

# BEFORE YOU BEGIN

Whether you have formed a new entity, group or organisation or you want to expand activities of an existing organisation, you need to know what opportunities are out there waiting for you. In short, there are endless opportunities for employment and social entrepreneurs in the resource recovery or secondary materials sector. Hundreds of organisations have created successful employment opportunities in the resource recovery sector.

Like any new venture, you will need to ensure that there will be an opportunity to generate employment, income or provide products or services that have value and will generate demand in the long term.

There are many things you will need to consider before you begin. Why are you embarking on this new venture? What are your skills or what are the collective skills of your organisation? Do you have any strategic partners? Do you have a contract for services from a social agency, church or your local council? Do you have a viable business plan? Do you have legal structure including a bank account? Do you have the required documentation to apply for grants, funding or contracts for services. Do you have a health and safety plan? Do you have any cash in the bank to get started?

Having lots of enthusiasm and energy is great and the fact your group or organisation wants to do something positive in your community is even better, but is your idea financially sustainable and is there a demand for your services or products. Are you pricing your skills at the right level in your business plan? Too many not-for-profits undervalue the skillset of their staff/volunteers and so undersell themselves when applying for funding/contracts.

## WHAT ARE YOUR OPTIONS?

The opportunities to create employment in the resource recovery sector area numerous and varied.

The best option and the safest option is a contract for services with your local council. Some local authorities partner with local community organisations or private businesses to manage their recycling centres and drop off facilities.

Possible activities include:

- Second hand shops
- Up-cycling materials
- Collection services
- Recycling or resource recovery centre operation
- Education or behaviour change programmes for schools
- Community workshops
- Dismantling programmes (electronic waste)
- Waste minimisation advice/consulting services to businesses



This resource sheet was developed by CRN Aotearoa with support from Auckland Councils Waste Minimisation and Innovation Fund.  
For more info on CRN visit: [www.communityrecyclers.org.nz](http://www.communityrecyclers.org.nz)

## REUSE AND SECOND HAND TRADING

Second hand shops are great examples of reusing materials. Taking donated goods and re-selling them can be profitable if your business model stacks up. Good examples of well known organisations with national branding that have successfully traded in the reuse market for decades includes, Hospice Shops, Salvation Army, Red Cross, St. Vincent de Paul and Save Mart.

Most well established second hand shops that have been successfully trading for years are attached to a church, hospice or other established community organisation. Many of these shops have a large volunteer base that work in the business. Some shops will have a paid manager or a small number of paid employees supported by a large pool of volunteers. This business model is what makes the operation competitive in this sector.

There are important considerations you need to make if you are going to be competing within this sector. You will be up against other organisations that have a large volunteer base, established collection and donation networks and may be paying rates below market rent at the premises where they operate. Also, these organisations will have access to funding grants to cover capital costs, such as collection vehicles and equipment. They may even have access to grants to cover operating costs and other costs. Most of the successful shops are highly visible and have prime locations to take advantage of foot traffic like any other retail store.

Some successful second hand shops are located away from busy streets and do not rely on foot traffic, however these shops can be much larger as they operate on a different business model. They might donate part of the sales to a cause or charity, but generally they are privately owned and sell clothing and goods that have been donated. Many of these stores trade seven days a week and compete with low cost retail clothing shops. Some second hand shops are located out of town and can trade successfully because they are attached to a recycling centre or resource recovery park. This business model works when it is attached to a recycling and/or waste drop off facility, however if it were trading as a stand-alone business, it is unlikely that it would be commercially successful.

The next tier of the reuse market is privately owned second hand traders that have a for-profit business model. All of their costs are generally considered full commercial costs, which means the goods that they sell are not donated, they probably pay market rent and do not receive grants or donations and they do not use volunteers in the business.

There are a variety of business models within this sector as well. Some focus on high quality name brand second hand clothing, some trade in quality furniture, others focus on vintage collectables or antiques. These second hand traders sell goods to a different market than church or hospice based second hand shops. Some have a retail store front and online selling. Some shops may be up-cycling and selling their own line of products made from recovered materials.



## OPERATING A RECYCLING CENTRE

Running a recycling centre is a complex business. Not only are you dealing with the public and possibly hundreds of cars through your site each day, you need equipment such as forklifts, balers and possibly other gear necessary to a recycling centre operation. There are numerous health and safety issues along with fluctuating commodity prices that can make this sector very challenging. Some recycling centres, depending on their location, can be subject to seasonal variation. Recycling centres in popular beach holiday or winter activities locations can undergo large fluctuations in volumes during peak periods.

The majority of recycling centres in New Zealand are managed on behalf of local authorities. This means that generally, the council owns the land, buildings and equipment and an organisation is contracted to manage the recycling centre, resource recovery park or transfer station. Most of these business models do not generate enough revenue to cover their operational costs. In fact, most of the basic recycling centres that accept paper, cardboard, aluminium cans, steel cans, glass bottles and jars, plastics, scrap metal and possibly green waste come at a cost to the rate-payers. These basic recycling centres make money from the sale of the products they collect, but this revenue is generally not high enough to cover all the operational costs, which mean most recycling centres, operate at a loss.

Some recycling centres are privately owned and operated by a business or local organisation. However there are fewer of these facilities operating successfully, as there is normally a large capital investment required to obtain the site, buildings and appropriate equipment required for this type of operation. Recycling centres or resource recovery parks normally are much more than a drop off for recyclable materials. They generally accept a larger range of materials from the public to generate additional revenue. They also might have a second hand shop on site or they may be accepting materials for a fee such as e-waste. They could be processing green waste into compost or operating like a waste transfer station where they accept landfill disposal for a fee. Contracts to provide education or behaviour change programmes within the community can also bring in an additional income.

Facilities such as these are generally profitable because they are more than a recycling drop off facility and are making additional revenue from other activities at the site.

If you are considering starting a business such as a recycling drop-off centre or resource recovery park, you'll need to know that your proposed business model is sustainable. Recycling can be a profitable part of your business or even a profitable business on its own, but it needs to be set up and run like any other for-profitable business. Without a council contact to run a facility, there are similar risks associated with it as there are for any other business venture. Some things to consider prior to getting started include:

- Do you have a contract to manage a facility or do you need to finance it?
- Is there a need or demand for the facility?
- Is there a suitable location available?
- Do you have the required skills and personnel for your proposed business?
- Who is your competition and is the playing field a level one?
- Is your proposed business plan profitable and sustainable?
- Do you have an operational strategy and a projected income?
- Have you investigated other similar operations?



## RECYCLING AT EVENTS

Recycling stations for patrons to source separate recyclable, compostable and landfill waste are now commonplace at many events all around New Zealand. The public now expect to see recycling bins at events, music festivals, fairs and markets. Some local authorities have introduced by-laws to ensure event organisers have a waste minimisation plan and targets for diversion.

The most effective event recycling programmes reaching the highest diversion rates have manned recycling stations to reduce contamination of materials. Volunteers, paid staff or a combination of both, generally man recycling stations. There are opportunities for organisations to build a business model around supplying services and expertise for event recycling. Opportunities for event recycling can include, but are not limited to:

- Supplying services for managing the recycling stations
- Supplying the infrastructure an event would need i.e. bins, signage and flags
- Supplying products to event organisers such as compostable and recyclable packaging for their vendors
- Supplying collection services for source separated materials
- Waste minimising training opportunities for event organisers and vendors.



## EDUCATION OR BEHAVIOUR CHANGE PROGRAMME

Your proposed business plan might be to deliver a school education or behaviour change programme on contract to your local council. It could be an adult waste education programme, presentations to community organisations such as Probus, Rotary, Garden Clubs etc or it could be delivering workshops, like home composting, reducing food waste or sustainable living. Some local authorities like to contract community organisations to deliver school or adult education programmes. Some of these programmes are national ones that your council may be already engaged with – such as EnviroSchools, Love Food Hate Waste.

If you are going to supply services for any school education programme, you'll need someone that is proficient in the classroom and has experience and knowledge of the New Zealand school curriculum. Schools tend to book programmes a year in advance, so getting into schools can take time. There are well-established school education programmes that focus on waste education and sustainability. These programmes are generally taught on contract to local authorities.

Education can also include waste minimisation programmes for businesses. Most local authorities are actively working with their local businesses to help with waste minimisation programmes. Some local authorities prefer to contract these services to local organisations.

Before you begin, always talk to your local council. Research what other programmes are being delivered elsewhere in New Zealand and internationally. Is there a similar programme that is already out there that you could bring to your region, rather than reinventing the wheel? Contact those that provide similar programmes to determine if you could get a licence to deliver the same programme in your region. Your great idea or business plan might fit with what your council is trying to achieve. They might be waiting for someone like you to walk in the door with a fantastic idea. If you don't get a contract with your local council there are always other ways to get your business idea moving forward. There are always funding grants or perhaps partnerships with other businesses or community groups.