

Submission No: 185



Annual Report **2019**

AND CONSOLIDATED FINANCIAL STATEMENTS
SHANNON FOYNES PORT COMPANY
& ITS SUBSIDIARY UNDERTAKINGS

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1.0 INTRODUCTION

Shannon Foynes Port Company (SFPC) welcomes the preparation of a new Plan for County Clare and in particular welcomes the support which Clare County Council provides to SFPC as the body with statutory jurisdiction and responsibility for all commercial maritime activities on the Shannon Estuary.

The Issues Paper positively recognises the national and international importance of the Shannon Estuary having the potential to attract multinational development to the County. It points to the strength of the Shannon Integrated Framework Plan for the Shannon Estuary (SIFP) in providing a coherent plan to support and promote the multifunctional nature of the Estuary. This recognition is welcomed and SFPC look forward to working with Clare County Council in developing a comprehensive local policy for multi-modal logistics with improved freight routes and connections to ports in the Estuary.

A key challenge during the term of the new Development Plan for Clare will be the promotion and identification of a new operator which can benefit from the deepwater facilities at Moneypoint, having regard to the fact that the coal fired station is due to cease operations in 2024. SFPC's plans for growth are set out in its 30-year masterplan, Vision 2041, promotes sites on the Shannon Estuary, such as Moneypoint. The port development strategy can be summarised as

- (i) the expansion of Foynes Port
- (ii) the proactive management of Limerick Port and
- (iii) the promotion of Shannon Estuary.

Consistent with the Government's Climate Action Plan and the requirement to decarbonise the supply chain, future port growth will derive from the following:

- Organic growth – increasing trade from current underlying sectors due to economies of scale afforded by SFPC and improved hinterland connectivity
- Establishing Foynes as a national logistics hub
- Establishing the Shannon Estuary as a Marshalling Port¹ for offshore renewable energy
- Facilitating Ireland's first LNG terminal
- Limerick Docklands

It is imperative that SFPC has local policy support for its capital infrastructure projects going forward including promotion of the identified Strategic Development Locations (SDL's) on the Shannon Estuary. Future investment in port infrastructure will be funded by SFPC along with other funding sources and/or private sector alliances. Successful

¹ Marshalling or Staging port is the terminology used by the offshore sector. Essentially it mean a port with large scale quay infrastructure and deep water navigation channels and anchorages to support very large structures and having land available port side to facilitate manufacturing and assembly of floating platforms, turbines and components.. while other ports may be able to offer O&M services we are the only port that could offer full marshalling port requirements.

funding applications at European level are dependent on demonstration of support at national, regional and local level for particular proposals. It is necessary that the new Clare County Development Plan continues to provide an adequate policy basis to ensure that this investment can be realised through recognition and promotion of SFPC as a Tier 1 Port and a significant contributor to the regional and national economy.

2.0 PURPOSE OF SUBMISSION

It is recognised that the new Clare County Development Plan will be a strategic document aimed at guiding development throughout the city and county. It is further recognised that SFPC and the Shannon Estuary is just one of the many economic stimulus and growth points in the county and that the Development Plan must take a strategic view of all generators. The significance of the Shannon Estuary must be recognised, encouraged, supported and overall must be actively promoted in the Development Plan, if its full economic potential is to be realised in the future. This can be achieved in part through recognition of SFPC's standing as a Tier 1 Port as prioritised in the 2013 National Ports Policy.

The potential of the marine economy cannot be considered in isolation but rather must be considered in a wider socio-economic context, building on the potential of the county and the potential of existing and future commercial synergies. This submission concentrates on the significant national and regional economic contribution of SFPC to the economy and outlines the investment and growth enablers required to further drive the development of this national and regional asset. It details why the Development Plan needs to place greater focus on the inter-relationship between land and sea 'planning', particularly having regard to infrastructure investments and transport connectivity relating to the Shannon Estuary.

It is requested that the new Development Plan recognises the Shannon Estuary as a national and regional economic driver and as a unique, natural asset in the region which cannot be replicated elsewhere. The strengths of SFPC and the Shannon Estuary must be recognised in devising its spatial growth approach and central to this approach will be:

- 1. Recognition of SFPC as a port of international and national significance.*
- 2. Identification of the Shannon Estuary, its ports and future development as a significant economic driver and transport corridor in the region; and*
- 3. Consistent with the 2013 National Ports Policy, promotion of a framework for the provision of port infrastructure and services which are efficient, effective and adequate for the needs of the trading economy in the region.*

3.0 SFPC & THE REGION

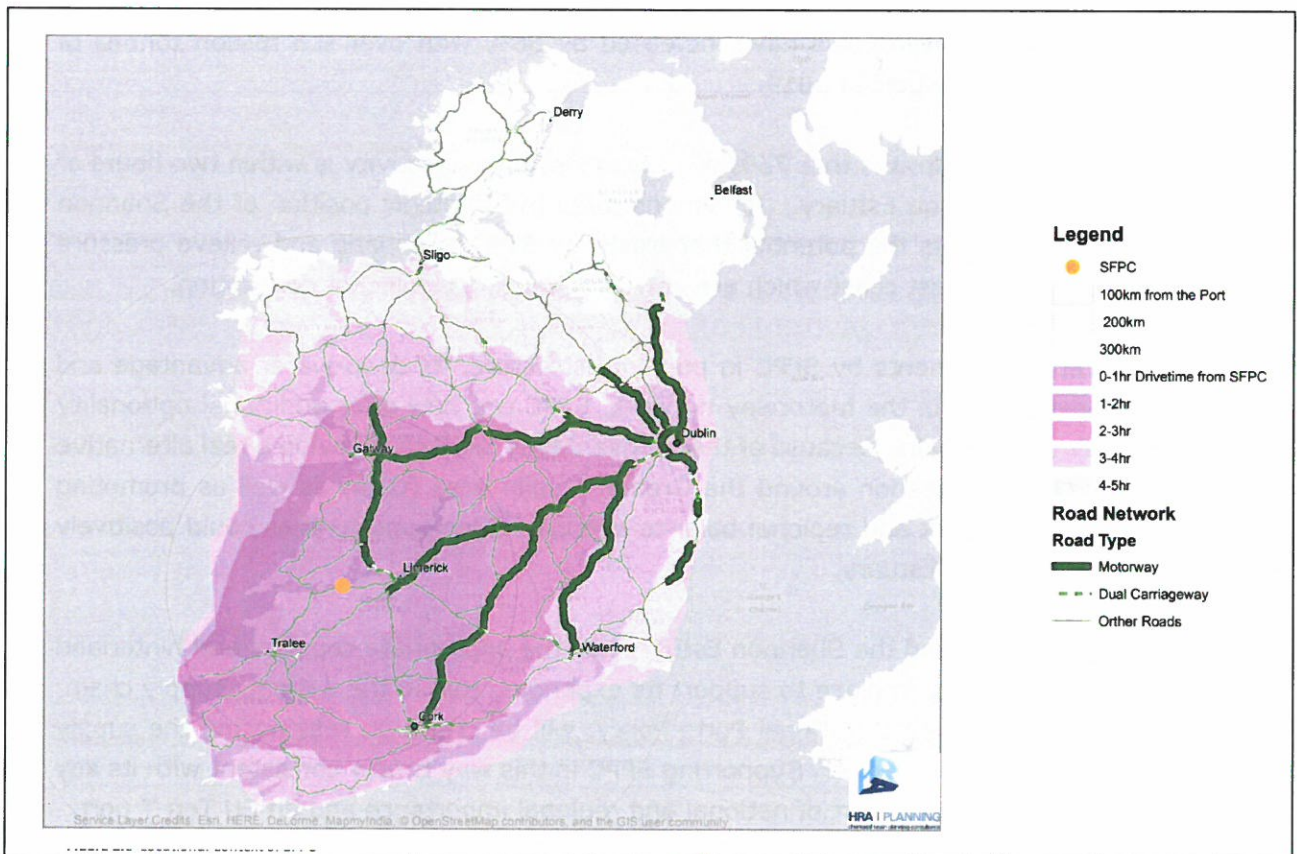
SFPC has statutory jurisdiction and responsibility for all commercial maritime activities on the Shannon Estuary. This includes managing all pilotage, ship movements and marine safety, as well as maintaining and developing port infrastructure, handling equipment, landside storage and distribution facilities.

By facilitating the movement of goods to and from the UK and Continental Europe, SFPC plays an important role in supporting the functioning of the EU Internal Market and the development of an integrated, multimodal and sustainable European transport network. The economic importance of SFPC is exemplified by its role as Ireland's second largest port in terms of total throughput/trade handled. Since 2011 tonnage at Shannon Foynes Port's general cargo terminals have increased by 56% with over 9.6 million tonnes of goods handled by the port in 2019.

Figure 2.0 below illustrates that 75% of Ireland's economic activity is within two hours of SFPC and the Shannon Estuary. It demonstrates the strategic position of the Shannon Estuary and highlights the potential that exists for SFPC to expand and relieve pressure on the ports in the east coast which are now experiencing significant congestion.

Given recent investments by SFPC in port infrastructure, its deep-water advantage and national investment in the motorway network, SFPC can now offer additional optionality in Ireland's supply chain. Because of these advantages SFPC can provide a real alternative to supply chain congestion around the Greater Dublin Area (GDA) as well as promoting the rural development and regional balance agenda. Such opportunities could positively benefit the Shannon Estuary.

Ensuring that SFPC and the Shannon Estuary has the appropriate capacity and hinterland transport connectivity in place to support its expanding role in the national supply chain, as envisaged in the 2013 National Ports Policy, will be critical in rebalancing the supply chain in a sustainable manner. Supporting SFPC in this way is fully consistent with its key strategic role as a Tier 1 port of national and regional importance and an EU Ten-T port.



Brexit –SFPC Integrated Solution

- Better integrate Core Corridors
- Avoids UK Landbridge
- Alternative to GDA congestion
- Enhances connectivity between EU and Ireland's supply chains
- Facilitates job creation
- CEF funding opportunities

Proposed Ten-1 Corridors

New berth Foynes Island

Motorway Network 75% GDP within 2 hrs of SFPC

Legend

Motorway
1st Class
2nd Class
3rd Class
4th Class
5th Class

Road Network

National Road
Regional Road
Local Road

SHANNON FOYNES PORT

4.0 A PORT OF INTERNATIONAL & NATIONAL STANDING

There is significant policy at national, regional and local level which recognises SFPC and the Shannon Estuary as a national asset and supports its continued growth. This support is welcomed but must be translated into local policy to facilitate action on the ground. In consideration of international, national and regional policy it must be recognised that the Shannon Estuary is embedded within reference to SFPC, as the Estuary effectively functions as is harbour.

4.1 International Significance

Significantly, SFPC is recognised by the European Commission as one of the three core ports in Ireland under the Trans-European Transport Network (TEN-T). SFPC is a core port on the core network. For inclusion in the core network, ports must enjoy significant volumes of freight and have a high level of international connectivity. Significantly, SFPC comprises part of two corridors including the North Sea-Mediterranean (NS-M) Core Network Corridor and the Atlantic Corridor.

This is of significance to the entirety of the Shannon Estuary. Corridor designation significantly enhances the opportunity for European funding and helps underpin major planning applications. Not only does the designation unlock additional advantages for future port development but it also supports enhanced external connectivity with Ireland's European partners. Brexit will also place Ireland in a unique position to support the further development of the North Sea-Mediterranean Corridor and Atlantic Corridor given the long-term withdrawal of the UK from the EU and thus the corridor.

At EU level there is extensive support for the development of Ireland's ports with the three core ports in Ireland, including SFPC, securing EU funding for significant development projects. SFPC secured funding in respect of three different but inter-related projects in recent times. Such funding continues to enhance port infrastructure in Ireland with the World Economic Forum Global Competitiveness Report placing Ireland at number 23 in the world for the quality of port infrastructure, with a score of 5.3 of a possible 7.

It is requested that the Development Plan provides a suitable policy basis to ensure that investment in existing and future ports on the Shannon Estuary can be realised. This can be achieved by recognising and promoting SFPC as a Tier 1 Port and a significant contributor to the regional and national economy. Further, reference to SFPC's TEN-T status in the Development Plan would be welcomed in the interest of enhanced connectivity within Ireland and throughout Europe.

4.2 National Significance

4.2.1 National Planning Framework

The Government's National Planning Framework (NPF) includes objectives supporting investment in critical national infrastructure by both the public and private sectors in key areas including transport.

It identifies the effectiveness of Ireland's ports and airports as being vital drivers of Ireland's competitiveness and future prospects. Achieving high quality international connectivity is a national strategic outcome of the NPF. This strategic outcome will be achieved through cross-border cooperative investment in land transport routes, further development of Ireland's airports, and crucially through improving land transport connections to Ireland's ports. The NPF recognises the long-term trend in the maritime shipping sector towards greater consolidation of resources and increases in vessel sizes. These trends are cited as necessitating further investment in hinterland transport connections, particularly at Ports with deep-water resources of which SFPC is included.

Ports are identified as key enablers of economic growth in Ireland through facilitating over 90% of Ireland's international trade. Ports also act as logistics and distribution hubs for internal commercial transportation and so are critical transportation nodes for the national road network. The Shannon Estuary forms the largest estuary system in Ireland and has deep-water access, which puts SFPC in a unique position to leverage future economic growth. The NPF acknowledges the crucial role of the Shannon Estuary for supporting the maritime economy in a case study of the Shannon Estuary Strategic Integrated Framework Plan (SIFP). As the only major port on this natural asset, SFPC's strategic importance should continue to be highlighted in the Development Plan.

4.2.2 National Ports Policy

The National Ports Policy was published by the Department of Transport, Tourism, and Sport in 2013 and represents a detailed and descriptive policy document outlining the categorisation of Ireland's ports in the context of the EU TEN-T transportation network as well as corporate governance and environmental issues.

As Ireland's second largest port in terms of total throughput/trade handled and its access to deep-water resources, SFPC was designated by the Government in the National Ports Policy as a Tier 1 Port of National Significance. This means that the port must continue to play a key role, both regionally and nationally, in meeting the external trading requirements of the Irish economy, and that the continued successful commercial development of the port represents a key policy objective in this regard.

As noted in the National Ports Policy, "*The continued commercial development of Shannon Foynes Port Company is a key strategic objective of National Ports Policy*" and "*It is the Government's position that those ports considered to be of national significance must be*

capable of the type of port capacity required to ensure continued access to both regional and global markets for our trading economy.”

This implies that government policy anticipates that the Tier 1 Ports of National Significance, including SFPC and the Shannon Estuary, will lead the response of the State commercial ports sector in addressing the future national port capacity requirements. This fact must be acknowledged and promoted in the Development Plan.

National policy supporting the future development of SFPC should be recognised in the Development Plan. The Development Plan should acknowledge, in line with the NPF, that greater investment in internal transport connections are required to yield optimal returns for the maritime economy. This is particularly important in the context of the Shannon Estuary and the identified Strategic Development Locations (SDL's).

4.3 Regional Significance

4.3.1 Regional Spatial and Economic Strategy for the Southern Region

The Regional Spatial and Economic Strategy for the Southern Region (RSES) supports the continued and future development of the Shannon Estuary. Section 6.3.4.2 of the RSES has a number of Regional Policy Objectives (RPO's) supporting the Region's strategic ports and harbour assets.

Whilst support for SFPC's infrastructure programmes are welcomed in the RSES, it is imperative that such support is also translated into the Clare Development Plan which will be the statutory planning document guiding development in the Estuary and its ports.

4.3.2 Strategic Integrated Framework Plan for the Shannon Estuary

Perhaps the single most important regional document to be prepared in terms of the Shannon Estuary is the inter-jurisdictional Strategic Integrated Framework Plan (SIFP). The Issues Paper already makes reference to the SIFP and the potential of the Estuary.

It is intended that these SDLs will attract substantial maritime commerce consistent with the Governments Harnessing our Ocean Wealth assisting in achieving its economic targets. The recent W2 Economic Impact Assessment² commissioned by SFPC found that based on attracting one major multinational to a SDL, comparable to existing (port) and operational patterns, a company with direct employment levels of 450 personnel would have an overall employment impact of 851 FTE's stimulating over €55m annually in employment income.

² W2 Consulting Economic Impact Assessment of SFPC

Continued promotion of the SDL's in the Development Plan is important including consideration of any external infrastructure that may be necessary to enable such locations to be developed for marine related purposes.

There is adequate support and policy at international, national and regional level to justify the recognition of SFPC and the Shannon Estuary within the Clare Development Plan and to promote the port as a significant national and regional asset.

5.0 PLANS FOR GROWTH

5.1 Shannon Estuary & Renewables

Within Vision 2041 and the SIFP, the Shannon Estuary is promoted as an Energy Hub. It is promoted as a deep sea harbour, as a destination for ocean and wind-based energy. The existing Development Plan and the Issues Paper developed in support of a new plan, recognises the importance of the Estuary and seeks to promote nine Strategic Development Locations (SDL's).

SFPC has identified several new areas in which it forecasts future growth will be focused. These are focused on renewables and the unitised sectors. The global move to address climate change creates an unprecedented growth opportunity for SFPC and the region. The natural deep-waters of the Shannon Estuary, making it ideal for industry, combined with what are among the world's most reliable winds off the west coast, is creating the perfect opportunity for the region to become a marshalling port energy hub facilitating offshore floating wind development

Ireland's energy policy "Ireland's Transition to a Low Carbon Energy Future 2015-2030" sends a clear message that Ireland is 'open for business' in relation to renewable energy, including the ORE resources in Ireland's oceans – these are among the best wind, wave and tidal energy resources in the world. The ambitions for "Energy from the Ocean" are also set out in the national policy document Harnessing Our Ocean Wealth (HOOW).

The Offshore Renewable Energy Development Plan (OREDPA) is the main policy driver for the ORE sector. It has set out clearly the potential of the sector to produce more energy from renewable sources. It also demonstrates the opportunities for significant growth within the sector in terms of megawatt (MW) output, but also in terms of job creation and gross value added (GVA)

It is noted that there is the potential to develop some 70,000MW of ORE around the coast of Ireland with most of this concentrated along the west coast. In addition, with the range of types of offshore renewable potential, opportunities exist across many sections of the market and there is huge potential. However, the OREDPA recognises that that even the scenario for development potential by 2030 of 6,000MW is a challenge given that it

represents levels greater than Ireland’s current national energy requirement – hence the need for export links to other markets and other member states in Europe.

The Irish Maritime Development Office 2018 IPORES review found that “SFPC is well located for an ORE hub on the west coast of Ireland. It has the space and facilities for locating a manufacturing, assembly and servicing centre for the ORE sector. The SFPC masterplan “Vision 2041” identifies the ORE sector as a potential growth sector for the port and has indicated that the demand for offshore renewables will require the port to consider this alongside its traditional commercial activities. The port would require significant private investment to upgrade and retrofit the facilities to be able to fully service the ORE sector”.

5.1.1 ORE Marshalling Port

Very significant momentum is developing among the major international wind developers concerning the development of offshore floating wind projects along the Atlantic coast. Importantly, the major wind developers agree that SFPC has unique comparative advantage (noting its existing 1.6GW of grid connection and its naturally occurring deep water port facilities) for the establishment of a marshalling port for floating offshore renewables. These companies quantify the generating potential of the Atlantic coast at between 30GW to 72GW per annum equating to energy revenues of over €20bn pa at today’s prices. In addition, a substantial enterprise value also accrues if SFPC can be developed as a marshalling port to facilitate the manufacture and assembly of floating platforms, turbines and associated components.



Commentators estimate that tens of thousands of jobs could be created by developing a viable floating offshore wind sector and associated marshalling port on the Shannon Estuary. For example, a recent UK study concluded that one longterm job per mega watt was sustained by offshore wind, this translates to between 30,000 to 70,000 jobs along our Atlantic seaboard.

With regard to port side facilities the sector has identified that deep water (10 - 11M), 400m of dedicated quay wall/ 50 acres of land, 50ton/sq. meter hardstanding at a minimum will be required. In addition, an adequate underlying supply chain and high voltage power connectivity will also be crucial. Consequently, the Shannon Estuary and Foynes Island are emerging as the forerunner to service offshore windfarms to be located in the coastal Atlantic waters. In addition, the success of this sector could see activity over all of the remaining SIFP designated SDL's.

The Shannon Estuary and Foynes Island are seen as an excellent fit for establishing an ORE Marshalling Port on Ireland's west coast and it is requested that the new Clare Development Plan includes an objective supporting its development. It is suggested that the following text could be inserted:

"To facilitate the development of an Offshore Renewable Energy Hub off the west coast of Ireland supported by the development of Shannon Foynes Port Company as an ORE Marshalling Port".

5.2 Foynes Logistics Hub

Although aimed in the first instance at the Port of Foynes, the development of a logistics hub in Foynes could have far reaching and positive impacts for other deepwater sites on the Estuary.

The aim of the Foynes logistics hub is to initiate direct unitised shipping services from Foynes to Europe on the short sea and North America on the deep-sea routes. Such an initiative facilitates positive climate action by assisting in decarbonising the national supply chain

SFPC is well positioned to enter the multimodal freight market with the ability to offer viable services to a significant proportion of current unitised freight users. SFPC's viability regarding unitised freight is based on the following principles:

- Proximity to market – 75% of GDP is within two hours of Foynes Port and the Shannon Estuary
- Availability of land for storage and distribution centres – The SIFP identifies a number of SDL's with extensive landbanks and deepwater which are suitable to accommodate and function as a Logistics Hub.
- Foynes and the Shannon Estuary is located at an uncongested point in the national supply chain with excellent transport connectivity.

- Foynes port and the Shannon Estuary has available capacity for additional shipping and is relatively uncongested

SFPC's intention in the medium term is to encourage the location of distribution centres port side. Due to the advantage outlined above and with the consumer behavioural shift to online shopping the demand for these type of port facilities and logistic centres is in its infancy. Foynes has the potential to establish itself as a logistics hub similar to the logistic parks based in North Co. Dublin thereby giving rise to significant economic impacts and jobs.

It is requested that the Clare County Development Plan supports the development of a Logistics Hub on the Shannon Estuary.

5.3 Cruise Ships

The cruise industry is worth an estimated €70 million to Ireland's economy³. The SIFP recognises that the Shannon Estuary is a marketable tourist asset with a considerable range of attractions in terms of the scale and variety of the offer. It recognises that the Estuary presents some challenges to the cruise industry including the degree of deviation from established routes. Nonetheless it does recognise the possibility of a market for smaller ships with more specialised route offerings. To this end Objective SIFP MTL1.3 seeks to support and facilitate the sustainable use of the Estuary by the Cruise Ship Industry by maintaining and safeguarding critical navigational channels, anchorage and berthing facilities.

In support of the development of the Shannon Estuary as a cruise destination, SFPC has partnered with the adjoining local authorities of Clare, Limerick and Kerry and Failte Ireland to promote the estuary as a cruise destination.

It is requested that the Clare County Development Plan supports the development of the Shannon Estuary as a cruise destination.

5.4 Enhanced Provision of Utilities

Gas, electricity and broadband infrastructure comprises critical enabling infrastructure to any port or deepwater site. An enhanced provision of gas, electricity, water and digital infrastructure will play a key role in the future development and economic growth of the Shannon Estuary and its hinterland. The provision of high quality and reliable infrastructure is essential for the region in terms of attracting and retaining economic investment and facilitating expansion plans.

³ Hospitality Ireland

There is a need for the Development Plan to support and facilitate the sustainable development, upgrade and expansion of the electricity and gas networks, transmission, storage and distribution infrastructure. Further, it is important to facilitate sustainable infrastructure connections to wind farms and other renewable energy sources.

In Ireland and globally the economy is becoming increasingly digitalised due to the wide range of economic activities enabled by information and communications technology. Broadband provision around the wider Shannon Estuary must be enhanced and its provision promoted in the Development Plan.

it is requested that the Development Plan encourages the enhancement of critical enabling infrastructure to the Shannon Estuary including gas, water, electricity and broadband provision.

6.0 CONCLUSION

The economic performance of SFPC and the Shannon Estuary is sufficiently important to affect the performance of the Irish economy and the maritime ports strategy for the country. The significance of SFPC must be recognised, encouraged, supported and overall must be actively promoted in the Development Plan, if its full economic potential is to be realised in the future.

This submission specifically requests that the Development Plan:

- Provides a suitable policy basis to ensure that investment in the Shannon Estuary can be realised. This can be achieved by recognising and promoting SFPC as a Tier 1 Port and a significant contributor to the regional and national economy. Further, reference to SFPC's TEN-T status in the Development Plan would be welcomed in the interest of enhanced connectivity within Ireland and throughout Europe
- Recognises national policy supporting the future development of SFPC and the Shannon Estuary. The Development Plan should acknowledge, in line with the NPF, that greater investment in internal transport connections are required to yield optimal returns for the maritime economy.
- Promotes the Shannon Estuary as a significant national and regional asset.
- Includes an objective supporting the development of SFPC and the Shannon Estuary as a marshalling port to service an ORE hub on the West Coast of Ireland. It is suggested that the following text could be inserted: *"To facilitate the development of an Offshore Renewable Energy Hub off the west coast of Ireland supported by the development of Shannon Foynes Port Company as an ORE Marshalling Port"*.
- Supports the development of a Logistics Hub on the Shannon Estuary.

- Encourages the enhancement of critical enabling infrastructure to the Shannon Estuary including gas, water, electricity and broadband provision.