

Joint Oireachtas Committee on Transport and Communications Networks

Opening Statement by Mr Jerry Grant, Chairperson Designate, Dublin Port Company Limited

2nd December 2020

Chairman, Deputies and Senators,

Thank you for the invitation to appear before this Committee to discuss my nomination as Chairperson of Dublin Port Company (DPC).

I was pleased to have been selected for appointment as Chairperson following a competitive process conducted by the Public Appointments Service. I look forward to outlining my relevant skills and experience for the role, together with an overview of some of the Board's main priorities for the Company in the short and medium term.

I am also looking forward to hearing the perspective of Members on Dublin Port.

My background

I have over 4 decades experience as a Chartered Civil Engineer, specialising in infrastructure planning and delivery. I was MD of RPS Consulting Engineers for 10 years, during which it was at the forefront of planning and delivery of national transport, water, waste and energy infrastructure, with leading skills in spatial planning, environmental, stakeholder engagement and engineering disciplines.

In my 6 years at Irish Water, first as Head of Asset Management and then as Managing Director, I was centrally involved in establishing and maturing of Ireland's national water utility. At Irish Water I led the investment programme growing it to over €650 million annually, while meeting challenging operational efficiency goals. An enduring legacy of that period is the 25-year plan adopted in October 2015 and the first Irish Water Business Plan 2014-2021, addressing key national priority issues and involving over €5 billion investment.

Since retiring in late 2018, I have been active in business consultancy and non-executive roles and was recently appointed to the Board of Sport Ireland, again through the PAS process. I am a Chartered Fellow of both Engineers Ireland and the Irish Academy of Engineering as well as being qualified in Law & Arbitration and I am member of the Institute of Arbitrators and the Institute of Directors

Outgoing Chairperson & Dublin Port Masterplan

Dublin Port Company has made major progress over the past 10 years in support of National Ports Policy, led by the outgoing Chairperson, Lucy McCaffrey who served two terms over a crucial 10-year period of economic challenge and recovery. During Lucy's tenure, Dublin Port witnessed considerable business growth despite challenging economic cycles. Between 2012 and 2017, total Tonnage volumes grew by 30.1%.

In 2012, DPC produced the Dublin Port Masterplan setting out the strategic direction for the development of the Port to 2040, recognising two key physical constraints, no further infilling to the east and limiting water depth to 10 metres. The Plan caters for a potential doubling of capacity for handling of unitised freight in Dublin Port by 2040 based on past growth patterns. The Plan provided for flexible implementation geared to funding capacity and growth priorities. Nevertheless, the Plan calls for investment of about €1 billion by 2030 and €1.6 billion by 2040, with the target to fund this from its own resources.

This Plan was reviewed in 2018 and updated, taking account of higher recorded growth trends. The review confirmed the need to press on with the Plan at pace, to match the anticipated needs. Projects have therefore been brought forward and are being delivered to ensure that capacity constraints will not arise that could adversely impact supply chains. Considering historic and anticipated future growth, the strategy implementation will provide for efficient, safe and cost-effective mercantile trade and passenger traffic through Dublin Port aligned to projected national economic and social development.

Masterplan Implementation

The Company has now made substantial progress on delivering the key objective of the Masterplan. The Plan will bring Dublin Port to its ultimate capacity some 333 years after the first Port authority was established.

Current projects include

1. Commencement of the 40-hectare Dublin Inland Port off the M50 which allows for transit storage of cargo, spare containers and trailers enabling more efficient utilisation of lands close to the quays and berths.
2. The Alexandra Basin Redevelopment (ABR) Project is under construction having received planning in 2018, and
3. the second of three Strategic Infrastructure Development projects needed to deliver the totality of the Masterplan for the north port, the MP2 Project, received planning consent from An Bord Pleanála in July 2020.

These SID projects allow for a series of contracts to fully develop the north side of the port to its ultimate capacity by 2040. The Company is now working with stakeholders in advance of bringing the third and final SID project forward, for the necessary works on the south side of the Port on the Poolbeg peninsula. This will involve substantial and intensive stakeholder engagement, including DCC, NTA/TII and Local Communities.

There has already been significant work carried out to reconnect Dublin Port with Dublin City, the second of the Masterplan's key objectives. This recognises the shared heritage of the City / Port over the centuries. The work has included significant conservation initiatives based on the Port's heritage, on the shared natural environment and amenities.

In summary, the Board, and the Dublin Port Executive team, have put in place a solid platform for meeting future needs, while at the same time conserving its unique heritage and enhancing access to the estuary for citizens. Critical to enabling the increased capacity is

optimising utilisation of both quayside and landside spaces for the changing and evolving forms of goods transport over time. This strategic approach must be maintained and adapted taking account of new challenges, including COVID-19, Brexit and developments in world shipping markets.

Dublin Port Operations in 2020 and Outlook to 2040.

Dublin Port is a core part of our national transportation infrastructure and is key to our economic fortunes and international connectivity. Its critical importance is defined by its geographic proximity to major customers, deepwater access and facilities on Ireland's east coast, connectivity to the national road and rail networks. By investing in its infrastructure, the Port has evolved in line with trade and the maritime industry, ensuring cost effective and timely delivery of cargo and passengers. Our goal today is to enable efficient port services in and out of the country, while managing the twin challenges of Covid19 and Brexit.

At a time when Ireland's connectivity to the UK and onwards to Europe is challenged by Brexit, facilitating the efficient movement of goods and passengers between Ireland and our main trading partners, is of paramount importance.

The contribution of Dublin Port to mercantile trade and passenger traffic is evident through some figures from the performance over 2019;

- **1.5 million freight units** (both Ro-Ro and Lo-Lo) representing 85% of all unitised trade through ports in Ireland
- **4.7 million tonnes of petroleum** products equivalent to almost one-third of the country's entire energy requirements
- **1.8 million tonnes of dry bulk products** including animal feed and exports of ore concentrates from Tara Mines
- Dublin Port is also an important tourism gateway with almost **two million passengers** on ferries in 2019 and approaching a quarter of a million cruise passengers.

DPC was established in 1996 and is the successor to the Dublin Port and Docks Board. The company has a long history and is the fourth port authority for Dublin Port since 1708. In many senses the development of Dublin Port has mirrored the growth of Dublin as a port city - the core port operations being originally right in the centre of Dublin, with the headquarters at the Ballast Office at O'Connell Bridge. Over time Port operations moved eastwards and became detached from the City and its people. The reintegration of Dublin Port with the City and surrounding communities is a key element of the Dublin Port Masterplan.

The growth in goods transport through Dublin Port mirrors the economic performance of Ireland and changes in maritime business over recent decades from bulk to increasingly containerised transport. Having grown very slowly through the 19th and first half of the 20th century, it had reached **2.9 million tonnes by 1950**. In the next 30 years it had reached **7.9 million tonnes by 1980** and **28.1 million tonnes by 2010**. This phenomenal growth has

continued to **38.1 million tonnes in 2019**. DPC predicts that throughput could reach **77 million tonnes by 2040**, capable of being accommodated by the Dublin Port Masterplan, as updated in 2018.

DPC is a wholly State owned private limited company – whose shares are owned by two Government ministers on behalf of the people of Ireland. It operates as a commercial company that provides port infrastructure and the necessary technical marine and estate management services to operate this infrastructure. The company makes its revenues largely from charges on ships and on cargo together with ground rents on portions of the port's 260-hectare estate. These revenues are critical to funding the major upgrading planned in the port over the medium term.

The Port company is not directly involved in the cargo handling - it is essentially a facilitator of mercantile and passenger trade. All cargo handling and terminal operations are carried out by private sector companies in competition with each other, with oversight by the Company.

2019 Financial performance

The company had a throughput of **38m tonnes of cargo in 2019 and revenues of €93m** in that year. The company is profitable and in 2019 its profit after tax was €39m. Its continued profitability and growth in revenues is essential to its ability to fund nationally critical infrastructure development up to 2040. In addition to its investment programme, DPC pays Corporation Tax (€6m in 2019) and local authority rates (in excess of €5m in 2019) and manages its revenues and costs to ensure the company remains profitable and able to raise and service debt finance independently of the State's balance sheet.

The company is entirely self-financing and is committed to long-term investment to complete the series of developments set out in Masterplan 2040. The estimated cost of these developments is €1.6 billion and, to put this into perspective, the value of the company's fixed assets at end 2019 was €564m. This will provide the essential mercantile trade capacity, while maximising the value of the port to the life of the city and its citizens. In providing for a 21st century port facility, it is building on its rich history, from the construction of the 18th century Great South Wall and the later North Bull Wall, completed in 1824. Through the implementation of the Port Masterplan 2040, Dublin Port will continue to serve the city and region for this and future generations.

The current large-scale investment programme is financed by debt and, at end 2019, the company had borrowings of €199m. In addition to this, the company has an additional €250m available in undrawn debt facilities. The providers of debt include the EIB, a private placement through Allianz and Ulster Bank. Through efficient management and operation, this investment can be both sustainable and compatible with the growth needs of the country.

Given the physical scale of the port (260 hectares at Dublin Port plus a further 40 hectares at Dublin Inland Port), the number of employees is relatively low at 162. However, there are over 4,000 people working directly in the Port Estate.

Key challenges and outlook

Looking ahead there is a range of distinct challenges that DPC will have to face in the coming months.

COVID-19

As with all commercial enterprises, DPC will have to continue to manage the impact of COVID -19, which has led to decreases in port volumes and especially in the bulk liquid trade and in passenger traffic over much of 2020.

The performance of Dublin Port is a key weathervane for national economic fortunes – for instance, this year in Q2, port volumes declined by 17% at the height of the lockdown. July witnessed an increase in volumes – up 3.3% on July 2019 figures. July was also the ninth busiest month in the history of Dublin Port. This shows the resilience of Port traffic as economic activity was re-mobilised. At the end of October, which was the second busiest month on record, Dublin Port's throughput was 6.4% down on the first ten months of 2019 – a lot less than might be expected given the sharp contraction in economic activity nationally. Importantly, the company has remained profitable and is well positioned to continue the investment programme at the Port in advance of economic recovery and growth returning to pre-COVID-19 levels.

COVID-19 continues to challenge us all and the priority of DPC will remain the operation of Dublin Port as an efficient, safe and cost-effective centre for mercantile trade and passenger traffic. DPC will continue to work closely with all relevant authorities to ensure that the Port continues to operate in accordance with public health guidelines.

Infrastructure development

It is of vital importance that the necessary infrastructure is in place in Dublin Port to facilitate its effective operation. The lead time to commissioning of new Port facilities can be up to 20 years from commencing a significant capital project. We will continue to advance the planning process for the remaining elements of the Masterplan, while managing construction projects to minimise disruption of port activities. These projects involve major engineering within a busy live port and close to living communities requiring careful coordination and planning.

Given its location, the Company must develop the appropriate facilities having regard to the imperative for sustainable planning and development. We will continue to work to deliver on national trade and transport demands in tandem with full consideration of the needs of living communities and of the sensitive natural habitats in our close environs, which are recognised by Natura 2000 designations. This requires detailed focus in our projects on environmental and planning considerations, climate impact assessment and abatement.

Brexit

The biggest issue likely to impact on the Port over the next months is Brexit.

I know that DPC has worked closely with OPW and the other relevant State authorities to prepare for the advent of Brexit. Considerable land resources and warehouses have been allocated at the Port to facilitate the statutory authorities. This has involved an investment of €30 million by Dublin Port Company in support facilities working with OPW and others. These works include:

- Making available the building to house customs halls and agricultural inspections
- Large-scale road realignments for separate traffic streams
- Areas for queueing at Customs inspection for traffic to and from GB
- Very significant traffic signage installation to assist traffic flows
- Rationalising leases and business relocations to accommodate these works.

We continue to work closely with the Department of Transport, OPW and the other statutory bodies and trade interests in line with the 'Brexit Readiness Action Plan' produced by the Government in September this year. At this juncture we still don't know what the final shape of Brexit will be or its full impact on mercantile trade or passenger traffic. It remains a core objective of Dublin Port Company to ensure that Brexit imposes the minimal necessary delays or obstructions on the carriage of goods and people through the Port.

Ultimately the impact of Brexit on the Port and connecting road networks will be determined by many factors outside of our direct control. The DPC Board and Executive will do our utmost, working with our partners, to ensure that adverse impacts are addressed and mitigated in so far as we have control over them. We are aware that traffic using the UK landbridge may suffer more general disruption associated with delays at its ports which may well drive changes in shipping capacity on these and continental routes. DPC will always work with shipping companies to facilitate new routes where the need arises.

Thank You

I hope that you will find this brief overview of the work and ambitions of the Dublin Port Company useful. If the Committee has an opportunity, I recommend that members come and visit the Port, particularly in the early morning as vessels arrive from the UK and the continent. When you see the scale and breadth of the operations at the Port, you get a real sense of the complexity of what is involved and the scale of its contribution to the national economy.

I would be delighted to take any questions from members and thank you for your attention.

2nd December 2020