



Key Points

- Dublin Town believes that national infrastructure should be used for the social and economic benefit of the national as a whole and decisions should not be made based on the interests of the infrastructure provider only. This means that other Irish ports with spare capacity should be considered for use in accepting additional freight traffic into the island of Ireland. As Dublin Port will reach capacity by 2040, it is worth having this debate now and organising our affairs to maximise both freight and passenger traffic potential using all the ports at our disposal.
- Indecon have demonstrated that investment in the berths required will provide a healthy return on investment of 2.83. Therefore, this investment should take place. The Department of Transport, Tourism and Sport must be engaged in the discussion as to how this is funded.
- Cruise companies have recognised the value of Dublin as a home or turnaround port. They have invested in marketing Dublin in this regard. Having Dublin as a home port will add to the tourist stay and spend, including on hotel bed nights in Dublin but it will also provide additional opportunity for other Irish ports to welcome additional cruise ships. Without Dublin's availability, the cruise operators have been clear that Ireland as a destination becomes less attractive. Therefore, investment in Dublin will yield increased island wide opportunities. Where Dublin is less available other Irish ports will suffer disproportionately.
- The spend from cruise tourists is significant. Dublin Town and its members believe that it is significantly in excess of the figures contained in the Behaviour and Attitudes survey. This can be grown further. Dublin alone could expect a value of c€200m per annum from Cruise Tourists where suitable investment is made. Cruise Tourists have a propensity to spend within Irish stores on high end Irish designed and manufactured product, ensuring that the multiplier effect is at its most significant, thereby ensuring the maximum benefit for the Irish economy.

Introduction

There was considerable surprise amongst DublinTown and its members when it was announced that there would be a sharp reduction in the number of Cruise Ships accommodated by Dublin Port each year. Dublin city centre businesses value the trade derived from cruise tourists who make a very significant and welcome contribution to the Dublin economy. Dublin businesses are of the view that the figures quoted for spend per customer derived from cruise visitors is greatly understated. Feedback provided to DublinTown, strongly suggests that spend from cruise ships to the city and indeed to other Irish ports can be readily seen in till takings on the days of cruise visits. Dublin

businesses are at a loss to understand how the decision to radically curtail cruise tourism was derived and why the interests of the wider economy do not appear to have been taken into consideration in arriving at the decision.

Purpose of National Infrastructure

The question being asked by Dublin businesses is what is the purpose of infrastructure, is it for the benefit of the infrastructure provider or for the country as a whole? It is clearly understood and accepted that freight traffic provides a greater financial return for the port itself than passenger traffic. Thus, an emphasis on freight enhances Dublin Port Company's (DPC's) own profitability. The question arises, is this best use of state resources? Is it right that Dublin Port has such a dominant role in accepting 50% of freight arriving into the Republic of Ireland? There would appear to be an argument that the capacity of all the nation's ports be taken into consideration, particularly where ports such as Rosslare have spare capacity and can be developed and more extensively utilised, particularly when one considers their access to the state's road and rail networks. It would appear logical for the Department of Transport, Tourism and Sport to have oversight over the use of our national assets as represented by the ports to ensure their best use in the national interest.

Investment Required

When considered solely from DPC's perspective, there is a logic to the position that it does not intend making a contribution to the costs of building the berths required to welcome larger cruise ships. However, DPC has also made it clear that it is not inclined to seek Government support for the building of the infrastructure required either. One must assume that this position is informed by a belief that it will reserve its requests for capital investment where its own return on investment is greatest and therefore, will concentrate its requests for investments that will facilitate additional Roll-on, Roll-off services. However, the port is a semi-state body effectively owned by the Irish public. On that basis the public and tax payer have a right to presume that decisions will be made for the benefit of the state as a whole, rather than for the sole benefit of the port itself. An analogy can be drawn with other commercial semi-states including those operating within the transport sector where it is acknowledged that activities will be undertaken that provide an economic and/or social benefit while not necessarily being in the financial interests of the semi-state body itself. In these instances, the state provides support in recognition of the public benefit of the service provided. Therefore, the Port's position of not engaging the state or the EU or indeed any related institution in seeking support to maintain cruise tourism in Dublin, and by extension on the island of Ireland, is difficult to understand, particularly as planning permission has been sought and obtained for the construction required. Indeed, taken to its logical conclusion, it appears that DPC would be happy to forgo national benefit and not even alert the Government as to potential national benefits, where DPC did not see narrow benefit for itself or where it considered that it may concede a benefit to another Irish port.

Value of Cruise Tourism to the Dublin & National Economy.

The Port has given an estimated value of cruise tourism of €50m per annum to the Dublin economy. DublinTown would not dispute this figure, while recognising the considerable scope for further growth and development, particularly in the context of Dublin's potential to increase further 'turnarounds' within the port and the desire of cruise operators to enable Dublin realise this potential. In the case of 'turnarounds' the cruise both begins and ends in Dublin Port. This means that passengers come to Dublin to first board the ship and Dublin is also their final port. In these instances, there is a significant increase in passenger spend, including on hotel accommodation, meals and visits to attractions. Ireland has the potential to encourage longer stays on the island in these instances. Therefore, the impact on the Dublin and national economy is significantly greater. Indeed, given the appropriate infrastructure Dublin can and should rival Copenhagen as a home port as well as a port of destination. The Port's own position paper reflects interesting statistics in this regard. Dublin's current total passenger numbers stood at 196,899 in 2018 with a potential to grow to 618,840 by 2040. The comparative figures for Copenhagen for 2018 already stand at 870,000 and while only 19.3% of Dublin visits are represented by turnarounds, the comparative for Copenhagen is 47.4%. DPC predicts that it could more than treble the number of passengers visiting Dublin Port with more than a five-fold increase in turnaround passengers. This growth alone when augmented by enhanced integrated marketing to cruise tourists by Cruise Operators and Tourism Ireland could see spend rising to the equivalent of €200m per annum or more within the Dublin economy. With increased home-porting, we could also expect to see increased visits to other Irish ports resulting in further spend within the Irish economy resulting in significantly enhanced regional spend. Unfortunately, the opposite is also the case. Where Dublin is unavailable, Cruise Operators have made it known, they are likely to withdraw or significantly reduce visits to the island of Ireland, resulting in severe reductions in spend across the entire island.

Nature of Cruise Tourist Spend in Dublin

The experience of DublinTown members suggests that the spend by cruise tourists may be understated in the Fáilte Ireland cruise passenger survey undertaken by Behaviour & Attitudes. The Indecon study also states that, if anything, the spend per passenger is understated in their analysis. Put simply, it is unlikely that large and iconic city centre department stores would stay open on the night that cruise ships are in Dublin Port if they believed the average spend per customer was going to be in the region of €70 only. However, of more interest is the nature of spend within the city. DublinTown has Visitor Assistance Staff who visit each cruise ship that visits Dublin Port. From this engagement it is clear that cruise visitors have an interest in Irish design and quality Irish made products. This is borne out in feedback from Dublin Town members.

Many cruise tourists shop in independent Irish retail outlets particularly in the Creative Quarter centred around South William Street where they specifically seek Irish designed and made goods as well as arts and crafts. Many independent and high-end stores would readily admit that tourist spend enabled them to continue to trade during the recession and therefore, while this spend is welcome when the economy is performing well it can prove essential at times of economic downturn. It is therefore not surprising to note that Dublin traders are keen to see cruise tourism encouraged and developed. Retail is currently under threat and retail outlets require as many sales avenues as possible to maintain their viability. The economic multiplier effect is of most significance

in cases where Irish designed, and manufactured products are sold through Irish owned retail outlets. At a time when approximately 15% of non-food retail purchases by Irish residents are made by way of on-line transactions, of which 70% are made through foreign based sites, having high end Irish product being sold through Irish outlets is important for the sustaining Irish jobs and taxation. It therefore, makes little sense for the wider economy to close off an avenue of important spend with growth potential.

Tourism Growth

Traditionally Dublin has struggled to encourage repeat visits to the city and indeed Dublin has a lower rate of repeat visitors when compared to competitor cities such as Barcelona, Amsterdam and Copenhagen. The cruise offer, and in particular turnarounds, will facilitate Dublin in giving tourists to our shores a taste of what Dublin has to offer and in doing so encourage repeat visits.

As noted, increasing turnarounds will help promote bed nights in Dublin, while also enhancing the potential for increased visits to other Irish ports. In this regard Dublin is the key that unlocks Ireland's full potential. Without access to Dublin it is known that the island of Ireland is a considerably less attractive option for international cruise operators. This will lead to significant reductions in cruise visits to other Irish ports including Cork and Belfast. However, where we experience increased homeporting in Dublin other ports such as Waterford and Galway are in line to increase their opportunity to welcome cruise ships in addition to the aforementioned ports of Cork and Belfast, thereby significantly increasing spend in Ireland.

The scope for increased turnarounds through Dublin Port is underlined by the fact that US cruise operators have devoted considerable marketing budgets to the promotion of Dublin as a home port. This is a very welcome third-party endorsement of the Irish tourism offering. The close and easy proximity between Dublin's port and airport is a further key advantage in becoming a key home port. However, again it has to be accepted that having encouraged third parties, such as US based cruise ships, to consider Dublin as a home port and also having encouraged them to spend their own money promoting Dublin as a destination, Ireland stands to lose credibility and reputations when a decision is made to dramatically reduce access to Dublin Port without consultation with those partners leaving them without the access required to secure a return on their investment in the promotion of Ireland.

Dublin Port Growth Constraints

It is clear that Dublin Port will face capacity constraints as we head to 2040. DPC itself acknowledges that it will be at capacity by that point and there will be precious few opportunities of increasing capacity beyond its current 251 hectares as the city itself acts as a barrier to further growth. Therefore within 20 years we will be faced with the dilemma that Dublin Port will have a capacity that is maxed out. If, as one imagines, Ireland's population and economy continue to expand, Ireland as a nation will be required to transfer freight from Dublin to other ports. Perhaps, given the current context and the fact that Ireland is being asked by DPC, in effect, to forgo cruise tourism, there is a strong argument for Ireland Inc. to start the process of considering how to best manage its

longer- term freight requirements at this time. In the context of Brexit and the likelihood that we will begin to see more consumer products being sourced from other Single Market countries, (as Irish businesses switch to European supply chains to avoid tariffs, restrictions and the longer term possibility of VAT at the point of entry), it is likely that we will see increased use of our south eastern ports. As noted, Rosslare and Waterford are linked to both the island's road and rail networks and have considerable scope for capacity growth. Rosslare in particular, currently has spare capacity and as it is not in an area of high residential density it could be easily expanded when required.

Dublin Port has unparalleled access to the city centre. Alexander Basis is a mere 3.6km from O'Connell Bridge. It also has enviable accessibility through the Port Tunnel to the airport. This allows for considerable connectivity. This points to the Port's value as a passenger destination facilitating both incoming and outgoing passengers. Again, given environmental concerns in relation to air travel, it is conceivable that more people may choose to travel by ship, in which instance Dublin Port may find increased interest in passenger traffic. Thus, creating passenger terminal infrastructure and extending the Luas Red Line to that passenger terminal may prove a wise investment. The Luas Red Line has the advantage of meeting the major transport hubs of Connolly and Heuston rail stations as well as Busáras, providing exemplary public transport connections throughout the state and into Northern Ireland. In this regard, DPC's stated strategy of integrating the Port with the city can best be achieved.

The value of the land occupied by the port has been estimated at between €25bn and €30bn which again raises the question as to whether or not an industrial port is the best use of the scarce land resources just 3.6km from O'Connell Bridge. There can be no doubt that the land occupied by the port would prove very desirable in the context of an extension of the IFSC and also for high density residential use. It is known that the lack of city centre residential accommodation is seen as a major weakness in attracting and maintaining Foreign Direct Investment (FDI). This is a key issue for Dublin and Ireland as we have prospered considerably from FDI, particularly FDI centred on the service sector. It therefore, makes sense that we consider all aspects of our assets including land use for the benefit of Irish society and our economy as a whole. In this context, it may prove beneficial to integrate more of the port into the city centre and transfer freight traffic to lesser used locations.

Dublin's Tourism Growth Potential

There is a misnomer that Dublin is over touristed or is in some way close to maximum tourist capacity. This is far from the case. Dublin had 6.3m¹ overseas tourists in 2018. This compares to 19.29m bed nights in Barcelona and 16.94m to Amsterdam². DublinTown's 13 footfall cameras measure 160m pedestrian movements per annum in the core city centre. Tourists make up approximately 6% of Dublin city centre's footfall. Dublin Town's on street surveys, including those conducted during the peak tourist season, will detect 5-6% of respondents from overseas.

¹ https://www.failteireland.ie/Failteireland/media/WebsiteStructure/Documents/3_Research_Insights/Key-Tourism-Facts-2018.pdf?ext=.pdf

² <https://www.statista.com/statistics/314340/leading-european-city-tourism-destinations-by-number-of-bednights/>

Therefore, it is clear that as a city we are not over-touristed. DublinTown's own analysis confirms the view that Dublin could comfortably accommodate 10m tourists per annum. Furthermore, the current and projected numbers visiting the city by way of cruise ship make up a modest proportion of the total tourists to the city. Cruise tourists currently account for 3% of total visitors to the city and based on available projections would still account for less than 7% of the total if all forecasts were realised. However, it is of critical importance to note that given their profile and spending patterns, cruise tourists have a disproportionate and positive impact on the Dublin economy.

Environmental Considerations

Dublin Town understands the environmental concerns raised by the port. However, we are equally conscious of emissions created via aviation. Dublin Town would support the use of plugins such as those deployed in Norway which would allow cruise ships to reduce their own emissions while availing of an (increasing green) electricity supply. Dublin Town believes that environmental concerns must and can be managed within the context of promoting our tourist offering and visits to our city.

Cost Benefit Analysis

The Indecon study identifies a base case scenario under which the number of cruise passengers to Dublin would treble over the period to 2040. Indeed, the benefit to cost ratio of 2.83 is convincing and would suggest that the investment provides real value for money from an Ireland Inc. perspective. The downside risk is also reduced when one considers that the lowest benefit to cost ratio anticipated by Indecon is stands at 2.14 ensuring a return which is at least twice the investment.

Conclusions

It is clear that we need to consider cruise tourism and the allocation of limited and increasingly scarce resources in the context of the wider Irish economy. There is considerable scope to further develop Dublin's tourism sector, thereby, securing sustainable employment and indigenous economic potential. Ireland's other ports and cities stand to gain where Dublin facilitates increased cruise tourism but also stand to lose heavily where restrictions are placed on the number of cruise ships welcomed by Dublin Port. At a time when Dublin port faces a capacity issue which cannot be overcome it makes sense to consider the use of other under-utilised ports on the island of Ireland, while also maximising Dublin Port's passenger profile within close proximity to the city.

About Dublin Town

Dublin Town (formerly Dublin City Business Improvement District) is the city centre's Business Improvement District. Its mandate was provided by the city centre's 2,500 businesses following a plebiscite in 2007. This mandate was renewed by further votes of businesses in 2012 and again in the summer of 2017.

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