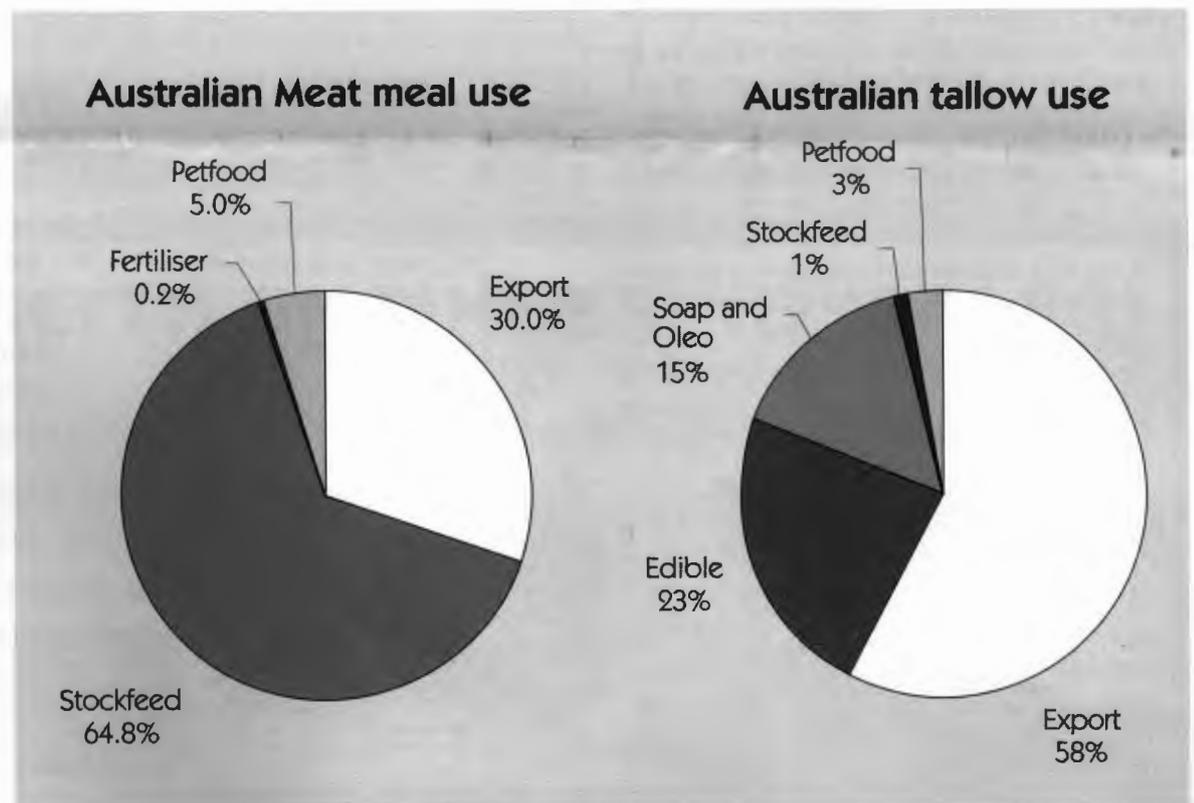
The ARA has become involved in the development of several Codex documents and reference to Codex is made at most ARA meetings. Codex is short for Codex Alimentarius. The Codex Alimentarius is set of standards for food and is maintained by the Codex Alimentarius Commission. The Commission is a joint venture of the Food and Agriculture Organisation of the United Nations and the World Health Organisation.

The job of the Commission is to develop food standards. It does this by widespread negotiations with many countries. Government representatives usually pursue negotiations but many non-government organization including AOCS and FOSFA have observer status. The deliberations of the Commission include wide geographical and sectional interests.

The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) made at the Uruguay round of the WTO trade negotiations cites Codex standards, guidelines and recommendations as the preferred international measures for facilitating international trade in food. As such, Codex standards have become the benchmarks against which national food measures and regulations are evaluated within the legal parameters of the Uruguay Round Agreements.

Codex is currently developing a Code of Practice on Good Animal Feeding and has proposed draft amendments to the Code of Practice for Storage and Transport of Edible oils. Both the Codes are relevant to the rendering industry. The ARA has made extensive comments on the Code on Animal Feeding via Australia's official Codex representatives in AFFA. Some countries are seeking to include lists of banned substances in the Code on Animal Feeding and meat meal produced from dead stock could be on the list. The ARA's position is that lists of banned substances are a matter for individual countries and will depend on a country's risk status. ARA will continue to represent the interests of the Australian rendering industry at Codex through AFFA

For further information on Codex visit the web site at www.fao.org/waicent/faoinfo/economic/esn/codex/Default.htm



In Short

- Reg Evans hosted a dinner for members of the ARA attending the General Meeting at Mudgee. Reg, Damien and Brendan Evans were joined by 16 members of the ARA at Augustine Food House.
- Professor Paul Baumgartner has retired as Pro Vice Chancellor, Research at the University of Western Sydney - Hawkesbury. At a farewell dinner held at the Hawkesbury campus it was announced that the title of Emeritus Professor of the University of Western Sydney has been conferred on Paul Baumgartner. Emeritus Professor Baumgartner told Rendering Circles that he would continue to be involved with the Hawkesbury campus and would be available to maintain his relationship with the ARA and his interest in the accreditation workshop.
- John Turner and Matthew Ingersoll of Mosaic eCommerce Solutions addressed the ARA meeting in Mudgee. Mosaic has built an electronic trade exchange where buyers and sellers of a wide range of products can trade among themselves. John Turner discussed the potential for setting up a closed community trade exchange for the rendering industry. Some small parcels of tallow have already been traded on Mosaic's general trading site.
- Australian Dehydration Technologies has announced details of its novel rendering process. Phil Kemp, Managing Director of ADT told Rendering Circles that the process can ensure product sterility and has been designed to inactivate BSE infective material. ADT are seeking to validate the effectiveness of their rendering system to inactivate BSE with European collaborators. There is strong interest in the ADT process from overseas and the possibility exists that the Australian rendering industry can provide support to the further development of the ADT process.
- Dr Fred Bisplinghoff sends greetings to all his friends in the ARA. Dr Fred was in great form at the FPRF and NRA meetings in October and made valuable contributions to the proceedings. Dr Fred is still busy with his consulting work although he is starting to reduce the number of clients he works with. Fred and Georgia still live in Fort Myers Beach, Florida and are greatly relieved by confirmation of a win by George W. Bush in the US presidential race. 🐾

New Member

The ARA welcomes Australian Country Choice Pty Ltd to full membership of the ARA. ACC has been a major operator at the Q Meat Cannon Hill plant supplying meat to Coles. With the closure of Q Meat, ACC has taken over the site and will conduct slaughtering, boning and rendering operations.



Reg Evans entertains ARA members at Mudgee



Fred Bisplinghoff on a break from NRA proceedings with Sandie Pearl, Gary Pearl, Geoff Allen of NSW Fisheries and Dr Fred Troutt of the University of Illinois.

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AQIS Notes

AQIS have provided the following information to rendering Circles:

- Australia continues to be recognised by its trading partners as free from bovine spongiform encephalopathy (BSE) and scrapie. This has recently been confirmed by the European Commission's assessment of Australia's Geographical BSE Risk at Level I. This decision to assign Australia a GBR Level 1 rating should prove reassuring to non-EU countries which import Australian meat and animal products and is directly supportive of Australia's claim to be a BSE-free country.
- An audit of renderers and feed manufacturers was carried out in 1998 into the effectiveness of the (then) ban on feeding ruminant material to ruminant animals. Jim Murray of AQIS has completed the second audit of compliance with legislation to ban feeding mammalian material to ruminants. The audit was conducted at plants selected by a statistically-based random process, designed to detect a 10% non-compliance rate at the 95% confidence level. The results of the audit of rendering plants were:

	Compliant	Non-compliant	Total	Compliance Rate %
ARA Members	27	1	28	96.4
ARA Non-members	7	0	7	100
All Plants	34	1	35	97.1

In the original audit there was a much higher (93%) level of compliance amongst members of the Australian Renderers' Association (ARA) than amongst non-members (33%). In this audit the level of compliance was high in both groups.

There were no incidents of deliberate mis-representation of products by any renderer.

- Proposed animal feed legislation was published by the European Union on October 19, 2000. The legislation is entitled 'Proposal for a Regulation of the European Parliament and of the Council, laying down the health rules concerning animal by-products not intended for human consumption.' Among other things the regulation proposes to place animal by-products in one of three categories depending on the source of the material. Meat meal from material in risk categories 1 and 2 cannot be used in animal feed.

Market Outlook

Tallow prices have improved by about \$70 per tonne in December. Domestic demand has firmed and the outlook for tallow is now much improved despite an increase in the value of the A\$.

There is uncertainty in the EU tallow market following the temporary ban on the use of meat meal in animal feeds. EU markets have reacted to meat meal bans by dropping tallow prices.

Demand for tallow in the USA is steady to slightly weaker. The Chicago price for bleachable fancy tallow reported by the USDA was about A\$ 400 per tonne on 1 December.

Palm stocks are still high and New Zealand tallow is very cheap. However, it is expected that the tallow price has bottomed out.

Meat meal prices increased in November to levels that are believed to the highest in 15 years. However, the market is very uncertain with many variables that could affect prices. These variables include what happens to meat meal produced in the EU, reduced domestic

supply due to heavy rains in Qld and Northern NSW, firming A\$, and increasing soy meal price.

Worldwide markets for meat meal have been firm and in Australia prices have been high due to shortages of imported soy meal, production shortages, little competition from New Zealand and a generally strong domestic demand for proteins for stockfeed.

The price for meat meal may have reached a ceiling because it is at a level where meat meal will be substituted with other proteins. However, bans on the use of meat meal in Europe may put further upward pressure on the price of vegetable proteins. In this case, meat meal protein may remain competitive with vegetable proteins even at higher prices for meat meal. Traders predict a further \$20 per tonne increase in the prices of meat meal in January.

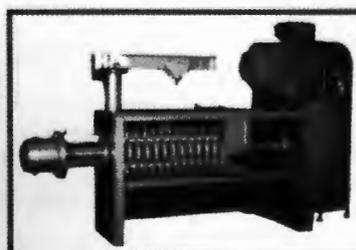
Blood meal is also at a very high price. The price of lysine has firmed and blood meal has followed the increased price of lysine.



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Tax Rulings

The Australian Taxation Office has developed new guidelines for the effective life of rendering plant. The guidelines include a list of seventeen items of equipment and the suggested life of the equipment. The suggested life is a guide to the period over which equipment can be devalued for tax purposes. For example, the list recommends an effective life of five years for mincer/grinders to fifteen years for cookers. Graeme Banks can supply members with the full list of assets and their effective life as recommended by the ATO.

There is an existing schedule of the effective life of rendering plant but it includes only three items and two of the items are redundant. Hence the need for the ATO to develop new guidelines. The ATO's recommendations have been accepted by a review panel and will be published in a ruling in the near future.

The new schedule of the effective life of rendering equipment was developed in

consultation with the ARA, equipment suppliers and renderers. However, the tax office has informed the ARA that the effective life of equipment specified by the Commissioner does not have to be followed. Taxpayers have the choice of working out the effective life of plant themselves or can adopt the effective life specified by the Commissioner. 

March Meeting

The March meeting of the ARA will be held on 9 March. Members should note that this date is a change from the originally advertised date. Members should also note that the format of ARA general meetings will change at the March meeting. The main changes are that the meeting will be conducted over one day and committee discussions will be held as part of the general meeting. There will be a dinner on the evening of 8 March. 

Australian Standard for Rendering

State meat authorities, particularly in Victoria and NSW, are licensing rendering plants and are making compliance with the Australian Standard for Hygienic Rendering a license condition. The Standard is the successor of the ARA Code of Practice and renderers who are accredited according to the Code should be in a good position to comply with the Standard. But the standard includes additional requirements that are not part of the ARA Code. One of the main differences between the Standard and the Code is in the requirement for sampling and testing. The requirements for sampling and testing product for Salmonella are the same in the Code and the Standard but the Standard has introduced a requirement to test for *Clostridium perfringens* in rendered product.

All renderers will have to sample and test product for *Clostridium perfringens* over a period of ten

days once a year. The samples must be taken at the exit from the heat treatment. When the samples are collected, the operating conditions of the cooker or dryer should be recorded so that the results of the *Clostridium* test can be used to verify the effectiveness of the heat treatment.

ARA members can contact Graeme Banks for a documented procedure for collection of samples for *Clostridium perfringens* testing. 

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