

The Smart Procurement Guide to Waste Services



Written by the Sustainable Business Network, in conjunction with:



Procuring without in-depth knowledge of an industry creates risks to your organisation and leaves opportunities untapped.

This Guide is part of a series of industry-specific advice to inform your due diligence.

**It provides an outline of the waste industry and highlights some of the main sustainability issues and concerns.
It suggests a series of questions to ask your suppliers and potential suppliers.
It will help you mitigate risks and deliver value.**

Procurers and their suppliers are coming to recognise the significance of their procurement function in delivering strategic organisational value.

Let this series help make sustainability a straightforward component of your procurement activity.

For more guidance documents from this series, and to learn more about smart procurement, visit: smartprocurement.org.nz

For more information about the Sustainable Business Network, visit: sustainable.org.nz

Introduction

Eliminating waste

There are good reasons for businesses to seek opportunities in more careful management of their waste streams.

The OECD's 2017 Environmental Performance Review warns that the New Zealand waste industry lacks sufficient data, comprehensive oversight and effective governance. These shortcomings create opportunities for opaque activity and undesirable outcomes, from a business and a sustainability perspective.

Business accounts for around 80% of the total waste generated in Auckland, which is likely to be representative of much of the rest of the country. Yet there are often easy cost savings and efficiencies, emissions reductions, benefits in sustainability reporting, and new products and value streams waiting to be unlocked.

Responsibility rests with you for the type of waste being generated in the first place.

‘Start of pipe’ decisions on procurement, manufacture and packaging determine what waste streams emerge. While this document is not explicitly about how to reduce your business’ waste, that may well be where your journey ultimately leads. Other resources produced by the Sustainable Business Network (SBN), especially through its Circular Economy project, can help guide you in that effort.

To get better management of your waste, start by being clear about your motives, mandate and business case. Good suppliers will help you ask and answer these questions. With preparedness on both sides, suppliers can help with scoping, pricing and expert guidance on the latent possibilities of tackling – and transforming – your organisation’s approach to managing its waste.

Waste and the circular economy

The Sustainable Business Network is committed to accelerating the shift towards a circular economy, in which waste would not exist.

All waste is the result of costly failures. Failures in product design, distribution systems or collection processes. Failing to take the opportunity to do better. It's the same for your business. Every waste stream coming out of your business represents lost value in terms of resources and lost time and effort dealing with them.

In a circular economy the lifecycles of all materials are maximised. The use of those materials is optimised. At the end of a product's life all materials are reutilised.

This requires a redesign of the current systems of extraction, production and disposal to ensure natural and technical resources stay in discreet systems or 'loops'.

In a circular economy natural materials are composted or otherwise safely returned to the natural environment. Technical resources like plastics and metals are returned to cycles of production and reuse. Products are designed in such a way that these can be easily separated.

Elements of the circular economy are already emerging, with increasing options to reuse, recycle and recover what was considered waste. For example, commercial composting is now available in Auckland, Wellington and Christchurch, helping to tackle the problem of food and green waste. And several businesses are now producing commercially compostable products, where once there were only versions destined for landfill.

This Guide assists you to recognise opportunities like this, and expand them.

To find out more visit circulareconomy.org.nz



Sustainability concerns in the New Zealand waste industry

One problem with New Zealand's waste is obvious: there's too much of it.

The World Bank recently pointed the finger at New Zealand as the most wasteful OECD member country in terms of household waste generated per capita. Even worse, about 40 percent of household waste is compostable (food and green waste).

That waste contributes to NZ's emissions. Love Food Hate Waste has calculated that NZ's yearly food waste produces more than 325,000 tonnes of carbon emissions, equivalent to over 118 000 cars on the road for a year.

Overall, the Ministry for the Environment's Greenhouse Gas Inventory attributes 5% of New Zealand's direct greenhouse gas emissions to waste, equivalent to those from all 'industrial processes and product use'.

A recent report from SBN's Circular Economy Accelerator programme calculated the value of a transition to a more circular economy at \$8.8 billion for Auckland alone!

So why are there such bad results – and money left on the table – in New Zealand's management of waste?

A large part of the reason for these poor waste outcomes at a national level is the low cost of the lazy, inefficient option: landfill.

The waste levy, set by national government and currently at \$10 per tonne, hasn't budged since 2009. There are also plenty of exemptions available. For comparison, in Sydney this year (2018) it's AU\$141.20 per tonne (and AU\$81.30 in the rest of New South Wales)! The waste levy would only have to go part of the way towards the level of our Aussie counterparts for businesses to start scrambling, and stronger efforts to tackle waste to become a no-brainer.

To get maximum value for your performance on waste, it's important to work with trusted and credible waste suppliers.

There are a variety of companies operating in the waste industry. Some are large and foreign-owned, while others are smaller and New Zealand-owned.

Some businesses make a general point of trying to support locally-owned companies, while for others it's not an issue of much importance. That's something only your business can decide for itself.



It is also important to know which companies own or have financial interest in landfills and those that don't. This may lead you to investigate further to understand what systems each has in place to keep your waste segregated, direct it to appropriate end-points, and advise or educate your business on how to achieve better waste and business outcomes.

In a nut-shell, these activities are the backbone of what sustainability means for the waste industry.

Taking responsibility for waste: Why it concerns you

Waste is becoming an ever more common and integral component of companies' sustainability performance and social licence to operate.

There are good reasons why the scrutiny – and value – of commercial waste streams will only grow.

Businesses can minimise costs and find efficiencies, as well as delivering value through brand, reputation and partnerships. Anecdotally, SBN is hearing that businesses find especially strong staff engagement on waste, making it a great starting point for corporate 'green teams'.

Waste will soon hit the hip-pocket of businesses a lot harder. The OECD's 2017 Environmental Performance Review noted "extending the waste disposal levy" as a 'next step' for New Zealand. Already some businesses are getting savvy to stay ahead of the crush.

Best-practice performance frameworks now demand fully auditable waste trails and maximum diversions. An example is the Infrastructure Sustainability Council of Australia (which guides Auckland's City Rail Link projects).

Multiple sustainability reporting frameworks (including emissions reporting and offsetting) also account for waste performance. Examples include the Global Reporting Initiative (GRI) and New Zealand's own CEMARS and carboNZero programmes.

Businesses genuinely trying to be part of a brighter, greener future are asking themselves, "What would our business look like if we weren't generating this waste? Who could we attract as customers, and who would we have to work with to get there?"

Points to consider prior to engaging waste suppliers

So you know you need to be more savvy about your waste. Now what?

The clearer you can be on your organisation’s motives and mandate to address your waste, the more your waste suppliers will be able to help you.

Here are some questions to shape your thoughts on what you are ultimately looking for.

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What kind of waste service do you require? An assisted journey towards greater sustainability, or just someone to pick up a bin?

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Why are you looking for better waste solutions? How will greater attention to your waste contribute to your organisational objectives?

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How far are you willing to take your efforts on waste, even if starting from square one? Are you committed to paying to get sustainable outcomes? Are you prepared to pay the price for your waste?

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Is your approach predominantly price/cost based, or value/outcomes based?

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Do you have a good grasp of the waste you’re generating, or do you need guidance? Do you know already if your waste materials can be reused or reallocated or repurposed? (Waste audits are a possible first step.)

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Do you know which waste services are available in your area (e.g. soft plastics, glass, co-mingled, compostable, etc.)? Your suppliers should also be able to tell you this.

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Do you have internal resources available to organise and streamline effort?

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Are you considering setting, or have you already set, waste diversion goals for your own business?

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Are you reporting or intending to report on your waste streams, either to a head office overseas and/or through sustainability or emissions reporting?

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Is your organisation already considering the waste implications of (e.g.) its procurement and operational decisions? Is there a capacity and willingness to do so? (A waste audit can be a great starting point to inform these decisions.)

☐

tick the boxes once you have written out your answers

Where to from here?

Choosing the right waste supplier, and getting the best possible outcomes from your existing waste, is a sensible starting point.

These questions will help your business identify a supplier and a service that delivers accurate measurements, positive outcomes and expert advice.



As important as this step is, the real transformation in your business' waste is most likely still ahead of you. The conversations you have with your waste supplier can better inform you about the composition of your waste, allowing you to identify areas of opportunity further up the waste stream. These could be in the design and packaging of your products, your manufacturing processes, your procurement of necessary goods and services, or somewhere else entirely. Wherever they can be found, New Zealand is heading for a fundamentally different approach to waste – out of necessity. Businesses are going to be a major part of the transformation, and indeed many opportunities for businesses will emerge along the way.

Visit www.circulareconomy.org.nz for a vision from the future, where there is no such thing as 'waste'.

Critical questions to ask your waste service

NZ businesses can and should expect more from their waste suppliers.

Suppliers should be capable of accurately measuring your waste, maximising diversion from landfill and advising on areas where improvements and efficiencies are possible.

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Given what you want to achieve, how involved will you need to be as a supplier or advisor?

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Given our rubbish as it is, how would you structure it? How might that change over the course of the contract (i.e. what do you think is possible with continuous improvement)?

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What is the lowest cost structure that will maximise diversion from landfill?

About their business

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What’s your vision/what are you working towards?

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What are you doing to innovate, or otherwise go beyond standard practice?

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Are you a council-approved licenced operator? [mainly Auckland]

Their approach to waste

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Which processing site(s) do you use? Do they have the necessary consents, including environmental ones?

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Is your company locally or foreign-owned (or if mixed, what is the mix)?

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Which memberships do you hold? Are you an SBN member? A WasteMINZ member?

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Can you provide referrals from other members of these organisations?

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What are your company values and who could endorse that for you?

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Which certifications or accreditations does your business hold?

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What’s happening within your own business, e.g. how are you dealing with your own waste? Your carbon emissions? What are you doing for your community?

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tick the boxes once you have answers

Measurement, separation & reporting

When paying for waste services you should have an expectation of transparency and a fully auditable trail, with accurate measurement and reporting on where your waste ends up.

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What are you going to do with our waste? Are you going to separate out different streams? If so, how, and at which sites? Can I send someone to see it?

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What is your measurement methodology?
Specifically:

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What do you measure?

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How do you measure it (i.e. by estimating/assuming bin weight or actually weighing all bins, or a combination)?

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How regularly can you provide us with an accurate waste report?

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Will you use sub-contractors? If so, who, and for what?

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Where will each of our waste streams go? Can you give us an auditable trail of these streams? (E.g. Some suppliers use GPS data, live recording, weighbridge receipts for food waste, etc. as proof.)

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Are you confident in the integrity and waste management practices of the sites you forward waste on to?

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tick the boxes once you have answers

Contract management

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Are your contracts fixed-length? How long? Do they contain rollover clauses? Are price increases capped?

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Is flexibility built into the contract, in case our needs change or as we learn more about our waste streams?

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Will you inform us if what you are doing with our waste changes from what we originally agree, or might reasonably expect? E.g. will you inform us of any contaminated recycling bins that you send to landfill, so we can address that issue internally?

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What is the process for a 'contaminated' bin? Will you flag it and work with us to remedy it?

☐

tick the boxes once you have answers



The SBN Smart Procurement project is interested to hear about your experiences in putting this guide to use, as well as any notable outcomes that ensue. Visit www.smartprocurement.org.nz and leave a note through the contact form provided. SBN will be in touch shortly thereafter.