



IRISH WASTE MANAGEMENT
ASSOCIATION

Better Regulation vs. Further Regulation in the Waste Sector

A private sector perspective

Sunday Business Post iQuest
4th National Waste Summit
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Overview

- Brief Introduction to IWMA & Private Sector Role in Waste Management Sector
- Discuss recent Government Consultation on Regulation of Waste Sector (3 Aug- 6 Oct'06)
 - Background to the consultation & views on the process of the consultation
 - The necessity of change
 - The focus of change
 - The mechanisms to achieve the change
 - The necessity for a new regulator/further regulation
- Conclusions

Background to the Consultation



- Effective waste system underpins Environmental, Social and Economic objectives of any modern state
- Huge change in the Irish waste sector over last decade – great progress.
- Arguably policy/regulation has not kept pace with the market to meet these objectives

Background: Waste Options

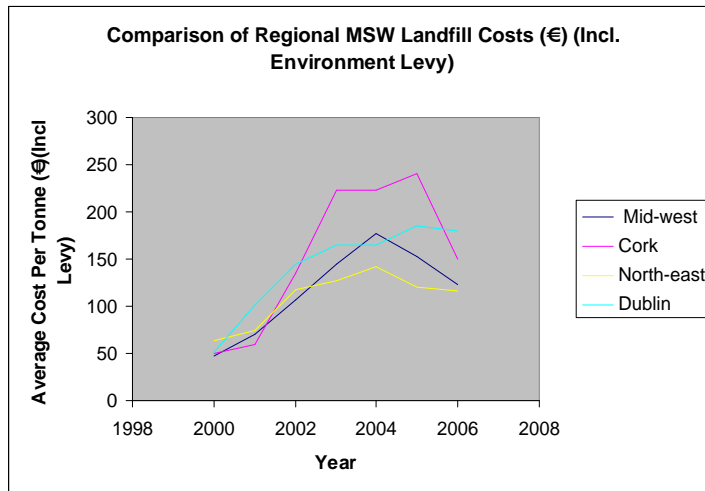


	Minimisation/ Prevention	Recycling/ Reuse	Energy Recovery	Disposal (Landfill)
Municipal (household + commercial)	Highest per capita waste but growth in per capita waste lower than GDP growth ***	Improving but still lags leading benchmark countries	No thermal treatment facilities	Very high dependence on disposal Highest landfill cost
Industrial	Relatively high per capita waste Waste volumes only increased by 6.9% between 2001 and 2004	Rate of recovery (recycling/reuse + energy recovery) is improving but still low relative to the benchmark countries No thermal treatment facilities		Very high dependence on disposal Highest landfill cost
Hazardous	Heavy reliance on exports - 70% of hazardous waste is exported			

Source: Based on 2005 data, Forfas (2006)

*** EPA may question this assertion due to differences in statistical methodologies across benchmark countries

Landfill Costs*



*Source:
WYG &
IBEC

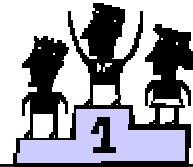
The Use of The Landfill Levy

- In 2004 LA landfill income as % of charges income = 25% (CEWEP). It was 4.3% in 1996
- €42M given to LA Waste Infrastructure & Recycling Operational Costs (50% of what has been paid out by 25/10/05). No support/access open to private sector despite earlier promises
- Market Development Initiatives (€0.3M committed in same period)
- Widen Access/Focus to support the development of WHOLE sector e.g. market development
 - WRAP created in UK (2000), current budget = €77M for 2006/2007
- Encourage competition, but support waste hierarchy

Competition Works



- OECD: (2000) in favour of competition in local services
- UK: (1998) waste collection costs 22% lower in local authority areas with private contractors involved – competition inherent with private sector involvement is beneficial
- USA: survey of 2000 cities (1/3 population) collection costs were 20% higher on average than when private contractors were used in domestic waste collection



Consultation – The Process



- DEHLG Asked 5 Questions?
 - What model of regulation required?
 - Is there an alternative to regulation of sector?
 - Who would regulate waste sector?
 - What scope of services fall under regulators remit?
 - What functions would the regulator have – economic/operational?

Consultation - Process



- 'Consultation' presupposes establishment of new regulator
- Waste - only utility without a regulator as rationale for new regulator is erroneous
- Premature, due to lack of in-depth analysis
- Consultation content not commensurate with weight of decisions/implications for the future of the sector & wider economy
- Welcome recognition of conflict of interest in the market but this problem should be addressed first

Consultation - Process



- Is further regulation the answer? Consider the **duplication, cost, timescale, inevitable challenges** and the **uncertainty** it brings to a developing market?
- Government's own policy on better regulation (2004) not followed
 - Necessity
 - Effectiveness
 - Proportionality
 - Transparency
 - Accountability
 - Consistency
- UK Hampton Report – Reduce Regulatory Burden by 25% by 2010
- Competition Authority itself not in favour of a regulator
- Did process ask the right 5 questions?

The Right Questions?



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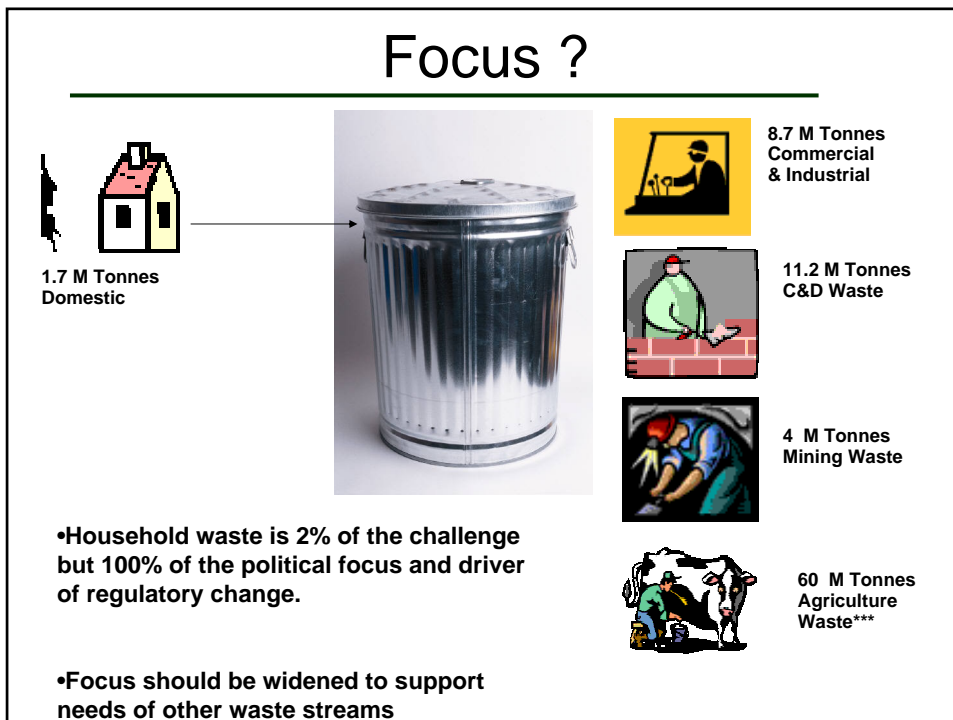
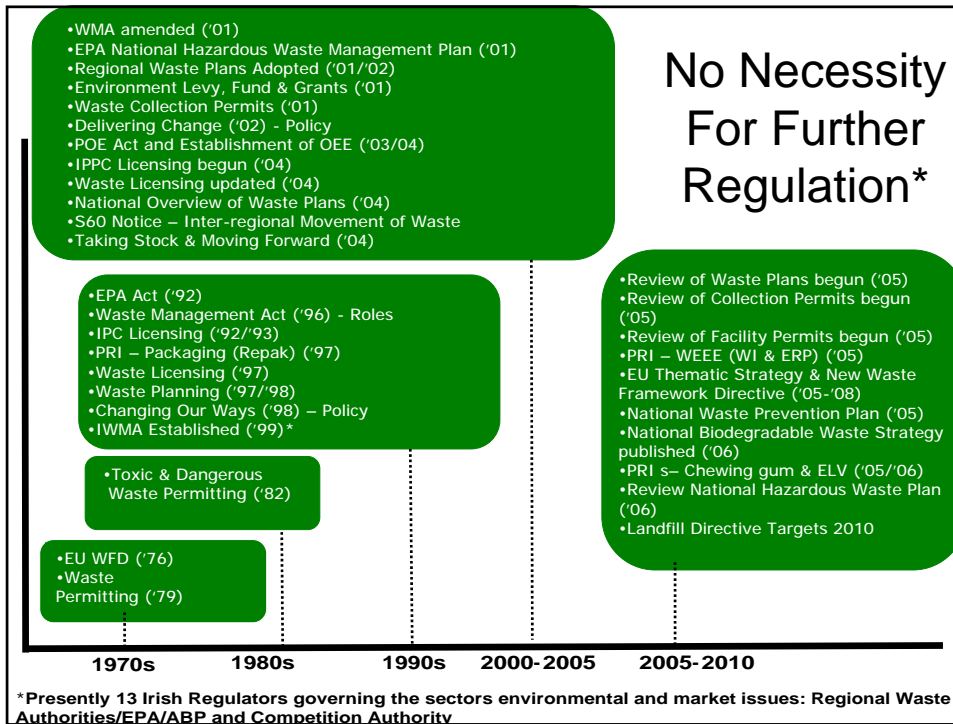
- Necessity for change?
- Focus of the change?
- Can regulation be framed in a manner that incentivises/supports operators to meet our political objectives – environmental, social & economic?
 - How do we make this change?
 - How do we make sure this change is effective?

Necessity?



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- Certainly, current regulatory structures
 - Unclear in roles and functions
 - Who guards the waste plans
 - L.A. Conflict of Interest as Regulators & Operators
 - Inconsistent – Waste Collection Permits
 - Not Accountable – Waste Plans
- Regulatory certainty supports implementation and investment
- Local authority conflict of interest in market needs to be addressed as first priority



How to Frame Regulation?



- Use existing structures i.e. better regulation
- Ensure Clarity of functions/roles to bring about regulatory certainty/consistency = investment
- Remove Conflict of Interest
 - L.A. either planner/regulator or market operator not both e.g. UK – L.A. arms length companies
 - Same commercial & regulatory rules for all operators – consistency on sectoral and geographical lines
 - DOF/Ministerial direction to address VAT on Waste Services in light of ECJ decision in June 2006

Solutions



- Resource EPA
- New Role, Clearer Functions
- Why? EPA are an existing regulator with no commercial interest in sector & have existing regulatory experience in area with both public & private operators
- EPA to administer
 - Waste Statistics
 - Waste Collection Permits
 - Waste Facility Permits
 - Waste Licences
 - Continue linkages with other agencies and industry

Solutions



- Waste Plans
 - Remove conflict of interest & Resource EPA
 - EPA to link with ABP
 - EPA to co-ordinate +monitor waste plans
 - DEHLG to monitor policy elements of plans
 - Accountability needed in plans – regular reporting
 - IWMA/Industry to participate in plan steering groups

Conclusions



- There is Necessity for change
- Remove LA tripartite conflict of interest 'regulate or operate' but not both at the same time
- No need for a new regulator, it is inefficient and unjustified. Use existing structures e.g. resource EPA to bring regulatory consistency and clarity
- Improve consultation

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Thank You