

2006	1	2	28
2005	-	14	36
2004	-	36	26
2003	-	55	-
2002	-	68	24

Table B

	Tonnage 2006 '000
Sligo	43
Dundalk	436
Kinsale	170
Youghal	113

There must be a new positive approach to getting, accepting and catering for new business.

The areas where progress in this respect can be made above all others are in the offshore oil and gas sector which operates in a marine environment and where fishermen can be retrained to operate in a milieu with which they are familiar. Alternative energy development on-shore would also be a complementary activity, given the excellent environment in terms of the North Atlantic on Killybegs's doorstep and the mountainous terrain and strong wind patterns in the North-West of Ireland for the development of wind-farms.

It is clear that new business in this area continues to grow steadily and the local shipping and stevedoring companies made this clear. Business is likely to double this year. This is good news for Killybegs as this is work which is well suited to the facilities and skill-base which are available.

The first requirement is to set down in an open and transparent fashion those products which are acceptable in Killybegs and on what basis.

The first principle must be that the harbour is kept clean and tidy and not used as a lay-down facility for cargo. New cargo should be lifted off the harbour within 24 hours and if left for longer should be subject to extra charges or penalties.

There should be no problems about discharging timber, steel, stone and similar products, or indeed bulk cargo, even coal, if it is bagged.

Loose bulk cargos and loose coal are more problematic from two points of view. Firstly they can get blown away and can pollute surrounding areas. Secondly they are visually ugly and can as a consequence be argued to be incompatible with tourism objectives. The fishing industry in particular has strong objections to such cargos as they feel that any fish landings in the vicinity could be polluted.

It is possible however that there could be experimental landings of bulk cargo other than coal during the fishing off-season from March to September, when fish can be landed at the old pier and other cargo at the new pier. Landings would be on the basis that due precautions be taken against possible side effects and that the cargo be removed from the pier immediately. The results of such landings could be studied to act as a guide as to whether such landings should continue and on what basis. The issue of coal could also be reconsidered in this context.

A further issue which needs to be considered is the provision of craneage on the pier. At the moment cranes are hired in on an ad hoc basis. As business increases it would be useful to have a full-time mobile crane on the pier, which should pay for itself in rental costs.

Oil and Gas Business

It is important however, that activities in the oil and gas business are encouraged in the



area so that the dependency on fishing is reduced. Other marine-type activities must be developed based on offshore oil and gas exploration and delivery as well as wave and wind energy projects. In this connection, it is important that the marine-type skill-base which has been built up can be sustained.

Killybegs has already established itself as a centre for servicing the offshore oil and gas business. The opportunity exists to further increase this business and this should be encouraged in every way, as this is the type of work which is most appropriate as a substitute to fishing. Again flexibility and a positive attitude are what are required and if that were to exist, this business would naturally expand. There are indications that this type of business will double in the next year or so and this in itself is very good news for the town and surrounding area. Existing training for the industry should be continued and enhanced.

Although many of the oil and gas platforms are just off the Donegal coast, and in spite of the fact that there is a large supply of qualified local labour, there are no local workers employed offshore. While it is accepted that in the end of the day it is the prerogative of the oil companies to decide on whom they employ, this is an unacceptable position and the issue should be raised by Government at the highest level with the oil exploration companies.

Killybegs should also see itself a natural centre for the servicing of marine wave and wind energy as well as windmills on the mountains around the area. Killybegs lies beside one of the areas in the world for the creation of energy from wave motion and wind, as well as having appropriate skills and back-up.

Killybegs should advertise itself as open and ready for business in this area - the establishment of test sites, transportation by sea and servicing of plant and equipment.

Larger Oil Rig Services

A debate exists as to the extent to which oil rig services can be provided in Killybegs. Larger painting and servicing contracts are at present carried out in Scotland or further afield and involve huge costs. It is possible that some work of this nature could be carried out in Killybegs and it is recommended that a feasibility study on this issue be undertaken as a matter of urgency.

Management of Harbour

If however Killybegs is to be able to deal with new business, the following new arrangements are necessary:

- A completely positive and commercial approach to business
- The adoption of a new system of business planning which will include the drawing up of a five-year business plan, with clear yearly income and expenditure targets. Yearly outcomes should be published as soon as possible in the following year, as well as any amendments to the business plan. Five-year plans and yearly targets and outcomes should cover fish landings by value and volume, other exports and imports, as well as details of costs and expenditure.
- Complete flexibility and 24 hour working all the year round
- The appointment of new staff, including a senior manager to oversee the overall business of the harbour. The manager will be in charge of the organisation of Killybegs Harbour and will deal with all management matters, including commercial and customer issues. This person should also act as the head of business development and marketing and should have a level of management autonomy to make business related decisions and have a clear mandate in this respect, in particular in relation to pricing structures and target commodities. The Harbour Master will report to the senior manager. The key skills involved here are management and organisational skills and the manager should have a good management record in a business with significant



turnover. Knowledge of shipping, exporting, importing and harbour management would be an advantage.

- It is possible that this appointment may have to be made in the context of and with due consideration to the other fishery harbours. In any event, Killybegs, as the largest fishery harbour and as the harbour with most potential for development, needs the full-time attention of an experienced manager for several years with a view to getting action on the ground as quickly as possible.
- A clear statement by the harbour of the new arrangements and costs for tonnage - to be widely circulated and put on the web site.

Marketing Strategy

Before any marketing can take place on the ground, the arrangements recommended above in regard to acceptable imports and port management need to be put in place. The framework of new arrangements and products should be clearly set out in writing and put on the port's web site. Marketing of the new port of Killybegs can then begin in earnest through the web, publicity in relevant journals, newspapers and trade shows and directly to business. If the harbour works well and is flexible and competitive, then the news will travel through existing users and stevedores and the future will be bright.

Concerted and planned marketing with specific objectives and targets should be outsourced on a competitive basis to suitably qualified companies with a track record in this area.

Marina

Planning permission has been granted for a 100 berth marina inside the Blackrock pier. The developers have applied for a foreshore licence and the Department of Communications, Marine and Natural Resources have agreed to grant a 35 year foreshore licence. The developers will have to undertake substantial dredging, install pontoons and provide on-shore facilities. It is likely as well that the marina will have losses for the first years.

A marina in Killybegs is part of Donegal County Council's plan to encourage marine tourism and will be a great boost to the town in terms of its tourism status and attractiveness. It is essential that this development goes ahead as a matter of urgency.

Tourism

Killybegs is at the centre of a beautiful part of Ireland stretching from the Bluestack Mountains to the east to Glencolmcille and has not really benefited to date from this position, largely because it did not need to as it was doing so well from fishing alone. There is now an opportunity to change this scenario.

Killybegs should see itself as a gateway to some of the finest scenery in the country, as well as an area which is rich both culturally and historically. Apart from that, it has excellent hill and coastal walks. In terms of hill-walking, there is no finer area, with rugged mountains all around, from the beautiful Sliabh Liag to Sliabh Toey in the North and the vast Bluestacks to the east.

In terms of angling, there are a number of fine salmon rivers nearby - the Eany, the Owenwee, the Glen River, the Gweebarra, the Eske, the Finn, the Erne and the Drowess. Added to this are numerous attractive estuaries and lakes with sea and brown trout, and sea-angling for numerous species, including blue-fin tuna.

Killybegs should promote its own maritime history, the story of Killybegs's fishing and its contacts with the sea which span centuries.

The Maritime and Heritage Centre is doing its best on a voluntary basis and with inadequate resources but a much bigger project is necessary with adequate premises and funding to show off the marine and other heritages of the town and surrounding area. This



needs to be undertaken as a new stand-alone project.

Killybegs also needs to see itself as at the centre of a hub from which tourists can easily visit the area around the town, especially to the west towards Glen and the Gaeltacht. Here one has a long cultural, music and dance heritage going back hundreds and indeed thousands of years.

Funding is available for a wide range of activities under the Interreg IV Programme 2007-2013, Northern Ireland, the Border Region of Ireland and Western Scotland. The Cross-Border Territorial Co-operation Programme for Northern Ireland, the Border region of Ireland and the West Coast of Scotland 2007-2013 is a European Union supported Structural Funds Programme, which seeks to address the economic and social problems, which result from the existence of borders. Building on the successes and lessons of the INTERREG Programmes, the Territorial Co-operation Programmes aims to support strategic cross-border co-operation, promote integrated regional development and improve access to services and the quality of life for those in the eligible area. In particular, the Programme will focus on developing a dynamic economy and supporting cross-border infrastructure to improve access to services and the quality of life for those living in the eligible region.

Cruise Ships

The arrival of cruise ships has added a new dimension to tourism in Killybegs and it needs to promote some of the activities mentioned above in this connection.

Great credit is due to the Cruise Committee which has operated on a voluntary basis to encourage cruise activity. This Committee needs however to be better funded if such activity is to continue. Fáilte Ireland should examine what can be done in this connection and should help with a new visitor's guide to the town and surrounding area. Other issues which the Committee have raised also need to be addressed:

- Signage at Harbour
- Toilets
- Taxis
- Rain shelter
- Public Phones
- Access to Harbour by Committee Members.

There is considerable support available from the various State agencies to help companies set up and develop and the most important of these are set out here.

Enterprise Ireland

Industry:

Enterprise Ireland (EI) has the capacity to support and fund indigenous enterprise as follows:

- Growth Fund - to assist established companies to become more competitive and grow exports
- Technology advice and support for existing and new companies
- Innovative High Potential Start Up (HPSU) Programme - to assist HPSUs to develop and grow
- Research and Development Funds - Innovation Vouchers, Innovation Partnerships, Stimulation R&D Grants, R & D project led assistance etc
- 37 overseas offices to assist client companies with export growth plans

EI also provide additional soft supports to clients whereby mentoring advice and consultancy are available. EI has been mandated by the Irish Government to work with companies that have 10 or more employees and that will have a turnover of more than €1m in the first three years.

Enterprise Ireland client companies are also targeting export markets in the manufacturing



and internationally traded services sectors. The Donegal County Enterprise Board works with companies in the 1- 10 employee bracket.

Community Enterprise Centre Programme:

In April 2008, Enterprise Ireland will be advertising a call for proposals targeted at local Community Enterprise Groups who wish to establish Community Enterprise Centres. This is a very useful fund for a new or existing community enterprise group who wishes to establish some enterprise space. Details of last year's call are in Appendix 3. Leader companies are also able to part fund Community Enterprise Centres up to €300k.

Any local group with substantial community representation may apply. For example, the Killybegs Chamber could apply for the scheme but would need to create a legal entity; usually this is a wholly owned limited company with the Chamber holding the shares and strong community representation.

To enable local cooperation among producer businesses and to consider how funding can be provided in cooperation with the State's development agencies, in particular Enterprise Ireland, it is recommended that a small local group be established specifically to this end composed of representatives of local business and the community, possibly chaired by a representative of the Letterkenny Institute of Technology (LyIT).

In any event, it is recommended that an Enterprise Centre for Marine Products be established, in cooperation with LyIT. Such a Centre would encourage the establishment of small businesses in the marine sector and promote research on new products and development.

Campus Incubation Programme:

Enterprise Ireland announced a new Campus Incubation programme for Institutes of Technology in February 2008. A national fund of €50 million will support enterprise-focused activity in three ways:

1. Funding the purchase of industry-relevant research equipment
2. Providing more incubation space for start-up companies
3. Establishing market-focused research groups in the Institutes

As the Tourism College Killybegs is recognised as a campus of Letterkenny Institute of Technology, LyIT could submit an application for Campus Incubation Space and research facilities.

Step-Up Programme

Programme Objectives

The Step-Up Programme is specifically aimed at Irish companies engaged in both primary and secondary seafood processing. There are four key objectives of the Programme:

- Prioritise and accelerate support for developing seafood businesses where there is good potential for creation of sustainable long-term value.
- Encourage and incentivise restructuring within the seafood processing sector.
- Increase the value generated within the sector in accordance with the overall national strategy target of €911 million in sales value by 2015.



- Improve the profitability and competitiveness levels across the sector in pursuing efficiencies in operational processes and fast-tracking technology transfer.

Within the National Seafood Strategy, €30 million is earmarked to implement the Step-Up Programme over the duration of the NDP 2007-2013.

Priorities for Programme Development

Central to the Step-Up Programme is the joint approach by the three agencies involved in providing support to the sector - Enterprise Ireland, BIM and Udaras Na Gaeltachta. To date, the development of the Step-Up concept has been agreed by the agencies. Key elements in the Programme comprise the following:

1. Industry Benchmarking Study and Determination of Health Check Model to Prioritise Support for Companies under the Programme

A study of approximately 50 seafood processing companies will be undertaken initially to assess performance generally at both at company and sectoral level. This will form the basis for the setting up of a Business Benchmarking Model / Health Check to assist in the determination of companies with good potential for sustainable long term development which would be eligible for prioritised support under the Step-up Programme.

2. Establishment of a Co-ordinated Business Options:

The Business Options element will encourage partnerships, joint ventures and where appropriate assist in the industry's restructuring process. It will incorporate a Management Development Programme and a Business Review Programme.

Management Development Programme

The objective of this element will be to improve competitiveness across the processing sector and in appropriate cases a business mentoring service will be provided to assist companies to address issues identified through the Health Check and to assist them where they may have potential to qualify for support under the Step - up Programme.

Business Review Programme

The purpose of the Business Review Programme is to provide advisory services to companies in difficulty or wishing to assess the future viability and direction of their business. In most cases, access to the Programme will arise from failure to qualify for support under the Step-up Programme and where serious questions must be asked as to the future of the company.

Equally, this element will be designed to assist in the positive restructuring of the processing sector in identifying potential for mergers, acquisitions, joint ventures etc. and providing the necessary expertise to undertake such ventures.

It is proposed to sub-contract this Programme to an appropriate financial and business services consultancy. Companies will be directed to the Programme by the agencies and will have total confidentiality in their dealings with the appointed consultancy. The consultancy will in turn be required to report on progress and outcomes to the agencies.

Letterkenny Institute of Technology

Due to its existing presence and facilities in Killybegs, LyIT can play a key role in promoting development in Killybegs. It can act as a catalyst to stimulate projects where local practical knowledge can be coupled with more academic research to produce on the ground enterprises in new product areas. Further it can provide courses and curricula relevant to



the marine that will bear fruit in the future, while at the same time providing graduates whose skills will be relevant to the marine sector, which has great potential in the areas covered in this report. Finally, it can help to get the players in Killybegs working together in partnership.

APPENDIX 1

Membership of Steering Group

- Chairman: Kevin Bonner
- Department of Agriculture, Fisheries and Food
- BIM
- Irish Maritime Development Office
- Enterprise Ireland
- Fáilte Ireland
- Donegal County Council
- IDA Ireland
- Údarás na Gaeltachta

APPENDIX 2

Local Consultation

- Killybegs Chamber of Commerce
- Killybegs Fishermen's Organisation
- IAWS
- Catering College and Letterkenny Institute of Technology
- Cruise Committee
- Parish Council
- Stephen Cahill, local businessman involved in port business
- John Boyle, Shell
- John Boyle, Donegal Mayor and Killybegs Stevedoring

Shipping Companies:

- Beatty Shipping
- Rockall/KSS
- Sinbad Marine
- Killybegs Stevedoring

APPENDIX 3

Enterprise Ireland Community

Enterprise Centre Scheme 2007

Outline of the Community Enterprise Centre Scheme

Enterprise Ireland proposes to administer, under Section 7 of the Industrial Development (Enterprise Ireland) Act 1998, a community led enterprise support programme - Community Enterprise Centre (CEC) Scheme 2007. Enterprise Ireland will work in close co-operation with FÁS, the local authorities, the County and City Enterprise Boards and the County and City Development Boards, where relevant, in implementing this initiative.

The Community Enterprise Centre Scheme - A National Context



The availability of business space is a fundamental infrastructural requirement for businesses to establish and grow in any location. CECs provide this space in a supportive environment for budding entrepreneurs and serve to help the development of entrepreneurship locally in urban and rural locations. CECs are also a tangible and visible contribution to regional development.

Since 1989 Enterprise Ireland and its predecessors have administered four schemes supporting Community Enterprise Centres (CECs). A total of €44m has been approved for 147 CEC projects throughout the country. The last approvals were made in June of 2006. To date 105 centres have been built and 32 are either under construction or recently approved.

In 2005 a survey of the 95 CECs then operating was carried out Enterprise Ireland and the top line results of the survey show a very positive use of the investment in terms of occupancy rates, numbers employed and the number of manufacturing and traded service enterprises. The survey revealed that the centres have been successful in achieving an average occupancy rate of 86% with over 840 businesses employing over 3,800 people in the centres. The survey also found that 15% of the tenants that responded were involved in export markets to some degree.

In considering a proposal to fund enterprise space under this new scheme the fundamental questions to be addressed are:

- i. Is there a lack of enterprise space provided and little or no prospect of any being provided?
- ii. Is there a demand for such space?
- iii. Is there a need for funding from this scheme?

Objective of the Community Enterprise Scheme

The programme will be a community led initiative in the form of a partnership between the local community and the State. Its objective is to enhance the development of an enterprise climate through the provision of infrastructural facilities to support the establishment and expansion of micro enterprises through local community participation in both urban and rural locations. Also a management support element of the scheme will fund in part the recruitment of a manager in new centres.

Eligible Projects

Projects must satisfy the following eligibility before being considered for support:

- Projects that are located where there is a demonstrable need in the area in terms of:
 - A lack of existing enterprise space (and no prospect of any being provided) or
 - The area has experienced significant job losses in the past or
 - Poor history of enterprise development
- Projects which are proposed by community groups that:
 - Own the facility to be constructed
 - Form a legal entity acceptable to Enterprise Ireland
 - Include broad based representation by the Community in which the centre is based
 - Are non-profit taking (i.e. any profits accruing from operation of the centre to be re- invested for the purpose of community development)
 - Are able to provide a minimum in cash of 5% of the eligible expenditure.
 - Demonstrate effective fund raising capabilities to fund the construction of the facility
 - Plan to have a dedicated resource to manage the operation of the facility
 - Demonstrate the ongoing operational viability of the facility
 - Plan to have a minimum of 50% of accommodation space dedicated to commercial enterprises, in the case of new centres, and 100% in the case of expansions of existing centres.



- Demonstrate a clear intention to ensure that occupants will only occupy space for a limited period of time to provide a rollover which ensures opportunity for other companies that may benefit from occupying CEC space.
- Projects that are scheduled to start within 12 months of grant approval.
- Projects on which no expenditure is incurred prior to the date of approval for funding under this scheme.

Funding

The fund size will be €21m. There will be a minimum of three calls for applications in the period 2007 to 2009. This is a competitive fund and due to limited funding available under the fund, it may not be possible to award aid to all eligible projects. The selection of successful projects will be based solely on the ranking of the projects on the basis set out in Section B 1.1.

Having a number of tranches in the scheme gives Communities the opportunity to put together a strong plan or application and therefore Enterprise Ireland strongly recommend that the fund is serialised into a number of calls for proposal. Enterprise Ireland recommends three calls during this time frame.

Maximum Levels of Support Available

The maximum levels of support available under the scheme are as follows:

- Support up to 50% of eligible expenditure, or €500,000, whichever is the lesser, for new centres in the BMW region and support of up to 30% of eligible expenditure, or €300,000, whichever is the lesser, for expansions in the BMW region.
- Support up to 45% of eligible expenditure, or €450,000, whichever is the lesser, for new centres in the S&E region and support of up to 30% of eligible expenditure, or €300,000, whichever is the lesser, for expansions in the S&E region.

The balance of the funding is expected to be provided by other providers of state aid through local authorities, CEBs etc and by the Community itself to a minimum of 5%. Management support is also proposed as follows:

That support of up to 50% or €50,000 whichever is the lesser will be provided towards the recruitment of a centre manager, to be paid over a period not exceeding two years.

The balance of the funding will be provided by the Community itself.

Project Assessment

Projects which meet the eligibility criteria will be evaluated by reference to the following criteria:

- The likely economic impact the centre will have in the area where it is to be located.
- Nature, level and development potential of new start ups/micro enterprises likely to be facilitated by the Centre
- Evaluation of each project using an Economic Appraisal Model
 - The proportion of potential occupants that are expected to be carrying out high value added activities.
 - The proportion of the space in the facility that will be provided for commercial enterprises.
 - Total Cost: Amount of funding required for the space created by the project
 - Time taken to complete the construction/expansion of the centre (construction should be scheduled to be completed in 3 years)
 - The degree of specialisation in the enterprise accommodation in the centre



- Degree of cooperation with a third level institution in the area.
- Expertise, experience and ability of both the centre's management and board structure
- Need for Money: The extent to which this project would not be able to go ahead without state support
- Financial History: A satisfactory financial track record of the applicant company;
- Previous State Funding: The previous track record in implementing previous State funded projects (if any);

Eligible expenditure and conditions for assistance under the Scheme

The funds approved under the programme may be used to assist applicants in the acquisition, leasing, adaptation and construction of buildings or other works (excluding greenfield site costs) necessary for the development of a new enterprise centre or expansion of an existing centre

Eligible expenditure, in the case of Management Support funding for new centres, is the salary costs of a dedicated centre manager for the first two years of the centre's operation.

- Applicant groups must provide a minimum in **cash** of 5% of the eligible expenditure. Applicants must satisfy EI that this money was not raised from money that has public funding as its source.
- The building, its acquisition and other appropriate expenditure, must comply with all planning, public tendering and environmental control requirements.
- Enterprise Ireland must be satisfied that the balance of finance is secured for the project.

