



The Competition Authority

An tÚdarás Iomaíochta

Household Waste Consultation
Waste Policy and Resource Efficiency
Department of Environment, Community and Local Government
Newtown Road
Wexford

By Email: household.waste@environ.ie

31 January 2014

Our Reference: Submission S/14/001

Subject: Regulation of Household Waste Collection

Dear Philip,

The Competition Authority welcomes the fundamental objective of the public consultation on the Regulation of Household Waste Collection November 2013 ("the public consultation"), which is to strengthen the current regulatory regime in the household waste collection sector.

The Resource Opportunity - Waste Management Policy in Ireland 2012 identified a number of problematic issues in the area of household waste collection regulation. The current public consultation sets out a range of proposals to address those issues. Although the policy proposals outlined in the public consultation are environment related, some may have an impact on competition. This submission only deals with what, in our view, are those proposals:

- The proposed regulation of pricing structures
- Waste management collection permit fees
- Proposals to reduce the administrative burden for applicants

Pricing Structure

The approach to household waste collection pricing structures is a significant focus in the public consultation. This includes a proposal to restrict the household waste collection sector to a (per kilogramme) price per weight charging system, as opposed to the variety of systems (price per weight, tag-based/per bin lift, or bin-size-based) currently in operation.

The Competition Authority accepts that preventing the generation of waste is at the forefront of national waste policy. Household waste collection pricing structures could influence household behaviour towards segregation and generation of waste. However, the ability to differentiate on price and pricing

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structures is one of the fundamental factors firms use to compete for customers. Restricting firms' freedom to determine their pricing practices independently could fetter competition in the sector. It may also impact on consumers as it reduces the plurality of pricing options available to consumers who may wish to pay a flat fee for financial or other reasons.

The cost associated with the introduction of per weight charging systems should also be borne in mind. The public consultation itself recognises the cost to industry in moving over to a pay by weight system. It cites the observation in the Regulatory Impact Analysis, published by the DECLG July 2012 regarding the introduction of franchise bidding for the household waste collection industry, that *"A transition to weight based charging on a national basis could be achieved relatively cheaply, in view of the potential benefits"*. The Authority does not have detailed information on costs of installing pay by weight technology, however, if public submissions to this consultation indicate that some waste operators are concerned about those costs, the DECLG should examine the pay by weight proposal further to limit the cost burden for the industry. In any case, it is not clear what the costs associated with per weight charging system are. If the cost is disproportionately significant, it could act as a barrier to entry or drive small and efficient household waste collectors out of the business, thereby limiting the number of household waste collectors, further consolidating the sector and increasing the cost for consumers. Therefore, the Authority urges the DECLG to conduct a cost benefit analysis that allows the DECLG to balance the improved incentives for waste reduction against the cost of the system.

Waste management Collection Permit Fees

The public consultation proposes introducing a permit fee structure combining fixed and variable components. The fixed charge is to reflect the cost of processing and on-going administration of the permit, and the variable element could be based on the extent and scale of the waste managed or the number of refuse collection vehicles used to carry household waste in a company's fleet.

While we do not have the level of information that would be required for us to take a formal view on the appropriate level of permit fees, we welcome the DECLG's intention to reform the permit fees structure to reflect the economic value of collecting the waste; the risk associated with undertaking the activity; and the cost of enforcing the permit. These principles are laudable and in line with the national waste policy. However, the level of waste management permit fees should not be set at a level which deters new waste collectors entering the sector or deters small waste collectors expanding their services. Waste management collection permit fees should be in line with the principles of better regulation.

The public consultation suggests abolishing regional waste collection permits. The Authority appreciates that this may reduce waste operators' burden by avoiding duplicate applications. However, the waste permit fee should reflect the cost of enforcing the permit. For example, the variable cost should reflect the different enforcement costs associated with a national waste operator and a regional waste operator, and avoid the situation where a small regional waste operator cross-subsidises a big national waste operator. Similarly, the fees for a national waste permit should not be set at a level that deters regional entry by an efficient operator.

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Reduce the Administrative Burden for Applicants

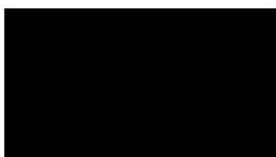
The Authority welcomes the proposal in the public consultation to introduce measure to reduce the administrative burden for those complying with the Waste Management (Collection Permit) Regulations 2007.

We note, for example, the proposal to introduce 'binding obligations' that apply nationally to the greatest extent possible to simplify the permitting process across local authorities and regional boundaries. Having a simplified, consistent permitting process would ultimately reduce costs for applicants and could facilitate access. Similarly, the proposal of "*making an application available 'on-line' on the National Waste Collection Permit Office*" rather than available for inspection at local authority office will help reduce the burden for applicants and facilitate data gathering from the industry.

The public consultation further proposes "*allowing operators to submit data on an on-going basis rather than making an annual return*". Records of meaningful industry data are critical in assisting the DECLG to monitor compliance and formulate effective national waste policy. Therefore, it would appear to be of benefit if waste operators could submit meaningful data on an on-going basis.

Should you wish to discuss the above or any other issues relating to household waste collection services in greater detail please do not hesitate to contact us.

Regards



Isolde Goggin
Chairperson
The Competition Authority

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