PROGRAMME

Combat Poverty Agency
working for a poverty-free Ireland

IMPLEMENTING A WAIVER SYSTEM

GUIDELINES FOR LOCAL AUTHORITIES

Implementing a Waiver System: Guidelines for Local Authorities

Fitzpatrick Associates

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Foreword

Combat Poverty is a state advisory agency developing and promoting evidence-based proposals and measures to combat poverty in Ireland. Our objectives are to promote a fairer distribution of income and jobs, to promote improved access to services and to support local and regional responses to poverty.

The National Anti-Poverty Strategy (NAPS) provides a national framework designed to place the needs of poor households at the top of the policy agenda. It also forms a significant part of the policy context for this work as does the Special Initiative on Waste Management which is part of the National Agreement *Sustaining Progress* (2003-2005). The National Anti-Poverty Strategy (NAPS) emphasises the importance of delivering high quality public services as a mechanism for combating poverty. It also recommends that all policies be poverty proofed both at design and implementation phase in order to identify anomalies and contradictions in the policy-making process.

Local authorities are key agents in the delivery of NAPS at local level, in both contributing to and realising targets aimed at poverty reduction. Since 2000, Combat Poverty has supported local authorities as part of the local government reform process to understand how poverty and social inclusion impacts on and across all their services at operational and strategic levels. Through the Local Government Anti-Poverty Learning Network, and its support for the development of local anti-poverty strategies with a number of local authorities, it became clear that poverty and social exclusion could not be tackled by one section or function; it needed a cross-sectional commitment to combat the multi-dimensional nature of poverty and social exclusion.

The publication of *Waste Collection Charges and Low-Income Households* (2003), undertaken by Combat Poverty at the behest of the National Advisory Committee of the Money Advice and Budgeting Service (MABS), identified a number of anomalies. The privatisation of waste collection charges and the abolition of waivers were identified as factors causing indebtedness among households for both social welfare recipients and the 'working poor'. The report highlighted the need for more in-depth analysis on the extent and diversity of waste collection charges at local level and the impact of EU Council Directive 75/442/EEC on waste which is based on the

‘polluter pays’ principle and is operationalised as the ‘pay-for-use’ approach to waste charging.

In 2004, Combat Poverty contracted Fitzpatrick Associates to investigate the current practice of charging for services in local authorities. The aim of the report was to investigate how local authorities might structure their charges to facilitate low-income households, to detail best European practice and to develop a set of guidelines that local authorities might use in structuring their charges, including a waiver system.

This report highlights a number of issues. It highlights the inherent tension which often exists between conflicting policy objectives, in this case environmental and social policy and the need to ensure synergy between both. It also highlights very clearly the need to poverty proof all policies at both design and implementation stage, which should alert policy makers to the often unintended consequences of policy decisions for people experiencing poverty. Additionally, it emphasises the need for robust social inclusion indicators.

The increasing privatisation of public services also poses questions for the delivery of public services to those who cannot afford them. Should service agreements be negotiated to incorporate those who cannot afford the services? Should local authorities be more fully resourced to support this issue or should it be the responsibility of the Department of Social and Family Affairs? A poor physical or community environment compounds the effects of poverty. It undermines people’s right to a good quality of life in terms of health and life opportunities. Combat Poverty hopes that this report makes a useful contribution to the debate on waste management policy within the Department of the Environment, Heritage and Local Government and at corporate policy level within the local authorities.

Combat Poverty would like to acknowledge Andrew Brownlee at Fitzpatrick Associates for producing the report and all the participating local authorities for their time and expertise.

Executive Summary

1. Introduction and Research Base

The Waste Management Act, 1996 introduced a new approach to the funding and delivery of waste management systems in Ireland. A deadline of 1 January 2005 was subsequently set for the introduction of pay-by-use waste charges in each local authority area. As a result, a wide variety of local systems and charging mechanisms have been implemented to conform to these requirements.

By implementing a regional approach to waste management, introducing waste reduction targets for local authorities over a 15-year period, and stipulating that waste management systems must conform to the 'polluter pays' principle, in line with an EU Council Directive, the Act has revolutionised waste charging practice within Ireland.

The changes to waste charging practice have had a knock-on effect on the waste collection levies being placed on households, with charges rising by 223 per cent between 1997 and 2003. Concern has been expressed that this burden has been most severely felt by families in low-income bands. Although such concern has been acknowledged in specific instances where income-based charging systems have been introduced, the response has been sporadic and has resulted in inequality of treatment of people in similar income bands.

In response to such inconsistencies, this report investigates the current practice of charging for waste collection services, examines the rationale behind this practice, establishes the implications for low-income households, and considers potential solutions to ease the financial burden on low-income households. A set of guidelines has been produced that local authorities might use in structuring their charges, including a waiver system, and an appraisal of potential waste charging delivery models has been undertaken to establish the most effective model for the future.

The report builds on an earlier consultation and research exercise undertaken by the Combat Poverty Agency in its Policy Statement *Waste Collection Charges and Low-Income Households*, which included a survey of all 34 local authorities and five case studies. This has been supplemented here by an additional comprehensive research process, including an in-

depth examination of waste charging practice in seven local authorities, the holding of a workshop on waste charging systems, consultation with key stakeholders both in Ireland and overseas, and an extensive literature review.

2. Existing Situation and Lessons Learned

Since 1 January 2005 the one-off flat rate system for waste charging has effectively been removed from existing practice due to its lack of compliance with the 'polluter pays' principle, although some local authorities maintain a flat rate component in their charges to cover fixed administration costs. This system has been replaced by a pay-by-use system, also known as a volume-based system. Research of existing systems established four distinct methods of implementing a pay-by-use mechanism in local authority areas: pay-by-weight; pay-by-bin tag; pay-by-bag tag; and use of a smaller bin system.

Waivers are offered in varying forms by local authorities, with most applying to those households with a sole source of income from the Department of Social and Family Affairs, and some also including hardship clauses to deal with individual cases on an *ad hoc* basis. A number of local authorities have recognised the problems faced by the 'working poor'(i.e. outside the social welfare system but with income levels so low as to impede their ability to pay waste charges), by setting eligibility criteria based on income levels as opposed to status as a welfare recipient.

Detailed case study analysis with regard to waste charging practice of seven local authorities highlighted a number of key issues. It was found that waivers should involve the volume-based component of a charge rather than just the flat-rate component in order to ensure good waste management practice from all households. The approach of two local authorities that utilise a tag system was examined. This encourages waste minimisation in low-income households by providing a set number of bin tags free of charge each year. Other local authority approaches where private operators are the sole providers of waste management services have made it much more problematic to introduce a waiver system, as operators are under no obligation to provide such a scheme. Attempts to surmount this difficulty by re-entering the market to offer waiver-based schemes has raised cost-competitiveness issues, as private operators offer services without the burden of subsidising the waiver.

The rationale for current practice in Ireland was found to originate from a combination of financial, environmental, social and political concerns. Local

authorities with no waiver system in place cite the lack of resources available to implement such a scheme and the financial benefits resulting from contracting out services to private operators. Some local authorities view reducing the burden on low-income families as a responsibility for central government via the welfare system. For those with waivers in place, schemes have tended to result from political will to address social issues at local level, although there still remains a concern that this must not place an overly heavy burden on other households not eligible for waivers.

All in all, the inconsistency of approach across Ireland has significant repercussions for low-income households, with increasing financial pressure from the rapid rise in charges, and significant inequalities in treatment of such households in different locations, indicating that a common set of guidelines on the waiver aspect of waste charging systems is essential.

3. The Guidelines

Based on the research, a number of key principles were established in order to frame the development of the guidelines. In the light of national and European legislation, the guidelines must promote the 'polluter pays' principle. In other words, every group in society, regardless of income, should be encouraged to reduce the level of waste it presents for disposal. The guidelines should also promote progressive waste charging systems, where the financial cost imposed on each household should relate to its ability to pay. Finally, the guidelines should encourage the provision of an adequate environmental infrastructure in order to develop accessible alternatives to waste disposal, particularly in relation to recycling facilities.

With these principles in mind, the following guidelines were developed for all local authorities to consider when implementing a waste charging system:

- There must be a **volume-based approach**, with all income groups given an incentive to minimise waste production.
- There must be an **income-based approach**, with rules of eligibility for a waiver clearly defined and linked directly to the level of household income and household size.
- Some allowance should be made for the budgetary patterns of low-income households, with **more regular, smaller payments** levied throughout the year.
- Systems should be **supported by an adequate environmental infrastructure**, with adequate and accessible recycling facilities in place.

- The system should be **easily understood** by the households in the area, with clear communication regarding those who are entitled to assistance.
- As far as possible, the system should be based on a simple, structured administrative process, ensuring **low administration costs**.
- It is important to ensure **anonymity in waiver assistance**, so that recipients of the assistance are not identifiable to non-recipients.
- There should be greater **promotion of the tax credit system**, in order to increase take-up of the government's tax credit scheme for waste charges.
- The **wider service charge context** should be examined to discover a method that would reduce the administrative burden on low-income families and facilitate access to assistance by this group. It is important that all systems employ such an approach if the financial burden placed on the 'working poor' is to be properly addressed in the future.
- If waste management systems are to remain sustainable in the future, charging models should ensure **full cost recovery**.

4. Waste Charging Delivery Models

While the guidelines above should improve levels of convergence towards a fair and consistent system of waste charging in Ireland, the most effective mechanism to achieve this goal would be via the national implementation of one model that satisfies these guidelines. This report considered the various options for waste charging delivery models, examining:

- a locally operated waiver system (implemented via local authorities)
- a tax credit system (implemented nationally, via the existing taxation scheme)
- a social welfare system (implemented nationally as part of the social welfare mechanism).

Each option was considered in terms of its operation, its implementation from a household perspective, its advantages and disadvantages, and its cost implications. Each option was also analysed in terms of its fit with the guidelines, and in terms of procurement options.

From this detailed option appraisal, it was concluded that the locally operated waiver system would offer the most effective delivery model, should a suitable procurement approach be found. Evidence has suggested that rather than cross-subsidising waivers by increasing overall waste

charges, local authorities often use finance allocated to other services, not the intended purpose of an income-based waiver scheme. If a locally delivered waiver scheme is to be implemented effectively, utilising high quality income data and staffed appropriately, consideration should be given to centralised funding of the waiver scheme, with grants given to local authorities for its operation.

The adoption of a locally based waiver system has implications for those local authorities that have elected to contract out all waste collection services to private operators. In a system where only private operators deliver such services, our examination of individual cases has indicated that legal implications prevent local authorities from offering waivers to customers from whom they are not directly collecting waste, and they cannot make payments to private operators in lieu of a waiver as this may infringe upon competition law. For local authorities utilising a private operator model only, unless the legal position changes, or the system of offering permits to private operators can be amended to take account of the unique requirements of waiver mechanisms, it is difficult to see how a support system could be introduced without the intervention of the social welfare system.

Chapter 1 Introduction and Background

1.1 Introduction and Context

1.1.1 Waste Charging in Ireland

The Waste Management Act, 1996 heralded a new approach to the funding and delivery of waste management systems throughout Ireland. The Act represented an urgently needed policy response to the increasing problems of waste generation within the State. Household waste in Ireland is estimated to increase by 50 per cent between 1995 and 2010.[1] Not only is this higher than the EU average of 22 per cent, it also represents the highest forecast of household waste expansion in 14 EU countries.

The Waste Management Act therefore split Ireland into regions, consisting of groups of local authorities that then came together to formulate and adopt Regional Waste Management Plans. These Plans were to have clear objectives, reflect economic reality, be reliable in the long run and reflect the needs of society. The Department of the Environment, Heritage and Local Government also proposed that local authorities should attempt to achieve the following over a 15-year period:

- Ensure that less than 50 per cent of household waste is dumped at the rubbish tip
- Reduce the burying of biodegradable household waste by 65 per cent
- Reduce household waste by 35 per cent.

In response to EU Council Directive on Waste: 75/442/EEC, the Waste Management Act stipulated that future waste management systems must be funded on the basis of the 'polluter pays' principle, i.e. producers of waste should be accountable and pay for the waste they generate. As a result Ireland has now adopted a 'pay-by-use' policy in relation to domestic waste generation. This was first mentioned in an Irish context in the 1998 policy statement *Changing Our Ways*, and was further elaborated on in the 2002 publication *Preventing and Recycling Waste – Delivering Change*. The latter document made clear the Government's policy on pay-by-use: 'As a matter of equity, and to directly incentivise waste prevention/minimisation and recycling, the level of waste charges imposed on households and businesses, either directly or through gate fees, should be based on usage. Accordingly, the Government expects that all local authorities will move

1 *Case Studies on Waste Minimisation Practices in Europe,* European Environment Agency, 2002

towards introducing weight/volume related charging to the fullest extent possible within the next three years.'

In accordance with this policy the Minister set a deadline of 1 January 2005 for the introduction of pay-by-use waste charges. Each local authority is given autonomy with regard to who provides the service and what methods are employed and is required to inform the Department of the Environment, Heritage and Local Government on its chosen system. With each local authority in sole control of the provision of its own refuse collection service, the onus has been on the individual authority to determine how to implement this principle throughout its waste management operation, within the framework of the Regional Waste Management Plan. This has resulted in a wide variety of systems and charging mechanisms being adopted in individual counties. The service has been provided in some instances by the public sector only, in others via private sector operators, and in others again through a combination of both public and private sectors. Private operators who wish to collect refuse in an area must obtain a permit from the designated local authority within the region.

Prior to 2005, charges were levied either on a flat rate or a volume-based approach, with in some cases a choice being offered to households regarding the system they preferred. A pay-by-use, volume-based approach to charging must now be adopted, although this can also involve a fixed charge. Currently, annual waste charges vary from county to county, regardless of the system applied, ranging between €150 and €500. Overall, different rates are being charged at differing payment periods around Ireland, with the payment burden depending on location, choice of service, level of waste and, as we are about to consider, household income.

1.1.2 Income-Based Charging

Sharing in Progress, the Irish National Anti-Poverty Strategy (NAPS), was established in 1997 to place the needs of the poor at the top of the government agenda. The Strategy sought to ensure that the reduction and prevention of poverty would be key objectives of all government departments and agencies. It emphasised the importance of delivering high quality public services to act as a mechanism in ensuring that low-income households are adequately supported. Additionally, it identified the need for poverty proofing of all policies prior to their implementation.

Over the first six years of NAPS, from 1997 to 2003, waste collection charges in Ireland grew by 223 per cent, an average of 37 per cent per annum (at

the same time inflation was increasing by less than 24 per cent). This increase in waste charges placed an additional financial burden on all families, but the difficulties were most severely felt by those in the low-income bands. It became critical that the policies behind the application of waste charges in each local authority area were 'poverty proofed' in line with NAPS. However, while there is widespread recognition that low-income families experience difficulty, particularly with regard to public utility charges, there has been a sporadic response to this issue, with some local authorities offering waiver systems, and others dealing with the problem on a more *ad hoc* basis.

A variety of income-based charging systems have been implemented both in Ireland and overseas, reflecting a wide spectrum of economic, environmental and political realities. An indication of the range of approaches is as follows:

- One hundred per cent waivers for those households in specific income groups
- Discounts on the waste collection charge offered to specific income groups at the time of payment
- Rebates for households in specific income groups, provided in the form of a refund at end of year
- A number of bin tags or vouchers awarded to low-income families in order to maintain an incentive to minimise waste
- Waivers on the fixed fee element of waste charges, together with a number of free tags/bags per annum
- Waivers on the fixed fee element of waste charges only (with no free tags/bags per annum)
- A proportion of free 'collections' offered by the service provider to those in low-income bands
- The spreading of waste charges across the year in several smaller levies in order to avoid the problems of one-off annual payments that cannot be met by the budgeting patterns of low-income households
- Waivers for households depending on the size of the property
- Waivers for households based on the number of inhabitants within each household
- Waivers provided for hardship cases on an *ad hoc* evaluation basis.

These approaches provide varying levels of support to low-income households, each having its own distinct advantages in terms of efficiency and effectiveness. The alternative approaches will be considered in greater detail later in this report.

1.2 Background to the Study

1.2.1 Need for Guidelines

Recent research by the Combat Poverty Agency and the Money Advice and Budgeting Service (MABS) has identified that waste charging in Ireland has placed an additional pressure on low-income families. Local authorities have sole responsibility for the management of local waste management systems and charges. Different models of charges have been applied throughout the country, as identified above. Some counties have introduced waiver systems to ease the burden on low-income families and some have not. Meanwhile the differing systems mean that families in similar financial circumstances but in different locations face significantly varying financial pressures. The inconsistencies inherent in the existing system therefore reinforce existing inequalities of wealth, and indeed potentially generate further inequalities within low-income households.

The need for a more consistent and equitable approach to the issue of waste charging throughout Ireland was identified in the Combat Poverty Policy Statement *Waste Collection Charges and Low-Income Households*. Included among its recommendations was the drawing up of 'Guidelines for a national waiver scheme ... by the Department of the Environment, Heritage and Local Government in consultation with MABS, Combat Poverty, the community and voluntary sector representatives and the Department of Social and Family Affairs'. As a first step towards meeting this recommendation, Combat Poverty commissioned the present study. The aim was to investigate policy and practice guidelines on potential waiver schemes for service charges operated by local authorities.

1.2.2 Objectives of the Study

In October 2003 the Combat Poverty Agency produced Terms of Reference for undertaking this study, outlining the following range of activities:

- Investigate the current practice of charging for services
- Examine the rationale for this practice

- Establish the implications for low-income households
- Investigate how local authorities might structure their charges, tiered or otherwise, to facilitate low-income households
- Develop a set of guidelines that local authorities might use in structuring their charges, including a waiver system.

In response to the Terms of Reference, Fitzpatrick Associates produced a work programme to undertake the study, including an indicative final report structure. This was accepted by Combat Poverty and framed the subsequent research and production of the report.

Chapter 2 Research Base

2.1 Consultations

A substantial consultation and research exercise had already been undertaken by Combat Poverty in its production of the Policy Statement *Waste Collection Charges and Low-Income Households*. The Statement resulted from a survey of 34 local authorities regarding their waste management practices, along with more detailed case studies of five selected local authorities. The document put forward a number of findings and recommendations and these have been used as a foundation for the development of the guidelines in this study.

The consultants attended the presentation of *Waste Collection Charges and Low-Income Households* at the national meeting of the Local Government Anti-Poverty Learning Network in Athlone on 27 November 2003. This was followed by a workshop on waste charging systems that involved a significant number of council representatives. The workshop generated a substantial base of knowledge and ideas and these have filtered into this study. A meeting was also held with the Research and Project Sections of Combat Poverty to discuss conclusions, useful information sources, and the most appropriate way forward for this study.

The purpose of this study was not to replicate any of the earlier research, but to build on the findings and identify examples of best practice that can be used to produce guidelines on the most appropriate waste management charging system. As a result we concentrated our study on a number of local authorities where the systems in place can add value to this process, and identified the key lessons to be learned in each case:

- Dún Laoghaire-Rathdown County Council
- South Dublin County Council
- Fingal County Council
- Donegal County Council
- Limerick City Council
- Monaghan County Council
- Kildare County Council

At a European level, we consulted a number of sources in order to determine where waiver systems are in place and how they operate. We also interviewed Dominic Hogg of Eunomia Research and Consulting, who had undertaken case studies of a wide range of waste management models throughout Europe, and who was able to direct us to specific examples of overseas waiver systems.

2.2 Literature Reviewed

A number of documents were reviewed during the course of this study, designed, as with the consultations, to build on and add value to the previous research undertaken by Combat Poverty. Among the sources consulted are the following:

- Combat Poverty Agency (2003), *Waste Collection Charges and Low-Income Households*, Dublin: Combat Poverty Agency
- North Donegal Money Advice and Budgeting Service (2003), *Annual and Social Policy Report 2002*, Donegal: North Donegal MABS
- MABS West Region (2002), *Household Refuse Charges in Mayo and Galway and the Low Income Household*, Mayo: MABS West Region
- Eunomia Research and Consulting (2003), *Waste Collection: To Charge or Not to Charge*, Bristol: Eunomia Research and Consulting
- Eunomia Research and Consulting (2003), *Financing and Incentive Schemes for Municipal Waste Management: Case Studies*, Bristol: Eunomia Research and Consulting
- Department of the Environment and Local Government (2002), *Preventing and Recycling Waste – Delivering Change*, Dublin: The Stationery Office
- European Topic Centre on Waste (2002), *Case Studies on Waste Minimisation Practices in Europe*, Copenhagen: European Environment Agency
- S. Scott and J. Eakins (2001), *Household Income Effects and Implementation Options* in D. McCoy and S. Scott (eds) *Green and Bear it?,* ESRI, Dublin
- A. Barrett, J. Lawlor and S. Scott (1997), *The Fiscal System and the Polluter Pays Principle: A Case Study of Ireland, Ashgate, Aldershot, Van Humbeeck*

- NDP Gender Equality Unit (2002), *Gender Equality in Environment and Waste Management*
- Oko-Institut Germany, for the European Commission (2000), *Success Stories on Composting and Separate Collection*
- Eunomia Research and Consulting (2001), *Costs for Municipal Waste Management in the EU*, Bristol: Eunomia Research and Consulting
- Department of the Environment and Local Government (1998), *Waste Management: Changing Our Ways*, Dublin: The Stationery Office
- Tax Relief for Service Charges, IT27, Dublin: Revenue Commissioners
- Rates of Payment Booklet SW19, Department of Social and Family Affairs
- St Vincent de Paul Management Submission to the Department of the Environment, Heritage and Local Government, April 2004
- Various Council websites.

Chapter 3 Current Waste Charging Practice

3.1 Existing Situation

This chapter provides a broad overview of the waste charging systems that operate at present in Ireland. The following sections examine practices in seven local authorities. Examples from overseas are also considered. The most important elements from each system are identified in order to build up a base of knowledge regarding the implementation of an effective waiver system.

3.1.1 Irish Overview

A survey by Combat Poverty of 29 county councils and five city councils across Ireland revealed very differing approaches to waste charging. The research found that both private and public sector delivery approaches have been adopted, and that in most local authorities a combination of public and private service providers are present. This offers each household a choice of system, and introduces competition to the waste charging market, an element that could be expected to drive charges downwards. Prior to 2005, two payment approaches were used. The first simply involved a one-off flat rate levied for waste collection, typically from wheelie bins, over a fixed period. However, a volume-based system was also in operation. This was more in tune with the 'polluter pays' principle, whereby households purchased the quantity of bags or tags that met their waste generation needs, and were thus encouraged to minimise their waste.

The Minister's directive regarding the introduction of pay-by-use in 2005 has effectively removed the implementation of the flat rate charging system. The precise charging mechanism is decided at local level so that local circumstances can be best taken into account. To date, a number of systems have emerged. These include:

- Pay by weight – wheelie bins are weighed at the collection point by the waste operator and the householder is billed for the amount of refuse collected.
- Pay by tag – wheelie bins are tagged with pre-purchased tags by the householder. The waste operator then services the tagged bins.
- Pay by bag – bags are tagged with pre-purchased tags by the householder. The waste operator removes the bags.

- The smaller bin – households are charged less for presenting a smaller bin. A reduced flat rate applies. Although this reduces the volume of waste presented on an annual basis, it could be argued that this is not strictly a pay-by-use system.

In many instances these charging systems are supplemented by a flat rate 'standing' charge that supplements the pay-by-use element. Others incorporate a 'lifting charge' levied each time waste is presented. Examples of these are discussed later in the chapter.

There are also variations in the methods of payment across the various local authority areas. The tagging system is simple in that it involves the purchase of tags before the waste is presented. The pay-by-weight method can lend itself to a more complicated billing system. Some waste operators bill the customer on an annual or semi-annual basis for the weight collected. Others bill in advance, basing the cost on the weight collected in the previous six months. Any end of year differences are debited or credited to the customer's next bill.

Waivers are also offered in varying forms by some local authorities. The differing approaches to the waiver issue were highlighted in Chapter 1. In general, most waivers apply to households whose sole income is from the Department of Social and Family Affairs, or who earn an equivalent income. A number of authorities also operate a hardship clause that considers individual cases on their own merits on an *ad hoc* basis. One concern expressed about waiver systems is that they tend to focus only on recipients of social welfare payments, ignoring those often referred to as the 'working poor', people who despite remaining in employment have income levels so low as to impede their ability to pay waste charges. It should be emphasised that some local authorities currently recognise this problem, offering waivers to those whose income is equivalent to social welfare payments and to those experiencing further economic hardship. It is essential that all local authorities adopt such an approach if the financial burden placed on the 'working poor' by the waste charging systems is to be properly addressed.

One under-utilised mechanism identified by Combat Poverty as a means of reducing the burden on some low-income households is that of tax relief via central government. The 1995 Finance Act provides for tax relief for the payment of refuse collection service charges. To benefit from this tax credit, customers must pay their service charges in full and on time. They must also have no arrears on previous years' charges. Anyone paying income tax can benefit from this tax relief.

However, take-up of the tax credits available under this scheme has been extremely low. The report *Waste Collection Charges and Low-Income Households* recorded that only 44,000 people in Ireland claimed tax relief on waste collection charges for the tax year 2000/2001. It costs the Government only €1.42 million, equating to only €32 per claimant, based on an average charge of €146. This indicates that only a fraction of those who are entitled to such relief actually claim it. Furthermore, it can be expected that low-income households are less likely to be aware of this assistance than higher-income groups, where professional occupations may make them more aware of the intricacies of the tax system. It does not cover those low-income households who rely solely on income support and are therefore outside this system. Low-income families are also more likely to have arrears from previous years and to have failed to pay charges on time, given their financial situation.

3.1.2 Dún Laoghaire-Rathdown County Council

Dún Laoghaire-Rathdown County Council collects the waste in its area. The Council moved from a flat-rate system to a pay-by-use system in 2005. This comprises three elements:

1. A 'service charge' of €80 per annum per household to cover the cost of providing waste collection, waste disposal and recycling facilities. Even if households do not present any waste for collection, they will be subject to this flat rate element
2. An additional €4 charge for each time a standard household 140-litre or 240-litre bin is collected, i.e. a 'lifting' charge
3. A charge of 20 cents per kilogramme of household waste collected, i.e. a weight charge.

The Council operates a waiver system, which will benefit some 16,000 households in 2005. This represents approximately 25 per cent of all households in the local authority area. Of the three charges levied on households, only the standing charge of €80 will be waived, with all customers subject to the lifting and weight charges. An additional waiver of €120 is available to households in receipt of the €80 waiver (i.e. €200 in total) if the household comprises a couple and four or more dependent children, or a single parent with three or more dependent children.

To qualify for the waiver, the household income of the applicant must be social welfare payments or be of an equivalent value. There is also a hardship clause, whereby individual appeals are considered in special

circumstances that may entitle a household to a waiver. This is available where the County Manager judges that the payment of charges would result in severe financial hardship or if exceptional circumstances prevail. Information to households on the waste charging system and eligibility for the waiver is clearly defined on the Council's website, with application forms easily downloadable. Waiver application forms are also included in the first billing of 2005.

While refuse may be presented for collection once a week, dry recyclables may be presented once every four weeks. This is collected by a private contractor, namely Oxygen, who collects the green bin 13 times a year. The cost of this is included in the €80 annual fee. This system encourages recycling in that the weight and lifting charges are under the control of the householder, and doorstep recycling facilities are provided.

Key Issues:
Dún Laoghaire-Rathdown is an example of a system that incorporates both a flat rate and a variable element. The incorporation of a lifting charge encourages the users to present waste for collection less frequently. Furthermore, the pay-by-weight element promotes the minimisation of waste presented and greater use of the recycling facility. From an effectiveness and efficiency viewpoint, the setting of the waiver on the flat-rate element of the system, which does not relate to the level of waste produced, may not go far enough in addressing the financial pressures placed on low-income households by waste charges. Households are still required to pay the entire weight-based cost element of charges. A more progressive and equitable system would be to also offer a waiver system under the weight-based cost element, that would allow for the production of an acceptable level of waste but would penalise the low-income household for any further waste generated above this level. A further alternative would be to base the waiver on the flat rate plus a proportion of the weight-based cost element.

3.1.3 South Dublin County Council

South Dublin County Council collects the domestic waste in its area. The authority has moved from a flat rate charging system to a tag system in line with the Minister's instructions.

A waiver scheme currently operates for households where the sole income is a social welfare payment or where the level of income is equivalent to a social welfare payment. If anybody in the household pays income tax the

household does not qualify for a waiver. An informal, *ad hoc* hardship clause also applies in individual cases.

South Dublin County Council introduced the tag system in February 2004. Under this model, households were offered the choice of purchasing a tag for €6 that entitles them to the collection of a large bin or alternatively €3 for the collection of a small bin. However, a flat rate system was also offered. Households were given the option of prepaying an annual fee, with the charge set at €6 per week for the larger bins. This option was not widely advertised, however, and take-up was small.

The approach adopted by South Dublin County Council has been the subject of substantial debate. The Council could have postponed implementation until 2005 but decided to forge ahead on the basis that it was important that local people understood the ethos of volume-based waste charging as soon as possible.

In 2004 waste collectors were to identify those eligible for collection through the tag system by the labels on their bins. Two coloured labels were issued. Households with no environmental charge arrears from the flat rate era were supplied with a yellow label. Households with the yellow labels then applied the tags to their bin. Households that were granted a waiver for 2004, or who had paid the annual fee in advance, were issued a blue label. These bins did not require a tag. It was decided that those on the waiver scheme in 2003 would receive free collection in 2004 by being allocated tags at no cost. This highlights the Council's commitment to easing the financial burden on poorer households. However, it failed to provide any incentive for people to minimise their waste.

The Council took three positive steps in 2005. Firstly, only one label (orange in colour) is now used in identifying bins qualifying for collection via the tag system. This gives greater anonymity to those receiving a waiver. Secondly, the Council now issues only 26 free tags per annum to low-income households, which it believes will suffice for a half year's collection of waste. This has the added advantage of encouraging recycling, hitherto not the case when tags were issued free of charge for the whole year. Finally, the option of prepaying for collection, using the flat rate of €6 per week, has been removed.

The Council currently provides green bins for dry recyclables, although it is felt that the cost of this service is unsustainable and its provision may be revisited in the future. Another measure to be introduced is the enforcement of bye-laws concerning the type of refuse that can be put into particular bins (e.g. bye-laws for the collection, storage and presentation of

household waste and certain related waste management matters). They may represent the only way of overcoming the problem of misuse of the collection service but would require large implementation resources.

The Council has also been providing compost bins to households. These can be used for composting peels, eggshells and so on. The compost bins were previously offered free of charge. However, due to the level of demand and the limited stock available, a charge has been set at €25. This charge does not cover the cost to the Council of providing the bin. The Council estimates that it can issue 2,000 compost bins per annum.

Key Issues:

Moving to a tag system that does not distinguish waiver recipients from other users appears to be a positive step. Furthermore, the issuing of tags to cover a set number of collections provides greater incentive for households in receipt of a waiver to recycle. The current system, however, does not take account of family size when allocating free tags. It does not therefore distinguish between the various needs of customers. The Council has indicated that in the future it may allocate free tags on a household-by-household basis, taking into consideration the numbers per household.

It was also noted that a large number of people in the area, approximately 15,000 households, are currently on the waiver system. Therefore, removal of any part of the waiver scheme is a politically sensitive issue. Finding some way to continue to support these people while discouraging excessive waste generation is the key to a successful system.

3.1.4 Fingal County Council

Fingal County Council has a similar tag system to the one in place in the South Dublin County Council area, but with a waiver system that includes a volume-based element. The tag system has been in place since March 2002, when it was chosen in preference to the flat-rate model, encouraging waste minimisation and recycling from the start. The cost per tag is €6 for the 240-litre bin and €3 for the 120-litre version. There is no annual standing fee.

The system was introduced in combination with an improved recycling infrastructure, with green dry recycling bins provided. The cost of the recycling facility is included in the price of the tags. Full details of the scheme are provided to households on the Council's website, with access to the appropriate application form available online.

The waiver system put in place by Fingal County Council is currently taken up by approximately 8,500 of the 79,500 households in the local authority area. A waiver of charges may be granted if the household's income is entirely sourced from the Department of Social and Family Affairs or is exempt from income tax. This waiver takes the form of 26 free bin tags. Twenty-six free collections represent what is considered to be the acceptable level of waste that can be generated in a household. If low-income families are careful about waste generation, they should not experience any additional financial burden. There is also a mechanism to further assist households in exceptional circumstances, e.g. larger families. This allows the household to receive extra bin tags when all 26 free tags are used.

It was noted by the Council that there is less resistance to bin charges when they are operated in this fashion, i.e. using a weekly payment structure rather than one lump sum that may form a significant proportion of a household's monthly income. It was commented that people do not object to paying €6 to have their bins removed, especially when they can see that they are receiving a good service.

Key Issues:
This is the most advantageous method considered thus far. It meets all the principles required by the Irish government and the EU in terms of the 'polluter pays' principle, with a waiver system for low-income households that discourages excessive waste generation. The method is simple to understand, spreads payments across the year, and is accompanied by an adequate recycling infrastructure.

3.1.5 Donegal County Council

Donegal County Council has privatised waste management services in the county, through the use of eight private sector municipal waste collection agencies. In response to the Waste Management Act, the Council decided that contracting-out activity under the waste collection permit scheme represented the most cost-effective and efficient means of delivering this service.

Each of the operators is required to offer an alternative to the previous flat rate system of collecting the 240-litre bin. The pay-per-tag and pay-per-bag systems are the most common approaches used. However, the Council has also indicated that one of the operators offers a smaller bin approach, i.e. a 120-litre bin as opposed to the 240-litre bin. A flat rate is charged for the collection of this smaller bin. Although this approach does not seem to be in keeping with the fundamental pay-by-use principle of waste charging, it

has been approved by the Department of the Environment, Heritage and Local Government.

A door-to-door recycling service is in its infancy in Donegal. However, under the new waste collection permits to be issued, the eight private operators will be required to offer a dry recycling facility to their customers as of April 2005. A number of operators are already doing so. While this service will not be free to customers, it is envisaged that the collection of waste for recycling will be at a lower rate than that of the other waste presented.

The Council adheres strictly to government and EU regulations, and has not offered a waiver system, believing this to be outside its remit. Some clients have informal agreements with collectors and may receive *ad hoc* waivers but the Council has no influence on such activity. There is therefore no formal safety mechanism in place to ease the financial burden of waste charges on low-income households.

Key Issues:
From an income distribution perspective, the Donegal example would appear to be the most regressive system of those examined. No waiver system is provided. Doorstep recycling facilities are emerging, although at a direct cost to users. The Money Advice and Budgeting Service (MABS) in the north-west region has identified refuse collection charges as a key concern for its clients. This differed from the perception of the local authority that local inhabitants are generally happy with the system as it is, and that it is not a political issue at present. This may reflect the fact that people in Donegal are accustomed to paying for their waste disposal and see it as a good service. If people are accustomed to a system, any inherent unfairness may not be apparent. This perhaps flags up an issue with regard to the acceptance and implementation of National Guidelines, as awareness will differ depending on the experiences of people in different Council areas.

3.1.6 Limerick City Council

Waste collection services within Limerick City have been contracted out and are currently provided by three independent operators. Volume-based systems are in place, and the emphasis is on encouraging local households to minimise their waste generation.

Mr. Binman operates a weekly collection of wet waste and dry recyclable waste using a pay-by-weight system. The cost of a €140-litre bin is €330 per year. This charge is broken down into €225 service charge and €105 disposal charge based on an allowance of 600kg. If the household uses less than the 600kg allowance, a credit will apply to the account and if it uses more than 600kg a surcharge will apply. The credit/surcharge is applied at 17.5 cent per kg.

Mr. Binman also provides a 240-litre bin at a cost of €380 per year. This charge is broken down into €240 service charge and €140 disposal charge based on an allowance of 800kg. If the household uses less than the 800kg allowance, a credit will apply to the account and if it uses more than 800kg a surcharge will apply. Again the credit/surcharge is applied at 17.5 cent per kg.

Limerick Waste Recycling offers its customers recycling services that operate an alternate-week collection: wet waste one week and dry recyclable and organic collection the next. This is based on a pay-by-volume system with bin sizes of 140 litres and 240 litres. The cost of a 140-litre bin is €330 per year, and €380 for the larger version.

The third of the three collectors, Clean Ireland Refuse and Recycling Co. Ltd., operates a pay-by-weight system. It operates an alternate week service, collecting wet waste one week and dry recyclables the next. The cost of a140-litre or a 240-litre bin is €299.60 per year. This charge is broken down into €193 service charge and €106.60 disposal charge based on an allowance of 650kg wet waste and 312kg dry recyclable collection. If the household uses less than the wet waste allowance of 650kg, a credit will apply to the account, and if it uses more a surcharge will apply to the account. The credit/surcharge rate applied for wet waste is 14 cent per kg. In regard to the dry recyclable collection, an allowance of 312kg applies. The credit/surcharge rate applied is as outlined above and the rate for dry recyclable collection is 5 cent per kg.

None of the three private waste collectors offer a waiver or reduced fees to their clients. Up to the end of 2004, residents could avail of a subsidy scheme offered by the local authority. In this system low-income households applied to the local authority for a subsidy towards their waste charges. These typically covered 20, 40 or 60 per cent of the waste charges. Qualification for the subsidies offered was based mainly on household income levels. The service was provided not only to the city's tenants, but also to other low-income households which applied, as well as to old age pensioners who qualify under certain circumstances.

Under this system the local authority paid the subsidy directly to the private waste collector. The household then paid the balance, again to the private collector. This system had the advantage of providing a waiver for clients who need financial assistance, while at the same time guaranteeing an income for the private collectors. However, the system also has a considerable administrative burden regarding updating the database of people who qualify for the waiver scheme.

On investigating a more efficient manner to collect waste, Limerick City Council was advised that the subsidy system it operated to low-income households might be open to legal challenges. These legal considerations centre around two main points. The first is that as the Council was not providing a waste collection service to low-income households, it may not be legally allowed to waive these fees. Secondly, the legality of the Council making direct payments to private sector operators was also a cause for concern.

Limerick City Council is now exploring its options and it remains to be seen what model of waste collection will emerge in Limerick City. At the moment no waiver system is being offered to householders in the area.

Key Issues:
The Limerick City Council example highlights the problem of offering a waiver to low-income households when private operators are the sole providers of waste collection services in an area. Further options need to be examined with regard to ensuring that the income requirements of low-income households are taken into consideration. It may be that the use of the social welfare system is the only viable solution to this problem in the short term.

3.1.7 Monaghan County Council

A total of six private operators collect domestic waste in Monaghan. A pay-by-weight system is in operation, with charges accruing to the household based on the 'band' of weight into which the household's waste falls. An annual service charge of €89 per household is also in place.

While not operating a specific waiver for its clients, Monaghan County Council has taken the innovative step of establishing a special 'hardship' fund. The local authority sets aside approximately €20,000 per annum. From this an allowance of €170 per annum for a family, or €100 for a single person or senior citizen, is available to those who qualify for assistance.

Qualification for this allowance is judged on a case-by-case basis and being a social welfare recipient is not a sufficient condition for qualification. The allowance is usually awarded only to those applicants who are both on social welfare and undergoing extra financial hardship. The Council pays this money directly to the waste collector, who then credits this amount to the client's account, leaving the recipient to pay the balance.

In 2004 approximately 40 households were granted an allowance for their waste charges. The waste collectors would have referred a number of these households to the Council.

Key Issues:
In the approach adopted by Monaghan County Council, the allowance is offered on part of the waste cost, and as such clients are encouraged to minimise waste. The small number of applicants may be due to the fact that the availability of the fund is not widely advertised. Also the fact that the fund is only for 'genuine hardship cases', and not a fund for those receiving social welfare payments, keeps the numbers low.

3.1.8 Kildare County Council

Approximately 60 per cent of the households in Kildare County (excluding Naas and Athy) have their waste collected by the local authority, with the remaining 40 per cent opting for private-sector operators.

Since1 March 2005 the local authority operates a bin-tag system. Local authority clients purchase a tag costing €7 every time they want to present a 240-litre bin for collection, and €5 for a 140-litre bin. An annual standing charge also applies, which for 2005 has been set at €185.

Like many local authorities the Council previously operated a flat-rate system. It also operated a waiver system whereby households receiving income support could apply for relief from waste charges, many of whom received a full waiver of fees. Approximately 25 per cent of the local authority's clients receive the waiver. This year a full waiver has been applied to the standing charge and 14 free tags will be distributed to those who qualify. It is hoped that the impact of the bin tags will increase levels of recycling and that the standing charge may be adjusted accordingly in future years.

Kildare County Council currently competes with private contractors in the waste collection market. However, the local authority faces higher costs than its private counterparts. This is largely because the private operators do not offer waivers to their clients. Anybody who wishes to avail of a waiver in Kildare County must become a local authority client. This added cost to the local authority may then have to be directly or indirectly reflected in the cost of waste charges to those who do not qualify for the waiver.

With this in mind there is increasing pressure to develop the pay-per-use system and thus reduce the Council's costs in relation to the collection of waste.

Key Issues:
Kildare County Council's approach to ensuring that its clients can avail of a competitive and socially inclusive service is to compete with the private operators collecting in their area. In this way the Council offers a waiver as part of its service, with the knock-on effect that it faces higher costs than competing private-sector operators. The cost of the waiver has to be accounted for, and may be included in the fees charged to Council clients who do not qualify for the waiver scheme. The Council has also indicated that its competitors have a lower cost base and can offer a more efficient service. If the Council cannot reduce the costs it faces, it may be forced to exit the market. If this is the case provisions will have to be made to deal with those clients currently in receipt of a waiver.

3.1.9 Overseas Examples

A number of different approaches have been adopted throughout Europe to address the impact of waste charges on low-income households. In general all states follow the stance of the European Commission that citizens must pay something towards the cost of treatment of the waste they generate, with social adjustment mechanisms or waivers available in certain areas.

The EU has established priorities in relation to waste management. It gives preference firstly to waste prevention, then to recycling, then to energy recovery and finally to disposal. It is determined to significantly reduce waste generation in its member states. A Directive on land filling of Biodegradable Municipal Waste (BMW) demands a reduction to 75 per cent of 1995 totals by 2006, 50 per cent by 2009 and 35 per cent by 2016. This has triggered off significant activity in waste management, with all countries implementing 'polluter pays' solutions. A central issue of concern,

however, is the need to balance such activity with social policy to ensure that it does not result in a regressive redistribution of wealth.
In some countries, such as Germany, no waivers are offered in respect of waste charges. However, examples from other countries highlight potential mechanisms for consideration of a best practice model, and these are outlined below.

In the city of Ghent in Belgium a post-payment rebate system is in place. This is available to a significant proportion of households, and is based on a fixed income threshold. In total 20,000 households out of an overall city total of 110,000 receive an annual cheque of €38 compensation, representing approximately one-fifth of the total charge. However, currently environmental agencies are pressurising local politicians to change to a volume-based system. There is consensus that this can best be achieved by offering a fixed number of free bin bags (under a tag system) or a number of free collections, in order to ensure that the onus is on each household to minimise waste.

Elsewhere in Belgium, the Brussels Capital Region operates a system based on volume of household waste generated. Partial waivers can be offered to take into account social welfare issues. In the Flanders region, social adjustments are made to waste charges in 75 per cent of municipalities. These are based on criteria including the number of members of a household, the occupation of the head of the household and the overall family income level. Such adjustments also apply to widows, orphans and people with disabilities.

In France, some regions operate a tax-based approach to waste charging, while others use service fee financing. No waivers are offered under the service fee schemes. However, taxation offers an easy means of calculating income and, as a result, under this system, socio-economic circumstances are taken into account when levying charges.

In Greece there is no connection between the fees paid by the household and the level of waste generated. However, social adjustments are put in place indirectly because charges are proportional to the surface area of the property, as in a traditional rates type system.

Danish weight-related fees have been successful in reducing the amount of mixed waste generated by households. There has been much emphasis on providing easy access to alternative forms of waste treatment, apart from landfill. The need to provide adequate recycling infrastructure is a key

element in the success of any waste charging system, and Denmark has invested substantially in this regard. Apart from the waste charging systems, other mechanisms have been used to reduce waste. Landfill taxes in Denmark have proved very successful in reducing the landfill rate of household waste.

3.2 Rationale for Current Practice

The rationale for the current waste charging practice in Ireland appears to be a product of financial, environmental, and social and political influences. This section considers each of these in turn.

3.2.1 Financial Aspects

There is a perception within some local authorities that, in relation to waiver schemes, the protection of low-income groups lies beyond their remit and is rather the responsibility of the State. In counties where the majority of services are contracted out to the private sector, the rationale appears to be the establishment of a cost-effective delivery mechanism that will not drain Council resources.

It was noted within some local authorities that the Council cannot afford to subsidise low-income families, and that any waiver scheme should be applied nationally by the government. In many cases Councils who operate a waiver system forego the costs of the system, refusing to spread the shortfall over the rest of the community, and sourcing it instead from other non-waste related activities.

One issue of concern to local authorities is the need to provide adequate recycling infrastructure if pressure is to be placed on households to minimise waste via volume-based charging systems. The costs of such recycling facilities are significant, especially as care must be taken to ensure that these are accessible to the entire community. In Galway the cost of the waste management service increased significantly with the provision of recycling facilities. Such costs are difficult to reconcile at local authority level with the benefits that are generated in terms of environmental impact.

The administrative burden generated not only by waste charging but also by a whole range of public service levies was also identified as a reason why existing systems were in place. The contracting out of services immediately

alleviates a major administrative pressure on a local authority. On this theme there was popular support for a passport system to be introduced for a range of public service payments. Currently there are a number of service providers who will each independently assess a household's ability to pay for that particular service. If some means could be found to have one application process for a number of services, the cost savings could be very significant. Our research has not revealed much evidence of such a system in place elsewhere, although in Ireland itself the Department of Social and Family Affairs does have a Household Benefits Package for older people that combines electricity/gas, telephone and television license allowances in one application process.

3.2.2 Environmental Concerns

Local authorities are under pressure to ensure that waste management systems minimise waste generation within their area. The flat-rate system, which has been widely used in the past, is no longer acceptable. The speed of adapting collection and disposal methods to the pay-by-use system has differed between local authorities but all have made significant progress towards this method.

There is also recognition that if the onus is to be placed on individual households to minimise their waste, recycling facilities must be introduced in tandem with this type of system. Information provision is considered to be important in any waste charging system in order to ensure that households are aware of their environmental responsibilities.

There is now a general acceptance of the 'polluter pays' principle within local authorities. Attention has been focused on finding the most appropriate system to ensure that charges relate directly to the level of waste produced, are easily understandable to individual households, and can be easily administered by the service provider.

3.2.3 Social and Political Issues

Most local authorities recognise the difficulties that waste charges place on low-income households, although they may disagree on whether they are responsible for addressing this issue. Some have implemented waiver systems that severely dent financial revenue, in order not to apply an overly heavy burden on other households. Others believe that it is the role of central government to address income inequalities, and that their only concern with regard to waste management is ensuring a high quality, cost-effective service that meets all environmental requirements.

It was noted that political considerations play an important part in the development of waste charging systems. Councillors want to be seen to care about low-income households within the area, but are reluctant to apply hefty charges to the population as a whole. Securing the right balance in this respect is a key challenge for local authorities.

3.3 Implications for Low-Income Households

3.3.1 Increasing Financial Pressure on Low-Income Households

The significant increases in waste charges over the last few years have placed severe financial pressure on low-income households throughout Ireland. These households, depending where they live, may face a bill of up to €500 for waste. This represents a significant proportion of their monthly income. Finding this sum is often an insurmountable problem, and merely adds to their level of debt, thus ensuring that few low-income households can escape from their financial situation.

Problems exist not only with the previous flat-rate systems, however, but also in the emerging volume-based models, where the extent and magnitude of environmental taxes and fees faced by all households has to be considered carefully in order to avoid undesirable effects such as illegal and uncontrolled waste disposal.

Set against the context of expansion in the cost of other public utilities, the waste charging mechanisms implemented in Ireland over the past five years have, in effect, acted as a regressive taxation system in some areas. The imposition of the same rate for all households regardless of income has further forged inequalities of wealth.

The Money Advice and Budgeting Service (MABS) agrees that waste charges pose a significant and growing problem for low-income households. Among the particular issues MABS has highlighted is the increased contracting out of waste collection services to private-sector operators who are reluctant to provide a waiver system. Private-sector delivery of waste collection services has clearly placed the emphasis on cost effectiveness rather than on ensuring that no unnecessary financial burdens are placed on those with the lowest income levels.

A number of current waste charging systems in Ireland fail to take into account the difficulties faced by low-income households, not only in the

absence of adequate waivers, but also in aspects such as payment periods which do not fit with the budgeting patterns of low-income households. It is in no one's interests to levy charges that certain households are unable to pay, and some means of introducing a more progressive waste charging system needs to be found in order to ensure that inequalities of wealth do not become further exacerbated in Ireland.

3.3.2 Inequalities Between Low-Income Households in Different Places

The range of waste charging systems in place in different local authority areas has created varying levels of hardship for low-income households in identical socio-economic circumstances. Poor families in different counties face varying financial pressures, based solely on where they live. This fact would seem to be unfair and is one of the issues that these Guidelines attempt to address.

As an example of this type of inequality, a family on income support may have to pay a one-off levy of over €330 in Limerick City for annual waste collection services, assuming a bin with a volume of 140 litres is used. If this family were to move to Donegal, no waiver would be available but the financial burden might be spread more evenly throughout the year, with bags, each costing €5.50, purchased as and when required. Assuming that 26 bags are purchased from the private sector operator, this would levy an annual charge of €143. A family in identical social circumstances, but living in the Fingal County Council area and keeping its waste to a level that required only these same 26 collections, would not have to pay any additional cost.

The above example highlights how current waste charging practice in Ireland generates disparities in the treatment of low-income households, with varying financial burdens being placed on families, depending on where they reside. While localised delivery of services is undoubtedly desirable from an efficiency point of view, some approach must be found to ensure that low-income families are not unfairly punished for living in certain locations.

A common set of guidelines focusing on the waiver aspect of all waste charging systems is therefore essential, in order to reduce the inequalities that have resulted between families in identical social circumstances around Ireland.

Chapter 4 Identification of Best Practice

4.1 Options from Best Practice Research

4.1.1 Overview

Although the collection of municipal waste is moving away from the flat rate system, local authorities are not required to harmonise the methods by which refuse is collected or who collects the waste. However, two distinct volume-based methods have emerged: the pay-by-weight scheme and the bin-tag system. These are considered below in terms of their advantages and disadvantages.

4.1.2 Pay-by-Weight Scheme

A pay-by-weight scheme can incorporate both a flat and a variable charge, as is the case in Dún Laoghaire-Rathdown County Council. However, careful consideration needs to be given to the cost structuring of the charge, and to what proportion is accounted for by the fixed element and what proportion by the variable element. Obviously the more dominant the variable weight-based charge, the more closely this system will reflect the ethos of 'polluter pays'.

There are arguments in favour of attaching a waiver primarily to the flat rate element of the charge, as this does not affect the level of waste produced. Therefore there will still be a disincentive for low-income households to produce waste, as they will be charged the same incremental rate as other households for the amount generated. The setting of the waiver on the flat rate element also has advantages in terms of simplicity of understanding by households and ease of administration for the operators.

A downside to this approach could be that the fixed element would provide an insufficient level of waiver to impact to any great extent on the financial burden facing the household. This could be addressed by offering a discount on the variable element of the charge. For example, low-income households could be charged 50 per cent of the variable element; thus they would still be provided with an incentive to minimise waste, but not penalised by the full amount for the additional waste generated.

4.1.3 Bin-Tag System

The bin-tag system, as discussed with regard to South Dublin County Council and Fingal County Council, appears to be most in tune with

ensuring that all households accept responsibility for their waste. Under the tag system, any waiver should relate to a number of free tags per year. Wherever possible the number of free tags provided by the authority/collector should relate to the household's ability to pay.

However, it is important that households are not given an unlimited amount of free tags as this removes the incentive to prevent waste. The number of tags provided to those households on the lowest income could reflect the waste that might reasonably be expected to be generated by the household if it took action to minimise its waste. An incentive would therefore remain for the household not to produce excessive waste. The tags should not distinguish between those benefiting from the waiver and those paying for all of their tags, in order to avoid any disincentive for low-income families to apply for the waiver.

Overall this system would appear to be easy to implement, with waivers simply representing the handing over of a number of free tags based on an agreed structure for assisting families in differing low-income bands. From the household's perspective, it is easily understandable, with an obvious disincentive to produce excessive waste. The payment periods also fit more closely with the budgetary patterns of low-income households. It is important, however, that such a system operates in tandem with the adequate provision of recycling facilities.

4.2 Development of Best Practice Guidelines

4.2.1 Development of the Guidelines

Based on the research findings, an indication of best practice for the implementation of waste charging waiver systems has been developed. There are systems in place that appear to offer a range of solutions to the various issues that a waste charging system should address. By drawing on the most appropriate elements from such systems, a number of key themes emerge that can form the basis of the guidelines. These are detailed fully in Chapter 5.

4.2.2 Key Principles in Developing Waste Charging Guidelines

A number of key principles that should form the basis of best practice guidelines emerged throughout the study. These cover all aspects of a system including financial considerations, environmental factors and social adjustment mechanisms. The key principles are listed below. They are

grouped into the following categories: 'polluter pays', progressive waste charging systems, and environmental infrastructure.

'Polluter Pays'

- Every group in society, regardless of income, should be encouraged to reduce the level of waste it presents for disposal.
- A distinct financial levy that is tied to the level of waste produced is probably the most efficient and effective method of achieving this goal (as has been illustrated in numerous case studies at EU level).
- The financial cost imposed upon each household should relate to the amount of waste produced and should therefore provide an incentive for households to minimise their waste generation.

Progressive Waste Charging Systems

- The financial cost imposed upon each household should relate to the household's ability to pay. The criteria for this should be universal, and should not differ from county to county.
- Local authorities need to take into consideration low-income households when establishing the tariffs for collection, regardless of whether the local authority or an independent operator is the collector.
- Waivers should be available from both local authorities and private operators, and the model to be adopted by a private contractor should be built into the service agreement. In cases where the local authority contracts out waste collection, or waste collection is undertaken by private operators, establishing a waiver system requires close co-operation between the local authority and the collectors (e.g. in Kildare). However, in most instances this does not seem to be the case. For example the MABS West Region report notes that waivers or partial waivers are not available from private companies who collect all of the waste in Galway county and a significant level of waste in Mayo.
- The availability of a waiver should be made clear to all households within the service area, e.g. through the inclusion of an explanatory note or application form with the bill.
- The effect of the price incentive mechanism should be experienced to a greater extent by low-income households, as the proportion of income that can be saved by waste minimisation will be more significant among such households. A waiver system should therefore incorporate some volume-based element in order to ensure that an incentive remains for low-income families to minimise waste generation.

Environmental Infrastructure

- The local authority should provide accessible alternatives to waste disposal, e.g. doorstep recycling facilities. Galway City Council offers what the MABS West Region calls a comprehensive recycling collection service. This includes the offer of a bin for landfill, one for recyclable tin/glass/plastics and one for biodegradable waste. The system allowed the Council to reduce the amount of waste going to landfill from 17,530 tonnes in 2000 to less than 8,500 tonnes in 2002. However, this is a very costly process and a means should be found to ease the infrastructural burden on local authorities in this regard.
- An increase in the amount of household waste that is recycled should automatically result in a decrease in household refuse charges. A staggered approach to charging, where the volume-based rate is lower if a household can keep its level of waste below a certain level, would be worthy of consideration.
- Failure to provide adequate environmental infrastructure is likely to lead to illegal fly-tipping, black market waste collection, and a generally poorer community environment.
- If a pay-by-use system is to prove effective for low-income households, investment in recycling, backed by a strong commitment from local authorities to support and service them, is essential in communities.
- Such investment must be backed by awareness-raising campaigns in order to encourage people to recycle, and to highlight the lower waste charges that can result from good waste management practice. Such awareness raising should also extend to schools, in order to ensure that a younger generation understands the principles of waste management.

Chapter 5 The Guidelines

5.1 Overview

Based on the research undertaken and the findings developed, this chapter produces a series of guidelines for local authorities on the implementation of an appropriate waiver system for waste charges. They reflect the key principles outlined in Section 4.2. The focus of the guidelines is on identifying a system that is fair to all, taking account of the problems faced by low-income households, and ensuring that those in identical social and economic circumstances are treated fairly and equitably, regardless of where they live.

5.2 Guidelines on Waste Charging Waiver Schemes

The following guidelines are general ideas that all local authorities should consider when implementing a waste charging system.

5.2.1 Volume-Based Approach

Any waste charging system must reflect the 'polluter pays' principle. Applying a simple flat rate to everyone regardless of waste generated neglects this principle. Staggered weight-based approaches go some way to addressing this issue, but bin-tag or pay-by-weight systems seem more directly proportional to the level of waste produced. The bin-tag system is also more conducive to adopting a volume-based waiver approach. Assistance can be given easily in the form of free tags. People in low-income households must have a system whereby they are discouraged from producing excessive waste.

5.2.2 Income-Based Approach

The rules of eligibility for a waiver must be clearly defined and linked directly to the level of household income. At the very minimum, all households where the sole income comes in the form of income support, or where the income received is equivalent to this level, should be entitled to a full waiver.

Under the tag system, the number of tags provided to those households on the lowest income should reflect the waste that would reasonably be

expected to be generated by the household if it took action to minimise its waste. An incentive would therefore remain for the household not to produce excessive waste. In a pay-by-weight system waivers could take the form of a maximum weight allowance prior to incremental charging. Further models could be considered offering a partial waiver to those households receiving low incomes above this minimum band. The tag system may be ideal for this purpose, as a reduced number of free tags could be offered to these income groups. However, a pay-by-weight system could charge a proportion of the normal cost to low-income households in order to ensure that charging remains proportional to waste generated for all households.

5.2.3 Payment Periods

Regardless of the waste charging system adopted, some allowance must be made for the budgetary patterns of low-income households. Levying a one-off or twice yearly charge on households will only increase the inability of some families to pay, resulting in falling income for the local authorities and rising debt on the part of the household. A mechanism should always be in place to ensure that smaller, more regular payments can be made throughout the year. The tag system facilitates this, because it operates on a pay-as-you-go basis, but other systems should allow payment in installments throughout the year.

5.2.4 Supported by Adequate Infrastructure

If pressure is to be placed on households to limit their waste, alternative means must exist to dispose of refuse. Otherwise there is a danger of fly-tipping and illegal dumping resulting from the penalisation of excessive waste. If volume-based services are to work effectively, adequate and accessible recycling facilities must be in place, whether these take the form of household bins or centrally located recycling banks.

5.2.5 Easily Understood

Any waiver scheme, and indeed the waste charging system in general, must be easily understood by the households within the area. It should be clear to all households whether they are entitled to assistance. Households should be aware of their obligations to minimise waste generation and the increased costs that apply if they do not. The location of recycling facilities should be identified. This provision of information is central to the operation of an effective waiver system, and care must be taken to ensure that the message is conveyed to the correct target groups. Council websites can act as useful resources in this regard, but low-income households may

not be able to access this source, and more direct information provision (perhaps with notice of the waste charges to be applied during the year) could prove to be more effective.

5.2.6 Low Administration Costs

A primary concern of local authorities that administer waiver schemes is to keep administration costs low. As a consequence there has been little support for weight-based charging alone, where the quantity of waste is measured and charged appropriately. The tag system offers a relatively easy administrative process, given that it merely involves issuing a set numbers of tags to low-income families, and having these same tags available for purchase.

5.2.7 Anonymity in Waiver Assistance

The waiver system adopted should not identify recipients of the assistance. Households that require support may be deterred from applying for a waiver if they will be identified as a low-income household by the way in which waste services are provided to them. Again a bin-tag system would not distinguish between free tags and those purchased, thus avoiding this problem.

5.2.8 Promotion of Tax Credits System

One element highlighted initially by Combat Poverty and further discussed in this report was the low level of take-up of the government's tax credits scheme for waste charges. This can provide a valuable saving to households currently paying tax under the PAYE system or self-employment. Although it is not the remit of local authorities to promote national schemes, raising awareness of this opportunity among local residents will reduce the financial burden of waste charges, and perhaps allow more flexibility in implementation of the most appropriate charging system. If low-income families (who must still pay tax) can be encouraged to access this support, it will, in effect, act as a partial waiver.

5.2.9 Wider Service Charge Context

One concern in local authorities is the fact that individual public services all have independent procedures and low-income families are asked to apply again and again in order to receive assistance. If some means can be found to reduce the administrative burden on low-income families, it may facilitate the accessing of assistance by this group. The idea of a 'passport' was put forward that would entitle a family to certain support mechanisms across a range of public services. This could be worthy of consideration in

order to reduce logistical costs for both service providers and their customers.

5.2.10 Full Cost Recovery

Local authorities have identified the severe cost implications of subsidising waiver schemes and investing in recycling facilities. In many cases, they have to call on other income sources in order to subsidise such activity. If waste management systems are to remain sustainable in the future, charging models must recover all of the costs, and cross-subsidisation of waivers must occur by levying sufficient charges on other households.

Chapter 6 Waste Charging Delivery Models

6.1 Delivery Model Options

6.1.1 The Need for a Single System Approach

This study has highlighted a number of waste charging delivery models that have been applied in Ireland and overseas. As shown, there is a wide degree of variance in the way different authorities treat the issues of addressing poverty and ensuring that the polluter pays in the application of their specific model. The lessons learned from an examination of each of these models were developed into a set of guidelines in the previous chapter. These guidelines should aid local authorities in the development of models that are fair and equitable and based on sound environmental principles.

The study assumes that the autonomy of each local authority to determine its waste charging remains, and that systems will continue to be developed on an independent basis. Local authorities themselves in their responses to the Combat Poverty document *The Impact of Waste Charges on Low-Income Households* have recognised the unevenness of the existing support system. Their key concerns were: (a) the fact that people in low-income groups in different parts of the country were being treated differently and faced varying waste charging burdens and (b) the fact that varying levels of incentive exist to minimise household waste. There was broad support for treating waivers as a form of income support, operated across all counties via a national scheme.

While there is considerable justification for the introduction of a consistent national waiver system, an appropriate delivery model needs to be developed that is cognisant of the varying waste management needs of different areas. Therefore it was decided that an outline option appraisal should be conducted as part of the study, in order to ascertain how an equitable, nationally applied waiver system could be implemented. Three broad types of waiver system were identified:

- Locally operated waiver system (implemented via local authorities)
- Tax credit system (implemented nationally, via the existing taxation scheme)
- Social welfare system (implemented nationally as part of the social welfare scheme)

While the guidelines outlined in Chapter 5 should improve levels of convergence towards a fair and consistent system across Ireland, the most effective mechanism to achieve this goal would be via the national implementation of one model that satisfies these guidelines. Therefore, we consider below how each of these waiver systems might operate, their respective advantages and disadvantages, any cost implications of implementation, and finally which of these systems we believe is most appropriate for adoption as national policy.

6.1.2 Waiver Applications to Various Income Levels

In appraising each of the three delivery models, household income thresholds are established to act as assumptions in the application of each system. The appropriateness of such thresholds as the determinants of waiver eligibility is not based on detailed research, but nonetheless it is important to set such controls so that we can illustrate how each delivery model would work in practice in terms of offering both a **full waiver** and a **partial waiver.**

In a number of instances a full waiver has been offered where household income is fully sourced from income support, or is at a level that is equivalent to such income support. This would reflect the need to avoid taking money away with one hand that had been provided by the other, i.e. the government has guaranteed these families a minimum income level to survive from day to day, and therefore none of this allocation should be removed in the form of waste charging. However, this does not cover the entire target group who will struggle to cope with the burden of waste charges. The EU Survey on Income and Living Conditions (EU-SILC) for 2003 indicates that almost 23 per cent of the population were at risk of poverty, living on €185.28 per week (60 per cent of median income). Over 9 per cent were considered to be consistently poor, a combination of relative income poverty and an enforced lack of one or more items on an enforced deprivation index. If we take the first of these definitions as the basic assumption in eligibility for considering the examples, this would leave the waiver criteria as follows:

- A full waiver provided to all of those fully dependent on income support or living on an income equivalent to this level
- A partial waiver, equivalent to the level of half of the full waiver, provided to all those classified as living in ‘relative income poverty’.

6.2 Locally Operated Waiver System

6.2.1 Operation of the System

A waiver system operated by local authorities and controlled by national guidelines/policy, would seem to involve the least disruption from the current system, as many local authorities already have waiver systems in place.

If the guidelines outlined in Chapter 5 are to be followed, the system should be volume-based in order to reflect the 'polluter pays' principle, as required in EU Council Directive 75/442/EEC. As such the ideal waste management system would appear to be a bin-tagging system, where the charges levied on each household will be directly proportional to the quantity of household waste produced. The waiver would come in the form of a number of free bin tags distributed to households by the local authority. If a full waiver is to be offered, this should equate to the maximum number of bin tags a household should need, given good waste management practice.

In areas where refuse sacks are in use, the following would apply. If, for example, within one local authority area it is assumed that the cost for refuse collection is set at €5 per bin tag, these bin tags would then be attached to refuse sacks of a certain size. The volume of the refuse sacks might depend on the capacity to hold a typical household's maximum waste production per week, assuming that it adopts good waste management practice and makes full use of recycling facilities. It would therefore be expected that 52 tags would be required by each household per annum.

The bin-tag system would operate on a pay-as-you-go basis, with households purchasing the tags in advance in order to entitle them to refuse collection services. This could be done on an annual, six monthly, quarterly or even monthly basis depending on the budgetary patterns of each family, thus affording them the opportunity of avoiding the burden of one-off lump sum cash payments.

For the sake of simplicity and budgetary planning on the part of the local authority, the waiver system would be implemented prior to the commencement of the financial year. Applications for waivers would be submitted to the local authorities for assessment, and a full or partial waiver would then be approved. Although this waiver would refer to assistance to the household for the full calendar year, the appropriate number of free bin tags could be distributed on a quarterly basis to emphasise the need for balanced waste management throughout the year.

This would avoid the problem of households using too many free bin tags early in the year, thus requiring them to make additional bin tag purchases once the initial allocation has run out later in the year.

Implementation from a Household's Perspective

Household A possess the typical average national income level and therefore would not be entitled to any waiver, facing an annual waste collection cost of €260.

Household B source all of their income from welfare payments, and are eligible to apply for a full waiver under the scheme. They fill in a waiver application form, available online from the Council website and also from the local Department of Social and Family Affairs office. The application would be subject to an assessment process by appropriate personnel within the Council. Household B should then receive a full waiver. This will be provided in the form of 52 free bin tags that should allow the family to meet their annual refuse needs providing they follow good waste management practice. There should therefore be no additional financial burden placed on Household B via waste charges. The family would only be penalised in the form of an additional charge if their levels of waste exceed the expected levels, ensuring good waste management practice.

Household C have one adult working in the household. Their income level remains below 60 per cent of the average national median income level but nonetheless does lie above that of a household receiving only income support. This allows Household C to apply for the partial waiver of 26 free bin tags per annum. This should allow half of their waste throughout the year to be collected free of charge; the anticipated costs to be faced by the household in respect of waste would amount to €126. This charge could vary depending on the household's ability to restrict their levels of waste production, providing a major incentive to adopt good waste management practice.

6.2.2 Advantages and Disadvantages

A locally implemented waiver system has a major advantage of simplicity, both to the potential recipient and the local authority managing the scheme, as it keeps cost and revenue streams with regard to waste management together locally. However, it may have significant cost implications for local authorities that implement the scheme. Below is a summary of the advantages and disadvantages.

Advantages

- It builds on the current system in place in many local authorities, and as a local delivery system it allows a consistent approach with other aspects of the waste management system.
- It is easy for the potential recipient to understand as waiver applications are made to the same body that levies the waste charges.
- It allows the 'polluter pays' principle to be implemented more directly via volume-based rather than 'cash' waivers
- The relationship between the level of waste produced and the charges applied is easier to understand under a bin-tag waiver system, encouraging good waste management practice.
- There is one 'cost centre', setting charges, distributing waivers, and controlling waste management. This should allow cost efficiencies to develop.
- It provides the waiver 'up front', therefore not requiring low-income families to fund their waste management costs and claim them back at the end of the year.
- It avoids placing on families the cash burden of one-off lump sum cash payments, allowing them to spread payments across the year.

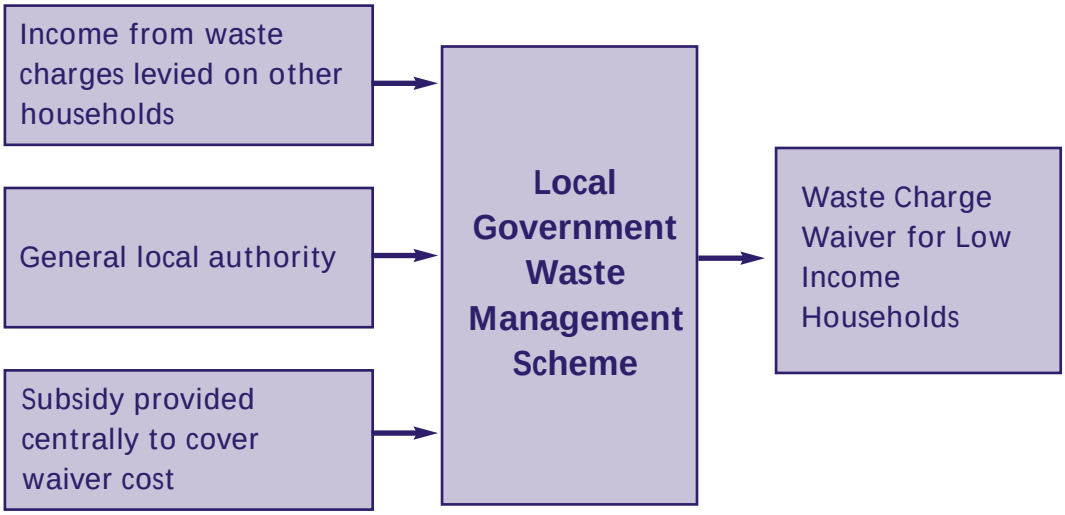
Disadvantages

- Some local authorities feel that cross-subsidisation places too heavy a burden on non-recipients of the waiver.
- An extra administrative burden is placed on the local authority.
- Depending on implementation it could still allow deviation in treatment of low-income households across counties, given multiple private sector providers charging different prices, for example.
- It is based on assumptions of a maximum volume of waste that should be produced by low-income families, but it needs to be backed up by adequate recycling facilities to provide them with alternative disposal methods.
- It would require a dedicated assessment procedure at local authority level with the associated costs.
- A waiver assessment process would require access to nationally held income and social welfare data.
- Private sector operators would have to be recompensed for distributing bin tags free of charge under the waiver system.

6.2.3 Cost Implications

It is important to note that a locally delivered waiver system does not necessarily mean a locally funded scheme. Some local authorities have noted that they are using income that was allocated to other services in order to subsidise waiver schemes. Both economic and political considerations prevent the entire cost burden being placed on the non-recipients of the waiver. If it is accepted that the waiver system represents a form of social welfare, a case could be made for allocating central funding from the Department of Social and Family Affairs to local authorities in order to deliver the waiver system.

Without central government assistance, however, it would be assumed that most of the cost of the waiver system would be taken up via cross-subsidisation by other households. The diagram below shows the alternative funding sources that could be used to finance a locally delivered waiver system.



There are of course other costs inherent in the establishment of a local delivery model, in addition to the cost of subsidising the waivers provided directly to low-income families. Among the other costs that will have to be considered in the implementation of such a model are the following:

- As the waiver scheme is intrinsically linked to the waste management system itself (i.e. waivers are provided in the form of bin tags needed by all households to purchase refuse collection services), a formal assessment procedure must be in operation within the local authority. This will require dedicated staff who can assess the applications for waivers and ensure that the appropriate allocations of bin tags are provided prior to the commencement of the applicable period. For most local authorities this would place a new and additional cost burden on the organisation, for which they would have to find funding.

- A fair and equitable waiver scheme across Ireland is dependent on the same assessment criteria being applied across all counties. If this is to be achieved, data on income levels and access to income support would be necessary. This information is currently only held at national level. The costs of disaggregation of data to local level in order to integrate them into local authorities' assessment systems could prove to be significant.

The success of this system also depends on an adequate recycling infrastructure being available, in order to provide an incentive for households to use these facilities rather than the usual waste collection methods. It has been noted by local authorities that the introduction of this infrastructure has proved extremely costly, but without it being widely available on a national scale the existing inequalities will resurface, with families in one area able to use recycling facilities to minimise their waste (and hence the associated charges) while families in another area may not be afforded the same opportunity due to a lack of infrastructure. A national programme of investment in recycling infrastructure to complement a locally delivered waiver system would be highly beneficial in order to ensure that good waste management practice can be adopted by households and that problems such as fly-tipping can be avoided.

6.3 Tax Credit System

6.3.1 Operation of the System

A tax credit system is already in place that allows *all* households paying waste charges to claim back tax on these costs from the Revenue Commissioners. The extension of this scheme to involve a waiver system targeted at low-income households would have to allow rebates in excess of this level. Furthermore, the existing system is not heavily taken up by potential recipients, and if the waiver system is to prove effective in offering fair and equitable treatment to all low-income households, extensive guidance and promotion will be necessary to ensure full take-up.

Income tax relief is available for individuals who pay service charges for domestic refuse collection or disposal to local authorities and other independent contractors. Relief is currently only provided for service charges paid in full and on time in the previous calendar year. From 2002 there has been no restriction on the amount allowable except for the purchase of tags under the bin tag system where tax relief is restricted to €195 per annum. Nonetheless, this highlights the fact that the tax credit

system can still operate alongside the bin-tag system, identified in Chapter 5 as a key guideline for establishing appropriate waste management. There is no relief at present for the payment of arrears. The tax relief is given at the standard rate of tax, currently standing at 20 per cent.

For those on PAYE, the relief will automatically be incorporated into their certificate of tax credits. Individuals not on the PAYE system must claim the relief at the end of the tax year on their tax returns. From an administrative perspective, individuals on the bin-tag system must currently claim directly from the tax office, while those paying a specific annual charge can automatically receive a Certificate of Tax Credit if they have given their PPS number to the relevant local authority. It would be expected that with a bin-tag system in place, all tax credit claimants would claim via the tax office given the variation in charges from household to household.

This system as it stands clearly only allows for the claiming back of 20 per cent of the waste charges. If full and partial waivers are to be applied in line with the levels discussed previously, the tax credit available must be factored up. This will ensure that after reclaiming the waiver in the form of tax credits, a family will actually benefit financially by the full cost of the waiver charge if they are eligible for the full waiver, or by half the cost of the waiver charge if they are eligible for a partial waiver.

In order to ensure that this system remains volume based, assistance will be in line with the cost of the anticipated number of bags necessary in each household to account for a year's worth of waste, given good waste management practice from the householder. In the case of a partial waiver, assistance will represent half this amount.

Implementation from a Household's Perspective

Household A possess the typical average national income level and therefore would be entitled to the standard rate of tax relief in respect of local authority waste charges from the previous year. Based on an annual waste collection cost of €260, this would provide a partial waiver of €52 in real terms.

Household B source all of their income from welfare payments, and therefore lie outside the PAYE or self-assessment income tax system. As a consequence, Household B will not be able to claim either the standard tax rate waiver of 20 per cent, the partial waiver of 50 per cent, or the full waiver of 100 per cent under a model fully based on tax credits.

Household C are eligible to apply for a full waiver under the scheme, given that one adult in the household is working and falls within the PAYE system, despite the fact that household income does not exceed the equivalent maximum welfare payment level. Household C would therefore be eligible to apply for tax credits of €1,300 (representing five times the maximum acceptable annual charge for bin tags), which will have the result of increasing household income by the equivalent of the €260 charge levied in the previous year.

Household D are in exactly the same position as Household C but due to severe financial constraints caused by their relatively low level of income the family were unable to pay the charge the previous year and are now in arrears. Therefore despite these ongoing financial difficulties, Household D are not eligible to claim back last year's waste charges in the form of a full waiver tax credit.

Household E have one adult working in the household. The family's income level remains below 60 per cent of the average national median income level but does lie above that of a household receiving only income support. This allows Household E to apply for the partial waiver on offer of 50 per cent of the acceptable anticipated waste charge from the previous year. Household E would therefore be eligible to apply for tax credits of €650 (representing five times half of the maximum acceptable annual charge for bin tags), which will have the result of increasing household income by the equivalent of €130, half of the €260 charge levied in the previous year.

6.3.2 Advantages and Disadvantages

A tax credit waiver system has the significant advantage of already being in existence, albeit not specifically targeted at low-income households. However, the take-up of this system is extremely low, and would be unlikely to provide the full coverage necessary for an equitable system. Furthermore, the tax credit system would only be accessible to those paying tax – leaving the unemployed and those with incomes below the threshold potentially without any outlet from which to claim a waiver.

Advantages

- It should work efficiently as an extension of the existing tax credits system, minimising additional administration costs.
- The cost burden of the waiver scheme is not placed on the non-recipients of the scheme but rather on central government.
- The system clearly treats all citizens the same, regardless of location.
- There is no dependence on private sector operators to administer the waiver part of the scheme (as may be the case in the local delivery model).

Disadvantanges

- It would only apply to those in the taxation system, leaving unemployed and low-income families below the tax threshold unaccounted for.
- Those in arrears would be unable to claim back waste charges, with the likely effect of rendering the poorest households ineligible for the scheme.
- The scheme may be difficult for potential recipients to understand, borne out by the very low levels of take-up from the existing scheme. There would therefore be extremely high promotional costs to raise awareness.
- It would be more difficult to apply the 'polluter pays' principle to waiver recipients than for a locally delivered waiver scheme.
- The system allows households to claim back the waiver in the year following the waste charge, but does not remove the initial financial burden.

6.3.3 Cost Implications

The administrative costs should not be significant, given that the system is already broadly in place. Limits on the reimbursement of bin-tag costs could also be amended to ensure that households still followed good waste management practices. However, it would be realistic to expect that the expansion of the tax credit system to incorporate an income-based waiver scheme above the current double taxation credit scheme would require additional staffing and resources to process the significantly greater volume of applications.

The major cost burden in implementation could arise in promotional costs, in order to ensure that all low-income households are aware that firstly

they *can* assess the waiver, and that secondly they know *how* to access the waiver. It has been noted that currently only 44,000 people claim tax credits for waste charging, and this figure must be increased significantly to achieve the waiver scheme's desired effect. Indeed if the key objective of ensuring fair and equal treatment for all of Ireland's low-income families is to be achieved, the tax credit scheme must seek to ensure virtually full coverage. Providing sufficient guidance and support to households is therefore critical.

The tax credit scheme does hold to the principle that the waiver scheme is in effect a social welfare adjustment that should be subsidised by central government. It does not place an additional burden on other waste charge payers to cover the cost of supporting low-income families. Procurement would rest with the Revenue Commissioners and as such would allow local authorities to operate their waste management systems with assumptions of full charge recovery.

6.4 Social Welfare System

6.4.1 Operation of the System

There is some ideological justification for separating the waiver system from the direct provision of waste collection. The social welfare system was established before waste charges were separated from general taxation. However, no allowance for this further burden on households' income has been provided in the welfare system; this is left to the discretion of the specific local authority. Social welfare support does cover subsidies for other services, and waste charges could be incorporated along similar lines as outlined below.

The social welfare system involves three types of payments: contributory, based on an individual's PRSI's record; non-contributory, based on a means test; and other benefits such as Child Benefit or Free Travel that depend neither on PRSI contributions nor means. Most weekly social welfare payments are made up of a Personal Rate for the individual plus additional amounts for a spouse/partner. Normally, only one basic payment can be claimed at one time, although there are exceptions when two payments can be claimed, for example for a pension and disability benefit.

The social welfare system provides scope for a waiver system to offer full or partial waivers as a component of the basic social welfare payments. This

would take account of all the financial costs that the applicant would have to face, including the waste charges, and make a payment that would cover this additional cost of refuse collection. Currently there is a range of service payments that can be claimed back as components of this basic social welfare payment. Allowances are provided for fuel, electricity, gas, television licence and telephone services for older people, while the National Fuel Scheme provides support for all low-income households.

The Electricity Allowance Scheme for older people offers perhaps the best practice example of how a volume-based service charge can operate in tandem with the social welfare payments system. The maximum allowance offered in terms of social welfare is the normal standard charges plus 1,800 units per year. Likewise, the Bottled Gas Refill Allowance is volume based, with a maximum of five cylinders permitted every four months. Therefore with these precedents in place, it would be relatively simple to introduce Waste Charging Benefits with a maximum of 52 'units' (i.e. bin tags) per year, regardless of the cost per unit, which will depend on the local authority area and the operator of the service. The Household Benefits Package application form (Pension Services Office HB1), tailored to allow older people to claim a range of benefits, could provide an example for the most efficient means of organising the application process, perhaps in combination with the National Fuel Scheme application form, in order to produce a Services Support Package for all low-income households. If this is not possible, a separate waste charging allowance process could be established, with a new form and approval process developed alongside the other assistance available.

On approval, there are a number of options for the distribution of the financial waiver to its recipients. One model, highlighted in examples of other European systems in Chapter 3, is to simply issue a cheque to each of the recipients for the appropriate value. However, an alternative approach might be found in the application of the Electricity Allowance Scheme to older people, where the waiver is applied to the recipient's ESB account upon approval, with any electricity used over and above the allowance having to be paid for, and some units permitted to be carried over should they not be used. If arrangements could be made to debit waiver recipients' accounts with the waste collection operators, this could represent the most timely and efficient mechanism to implement a social welfare waiver scheme, and avoid any up-front cost being levied on low-income households.

Implementation from a Household's Perspective

Household A are at the typical average national income level and therefore would not be entitled to any waiver from the Department of Social and Family Affairs, facing an annual waste collection cost of €260.

Household B source all of their income from welfare payments, and are eligible to apply for a full waiver under the scheme. By filling in a waiver application form, available online from the Department of Social and Family Affairs website and from the local office, the household will then be approved for the waiver by the Department, based on the same means test used to allocate their existing social welfare payments. Household B should therefore receive a full waiver, paid into their account with their local refuse collection operator. This waiver will purchase 52 free bin tags that should allow the family to meet their annual refuse needs, provided they follow good waste management practice. There should therefore be no additional financial burden placed on Household B via waste charges. However, the household would be penalised in the form of an additional charge if their levels of waste exceed the expected levels.

Household C have one adult working in the household. Their income level remains below 60 per cent of the average national median income level but does lie above that of a family receiving income support. They have not applied for social welfare payments previously but fill in an application form for the costs of the partial waiver for which they are eligible, equating to the cost of 26 free bin tags per annum, from the Department of Social and Family Affairs. On approval, the amount of €126 is paid into their account with the local waste collection operator. This should allow half of their waste throughout the year to be collected free of charge. The anticipated costs to be faced by the household in respect of waste would amount to €126. The charge could vary depending on the family's ability to restrict their levels of waste production, providing a major incentive to adopt good waste management practice.

6.4.2 Advantages and Disadvantages

The social welfare system has the advantage of being a long-established model aimed at addressing income inequalities. Within the system there are also examples of volume-based allowances that could be replicated in the case of waste charges. Applying for social welfare assistance is also not an

alien concept for many low-income households, unlike the tax credit system that is unlikely to have been accessed previously. Nevertheless, it will create a further administrative burden within the Department of Social and Family Affairs, and also means that the costs of waste charging are no longer being fully borne by the users of refuse collection services, weakening the commitment to the 'polluter pays' principle.

Advantages

- It should ensure full coverage as the welfare system is understood by all low-income groups in contrast to the tax credit system.
- The cost burden of the waiver scheme is not placed on the non-recipients of the scheme but rather on central government.
- The system already facilitates the assessment of family income levels in order to determine benefits and it should therefore be easy to integrate a waste management waiver element into these payments. It would require no new assessment procedure.
- It allows other household income and expenditure to be taken into account as part of an overall means test.
- A system could be established to directly debit refuse collection accounts.
- Local authorities can budget more effectively, based on full cost recovery.

Disadvantages

- Administration costs could be high as it adds an additional function to the Department of Social and Family Affairs.
- It does not allow for full cost coverage of waste charges by the users of the refuse collection services.
- It would be difficult, though not impossible, to apply the 'polluter pays' principle to waiver recipients.
- Low-income families could still face an initial cost burden before receiving the reimbursement of waste charges via the waiver scheme.
- The waiver scheme would require substantial additional government funding.
- It separates the waste collection service from the waiver scheme and could limit household focus on good management practice.
- Waivers are provided in cash/cash equivalent form rather than bin tags; this may make household budgeting more difficult.

6.4.3 Cost Implications

The administrative costs could be significant given that the system adds an additional function to the Department of Social and Family Affairs. An appropriate system would have to be established and additional staff employed in order to assess the new applications for social welfare assistance. Additionally, adequate promotion of the new scheme would be required, to ensure that it is understood and accessible to all.

The cost of the waiver scheme itself of course must in this instance now be borne by central government rather than by the users of the refuse collection services. Hence there are important budgetary considerations for central government.

6.5 Option Appraisal

6.5.1 Scoring the Models Against the Guidelines

It is worthwhile to compare each of the three potential delivery models detailed above with the guidelines for the 'ideal' system set down in Chapter 5. In this way the most effective system for addressing the various issues surrounding waste management in terms of income distribution and environmental protection can be identified. Table 6.1 considers each of the models in terms of how they satisfy each of the ten guidelines.

Table 6.1: Delivery Models Fit with Waste Charging Guidelines

Guidelines	Locally operated system	Tax credit system	Social welfare system
1 Volume-Based Approach	✓	X/✓	X/✓
2 Income-Based Approach	✓	✓	✓
3 Payment Periods	✓	X	X
4 Supported by Adequate Infrastructure	-	-	-
5 Easily Understood	✓	X	✓
6 Low Administration Costs	X	✓	X
7 Anonymity in Waiver Assistance	✓	✓	✓
8 Promotion of Tax Credit System	X	✓	X
9 Wider Service Charge Context	X	X	✓
10 Full Cost Recovery	X/✓	✓	✓

✓ = *satisfies the guideline* X = *does not satisfy the guideline*
X/✓ = *does not satisfy/satisfies, depending on variables*

No assessment has been provided in Table 6.1 under 'Supported by Adequate Infrastructure' as this is something that is essential regardless of what waiver system is selected. The only way in which the 'polluter pays' principle can be successfully integrated with a fair and equitable waiver system is if this waiver system is introduced in tandem with an adequate recycling infrastructure. Low-income households will only be able to minimise waste if there are alternative means of disposal. This is relevant for all weight-based models attempting to promote waste minimisation, and is particularly significant in the locally delivered system; otherwise effects such as fly-tipping and black market refuse collection may result.

The initial operated waiver assessment above suggests that in terms of meeting the 'polluter pays' principle, a locally delivered system would seem to offer the best solution. If solely financed at local level, the waste collection costs would be paid for by users of the service and waivers would be offered in the form of bin tags to provide an incentive to follow good management practice. It would also be an easy system for the user to understand, and some form of local waiver system is already in place in a number of local authority areas. However, it would require additional resources for administration at local level, and it is these costs, together with a general reluctance to cross-subsidise waivers from the waste charges of non-recipients, that would cause serious concern within local authorities. If some centrally funded subsidisation of this increased financial burden could be provided, the environmental and social benefits of the system would far outweigh the costs.

The tax credit system has the benefit of already being in place, albeit not from an income-based waiver perspective, and this would limit additional administrative costs. However, it is unlikely to be able to comprehensively cover the range of low-income households necessary to ensure a fair and equitable system. Indeed many such households would lie outside the tax credits remit. With take-up of the existing scheme extremely low, it is unlikely that even with extensive promotion a tax credit scheme could become a successful waiver mechanism for low-income households.

The social welfare system has packages in place to assist in payment of service charges, and some are volume based, making it possible for a suitable waiver scheme to be developed along these lines for waste charges. It also has access to the relevant income data required to assess waiver applications, and is an easy system to understand for low-income households. It would, however, separate the waste management system from the waiver scheme, and may not be as successful in ensuring good household waste management practice as a local scheme.

Overall, then, the locally operated waiver model would seem to be the most appropriate method, if a suitable way can be found to reduce the funding burden placed by the waiver scheme on local authorities. The social welfare system could be a valid alternative, but does not conform as directly to the 'polluter pays' principle, to which government policy is heavily committed. The costs and procurement aspects of each system are considered below.

6.5.2 Cost and Procurement Assessment

We have considered the efficiency and effectiveness of each model in terms of commitment to the 'polluter pays' concept and fairness to low-income households but a key element in the implementation of any system will be costs and procurement practices. In Table 6.2 we assess each of the systems in terms of their effect on costs (administrative, promotional, waiver) and on procurement options.

Table 6.2: Delivery Models Fit with Waste Charging Guidelines

	Locally operated system	**Tax credit system**	**Social welfare system**
Administration Costs	Would increase significantly with resources deployed to waiver scheme and data costs potentially high	Would increase slightly but system already in place and information on income generated as part of process	Would increase to some extent as more resources required but system in place that should have required household information
Promotional Costs	Some initial costs incurred to raise awareness	Significant investment in promotion and information provision required	Some initial costs incurred to raise awareness
Waiver Costs	In theory should be covered by existing waste charges; some systems already in place so not entirely additional	Would have to be provided by central government funding; entire waiver scheme additional	Would have to be provided by central government funding; entire waiver scheme additional

Table 6.2: Continued			
	Locally operated system	**Tax credit system**	**Social welfare system**
Procurement Options	Cross-subsidisation of costs from non-waiver recipients, from other local authority budgets, or a central government grant in recognition of the social welfare nature of the scheme to cover its costs	Would separate operation of waste management services from waiver scheme. Funding of waiver scheme and associated admin & promotion costs would rest solely with central government	Would separate operation of waste management services from waiver scheme. Funding of waiver scheme and associated admin & promotion costs would rest solely with central government

From a cost perspective, the adoption of the locally operated waiver system would place a significant financial burden on local authorities. Evidence suggests that rather than cross-subsidising waivers by increasing overall waste charges, local authorities often use finance allocated to other services. This is not the intended purpose of an income-based waiver scheme. If a locally delivered waiver scheme were to be implemented effectively, utilising high quality income data and staffed appropriately, then serious consideration should be given to centralising funding of the waiver scheme, with grants given to local authorities for its operation. This would bring it into line with the other two proposed models, and would thus negate the one key weakness of the scheme.

6.5.3 Most Effective Delivery Mechanism

From the above comparison of the proposed delivery models against the defined guidelines, it is apparent that a locally operated waiver system would offer the most effective delivery model should the procurement issue be dealt with in the way suggested above. It is important that waste management remains within a locally operated system, and as waste charge waivers must also seek to minimise waste in low-income households, it is important that they remain within this locally operated system.

6.6 Implications for Privatised Services

The 1996 Waste Management Act provides each local authority with the autonomy to decide who collects the waste in its area, either the authority itself or private waste collection companies. As many as 20 of the 34 local authorities currently use private waste collectors to some degree in their area. There tends to be greater use of private contractors on an exclusive basis outside of the major urban area, in Donegal for example, whereas some local authorities work with, or operate in competition with, the private service providers, as is the case in Kildare.

The local authority regulates the operation of private collectors through the issue of waste collection permits. In many cases these are issued at a regional level rather than on a county-by-county basis. For example Meath County Council issues the waste permits for the North-East region. The Act also states what requirements may be included in the permit. These mainly relate to the operational aspects of the waste collection, including types of waste to be collected, how the waste is to be collected, waste disposal issues and so on. These permits are usually set for two-year periods.

The permits do not set out any requirements in relation to the setting of prices for waste collection or methods of payment to be offered to customers. Consequently private operators are not legally obliged to consider the needs of low-income households in their collection area and do not have to take part in a waiver or subsidy scheme for these residents. Thus, many of the areas which use private sector collectors do not offer waivers to low-income households.

In a system where only private operators deliver waste collection systems, our detailed consideration of individual systems has indicated that legal implications prevent local authorities from offering waivers to customers from whom they are not directly collecting waste. Furthermore, they are restricted from making direct payments to private operators on behalf of low-income families in their respective areas, as this would infringe upon competition law. Private operators offer services at different prices, and as such local authorities would be offering waivers of different amounts on behalf of some residents. In effect this would lead to varying levels of subsidies being given to individual private collectors, distorting the market place. For local authorities utilising a purely private operator model, unless the legal position changes, or the system of offering permits to private operators can be amended to take account of the unique requirements of

the waiver system, it is difficult to see how a support system could be introduced without the intervention of social welfare assistance.

The only alternative solution for the local authority in this respect may be to re-enter the market, i.e. the local authority starts collecting the waste from waiver recipients. However, a number of caveats should be noted if this is to represent a serious option in the future:

- Local authorities that have exited the market have attributed this decision to a lack of resources to continue offering waste services, or the inefficiency of such operations in comparison to private operators.
- If, as in the Limerick example, the local authority tries to re-enter the market and take the waiver clients, the private operators might mount a legal challenge. This is based on the premise that the local authority could potentially be stealing customers unfairly, based on their strong position in holding details of the households on waivers etc. This is currently the subject of a court case in Limerick, and the outcome is as yet undecided. Previous waiver recipients in Limerick have entered into a 3-month contract with the private operators until a decision is made. Limerick County Council is arguing that it cannot legally pay the waiver on behalf of the clients and that it is legally obliged to collect or arrange for collection of waste. If waiver clients cannot pay, then the Council has to collect the waste in any event.
- Re-entering the market to provide a waiver, as illustrated in the Kildare model, also seems to be unsustainable in the long-run, as the burden of supporting waiver recipients leads to increased charges for non-waiver recipients, making it difficult to compete with private operators, and thereby further exaggerating the cost burden for local authorities.

These considerations reinforce the idea that unless the legal issues can be addressed, the only potentially viable solution to the private operator problem may be to move the waiver payment function to social welfare, as discussed in Section 6.4.

Between 1997 and 2003 waste charges grew by 223%

This report reviews waste charging practices among local authorities. It finds a wide range of practices for setting charges and waiving costs for low-income families. It also highlights a nationwide move towards the 'contracting out' to private operators of waste collection services.The report stresses the need for a more consistent and equitable approach to waste charging.

Waste charging guidelines should include the following principles:

- **Every group in society should reduce their waste, regardless of income**
- **The financial cost imposed on each household should relate to that household's ability to pay.**
- **Poor communities must be provided with recycling facilities that are convenient, publicised and serviced at regular intervals.**
- **Regardless of the waste charging system adopted allowances must be made for the budgetary patterns of low-income households.**

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