

Stoddart - Response

Stoddart's placement in the context of the Market 'Refrigerated commercial cabinets'

Stoddart Manufacturing is a medium sized distributor & manufacturer of commercial refrigerated product in the Australian market. The majority of our distributed (refrigerated) product is the result of Project requirement or Customer request, that is to say the market drives us to create specific, niche market (boutique) solutions which is supported by imported (& occasionally local) standard cabinet construction. As a result, this leads to high innovation & experienced personnel devising solutions to meet customer demand, but results in a very wide range of refrigerated product models & very small volume model runs e.g. 25-50 units.

Stoddart Manufacturing is not a manufacturer that is driving the market offering standard cabinets and producing 20 units a day or a week of repetitive models & in general while we may sell standard refrigerated product lines these would normally be of imported products sourced from Europe, Asia or China.

Our business is more focused on food preparation & servery display of prepared foods (commercial kitchens & bars) & typically we don't sell to supermarkets, or corner convenience stores or specialised traders e.g. ice creams, meats etc.

Our market segment invariably has coolroom/freezer access direct from preparation areas & highly customised displays to suit a particular venue or fitout. In this environment, small isolated cabinets (per new MEPS proposed descriptions) are usually limited in smaller restaurants, but can be numerous in larger restaurants & hotel complexes, where refrigeration is generally remote to limit heat/noise and coupled with coolroom systems to provide rapid recovery to smaller cabinets.

Summary Response Points

While in general we support the concept of reducing the energy use of refrigeration in the Aust./NZ market we are cautious of impacts on an already heavily regulated industry segment in which we operate.

1) EU Vs Aust./NZ Std.

Following a review of Aust. Std 1731 vs the European Std ISO 23953, we note a significant increase in the requirement of the door openings test & consider it detrimental to our existing results & unrealistic to normal energy use of a refrigerated unit, however Stoddart would support the use of the harmonised European Std, adjusted for Australian conditions. (National Differences) E.g.

- a. 240v Aust. vs 220v Europe – Aust. power supply requires a wider tolerance +/- 10% which results in reduced life span of components in Aust. for equipment designed to run on 220v with narrower tolerance. (More robust componentry required)
- b. Environment / climatic conditions are completely different e.g.
 - i. higher temps & humidity experienced in Aust. Leads to specific energy increases with regards to heating display glass (to prevent condensation) door heaters (same reason).
 - ii. Sizing increase of condensers/robustness due to wider range of ambient temp differentials & local requirements for more rapid temp recovery.
 - iii. Condensers' operating in higher ambient temps reducing life spans & increasing loads on light weight condensers designed to meet MEPS requirements.

2) Small Run Lots

Analysis of our sales over the past 5 years would indicate some 340 different models sold, with sales of greater than 25 units (over the last 2 years) applying to only 30 models. It is quite possible that of the 30 models only a handful will still be in the same configuration or form in 2 years such is the speed of change within this segment of the industry. We are now confronting an almost total rewrite as the industry moves towards alternative refrigerants and away from HFC's (when the industry in fact determines which direction it intends to go).

These aspects have always presented a conundrum for Stoddart's on exactly what models to test, given the combined product test & registration costs set against the product volumes & model life.

Stoddart would prefer to see small lot runs (25-50 unit) covered under a 'Deemed to Comply' provision and supported by licencing of the local manufacturer with regular auditing of technical files & calculations per models produced. When volume (X) exceeded the model must be tested.

3) Legislation directed at 'Purchaser' to pull through need rather than manufacturer.

As almost all Stoddart (manufactured) refrigerated units are made to order, adding additional weeks/1 month to project time frames for MEPS test requirement's, is unrealistic and our customers are seldom if ever interested in energy requirements, they are far more focused on reliability, maintaining temp, rapid recovery & moving their product. Many of the custom display units we fabricate would only be used for meal periods i.e. lunch or dinner and thus only operate for 6-8 hours per day max.

In our market segment there is normally no requirement for MEPS cabinets specified by Food Consultants or Customers & following the awarding of the project works there will be limited time frames to import &/or design & manufacture displays to comply with installation/commissioning & other project time frames.

While the systems will be thoroughly engineered & temps tested, of paramount importance in this environment is public safety (holding temps) & robust/reliable refrigerant products. It is therefore difficult for a company such as Stoddart to apply MEPS testing to all manufactured product or facilitate MEPS testing of all custom displays in this market.

In order to achieve the desired outcomes of the proposal Stoddart believe offering Gov. incentives to commercial interest & using regulatory approach thru BCA, NABERS, GREENSTAR, or RESTURANT LICENCING would be more effective.

4) Unintended Consequences

- a. it is our perception under the existing proposal to extend MEPS & without some adjustment for small run lots this proposal will drive Aust/NZ's already limited refrigeration manufacturing sector offshore. This is an existing established trend that will only increase with expanded MEPS proposals
- b. If the MEPS test is carried out as proposed (in excess of one-unit/model) then we would need to add approximately \$6500 to the cost of manufacturing the batch of cabinets & add significantly to project time frames– the end result being the unit

cost and unit sell price will increase significantly when small batch volumes are compared against large volume manufacture of repetitive models.

- c. Equipment designed for specific customers to further their requirements that are not available to other customers will be drawn into the proposed extension of MEPS despite cabinets being designed specific to their requirements & thus effectively increasing costs despite relatively small batch volumes. This local work may then be taken offshore unless as engineered product, it could be considered under a “Deemed to comply” provision outlined in 2) above.
- 5) Labelling only on literature, not on cabinets as customers don’t come to a retail space to compare & at a handover stage (start-up) of a commercial kitchen/restaurant such labelling will already be removed.
- 6) Implementation of revised (harmonised) standard Timeframe - 3-5 years

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