



**Galway Harbour Company**

**Galway Harbour Extension**

**Environmental Impact Statement**

**Chapter 2**

**Project Context – Planning & Business Case**

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## 2 PROJECT CONTEXT – PLANNING & POLICY CONTEXT

### 2.1 PLANNING & POLICY CONTEXT

#### 2.1.1 Introduction

This section of the EIS sets out the planning context for the proposed development. It identifies the key relevant planning policy documents and assesses how the proposed development supports the stated policies and objectives of these strategies and plans. In addition, it includes a review of relevant planning application history within and adjacent to the site of the proposed development.

#### 2.1.1.2 Planning Policy Context

This section provides a summary of relevant European, national, regional and local policies and objectives that relate to the location and development of ports and port business. In particular, this section demonstrates that the expansion of Galway Harbour is supported by existing planning and port-related policies and objectives.

##### 2.1.1.2.1 European Policy Context

European transport policy has encouraged a modal shift from road freight transport to rail, inland waterway and, more recently, short sea shipping. In this regard, there have been a number of European programmes to encourage intermodal transport and, in particular, facilitate maritime transportation of goods within the European Union. Such programmes include the PACT and Marco Polo programmes and their replacements.

The PACT Programme ((Pilot Action for Combined Transport) 1997-2001) set out to increase the use of combined transport (transport operations where the main part of the journey is by rail, inland waterway or sea) by supporting market-driven innovative initiatives (pilot actions) in the combined transport services sector. The PACT programme, launched in 1992, was superseded by the “Marco Polo” inter-modality programme in 2003. The key aims of the Marco Polo programme include the improved sustainability of transportation through a partial shift from road freight to other modes, including short sea shipping.

The EU White Paper "European transport policy for 2010: time to decide", submitted by the Commission in September 2001, included a number of proposed measures to facilitate a modal shift of freight transport from road to other, more sustainable modes. These included measures to improve inter-modality facilities and promote maritime transport. In this regard, a number of matters for sea and inland waterway transport were identified by the Commission in the White Paper, including the following source:

[www.europa.eu/legislation\\_summaries/transport/strategies](http://www.europa.eu/legislation_summaries/transport/strategies)

*“- Objectives: To develop the infrastructure, simplify the regulatory framework by creating one-stop offices and integrate the social legislation in order to build veritable “motorways of the sea”*

*- Objectives: To shift the balance between modes of transport by means of a pro-active policy to promote inter-modality and transport by rail, sea and inland waterway. In this connection, one of the major initiatives is the “[Marco Polo](#)” Community support programme to replace the current [PACT](#) (Pilot Action for Combined Transport) programme.*

*- Problems: Transport by sea and transport by inland waterway are a truly competitive alternative to transport by land. They are reliable, economical, clean and quiet. However, their capacity remains underused. Better use could be made of the inland waterways in particular. In this context, a number of infrastructure problems remain, such as bottlenecks, inappropriate gauges, bridge heights, operation of locks, lack of transshipment equipment, etc.*

*-Problems: The balance between modes of transport must cope with the fact that there is no close connection between sea, inland waterways and rail.*

*- Measures proposed: Transport by sea and transport by inland waterway are a key part of inter-modality, they allow a way round bottlenecks between France and Spain in the Pyrenees or between Italy and the rest of Europe in the Alps, as well as between France and the United Kingdom and, looking ahead, between Germany and Poland."*

*- Measures proposed: The "Marco Polo" inter-modality programme is open to all appropriate proposals to shift freight from road to other more environmentally friendly modes. The aim is to turn inter-modality into a competitive, economically viable reality, particularly by promoting motorways of the sea."*

#### 2.1.1.2.2 Smarter Travel - A Sustainable Alternative Transport Policy 2009 – 2020

Current national transport policy is contained in the Government's Policy Document: "Smarter Travel - A Sustainable Alternative Transport Policy 2009 – 2020." Whilst this Policy Document deals with all transport demands, particularly the movement of people, it also acknowledges the impact of the transport of goods into and within the nation. It states that "95% of all goods are moved by road and over 30% of transport greenhouse gas emissions are from the freight sector". In its key actions, the Document includes the following for freight transport (Policy Document Action 10, pg 37):

*"Ensure that the Department of Transport deals with freight policy issues in a more integrated manner and prepares a specific strategy for the freight sector. We will set a target aimed at reducing the environmental impact of freight while at the same time improving efficiency in the movement of goods and promoting economic competitiveness.*

*Organise a forum to bring all interested parties together, including industrial development agencies and industry representative bodies, to explore in greater depth the issues relating to the movement of goods, including:*

- The realistic potential for rail freight;*
- Priority freight routes allowing access to vehicles with greater load factors and capacity;*
- Developing key logistics centres to transfer goods to more sustainable forms of transport for final delivery in urban areas;*
- Scheduling of deliveries from the ports and in urban areas to avoid peak use of networks as far as possible;*
- The incentives and disincentives needed to move to more fuel-efficient vehicles;*
- The need to have more rigorous testing of goods vehicles to reduce emissions;*
- The potential of Intelligent Transport Systems and Services to improve efficiency."*

The Policy Document makes particular reference to the importance of ports to the national interest. In this regard, the Document includes a commitment to review the Ports Policy Statement 2005 (see below) in order to seek to maximise the efficiency of freight transport.

#### 2.1.1.2.3 National Spatial Strategy 2002-2020

The National Spatial Strategy (NSS), which was published by the Government in October 2002, is a 20 year planning framework designed to deliver more balanced social, economic, and physical development between Regions in the overall National interest. It is designed to inform strategic investment, transport and other infrastructure decisions. The Government has committed itself to ensuring that its own policies will be implemented in a manner that is consistent with the NSS. Under the provisions of the NSS, Galway's strategic location in the West Region is reflected in its designation as a "Gateway", which is defined as "a city having a

*strategic location nationally and relative to their surrounding areas and providing national scale social, economic, infrastructure and support services” (Box 1.1, pg 12, NSS).*

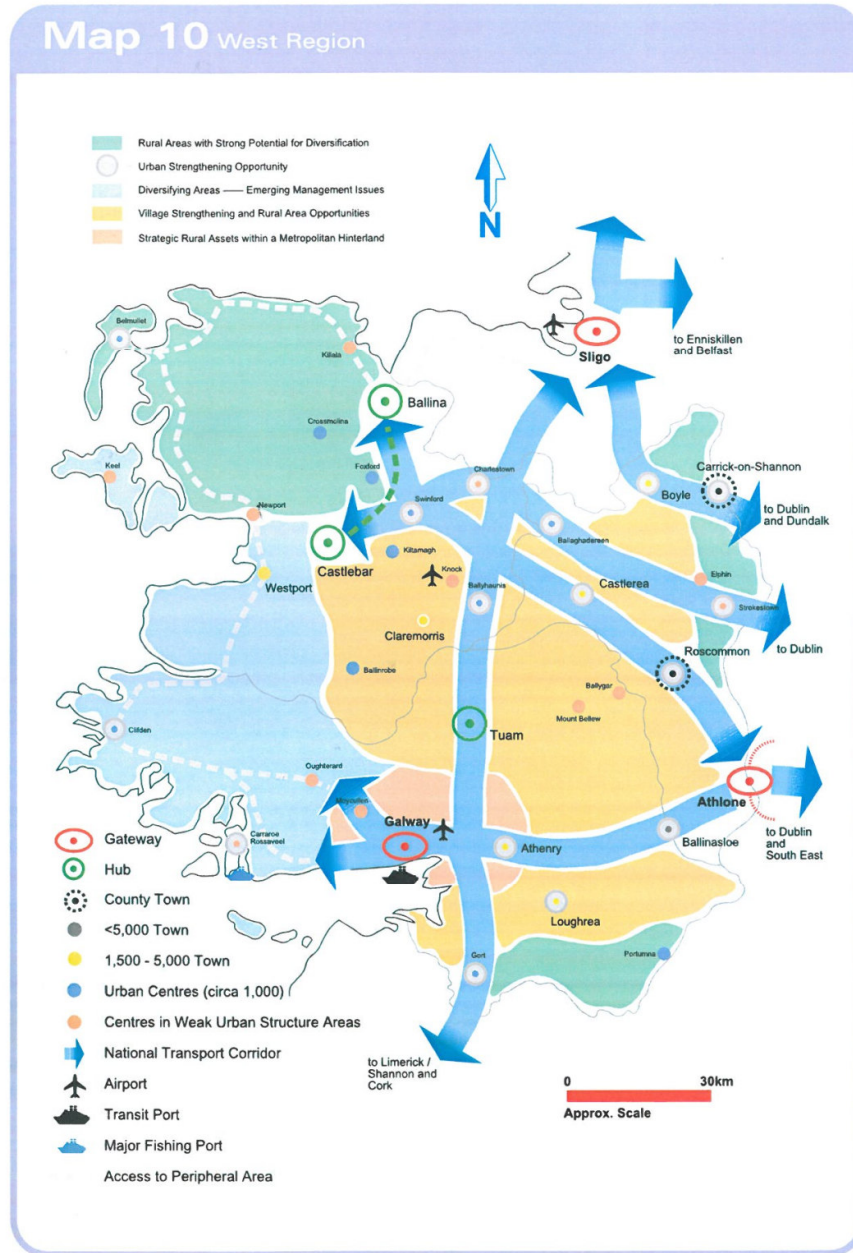
A core objective of the NSS is to strengthen the critical mass of the designated Gateways. It states a number of key characteristics of Gateways, including:

- large clusters of national/ international scale enterprises, including those involved in advanced sectors.
- focal point in transportation and communications terms: i.e. on national road and rail networks; within 1 hour of an airport; adequate, reliable, cost effective and efficient access to port facilities; and effective competitive broadband access.

The Strategy notes that strengthening the critical mass of the existing Gateways of Cork, Limerick/Shannon, Galway and Waterford, strategically located in different parts of the country, to complement Dublin’s successful national spatial role, offer the most immediate prospects of establishing more balanced patterns of development over the next few years. They have considerable potential for further development and expansion to achieve more balanced regional development and will allow substantial new investment to be generated in and attracted to the regions complementing the successful national spatial role of Dublin.

Building on the dynamic role of the Galway Gateway and expanding its influence in promoting economic activity is at the heart of extending balanced regional development to the West Region (Counties Galway, Mayo and Roscommon). The support of the additional potential of Castlebar and Ballina in County Mayo and Tuam in County Galway as hub towns will also be crucial. Galway, with its population catchment, quality of life attractions, transport connections and capacity to innovate with the support of its third level institutions, will continue to play the critical role that is essential in activating the potential of the West Region.





The National Spatial Strategy: People, Places and Prosperity

Map 01: Extract from NSS – Map Illustrating the Galway Gateway

#### 2.1.1.2.4 National Development Plan 2007-2013

The aim of the National Development Plan 2007-2013 (NDP) is to ensure Ireland's continued competitiveness in a global market and to ensure balanced development within the regions. The NDP states that *"balanced regional development means supporting the economic and social development of all regions in their effort to achieve their full potential. This Plan aims to promote the development of all regions in Ireland in line with the National Spatial Strategy (NSS) and within a coordinated, coherent and mutually beneficial framework which builds on regional strengths and addresses regional weaknesses. The promotion of regional development will aim to ensure that each NSS Gateway region maximises its potential for economic and social development; that a better balance is achieved in the economic and social development of the regions; and that there is enhanced co-ordination in the development of the Gateways and their regions and between planning and investment at local, regional and national levels"* (Pg 43, NDP). The NDP acknowledges that investment in the commercial ports will play a key role in promoting internal and external accessibility.

Chapter 3 of the NDP (Strategy for Individual Gateways) states that *"Galway is the principal economic and population centre in the West Region... Galway has performed very strongly throughout the 1980's and 1990's. Its population grew by 17% between 1996 and 2002, the highest of any gateway other than Letterkenny. Galway City and County grew by a further 10.5% to 231,035 in 2006."* (Pg 70, NDP) It further identifies a number of key development and investment priorities over the period of the Plan, including *"Regeneration of docks area of Galway city"* (Pg 71, NDP).

#### 2.1.1.2.5 National Ports Policy 2013

The Government published a new National Ports Policy in 2013 to replace the previous policy statement published in 2005. The core objective of National Ports Policy (NPP) is to facilitate a competitive and effective market for maritime transport services. It acknowledges that the long-term international trend in ports and shipping is towards increasing optimising of efficiencies of scale, with larger vessels, greater depths of water required in ports and enhanced landside transport connections.

The NPP acknowledges that ports in Ireland differ in size and current capability and it introduces a categorisation of them into ports of National Significance (Tiers 1 & 2) and Ports of Regional Significance. In this regard, the Ports of National Significance are Dublin, Cork, Shannon/Foynes, Waterford & Rosslare. Galway port is included within a group of 14 no. Ports of Regional Significance. The Policy states that the Regional Ports *"handle commercial traffic and function as important facilitators of trade for their regional and local hinterland."* It further notes that 5 no. of the Regional Ports are in state control, including Galway Harbour.

The NPP is a key consideration in the planning assessment of the Galway Harbour Extension. In terms of Regional Ports, the NPP identifies important but different *"roles for the 5 state owned ports of regional significance."* It recognises the importance of these ports in serving their hinterlands and in supporting balanced regional development. It further notes that these ports could play a more significant role in supporting national economic development in certain specialised trades (e.g.: oil/petroleum import & storage/off-shore energy servicing) and maritime tourism. The NPP also supports the development of the cruise tourism sector.

Galway Harbour is identified as an *"important strategic regional hub for petroleum importation, storage and distribution"* (Section 2.7.3). The NPP also identifies Galway Harbour as having important potential in terms of servicing the ocean energy sector by endorsing the findings of the IMDO Report (Section 4.2). It further identifies the benefits of reintegration and rejuvenation between port and city using Volvo Ocean Race as a demonstration of success in this regard (Section 4.5).

The NPP notes that its close proximity to Galway city centre limits the potential to handle additional trade at the existing harbour. However, it acknowledges that the inner harbour is “*an immensely attractive location for the development of marine tourism and leisure facilities, in particular a marina, as well as for urban redevelopment*”. It confirms that the NPP endorses the development proposals in respect of the inner harbour, as referred to in the *Regional Planning Guidelines for the West Region 2010–2022* and the *Galway City Development Plan 2011–2017*, for marine tourism and leisure facilities as well as for urban redevelopment and regeneration. It further confirms the Government’s support of development of cruise tourist traffic at Galway harbour, specifically noting Galway Harbour Company’s efforts to develop this business. The NPP also acknowledges that the Department of Transport, Tourism and Sport and other relevant agencies are currently giving detailed consideration to the plans to relocate commercial port activities on adjacent lands, as part of the Galway Harbour Extension project.

Further to the above, in confirming its decision that the proposed Galway Harbour Extension satisfied the necessary SID criteria, An Bord Pleanála acknowledged the economic significance of ports, particularly those in gateway cities, such as Galway.

#### 2.1.1.2.6 Regional Planning Guidelines for the West Region 2010 – 2022

Under the provisions of the Planning and Development Act 2000, the Minister for the Environment and Local Government directed each of the State’s eight regional authorities to prepare and adopt Regional Planning Guidelines (RPGs) for their respective administrative areas. The Guidelines are set in the context of the National Spatial Strategy. In essence they can be viewed as a bridge between national objectives and local plans. The West Regional Authority adopted its first RPGs in May 2004 and these were subsequently replaced by the Regional Planning Guidelines for the West Region 2011-2022 in October 2010.

The main aim of the RPGs is “*to provide a framework for long term strategic development in the West Region for the period 2010 – 2022, which is consistent with the National Spatial Strategy (NSS) 2002 – 2020 and which ensures the successful implementation of the National Spatial Strategy (NSS) at the regional, county and local level*” (Pg 1, RPGs). Policy CP1 (Pg 6, RPGs) is as follows:

*“Support a framework which incorporates a network of growth nodes creating an Atlantic Development Corridor which will enhance economic, social and environmental opportunities and will enable the western seaboard to compete successfully with other economic corridors, thus benefiting the people of the whole region. This will be achieved through proper planning and sustainable development, ensuring minimal environmental impact and taking full account of the presence of the Natura 2000 sites within the Atlantic Development Corridor area and the requirement to protect these by subjecting all plans and projects to Habitats Directive Assessment, where appropriate.”*

The RPGs acknowledge that Galway Harbour is of strategic importance to the Region and is integral to the socio-economic well-being of the Galway City Gateway. The RPGs state the following (Pg 77, RPGs):

*“Galway Sea Port is of strategic importance to the West Region and Ross a Mail not only serves as an important amenity but is now one of the largest fishing ports in the country. The plans for the relocation and extension of Galway Harbour area which includes deepwater port facilities has the potential to contribute to both tourism and enterprise in the local economy and is considered critical for growth in the region. Ports and Harbours contribute to the economic development and are important transportation links to facilitate the growth and connectivity of the Region. Adequate infrastructure must be in place to facilitate the sustainable development of the aquaculture industry, marine tourism industry and to facilitate water based leisure activities/sports in the West Region.”*

Objective IO21 of RPGs is as follows (Pg 78, RPGs):

*“Support the sustainable redevelopment and expansion of Galway Harbour which is critical for the continued important role in the growth of the West Region. Galway Harbour is also supported in its role to serve and promote water-based tourism. Facilities/ infrastructure could include a secure berthing area for the marine leisure industry. All proposals will be subject to assessment on environmental sustainability, including impacts on the Natura 2000 network through Habitats Directive Assessment, visual, travel and transport impacts. Any proposals should support enhanced integration with the rail and road network.”*

#### 2.1.1.2.7 Galway City Development Plan 2011-2017

The Galway City Development Plan 2011-2017 was adopted by Galway City Council in January 2011 and took effect in February 2011. The Plan sets out the City Council’s development strategy for the period up to 2017 and beyond and generally maintains the strategy previously contained in the City Development Plan 2005-2011, including a focus of significant population growth at the new settlement of Ardaun, to the east of the city.

The current City Development Plan acknowledges Galway City’s special status as a Gateway for the West Region and its role in the regional economy. The strategic goals of the Development Plan include the following (Section 1.3 Pg 10 of City Development Plan):

*“Promote balanced and sustainable economic development that will enable Galway City to fulfil its role as a National Gateway and a Regional Centre, providing sufficient employment opportunities and appropriate services.*

*Use the role of the Gateway to harness the strengths and maximise the economic development of the region.*

*Provide for a built and natural environment that is of high quality and that contributes to providing a good quality of life for residents and visitors and affords sustainable transportation opportunities.”*

The Development Plan acknowledges that Galway Harbour is an important transport facility and confirms Council support for proposals for the development of new and extended harbour facilities and supporting infrastructure. It further acknowledges the need to relocate harbour activities to a modern port and the potential to redevelop the existing inner harbour area. The City’s Development Strategy is to capitalise on the brownfield site opportunities offered by both Ceannt Station and the existing (inner) harbour. It acknowledges that these areas offer great potential for a sustainable mixed use quarter.

The Development Plan states (Section 9.2.2 Pg 109 of City Development Plan) that:

*“The need to modernise Galway Harbour facilities will require the docks’ functions to be re-located to an alternative site. Galway Harbour Company currently has plans for such a development to the east of the existing Inner Harbour which will free up the existing site for re-development. This represents a welcome challenge to re-establish links with the sea and open up new opportunities for a range of uses including water-related leisure uses.”*

Policy 5.2 Enterprise (extract) (Section 5.2 Pg 65 of City Development Plan) is as follows:

*“Promote further sustainable development of the Harbour Enterprise Park and related harbour activities subject to acceptability from the appropriate authorities.*

*Support further sustainable development of Galway Harbour subject to environmental, visual, economic viability and transportation considerations.*

*Maintain an adequate supply of land for industry of light and mixed industrial purposes in order to ensure a diverse range of employment opportunities in the city and to allow for start-up indigenous enterprises of this nature.”*

There are a number of separate references to the proposed new harbour throughout the Development Plan, under different topic headings. These include the following statements:

*“Galway Harbour is also an important transport facility. The Council will support proposals for the development of new and extended harbour facilities and supporting infrastructure (Pg 40, City Development Plan).*

*A re-development of the Galway Port facilities is proposed. This would include for the re-location of the port to a deepwater location and development of the existing facilities as a marina. This would increase the potential to improve linkage for both passengers and freight into the city. The integrated transportation study scheduled by the GTU [Galway Transportation Unit] will look at the strategic implications and opportunities this would afford the city and explore the tie in with both the rail and road network (Pg 15, City Development Plan).*

*The plans for the re-location and extension of the Harbour area which include for deepwater port facilities have potential to contribute to both tourism and enterprise in the local economy. It is acknowledged that such a development could have strategic importance for the city and is supported subject to assessment on economic viability, environmental, visual and transport grounds (Pg 61, City Development Plan).*

*The Harbour Enterprise Park currently supports a number of industries, some of a ‘heavy industrial nature’ and some with direct links to the harbour facilities. The Council will continue to support these developments particularly in the context of the expansion plans envisaged by the Galway Harbour Board where they do not have an adverse impact on the integrity of the Natura 2000 sites (Pg 63, City Development Plan).”*

The City Development Plan sets out the land use zoning objectives and other specific objectives for all areas of the city. The Plan provides for an “industrial” land use zoning objective for the existing harbour lands at the Harbour Enterprise Park. The objective for this zoning is to “provide for enterprise, industry and related uses.”

The Development Plan also provides a specific objective for the existing Harbour Enterprise Park lands. This applies to the industrially-zoned harbour lands at Lough Atalia, between the railway line and the seashore, comprising approximately 16.2 hectares. It states that “*development on this site will be limited to activities relating to harbour expansion and industries which must be located adjacent to the harbour for a viable existence, provided however, that the processes involved are environmentally acceptable and do not interfere with the residential amenity of nearby housing developments (Pg 136, City Development Plan).*”



#### 2.1.1.2.8 Planning Context Summary

##### **Interactions**

The consideration of interactions with other potential impacts, as part of this Environmental Impact Statement, is not appropriate in relation to planning policy context.

##### **Impacts**

In terms of planning policy context, the proposed development is consistent with national, regional and local policy objectives. The impact of the proposed development is therefore positive in this regard, representing the realization of current policy objectives. In the event that the proposed development did not proceed (i.e. the “do nothing” scenario) established planning policy objectives would be frustrated by the decline of harbour-related business and commerce in Galway.

##### **Mitigations**

The proposed development is fully supported by general and specific planning policy objectives, including those in the National Development Plan, Regional Planning Guidelines and the City Development Plan. There is therefore no need for any mitigation measures in this regard.

##### **Conclusions**

The proposed Galway Harbour Extension is consistent with the relevant planning policies and objectives outlined above, including the National Spatial Strategy, National Development Plan, Ports Policy Statement, Regional Planning Guidelines and Galway City Development Plan. In this regard, the proposed development is fully supported by the specific objectives included in the Regional Planning Guidelines and the City Development Plan. In addition, the proposed harbour extension is in the interests of balanced regional development and will further ensure the long-term strategic role of Galway City as a Gateway city.

Overall, it is considered that the proposed development of the Galway Harbour Extension is in line with the relevant national, regional and local planning and regional development policies and objectives contained in the above documentation.

#### 2.1.1.2.9 Relevant Planning History

There are a number of planning applications in the vicinity of the proposed harbour extension, many of which relate to the individual businesses that operate within the Galway Harbour Enterprise Park, including Cold Chon and Enwest Limited. The majority of these applications are of little relevance to the current proposal. However, the following planning applications are of note, particularly in terms of the recent planning context for this area.

##### Pl. Ref. No 68/95

Planning permission granted to Galway Harbour Commissioners for industrial development (16.81ha), harbour offices, ancillary port facilities, storage areas, coal yards, fish processing units, bulk goods storage areas, parking areas, filling/reclamation (7.55ha), open space (8.11ha), sea walls (1095m) and shore line promenade (1170m).

Permission granted by Galway City Council on 26<sup>th</sup> October 1995 for the reclamation and development of the Harbour Enterprise Park and included an Environmental Impact Statement. The conditions attached to the permission had the effect of granting outline permission only for a number of specified uses, including coal/oil storage and fish/feeds processing.

##### Pl. Ref. No. 592/98

Planning permission granted to Cold Chon Limited to construct 3 no. bitumen storage tanks, covered loading gantry, boiler house, control office and ancillary site works.

Permission granted by Galway City Council on 29<sup>th</sup> October 1998. This permission marked the first in a number of permissions for bitumen storage tanks and associated developments in the Harbour Enterprise Park. These bitumen storage facilities continue to be operated by Cold Chon Limited.

##### Pl. Ref. No. 04/188

Planning permission granted to Cold Chon Limited to construct an oil storage and distribution terminal with associated offices, car parking, ESB substation and ancillary accommodation.

Permission granted by Galway City Council on 31<sup>st</sup> August 2004. This decision was subject to a third party appeal. However, permission was ultimately granted by An Bord Pleanála on 4<sup>th</sup> February 2005. It is noted that the Major Accidents Regulations apply to this development. This oil storage and distribution terminal is operated by Enwest Limited.

##### Pl. Ref. No. 07/372

Planning permission granted to Bus Eireann Limited to construct a Bus Garage (modifications to previous Pl. Ref No. 842/00). The development includes a bus maintenance building with administrative offices and ancillary bus servicing and storage facilities. Permission was granted by An Bord Pleanála on 4<sup>th</sup> June 2008 following a first party appeal against Galway City Council's decision to refuse permission. This permission has been implemented.

## 2.2 ECONOMIC JUSTIFICATION AND BUSINESS CASE

### 2.2.1 Introduction

#### 2.2.1.1 Context

For Galway harbour, it is clear that

- Ships are getting longer, beamier and deeper, and existing outdoor and bulk storage facilities are inadequate to deal with the increasing size and nature of vessels that wish to use Galway Port
- Galway is an important regional distribution centre for petroleum and bitumen products and it is important that tankers can access the harbour as and when required
- There is an increasing demand for local maritime leisure facilities as part of a national 'necklace' of marinas; the Volvo Race has demonstrated the interest in maritime leisure activities
- It is national maritime, environmental and spatial policy that there are the appropriate transport facilities and capacity available at the Gateways of the State of which Galway is one
- Failure to provide the required facilities will result in increased transport costs for industry, erosion of regional competitiveness, loss of potential revenue from cruise visitors and lead to job losses

As noted elsewhere, the proposed harbour extension consists of berthing facilities for general cargo vessels, oil tankers, passenger vessels, fishing vessels and container vessels. A western marina will be formed providing 216 amenity berths.

Stage 1 is expected to be fully on stream in 2018.

Table 2.2.1 below summarises our baseline traffic projections for freight, cruise business and number of marina berths to be provided. On grounds of prudence, volumes have been maintained post 2023 at 2023 levels.

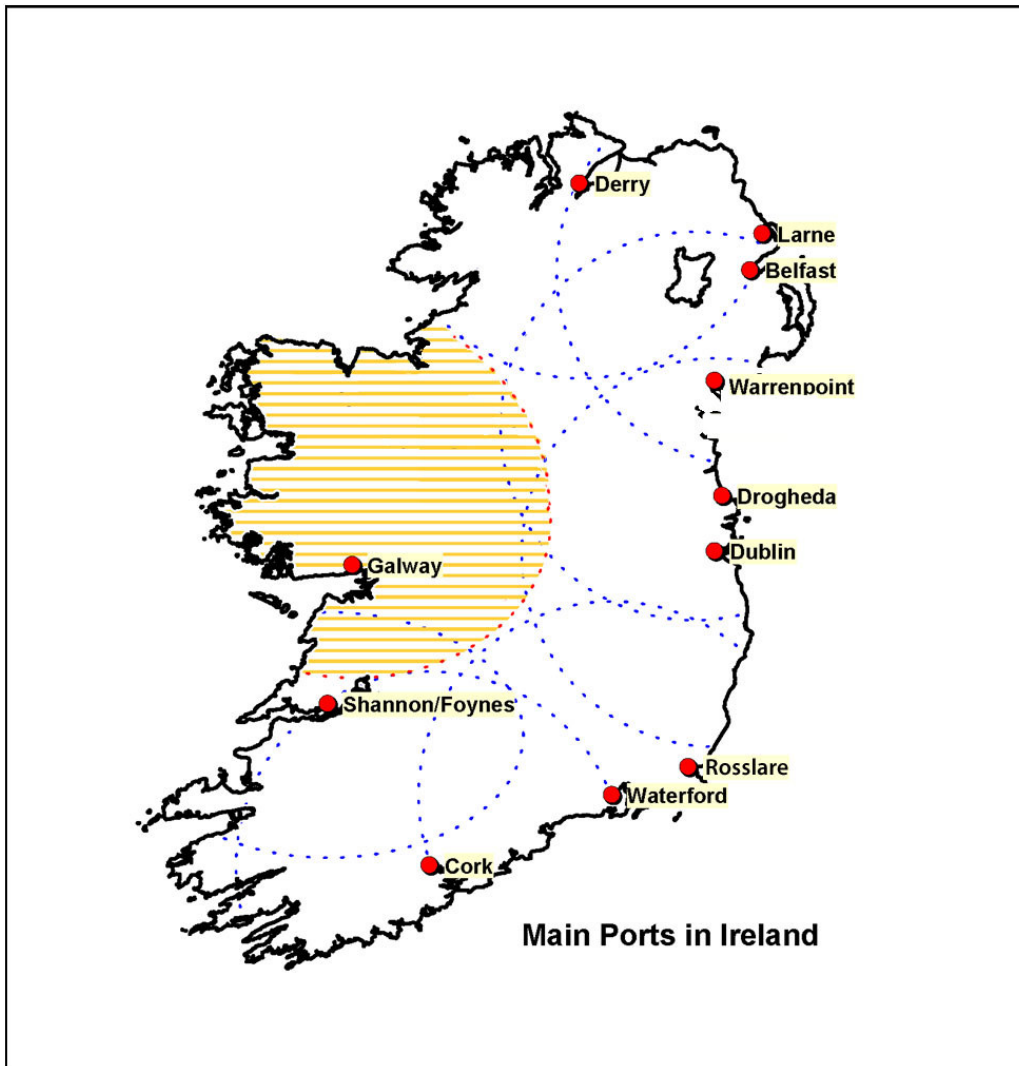
Baseline Traffic Projections						
	2012	2018	2023	2028	2033	2035
Liquid Products	415,203	586,000	1,200,000	1,200,000	1,200,000	1,200,000
Dry Products	85,538	383,000	732,000	732,000	732,000	732,000
<b>TOTAL</b>	<b>500,741</b>	<b>969,000</b>	<b>1,932,000</b>	<b>1,932,000</b>	<b>1,932,000</b>	<b>1,932,000</b>
Cruise Vessels	6	15	24	29	34	36
Marina Berths	40	40	240	456	456	456

**Table 2.2.1 – Baseline Traffic Projections**

The Port of Galway is one of the nine state commercial ports and is the principal general cargo port on the west coast of Ireland. Employing some 11 permanent staff, both full-time and part-time, 159 vessels visited the port in 2012.



The map below places Galway Port and its hinterland in context.



As part of the process of developing the freight traffic projections, discussions were held with the Port's customers to discuss their requirements and their views on the likely levels of their trade through the Port.

### 2.2.1.2 Development Objectives

Development objectives were prepared within the context that Ports are integral parts of the logistical supply chain and importers/exporters seek to minimise their overall freight costs between origin and destination. As shipping costs are cheaper than road freight costs on a per unit basis, companies use the nearest port that offers the required services and facilities for their freight movements. Consequently, the principal customers of a port are, usually, the companies located in the hinterland of the port provided that the services, access routes, journey time, door-to-door costs and facilities available match the customer's requirements. Accordingly, a port's natural catchment area is its hinterland and, for Galway Harbour Company, it is, primarily, the western and north-western counties.

As such, the use of the ports of Shannon Foynes and Sligo as alternative ports to Galway for industry would add to their overall distribution costs as well as incurring time delays and therefore

would be unsuitable for their requirements. Further, the nature of Sligo Port in terms of berth length and water draft rules out that option for local Galway industry. Regional ports have a particular role to play in that they are catalysts for the economic development of their region supporting local industry and providing tourism and leisure facilities for visitor use.

Accordingly, the Development Objective can be summarised as follows:

The harbour extension is required to address eight objectives in the context of insufficient water depth, narrow harbour access, tide restrictions, restrictions due to dock gates and inadequate quay length:

- To arrest the long-term decline in the Port's core traffic
- To attract those trades excluded by virtue of the deficiencies in harbour infrastructure
- To benefit from the improved infrastructure in bringing new businesses and services to the port estate
- To enable the Galway region enhance its reputation as a major maritime tourism and leisure location
- To be a major Irish visitor destination for the international cruise business
- To sustain local and regional employment
- To facilitate the economic growth of the region
- To provide a direct rail link to the port

### **2.2.1.3 The Trend towards Larger Vessels**

There is a worldwide trend that is seeing a growth in vessel size. The demand for larger vessels is being driven by a need to achieve economies of scale particularly in relation to their operation. However, as ships get larger, they need deeper water, longer quay space and enhanced facilities at their berths. Due to depth and beam limitations, Galway Port is becoming less suitable as customers of Galway Harbour Company, particularly the petroleum and bitumen importers, wish to use larger vessels and have argued for appropriate facilities to be provided as a consequence. Forfás, in its May 2012 document, *Overview of the Main Infrastructure Issues for Enterprise*, notes that good international air and sea access, coupled with effective internal connectivity, is a key factor in mitigating the impact of Ireland's peripheral location. An efficient and integrated national transport system with adequate capacity, and with levels of service comparable to other countries with which we compete for investment and trade, plays an essential role in achieving this. A key policy priority for Enterprise, according to the document, is the need for deeper water facilities at Irish ports to accommodate the international trend toward larger shipping vessels and to ensure that Irish importers and exporters continue to have access to a wide range and frequency of port services at competitive prices.

Currently, the typical tanker vessel size using Galway is the Everard Speciality<sup>1</sup>, whose length is 95m, with a beam of 17.12m and a draught of 5.9m carrying 4,400 tonnes. However, importers want to use 20,000+ tonne vessels without any beam restriction imposed by the current gate limits of 18.69m or draft constraints where the channel depth presently is -3.4m CD. The typical dimensions of a 20,000 tonne tanker are 155 metres in length, 24 metres in width and a draft of 9.7 metres.

The danger for Galway is that, without the proposed harbour extension, customers will move to alternative ports and this will have a serious impact and consequences for Galway Harbour Company as well as on the economic life and wellbeing of the City and its environs.

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<sup>1</sup> See [http://www.fteverard.co.uk/Data\\_sheets/ds\\_pdfs/speciality\\_ds.pdf](http://www.fteverard.co.uk/Data_sheets/ds_pdfs/speciality_ds.pdf)

#### **2.2.1.4 The Significance of Petroleum Products Imports for Galway**

Petroleum imports are the principal trade through the port. Galway, in fact, accounts for about 11 per cent of total national imports of gasoline, kerosene and gas oil/derv/diesel.

Galway is the gateway to the west and northwest located strategically for the oil companies to allow them to distribute their products north to Buncrana, Co Donegal, east as far as Athlone, Co Westmeath, and south as far as Ennis, Co Clare. By virtue of its strategic location, Galway is recognised by the oil industry as one of the three major distribution centres for petroleum products in Ireland.

However, discussions with the importers highlight that for a competitive infrastructure, the port must be capable of handling up to 20,000 tonne vessels as tradable cargoes are between 10 and 25,000 tonnes.

#### **2.2.1.5 Rail Freight**

Galway Harbour Company supports the development of rail freight and will facilitate its provision where practicable. Galway Harbour is close to the rail network and therefore is well located to contribute to and benefit from any development of rail freight.

Galway Harbour Company is a port authority and rail freight operation is not part of the Company's core purpose; it, therefore, is not the intention of the Harbour Company to become a rail operator. While fully prepared to facilitate the provision of any necessary rail freight infrastructure, it sees the responsibility for the provision of any rail freight service and rolling stock to be that of a third party, and it will be for that third party to satisfy itself that there is a business and commercial case for any such service and facilities to be provided.

The European Commission's White Paper<sup>2</sup>, *Roadmap to a Single European Transport Area – Towards a Competitive and Resource-Efficient Transport System*, however, notes that it is likely that "freight movements over short and medium distances (below some 300km) will, to a considerable extent, remain on trucks".

#### **2.2.1.6 Support from Vested Interests**

As part of the planning process, there have been discussions with representative organisations including the Chamber of Commerce, residents and fishermen's interests. They have all resulted in positive feedback and there is a welcome for the proposed facilities. Politicians of all parties have equally expressed their support as has the Minister for Transport. The proposal is equally reflected in the Galway City and County Development Plans and the regional Planning Guidelines. In addition, the discussions with local residents' groups have generated no negative feedback.

#### **2.2.1.7 Failure to Develop**

A failure to develop would see traffic volumes decline rapidly, as shown in Table 2.2.2 below, such that the company itself would become unviable. It would be expected, that due to a failure to provide deeper water and improved facilities, that bitumen and liquid fuels would no longer be imported through Galway. In addition, the failure to construct the new facilities would, of course, have implications for the economic health of the region in terms of the number of jobs that would be put at risk and the financial injection that would be lost because of the reduced number of cruise vessels that would visit Galway and the failure to develop local marina facilities.

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<sup>2</sup> Commission of the European Communities (2011) White Paper - *Roadmap to a Single European Transport Area – Towards a Competitive and Resource Efficient Transport System*

Traffic Projections – Without Development						
	2012	2018	2023	2028	2033	2035
Liquid Products	415,203	525,000	290,000	250,000	250,000	250,000
Dry Products	85,538	315,000	315,000	278,000	278,000	278,000
<b>TOTAL</b>	<b>500,741</b>	<b>840,000</b>	<b>605,000</b>	<b>528,000</b>	<b>528,000</b>	<b>528,000</b>
Cruise Vessels	6	5	3	3	3	3
Marina Berths	40	40	40	40	40	40

Table 2.2.2 - Traffic Projections - Without Development

### 2.2.1.8 The Business Case

The core objective of current national Ports Policy is to facilitate a competitive and effective market for maritime transport services.

Recognising that ports differ greatly in size, in current capability and future potential, the recently published Ports' Policy has defined Galway Harbour Company as a *Port of Regional Importance* and recognises it as a bulk port which caters primarily for liquid-bulk products, and the harbour as an important strategic regional hub for petroleum importation, storage and distribution.

Realising the need to ensure adequate capacity for the expected growth in liquid bulk through the Port, Galway Harbour Company is now planning for the provision of new port infrastructure and the proposed harbour extension will be funded from the Company's own resources, bank borrowings, private investment and the disposal of non-core assets. The Board will seek the necessary professional advice at the appropriate time to ensure that the infrastructure will be funded in the most tax-efficient and financially-effective manner.

The Board of Galway Harbour Company has reviewed and accepted the traffic projections which reflect the region's needs. They have been prepared following discussions with its customers and consideration of the likely volumes of new business opportunities expected. Based on the projected volumes, the Board has satisfied itself that the development project can be funded following a review of the Business Case, and that the project is both commercially viable and sustainable.

The Board has also considered the economic benefits that are likely to accrue to the city, the county and the region, and welcomes the expected benefits that are projected to arise. Significant employment will be generated not only during the construction phase but also ongoing from both the activities of the harbour extension and the new businesses to be established in the Enterprise Park.

An independent assessment by DKM Economic Consultants confirmed that there is a Business Case for the proposed Harbour Extension and that significant socio-economic benefits would accrue from its provision.

## *2.2.2 Galway Harbour Profile*

### **2.2.2.1 Galway Harbour Company**

During the past decade, the Galway Harbour Company has developed into one of the more successful commercial regional ports in Ireland.

In 1997, a change in corporate structure saw the Galway Harbour Company become a state-owned commercial company. This change has facilitated the Port's future development and allows greater flexibility in its operations.

The current number of permanent staff employed by the Company is 11; in addition, the company contracts on a part-time basis about seven workers for stevedoring, security etc.

### **2.2.2.2 Port Facilities**

The Galway Harbour Company currently occupies c. 32 acres of inner docklands in Galway City. These lands include the actual working dock, roads, adjacent quays and the adjacent sites in the ownership of Galway Harbour Company. These sites are leased to the various industries such as Oil companies, Coal Yards, Fish Businesses etc. They also have their own car parks and the Harbour offices on these lands.

There is approximately 1,800 sq m. of covered storage, various yards and open storage.

There are nine berths with a total quay length of 1,189 metres.

There are 40 dedicated marina berths in the harbour.

### **2.2.2.3 Port Traffic and Throughput**

Table 2.2.3 presents details of Galway's traffic between 2000 and 2012 in the context of national port traffic.

Galway and National Port Traffic Trends 2000 - 2012							
PORT ('000 Tonnes)	2000	2002	2004	2007	2010	2011	2012
<b>Dublin</b>	15,892	15,557	17,930	21,801	19,548	19,467	19,898
<b>Shannon Foynes Port</b>	10,282	10,418	10,619	11,072	9,134	9,899	10,094
<b>Cork</b>	9,732	9,042	8,923	10,098	8,466	8,434	8,708
<b>Waterford</b>	1,943	1,910	2,342	2,253	1,451	1,383	1,174
<b>New Ross</b>	1,121	979	1,102	729	444	357	268
<b>Rosslare</b>	1,913	1,926	2,174	2,926	2,502	2,192	1,864
<b>Drogheda</b>	1,015	1,369	1,268	1,035	499	489	959
<b>Greenore</b>	444	509	664	790	503	362	373
<b>Dun Laoghaire</b>	225	146	160	61	2	12	1
<b>Dundalk</b>	285	291	350	371	140	107	67
<b>Wicklow</b>	151	182	235	221	89	99	74
<b>Galway</b>	727	896	960	945	671	554	501
<b>Sligo</b>	37	57	72	46	54	46	34
<b>Bantry</b>	1,198	1,229	658	1,402	1,224	1,403	3,261
<b>Other R of I</b>	308	408	263	389	344	274	373
<b>TOTAL REPUBLIC</b>	<b>45,273</b>	<b>44,919</b>	<b>47,720</b>	<b>54,139</b>	<b>45,071</b>	<b>45,078</b>	<b>47,649</b>
<b>TOTAL NORTHERN IRE</b>	<b>21,491</b>	<b>21,363</b>	<b>23,393</b>	<b>23,868</b>	<b>22,907</b>	<b>23,252</b>	<b>23,556</b>
<b>TOTAL - ISLAND</b>	<b>66,764</b>	<b>66,282</b>	<b>71,113</b>	<b>78,007</b>	<b>67,978</b>	<b>68,330</b>	<b>71,205</b>

Table 2.2.3 - Galway and National Port Traffic Trends 2000 - 2012

Sources: CSO, UK DOT

Table 2.2.4 provides a Summary of Trade through Galway Port for the six years commencing 2006.

Last year, 2012, saw 159 vessels visit the harbour with a cargo throughput of some 500,741 tonnes of which imports comprised 428,506 tonnes and exports comprised 72,235 tonnes. Imports are primarily: petroleum products, bitumen, coal and steel. Exports to-date are scrap steel, and bulk limestone that commenced in late 2011. There was a once-off export of monohull ferries to Asia in that year also. 'Other' imports in 2012 comprised containerised freight for the Volvo Ocean Race.

The decline in overall throughput reflects the ongoing problems in the world and national economies and, particularly, the collapse of the Irish construction sector and the reduction in spend on road maintenance. Mild winters also contributed to the decline in petroleum products. It is also a reflection of the inability of the port to handle new business that requires enhanced facilities.

It is worth noting that the declining traffic trends for Galway Harbour Company have begun to change: throughput for the first eleven months of 2013 is some 8 per cent higher than for the equivalent period in 2012.

Subsequent sub-sections provide details of the various trades and their potential over the next number of years.

Summary of Trade: 2006 – 2012						
Trade	2006	2007	2009	2010	2011	2012
Number of Vessels	355	324	229	212	184	159
Imports:						
Coal	12,562	15,271	14,933	4,254	14,714	0
Bitumen	42,848	54,391	64,198	51,772	23,140	31,071
Timber	1,050	530	0	0	0	0
Steel	17,996	24,966	9,964	8,525	8,379	12,603
Other	2,402	530	0	0	0	700
Petroleum	830,683	802,702	596,412	568,700	464,532	384,132
Products						
Total Imports	907,541	897,860	685,507	633,251	510,765	428,506
Exports:						
Scrap Steel	36,502	47,378	37,387	38,124	34,996	25,153
Monohull Ferries					160	0
Granular Limestone					6,590	47,802
Total Exports	36,502	47,478	37,387	38,124	41,746	72,235
Total Freight	944,043	945,238	722,894	671,375	552,511	500,741

Table 2.2.4 - Summary of Trade: 2006 - 2012

Source: Galway Harbour Company

### 2.2.2.3.1 Petroleum Products

The import of Petroleum Products is the principal trade through the port. From Whitegate, Co Cork and Milford Haven, Wales, Galway is the gateway to the west and northwest located strategically for the oil companies to allow them to distribute their products north to as far as Buncrana, east as far as Athlone and south as far as Ennis.

There is one operational tank farm in Galway: it is the new EnWest Oil Terminal that encompasses 6.5 acres of land in the Galway Harbour Enterprise Park and was built by specialist contractors. It is a state-of-the art storage and distribution facility designed to operate and exceed the highest international environmental and safety standards. The terminal is leased to Topaz Energy Ltd which imports a range of petroleum products through it. With a capacity to store up to 40,000 tonnes of oil, the potential throughput is some 1.6 million tonnes on the basis that the capacity of the tanks is turned over 40 times.

In recent years, oil storage facilities at Drogheda, New Ross, Cork City and Limerick have closed. Dublin, Shannon Foynes and Galway Harbour are the only remaining storage facilities in the state.

The petroleum products comprise:

- gasoline
- gasoil/diesel
- derv
- kerosene

As can be seen, throughput for 2012 reduced further to 384,000 tonnes reflecting the ongoing economic decline and mild winters but volumes are projected to recover by 2018 spurred on by an improvement in the Irish and world economies, and the availability of the proposed Galway



harbour extension that will allow the Company to operate more competitively by utilising larger oil tankers. Growth is expected to continue to grow.

Topaz has confirmed its long-term commitment to Galway and, with security of supply playing a significant role in the operation of Topaz Energy Limited, Galway is its standby port for Dublin should the weather or an emergency in Dublin Port prevent it from supplying fuel to the capital and to the nation.

#### 2.2.2.3.2 Bitumen

Bitumen is imported into Galway, Dublin and Belfast by Cold Chon Ltd from France in 3,000 – 5,000 tonne vessels and is sold to local authorities for road works. The regular requirement for automatic maintenance of the motorway network underlines the importance of the trade. About 70 per cent of all bitumen production in Ireland is carried out at Cold Chon's emulsion plant in Oranmore and the company has a particular bias towards Galway because of its competitive costs and quality of service.

The product is pumped directly from the ship to its six tanks located at the Harbour Enterprise Park. The throughput of Bitumen at Galway in 2012 was over 31,000 tonnes, a recovery on the 2011 throughput but still a significant decline on recent years brought about the economic recession, its knock-on effect on the construction sector and an inability of Galway Port to facilitate the larger Bitumen ships.

Cold Chon has indicated that it would like to import product in larger shipments but that every summer there is a shortage of coastal bitumen ships of circa 3,000/4,000 tonnes which suit Galway Port. The Cold Chon's preferred size of ship is 10,000 tonnes currently but these ship sizes cannot be accommodated in Galway Port.

Total storage capacity presently at Galway is some 28,000 tonnes and Cold Chon has secured planning permission for the construction of two new tanks with a capacity of 12,000 tonnes. With the additional tanks in place, 40,000 tonnes will be the company's local capacity excluding the 5,000 tonnes capacity at its facility at Oranmore.

The continued investment in storage facilities in Galway, which is now the largest in the state for heated tanks, is working towards the Company's goal of placing Cold Chon Ltd in the strategic position of making Galway the transshipment port for Northern Europe.

The proposed harbour extension will enable the Company to handle ship sizes in the order of 40,000 tonnes dovetailing very well with its overall strategy of handling consignments from the USA, Caribbean and African ports where modern, highly efficient bitumen facilities have been constructed and commissioned in recent years.

While Cold Chon in Ireland would not have a requirement for consignments of this order (40,000 tonnes) as yet, it would give a significant saving compared to European small ship sizes (3,000 tonnes to 5,000 tonnes) and would allow the Company to serve many small ports in Northwest Europe by transshipping bitumen from its Galway hub to ports in Iceland, Northern UK, Denmark and Belfast.

Bitumen throughput, both inward and outward, is expected to increase significantly once the new facilities are in place.

The proximity of the port to the company site is a key competitive advantage from a transport costs point of view. Equally, Galway's central location from a distribution perspective is seen as important.

The new bitumen tanks will only be constructed when the new port facilities are built.



#### 2.2.2.3.3 Limestone

McGrath Quarries of Cong is a leading producer of construction materials and began in late 2011 to export limestone to Scotland and Sweden for use in glass making in 2,000 tonne and 4,000 tonne shipments respectively. The limestone has a high value because it is rich in calcium and low in iron, making it ideal for animal feeds and glass making respectively. The company is examining opportunities to export other limestone products.

Over 50,000 tonnes of exports are projected for 2013 and will continue to grow thereafter as new markets open up arising from the availability of the harbour extension that will allow larger vessels access the Port and thereby giving rise to economies of scale for the Company. With the extension in place, McGrath Quarries is planning to invest significant expenditure in new handling and warehousing facilities there.

Galway Harbour Company will also provide dry storage facilities at the dock.

#### 2.2.2.3.4 Steel Imports

The importation of steel, rebars, mesh and coil began in February 2003 and are used in the construction sector particularly for roads, bridges and shopping centres. Steel can also be used in wind energy related developments and upgrades in water/sewerage schemes together with flood relief works.

Raw material is imported by Dominic Lydon Ltd from mills in the UK, France, Germany, Turkey and Spain and the company has facilities at Galway for forming the products. The product is sold nationally but the company is particularly dominant on the west coast.

Currently the product is imported in vessels ranging in size between 1,500 and 4,000 tonnes. The volume of steel imports is very much driven by the state of the Irish construction sector.

#### 2.2.2.3.5 Scrap Steel Exports

Scrap steel is currently exported by Clear Circle Ltd (the former Galway Metal Company) to steel mills in Spain and Portugal in 3,000 tonne vessels. Volumes reflect the health of the Irish economy and international demand with scrap steel coming from the construction and manufacturing sectors from all around the country but mostly from the west region. A larger port is required to enable the company export scrap steel at competitive prices.

Clear Circle Ltd has consolidated its business into four locations with Galway being the most important of these and where much of the business is co-ordinated. In conjunction with the better motorway connectivity, Galway has become its preferred sea access route.

The Company has found that the availability of 3,000 tonne ships on the spot market to carry scrap steel has become an issue. In the late 90's the ships calling to Galway and other Irish ports were approximately 2,200 tonne consignments. Today, this has increased to 3,000-3,500 tonne consignments and by 2014 the only available ships will be in the order of 5,000 tonnes and increasing. From a Galway perspective, this will make the Company less competitive due to the inability of the port to handle such ships.

It is expected that the proposed harbour extension, offering deepwater facilities, will enhance the competitiveness of the company and will result in greater volumes of the product to be exported in larger shipments to existing and new markets.

#### 2.2.2.3.6 Coal and other Energy-related Products

Coal has been imported from Poland, Spain and UK by Bord na Mona in 4,000 – 4,500 tonne consignments. It is stocked and distributed locally. Less than half of the product is sold in Galway City.

Coal is expected to be a declining business. The key factors generally influencing the volumes of coal imports into Galway Harbour are the extension of smokeless areas in Galway to include Barna, the introduction of natural gas to Galway and the region, changes in Government energy policy, carbon tax and environmental legislation including the Air Pollution Act. Any developments along these lines could see an increasing reduction in coal imports. Overall, limited, if any, growth in this product group is expected.

#### 2.2.2.3.7 Refuse Derived Fuel (RDF)

Shipments of RDF exports are expected to commence in December 2013.

#### 2.2.2.3.8 Timber

Galway Harbour Company is in discussions with a timber products company that could see significant import and export of product.

#### 2.2.2.3.9 Cruise Traffic

The Harbour also benefits from passenger cruise liners. In 2011, the city hosted three cruise visits: the MV Spirit of Adventure and two calls by the MV Le Diamant, and some 737 passengers came ashore.

In 2012, eight cruise vessels were scheduled to visit Galway but only six vessels did so as two cruise vessels were unable to dock due to bad weather and to a change in route.

In 2013, four cruise vessels visited Galway and eight are currently scheduled for 2014.

At this time, the average number of passengers and crew for the 2014 season is of the order of 800 and 390 respectively. The new facilities, when in place, will allow larger cruise vessels visit Galway with a significant increase in the average number of passengers and crew.

To-date, Galway has failed to capitalise on this lucrative business because of inadequate landing facilities but has commenced an active campaign of attracting the major cruise operators to Galway. In the past, the company has had to refuse some of the smaller cruise vessels entry because of their size.

Since March 2010, the Chief Executive and Harbour Master, as part of the Cruise Ireland party, have visited annually the Cruise Convention in Miami and met many cruise operators who expressed particular interest in adding Galway to their itineraries. The cruise sector is a growing business and operators are always looking for new locations because of the extent of repeat business.

Cruise tourism has significant economic and commercial potential for the city and the local region, and it is an objective of the Harbour Company to make Galway a major destination for the cruise sector. The company is targeting a modest 15 cruise vessels in the first year of the proposed harbour extension with significant growth thereafter.

Table 2.2.5 provides details of the number of cruise vessels for selected Irish ports between 2007 and 2012.

Summary of Cruise Business 2007 – 2012						
Port	2007	2008	2009	2010	2011	2012
<b>Dublin</b>	63	83	79	85	87	87
<b>Cork</b>	41	51	52	52	53	57
<b>Belfast</b>	31	39	38	37	31	45
<b>Waterford</b>	19	10	10	18	11	19
<b>Killybegs</b>	7	8	14	5	10	12
<b>Foynes</b>	2	3	4	4	4	4
<b>Galway</b>	1	2	2	0	3	6

Table 2.2.5 - Summary of Cruise Business 2007 - 2012

The harbour extension proposals being submitted by Galway Harbour Company incorporate sufficient quay space with the appropriate water depth for liners to berth alongside rather than have to use tenders to ferry tourists to the quay from an anchorage or mooring in the Bay that is the present practice. During inclement weather, it can be difficult for passengers to disembark.

#### 2.2.2.3.10 Marine Leisure Berths

With the development of the Galway Harbour Village, Galway Harbour Company intends to provide a further 200 berths, in addition to the existing 40 berths, in the old port area once the new facilities are in place and harbour operations transferred to the Harbour Extension. An extra 216 berths are proposed for the Western Marina under Stage 4 of the proposed harbour extension.

#### 2.2.2.3.11 Offshore Energy Sector

The Ocean Energy Development Unit (OEDU) at Sustainable Energy Ireland (SEI) commissioned RPS Consulting Engineers to conduct a review of engineering and specialist support requirements for the ongoing development of a commercial Ocean Energy (OE) Industry sector in Ireland.

The research<sup>3</sup> assessed port and related infrastructure requirements for various deployment scenarios for marine renewable projects - offshore wind, wave and tidal. The Report found that there is significant potential for Galway to benefit from wave and tidal energy projects, and that Galway Harbour would be capable of supporting manufacturing, assembly and deployment activities of the scale anticipated. Specifically, the Report states '*It is understood that Galway Harbour Company is currently planning a major expansion and relocation project that, if implemented, would significantly increase the capability of the port to service the construction of OE developments.*'

In a subsequent report<sup>4</sup>, the authors confirmed that Ireland has a vibrant ports' sector which is well placed to service the needs of the offshore renewable energy industry. The Report notes that *Galway occupies a strategic location in respect of wave-energy resource on the west coast, but facilities to support major offshore construction are extremely limited in respect of water depth and available working area. Should plans for a new outer port development be realised, current constraints will be removed and Galway would be in a very strong position to support major offshore construction activities in the wave-energy sector.*

<sup>3</sup> Review of Engineering & Specialist Support Requirements For the Ocean Energy Sector, RPS, June 2009

<sup>4</sup> Assessment of the Irish Ports & Shipping Requirements for the Marine Renewable Energy Industry, RPS, June 2011

Another report<sup>5</sup>, the Irish Ports Offshore Renewable Energy Services (IPORES) Report, published in November 2012 by the Irish Marine Development Office, provides an extensive and updated summary of information on port infrastructure, facilities and management plans in relation to meeting requirements for marine renewable energy developers.

The Report notes that Galway Harbour is strategically located to take advantage of opportunities in marine renewable energy developments especially from offshore wind and wave resources off the west coast. However, potential for using the harbour by the sector is limited at present due to constraints with regard to depth, quay space and available hinterland for assembly and storage of towers and turbines.

The IPORES Report suggests that the potential job creation at Galway Harbour from the offshore renewable energy sector over the long term could be 200 jobs.

The Irish Marine Development Office has classified Galway Harbour as a Category B port for medium scale projects that would be largely service and supply-focused.

The Atlantic Ocean Energy Alliance (AOEA) was formed to maximise the economic and social benefit for the Western Region in particular and Ireland in general, from the emerging Ocean Energy Industry. Galway Harbour Company is a member of AOE. The Alliance notes that Ireland has the most dynamic wind and wave resource in Europe and that 80 per cent of the national available capacity is on the Western Seaboard. Ireland has the potential, they argue, to exploit this energy resource to make us European leaders in the renewable energy market with an export value of €3bn - €3.5bn and 25,000 - 40,000 potential jobs. The figure overleaf indicates the extent of the potential.

Galway Harbour is appropriately located to act as a hub for and to support the ocean energy sector, receiving requests to do so on a regular basis, but the current infrastructure constraints affects its ability to service this sector at this time.

In addition, there are ongoing discussions with NUIG and the Marine Institute to establish a centre for the sector in the proposed harbour extension that will see specialist vessels docking there and an increasing number of foreign research vessels.

The recently published Strategy for Renewable Energy 2012 – 2020<sup>6</sup> notes that “*The development of renewable energy is central to overall energy policy in Ireland. Renewable energy reduces dependence on fossil fuels, improves security of supply, and reduces greenhouse gas emissions creating environmental benefits while delivering green jobs to the economy, thus contributing to national competitiveness and the jobs and growth agenda.*”

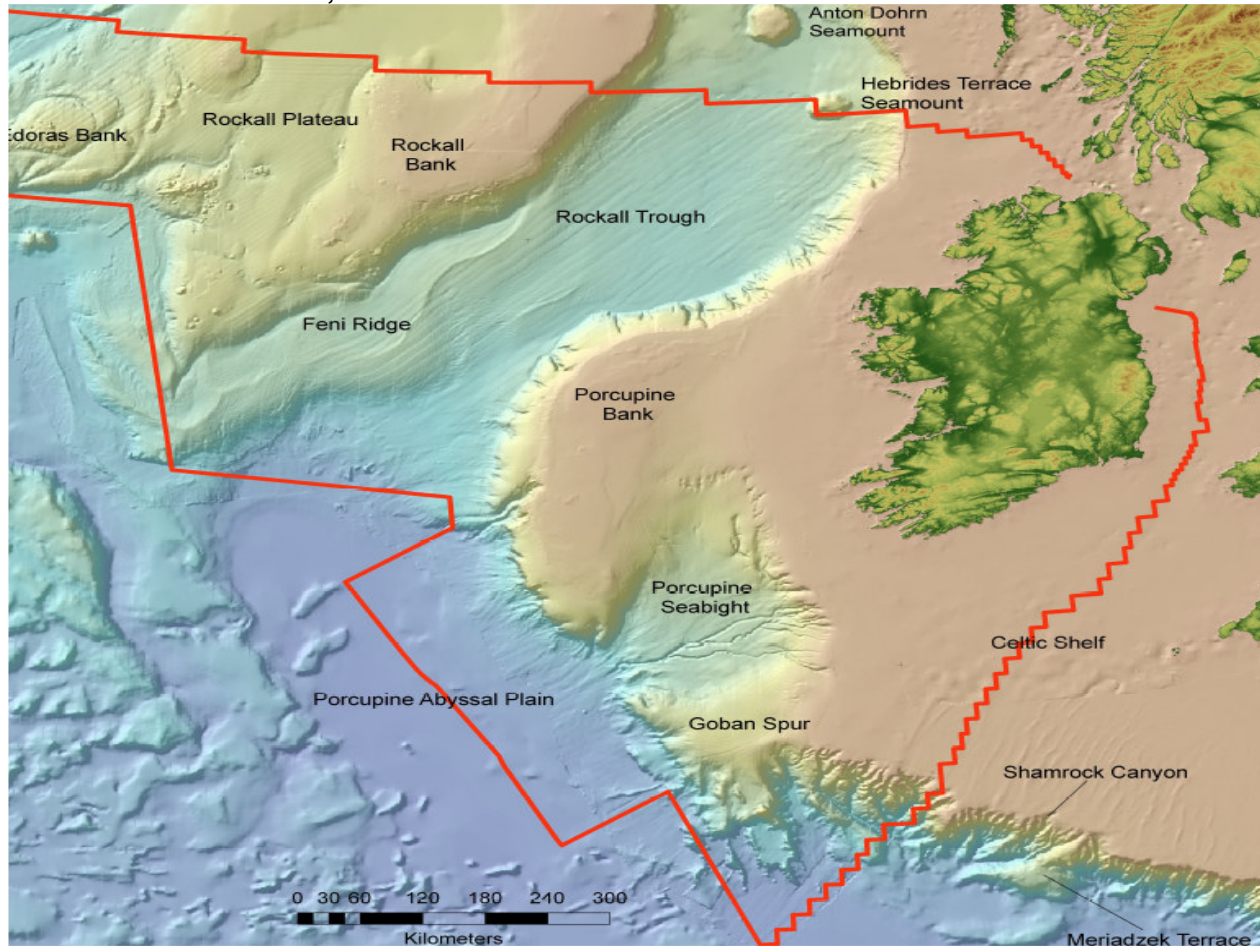
The Strategy notes that the Government is committed to realising the long term economic potential of Ireland’s wave and tidal resources with the objective of introducing ocean energy into the renewables portfolio over time and to develop an indigenous ocean energy sector maximising the wider economic impact associated with the future commercialisation and deployment of these technologies, with significant benefits in terms of jobs, investment and revenue for the State at both Local Government and national level.

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<sup>5</sup> A Review of Irish Ports Offshore Capability in Relation to Requirements for the Marine Renewable Energy Industry (IPORES), IMDO, November 2012

<sup>6</sup> Strategy for Renewable Energy, 2012 – 2020, Department of Communications, Energy and Natural Resources, May 2012

**Ireland: 90% Under Water, 220 Million Acres Under the Sea**



Source: AOE Presentation

#### 2.2.2.3.12 Onshore Renewable Energy

The Irish Government has set a target of 40% electricity consumption from renewable sources by 2020. In the last 5 years in particular, Ireland has made big strides in accelerating renewable generation and the significant growth in electricity from such sources in recent years is largely attributable to onshore wind. It is anticipated that much of the future growth will occur in the west of Ireland and Galway Harbour Company has begun to benefit from imports of wind energy plant. To-date, there have been three shipments of wind turbines and a further four vessels are expected in early 2014. The Company expects this sector to contribute to the Company's business growth in the future.

#### 2.2.2.3.13 Other Import/Export Opportunities

Our research would suggest that the following products offer potential for new freight through the port now and when the new facilities are in place:

##### ***Energy Products***

- Renewable Energy, eg, biomass
- Bio-Fuels
- Building on the Green Economy

##### ***Timber Products***

- Wood Pellets
- Wood Chips
- Timber Logs
- Processed Timber
- Telegraph Poles
- Construction Sector-related (baled sawn timber)

##### ***Bulk Products***

- Agri products: Cereals, Animal Feeds
- Fertiliser
- Cement
- Sand
- Ore
- Rock
- Aggregate

##### ***Offshore***

- Windmills
- Oil and Gas Pipelines
- Offshore Oil and Gas Exploration Support
- Drilling Equipment
- Pre-cast concrete sections
- Wave Energy Products

##### ***Other***

- Cars
- Windfarm plant
- Fish Meal

The increase in capacity brought about by the proposed harbour extension is expected to attract new business to the port that was until then hampered by the insufficient draft and quay length.



As noted elsewhere, due to vessel beams being too wide for the harbour gates, Galway could not accommodate

- Certain Bitumen vessels that had to go to Dublin even though Cold Chon want the product delivered to Galway
- The service vessel for the Shell offshore exploration off the Slyne Trough
- some of the smaller cruise vessels
- service vessels for the Mayo Gas field
- Biomass import for Kilalla project
- Vessels interested in sand importation

#### 2.2.2.3.14 Fishing Vessels

Representations have been made to Galway Harbour Company, on behalf of the fishing fleet at the Aran Islands, during the harbour extension planning process requesting that a fishing facility be incorporated in the plan as there are no engineering works available in Rossaveal. It was felt that fishing facilities should be in Galway and that Rossaveal was of little benefit to them as there are no ancillary facilities available.

A delegation from the Aran Co-Op to GHC was clear in that it wanted the Harbour Company to keep cargo services operating from Galway.

In addition, many of the larger fishing vessels moor up in Galway to enable repairs and maintenance to be carried out on them by Pat Rynn Engineering. In 2011, about fifty vessels, including the local fleet, and vessels from around Dublin, Clogher Head and elsewhere, used the Port for those purposes. There is significant potential for additional repair services because of the requirement of fishing vessels to have annual inspections.

There is now a fulltime repair service for fishing boats available at the Galway Harbour Enterprise Park.

#### 2.2.2.3.15 Domestic Passenger Ferries

Domestic passenger ferries that operate at Rossaveal dock in Galway for repair and to carry out surveys prior to the summer season. These include vessels from Doolin, Clare Island, Inishturk Island, Inishbofin Island, Kinvara, An Spidéal and Rossaveal.

#### 2.2.2.3.16 Container Traffic

By virtue of location, the improved road network to Dublin and Cork, and possible incentives to transfer freight from road to rail, it is unlikely that there will be any scheduled LoLo services between Galway and mainland Europe. However, this does not rule out once-off or opportunistic container business in the future; for instance, a container ship with 110 boxes berthed in Galway in mid June 2012 for the Volvo Ocean Race. The traffic projections do not include LoLo freight volumes.

#### 2.2.2.3.17 Other Traffic

The *Thor Gitta* cargo ship transported the two former Aran Island ferries, *Clan Eagle 1* and its sister ferry *Clan na nOileáin*, from Galway to Mauritius in late April 2011.

A proposal to introduce a new Fast Cat passenger service from Galway Harbour to the Aran Islands continues to be evaluated.

### 2.2.2.4 Economic Impact

The overall impact of Galway Harbour Company's activities may be separated into three parts as follows:

- The Direct Impacts give the total expenditure on the purchase of goods and services by Galway Harbour Company and other businesses at the Port. It also includes the payment of wages and salaries of employees
- Indirect Impacts are those which occur when local suppliers in receipt of expenditure, in turn purchase goods and services. This in turn results in further production and employment in businesses located in the country.
- Induced Impacts relate to the re-spending of household incomes derived from the additional employment generated through the indirect impacts described above. This expenditure in turn accrues to households, businesses and the government and some leaks out as imports. Thus, the knock-on impacts throughout the economy arising from the direct expenditures result in a higher overall impact than is suggested by the initial round of direct expenditures.

The overall impact is the sum of the direct, indirect and induced impacts. These impacts may be quantified in terms of expenditure and employment. This overall impact can then be measured as a multiple of the direct impact of business. Thus, expenditure and employment "multipliers" encapsulate the impact of the business in the country, and is estimated to be of the order of 1.8 for port-related business.

#### 2.2.2.4.1 Galway Harbour Company Gross Economic Impact

In late 2005, the Irish Ports Association commissioned Indecon Economic Consultants to carry out an economic impact study of the Irish ports sector. Their estimates of the expenditure impacts of Galway Harbour Company itself during 2004 suggest an overall gross economic impact of €2.2 million supporting 29 FTEs as shown in Table 2.2.6.

Overall Gross Economic Impact		
	Impact (€m)	Employment (FTEs)
Direct	1.2	15
Indirect	0.7	9
Induced	0.3	5
Overall Economic Contribution	2.2	29

Table 2.2.6 - Overall Gross Economic Impact

The estimated Gross Economic Expenditure and Employment Impacts of Ferry-based Tourism Supported by Galway Port in the same period was €0.7 million and seven FTEs respectively.

#### 2.2.2.4.2 Total Employment associated with Harbour Activity

The total direct employment, full-time and part-time, arising from the Harbour's activity is of the order of 500 made up as follows:

- Galway Harbour Company 18
- Port Users 244
- Others in Enterprise Park and Docks 226

or 450 in terms of Full Time Equivalents (FTEs).



The overall total employment (FTEs), including direct, indirect and induced employment and based on an Employment Multiplier of 1.8, associated with activities at Galway Port is estimated to be of the order of 800 persons.

Applying an average industrial salary of €36,000 to the FTEs above, the total gross salary income is of the order of €29 million.

#### 2.2.2.4.3 Value of Throughput

The value at cost of the freight through the port in 2012, nett of taxes and freight costs, is estimated at some €275 million.

#### 2.2.2.5 **The Potential Contribution from the Cruise Sector**

The cruise ship industry has been the fastest growing segment in the travel industry around the world and, since 1980, the average annual growth rate in the number of cruise passengers worldwide has been of the order of eight per cent. Northern Europe is the fastest growing destination.

Research has shown that cruise passengers seek guided interaction, multiple destinations as well as sight seeing and culture seeing. In particular, they want authenticity, 'braggable' experiences and interaction with the locals. Galway can provide these iconic experiences.

In 2012<sup>7</sup>, cruise passengers and crew spent an estimated €3.6 billion in purchases in Europe during their port visits, ranging from accommodation to retail purchases of jewellery, clothing and other similar items. This represented a 5.5% increase over passenger and crew expenditures in 2011. Nearly double that amount was spent by the sector for goods and services in support of their cruise businesses including purchases of nearly €625 million in provisions consumed on board cruise ships from European food and beverage manufacturers.

In 2010, according to a Cruise Tourism Report<sup>8</sup> published by Failte Ireland in 2012, there were 202 calls by cruise ships to Irish ports carrying 204,489 passengers and crew. Direct spend from passengers and crew who disembarked at Irish ports, including port charges, was estimated at €20.3 million.

Of passengers who disembark at Irish ports, 30 per cent have made some form of advanced payment which covers their disembarked time in Ireland. Of those who make an advanced payment, almost two-thirds make the payment to the cruise company with a further 30% making a payment to a local travel agency in their home country. The average prepayment made by these passengers was €116. North American passengers tend to make the largest prepayment €122 followed by British passengers €117. Mainland Europeans make an average prepayment of €109. A large proportion of the prepayment made covers transport (83%) and a tour guide (79%). For almost two-thirds of passengers entry to attractions is included in their prepayment and a quarter of prepayments include food and beverage.

The spend per passenger during their disembarkation varies and is very much dependent on location, attractions on offer and duration of stay. The Failte Ireland Report notes that the average cruise tourist spend is of the order of 71 Euro per passenger, while embarking passengers spend considerably more. Expenditure by crew is also significant considering those that disembark spend an average of €48.

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<sup>7</sup> *Contribution of Cruise Tourism to the Economies of Europe*, GP Wild (International) Limited and Business Research and Economic Advisors (BREA)

<sup>8</sup> *Cruise Tourism to Ireland Research Report 2010* – Failte Ireland 31 Jan 2012

Cruise vessels that visit Ireland vary in passenger and crew numbers from 346 for Le Diamant to over 5,000 for a vessel like the Independence of the Seas.

There is significant evidence to show that the cruise sector generates a major economic boost for the port areas and regions that are visited. These economic benefits arise from five principal sources: 1) spending by cruise passengers and crew; 2) shoreside staffing by the cruise lines, marketing and tour operations 3) expenditures by the cruise lines for goods and services necessary for cruise operations; 4) spending by the cruise lines for port services; and 5) expenditures by cruise lines for maintenance purposes.

Tourists who spend money in a port region inject money into a local economy and consequently into the generation of jobs. For every product bought from (for example) a shop, the shop owner made purchases from its suppliers, and the turnover of its suppliers leads in turn to purchases from those supplying the suppliers, payment of wages etc.

Anecdotal evidence suggests that most cruise passengers and crew generally alight with passengers largely availing of tour opportunities while crew generally remain at the moored port. Additionally as noted, cruise vessels often purchase local goods and services, e.g. refuse collection, fresh water and produce particularly local unique produce, courier services and minor repairs, and buy-in of local entertainment at ports which they visit, all of which have an economic benefit to the area.

The proximity of the town, interesting tourist sites, availability of a shuttle service and the look of the port are particularly important to passengers in their decision to disembark. Galway Port can offer this.

Depending on the number of passengers going ashore, the economic benefit from each cruise visit to Galway and the region from cruise passenger, crew and vessel spend could reach €200,000 overall when the multiplier effect is taken into account. Should Galway become a port of embarkation, the economic impact would be greater still.

### **2.2.2.6 Marine Leisure Tourism**

The Irish Marine Federation, amongst others, has for some years drawn attention to the potential for the sustainable development of Ireland's marine leisure tourism. Ireland has some of the most attractive cruising grounds in Europe and also some of the best organised sailing events and, together with some 2,000 kilometres of coast line and another 1,000 kilometres of navigable inland waterways, Ireland has the potential to be a boater's paradise. Ireland has the potential to grow the marine leisure tourism product not only from the domestic tourism but also from inbound tourism.

With regard to domestic marine leisure tourism, Ireland has one of the lowest boat ownership ratios in Europe. It is estimated that this to be 1:156 or one boat for every 156 members of the population. The UK boat ownership ratio is 1:106, France 1:66, the Netherlands 1:33 and Finland 1:7. Given the size of Ireland's coastal and inland resource there is enormous potential for growth within the home market.

In relation to marinas and their locations, there is a definite lack of facilities on the West coast of Ireland, particularly Galway Bay, while the infrastructure deficit on the east coast is acute.

It is argued that the Irish cruising product is second to none in relation to the natural resource; what is lacking is the 'necklace' of marinas around the island of Ireland to attract the visiting boat to allow visitors have a good and safe experience.

There is general consensus that harbours and marinas have a tourism and economic benefit for the towns where they are sited:

- Maritime tourism is a major instrument of regional development. Many tourism enterprises are situated in areas where other employment options are limited
- Marinas are seen as regenerative tools by borough councils as a means to attract visiting boats.
- Local communities benefit from investment in facilities for tourists such as leisure and sporting facilities and in associated infrastructure including access transport and roads
- A vibrant tourism industry contributes to the viability and sustainability of a wide range of local enterprises
- Tourism promotes an enhanced awareness and positive appreciation of local traditions, way of life and cultural heritage

Specifically, tourist expenditure creates both temporary employment and income from the purchase of local goods and services. Service-type jobs are created in shops, gift production, and restaurants and hotels. There is also a multiplier effect where the income or wages generated from tourism is spent by residents on local services.

Marinas can generate significant income from their activities in terms of local spend, employment and activity. A 2006 survey conducted on behalf of Fáilte Ireland on marina spend across Ireland suggests a total discretionary spend of €192 per night for visiting boats. This may well be a conservative spend as the British Marine Federation estimates that visiting boats to UK marinas contribute on average £150 each per night to the local economy. The BMF has also reported<sup>9</sup> that it is estimated that every job in the core coastal marina sector supports a further 12 jobs in the local economy, through tenant businesses, suppliers and as a result of visitor and employee expenditures in the wider economy. A Report for Scottish Enterprise, *Sailing Tourism in Scotland* (2010), notes that the average spend per boat-night is approximately £130.

Whether the marina is occupied by a yacht owner, a visitor or a berth owner, local businesses will benefit from the purchases of fuel, supplies and gifts. Chandler purchases and any repairs carried out will also contribute to the local economy. Most users of the marina will spend money in the town on visitor attractions, golf, meals, drink and other day-to-day requirements, and all of this spend will boost the local economy which will have a significant impact on employment and local disposable income.

A survey of businesses in Dún Laoghaire and Malahide carried out by an Irish Sea INTERREG project found that marinas in both towns had a positive impact on 37 per cent of respondents. It is estimated that the Dun Laoghaire Marina is worth up to €5 million annually from its activities in terms of local spend, employment and activity.

#### 2.2.2.6.1 Maritime Tourism – The Volvo Race

The Volvo Ocean Race's first ever Irish stopover in Galway in May 2009 was worth €55 million to the west of Ireland, according to an independent consultancy study. The impact was 30 per cent above initial estimates by consultants Deloitte LLP, with €45 million in direct expenditure and €10 million in indirect expenditure in Galway and the west.

The event attracted a total of 650,000 spectators to the Galway harbour race village and Salthill promenade during the fortnight. The spend by spectators and media was twice that recorded at other stopover ports on the round-the-world race.

The study by Deloitte shows that in spite of the economic recession, the Volvo race ranks third in terms of spin-off generated by major sporting events in Ireland in recent years – exceeded only

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<sup>9</sup> *Economic Benefits of Coastal Marinas, BMF*

by the 2006 Ryder Cup, which was valued in direct expenditure at €143 million, and the Six Nations rugby tournament in 2008, valued at €57 million.

The study says that the event generated some 200,000 bed nights in the area in late May and early June. It had greater impact than the Royal Ascot, York race meet in 2005, the Open Golf championships in Scotland in 2006, and twice the impact of the Volvo 2008-9 race stopover in Singapore, the consultants say.

An analysis of spectator identity indicates that some 52 per cent were from the region, and 17 per cent from elsewhere in Ireland, with 2 per cent being Irish visitors who extended stays to see the race. Some 8 per cent were international visitors travelling specifically for the race, and 10 per cent international visitors who extended a stay. Some 11 per cent of the total were classified as “non-local” and due in the area regardless of the event.

Among a total estimate of 87,000 visitors to the west for the Race, 43 per cent were from Continental Europe, 19 per cent from Britain, 17 per cent from Northern Ireland, 11 per cent from North America, 5 per cent from Australasia and 5 per cent from elsewhere.

The race was given €8 million in Government sponsorship through Fáilte Ireland, some €2 million of which went to the Irish entry, *Green Dragon*.

The Galway Harbour Company invested €800,000 in removing oil tanks and cleaning up the area, and installing moorings for leisure craft.

Galway City Council provided €2 million in direct or “in kind” support, while the Let’s Do It Galway consortium spent €4 million locally. Some €1.8 million was spent by visiting teams.

The final stage of the **2012 Volvo Race** took place in Galway over 30 June to 8 July, and the agreement that the 2012 Volvo Around the World yacht race was to finish in Galway is an affirmation of the suitability of Galway as an international maritime centre and as a location for marine tourism.

Up to 40,000 well-wishers thronged the Harbour to welcome home the six Volvo yachts and many more participated in the various events that were held over the week of celebrations. The Galway events incorporated the innovative 17 acre business expo Global Village that had a worldwide commercial focus on Ireland and was constructed in addition to the usual Volvo Race Village.

The purpose of the Global Village was to promote Ireland abroad with conferences, seminars, exhibition space and networking hubs operating in an atmosphere of sporting, lifestyle, cultural and entertainment. The Village had a particular focus on the Marine, Innovation, Food and the Green Economy.

The week’s celebrations concluded with the Discover Ireland In-Port Race where six yachts competed, and was won by the Puma Ocean Racing Team. The Race was watched by millions of TV viewers on broadcasts by 47 networks and the outright winners of the 2011 – 2012 Volvo Ocean race was GROUPAMA..

A report from the J.E. Cairnes School of Business & Economics at NUI Galway, entitled *An Economic Assessment of the Volvo Ocean Race Finale, Galway 2012*, reveals that the 2012 Volvo Ocean Race Finale was worth €60.5 million to the Irish economy comprising direct expenditure of €35.5 million and indirect spend during the festival period of €25 million. Over 500,000 visitors attended events during the festival period from 30 June to 8 July 2012, with 16 per cent of those coming from outside of Ireland.

It also reports on the extra-economic benefits of the Race finale which saw an investment by organisers and Galway City of €7.6 million including a €4 million grant from Failte Ireland.

The hospitality industries gained the most in terms of relative increase in revenue. In particular the Bar/Lounge sector enjoyed a significant boost over the course of the event with turnover showing a 50 per cent increase across the sector.

Positive employment figures showed an increase in numbers employed over the course of the event, with over 70 per cent of these in the hospitality industry and more than 80 per cent of this located in Galway city centre.

The report states that approximately 800,000 visits were recorded to the Race Village and the Global Village over the duration of the Volvo Ocean Race festival and 97 per cent of these race attendees rated their Galway experience as positive.

The Volvo Ocean Race finale focused the attention of a global audience of over one billion on the city of Galway for the duration of the event. This kind of attention brings with it massive opportunities for the promotion of the city and its businesses.

Extra economic impacts examined and included in the report include results on how businesses and attendees during the Volvo Ocean Race Finale also cited non-economic aspects of the festival. More than 1,500 volunteers took part in the organisation of the Volvo Ocean Race finale in Galway. They contributed thousands of hours to cater for more than 500,000 visitors to the nine-day event.

Significant expenditure in money and time by Harbour Management was incurred in preparing the harbour for the Volvo Race and estimated at some €500,000.

### **2.2.2.7 The Economic Impact arising from Construction**

Construction is one of the most labour-intensive forms of economic activity in the Irish economy. In 2006, it was estimated by Government that one quarter of all small and medium sized enterprises (SMEs) in Ireland was in the construction industry.

There are many economic benefits that will arise from the construction of the proposed harbour extension. The benefits can be considered under three separate impacts:

- the direct addition to economic output generated by the output of the industry; this can be measured by the earnings of those employed in construction, i.e. payroll plus profits earned. This comprises the employment generated by all jobs created by construction firms that work directly on projects
- the indirect employment generated by the firms that provide the inputs to the project in question plus the employment generated by those firms who supply the firms providing the inputs and so on. They include, for example, persons employed in concrete manufacturing, joinery workshops and steel fabrication. Estimates of indirect employment in construction are typically estimated at 40 per cent of direct employment, implying that for every ten persons directly employed on a construction project there are a further four 'indirectly' employed in supporting industries
- the induced employment impacts which include all of the jobs created by those directly and indirectly employed in construction spending their wages and profits throughout the wider economy. The estimate for the induced multiplier is 1.4

In a submission<sup>10</sup> to Government prepared by DKM for the Construction Industry Council in 2009, the authors found that every €1 million spent on infrastructure projects in Ireland generates

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<sup>10</sup> *Submission To The Government by the Construction Industry Council: Jobs and Infrastructure – A Plan For National Recovery, DKM Economic Consultants and Goodbody Corporate Finance, March 2009*

approximately eight “person years” of employment in the construction firm and its suppliers, with a further 3.2 “person years” of induced employment in the wider economy. These jobs will be particularly welcome in the construction and related sectors which have been decimated by the current recession.

### **2.2.2.8 Additional Employment from the Cruise and Marina Tourism Sectors**

Based on estimates prepared by DKM, the employment intensity of activities associated with the additional cruise and marina tourism business is some 55 Full Time Equivalent positions comprising 47 FTEs for cruise and 8 FTEs for marina tourism.

### **2.2.2.9 Maritime Cluster**

As the port develops, there is no reason why a local maritime cluster should not develop benefiting from proximity to the harbour and offering relevant transport and distribution services to the many companies that will be using the port.

These Distribution Centres could act as logistic hubs for the holding of stock and the supply to markets throughout Ireland and overseas through Galway Port as is common in many UK ports.

### **2.2.2.10 Tax and Other Benefits**

The Exchequer, of course, will also benefit from PRSI, income, VAT and other taxes generated as well as social welfare payments foregone, while Galway City and County Councils will benefit from increased commercial rates and development levies.

In addition, for every euro spent on tourism (domestic and overseas), 24.5c is generated in tax<sup>11</sup>. According to the CIF, every €10 million invested in construction projects returns over €3 million to the Exchequer in VAT and Income Tax, excluding any Corporation Tax receipts.

### **2.2.2.11 Other Economic Activity Arising**

When the new port becomes operational, new beneficial effects will manifest themselves in the local and broader regional economies. The types of businesses which are directly associated with port activities include, among others, logistics, legal, repair and maintenance, and import and export services. It is expected that the port company as well as these types of businesses will benefit significantly from the expansion of the freight facilities offered at the port. Further economic activity associated with the expansion of the port will arise in such areas as retail, catering, security, courier and cleaning services in the direct vicinity, and printing, insurance, advertising and IT services within the wider geographical area. These activities will result in new jobs, increased spend in the local economy and additional tax revenue.

### **2.2.2.12 Impacts of Extra Road Traffic**

The closure or the non-availability of harbour facilities would see the diversion of freight to alternative ports, eg, Shannon Foynes, Dublin and Cork, that would result in extra freight traffic on Irish roads in bringing the goods to or from Galway. Leaving aside the extra road freight transport costs, this extra road traffic would add to the carbon footprint from the additional transport emissions, would lead to increased health and safety risk from accidents, and generate greater traffic congestion and extra travel times. Already, over 30% of transport greenhouse gas emissions are from the freight sector. Statistics from the UK Department of Energy and Climate

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<sup>11</sup> Failte Ireland Tourism Facts 2011



Change<sup>12</sup> indicate that every extra kilometre of travel by a Heavy Goods Vehicle generates, on average, 0.9 kilogrammes of Greenhouse Gas in terms of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. The consequences of the additional road traffic run contrary to Government objectives laid down in its document *Smarter Travel – A Sustainable Future; A New Transport Policy for Ireland 2009 - 2020*.

### 2.2.3 Traffic Projections

Traffic projections for seventeen years from project commencement (2018 – Year 1) have been prepared based on historical trends, the present understanding of likely developments in the various trades and with end-users, and informed from discussions held with the Port's principal major customers and potential customers.

The projections are presented in terms of

- Liquid Bulk
- Dry Bulk

Given the degree of uncertainty in relation to the nature of and the future volumes of freight traffic, particularly in relation to new traffic, and the present economic climate, three scenarios have been prepared: High, Medium and Low and are reproduced below in Tables 2.2.7(a), 2.2.7(b) and 2.2.7(c). The Medium set of projections is considered as the Baseline or primary scenario.

**It is important to point out that the actual traffic volumes will, of course, be influenced by a number of factors and developments most of which are outside of the control of the Harbour Company.**

Section 2.2.2.3 has provided some background to the trade projections and below are the key assumptions for the medium set of projections.

#### 2.2.3.1 Key Assumptions for the Baseline Set of Projections

The following assumptions are assumed:

- All projections have been prepared on a prudent and conservative basis; throughput post 2023 has been maintained at 2023 volume
- The port infrastructure is in place that allows the harbour handle 20,000+ tonne vessels and cruise vessels
- The Irish and world economies have recovered, and the annual growth in Irish GDP will be in line with Government estimates
- National and regional road maintenance programmes are maintained
- Targets of freight throughput of 969,000 tonnes in 2018 and 1.93 million tonnes in 2035 are achieved
- The Fisherman's Pier is provided

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<sup>12</sup> Annex 7 of 2010 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting Produced by AEA for the Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (Defra) Version 1.2.1 FINAL, Updated: 06/10/201

- No consideration has been taken of possible Lo-Lo traffic
- The Western Marina is constructed in 2023 with a gradual build-up of berths achieving the extra 216 berths from that development by 2026



### 2.2.3.2 Specific Projections

Tables 2.2.7 (a) - (c) provide an overview of the three freight projections while Fig 2.2.1 provides a graphical representation of the projections with and without development.

Traffic Projections with Development – High Scenario						
	2012	2018	2023	2028	2033	2035
Liquid Products	415,203	603,000	1,370,000	1,370,000	1,370,000	1,370,000
Dry Products	85,538	390,000	792,000	792,000	792,000	792,000
<b>TOTAL</b>	<b>500,741</b>	<b>993,000</b>	<b>2,162,000</b>	<b>2,162,000</b>	<b>2,162,000</b>	<b>2,162,000</b>
Cruise Vessels	6	20	30	35	38	40
Marina Berths	40	40	240	456	456	456

Table 2.2.7(a) - Traffic Projections with Development – High Scenario

Traffic Projections with Development – Baseline Scenario						
	2012	2018	2023	2028	2033	2035
Liquid Products	415,203	586,000	1,200,000	1,200,000	1,200,000	1,200,000
Dry Products	85,538	383,000	732,000	732,000	732,000	732,000
<b>TOTAL</b>	<b>500,741</b>	<b>969,000</b>	<b>1,932,000</b>	<b>1,932,000</b>	<b>1,932,000</b>	<b>1,932,000</b>
Cruise Vessels	6	15	24	29	34	36
Marina Berths	40	40	240	456	456	456

Table 2.2.7(b) - Traffic Projections with Development - Baseline Scenario

Traffic Projections with Development – Low Scenario						
	2012	2018	2023	2028	2033	2035
<b>Liquid Products</b>	415,203	500,000	625,000	625,000	625,000	625,000
<b>Dry Products</b>	85,538	290,000	330,000	310,000	310,000	310,000
<b>TOTAL</b>	<b>500,741</b>	<b>790,000</b>	<b>955,000</b>	<b>935,000</b>	<b>935,000</b>	<b>935,000</b>
<b>Cruise Vessels</b>	6	10	10	15	20	20
<b>Marina Berths</b>	40	40	240	390	390	390

Table 2.2.7(c) - Traffic Projections with Development - Low Scenario

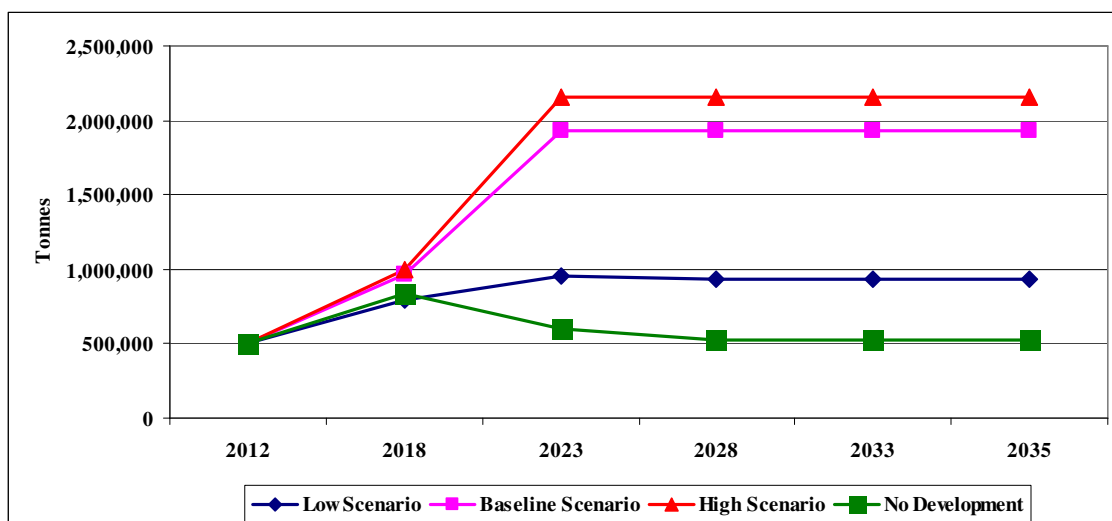


Figure 2.2.1 - Traffic Projections with/without Development

### 2.2.4 Conclusion

This section sets out forecast for traffic through the proposed harbour extension and the rationale for the projections.

Increasingly, vessels are constrained from using Galway Harbour because it suffers from

- Insufficient water depth
- Inadequate quay length and limited berthage
- Narrow harbour access
- Being tidal
- Is a gated port

In addition, the port suffers from limited availability of serviced land directly alongside the quay for harbour-related industry, storage and facilities, and navigation into the docks can be quite challenging requiring expert pilotage and navigation.

The harbour extension is required

- To arrest the decline in the Port's core traffic
- To attract those trades excluded by virtue of the deficiencies in harbour infrastructure
- To provide improved infrastructure that would bring new businesses and services to the port estate
- To enable the Galway region enhance its reputation as a major maritime tourism and leisure location
- To be a major Irish visitor destination for the international cruise business
- To protect and grow job numbers
- To facilitate the economic growth of the region

Two of the port's principal customers – those importing petroleum products and bitumen – are on record that, due to increasing size of vessel, they will no longer be able to service Galway at the volumes historically handled and will be required to use alternative ports. Further, the existing constraints do not allow them to grow their business which they would wish to do at Galway.

The Harbour Company regularly receives enquires about the use of the port for new imports and exports. Most of them have to be refused because of the inadequate facilities. Finalisation of the Atlantic Corridor will facilitate easier access for those industries wishing to use the port's harbour extension.

A new, modern, state-of-the-art harbour extension will allow the Harbour Company to attract new business and services. The offshore energy sector, for instance, is an industry sector that is expected to become a major economic opportunity as Ireland seeks to reduce its carbon footprint and dependency on fuel imports. Galway is well suited to be the port of choice for those facilities to be located off the coast of Galway, Mayo and Clare. The SEAI/RPS and IPORES Reports have confirmed this fact.

There is no doubt that the Volvo Race in 2009 placed Galway on the map as the place to visit for those interested in maritime leisure. The return of the Race in 2012 is a testament to the superb organisation that the Harbour Company and others provided for the earlier Race.

At this time, there are limited facilities available for those who wish to visit Galway and use it as a base for maritime tourism. The harbour extension will open up the area for new berths.

The cruise industry is one of the fastest growing international leisure businesses. Galway has much to offer in this regard and this has been corroborated by the visits by the Harbour Company to the Cruise Convention in Miami over the last number of years. Cruise companies are always

seeking new destinations to visit and have expressed great interest in visiting Galway. Difficulties with mooring at the docks have been a constraint to-date for cruise vessels wishing to use Galway Harbour. The harbour extension will allow easy and immediate access to Galway city.

There is no doubt but that Galway can become a 'must-see' destination offering immense cultural opportunities through shore excursions to scenic heritage sites and the chance to experience and participate in Irish traditional music events and banquets. In itself, the cruise sector offers the city and county the opportunity to energise local cultural tourism.

There are significant economic and financial benefits to be achieved from the proposed harbour extension, and this is reflected in the support that the proposal has received from local and regional authorities. Galway City Council endorses the proposals and the Regional Planning Guidelines recognise the value that the harbour brings to the region.

Local industry will, increasingly, be able to import and export their goods through Galway without having to truck them to neighbouring ports thus ensuring a competitive cost, and there will be employment benefits from having a local port as companies set to exploit the opportunities that such a port offers.

As the harbour expands and grows, there is no reason why a local maritime cluster should not develop benefiting from proximity to the harbour and offering relevant transport and distribution services to the many companies that will be using the port. These Distribution Centres could act as logistic hubs for the holding of stock and the supply to markets throughout Ireland and overseas through Galway Port as is common in many UK ports.

The spend from the cruise industry and maritime leisure visitors is significant and there are valuable direct and indirect employment spin-offs as well as being a major boost to the local economy from the purchase of gifts, as well as on eating and drinking in local restaurants and bars, and visiting sites of interest.

Cruise vessels often replenish their stores while in port and this spend provides an added economic contribution to the region.

Excluding port dues which would be considerable, we estimate that the overall economic contribution from the fifteen cruise vessels projected for 2018 could be worth almost three million Euro to the Galway and West region economy depending on the number of passengers disembarking and taking local tours. If Galway were to become a port of embarkation, the economic impact would be even greater.

As a Gateway City, failure to progress the harbour extension will have a significant impact on the local and regional economy and the proposed freight projections underline the case for the proposed extension.

### 2.2.5 Review of Business Case

In June 2013 Galway Harbour Company (GHC) requested DKM Economic Consultants to undertake a review of the Business case for Phase One of the Galway Harbour Extension (GHE) project – the subject of this planning application - as prepared by Raymond Burke Consulting (RBC). [Refer previous Sect. 2.2] DKM was also required to produce a Cost Benefit Analysis (CBA) [Refer Appendix 2.2.1] of the project in accordance with the Department of Public Expenditure & Reform's *Public Spending Code*<sup>13</sup>. The latter took the results of the Business Case and incorporated wider economic and environmental impacts, to assess whether the project was justified from a wider societal viewpoint.

#### 2.2.5.1 Review of Draft Business Case

DKM reviewed the draft Business Case and made recommendations for changes, focussing primarily on the projected level of new business that would be generated, as well as other issues such as the capacity to dispose of surplus city centre land holdings if the project proceeded. These recommendations were incorporated into the Business Case as summarised in the previous section of this Chapter.

DKM compared the Base Case against the 'No Development' option (the counterfactual) to determine the net impacts of the project. A High Case and a 'Super High' Case were also compiled. The Base, No Development and High Cases are similar to those presented in the previous section of this chapter. A number of less positive scenarios were also tested, including for instance higher interest rates, higher capital costs and lower benefits, to assess the robustness of the Business case to more negative outcomes.

#### 2.2.5.2 Cost Benefit Analysis

The CBA built on the results of the Business Case and incorporated a number of wider economic/environmental impacts, to ascertain the net impact of the project to society as a whole. In addition, market prices were converted to 'shadow prices' (true economic costs), where appropriate.

The project confers significant benefits on the customers of the port, in terms of capacity to handle larger cargoes and to facilitate business development. In addition, the increased capacity to handle cruise business and leisure craft has the potential to confer significant benefits on the City of Galway and the wider tourism sector. Likewise, significant road traffic and related environmental impacts are avoided by virtue of customers being able to access port facilities in the vicinity of their business. The importance of Galway, as the only commercial port of any size along a long stretch of western coastline between Limerick and Derry, and its role as strategic infrastructure in line with numerous strands of public policy, were highlighted.

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<sup>13</sup> <http://publicspendingcode.per.gov.ie/>

The results of the CBA, comparing the 'No Development' option with the Base Case, is as follows:

	Direct Return With Development*	Net Wider Economic Costs	Net Wider Economic Benefits	CBA With Development	CBA No Development**†	Net Socio-economic Impact of Project
NPV (€'000)	38,940	0	131,162	<b>170,102</b>	<b>22,693</b>	<b>147,409</b>
IRR	12.9%			<b>31.3%</b>	n/d	<b>26.8%</b>

**Table 2.2.8 - Socio-Economic Cost Benefit Analysis Results - Base Case**

\*Using the social discount rate of 4% as opposed to the Business Case rate of 4.6%. †Same as Direct Return Without Development. n/d .. not defined.

The CBA confirmed that the project was viable, and that it generated very significant wider economic benefits, valued at €116 million in Net Present Value (NPV) terms over the period to 2035. Key among these are benefits that accrue to the Bitumen, Limestone and the Cruise businesses through the port. A number of important benefits remained unvalued, notably:

- The potential to service the oil and gas exploration business off the west coast;
- Elimination of Seveso issues around discharging oil products in the Inner Dock, and the implications for city centre development;
- Security of supply benefits related to storage of petroleum at Galway.

As with the Business Case review, a range of less positive scenarios was tested, including higher interest rates, higher than expected capital cost, and lower than expected benefits. The project remained robust to all these scenarios. DKM concluded that the project was highly worthwhile from a societal viewpoint. The firm also concluded that, given that many of the project's benefits would accrue to the port's customers and the wider tourism and business sector, this would appear to justify a sharing of risk and reward between GHC, its main customers and the local business community, through for instance capital contributions or guarantees from customers and Fáilte Ireland or local or central Government.

## 2.3 CONSULTATIONS AND SCOPING

### 2.3.1 Introduction

There has been an extensive and significant consultation process associated with the Galway Harbour Extension development over a five year period. The process included many meetings with the Planning Authority, pre-planning consultation meetings with An Bord Pleanála, discussions with a wide range of local and national interest groups as well as a formal public consultation held in January 2011.

### 2.3.2 Consultations with An Bord Pleanála

Two sets of pre-application consultation processes were held with An Bord Pleanála relating to the proposed development

#### **Pre-Consultation Process No. 1**

The initial set of consultations took place over a period from 38<sup>th</sup> June 2007 to the 18<sup>th</sup> August 2010.

A series of four pre-application consultations were held with An Bord Pleanála during this time period as follows:-

28<sup>th</sup> June 2007  
10<sup>th</sup> October 2007  
7<sup>th</sup> May 2010  
18<sup>th</sup> August 2010.

Copies of the written records of those consultations are included in Appendix 2.3.1.

Following on from that process, the Board decided that the proposed development would be strategic infrastructure within the meaning of section 37A of the Planning and Development Act, 2000 as amended and accordingly any application for permission for the proposed development must therefore be made directly to An Bord Pleanála under section 37E of the Act. A copy of that decision together with the Inspector's Report dated 21<sup>st</sup> October 2013 is attached in Appendix No. 2.3.2.

In November 2011 a submission entitled "Environmental Impact Statement Scope and Methodology" was submitted for consideration to An Bord Pleanála" The copy of the Scoping Document is included at Appendix No. 2.3.3.

Having consulted various parties, the Board responded on 10<sup>th</sup> march 2011 with "*a written opinion on information to be contained in an EIS for a harbour extension*". A copy of this opinion is attached as Appendix No. 2.3.4 while copies of the submissions received from "*the parties from which observations were requested*" [23 No.] by the Board are attached at Appendix No. 2.3.5 i.e.

- Galway City Council
- Department of the Environment, Heritage & Local Government, Development Applications Unit
- Galway County Council
- Iarnród Éireann
- National Roads Authority
- An Taisce
- Environmental Protection Agency

- West Regional Authority
- Inland Fisheries Ireland
- Department of Agriculture, Fisheries and Food
- Irish Aviation Authority.

## **Pre-Consultation Process No. 2**

Following on from the above process, consultations were re-opened with An Bord Pleanála to seek further advice on the proposed development. This set of consultations took place over a period from 11<sup>th</sup> October 2012 to the 11<sup>th</sup> July 2013.

A series of four pre-application consultations were held as follows:-

1<sup>st</sup> October 2012  
15<sup>th</sup> January 2013  
24<sup>th</sup> April 2013  
11<sup>th</sup> July 2013

Copies of the written records of those consultations are included in Appendix 2.3.1.

Following on from the above re-opened process, the Board decided that the proposed development would be strategic infrastructure within the meaning of section 37A of the Planning and Development Act, 2000 as amended and accordingly any application for permission for the proposed development must therefore be made directly to An Bord Pleanála under section 37E of the Act. A copy of that decision together with the Inspector's Report dated 7<sup>th</sup> October 2013 is attached in Appendix No. 2.3.2.

The Board also responded on the 18<sup>th</sup> July 2013 with a list of prescribed bodies to which notification of the application for the proposed development is made. This letter is included in Appendix No. 2.3.6.

### *2.3.3 Consultations with Other Bodies*

Appendix No. 2.3.7 is a listing of all of the consultations held between March 2006 and November 2013. Over 100 separate meetings, presentations or discussions were held over that period, the principal ones being with Galway City Council, CIE/Iarnród Éireann/RPA and with An Bord Pleanála.

### *2.3.4 Public Meeting*

A public consultation seminar advertised in advance in the local media, was held in the Centre Pier Building at Galway Harbour on 21<sup>st</sup> and 22<sup>nd</sup> January 2011. Representatives of the Galway harbour Company and of the Design Team were in attendance throughout to meet and respond to any questions from members of the public. Approx. 500 people attended and the response was generally positive.

A copy of information on display or used in the presentation on the opening day is included in Appendix No. 2.3.8.



