



Mulleadys

"All our time goes to waste"

Household Waste Collection,
CCPC,
Bloom House,
Railway Street,
Dublin 1,
D01 C576.

2 March 2018

Sent by email only to:

Re: Consultation on Household Waste Collection Market

Dear

We offer the following comments, opinions & responses to your recently published discussion document. Mulleadys Ltd is a family owned waste & recycling service provider employing 80 people between Longford and Westmeath. We operate our own Materials Recycling Facility on our EPA licensed facility in Drumlish Co. Longford which is 1 of 8 such facilities in Ireland. We also operate an EPA licensed facility in Mullingar Co. Westmeath, a permitted Civic Amenity facility in Longford town and manage the Civic Amenity facility in Mullingar Co. Westmeath for Westmeath County Council.

Our commitment to providing a full range of services to our customers has seen our customer base steadily grow year on year for almost 26 years. Presently, we are the largest household collector in Longford and the second in Westmeath. This is largely down to the fact that we process all our own waste and recyclables' in house thus avoiding unnecessary transport costs whilst disposing/treating the waste materials within the quickest possible time.

Our website www.mulleadys.com outlines our many services. In all instances and in all jurisdictions we operate in parallel with multiple competitors thus ensuring that the householders have multiple options for their waste provider.

We were the second waste company in Ireland to operate/provide Pay By Weight to domestic and commercial customers 15 years ago and have continued to do so. This we feel emphasises our company's foresight in how an incentivised waste collection should be operated albeit industry and legislation did not accept PBW for the positive results it has since proven to provide. We are also long time members of REPAK and the IWMA.

Our responses are presented to the various questions as set out below.

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2.1 (a)

Geographic markets only exist by exactly that meaning i.e. rural versus urban. Market size in rural Longford is different to Longford town but ALL of county Longford is very different to Dublin, Cork, Limerick city areas and indeed their respective county regions. This is a geographical FACT which will not be altered by any changes to the household waste collection market.

Larger geographical regions may lead the way in innovative techniques but typically other operators will follow if the innovation will prove to be efficient for the operator and the householder. We don't believe any operator consciously operating with less innovative techniques when greater efficiencies can be achieved by other means.

2.1 (b)

In our catchment area there are a total of 7 waste operators with a minimum of 3 in any 1 specific area. We feel that this level of competition is more than adequate for the householder given the size and population in question. Where increased competition occurs this can lead to short term price reductions and price wars ultimately resulting in most instances of waste operators going out of business and/or into liquidation. This lack of consistency can be very disruptive to an industry and indeed to the householder within the region as a consistent waste service is favourable as any price differential over a 12 month period in most instances is insignificant especially if they have to transfer to another operator with additional admin/signing on fees.

Due to increases in areas such as insurance diesel, labour (minimum wage increase), PBW implementation, food bin compliance and disposal costs and rapidly changing recyclable commodity costs waste operators have multiple incentives to remain competitive within their respective regions. In our case we have not imposed a price increase since August 2013 to our customers but have continually strived to implement new innovative techniques to reduce our costs. However I trust you will accept there is only so long any business can operate without some level of price increase similar to multiple other business sectors which have seen multiple significant price increases over the past nr of years.

Our average annual cost to the householder we believe to be approx €250 – €E270 incl. VAT. We understand this cost is 50% of the EU average therefore providing excellent value for money to the householder. If one evaluates this in comparison to the multiple industry increases such as landfill levies, PBW compliance costs to vehicles and offices we feel we have more than operated competitively and feel that if this was managed in any other manner as has been suggested that the householder would have borne all increased costs without fail.

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2.1 (c)

We believe that frequency of service is the same nationwide with fortnightly collections being the preferable and that there is similar charging methods by competitors within regions solely to remain competitive although some may have preferred methods they cannot enforce. These consist of Pay By Weight, Pay By Use, Pay By Use with Fair Usage conditions etc.

Quality of service primarily consistency we believe is critical to householders as they have comfort that their bins will be collected within certain time frames regularly.

Methods of communication with and to householders are also crucial. In our case we provide SMS text messages and emails in advance of collections and where alterations / disruptions to service may occur such as Christmas and inclement weather conditions (STORM EMMA). We also use bin hangars with predetermined text communicating critical personal information about their bin and/or service such as bin contamination etc.

2.1 (d)

In essence, any well functioning market within any industry sector revolves customers availing of fair prices, satisfactory service and options to switch provider if required.

In light of what we earlier stated we believe this to be in-situ in our operational areas and in most other regions also.

We believe that the waste industry is unlike similar other utility providers such as electricity and gas as these industries operate around market share to cut prices as changes to infrastructure which are fixed are hugely expensive so investment for change is negligible in most instances. The waste industry as seen within the past 10 years or less the addition of the Dry Mixed Recyclables' bin, food bin, glass bin and in some cases clothes bin. These additional services required huge levels of investment by operators in supplying additional bins and collection vehicles and administrative structures. In summary it is not always about PRICE and this needs to be considered.

2.1 (e)

Market entry is effective by means depending on one's existing and obtainable capabilities. If one is an existing operator they can enter a new region easily. New entrants' can obtain collection permits readily and secure disposal outlets also if they satisfy relevant T&C's so there is no apparent barriers to entry.

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2.1 (f)

Obviously in regions where prices are questionably highly profitable new entrants may see obvious financial opportunities as in any other business sector. Likewise this applies if the service has been reported to be inadequate by customers. However, if one evaluates the industry within the past 5 years such instances have been minimal and in most instances the outcome proved not to be as anticipated.

2.2

Local Authority areas/boundaries have in reality long disappeared due to the period time such areas were sold/tendered off therefore allowing open markets for operators.

Any area is accessible without restrictions to any operator but will obviously be dependent on things such as access to disposal/transfer facilities, staff vehicle compounds etc.

Since the introduction of the waste regions, local authority decision making has since greatly reduced this allowing a more common approach in neighbouring regions.

2.2 (a)

In our case we service a minimal nr of householders in Co. Leitrim across the Longford border. Leitrim County Council introduced by laws to implement brown bins before any other local authority so we had to comply accordingly. However, we don't envisage similar instances occurring going forward since the introduction of the waste regions.

2.2 (b)

As earlier stated, barriers to entry are almost non-existent if a new entrant really wants to enter. Access to vehicles, staff, outlets etc is quite easy and there are no regulatory barriers either. Customer switching is also quite easy for new entrants but will inevitably involve a huge amount of work delivering bins, setting up accounts etc but these are all typical business investment pre-requisites.

2.2 (c)

We don't believe these would be any. Entry would involve a satisfactory price dependant on their ability to manage their proposed business in that area for reasons as previously stated.

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2.3

2.3 (a)

We would strongly question this statistic as it largely contradicts EPA data and from our industry knowledge we would guesstimate a 23% non serviced statistic to be grossly misleading.

In instances where households have no collection service they have many alternative options such as

- Use of CA facilities
- Use of PTU's
- Use of neighbours bins where the nr of people within a house is low
- In house burning
- Back yard burning

2.3 (b)

We strongly believe that almost all regions are serviced by a collection. However, there is and will continue to be areas that cannot be serviced for reasons such as poor road infrastructure and low population. In some instances we believe householders are fly-tipping or illegally disposing of their waste within neighbouring employer bins at night etc thus availing of a collection and more importantly avoiding paying for my waste service.

2.3 (c)

At this point in time no householders can honestly claim they have no access to some sort of service or disposal facility.

2.3 (d)

This is a highly debateable question and is governed/influenced by multiple factors. One of these is the method of charging to the householder. If this is a fixed cost similar to the UK via householders' Poll tax or another tax regime such as property tax participation would questionably increase. However, in the UK it is widely accepted that there is a high % of households that don't pay their Poll tax resulting in those that do paying extra to cover any shortfalls. Presently, this does not occur due to the direct charging mechanism by operators to customers.

The large focus and emphasis on PBW in recent years by government and operators would also be over turned with no environmental incentive for householders. Successful tenderers single market operators could prove costly to customers whilst decreasing participation levels. Such tenders would be impossible to structure fairly to customers and operators e.g. recent CHINA DMR restrictions has seen collections cease as successful operators simply cannot afford to collect the DMR bin at the

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tendered figure resulting in customer dissatisfaction. The local authority in turn also realise that imposing financial penalties and/or going back to tender in most instances will only compound increased costs not allowing for the cost admin throughout this procedure.

2.4

2.4 (a)

None apply in Longford, Leitrim or Westmeath in our operating regions.

2.4 (b/c)

Initially NO. Any waiver system would have to be means tested and would involve huge correlation with operators involving transfer of data between multiple parties which would prove cumbersome and initially illegal.

2.5

2.5 (a)

Presently there is just enough of capacity. However, we anticipate with growing population and economy that waste will increase and therefore capacity could become an issue.

2.5 b)

We believe there is adequate DMR and organic processing facilities with a nr of proposed facilities presently under construction. However, as previously stated new indigenous facilities will be require to process segregated plastics due to China restrictions especially.

2.5 (c)

We believe that private industry investment has a long proven track record of providing adequate facilities within budget i.e. efficiently. Where government/tax payers money has been used budgets have seen huge overruns whilst programmes have also seen complications. Examples of this can be seen recently in Northern Ireland.

However, legislation and planning may prove easier for government entities than private investment and there are numerous examples of this between Northern Ireland, UK and Australia.

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2.5 (d)

No. The privatised waste industry typically does not conform to long term contracts due to the ever changing industry. As a result investors make their decision on smaller term contracts.

2.5 (e)

We anticipate reduced levels of waste and increased recycling. However, we would strongly question the added value of the materials deemed fit for recycling and there is a huge concern going forward.

2.5 (f)

Strategic planning by the newly formed regional authorities coupled with more efficient EPA/An Bord Pleanala decision making will drive / incentivise investment in the industry.

Structures allowing waste regional authorities to act in cases of emergency or where contingencies may be required need to be implemented as presently there is NO co-ordination in such events.

2.6

2.6 (a)

Yes. Company customer charters coupled with access to customer weights offers huge transparency to customers.

2.6 (b)

None. ALL operators MUST weigh all domestic bins therefore no barrier to entry.

2.6 (c)

Compliance by some operators has been questioned but where compliance has been achieved customers have availed of increased environmental services. Some operators have ceased trading due to non compliance leads to market issues.

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2.6 (d)

Positive impact as householders are fully in control of how environmentally aware they want to be in relation to their collection service without excuse.

2.6 (e)

We support the brown bin but authorities need to review the present data especially in relation to urban and rural areas as uptake varies dramatically.

2.6 (f)

Unless relevant management companies manage the multiple waste streams entering bins operators will be forced to class all bins as residual as there is no incentivised scheme for the apartment occupier and thus no compliance.

2.6 (g)

As a private waste operator who has spent over 25 years investing our own private and personal monies to grow our business it would be devastating to lose everything we spent a lifetime devoting our time to see to be taken away as a result of CFM. The mere thought of this could in some instances prove detrimental to private company directors seen similar to the banking pressures placed upon directors and householders after the Celtic tiger crash.

Serious thought and evaluation would have to be given to any idea of CFM by legislative authorities and personnel taking into consideration the consequences to the companies, its directors, shareholders, employees and indeed many loyal customers who it has to be put on record have not advocated CFM thus suggesting customers are satisfied largely with methods presently in place.

A consultation process was undertaken a number of years ago in 2011 and huge evidence was presented that CFM was not advantageous to the householder. Some of the reasons included:

- Cost to the householder to an average increase by 100% based on EU data.
- Private competition has proven in all other industries to provide much better value for money than CFM or local authority management of facilities. Indirect increased taxation has been used elsewhere to offset crippling losses by CFM/LA operators.
- Ireland as a nation is performing well in meeting their respective EU targets and in some cases leading the way.
- The volume of uncollected waste although questionable and unconfirmed is now accepted to the low single figures. Such a % would always be accepted for illegal household activity but CFM would see large increases in this area.

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- CFM as in 2011 would start a period of large scale uncertainty in relation to present private operators investing in infrastructure with banking and lending institutions unwilling to supply funding to any operator given the level of uncertainty. This period could last for a number of years and could cause debilitating consequences to the industry as waste levels increase. As previously stated the recyclable division requires indigenous investment in light of China restrictions which would be shelved if CFM was proposed. The US, UK and Australia waste operate CFM tenders have seen the same issues as Ireland so no advantage.
- Collection density – will large scale city operators who have been used to natural density have a genuine interest in regions such as Longford & Leitrim where density is much lower resulting in completely different cost methods unfamiliar to the larger city operators? Will it be a case of uncompetitive CFM in lower density regions with large scale interest in large city areas?
- Waste minimisation – Ireland has been the front runner within the EU in legislating every household bin to be weighed. Other EU countries are presently looking at Ireland and their foresight for PBW measures and gradual positive results. PBW measures could only be financially viable within longer term CFM tenders which would debilitate any alternative entrant from entering for many years. Unless a private entrant decided to take on the CFM successful tenderer thus creating huge implications for all involved.

2.6(h)

As a whole the waste industry in Ireland is very highly and adequately regulated via numerous entities such as the EPA and NWCPO. However, enforcement of the many regulations largely lies with the numerous local authorities which in turn historically tend to be very weak. We would favour strong consistent enforcement with consistent being very important. This may need to be explored by the relevant authorities to achieve the relevant success but any costs we believe would be offset with the anticipated level of positive environmental compliance by industry whilst possibly removing rogue operators with fewer complications.

I hope you find our submission based upon our practical experiences over a 25 year period informative and we look forward with anticipation to your resulting report.

Yours sincerely,

Niall Mulleady

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