COMPETITION AND MARKETS AUTHORITY

UNITED RESOURCES OPERATORS CONSORTIUM LIMITED ("UROC")

UROC is a trade association representing SME and Independent waste and resource operators in the UK. We have not, to date, been engaged in the CMA Veolia/Suez merger inquiry, but have received representations from our membership raising serious concerns about the impact the proposals will have in terms of substantially lessening competition within the UK market. We welcome this opportunity to provide a high-level overview of the situation that will directly affect Independent operators.

***(a)* the supply of complex waste management contracts procured by local authorities in the UK;**

Whilst the majority of the UROC membership and other Independents are minor competitors to Veolia and Suez, they collectively manage the majority of waste arisings in the UK, predominately on the collection of commercial and industrial waste, and management thereof at waste transfer and treatment facilities. Those who operate landfill sites are near to capacity in void space and those who operate recovery facilities do so on a very small scale and usually for their own residual waste needs.

The UK has undergone a major shift in the way waste is collected and managed over the last 25 years and the issuing of major contracts wrapped up in PFI has not been without its own issues. The tie into significant contracts for significant periods of time has in itself already stifled opportunities for smaller operators who can potentially offer nimbler and more cost-effective solutions for a variety of different waste streams as the markets change along with an evolving policy and regulatory landscape. The situation as it stands has stifled innovation and novelty approaches to the management of resources for a circular economy.

The combined route density of the two operators having a dominant share for national contracts sub-market in all, or the majority of areas, will give increased pricing leverage against competitors, ultimately leading to a reduction in the ability of others to compete.

Veolia and Suez are able to aggressively price, particularly in areas where they combine commercial and residential collections by combining routes and disposal options. A broader national footprint for the two merged companies will result in bids not being considered, thus making if even more difficult for others to compete and will further diminish competition.

***(b)* the supply of non-hazardous commercial and industrial waste collection services in the UK;**

This is still a relatively buoyant market in areas that Veolia and Suez have not yet penetrated. Combining their resources would strengthen their hand in taking over their untapped geographic and push out those operating regionally.

***(c)* the supply of non-hazardous municipal waste collection services in the UK;**

Whilst this market has already been essentially cornered by Veolia and Suez, allowing the merger will only serve to extinguish any potential for smaller operators to service their local communities, driving local economy and achieving environmental outcomes with local solutions.

***(d)* the supply of services for the operation and maintenance (O&M) of local authority-owned energy recovery facilities (ERFs) in the UK;**

Members are reporting that they are unable to access recovery routes for residual waste streams due to there being no merchant capacity available. For those who can use ERF facilities they are subject to predatory pricing undermining their business models with limited, if any, alternative off-takers for waste within a reasonable distance to their operational areas.

***(e)* the supply of non-hazardous waste incineration services at the local level in the Teesside, Wilton 11, Marchwood, and Kemsley local areas;**

Whilst the proximity principal should be at the heart of waste and resource management, operators are having to travel vast distances to find suitable disposal / recovery facilities that will accept their waste. This puts them at a significant disadvantage as it is uneconomical to absorb the additional cost burden of transport miles, which in turn negate the environmental benefit of recycling and efforts to move up the waste hierarchy. In a nutshell, if an operator could maintain a local position in a collections market, but did not have any opportunity locally, or otherwise, to deal with the residual waste, then their business would fail without an end to end solution. The collection side would then, by default, be swept up by the merger. We do not consider that this impact is restricted to the areas identified in the inquiry.

***(f)* the supply of organic waste composting services at open-windrow composting facilities at the local level in certain parts of the Midlands;**

Composting offers a closed loop solution for organics waste and with new legislation tabled in the Environment Act 2021 for source segregation of food waste, the merger would prospectively impact on open-window composting with green waste being mixed with food waste and alternative technology such as Anerobic Digestion or in-vessel composting being a preferred option by Veolia / Suez and taking out operators who do not have the funds or access to them to put in capital investment to set up such facilities. We do not believe this issue would be limited to the Midlands.

Conclusion

If the merger goes ahead and has the adverse impacts envisaged, which are not exhausted in these representations, then Independent operators face extinction and once they are no longer operational they will be lost forever, which will result in price hikes simply passed on to consumers past the point of no return.