

Scott, Sue; Watson, Dorothy

**Working Paper**

## Cost-benefit analysis of the introduction of weight-based charges for domestic waste: West Cork's experience

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Cost-benefit analysis of the introduction of weight-based charges  
for domestic waste – West Cork's experience

**Sue Scott and Dorothy Watson**

*Corresponding Author:* Dorothy.Watson@esri.ie

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# **Cost-benefit analysis of the introduction of weight-based charges for domestic waste – West Cork’s experience**

## **Introduction**

This working paper supplements the report by Scott and Watson (2006) published by the Environmental Protection Agency. That report found that a weight-based charging regime introduced in West Cork (in the town of Clonakilty) in 2003 reduced the weight of waste put out by residents by 45 per cent. Results from recent studies are consistent with this finding, with reductions of 47 per cent and 43 per cent from weight-based charges found by O’Callaghan-Platt and Davies (2008) and Curtis *et al* (2009), respectively. The question still remains as to whether or not the charging reform was worthwhile. This paper addresses that question.

There are potential net economic savings from shifting to a pay-by-weight collection service. Savings consist of the net avoided costs due to reduced waste collection and disposal, *less* the additional costs to households of reducing their waste and any additional costs due to the introduction of the scheme. Reduction is achieved through various actions including re-use, recycling, composting and avoiding purchase of unnecessary packaging. West Cork, the region under review, already had some “bring” recycling facilities *in situ* and their extent was described as fairly constant or growing slightly during the period reviewed. There was no kerbside collection of recyclable materials.

Waste disposal was traditionally financed through local taxes based on property, national taxes and flat-rate charges. In essence, putting an extra kg into the weekly lift cost nothing to the household, despite there being an extra cost shouldered by the community at large. Two problems for society result (1) reliance on distorting taxes/charges to pay for the service and (2) excessive waste creation and over-use of waste disposal with associated excessive level of service and cost reflecting the fact that households do not take account of the costs they impose.

By contrast, if there is a charge for waste disposal that reflects the service's incremental cost, households will have an incentive to reduce the amount of waste they put out, as long as the inconvenience and cost to them do not outweigh the charge they would have to pay.

First in this working paper the theoretical context will be outlined. An overview of the benefits of introducing weight-based waste charges is then given, followed by the costs, and application of the data from the study of West Cork (Clonakilty). Finally the study's implications for the nation will be assessed and an estimate of the implied net cost of abating one tonne of greenhouse gases via this policy will be derived.

### **Theoretical Context**

To place waste charging in its theoretical context, a demand curve for the waste service can be represented by DD in Figure 1, in which the higher the charge per unit, the less waste is put out (less service is demanded). The horizontal axis represents the level of waste put out, that is, the amount of waste service used. The vertical axis represents the costs. As stated, households can reduce their waste in several ways. Since households can be expected to reduce waste only to the extent that doing so is 'cheaper' than paying a charge, the area under the curve DD is the cost to households of waste reduction.

The incremental costs of waste collection and disposal are represented by the line PC, drawn as a horizontal line as an approximation. While a higher volume would entail quicker landfill depletion and therefore a rising cost line, counter-balancing this is the fact that raised landfill size means diminishing unit costs.<sup>1</sup> With weight-based charging, a societal cost due to increased littering may also accrue, that could be added to new administration costs, financed out of any surplus, discussed later.

At a unit waste charge of zero per unit the household faces no incentive to reduce waste and therefore produces  $Q_0$ . It enjoys a consumer surplus represented by the whole area under the demand curve. When the charge is set at P per unit the household engages in

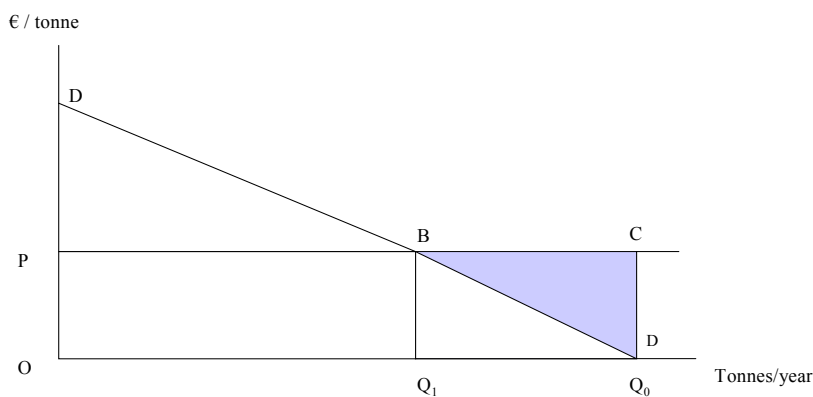
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<sup>1</sup> With data relating to Municipal waste services in 110 of Massachusetts cities, Callan and Thomas (2001) cannot reject the hypothesis of constant returns to scale, a finding that supports earlier results of Stevens (1978) for larger communities.

waste reduction, incurring costs in terms of effort, time and transport to recycling facilities, and it thereby foregoes some of the consumer surplus. If the charge for solid waste services reflects the service's incremental costs, then the incentive can be beneficial. Households will tend to reduce the waste they put out, up to the extent that their 'loss' in terms of effort does not outweigh the gain in terms of savings in charges.

Revenue from the charge is left-hand side rectangle  $PBQ_1O$ . Seen from the viewpoint of society as a whole it is an expense incurred by society in any event one way or the other. With reduced waste put out, the avoided cost incurred by the waste service is the right-hand side rectangle  $Q_1Q_0CB$ . Meanwhile loss of consumer surplus or costs to households of waste reduction is the area under their demand curve, the triangle  $BQ_1Q_0$ . Society's net saving therefore is triangle  $BCQ_0$ , the area lying underneath the incremental cost curve that is above the demand curve.

Figure 1: Net savings from unit charge for waste



The area of the shaded triangle, to be calculated thus gives society's net welfare benefit from unit charges. Finally costs associated with the changeover to unit charges need to be subtracted to give the net welfare benefit (which could be negative), arising from the introduction of unit charges.

### Benefits

Total benefits are the ensuing savings, which can be broken down into the savings due to reduced market and non-market costs.

**Reduced market costs** include the costs of waste collection and disposal due to reductions in the volume of waste. These include the current costs of operating the collection and disposal of rubbish.

The delay in the need to develop extra landfill capacity or haul long distances is a delay in future costs that ought to be included as a benefit, though operators tend to overlook the inclusion of this type of cost in setting their charge. The ongoing capital costs are also included. Although in the short-term they do not vary according to the amount of waste landfilled, they can be viewed as being related to the amount of waste in the long term, as an avoidable or long-run marginal cost. A tonne placed in landfill today brings closer the day when not only replacement capacity but more expensive replacement capacity will be needed.

New capacity costs more because of stricter environmental standards, extra requirements laid down by the community, resources tied up in obtaining permits and real increases in land and insurance costs. For example, in the study by Jenkins (1992) the *increase* in cost of replacement landfill was projected to be \$16 per ton. With the average number of years of remaining capacity for US landfills assumed to be 5 years and using a 10 per cent discount rate this indicated a depletion charge due to rising real costs in the region of \$10 per ton.

Other savings from the new charging regime would consist of the **reduction in non-market costs or external damages** to the environment, such as damage to air and water that vary according to the amount of waste that is landfilled, and disamenity costs to people living adjacent to landfills. Methane (CH<sub>4</sub>) released at solid waste disposal sites contributes approximately 3% to 4% of the annual global anthropogenic greenhouse gas emissions (IPCC, 2001). Disamenity costs can be broadly fixed costs and include odour, litter, lorry traffic, noise and landfill expansion. These non-market costs too would rarely be included in the fee.

The 'receptors' are the organisms in the environment including humans, fauna, flora, and buildings that are adversely affected by emissions. The impact on humans and consequences for human health usually dominate, by virtue of the population's higher willingness-to-pay (WTP) compared to WTP in connection with damage to other

receptors. Potential damages listed in the report by the European Commission (EC, 2000) on externalities associated with landfill are:

- Human health effects – mortality and morbidity
- Lower agricultural yield
- Forest die-back
- Damage to buildings
- Climate change
- Effects on ecosystem

Estimation of such damage costs is receiving some attention. These values are measured through people's preferences, which are revealed or stated by how they trade off various goods for money. Values are revealed in market transactions by, for example, house prices that implicitly reflect the benefits or costs of local (dis)amenities, or expressed through survey techniques that are used to create hypothetical markets in which people state their willingness to pay.

Early examples include estimated external damage costs in the region of \$75 per ton of waste for Massachusetts, a high cost State (Stone and Ashford, 1991) and for California, \$67 per ton (Tellus Institute, 1991), the latter for a lined landfill with leachate collection. For a moderate cost rural state, they reckoned on \$45 per ton. In the study of 10 communities across the US (Jenkins, *op. cit.*), the non-market costs were considered to be similar in magnitude to the market costs. Ideally estimates should be made for the area in question because population density, terrain and preferences vary.

A study from the European Commission (2000) gives an overview of recent knowledge of damage caused by emissions from landfills, in terms of dose-response relations. The overview indicates that a measurable effect has only been estimated for methane and CO<sub>2</sub> in terms of climate effects. Partly measurable are the mortality effects of Volatile Organic Compounds (VOCs) and dioxins when land-filled gas is collected and flared or utilised to recover energy. Effects of dioxins on morbidity and eco-systems are stated as being non-measurable. Other effects are considered non-measurable but minor or uncertain.

Other standard concerns centre around the need to avoid double counting of some impacts and the importance of undertaking sensitivity tests. There is the added

requirement to account for the fact that these values refer to the UK or Europe rather than to Ireland.

### **Costs**

Loss of consumer surplus on the part of households due to the new charging regime comprises additional “costs” due to effort and time spent in sorting and reducing the amount of waste that they put out for collection and the use of space, and extra costs incurred in composting and going to recycling centres, where these apply. As described, these costs to the consumer are represented by the area under the demand curve, the demand curve having been *revealed* by modelling the quantities of waste before and after the introduction of the new price system.<sup>2</sup>

No adjustment is required in this study to allow for compaction of waste. Where instead of being charged by weight waste is charged by volume, such as in the schemes covered by Fullerton and Kinnaman (1996), an increase in density of waste is observed. As waste is charged by weight in this study no such adjustment is needed.

Finally, all additional costs of **introducing and running the charging system *per se* including additional capital costs** have to be considered. Furthermore, societal costs of dealing with or preventing (or enduring) increased littering, burning or dumping should also be included as a cost. In the study of pay-by-the-bag household collection in communities across the US, Jenkins notes that such payment systems have been readily accepted and that illegal dumping and evasion have been minimal, adding that many households find that they pay less than through the previous method of property taxes. Measures that have been employed to reduce illegal disposal, apparently to good effect, include vigorous publicity and enforcement of disposal rules, and reporting of households that consistently put out no refuse. The likelihood of dumping and littering is reduced if kerbside collection is available, especially if it is free of charge. Some 20% of households, mainly rural, do not avail of kerbside collection, whether by choice

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<sup>2</sup> Cost-benefit analysis, properly undertaken, thus addresses the quip that “Recycling is the philosophy that everything is worth saving except your time”. A task for future study will be to undertake an analysis that derives a value for time spent recycling. The questionnaire, with this issue in mind, asked people how much time they spent recycling. By contrast, Denne *et al* (2007) maintain that consumers derive a *benefit* from time spent recycling and would willingly spend more time, motivated by a ‘feel good’ or ‘guilt avoidance’ factor, which they count as a (sizable) benefit of recycling. This consideration could be investigated combined with related effects of education and the like, though it is not pursued here.



or lack of service (EPA, 2009). Measures to reduce to reduce illegal disposal are not without costs and when they apply they ought to be incorporated in the calculation.

### **Cost-Benefit Results from other studies of unit charges**

Barrett and Lawlor (1995) highlighted the under-pricing of the waste service in Ireland, the non-adherence to the principle of 'polluter pays', the difficulties in locating extra landfills, and the extra cost of higher standards. Despite the extra costs they found that landfill was still a cost-effective means of dealing with waste in Ireland, even allowing for external damages. Of the alternatives to landfill, recycling by 'bring systems', home composting and re-use and reduction at source commended themselves. They concluded that user charges were the simplest and most effective way of producing the desired result and they pointed to the 'significant externality' due to energy use. They added that a correct policy would involve imposing a tax on energy to internalise external costs. Activities that saved energy would thereby automatically become relatively cheaper and we would be less need to find funds to give recycling or other desired activities a subsidy for energy saved. A precise message would be given to all involved. [\*\*\* In their sketched cost-benefit comparison, the environmental cost that they calculated was £7 per tonne of waste or €8.9 in 1995 euro, versus our €29.65.]

Jenkins 1992 analysed the experience of 10 communities across America with pay-by-the-bag systems. Generalising from these and expressing results in terms of a high cost and a moderate cost waste disposal communities of 500,000 people, waste per head declines by between 6.5% and 20%, depending on whether the price includes non-market costs. Net benefits to the community are expressed as a share of revenues collected and are positive, amounting to savings of between 3.5% and 13.9%.

Fullerton and Kinnaman (1996) studied the introduction of volume-based charges in Charlottesville in Virginia USA. Being volume-based also, the scheme gave rise to the 'Seattle Stomp', a description of the rational response to cram as much as possible into the container and, while the volume declined by 37% the weight declined by 14 % only, with a resulting elasticity of weight with respect to price of only -0.076. In their overview of the costs and benefits they reckon that the savings in market and non-market costs do not cover the extra costs, administrative costs in their case, of

introducing and operating the charging system. A volume-based charge, as opposed to a weight-based charge, may not be as good an instrument.

Of the few other studies, in a partial study Dijkgraaf and Gradus (2004) note that in social terms the weight-based system performs slightly better than the bag-based system, though the latter result is highly dependent on costs of administration and introduction. In their study of a scheme in the Netherlands, Linderhof *et al.*, *op cit.*, where only the direct monetary costs and savings are considered, the increased costs for collection, control and administration were indeed compensated by the reduction in processing costs resulting from the lower total amount of waste.

In a discussion of current issues surrounding the domestic waste services in Ireland, Morgenroth (2005) looks at their efficiency and transparency, and the absence of private incentives to reduce waste. He highlights possible fiscal illusion on the part of households and the difficulty that people have in seeing that local charges and central taxation are connected alternatives, with implications for incentives to boot. The share of taxes on income and wealth over the period 2002 and 2003 declined, while the rate of cost recovery in waste disposal increased. The level of private supply of services is also increasing, with apparent efficiency gains (Reeves and Barrow, 2000).

## **APPLYING THE DATA**

The empirical analysis now proceeds with application of data obtained from the study of West Cork (Clonakilty). Data on weights of waste put out by 293 households that were surveyed enabled the demand for waste collection to be modelled and incorporated in the cost benefit analysis.

Monetary units are expressed in 2002 euro unless otherwise indicated and a real discount rate of 5% has been used.

## BENEFITS

### Market Benefits

The reduction in waste due to the imposition of a price of €0.23 per kg averaged 2.76 kg per person per week or 143.52 kg per person per year. The recorded amount reduced is in fact the same as that modelled by the estimated demand function.<sup>3</sup>

The waste authority, West Cork County Council, state that their unit charge of **€0.23 per kg** (€230 per tonne) correctly reflected the marginal cost they incurred in collecting and disposing of a kg of waste through a weekly collection. This figure is thus used as an estimate of the **reduction in current cost**. In reducing weekly waste by 2.76 kg, each person on average therefore saves the waste authority €33 per year.

The **capital cost** was not included in the unit-based charge facing customers. It is not strictly a cost that is avoided in the short term by waste reductions, being lumpy in nature. Nevertheless the equipment could be sold if volume reductions were such that it were no longer required. The cost of capital equipment per tonne, will therefore be included here as an avoidable marginal cost in the long run, though its omission is one of the sensitivity tests undertaken later.

The authority was replacing its lorries and lifting gear because they were required at this time in any event, regardless of whether or not a charging system was introduced. The extra costs that they incurred due to the new charging system *per se* are dealt with separately later. The normal equipment cost works out at €817,572 for West Cork's six lorries for five routes, a spare being allowed for maintenance and possible breakdowns. Bins also needed in any event cost €323,427. These are denoted BAU capital costs (Business-as-usual) costs in Appendix 5. The tonnage in 2002, excluding commercial, construction and demolition waste and waste related to waterworks all of which use

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<sup>3</sup> Measured average weekly weight of rubbish per head before and after the introduction of charges was 6.63 kg and 3.87 kg, respectively, giving a reduction of 2.76 kg per head. The price coefficient of minus 12.14 derived in the estimated model, applied to the price rise of €0.23 per kg, predicts a reduction of 2.79 kg per head. There is the possibility, owing to a secular rise in waste, not allowed for in the formulation, that these results under-estimate the effect of the introduction of the charging system *per se*. Where issues are ambiguous, estimates are made on the basis of caution so as not to exaggerate the beneficial effects.

their own lorries, was 9,176 tonnes and 4,843 tonnes, received via five lorry routes by Derryconnell and Benduff landfills, respectively. For 2002 this gives an average total equipment cost of €81.39 per tonne. Assuming a 10-year life-span for this equipment with a 5% discount rate yields an annualised<sup>4</sup> **equipment cost** of €10.54 per tonne or **€0.01054 per kg** of waste.

It was noted above that account should be taken of the fact that a tonne of waste deposited now creates a requirement for new capacity in the future, which will furthermore be more expensive. Deferring the need to incur these increases represents a saving that can be expressed in present value terms. A **landfill depletion charge**, also not included in the Council's charge, can be estimated by reference to the number of years capacity left in the existing landfills and by including the extra costs that will be incurred by conforming to the standards laid down in the Landfill Directive in future.<sup>5</sup>

The landfill charge to commercial bodies in 2001 in the Cork region was €60 per tonne according to Forfas (2003) and this is used as a proxy for the cost in that year. In a report on Ireland's implementation of the Landfill Directive, costs are estimated to have risen nationally by 52% from 2001 to 2005 though the extent to which this is due solely to the Directive is not made explicit (Golder, 2005). The 52% rise amounts to an extra €30 per tonne, or €90 in all. With respect to the number of years of remaining capacity, operating licensed landfills in the Cork Region had an estimated remaining capacity of three years in 2004 (EPA, 2004) though figures for remaining capacity have a tendency to be revised upwards from year to year. The figure of stated remaining capacity in 2005 underwent a step increase to nearly 12 years (EPA, 2005) perhaps reflecting the industry's responsiveness to market conditions or administrative issues. In presenting estimates of deferred depletion costs Table 1 therefore incorporates a range of assumptions on length of remaining life.

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<sup>4</sup> Factor = 0.1295 (Fabrycky and Thuesen, 1974)

<sup>5</sup> Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste. Article 10 stipulates that "...all of the costs involved in the setting up and operation of a landfill site for the period of at least 30 years shall be covered by the price to be charged." If the price covered any damages, valued by people's willingness to pay to avert them, then the new price would be a true indicator of the total cost of landfill.

Table 1: Present value of landfill depletion (at 5% discount rate), 2001 € per tonne

Examples of landfill cost at replacement landfill, € per tonne	Years before existing landfill is depleted		
	Ten	Five	One
€60	31	39	48
€90	55	71	86
€120	73	94	115

The assumption that will be used here is that there were ten more years operation with the €90 euro per tonne landfill cost. This adds €55 per tonne or €0.055 per kg to the benefit, a cost saving, of reducing waste by one tonne in 2003.

### **Non-market benefits**

Reduced emissions and disamenity effects are the main non-market benefits from waste reduction. In approaching the task of valuing these effects, it is found that relevant valuations of such effects for Ireland are not to hand though flagged as needed (Scott, 2004). Values relating most closely to Ireland's situation would be those presented by the Department for Environment, Food and Rural Affairs in the UK that commissioned a study to review values placed on the physical impacts of waste (DEFRA, 2004). The study considered air and disamenity impacts. Its **valuations of air impacts** are taken from a report by AEA Technology (2004) on the value of health and environmental effects, using a variety of valuation methods including health care and clean-up costs and willingness to pay. DEFRA combined these with its own dispersion and dose response modelling.

Its figures are expressed as the value of the impact on health and on the environment *per unit of pollutant*, rather than per tonne of waste. This is because links from waste to pollutants and on to impact are difficult to generalise and were not included in the background studies. Estimates of the impacts in costs per tonne of air pollutants and greenhouse gases from UK landfill, converted to euro, are summarised in the first 2 columns under the heading "DEFRA" in Table 2.

Table 2: Summary estimates of values of air impacts from landfill, € (2003)/tonne of pollutant

Source:	DEFRA UK		Eshet <i>et al.</i> EU(12)
	<b>Central Low</b>	<b>Central High</b>	
PM <sub>10</sub>	233	1481	1149- 55428
SO <sub>2</sub>	929	4250	336- 13525
Of which impacts on health	604	3925	
Of which impacts on materials	325	325	
NO <sub>x</sub>	223	1412	115-16443 aver 6020
<b>VOC</b>	380	961	645
Of which impacts on health	4	585	
Of which impacts on crops	376	376	
CH <sub>4</sub>	228	910	110- 432
CO <sub>2</sub>	13.7	55	3.1- 64 aver 20

Sources: DEFRA (2004) Table 5.2. Only costs occurring in the UK are included (except in the cases of the last two emissions, CH<sub>4</sub> and CO<sub>2</sub>, that have global effects).

Eshet *et al* (2005). ECB: 2003 exchange rates \$1.1312 and £0.69199 per euro.

In addition, for the European Union a review of valuation studies was undertaken by Eshet *et al.* (2005) from which figures in the third column were taken. The authors summarise a large number of studies but note that only a few of the economic valuation methods are based on welfare economics. They also note that many of the estimates have not been derived from primary studies but via Benefits Transfer methods, often based on quite old primary studies. The wide range of values therefore is to be expected with landfills, not only due to location-specific characteristics but to the different valuation methods. Values for location-specific type damage avoided in West Cork could be lower than those given here.

Prominent landfill emissions are methane and carbon dioxide which contribute to **global warming**. The global warming damage they cause is not dependent on location. There are various estimates of correct values. One estimate of world damage cost<sup>6</sup> has been estimated at \$8 per ton CO<sub>2</sub> for 2010 in 2005 prices (Nordhaus, 2009), which

<sup>6</sup> This is the optimal charge recommended from Nordhaus's study that models limiting global temperature rise to an average of 2.5 °C over 1900 levels for the 22nd and 23rd century in the most efficient manner.

is of the same order of magnitude as for other estimates. To be consistent with examples used in Irish policy studies, a price of €20 per tonne is used here.

**The *net* change in quantities of emissions** can be estimated by applying emissions factors expressed per tonne of waste. These are first calculated for the Business-as-Usual case. After the introduction of weight-based charges, weekly waste per head dropped by 2.76 kg. (A) Emissions from waste landfilled would drop correspondingly, but this is not the full story. We need to consider (B) how the waste reduction was achieved in order to calculate *net* reductions in emissions. The survey suggests that the reduction was achieved through a combination of three reduction methods: recycling including re-use, burning and home-composting.

Therefore emissions per tonne for each of the other three disposal methods ought to be estimated, in order to be compared with the drop in emissions due to reduced landfill. The following describes the estimation of these net emissions, though engaging in this level of detail does not appear to be routine.

(A) We look first at reduced emissions from landfill. The amount of methane emitted depends on the biodegradability of the waste and on the amount of landfill gas control at the landfill.<sup>7</sup> Flaring was introduced in the middle of the present decade in Benduff and Derryconnell landfills operated by West Cork County Council but, in the absence of data, adjustment has not been made here for flaring.

Methane emissions from Benduff and Derryconnell are estimated following the procedure used in Ireland's *National Inventory Report 2007* (McGettigan *et al.*, 2008 p. 99). This entails initially estimating the degradable organic carbon (DOC) per average

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<sup>7</sup> Methane can be recovered and flared or used for electricity production and these actions reduce emissions. Emissions from flaring, mainly CO<sub>2</sub>, are not counted in IPCC reporting, being CO<sub>2</sub> that is biogenic in origin: that is, they arise from the biodegradable waste (though the methane, which is counted, does too). The economic incentive of a guaranteed electricity price in the UK's Non Fossil Fuel Obligation encourages the use of landfill gas management procedures that reduce the potential detrimental factors of landfill gas. But while the global and local environmental effects of uncontrolled releases would be reduced, other emissions such as CO, NO<sub>x</sub>, SO<sub>x</sub> and other components could perhaps increase, leading to other detrimental effects, shifting rather than solving the problem of landfill gas. There is considerable uncertainty.

tonne of waste according to the fractions of the different waste materials contained. These materials are classified in the *Inventory* under the four headings: organic, paper, textiles and ‘other’. Each material can be assigned its own content of DOC by applying 15%, 40%, 40% and 15% respectively (McGettigan, Table F1 page 143 footnote). In accordance with IPCC guidance, 60% of this subsequent total ‘available DOC’ is dissimilated equally to CO<sub>2</sub> (though ignored in IPCC reporting) and to methane. The latter figure for methane is subject to a mass conversion of 16/12 to yield a figure for the ‘potential methane’ in a tonne of land-filled waste.

Finally, the release from this potential methane into the atmosphere follows a time pattern illustrated in Figure 2. As seen, there is a lag of about one year before methane release starts followed by strong release in years four to six, during which time over 40% of the potential is released. Active release tails off but continues over a 20-year period or more.

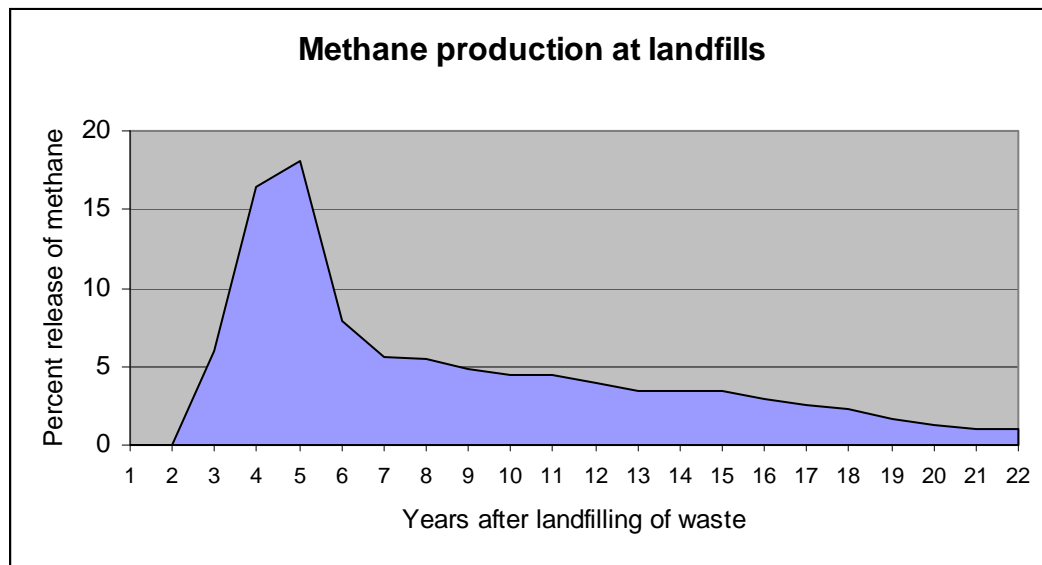
Because of the time pattern of methane release and the need to attach monetary values to it, these future emissions will require to be discounted to the present before summing. A conversion factor of 21 for converting methane to global warming potential is used.<sup>8</sup> Accordingly, a tonne of household waste deposited in landfill is estimated here to release **1.34 tonnes of greenhouse gases** measured in CO<sub>2eq</sub>, using a 5% discount rate. The derivation is given in Appendices 1 and 2.

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<sup>8</sup> In turn, methane has time-weighted global warming effects. In the economics literature, the conversion factor of 21 for converting methane to global warming potential is variously reduced to factors ranging from 11 to 20 (Hammit et al, 1996; Fankhauser, 1995; Tol and Downing, 2002). No adjustment to the 21 conversion factor is applied here.



Figure 2: Per cent of methane that is released in the years following landfill



Source: EPA, 2008.

Note that both methane and CO<sub>2</sub> are included here in the figure for total GHG emissions from landfill. As mentioned this differs from the IPCC's guidelines for reporting national greenhouse emissions, where most CO<sub>2</sub> produced in solid waste disposal sites is omitted from the reported accounts. This omission is because the CO<sub>2</sub> from waste is largely of biogenic origin - it derives from the food, wood or other vegetation that caused corresponding CO<sub>2</sub> uptake in its growth phase. By contrast, fossil-based emissions of CO<sub>2</sub>, from burning waste oils, plastics and solvents, for example, are included in the IPCC accounts and if they are burned for energy purposes they are reported under the Energy Sector. Emissions from combustion of wood that causes long-term decline in carbon embodied in forests are entered in the reporting for the Agriculture, Forestry and Other Land Use sector (AFOLU).

(B) For this exercise **the net change in quantities of emissions** will be attempted by also considering emissions from the actions taken that reduce waste going to landfill. The manner of reduction of waste may have its own implications for these albeit biogenic CO<sub>2</sub> emissions and the differences are worth checking. We know from the survey in West Cork that 14% of households freely stated that they burned more. We also know that some 75% or so increased their recycling activities and some 20% of households stated that they increased their home composting of food. Illegal dumping

may have been a fourth, but no reports were forthcoming on dumping and we were informed that increases were negligible.

In order therefore to estimate the net emissions effects of the landfill waste reduction, an attempt is made here to assess the effects of the three reduction activities:

1. recycling
2. open-burning and
3. composting.

Informed by the survey responses about the activities that households stepped up, a **working assumption** is made that 50% of the weight reduction was achieved by recycling (mainly bottles and a little paper), 15% by burning and 35% by composting. Applied to the average reduction of 2.76 kg in the weight of waste per person this breaks down to **1.38 kg, 0.41 kg and 0.97 kg** of waste by the three reduction methods, respectively. (Excel file: work/SW-Charges/JOURNAL ARTICLE /Emissions per t MSW.xls)

Looking at these three methods in turn, it will be assumed that:

(1) *recycling* involved taking bottles to the bottle bank. Emissions in glass production would be reduced by this recycling. With kerbside collection, pure financial outcomes are found to be neutral or negative, according to Denne *et al*, 2007, and Beigl and Salhofer, 2003, respectively. Ecological effects are found to be positively beneficial. In the case of bring systems on the other hand (used here), the latter study found positive financial results but only found ecological improvements in terms of acidification potential but not in terms of global warming. In the absence of clearer figures, we therefore note, rather than quantify, **a potentially positive environmental gain** from recycling glass.<sup>9</sup>

(2) *Open-burning* of the combustible components of waste on the other hand has negative consequences. The emissions include: NMVOCs, CO, NO<sub>x</sub> and SO<sub>x</sub>, plus

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<sup>9</sup> Development of technology and the appropriateness of policy measures play a role. According to Grant Thornton (2006), the fact that the UK imposes a target, 60%, for the amount of glass that is to be recycled will encourage the grinding of the product though this energy-intensive recycling process generates more CO<sub>2</sub> than if the glass were sent to landfill. Such outcomes can occur when policy interventions are designed as targets, e.g. to encourage tonnage diversion from landfill, rather than correctly penalize pollution proper, such as the production of CO<sub>2</sub>.

greenhouse gases CH<sub>4</sub> and CO<sub>2</sub>. Indirect N<sub>2</sub>O emissions result from the conversion of nitrogen deposition to soils due to NO<sub>x</sub> emissions from open burning.

The IPCC Guidelines recommend noting CO<sub>2</sub> emissions from open-burning of biomass materials as an item of “information”. Alternatively an appropriate method for estimating CO<sub>2</sub> is to use the following equation, where the waste consists of components j, such as paper, textiles etc. (IPCC Equation 5.2 using Tier 1):

$$\text{CO}_2 = \text{MSW} \times \sum_j [\text{WF}_j \times \text{dm}_j \times \text{CF}_j \times \text{OF}_j] \times 44/12$$

Where:

CO <sub>2</sub>	=	CO <sub>2</sub> emissions in kt
MSW	=	total weight of municipal solid waste that is open burned
WF <sub>j</sub>	=	share of component j (paper, etc) in the MSW, wet weight
Σ <sub>j</sub> WF <sub>j</sub>	=	1
dm <sub>j</sub>	=	dry matter content in % of wet weight of component j
CF <sub>j</sub>	=	carbon fraction of the dry matter in component j
OF <sub>j</sub>	=	oxidation factor
44/12	=	conversion factor from C to CO <sub>2</sub>

Default values for component shares in MSW are a guide (IPCC Table 2.4). As a working assumption, the components of waste that households burn are taken to be 10% organic, 50% paper, 10% textiles, and 30% other materials. Resulting estimated emissions per tonne of waste burned in terms of CO<sub>2</sub>, methane and N<sub>2</sub>O using the direct IPCC emission factors are shown in Table 3.

Table 3: Estimated emissions per tonne of waste burned in the open by individuals.

<b>Emission</b>	<b>Tonnes</b>	<b>Source</b>
Methane (CH <sub>4</sub> )	0.0065	IPCC emission factor
CO <sub>2</sub>	0.749	IPCC Tier 1 Eqn 5.2
Total CO <sub>2</sub> eq	<b>0.8855</b>	
N <sub>2</sub> O	0.00015	IPCC emission factor

*Note:* See Appendix 3 for the derivation.

Though probably not prevalent, extra transporting of waste to where it is burned could be entailed but calculations of such possible transport emissions are not made. Domestic waste burning is thought to account for a substantial proportion of Ireland's dioxin emissions to air and land (Hayes et al., 2002). However, due to uncertainty about the level of these emissions we have omitted them from the analysis.

(3) *Home composting* also produces some methane but very little compared to land-filling of organic waste.<sup>10</sup> According to IPCC Guidelines (Waste Volume, Table 4.1), default emission factors for methane due to composting are 4 kg CH<sub>4</sub> / tonne of organic waste composted (**0.084 kg CO<sub>2</sub>eq per kg** organic waste), and for N<sub>2</sub>O they are 0.3 kg per tonne of organic waste. (The CO<sub>2</sub> has not been amenable to estimation.) Home composting is the one alternative that is likely to avoid transport emissions.

### *Leachate*

The infiltration of precipitation and surface water into landfills coupled with breakdown of waste produce leachate, with high organic and inorganic content. Estimates for leachate reviewed by Eshet *et al.*, not shown in the table, are based on clean-up or remediation approaches, amounting to €0.9 to €1.8 per tonne of waste. Leachate arises in old landfills and is negligible in modern landfills. Although the valuation literature provides monetary estimates for some impacts of leachate on water, none is used since neither the EC study nor the DEFRA study recommend estimates. This is because dose-response functions that would link the pollutants to the resulting impacts are again difficult to generalise. The available costs incurred by water companies to remove pollutants are unlikely to constitute a correct measure and therefore the reports do not cite estimates for leachate emissions to soil and water. The argument that clean-up costs in a democracy represent society's willingness-to-pay is not verified.<sup>11</sup>

### *Transport*

The reduction in lorry transport of waste gives rise to another benefit. In this study transport is already incorporated in the current cost and it is assumed that the taxes on fuels already internalise environmental impacts, whatever about the incorrect points of application of transport taxes. The reduction of waste was achieved largely through increased recycling and some of the relevant materials still had to be transported, albeit

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<sup>10</sup> Moreover the carbon is stored by compost in the soil to which it is subsequently added. Used as a soil amendment, over 100 years compost stores 54 kg of CO<sub>2</sub>eq per tonne of compost used, or some 22 kg of CO<sub>2</sub>eq per tonne of organic waste prior to composting (Composting Association 2006).

<sup>11</sup> For example a study of US Superfund expenditures on clean-up of contaminated sites indicates a wide range of costs per case of cancer averted (Viscusi and Hamilton, 1999). Apart from mortality reduction not being maximised for the expenditure incurred, the choice of estimate is difficult.

mainly by private car rather than truck. Private car transport can have more impact per tonne than truck transport at least in rural areas (Beigl and Salhofer *op cit*). It is simply assumed here that a reduction in lorry journeys would be picked up in the measurements of reduced disamenity impacts at landfills.

### **Disamenity**

Impacts of landfills under the heading of disamenity impacts include noise and dust, litter, odour, presence of vermin, visual intrusion and the perception of risk to human health. Some disamenity impacts are associated with the mere existence of landfill and some with its operation so that care is needed to bear these differences in mind.

The Annual Environment Reports to the EPA on the landfills give readings for dust. These in fact showed a higher reading for Benduff in 2003, the year of reduced weight after the introduction of the new charging scheme, but the suspicion is that the prevailing winds could have been partly responsible. The same applies at Derryconnell. With respect to noise, recorded levels at Benduff were also higher in 2003, while in Derryconnell there was little change. In any event the readings would not be sufficiently refined to distinguish the impacts of ordinary road transport from those of landfill operations generally. The net impact of the reduction in waste on lorry transport and disamenity may not have been large, and is omitted here.

We now consider the amenity impacts of the mere existence of landfills. While hedonic valuations have the advantage of being revealed values, non-homogeneity of the housing market in the vicinity can make it difficult to isolate specific influences. Encouragingly, Eshet *et al* note that results of hedonic pricing are similar to results from Contingent Valuation of willingness-to-pay when both methods have been applied to the same investigation. On the other hand a separate application of a meta-function of hedonic pricing studies has been found to produce lower estimates than through studies of willingness to pay. This was found in the meta-analysis and benefit-transfer by Walton *et al.* (2006) when they applied the estimated meta-function of North American sites to a landfill site in the north-east of England to which Contingent Valuation had been applied (Garrod and Willis 1998). The underestimate, in the region of 40% to 60% depending on time horizon chosen, is partly explained by the fact that

by only estimating effects on house prices, hedonic studies do not evaluate the effect on consumer surplus.

A large-scale primary study using hedonic assessment of house prices around landfill sites has been undertaken for Great Britain. The estimation of disamenity cost involved a two-stage procedure that first removed all systematic explanations of house price differences and then plotted the resultant residuals against distance from landfill. This was based on a sample size of nearly 100,000 house prices. Disamenity estimates averaged some €0.968 million per operational landfill, with a confidence interval of between €0.796 million and €1.141 million (DEFRA, 2003). By definition the values, being property prices, are in present value terms.

By converting disamenity values to annual equivalents based on remaining length of landfill life, and dividing by national annual throughput of waste, these can be expressed per average tonne of waste. Table 4 gives the estimated values of disamenity impacts of landfills in Great Britain, expressed in euro per tonne.

Table 4: Summary estimates of values of disamenity impacts of landfills in Great Britain, using hedonic pricing method, per facility and per tonne of waste

<b>Summary values</b>		
Per facility, € (2003)	796,000 to 1,140,000 (best estimate 968,000)	
Per tonne of waste, € (2003)	3.61 – 5.19	
% effect on house prices:*	<u>Scotland</u>	<u>GB</u>
0 to 0.25 miles	-41.3%	-7.1%
0.25 to 0.5 miles	-7.7%	-2%
0.5 to 1 mile	-3.0%	+1.0%
1 to 2 miles	-2.7%	+0.7%

Source: DEFRA (2004) Table 4.10. ECB: 2003 exchange rate £0.69199 per euro.

\* DEFRA (2003) Table 5.1, all values statistically significant.

Since the values per tonne from DEFRA in Table 4 are based on an average 28-year remaining landfill life, one might question whether such figures can be used for landfills in this exercise, where closure is supposedly imminent. The transactions on which the DEFRA sample house prices were based, on the other hand, may not have been made in full knowledge of the length of life remaining. The existence of the site rather than its remaining years of operation may have been the defining factor in the

transaction value, and it is possibly reasonable to apply the percent effect on house prices here.

Application of these figures to this study requires an estimate of house prices in the vicinity of Benduff and Derryconnell landfills. The average house price in Cork County in 2003 in the Permanent *tsb*-ESRI *National House Price Index* was estimated at €218,038. House price reductions of €15,263 and €4,361 result from applying Table 3's estimated GB value reductions. (These are reductions of 7% and 2% at 0 - 0.4 km and at 0.4 - 0.8 km distance from landfill, respectively.) The number of households in question is estimated (Box 1) giving 9.7 houses up to 0.4 km distant and 29.1 households between 0.4 and 0.8 km distant. (There are other ways of obtaining figures directly, which overcome the assumption of uniform distribution of houses in the county.)

**Box 1: Calculating Number of houses:**

Area of circle with circumference that is 0.8 km from the landfill is 2.010624 square km ( i.e.  $\pi \text{ radius}^2 = 3.1416 \times 0.8 \times 0.8$  ).

Area of circle with circumference that is 0.4 km from the landfill is 0.502656 square km ( i.e.  $3.1416 \times 0.4 \times 0.4$  ).

Therefore the area lying between 0.4 and 0.8 km from the landfill is 1.508016 square km ( i.e.  $2.010624 - 0.502656$  ).

Population density in the Derry DED that surrounds the Benduff landfill is 26 persons per square km, and 30 persons per square km in Ballydehob DED around Derryconnell landfill. There are 2.9 persons per household in Cork County. This gives an average of about 9 and 10 households per square km around Benduff and around Derryconnell landfills, respectively.

Therefore the number of households up to 0.4 km is 4.5 and 5.2 households, for Benduff and Derryconnell, respectively.

The number of households between 0.4 km and 0.8 km distance is 13.5 and 15.6 households for Benduff and Derryconnell respectively.

Combined these give 9.7 houses up to 0.4 km distant and 29.1 households between 0.4 and 0.8 km distant.

Present loss in value is €148,051 (i.e. - €15,263 x 9.7) for households located up to 0.4 km

And €126,905 (i.e. - €4,361 x 29.1) for households located between 0.4 and 0.8 km distant.

Total loss due to disamenity in present value terms is **€274,956**.

Present loss in value is €148,051 for the households closer to the landfills and €126,905 for the households further away. Total loss due to disamenity from these two landfills is thus estimated at **€274,956**.

As in the calculations by DEFRA (2004 p 41), by converting disamenity loss (a present value) to annual equivalents and dividing by annual throughput of waste, the loss can then be expressed per average tonne of waste. Assume a remaining 10-year life for the landfills as they were continuing to be “in the process of being closed down” in 2008, and that the annual waste from all sources is 12,507 tonnes, the amount taken in 2003. At a 5 per cent discount rate the disamenity cost would be **€2.85 per tonne** or **€0.0029** per kg.<sup>12</sup>

We can now draw together all the estimates made of non-market impacts, in Table 5. Note that the GHG saved from reduced waste going to landfill is a net figure that takes account of alternatives disposal options that reduce the amount going to landfill.

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<sup>12</sup> An issue to be wary of is that given an “off the shelf” estimate of the disamenity effect on house values (relating to a specific landfill length of life), the disamenity cost per tonne will then become lower the longer the length of life of the landfill to which it is applied (the more tonnes). This shows the need for Ireland to embark on its own valuation exercises of this type that look at property values relating to specific expected length of landfill life.



Table 5: Non-market impacts per kg of waste and per 2.76 kg reduction per person per week. Negative figures are savings. GHG measured in kg CO<sub>2eq</sub>

<b>Non-market impacts</b>	<b>Per kg waste reduced</b>	<b>Per 2.76 kg reduction</b>
<b>GHG</b>		
From landfilled waste *	- 1.0085 kg	- 2.783 kg
<i>From alternatives to landfill:</i>		
Recycling glass	- n.av. (probable saving)	- n.av.
Open burning	+ 0.89 kg/kg <i>burned</i>	+ 0.499 kg
Home composting	+ 0.084 kg /kg organic waste <i>composted</i>	+ 0.047 kg
<b>Net GHG **</b>	- 0.8108/ kg reduced 2003-4	<b>2.238 kg</b>
<b>Leachate (€)</b>	- n.av. (probable saving)	- n.av.
<b>Disamenity (€)</b>	- € 0.0029 / kg waste	- € 0.0079

Sources: Appendices 2 and 4 and text above.

\* The waste removed would have a different composition with relatively more glass in it, for example. Feasible and consistent assumptions about the waste types removed have been made giving an estimated 1.0085 kg GHG reduction per kg of landfill waste that is reduced, before considering alternative actions.

\*\* Adding in the emissions from alternative actions reduces the saving in GHG emissions to a net reduction of 2.238 kg, or 0.8108 kg GHG per kg of MSW reduced (2.238 / 2.76 above). Savings from glass recycling are not included. See Appendix 4.

There is another gain which accrues to the providers of the waste service and that is the data that the system yields. Information of this kind has value as an aid to planning, though not quantified here.

## **COSTS**

### **Household effort: loss of consumer surplus**

Assuming that households' reductions in waste reflect some kind of balanced view on their part about saved waste charges on the one hand and, on the other hand, extra cost

and effort of reducing further, the triangular area  $BQ_1Q_0$  under the estimated demand function can be used to estimate this cost.

This loss of consumer surplus is calculated as the weekly reduction of 2.76 kg times €0.23 per kg times a half giving €0.3174 per person per week, €16.5 per person per year (or half the €33 per person benefit to the waste authority, calculated above).

Before looking finally at the additional expenses required in order to introduce the new pay-by-weight system, Table 6 summarises all the values estimated so far associated with a reduction in waste of 2.76 kg per person per week (from 6.63 kg before charging by weight to 3.87 kg with charging).

Table 6: Value of benefits and costs resulting from a reduction of 2.76 kg of waste per person per week. Negative figures are savings.

	<b>Costs €/kg waste reduced</b>	<b>Value €/per person/week</b>
<b>BENEFITS</b>		
<b>Market</b>		
Current	- 0.23	-0.6348
Capital: Equipment - trucks, bins	- 0.01054	-0.02909
Landfill	- 0.055	-0.1518
<b>Total market</b>	<b>- 0.2955</b>	<b>-0.8157</b>
<b>Non-market</b>		
Net GHG (using a price of €20 per t GHG)	- 0.0162	-0.0448
Leachate	- n.av.	Possible saving
Disamenity	- 0.0029	-0.00787
<b>Total non-market</b>	<b>- 0.0191</b>	<b>-0.0526</b>
<b>TOTAL BENEFITS</b>	<b>- 0.3146</b>	<b>-0.8683</b>
<b>COSTS</b>		
Loss of consumer surplus		+0.3174
<b>NET BENEFITS (i.e. savings) before accounting for costs of the charging system.</b>		<b>- 0.5509</b>
The negative figure represents a net saving.		

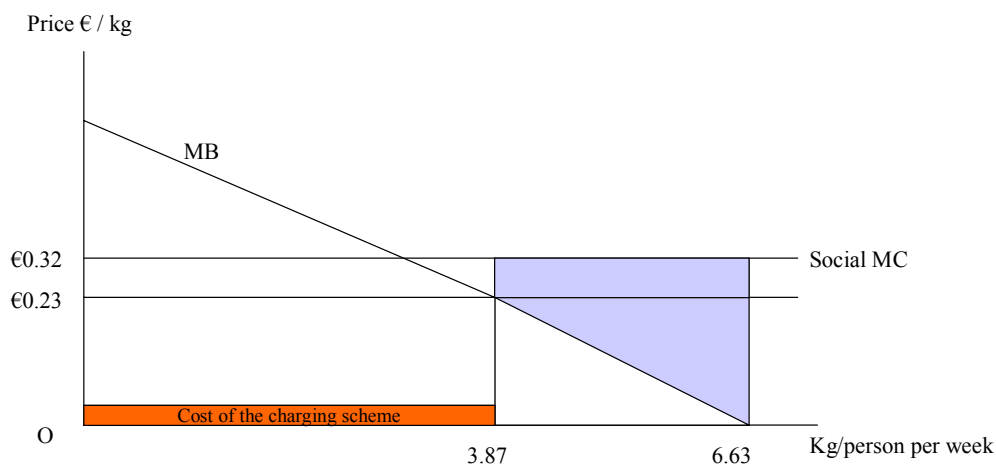
*Note:* The costs of the charging system *per se* are not yet taken into account. Where relevant a 5% discount rate has been used.

As seen in Table 6, before the costs of the new charging system *per se* have been taken into account, net benefits due to the 2.76 kg reduction amount to about €0.55 per person per week or about €29 per year.

Figure 3 shows the initial diagram now adjusted as per Fullerton and Kinnaman (1996) to incorporate the estimated values summarised in Table 6. The net benefits calculated so far in Table 6 are represented by the blue trapezoid. The current cost of €0.23 per kg, applied as a weight-based charge, is what drives the reduction in quantity of waste. The rectangular area above the €0.23 cost line represents the capital costs that are incurred regardless of charging system and non-market costs.

The final question concerns the costs of the actual charging system itself. The costs of introducing the new charging scheme have been added to the diagram as the red rectangle, spread over the new reduced weight.

Figure 3: Savings from unit charges and cost of the new charging system *per se*.



The question is how much is the cost of introducing the charging system and will it outweigh the net benefits represented by the blue trapezoid.

### NET BENEFITS ALLOWING FOR COSTS OF CHARGING SYSTEM

Finally the additional costs incurred in bringing about the new pricing system need to be taken into account in order to see if it resulted in a gain overall. As we saw, evidence elsewhere has shown mixed results. The benefit figure of €0.55 per person per week

can be viewed as a threshold. If the additional capital and current costs exceed the threshold then the overall net gain is called into question.

### **Capital (equipment) cost of charging system**

As outlined, the waste authority faced a situation where it had to replace its trucks, lifting gear and bins in any event. Therefore, the capital costs relevant to the introduction of the new charging system are those costs net of what would have been incurred in the absence of the introduction of the new pricing regime. The extra gear for their six lorries consisted of weighing gear, software and associated outlays that cost €346,639 for five routes (Appendix 5), giving an annual capital cost of €44,890 using a 5% discount rate and assuming a ten year life.

For the extra outlay on the bins to cater for weighing and recording, the cost was €135,662 giving an extra annual capital cost of €17,568. Some spare bins were bought and are included in this purchase.

Dividing these extra lorry and bin costs by the new lower annual tonnage of approximately 7,710 tonnes gives annual costs per tonne of €5.82 and €2.28, respectively, totalling €0.0081 per kg of waste. Calculated for the new amounts of waste per person, 3.87 kg per person per week, puts the capital cost of introducing the charging scheme at €0.03135 per person per week.

### **Current cost of charging system**

The same staff were involved after the new charging system as before and extra staff were not required. There also appeared to be negligible extra current costs to deal with the weighing, recording, billing and associated tasks. The cost of software was included in the extra capital costs above.

The old trucks had been imposing high maintenance costs, and no figure has been entered of the saving because it would have occurred with replacement trucks, whatever the charging system.

### **Final net benefits, allowing for costs of charging system**

Final net benefits therefore from the introduction of weight-based charges and allowing for the costs of the charging system itself (€0.5509 minus charging scheme costs of €0.03135) are a saving of **€0.5196 per person per week, or €27 per person per year.**

### **SENSITIVITY TESTS**

The effects of varying some of the assumptions can now be investigated. What would be the effect if the volume-related capital costs (€0.18089 per person/week on equipment plus landfill) were considered unaffected by the decrease in waste and were thus excluded from the savings? The answer is that there would still be net benefits of €0.3387 per person per week or over **€17 per year.**

Leaving the non-market costs out of the calculation would have even less effect on the result. Excluding some of the environmental costs may be justified, in that flaring has reduced some of the emissions in the meantime in any event. To the extent that non-market costs could be estimated, they add but 6 per cent on to the market costs and amount to but 10 per cent of the final net benefits. Omitting them on top of excluding capital costs would still leave final net benefits of €0.2861 per person per week or some **€15 per year.** This is the saving due to current costs, the largest component of total saving. It is noted that the benefits of bottle recycling and reduced leachate have not been estimated.

### **Illegal dumping and littering**

A concern still outstanding is the issue of illegal activities. How is the authority to deal with the likely increase in littering and dumping? The authority said that littering and dumping became no worse with the charging system in place, and we found that there had been no increase in complaints reported to the Council though this is at variance with many informal reports of experience in other areas.

The final net benefit ranging from €13 to €27 per person per year means that in a community of 4,000 persons some €52,000 to €108,000 could be spent on addressing induced illegal activities, without reversing the positive societal outcome.

## Generalising the results

In 2006, of the 34 waste authorities (local authorities) in Ireland, seven were using weight-based charging systems in their functional areas. In some cases it was used alongside other systems in their area. Other systems recorded in a survey were mainly tag-based, followed by volume-based, and there were still some places where a flat-rate charge was applied (O'Callaghan Platt and Davies, 2007). Considerable scope exists for application of weight-based systems though, given that kerbside recycling is now in operation in most areas albeit with varying coverage within areas, further reductions in waste could be smaller than those found here. Indeed it is seen in the above survey that providing kerbside recycling along with education in one instance is associated with low amounts of waste, without resort to pay-by-use charging. The information is not subjected to econometric analysis and generalisation cannot be made.

## Implicit carbon abatement cost

Turning attention to GHG measured in CO<sub>2eq</sub> associated with the reduction in waste, the GHG reduction is in the region of 2¼ kg per person per week (based on working assumptions about the composition of the waste diverted from landfill and about emissions arising due to alternative actions). Given the positive societal value from the introduction of weight-based charges, there is an implicit negative cost of CO<sub>2eq</sub> abatement. It ranges from **minus €13 to minus €23 per tonne CO<sub>2eq</sub> abated** (€0.2861 to €0.5196 per 2.238 kg abated). There would be less scope where there is flaring. The introduction of weight-based waste charges therefore can be included in the negative and low cost end of Ireland's CO<sub>2</sub> marginal abatement cost schedule (SEI, 2009). A carbon tax would further encourage waste and emissions reduction as the finances of energy-saving recycling activities would automatically improve. Recycling of aluminium, an example of an energy intensive product, saves over 90 per cent of emissions compared to manufacture from scratch - a saving that is not reaped by recyclers.<sup>13</sup> Recycling is thus discouraged by the absence of a price on emissions (a carbon tax). Over three quarters of aluminium in municipal solid waste in Ireland is landfilled, for example (EPA, 2009).

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<sup>13</sup> Aluminium is not included in the EU Emissions Trading Scheme, though it is impacted by any pass-through costs of the power sector which is..

## CONCLUSIONS

A large reduction in waste after the introduction of unit charging results in net savings to the community overall even allowing for the costs incurred in introducing weight-based charging.

Net benefits savings amount to some €15 to €27 per person per year. This is even allowing for the costs of the time and bother of the householder, as revealed by the reduction in their demand for waste services.

Any induced littering or burning could be addressed by using these funds.

This benign outcome was helped by the fact that the authority was going to renew its lorries and equipment in any event, so that the incremental costs due to the charging system *per se* were smaller than the full re-equipment costs, though the results are not materially altered by counting in the full re-equipment costs.

The incentive pricing was carefully prepared and was effective. More important, is the demonstration that the way in which households pay affects the total amount of waste and hence the total costs ultimately incurred.

A weight-based charging system can be sensitive to vulnerable households, by virtue of using waivers for the standing charge. This should be financed by the welfare system, rather than by other customers. By contrast a subsidised or flat-rate charge effectively helps rich households more in absolute terms because they present more waste.

Benefits arise from allowing the authority flexibility as to the timing and manner of its reforms. Financial control and ability to use economic instruments allow these benefits to be reaped

The costs of time spent by householders in reducing their waste is taken into account by means of the loss of consumer surplus, which reveals the subjective trade-off between saving money and spending more time/effort. The issue of time costs may deserve more attention. Some studies indicate that people would be willing to spend time for no remuneration or savings if facilities were available but the cost of these needs to factored in.

Serious gaps in Ireland's research infrastructure are revealed. These create difficulties in estimating the physical impacts of alternative waste activities (composting, glass recycling, burning). There is a virtual absence of estimates of valuations for Ireland of environmental effects, including estimates of willingness to pay and hedonic values.<sup>14</sup>

The cost of carbon abatement that occurs as a result of unit charging is found to be negative, making this a good way to reduce carbon. A carbon tax would further encourage waste reduction by helping recycling where recycling is energy-saving.

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<sup>14</sup> As observed elsewhere, estimates of valuations are overdue to enable analyses of investment decisions, such as identifying clean-up actions that might impose "disproportionate costs", as required by the Water Framework Directive.



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## Appendix 1

### Calculations of Degradable Organic Carbon (DOC) and potential methane and CO<sub>2</sub> in one tonne of (managed) household municipal solid waste (MSW) in 2003

		Organic	Paper	Textiles	Other MSW	Total
Composition fractions in one tonne MSW:	Tonnes	0.28	0.31	0.03	0.18	
Degradable Organic Carbon (DOC) factors (t DOC/ t material)	%	15	40	40	15	
DOC in one tonne of MSW	Tonnes	0.042	0.124	0.012	0.027	0.2050
DOC dissimilated, using the % fraction from IPCC i.e. 60	Tonnes	0.0252	0.0744	0.0072	0.0162	0.1230
Potential methane (50% of dissimilated DOC x 16/12 mass conversion)	Tonnes	0.0168	0.0496	0.0048	0.0108	0.0820
Potential CO <sub>2</sub> (50% of dissimilated DOC)	Tonnes	0.0126	0.0372	0.0036	0.0081	0.0615

*Source:* Line 1 from *National Inventory Report 2007* Table F.1 composition fractions for 2003.

Line 2 from footnote for column Q (IPCC default values).

In one tonne of managed household waste, therefore, potential Methane is **0.0820 tonnes** and potential CO<sub>2</sub> is **0.0615 tonnes**.

Appendix 2

**Calculation of GHG releases from one tonne of MSW landfilled in year 1**

Year	METHANE			CO2 tonnes	GHG (CO <sub>2</sub> eq)
	% release	Tonnes	CO <sub>2</sub> eq		
1	0	0	0	0.0615	0.0615
2	6	0.0049	0.1033		0.1033
3	16.4	0.0134	0.2824		0.2824
4	18.1	0.0148	0.3117		0.3117
5	7.9	0.0065	0.1360		0.1360
6	5.6	0.0046	0.0964		0.0964
7	5.5	0.0045	0.0947		0.0947
8	4.9	0.0040	0.0844		0.0844
9	4.4	0.0036	0.0758		0.0758
10	4.4	0.0036	0.0758		0.0758
11	3.9	0.0032	0.0672		0.0672
12	3.4	0.0028	0.0585		0.0585
13	3.4	0.0028	0.0585		0.0585
14	3.4	0.0028	0.0585		0.0585
15	2.9	0.0024	0.0499		0.0499
16	2.6	0.0021	0.0448		0.0448
17	2.3	0.0019	0.0396		0.0396
18	1.7	0.0014	0.0293		0.0293
19	1.3	0.0011	0.0224		0.0224
20	1	0.0008	0.0172		0.0172
21	1	0.0008	0.0172		0.0172
<b>Sum of emissions:</b>	100.1	0.0821	1.7237	0.0615	1.7852
<b>Emissions discounted at 5% to the year of landfill (year 1):</b>					<b>1.3429</b>

*Note:* It is assumed that there is no flaring or methane capture.

The sum of emissions discounted is 1.3429 tonnes CO<sub>2</sub>eq.

This is made up of 0.0615 tonnes of CO<sub>2</sub> and 1.2814 tonnes of methane expressed in CO<sub>2</sub>eq.

The 1.2814 tonnes of methane is the present value of 1.7237 tonnes, so the discounting factor, at 5%, works out at **0.7434**.

### Appendix 3:

#### Emissions per tonne of waste burned when households open burn waste

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##### CO<sub>2</sub> emissions

First, what are the components of the MSW, i.e. what are the weight fractions WF<sub>j</sub>?

	<b>organic</b>	<b>paper</b>	<b>textiles</b>	<b>other</b>	<b>Sum</b>	<b>Unit</b>	<b>Source</b>	<b>Comments</b>
in 2002-3	0.28	0.31	0.03	0.18	0.8		NIR 2007 T F.1	
Fractions per 1 t burned	0.1	0.5	0.1	0.3	1	WF <sub>j</sub>	Assume	
Dry matter content	0.4	0.9	0.8	0.5		D <sub>m<sub>j</sub></sub>	IPCC T 2.4	Other: assume 0.5
Carbon fraction in dry matter	0.38	0.46	0.5	0.6		CF <sub>j</sub>	IPCC T 2.4	Other: assume 0.6
Oxidation factor	0.58	0.58	0.58	0.58			IPCC T 5.2	
44/12	3.667	3.667	3.667	3.667			IPCC Eqn 5.2	Conversion from C to CO <sub>2</sub>
Tonnes CO <sub>2</sub> emissions/t burned:	0.032	0.440	0.085	0.191	<b>0.749</b>	<b>t CO<sub>2</sub> / t burned</b>		

##### CH<sub>4</sub> emissions

Tonnes CH<sub>4</sub> emissions per t burned: **0.0065 t CH<sub>4</sub> / t burned** IPCC p. 5.20

##### N<sub>2</sub>O emissions

Tonnes N<sub>2</sub>O emissions per t burned **0.00015 t N<sub>2</sub>O / t burned** IPCC T 5.6

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Appendix 4

**EMISSIONS calculations, gross to landfill, and net of alternative actions to landfill.**

Panel 1: Typical tonne of MSW

ASSUME "MANAGED"		1 tonne of MSW				
Weight fractions:	Organic	Paper	Textile	Other	Sum	
	0.28	0.31	0.03	0.18	0.8	
Tonnes DOC per t of constituent	0.15	0.4	0.4	0.15		
Tonnes DOC per tonne MSW	0.042	0.124	0.012	0.027	0.205	
Share dissimilated			0.6			
Share methane v CO2	Methane =		0.5			CO2 = 0.5
Mass conversion 16/12			1.33333			
Methane potential per tonne of MSW				0.0819998		In CO <sub>2</sub> eq (in PV): 1.2801
CO2						<b>0.0615</b> <b>Tot GHG (in PV): 1.3416</b>

NOTE: Using 2002 waste weight fractions from McGettigan (2008) p 143 T F.1

0.7434 is discount factor to give PV at 5% discount rate - Append. 2

Panel 2: Emissions from weekly waste per head landfilled in 2002. kg

For 6.63 kg		6.63 kg of MSW						
Weight fractions:	Organic	Paper	Textile	Other	Sum t	Remainder kg	TOT kg	
	0.28	0.31	0.03	0.18	0.8	5.83	6.63	
Weight of waste kg	1.8564	2.0553	0.1989	1.1934	5.304	1.326	6.63	
Kg DOC per kg of constituent	0.15	0.4	0.4	0.15				
Kg DOC per kg waste	0.27846	0.82212	0.07956	0.179	1.35915			
Share dissimilated			0.6					
Share methane v CO2	Methane =		0.5					CO2 = 0.5
Mass conversion 16/12			1.33333					
Methane potential per kg waste landfilled PLUS CO2				0.5436586				In CO <sub>2</sub> eq (in PV): 8.4873
								<b>0.4077</b> <b>Tot GHG (in PV): 8.8950</b>

kg GHG per kg MSW: 1.3416316 Equals the figure in Panel 1 above.

Panel 3: Reduction in weekly waste per head landfilled, change between 2002 and 2003

FOR REDUCTION OF		2.76 kg waste landfilled		ASSUME ACHIEVED BY:		Reductions kg	Leaving kg
	Bottle recycling	Burning	Composting	Tot reduced			
kg (reduction col.)	1.64	0.56	0.56	2.76	Bottles: take 65% off (Remainder + Other) =	1.63761	0.4641
Thus % is	59.4	20.4	20.2	100.0	Burning: take 25% out of (Paper+Textiles) =	0.56355	0.41769
					Composting: take 30% off Organic =	0.55692	1.54175
					Sum = 2.7581		0.149175
							Organics = actual new weight of waste in Clonakilty
							<b>3.8719</b>

Panel 4: New reduced weekly waste landfilled per head in 2003

For new weight of 3.87 kg		3.87 kg of MSW						
Weight fractions derived from line below:	Organic	Paper	Textile	Other	Sum kg	Remainder kg	TOT kg	
	0.34	0.40	0.04	0.11	0.88	0.12	1.00	
Weight of waste kg (from rhs of Panel 3)	1.30	1.54	0.15	0.42	3.41	0.46	3.87	
Kg DOC per kg of constituent	0.15	0.4	0.4	0.15				
Kg DOC per kg MSW	0.194922	0.61659	0.05967	0.0627	0.9338355			
Share dissimilated			0.6					
Share methane v CO2	Methane =		0.5					CO2 = 0.5
Mass conversion 16/12			1.33333					
Methane potential per kg waste landfilled PLUS CO2				0.3735333				In CO <sub>2</sub> eq (in PV): 5.8314
								<b>0.2802</b> <b>Tot GHG in PV: 6.1115</b>

Weight fractions are now closer to 2004 fractions.

Panel 5: Final checks on NET emissions due to reductions to landfill AND to alternative actions

Reduction of landfill:		2.76 kg waste per person per week		Emissions		Kg
		2.783 kg of GHG in PV terms (2002-2003 from panels 2 and 4)		Reduction from landfill:		2.783
		1.0085 kg reduction in GHG per 1 kg reduction in waste landfilled				
CHECK:	Waste kg	kg GHG in PV	kgGHG per 1 kg			
Before	6.63	8.8950	1.34163			
After	3.87	6.1115	1.57921			
Reduction of landfill	2.76	2.7835	1.0085			
alternative actions:	waste kg	GHG/kg	GHG kg			
of which: Bottles recydl:	1.63761	n.av. (-ive?)	0.4990235			
Burning:	0.56355	0.8855	0.4990235			
Composting:	0.55692	0.0840	0.0467813			
TOT	2.76		0.5458	kg GHG increase by alternative actions	Alternative actions:	PLUS 0.5458
			0.1978	kg GHG by alternative action/kg landfill reduction		
<b>NET reduction in GHG emissions</b>			0.8108	NET kg GHG/kg landfill reduction	<b>NET MINUS:</b>	<b>2.2377</b>
					Per kg waste reduced:	0.8108

1.0085 kg GHG reduction per 1 kg reduction in waste, i.e. reduction per se is not as GHG intensive as general waste before and after.

Filename: /Emissions per t MSW reduced and NET of alternative actions.xls



Appendix 5: 2001 Capital costs, and extra costs associated with West Cork's new charging system separated from Business-As-Usual (BAU) costs, €

VEHICLE	Purchase	Painting	Lifting	Weighing (extra)	Design (extra)	Adverts. (extra)	TOTAL		
Software(Extra)	14,609.10						14,609.10		
					495.20	2,455.14	2,950.34		
94MO 2003	56,462.08		29,671.77	54,846.59			140,980.44		<b>GROSS TOTAL</b>
									<b>(to date)</b>
94MO 2297	55,693.89		29,671.77	54,846.59			140,212.25	VEHICLES	1,164,211.05
97MO 1282	93,706.67	3,571.99	29,671.77	54,846.59			181,797.02	BINS	459,088.62
97MO 2855	91,421.14	3,635.74	29,671.77	54,846.59			179,575.24		1,623,299.67
01C 11375	165,084.36	2,440.60	29,671.78	54,846.59			252,043.33		
01C 11514	165,084.36	2,440.60	29,671.78	54,846.59			252,043.33		
	642,061.60	12,088.93	178,030.64	329,079.54	495.20	2,455.14	1,164,211.05	<b>Breakdown into</b>	
								<b>BAU and Extra:</b>	
								VEHICLES	
								BAU	817,572.07
								Extra	346,638.98
								Tot Vehicles	1,164,211.05
								BINS	
								BAU	323,427.16
								Extra	135,661.46
								Total Bins	459,088.62
								TOTAL BAU	1,140,999.23
								TOTAL Extra	482,300.44
									1,623,299.67
<b>BINS</b>	<b>Purchases</b>	<b>Storage</b>	<b>Distribution</b>	<b>Brochure</b>	<b>Postage</b>	<b>Adverts.</b>	<b>TOTAL</b>		
	432,597.22			1,890.79		2,728.60	437,216.61		
						4,014.57	4,014.57		
BANTRY		4,444.08				1,069.63	5,513.71		
CTB		4,761.52				2,358.66	7,120.18		
CLON							0.00		
DWAY							0.00		
SCHULL							0.00		
SKIBB		5,223.55					5,223.55		
Of wh	Extra= 10/35=123,599.21			Extra		Extra			
	432,597.22	14,429.15	0.00	1,890.79	0.00	10,171.46	459,088.62		

Year	Number	Title/Author(s) ESRI Authors/Co-authors <i>Italicised</i>
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	334	The Likely Economic Impact of Increasing Investment in Wind on the Island of Ireland <i>Conor Devitt, Seán Diffney, John Fitz Gerald, Seán Lyons and Laura Malaguzzi Valeri</i>
	333	Estimating Historical Landfill Quantities to Predict Methane Emissions <i>Seán Lyons, Liam Murphy and Richard S.J. Tol</i>
	332	International Climate Policy and Regional Welfare Weights <i>Daiju Narita, Richard S. J. Tol, and David Anthoff</i>
	331	A Hedonic Analysis of the Value of Parks and Green Spaces in the Dublin Area <i>Karen Mayor, Seán Lyons, David Duffy and Richard S.J. Tol</i>
	330	Measuring International Technology Spillovers and Progress Towards the European Research Area <i>Iulia Siedschlag</i>
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