

Waste and the Provincial Growth Fund

Purpose

This paper outlines the Provincial Growth Fund (PGF) approach to investment in waste sector proposals.

Vision

The PGF will support regional prosperity by investing in initiatives that convert waste, into products that are of economic value to businesses and consumers. The key focus of the PGF's investments will be into projects related to plastic waste. However, high quality projects related to other forms of waste will also be considered.

The key objectives of investment in waste sector proposals are to:

- contribute to increased productivity in regional New Zealand
- invest in a small number of significant initiatives that will have a material impact on the volume of New Zealand's waste, particularly plastic waste
- invest in a range of approaches/technologies that process materials and produce products from waste that have further value to business and consumers in New Zealand
- invest in approaches that have the potential to be scaled up or replicated in other locations over time
- create new job opportunities in regional New Zealand

The PGF is particularly interested in proposals that include commercial partnerships with Māori.

In progressing these objectives, the PGF will give consideration to:

- supporting projects that reduce the environmental impact of waste and contribute to New Zealand's transition to a low emissions circular economy
- the Government's approach to investments in the waste sector

Context

Waste management and minimisation continues to be a challenge in New Zealand. Since 2008, waste quantities at levied landfills have increased by 20%. There are existing government programmes and funding sources focused on waste minimisation and management. The Waste Minimisation Act 2008 seeks to minimise waste and decrease waste disposal to protect the environment from harm, and provide social and economic benefits. The Government's Waste Minimisation Fund provides \$10-14 million annually to minimise waste, increase resource efficiency and support the shift towards a circular economy. The PGF will not crowd out this investment.

To date, the PGF has received a range of waste-related proposals, including recycled household waste, landfill waste, green waste, waste water, tyres, waste from specific sectors such as aquaculture and waste-to-energy.

Gaps and opportunities

Following China's National Sword, New Zealand is no longer able to export its plastic waste. To avoid this now going to landfill, the PGF will seek to invest in projects that can process and manufacture recovered plastic waste into new materials that support economic activity.

Preference will be given to proposals that support multiple objectives of the PGF: lifting the productivity potential of the regions, lifting employment, increasing Māori participation in the economy, and economic sustainability and resilience.

The key focus of this \$40m PGF allocation to waste sector projects is the management of plastic waste. The PGF has to date had discussions with the sector on initiatives that would generate fuel, energy and plastic for industrial or consumer use.

The PGF is seeking applications that are significant in scale and that will have a material impact on the volume of New Zealand's plastic waste. Initial expectations are that the PGF will invest in 4-6 projects of this nature. The projects will ideally be in regions with proximity to the main urban centres (Auckland, Wellington and Christchurch) and ideally with the ability to transport waste material by rail to their location. The PGF's preference is to invest in initiatives in PGF surge regions and other areas that experience economic deprivation. Early investment will be possible in sites that have resource consents that allow for processing of waste.

The PGF encourages applications that generate different outputs from the conversion of waste inputs. The investments will ideally be at scale, or have the potential to be scaled-up or replicated in other locations over time as New Zealand increases its efforts in managing its waste. As the PGF is a time limited fund, it will only invest in the initial projects.

The PGF is particularly interested in proposals that include commercial partnership with Māori.

PGF Investment Principles

The PGF's investment principles that are specific to waste sector projects include:

- result in greater use of by-products to extract value from the resource being processed
- demonstrate demand for products or materials created by processing by-products
- demonstrate reliability of supply to support the production of products and sustainability of the venture
- do not involve further land degradation or significant environmental damage
- define and verify environmental impacts
- be underway within the PGF timeframe and create additional jobs in the region/s
- identify appropriate locations for facilities based on location of waste to be converted across the country, with a focus on surge regions and where possible, the ability to transport and outputs by rail
- identify whether resource consent is available for the project and, if not, the timeframes for securing consents
- demonstrate that they will employ current international best practice techniques in relation to the project and infrastructure environmental management
- where practicable, contribute positively to the target of reducing greenhouse gases, and demonstrate mitigation or adaptation to climate change effects and a just transition to a low emissions economy
- contribute to the achievement of New Zealand's waste minimisation objectives

PGF Investment priorities

PGF investment will prioritise investments in initiatives that target reprocessing of waste resources, particularly plastics, into products that are of economic value to other businesses and consumers.

While the key focus of the PGF's investment is on the conversion of plastic waste, some consideration will be given to high quality applications that relate to the conversion of other forms of waste into resources that are of economic value (for example, organic waste from primary sector production). These will be of particular interest in surge regions and areas of economic deprivation.

Funding sought should include construction of processing capability that will be underway before the end of 2020.

Next Steps

Officials will apply this guidance when assessing waste related applications for PGF funding. Advice from the Ministry for the Environment will be sought on these applications.

Applications that relate to plastics that have already been made to the PGF and the May 2019 Waste Minimisation Fund round will be considered for investment.

Other new applications should be submitted to the PGF by **30 September 2019**.

Given PGF timeframes, funding decisions on applications will be made by the Regional Economic Development Ministers as they are received rather than through a consolidated funding round.

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