



TALKING RUBBISH

As the fight for household waste collection services gets dirty, local authorities are accusing private operators of cherry picking routes while the private sector says local authorities are cherry picking their roles. Until the question of who owns household waste is settled, things are likely to stay messy, writes Eoin Bassett.

After a decade of change in the waste management sector, local authorities are now faced with competition from a number of private refuse collection companies that they also regulate. Meanwhile, central government continues to dither on policy. In some parts of the country private operators are undermining recycling efforts, while in others local authorities have abandoned the waste collection service altogether.

However, the one thing they all agree upon is that the current situation needs clarification, and it is not until the question of who owns household waste is answered, that the mechanisms of how it will be collected in the future can be adequately discussed. The Dublin local authorities have recently staked their claim to the ownership of household waste with a proposed variation to the Dublin Region Waste Management Plan that has upset the private sector.

There are approximately 420,000 private households in the Dublin region; nearly 80 per cent of them are single dwellings which is a lucrative market for private collectors of household waste. In September Dublin City Council gave public notice of a proposal that, if it comes to pass, would see the collection of household waste in Dublin carried out exclusively by the Dublin

local authorities, or by a private operator awarded a contract through competitive tendering.

The Dublin local authorities recently published a report setting out their case for local authority ownership of household waste. 'Uncontrolled fracturing of the Dublin household waste collection market – environmental and technical report' expresses concerns that competition among multiple private operators in the household waste market will, 'in the long-term, have a significant impact on the public revenue from waste and in turn will have consequences for spending on education, promotion, enforcement and other operations'.

A spokesperson for Dublin City Council explained that "the uncontrolled entry of private waste operators into the market gives rise to a 'free for all' whereby private operators select parts of the service. Families who are not in a position to pay for services do not receive a waiver, and private operators do not provide the range of services provided by the council".

The report argued that competition between private waste collectors would lead to them offering alternative pay-by-use (PBU) schemes to householders, such as fixed annual waste charges. "These types of charging systems do not financially reward householders who reduce the level of waste disposed – and the environmental benefit of PBU is significantly reduced," it stated.

PRIVATE RESERVATIONS

Affiliated with IBEC and a member of the European Federation of Waste Management and Environmental Services, the Irish Waste Management Association (IWMA) represents the main players in the private sector. Its director Erik

O'Donovan is concerned about the idea that ownership of household waste would be given exclusively to a local authority.

"If you look at the Irish waste market in its totality; 50 per cent of household waste is collected by the private sector and we are the principle player in all the other markets, we are the principal investor, developer and deliverer of commercial, industrial and hazardous waste management services.

"In terms of household waste collection, we are providing it in the rural areas because in 20 out of the 34 local authority areas that is where the private sector is. If you suddenly set a precedent whereby you roll back on all the investment and involvement of the private sector by simply changing the pitch, it seems a bit unfair."

Since January, Dublin's local authorities have engaged with the IWMA on a review of collection permits in the Dublin region. The local authorities proposed directing waste up the hierarchy with which the IWMA had no problem. However, the Association was concerned about the possibility that waste would be directed to named facilities rather than to tiers in the hierarchy. According to O'Donovan, it has since been indicated to the IWMA that the direction to "named facilities will be dropped".

The proposed variation in the waste plan came in the middle of reviewing the collection permits and O'Donovan thinks that it is to facilitate the permit review. Panda, which is one of the biggest private operators in Dublin, has publicly accused Dublin City Council of attempting to guarantee the financial viability of the Poolbeg incinerator project with a direct flow of waste. The company claims that now the only avenue open to the local authorities is "to secure their monopoly on the direct



Owen Keegan, county manager of Dun Laoghaire-Rathdown County Council, said they face the prospect of having to stop council-run waste collection services amid competition from the private waste operators. The knock-on affect of this competition on local authority revenue is one of the main concerns of local authorities.



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DUAL ROLE TO PLAY

For the IWMA the big issue is that the local authorities are both the referee and team player and it says it cannot understand why local authorities do not require a waste collection permit as well. "Local authorities have a dual role whereby they act as both regulators and market operators; it is not just waste collection permits, they also run the planning offices," said O'Donovan.

The establishment of an independent regulator at a national level is one possibility. O'Donovan says the IWMA is in favour of reform and that the primary

debate is about the ownership of waste, while the secondary argument related to that is the idea of private sector involvement.

"The last 15 years have been turbulent in terms of regulation, but you don't have 'fly-by-nights' in the private sector now, you have professional, highly regulated industry. There are 15 environmental regulators for us, and we have chosen our role in waste management, but local authorities have to ask themselves do they want to be a market operator or regulator."

Dermot Finch, senior engineer with South Dublin County Council (SDCC), agrees the situation seems to be totally

up in the air. "Nobody seems to know who owns the waste. We are trying to put in infrastructure facilities and the private sector is also putting in facilities, but there are no guarantees that in the morning someone won't muscle in and remove the waste."

He added that local authorities in most of Europe own the waste and "they decide whether they will collect it themselves or whether they will go out to tender and get a private company to collect it on their behalf".

NATIONAL REGULATOR

According to Dublin City Council (DCC), a national regulator would reduce the direct local authority costs on waste management services. "Local authorities don't make a profit on the waste collection service, and in any case all receipts from charges are ring-fenced to provide additional waste services," said the DCC spokesperson.

The Dublin authorities are keen on the idea of a tendering process, which they claim would bring certainty to the market for a particular period and would specify the service to be provided and the standards that would apply. A recent report by the Competition Authority



found that the market for household waste collection was not working well for consumers. According to the Authority, best international practice emphasises competitive tendering as the best method of ensuring that service providers deliver good service at competitive prices.

Kildare County Council (KCC) has contracted out the household waste collection service for the past few years. A spokesperson acknowledged that the council is one of the service providers in this market, and told 'Local Authority Journal' that the council is assessing tenders for a new contract. "There are already a number of private waste collection services in the county, and this is legitimate as long as they have the appropriate permits and conform to their conditions."

The KCC spokesperson declared that the council has no plans to leave the waste collection business, adding that its removal as a regulator would have serious implications for the protection of human health and the environment. "Local authorities are 'not-for-profit' organisations – every cent that they take in by way of revenue is invested in public services."

While some local authorities opt out of waste management, Finch does not think they always do it the right way. "There was a case recently where Wicklow County Council decided they weren't going to take up the bin collection anymore and just pulled out leaving it to whoever wanted to come in.

"They should have put it out to tender if they wanted to opt out and let private industry take over the whole system and then it wouldn't be fragmented. They should also have built in that it must be a universal service with everyone entitled to bin collection. Now we have the ludicrous situation where we in South Dublin are picking up some bins in County Wicklow because Greenstar – the dominant waste collector in Wicklow – refuses to do them."

REVENUE LOSS

The biggest impact of the private sector on the household market is the competitive prices they offer and there is a major question mark over whether local authorities can compete success-

fully in the long-term.

"Our companies operate on a national level whereas local authorities operate on a regional and local level, so we have different economies of scale. We are in this game full-time professionally, while local authorities have a variety of concerns, one of which is waste," said O'Donovan.

Owen Keegan, county manager of Dun Laoghaire-Rathdown County Council recently made it clear that he believes the council needed to look at its own practices and make changes. He said they are facing the prospect of having to stop council-run waste collection services amid competition from the private waste operators. The knock on affect of this competition on local authority revenue is one of the main concerns of local authorities.

"We have a waiver system with about 15,000 people on it. We are not collecting waste for profit, "if anything we operate at a slight loss, and though putting the services out to tender is an option, in South Dublin we have every intention of continuing our waste collection service," explained Dermot Fitch.

DECLINE IN RECYCLING RATES

The latest entrant to the household waste collection market in Dublin is City Bin who recently announced a service in Finch's South Dublin area. "So far the private operators in our local authority area have been providing the same service as the local authority, but the experience in other places is that they don't."

Finch cites the example of Galway City and Waterford, which have both seen a slight decline in recycling rates since the entry of private operator into the household market. A dispute over a collection permit in Waterford is currently in the courts.

Galway City Council has just renewed its fleet and has reduced charges to maintain the position as the principle provider in the city. "One big issue in the city is our waiver system," explained Kevin Swift, senior engineer with Galway City Council. "Obviously if the private sector continues to penetrate the domestic market, one possible outcome is that we get left exclusively with the waiver customers and that is an issue. A lot of the waivers have been phased out in many local authority areas but Galway City still carries a significant number."

Swift is not sure whether or not that is sustainable because they can only continue to service waiver customers if they have a service in place. "At the same time we are maintaining the competitive edge in terms of service provision, and we have matched the charges the private sector introduced last year; all that could change next year but we are looking at our cost base to ensure that we remain competitive."

According to Erik O'Donovan, the IWMA is as concerned as local authorities about the negative affects of revenue loss on local recycling structures, waivers, education and enforcement. "You are talking about service obligations. There are lots of mechanisms available in terms of public service obligation; but that can be achieved by dialogue with the industry not by taking the market off them."



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