

Submission by



to the

Ministry for the Environment

on the

Transforming Recycling Consultation Document

May 2022

TRANSFORMING RECYCLING CONSULTATION DOCUMENT SUBMISSION BY BUSINESSNZ¹

1.0 INTRODUCTION

- 1.1 BusinessNZ welcomes the opportunity to comment on the Transforming Recycling Consultation Document (“the Consultation Document”).
- 1.2 BusinessNZ acknowledges the Government is endeavouring to address the amount of waste going to landfill by advocating for a range of measures towards the greater use of recycling.
- 1.3 The Government wants to minimise waste and encourage a more efficient use of resources by moving from a linear ‘take, make and waste’ economy to a circular economy approach where resources are cycled (make, use, return) with waste designed out of production.
- 1.4 The above situation is one the broader business community - suppliers and consumers - increasingly aspires to. Industries and others have made a huge effort to look seriously at how their businesses impact on the waste stream and have learnt that changing practices can result in significant environmental and in some cases, economic, gains.
- 1.5 Waste policy in New Zealand and around the world is coming under increased scrutiny. Local councils have been under the pump for not doing more to encourage recycling.
- 1.6 Plastics use globally is being looked at closely following China’s decision to close its borders to the world’s low-quality recyclables. More and more countries are imposing specific packaging standards and requiring content recycling as part of normal trading activity. New Zealand is not immune from these developments.
- 1.7 The above issues are quite rightly focusing attention on New Zealand businesses and households and whether they are doing enough to reduce waste and the extent to which more recycling is needed.

¹ Background information on BusinessNZ is attached as Appendix 1.

- 1.8 It is noted that the Consultation Document covers three broad proposals: 1. Container Return Scheme (CRS) 2. Improvements to household kerbside recycling, and 3. Separation of business food waste.
- 1.9 As might be expected, BusinessNZ's membership has mixed views on the merits or otherwise of some of the proposals outlined in the Consultation Document. BusinessNZ has therefore encouraged individual members to make their own submissions raising issues specific to their areas of expertise.
- 1.10 While BusinessNZ broadly supports the sentiment outlined in the Consultation Document of improving the rate of recycling, a range of issues clearly needs to be addressed before any proposals are finalised and/or implemented.
- 1.11 For clarity, this submission is in three sections. The first aims to put the issue of waste policy within a contextual framework, recognising that there is an optimal amount of recycling given the costs and benefits involved. The second examines some important conceptual issues which need to be further considered if waste minimisation and recycling are to be successful, for example, "who pays", ensuring appropriate infrastructure investment is available and taking account of the fact that NZ is a long, mountainous country with significant pockets of population where recycling might not be so practical or cost effective. Section 3 looks at each of the three major proposals in turn (1. Container Return Scheme, 2. Improvements to household kerbside recycling and 3 Separation of business food waste) and offers some brief thoughts on each.
- 1.12 BusinessNZ would be happy to meet with MfE to discuss our submission in more detail, should officials consider this would be helpful. Alternatively, BusinessNZ would be pleased to put officials in contact with members who have particular expertise in relation to particular aspects of waste reduction and recycling.

2.0 SECTION 1: THE FRAMEWORK FOR WASTE POLICY

2.1 Before coming to any decisions as to the merits or otherwise of regulatory intervention in the market for waste, it is crucial that policymakers take a step back and ask some fundamental questions. These include – but are not limited to:

- Is there a problem *in New Zealand* with current waste management systems (i.e. are there significant issues of “market failure” which need to be addressed)? For example, simply stating that NZ recycling rates are low compared with other countries (as outlined in the Consultation Document) does not necessarily mean we have a major problem as waste minimisation needs to be put in context. Many countries have different concentrations of population, terrain, and logistical issues including infrastructure, which may make strict aggregate comparisons of waste recycling per capita somewhat unhelpful. Some of these issues are outlined further in Section 2 of this submission.
- If there is a problem, is the problem significant?
- What are the costs and benefits (including unintended costs) of any regulatory proposals compared with voluntary industry-led approaches?
- What are the potential options for improving outcomes which do not impose significant costs (e.g. improving information, including greater transparency in pricing signals to market participants)?

2.2 As a general principle, individuals and companies should bear the full costs of their behaviour (i.e. costs should be internalised) as there will be an over-consumption of resources if costs can be shifted on to third parties. Waste minimisation is no different. If rational decisions are to be made about waste minimisation, those involved should ideally bear the costs (and receive the benefits) associated with specific options/outcomes.

2.3 It is important to understand that there is an optimal amount of waste, just as there is an optimal amount of resource that should be spent on crime prevention etc. Waste cannot be eliminated completely, at least not without great cost. Waste reduction might be possible but beyond a certain point the marginal cost of minimisation becomes progressively higher, while the potential returns reduce. Economies of scale are often important when dealing with certain waste streams, particularly relevant for smaller businesses facing the disproportionate cost of having waste and recycling companies pick up smaller amounts of recyclable or specialised waste.

- 2.4 But taking appropriate action will be dependent on a range of factors and certainly a one-size-fits-all approach is unlikely to be either efficient or cost effective.
- 2.5 Before any regulatory approach is considered, it is first important to fully understand the nature of the problem, who is affected, the cost involved and who bears that cost. Regulatory intervention should generally be considered a last, not a first, option to be invoked only when all cost-effective approaches, including voluntary industry-led approaches, have been exhausted.

3.0 SECTION 2.0 CONCEPTUAL ISSUES TO BE CONSIDERED

- 3.1 Notwithstanding the framework outlined above, there are several issues associated with waste requiring consideration at a conceptual level. These issues are briefly outlined below (some raised to varying degrees in the Consultation Document) and include the timing of change, geographical and population understanding, infrastructure requirements, transparency of waste pricing, allocation of costs and appropriate use of the Waste Levy funds raised.

Timing of change

- 3.2 Any regulatory changes adopted must reflect the nature of the products involved and their respective markets.
- 3.3 Again, while not supporting (or opposing) specific regulatory interventions in respect to waste per se, BusinessNZ recommends that care is taken to ensure market processes, and the cost of necessary infrastructure, are clearly understood.
- 3.4 To this end, BusinessNZ would emphasize the importance of having all market participants in the room to ensure outcomes are clearly understood. This is essential if broad buy-in from all sectors is to be achieved to the extent possible.

Education and Simplicity of Schemes

- 3.5 In preparing this submission on behalf of members, BusinessNZ received feedback to the effect that simplicity must be a characteristic of any scheme developed and that these must also reflect a broad understanding of "what's in and what's not".

- 3.6 Many people, including some businesses, are still confused over various plastic types raising the broader question of the need for education as a prerequisite before any broader regulatory approach, including the potential for mandatory requirements, is adopted – and implemented.
- 3.7 It is crucial for the public to understand clearly the intent of any new recycling initiatives so broader public buy-in ensures the Consultation Document's aspirational recycling objectives can be met.
- 3.8 Voluntary approaches and encouragement are much preferable to mandatory requirements via legislation, at least initially.

Understanding of geographical and population issues

- 3.9 New Zealand is a relatively small, mountainous country with a relatively low population base (five million). While, significantly, close to two million people live in the Auckland region, the population base is generally widespread, particularly in the South Island, and this is likely, at times, to make it both impractical and more costly to require greater recycling effort.
- 3.10 It is noted the Consultation Document talks about potentially requiring territorial authorities to have performance targets for waste reduction and asks whether they should be required to achieve international best practice.
- 3.11 However, how international best practice is interpreted may vary and while it could be argued that aspirational targets are desirable for waste reduction, it is important to keep in mind the relatively small size of the NZ population and, as pointed out above, how thinly some areas are populated. Comparing a NZ territorial authority to countries that are more compact and have a much larger population living in much larger cities is not comparing apples with apples when it comes to the ability to comply.

Importance of appropriate Infrastructure

- 3.12 In the past there has been concern about the cost and viability of the infrastructure required to allow for greater resource recovery/recycling.
- 3.13 Significant infrastructure development, with taxpayer funding, will likely be necessary given the current doubtful returns from many resource recovery and recycling initiatives.

- 3.14 In tandem with industry, Government might be able to set up recycling or reprocessing hubs for materials collection, collation, and processing so that:
- Larger quantities of materials can be consolidated locally with no need to ship small quantities long distances;
 - Account can be taken of the need for economies of scale and economic viability; and
 - Businesses relying on material collected – the collection of secure and steady volumes of certain materials - can be co-located in the recycling/reprocessing zone or hub.
- 3.15 There must be a degree of certainty about the economics of the infrastructure investment involved, particularly if the private sector is to be prepared to invest.

Allocation of costs and Transparency of waste pricing signals

- 3.16 BusinessNZ supports the internalisation of costs, so individuals and businesses face the costs associated with their behaviour. As noted in Section 2, internalising costs is important to ensuring that resources are used efficiently. Moreover, such price signals need to be visible in order for businesses and end consumers to make informed decisions.
- 3.17 Nevertheless, imposing costs over and above those which individuals and firms should bear will result in a misallocation of resources. Costs will rise and individuals will either pay higher prices for goods and services than they otherwise would or the choice of goods and services available, which reflect unique consumer preferences, will be inhibited.
- 3.18 BusinessNZ would like to raise a particular concern regarding the broad absence of sound pricing information which would encourage individuals and households to make rational choices between recycling and disposal.
- 3.19 BusinessNZ considers much more effort needs to be made to send households economically transparent pricing signals for rubbish collection and disposal. Many councils still fund these activities out of general rates so there is little apparent connection between the amount of rubbish disposed of and the costs households face. This point was made very strongly some years ago in the Australian Productivity Commission report on *Waste Management*:

"Getting prices for waste disposal right will help reduce waste generation and achieve an appropriate balance between disposal and recycling. Basic forms of 'pay as you throw' pricing for municipal

waste, such as charging for larger bins or more frequent services, should be more widely adopted.” (Australian Productivity Commission)

Appropriate use of waste levy funds raised

- 3.20 BusinessNZ has been concerned since the introduction of the Waste Minimisation Act 2008 that 50 per cent of the waste levy is allocated to territorial authorities for waste minimisation purposes with the remaining 50 percent, minus administration costs, allocated to a contestable fund. It can be assumed some of this fund will end up subsidising some activities associated with the three broad recycling proposals outlined in the Consultation Document. If this is the case, then there should be much greater transparency regarding the use of waste levy funds to ensure they don't simply become a de facto tax on waste without encouraging greater use of recycling, where appropriate, given the associated costs and benefits.
- 3.21 In BusinessNZ's view there has been little effective monitoring of the allocation of monies either to territorial authorities or to the contestable fund. Has the funding materially affected waste minimisation or has it achieved the objectives of the Waste Minimisation Act by reducing environmental harm and improving economic efficiency? There is a need to know.
- 3.22 Without appropriate controls on funding allocation, how the funding has been allocated might have had the undesirable effect of simply taxing greater amounts of waste going to landfills, including largely inert material, without addressing the so-called economic, social, and environmental effects of waste.
- 3.23 BusinessNZ is pleased the Government has partially recognised the failings of current levy allocation and is looking at a levy investment plan but would point out that a crucial omission here is waste levy payers themselves.
- 3.24 Over the centuries it has been generally accepted that there should be no taxation without representation, in other words, those who pay taxes should have a say in how the taxes are allocated.
- 3.25 There is a strong argument that those who pay, or are to pay, the lion's share of the waste levy should have some say in how the funds raised are allocated, particularly given a government objective of proposing to raise and expand the waste levy is to reduce the amount of waste going to landfill. This suggests assistance should be offered to those principally responsible for landfill waste to enable them to reduce the amount of waste involved through the appropriate use of waste levy funds.

- 3.26 Currently, there is little or no relationship between those who must pay the waste levy and those who receive funding from the levy. Given the Government is implementing significant rises in the levy level (from around \$36 million in 2020 to around \$250 million by 2023) and an extension of levy coverage, there is an even greater need than in the past for a better relationship between levy payers and levy recipients.

4.0 SECTION 3: THE THREE BROAD PROPOSALS

- 4.1 This section briefly outlines some of the concerns/issues in respect to each of the three broad schemes which need to be considered further before any application/implementation decisions are made. It should be read in conjunction with the broader issues outlined in previous Section 2.
- 4.2 A number of our members will have particular questions relating to glass and plastic recycling which they will want to raise. BusinessNZ asks officials to consider their submissions carefully given the degree of expertise within these organisations and their practical knowledge of how such schemes work overseas and taking account of the unique circumstances of NZ's landscape.
- 4.3 It is understood a number of sectors consider the proposed "One-size-fits all" CRS scheme would not be appropriate for all sectors, and they would be happy to work with officials on designing unique schemes to better meet the practicalities and unique issues particular sectors face. It is understood that some sectors already have schemes that would largely meet the Government's objective of greater recycling but in ways which would ensure higher quality material recycling at potentially lower cost.
- 4.4 Given the above, this Section is focused on relatively high-level issues rather than getting into very specific matters such as what products/waste streams should be included/not included within each scheme.

Container Return Scheme (CRS)

- 4.5 The Government's broad high-level objective is to introduce a container return scheme (CRS) system that will incentivise people to return their empty beverage containers for recycling and/or refilling in exchange for a small refundable deposit.

High level Issues

- ***Proposed 20-cent deposit***

- 4.6 BusinessNZ notes that the Consultation Document outlines the benefits of having a 20-cent refundable deposit apply to all eligible beverage containers within the scheme.
- 4.7 BusinessNZ is concerned about the appropriateness of this level of refundable deposit for a range of reasons briefly outlined below.
- 4.8 First, it is understood that in earlier discussions about the potential introduction of a CRS, 10 cents was considered the appropriate figure. This amount would provide an adequate incentive for individuals to return containers covered by the scheme but taking into consideration that some people might not return containers even with relatively high deposit rates.
- 4.9 Second, the inflationary implications of such a high deposit rate need to be considered. Along with the proposed administration costs of the scheme (of around 5 cents per container) a CRS could result in the cost of each container covered by the scheme increasing by around 25 cents (although it should be noted that a number of industry groups and companies with expertise in CRS consider the economic modelling referenced in the Consultation Document is flawed and the costs would likely be much higher (for a range of reasons). This could result in hefty price rises for many items covered by the scheme, assuming it is likely costs will largely be passed on to the final consumer. Given current widespread inflationary pressures (both as a result of tradeables and non-tradeables), the Government should be cognisant of the undesirable impact of creating further inflationary pressure on an already overheated economy. The Reserve Bank, quite correctly, is responding to such pressures through progressive increases in interest rates and these are impacting specifically on certain sectors as a result of historically high levels of household debt.
- 4.10 Third, the impact of reduced demand for products as a result of up-front price increases also needs to be considered, particularly in respect to employment and output from certain sectors of the economy. While the Consultation Document has outlined what are considered to be realistic reductions in demand for product as a result of a CRS scheme, many sectors which will be adversely impacted by the CRS consider the potential reduction in demand is likely to be much higher than estimated by MfE modelling given the deposit rate is currently proposed to be 20 cents, rather than a more realistic 10 cents.

4.11 Fourth, account should be taken of the issue of arbitrage. It is noted that in a number of European countries where various CRS are in place and deposit returns differ significantly, there is potential for people to shift containers to areas where the return price is higher. And it is understood that many Australian States with a CRS provide a refund of around 10 cents. There is therefore a strong argument that if NZ is to introduce a CRS, prices should at least be closely aligned with those of our closest neighbour. This is so, even though the extent to which arbitrage is likely to be a serious issue is still uncertain.

- ***Mandatory versus voluntary take-back of containers***

4.12 The Consultation Document discusses the potential for retail take-back of containers to be made mandatory.

4.13 BusinessNZ is concerned about the potential for mandatory take-backs and supports a voluntary approach, at least initially, for a number of reasons.

4.14 First, while some large businesses with appropriate facilities may find it appropriate and relatively easy to provide Container Return Facilities (CRF), this will certainly not always be the case. For example, while many large supermarkets in urban areas might find this possible, there are many large stores (e.g. metro supermarkets) where storage facilities are very tight and making provision for a CRF would result in a loss of space needed for other purposes.

4.15 Second, and an extension of the above, for many small businesses with strictly limited space, being required to take back containers could, on the basis of scale, be very problematic.

4.16 Third it can be assumed there will be an optimal number of CRFs based on a several factors (including, but not limited to, cost) and beyond a certain point it is unlikely any greater number of containers will be taken to a CRF. For a range of reasons, households could decide they will not recycle irrespective of the number of CRFs available. Requiring each potential retailer to provide such facilities will simply add to the costs associated with recycling which ultimately, will be passed on to final consumers in the form of higher product costs.

4.17 Fourth, mandatory take-backs would potentially crowd out smaller private sector operators or community groups that might be willing to run their own

CRFs (achieving greater economies of scale). Moreover, innovation in collection mechanisms would be stifled.

- 4.18 Fifth, it should be noted that if retailers are forced to collect material they may not be necessarily motivated to do so, and potentially some might try and prevent or stifle returns. It is possible that stores will limit returns through imposing things like (low) maximum container numbers per return, claiming they are full, only accepting brands that they sell, or by discouraging returns through things like having little or no signage, perhaps only one machine for large stores etc.
- 4.19 If the Government mandates participation, it becomes something that the Government have to police and enforce given that a Managing Agency does not have legal enforcement powers. It is understood that in the Australian schemes, they manage the return network performance through contractual obligations that refund point operators sign up to.

- ***Financing (cost recovery) of a CRS***

- 4.20 BusinessNZ is concerned about the financing of a CRS for a range of reasons.
- 4.21 First, any CRS should ideally be focused on cost recovery of products collected rather than potentially encouraging significant cross-subsidisation – the effect under current proposals. The 20-cent refundable deposit for all eligible beverage containers in the scheme takes no account of the value of the resource being collected. For example, aluminium cans might be worth something as recycled product given current increases in the price of aluminium on international markets. Some other products covered by the CRS might be very costly to recycle. The current proposal does not consider such issues.
- 4.22 Second, the potential deposit on containers favoured in the Consultation Document (as opposed to the cost on refunded containers), takes no account of how many containers will be returned for recycling. Potentially, suppliers will face significant costs for product that might never be returned!
- 4.23 Third, imposing charges up-front rather than on returned products could also impose significant costs on suppliers. For this reason there is an argument for government provision of some upfront capital to get such schemes developed (or at least for a loan) until they are self-financing (to the extent that they will ever be truly economically viable), that is, if a CRS is to be introduced. Moreover, the regulatory and oversight costs government will incur in its

regulatory role should be met from general taxation as opposed to the scheme itself, given it seems legislation will make such schemes mandatory.

- 4.24 It is noted that in Australia, costs are contributed each month in arrears based on supply (as opposed to in advance), based on an estimate, which then needs to be adjusted slightly each following month. It's not after the return of the products. The cost in Australia does reflect an estimated return level though, but participants seem to be pretty good at assessing that level now.
- 4.25 Fourth, given the government (via taxpayers) will not wear a significant proportion of the costs associated with a CRS, the incentives to monitor behaviour both in terms of services and costs will likely be reduced. Ministers will be concerned to minimise the risks to the Crown and hence will likely encourage greater provision of services knowing associated costs will largely fall on those providing goods covered by the CRS. If funding is via general taxation, then funding decisions will be subject to Treasury scrutiny, potentially increasing accountability and efficiency.
- 4.26 Where an agency seeks to recover some or all of the costs of service/regulatory provision from the users or direct beneficiaries of that service, the public or individuals paying for the service need to be assured that the charges set are not excessive in relation to the costs incurred and take efficiency and equity considerations into account.
- 4.27 Fifth, it is important a CRS managing agency does not retain funds or additional revenue beyond what is required to run the scheme. If administrative fees are set unduly high, there is a danger of providing a gold-plated service the costs of which fall ultimately on households and consumers.
- 4.28 Sixth, and in addition to the point above, it will be important that such funds are hypothecated and not used to fund waste reduction initiatives outside the sphere of the CRS.

1. Improvements to household kerbside recycling

- 4.29 The Government has made two broad proposals with respect to kerbside recycling (collect a standard set of materials in household kerbside recycling across NZ and provide urban households with food scrap collections). These are supported by a range of other proposals such as greater reporting by councils and private-sector household kerbside collectors. The rationale for such proposals is outlined in the Consultation Document and is not debated here. Suffice to say there are some key issues that need to be addressed before moving forward with these proposals and these are outlined below.

High level Issues

- ***Cost/practicality of collection – no "One-size-fits-all"***

- 4.30 While it might make sense at a conceptual level to try and ensure that all councils are in a position to offer a harmonised household kerbside recycling service, this proposal clearly needs to be subject to a cost/benefit analysis for each region. While on the surface, harmonisation across 67 councils is desirable, in reality recycling, like everything else in the supply chain, is impacted by our geography. It is estimated that 90% of New Zealanders (Horizon Research 2022) recycle at kerbside and based on the Government's data, 77% of councils have access to recycling for more than one material type. Even so, for some areas, kerbside recycling might not be practical, and certainly thresholds such as populations of "1,000" are pretty random measures for determining when harmonised services should be provided without an understanding of the costs and benefits of such an approach.
- 4.31 As outlined earlier, it is important to understand that there is an optimal amount of waste. Waste cannot be eliminated completely, at least not without great cost. Waste reduction might be possible but beyond a certain point the marginal cost becomes progressively higher, while the potential returns reduce. Economies of scale are often important when dealing with certain waste streams, particularly relevant for smaller businesses facing the disproportionate cost of having waste and recycling companies pick up smaller amounts of recyclable or specialised waste.
- 4.32 Given the conceptual issues discussed in Section 2, BusinessNZ considers that, at least initially, until appropriate infrastructure is developed, harmonisation of kerbside recycling should be voluntary and expanded only as considered economically appropriate, given current resource constraints. This would suggest that initially larger centres should be targeted with success measured by both environmental and economic outcomes, before kerbside recycling is rolled out to wider regional areas.

- ***Impact on Kerbside recycling as a result of the CRS***

- 4.33 While the Consultation Document considers the three major schemes proposed 1. CRS, 2. Improvements to household Kerbside recycling, and 3. Separation of business food waste, are complementary to each other, there is potential, in some cases, for a CDS to undermine current kerbside recycling although BusinessNZ would assume this wasn't deliberately intended.

- 4.34 To expand further with a specific example. It is understood the contents of most glass bottles, particularly wine, beer, and spirits, are consumed at home so it is much easier to put the bottles into kerbside recycling than to take them to a CRF. And it is possible that the current kerbside recycling of bottles (whether glass or plastic) could be undermined by having a CRS. Moreover, there are legitimate health and safety concerns given how much glass weighs and the potential for breakages when transporting bottles to return points.
- 4.35 It is noted that there are a number of countries where glass or other material types are excluded from the scheme, but still have extremely high return rates, which include Norway and Denmark. It is understood that the UK has also recently made the decision that glass will be excluded from their CRS as it has been established that this would not provide the best solution for maximising recovery and recycling of glass beverage containers.
- 4.36 This is not to say a CRS is never appropriate. It simply reflects the fact that for some areas it may be uneconomic or impractical to have both kerbside recycling and a CRS, particularly in smaller communities.
- 4.37 Moreover, account needs to be taken of the fact that small local areas might want to design their own schemes reflecting the needs and demands of their unique communities. In this respect one size may not fit all given the economic, environmental, social, and cultural aspects of particular communities.
- ***Kerbside collection of food waste and unintended consequences***
- 4.38 While the objective of a food waste collection is to improve recycling and provide positive benefits including composting, such schemes can potentially have a number of unintended consequences if not well managed. For example, vermin are already a significant issue in some areas, including urban areas, and the potential exists for this problem to be exacerbated if food scraps are not managed properly, including at the kerbside. This possibility needs to be clearly considered and managed as part of a normal cost/benefit analysis of the extent to which such food waste collections should be developed and managed.

2. Separation of business food waste

- 4.39 Essentially the Government is proposing that given the amount of food waste going to landfill from both households and businesses, all businesses should separate food waste from general waste and households should be provided with a kerbside food scraps collection to reduce landfill emissions. Amongst other things, the Consultation Document states that it is estimated that food waste contributes to around 22 percent of NZ's emissions from landfills that accept household and business waste. However, importantly, it should be noted that total emissions from landfills are likely to be miniscule compared with emissions from those other sectors of the economy covered under the Government's Emissions Trading Scheme (ETS). It is understood most landfills that accept household food waste are already covered by ETS requirements. For further information on emissions by sector see the Climate Change Commission Report (2021).
- 4.40 The issue of kerbside food scraps was discussed earlier so this section focuses solely on the proposal that all businesses separate food waste from general waste.

High level Issues

- ***Practicality for business by size and product type***

- 4.41 While BusinessNZ understands the rationale for encouraging greater separation of food waste from general waste to meet the Government's objectives outlined in the Consultation Document, there are some practical aspects which need to be considered if this requirement is to be made mandatory.
- 4.42 Many large businesses already have quite sophisticated food collection and recycling initiatives underway (on a voluntary basis), such as the major supermarket chains, where economies of scale make separation and collection of food (still edible but no longer considered saleable in supermarkets) an important element of ensuring maximisation of food use (or minimisation of food waste). However, for many businesses, particularly small businesses, mandatory obligations to separate food waste from other waste maybe impractical for a range of reasons, including, but not limited to, miniscule amounts of food waste, limited resources (including staff time), the need for separate facilities, a small population base etc.
- 4.43 Many businesses, including small business, do separate food waste from other general waste, where it is practical to do so within the general constraints facing

them, including those described under Section 2. And there are instances where provision is made for food to be collected from smaller enterprises and taken, for example, to food banks.

- 4.44 But it is noted that the Government is considering either phasing in food collection requirements or restricting some businesses from producing larger amounts of food waste unless covered by the waste minimisation scheme, for example, businesses registered under the Food Act 2014.
- 4.45 While this would be arguably better than a blanket requirement for all businesses to separate food waste from other general waste, it still would not take account of the practicalities for some businesses.
- 4.46 Given the above, BusinessNZ would strongly encourage the Government to hold off making any such requirements mandatory, at least for smaller businesses, until there is a proper understanding of the costs and benefits of mandatory proposals. A blanket requirement irrespective of size of business (say by employee numbers or activities) would inevitably prove counterproductive.

Appendix One - Background information on BusinessNZ



GROWING PROSPERITY AND POTENTIAL

[BusinessNZ](#) is New Zealand's largest business advocacy body, representing:

- Regional business groups [EMA](#), [Business Central](#), [Canterbury Employers' Chamber of Commerce](#), and [Employers Otago Southland](#)
- [Major Companies Group](#) of New Zealand's largest businesses
- [Gold Group](#) of medium sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [Buy NZ Made](#) representing producers, retailers, and consumers of New Zealand-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and the Business and Industry Advisory Council ([BIAC](#)) to the Organisation for Economic Cooperation and Development ([OECD](#)).