

# **DUBLIN CITY COUNCIL'S WASTE COLLECTION SERVICE**

## **A POSITION PAPER FROM IMPACT TRADE UNION**

**September 2011**

### **Introduction**

IMPACT is fundamentally opposed to Dublin City Council's decision to outsource residential and commercial waste collection services. This decision will have profound negative effects on the city, its people and its environment, for which its elected representatives will be held accountable.

If implemented, the decision to outsource will effectively see the Council irrevocably forego its capacity to provide waste collection services. Against the background of an extremely light regulatory regime for waste collection, the loss of Dublin City Council's capacity to provide this service will place it in a permanently weakened position in its dealings with private providers, with massive implications for charges, waivers, service quality and, potentially, public health.

Whatever the immediate implications for price and service quality, current and future private sector providers, including those currently operating below cost, will inevitably exploit this situation with increased charges to the city's residents and businesses within a very short space of time. This will hit low and middle income families, who have already experienced increased charges and taxes in recent budgets, particularly hard.

Outsourcing will also signal the end of waivers from charges for those on the lowest incomes within a short time period. This will lead to substantial hardship for 37,000 of the city's poorest families, whose incomes are already being squeezed by other changes to the tax and benefits system. This will likely result in more illegal 'fly tipping' with increased public health risks, a poorer social and business environment, and increased financial costs to the Council.

It is far from clear how the Council intends to enforce contract compliance and maintain high standards of service quality, tidiness and public health after outsourcing takes place.

### **Cleansing staff**

IMPACT trade union represents Dublin City Council staff involved in the collection of domestic and commercial waste and in the management and administration of the collection, payment and waiver systems. The union also represents staff in related Dublin City Council services (such as street cleaning) whose work would be directly affected by outsourcing of the waste collection service.

Over more than a decade, cleansing staff have agreed to a series of service reorganisations and productivity-improvement changes that have massively reduced costs while improving the waste collection service.

## **Charges and waivers**

A Council decision to outsource waste collection solely on the basis of today's conditions will sell out the future interests of the city and its residents. IMPACT does not accept the 'report of the independent examination in to the Dublin City refuse collection and disposal service,' (4<sup>th</sup> August 2011), which proposes this course of action.

The report concludes that the Council should withdraw from providing the service because "significant loss making renders the service unsustainable." In effect, this means that the 'independent' examination's conclusion that "loss making renders the service unsustainable" is largely based on the fact that the Council is currently bearing higher costs than private providers because it is obliged by policy to give waivers to low-income households including pensioners (which private providers do not) and because it is obliged to charge prices to customers on the basis of the economic cost of collection (which private providers currently do not do). The Council argues that, for these reasons, it is losing customers to private operators, which is rendering its own service uneconomic.<sup>1</sup>

This can be put another way: Private providers currently enjoy a market advantage because they operate on a temporary below-cost basis and give no waivers to low-income households, including pensioners. And Dublin City Council could provide the service on an economically sustainable basis if it were playing on a level playing field.

For the city and its residents, the outsourcing of the Council's collection service does not mean that a comparable level of service will be delivered by the private sector for a similar price. Rather, it means that the Council is washing its hands of the inevitable outcome that, once Council provision is factored out, private providers will be free to charge householders on the basis of the same economic cost as the Council now must. More likely, they will charge higher prices once the Council is off the pitch. Even if the Council was successful in limiting this in the short term, it would have insufficient bargaining power to sustain this in the medium or long-term.

There is no evidence that private waste collectors in Ireland give waivers from charges to those on low incomes, including pensioners, except in occasional and time-limited arrangements. If the Council outsources its waste collection service, any waiver it might seek for low-income households, beyond any short-term arrangement, will inevitably be charged to the Council (and, therefore, ratepayers) or be added to the price charged to those without waivers.

In theory, Dublin City Council could withdraw from waste collection provision for a period of time and 'return to the market' when conditions change and its competitors are charging economic rates for waste collection. But, in the present climate, it is inconceivable that the Council would be able to retain enough capacity to resume waste collection in such circumstances. In other words, outsourcing means that the city, and its residents and businesses can expect to pay more and forego waivers on a permanent basis.

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<sup>1</sup> The Council says proposed increases in landfill levies and gate fees are also factors, but these fees and levies apply to all users regardless of whether they are public or private.

If it outsources waste services, Dublin City Council will also permanently abandon the potentially huge economic benefits that could accrue to the city and its people from ongoing public involvement in a lucrative waste market.

### **Service quality, public health and the environment**

Similarly, by choosing to outsource, and thus to forego its capacity to provide waste collection services, the Council will permanently weaken its bargaining position on matters of service quality, public health and the environment. Tellingly, the ‘independent report’ makes no mention of service quality and confines itself to a broad assessment of the “current market situation.” On foot of this report, the Council now seems ready to contemplate the rapid outsourcing of the service with no prior consideration of any form of planning, contract compliance measures or regulation of:

- Acceptable customer service standards
- Acceptable public health standards, including in the event of increased illegal fly tipping in residential and other areas
- Environmental impact
- Emergency provision for unplanned service breakdowns
- Customer and public health protection should one or more private provider exit the market or go out of business
- Penalties or sanctions for non-performing providers.

There also appears to have been little or no economic, environmental or other assessment of the possible wider impact of the outsourcing decision in areas like fly tipping, after collection street cleaning or litter prevention and clearance.

Procedures in the Croke Park agreement were negotiated to protect service users as well as staff in such situations. Under the agreement, local authority employers are obliged to use “direct labour to the greatest extent possible,” to consult “before decisions are made,” and to produce a service plan, including a proper comparison and evaluation of options and all relevant costs, before any outsourcing occurs. Dublin City Council has failed to meet this obligation.

### **Rushing into a mistake**

Dublin City Council is compounding these errors by rushing into an outsourcing decision. It is suggested that the outsourcing process will be completed by early December, which would put a huge burden on residents and businesses to make alternative and largely untested arrangements in the run-up to Christmas – the busiest time of year for families, businesses and waste collection services. There appears to have been no assessment of the private sector’s capacity to fill the void left by the Council while maintaining an acceptable level of service.

## **A national responsibility**

IMPACT is fundamentally opposed to Dublin City Council's decision to outsource residential and commercial waste collection services. But the national Government also has a responsibility to better address the provision and regulation of waste collection and disposal. The Irish regulatory regime is often described as 'light,' but 'haphazard' would be a better word for the situation in this vital aspect of our environment, society and economy.

Local authorities have no regulatory role beyond the provision of licences to private operators. Unlike most other European counties, there is little restriction on private waste collectors offering services to households in Ireland. This has allowed multiple collectors - both local operators and large foreign multinational companies - to benefit from an economically, socially and environmentally flawed system where multiple collectors operate in the same local area. Many of these operators, including major multinationals with vast financial resources, are able to operate on a temporary loss-leader basis to drive others - including local authorities - out of the market. We need a new legislative framework for waste management.

It is anticipated that the Government will bring forward proposals to regulate the market in the near future. This is expected to favour 'competition for the market' as opposed to 'competition in the market'. This would, at least, provide some order for market participants and householders. A premature and sudden exit from the market by the largest local authority will not only be bad for the city and its people, it will totally prejudice the Government's approach.

At the very least, Dublin City Council should postpone any decision regarding its waste collection service until a safe, sensible, equitable and environmentally-sensitive legislative framework is in place.

**27<sup>th</sup> September 2011**