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

Sent by email only to:

2nd March 2018.

Re: Consultation on Household Waste Collection Market

Please see below the response to your discussion paper on behalf of Starrus Eco Holdings Ltd (SEHL) which wholly owns Panda and Greenstar. We operate commercial collection services in every County in Ireland and operate household collections in Dublin, Wicklow, Kildare, Meath, Louth, Wexford, Waterford, Kilkenny, Cork, Sligo and Donegal, servicing over 225,000 households in all.

We are a member of the Irish Waste Management Association (IWMA), we have a seat on its Board of Directors and we have participated in composing the IWMA submission being sent to you by the IWMA Secretary, Conor Walsh.

While SEHL supports the main themes of the IWMA submission, the comments below reflect additional points by SEHL. Where relevant, SEHL has used for ease of reference the nomenclature in your discussion document which is the same as in the IWMA submission.

We also have some additional comments which we detail under the "Other views section" below.

Section 2.5(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?

With all waste collectors and EPA licenced treatment facilities required to return their Annual Environmental Reports for the year within a few months of the calendar year end, it would help investment decisions if the EPA was given the resources to collate this information a bit quicker than the current four year lag, eg they only recently produced the collated figures for 2014.

Section 2.7(e) What are your views on the roll out of a dedicated bin for organic household waste in Ireland?

There is a current proposal to expand the roll out to all rural areas as well as the currently mandated cities, towns and villages. SEHL agrees with this proposal.

Section 2.7(h) In your opinion are the current regulatory and enforcement regimes in the household waste collection market adequate?

SEHL are of the opinion that a Regulator could give comfort to consumers that waste operators are being fair and reasonable with their prices and charging methods. Providing the terms of reference for such a Regulator are also fair and reasonable it is something we would be happy to consider.

Other Views

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

Although we agree with the main themes of the IWMA submission, here are some additional facts for you to consider:

- There are no stakeholders currently complaining that this market is not working well for consumers.

- Any move by the Government to switch to Competition for the market will require extensive changes to the Law to empower the Government to take markets away from private operators and tender them out. A serious amount of time, energy and money will go into trying to make this happen in the face of private operators vehemently opposed to any such threat to their livelihood, as best evidenced when the Government Policy to do just that was published in 2011.

- The primary reasons that Local Authorities withdrew from household collections were:

  a) the high cost and low efficiency of the local Authority collections and
  b) their inability, in the main, to collect waste collection charges from their customers.

  In Dublin alone, just before each Authority withdrew they were losing the following amounts:

DunLaoghaire Rathdown CoCo:	€3 million/annum
Fingal CoCo:	€7 million/annum
South Dublin CoCo:	€8 million/annum
Dublin City CoCo	€12 million/annum

  That was €30 million in Dublin alone lost every year and paid for by the Taxpayers. Currently there are there are five private operators servicing Dublin without any call on the Government for funding.

  Prior to Dublin exiting the market they had awarded a Tender to Oxigen for the monthly collection of recycling bins in all four Dublin markets. When private operators first entered the Dublin market in 2006 they offered fortnightly collections of the recycling bins, not monthly. With full recycling bins every fortnight it was very clear that customers had been putting their excess recyclables in their waste bin heretofore. The interesting thing was the Councils had no mechanism to react because they were locked into a long-term tender which only provided for monthly collections.

- Today, Ireland's recycling rates are among the highest in Europe under the current system. SEHL have spent four years developing a hi-tech camera based contamination detection system which trials to date have proven alters customer's behaviour such that contamination has reduced by over 50% already and still reducing week on week. These are the sort of innovations which only ever come from the private sector, no winner of a 3-5 year tender is going to undertake such a development without the certainty that they can get a return over the long term.

- In response to the global market's preference for source separated paper and cardboard (as opposed to co-mingled with plastics, bottles and cans) SEHL are currently trialling a system which segregates paper and cardboard from the rest of the dry recyclables within the recycling bin. The results to date are extremely encouraging. SEHL continuously raises the innovation bar on service.

- With 60 private operators servicing the country there is very little risk of any serious repercussions should any operator collapse – the service gap would be picked up rapidly by that company's competitors. In a tender system it is likely, especially after the second round of tendering, that there would be only two or three players left in the market and if one of them was to collapse no other company could fill the gap within a reasonable timeframe leading to waste on the streets.

- All waste infrastructure, from trucks to bins and from operating systems to facilities, are owned exclusively by private operators and run to hundreds of millions of Euro which the State would need to either purchase from the operators or develop from scratch.

- In March of 2014 Cerburus, an American Venture Capital fund, acquired Greenstar, at the time one of the three largest household collectors in the country. After a bedding down period they attacked the Dublin market with a €1.5million marketing and advertising campaign and a phenomenally good (for the customer) offer of a three bin service absolutely free for 6 months. At the end of the campaign three months on they had acquired just a little over 1% share of their target market. The conclusion has to be that customers in the main were very happy with the service and price of their current providers or many more would have switched.

- Our nearest neighbour, the UK, operates under the tender system. Over the past year we are seeing ever increasing instances of the UK Local Authorities reducing the service to customers (weekly going to fortnightly or every three weeks, fortnightly going to monthly). This has opened up opportunities for on-demand type of services from private operators where customers, although already paying for their waste service through their rates, are putting their hand in their pockets to pay private operators to pick up the slack left by the Councils. This is just one example of how the tender system can fail.

- The Dunlaoghaire-Rathdown market is a good example of competition at work. Panda have a leading position in that area for three reasons:

  1) **FIRST UP BEST DRESSED**: We were first private operator to enter the market in 2006. Dublin City, the lead Authority for all four Dublin Council areas immediately tried to stop us growing in that market by varying the waste management plan. Panda took a High Court Judicial Review case against Dublin City which between Court hearings and the Judge's final decision took two years to adjudicate upon (in Panda's favour).
     During that two year period Panda took the chance that we would win the case in the end and would not be prevented from continuing in that market. Our private operator competitors decided to await the outcome of the High Court case, by which time Panda had acquired 40,000 of the 60,000 customers in Dunlaoghaire Rathdown. Shortly after that the Council tendered out the remaining 20,000 customers. Panda won that tender but over the couple of months it took to transition those customers from the Council to Panda, Greenstar launched an aggressive marketing campaign and won 5,000 of those 20,000 customers.

  2) **PRICE:** We charged 20% less than the Council at that time.

  3) **SERVICE:** Greenstar and Thorntons who entered the market a bit later, were similarly priced, but Panda continuously raised the bar on service, putting bins back not blocking driveways, offering a bin washing service, taking extra packaging at Christmas, providing an emergency collection service for bins not presented in time, answering the phone with a real person within 10 seconds of calling etc etc.

The point we want to make here is that just because a company has a leading position in a market does not mean they can maintain that position in the face of stiff competition unless they are very good at what they are doing for customers with an innovative offering and do so at a fair and competitive price. So while the customers in Dunlaoghaire-Rathdown have a choice of two alternative operators, most stay with Panda because they are happy with the service they are getting and the price they are paying.

Panda operates what is considered by many to be the best and fairest charging system for waste services in the country in Dunlaoghaire-Rathdown, It is a combined pay by lift and by weight system which ensures customers only pay for the amount of material they present. This means an old age pensioner living on their own is not forced to contribute to the waste charges of a large family next door. This contrasts to the fixed charges (now on the way out) or banded systems which tend to spread individual costs across the entire customer base.

SEHL are cheaper today than Dunlaoghaire Rathdown CoCo were 12 years ago when we entered that market, despite all the increases in labour, fuel and landfill levies over the years.

Finally, we would like to draw your attention to the attached appendix 1 with some examples of the comments received on a regular basis by our household customers.

Yours Sincerely,

John Dunne
Residential Director,
Starrus Eco Holdings Ltd.