

The Irish Household Waste Collection Market

Public Consultation

DATE 09/02/2018



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

The closing date for receipt of submissions is Friday, 2 March 2018. Please send your responses to:

By email: Geoffreygray@ccpc.ie

By post: FAO Geoffrey Gray, Household Waste Collection, CCPC, Bloom House, Railway Street, D01 C576, Ireland.

1. **Confidentiality of submissions:** Respondents are requested to note that the Competition and Consumer Protection Commission (CCPC) intends to publish details of the submissions received on its website.

Should you consider that any material should be redacted please ensure that such material is clearly indicated in your submission.

2. **Relevant provisions of the Freedom of Information Act 2014:** We would like to draw your attention to the fact that information provided to the CCPC may be disclosed in response to a request under the Freedom of Information Act 2014. Therefore, please identify any information you consider personal or commercially sensitive, and specify the reason for its sensitivity. The CCPC will consult with anyone potentially affected regarding information identified as sensitive before making a decision on any Freedom of Information request.

You can download this public consultation from our website: www.ccpc.ie

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Table of Contents

1. Introduction	1
Terms of Reference	2
Context to this Consultation	2
2. Public Consultation	4
Competition.....	4
Operational Barriers to Entry	6
Market Coverage.....	6
Waiver of Waste Collection Charges.....	7
Landfill and Incinerator Capacity	8

1. Introduction

- 1.1 The CCPC is a statutory body with responsibilities in the fields of competition and consumer protection law.
- 1.2 The mission of the CCPC is to use our knowledge, skills and statutory powers to promote competition and enhance consumer welfare. Our vision is for open and competitive markets where consumers are protected and businesses actively compete.
- 1.3 One of the primary functions of the CCPC is to protect the interests and welfare of consumers. We carry out this function in a variety of ways. These include:
 - (a) Conducting research
 - (b) Undertaking studies
 - (c) Publishing papers and making submissions to inform and influence Government policy
 - (d) Publishing guidelines on competition and consumer protection law for businesses.
 - (e) Enforcing competition and consumer protection law using our statutory powers

Ministerial Request

- 1.4 On the 25th of September 2017, the Tánaiste and Minister for the Department of Business, Enterprise and Innovation Frances Fitzgerald received a formal request from the Minister for Communications, Climate action and Environment, Denis Naughten, TD, requesting that the CCPC conduct a Study on the Operation of the Household Waste Collection Market in Ireland. The Tánaiste then wrote to the CCPC on the 28th of September formally requesting that we undertake the study.

Terms of Reference

1.5 In respect of the above request and in line with section 10 of the Competition and Consumer Protection Act 2014 the CCPC has been undertaking an exercise that will involve the following:

- (a) Research on Current Issues in the Waste Sector
- (b) An Economic Assessment of the Household Waste Collection Market
- (c) An Overview of Waste Collection in Other Countries

and make appropriate recommendations

Context to this Consultation

1.6 Since the commencement of this study the CCPC has carried out an extensive series of interviews and meetings with stakeholders in the waste market including; consumer representative groups, academics, waste management regulators, industry representatives, and individual household waste collection operators. During these meetings a number of relevant issues and themes have emerged. The CCPC through this consultation would like to examine these issues in greater detail, in addition to exploring other issues.

1.7 This consultation will most likely be of greatest relevance to the waste sector and those representing State bodies. However, while we are conducting separate consumer market research, consumer views in response to this consultation are also welcome.

1.8 Household waste collection is a very important market from a consumer perspective, as it allows households to dispose of their waste material safely and efficiently.

1.9 The household waste collection market in Ireland operates a system of side-by-side competition. The CCPC's research to date has found that, by contrast, most other developed countries operate a system of competition for the market through a competitive tendering process, or provide the service through state-owned entities.

- 1.10 There have been a number of developments in the sector, including the changing nature of charging structures, the evolving regulatory environment and the roll out of a dedicated bin for organic waste.
- 1.11 The purpose of this consultation is to collect important information on the household waste collection market, and to gather the views of stakeholders in a formal capacity. In the next section we outline a series of specific questions designed to capture this.

2. Public Consultation

We ask you, where relevant, to answer each question, providing specific examples and evidence to support your answers. You are however free to leave questions unanswered.

Competition

- 2.1 In competitive markets consumers benefit from increased levels of innovation, higher service levels, and lower prices. It is therefore important that we understand the factors that impact on competition in the household waste collection market.
- (a) In your view, are there distinct local geographic markets in Ireland in the household waste collection market? If so, what characteristics would govern their size and boundaries? Please explain your answer.
 - (b) What is your view on the level of competition in the household waste collection market in Ireland? Does this vary across the country? Where possible support your views with relevant data, analysis, reports, experience, etc.
 - (c) Do you think most waste collection service offerings are broadly the same? Is the consumer's choice of provider influenced by factors other than price (e.g. frequency of service, consumer interface, etc.)? If so, are these important considerations for a consumer? Please explain your answer.
 - (d) In your opinion what would a well-functioning competitive household waste collection market look like in Ireland? For example, number of players, market shares, margin levels, levels of switching, number of operators in any given area/route. Is this in evidence in the market(s) in which you have experience? Please explain your answer.
 - (e) What in your opinion is the most effective method of market entry? For example, this could be setting up an entirely new household waste

collection service, acquiring an existing operator, setting up a joint venture. Please explain your answer.

- (f) When an operator is considering entering a new market is the possibility that the incumbent operator could respond by also entering the new entrant's existing markets a key consideration? What are the main factors (e.g. densely populated routes) that are assessed to decide whether the potential of a new market will compensate for the possibility of also losing market share in an existing market? Please explain your answer.

Operational Barriers to Entry

- 2.2 Where the market is defined at the local authority area level, each household waste collection market would likely display different characteristics in terms of the density and scale of households in that area, the number of treatment facilities and transfer facilities available, and the quality of the road network and level of Local Authority oversight.
- (a) Are there any features which are unique to specific local authority area markets that make entry less attractive? Please explain your answer.
 - (b) What are the barriers to entry to a potential new entrant in a given local authority area market in Ireland (e.g. difficulties in customer switching, access to necessary treatment and transfer facilities, regulatory requirements, or other market characteristics.)? Are any of these disproportionate? Please explain your answer.
 - (c) What impact, if any, would a concentrated market (e.g. where there is only one or two major household waste collectors) for a local authority area have on the decision to enter such a market? Please explain your answer.

Market Coverage

- 2.3 Using Central Statistics Office census data and National Waste Collection Permit Office annual returns data the CCPC estimates that 77% of permanently occupied households availed of a household waste collection service in 2016. It is clear therefore that a significant proportion of households have alternative arrangements.
- (a) What is your view of the assessment of the current number of households which do not avail of a kerbside waste collection service in Ireland/the area in which you have experience? Please provide any data, analysis, or reports which support your answer.

- (b) What in your opinion are the main reasons why households do not avail of a kerbside waste collection service? Are there some areas which do not have access to a waste collection service? If so, why is this the case?
- (c) For those consumers who do not/cannot use a household waste collection service, in your opinion are there adequate facilities for centralised waste disposal (e.g. civic amenities, direct to landfill, Pay to use compactors etc.) in Ireland/the area in which you have experience? Please explain your answer.
- (d) Does the structure of competition in the market (i.e. side-by-side competition, or tendering for the market) have an impact on household participation in the kerbside waste collection market? Please explain your answer.

Waiver of Waste Collection Charges

2.4 It is our understanding that some local authority areas operate a waiver system (as distinct from the €75 government subvention provided for persons with lifelong/long-term medical incontinence) and that in others, for example, Dublin city, operators continue to offer discounts to previous waiver customers on a voluntary basis.

- (a) What local authorities currently operate a waiver, or other form of discount scheme, and what household qualification criteria is currently used for the selection of households which qualify for a waiver scheme?
- (b) Do you think that a national waiver scheme should be introduced? Please explain your answer.
- (c) What are the potential issues with the implementation of a national waiver scheme?

Landfill and Incinerator Capacity

2.5 In 2016, emergency legislation was invoked by regulatory authorities to make additional landfill capacity available¹. This development was one of the stated reasons behind the introduction of mandatory incentivised pricing structures in the household waste collection market. Although Ireland's landfill and treatment capacity is outside the scope of the CCPCs current study, we would still like to determine the views of relevant stakeholders.

- (a) Is there adequate capacity (landfill and incineration) to deal with Ireland's current and future residual waste generation? Please support your views with relevant data, analysis, or experience.
- (b) In your view is there adequate capacity to deal with Ireland's current and future non-residual waste generation? Please support your views with relevant data, analysis, or experience.
- (c) Does the structure of the household waste collection market (side-by-side competition, or tendering for the market) have an impact on investment in landfill and incineration facilities? Please explain your answer.
- (d) Is access to a sufficient long-term volume of waste a key factor in the development of appropriate waste management and treatment capacity (e.g. requirement for long-term supply arrangements to facilitate investment in treatment facilities)? Please explain your answer.
- (e) In your opinion, what impact will the current array of incentivised charging structures by operators have on Ireland's residual waste generation and waste streaming by households? Please explain your answer.

¹ Minister Denis Naughten press release on household waste collection charges 2016 - see <https://www.dccae.gov.ie/en-ie/news-and-media/press-releases/Pages/Household-Waste-Collection-Charging-Arrangements.aspx>

- (f) In your view what measures, if any, could be introduced to ensure that Ireland has adequate landfill and incinerator capacity to deal with Ireland's current and future residual waste generation?

Regulatory Environment

- 2.6 Ireland's overarching policy objectives in the waste management and waste collection markets are set by the Department of Communications, Climate Action and Environment. Local authority area waste management planning and enforcement is co-ordinated by three lead authorities for the Southern, Eastern and Midlands, and Connacht/Ulster areas.
- 2.7 Currently, the National Waste Collection Permit Office is mandated with issuing household waste collection permits in accordance with the Waste Management Collection (collection permit) Regulations². The responsibility for enforcing the conditions of the collection permits falls to individual local authorities.
- (a) In your view are consumers adequately protected by the current regulatory environment (e.g. regulation of operator conduct, adequate complaints resolution procedures, ability to switch to an alternative provider, transparency of pricing etc.)? Please explain your answer.
- (b) What impact, if any, do the current household waste collection permit regulations relating to the weighing of household and apartment waste have on the decision to enter a specific market? Please explain your answer.
- (c) What impact, if any, do the current household waste collection permitting regulations and food bio regulations³ have on the number of household waste collection operators in the State? Please explain your answer.

² S.I. No. 24/2016 - Waste Management (Collection Permit) (Amendment) Regulations 2016

³ European Union (Household Food Waste And Bio-Waste) Regulations 2015 Part 2 requirement to supply dedicated organic bin

- (d) What impact, if any, has the introduction of the new regulations which effectively prohibit the offering of flat-fee charging structures had on market entry by operators? Please explain your answer.
- (e) What are your views of the roll-out of a dedicated bin for organic household waste in Ireland? Please support your answer with experience or relevant data.
- (f) The current waste collection permit regulations apply to waste collected from households and apartments. In your view, what, if any, enhancements to the current regulations would be appropriate for apartment collection? Please explain your answer.
- (g) In your opinion, what impact could tendering for specific markets (i.e. competition for the market) have on the household waste collection market in Ireland? Please explain your answer.
- (h) In your opinion, are the current regulatory and enforcement regimes in the household waste collection market adequate? What, if any, changes to these regimes would be appropriate? Please explain your answer.

Other Views

- 2.8 Please provide any further views you may have on the household waste collection market in Ireland.

ENDS

