

Reducing waste will grow income

A whole-of-resource approach converts to value, writes Seafood Innovations Ltd general manager Anna Yallop.



Anna Yallop

I'm sure you will have noticed the growing international and national interest in reducing waste – especially food waste – given the cost to companies to produce food, the cost to the environment when food is grown then dumped and the impact on consumers' wallets when perfectly good food that makes it home from the

supermarket is later thrown away.

Three or four years ago, if I asked companies if they were interested in doing something more productive with their waste products or secondary streams (by-products developed after primary processing has taken place), some of them shrugged and asked "Why would I bother?". In their minds, the system for dealing with their unwanted processed material was working well and they couldn't always see the value in changing the status quo. Interestingly, though, over the last few years, I've seen a change in responses from companies when I ask this question. In fact, companies are now often the first to approach me about what else they can do with their company's by-products.

What's changed? A number of factors, including the cost of transport, the cost of water for processing, the cost of producing and then processing food, increasing waste water charges and council or environmental regulations and monitoring.

Previously, corporations would pay to dump waste at landfills or pay the transport costs to move their secondary streams to others who then went on to use the raw material for feeding stock, making compost or making into new products that they then sold. In many cases, farmers and others paid companies to get access to their unwanted by-products such as fruit and vegetable seconds, dairy factory processing streams and food manufacturing waste. Increasingly though, these business models started changing, as those using the by-products realised the value of this "service" and started to charge companies to "take away their problem".

The result was that companies started looking harder at the costs incurred with getting rid of their by-products and in the first instance they began looking for ways to reduce escalating expenses associated with by-product management. Others started investigating opportunities to retain

secondary streams themselves and make new products that they could sell, or looked to partner with others willing to pay a reasonable amount to access the raw material and develop their own products.

What are the benefits for companies which are looking at this whole-of-resource approach? First, there are the obvious cost savings of not having to pay landfill or transport costs, or costs for others to remove secondary streams. Second, there are significant branding opportunities for companies interested in telling more of a story around the fact that they are being more responsible with their by-products. This value should not be underestimated, as consumers increasingly choose to purchase products from companies who behave in more sustainable ways.

Third, for those who are prepared to put in the effort, collaborating with another company in order to develop new products from your by-products, or investing the resources required yourself to make new products on site that your company can then go on to sell, has the potential to generate new revenue streams. Companies can look at low value/high volume opportunities or high value/low volume opportunities or a multitude of opportunities in-between.

When companies look at partnering, it's important to strike the right balance between getting some money back for otherwise unwanted material and not seeing unrealistic dollar signs when you envisage third parties making (apparently) very healthy profits off the back of your original resource.

My advice is to have discussions early about what you expect to get paid from others for your unwanted by-products and not be tempted to gouge them because suddenly your product is worth considerably more as a new food product they've developed than it was when it was going to a farmer as stock feed. The difference is the significant investment and risk companies making high value products put into getting products launched. While I'm not suggesting you necessarily get the same amount of money for your raw material regardless of the end product, I do suggest you come to a reasonable arrangement with the party wanting to secure your raw material to make sure that everyone wins in the end.

The seafood sector has a very good history of converting by-products into saleable products – even if some of the products aren't the highest value opportunities, it saves these streams from going into landfill or being processed via waste treatment plants. The trick now is to continue to innovate, so that these by-products get converted to even higher-value products that companies can benefit from. Anyone who wants to talk more about opportunities from their secondary streams is welcome to chat to me about how I might be able to help. anna.yallop@seafoodinnovations.co.nz, or ph 021 799 314.