



# Submission on the Feasibility of Transitioning Ireland's Waste Collection Market to a Franchise Tendering System

Department of Environment, Climate  
and Communications

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Coimisiún um  
Iomaíocht agus  
Cosaint Tomhaltóirí

Competition and  
Consumer Protection  
Commission

## Introduction

The Competition and Consumer Protection Commission (CCPC) welcomes the opportunity to respond to the Department of Environment, Climate and Communications on the Feasibility of Transitioning Ireland's Waste Collection Market from its Current Side-by-Side Licensing System to a Franchise Tendering System.

In 2018 the CCPC published a study of the household waste collection market “The Operation of the Household Waste Collection Market”<sup>1</sup> (‘the market study’) which identified several problems with the structure of the market. Ordinarily competition produces better outcomes for consumers, businesses and the economy. The existence of multiple suppliers drives businesses to compete on price, customer service or products, and consumers have the power to influence by changing provider. However, the CCPC’s analysis found that the household waste collection market exhibits characteristics of a natural monopoly, including strong local economies of density and scale, high fixed costs and a large cost advantage for a single operator.

The market study noted that the State “currently has no sector-specific economic levers to ensure that its strategic policy on waste collection service for households is delivered. Without economic regulation, this gives operators the opportunity to exercise market power, whether through price increases or deterioration in environmental or consumer standards”<sup>2</sup>. The market study recommended the introduction of an economic regulator to oversee the sector and be tasked with functions in economic licensing and the development of a market design which would help to determine the optimal approach to waste collection. Such a regulatory regime should be used to achieve wider policy outcomes including through co-ordination of state bodies.

In our market study we highlighted that Ireland’s model of side-by-side household waste collection is unique in Europe, as most countries use a tendering system on its own or alongside side-by-side competition<sup>3</sup>. The market study did not recommend the introduction of a specific alternative to side-by-side competition, but it proposed that a regulator be tasked with introducing economic licensing and market design to ensure

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<sup>1</sup> [The Operation of the Household Waste Collection Market](#)

<sup>2</sup> Ibid p.61

<sup>3</sup> Ibid p.28

that the optimal approach to household waste collection could be identified, including through competition for the market.

The findings and recommendations of the study have informed our responses to the questions in section three of the consultation paper regarding the introduction of a franchise tendering system.

### **What role and impacts could a franchise tendering system have in supporting the achievement of recycling targets?**

A franchise tendering system could improve the efficiency and functionality of the waste collection sector. Ireland risks missing the European Union (EU) set recycling targets in part due to the limited national coverage of waste collection<sup>4</sup>. In 2021 around 80% of households in Ireland reported having a waste collection company pick up their non-recyclable and recyclable waste<sup>5</sup>. Significant gaps in coverage persist.

If a system of tendering were to be introduced, we consider it necessary that a regulator is established to have oversight and control over tender processes to ensure that all households are serviced and that recycling targets are met alongside other desired outcomes. The introduction of franchise tendering without regulatory oversight would risk a fragmented and inconsistent approach being taken across local authority areas. The CCPC notes that the *National Waste Management Plan for a Circular Economy* identified the importance of ensuring that “the planning, regulatory and enforcement functions of the local government sector are appropriately aligned, coordinated and supported by central government to respond to existing challenges”.<sup>6</sup>

A regulator should determine collection or delivery points that take into consideration the location of households as well as the infrastructure of local areas (e.g. roads). As part of the procurement process a regulator could ensure that tenders are designed to ensure waste collection throughout Ireland, including areas that are insufficiently

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<sup>4</sup> In the [Early Warning Assessment](#) for Ireland the European Environment Agency identifies only a medium share of the population being covered by collection services for biowaste as a risk factor likely to influence Ireland’s recycling performance..

<sup>5</sup> [Household Environmental Behaviours - Waste and Recycling Quarter 3 2021 CSO](#)

<sup>6</sup> <https://mywaste.ie/wp-content/uploads/2024/05/National-Waste-Management-Plan-for-a-Circular-Economy-Volume-II-Policy-Responses-and-Actions.pdf>

serviced due to lack of profitability<sup>7</sup>. This would in turn have a positive impact on recycling rates.

Additionally, procurement processes could be employed to incentivise the delivery of a wide range of objectives. A regulator could significantly influence the sector by setting award criteria including environmental targets, innovation in service delivery, data collection and sharing<sup>8</sup> and competitive prices. At present collection firms are under little competitive pressure with the result that they lack incentives to improve the quality of their services, including meeting recycling targets. For example, the improvement in the roll out of brown bins will result from compliance with legislative requirements rather than being driven by competition between firms<sup>9</sup>. More broadly, the introduction of bye laws relating to participation by households will have improved coverage<sup>10</sup>. A system of economic regulation could be employed to drive further improvements in household coverage, improve recycling rates and ensure alignment with national targets.

### **Are there any challenges and benefits to transitioning towards a franchise tendering for the household waste collection model?**

The CCPC considers that transitioning to a system of economic regulation, which could involve franchise tendering for the household waste collection market, would yield several positive results for consumers and the State. It could ensure nationwide waste collection coverage, especially in rural areas. The underserved households are largely located in rural areas<sup>11</sup>, where waste collection is not as lucrative due to the low density of households on a route. A tendering process could be designed to address this discrepancy. This could also decrease the amount of illegally dumped waste in Ireland, the removal of which gives rise to significant costs for local authorities.

As an example, Finland's waste management system effectively services its many sparsely populated areas. Finnish municipalities have the authority to manage household

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<sup>7</sup> [The Operation of the Household Waste Collection Market](#) p. 24, 3.5

<sup>8</sup> The EPA considers this to be an important action for the progress towards EU targets, as stated in the [Circular Economy and Waste Statistics Highlight Report 2022](#).

<sup>9</sup> <https://www.gov.ie/en/department-of-the-environment-climate-and-communications/press-releases/brown-bins-to-be-rolled-out-to-all-households-in-ireland/>

<sup>10</sup> <https://mywaste.ie/dispose-waste/at-home/household-waste-byelaws/>

<sup>11</sup> The [National Waste Management Plan for a Circular Economy 2024-2030](#) shows that the household kerbside collection coverage differs significantly, with urban areas being serviced at around 90% and rural areas only around 50% in 2021.

waste, including via side-by-side structures and competitive tendering<sup>12</sup>. In sparsely populated areas, most municipalities run competitive tenders, transferring duties to local waste companies that handle collection, processing, and treatment<sup>13</sup>. This decentralised approach ensures comprehensive and efficient waste management across the country, including municipalities with fewer than 700 people.

Consumers could also enjoy more security of supply if a tendering system was introduced, as suppliers of last resort could be identified to ensure that households are not left without service at short notice<sup>14</sup>. With the establishment of an economic regulator to oversee a tendering system would come the opportunity to consider how to ensure collection for consumers that currently avail of waiver schemes that some local authorities offer to households that cannot afford to pay for waste collection.

The CCPC considers that franchise tendering, based on a market design of routes for certain areas, could provide better outcomes across a range of criteria than is currently the case, and could be designed to be flexible. A regulator would be best placed to ensure that the collection routes can consider population changes and other factors. Any route changes could be built into the tendering process and informed by market design.

The CCPC notes that the introduction of any public procurement processes for waste collection will likely require statutory change to ensure legal certainty for the process and participating companies. Without a statutory basis it is possible that changes to market structures could be subject to legal challenges<sup>15</sup>.

### **Are there specific challenges and opportunities to transitioning towards a franchise tendering commercial waste collection model?**

The CCPC's market study concerned the household waste collection market in Ireland, and we note that services for commercial waste collection are a separate market<sup>16</sup>. Many

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<sup>12</sup> European Environment Agency, [Finland Waste Management Country Profile](#), March 2025

<sup>13</sup> Johanna Routio, report for the Finnish Ministry of the Environment '[The Finnish waste management system - role of municipalities, role of companies](#)'

<sup>14</sup> [The Operation of the Household Waste Collection Market](#) p. 67

<sup>15</sup> The [competition committee of the directorate for financial and enterprise affairs of the OECD](#) also finds this to be plausible, as the incumbents would not want to lose their place in the market.

<sup>16</sup> However, the market study considered apartments as falling outside of the scope of household waste collection due to their treatment by waste collection firms as a separate business operation with distinct cost structures.

commercial waste collection models around the world are marked by side-by-side competition in contrast to household waste collection, as commercial customers can often exercise buyer power, unlike household customers, and profitability is higher due to the larger amounts of waste generated per customer<sup>17</sup>. A commercial waste collector can generate greater profit with fewer collections than in the household collection market. Similarly to the household waste collection market, any system of franchise tendering for the collection of commercial waste should be subject to regulatory oversight.

### **What could be the impact on cost and quality of service provided to consumers (households and businesses) under a franchise tendering system?**

In most markets competition between firms should put downward pressure on price and lead to ongoing improvements in quality of service. As has been noted the household waste collection market exhibits low levels of competition with the result that there is little price competition and service standards do not appear to be improving. If franchise tendering is introduced, then it can be expected that procurement criteria would be employed to identify the most economically advantageous tender. In addition, procurement processes could be employed to ensure a wide range of criteria are required of bidders including innovation criteria, quality of service and environmental criteria among other issues. The Office of Government Procurement has issued a range of guidance documents on incorporating various criteria into tender processes<sup>18</sup>.

It is also crucial to note that much of the waste management sector is vertically integrated in treatment services, which could cause the costs in the market to go up for both companies and customers. For instance, if an incumbent company that engages in both waste collection and waste disposal were to be unsuccessful in its tender, that company could cause vertical foreclosure, meaning that they would raise their prices for the waste treatment for other waste-collection-only companies in retaliation or to recover the profits they have lost from reduced participation in the collection market. Any system of regulation should be designed in light of policy measures to ensure

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<sup>17</sup> [The Operation of the Household Waste Collection Market](#) p.14

<sup>18</sup>These include green public procurement criteria such as environmental criteria for vehicles, energy management systems and air pollutant emissions. See [GPP Criteria Search](#) for more.

sufficient access to and development of treatment facilities as identified in the *National Waste Management Plan for a Circular Economy*<sup>19</sup>.

## **19. Can a franchise tendering system support the provision of waste treatment infrastructure?**

The Environmental Protection Agency (EPA) has identified deficits in Ireland's waste treatment infrastructure, such as limited capacity for plastic and some metal waste streams<sup>20</sup>. The CCPC considers that the waste treatment infrastructure would benefit from the predictability a tendering system could bring about. This means that waste management infrastructure, including treatments plants, could likely attract more investments if a tendering system provides a guaranteed throughput of waste, which is not facilitated in the current market.<sup>21</sup> This is significant to the sustainability of the market, as the *National Waste Action Plan for a Circular Economy 2020-2025* notes that Ireland has a significant reliance on the export of waste for treatment<sup>22</sup>. In 2022 39% of municipal waste generated in Ireland was exported<sup>23</sup>. The Department of Environment, Climate and Communications has identified the need for more indigenous waste treatment facilities, as proximity and self-sufficiency are crucial to the achievement of recycling targets. This is echoed in the *National Waste Management Plan for a Circular Economy* which highlights the role of local governments in improving the current waste management infrastructure<sup>24</sup>.

**If franchise tendering is deemed necessary to achieve recycling targets, how should the transition process be managed, in terms of,**

### **I. Geographical Rollout: pilot vs nationwide for local authority areas or group of local authorities**

The CCPC understands that the data on the waste market in Ireland is collected and made available by local authorities, so the rollout or pilot of a tendering system could

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<sup>19</sup> <https://mywaste.ie/wp-content/uploads/2024/05/National-Waste-Management-Plan-for-a-Circular-Economy-Volume-III-Delivery-Roadmap.pdf>

<sup>20</sup> [Infrastructure | Environmental Protection Agency](#)

<sup>24</sup> [RSP Response to CCPC Consultation](#)

<sup>22</sup> [Waste Action Plan For A Circular Economy](#)

<sup>23</sup> [EPA Circular Economy and Waste Statistics Highlight Report 2022](#)

<sup>24</sup> [National Waste Management Plan for a Circular Economy 2024-2030 - My Waste](#)

build on that information. The CCPC considers that the use of market design is critical to assess and identify routes, and combinations of routes, for inclusion in tenders. Based on guidance from the European Commission, Computerised Vehicle Routing and Scheduling (CVRS) technology could be used to design and optimise collection routes to be included in tenders<sup>25</sup>.

A regulator should consider waste treatment capacity in the market design. As some treatment plants face the challenge of a lower operational capacity, a pilot could be introduced in areas of the country with the treatment infrastructure that would not struggle to support the tendering system, while support and potential solutions can be prepared and implemented for the other plants in anticipation of a national rollout.

## **II. Timing - A phased or single-point changeover approach.**

In our market study we have previously advocated for a gradual change over time to ensure the functionality of the adjustment, which is a view we still hold<sup>26</sup>. As statutory change will likely be required to move to a system of franchise tendering, an implementation plan should be devised to account for different phases of the process.

Additionally, the OECD recommends that tender contracts should be limited to how long it takes to recover sunk costs<sup>27</sup>, so the regulator would be in a position to adjust its approach based on lessons learned through the implementation of a nationwide roll out<sup>28</sup>.

## **III. Stakeholder Engagement**

A tendering system would affect many stakeholders in the market. Therefore, we recommend that a regulator be tasked with the consulting on and planning of this system. This should include consultations with local authorities, firms in the household and commercial waste collection markets (including potential entrants), other regulatory

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<sup>25</sup> European Commission "[Logistics optimisation for waste collection](#)"

<sup>26</sup> [Waste Action Plan Advisory Group Meeting 4 Minutes](#)

<sup>27</sup> OECD (2013), "Waste Management Services: Key findings, summary and notes", *OECD Roundtables on Competition Policy Papers*, No. 145, OECD Publishing, Paris, <https://doi.org/10.1787/55aad098-en>.

<sup>28</sup> The OECD notes that "the duration of collection contracts should be based on the length of time required to recover sunk costs. If duration is too short then the sunk costs must be recovered more quickly, resulting in higher prices. If duration is too long, then some of the benefits of competition, e.g., dynamic efficiency, are lost and entrants' attainment of minimum efficient scale is delayed, since fewer contracts are tendered during a given period."

authorities, operators in the waste treatment market, and the EPA. This consultation could assist in the process of market design.

#### **IV. Maintaining Competition.**

The use of franchise tendering could be used to drive competition for the market, and where appropriate, based on market design, competition in the market. As noted above, tenders could also be designed to promote market competition by subdividing procurement contracts into lots, allowing multiple providers to be appointed. Contracts could be divided based on geography (e.g., servicing specific regions) or function (e.g., collection or treatment). Companies often specialise in different processes across the value chain in the current market. Among the main market players, only four operate across the entire value chain (collections, processing, and treatment), and they do not cover all regions<sup>29</sup>.

#### **Conclusion**

The CCPC has been vocal in advocating for changes in the waste collection sector. In our market study we emphasised the need for an economic regulator to oversee and navigate the complexity of this sector. We continue to consider that the most effective way to deliver optimal outcomes for consumers is through the introduction of economic regulation. While our market study did not identify the introduction of tendering systems as the only option arising from the introduction of economic regulation, we welcome the consideration of how conditions in the waste sector could be improved through the use of procurement.

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<sup>29</sup> KPMG report '[Economic assessment: Re-municipalisation of household waste management in Ireland](#)', prepared for the Irish Waste Management Association, January 2024.



