

ARE ALL THE WASTE MINIMISATION COWS SACRED?

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Abstract

One of the major factors which has impeded the development of waste minimization in New Zealand is the poor alignment of the diverse groups of stakeholders in the waste community. This paper seeks to identify these relational impediments and suggests how these can be removed.

While many laudable waste minimisation initiatives have been put in place throughout New Zealand, they have tended to only slow the proliferation of disposal to landfill. Gains in household waste minimization have often been outweighed by continuing business waste generation.

Many commercial relationships between service providers and their clients have been inherently restrictive of waste minimization innovation. Contributors to this include: negatively oriented contracts which stifle innovation and a lack of appreciation by both service providers and clients of the validity of each others goals. The implementation of new partnering relationships has marked a major improvement in unlocking the potential for major waste minimization gains in both the public and private sector.

Introduction

While strenuous efforts have been made by many regulatory authorities to improve New Zealand's waste minimization performance there has been little if any absolute reduction in quantities of waste disposal to landfill. In general the result has been a reduction in the rate of escalation of waste disposal to landfill rather than an absolute reduction. The relatively recent introduction of government backed waste minimization targets has provided some much required objectivity to the waste community. While applauding the introduction of this objectivity it is evident that the waste community needs to clearly identify and overcome the relational constraints to meeting these targets.

THE WASTE COMMUNITY NOW

The View of a Defector

On 1 July 2004 I made that dramatic journey crossing the border from the public sector to the private sector. After spending the last four years with the North Shore City Council I took up the new position of Resource Recovery Manager with EnviroWaste Services. This trip was no doubt seen by some as that of a traitor defecting to the other side, abandoning ideals for financial gain. Others might wonder if I had really taken on the role of a spy secretly undermining the evil intent of the landfill owners.

Laying aside the questions of evil or noble intent, my defection to "the dark side" created a window of opportunity to view the waste community as one who has temporarily stepped outside the normal confines of team allegiance.

Three months down the track my claim of having no axe to grind is fading fast. From my position of conspirator or just lost sheep I have made a number of observations. At the risk of being pilloried from all sides I will share with you today.

Community of Dis-Information

One of the humorous aspects of the waste community is its capacity for rumour mongering and story telling. For some reason the culture has been such as to encourage the passing on of half truths or total mistruths at breakneck speed with ever decreasing accuracy. One might ask why?

A similar and probably supporting eccentricity of our community is its tendency to create and foster negative stereotypes. Some might say that the view of service providers by the public sector is that of evil capitalists who have their feet so deeply planted in their landfills that they cannot see over the sides. On the other hand the views held by industry of the public sector may be that of idealists whose heads are so far in the clouds that they can't get their feet on the ground. While these images suffer from some dramatic license, unhelpful stereotypes have been around for many years and are very much alive and kicking today. Again the question is why?

Community of Diversity

The waste community is comprised of a wide range of stakeholders with diverse backgrounds and goals. These include:

- Central government
- Central government agencies
- Regional government
- Local government
- Service providers
 - Waste collection
 - Waste processing
 - Waste disposal
 - Recycling collection
 - Recycling processing and marketing
- Householders
- Commerce and industry

If we call this assortment of stakeholders a community, then it is one which on casual observation, has as little chance of warm interrelationships as that between an animal rights activist at a fox hunt. Goals and objectives appear to be polar opposites with little agreement on the rules of the game.

Community of Competing Values

One of the key characteristics of the waste community is the prevalence of apparently competing and contradictory values:

- passion vs. pragmatism,
- the rights of today's population vs tomorrow's population
- the rights of the individual vs the rights of the community
- waste minimization education vs operational infrastructure
- waste minimization vs. financial return
- zero waste vs. landfills
- winning vs. losing

The major issue is that in most of these situations we tend to view these factors as mutually exclusive i.e. we can have either one or the other, but not both. Subconsciously we read:

- passion or pragmatism
- waste minimisation education or waste infrastructure

Community of Misalignment

To be aligned means to share goals and directions and interact so as to work as a system. We remember that a system is simply a grouping of parts which interact to produce more than they would individually.

From the above list of “Competing Values” we can see that the goals and values of individual stakeholder groups may well be in opposition. The classic difference would be comparing the goals of regulators and commercial service providers:

- waste minimisation vs. financial return

Thus with this impaired common direction the groups will struggle to produce any benefits of integration.

In this age where connectedness and a systems approach is the norm, the waste community has a serious mis-alignment problem.

WHY ARE WE SO MISALIGNED?

If we are to rectify this problem of misalignment we first need to understand its cause.

Culture of Opposites?

One of the most telling characteristics of the waste community is that of cultural opposites.

- There has been a vast gulf between the culture of regulators and that of service providers. Regulators have enjoyed a culture rich in value and sense of community. The view that landfills are inherently evil has proliferated with landfill operators seen as tarnished human beings.
- Service providers in contrast have been hardened in a world of win lose where survival is the realm of the most aggressive. In the waste industry supremacy has been the realm of the boxer with the strongest punch. Winning has been more to do with clobbering your competitors and very little to do with giving the referee a hug.

Bringing together these divergent cultures to produce a win-win result is not surprisingly a challenge

No Common Goal Posts

Until March 2002, with no specific goals to meet, there was little incentive for stakeholder groups to go beyond a thin veneer of togetherness. The community could have continued muddling on in a permanent sense of unreality. In fact a cynic would say that such gatherings as today served that purpose. Peace may have been declared but the cold war was in full swing. The various parties could continue paying lip service to common goals since no one was going to blow the whistle, least of all the government.

“Zero Waste” – a source of division?

In the eyes of some members of the waste community the term “zero waste” may in itself be an issue of division rather than a rallying point. The argument is made that the term “zero waste” may detract from the credibility of the waste minimisation cause since zero waste is an improbable outcome in an imperfect world. According to the law of diminishing returns “zero waste” is an implausible outcome since it would be infinity expensive. Thus an unhelpful divide may have been placed between passionate waste minimisers and a pragmatic waste industry. The counter argument is that the effectiveness of the term from a promotional point of view outweighs its literal inaccuracy. Could the pragmatists have come up with anything better?

Structural Upheaval

The devolution of service provision to the private sector has led to radical changes in the waste community. Over the last decade the private sector has tended to take the major role in the provision of waste services. Few if any New Zealand Councils now have their own collections operation. This separation of service specification and service provision has in itself placed a division between the sectors.

In parallel, the tendency for Councils to own their own landfill has reversed as increased environmental standards negated their acceptability. As a consequence the economies of scale for landfills have increased massively leading to the replacement of under designed local landfills by a small number of regional scale facilities. As a consequence there has been an increase in the number and sophistication of transfer stations.

Both the public and private sectors have had to adjust to huge changes in their respective roles with consequential arms length client service provider relationships.

Contractual Impediments

The very nature of the commercial agreements has impacted on the effectiveness of relationships and the rate of innovation.

Rigid Supply Contracts

Up to approximately ten years ago waste services specified by Councils were viewed as commodities with little requirement for continuing major improvement. Not surprisingly contracts were put in place for lengthy periods to minimize operating cost by amortising equipment over a longer period. The length of the contracts meant that the opportunity to upgrade operating systems occurred approximately every seven years. Thus financial gains were achieved at the expense of opportunities for innovation.

Price Dominated Tenders

Most waste tenders ostensibly use the weighted attributes method for assessing the value of competing bids. While in theory quality characteristics outweigh the importance of price, the reality has been that price has continued to dominate valuation since it is very difficult for quality characteristics to be accurately assessed.

Prices of competing tenders are compared with mathematical precision yet quality characteristics remain subjective grey numbers. It takes a brave tender assessment team to award a tender to a bid which is not near the lowest price tendered since in doing so they expose themselves to legal action by disgruntled losers. As a consequence tenders have still been dominated by price with little room for award to higher cost higher value tenders. In an industry crying out for innovation the emphasis remains to be cost reduction rather than waste minimisation.

Negative Contractual Relationships

While the legal tightness of waste contracts has improved over the years, one could argue that this has been at the expense of flexibility and innovation. The style of relationships has tended towards “perform or else”. The emphasis has been very conservative, the primary focus being the avoidance of down side outcomes. The contracts allow minimal room for mutually beneficial upside.

This can be compared with the child who has been raised in a punishment lead environment compared with one who was raised in an encouraging supportive environment. The former may survive but is unlikely to excel whereas the encouraged child is likely to exceed parent’s expectations.

SOME CONSEQUENCES OF MISALIGNMENT

The general consequence of misalignment has been the impaired effectiveness of waste minimisation. Some specific examples are:

Focus on Residential Waste at the expense of the Business Sector

The limited information sharing over the entire waste community has probably lead to an over emphasis on residential waste reduction at the expense of larger potential gains in the commercial/industrial sector.

Until recently the vast majority of waste minimisation initiatives have focused on the residential market at the expense of the larger business market. There is an argument that if we can educate householders then we are educating the business factor. Since the business market is simply a group of people who are residents their waste minimisation education at home will transfer to their work place. Experience has shown that unless systems are put in place to encourage waste minimization within business, ideals learned in the residential market are not transferred to the business sector.

The Bitter Medicine Syndrome

A subtle source of misalignment may stem from the very history of waste minimisation in New Zealand. The waste minimisation movement has grown out of the dogged determination and blood sweat and tears of passionate volunteers.

Because so much effort has been expended on the hard work of waste minimisation one wonders if we have become guilty of assuming that the value of a waste minimization initiative depends on the required level of blood sweat and tears. The medicine has to taste bad to be any good. Thus one could suggest that some waste minimisation operations have tended to include an element of masochism. Certain methods have become cast in stone as the right way to do things even though they are not very customer friendly. They have become revered sacred cows which should not be questioned.

Two Examples of Sacred Cows

Two examples of waste minimisation sacred cows are the ubiquitous 60 litre plastic rubbish bag and the 50 litre recycling crate. Both are technically obsolete yet continue to be upheld as objects of perfection which must never be questioned.

The refuse bags pose a major OSH problem for collectors, are messy and user unfriendly. Similarly the 50 litre recycling crate is ergonomically bad for collectors, user unfriendly and is too small. Both these sacred cows are seen by our colonial brothers and sisters across the Tasman as such an OSH problem that to all intents and purposes they have banned them

THE WAY FORWARD

It is far easier to be critical of the overall community than to put it right. Of course such things are not the fault of you or I, it is that other bunch who didn't attend the conference.

What are the main reasons for the poor alignment within the waste community? The main reasons appear to be:

- The vision and goals of government (central & local) and industry are different
- There is a lack of appreciation by each group of the validity of the other group's needs

The reasons above are classic symptoms of a lack of partnership culture.

If we accept that public and private sector should be involved in service provision, then the effectiveness of this joint approach will be dependent on the synergy between the sectors i.e. their alignment. Since by definition the goals of the two sectors are different, then alignment between the two parties will require at least acceptance of each others goals.

Appreciation of Different Stakeholder Goals

For those who have walked on both sides of the TLA / industry divide it seems that neither group can claim the moral high ground in accusing the other of being self centred.

- Regulators have tended to label industry as being impure because of their aims of making a return on their investment.
- Industry has tended to ignore the fact that regulars have a valid goal to protect the environment

Both parties have valid goals to meet. We ignore them to our mutual detriment.

We are all going to be very embarrassed if in 5 years time some real gains have not been made

Signs of Partnership

From the preceding discussions we can argue that the restrictive relationships between stakeholder groups have been a major limiting factor to waste minimization in New Zealand. There are however signs that these relational restrictions are being overcome by innovative commercial structures.

Transwaste Canterbury

A major example is that of the joint venture between the six Canterbury Councils and Canterbury Waste Services (EnviroWaste and Waste Management) to own and operate the new Kate Valley landfill in Canterbury. The new landfill is to operate on the basis that it accepts only true residual waste for which there is no current viable economic or practical recovery option. The partnering concept has also been extended to the operation of a new state-of-the-art resource recovery park for commercial and public waste. CWS and the Recovered Materials Foundation are working together to develop new facilities on a City Council owned site, that will lift the ability to sort and recover waste to new levels.

The Fonterra Waste Minimisation Partnership

A recent example of innovation in partnership is that prescribed by Fonterra to establish on site waste minimizing facilities as an integral part of its waste services. The agreement is based on an innovative upside focused partnership contract.

The contract recognises that waste management optimization can only be achieved through an effective partnership with the waste service provider. It is based on the following ethos:

- Mutual trust and respect
- A fair return to the service provider
- Continual striving for win/win outcomes
- Equitable sharing of risk

Conclusion

We believe that waste minimisation in New Zealand has suffered from poor alignment of stakeholder groups. No single group can claim it could not have done better to avoid this problem.

A key to overcoming these relational shortcomings will be our ability to acknowledge the validity of each others goals. We service providers need to acknowledge that our business is meeting the waste minimisation needs of our clients.

A practical strategy for overcoming misalignment obstacles is the implementation of a partnering culture based on mutual success. This can be carried into innovative formal commercial relationships where both risks and potential upsides are shared.