



Eoin Corrigan
Custom House
Department of the Environment, Community and Local Government
Dublin 1

1 September 2011

Re: Reorganising Household Waste Collection

Dear Eoin,

Please find below the response of the Irish Waste Management Association (IWMA) to 'Altering the Structure of Household Waste Collection Markets - Discussion Document'.

Yours Sincerely

pp *Robert O'Shea*

Jim Kells, Chairman

IWMA Submission

to

Department of Environment, Community and Local Government

In relation to

'Altering the Structure of Household Waste Collection Markets

– A Discussion Document – June 2011'

2nd September 2011

CONTENTS

1.0	INTRODUCTION	1
2.0	BACKGROUND	3
2.1	Household Waste Market Consultation	3
2.2	Regulating Better	4
3.0	THE IRISH WASTE MANAGEMENT ASSOCIATION.....	5
4.0	RESTRUCTURING MECHANISMS.....	6
4.1	Introduction of a Local Tax.....	6
4.2	Controlling Waste Collection through the Permitting System	7
5.0	LIKELY DIFFICULTIES WITH RE-ORGANISATION OF THE SYSTEM	7
6.0	COMPETITIVE TENDERING V EXISTING MARKET STRUCTURE	8
6.1	Quantity of Household Waste Produced in Ireland	9
6.2	Uncollected Household Waste	10
6.3	High Level of Landfilled Household Waste	12
6.4	Perceived High Prices	14
6.5	Low Economies of Density & Natural Monopoly / Recent Court Judgments	21
6.6	Lack of Uniform Service.....	23
6.7	Issues of Compliance with EU Services Directive.....	24
6.8	Possible Existence of Local Monopolies	24
6.9	Variation in Quality and Level of Service	25
6.10	Only 21% Roll-out of Brown Bins in 2008	26
6.11	Provision of Waivers / Public Service Obligation.....	27
6.12	Environmental Standards	28
6.13	Provision of Infrastructure.....	29
7.0	SUMMARY AND CONCLUSIONS.....	31

TABLES

Table 1	SLR 2011 Survey of Household Waste Charges Compared with 2004 CA Survey	15
---------	---	----

FIGURES

Figure 1	Private Sector Market Share v Waste Generation	10
Figure 2	Trend in Landfilling of Household Waste in Ireland	12

APPENDICES

Appendix 1 Response to DECLG Questionnaire

Appendix 2 Article from the Irish Examiner

Appendix 3 SLR Survey of Household Waste Collection Charges in 2011

1.0 INTRODUCTION

The IWMA has grave reservations, which are set out below, about the manner in which this process is being conducted; and whilst we are responding to the Department of Environment, Community and Local Government (**Department / DECLG**) discussion document entitled “*Altering the Structure of Household Waste Collection Markets*”, dated June 2011 (**Discussion Document**), it is without prejudice to these fundamental concerns.

The Discussion Document is heavily weighted at this early stage to competition for the market, which suggests a strong pre-disposition / predetermination or bias, in the absence of any justification, economic or environmental analysis, or evidence. This predetermination of the consultation process stems from a statement in the Programme for Government, which says that the Government “*will introduce competitive tendering for local waste collection services where the private sector and local authorities can bid to provide services in an entire local authority area for a set time frame.*”¹ [Emphasis added]

This pre-determination is further emphasised on the Department's website² where the consultation is described as follows:

“Reorganising Household Waste Collection

Mr. Phil Hogan T.D., Minister for the Environment, Community and Local Government, has published a discussion document to help inform public consultation on the Government's commitment to reorganise household waste collection.

The Programme for Government states that the Government will introduce competitive tendering for local household waste collection services. It is envisaged that service providers will bid to provide waste collection services in a given area, for a given period of time and to a guaranteed level of service.”

This commitment given in the Programme for Government has no status in law and cannot be implemented save by legislation. Ireland is legally obliged to ensure that any such major legislative change is only implemented following a transparent evidence-based consultation process.

The Department's Discussion Document refers to the Programme for Government's statement on the move to competitive tendering for local household waste collection services, and states that:

*“The Department wishes to consult with householders, businesses, participants in and observers of the household waste collection industry to help inform [sic.] the shaping of policy in this area. This document is intended to provide some detail into how such a reorganisation of household waste collection might work and to present some questions to which it is hoped consultees will respond”.*³

That same document states that:

*“The Department also wishes to ensure that development of policy in this area is a transparent process which is conducted with the involvement of citizens and other interests”.*⁴

¹ Section entitled “Sustainable Waste Policy”, page 60 of the Programme for Government

² [http://www.environ.ie/en/Environment/Waste/PublicConsultations/#Reorganising Household Waste Collection](http://www.environ.ie/en/Environment/Waste/PublicConsultations/#Reorganising_Household_Waste_Collection)

³ Page 2

⁴ Ibid.

We are advised that the Discussion Document is a poor starting point for consultation on future waste policy insofar as it prejudices, or appears to prejudice, the outcome of this consultation. The Discussion Document is far more focused on how the Government will proceed to introduce competitive tendering for local household waste collection services, rather than whether this is the right thing to do. In circumstances where a statement has been made in the Programme for Government that is unequivocal, there is an even greater need to conduct a consultation process in a balanced, evidence-based way, so as to demonstrate that the issue has not been prejudged and that the consultation process and Regulatory Impact Analysis (**RIA**) are “*real*” processes and not merely going through the motions. In any event, this is mandated by EU Law.

The Discussion Document states that consultation will be transparent and policy making will be on a “*firm evidence-based understanding of the many scientific, economic and social issues*”; to date this is simply not the case. A switch to competition for the market for household waste collection must be justified by economic and environmental / scientific evidence, which demonstrates that the switch is necessary, proportionate and in the public interest.

While the Discussion Document sets out a number of questions, and notes that RIA will follow, there is neither any economic nor any environmental / scientific evidence or expert analysis presented to explain or justify the proposed fundamental change, which will preclude the participation of the private sector in the collection of household waste, save only by participation in a tendering process.

In relation to RIA, the Discussion Document states that the consultation process, which it is intended to help initiate, will inform the RIA. The Discussion Document notes that following completion of the RIA, proposals will be submitted by the Minister to Government. However, we are advised that according to Better Regulation RIA Guidelines, RIA “*should be conducted at an early stage and before a decision to regulate has been taken*”.

At an early stage in the RIA process, an economic and environmental / scientific analysis of the impact of proposed future waste policy must be carried out, with the level of analysis being proportionate to the significance of the proposal. This analysis should feed into the RIA, as it is an iterative process and should be used as the basis for consultation, with the final draft of the RIA document being submitted to stakeholders for comment prior to proposals being submitted to Government.

The Competition Authority has previously recommended that competitive tendering is preferable where side-by-side competition does not appear to work well, and that it is generally in favour of retaining side-by-side competition, but only where it appears to be working well for the consumer. The onus must be on the Government seeking to make such a fundamental change to demonstrate that there is objective evidence of a problem or problems required to be “*fixed*” before a decision is made to make such a fundamental change and move away from side-by-side competition; armed with that evidence, it may be possible to adopt a hybrid approach where some areas are tendered out and others are not – in other words, a less dramatic and more proportionate response. In the IWMA’s opinion, no adequate rationale or evidence is given in order to justify a move away from the current position of side-by-side competition in the market.

EU and Irish law requires that the development of waste legislation and waste policy is a fully transparent process, which observes existing national rules in relation to consultation. If the Oireachtas is to proceed to pass significant amending waste legislation (such as the legislation proposed in the Programme for Government), it will be acting contrary to EU and Irish law unless that legislation has been developed following a fully transparent process,

observing national rules about consultation, taking into account a whole range of principles including environmental protection, technical feasibility, economic viability, and economic and social impacts.

To change from the current position where some 78%⁵ of household waste is collected by the private sector in side-by-side competition, where only 7 local authorities remain directly involved in the household waste collection business (and 4 of those local authorities are expected to exit the market soon), the very significant impact of a fundamental change to competition *for* the market must be recognised and reflected in the way in which any such decision is made.

It is submitted that no such decision can be made in the absence of expert economic and environmental / scientific evidence demonstrating that this change is **necessary**, that it will be **effective**, that it is **proportionate**, that it is **consistent** and that the process is both **transparent** and **accountable**. These are the six principles of Better Regulation which the Government has been committed to since January 2004. In the Government's White Paper at the time, the Government confirmed it would make better use of "*evidence-based policy-making*", which it stated as meaning "*making better use of research and analysis in both policy-making and policy implementation*".⁶ In light of the dramatic nature of the proposed competitive intervention and the potential losses to existing waste businesses, we would argue that a strict and narrow interpretation of those rules must be adopted.

We are advised that the necessary evidence, required by the Waste Management Act and the Better Regulation Principles is, to date, missing in order to justify the proposed market interference. Further, significant policy changes requiring RIA can only be implemented on the basis of evidence, which not only justifies the change, but also demonstrates that the proposed change is no more than is required i.e. it is proportionate. This is particularly the case, bearing in mind the length of time that competition *in* the market for the collection of household waste is ongoing.

The following is IWMA's detailed response to the Discussion Document, all of which is without prejudice to the points above. The body of our submission addresses the existing and proposed market structures, whilst Appendix 1 contains our responses to the Department's questionnaire.

2.0 BACKGROUND

2.1 Household Waste Market Consultation

In June 2011, the Irish Government commenced a consultation process on the structure and regulation of the country's household waste collection market. The Department of the Environment, Community and Local Government (DECLG) issued a Discussion Document that requires feedback by 2nd September 2011.

The current consultation is based on the Programme for Government agreed in March 2011 between the Fine Gael and Labour coalition parties:

⁵ Remaining local authorities, Dublin City (c.12%), Fingal (c.5%), Wexford (c.1%), Kerry (c.1%), Galway City (c.1%), Waterford County (c.1%), South Tipperary (c.1%). Recent announcements suggest that Fingal, Dublin City, Wexford and South Tipperary may withdraw from the market later this year, leaving 97% of the household waste collection market in the hands of private companies.

⁶ Section entitled "Overview of Actions" page 2 of the Government White Paper

“We will introduce competitive tendering for local waste collection services where the private sector and local authorities can bid to provide services in an entire local authority area for a set time frame. Tender bids will be judged and awarded by the new utilities regulator. Contracts would be required to stipulate a guaranteed service level to be offered. A public service obligation would include a fee waiver scheme for low-income households. Licences would be flexible enough to allow for localised waste management needs and opportunities.”

The suggestion of competitive tendering for household waste in Ireland was first raised publicly by the Competition Authority in 2005 in a recommendation that was attached to an investigation of alleged uncompetitive practices by a waste company⁷. The Competition Authority took a different stance in 2010 in its submission to the consultation on the DEHLG’s⁸ ‘Draft Statement of Waste Policy’ where it stated:

“The Authority recommends that competitive tendering is preferable where side-by-side competition does not appear to work well. The Competition Authority is generally in favour of retaining side-by-side competition, but only where it appears to be working well for the consumer.”

2.2 Regulating Better

We remind the DECLG of the Government White Paper on ‘Regulating Better’, published by the Department of the Taoiseach in 2004.⁹ The six core principles of better regulation are detailed in the introduction chapter of this submission.

The Government is obliged to partake in evidence-based policy-making. We trust that the DECLG will gather and analyse all evidence on whether the proposed new regulation, required to facilitate the proposed market restructuring, is compliant with these six core principles.

The IWMA is itself now engaging experts in the areas of waste management, economics and environmental science to gather and analyse evidence in relation to the proposed change to the market structure. We equally encourage the Department to engage experts in a transparent manner to address the economic and scientific evidence and to produce that evidence for open analysis. To date, there has been no detailed analysis of the economic or environmental performance of waste collection and treatment in Ireland and no comparison made between the existing and alternative market structure in an Irish context. For example, the Dublin green bin system is an example of competitive tendering in the Irish market and the performance of this contract could easily be compared against the performance of side-by-side competition in the same or neighbouring regions.

The waste industry has not yet been approached by Government agents to supply data for such detailed analysis. This is surprising if, as apparent from the Programme for Government, the decision has already been made to alter the market structure in favour of competitive tendering or ‘franchise bidding’.

We remind the Department of the requirement in Article 4(2) of the Waste Framework Directive¹⁰ that:

⁷ Case COM/108/02. The Competition Authority found that Greenstar held a ‘dominant position’ in North East Wicklow, but the company did not abuse that dominance.

⁸ DECLG was previously DEHLG (‘Heritage’ was replaced by ‘Community’)

⁹ www.betterregulation.ie

¹⁰ DIRECTIVE 2008/98/EC

“Member States shall ensure that the development of waste legislation and policy is a fully transparent process, observing existing national rules about the consultation and involvement of citizens and stakeholders.”

IWMA members are willing to participate openly in the RIA process by supplying accurate data on waste collection and treatment to the experts that we engage in analysing the sector and the Department officials are welcome to meet the Association to discuss this and analyse this evidence.

We suggest that the consultation process is meaningless without evidence presented to justify such a major restructuring. The proposed alteration of the market will undoubtedly impact on our Members, and we therefore have a right to engage effectively in the gathering of evidence in relation to this matter.

3.0 THE IRISH WASTE MANAGEMENT ASSOCIATION

The IWMA is the voice of the private waste management industry in Ireland. Affiliated to IBEC since 1999, IWMA members are active in every county in Ireland and contribute to the management of waste at each level of the waste hierarchy. Our membership includes small, medium and large companies, with some operating internationally.

We employ more than 5,000 staff in municipal waste collection and treatment and we operate at least 41 licensed or permitted municipal waste management facilities in Ireland. These facilities have approved capacity to process a total of 3,211,000 tonnes of Municipal Waste per annum. This processing includes segregation, transfer, mechanical treatment, biological treatment, solid recovered fuel production (SRF) and Waste-to-Energy (WtE). In addition to the facilities included above, IWMA members operate four MSW landfills in Ireland, currently permitted to accept 698,000 t/a, and due to drop to 458,000 t/a by 2014.

The Association is strongly opposed to the proposed re-structuring of the household waste collection market. Such a move will disenfranchise existing waste management companies and facilities in favour of a system that has not been fully considered and analysed in the context of the Irish household waste market. This will inevitably lead to job losses, particularly in rural counties, where local waste management companies have provided significant local employment, in many cases for periods of 20 to 30 years.

The current process which has been initiated by the Department has already brought further uncertainty to the sector with the result that financial institutions are more reluctant to invest in waste companies and waste facilities. We forecast that the process will create 4 to 5 years of inertia at a crucial time in the context of the 2013 and 2016 EU Landfill Directive targets for diversion of biodegradable waste from landfill. Our members are developing additional biological, WtE and SRF infrastructure to meet the Landfill Directive requirements and these developments would be compromised by the proposed restructuring of the household waste market.

We encourage the Minister to consider the risk to more than 3 million tonnes in processing capacity by the proposed restructuring of the market. Any determination to develop a market that may suit the provision of facilities through PPP arrangements, the Minister is likely to compromise the continued operation and expansion of many existing facilities, with consequential impacts on jobs and investment.

The IWMA facilities were developed without cost to the exchequer and replacing them with PPP facilities will place an unnecessary burden on taxpayers, who are clearly already overburdened. An adequate assessment of these potential impacts has not been conducted by

the State and the Programme for Government announcement in this regard is pre-mature in advance of such detailed and comprehensive analysis.

The following sections of this submission provide some brief overviews on the existing and proposed markets, addressing many of the comments that have been raised by the DECLG in relation to this matter. We reserve the right to fully engage in further consultation on this matter and in any Regulatory Impact Assessment process that may follow from this phase of consultation.

The IWMA proposes to commission scientific and economic consultants to assess a number of impacts that could be created by the proposed restructuring of the market, but the timeframe of the initial consultation period was too short for the Association to procure these services and allow these experts adequate time to fully analyse these matters. We request that the Minister allows adequate time for the Association to gather this evidence as it will contribute to the detailed and comprehensive analysis required before any decision is taken to re-structure the market. We estimate that these reports will take 4 to 6 months to prepare, once commissioned.

4.0 RESTRUCTURING MECHANISMS

There appear to be two mechanisms that the DECLG could attempt to use to take control of the household waste market in order to implement the proposed changes. First, the Government could try to introduce a local Government tax that covers the cost of waste collection and treatment and / or second, the local authorities could propose to revoke waste collection permits in a manner that would only allow one company (subject to tendering) to collect household waste in each county.

4.1 Introduction of a Local Tax

It is never easy for a Government to introduce a new tax and local authority waste collection charges have previously attracted quite militant reactions from some sections of the community. The recently announced household charge could be expanded to include waste as well as water charges, but the initial suggestion of €100 per household per annum would have to increase dramatically to cover these other areas. Also, a fixed annual charge would be contrary to the existing policy of user-based charges in compliance with the Polluter Pays Principle.

It is apparent that some local authorities struggle to collect debts. The latest report from the Local Government Audit Service¹¹ shows that local authorities in Ireland were owed €152 million in unpaid commercial water charges in 2009, while commercial rates income arrears had risen to €188 million in that year. The same source of information reveals that Dublin City Council, the largest local authority waste collector in the country with 12% of the national household waste market, could only collect domestic refuse charges from 47% of its customers in 2009, up from 37% the previous year. This probably explains the recent comment in the media in relation to the losses incurred in the Dublin City Council waste collection service:

“the council has entered into discussions with Siptu, the union representing the 101 bin men, in relation to the future of the service which is losing the council about €10 million every year.”¹²

¹¹ See <http://www.environ.ie/en/Publications/LocalGovernment/AuditService/>

¹² Irish Times article “Dublin City Council may privatise bin collection” Olivia Kelly, 17th August 2011.

If a local tax could only be collected from half the population, the waste charge would have to be charged at double the actual cost of providing the service, to avoid further local authority losses. Any efficiency gains due to increased economies of density would seem irrelevant in that context.

4.2 Controlling Waste Collection through the Permitting System

The second mechanism which could involve revoking waste collection permits, is also fraught with difficulty. Companies have the right to appeal to the District Court against any changes to their waste collection permits. It is estimated that there are more than 60 private companies currently collecting household waste in Ireland and each of these companies has been issued with a waste collection permit by one of ten local authorities.

It seems inevitable that in the absence of an evidence based, fully consultative decision making process, any change in the household waste collection regime that requires the revocation of existing permits will be vulnerable to successful legal challenge. This will cause expense, delay and uncertainty and will surely be counterproductive.

5.0 LIKELY DIFFICULTIES WITH RE-ORGANISATION OF THE SYSTEM

Whether the system is re-organised through a local tax or through the revocation and alteration of waste collection permits, existing waste collection companies will be seriously impacted by the proposed re-structuring. It is inevitable that such a structural change would have a major impact on existing businesses that currently hold some market share, whether large or small, many of whom have developed infrastructure to treat that waste. We expect that these companies will legally oppose the proposed re-structuring.

We can point to a number of facts that we expect would be considered by the judiciary deciding on cases of this nature.

First, a number of waste companies took over local authority waste collection customers through the award of tenders¹³. The judiciary may have to decide on the legality of a local authority (or other body acting for the State) preventing such companies from collecting waste from those customers through a revocation or revision of their waste collection permits.

Second, many companies have been collecting household waste for more than 10 years and some for more than 20 years. The judiciary may have to decide on the legality of the State preventing the continuation of these businesses.

Third, many companies have developed waste infrastructure capacity to process the household waste that they collect. The judiciary may have to consider the impact on these businesses, if these companies are prevented from continuation of their collection businesses.

Fourth, the 2009 judgment in the Panda v Dublin City Council High Court Case confirms that local authorities do not have ownership of household waste where they do not collect it and the householder has a right to contract directly with a waste company, where the company has is authorised to collect that waste.¹⁴

¹³ Examples: Panda in Dun-Laoghaire Rathdown, Greyhound in South Dublin, Oxigen in Waterford City, Country Clean in Cork City and County, etc.

¹⁴ See Neurendale Ltd. t/a Panda Waste Services –v- Dublin City Council & Ors, [2009] IEHC 588, 21/12/2009., Paragraphs 155 and 156.

Re-structuring the household waste market will also incur the practical difficulty associated with the current distribution of wheelie bins throughout the country. It is estimated that it would cost c.€65 million¹⁵ to replace all bins if all waste companies refused to transfer bins. Bin transfer has occurred in many cases in the past, but this could be opposed by disgruntled companies that are required to give up their customers. In addition, the cost of inserting new digital chips in these bins is expected to bring this cost to more than €100 million.

6.0 COMPETITIVE TENDERING V EXISTING MARKET STRUCTURE

The current consultation document issued by the DECLG is short on rationale for changing the market structure but does refer to the following problems and appears to infer that these “problems” are caused by the structure of the existing market (albeit with no supporting evidence):

- Householders produced in excess of 1.6 million tonnes of waste in 2009
- 128,000 tonnes of household waste was not collected in 2009
- Approximately 70% of collected household waste was landfilled in 2009
- A number of informed commentators have remarked on perceptions of high prices for household waste collection services
- Low economies of Density
- Lack of uniform service

The following “problems” were identified in Draft Statement of Waste Policy (DEHLG 2010):

- Need to Achieve more Uniform Service Quality
- Recent Court Judgments – Panda & Greenstar v DCC
- Issues of Compliance with EU Services Directive
- Possible Existence of Local Monopolies
- Variation in Quality and Level of Service
- Only 21% Roll-out of Brown Bins in 2008

The Draft Statement of Policy, 2010 went on to suggest that restructuring the market would afford the following benefits:

- Enable delivery of high quality service
- Afford operators economies of scale
- Savings achieved through these more competitive arrangements might be expected to reduce the average household waste bill, particularly when accompanied by high quality source segregated collections.

¹⁵ 2009 EPA data suggests 43,664 households with a one-bin system, 889,500 households with 2 bin system and 288,474 households with 3 bin system, therefore 2.7 million bins at replacement cost of c.€24 each equals €65m. This does not include delivery and technology (digital identification chips).

- Facilitate the delivery of a public service obligation including universal service and provision of waivers for customers of both public and private sectors, ensuring that the cost of such provision is borne in an equitable manner.
- Environmental standards, which would be set nationally and would take particular account of the importance of driving waste to the top of the waste hierarchy, will be applied to all such tenders for the market.
- Provide greater certainty to operators in the waste sector to progress their plans for the infrastructure required to extract the maximum value from the material collected.

The following sections of this Chapter address the various issues raised above in the context of the Irish Waste Market. In each case, we establish whether a change to competitive tendering would solve each “problem” and whether the “problem” could be solved by other, more proportionate, methods and whether the perceived benefits will in fact flow from the change. We also offer opinion on whether the “problem” is better resolved within the existing market structure or by changing to a structure of competitive tendering.

6.1 Quantity of Household Waste Produced in Ireland

The Discussion Document refers to the production of more than 1.6 million tonnes of household waste in 2009. The EPA National Waste Report for 2009 commented positively on this result as follows:

“Household waste generation dropped by 3% to 1,626,469 t, representing 365 kg household waste generated per person in the State. This decrease was despite a reported population rise of 37,200 persons”¹⁶

The 2008 National Waste Report was even more positive about this subject as it stated:

“Household waste generation dropped by 5% to 1,677,338 t, notwithstanding a reported population rise of c. 83,100 persons”¹⁷

Private sector involvement in the household waste market has increased each year from 2006 to 2009 and this has coincided with reduced quantities of household waste per person in the State. This is demonstrated in Figure 1 below.¹⁸

¹⁶ See page vi National Waste Report 2009, EPA 2011.

¹⁷ See page viii National Waste Report 2008, EPA 2010.

¹⁸ Data gathered from EPA National Waste Reports 2006, 2007, 2008 and 2009.

Figure 1
Private Sector Market Share v Waste Generation

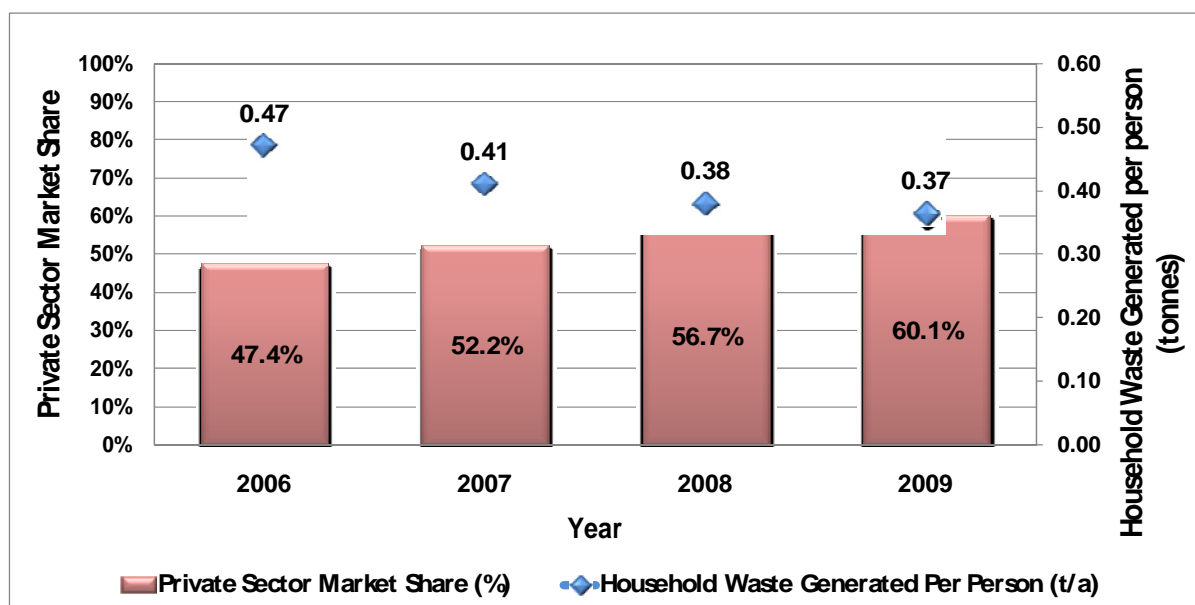


Figure 1 clearly shows that increasing competition in the household waste market, as the private sector gained a greater market share, has coincided with reducing quantities of household waste generated per person in the State.

We therefore conclude that increased competition in the household waste market has had a positive effect on waste prevention measures. Pay-by-use charging introduced by IWMA members, along with many other waste collectors, is considered to be the most important factor in this successful reduction in household waste generation.

6.2 Uncollected Household Waste

There are two scenarios whereby household waste remains uncollected. First, there are parts of the country where no collection service is available and second, there are householders that refuse to take-up a service even when one passes their door.

Some roads in rural Ireland are unsuitable for waste collection vehicles, so it is inevitable that that some households will never have a waste truck passing their door. In these situations, some waste companies provide alternative arrangements for such householders to deliver their waste to communal points and some CA sites accept residual as well recyclable waste. The extent of this issue is limited and can be managed in the existing waste collection market with a little flexibility by waste companies and local authorities, with respect to secure and sanitary drop-off locations.

A change in the structure of the market would not contribute to a resolution of this issue. There is no evidence to suggest that accessible areas are being deprived of waste collection services and the IWMA believes that Ireland currently has full coverage household waste collection in all, except the most inaccessible, areas.

The second issue is a greater problem and must be addressed. It is recognised by local authorities and waste companies alike, that many householders are passed by one or more waste collection service, but these householders refuse to avail of a collection service.

Historically in Ireland, household waste was collected by local authorities without direct charging to customers, so this issue did not arise. However, the introduction of direct charges for household waste has had positive and negative effects. On a positive note, householders are encouraged to prevent and reduce the production of waste by methods such as selective purchasing, reuse in the home, home composting, etc.

Differential charging between residual, recyclable and compostable wastes also encourages source segregation of wastes in the home and this assists with the achievement of recycling targets for household waste.

The OECD in a 2008 report¹⁹ stated the following in relation to the charging system to householders for waste management in Ireland:

“With respect to the pricing of waste collection, Ireland’s extensive use of volume-based waste collection charges and the market pricing of services seems to have worked well once the principle of user charges was accepted. Ireland’s application of the “polluter-pays” principle would probably be a good model for other countries to follow. It has given Ireland a relatively high cost recovery rate for waste management services, and has probably been an added incentive for household recycling.”

The negative effect of direct charging to the householder is that many householders see an opportunity to avoid paying for their waste management. There are a number of circumstances where this can be carried out without breaking the law, as follows:

- Householders can theoretically produce zero waste by reusing, recycling or composting all materials within the curtilage of their properties. This level of environmental innovation by householders is rare, so we expect this to be insignificant in terms of volume, but should not be discouraged by regulation, as waste prevention represents the pinnacle of the waste hierarchy and is promoted under EU Law.²⁰
- Householders can bring their waste to Landfills, Civic Amenity sites and Bring Banks.
- Householders can share bins.
- Householders can bring their waste to work and dispose of it through the company’s waste management system.
- Some houses are unoccupied, whilst others are holiday homes that are only occasionally occupied.

While many householders may avail of one or more of the above methods to legally dispose of their waste, the IWMA agrees that there are others that illegally dispose of their waste rather than pay for its collection and treatment.

One obvious solution to this issue is the requirement for Statutory Declaration Forms to be completed by householders that do not utilise a waste collection service. Such a form would require householders to declare their method of waste management, where they do not avail of an authorised waste collection service. Failure to make the declaration or provision of false information would both be deemed an offence under the relevant legislation.

A number of local authorities have sought to resolve this issue by the introduction and enforcement of bye-laws. Appendix 2 contains an article published in the Irish Examiner in May 2011 containing details of Limerick County Council’s efforts to address this issue

¹⁹ Ireland, Towards an Integrated Public Service, Public Management Reviews, OECD, 2008.

²⁰ Article 4 of the Waste Framework Directive (DIRECTIVE 2008/98/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 November 2008 on waste and repealing certain Directives)

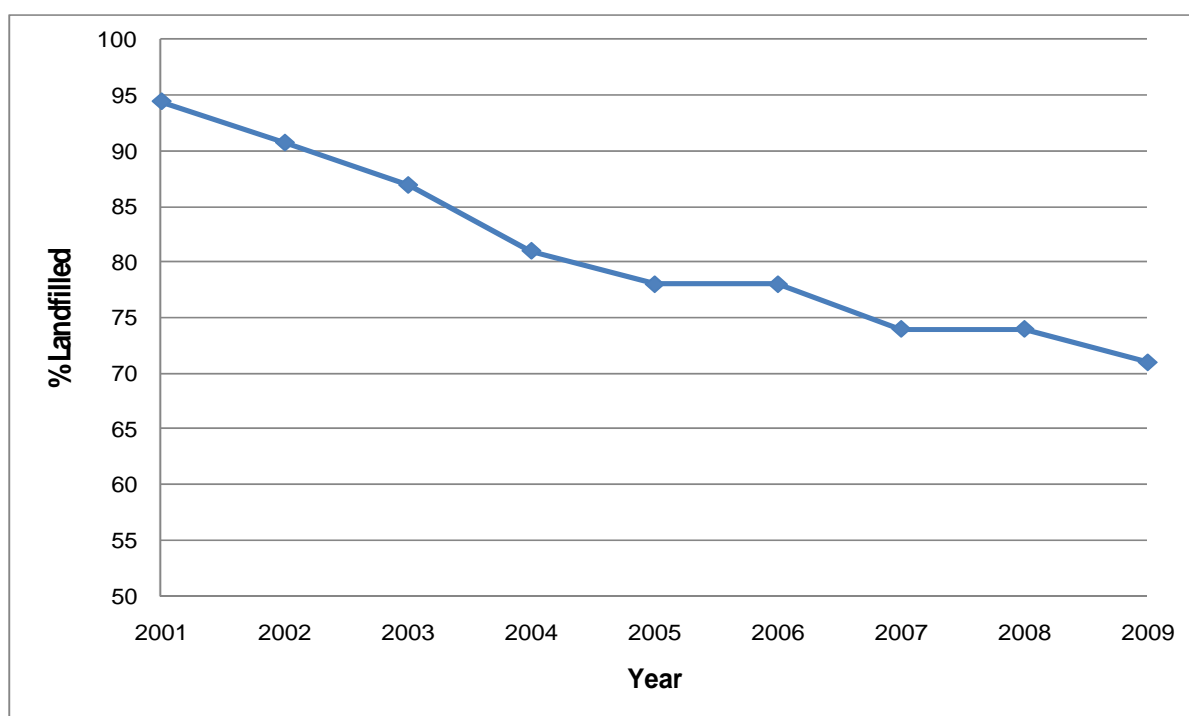
through bye-laws. It is clear from this article that the local authority is confident that these bye-laws will achieve positive results in addressing the issue.

We therefore suggest that re-structuring the market would not solve the problem and the solution could be achieved relatively easily within the structure of the existing market.

6.3 High Level of Landfilled Household Waste

The 2009 data compiled by the EPA²¹ shows that 70.5% of household waste managed in Ireland was disposed to landfill and 29.5% was recovered through recycling. The EPA data shows a trend of reducing reliance on landfill through the period 2001 to 2009 and this is presented on Figure 2 below.

Figure 2
Trend in Landfilling of Household Waste in Ireland



To date, diversion of household waste from landfill has occurred due to the following factors:

- The green bin for commingled recyclables has been rolled out extensively across the country over the past 10 years or more with the result that an estimated 96% of serviced households had a green bin²² in 2009.
- The monthly green bin collections have increased in frequency to fortnightly in most areas.
- The number of Civic Amenity (CA) sites and Bottle Banks (BBs) in the country has increased dramatically over the past decade with a reported 107 CA sites and 1,962 BBs in Ireland in 2009.²³

²¹ National Waste Report 2009, EPA, published in 2011.

²² Recyclables are collected from houses in bags rather than bins in some areas. These houses are included in the 'green bin' statistics. Data from EPA National Waste Report 2009.

- The brown bin (food and garden waste) has been rolled out to an estimated 24% of serviced households in Ireland in 2009.²⁴
- An estimated 36,733 tonnes of household waste was diverted through home composting in 2009, this tonnage is equivalent to between 12% and 14% of households when compared against the tonnage gathered from the brown bin collections in 2008/2009.

Recycling levels are expected to increase as the brown bin roll-out proceeds in line with the Policy presented in the National Strategy on Biodegradable Waste, as supported by the waste collection permitting system. Waste collection permits now specify the terms under which brown bins must be offered by waste collectors to their household customers. This may also be backed by specific household food waste legislation that has been announced by the DECLG and is now in draft form. Enforcement of these regulations is important and must be pursued evenly across the country.

In addition to increased recycling rates, household waste will be diverted from landfill by treatment of residual waste. Since 2009, there have been major developments in this area, as many IWMA member companies have installed processing infrastructure to convert residual (black bin) waste to Solid Recovered Fuel (SRF). In addition, one IWMA member company is close to completion in constructing a 200,000 t/a WtE facility in County Meath. It is expected that this facility will primarily accept black bin household waste that would otherwise be sent for landfill disposal.

A very important factor in the amount of waste disposed to landfill in Ireland is the gate fee offered by landfill operators. Landfill gate fees have declined dramatically in recent years to a level where many local authority landfills appear to be selling capacity below cost. The EPA is currently investigating this issue and has asked landfill operators to submit data and declarations relating to costs and prices at their landfills. In addition the landfill levy has remained low (€30/t) in the context of other Western European countries and this has contributed to making landfill a more competitive option than alternatives such as biological and thermal treatments. This can affect the viability of the brown bin roll-out as well as alternative treatment facilities for black bin wastes.

The IWMA has previously called for increases in the landfill levy to allow alternative treatments compete against landfill gate fees. The current Government is in the process of implementing new legislation that will facilitate such increases and has announced the following proposed levels for the landfill levy:

- Increase to €50 per tonne on 1st September 2011
- Increase to €65 per tonne in 2012
- Increase to €75 per tonne in 2013

These increases will clearly discourage landfill disposal in favour of alternative options. This will support the EPA's current and future restrictions on the deposition of biodegradable waste at landfill, whereby landfill operators must demonstrate that their facilities comply with the requirements of Article 5 of the EU Landfill Directive.²⁵

²³ Data from EPA National waste Report 2009

²⁴ Data from EPA National waste Report 2009

²⁵ 1999/31/EC. Article 5 relates to 'Waste and Treatment not Acceptable in Landfills' and sets limits for the quantities of biodegradable municipal waste deposited in landfills.

Preliminary data from the EPA suggests that the deposition of municipal waste in landfills in Ireland in the second half of 2010 was 753,387 tonnes. Compared with 2009 full year data, this suggests that landfilling of municipal waste in the second half of 2010 had reduced by 12.6% from 2009 levels. This reflects the efforts of IWMA members in diverting waste from landfill and demonstrates that significant progress is occurring. Further enforcement of landfill licences by the EPA combined with the increasing landfill levies will facilitate further development of SRF, biological treatment and alternative treatments capacity, as well as increased roll-out of the brown bin.

Given these developments, we forecast that landfill deposition of household waste will continue to decrease even more dramatically in the coming years. We fail to see how restructuring the waste collection market could have a positive impact on these developments. In fact, the current consultation process will only bring uncertainty to investments in WtE and SRF infrastructure and the development of biological treatment facilities.

The obvious instrument for controlling the level of household waste sent to landfill in Ireland is the landfill levy. Interference in the existing market can only undermine the progress offered by the proposed increases in the landfill levy.

6.4 Perceived High Prices

The consultation document makes a loose reference to ‘*perceptions of high prices*’ but does not contain any analysis of current costs of service provision to the householder. It is also disappointing that the discussion document did not comment on actual experience where a private sector competitor has entered the market in direct competition with an incumbent local authority service provider. Such information is readily available and could be used to draw realistic rather than theoretical conclusions.

For example, the High Court judgement in *Neurendale v Dublin City Council*²⁶ stated the following:

“In any event, it is also clear that since the entry into the market of private operators there have been significant improvements in the service provided and the ultimate cost to the consumer. I cannot accept that the removal of such operators would improve the service to the benefit of the consumer.”

The current system of side-by-side competition clearly does not automatically indicate either economic inefficiency or adverse consequences for public welfare as a result of new entrants into the market. New entrants to the market offer a choice to householders and these companies are highly unlikely to win market share unless they offer some advantage in terms of price, quality, range, innovation or reliability of services offered. If the performance of new entrants turns out to be inferior to that of the incumbents then their business will fail.

It is well documented from examples throughout the country that the entry of the private sector to the household waste collection sector has added significant service value, both in innovation and costs for the benefit of householders. In many cases where the local authority has remained in competition, this has compelled the local authority to follow suit (at least in part). The contention (without provision of actual evidence) that tendering for the market might improve service or prices is strongly denied.

The household waste market in Ireland comprises collection and treatment with a transfer element incorporated in many circumstances. Historically high landfill gate fees and limited

²⁶ See *Neurendale Ltd. t/a Panda Waste Services –v- Dublin City Council & Ors*, [2009] IEHC 588, 21/12/2009., Paragraph 121.

competition were responsible for high prices charged to householders, particularly in circumstances whereby the waste collector did not operate a landfill and was subject to the dominant position of a local authority landfill operator.

Now that landfill prices have decreased and competition in waste collection and treatment has increased, householders are charged much lower prices for the service than they paid 5 to 10 years ago.

Appendix 3 contains details of a survey conducted by SLR Consulting of waste collection prices charged to householders in August 2011 compared against 2004 prices that were quoted by the Competition Authority in a 2005 report²⁷ on the sector. The survey results are summarised in Table 1 below.

Table 1 SLR 2011 Survey of Household Waste Charges Compared with 2004 CA Survey

County	2004 Competition Authority Survey Annual Price (€) 240 l bins weekly	August 2011 Available Price SLR Survey Annual Price (€) 240 l bins weekly	Price Change
Carlow	420-444	198.00	53 to 55% decrease
Cavan	324	300.00	7% decrease
Clare	330	285.00	14% decrease
Cork	360-370	285.00	21 to 23% decrease
Donegal	360	326.00	9% decrease
Galway	350-375	260.00	26 to 31% decrease
Kildare	320-360	199.00	38 to 45% decrease
Kilkenny	456-480	300.00	34 to 38% decrease
Laois	320-384	198.00	38 to 48% decrease
Leitrim	380	260.00	32% decrease
Limerick	344	285.00	17% decrease
Longford	324-380	300.00	7 to 21% decrease
Louth	270-372	270.00	0 to 27% decrease
Mayo	300-360	260.00	13 to 28% decrease
Meath	270-372	270.00	0 to 27% decrease
Monaghan	324-372	239.00	26 to 36% decrease
Offaly	312-324	198.00	37 to 39% decrease
Tipperary	380-384	285.00	25 to 26% decrease
Roscommon	350	260.00	26% decrease
Sligo	350	248.31	29% decrease
Waterford	480	289.00	40% decrease
Wexford	420-460	299.00	29 to 35% decrease
Wicklow	372	231.45	38% decrease
Average Price (using 2004 low prices)	352.87	262.86	26% Decrease

²⁷ Enforcement Decision Series (No. E/05/002), Decision of the Competition Authority (Case COM/108/02), Alleged excessive pricing by Greenstar Recycling Holdings Limited in the provision of household waste collection services in northeast Wicklow. 30th August 2005.

The SLR survey shows that the cost to the householder has fallen by an average of €90 per customer (26%) from 2004 to 2011. This occurred despite an increase of 18.5% in the Consumer Price Index for Transport services in Ireland during the period 2004 to 2011.²⁸

This shows that the waste collection and treatment service offered to householders in Ireland is not simply a transport service, as suggested in the DECLG Discussion Document. The transport element is just one part in a much broader service. Competitive pressures exist in a number of parts of that service and the householder benefits when side-by-side competition encourages rapid reaction to those competitive pressures.

It is difficult to see how a change to competitive tendering would work better for consumers compared with such dynamic side-by-side competition that reacts rapidly to factors such as decreasing disposal costs and/or increasing value of recyclable materials. Whilst these factors could be worked into a tender process, we do not expect that process to allow such rapid responses to changes in the cost base, particularly if there is any dispute between the parties regarding base costs. In a tendered market, legal actions could be required to ensure these benefits are passed to the consumer, whilst the consumer can react quite rapidly to better offers in the side-by-side competition scenario.

In its response to last year's consultation on the Draft Statement of Waste Policy, the Competition Authority made a number of statements that appear to confirm our contention that side-by-side competition is working well for consumers.²⁹ At Paragraph 2.2, the Authority stated:

"The waste management industry - specifically the household waste collection industry - has seen the benefits competition can bring in recent years. The introduction of competition to waste collection meant that waste management service providers were encouraged to keep their prices down and improve service quality. CSO household budget survey data for household collection costs suggests that prices have fallen sharply since 2006 for household waste collection. The Competition Authority estimates that Greenstar and Panda offered monthly savings of between 20% and 30% compared to Dun Laoghaire Rathdown County Council before the Council pulled out of the market early this year."

And at Paragraph 4.4, the Authority stated:

*"The Authority recommends that competitive tendering is preferable **where side-by-side competition does not appear to work well**. The Competition Authority is generally in favour of retaining side-by-side competition, but only where it appears to be working well for the consumer."*

Also, the High Court judgment issued in 2009 in relation to the case between Neurendale Ltd. t/a Panda Waste Services –v- Dublin City Council & Ors³⁰ considered whether a change to either competitive tendering or a local authority monopoly in the Dublin Region from the existing side-by-side competition would benefit consumers. The Judgment concluded the following:³¹

"I would say firstly that I am satisfied that it is incumbent upon the respondents to prove on the balance of probabilities that the Variation, firstly, will improve the provision of the service to the benefit of consumers. Having considered the economic evidence presented before this Court I am not so satisfied. I do not believe that the Dublin market for the collection of household waste is a natural (local) monopoly either taken as a whole, or in each individual local authority area. The evidence from

²⁸ CSO data www.cso.ie

²⁹ The Competition Authority Submission to the Department of the Environment, Heritage and Local Government - Draft Statement of Waste Policy. Submission S/10/005. October 2010.

³⁰ [2009] IEHC 588, delivered 21/12/2009, McKechnie J.

³¹ Paragraph 119 of the Judgment

both parties would indicate that the minimum efficient scale is such that, even in the smallest local authority area, there are a sufficient number of customers to support at least three, if not more, operators. I am also satisfied that competition in the market can only provide a reduction in costs to consumers, above and beyond that which is obtainable from either a local authority monopoly or by way of competitive tender. Concerns expressed by the respondents that with competition in the market it is likely that one or more private competitors may become dominant, although true, ignores the fact that with constant competition within the market, such dominance will be tempered by both the actions of other competitors and by competition law. If a dominant player charges excessively, it will undoubtedly be undercut by a competitor; if it abuses its position it is amenable to the Competition Authority and the Courts. On the other hand where there is a public or tendered monopolist, any increase in price will merely be borne by the public, and there will be no constraining force preventing such a situation. Further it will create a situation involving incumbent providers who will be at a significant advantage upon renewal of any contract. There is also the question of what the other competitors are to do in the meantime while they do not have the contract. Many operators who would have been able to operate under the fully competitive system will be forced to exit the market if unsuccessful in their tender. Nor are they likely to invest in the infrastructure needed if they are unlikely to succeed."

The International Review of Waste Policy³² completed in 2009 put forward a case in favour of local authority control of household waste collection. The document suggested that this control could be used to introduce local authority monopolies or engage in a process of competitive tendering for the market. The report was published shortly before the High Court Judgment, discussed above, was issued by Justice McKechnie.

Chapters 3.0 and 64.0 of the International Review analysed the costs of household waste collection in Ireland and compared these with costs from the UK and elsewhere. However, we can advise that the analysis in that document was flawed for the following reasons:

- The analysis did not compare like with like when comparing Irish waste collection costs with UK costs. For example, the document considers waste collection in the Eden District in England to be equivalent to rural areas in Ireland as the population densities are similar. However, the International Review states that residual waste is collected in black sacks in Eden, this is not the case in Ireland, where residual waste is collected in wheelie bins. Sacks can be loaded in a bin lorry much faster than wheelie bins, so a 'sack round' is much faster than a 'wheelie bin round' and collection efficiencies are greater.

We consider that wheelie bins offer a better environmental, healthy and safe solution than sacks and conclude that the slower collection service offered by wheelie bins is a better overall solution than returning to an out-dated system of sack collections. Wheelie bins also allow use of pay by weight systems that are commonly used in Ireland and are clearly an example of Ireland's cutting edge approach to waste collection. Pay by weight was first introduced in Ireland by a private company operating in the open market in County Monaghan. Interestingly, the OECD in their 2000 report³³ on the International waste sector stated:

"Charging on the basis of weight, rather than the number of bags, is administratively more complex and is not feasible in practice."

It is difficult to predict future technological advances that emerge in a highly competitive environment.

³² Eunomia et al. <http://www.environ.ie/en/Environment/Waste/ReviewofWasteManagementPolicy/>

³³ OECD (2000) Competition in Local Services: Solid Waste Management, DAFPE/CLP(2000)13. Page 34. Section 2.2.4.

- In Section 64.5, the International Review relies heavily upon a statement made by an Irish waste company regarding the number of bins collected in a day in the current Irish market. The document states:

“Data provided by a collection company operating in Ireland provides a particular insight”

and further in the Section

“The key detail in the data provided is the quote ‘the typical number of homes serviced in a single shift using a standard truck is 300’.”

The company in question was not asked to provide collection density data to the consultants preparing the International Review and the figure quoted referred to a trial of the brown bin roll-out and is not typical of current rates, which are in the region of 700 to 1200 houses per day and can be above 2,000 per day in certain locations. The entire analysis of this issue was carried out without accurate data. Such data could easily have been sourced from waste collection permit annual reports.

- In Section 64.2 of the International Review, reference is made to the green bin recycling services in Dublin and a calculation made by the authors suggests that this collection cost the equivalent of €70 per household per annum in 2006. This cost is high compared to annual collection costs in England in 2005/06, as shown on Figure 64-1, which were generally between €40 and €60 per household. The English local authority collection systems were presumably weekly collections compared to the monthly³⁴ Dublin green bin collection, so the cost differential is even greater.

The International Review appears to miss the point that the Dublin green bin collection in 2006 was an example of competitive tendering operated by the four Dublin local authorities. Rather than a comparison between side-by-side competition versus competitive tendering, the data offered in the International Review therefore compares competitive tendering in Ireland with competitive tendering in England in 2006. The results provide evidence that competitive tendering in Ireland has proven to be very expensive in an international context. This does not provide confidence that future competitive tendering will offer cost savings to the householder.

- Other comparisons between collection costs in Ireland and the UK in the International Review are also flawed as hidden costs associated with charging customers in the UK system are not hidden in the Irish market. Householders are charged directly by waste companies and local authorities operating in the Irish market and this incurs quite high administration costs, including bad debts. In addition, pay-by-use systems operating extensively in Ireland incur additional administration costs. The current consultation does not suggest a return to local taxation or flat rate charging, so any future competitive tendering system in Ireland is expected to incur these additional costs. We suggest that the International Review presented flawed analyses by ignoring these additional costs.
- In Section 3.3, the document referenced many studies to support changing the market structure. The first 2 studies were dated 1976 and 1978 and addressed the US market. These studies are 35 and 33 years old respectively. The waste industry has evolved enormously in the last 30 years and we question the relevance of such outdated evidence. In the 1970's in Ireland, local authorities collected household waste in black sacks or static bins and delivered it to local “dilute and disperse” dumps that were often located on poor boggy land, sand & gravel quarries or on the

³⁴ The International Review suggested this service was fortnightly, but in 2006 it was monthly. It extended to fortnightly in 2007 in response to competitive pressures from Panda and Greenstar in Dun Laoghaire Rathdown, where these companies offered fortnightly collection of green bins combined with 20% to 25% reductions in price to the householder.

foreshore. There were no transfer stations and no collections of recyclables. Practices in the US were not much more advanced at that time, so we suggest that the relationship between those studies and the current market in Ireland is irrelevant.

- Of the other ten referenced studies, nine compare local authority monopolies with Competitive Tendering. These studies are all irrelevant to the conclusions of the International Review as they do not consider the option of side-by-side competition. In fact, having extolled the virtues of competitive tendering compared with local authority monopolies, the International Review perversely recommended that both local authority monopolies and competitive tendering arrangements should be accommodated in the Irish household waste market.
- The other study that was referenced in the International Review was a study of the Italian market in 2002. Antonioli and Filippini found:

“The empirical evidence suggests that franchised monopolies, rather than side-by-side competition, is the most efficient form of production organization in the waste collection industry. Further, the majority of the firms are not operating at an optimal scale. Therefore, the consolidation of adjacent service territories in small provinces is likely to reduce costs.”

The conclusion does not quantify the degree to which the authors found competitive tendering more efficient and how that translates to the overall cost of the service. The relevance of a nine year old Italian study to the current Irish market is questionable, as collection systems and local authority regulation may be quite different in each scenario.

- The International Review quotes the OECD 2000 report³⁵ on the subject and particularly emphasizes the conclusions regarding Finland stating that:

“The OECD noted that collection costs were 20-25 percent higher in regions where there was competition in the market as opposed to competitive tendering.”

However, the International Review failed to quote the document correctly, as the full text of the relevant statement reads as follows:³⁶

“Also in Finland the increasingly intense competition has most probably reduced the charges for waste collection. For instance, according to Pääkaupunkiseudun Yhteistyövaltuuskunta (the Co-operation Delegation of the Region Surrounding the Capital) it has been possible to lower transport costs in the region of the capital since 1989 by a total amount of 28 percent, because the transports have been exposed to competition. Concerning the question of which system – competition exposure of the municipality or private actors – is most efficient, the situation is somewhat unclear. The survey held by Suomen Kuntaliitto (the association of municipalities) in 1997 concluded that charges on municipal transport of garbage sacks were 20 – 25 percent lower than by private transport. According to private companies these figures are not reliable. The municipality has information about the maximum charges only and not necessarily about the actual charges paid to a private company by a residential area. The private companies also point out that the circumstances are not always comparable, and hence the comparison made by Suomen Kuntaliitto is not reliable.”

This puts an entirely different perspective on the statement put forward in the International Review.

- In Section 3.5, the International Review then relies upon the Competition Authority's position on Competitive Tendering. As discussed above, the Competition Authority's position has changed from the 2005 position quoted in the International Review to the 2010 position quoted earlier in this document, as follows:

³⁵ OECD (2000) Competition in Local Services: Solid Waste Management, DAFPE/CLP(2000)13.

³⁶ Page 130

*“The Authority recommends that competitive tendering is preferable **where side-by-side competition does not appear to work well**. The Competition Authority is generally in favour of retaining side-by-side competition, but only where it appears to be working well for the consumer.”*

It is surprising that the International Review did not compare evidence of the cost of a competitively tendered service with side-by-side competition in Ireland. The Dublin green bin system is an obvious example of competitive tendering and the costs of this service can be compared against other operators competing side-by-side. As stated in the International Review, this service was reported to cost €27 million in 2006 and involved monthly collections of green bins from 380,000 households. There are enormous economies of scale and economies of density offered with such a large customer base in a predominantly urban setting, so one would expect a very competitive price for such a service.

However, as stated in the International Review, the cost in 2006 was €70 per household. The cost of processing the recyclables from this collection system was negligible as the value of the material could recoup any processing costs, particularly considering the volumes involved and the limited materials collected at that time. Therefore the €70 cost was required only to cover the cost of the monthly collection of the green bin.

Currently, side-by-side collections as discussed around Table 1 above and in Appendix 3, consist of a minimum of 4 collections per month and as many as 6 per month in many instances. Using the 2006 Dublin green bin collection system model, the collection element of these services should be between €280 and €420 per household per year. Adding the other costs associated with the service, including disposal costs for the black bin material, the annual charge to the householder would probably be in the region of €400 to €500, despite the advantages of scale and density available in the Dublin market. This is considered very expensive in the context of prices quoted in Table 1 above.

In 2007, the frequency of green bin collections increased to fortnightly in Dublin in response to competitive pressures as discussed above. In this case, the collection cost equivalent for 4 to 6 collections per month would be €140 to €210 per month. This is still considered high compared to prices charged in side-by-side competition.

It is difficult to breakdown the exact cost of the collection element of the existing side-by-side service, without detailed data and this will vary across the country depending on the rural/urban nature of the collection routes. However, it is clear that the Dublin Authorities were willing to pay a high price for collection under a competitive tendering system and only sought better value when side-by-side competition entered the market. The green bin system was re-tendered in 2009, but no data on the details of the award of that tender are available to us at this time. A direct comparison between the two systems operating in Ireland must be analysed in detail before any decision can be taken to change from one system to the other.

In summary, the Discussion Document mentions perceptions of high prices for household waste collection services in Ireland, but presents no evidence of this and no evidence that a switch to Competitive Tendering would result in lower prices to householders. We have shown that the International Review presented a deeply flawed analysis of the Irish waste collection market in an international context.

The evidence presented above shows that side-by-side competition in the household waste market is working well for consumers nationwide. We have also shown that competitive tendering in Ireland has proven very expensive in the past. The Competition Authority has declared its preference in favour of retaining the current

system where it appears to be working well for the consumer and the evidence above shows that this is clearly the case.

6.5 Low Economies of Density & Natural Monopoly / Recent Court Judgments

Economy of density is an important factor in the unit cost of many services, yet this factor is not so overwhelming to require the introduction of competitive tendering in other areas. For example, delivery of milk, newspapers or home heating oil to householders or the provision of bus services between cities. These services are offered by different companies in side-by-side competition and the consumer benefits from the direct and dynamic competitive actions of the competing companies.

Economy of density is particularly important when it helps define natural monopolies such as the household postal service in Ireland or the inter-city train services. The OECD in 1999³⁷ referred to the collection of household waste from households and small businesses in most cities as a natural monopoly. Dr. Francis O'Toole³⁸ in support of Dublin City Council's position in the Neurendale Ltd. (Panda) –v- DCC case (discussed above) claimed that household waste collection in the Dublin Region is a natural (local) monopoly. However, Dr. Helen Jenkins of Oxera³⁹ in support of Neurendale's position argued that household waste collection in Dublin was not a natural monopoly. The High Court Judgment⁴⁰ sided with Dr. Jenkins as follows:

"I do not believe that the Dublin market for the collection of household waste is a natural (local) monopoly either taken as a whole, or in each individual local authority area. The evidence from both parties would indicate that the minimum efficient scale is such that, even in the smallest local authority area, there are a sufficient number of customers to support at least three, if not more, operators."

And further in the same paragraph, the Judgment states:

"I was also not impressed by the report of Dr. O'Toole. His assertions were of a hypothetical nature and of little application, in many situations, to this case. I found it extraordinary that he did not consider it necessary to define the potential number of markets within the Dublin region; such I would have thought would have been a prerequisite to determining if the Dublin region was a natural local monopoly, and if so to what extent. In this regard I would note that the general nature of his report may not be wholly his fault; he may have worked with what he was given. However, in circumstances where the burden is on the respondents to show that the Variation is objectively justified under s. 4(5) CA 2002, I would have expected far more empirical evidence showing that notwithstanding what potential forbearance with regards to the Variation's effect on competition, it was in fact, when the figures were considered, both pro-competitive and to the benefit of consumers. No such evidence was presented in this case. In contrast the report of Dr. Jenkins contains figures obtained from Panda which at least attempt an empirical analysis of minimum efficient scales and the effects of changes in both scale and density on costs, as well as evidence of pricing in the local authority areas. I am left in no doubt but that the market is capable of supporting multiple operators in competition with each other, and that this is not a situation where a monopoly is either required or to be preferred."

Also, the High Court judgment appears to generally support Oxera's contention that the potential for economies of density are not large in the Dublin household waste collection

³⁷ OECD (2000) Competition in Local Services: Solid Waste Management, DAFPE/CLP(2000)13. See 'Overview'

³⁸ Household Waste Collection: An Economics of Competition Policy Perspective, Dr. Francis O'Toole, Trinity College Dublin, Report – September 2007.

³⁹ Economic Analysis of the Impact of Competition in Household Waste Collection in the Dublin Region, Exhibit HJ2 to an Affidavit of Helen Jenkins, August 19th 2008.

⁴⁰ [2009] IEHC 588, delivered 21/12/2009, McKechnie J. See Paragraph 119 of the Judgment.

market. Dr. Jenkin's claims in this regard were described by the Judge at Paragraph 93 as follows:

"She points out that Panda's data would suggest that the economies of density in the Dublin area are not prohibitive:

"[W]here Panda breaks even at 12,652 customers with five trucks, then if fuel costs were to halve, the minimum efficient scale would be 12,467 customers, which is just 1.5% lower. As fuel costs are an important constituent of the saving which would be expected to be made as a result of denser operations, this would seem to indicate that there would have to be large savings in maintenance or staffing costs for economies of density to be large." (p. 7)

Similarly there would be no significant saving by doubling the density of operations of the trucks, since trucks have a limited capacity, and although there would a saving in time per lift (from 1.9 bins per minute to 2.8 bins per minute, by increasing from 50% to 100% of a route) this would not be a sufficient time saving to enable an extra run per day. There would thus, on the basis of Panda's assessment, be little or no cost savings from more efficient collection in this regard."

The household waste collection market in cities such as Dublin clearly supports the minimum efficient scale of several companies operating in household waste collection in side-by-side competition.

The situation outside the major cities has evolved differently, 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. The proposed change in the household waste collection market would impact significantly on the synergies provided through combining household and commercial routes and the RIA must fully analyse this impact.

The award of single tenders for household waste collection in geographical areas around the country will 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. In this scenario, the company that wins the household waste tender will gain a monopoly position that it can exploit, as there will be no restriction on the prices offered outside the scope of the tender, which will only relate to household customers. The cost to business will inevitably rise and this will impact on Ireland's competitiveness.

The above analysis is further supported by the findings of the SLR survey presented in an earlier section of this document⁴¹. The survey shows that household waste charges decreased by 26% from 2004 to 2011, despite the fact that the consumer price index for transport increased by 18.5% during that same period. Greater side-by-side competition was a significant factor in the price decrease, despite the fact that such increased competition inevitably reduces economies of densities enjoyed by participating market players.

In summary, case law dictates that household waste management in Ireland is not a natural monopoly, so unless the High Court judgment is successfully appealed on this particular point, this argument cannot be used in support of restructuring the market. Also, evidence presented by Oxera and supported by SLR's recent survey, shows that economy of density in household waste collection is a relatively minor factor in the price charged to the consumer and this is outweighed by increased competition in the

⁴¹ See Table 1 and subsequent comments.

market. Therefore, these issues cannot be relied upon to provide justification for re-structuring the market.

Finally, the economy of density argument must consider the synergies between household and commercial waste collection outside of the major cities in Ireland and must recognise the likelihood that the proposed change in the market structure will lead to the emergence of uncontrolled monopolies in the commercial waste collection market.

6.6 Lack of Uniform Service

Waste companies and local authorities are free to offer householders a variety of alternative waste collection services. The service can vary in a number of ways as follows:

- Number and type of bins / bags
- Materials allowed in each bin/bag
- Frequency of collection
- Charging system by weight, volume, fixed charge or any combination of these

There is currently no policy dictating a uniform service or no indication from Government that a uniform service is desirable. In fact, the National Strategy on Biodegradable Waste issued by Government in 2006 suggests that urban areas with a population of 1500 people or more should be serviced with a 3 bin system, whereas rural areas can be serviced with a 2-bin system, i.e. no brown bin. Also, waste collection permits issued by different local authorities are inconsistent in the services that they allow in the different waste management regions in the country.

Even within a single waste management region there can be discrepancies in what is allowed in each County. For example, Dun Laoghaire Rathdown County Council allows glass in the green bin, whereas Fingal County Council forbids it, despite the fact that both authorities are committed to the same regional waste management plan, i.e. the Dublin Region.

A lack of uniform service allows innovation and service improvements, so it is debatable whether such uniformity is desirable. For example, the competitively tendered Dublin green bin system was initially collected monthly and excluded plastics. The entry of private companies into the Dublin market offering fortnightly collections of green bins accepting plastics clearly improved the green bin service and the local authority tendered service was re-organised to match the privately operated service.

If National Policy requires a uniform service or, preferably mandates a minimum service standard, for waste collection this can easily be introduced through the waste collection permitting system. A switch to competitive tendering is not necessary to achieve this goal. Competitive tendering in the UK allows local variations in waste collection services, so the two issues are not inextricably linked.

In summary, the relevance of this issue to the market structure is questionable and alternative means to achieve a uniform service are easily available to the authorities, should they desire such uniformity.

6.7 Issues of Compliance with EU Services Directive

According to the European Commission, the objective of the EU Services Directive is to release the untapped growth potential of services markets in Europe by removing legal and administrative barriers to trade in the services sector. The simplification measures foreseen by the Directive should significantly facilitate life and increase transparency for SMEs and consumers when they want to provide or use services in the single market.

The Directive requires the Member States to simplify procedures and formalities that service providers need to comply with. In particular, it requires Member States to remove unjustified and disproportionate burdens and to substantially facilitate:

- **the establishment of a business**, i.e. cases in which a natural or legal person wants to set up a permanent establishment in a Member State, and
- **the cross-border provision of services**, i.e. cases in which a business wants to supply services across borders in another Member State, without setting up an establishment there.

Pursuant to the Directive Member States are obliged to set up "points of single contact" through which service providers can obtain all relevant information and deal with all administrative formalities without the need to contact several authorities. The "points of single contact" have to be accessible at a distance and by electronic means.⁴²

As recognised in the Draft Statement of Waste Policy issued by the Department in 2010, Ireland is required to provide a point of single contact for administration of new entrants to the waste collection market. The current system of ten local authorities issuing waste collection permits appears to be non-compliant with the Services Directive, so a move to a single authority with responsibility for issuing waste collection permits appears inevitable.

In summary, the issue of compliance with the Services Directive is unrelated to the structure of the market.

6.8 Possible Existence of Local Monopolies

In the highly competitive environment of household waste collection in Ireland there is little scope for local monopolies and no evidence of such has been established. Table 1 above shows that private sector expansion in the household waste collection market from 2004 to 2011 has not only brought prices down, but it has narrowed the range of price differences experienced across the country. The private sector serviced 52%⁴³ of the household waste market in 2004 and now services approximately 78%.⁴⁴

In 2004, the best prices quoted to the Competition Authority in each county surveyed ranged from a low of €270 per annum in Louth and Meath to a high of €480 per annum in Waterford., where household waste collection at that time was dominated by local authority collections (by both the City and County Councils).

⁴² The above description of the Services Directive is copied from the European Commission's website, see http://ec.europa.eu/internal_market/services/services-dir/index_en.htm

⁴³ National Waste Report 2004, EPA, page 13 footnote 26.

⁴⁴ Remaining local authorities, Dublin City (c.12%), Fingal (c.5%), Wexford (c.1%), Kerry (c.1%), Galway City (c.1%), Waterford County (c.1%), South Tipperary (c.1%). Recent announcements suggest that Fingal, Dublin City, Wexford and South Tipperary may withdraw from the market later this year, leaving 97% of the household waste collection market in the hands of private companies.

In SLR's 2011 survey, the best prices quoted in the country ranged from a low of €198 per annum in Laois, Offaly and Carlow to a high of €326 per annum in Donegal. The spread of prices has narrowed from €210 to €128 per household per annum, which is even less indicative of monopolistic conditions.

It is not surprising that the cost of waste collection in Donegal is higher than elsewhere in the surveyed counties as transport distances to disposal sites and recovery markets are both high compared to the other counties that were surveyed. Hence, we do not believe that the price quoted in Donegal is indicative of a local monopoly.

In summary, there is no evidence of local monopolies in the existing household waste collection market and therefore no justification to dismantle the current market in favour of competitive tendering.

6.9 Variation in Quality and Level of Service

While it is true that quality and level of service could be specified through the tendering mechanism for the period of the tender in question, it is equally true that quality and level of service can be readily dealt with under existing waste permitting legislation in the current market structure.

For example, matters of quality of service can be dealt with (and indeed are, to a certain extent) through means of a set of standard service requirements laid down in waste collection permits by the appropriate regulatory authority or through waste bye-laws. It is certainly not necessary to operate a tendered waste collection service to ensure that domestic waste is properly dealt with by both the householder and authorised waste collector.

Indeed there are recent examples in the case of competitive tendering whereby quality and level of service have been significantly less than satisfactory. For example, before the entrance of competing private companies into the Dublin household waste market, the Dublin green-bin tendered service only provided monthly collections and in many areas did not accept plastics or tetra-pak. This was in contrast to companies that entered the Dublin market in side-by-side competition offering fortnightly collections of green bins that accepted a wider range of materials (including plastics, tetra-pak and glass). It was clear in this case that the companies in side-by-side collection were more customer focussed, whereas the company that won the green bin tender was naturally focussed on fulfilling the terms of their contract with the authority. The incentive to continuously offer a better service to the customer was missing in this case.

Another example of innovation in side-by-side waste collection services was provided recently in Cork where private waste collectors have 'raised the bar' in terms of introducing new material collections as part of their service offering. These collections include additional recycling, glass packaging and textile collections. Further innovation has been introduced for the householders benefit. For example, in terms of glass packaging collection, householders are offered choice in terms of size of bin and frequency of collection.

In many parts of the country, householders are now offered a range of convenient payment options that have been introduced initially by the private sector (credit/debit cards, direct debit, quarterly, half yearly etc). Some private sector companies have introduced an innovative texting service for the convenience of householders.

Another factor that should be considered is the lack of incentive to engage with the customer in a competitive tendering scenario. In our experience, side-by-side competition is customer

focussed, as it is easy to lose customers to a competitor and collectors generally provide good and innovative customer care in this market structure. A danger with competitive tendering is that the Authority is the only customer that matters to the waste collector. There is little incentive to react to customer complaints, to provide customers with helpful information or to provide additional perks such as extra collections of recyclable materials. Customer service is critical to success in the current market structure.

In summary, there is no evidence that a system of competitive tendering offers better results in terms of quality and level of service, compared to the existing system of side-by-side competition. On the other hand there are numerous examples of instances where the existing system of side-by-side competition has directly benefitted householders through the provision of innovative and less expensive services.

In fact, a switch to competitive tendering would remove the ongoing incentive for companies to provide additional benefits to win customers and increase their market share. In that scenario, companies would strive to improve their service on a periodic⁴⁵ rather than a daily basis.

6.10 21% Roll-out of Brown Bins in 2008

The EPA National Waste Report indicates that the brown bin roll-out increased to 24% in 2009. Further roll-out continued in 2010 and 2011, so the current figure may be significantly higher. The roll-out has been slower than anticipated due to a number of reasons as follows:

- The low cost of landfill has compromised the viability of the brown bin as the cost of adding an extra collection and treating the organic waste is prohibitive compared to the option of using lower cost alternatives in combination with a 2-bin system (residual & commingled recyclables)
- Many householders do not want a third bin
- Lack of enforcement by local authorities of by-laws and waste collection permits that require roll-out of brown bin

The proposed increases in the landfill levy⁴⁶ and the EPA restrictions on biodegradable waste to landfill, in compliance with the Landfill Directive targets, will both increase the viability of the brown bin roll-out.

The Minister is also addressing this issue by way of the Draft Waste Management (Household Food Waste Collection) Regulations 2010, which includes the following Section:

Duty on waste collectors to have a separate collection of food waste

4. (1) Without prejudice to the power of any local authority to provide for additional policy objectives under a relevant waste management plan or to apply more onerous conditions under a waste collection permit or under a waste presentation bye-law, authorised waste collectors shall ensure, as a minimum, that they provide or arrange for the provision of a separate collection service for food waste from households in accordance with the following time schedule:
 - (i) from 1 July 2011, for all households situated within agglomerations greater than 50,000 population, and

⁴⁵ Perhaps once every five years

⁴⁶ €75 per tonne by 2013

- (ii) from 1 January 2012, for all households situated within agglomerations greater than 1,500 population.
 - (2) Where an authorised waste collector provides or arranges for the provision of a service in accordance with paragraph (1), such a separate collection service-
 - (a) shall be provided at least once a fortnight and no less frequent than the residual waste collection service; and
 - (b) may form part of the services provided for the segregated collection of garden and/ or other suitable organic waste.
 - (3) Food waste collected by an authorised waste collector in accordance with this Regulation shall be transferred to an authorised facility for the purposes of an authorised treatment process.

When finalised, waste companies will be obliged to comply with this regulation and we expect an acceleration of brown bin roll-out as a direct result. Enforcement of the new regulations should not be difficult as the number of companies collecting household waste is limited and the evidence of non-compliance will be easy to obtain. The combination of improved viability with stronger regulation should be compelling.

While introduction of competitive tendering could equally control the pace of the brown bin roll-out, it is clear that the forthcoming legislative changes relating to landfills and food waste collections will be capable of addressing this issue without resorting to restructuring the market and can be put in place more rapidly than restructuring the market, which in any event would be a disproportionate measure in the context of the brown bin issue.

6.11 Provision of Waivers / Public Service Obligation

Local authorities provide price reductions in the form of 'waivers' for lower income households. This is often offered as a reduction on the fixed element of the charge and can vary depending on the County and depending on the income of the household. It is noteworthy that higher income households can avail of a similar reduction by way of income tax relief, so the waiver system offers little or no advantage to the unemployed or to pensioners.

A system of competitive tendering is not necessary in order to provide a more consistent nationwide waiver system. There are a number of options that could be considered within the existing waste market to address the issue of inconsistent waivers, as follows:

- Consideration could be given to scrapping waivers alongside scrapping income tax relief for household waste collection services. This would save costs for the State and waiver customers could be compensated through increases in social welfare or pensions. This alteration would be more equitable and be expected to reduce the administration burden for both the State and the householder in line with the policy of 'Regulating Better'.
- The waiver system could be administered through the Department of Social Protection via a system of waste service vouchers that could be redeemed by waste collection companies. This would also require less administration as the local authorities would have no involvement in the system.

- Waste companies could be compelled by way of waste collection permits to cover the costs of a percentage of waiver customers. This could be achieved by acquiring an adequate percentage waiver customers to meet the obligation or by trading with other companies that have excess waiver customers. This could be similar to the scheme of 'social and affordable housing' applied to the house-builders.
- Waste charges to customers could include a Public Service Obligation that would be collected by waste companies for payment to a centralised regulator or the local authorities for redistribution in the form of waivers. Waste companies could receive equivalent exemptions for every waiver customer that they service.

It is clear that a move to competitive tendering is not necessary in order to address the issue of waiver customers. In fact, it is likely that a complete rationalisation of the system could reduce the administrative burden associated with the current system. We therefore conclude that the issue can and should be resolved within the current market structure.

6.12 Environmental Standards

Environmental standards in the provision of waste collection services are controlled through the waste collection permitting system. There is no requirement to move to a system of competitive tendering to improve environmental standards. Waste collection permits can dictate the standards of vehicles, the number of bins, the size of bins, the frequency of collection, the materials allowed in each bin, etc. This in turn encourages waste prevention, recycling, biological treatment, etc, in line with the Waste Hierarchy.⁴⁷

The waste hierarchy is also implemented through levies on lower tier waste treatment methods. The existing side-by-side competitive arrangements allow collectors to react rapidly to such changes in the cost base that are designed to move waste up the hierarchy. The actions of central Government are thereby rapidly passed to the householder in a manner that influences public behaviour in a positive way.

A system of competitive tendering would take longer to react to such actions which could be lost in the contractual arrangements between the authority and the contractor. For example, the Dublin green bin competitive tender was slow to introduce fortnightly collections of recyclables and slow to introduce plastics into the green bin, whereas the companies operating in side-by-side competition in Dublin gained first-mover advantage by introducing these popular measures that were clearly compliant with the waste hierarchy.

The waste business is highly dynamic and companies react rapidly to changes in the value of commodities and the introduction of new treatment methods. For example, many Irish companies operating in side-by-side competition have recently installed equipment to produce solid recovered fuel (SRF) in reaction to a rapidly growing market for such fuels and increasing levies on waste disposal. This move is considered very positive in environmental terms as SRF replaces polluting fossil fuels such as coal and pet-coke in cement kilns. In addition, waste is moved up the hierarchy from disposal to recovery.

The process of bio-drying is now receiving attention as a further step in producing SRF from residual wastes that have high moisture contents. A system of competitive tendering is unlikely to facilitate adequate reaction times to take full advantage of such innovation. This

⁴⁷ Article 4 of the Waste Framework Directive, (DIRECTIVE 2008/98/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 November 2008 on waste and repealing certain Directives)

is evident in the UK waste market, where SRF production on a pro-rata basis currently lags well behind Ireland.

In summary, re-structuring the household waste market to a system of competitive tendering is not necessary to improve environmental standards. Indeed such a move can stifle progress that is currently achieved in the existing market structure.

6.13 Provision of Infrastructure

It was argued (in favour of competitive tendering) in the Draft Statement of Policy 2010 that:

“This approach would also provide greater certainty to operators in the waste sector to progress their plans for the infrastructure required to extract the maximum value from the material collected.”

It is accepted that in countries where competitive tendering for waste collection occurs, the provision of waste treatment facilities is normally provided through similar tendering processes backed by the local authority control of the collected waste. The link between household waste collection and the provision of waste treatment facilities for household waste is clearly established in those countries. However, due to the historical situation of side-by-side competition in the Irish household waste market, infrastructure has been provided differently in this country.

As stated in Chapter 3 of this document, IWMA members operate at least 41 licensed or permitted municipal waste management facilities in Ireland. These facilities have approved capacity to process a total of 3,211,000 tonnes of Municipal Waste per annum. This processing includes segregation, transfer, mechanical treatment, biological treatment, solid recovered fuel production and WtE. In addition to the facilities included above, IWMA members operate four MSW landfills in Ireland, currently permitted to accept 698,000 t/a, but this is due to drop to 458,000 t/a by 2014. All of these facilities were provided on a merchant basis with no State Aid and they perform a vital function in managing Ireland’s household waste.

We accept that further processing capacity is now required to meet future needs and we are confident that this will be provided by the private sector on a merchant basis if the current market structure is retained. In May 2011, the IWMA published a document entitled “*A Jobs and Investment Plan for Dublin’s Municipal Waste Sector*” that showed how, with the right market conditions, four IWMA member companies can bring on stream 650,000 t/a existing un-utilised waste recovery capacity and if required, can proceed with development of a further 670,000 t/a waste recovery capacity. That report only considered the Greater Dublin Area, but additional waste treatment (recovery) capacity is planned by IWMA Members for many other parts of the country.

The current consultation process on re-structuring the household waste market is already impacting on the provision of new facilities and the continuation of existing ones, as it has introduced uncertainty to investors supporting companies that currently hold significant market share. We suggest that the risk to the existing 3.2 million t/a municipal waste treatment capacity and to further expansion by existing market players, outweighs the possibility that a re-structured market will lead to development of new infrastructure.

The development of Public Private Partnership (PPP) waste facilities in Ireland has been unimpressive to date. The following examples come to mind:

- The PPP process to develop a range of municipal waste treatment facilities at Kilshane Cross in Fingal was terminated after the local authority claimed that none of the tender bids represented value for money. It has been suggested by one an

interested party in this process that the specifications drawn up by the local authority's consultants were of too high a standard to be economically viable.

- A PPP process to develop a biowaste treatment facility at Ballyogan in Dun Laoghaire-Rathdown was terminated for similar reasons.
- The PPP process to develop a landfill at Nevitt/Tooman in Fingal shortlisted four companies for selection as the private sector partner. Subsequently three companies withdrew and the fourth was bought by one of the companies that had previously withdrawn. The process has been running for approximately 7 years now and construction has not commenced on the facility.
- The PPP process to operate a landfill and develop an MBT plant at Corranure in Cavan has ended badly. Two of the four shortlisted companies withdrew from the competition when the landfill was removed from the Brief. However, the landfill was reintroduced in the award of the contract to the preferred bidder. The contract has now terminated and no MBT plant was constructed.
- The PPP process to develop an incinerator at Poolbeg in Dublin has been ongoing for approximately 12 years now with no sign of the commencement of construction. We suggest that the current attempts to re-structure the household waste market may be unduly influenced by the desire of the Minister and his Department to see the Poolbeg facility proceed to construction. If this is the case, we contend that this represents a disproportionate interference in an effectively working market in order to support a single infrastructure project at the expense of competing projects and competing facilities. A previous attempt by the Dublin local authorities to distort the household waste market in favour of their own interests was prevented by order of the High Court (as discussed above). The resultant Judgment of Judge McKechnie made reference to the relationship between the Poolbeg project and the waste market in Dublin as follows:

"The second argument is that even if the terms of the contract are wide enough to cover waste delivered under permit condition by private collectors, the local authorities may only direct waste to a particular level in the waste hierarchy, not to a particular facility. It would thus not be possible for the respondents to direct private collectors specifically to Poolbeg. In circumstances where there are other incinerators in the pipe line (even if eventually they do not materialise), the respondents would clearly have some apprehension that they will not be able to meet their tonnage requirements under the Poolbeg contract, especially given that the obligations imposed thereunder continue for 25 years; once other incinerators are operational, private collectors would be free to deliver their waste to any one of those facilities. There is therefore a significant financial incentive on the respondents to control the waste collection market in Dublin, so as to ensure that they are able to meet their requirements under the Poolbeg contract."⁴⁸

- Development of household waste treatment infrastructure in Northern Ireland currently relies on three regional PPP processes that commenced two years ago. Each region invited tenders and then three companies or consortia were shortlisted for each region and invited to submit detailed solutions. All three regions have experienced withdrawals of short-listed companies with the result that the level of competition in each region has reduced significantly. In fact, it now appears that all 3 regions have been reduced to just one bidder thereby removing competition altogether from each process. This has cast serious doubt over the whole process of providing waste infrastructure in Northern Ireland using this methodology.

⁴⁸ [2009] IEHC 588, delivered 21/12/2009, McKechnie J. See Paragraph 27 of the Judgment.

It is clear that waste management companies can and do provide appropriate waste management infrastructure on a merchant basis in a timely fashion in Ireland. It is less clear that PPPs will provide appropriate infrastructure in a timely fashion in a restructured market where competitive tendering prevails. We suggest that the risk associated with removing confidence from the current system outweighs any potential benefits of moving to a system that would be designed to support PPPs, given the history of failure of PPP processes in the waste sector in Ireland.

7.0 SUMMARY AND CONCLUSIONS

The IWMA has grave reservations about the manner in which this process is being conducted and our response to the consultation is without prejudice to these fundamental concerns. The Discussion Document is heavily weighted at this early stage to competition for the market, which suggests a strong pre-disposition / predetermination or bias, in the absence of any justification, economic or environmental analysis, or evidence.

The commitment given in the Programme for Government to the system of competitive tendering for the market has no status in law and cannot be implemented save by legislation. Ireland is legally obliged to ensure that any such major legislative change is only implemented following a transparent evidence-based consultation process, proving the need and the proportionality.

We remind the Department of the requirement in Article 4(2) of the Waste Framework Directive that:

“Member States shall ensure that the development of waste legislation and policy is a fully transparent process, observing existing national rules about the consultation and involvement of citizens and stakeholders.”

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. The future of these facilities are now threatened, as are the jobs that are supported by this infrastructure.

To date, the DECLG has presented no economic, scientific or environmental evidence in support of reorganisation of the market to a system of competitive tendering. This submission provides evidence that discredits the perceived “problems” with the current competition in the market scenario, shows the economic and environmental benefits of the existing market structure and highlights some failings of the alternative system.

The lack of reliable expert economic and environmental evidence to date highlights the need to now produce robust expert evidence if the current market structure is to be dismantled. The IWMA, in our submission to the Draft Statement of Policy 2010, suggested ‘*the establishment of a meaningful consultation process between the IWMA and the DEHLG*’ to address issues associated with the household waste collection market. To date, this offer has not been taken up by the Department and no Government agent or consultant working on behalf of the Government, has approached IWMA members seeking data on the existing household waste collection system.

The consultation process must be transparent and must not have a pre-determined outcome (as is currently perceived), so it is critical that the Department gathers and presents detailed and irrefutable evidence and affords the waste industry adequate opportunity to examine and test that evidence.

Appendix 1

Response to DECLG Questionnaire

Q.1 What should be the objectives of the Government's approach to policy on household waste collection?

- Ensure that waste is collected and managed in a manner that protects public health.
- Ensure that Ireland complies with EU Environmental Directives and associated Principles.
- Ensure that waste collectors meet adequate standards in providing the service.

The Waste Framework Directive states:

“The first objective of any waste policy should be to minimise the negative effects of the generation and management of waste on human health and the environment.

Waste policy should also aim at reducing the use of resources, and favour the practical application of the waste hierarchy.”

Q.2 Should the Government be considering alternatives to franchise bidding and, if so, which alternatives are appropriate and why?

Yes, the following alternatives should be considered:

- Do-Nothing Alternative. The existing market structure delivers good service, competitive prices and incentives to innovate, so it should be considered as a viable option. The rationale for changing the market is not compelling when compared with the damage that the legal challenges could do and the uncertainty that the transition brings. The consultation alone has the capacity to discourage or postpone investment in the sector. The main body of this document provides evidence that side-by-side competition is working well for consumers and has brought many positive environmental improvements. No evidence to the contrary has been presented by the DECLG in support of changing the market structure.

There are many variables and many possibilities that could be considered rather than merely complying with a statement included in the Programme for Government 2011. The consultation process should consider and analyse each of these options, present the environmental and scientific evidence required to demonstrate that the change is warranted, and assess the costs and difficulties of the transition from the current situation to the final solution.

In the Introduction section and in Section 2.2 of the main body of this submission we remind the DECLG of the Government White Paper on ‘Regulating Better’. The Government is obliged to partake in evidence-based policy-making and adhere to the six core principles of Better Regulation.

Q.3 Should legislation enable local authorities to choose from a range of options in relation to regulation of the structure of its waste collection market, including franchise bidding and other viable options; or should the focus be on implementing a single preferred structure on a national basis?

There needs to be a national plan for the household waste market, rather than local authority individual plans. This could possibly include a mix of market structures in line with the Competition Authority view offered in the 2010 consultation on the Draft Statement of Policy:

“The Authority recommends that competitive tendering is preferable where side-by-side competition does not appear to work well. The Competition Authority is generally in favour of retaining side-by-side competition, but only where it appears to be working well for the consumer.”

Of course, the decision to tender any particular area should be evidence-based rather than a perception of competition not working well.

Many waste companies work in several counties and national consistency allows efficiencies in operations, billing and potentially in other areas.

Also, local authorities should not be permitted to return to creating local authority monopolies that are likely to prove inefficient and costly to the householder.

Q.4 Should all local authorities be required to ensure that a household waste collection service is available for all households in their respective areas?

Yes, but allied to this, all households should be legally obliged to present their waste for appropriate collection. However some roads are unsuitable for bin lorries. In such cases, householders could place locked bins at the nearest appropriate collection point or use a communal system with access to the bins via a smart card.

This can be easily achieved within the existing market structure as described in Section 6.2 of the main body of this submission.

Q.5 How can the dual local authority role of local regulator of collection services and service provider best be balanced?

There are very few local authorities left in waste collection and it appears that many of these are losing money in providing the service. In this case they should withdraw from collection, whereby the conflict is removed. Alternatively, regulation by a regulator would remove this conflict.

Section 6.7 of our submission provides further comment on regulation of the sector in compliance with the EU Services Directive.

Q.6 Are there any characteristics of the household waste collection industry in Ireland, or the Irish waste disposal and treatment industry, which may inhibit the benefit of re-organised household waste collection market structures?

The Department has not established that re-organisation of the household waste market will bring any benefits. The question implies that the Department has pre-determined such benefits prior to an evidence based analysis that is expected at the RIA stage of the process. There are many benefits associated with the existing market structure as discussed in Chapter 6 of this submission and the RIA must fully analyse all evidence of this nature.

The Governments stated intention to dismantle the current system of household waste collection in Ireland will have a devastating effect on those existing businesses currently offering a household waste collection service, many for decades, who are not successful in winning the same business again by tender. Those businesses will not be able to survive for 5 years (or whatever length of contract is awarded). Many of those businesses incurred very significant expenditure in buying the local authorities bin collection business and in meeting rigorous regulatory requirements. It is all the more important as a result that such fundamental changes are implemented following an evidence based, fully consultative, process. Adherence to such a process will help to ensure a legally robust

outcome. Failure to adhere to such a process will inevitably lead to legal challenge. Such challenges will be costly, will cause delay and uncertainty, and will hinder investment in this important sector.

Q.7 How best can the interests of household waste collection service providers be preserved, while also protecting the interests of households, businesses and delivering the required environmental performance?

A large majority of waste companies in Ireland are opposed to competitive tendering. Householders have benefitted in price and service quality where private waste companies have entered markets in competition with local authorities, so we consider it unlikely that householders' interests will be protected by the proposed re-structuring of the market.

Chapter 6 of this document addresses economic and environmental issues associated with the existing and proposed market structures. We suggest that our comments in this regard will assist in improving the existing waste market without need to re-structure it.

Sections 6.4, 6.5, 6.6, 6.8 and 6.9 of this submission are particularly relevant to this question as they address the issues of costs and service quality to householders and businesses.

Section 6.5 is particularly important as it highlights the likely emergence of uncontrolled monopolies for commercial waste collections in the towns and villages around Ireland, outside the major cities, under a competitive tendering system. The RIA must consider the potential increases in costs to businesses by such an impact.

Q.8 Were the Government to decide to introduce a system of franchise bidding, how best could the introduction of that system be supported; in particular, which supports, if any, should be provided to local authorities and which supports, if any, should be provided to private sector service providers, such as information and technical support?

This question suggests a predetermined outcome to the consultation process. Without prejudice, this appears to be a matter for the tendering body and would depend on the nature of the tendering process. As stated above, the IWMA is opposed to re-structuring the market in favour of a system of competitive tendering and this question appears entirely pre-mature.

Q.9 Should householders be required to either avail of a collection service or to demonstrate compliance with their household waste obligations if they do not have their waste collected by a properly authorised service provider?

Yes. Regardless of whether the market is re-structured or not, any householder not availing of a waste collection service should be required to sign a statutory declaration that describes their waste management arrangements. The service providers can assist with identifying such householders but the local authorities would be required to implement the enforcement action.

This issue is further discussed in Section 6.2 in the main body of this submission.

Q.10 What approach should be taken to meeting the needs of low income households?

This is addressed in Section 6.11 of the main body of our submission.

Q.11 How should such supports be funded, and in that context how should the prevention of waste be incentivised?

We suggest that the most efficient way to administer supports for low income households is through the social welfare system. In this scenario, low income householders pay-per-use the same as everyone else and are therefore incentivised to prevent waste. Administration burden can also be reduced in this manner.

In the event that the waiver system is continued, we suggest that the discount should only apply to an annual fixed charge, so low income households are fully incentivised to prevent and recycle waste.

Q.12 Which agency or authority should perform the detailed design and management of the tender process?

This question suggests a predetermined outcome to the consultation process. As stated above, the IWMA is opposed to re-structuring the market in favour of a system of competitive tendering and this question appears entirely pre-mature. Without prejudice, Section 6.7 of our submission provides further comment on regulation of the sector in compliance with the EU Services Directive.

Q.13 How best can the tender process be designed and managed in order to ensure the participation of as many competing service providers as possible?

This question also suggests a predetermined outcome to the consultation process. The structure of the existing market encourages more competing service providers than a system of competitive tendering is ever likely to encourage, so it is wrong for the question to ignore the option of retaining the current structure.

Q.14 How best can the tender process be designed and managed in order to ensure vibrant competition among service providers?

This question also suggests a predetermined outcome to the consultation process. The structure of the existing market ensures more vibrant competition amongst service providers than a system of competitive tendering is ever likely to ensure, so it is wrong for the question to ignore the option of retaining the current structure.

Q.15 What size, or range, in terms of numbers of households, should tender areas be, and should there be differences between rural and urban areas?

This question also suggests a predetermined outcome to the consultation process. The structure of the existing market allows small and large service areas as well as urban and rural areas, so it is wrong for the question to ignore the option of retaining the current structure. The current structure also allows synergies between household and commercial collections and the consultation process must take account of the economy of density advantages offered by those synergies.

Q.16 Should the tender process specify a minimum level of service which all bidding service providers must meet?

This question also suggests a predetermined outcome to the consultation process. The minimum level of service can be specified in the existing market structure through the waste collection permits, so it is wrong for the question to ignore the option of retaining the current structure.

Q.17 Should the tender process permit service providers to compete in relation to service provision, that is, for bidding service providers to offer levels of service superior to tender requirements?

This question also suggests a predetermined outcome to the consultation process. Service providers currently compete in relation to service provision in the existing market structure, so it is wrong for the question to ignore the option of retaining the current structure. This issue is addressed in detail in Section 6.9 of this submission.

Q.18 How long should contracts last for?

This question also suggests a predetermined outcome to the consultation process. Householders currently have the option of changing service provider on a regular basis if price or service fails to meet expectations, so it is wrong for the question to ignore the option of retaining the current structure.

Q.19 What measures should be taken to ensure that, following the selection of a winning bid, service interruption does not occur?

This question also suggests a predetermined outcome to the consultation process. Service interruption is not an issue in the existing market structure, so it is wrong for the question to ignore the option of retaining the current structure.

Q.20 What measures, if any, should be taken to help ensure that a winning bidder does not have a significant advantage over competing bidders in the subsequent tender process?

This question also suggests a predetermined outcome to the consultation process. In the existing market structure, the Competition Authority can investigate accusations of abuse of dominant positions. The survey carried out by SLR consulting and included in Appendix 3, suggests that no such abuse of dominant positions is occurring in the existing market, so it is wrong for the question to ignore the option of retaining the current structure.

We suggest that under a system of competitive tendering in Ireland, the winning bidder would always have an advantage in subsequent bids if the State wishes to keep costs low for the householder. Any artificial mechanisms to disadvantage the incumbent will raise costs in providing the service. The situation in Ireland, whereby the service provider invoices the householder directly, further complicates this issue. The changeover from one service provider to another is more complicated for both the householder and the service provider. Different companies use different billing systems and if a company is obliged to use a competitor's or the local authority's billing system, the cost base increases. Any economy of density advantages could easily be outweighed by such inefficiencies in the handover.

Q. 21 What form of fee structure would best meet our economic and environmental objectives?

We suggest that an annual fixed fee (with or without waiver element) with a pay by weight variable element is ideal, regardless of the market structure. It is preferential that all waste is weighed as

Ireland is obliged to record waste data by weight. Also, pay per lift encourages householders to keep odorous waste in the bin for long periods and this can cause nuisance, particularly with brown bins, but also with black bins. It also causes odour issues at transfer stations and processing difficulties at composting and MBT plants.

Q.22 What may be the impact of introducing franchise bidding on waste disposal, treatment and associated markets?

This issue is addressed in Section 6.13 of the main body of our submission. The lack of expert evidence produced by the DECLG to date is emphasised by this question. The answer must be independently and expertly examined and consulted upon if any decision can properly be said to be “evidence-based”.

The introduction of franchise bidding is expected to undermine investments made by current service providers in existing treatment infrastructure for household waste. In fact, we suggest that the Programme for Government statement on this subject has already had a negative impact on investment in the sector.

Disposal infrastructure is not particularly relevant as this will be severely disadvantaged by the increases in the landfill levy and the EPA restrictions on biodegradable waste to landfill.

Waste Recovery infrastructure that displaces disposal infrastructure includes existing facilities developed on a merchant basis and proposed facilities that are proposed either on a merchant basis and those that are proposed as PPPs. It appears that the current consultation process threatens merchant facilities while supporting PPPs. The main body of this submission (Section 6.13) discusses the unimpressive record of PPPs in the waste sector in Ireland and this must be compared against the success of merchant facility developments in this country.

Q.23 The waste generated by the community can be a resource. Should the community's waste be owned by the community, i.e. should all waste collected by or on behalf of a local authority be deemed to be the property of the local authority?

No. The waste is owned by the individual producer and changing this will take responsibility away from the producer. This is contrary to one of the fundamental principles of EU Waste Policy, i.e. Producer Responsibility. If the householder does not own the waste, he could possibly fly-tip it or leave it outside his house for collection and refuse to pay for the service and be immune from prosecution as the waste would be the local authority's responsibility rather than the householder's.

Q.24 If all waste collected by, or on behalf of, the local authority, is deemed to be owned by the local authority, should the income realised from the sale of waste, or a proportion of that income, be dedicated to waste management projects, such as meeting the costs of civic amenity sites?

The question is hypothetical, as the problems with this scenario would outweigh the benefits.

Appendix 2

Article From The Irish Examiner

Limerick households face €2k waste fines

By Jimmy Woulfe

Friday, May 27, 2011

HOUSEHOLDERS in Co Limerick are to face fines of almost €2,000 if they fail to show they have a waste collection service in place.

Stringent laws to combat littering are being brought in by Limerick Co Council following a study that shows the dumping of rubbish in the countryside is being done mostly by rural residents.

A bye-law will compel rural households to engage waste disposal companies to collect their rubbish when they are living near a collection route.

Households and businesses will have to show they have a waste collection arrangement with the council or private waste collection operator. Fines of up to €1,900 will be handed out on those found in breach of the bye-law.

The council last year had to remove and dispose of more than 4,500 tonnes of waste dumped illegally, mostly on the side of quiet country roads.

Director of environment and emergency services Gerry Behan said: "The incidence of illegal dumping has reached very serious proportions. We have established that there are over 18,000 (county) households (44%) out of 42,000 not availing of a collection service.

"This is despite the fact that the vast majority of households are on a serviced collection route and simply choose not to avail of the service. In our minds, there is a definite link between the two."

Cllr Mary Jackman, chairwoman of the council's environment committee, said it was shocking that so many households are not availing of a waste collection service.

She said: "What are they doing with their rubbish? "

Mr Behan said a huge number of households in Co Limerick still chose not to pay for a bin collection service.

"The big question is where is the stuff going. Maybe some is being recycled. But the reality that a lot is being burned or dumped, which are both illegal. That is the nub of the problem. We have tried to take the route of educating people and if that did not work to prosecute and impose fines. But basically this is not working, so now we are going ahead with new bye-laws to tackle the problem.

"The vast majority of households in the county, up to 90%, have access to the various waste disposal services offered by different companies.

"We are now going back to basics to deal with the problem. One other county, Leitrim, has gone this route and it has proven very successful."

It is hoped that the bye-laws will be in force by next October after a process of public consultation and council approval.

Appendix 3

SLR Survey of Household Waste Collection Charges in 2011 Compared with 2004

SLR Consulting Ireland undertook a survey of household waste collection charges across Ireland on 4th and 5th August 2011 for comparison against equivalent 2004 prices, quoted by the Competition Authority in a report that the Authority published in 2005.⁴⁹ The survey involved interrogation of waste companies websites backed by phone calls where price information was not provided on the website and for clarifications.

As the system of payment has evolved from an annual charge to a Pay-by-Use system in many areas, SLR used the EPA 2009 National Waste Data to establish the average quantity of waste produced by householders and other data such as number of households and breakdown of bin collections.⁵⁰ Using assumptions on the density of waste, SLR estimated the number of bin lifts required by the average household for the 2011 data. The assumptions are as follows:

- Number of households in Ireland with waste collection service = 1,221,638
- Black Bin waste collected from these households = 816,715 t
- Green Bin waste collected from these households = 266,324 t
- Brown Bin waste collected from these households = 62,448 t
- All households have a black bin
- 96% have a green bin
- 24% have a brown bin
- Average house produces 938 kg household waste per annum
- Average house produces 668 kg residual (black bin) waste per annum
- Average green bin takes 227 kg recyclables from total annual waste per household
- Average brown bin takes 213 kg organics from total annual waste per household

In order to compare like with like, SLR's analysis only considers a 2-bin system for 2011, as the green bin was widely available in 2004, but the brown bin was not. In this scenario, it was assumed that the organic waste remains in the black bin. Both surveys assume a weekly collection of one 240 litre bin (black and/or green).

The service required for the average 2011 householder is therefore defined as follows:

- Total waste per annum = 938 kg
- Black bin waste per annum = 711 kg collected in 26 lifts⁵¹
- Green bin waste per annum = 227 kg collected in 23 lifts⁵²

⁴⁹ Enforcement Decision Series (No. E/05/002), Decision of the Competition Authority (Case COM/108/02), Alleged excessive pricing by Greenstar Recycling Holdings Limited in the provision of household waste collection services in northeast Wicklow. 30th August 2005.

⁵⁰ It is recognised that the EPA data is not 2011 data, but this is unlikely to dramatically impact the results. The Green Bin was extensively rolled out in 2009. The main difference is the roll-out of the brown bin and in order to compare like-with-like, the 2011 prices are based on a householder with no brown bin.

⁵¹ In the absence of a brown bin, it is assumed that a 240 litre black bin holds an average of 27.6kg when full (density 0.115 kg/l)

The 2011 data in Table A below shows an available price to the average householder in each county (that was quoted in the 2004 Competition Authority Survey), based on the assumptions presented above. The available price in each case is considered competitive, but may not be the lowest available price and in most cases is not the highest price that could be found. The point of the survey was to compare available low prices in 2011 with the low end of the price scale noted by the Competition Authority in their 2004 survey.

Table A SLR 2011 Survey of Household Waste Charges Compared with 2004 CA Survey

County	2004 Competition Authority Survey Annual Price (€) 240 l bins weekly	August 2011 Available Price SLR Survey Annual Price (€) 240 l bins weekly	Price Change
Carlow	420-444	198.00	53 to 55% decrease
Cavan	324	300.00	7% decrease
Clare	330	285.00	14% decrease
Cork	360-370	285.00	21 to 23% decrease
Donegal	360	326.00	9% decrease
Galway	350-375	260.00	26 to 31% decrease
Kildare	320-360	199.00	38 to 45% decrease
Kilkenny	456-480	300.00	34 to 38% decrease
Laois	320-384	198.00	38 to 48% decrease
Leitrim	380	260.00	32% decrease
Limerick	344	285.00	17% decrease
Longford	324-380	300.00	7 to 21% decrease
Louth	270-372	270.00	0 to 27% decrease
Mayo	300-360	260.00	13 to 28% decrease
Meath	270-372	270.00	0 to 27% decrease
Monaghan	324-372	239.00	26 to 36% decrease
Offaly	312-324	198.00	37 to 39% decrease
Tipperary	380-384	285.00	25 to 26% decrease
Roscommon	350	260.00	26% decrease
Sligo	350	248.31	29% decrease
Waterford	480	289.00	40% decrease
Wexford	420-460	299.00	29 to 35% decrease
Wicklow	372	231.45	38% decrease
Average Price (using 2004 low prices)	352.87	262.86	26% Decrease

⁵² It is assumed that 240 litre green bin holds an average of 10kg when full (density 0.042 kg/l)

The SLR survey shows that the cost to the householder has fallen by an average of €90 per customer (26%) from 2004 to 2011. This occurred despite an increase of 18.5% in the Consumer Price Index for Transport services in Ireland during the period 2004 to 2011.⁵³ This shows that the waste collection and treatment service offered to householders in Ireland is not simply a transport service, as suggested in the DECLG Discussion Document. The transport element is just one part in a much broader service. Competitive pressures exist in a number of parts of that service and the householder benefits when side-by-side competition encourages rapid reaction to those competitive pressures.

The main factors that caused the downward trend in household waste charges since 2004 are considered to be the following:

- The landfill price has dropped from an average of c.€123⁵⁴ per tonne in 2004 (see Table B below) to an average of c.€75⁵⁵ per tonne in 2011, including landfill levy. Also, householders landfilled more waste in 2004 as waste generation was higher and recycling was lower. The net impact of these factors on the average household charge is estimated as €47.12. This accounts for an estimated 52% of the price decrease of €90.
- The value of some recyclable materials has increased since 2004. The value of paper and cardboard products was quite strong in 2004 so the 2011 prices are similar, but waste plastics had little value at that time and recycled metal prices are also higher in 2011 compared to 2004. EPA waste characterisation surveys in Ireland suggest that plastics make up about 15% of the green bin and metals make up about 5%.⁵⁶ Assuming €200 per tonne increase in the average value of green bin plastics and a €150 per tonne increase in the average value of green bin metals from 2004 to 2011 and using the 227kg per household average annual weight of the green bin, we calculate that the value of the materials collected in the green bin system has increased by c.€8.50 per household per year. This represents roughly 10% of the price decrease since 2004.
- Competition in the waste market has intensified in the last few years as waste quantities decreased and private sector involvement in household waste collection increased. It is difficult to quantify the direct impact of this supply and demand scenario, but it is clear that the downward trend in prices at a time when transport costs are rising is a symptom of more intense side-by-side competition.

⁵³ CSO data www.cso.ie

⁵⁴ WYG 'Wastelines' data provides a range of landfill prices in 2004 from €125 to €240 (incl. levy). This data overestimates the real landfill prices, as waste companies could negotiate rates for large tonnages that would not be publicly quoted. For example, the operators of Arthurstown Landfill (the largest in the country) agreed a price of €89 per tonne (including levy) at that time, with at least one waste company. This facility accepted one third of all household waste disposed in Ireland that year. Also local authorities collected 52% of household waste in Ireland in 2004 and used their own landfills for disposal at cost price rather than the WYG quoted prices. Assuming that the cost to local authorities for landfill disposal in Dublin, Cork and Waterford was c.€100 per tonne (probably an overestimate) and taking a weighted average charges to private companies using WYG prices combined with EPA disposal data per landfill, we get an average landfill price of €123 per tonne (incl. levy) in 2004. See Table B below.

⁵⁵ Prices as low as €60 per tonne can be found in 2011, but we estimate that the National average price is €75 per tonne (incl. levy).

⁵⁶ See Figure 3.29 National Waste Characterisation Surveys, EPA/RPS 2008.

Table B – Landfill Costs 2004

Facility	Operator	Household waste Landfilled 2004	Estimated Price 2004	Total Cost per landfill 2004
GDA				
Arthurstown (Kill) Landfill, Co. Kildare	Dublin City Council	424,067	€100.00	€42,406,700.00
Balleally Landfill, Co. Fingal	Fingal Co. Co.	69,915	€100.00	€6,991,500.00
Rampere Landfill, Co. Wicklow	Wicklow Co. Co.	11,451	€201.00	€2,301,651.00
Ballyogan Landfill, Dun Laoghaire	DLR Co. Co.	65,407	€100.00	€6,540,700.00
Knockharley Landfill, Co. Meath	Greenstar	910	€115.00	€104,650.00
South West/Mid West				
North Kerry	Kerry Co. Co.	32,581	€170.00	€5,538,770.00
Gortadroma, Limerick	Limerick Co. Co.	25,600	€155.00	€3,968,000.00
Inagh, Ennis	Clare Co. Co.	44,112	€160.00	€7,057,920.00
Connaught				
Pollboy, Ballinasloe	Galway Co. Co.	48,366	€137.00	€6,626,142.00
Derrinumera, Castlebar	Mayo, Co. Co.	23,969	€150.00	€3,595,350.00
Rathroeen, Ballina	Mayo, Co. Co.	20,845	€150.00	€3,126,750.00
Ballaghaderreen, North Roscommon	Roscommon Co. Co.	23,153	€140.00	€3,241,420.00
Cork				
Kinsale Road, Cork City	Cork City Council	51,365	€100.00	€5,136,500.00
East Cork	Cork Co. Co.	47,634	€100.00	€4,763,400.00
Youghal, Cork	Cork Co. Co.	3,721	€240.00	€893,040.00
Benduff, Cork	Cork Co. Co.	890	€240.00	€213,600.00
Derryconnell, Cork	Cork Co. Co.	6,993	€240.00	€1,678,320.00
Midlands				
Kyletelesha, Portlaoise	Laois Co. Co.	27,916	€135.00	€3,768,660.00
Ballydonagh, Athlone	Westmeath Co. Co.	21,712	€150.00	€3,256,800.00
Ballaghaveny, Nenagh	North Tipp Co. Co.	23,057	€148.50	€3,423,964.50
Derrydure, Tullamore	Offaly Co. Co.	23,423	€135.00	€3,162,105.00
North East				
Whiteriver, Ardee	Louth Co. Co.	32,087	€145.00	€4,652,615.00
Corranure, Cavan	Cavan Co. Co.	48,727	€125.00	€6,090,875.00
Scotch Corner, Monaghan Town	Monaghan Co. Co.	35,307	€145.00	€5,119,515.00
South East				
Donohill, Tipperary Town	South Tipp Co. Co.	13,825	€165.00	€2,281,125.00
Kilbarry, Waterford City	Waterford City Co.	9,404	€150.00	€1,410,600.00
Dungarvan, West Waterford	Waterford Co. Co.	240	€150.00	€36,000.00
Tramore, South Waterford	Waterford Co. Co.	15,529	€150.00	€2,329,350.00
Powerstown, Carlow	Carlow Co. Co.	28,332	€156.00	€4,419,792.00
Dunmore, Kilkenny	Kilkenny Co. Co.	11,025	€126.00	€1,389,150.00
Killurin, Enniscorthy	Wexford Co. Co.	25,534	€180.00	€4,596,120.00
Donegal				
Balbane	Donegal Co. Co.	187	€125.00	€23,375.00
Ballynacarrick, Donegal	Donegal Co. Co.	24,333	€125.00	€3,041,625.00
Total Household Waste Disposed		1,241,617		€153,186,084.50
			Average Cost =	€123.38