

Environmental assets and liabilities in Environmental Accounting for Municipal Solid Waste Management

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1. INTRODUCTION

Environmental Accounting is a basic tool for environmental policy. It is a tool to seek for sustainable development from both economic and environmental aspects. Since a guideline for environmental accounting had presented by Ministry of the Environment in 2000, more private companies introduced it as their management tools. Most of those accounting in Japan consist of flow information: cost-effect information on one fiscal year basis. This framework is also used for public sectors. However, some researchers propose and advocate stating of stock information: environmental assets, liabilities, net assets in an environmental accounting these days. The need for the connection of financial statements including stock information with environmental accounting has been also recognized these days.

2. AIM OF THIS RESEARCH

This research aims at making it clear that the meaning of stock information in environmental accounting for a municipal solid waste management. This paper discuss about the role of stock information in the environmental and waste management policy. The role as a risk communication tool between local governments and their residents is also discussed in this paper.

3. ENVIRONMENTAL ACCOUNTING FOR MUNICIPAL SOLID WASTE MANAGEMENT

Environmental accounting introduced now can be useful to analyze the cost and benefit (pollutant reduction etc.), and to enhance the efficiency and effectiveness of municipal solid waste management and its environmental management system. Two types of environmental accountings for municipal waste management analyzing cost-effectiveness are investigated in this paper.

4. STOCK INFORMATION OF ENVIRONMENTAL ACCOUNTING FOR MSW

There can be six good points in recognizing environmental assets, environmental liabilities and net assets. One is to evaluate or estimate natural assets created, damaged or lost by this project as a monetary or physical unit. The accumulation of natural and artificial assets is also recognized as assets. In addition to this, the accumulation of environmental burden and environmental liability (obligation to recover or remedy) can be stated explicitly.

5. CONCLUSION

Although the definition and boundary of environmental assets and liabilities are vague now, stock information has the possibility of stating present and potential environmental liability especially for a natural loss and damage at landfill sites. To recognize these liabilities and pass this on the charge to waste generators will ensure the polluters-pay principle, precautionary principle, inter-period equity and proper management.