Grant Thornton

Economic advisory

An opportunity Northern Ireland can't afford to waste

A review of the arc21 residual waste treatment project

Grant Thornton considers the strategic operating context and current economic climate to conclude that the residual waste treatment project, as proposed by arc21 is an essential element of Northern Ireland's waste management plans and an enabler of economic development for Northern Ireland funded by foreign direct investment.

Costly waste disposal

Northern Ireland's (NI) councils collected approximately 1 million tonnes of waste in 2018/19 with approximately half of this recycled for the first time. However, NI is still landfilling 281,226 tonnes of council waste and exporting a further 140,000 tonnes approximately to fuel Energy from Waste (EfW) plants across Europe. This approach is no longer environmentally or economically sustainable.

The latest UK and European Circular Economy Package (CEP) targets cap landfill at 10% by 2035 and also set an ambitious recycling rate of 65%, That leaves a waste treatment capacity gap in NI of between 50% and 25%.

Grant Thornton's analysis of landfill taxes and 'gate fees' suggests that the average annual cost to NI councils over the past three years is more than £30m.

We further estimate the cost to NI Councils of exporting household waste to be over £16m per annum based on an average of 138,183 tonnes over the past three years. Our view is that the costs of exporting waste to EfW facilities are more likely to significantly increase over time as more European countries apply import taxes on such waste, thus raising the importance of NI having a more sustainable long-term self-sufficient solution.

990,233
tonnes of municipal waste collected by NI councils in 2018/19

1,170kg
of waste generated per household

138,183 p.a.
average tonnes of waste exported to Europe over last 3 years

NI Budget pressures cannot bear inefficient spending

€32 per tonne
Tax applied to waste imports in key recipient market for NI waste – The Netherlands

£16m p.a.
Estimated current cost to NI Councils from exporting household waste

£30m p.a.
Estimated current cost to NI Councils from land-fill taxes and gate fees

Budgetary certainty

The COVID-19 crisis is contributing to a significant worsening of local government finances as rates and other incomes decline rapidly. The arc21 project will give councils budgetary certainty and rates income at a time when pressures on public finances have never been greater.

Financing infrastructure

Even before the impact of COVID-19, a growing list of essential infrastructure works were challenging public finances. The New Decade, New Approach Agreement promises significant investment in NI, but it is clear that financing these ambitions is challenging. The arc21 project, an inward investment in public services of £240m, is not reliant on NI Executive or UK exchequer funding.

A compelling solution

The arc21 project offers Northern Ireland an opportunity to deliver investment that delivers against international best practice for environmental protection and climate change mitigation. The need is set out in the arc21 waste management plan endorsed by the Department of Agriculture, Environment and Rural Affairs (DAERA) and by the 6 constituent councils, democratically mandated to act on behalf of their residents.

The proposed facilities, developed by the Becon Consortium offer a wide range of environmental, economic and social benefits. The integrated infrastructure, to be located at Hightown Quarry, Mallusk will have the capacity to treat up to 300,000 tonnes of waste annually, diverting it from landfill, while recovering recyclable materials and renewable energy. In the construction phase, local contractors will be used wherever possible, thereby maximising opportunities for employment and benefiting the local economy. An independent economic assessment estimates it will support around 340 permanent direct and indirect jobs when operational.

EfW is a tried and tested technology that ensures the safe and environmentally responsible treatment of waste. EfW plants are commonplace across Europe and the UK with over 500 plants in operation today and many more in planning. Many of these are in countries with long established 'green' credentials such as the Netherlands, Denmark, Switzerland and Germany.

500+
EfW plants operational across UK and Europe

£240m
Inward investment in NI public infrastructure

340
Permanent direct and indirect jobs created

£24.7m
GVA to the NI economy annually

Independently endorsed

The project has been recognised as strategically important infrastructure by a number of independent sources.

1. UK Climate Change Committee believes it has an important part to play in NI's contribution to decarbonisation by reducing harmful methane emissions from landfill waste. It argues that the lack of EfW plants here, "may negatively impact on Northern Ireland's ability to deal with waste diverted from landfill in the near term."
2. Strategic Investment Board for NI has emphasised the clear need for the project and described the current reliance on exporting waste to meet energy renewable targets elsewhere in Europe as 'perverse' whilst at the same time importing fossil fuel to meet NI needs.
3. 2013 Mills Report carried out for DAERA reviewed illegal waste disposal at the Mobuoy site outside Derry/ Londonderry (believed to be the largest illegal dump in Europe) concluded that new strategic waste infrastructure (such as that envisaged by arc21) "could be extremely important in helping to ensure that waste could be monitored more closely and be more tightly regulated."
4. Planning support - To date, the project has been recommended for approval by three sets of planning professionals including by an independent Planning Appeals Commission process. It has been subject to 70+ statutory consultation responses with no objections. The application is again being assessed by officials in the Department for Infrastructure and will soon be before the Minister/Executive for a decision.

70+
Statutory consultation response and no objections

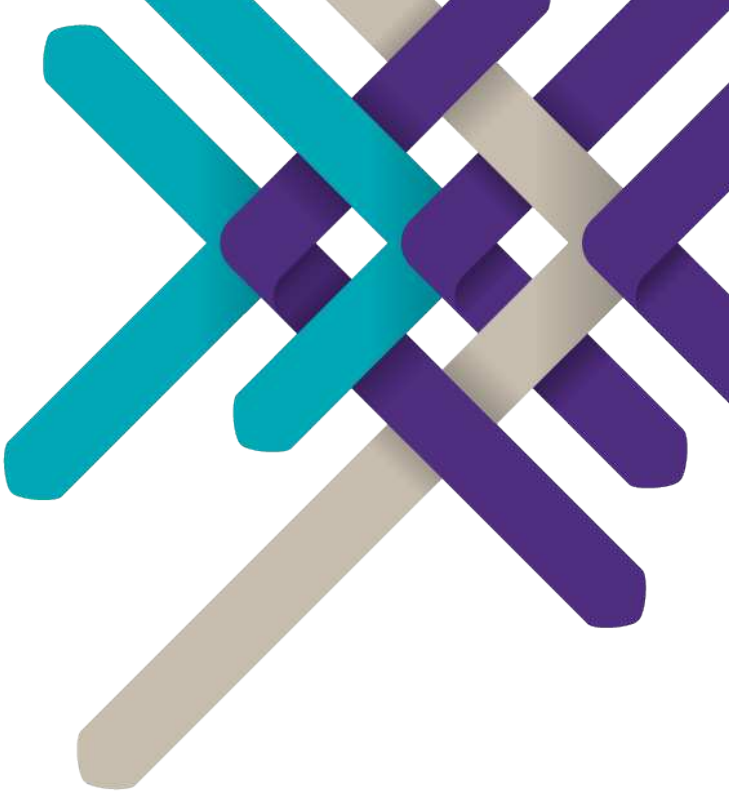
3
Separate planning approval recommendations including the Planning Appeals Commission

The project will...

1. Divert up to 300,000 tonnes of municipal waste from landfill or export per year.
2. Contribute to Northern Ireland's greenhouse gas emissions targets by the reduction of approximately 57,500 tonnes CO2 Equivalent per year relative to sending waste to landfill.
3. Enhance Northern Ireland's security of supply and increase diversity of energy production.
4. Export 18MW electricity to the National Grid – enough to power in excess of 30,000 homes.
5. Represent a total private sector inward investment in NI infrastructure of c.£240m and results in council owned assets.
6. Create / sustain 337 direct and indirect jobs annually during the operational phase – generating £7.7m in total wages and contributing £24.7m of GVA to the Northern Ireland economy.

Inaction means...

1. The six councils who are members of arc21 will not have a reliable solution to manage their waste.
2. Northern Ireland will have a larger carbon footprint as a result of landfilling its household waste or exporting it in greater quantities abroad to generate electricity there.
3. Northern Ireland will have missed an opportunity to develop an EfW facility (commonplace across UK and Europe) which would have contributed to its renewable energy targets.
4. The reputation of Northern Ireland to approve complex projects will be damaged as it will have failed to deliver any of its three publically procured waste management infrastructure projects.
5. It will not realise an inward investment in public services of £240 million from private sources.
6. 16 years and £15 million in public and private development money will have been wasted trying to deliver a needed waste management facility for Northern Ireland.



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