

20 May 2022

To Ministry for the Environment
From Te Waihanga
Subject Submission in response to *Te panoni i te hangarua Transforming recycling* Consultation document

Introduction

The New Zealand Infrastructure Commission, Te Waihanga welcomes the opportunity to submit on the Ministry for the Environment's consultation document *Te panoni i te hangarua*.

Te Waihanga's purpose is to co-ordinate, develop, and promote an approach to infrastructure that improves the well-being of New Zealanders. [Hanganga o Aotearoa, the New Zealand Infrastructure Strategy 2022 – 2052](#) sets out the country's infrastructure challenges and how to address them.

We are submitting because the proposals outlined in *Te panoni i te hangarua* are closely related to the 'Moving to a circular economy' section of *the Strategy* (pages 98 to 105), which outlines the need to move to a circular economy and makes a series of recommendations on what is needed to get there. Of the nine waste recommendations we outline in *the Strategy*, five are directly or indirectly related to the initiatives set out in your paper.

The principles and recommendations outlined in the *Strategy* underpin our view of the reforms that are needed in the waste sector. Thank you for the opportunity to contribute to the waste initiatives set out in your paper.

Our feedback is separated into three parts: Container Return Scheme, Improvements to kerbside recycling, and Separation of business food waste. We outline how each of these proposals aligns with the New Zealand Infrastructure Strategy and also put forward some suggestions that we think will (1) enable a competitive and innovative waste sector, and (2) enhance the effectiveness of your proposals.

Summary of submission

The key points in our submission are:

- Improving recycling outcomes and moving towards a more circular economy will contribute to achieving a low-emissions and climate resilient future.
- A container return scheme will incentivise greater product stewardship and will significantly reduce littering. We strongly support the proposed container return scheme.
- While improvements to kerbside recycling are needed, we are concerned that Proposal 1 (Collecting a standard set of materials) will be ineffective and have adverse unintended consequences.
- Proposal 1 (Collecting a standard set of materials) needs to be redesigned to be effective and efficient.
- Given the urgency of reducing greenhouse gas emissions and that 94% of greenhouse emissions from waste are from organic materials sent to landfill, the proposed approach for the separation of business food waste (Part 3) is inadequate.
- For Part 3, Option 6 (Ban the disposal of food scraps to landfill by 2030), should be the option chosen, as it is both affordable and consistent with net-zero emissions targets.
- Good decision-making requires good data. We are supportive of proposals to improve data collection in the waste sector.

Main submission

The Container Return Scheme is well-aligned with the Infrastructure Strategy

New Zealand produces a lot of waste. We send too much waste to landfill and lack the facilities to recycle much of what we consume. More importantly, we are yet to truly embrace the culture of reducing and designing waste out of our society. Transitioning to a circular economy will take bold action.

Establishing a container return scheme is directly related to Recommendations 29b and 30 in *the Infrastructure Strategy*. Recommendation 29b outlines that we should “...provide appropriate direction that accelerates investment and innovation in waste minimisation and the recovery of resources.” Recommendation 30 states that we should “Prioritise options that minimise waste entering the market to avoid unnecessary infrastructure costs.”

A container scheme will incentivise greater product stewardship and will significantly reduce littering. The proposal is founded on a large body of international evidence and experience, is very well aligned with the *Infrastructure Strategy*, and is likely to be highly effective at achieving a high recovery rate for bottles included in the scheme. Te Waihangā is very supportive of the proposed container return scheme.

Standardisation to recycling is needed, but must be effective and efficient

Proposal 1 (Collecting a Standard set of materials) is directly related to Recommendation 32a in *the Strategy*, which calls for “improving the ease of recycling for consumers, with a focus on simplicity and consistency across jurisdictions.”

While Te Waihangā agrees that there should be national consistency in *what* materials are recycled, we disagree with the proposal to set a mandatory approach for *how* materials are recycled (kerbside) and *who* collects recycling (Councils).

We believe this approach will likely be inefficient and ineffective because:

- It assumes that a kerbside-based recycling system is the most convenient and efficient system in all cases and does not allow for flexibility when other recycling models would be more appropriate.
- It would require Councils to collect recycling in urban areas but would not allow them flexibility in the means of achieving the desired outcomes, eliminating opportunities for efficiency gains or tailoring recycling programmes to local context.
- It sets out uneven requirements for Councils and private operators and will reduce opportunities for competition.

We believe that requirements for a kerbside-based recycling system are inappropriate because this approach will not always be the most convenient and efficient and may lead to adverse outcomes in some cases. For example, in the case of townhouses and apartments, a kerbside based recycling system will often have adverse impacts on footpaths, and it will be preferable for rubbish and recycling to be collected from a central site within developments. In central city areas, Councils may choose to not provide kerbside recycling services, and may

instead outline requirements for off-street private collection through a bylaw, resulting in improved outcomes compared to a kerbside system. However, our understanding is that this type of approach would not be permissible under the proposal, as it does not allow for flexibility in *how* materials are recycled.

Under the proposal, Councils would be required to offer kerbside recycling and organic waste collections services in urban areas and would be required to meet recycling and organic waste collection standards. We believe that this proposed approach eliminates opportunities for alternative models that may provide efficiency gains or be more appropriate in some contexts. For example, the Kāpiti Coast District Council employs an alternative approach where it does not have its own Council rubbish and recycling collection and instead requires that each private collection service must provide both rubbish and recycling according to set standards. Our understanding is that the proposed approach would not allow for this type of alternative delivery model, as it does not allow for flexibility in *who* collects recycling.

While the proposal sets out strict standards for Council recycling operators, private operators who collect rubbish only would not be required to collect recycling and organic waste and would be subject to reporting requirements only. We believe that these uneven requirements between public and private operators will reduce opportunities for competition because private operators would be free to operate under a range of models, while Councils would be limited to providing the regime mandated by government. This could lead to several adverse outcomes, such as very low uptake of Council provided services and low recycling rates among customers of private services.

For most projects there are alternative options for investment that vary in cost and outcomes. The key is to identify those options that deliver the best ‘bang for buck’. To do this, a cost-benefit analysis (CBA) of alternative options should be completed for all major policy interventions and investments. While several options have been considered, a CBA has not been presented and the costs to both Councils and consumers has not been quantified or monetised in the *Regulatory Impact Statement*. An intervention of this magnitude should include a robust CBA and consideration of the efficiency of alternative mechanisms of achieving the desired outcomes.

Given the number and magnitude of issues with Proposal 1, substantial redesign of the scheme is required for it to be effective and efficient. A preferable approach would be to set national standards for *what* materials are recycled and use minimum waste diversion targets (outlined in Proposal 4) as the means of ensuring that Councils meet required recycling outcomes. This approach would both be flexible and allow us to meet desired environmental outcomes, enabling opportunities for efficiency gains and tailoring of recycling programmes to local context.

Organic waste collection should be in alignment with emissions reductions targets

Waste is the cause of 4.6% of New Zealand’s gross greenhouse gas emissions –higher than the domestic aviation sector. Transitioning to a circular economy and eliminating organic waste sent to landfill will need to be part of the pathway to meet the net-zero carbon emissions target.

Te hau mārohi ki anamata, the NZ Emission Reduction Plan has a target to reduce biogenic methane from waste by 40% by 2035, while the Climate Change Commission demonstration path assumes a total organic waste disposal ban at Class 1 landfills by 2030. Our view is that organic waste collection requirements must be consistent with net-zero emissions targets and should include total organic waste diversion from Class 1 landfills by 2030, if at all possible.

Proposal 2 (All urban populations should have kerbside food scraps collection), is an approach to help implement Recommendation 33a, stating that we should “Improve the collection of organic waste through more commercial and household food waste collection services.” The consultation proposes a phased approach to the rollout of kerbside food scraps collections, with timeframes dependent on processing infrastructure, and full implementation before 2030.

Part 3 outlines a proposed process for the separation of business food waste but does not outline a timeline or process for implementation (Option 5 - All businesses must separate food scraps). Given the urgency of reducing greenhouse gas emissions and long-lead times to provide supporting infrastructure, the vague and noncommittal approach outlined is inadequate. Given that 94% of emissions from waste are from organic materials sent landfill, reducing organics to landfill should be a top priority for the waste sector in the short term.

The Ministry estimates that \$24-38 million of infrastructure investment would be required, which represents a relatively low-cost relative to the scale of emissions reduced. We believe that Option 6 (Ban the disposal of food scraps to landfill by 2030), should be the option chosen, as it is both affordable and consistent with net-zero emissions targets. While this option will likely present infrastructure delivery challenges, it *is* achievable if given sufficient focus. We invite the Ministry to approach Te Waihanga if further advice is required on the delivery of the required infrastructure to meet climate targets in the waste sector.

Good decision-making requires good data

A lack of data makes it hard to make good decisions about recycling and waste infrastructure and services. Currently, there’s limited publicly available and comparable data on how much waste New Zealanders produce, how it’s disposed of and how much waste and recycling infrastructure capacity we have. This is a blind spot that limits the ability to create policy, plan and invest.

Proposal 3 (Reporting on household kerbside collections offered by the private sector), and Proposal 4 (Setting targets/ performance standards for councils) would partially implement the recommendations in the strategy which state that:

- “...provide appropriate direction that sets out performance measures for tracking performance.” (Recommendation 29d)
- “Fund improvements in waste data to enable comparisons between volume, performance, and processing capacity across waste streams by region and territorial authority. This might be achieved by resourcing the implementation of the National Waste Data Framework.” (Recommendation 36)

We are supportive of proposals to improve data collection in the waste sector and anticipate that they will improve future decision-making.

Conclusion

In conclusion, moving towards a more circular economy is important for achieving a low-emissions and climate resilient future for Aotearoa. The proposals outlined in *Te panoni i te hangarua* are well aligned with *Hanganga o Aotearoa, the New Zealand Infrastructure Strategy 2022 – 2052* and partially give effect to five of the nine waste-related recommendations in the *Strategy*.

While we are supportive of the desired outcomes of the proposals, we believe that the proposed approaches to Proposal 1 (Collecting a standard set of materials) and Part 3 (Separation of business food waste) should be revised to be more effective and efficient.

Proposal 1 (Collecting a standard set of materials) will likely inefficient and ineffective and needs to be redesigned to achieve the desired outcomes. A preferable approach would be to set national standards for *what* materials are recycled and use minimum waste diversion targets as the means of ensuring that Councils meet required recycling outcomes.

Given that 94% of greenhouse emissions from waste are from organic materials sent to landfill, reducing organics to landfill should be a top priority for the waste sector in the short term. However, the outlined proposals have largely focused on recycling, with insufficient attention to what is needed to remove organics from landfill by 2030.

The proposed process for the separation of business food waste (Part 3) is inadequate given the urgency of reducing greenhouse gas emissions and long-lead times to provide supporting infrastructure. Option 6 (Ban the disposal of food scraps to landfill by 2030), should be the option chosen, as it is both affordable and be consistent with net-zero emissions targets.