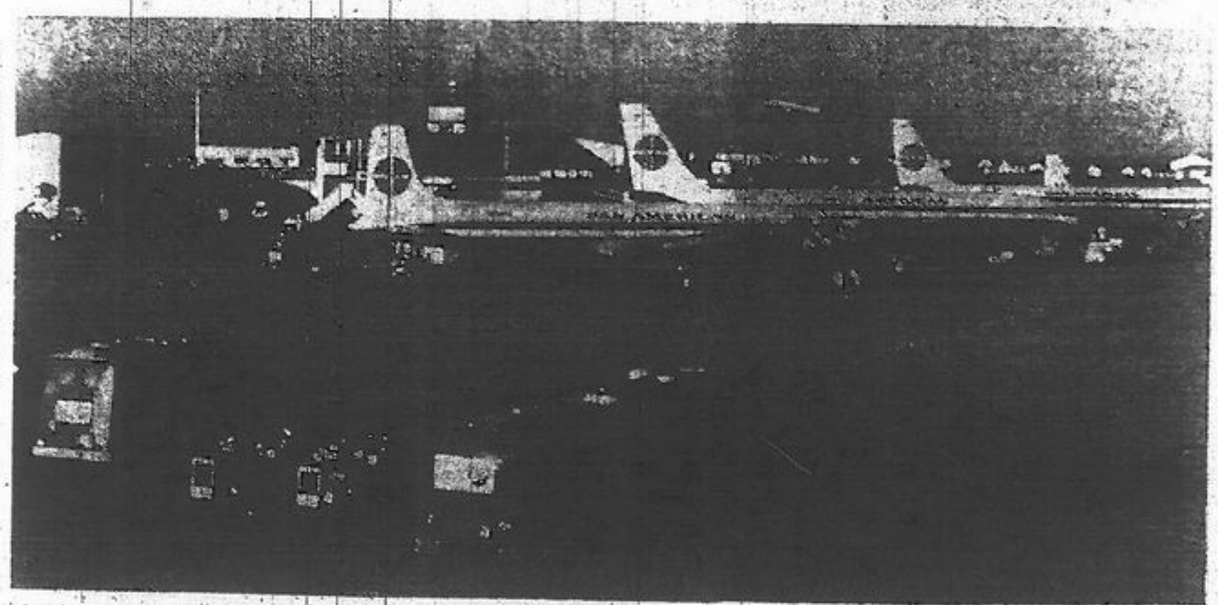
Future of Shannon Airport and its Industrial Estate

Full statement by Minister for Transport and Power in Senate

WHEN he spoke in the Seanad on the Second Stage of the Shannon Free Airport Development Company Ltd. (Amendment) Bill, 1963, the Minister for Transport and Power, Mr. Erskine Childers, said that "while the Company's most fruitful field of operation lies in the development of the Industrial Estate, it should also be remembered that a primary purpose of the setting up of the company was to stimulate passenger and freight traffic through the airport."

Mr. Childers made important comments on both the airport and industrial phases of Shannon.



Busy scene at Shannon Airport as a fleet of Pan American jets await refuelling to continue their trip across the Atlantic.

The Minister said: "The purpose of the Bill is to amend and extend the Shannon Free Airport Development Company Limited Acts, 1959 and 1961.

"The Bill is designed to provide for the further financing of the Shannon Free Airport Development Company Ltd., the finances of which are provided at present under the Shannon Free Airport Development Company Ltd. Acts, 1959 and 1961. The main provisions of the Bill are:—

(i) to increase from £3,000,000 to £4,000,000 the aggregate of the amounts which the Minister for Finance may subscribe in taking up shares of the Company;

(ii) to increase from £1,250,000 to £2,000,000 the aggregate amount of grants, voted annually, which may be made to the Company;

(iii) to increase from £400,000 to £2,000,000 the existing statutory limit on repayable advances by the Minister for Finance for housing purposes; and

(iv) to provide for the payment to the Company of grants for houses in line with grants normally payable under the Housing Acts and also for the payment of housing subsidies.

FUNCTIONS

"Senators will be well aware of the functions of the Shannon Free Airport Development Company which is charged, generally, with promoting the welfare of Shannon Airport, with particular emphasis on the encouragement of commercial, industrial and trading enterprises at the Airport. While the stimulation of passenger and freight traffic through the Airport remains a primarly concern of the Company, it was realised at an early stage of the Company's existence that the greatest scope for its energies lay in the development of the Industrial Estate and the taking advantage of the attractions for industry which already existed at Shannon: viz., freedom from customs restrictions, enjoyment of certain taxation privileges and proximity to an international airport holding a key position between America and Europe.

"In order further to encourage the setting up of industries at the airport, factory buildings, which may be rented, are provided by the company. Factories may also be purchased outright or may be built on sites leased from the company with the aid of grants from the company. Grants are also made available for machinery and for the training of workers. Houses for employees of the Industrial Estate are provided by the company at reasonable rents or to purchase, and developed sites are made available for executive-type houses and for speculative buildings.

"The share capital subscribed to the company has been used for the provision of factory buildings and dwelling-houses, and associated services, the rents from which go to supplement the company's grants-in-aid. The repayable advances have been used to meet one-half of the expenditure by the company on the provision of housing. The grants-in-aid are applied towards meeting the company's running expenses and providing financial assistance to industries including grants towards factory buildings, new machinery and the training of workers. The finances provided to the company under existing legislation up to June 30, 1963, were as follows:

Share Capital:	£2,910,000
Repayable Advances:	400,000
Grant-in-Aid:	905,500
	£2,270,000

"Of these amounts, £2,270,000 has been expended on the Industrial Estate, £1,040,000 on the Housing Estate, £492,000 on grants to Industrialists, and £413,500 on the running expenses of the company. It is now urgently necessary to increase the limits under existing legislation to enable the company to continue to function.

ACHIEVEMENT

"The Company was set up a little over four years ago. I think it will be agreed that their record in that short time has been one of considerable achievement. Senators had the opportunity about a year ago of seeing for themselves what has been accomplished on the Industrial and Housing Estates. At June 30, 1963, twelve factories and six trading enterprises were in operation and a total of 1,698 workers were employed, of whom 917 were male and 781 female. This employment has approximately doubled the number of persons employed at the airport. The output of these factories, practically all of which is exported, includes products as diverse as pianos and floor polishers, electronic equipment and knitwear, diamond drills and radios.

"Twenty-six standard factory premises and 3 smaller premises were completed, all but one of which were occupied. Together with a special factory constructed by an industrialist with the aid of a grant from the Company, the total area of factory space as at June 30, 1963, was 509,190 square feet. Eight standard factory premises are under construction giving a total area of factory space when these are completed of 656,940 square feet. Ancillary services including water, sewerage, electricity and a boiler house have also been provided. Thirty-eight houses and 137 flats have been built and 158 houses are under construction or contracted for. Thirty-five houses and 123 flats are already occupied. A community centre comprising a shop, bank and recreation hall has been provided and four shops are under construction. Arrangements are also in train for the provision of other amenities necessary for a growing population.

EMPLOYMENT

"Five existing industries are expected to require additional factory premises in the near future and new industries are expected to be set up in the next year with a considerable expansion in employment. Plans are in hand for the construction of six further factory premises. By the middle of 1964 the Company's factory building programme is expected to comprise 40 standard factories completed or under construction and 3 small factories completed, 8 warehousing units, a boiler-house and a commercial office block. While a certain amount of factory accommodation must be provided in anticipation of actual demand, factories are built on the basis of likely demand and building programmes are sanctioned on this basis. It is, of course, impossible to foresee exactly the extent of future development, but the increase in the share capital to £4m. should be sufficient for the time being.

"Housing is provided in parallel with industrial development, of which it is an integral part. Shannon is in a somewhat isolated position and it is essential in order to attract workers who do not reside within convenient reach of the Airport that a sufficiency of living accommodation at reasonable rents be provided so as to cater for both married and unmarried workers desiring to live adjacent to their work. It is necessary to strike a balance between planning on an over-ambitious scale so that houses might be left unoccupied and on the other hand under-planning to the extent that workers would be discouraged from taking up employment at the Airport because of the lack of suitable accommodation. Housing is, therefore, provided on a minimum but expandable basis.

"This means that the schemes are planned to meet the known demand but that they are expandable to meet very quickly new requirements which may arise. The Company is careful to keep in line with Governmental and Local Authority requirements in its planning and construction of houses and its aim is to develop the housing estate in accordance with the best principles of town planning. Because of its isolated position and the need to develop sites and to provide services, the cost of housing at Shannon is relatively high, but contracts are placed by open tendering which ensures that costs are kept at a competitive level.

EXPENDITURE

"Expenditure on housing and community services up to 30th June, 1963, provided out of share capital and repayable advances amounted to £1,040,000. Under existing legislation, repayable advances up to a maximum of £400,000 could be made to the Company to meet one-half of the expenditure on housing. The Bill provides that all expenditure on the provision of dwellings and community services, including expenditure already defrayed out of share capital, will now be met by way of repayable advances. These advances are repayable over a period of 35 years at the current Exchequer lending rate, this being the basis on which advances are made for local authority housing. With the increase in the limit on repayable advances to £2 million, a further £960,000 will be available to meet expenditure on housing after 30th June, 1963.

"In addition to housing for factory workers, the Company provides developed sites for executive-type houses and for speculative building on the basis of the recovery of the full cost of development. As at 30th June, 1963, 20 sites had been provided for executive-type houses. The Company are anxious to encourage speculative building at the airport and are in negotiation with a number of builders in the matter.

"The Bill provides for the payment from the Transport and Power Vote of a subsidy in respect of each dwelling or other unit of accommodation constructed by the Company. The subsidy is necessary because the rents which it is considered the workers may reasonably be expected to pay fall short of the full economic rents. The economic rents are calculated on the full cost of construction after deduction of the equivalent of the normal housing grants available to private persons under the Housing Acts. In the early years, the subsidy will be relatively high but provision is made in the rental agreements for increases in the rents as wages generally increase thus reducing the amount of the subsidy required. Capital grants equivalent to the grants available to persons under the Housing Acts will also be payable and this is provided for in the Bill. The payment of these grants will be subject to compliance by the Company with requirements similar to those laid down by the Housing Acts in the case of grants payable under these Acts.

INCREASE

"The Bill also provides for an increase from £1.25 million to £2 million in the aggregate amount of grants payable to the Company. These grants provide for the running expenses of the Company and also enable the Company to pay grants to industrialists for buildings, machinery and the training of workers. Grants paid to the Company up to June 30, 1963, amounted to £905,500. In addition, the Company received £141,500 by way of rents and other income. £555,000 was used by the Company for its running expenses and grants were made to industrialists as follows:

Machinery and equipment, £344,000.
Factory premises, £85,000.
Training of workers, £63,000.

"While the Company's most fruitful field of operation lies in the development of the Industrial Estate, it should also be remembered that a primary purpose of the setting up of the Company was to stimulate passenger and freight traffic through the Airport. The combined number of transit and terminal passengers using the Airport decreased only slightly in 1962 over 1961, but the Company is urgently concerned to secure Shannon's share of the traffic growth on the North Atlantic as well as to attract passengers from Britain and the Continent. The evolution of faster and longer-range aircraft is necessarily having an adverse effect on transit traffic through the Airport, but the Company has set up a Travel Promotion Department to take advantage of the opportunities which undoubtedly exist for the development of tourist traffic through the Airport. In its tourist promotion activities the Company, of course, co-operates fully with other tourist promotion bodies, including Bord Failte and the air companies. The success of the local tour arranged for tourists taking in places of scenic and historical interest and culminating in the medieval banquet in the restored Bunratty Castle is an example of what can be achieved by imaginative planning.

FOLK PARK

"A further development will be the establishment of a Folk Park in conjunction with the Bunratty Castle project. I myself visited the Folk Park at Arnhem and was so utterly convinced of its national value and attraction to tourists that I suggested a similar development to the Shannon Company. I am glad to say that the initial problems have now been solved and that a Folk Park will shortly be added to the attractions of the Shannon region. The cost will be borne equally by the Company, Bord Failte and an amenity grant from the Department of Local Government. The park will be operated by the Shannon Company in conjunction with Bunratty Castle. This scheme for a very attractive Folk Village in the grounds of Bunratty Castle has been devised with the co-operation and advice of the Folklore Commission. The village will consist of authentic examples of rural dwellings typical of the Shannon region and illustrating the rural way of life in past times—from the early 19th century onwards. In the first stage, the village will comprise a Bothan Scoir (a cottier's house), a forge, a West Clare farmhouse, a West Kerry fisherman's house and a farmhouse from the Shannon area. These older dwellings are quickly disappearing from the countryside and in preserving examples of them the Folk Village will represent an historically correct reproduction which will be useful to students of the future as well as being a point of great interest for tourists. The houses will be furnished in the style of the period to which they relate and it is sign of the remarkable change in the way of life in the country that it is already difficult to obtain examples of the household goods and utensils which were in common use as recently as our own boyhood.

OBJECTIVE

"The main objective of the promotion drive is to establish Shannon Airport as the natural gateway for American visitors to the South-Western and Western areas with all the amenities they offer for mountain, lake and shore scenery, fishing, golfing, hunting and archaeological study. In this connection may I repeat what I have said earlier. Neither the Shannon Company, Bord Failte nor the national airline alone can promote tourist development at a sufficient pace to offset the inevitable decline of transit traffic at the Airport. Regional Tourist Associations equipped by local authorities and other local interests with promotional funds representing a percentage of tourist spending in the areas can help to create their own image of each tourist area, can stimulate group hotel publicity, encourage group booking, entertain travel writers and agents and can assist in local resort development and in promoting interest in fishing, golf, etc.

"I am glad to see that the Regional Tourist Association movement is beginning to progress in the area. Contacts with Americans of Irish origin organised on a regional basis is one example of tourist promotion offering a great potential in the future. Kerry, Limerick, Clare and Galway (the Shannon Counties) are competing with regional development competitive promotion work all over Europe.

FREIGHT

"The growth of terminal freight traffic through the Airport is slow mainly because of the great disparity at present existing between air and surface rates, but as air freight costs lessen, it is expected that the volume of air shipments will increase substantially. Nearly half of the terminal freight generated at Shannon in 1962 was attributable to the Industrial Estate, and in the first quarter of this year, air freight generated by the Industrial Estate was up by 15 per cent. compared with the first quarter of 1962. Three firms at the Airport engage in freight forwarding and consolidation and two other firms in warehousing operations, while two American companies of international repute are considering Shannon as a distribution point for their activities in the Europe, Middle East and Africa. A big expansion in warehousing activity is expected as a result of an intensive campaign publicising the advantages which the Free Airport holds for foreign warehousing and distribution.

"By the provision of warehouse facilities for cargo to be attracted to the Airport for storage and redistribution Shannon is very well placed as a centre for entrepot and distribution operations, but to develop the Airport's potential in this field it is necessary to provide adequate facilities. Four warehousing units, each of about 3,500 square ft., are being provided initially by the Company with provision for expansion to meet demand. The introduction recently by Pan American Airways of an all-cargo Boeing jet freighter service through Shannon, linking cities in the United States with important European and Middle East centres, should also provide a very considerable fillip to the growth of air freight through the Airport, while the Company are active in endeavouring to secure improved cargo rates, improved services (including increased frequencies and speedy clearance at destinations and the publicising of the facilities available by air.

BRIGHT

"There is no reason to believe that the outlook for the future of the Estate is other than bright but we must, of course, combine optimism with prudence. The concept of an Industrial Estate at Shannon was a revolutionary and, therefore, speculative one. That so much has been achieved in such a short time justifies the bold and imaginative experiment undertaken four years ago and I am convinced that it will continue to play its important part in the economy. The financial limits proposed in this Bill are realistic though they may perhaps be a little on the tight side since they represent only the minimum financing which the Company will require in the next few years.

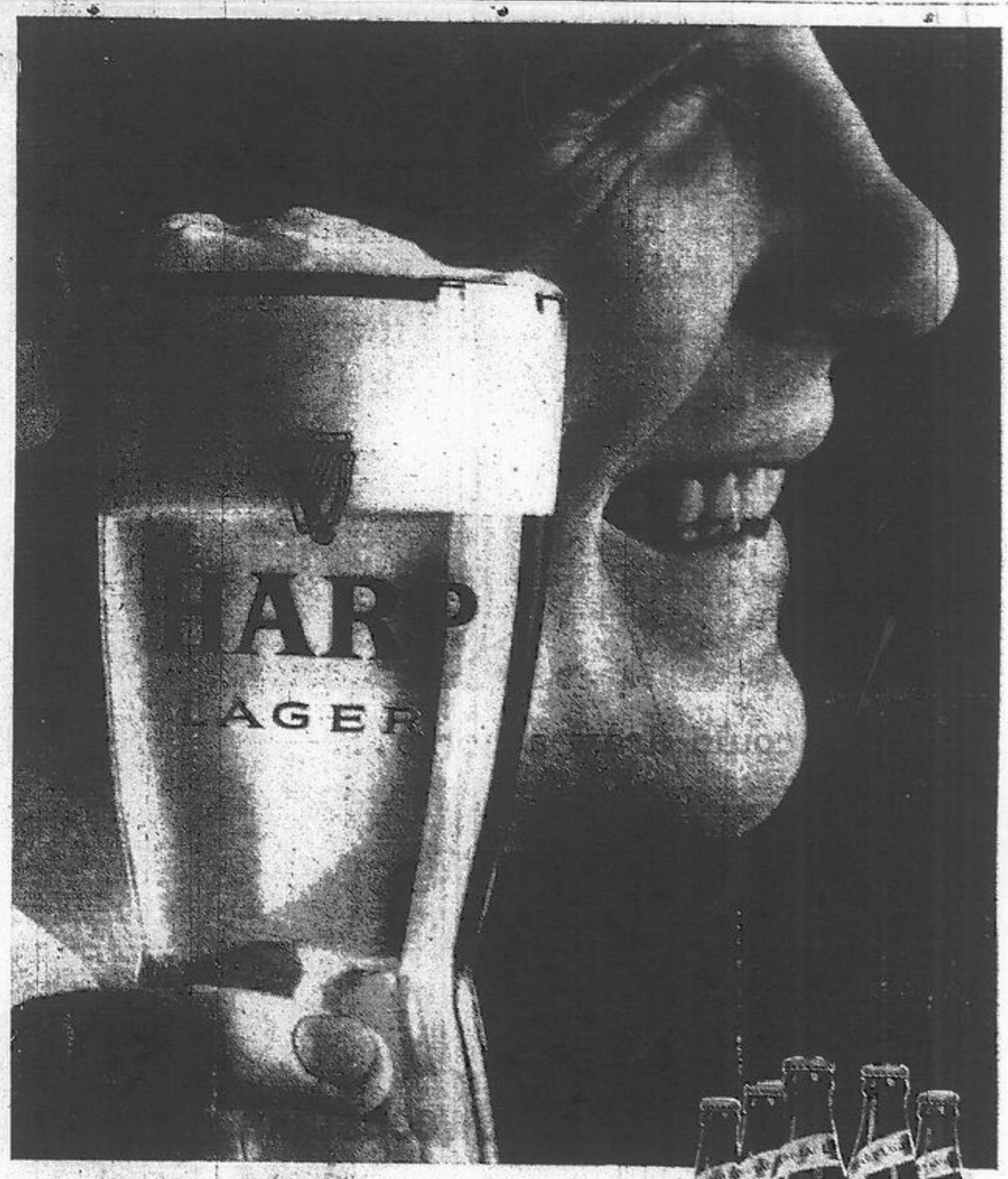
"If I have to come back to An Seanad before that time I will make no apology as the need for further finances will be a measure of the Company's success. In the meantime, it is with confidence that I ask for your approval for this Bill in giving which you will have expressed your satisfaction with the achievements of the Company to date and your confidence in its continued progress. For my own part, I wish to congratulate the Board and management of the Company and also the management of the various enterprises in the Estate on the results achieved and to urge them to even greater efforts in the future.

"I recommend the Bill for the approval of An Seanad."

Only TWA serves Boston, New York and 68 other cities in the USA!

Going to America? Big TWA jets take you non-stop to Boston, direct to New York! You leave Shannon in the afternoon, get there before sundown! Excellent jet connections to major centres from coast to coast. (TWA is the only airline you can fly from Ireland that serves 70 cities within the U.S.A.) Fly luxurious Royal Ambassador First Class or comfortable Economy on the airline that knows America best. Call your Travel Agent or TWA!

U.S.A.-Europe Africa-Asia depend on TWA



Make a date with a Harp

The cool blonde lager

Now's the time for a Harp. Make a date with a Harp today. It's the cool blonde lager with the cool, refreshing taste. And it's Ireland's very own, brewed in Ireland with Irish barley. Harp is a true lager, brewed in the traditional way to the highest continental standards. You couldn't pick a better drink than Harp.