



Cumann Lucht Bainistíochta Contae agus Cathrach
County and City Management Association



CCMA Submission to the
Competition & Consumer Protection Commission
on
The Irish Household Waste Collection Market

March 2018

1. Introduction

The County and City Management Association (CCMA) welcomes the opportunity for consultation on the recently published Irish Household Waste Collection Market Public Consultation document by the Competition and Consumer Protection Commission and notes that Minister for Communications, Climate Action & the Environment formally requested the Tánaiste to invite the CCPC to carry out such a review.

It should be noted that this submission has been prepared by the Regional Waste Management Planning Offices on behalf of the CCMA.

The CCMA looks forward to working proactively with all stakeholders to improve environmental and societal outcomes arising from the household waste collection market.

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.

Introduction

The Regional Waste Management Plans 2015-2021 reflect National and EU Waste policy with the plan targets looking to reduce waste generation, increase recycling and focus on diverting waste from landfill. It is not clear if the current waste collection market structure is impacting negatively or positively on these targets. It is clear however that following initial gains progress on targets is slow and that changing waste management behaviour at work, at home or at school is a challenge.

In this public consultation document there is a recurring theme regarding the barriers to a new operator entering this market. This household waste collection market is a well-established mature market where each collector has grown their market share organically with some collectors increasing market share through the acquisition of competing collectors. In fact the more recent trend is to grow market share predominantly through acquisition rather than targeting individual households.

Under existing arrangements if competition does enter the market, experience has shown that all the incumbents try to match the competition with a potential drift to the lowest common denominator in terms of price.

We suggest that overall there are a sufficient number of active waste collectors in the Irish market given the scale of the market. However, there are some areas with limited or no competition and there are certainly geographic/demographic areas that are not fully serviced. The price that a new collector would have to charge the householder, to capture market share, and to be sustainable could be seen to be prohibitive to market entry.

It is possible that at this point we don't need new entries into the market for conventional household waste streams but that new entrants could focus on waste streams not collected currently such as bulky household and household hazardous waste.

It is also possible that an existing collector could grow market share by offering a wider range of services that entice householders to change.

Whilst the current waste collection market is not perfect, it is still a matter of significant debate as to whether a total move to an alternative market structure would be required to further assist Ireland in reaching the waste reduction, recycling or diversion targets, to maintain competition and to address low participation rates

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.

The Regions are of the opinion that there are distinct geographical markets and they can be categorised as follows :-

- High Density Living e.g Dublin City Centre
- Medium/Low Density urban areas e.g Limerick City/Galway
- Provincial Towns
- Rural routes e.g Mayo & Clare Coastal routes, North West Donegal.

The mode of collection would differ for each of these areas and from collector to collector but would typically be :-

1. The high density collection would have a one compartment truck collecting one waste type and would collect up to 800 lifts in 5 hours
2. The medium/low density urban collection would be a compartmentalised vehicle collecting several waste streams simultaneously and would only collect up to 340 lifts in 5 hours
3. The rural route collection would be a compartmentalised vehicle collecting several waste streams simultaneously and would only collect up to 260 lifts in 9 hours

Therefore, the costs of transport, handling and staff would be very different if you were to compare the costs per lift and this is significant impact from a competitive point of view.

- (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.

The Regions believe that the level of competition across the country varies from county to county with some counties having the choice of a number of collectors. Other counties or areas of a county have only one collector to choose and some areas have no service available at all e.g rural Wicklow, rural parts of South Kerry and rural parts of West Mayo.

The number of waste collectors and active waste collectors for each Region are shown in Table 1, 2 and 3 below. It is evident that not all collectors are active where they are permitted and this is the format of the permitting system where operators are authorised to collect in Local Authority areas but are not necessarily active in these areas. Collectors kept their options open with regard to expanding market share.

Based on 2015 validated statistics 72 % of households in Ireland have a kerbside collection service. The top 20 collectors collect 90% of the households with a kerbside collection service and in some counties the active collectors listed in the tables below may not offer a service to the entire county.

While alternative collectors are available in some cases the price difference is generally marginal thus discouraging switching.

In the Southern Region (SR) the top 11 collectors have 90% of the waste collection market, in Connacht-Ulster Region (CUR) the top 3 have 80% of the waste collection market and finally in the Eastern- Midlands Region (EMR) the top 9 have 90% of the waste collection market. In each county 90% of available business can be managed by 2 or 3 collectors but the detail of this information cannot be provided in this consultation document as it is deemed to be commercially sensitive.

Table 1 : No. of Waste Collectors & Active Waste Collectors in the SR

Region	County	No of Permitted Collectors	No Of Active Collectors 2016 Data
SR	Carlow	35	4
SR	Clare	34	5
SR	Cork City	36	4
SR	Cork County	36	9
SR	Kerry	36	5
SR	Kilkenny	36	10
SR	Limerick	35	10
SR	Tipperary	37	11
SR	Waterford	34	6
SR	Wexford	35	4

Table 2 : No. of Waste Collectors & Active Waste Collectors in the CUR

Region	County	No of Permitted Collectors	No Of Active Collectors 2016 Data
CUR	Cavan	31	7
CUR	Donegal	32	7
CUR	Galway City	37	4
CUR	Galway Co	37	9
CUR	Leitrim	33	5
CUR	Mayo	35	7
CUR	Monaghan	32	7
CUR	Roscommon	33	5
CUR	Sligo	34	5

Table 3 : No. of Waste Collectors & Active Waste Collectors in the CUR

Region	County	No of Permitted Collectors	No Of Active Collectors 2016 Data
EMR	Dublin City	39	14
EMR	Dun Laoghaire Rathdown	39	8
EMR	Fingal	39	9
EMR	South Dublin	39	9
EMR	Kildare	35	9
EMR	Laois	37	9
EMR	Longford	36	4
EMR	Louth	34	6
EMR	Meath	34	9
EMR	Offaly	38	7
EMR	Westmeath	37	8
EMR	Wicklow	34	8

- (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.

Most offerings are broadly the same as in most collectors offer a two/three bin service on a weekly or fortnightly basis. Collectors generally charge similar, but significant, amounts to cover fixed costs. Collectors provide different options to cover variable / weight costs however this is the smaller part of the total charge to the householder, in most cases.

It is our opinion both from the calls we receive and the general reporting around this area that price and flexible payment options are very important for households, but collection frequency may also be a factor especially in larger families.

Additional services like texting and ranking of customers for their recycling effort is also important as is the perception of the service provider.

- (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.

Waste collection services would be incentivised to ensure that compliance with the waste hierarchy is achieved. The number of waste collection vehicles entering a particular housing estate or neighbourhood on a weekly basis would be limited.

Specifically, households would be incentivised to meet Regional Waste Management Plan /National/EU targets by encouraging them to:

- Join a kerbside collections service to increase participation
- Reduce their overall waste generation
- Ensure all recyclable material is in the Recycling bin

- Ensure that the food or food/garden waste bin are used to their full potential.
- Bring the glass to bring banks and other wastes to the CA sites

A well-functioning market would optimise participation by offering targeted solutions to households based on household composition and size. Ideally the market should cater for other waste streams not currently offered through kerbside, ie bulky waste and/or household hazardous waste.

In line with continental markets a well-functioning Irish market would provide multiple receptacles for preferred recycling wastes to ensure waste quality and consistency of the recycle. Preferred recycling wastes are those for which there is a sustainable end market which relies on the quality of the recycles collected.

In general the Waste Regions and all Local Authorities remain committed to the objectives concerning household waste as set out in the Governments Policy Framework-“A Resource Opportunity “ in 2012. (Section 4.2)

- (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 new household waste collection service, acquiring an existing operator, setting up a joint venture. Please explain your answer.

The market could be considered prohibitive to new entrants as it is a mature market in a consolidation phase. Start-up/Entry costs would be high while pricing is determined by competition in the market. Access to infrastructure including processing / transfer, recovery and disposal facilities is also a significant factor.

The pursuit of market share through knocking on doors is a thing of the past. Existing operators appear happy to grow market share through acquisitions if possible which in turn brings cost savings in terms of their overall operation. In addition, operators are now more focused on the refinement of the management of wastes collected to reduce costs.

- (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

In the past when a new operator entered the market in Dublin City and in Galway City it resulted in intensive competition with prices dropping to unsustainable levels. In some cases, there was evidence of companies offering up to six month free options which equates to below cost selling.

The battle for market share in the past generally followed the exit of a local authority from the waste collection service. As almost all local authorities have exited the market at this point this phenomenon is unlikely to be repeated. Critical mass will be the factor that ensures survival as it is required to deliver efficiencies of scale. It is likely that further consolidation in the market will occur.

The appetite for “market share wars” has diminished and the market is in the “what we have we hold” phase. The sector is now more inclined to highlight individual green credentials to attract new customers as opposed to overtly chasing them.

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.

Any collector may find it difficult to enter the market when as was explained earlier 20 collectors hold 90% of the existing kerbside household market. Displacement of an existing collector may only be achieved on price which may not be viable or sustainable in the current market.

We would also consider the following as additional barriers to entry in certain areas:

- Sparsely populated rural areas
 - Designated Bag Collection Areas
 - Areas with high concentration of customers with lower waste charges due to the legacy of previous waiver schemes e.g Dublin City
 - Dominance of a major collector in that area
- (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.

The main barrier to entry for a new collector in any given area is the dominance of established service providers. Established service providers have the benefit of market knowledge, built over long periods and the efficiencies of a business built on the servicing of the household market in conjunction with the non-household, commercial, market.

It should also be noted that many of the big collectors own the end-point facilities particularly for processing mixed dry recyclables. A new entrant may find this a disproportionate barrier as competitors can control an element of their costs and possibly limit access to facilities. It should be noted that for local authorities to continue to provide a household waste collection service at Civic Amenity Sites they are also reliant on the same end-point facilities owned by the private sector. Therefore, it is very difficult for local authorities to compete with the private contractors because local authorities are so dependent on them in the day-to-day operation of their Civic Amenity Sites.

- (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.

A new entrant may find it difficult to finance the business model due to the dominance of existing waste collectors in a concentrated area.

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.

The following tables 4, 5 & 6 shows the details of those served with kerbside collection versus total occupied households in each Region. This data represents 2015 which is the last validated data set available. Some counties are in transition from pay by use systems to contracted arrangements with a permitted collector due to the elimination of prepaid bag/tag collections.

As stated earlier the data indicates that 72% of occupied households are on a kerbside collection service.

Table 4 : % Households served with a collection service in the SR

Area	Total Occupied Houses CSO 2016	Total house served with kerbside collection-2015	%
Southern Region	575,820	376,135	65%
Carlow	20,465	13,081	64%
Clare	43,348	26,500	61%
Cork City	49,370	48,341	98%
Cork County	146,052	83,604	57%
Kerry	54,288	27,472	51%
Kilkenny	34,743	17,272	50%
Limerick	71,022	46,168	65%
Tipperary	59,071	39,004	66%
Waterford	43,455	33,878	78%
Wexford	54,006	40,815	76%

Table 5 : % Households served with a collection service in the CUR

Area	Total Occupied Houses CSO 2016	Total house served with kerbside collection-2015	%
Connacht/Ulster Region	308,151	179,845	58%
Cavan	26806	14,382	54%
Donegal	58305	16,371	28%
Galway City	28827	26,613	92%
Galway Co	62729	39,073	62%
Leitrim	12404	10,237	83%
Mayo	48745	28,597	59%
Monaghan	21612	15,517	72%
Roscommon	23962	11,526	48%
Sligo	24761	17,529	71%

Table 6 : % Households served with a collection service in the EMR

Area	Total Occupied Houses CSO 2016	Total house served with kerbside collection-2015	%
Eastern-Midlands Region	813,694	663,707	82%
Dublin City	211,591	157,387	74%
Dun Laoghaire Rathdown	78,568	77,651	99%
Fingal	96,607	94,979	98%
South Dublin	92,393	89,348	97%
Kildare	73,348	61,639	84%
Laois	28,997	17,050	59%
Longford	15,092	11,974	79%
Louth	45,363	43,334	96%
Meath	63,861	46,016	72%
Offaly	27,184	14,966	55%
Westmeath	31,685	23,417	74%
Wicklow	49,005	25,946	53%

It is evident that there is quite a lot of variability both in Regions and across Regions in terms of the uptake of the collection service with the bigger cities almost having full coverage. The more rural counties of Kerry, Kilkenny, Wicklow, Roscommon and Cavan having only half the households involved in kerbside collection.

Donegal for example has very low participation rates but has a very high distribution of Civic Amenity sites. It should also be noted that households not on a kerbside collection may use other options such as CA sites/transfer stations/landfills/PTUs.

Leitrim County Council introduced Bye-Laws making it mandatory to join a collection service and they did reach 83% participation from a low of just over 50%. Whilst it did not achieve total participation it was a radical improvement on comparative counties.

It is difficult to determine the numbers of households availing of these alternative services however following a proposed review of the operation of CA Sites it is anticipated that recommendations will be made regarding the recording of household use.

The EPA have prepared a formula to take account of all the different methods of waste disposal (see Appendix 1 attached) and this estimates that nationally, 2015, 50,000 households were not disposing of their waste in a regulated manner which equates to approximately 3% of total households.

The Regional Waste Plans promote the primacy of Kerbside Waste Collection while acknowledging the use of alternative waste management methods where required for example in off-shore Islands.

- (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?

The main reasons why households do not avail of a kerbside waste collection service are:

- Collection route deemed not viable for the collectors
- No Go Estates.
- Operational considerations, roads not suitable for regular collection vehicles to travel on as they are generally too narrow.
- Households may well be using civic amenity/landfill/PTU sites and/or sharing services with others.
- Illegal Dumping/Backyard burning*

* It should be noted that based on a recent survey of Local Authorities, it is estimated that in 2017 in excess of €7 million was spent on collecting illegal dumping.

It should be noted that illegal dumping does not consist exclusively of domestic type waste but also includes a substantial quantity of bulky waste. In other words attributing illegal dumping to the lack of a kerbside system or the lack of participation in a kerbside system is not always accurate.

- (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.

There are over 120 local authority Civic Amenity Sites (CA Site) in the country and it is unlikely that the number will increase to any great extent over the next number of years. Most CA Sites are within a reasonable driving distance from most households however if the household does not have transport the CA Site is not an option.

A CA site maybe an alternative and in some cases the only solution for households. It is only a solution when located within a reasonable distance and if it offers at least similar services to the typical kerbside option.

- (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.

Mr Justice Liam McKechnie in the Panda case stated that the *“Competitive tendering would only motivate operators to do what best suited the local authority, not the consumer, the judge said, while a monopoly operated by the local authorities would involve no incentive to improve services or to reduce consumer costs”*.

This statement was issued at time when local authorities were in the main exiting waste collection services but is reflective of a view that tendering for the market is not necessarily the best option for consumers..

Local Authorities would generally be focused on ensuring that households are given every opportunity to participate in a collection service. Once availing of a service local authorities inform households on how to best use the service to achieve the highest environmental aims. In terms of the collector the competitive system needs to allow for greater environmental quality/benefits to be attained at competitive prices.

It is difficult to assess the relative impact on participation of alternative models in the absence of exposure, in Ireland, to the operation of both models.

As we state elsewhere in the submission there are difficulties with the current side by side system in terms of participation, service coverage, pricing and waste segregation.

The structure of the market does not necessarily have an impact on participation in the market as there is no obligation on households to participate currently. Alternative structures may enhance participation but in the absence of a household obligation to participate and with the availability of alternative options it is difficult to quantify what the impact might be.

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?

Limerick City and County Council operates a waiver scheme as outlined below:-

Limerick City and County Council -Refuse Collection Subsidy Scheme 2018

Qualifying Criteria

- Applicant must be of pension age i.e. 66 years old or over.
- Applicant must be in receipt of a State Contributory/Non Contributory Pension/Widows(ers) Pension only.
- Applicant must be living alone and in receipt of a living alone allowance or with a spouse/partner who is a qualifying OAP also.

Or

- Applicant must be in receipt of a Disability Allowance

(Please note that persons / households in receipt of any other income other than the above listed Social Welfare pensions or allowance will not be eligible.)

The 2018 Subsidy Scheme provides for 18 lifts of a residual waste bin, a recyclable waste bin and an organic waste bin, subject to a maximum weight allowance of 10 kg per bin per lift

The waiver system is tendered out for a three-year period and a budget of €500,000 is allocated per year and tender is reviewed annually based on budget.

(b) Do you think that a national waiver scheme should be introduced? Please explain your answer.

The Ministerial announcement in June 2017 concerning the elimination of flat charges also included a commitment to consider assistance with charges for those experiencing financial hardship.

We identified earlier in our submission that pricing may be a potential barrier to certain low-income households availing of a collection service. There may be the potential to increase participation with the introduction of a waiver scheme but historically waivers have resulted in high levels of non-compliance with waste segregation with no incentive to reduce waste generation.

Therefore, any potential future waiver scheme must be structured to align absolutely with the polluter pays principle.

(c) What are the potential issues with the implementation of a national waiver scheme?

Implementation of a national waiver scheme include:

- Responsibility for administration/operation of scheme
- Costs associated with operation and management of scheme
- Ability of scheme to ensure proper participation
- Dis-incentive to reduce residual waste and increase recycling
- Cross-contamination

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.

Our projections currently show that adequate capacity is not available to deal with the residual waste likely to be generated over the next few years.

- Table 7 below indicates our projected Municipal Residual Waste Generation rate based on our current model.
- Table 8 below shows the estimates of the treatment options for the residual waste and it must be recognised that the private sector now controls the majority of this treatment market.
- Table 9 shows the potential deficits in capacity for treatment of residual waste. This can change as any new development gets planning and comes on stream but is unlikely to change significantly over the next two years.

Table 7 National Municipal Waste Projections 2018-2021

Year	2018	2019	2020	2021
	T	T	T	T
Projected Total Municipal Waste Generation	3,130,000	3,190,000	3,260,000	3,320,000
Projected Municipal Waste Recycling Rate	46%	48%	50%	51%
Projected Municipal Waste Recycling tonnage	1,439,800	1,531,200	1,630,000	1,693,200
Municipal Residual Waste Generation	1,690,200	1,658,800	1,630,000	1,626,800

Table 8 National Municipal Residual Waste Generation Rates 2018-2021

Year	2018	2019	2020	2021
	T	T	T	T
Landfill available for Municipal Waste	378,000	330,000	240,000	230,000
WTE in Ireland	811,000	811,000	811,000	811,000
Export to WTE (Secured)	260,000	190,000	67,000	47,000
SRF to Cement Kiln	220,000	230,000	250,000	270,000
Total	1,669,000	1,563,019	1,370,020	1,360,021

Table 9 National Municipal Residual Waste Capacity Gap 2018-2021

Year	2018	2019	2020	2021
	T	T	T	T
Capacity Gap	-21,200	-95,781	-259,980	-266,779

- (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.

Based on our current assessments there is not sufficient capacity to deal with non-residual waste generated in Ireland, furthermore there is also a capacity gap for dealing with non-hazardous, non-inert construction and demolition waste. The only types of facilities that can deal with this type of waste currently in Ireland are the non-hazardous landfills so in essence this waste stream is competing for the same void space in the same landfills as Municipal Residual waste.

- (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.

It is a difficult process to secure any guarantees regarding feedstock to facilities at the planning phase under the current side by side market conditions. However, it is our current assessment that the majority of facilities are over-subscribed. It is not clear that tendering for the market would create any greater certainty at the planning phase of major infrastructure projects.

The regional plans support the provision of an additional 300,000 tonnes of thermal capacity for municipal residual waste. As this is realised in the coming years further investment in thermal recovery infrastructure for municipal waste will be difficult to finance. The Regional Plans do however provide for increased thermal capacity provision, where the case can be made, and where the provision does not jeopardise the achievement of recycling targets.

Landfill Diversion is a key EU target and the policy of the Regional Waste Management Plans and only allows for expansion of existing landfills so investment will only be related to those landfills.

The extent of the Irish waste market is finite and that has an impact on investment. It is our belief that the waste collection market structure has not significantly impacted on investment decisions in waste infrastructure.

This belief is borne out by the level of investment that has taken place particularly in the recovery sector and the proposed investment, subject to planning, in the future.

- (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.

Refer to C above.

- (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?

Following the changes to permit regulations which included the elimination of flat fees it appears that there is very little truly incentivised charging available to consumers. The diagram below was the agreed groupings that the waste sector would offer for incentivised charging system.

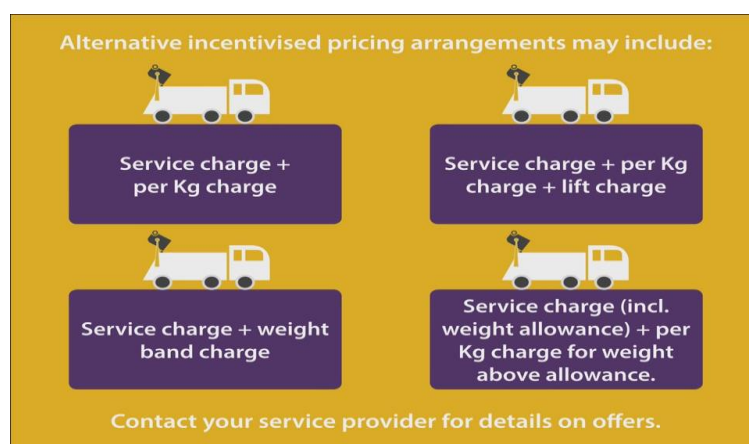


Figure 1 : Price Offerings by Collectors

The DCCAE price monitoring group shows that there is in fact nine different pricing models in place but the most popular model is the fourth one above (service charge + weight allowance + excess charger per kg for exceeding weight allowance). This model based on current assessment is resulting in very little change to practices as regards charging the consumer since elimination of flat fees.

This is a natural response from an industry in transition in that it is the least disruptive pricing model in the absence of flat fees. It maintains cash flow for operators while providing certainty for the majority of customers but does little to truly incentivise better segregation and residual waste reduction.

This pricing model does allow the sector to recoup costs from heavy producers of waste which has been an industry objective for some time. Engagement with this cohort of households may result in some changes to behaviour.

This approach may limit the growth of residual waste but until all residual waste is priced appropriately it will not begin to reduce residual waste generation.

In terms of residual waste there is no published data on per capita changes but total household waste is showing slight reductions per capita in recent years.

The impact of the current changes won't be known for at least 12 months.

- (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?

We consider that at present there is an adequate policy framework to ensure sufficient capacity to meet current and future capacity demands.

The delivery of adequate thermal / recovery capacity for municipal waste depends on the private sector bringing forward appropriate solutions within the ranges set out in the regional plans. The timely delivery of infrastructure also depends on local and national planning bodies.

The plans aspire to 0%, unprocessed waste, to landfill and would therefore not promote the development of new landfill capacity other than to provide contingent capacity as required by the plans or to extend existing facilities.

One measure which could be considered to expedite waste infrastructure development would be that An Bord Pleanála could appoint a dedicated Strategic Waste Infrastructure Group to assist with the consideration of Strategic Waste Infrastructure applications.

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.

2.8.

- (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.

The current waste regulatory regime focuses primarily on the sustainable management of waste and the protection of the environment. Waste regulation does not regulate the relationship between consumer and operator, competition in the market, transparency of pricing etc.

A new regulatory regime was introduced in October 2015 whereby permits can be reviewed and permit holders directed to take measures where issues of non-compliance have been identified. This is relatively young legislation and its robustness is likely to be tested through the courts in the coming months and years.

The waste collection permit regulations do require a permit holder to put a Customer Charter in place however the sanctions for non-compliance with the charter are not clear.

There is limited transparency of pricing across waste collectors as they are all providing different options to consumers. However, options can be loosely packaged into one of the categories described in 2.5(e) above.

The consumer has no direct point of contact for complaints regarding waste collectors under the current system, but the NWCPD, local authorities and regional offices accept calls and assist where possible. While waste collectors are required by condition to maintain a complaints register and management system, the protocol for the escalation of such complaints is not specified.

There are generally no restrictions on transferring to an alternative collector if available in your area as many of the contracts operate on a six-month basis.

It is possible that a consumer could be refused a service. There is no reason to believe that normal consumer protection rules do not apply in these instances.

- (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.

It is obviously an initial expense to introduce weighing equipment on each vehicle where it does not exist. Currently there is a 95% compliance level (provision of weighing equipment) of those operating in the market indicating that this is not a restriction to existing operators.

With regard to potential new entrants, generally waste collection vehicles are leased with the necessary weighing equipment attached. This therefore is a fixed cost which would have to be considered in the business model of the new entrant.

- (c) What impact, if any, do the current household waste collection permitting regulations and food bio regulations have on the number of household waste collection operators in the State? Please explain your answer.

The cost of weighing equipment and the requirement to provide a three bin collection service are significant factors for new and existing waste operators in the household collection market. These requirements are regulatory driven by European Legislation and must be addressed as a member state. These requirements will increase the cost of compliance and thus impact on the number of operators in the state. Compliance with these requirements are no less significant than issues such as access to waste facilities, markets for recyclates etc.

- (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.

There is no reason why the elimination of the flat fee charging structure would have any impact on entry to the market. Current operators have largely chosen the path of least resistance and changed very little to loosely comply with prohibition of flat rate charging.

Therefore, it is not a barrier to market entry. It may actually act as an incentive to innovative operators. In addition the market is now in a position to recover costs from heavy producers of waste (section 2.5(e)) making business models more robust.

- (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.

The rollout of a dedicated bin for organic household waste is a key national and regional policy objective to ensure we meet EU Landfill diversion targets and the municipal waste recycling targets as set out in the current regional waste management plans for the three Regions.

In a situation where there are capacity gaps for processing municipal residual waste then the diversion of waste from the residual bin to a food/garden bin which can be diverted to alternative facilities such as composting or anaerobic digestion is very welcome to ease the burden on current facilities for MSW. The difficulty is that enforcing the current legislation and the proposed new legislation is a large burden of work that needs to be carried out by the local authorities.

The statistics for 2016 show that there are now 640,000 of households with a brown bin up 12% since 2015.

Comprehensive enforcement and education/awareness measures are now in place following some disruption over the last two years due to regulatory considerations.

- (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.

Collection at multi-occupancy developments could be enhanced by the introduction of more specific requirements in relation to waste management at these developments that would encourage better segregation of waste.

The role and responsibility of apartment management company would benefit from clarification.

- (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.

Tendering for specific markets could impact both negatively and positively as illustrated in table 10 below :-

Table 10 Impacts of Tendering for Specific Markets

POSSIBLE NEGATIVE IMPACTS	POSSIBLE POSITIVE IMPACTS
Disenfranchise exiting established collectors	Improved Data Collection
Monopolise the market regionally or locally	Increased transparency
May Increase prices	Consistency in pricing
No changes to recycling/recovery rates	Increased recycling/recovery Rates
Potential Reduction in participation rates	Potential Increased participation rates
Political control/influence	Certainty
Jeopardise current progress	Increased Environmental focus

It should be noted however that such a move to tendering for specific markets could result in a period of disruption over a number of years as the changes in the market take effect and could impact on Ireland's ability to achieve relevant EU, National & Regional Policy Objectives/Targets in the short /medium term.

- (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.

The changes to regulations need to examine :-

- How to incentive participation rates by house-holders.
- How to increase the participation of collectors in areas where they are not currently collecting if technically possible?
- A direct complaints system for consumers, who takes on the role and how is it regulated
- How to regulate for incentivised pricing and what tools can be used to ensure that pricing encourages the consumer to do the right thing to get maximum segregation and minimum contamination.

Other Views

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

There are some difficulties with the current waste collection market structure particularly around participation, service coverage and lack of truly incentivised charging structures

In any waste collection market structure operating in Ireland residual waste charges to consumers need to be appropriate to incentivise waste reduction and achieve regional and national targets.

Residual waste charges should ideally apply to all residual waste produced and be an accurate reflection of the costs associated with the management of residual waste.

Large allowances for residual waste before specific weight charges kick in does little to incentivise reduction, segregation and diversion.

Ireland is in an important phase of waste management planning and development that requires an appropriate strategic response from the relevant national planning and licencing bodies to ensure that the principles of proximity and self -sufficiency can be achieved over time.

In the consideration of any alternative market structure in Ireland careful deliberation would be required regarding: the fundamental obligation for a householder to participate in a collection service (Or to demonstrate alternative arrangements)

This consideration is also relevant to the existing model and could, if addressed, strengthen the existing arrangements.

There are significant risks in proceeding with an alternative market structure at this time. Given the significant changes to the market the over last 10 years it could be argued that it is no longer a simple case of competition for the market versus competition in the market.

Consideration should be given to alternative or hybrid models which maintain competition in the market while providing targeted competition for the market, where required, in respect of low participation and / or the provision of a wider range of household waste services.

Ends

APPENDIX 1

Uncollected/unmanaged household waste.

Estimation methodology for 2015

EPA bases its estimate of uncollected/unmanaged household waste on the Central Statistics Office's quarterly national household survey environmental module

(<http://www.cso.ie/en/releasesandpublications/er/q-env/qnhsenvironmentmoduleq22014/>).

Table 5 of that release estimates that three per cent of households do not dispose of their residual waste by any of the generally acceptable methods. EPA assumes that households who do not dispose of their residual waste as advocated are unlikely to treat their recyclable or compostable waste according to guidance.

This assumption is supported by the fact that four per cent of the households do not use the usual channels for waste recycling. Please note that recyclable waste that is not recycled may also end up in the residual waste.

The percentage of households that do not manage their food and garden waste according to the options listed in the release amounts to 10. However, it was possible to choose multiple options in this table and several acceptable options for managing food and garden waste are not listed.

Based on the reasoning given above, EPA estimates uncollected/unmanaged household waste by multiplying the estimated number of households not using prescribed waste treatment options with the average amount of household waste produced by households managing waste as prescribed (see table below).

	Estimate of uncollected waste 2015		
	tonnes		Calculation description
Number of permanent private households (hh) (CSO census 2016)	575,820		http://www.cso.ie/en/releasesandpublications/ep/p/
Number of hh not managing waste as prescribed.	17,275		3% CSO QNHS published March 2016
Number of hh managing waste as prescribed.	558,545	A-B	
Total tonnage of hh waste collected and brought 2015 (municipal in nature) (tonnes).	1,409,600		HH waste managed (collected and brought table) as of 26 Jan 2018
Average hh waste per hh (tonnes) (total tonnage divided by hh managing as prescribed).	2.524	D/C	
Estimated tonnage hh waste not collected	43,596	E*B	

