



# Rendering Circles

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

No. 15 – May, 2003

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## Graeme Banks OAM

Graeme Banks was awarded the Medal of the Order of Australia in the 2003 Australia Day honours list. The award was in recognition for services to the meat and affiliated industries and to the study and cultivation of orchids. ARA members are well aware of Graeme's contribution to the rendering industry but may not know that he is also involved with the hides and skins association and many other non-meat related societies and associations. All members will agree that the award is richly deserved for Graeme's contribution to the ARA alone. His wide interests and active involvement with other organisations marks him as an outstanding Australian and a fine example of a genuine contributor to our society.

Graeme was born, bred and still lives in the Hills district of Sydney. Castle Hill, which is now a seething mass of people, housing and shopping centres was a rural outpost of Sydney when Graeme grew up there in the 40s and 50s. The Banks family is rooted in the Hills district of Sydney and Banks Road Castle Hill is named after Graeme's family. The family owned 500 acres of Castle Hill in the early 1800s. Graeme spent his school years at Parramatta High School. He played Rugby union for the school but during

his years at Parramatta High the rugby team lost every game and did not even manage to score a try.

Graeme married Lynette in 1964 (that makes it 38 years of married life to date). They stayed in the Parramatta/Hills district at Dundas and Winston Hills before moving to their present home in Northmead in 1980. Graeme and Lynette are very proud parents of twin daughters Kathryn and Fiona and son David, who is a world authority and author on the subject of orchids. They now have 3 granddaughters, Rebekah, Brooke and Sophie and one grandson Ben.

Graeme started his career in the National Bank of Australia in 1955 and remained with the bank for 16 years. In 1972 he joined the Australian Meat Exporters Federal Council (now the Australian Meat Council). Initially Graeme was the Federal Secretary of the AMEFC and later the Executive Officer. He was with the AMEFC/AMC until his retirement from that organisation in 1996. During his time with the AMEFC Graeme was involved in all aspects of meat industry policy, particularly through his work with the Meat Industry Advisory Committee. Members of the old Meat Industry Advisory



*Graeme Banks, OAM*

Committee have told Rendering Circles that Graeme was admired by all parties for his ability to smoothly carry out his role in what was a sometimes confrontational and acrimonious environment.

While at the AMEFC, Graeme became involved as Secretary/Executive Officer for other industry organisations including the ARA, the Australian Hides Skins and Leather Exporters Association and the National Meat Processors Association. He was the first (and only) professional secretary of the ARA



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starting shortly after Brian Bartlett convened the ARA in 1975. Graeme was involved when the ARA dealt with the difficult issues of high export shipping rates and prohibition of exports of rendered product without permit in the 70s and 80s.

Life in the ARA was no less difficult in the 90s when rendered products came under threat in response to scares about transmission of BSE via meat meal. During this time the ARA introduced many initiatives to support the hygiene status of Australian rendered product. The ARA also built on its relationships with AFFA and other government departments to ensure that it was invited to have input to all issues that affect the rendering industry. Graeme's long standing personal contacts and knowledge of the meat industry were invaluable in building the profile of the ARA.

Graeme is well known for his prompt attention to all matters, whether it is writing up minutes or providing advice to government on rendering issues. He is also known for the quiet and unassuming manner in which he carries out his business. However things are not always quiet when dealing with meat industry people. Graeme presided over one famous meeting of the AMEFC when all delegates were chucked out of the hotel where the meeting was being held and the meeting had to be abandoned. Graeme was in a lift in the hotel when one senior executive in the meat industry deposited the contents of a chaff bag on the floor and stepped outside as the lift doors closed. The chaff bag contained a carpet snake. It is not known how Graeme subdued the snake or how the other passengers in the lift reacted but it is known that as the organiser of the meeting, Graeme took the brunt of the complaints from the hotel management.

When he is not involved with ARA or AHSLEA business, Graeme is a keen horticulturalist. His specialty is orchids but he also has charge

of some of the world's rarest palms in his back yard. He has been growing orchids since he was 9 years old and his extensive collection contains many rare and valuable plants he has propagated and cultivated. Graeme has been a member of the Parramatta and District Orchid Society since the late 1950s and is a life member of the society. He is a judge of Orchid Society of NSW and has been Chairman of the judging panel and President of the society. He is also active in the Australian Orchid Council and has been Vice-President and President of the Council.

Graeme's interests do not stop with orchids. He is also a member of the Frog and Tadpole Study Group, a member of the NSW Rose Society. He is involved with breeding Hippeastrums and grafting banksias and on the fauna side breeds German Roller Canaries. If that is not enough, he plays tennis weekly and goes to the gym virtually every day.

One of Graeme's latest activities is as Treasurer of Retina Australia (NSW). His wife Lynette has the degenerative eye disease Retinitis Pigmentosa, and Graeme became involved with Retina Australia in support of Lynette's role on the Committee. Graeme and Lynette are involved with fund raising for the Society to enable research into the disease.

Graeme's contribution to the Australian Renderers Association, the Australian Hide, Skins and Leather Exporters Association, other meat industry associations, orchid societies and other community organisations mark him as a person who has made an outstanding contribution to the meat and allied industries and the Australian community. He is an example of the Australian quiet achiever and all members of the ARA will join in congratulating him on his award of the Order of Australia Medal. 

## ARA Symposium

Plans for the Seventh International Symposium are virtually complete and the program with application forms has been circulated. If you do not have your registration form, notify Graeme Banks. For the Seventh Symposium, the ARA has engaged a number of speakers who are not directly associated with rendering. Bruce Kemp from the wine industry and Terry Brown from Australian Pork Limited will discuss the marketing success of their industries. The Australian wine industry is well known for its successful export marketing and the pork industry has also had success in developing markets in South East Asia and Japan. The lessons learnt by these industries could be

useful to ARA members looking to strengthen export opportunities. Belinda Smith from Rabobank will talk about financing, particularly financing of exports. With information on successful marketing plans and options for financing, the Symposium should present renderers with plenty of support to pursue export opportunities.

These presentations are a departure to non-rendering topics but there will be plenty of rendering-speak. Jeffrey Glanz and Suchart Thanakiatkai will discuss market opportunities for tallow and meat meal. These market-oriented talks will be backed up by technical presentations by Freddy Ib from Denmark, Klemens Rethmann from Germany and Davis Clements from the USA on diversifying the uses of rendered products. Home-grown speakers include David Kassulke who will talk about rebuilding the A.J. Bush plant at Beaudesert and Joe Rossignuolo who will talk about environmental improvement plans at Peerless. There is also a session for the World Renderers Organisation that includes some formal presentations and progress reports from country representatives.

New features of the 7<sup>th</sup> Symposium are a golf afternoon and a new technology showcase. The golf afternoon will be sponsored by Gardner Smith. Members should be sure to register early for the Symposium and the golf because the number of participants is limited to 72 players. The new technology showcase has been introduced to allow suppliers and researchers to discuss breakthroughs in rendering technology. Developments that will be featured in the new technologies segment include the Keith Engineering airless dryer. 



*Symposium brochure.*

## Vale Denis Roberts

Sadly, Denis Roberts died in Perth in November. Denis was well respected by renderers, particularly in Western Australia, and was a good friend to the industry. Through his consulting business and analytical laboratory he had close contact with the WA rendering industry. His advice on environmental issues and innovative production and product ideas were highly valued. Apart for his technical expertise and innovative approach to problems, Denis was a man of good humour and was also valued for his excellent company and inexhaustible fund of jokes.

Denis' association with the rendering industry started in 1971 when he was appointed as the CSIRO meat research extension officer in WA. His job was to provide technical advice to the meat industry. Denis's approach was different from the typical CSIRO dealings at the time. He did not just offer esoteric scientific explanations and non-committal advice, he was always prepared to find a practical solution and show that it worked. This approach culminated with Denis appearing on ABC television driving a tractor he had modified to run on tallow.

Denis moved on from CSIRO in 1977 to join the WA Department of Agriculture as the principle research officer to run the food and by-product related research program. In 1990 he set up his own company "Venturetech". He was initially involved with consulting, particularly in relation to commercialisation of research results and later expanded the business to include a NATA certified laboratory. The company had a close association with renderers, providing both

analytical services and consulting on environmental issues and rendering operations.

Denis also consulted to MRC/MLA. He was the co-ordinator of the MRC co-products program from 1995 to 1998. During this time he initiated and managed MRC projects on the use of meat meal in aquaculture and the use of high ash fractions of meat meal. As part of a project to assess the technical capabilities of the Australian rendering industry to produce meat meal for aquaculture, Denis initiated the first Directory of Australian Renderers. This directory is the source of the information on renderers and traders posted on the ARA web site.

Denis was directly involved in ARA activities as recently as 2001 when he contributed to the ARA/MLA workshops on specification of rendered product.

Most of Denis's friends in the ARA and CSIRO knew him as a technical person with the ability find innovative, practical and commercially viable solutions to problems, always ready with a joke and wonderfully supportive of friends, colleagues and business associates. The other side of Denis is that he was deeply religious. He never pushed his religious beliefs onto others but remained committed to the values he learned in his childhood. He lived his life and conducted his business activities as an example of the expression his religious beliefs. According to Denis' long-time friend from CSIRO days, Jack Brophy, Denis rated as one of the greatest moments of his life his recent audience with the Pope.

Denis is survived by his wife of 38 years, Marie, son Mike, daughter Joanna and four grandchildren. 

## EU regulations

The new EU regulation about animal by-products not intended for human consumption (EC Regulation 1774/2002) is due to come into force on 1 May. At the time of going to press, ARA members have informed Rendering Circles that the implementation of the regulation will be put off until 31 December 2003. The essential points of the regulation as they affect renderers have been summarised previously in Rendering Circles. Some of the issues identified were interpretation of manure and intestinal contents as category 2 material, total separation of buildings processing category 2 and category 3 material and whether meat meal exported to a third country to make pet food destined for the EU has to be processed at 133°C and 3 bar pressure. Bob Biddle, Australia's Deputy Chief Veterinary Officer and Linda Corner, the Australian Veterinary Counsellor in Brussels discussed these issues with EU Commission officials at a meeting in Brussels in March. While there is no confirmation that the ARA and AQIS positions put forward by Bob Biddle were acceptable to the EU, the indications are that the issues will be resolved favourably.

## EU and tallow

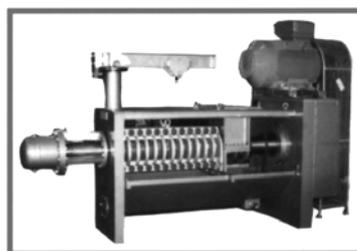
The ARA and AQIS are concerned about how the new EU regulations affect exports of meat meal. This is because there is a substantial trade in ovine meal to the EU and North America that could be affected by the regulations. Less attention has been paid to tallow although about 600 tonnes was exported to the EU in 2001/2002. However traders have reported rumours from the EU that imports of tallow will be banned or



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**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**  
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**Rockdale Beef Pty Ltd - NSW**  
1998 - Gelbone Separation

**Belandra Pty Ltd - VIC**  
1998 - Gelbone Separation

**Oakey Abattoir Pty Ltd - QLD**  
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**Monbeef Pty Ltd - NSW**  
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restricted. Rendering Circles cannot confirm or discount these rumours but according to the new by-products regulations, Australian tallow can be imported into the EU. It may be more difficult to import tallow from other countries.

There are two sets of conditions under which tallow can be exported to the EU. One set of conditions applies if the rendered fat is for use in oleochemicals. The other set of conditions applies if the tallow is for animal feeds. Edible tallow can also be exported to the EU but edible tallow is not covered by the by-products regulation.

Tallow intended for use in oleochemicals can be produced from category 2 or category 3 material. This means that virtually all tallow produced in Australia should be eligible for export to the EU for oleochemical use. Other countries that have a less favourable geographical BSE risk rating will have to exclude brains and spinal cord from raw material used to make tallow for export to the EU, because in these countries brains and spinal cord are defined as specified risk material and are category 1 material.

While there is very little restriction on the export of Australian tallow to the EU for oleochemical use, some restrictions are placed on the oleochemical processing plants in the EU. The plants must be approved for handling tallow derived from category 2 or category 3 material. Category 2 processing plants must apply one of the following treatments:

- Transesterification or hydrolysis at at least 200°C under corresponding pressure for 20 minutes (glycerol and fatty acids);
- Saponification with NaOH 12 molar (glycerol and soap);
  - In a batch process at 95°C for three hours; or
  - In a continuous process at 140°C, 2 bar (2,000 hPa) for eight minutes or under equivalent conditions.

Also, the derivatives of tallow made from category 2 material may not be used in cosmetics, pharmaceuticals and medical devices. Another quirk that may make exports difficult is that tallow from category 2 material should be permanently marked. It is not clear how the marking will be done but it supposed to be by smell if technically possible.

It seems that life will be easier for Australian exporters if the tallow exported to the EU is made only from category 3 material.

As a reminder of what is meant by category 1, 2 and 3 material, in brief category 1 material is material that has a high risk of carrying BSE infectivity and includes specified risk material. Category 1 material is virtually non-existent in Australia. Category 1 material includes pet animals, zoo animals and circus animals. This is the only type of category 1 material that might be found in Australia. Category 2 material includes dead stock, manure and digestive tract contents, tissues containing residues of veterinary drugs and material collected when treating waste water. Category 3 material is everything else i.e. all material from abattoirs and boning rooms excluding dead stock, manure and saveall sludge.

The other conditions for import of tallow into the EU refer to tallow that could be used for animal feed. This tallow must be produced from category 3 material only and must have insoluble impurities of less than 0.15%. The conditions for exporting tallow to the EU for animal feed should present no problems for Australian renderers although the rendering plants should be listed as eligible to export to the EU. 

## Accreditation workshop

The 15<sup>th</sup> ARA accreditation workshop on hygienic production of rendered products was conducted at the University of Western Sydney from 23 to 28 February. Thirty people attended the workshop bringing the total number of accredited people to 415. Clint Perry from H.W. Greenham at Tongala scored the highest mark in the exam. Clint was closely followed by Peter Milzewski and Todd Brooks from AMH and Lachlan Teys from Teys Bros.

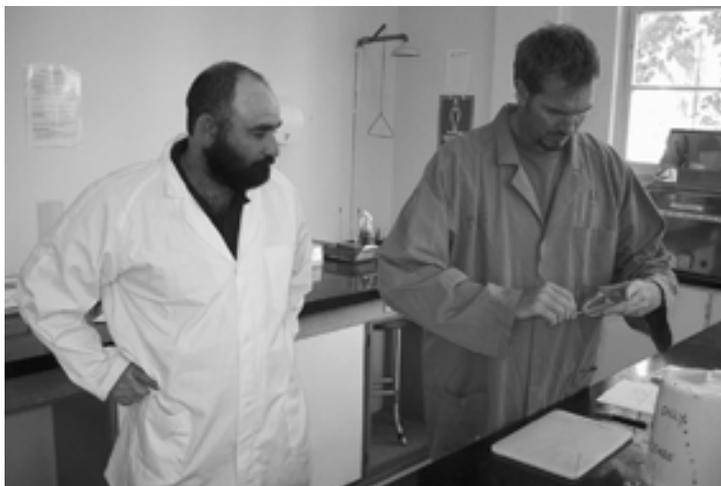
As usual several members of the ARA made valuable contributions to the workshop. Malcolm Stead and the team at A.J. Bush, hosted a visit to the plant at Rouse Hill. Kevin Pratt of Camilleri Stockfeeds provided the workshop satchels. Philip Lambeth and Jonathon Doubleday of Kemin Australia gave talks on meat meal quality and Reg Evans of Colyer Fehr provided generous sponsorship of the traditional Monday night barbecue. The next workshop is scheduled for February 2004. 



Wayne Walters of Teys Bros Innisfail and John Ruhle of Thomas Borthwick & Sons discuss the A.J. Bush Rendering plant with Dennis Caverley.



Michelle Blowes of AQIS and Dean Langham of Rockdale Beef prepare experiments in the microbiology laboratory.



Brad Deschamps of Geraldton Meat Exports and Harry Smelt of Thomas Borthwick & Sons test the hygiene status of meat meal.

## MLA workshop

Meat and Livestock Australia is planning to run a workshop on alternative uses of rendered products immediately before the Symposium. The MLA workshop will be held at the Marriott Hotel on 15 July, the day before the Symposium. MLA and the FPRF have combined to initiate research into non-feed alternative uses of rendered products. In addition the USDA Eastern Regional Research Centre at Wyndmoor, PA has a staff of about 34 people investigating alternative uses of meat co-products. These resources will be brought together at the workshop with Gary Pearl from the FPRF, Davis Clemens from Renewable Products Development Laboratory in Lincoln Nebraska and Bill Marmer from the USDA discussing their research on alternative uses of rendered products. The workshop will provide a good opportunity for ARA members attending the Symposium to get in on the ground floor and exploit ideas for uses of meat meal and tallow. For further information and registration contact Heidi Philpott at MLA on 02 9463 9166 or [hphilpott@mla.com.au](mailto:hphilpott@mla.com.au). 

## The Jacobsen International Bulletin

The Jacobsen Publishing Company has expanded its coverage to include Australia and New Zealand. The Jacobsen International Bulletin, which appears on the Jacobsen web site is the first weekly publication to provide in-depth analysis and price reporting for animal by-products in Oceanic markets.

The bulletin provides weekly updates of prices for a wide range of rendered products from the USA, Australia and New Zealand. It also provides market commentary to explain why prices are going up (or down) and what is expected in the future. The Jacobsen website provides detailed market intelligence about competitor products such as soy meal and palm stearine.

A new feature of the Jacobsen website is that charts of historical prices of tallow, meat meal and many other commodities can be viewed and printed. For more information visit the web site at <http://www.thejacobsen.com>. ARA members can register for a free trial of the website and access the International Bulletin. 

# Electrocoagulation

Meat and Livestock Australia have recently completed a study of the treatment of stick water from continuous wet rendering by electrocoagulation. Electrocoagulation achieves similar results as chemical coagulation in removing solids and fat from stick water. The advantage of electrocoagulation is that there are no chemical costs and if the coagulated sludge is added back to the raw material for rendering, the resulting meat meal is not contaminated by added chemicals. In addition electrocoagulation achieves superior phosphorus removal compared with chemical coagulation.

In a chemical coagulation process the added chemicals form charged particles that attract each other and electrically or physically bind contaminants in the water to form a floatable sludge of solids. In electrocoagulation, an electric current is applied directly to the water. As the water passes over the electrode plates, metals ions dissolve in the water and attach to solids in the water to create charged particles. Other reactions also take place to aid coagulation and partly disinfect the water. The electrocoagulation unit in the MLA studies contained 29 aluminium and iron plate electrodes. After water passes over the electrode plates, it goes through a floatation tank where the charged particles coagulate and floc to form a floating sludge.

Alena Tetreault of EC Pacific set up a pilot scale electrocoagulation unit at Burrangong Meat Processors to treat stick water from the MLTR-style rendering plant. The unit was capable of processing about 8 kL/hr of stick water. In early trials Alena discovered that the stick water had to be diluted to achieve effective coagulation but good results were achieved if the stick water was diluted 1:1 with slaughter floor effluent that has been defatted by hydro-cyclone. The process typically reduced the COD in the stick water by 85%, total suspended solids by 90%, nitrogen by 50%, phosphorus by 85% and oil and grease by 90%. At the same time electrocoagulation produced a floated sludge containing 10-15% solids. The sludge also contained 0.3-3% aluminium and 0.03-0.25% iron from the dissolving electrodes. The treated effluent was relatively free of the metals. 



Collection of sludge from the electrocoagulation treatment of stick water at Burrangong Meat Processors

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# Keith Airless Dryer

It is not every day that new technology is introduced to the rendering industry but Keith Engineering have come up with a novel approach to drying wet rendered solids. The Keith airless dryer uses superheated steam as a drying medium. The superheated steam dryer was developed in partnership with Meat NZ. The first commercial dryer has been recently commissioned at the Lowe Corporation Hawera plant in New Zealand.

The technology uses two loops with energy transferred from the combustion to the drying loop via a high efficiency heat exchanger. The steam in the drying loop is reheated to 450°C before the product stream is introduced. The drying loop operates at atmospheric pressure and a boiler is not required. The Hawera plant dries wet rendered solids from a continuous wet rendering plant to produce high-grade meat meal and bone chips for gelatine production

The recent commissioning confirmed the advantages of the process including the benefits of the absence of oxygen in the drying loop. The main advantages are reduced energy costs, increased yield and nutritional values and reduced risks of environmental hazards. Odours created during drying are minimal and treatment by bio-filtration or other means is not required.

David Pinches of Keith Engineering told Rendering Circles that one of the keys to the success of the drier is the innovative approach to control. The amount of energy introduced to the dryer is adjusted every 7 seconds so that it matches the heat duty required to evaporate moisture from the incoming product stream. Jock Richards of Lowe Corporation confirmed the benefits



Keith Airless Dryer.

of the Keith dryer and said that he was extremely pleased with the performance of the dryer and the cooperation from Keith during commissioning. He told Rendering Circles that minor hiccups that arose during commissioning had been rectified immediately and that there had been noticeable improvements in the quality of the dried product. 

## AQIS Rules!

AQIS has been busy negotiating with a number of countries for access for Australian rendered product. Apart from negotiations with the EU described in the article on EU regulations, AQIS has successfully negotiated with South Africa to have the Australian Standard for Hygienic Rendering accepted as a basis for production of meat meal. South African officials had requested that imported meat meal is processed according to a minimum heat treatment. However, they have agreed that the requirement of the Australian Standard to validate heat treatments by testing for *Clostridium perfringens* means that all Australian rendering systems can be shown to be effective regardless of the time/temperature conditions. This means that meat meal can be exported to South Africa from any of the diverse rendering plants in Australia.

The US Food and Drug Administration has proposed new rules to exclude brain and spinal cord from ruminants aged over 2 years from raw material for rendering. AQIS has responded to the proposed rule requesting that meat meal exported to the USA should be exempt from such a rule since brain and spinal cord of Australian origin has virtually no BSE risk associated with it. The Australian Renderers Association has also made a submission to the USDA about the proposed rule. The ARA submission also points out the low risk associated with brain and spinal cord from cattle in countries that do have cases of BSE. The ARA submission also details the amount and value of raw material that would be affected if the rule came into force.

Australia's category 1 geographical BSE risk as assessed by the EU appears to be set to continue for some time. The EU has been reclassifying country GBRs in line with the

OIE five category system of BSE risk but has not reclassified Australia. The OIE's classifications of country risk was due to be announced in May but it now looks like there will be no announcements until May 2004. In the meantime it is expected that the EU will put on hold its reclassification to avoid making assessments that could be in conflict with the OIE. All countries retain their EU assessed BSE risk category until a reclassification is announced.

Japan has notified the World Trade Organisation of regulations it intends to apply to feeds and feed additives as sanitary and phytosanitary measures. Amongst other things, the notification indicates that feeds for livestock are not allowed to contain protein derived from mammals. AFFA has objected to this proposal. Codex and OIE standards permit the use of mammalian protein meal in non-ruminant feeds and under WTO rules countries cannot apply more prohibitive regulation without conducting a risk assessment. Meat meal from Australia poses no risk in non-ruminant feed and AFFA have argued that the Japanese Ministry of Agriculture, Forestry and Fisheries should permit the use of Australian-origin meat meal in non-ruminant feeds.

Andrew Cupit, who represented AQIS at ARA meetings and who did an excellent job of facilitating trade in rendered product when he was the AQIS rendering specialist has been appointed Australian Veterinary Counsellor in Washington. Andrew will take up his new position in July. He told Rendering Circles that he plans to make contact with the National Renderers Association when he is in the USA to make sure that he keeps abreast of rendering issues. 

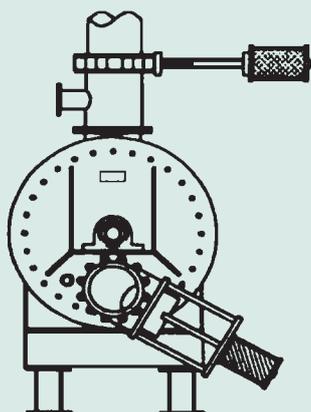
## Market report

The fortunes of tallow and meat meal have followed different paths in the early part of 2003. The Australian average monthly ex-works prices for meat meal, tallow and blood meal for the last six months are shown in Figure 1. Tallow prices were exceptionally strong at the start of the year and have declined since, while meat meal prices have improved during the year, at least to March.

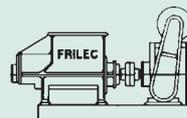
Tallow prices have been following trends in palm stearine prices. Figure 2 shows the comparison between palm stearine FOB ex. Malaysia and the Australian 1% FFA tallow average monthly price. In December palm stearine prices were high compared with tallow and this made tallow attractive in export markets. At the same time, there was strong demand on domestic markets. In addition, tallow supplies were limited in late 2002 creating the squeeze and pushing up prices. Although the numbers of stock slaughtered in late 2002 and early 2003 were high, cattle and sheep were in relatively poor condition and yields of tallow were down by as much as 30% compared to normal. Domestic customers also anticipated shortages in January due to expected shut downs at abattoirs. These factors combined to push the price of tallow up to a high point in January.

Kills picked up more quickly than usual after Christmas and tallow shortages were not as severe as expected. This eased the pressure on domestic tallow prices and led to price corrections in February.

Tallow prices have continued to fall. This is in line with falls in palm stearine prices and reduced demand, particularly in China. Returns to Australian producers have been



### Abattoir Engineering



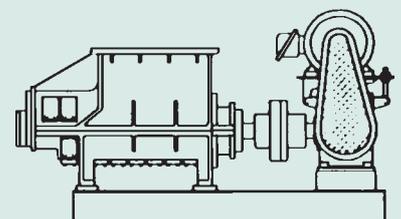
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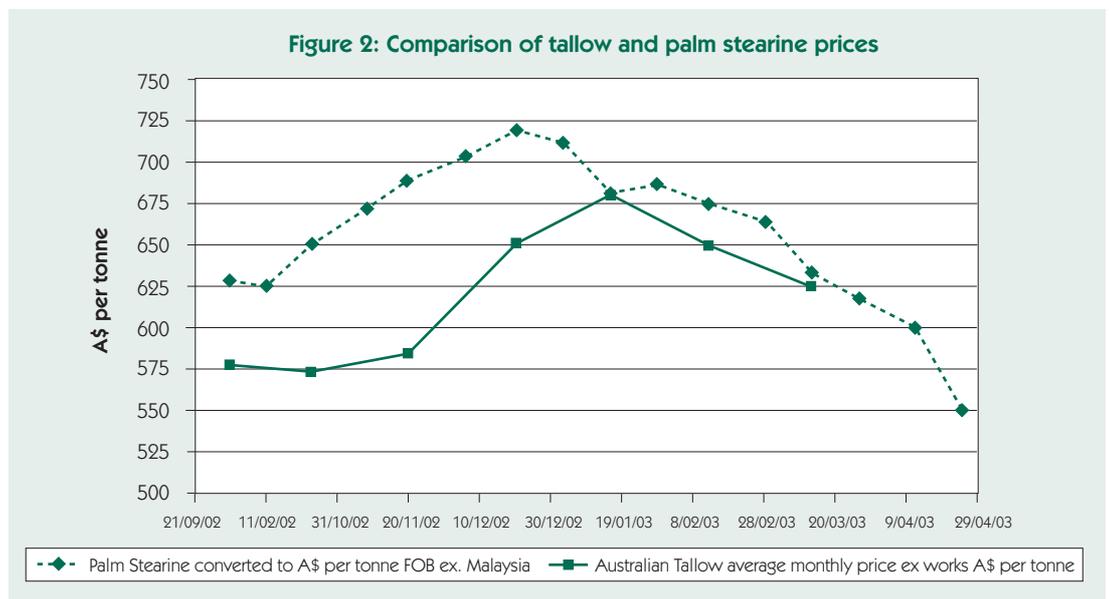
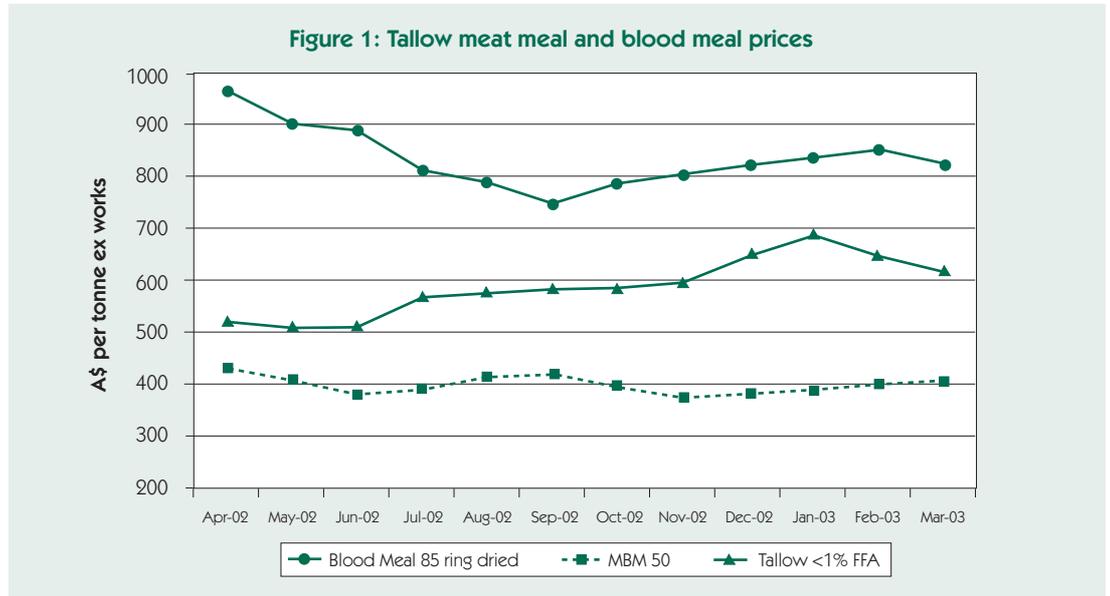
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further reduced by the appreciation of the Australian dollar. Since the beginning of January, the A\$ has appreciated from 0.5618 US\$ to 0.6141 US\$ at the end of April thereby reducing returns in A\$ terms by about \$60 per tonne.

Tallow prices in April have been stable which is a good outcome in view of what has happened to palm prices. Domestic demand in Southern States and continued low yields and limited supplies in the South have supported prices. May prices are also firm despite the falling palm stearine price and appreciating A\$. However the outlook for tallow is for lower prices. While the price of palm stearine continues to fall and the A\$ continues to appreciate it is likely that tallow prices will weaken unless supplies are further restricted by reduced kills.

In contrast to tallow, the high kills have resulted in good supplies of meat meal. Even fears of Christmas shut downs did not stimulate the market. Export markets have been pessimistic with the major market of Indonesia able to source plenty of cheap meat meal from the USA. The domestic market has been paying a premium for meat meal compared with export prices but these premiums have been diminishing as domestic users see the



weakness in export markets with more to come.

There has been some improvement in prices in 2003 but prices are weaker in April as export demand remains slow.

Nevertheless, meat and bone meal has traded within a \$40 per tonne range over the last 12 months and relatively stable returns have assisted the industry.

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