

Address delivered by

Mr. Noel Ahern, T.D.

Minister of State for Transport

on the occasion of

the Irish Ports Association Conference 2008

at City North Hotel, Gormanston, Co. Meath

on Friday 26 September 2008.

Introduction

Good morning ladies and gentlemen, I am pleased to have the honour of addressing you here at this year's Irish Ports Association conference.

This year's conference promises to be an interesting and informative discussion concerning a number of important matters facing the sector.

North South Cooperation

I would like to extend a warm welcome to Mr Brian White, representing Minister Conor Murphy, and his colleagues from the Department for Regional Development. Their attendance is a reminder of the all-island environment in which the ports sector operates.

In recognition of this fact, my Department cooperates closely with the Department for Regional Development. There are regular meetings between the Departments to discuss matters of mutual interest.

For instance, the Department for Regional Development and some of the Northern Ireland ports have been asked to input into the current study of Dublin Port, which I will talk more about later.

Port Throughput

I note the theme of this year's conference is "Moving the Nation's Goods". This is very apt considering the vital role that ports play. Tonnage throughput at the State's ports increased by 50% between 1997 and 2007 reflecting vigorous economic growth during that period.

Growth across the different categories of goods has not been even. In particular, LoLo and RoRo have both increased by about 100% in ten years. By any standards, this is a spectacular growth rate that underlines the key role the ports played in facilitating the Celtic Tiger.

The changed economic climate has inevitably impacted on ports.

In 2007, throughput continued to grow but at a lower rate than previous years, with overall tonnage up only 1.5%. There was a marked slowdown in the latter part of 2007 and this has continued into the first half of 2008.

The Irish Maritime Development Office has recently reported a drop in volumes of RoRo, LoLo and bulk in the first half of the year. However, on a more positive note, it has also reported that the traffic data for the 2nd quarter this year has indicated no further fall in export volumes with growth remaining static for this period.

Port Capacity

The Ports Policy Statement published in 2005 encouraged all ports to generate viable port capacity projects in the interests of ensuring the availability of adequate modern facilities going forward and in the context of the beneficial effects of continuing competition between ports.

Some critics of this ports policy have appeared to seek a more interventionist top-down approach to national ports capacity but I think that sometimes such critics are actually urging that particular port projects should be advanced at the expense of others that pose a competitive challenge. Minister Dempsey and I would be very slow to depart from the ports policy of recent years, which has served the economy well.

Notwithstanding the changed economic circumstances, the provision of additional modern port capacity is still required in the medium term. There is no doubt that the historic trend toward increased international trade will continue and, once the economy returns to growth, it will be important that the transport infrastructure is in place to facilitate this.

Since the Fisher report was completed in 2006, a number of ports have made significant progress in advancing their development proposals and my Department is continuing to monitor the capacity situation closely.

Just last week, Minister Dempsey opened a new quay extension at Belview in Waterford and he is due to open a new oil facility in Foynes in October.

A number of companies have had their proposals designated as Strategic Infrastructure under the terms of the Strategic Infrastructure Act 2006 and have submitted, or are in the process of submitting, planning applications to An Bord Pleanála.

Thus far, An Bord Pleanála has taken a final decision on only one such port development.

The decision to refuse permission to Port of Cork Company for its Oyster Bank development was obviously a disappointment for the company and, indeed, a matter of some concern to the Department from the perspective of the Fisher study on national port capacity.

The decision demonstrates the challenges facing any new port development. Because of their location, more often than not in estuarial regions, proposals for port development will always face environmental hurdles. Likewise, the landside transport infrastructure for any such developments will be an important consideration for the planning authorities.

In respect of the Cork project, the absence of a rail link was one of the reasons cited for refusal of planning permission. In that regard, the Department of Transport accepts that that it will be necessary to clarify national policy on rail freight in order to inform and assist An Bord Pleanála in its deliberations.

Port Hinterland Connection

While on the topic of connectivity, one of the key aims of the Ports Policy Statement was to more fully integrate the commercial ports into overall transport policy, particularly in regard to the physical transport links between the ports and their hinterland.

The transfer of the maritime transport function to the Department of Transport at the beginning of 2006 has helped facilitate this.

The importance of hinterland connections for ports was recognised in the European Commission's recently published Communication on a European Ports Policy, which highlighted the need for reliable and sustainable hinterland connections in improving a port's performance.

As a follow up to a previous exercise in 2005, the 12 commercial ports in the State were contacted by the Department in July 2008 and asked to provide a list of the current priority areas in relation to hinterland access for their respective ports. This will now feed into internal Departmental discussions regarding the issues raised and the Department will be in further contact with the port companies in the matter.

Foreshore

I note that one of the topics for discussion this morning is the impact of foreshore administration on port developments. I think it is well recognised that this is an area that requires reform in Ireland.

Last year the Government decided that responsibility for foreshore licensing functions under the Foreshore Act in respect of commercial ports and harbours would transfer to the Minister for the Environment, Heritage and Local Government.

The necessary arrangements to ensure the efficient and effective transfer of the appropriate legislation and associated functions to that Department are currently being worked on. The fact that foreshore administration for ports and harbours will be in the same Department responsible for planning legislation should allow for better coordination between the two areas.

Turning to other matters I would like to outline to you current developments in a number of areas of interest to the sector.

Dublin Port Study

All of us present today realise the vital strategic importance of Dublin Port to the State. This is recognised in the National Development Plan 2007 – 2013, which provides for a comprehensive study of the future role of Dublin Port, taking into account locational considerations in the context of overall ports policy on the island of Ireland, wider transport policy, urban development policy, the National Spatial Strategy and national economic policy.

The study will examine the feasibility and conduct a cost benefit analysis of various scenarios relating to Dublin Port, including:

- Existing port activities continuing to expand with demand,

- Relocating all or part of Dublin Port's existing activities to an alternative location(s), and
- Port activities continuing at current levels with growth being catered for at alternative locations.

The Steering Group for the study, which is chaired by my Department, also has representatives from the Departments of the Taoiseach, Finance, Environment, Heritage and Local Government and Dublin City Council.

In July this year, my Department appointed Indecon International Economic Consultants to undertake this important study and I am pleased to say that work is progressing well. The consultants are putting a lot of effort into extensive stakeholder consultation. I would like to express appreciation to all those who contribute to this study and, in particular, to acknowledge the valued assistance afforded to the consultants by Dublin Port Company. A final report is expected in early 2009.

Separately, the Dublin Bay Task Force was established recently by the Minister for the Environment, Heritage and Local Government and is organized by the Dublin Regional Authority. This Task Force will look at the Bay area as a whole and examine a wide range of issues that may impact on the future potential of the Dublin Bay area. Its main task is to prepare a draft Master Plan for Dublin Bay for the Minister for the Environment, Heritage and Local Government, who may be expected subsequently to bring a report to Government on the matter.

My Department's study of Dublin Port will be completed in advance of any recommendations from the Task Force. It has been agreed that the Task Force will take full account of the Dublin Port Study findings in reaching its own recommendations.

Harbours (Amendment) Bill 2008

The Harbours (Amendment) Bill 2008, published in July, is about to commence its passage through the Oireachtas.

The Irish Ports Association and some individual ports provided very useful input during the consultation phase on the Bill. May I take this opportunity to thank all of you for these contributions during the drafting of the Bill.

The primary purpose of the Bill is to further underpin and enhance the commercial freedom conferred on the State's commercial port companies under the 1996 Act.

Once enacted, the Bill will, *inter alia*, enable the port companies to invest outside their current harbour limits and will increase the amount they may borrow to fund developments. The changes, as proposed, will for instance facilitate our hosts today, Drogheda Port Company, in progressing the Bremore project.

One of the key recommendations of the Ports Policy Statement was the need to enhance port company performance through reform of the board structure.

Currently, the boards consist of 12 members, a number which is considered excessive, even for the largest port companies and exceeds the number of employees in the case of some smaller companies. Therefore, it is proposed to reduce all port company boards to a maximum of eight directors in order to provide for smaller, more focused boards.

Landlord & Tenant Acts

While on the subject of legislation, the Ports Policy Statement acknowledged the view of the port companies that the provisions of the Landlord and Tenant Acts imposed restrictions on their ability to effectively facilitate the development within their ports of an efficient and competitive market for port services.

In that regard, I have no doubt that you will join me in welcoming the amendments to landlord and tenant legislation introduced by the commencement of the Civil Law (Miscellaneous Provisions) Act 2008. These important changes were signed into law by the Minister for Justice in July of this year.

The changes give landlord ports, and indeed all commercial landlords and tenants, the flexibility they have long been looking for.

Corporate Governance

There is an onus on State owned companies to show a good example when it comes to corporate governance. The Government Code of Practice for the Corporate Governance of State Bodies outlines best practice in this area and all State bodies are required to adhere to it.

In the past, full compliance with the provisions of the Code has been inconsistent among the port companies. The Department has had to follow up on a number of instances of non-compliance over the years. Port companies were also the subject of close examination by the Comptroller and Auditor General in his annual report for 2005.

My Department has been working on proposals to enhance the governance of all bodies under the Department. I will be writing shortly to all the port companies outlining these new arrangements and I look forward to your cooperation in their implementation.

Maritime Security

The ports play an important role in the areas of maritime safety and security.

My Department has been working in close co-operation with the Irish Ports Association on the development of Safe Seas Ireland (SSI). This is a significant eGovernment project, which will enable electronic communication with the Department in respect of all statutory reporting requirements under safety, security and pollution prevention.

SSI will be rolled-out progressively to the ports over the coming months. I would like to thank you for your co-operation and support for this very important project.

The Irish Ports Association has also been working closely with the Department for a number of years on the implementation of maritime security under the requirements of IMO and EU security regulations.

This implementation has been subjected to audits by international organisations and important trading partners of Ireland. I would again like to thank the ports for their co-operation with the Department in this regard.

Your further co-operation will be required for the roll out of maritime security requirements under EU directives. The EU and others are now subjecting all Member States to increased audits in relation to security.

Shipping

There have been many positive developments in the shipping industry in recent years. The tangible results can be seen in the three-fold increase in the number of ships owned, managed and operated by Irish ship owners.

There has also been a 79% increase in direct shipping services between Ireland, the UK and the continent over an 11-year period.

The announcement I made this August, regarding expansion plans by a number of Irish based shipping groups, is a further indication of the growing vibrancy within the Irish shipping industry.

Cruise Market

I am pleased to note that Irish ports continue to grow their share of the global cruise market. This is despite strong competition from other cruise destinations for this highly valuable and much sought after trade.

I understand that the American tourist market, in particular, remains buoyant with record passenger numbers, despite the weakening dollar and slowing American domestic economy.

I would like to congratulate the ports, north and south, which under the banner of Cruise Ireland continue to market and promote Ireland as a premier cruise destination, generating valuable foreign earnings.

Regional Harbours

Before concluding, I should also mention developments in relation to the country's regional harbours. As indicated in the Ports Policy Statement, it is proposed that the regional harbours still operating under the Harbours Act 1946, will be transferred to local authority or port company control.

My Department is continuing to work with the Department of Environment, Heritage and Local Government in this regard and has assisted in the process of preparing the relevant harbours for transfer with funding from a budget currently in the region of €4 million per annum. This funding has been allocated towards essential works to protect the fabric of the harbours concerned.

As you are aware, both Sligo and Annagassan harbours transferred to local authority control in 2006 and Dingle was designated a Fisheries Harbour in 2007. A further order has in recent days been signed transferring River Moy to local authority control and it is further anticipated that the transfer of Westport Harbour will be completed before the end of the current year.

Conclusion

While the economic environment in which the State's commercial ports operate has changed significantly in the last 12 months, the fundamental challenges and opportunities remain broadly the same.

May I conclude by thanking our hosts, Drogheda Port Company and the IPA for the work they have put into organising the conference.

Thank you, ladies and gentlemen, for your attention.