

11 February 2022

Dear Competition and Markets Authority,

I am writing in response to the CMA issues statement dated 28 January 2022 regarding the completed acquisition by VEOLIA ENVIRONNEMENT S.A. OF SUEZ S.A.

NAWDO welcomes the CMA intention to use as a starting point and initial focus the following non-hazardous waste and water management services:

- a) the supply of complex waste management contracts procured by local authorities in the UK;
- b) the supply of non-hazardous commercial and industrial waste collection services in the UK;
- c) the supply of non-hazardous municipal waste collection services in the UK;
- d) the supply of services for the operation and maintenance (O&M) of local authority-owned energy recovery facilities (ERFs) in the UK;
- e) the supply of non-hazardous waste incineration services at the local level in the Teesside, Wilton 11, Marchwood, and Kemsley local areas;
- f) the supply of organic waste composting services at open-windrow composting facilities at the local level in certain parts of the Midlands;

The effect of reduced competition in the waste market for local authorities is reduced choice, reduced innovation and increased cost. In addition, we recommend that the scope of the enquiry is broadened to include integrated contracts, transfer stations, material recycling facilities (MRFs), and waste flows (including residual waste, dry mixed recycling and treatment of glass, metal, plastic, paper and card, food waste and green waste).

Integrated contracts

To our knowledge only SUEZ and VEOLIA are providing fully integrated Local Authority services eg collection of food waste, green waste, dry recycling, residual waste, Household Waste Recycling Centre (HWRC) management, transfer stations and disposal of food waste, green waste, dry recycling and residual waste. Maintaining flexibility in contracting arrangements is important as local authorities move through procurement cycles. The acquisition by VEOLIA of SUEZ removes this important option and it cannot be assumed that a local authority not using an integrated contract currently will not want to do so in the future.

Transfer Stations

In a non-integrated contract, competitiveness is maintained by access to transfer stations, depots and treatment facilities. The acquisition by VEOLIA of SUEZ could give strategic control of transfer stations in some regions leaving local authorities unable to access competitive offers for smaller contracts.

MRFs

To achieve the ambition set out in the Environment Act 2021 Defra is anticipating £2.3billion of investment to follow Extended Producer Responsibility Regulations. The changes that will follow need as much competition as possible to ensure speedy innovation and

improvement in recycling markets to drive value for money and achieve the tough targets set.

Waste Flows

The reality of what is happening to waste flows of residual waste, dry mixed recycling and treatment of glass, metal, plastic, paper and card, food waste and green waste is important detail within and outside of integrated and complex waste management contracts procured by local authorities in the UK.

The O&M contractors of local authority owned energy recovery facilities are sometimes required to source third party waste and to pay a proportion of income to the local authority. One company having substantial control of the residual waste flows in any region risks a reduction in the income paid to local authorities arising from third party waste.

The Environment Act 2021 mandates separate collections of glass, metal, plastic, paper and card, food waste and green waste from households and separate collections of glass, metal, plastic, paper and card, and food waste from commercial businesses with Regulations coming into force on a date to be appointed by the Secretary of State.

Once the effective date of separated collections is known Local Authority contracts will be let for collections, sorting, transfer, disposal, vehicles, bins, and other equipment. If any one company in the UK can control or maintain a substantially competitive dominance in the market of vehicles, bins, sorting facilities, transfer stations or reprocessing contracts this will limit availability to smaller organisations, increase cost to the public purse and create a risk for Local Authorities of procurement challenge or non-compliance with the legislation if changes can only be made on time with one supplier.

I hope the above is self-explanatory, if you have any questions please don't hesitate to contact me.

Yours faithfully



Emma Beal
Chair of NAWDO