

PUBLIC REPORT

Controlling Corporation

Nestlé Australia Ltd

Period to which this report relates

Start 1 July 2009

End 30 June 2010

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

Nestlé Australia Ltd has continued to undertake planned assessment in accordance to the EEO Assessment Program on its Manufacturing activities over the reporting period. In the financial year 2009/10, the energy consumption for the Manufacturing Activities amounted to 93% of the total energy consumed by Nestlé Australia.

New Assessment

The energy assessed in the new assessments total 360,152 GJ. This equates to 19.6% of the total energy consumption by Nestlé Australia Ltd. The outcomes of these assessments are reported in Part 2 of this report. Manufacturing activities covered in this reports are:

1. Mulgrave Factory – Ice Cream manufacturing
2. Wahgunyah – Breakfast Cereal and Confectionery Snack

In light of the assessments gained from assessments performed in the previous reporting period, external consultants with reputable EEO assessment capabilities were engaged to facilitate and assist the assessment activities.

Previous assessment

Nestlé Australia Ltd has also acted on the assessment opportunities identified in the previous reporting period. The outcomes are reported in Part 2B of this report. The energy assessed is 1,096,607 GJ which amount to 59.8% of the total energy consumption by Nestlé Australia Ltd in this reporting period.

Business Changes

Since the previous report period, Nestlé Australia Ltd. Had divested one factory.

1. Pakenham – Frozen Foods

Therefore EEO Assessment will not be performed for this site.

Part 1 – Information on assessments completed to date (continued)

Table 1.2 – Energy use assessed		
Group member and/or business unit and/or key activity and/or site (or part thereof) that has had an assessment completed by 30 June 2010 (Include all assessments completed to date for the current 5 year cycle).	Period over which assessment was undertaken¹	Energy use for the period 1.7.2009 to 30 June 2010 of the assessed entity (or part thereof) expressed in GJ²
Blacktown Factory	1 Jul 2009 – 30 Jun 2010	32,734
Blayney Factory	1 Jul 2009 – 30 Jun 2010	211,952
Campbellfield Factory	1 Jul 2009 – 30 Jun 2010	204,589
Gympie Factory	1 Jul 2009 – 30 Jun 2010	472,521
Mulgrave Factory	1 Jul 2009 – 30 Jun 2010	122,037
Smithtown Factory	1 Jul 2009 – 30 Jun 2010	174,811
Wahgunyah Factory	1 Jul 2009 – 30 Jun 2010	238,115
Total energy use of assessed entities (or part thereof)		1,456,759
Total energy use of the whole corporate group in the period 1.7.2009 to 30 June 2010		1,833,314
Total energy use of assessed entities (or part thereof) for the period 1.7.2009 to 30.6.2010 expressed as a percentage of total energy use for the period 1.7.2009 to 30.6.2010		79.5%

1. This should be the start and finish date (month and year) for the assessment (planned assessment dates were nominated in Table 3.1 of the approved ARS).

2. Energy Bandwidth may only be used if approved in the Assessment and Reporting Schedule.

Table 1.3 – Accuracy of energy use assessed data		
Entity	% achieved	Reasons for not achieving data accuracy to within ±5%
Manufacturing – Smithtown Factory	± 15%	Due to variation of sawdust moisture.
Manufacturing – Gympie Factory	± 15%	Due to variation of sawdust & biomass moisture

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New assessments completed or not reported since your last Public Report

Name of Group member or business unit or key activity or site: Mulgrave – Ice Cream manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

113,280	GJ
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Table 2.1 – Opportunities assessed to an accuracy of better than or equal to (<=) ±30%

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation		1	1,758	5	2,565			4,323
	To be Implemented								
	Implementation Commenced								
	Implemented								
	Not to be Implemented						2	5	5
Outcomes of assessment	Total Identified		1	1,758	5	2,565	2	5	4,328

Name of Group member or business unit or key activity or site: Wahgunyah – Breakfast Cereals & Confectionery Snacks

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

218,438	GJ
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Table 2.1 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	7	1	1,067	5	11,746	1	1,091	13,904
	To be Implemented	3	2	9,838	1	2,110			11,948
	Implementation Commenced								
	Implemented	1			1	534			534
	Not to be Implemented								
Outcomes of assessment	Total Identified	11	3	10,905	7	14,390	1	1,091	26,386

Part 2B - Update of assessments reported in previous Public Reports

Table 2.3 - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: Blacktown Factory – Therapeutic Confectionery manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

30,447	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	6	1	64	1	40	4	3271	3375
	To be Implemented								
	Implementation Commenced								
	Implemented	13	11	2226	1	17	1	265	2508
	Not to be Implemented	5	1	253			4	2218	2471
Outcomes of assessment	Total Identified	24	13	2543	2	47	9		8254



Name of Group member or business unit or key activity or site: Blayney Factory – Pet food manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

205,885	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (<=) ±30%

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	5	3	388	2	27			415
	To be Implemented	1	1	37					37
	Implementation Commenced	0							
	Implemented	22	17	8,521	4	1,604	1	490	10,615
	Not to be Implemented	9	7	2,475	2	2,505			4,980
Outcomes of assessment	Total Identified	37	28	11,421	8	4,136	1	490	16,047

Name of Group member or business unit or key activity or site: Campbellfield – Chocolate Confectionery manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

20,5572	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	2			2	934			934
	To be Implemented								
	Implementation Commenced	3	3	1941					1941
	Implemented	8	6	7636	1	508	1	16	8160
	Not to be Implemented	13			1	1071	12	12531	13602
Outcomes of assessment	Total Identified	26	9	9577	4	2513	13	12546	24636



Name of Group member or business unit or key activity or site: Gympie Factory – Nescafé manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

530,271	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (<=) ±30%

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	2	1	21,409			1	8,940	30,349
	To be Implemented	1	1	195					195
	Implementation Commenced	2	1	640	1	260			900
	Implemented	10	8	16,928	1	444	1	49,092	66,464
	Not to be Implemented	1			1	290			290
Outcomes of assessment	Total Identified	16	11	39,171	3	994	2	58,032	98,197

Name of Group member or business unit or key activity or site: Smithtown – Milo & Nesquik Manufacturing

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

178,675	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	13	12	180	1	500			680
	To be Implemented								
	Implementation Commenced	2	2	750					750
	Implemented	26	21	205	2	233	3	179	621
	Not to be Implemented	30	26	84	1	5,800	3	239	6,123
Outcomes of assessment	Total Identified	71	61	1,219	4	6,533	6	418	8,174



Part 2B - Update of assessments originally reported in previous Public Reports (continued)

Name of Group member or business unit or key activity or site: Campbellfield

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

205572	GJ
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Table 2.4 – Opportunities assessed to an accuracy of worse than (>) ±30%

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	50			50	71			71
	To be Implemented								
	Implementation Commenced								
	Implemented								
	Not to be Implemented								
Outcomes of assessment	Total Identified	50			50	71			71

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessments

Table 2.5 – Description of 3 significant opportunities

Opportunity 1
<p>Reduction of Compressed Air Leakage A site survey carried out by an external consultant has identified the potential saving of \$37K from compressed air leaks. Repair works are ongoing. Repair work is in progress. To date 31% of identified compressed air leaking volume has been repaired.</p> <p>To keep the energy efficiency momentum, the site will be resurvey annually.</p> <p>KWH Saved 114,700 Payback 1.3 yrs</p>
Opportunity 2
<p>Chilled Water Pressure Control. To install one pressure control system on chilled water dual pumps system. This will allow one pump to supply the base load requirement and the second pump is variable speed controlled according to system pressure.</p> <p>KWH Saved 63,900 Payback 1.9 yrs</p>
Opportunity 3
<p>Vacuum System Optimization As a result from reviewing the vacuum system capacity requirement, a 15kw Hydro/Electric Vacuum pump will be replaced by a low power consumption stand alone 0.75kw Vacuum pump...</p> <p>KWH Saved 97,500 Payback 0.3 yrs</p>



Opportunity 4

Installation of a new VSD Air Compressor

The savings were estimated to be 264GJ. The new compressor with VSD control was purchased as a replacement of old machine which had ON/OFF type of pressure control.

KWH Saved 73,333 kWh

Payback 6.6 years

Opportunity 5

HVAC Runtime Optimisation

Review of the operation of the HVAC system versus production requirement, concluded that most of the system can be switched off between 1am and 5am without impacting production requirements. This offers a potential savings in excess of 150GJ p.a.

Investment required for the new HVAC control strategy is a new PLC and some programming hours.

Energy Saved 150 GJ

Payback 1 year

Opportunity 6

Cooling Water Pump - VSD Control and Runtime Optimisation

Review of cooling water demand following removal of some of the factory processes, concluded that the currently installed cooling water pump has been over-delivering significantly and operating unnecessarily on week-ends. Utilising the existing VSD the pump speed was reduced. A new control timer is installed to turn the pump off over the weekends.

KWH Saved 68,055.

Payback less than 1 year

Opportunity 7

Cooling Water Pump - VSD Control and Runtime Optimisation

Review of cooling water demand following removal of some of the factory processes, concluded that the currently installed cooling water pump has been over-delivering significantly and operating unnecessarily on week-ends. Utilising the existing VSD the pump speed was reduced. A new control timer is installed to turn the pump off over the weekends.

KWH Saved 68,055.

Payback less than 1 year



Opportunity 8

Cooling Water Pump - VSD Control and Runtime Optimisation

Review of cooling water demand following removal of some of the factory processes, concluded that the currently installed cooling water pump has been over-delivering significantly and operating unnecessarily on week-ends. Utilising the existing VSD the pump speed was reduced. A new control timer is installed to turn the pump off over the weekends.

KWH Saved 68,055.

Payback less than 1 year



Part 3 - Voluntary Contextual Information

Table 3.1 – Contextual Information

Nestlé Australia Ltd. Is committed to the integration of environmental principles, program and practices into the operations of each of our factories, distribution centres and offices. This commitment is captured in the “Nestlé Oceania: Creating Shared Value Report 2009” which can be viewed in the Nestlé Australia internet site (<http://www.nestle.com.au>)

A key learning from these assessments is:

- A holistic approach is needed to include impacts on water usage and waste generation while assessing energy opportunities. These more complex interactions requires a skilled team to maximise the benefits, and must be drawn from in-house operators, engineers and other key stake holders who have the specialised process knowledge of our production lines and equipment.

Future assessments will include this approach.



Part 4 - Declaration

Table 4.1 - Declaration of accuracy and compliance (mandatory information)

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.

CEO Nestlé Oceania

Date 23.12.2010