

Clean Ireland Recycling

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Waste Collection Permit Number: NWCP0-09-05595-06 EPA Facility Number: W0 253-01



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

Sent by email only to: [REDACTED]

2nd March 2018

Re: Consultation on Household Waste Collection Market

Dear [REDACTED]

Further to receipt of your discussion paper on the above-referenced subject, please see responses inserted below.

Clean Ireland Recycling as a member of the IWMA, has been closely involved in the preparation of the associations response document (Appendix 1) and it is referred to throughout this response.

The questions below are in black ink, with our responses in green ink.

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.

We agree with the IWMA position on this. Clean Ireland Recycling operates across five local authority areas, with our market share varying greatly from area to area. In certain local authority areas we even though would have less than 1% of the population we are still in a position to compete. Areas are not easily carved up by county/ local authority areas.

(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.

We agree with the IWMA position on this. In the five local authority areas that we service we have an average of four competitors in each area with these differing from area to area. We consistently review our service offering in each of the areas to ensure our attractiveness to both new and existing customers.

(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.

We agree with the IWMA position on this. Every company strives to provide the best service offering and value for money – some customers may choose a lower service offering for less money and some households are willing to pay more to receive more in their service offering.

Many reasons can influence a consumer's choice but we feel that reputation is a key deciding factor. Having been awarded the Pakman Kerbside Collector of the Year award in 2017, our customers recognise the standard of service that they receive.

Frequency of collection is very important and in our experience can sway a potential customer regardless of price.

(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.

We agree with the IWMA position on this.

(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.

We agree with the IWMA statements in relation to this. Clean Ireland Recycling started with just one truck in the early nineties and grew organically for the first fifteen years, in the last decade most of our growth has been through acquisition.

(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.

A lot of things would have to be considered before entering a new market, such as:

- Pricing by incumbent(s)
- Service level offered by incumbent(s)
- Proximity to outlets
- Customer appetite for change
- Density of routes
- Level of competition already in that market

The main factors are price, with service offering equally as important. For example, if an incumbent operator offers a weekly collection service of some waste streams at a competitive price it would be very difficult to compete if not offering an equivalent service at a lower price to incentivise a customer to move.

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.

We agree with the IWMA position on this.

(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.

We agree with the IWMA position on this.

(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.

We agree with the IWMA position on this.

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.

We agree with the IWMA position on this.

(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?

We agree with the IWMA position on this.

(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.

We agree with the IWMA position on this.

(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.

We agree with the IWMA position on this.

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?

We currently service 3 of 4 existing Lots of Waiver customers under the Limerick City and County Council Waiver scheme. We are not aware of any other waiver schemes in operation by other local authorities.

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

Yes we do, there are sections of society out there that would take up kerbside collection service if they could afford it, however we agree with the IWMA position that a system similar to the system proposed for persons with lifelong/long-term medical incontinence would be preferable.

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

We agree with the IWMA position on this. We have seen numerous waiver schemes over the years and in our experience the more complicated and onerous the scheme the lower the level of participation by waiver recipients. Schemes should be easily administered and available to those most in need.

Landfill and Incinerator Capacity

2.5 In 2016, emergency legislation was invoked by regulatory authorities to make additional landfill capacity available. 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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

In our experience, having operated an incentivised charging structure for many years we have seen a reduction in residual waste and an increase in mixed dry recycling and organic waste recovery.

(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 agree with the IWMA position on this

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) Regulations. 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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

We agree with the IWMA position on this

(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.

Clean Ireland Recycling support a full roll-out of a dedicated bin for organic household waste in Ireland. We offer a three bin system (at a minimum) to all our household customers and have done so since 2010. We believe that rural customers should be afforded the opportunity to divert waste from disposal and save money by doing so. However, the provision of this service in areas with very low

population density does come at a cost for the operator. In our opinion, the only way to provide a dedicated bin for organic household waste to remote areas is with a caddy system collected by a multiple compartment vehicle.

(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.

We agree with the IWMA position on this.

(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.

We agree with the IWMA position on this and we have also included a previous submission (Appendix II), many of the points made in this submission are also very relevant to this topic.

In larger urban centres it is viable to have dedicated trucks collecting household waste only and commercial waste collected by separate vehicles. The situation outside the major cities is different as housing densities are lower. Waste companies have compensated for the lower densities in these areas by collecting household and commercial waste together in a single vehicle. This improves the economies of density for each operator on each route. Any change in the household waste collection market would impact significantly on the synergies provided through combining household and commercial routes.

The award of single tenders for household waste collection in geographical areas around the country would inevitably lead to reduced competition for commercial waste collections in those areas to the point where uncontrolled monopolies will emerge. The economy of density in commercial waste collection in small towns and villages is insufficient to support commercial waste collectors that have no household waste routes. Any company that could win a household waste tender would gain a monopoly position that it can exploit, as there would be no restriction on the prices offered outside the scope of the tender, which would only relate to household customers. The cost to business would inevitably rise and this would impact on Ireland's competitiveness.

(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.

We agree with the IWMA position on this. The current regulatory regimes are very comprehensive which include protections for the consumer but in our experience the enforcement of these has been poor and very inconsistent nationally. A strengthened enforcement regime would be desirable before any overhaul of the current position.

Other Views

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

The existing household waste collection market in Ireland is clearly working well for consumers and has brought many environmental and cost benefits. These benefits extend to businesses across Ireland as the synergies between household and commercial waste collections facilitate better prices for commercial customers.

The existing market structure has led to the development of an integrated network of waste management facilities that were built on a merchant basis and now rely on that market

structure for survival. Any change to the existing market structure, such as competitive tendering would threaten the future of these facilities and the jobs that are supported by this infrastructure. Clean Ireland Recycling, along with many other waste management companies, has invested millions of euro in pursuing Government policy and complying with current waste legislation. Thank you for taking the time to read this submission and I look forward to the issuing of the report in due course.

Yours Sincerely,

A rectangular image showing a handwritten signature in dark ink on a light-colored background. The signature appears to read "Brian Lyons".

Brian Lyons
Clean Ireland Recycling