Motivated by Money: Why landfills should charge the full cost of disposal

Coast Waste Management Association
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Presentation Overview

1. What is Canada’s Ecofiscal Commission?

2. What is the big picture on environmental problems in Canada? What do they have in common?

3. How can markets and prices help?

4. How can we apply markets and prices to solve Canada’s solid waste problems?
What is Ecofiscal?

• What we are: An independent, non-partisan think tank

• Who we are: 13 prominent economists, supported by 14 high profile Advisors

• Our work: intersection between the environment and the economy
“do nothing”

“change everything”
How can we practically de-polarize these debates?

What would an economist say?
Markets and prices are pretty important
Ecofiscal = $P^2R^2$

“price pollution”

“recycle revenues”
Incentives matter
Lots of applications
We can apply the same principles to solve Canada’s solid waste problems
Big challenges with solid waste in Canada

• High rates of disposal

• Low diversion rates & problems hitting targets

• Rising costs

• Volatile/uncertain global markets
We need to go beyond the waste hierarchy.
Waste management policies should seek to improve overall system efficiency

• Efficient waste management policies minimize financial and social costs

• They also maximize the benefits of waste diversion and prevention

• System efficiency is a broader and more comprehensive objective than increasing resource recovery

Markets and Prices can Help
It starts by charging tip fees that reflect the full cost of disposal.

**Figure: The Full Spectrum of Financial and Social Costs of Landfilling**

<table>
<thead>
<tr>
<th>Financial Costs</th>
<th>Social Costs</th>
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<tbody>
<tr>
<td>Capital costs to site &amp; build landfill</td>
<td>Amenity losses to neighbouring residents</td>
</tr>
<tr>
<td>Operating &amp; maintenance costs</td>
<td>Environmental risks to surrounding communities &amp; ecosystems</td>
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<tr>
<td>Future capital &amp; operating costs to close &amp; monitor landfill</td>
<td>Greenhouse gas emissions from landfill</td>
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<tr>
<td>Opportunity cost of landfill space (i.e., incremental cost to site &amp; build a new, costlier landfill)</td>
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Tipping fees create incentives to reduce waste disposal and generate revenues
Differentiated landfill tipping fees drive more targeted reductions in waste
Pay-as-you-throw programs use the same principle, but for households

- PAYT can reduce household waste disposal by 10–50% and reduce costs

- City of Beaconsfield:
  - PAYT program reduced landfilled waste by 51%
  - Saves over $200,000 annually in collection costs
  - 78% of residents now pay less
But pricing alone can’t solve our waste problems

- Other policies can help complement disposal pricing. **But not every additional policy is a complement!**

- **Well-designed** extended producer responsibility programs can provide stronger incentives for upstream manufacturers

- Organics collection programs can help complement disposal pricing by **providing alternatives** for households and businesses

- Researchers need **better data**
The future of ecofiscal policies in Canada

• Pricing policies offer a simple solution to complex problems, including solid waste.

• Pricing gives people choice and flexibility. It also generates revenues.

• Disposal pricing policies are fundamental to making our solid waste systems more efficient.
Thank You!

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For more information, visit Ecofiscal.ca