

ECONOMIC DEVELOPMENT FRAMEWORK AND THE IFSC

3.1 Introduction

3.2 Drivers of Economic Development of The Docklands

3.3 Docklands in Context

3.3.1 Implications of Trends

3.3.2 Corporate Social Responsibility

3.4 Dublin Port





CONSTRUCTION AT HANOVER QUAY

3.1 INTRODUCTION

The generation and sustainability of economic activity is an essential element in the regeneration of the Docklands and has been a focus of the Authority since its establishment. Sustainable economic development is enabled by a variety of local and wider factors affecting the Docklands. These are generated not only by business activities, but also relate to enabling factors that make the Docklands an attractive place to locate businesses, live and visit. These factors may range from a pool of highly skilled workers, suitable accommodation, good urban design, or the presence of landmarks and tourist facilities. The current economic strength, developed through such enabling factors, is reflected in the rise in employment in the Docklands from 20,800 in 1997¹ to almost 40,000 in 2006².

The economic success of the Area is further highlighted by the fact that between 1997 and 2006 a total of 477,651 square metres of commercial space was permitted in the Docklands and the location of anchor tenants such as Google, O2, PricewaterhouseCoopers, CitiGroup, Bank of New York, State Street, AIG and KPMG in the area. The Docklands is also emerging as Ireland's new legal quarter with A&L Goodbody, Matheson Ormsby Prentice, McCann Fitzgerald, Mason Hayes Curran and Beauchamps all now located in the Docklands. Further indicators of the success of the Docklands Area are set out in Box 1 overleaf.

The challenge for the Authority over the period of the 2008-2012 Docklands Master Plan will be to retain existing businesses and facilitate their growth in the area while continuing to attract new businesses.

¹ Dublin Docklands Development Authority, Master Plan, 1997

² Census of Ireland, Central Statistics Office, 2006



DUBLIN PORT



LIFFEY VOYAGE



DUBLIN CITY MOORINGS



PROPOSED U2 TOWER

BOX 1 KEY ECONOMIC ACHIEVEMENTS TO DATE

Dublin Docklands as a great place to live and work:

- There are now 22,086¹ people living in the Docklands – an increase of 12.1% since 2002
- Numbers employed rose to 39,809⁴ in 2006 from 20,800 in 1997
- Unemployment in the area fell from 5.9% to 5.1%¹ between 2002 and 2006. Nevertheless there remain pockets of significant unemployment within the Docklands
- The Docklands has the highest proportion of its population classified as engaged in commerce (40.4%)⁴ relative to Dublin City, Dublin County and the State
- A total of 773 social and affordable houses have been certified since 1997 and 20% of the all the Section 25 certified housing units that are proposed for delivery by 2012 in the Docklands will be allocated for social and affordable housing. These figures as of November 2008.

Dublin Docklands as a great place to locate a business:

- Between 1997 and 2006 a total of 765,280³ square metres of commercial space was permitted in the Docklands
- Significant development of infrastructure and amenities in the Docklands is continuing: the Port Tunnel has been completed, the Docklands rail station has been opened and plans have been made to extend the Luas to the Point Village
- The IFSC within the Docklands continues to perform strongly. Dublin moved up eight places to be ranked 13th on the City of London's Global Financial Centres Index (GFCI) in 2008 and now employs over 18,000 people²
- Between 1999 and 2006 total service exports in the IFSC grew by 167% and the IFSC now accounts for 0.83% of all service exports globally²
- In 2006 the corporation tax yield from IFSC companies was €1,118 million²
- There are €1.5 trillion of assets under management in the area and the IFSC has emerged as a global player in niche financial service markets such as alternative investment funds and cross-border insurance transactions²

Dublin Docklands as a great place to visit:

- New tourist attractions on the River Liffey include the Liffey Voyage, which carries over 30,000 passengers per year, and the Sea Safari leaving from Custom House Quay on tours of Dublin Bay. The Jeanie Johnston was purchased by the Authority and has now made its home in Docklands. It operates as a sail training vessel carrying 3,000 persons per year and is open to visitors during festivals such as the Docklands Maritime Festival which attracts more than 55,000 visitors over the June Bank Holiday weekend each year. The Authority runs a series of events throughout the year including the Docklands Urban Beach, 12 Days of Christmas, Docklands Fun Run as well as arts commissions with the Dublin Fringe Festival, St Patrick's Festival and Dublin Theatre Festival.
- The Dublin City Moorings accommodates over 200 yachts per year while Dublin Port attracts over 70 visiting cruise liners per year. In 2008 over 80 cruise liners visited Dublin Port, contributing to the local economy as part of an internationally growing industry.
- The chq building, formerly known as Stack A, was restored and renovated and is now open to the public, offering a range of retail and dining options
- Other tourist and cultural attractions in the pipeline include the Grand Canal Theatre, the new Point Village, the Dublin Convention Centre, the Royal Canal Linear Park and the U2 Tower.

¹ Socio Economic Baseline, Tom Phillips & Associates

² Economic Development of the Docklands, Deloitte

³ DDDA Master Plan Monitoring Report, DDDA

⁴ Census of Ireland, Central Statistics Office, 2006

3.2 DRIVERS OF ECONOMIC DEVELOPMENT OF THE DOCKLANDS

In order to update and review the economic sections of the Docklands Master Plan and identify the most appropriate policies for the next five years the following question was addressed: "How will the economic potential of the Dublin Docklands be maximised over the next 5-10 years?"

The economic development of the Docklands is driven by three key elements:

- Dublin Docklands as a great place to locate a business
- Dublin Docklands as a great place to live and work
- Dublin Docklands as a great place to visit

The framework below sets out the direct and indirect sectors driving economic activity generation within each of the three areas above in the Docklands and the enablers of this activity.

Focusing on the controllable enablers of economic activity will enable economic activity and support the ongoing growth of the Docklands.

| Goals | Economic Activity Generation | | Enablers | |
|--|-----------------------------------|--------------------------|--|-------------------------|
| | Direct Sectors | Support Sectors | Controllable by DDDA | Non-Controllable |
| Best Place to Locate a Business | Financial Services | Professional Services | Pool of Skilled Labour | Positive Regulation |
| | International & Business Services | Hospitality & Leisure | Business Infrastructure / Office Accommodation | Fiscal Policy |
| | | Local Support Businesses | Urban Design and quality of spaces | General Competitiveness |
| | | Education & Training | Public Transport & Accessibility | |
| Best Place to Live and Work | Retail | Local Support Businesses | Government Support | |
| | Leisure | | Clusters of Similar Businesses | |
| | Arts & Culture | | Security | |
| | | | Suitable Accommodation | |
| Best Place to Visit | Hospitality & Leisure | Local Support Businesses | Urban Design and quality of spaces | |
| | Arts & Culture | | Public Transport & Accessibility | |
| | Retail | | Sense of Community | |
| | | | Security | |
| | | | Education & Training | |

FIGURE 3.1 FRAMEWORK FOR CONSIDERING MAXIMISATION OF ECONOMIC POTENTIAL OF THE DUBLIN DOCKLANDS

3

ECONOMIC DEVELOPMENT FRAMEWORK AND THE IFSC



IFSC

3.3 DOCKLANDS IN CONTEXT

The economic development of the Docklands must be examined with regard to international trends. In particular, the two sectors that are central to the economic growth and development of the Docklands – financial services and international business services – are part of an international market and their requirements of the Docklands will be informed by international developments.

DEFINITIONS OF PRIMARY ECONOMIC SECTORS

- Financial Services – includes companies in the banking, asset management and insurance sectors
- International Business Services – covers a broad range of services sectors including software development, internet-based business, telecommunications, sales support and distribution services, finance shared services centres and business process outsourcing

The key trends in financial services and international business services can be grouped under four headings: economic, regulatory and tax; technological; and customer, product and distribution. These are highlighted in Figure 3.2 below – further detail on the international trends is provided in Box 2.

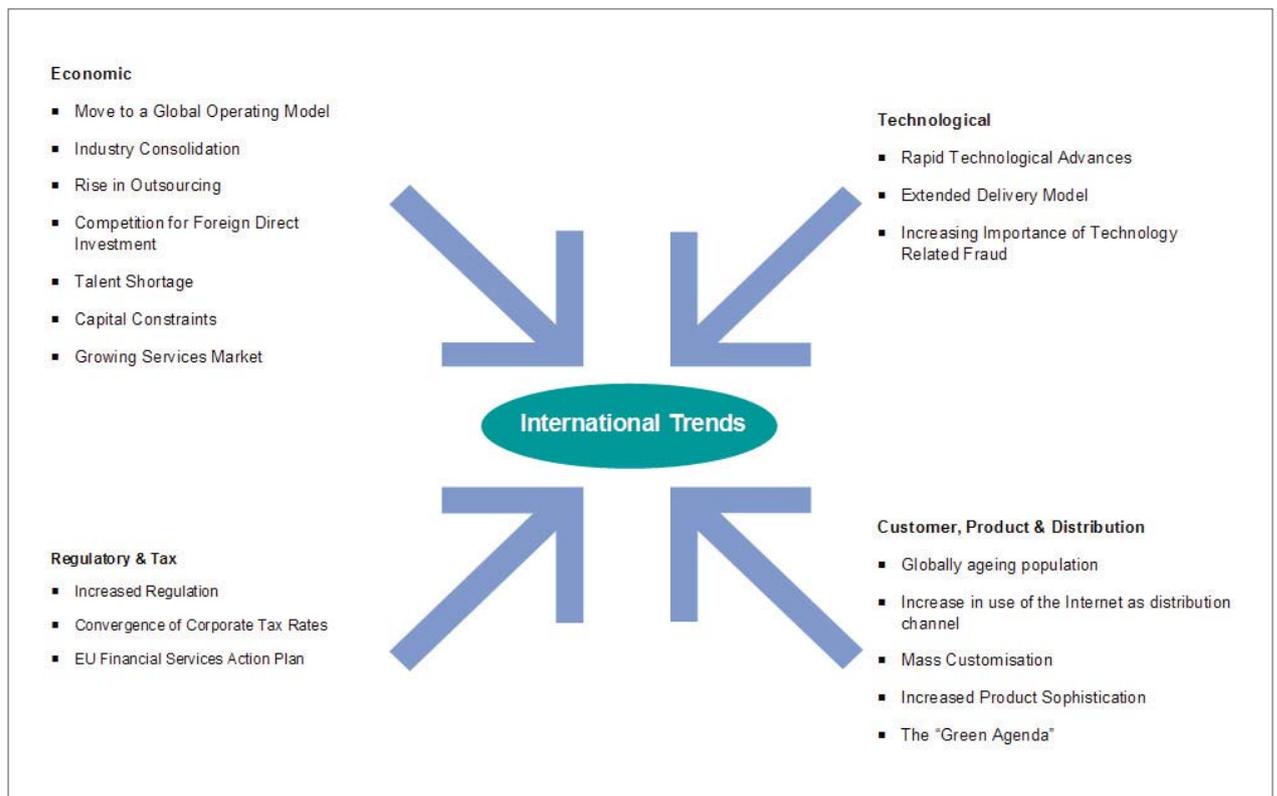


FIGURE 3.2 INTERNATIONAL TRENDS IN FINANCIAL SERVICES AND INTERNATIONAL BUSINESS SERVICES

BOX 2 DETAILED INTERNATIONAL TRENDS**Economic****Move to a Global Operating Model:**

International businesses are increasingly moving to a 'global operating model'. In this regard transactional activities are moving to locations with lower labour costs such as India and Eastern Europe, with high-skill, high-cost locations such as Ireland retaining higher value-added head office and R&D type functions.

Industry consolidation:

There is increased mergers and acquisitions activity as the fragmented financial services industry consolidates and moves towards a smaller number of truly global providers. This has been particularly evident in the banking and insurance industries in recent years. Similar trends have also been seen in the international business services market.

Rise in outsourcing:

Outsourcing of non-core specialised activities is becoming increasingly common. Middle and back office functions have been the main target for outsourcing to date with up to 60% of financial services firms outsourcing one or more of these functions.

Foreign direct investment competition:

There is an increase in the number of financial centres competing for foreign direct investment. New cities are rapidly becoming competitors with the fastest growth being seen in India and Eastern European countries.

Talent shortage:

There is a global shortage of specialised skills resulting in an increased need for specialist education to be introduced at undergraduate and postgraduate level in addition to the up-skilling of existing workers. Attracting and retaining suitably experienced staff is becoming increasingly difficult and high turnover rates are affecting productivity. A global skills and expertise shortage in financial services, particularly in quantitative areas, is a growing constraint on the industry.

Going Green:

There is a global increase in environmental sector jobs with an emphasis on sustainability, in sectors of consultancy, production, services, and delivery of these new green technologies.

Capital Constraints:

Many financial institutions suffered large losses and write-downs from exposure to crisis-hit US sub-prime mortgages in 2007 and 2008. This crisis gave way to the global 'credit crunch' with banks experiencing greatly reduced access to funding and increased interest rates on inter-bank lending. Interventions to address this issue are impacting on the structures and operation of financial services companies.

Growing Services Market:

The international business services market is growing in size as economies increasingly become service based.

Regulatory and Tax

Increased regulation:

Firms are seeking to locate operations in locations with sound and responsive regulatory environments that minimise their administrative burden. Ireland is perceived as having a positive regulatory framework, particularly in the financial services industry. There has been a significant increase in new regulation in financial services affecting businesses in Ireland in recent years driven largely by EU legislation eg: MiFID, Basel II, Consumer Protection Code and Anti Money Laundering.

Convergence of corporation tax rates:

Competition between countries to attract and retain foreign investment is continuing to drive down corporate tax rates across the world. This is primarily a European trend with seven of the 27 countries in the EU lowering their corporation tax rates in 2007. This is reducing Ireland's corporation tax competitive advantage over time.

EU Financial Services Action Plan:

The Markets in Financial Instruments Directive (MiFID) is a key element of the Financial Services Action Plan. The directive provides for a harmonised regulatory regime for investment services across the 30 member states of the European Economic Area. The Action Plan and MiFID are driving increased integration in financial services across Europe.

Technological

Rapid technology advances:

Technology advances are fuelling transition to knowledge-based economies globally. As a result, companies are placing increased importance on hiring suitably skilled graduates and on retraining existing staff to ensure they can deal with emerging technologies.

Extended delivery model:

The falling cost of computing and telecoms is facilitating product and application development across multiple locations. This is particularly prevalent in the IT industry with functions such as application development being spread across two (or more) locations. India is currently one of the preferred locations.

Increasing importance of technology related fraud:

As technology-related fraud continues to grow, there is an increased drive within the financial services industry to invest in measures to prevent and combat such activities.

The "Green agenda":

This is becoming an increasingly important criterion for buyers. The 'green' market is estimated to be worth \$290 billion globally.

Customer, Product & Distribution**Globally ageing population:**

Worldwide demographics are changing with a shift towards an older global population. It is estimated that pensioners will make up 43% of Europe's population by 2050. Within the financial services market for example, this will lead to an increased demand for investment and wealth management products.

Increased use of the internet as a distribution channel:

There has been a significant increase in the use of the internet as a distribution channel with many companies using it to supplement or replace traditional distribution channels.

Mass customisation:

Tailored offerings within global markets are now available at commoditised prices. This has been commonplace in industries such as IT for a number of years (e.g. building computers to customer's specification) and is now gaining momentum in other business service areas such as telecoms (e.g. individual services and tariffs.)

Increased Product Sophistication:

There is an increased focus in the financial services markets on the development of increasingly complex and innovative capital and risk management products. Increased regulation / scrutiny of many of these products is probable following the impact of the global "credit crunch"



PRICE WATERHOUSE COOPERS BUILDING

3.3.1 IMPLICATIONS OF TRENDS

There are a number of aspects of the above trends that need to be considered to ensure Docklands continues to be an attractive location for international financial services and international business services companies, the two primary drivers of economic activity in the Area.

Property

- There is a need to develop premium office accommodation suited to top end, high value business activities. These are the activities most likely to be located in Ireland as low cost transactional activities move to lower cost locations
- Urban design needs to be cutting edge and best in class to attract high-end business/head office functions. Linked to this is the predicted demand for landmark buildings and waterfront locations
- Cultural landmarks, a mix of hotels and restaurants, and high quality infrastructure will be required to ensure the ongoing attractiveness of the Docklands. (These issues are addressed in the Chapters on Land Use, Transportation Framework and Arts, Culture, Tourism and Leisure)
- Office spaces need to continue to be reconfigurable and flexible to facilitate growth

Skills

- A shift from 'high-volume jobs' to 'high-value jobs' is likely within the Docklands as companies seek to move up the value chain and undertake higher value-added activities in Ireland
- To support this, there is a need for the development of more specialised skills and expertise with a particular focus on the development of competences in innovation, product development and R&D
- There is a need to attract foreign talent to fill the emerging skills gap in the short-to-medium term

Marketing

- The Docklands must be promoted as a location for financial services and international business services and its attractiveness as a location for business clearly articulated:
 - Need to work with relevant agencies to market competitive advantages of locating in the Docklands
 - Need to attract people with desired skill-sets to live and work in the Area

3.3.2 CORPORATE SOCIAL RESPONSIBILITY

The concept of Corporate Social Responsibility (CSR) encompasses the ways in which a business contributes to a better society by actively engaging with and consulting stakeholders, including customers, employees, shareholders and the local community, in a manner that goes beyond the company's financial and legal obligations. Through CSR, companies are working voluntarily to integrate social and environmental concerns into their everyday business operations. The Authority will seek to promote CSR and the relationship between enterprises, communities and employment in the Docklands.

Policies

To maximise the economic development of the Docklands the Authority will:

Economic Sustainability & Growth

Policy ED1

Support the development of commercial and retail businesses on the Poolbeg Peninsula.

Policy ED2

Promote the development of premium office accommodation of high architectural merit appropriately incorporated into the Docklands Area.

Policy ED3

Encourage the provision of quality hotels, restaurants and local services to support businesses in the Area.

Policy ED4

Promote the location of high-profile projects in the Docklands Area, particularly headquarter buildings (offices, national institutions), the offices of representative bodies (financial, regulatory, industry) and R&D facilities.

Policy ED5

Liaise with Science Foundation Ireland, IDA, Forfás, the National College of Ireland, third level institutions and other relevant organisations to identify opportunities in the Docklands Area for the promotion of R&D/innovation.

Policy ED6

Support current employers in the area through skills and training support with a view to ensuring sustainability of current employment and increasing growth.

Policy ED7

Collaborate with Dublin City Council, Dublin Port, the Dublin Transportation Office, the Railway Procurement Agency and other agencies to promote the early provision of key infrastructural works.

Policy ED8

Work with the IDA, Enterprise Ireland and other State agencies to attract international services (financial services and business services) and related businesses to the Docklands Area.

Policy ED9

Liaise with the business community and industry representative organisations, including IFIA, IBF, FSI, FIBI and DIMA¹ on an ongoing basis to ensure that:

- The Authority's actions and policies are informed by industry
- The Authority may contribute to industry bodies' policy and decision-making processes.

Policy ED10

Promote Corporate Social Responsibility and the relationship between enterprises, communities and employment in the Docklands Area.

Employment Generation

Policy ED11

Work with relevant agencies including FÁS and the Local Employment Service to foster sustainable community employment consistent with job opportunities in the Area through implementation of the Local Employment Initiative/Charter.

Policy ED12

Continue initiatives with the relevant agencies to promote and expand training and education that meets the wide range of skills of businesses located in the Docklands Area.

Policy ED13

Continue initiatives with the Dublin Docklands Business Forum and other agencies to identify, support and develop job opportunities in local businesses.

Policy ED14

Facilitate the growth and development of an enterprise culture within the Docklands through local micro enterprise and business start up initiatives and support in collaboration with the Dublin City Enterprise Board, relevant agencies and community representatives.

Policy ED15

Work with the Community, Dublin City Enterprise Board and Enterprise Ireland to provide low cost enterprise space for micro enterprise and business start-ups in the community and explore the opportunities for creating enterprise clusters within the Docklands area in order to accelerate business growth.

Policy ED16

Enhance the Docklands Area as a location for enterprise, commerce and employment through the promotion and development of cultural infrastructure and programmes for arts and cultural activities in the Area.

¹ IFIA – Irish Funds’ Industry Association; IBF – Irish Banking Federation;
FSI – Financial Services Ireland, FIBI – Federation of International Banks in Ireland;
DIMA – Dublin International Insurance & Management Association

Infrastructure and Amenity Enhancement

Policy ED17

Promote the development and marketing of major visitor attractions and leisure initiatives which will attract a significant number of visitors to the Area.

Policy ED18

Promote the provision of leisure, retail and dining facilities in the Docklands to service the requirements of business and leisure visitors to the Area.

Policy ED19

Prioritise the early redevelopment of undeveloped and derelict land areas and amenity schemes to improve the general perception of the area, including the creation of temporary amenity spaces.

Policy ED20

Promote the provision of suitable amenities and appropriate facilities, local services and retail outlets to support employees in the Docklands Area.



CILL AIRNE FLOATING BAR AND RESTAURANT

IFSC Development

Policy ED21

Facilitate the implementation of the Government's strategy for the financial services industry, *'Building on Success: International Financial Services Industry in Ireland'*.

Policy ED22

Work with IDA Ireland to assist in marketing Ireland as a financial services location, highlighting the particular locational benefits of the Docklands Area for international financial services.

Policy ED23

Promote the development of buildings of architectural merit in the IFSC and the Docklands Area to serve as HQ and high-profile offices of financial services firms to secure the IFSC as a world-class city quarter.

Policy ED24

Facilitate the development of secondary office accommodation within the Docklands Area in line with the changing needs of business.

Policy ED25

Encourage and promote the provision of accommodation for non-IFSC companies whose presence in the Area is complementary to the financial sector of the economy. Examine various models that would support service companies locating in the Area.

Policy ED26

Liaise with the Expert Skills Group and related agencies including the HEA on the implementation of the *'Future Skills and Research Needs of the International Financial Services Industry'* policies.

Policy ED27

Promote career paths in financial services, lobbying to ensure graduates have the necessary skills and experience to work in the IFSC and promoting initiatives to bridge skills gaps in the short term.

Policy ED28

Promote education and training for residents of the Docklands Area to ensure that job opportunities in the IFSC are open and accessible to local residents.

Policy ED29

Promote the employment of local school-leavers in the IFSC through the Schools Jobs Placement Programme and similar initiatives.

Policy ED30

Support the National College of Ireland in the development of courses appropriate for the training and education of Docklands residents for employment in companies in the Docklands Area and the evolution of a wider remit for the college.



DUBLIN PORT

3.4 DUBLIN PORT

The Authority and the Dublin Port Company are respectively charged with the renewal of the historical Docklands and the well being of Dublin Port – which is of enormous significance to the local, metropolitan and national economies.

- 2007 was a record-breaking year as trade levels exceeded 30 million tonnes
- Ferry passenger numbers have increased dramatically in 2007, the first increase in numbers in over four years. Dublin Port handled over 1.3 million passengers, an increase of 11.5% on 2006
- As a cruise destination the port has generated a major cash boost of between €35 million and €50 million for the local economy through direct and indirect spend every year
- 99% of all internationally tradable goods by volume are carried by sea and the great majority of consumer goods (80% of RoRo and 63% of bulk and cargo) moves through the largest port, ie, Dublin Port
- The port is a significant employer: over 4,000 people are employed directly or indirectly on the Dublin Port estate

This Master Plan recognises the important regional and national role played by Dublin Port in facilitating the movement of goods and people into and out of this trading state. The Master Plan also recognises the continued and increasing importance of imports and exports in this small open economy and the need to support the provision of efficient distribution channels in the interest of national competitiveness. The Authority recognises that Dublin Port plays a major role in passenger travel and support the need for adequate ferry-terminal services.

In addition the Plan recognises the importance of Dublin City and Bay as an amenity area and the port's crucial links with both.

Furthermore, the Master Plan acknowledges Dublin Port's role as the largest employer of local people in the Dublin Docklands Area.

The Authority and the Dublin Port Company recognise the importance of developing a dialogue around their mutual remits, within which issues such as co-location, cooperation and coordinated development can be discussed. Within the context of this dialogue, it is possible that various options and plans for part of the Port Company lands on the Poolbeg Peninsula could evolve for consideration during the lifetime of this Master Plan.



GREAT SOUTH WALL

Policies

The Authority will (or will require):

Policy ED31

Facilitate Dublin Port as a major employer in the Area and seek to ensure that the Port continues to play its vital national economic role.

Policy ED32

Support the continued development of Dublin Port in line with the Department of Transport's objective to balance the need for the transportation of goods and people.

Policy ED33

Facilitate, in cooperation with the Dublin Port Company and Dublin City Council, the national role of Dublin Port in providing for the ease of movement of consumer goods and people to and from the greater Dublin area and beyond. In assessing proposals for the port area, the Authority will have regard to the important role Dublin Port plays in the economic life of the city and the consequent need in trade and employment terms to facilitate port development.

Policy ED34

Cooperate with the Dublin Port Company and Dublin City Council to implement a programme of traffic management to reduce through-traffic from the city centre and the local road network in the vicinity of the port. The Authority supports the completion of the Eastern Bypass which would facilitate this programme.

Policy ED35

Ensure that development of the Docklands area does not compromise existing employment in the Port, subject to the Authority's statutory remit.

Policy ED36

The Authority recognises that Dublin Port plays a major role in passenger travel, and support the need for adequate ferry terminal services, which are consistent with the need to protect existing Natura 2000 sites.

Policy ED37

Support initiatives that recognise the need for a coordinated approach to ensure and promote both leisure and international trade.