Cowes of the North:

Economic Benefit Potential of the Marine Leisure Industry in the Isle of Man

Prepared for:
Department of Transport
Harbours Division

Final Report

June 2007

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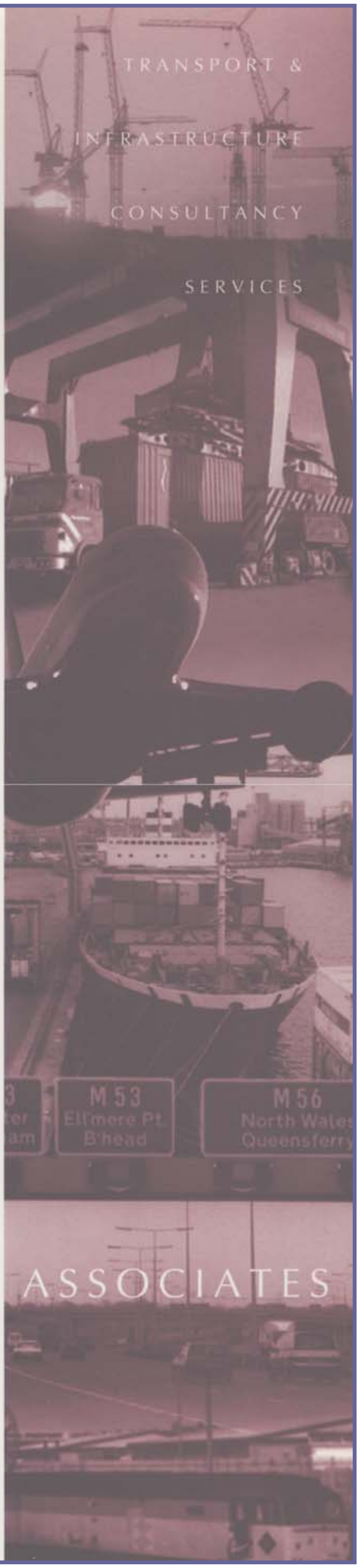

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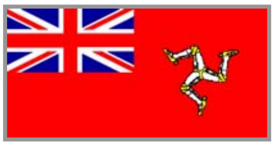

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Contents

Summary

This report was commissioned by Isle of Man Harbours to assess the potential supply and demand for development of marine leisure on the Island, and estimate the revenue benefit to the Island's Government.

It was first published in February 2007 with revenue benefits that included an allocation from the "Common Purse". This has been replaced by a revenue sharing agreement based on an activity's contribution to national income. We were therefore asked to update our findings to take account of the new agreement, and this is the revised Final Report.

There are 993 berths on the Isle of Man, over half of which dry out at low tide. Planned investment at Peel, Ramsey and Port St Mary will add 610 pontoon berths, with Port St Mary providing 24 hour access. We have identified further potential to provide another 360 berths at Port St Mary (Ph 2), and Douglas (Ph 3 plus dry storage). The latter would convert all pontoons in Douglas to 24 hour access. 170 existing berths would be lost. This programme would raise the status of the Isle of Man's fledgling marine leisure industry to a leading location in the Irish Sea.

Support facilities are under-developed, particularly in comparison with the services and facilities available in leading marinas. It will be important to foster development of essential services such as boat husbandry, maintenance and repair, and yacht broking etc.

Key strengths favour development of the marine leisure industry on the Island. Compared to other small islands, the ratio of total berths and moorings to population is fairly low at 1:81. Jersey has a ratio of berths and moorings to population of 1:52 and still has waiting lists. On the Isle of Wight the ratio is around 1:40. Obviously these islands differ in many regards, for example the weather and Jersey's proximity to the French coast, but on the other hand both have significant competition nearby.

The market has potential to develop in the Isle of Man. There is a relatively affluent population living in a low tax environment. There is potential to apply the Island's experience in events to the marine leisure sector. It can develop a multi-layered marine tourism offer. Assuming that Isle of Man Harbours is committed to developing and marketing facilities, and providing quality service, we have benchmarked the Isle of Man as follows:

- In 20 years time, there could be about 1,800 berths and moorings, including 930 new pontoon berths, on the Isle of Man. This compares with current provision of about 1,700 on Jersey, which has a similar population.
- The number of visiting boats will increase from current levels of 1,500 pa to about 7,000 pa in 20 years time – again similar to Jersey today.

A steady build up of demand to these levels combined with phased investment would result in a reasonably matched supply and demand scenario.

The Isle of Man Strategic Plan sets out the vision for a sustainable island. The plan sets out six aims, which include making "economic progress" by developing sustainable growth in a diversified economy, and enabling improved employment opportunities.

The marine leisure industry offers a good opportunity to pursue this aim. It is sustainable in the very long-term, and can:

- Become a more significant part of the economy.
- Employ more people.
- Support demand for other economic activities, such as tourism and air services.
- Support social well-being and social inclusion by providing leisure facilities.
- Raise the profile of the Island.

The potential benefits of expanding the sector include:

- More direct and indirect revenue in marinas and the supply chains developing around them.
- Employment in marinas and the attendant supply chain.
- More people from outside the Island keeping boats on the Island.
- More people visiting the Island as tourists by boat.
- Adding to the tourist offer in relevant towns and improving the general image of towns.
- More spend by Islanders retained on the Island.

The following **revenue benefits** (either direct or indirect) to the Government were assessed:

- Revenue to Isle of Man Harbours from provision of marine leisure facilities. This comes from residents, non-residents keeping their boats on the Island for a season or longer, and visitors on yacht cruises or attending events. Charter companies will also provide revenue.
- Taxation collected by the Isle of Man government from fuel and on expenditure, and from the revenue sharing agreement with the UK Government.

The total of these revenue benefits is about £0.35 million in 2007.

Assuming that only planned investments are made, total revenue benefit would increase to £2.5 million in 2026. The average is £1.8 million pa. Assuming that both planned plus potential investments are made, total revenue benefit would increase to £3.7 million in 2026. The average is £2.3 million pa. The breakdown in 2026 based on planned investments is:

- 49%: revenue to Isle of Man Harbours
- 37%: taxation
- 14%: revenue sharing

We estimate that 41 full time equivalent (FTE) employees are currently employed on the Isle of Man directly in the marine leisure industry. In total we estimate that an extra 35 FTE *direct* jobs would be created. In addition we estimate that a further 30 FTE *indirect* jobs would be created due to employment of people: providing services to these new jobs (e.g. materials inputs, distribution); providing services to visitors (e.g. people working in restaurants); and charter company employment.

In conclusion, facilities can be created, the market is there, and revenues and employment would be substantial. The Isle of Man has an excellent opportunity to develop a long-term sustainable marine leisure industry. To achieve this, the Government will need to decide that it wants this, and back this with:

- Appropriate spatial and planning policy.
- Financial commitment to a long-term programme of quality marina development.
- A smart implementation strategy that markets the right facilities at the right time.

1 Introduction

Isle of Man Harbours is responsible for the development, management and operation of seven harbours on the Isle of Man. It has identified that the marine leisure industry has significant potential to grow, thereby leveraging more value out of the harbour assets, and contributing to the Island's economy.

The harbours have their roots in the commercial shipping and fishing industries. In recent years, four of the harbours (Castletown, Port St Mary, Derbyhaven and Laxey) have mainly served the marine leisure sector. The remaining commercial harbours of Douglas, Ramsey and Peel are also now being positioned to maximise marine leisure opportunities.

There have been two significant developments in the Island's marine leisure sector in the last three years:

- Phase 1 and 2 of a new marina with pontoon berths have been constructed in Douglas, combined with a half tide barrier.[1]
- A half tide barrier has been erected for Peel.

There is also a menu of further investment *planned* to service the marine leisure industry:

- Installation of 130 marina pontoons at Peel.
- Installation of 150 pontoons and a half tide barrier at Ramsey.
- A new marina at Port St Mary with 330 berths in Phase 1.

New capacity after planned developments would be 610 berths. In addition to this, we conclude that there is further *potential* for longer term expansion:

- Port St Mary expansion with 170 berths in a possible Phase 2.
- A possible 150 berth Phase 3 development at Douglas including a new lock, creating 24 hour access to all pontoons, plus additional dry sail facilities for RIBS and sail race boats.

With longer term expansion, new capacity is potentially in the region of 970 berths. In the very long-term, a new marina at Port Erin is also possible.

This programme would raise the status of the Isle of Man's fledgling marine leisure industry to the status of a leading location in the Irish Sea. It would provide significant 24 hour access, which is relatively scarce in the region, and create a cruising ground in its own right.

Such a vision can only be achieved if the policy environment supports it, and the investment is available, and permits for development can be obtained.

Isle of Man Harbours therefore engaged Fisher Associates to carry out an economic benefit assessment of the future potential of the marine leisure industry. The goal of the study was to provide an objective view to assist with policy determination and clarification of the marine leisure strategy.

[1] A half tide barrier impounds water in a dock, and prevents the dock from drying at low tide. The barrier is lowered before high water for boats to enter / leave, and is then raised again after HW.

The terms of reference required an estimate of the following streams of income that would result from marina developments:

1. The income from mooring charges and ancillary services produced by Island residents, both new and existing.
2. The income from mooring fees and ancillary services produced by the crews of visiting vessels from surrounding areas in the UK and Ireland. This should also include an estimate of the economic benefit of hosting national and / or international marine related sporting events such as regattas, offshore races, etc.
3. The likely number of additional jobs that will be created as a result of the marinas, and the consequent additional economic activity in marina locations and elsewhere in the Island.
4. An estimate of the direct tax benefits that would result from the additional economic activity.
5. The additional exchequer benefits to Treasury that will accrue from visitors, under the Island's Common Purse agreement with the UK (since replaced with the revenue sharing agreement).

The industry definition of marine leisure includes all those activities that are directly connected with boating, such as providing berths, boat maintenance, chandlery etc. Direct benefits flow from these. Indirect benefits flow from companies supplying the industry, visitor spending and taxation. Induced benefits flow from the circulation of money in the Island's economy.

Such an assessment must be made in the context of market demand for facilities. This comes from several different user groups:

- Residents
- Non-residents keeping boats on the Island
- Visitors
- Charter holiday companies

In addition to the core terms of reference, the study therefore assesses the extent to which the market will support planned investments, as well as the benefits.

The structure of this report is as follows:

- Section 2 identifies the facilities and services that are currently available on the Island, and outlines potential future development.
- Section 3 presents a review of the market.
- Section 4 assesses the benefits in quantitative terms, in the context of the Island's strategic goals and the wider tourism sector.
- Section 5 summarises the key findings, and provides recommendations on policy and further activities to develop this.

Port St Mary Inner Harbour

2 Facilities and Services

2.1 Current Situation

The Isle of Man has strong historical maritime links. Its harbours were built to serve the commercial sectors such as coastal traders, ferries and fishing industries. Although many local residents participate in marine leisure activities, this is not at the level of other islands such as Jersey, which has a similar population, and this is partly due to the lack of marina facilities. The demand side is analysed in the following section. In this section we look at the supply-side including the number of berths, support facilities and supply chain.

2.1.1 Berths

We estimate that there are 993 berths on the Isle of Man, over half of which dry out at low tide (see Table 2.1). Of the remainder, only the deep-water berths at Port St Mary have 24 hour access. The harbour at Peel and the inner harbour at Douglas have a tidal barrier with access 2 hours either side of high water. This is not unusual as the majority of the surrounding harbours and marinas in North West England, North Wales and Ireland also have restricted access (Dun Laoghaire and Conwy are the exceptions). In the harbour at Douglas there are 112 pontoon berths, which amount to 11% of the total berths.

Table 2.1: Current berths by type

	Pontoons	**Harbour**		
Port	**Non-drying**	**Non-drying**	**Drying**	**Total**
Douglas	112	228		340
Ramsey			170	170
Port St Mary		40	144	184
Peel		100		100
Castletown			95	95
Laxey			47	47
Port Erin			33	33
Derbyhaven			24	24
Total	**112**	**368**	**513**	**993**

The lack of non-drying berths has provided a tough environment for leisure boat sailors by modern day standards. Moored boats dry out and are left to balance against the harbour walls when the tide goes out. This can cause damage to the boat and prevents boat owners from using modern fin keel vessels and high specification large motor yachts. The new tidal barriers at Peel and Douglas have increased the number of permanently floating berths, but together with the pontoons they only account for 48% of the total.

2.1.2 Support Facilities

Support facilities are under-developed, particularly in comparison with the services and facilities available in leading marinas. For example, users have to climb steep ladders to access the quayside; the toilet and shower facilities are very basic or users may have to rely on the facilities of a Yacht Club and other sailing clubs. Some of the most basic services such as fuel are not available within the harbours.

These facilities are suited to the committed boater who is prepared to work around the constraints, but will deter many users and prevent people from upgrading their boats.

The introduction of tidal barriers at Douglas and Peel (providing non drying out berths) combined with new marina pontoons at Douglas has demonstrated existing owners will upgrade their boats. New boat owners wanting larger boats will start to take part in leisure boating activities, once they are provided with a safe environment that will protect their investment.

2.1.3 Employment

We estimate that 41 people are currently employed on the Isle of Man in the in the marine leisure industry, representing about 0.05% of the population. In the southeast of England the British Marine Federation (BMF) estimates that 0.1% of the population is employed in the marine leisure sector. Compared with other small islands, the participation is even lower: in Jersey the proportion is estimated at nearly 0.8% and on the Isle of Wight at 2.6%. Employment in marine leisure is therefore relatively low, reflecting the number and quality of boats and berths.

Figures 2.1 and 2.2 compare employment in the marine leisure industry by sub-sector in the UK and the Isle of Man, based on the classification used by the BMF and using data from the BMF and from our research respectively. Although the BMF figures are two years older than the IOM figures, the situation is still representative.

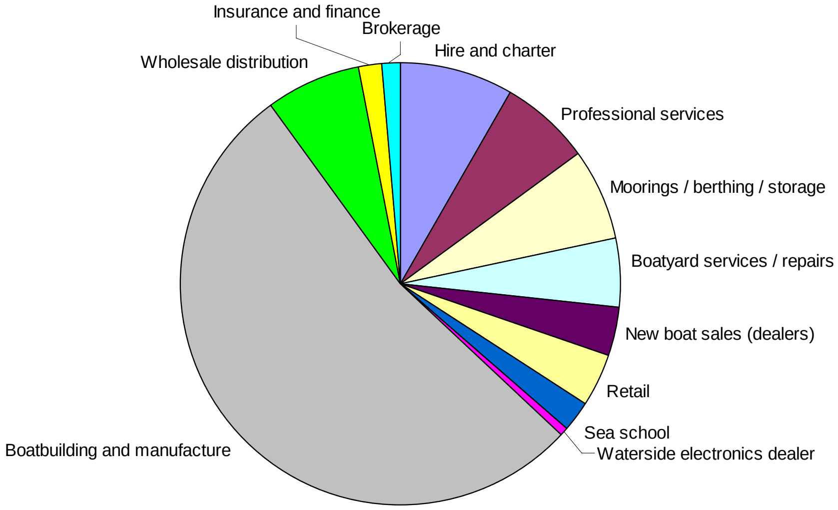

Figure 2.1: UK marine leisure employment by sub-sector, 2004

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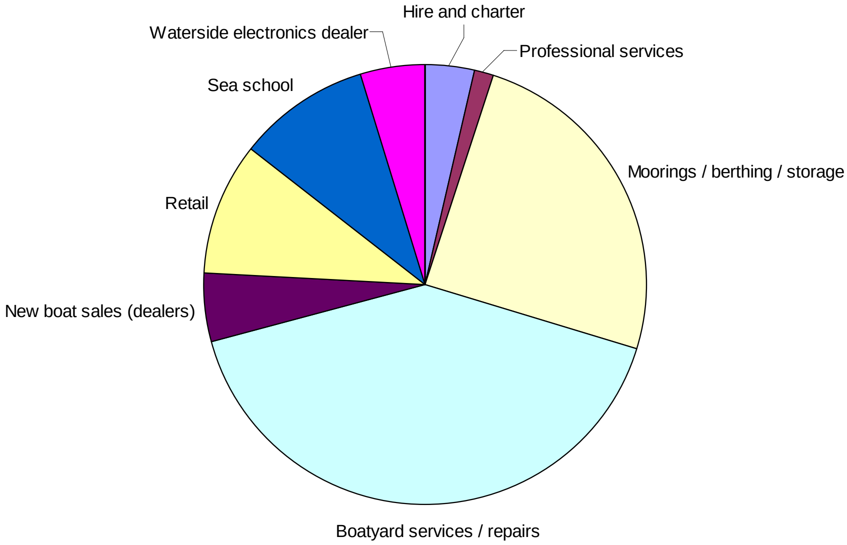

Figure 2.2: IOM marine leisure employment by sub-sector, 2006

Other sectors that are not represented are wholesale distribution, insurance, finance and brokerage. The strongest sectors in the leisure marine industry on the Isle of Man are based around moorings/ berthing /storage, boatyards services and repairs, and to a lesser extent retail and sea school.

2.2 Future Potential

There is considerable potential to improve the supply side of the industry. Based upon discussions with Isle of Man Harbours, we have reviewed the potential for providing more pontoon berths. Table 2.2 summarises the situation.

Table 2.2: Future potential berthing

Potential developments [2]	**Number**	**Tidal access**
Peel Inner Harbour	130	+/- 2 hour
Ramsey Old Harbour	150	+/- 2 hour
Port St Mary - Phase 1	330	24 hour
Port St Mary - Phase 2	170	24 hour
Douglas Phase 3 - Outer Harbour	150	24 hour
Douglas Dry Sail / Stack RIBS & Sail Race Boats	40	24 Hour
Total	**970**	
Port Erin	500?	24 hour

[2] Douglas developments and Port Erin development is an initial estimation, and practical engineering tide barrier / lock gate studies have not been carried out.

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2.2.1 Peel Inner and Ramsey Old Harbour

Key factors for improvement are the introduction of the following:

Pontoon berths: The new tide barrier at Peel Inner Harbour provides security & protection from craft drying out. The next logical conclusion is to provide pontoon berths in a similar manner that has been achieved at Douglas. At Ramsey Old Harbour, a new tidal barrier would also be required.

Sloping gangways / Bridges: The current wall mounted vertical ladders are difficult to climb for the elderly and families with children. Sloping bridges from the harbour wall to the pontoon would be safer especially when taking boating gear and provisions on board.

Floating fuel stations: As suggested by the Yacht Harbour Association Ltd Code of Practice a floating fuelling station is a basic requirement for the resident & visitors.

Environmental services: Provision for waste.

Amenities: Secure high quality clean conveniently placed WC's, Showers and ideally Washing Machine / Dryer for visitors.

Secure parking: 130 spaces for Peel and 150 for Ramsey would be the requirement based upon YHA guidelines.

Social amenities: Peel has the qualities of Padstow or St. Ives, and property surrounding the harbour is in the process of being upgraded.

Support services: Ramsey already has a small cluster of support services to boat owners i.e. boat repairs / electronics and this might be a natural place to foster such services as demand grows. Ramsey could provide a sheltered commercial environment for support businesses, but it does not have the onsite critical mass required and would rely upon attracting boats from other locations. If practical the cluster of marine support trades should be encouraged to be closely situated alongside the marina and provided with a boat lifting and moving facility to provide the opportunity for larger projects to be undertaken.

Peel Harbour

Ramsey Harbour

2.2.2 Port St Mary

Port St. Mary provides a real opportunity to create a self-contained world-class marina. It not only combines the positive selling point of 24 hour access in an attractive bay, but it has the ability to berth a large number of boats that can support individual marine services.

As such this site has the potential to lease the management and operation to a private marina operator to provide commercial facilities that will demand premium berthing rates. The proposition is particularly attractive should Phase 2 be achieved as the management and operating costs are not scaleable, and the project becomes a more desirable opportunity for all concerned.

Port St. Mary represents a large increase in available berths, which might become difficult to fill from residents only. So it is important that excellent facilities in an attractive environment are provided in order to attract non-residents to use their yachts as holiday cottages (this is common practice in other areas in the UK).

If the marina is to be developed in two stages, then many specific items need to be developed in a manner that could accommodate a cost effective further expansion later.

Parking for Phase 1 would require 298 spaces, plus 151 spaces for Phase 2.

Providing adequate development space is available, this site should also provide a boatyard (including a boat moving / lifting hoist), with a chandlery / shop and brokerage / new boat sales area. Also the location would ideally suit a charter fleet providing sailing holidays and Royal Yachting Association (RYA) training courses.

Additionally the social amenities should be bolstered as the small town has limited resources and is off site for visitors. This could provide the opportunity to relocate the Yacht Club and or provide a café / bistro on site space permitting.

Port St Mary

2.2.3 Douglas Harbour Phase 3 (Outer Harbour)

If a practical cost effective engineering solution could be found to build a lock gate at the entrance of the harbour adjacent the current Phase 1 and 2 marinas this would have a significant impact. Not only could this provide a new 24 hour tidal access to Douglas, but it could also convert the existing marinas to become accessible with 24 hour tidal access – albeit with some restrictions due to bridge opening times.

It has been crudely estimated that a further 150 marina berths could be provided in the outer harbour, requiring 133 car parking spaces. When combined with the existing 112 marina berths at Douglas, this starts to become a commercial number of boats that would better support the current chandlery on site, and other marine related businesses based on the Island.

The marina at Douglas has provided a focal point for the regeneration of the surrounding area. Additional berths providing more visitors should continue to foster this process. The South side of the harbour could provide opportunities for a promenade with cafes and bars overlooking the marina.

The buildings that are rented to Manx Marine Chandlery and the Sailing Club could cost effectively be timber clad to create a contemporary or traditional warehouse style to improve their aesthetic quality.

The current toilet / shower / washing machine / dryer block would need to be upgraded in line with secure car parking, fuel and all the other minimum requirements in accordance with The Yacht Harbour Association Code of Practice. The specification should be of a high standard in line with the new potential premium prices that the 24 hour access would justify.

The combination of pontoon and non-pontoon boats based at Douglas justifies on site boatyard services. Current commercial warehouses along the seaward south side of the harbour could become marine business focused.

To provide scale to independent marine related businesses (outside what could become the self contained harbour of Port St. Mary), it would be sensible in the medium term to choose between a marine business cluster based either at Douglas or Ramsey. It would have to be investigated if Douglas has the space capacity, and could provide an adequate sheltered environment for this.

If 24-hour access could be provided at Douglas there would be the potential to build upon the racing sailing yacht fleet. Mid week summer evening racing has proved popular in other locations with large numbers of boats taking part. This type of regular social event would be well suited to the work force based at Douglas after the close of business.

Racing sailing boats often require repairs, equipment upgrades, bottom cleaning, new sails etc., and hence create a higher level of spend than other boat types.

2.2.4 Douglas Dry Stack System

A potentially cost-effective way to provide further capacity would be to provide an undercover dry stack system to store RIBS and small powerboats.

This type of system is widely used in the USA and gaining popularity with operators and boat owners in the UK.

A Dry Stack System could be sited on the southern harbour wall on the seaward side beyond the lock gates with access to deep water.

Boat owners could use the facilities provided for the marina.

An additional 30 car parking spaces would be needed.

Douglas Harbour

2.2.5 Port Erin

This location was previously considered for a marina, but at this time the potential of Port Erin is relatively unknown.

In the long-term, it is potentially strategically important, because it gives the Island a further opportunity to develop and continue to extract value from the industry.

It would provide a good tactical position to enhance the cruising circuit around the Island.

Port Erin

2.3 Future Employment

The provision of a greater number of secure, floating, safe marina berths will create increased numbers of larger more expensive yachts to be berthed at the Isle of Man. This new type of boat owner will not have the same type of self help mentality that currently exists. Some of the new owners are likely not to be residents and will require additional boat care services. Additional 24 hour tidal access marina sites will greatly encourage a higher number of visiting yachts that will require services.

Of the potential new berths, some will be taken by *existing* boat owners. This will release berths for newcomers, but these will be predominantly drying-out berths which may not be attractive to these potential customers. There are currently only waiting lists for drying out berths in Port St Mary and Laxey.

Initial new marina developments such as Peel and Ramsey will help to consolidate demand for existing leisure marine traders, and only provide a small increase in employment.

Port St Mary represents the greatest opportunity for new employment, as in Phase 1 it has the potential to attract an estimated 192 new boat owners. Important for the local economy would be the completion of Phase 2 at Port St. Mary, which would produce additional employment based upon another 170 new boat owners. Port St. Mary has the ability to become a self-sufficient harbour because of the potential for high numbers of boats, and so represents a genuine chance to create new employment, effectively leaving the original businesses to service the remainder of the Island's harbours.

Potentially Port St Mary Phase 1 and 2 could create conservatively another 19 marine leisure employees. Also Port St Mary would allow new sectors and emerging sectors to start to flourish such as brokerage / new boat sales and charter companies.

The creation of Phase 3 at Douglas also is attractive in employment terms (partly due to the phasing), and consolidates on site businesses such as the existing chandlery. By providing 150 new boat owners this would represent a 15% increase in current employment levels.

Port Erin would have a larger impact on employment than Peel and Ramsey due to later timing and the fact it starts from a small boat number base.

Lastly the dry stacking system at Douglas represents approximately 2 new employees and would contribute to making Douglas a more important leisure marine hub.

In total we estimate that an additional 35 *direct* jobs would be created in the marine leisure industry.

In addition to these will be the indirect impacts due to employment of people providing services to these new jobs (e.g. materials inputs, distribution), and providing services to visitors (e.g. people working in restaurants). This would result in perhaps 10 + 10 additional employees.

In addition, charter company employment could be significant. For example, a fleet of 10 charter boats would require a peak requirement for 10 skippers, plus staff managing and coordinating the business. There is realistic potential for a further 10 employees.

2.4 Supply Scenarios

It is very difficult to know what will be built when. This will be a complex result of funding availability, obtaining permissions, and local political factors.

To permit us to make a forward looking assessment of the economic benefits, we have developed a working hypothesis for the timing on new developments as follows:

1: Existing + Peel (2 yrs)

2: Existing + Peel + Ramsey Old Harbour (4 yrs)

3: Existing + Peel + Ramsey Old Harbour + Port St Mary (6 yrs)

4: as per 3 + Port St Mary Phase 2 (8 yrs)

5: as per 4 + Douglas Phase 3 and dry stacking system (10 yrs)

It is assumed that the first set of additional berths will be available in 2009.

We have made some assumptions about the number of existing berths that will be lost to the new developments. These are summarised below and are initial estimates.

Peel:	40 non-drying out berths remain, the rest are replaced by the new scheme.
Ramsey:	70 drying out berths in the Old Harbour are lost.
Port St Mary:	The 40 non-drying out berths become pontoons, the drying out berths remain
Douglas:	None lost
Port Erin:	None lost

3 Market Study

3.1 Overview

There is no definitive data on the number of boats on the Island. There are 1,907 boats on the register, but Isle of Man Harbours only invoices 973 boats, and estimates that there are actually in the region of 1,233 on the Island. Table 3.1 shows the mixture of boats currently registered. Over 80% of the boats are in the category of between 2.5m and 7.5m. Not all of these boats are kept in the Isle of Man and the registry may include boats registered in the Isle of Man by non-residents.

Table 3.1: Boats registered in the Isle of Man, 2006

	Boat type				
Boat size	**Sail**	**Motor**	**Inflatable /RIBS**	**Dinghy**	**Total**
2.5 – 7.5m	215	769	126	421	1531
7.5 – 12m	207	127	16	0	350
12 – 24m	12	14	0	0	26
>24m	0	0	0	0	0
Total boats	**434**	**910**	**142**	**421**	**1907**

The Isle of Man currently has a waiting list for 74 Floating Berths and 80 smaller sized drying out berths. The numbers on the waiting lists at each port are as follows:

- Peel – 40
- Laxey – 30
- Douglas – 34
- Port St Mary - 50

Boat ownership per person in the Isle of Man is 1:65 (based on the Isle of Man Harbours boat park figures), which compares favourably to the UK 1:126, France 1:120, Germany 1:108, Italy 1:66 and Netherlands 1:64.[3]

However, compared to other small islands, the ratio of total berths and moorings to population is fairly low at 1:81. Jersey has a ratio of berths and moorings to population of 1:52 and still has waiting lists. In the Isle of Wight the ratio is around 1:40. This suggests that the market has potential to develop in the Isle of Man.

[3] Source: www.ibinews.com

3.2 SWOT

This section summarises the “big picture” in terms of the strengths, weaknesses, opportunities and threats for the marine leisure sector in the Isle of Man.

3.2.1 Strengths

- The resident population is generally affluent, with GDP / capita 10% higher than UK average and earnings 5% lower.
- The Island potentially offers a mini cruise ground in its own right, with a ring of marinas, attractive coast between them, and various beaches and coves to anchor off.
- The Island will generally offer day trip sailors the potential to sail on the lee side when conditions are uncomfortable for sailing on the weather side.
- Isle of Man has good flight connections to many of the UK’s major cities, including Manchester Birmingham, and London. These offer non-residents a real choice in basing their boat on the Island, because of its cruising potential.

3.2.2 Weaknesses

- The current facilities on offer are patchy and unbalanced. This is not a criticism; it is an inevitable situation as the Island’s marine leisure industry develops.
- Isle of Man Harbours has not yet developed a quality driven holistic approach to the development of the industry, but this is being addressed through this study.
- The supply chain that keeps boats serviceable has little depth. It will be important to provide the right facilities to encourage support businesses to set up in appropriate locations. Some sectors, which will become essential, are not represented and should be encouraged.

3.2.3 Opportunities

- The marine leisure industry has potential to support both the national strategy, which includes diversification of the economy amongst its objectives, and the tourism strategy.
- Considering that it is an island, and that most people live very close to the sea, boat ownership on the Island is at a modest level. It is only about double that for the UK as a whole, and about one-tenth of levels in some Scandinavian countries. With a very similar population of 89,000, Jersey has 1,700 marina berths, whereas the Isle of Wight with a population of 70,000 also has about 1,700.
- The trend in boat ownership for the past 10 to 20 years has been towards the purchase of fin-keeled sailing boats, plush motor cruisers, and more recently RIBs. Isle of Man residents have been denied the opportunity to participate in this due to lack of facilities until recently.
- The Isle of Man’s central location in the Irish Sea means that it is extremely well suited to act as a cruising hub. It is a 6 to 10 hour sail to three buoyant markets:
  - England’s Northwest, which offers the cultural attraction of Liverpool, and access to the Lake District via Whitehaven. It is noteworthy that two other Cumbrian ports (Barrow and Workington) have plans for new marinas, and this will encourage further take up of marine leisure in the Northwest.
  - North and West Wales, offering the attraction of heritage such as Caernarfon, and the outdoors of Snowdonia.
  - The east coast of the island of Ireland, offering the cultural attraction of Dublin, and the “Irish brand”.

- The Isle of Man is also is a good stopping point for cruisers heading to or from the West Coast of Scotland.
- Its location offers potential to encourage charter operators to base boats on the Island, offering cruising and / or training courses.
- There will be good opportunities for value added services in future, such as boat husbandry, and general upkeep on behalf of owners who are absent or prefer to pay for such services.

3.2.4 Threats

- Failure to carry the strategy through is possibly the biggest threat, because leaving one vital link out of the offer may have a significant effect on the offer as a whole. Examples would include failure to provide 24 hour access somewhere, or not completing the necklace of marinas around the Island.
- The development of new marina capacity, particularly in the Northwest, will soak up demand from non-residents. However, it may still be quicker for a person living in Manchester, for example, to reach their boat in the Isle of Man than in Cumbria. The Island will offer superior cruising opportunities and superior access (at Port St Mary).

3.3 Review of Markets

We have identified the following categories of marina users:

- Residents
- Non-residents
- Visiting boats
- Charter
- Events

The outlook for each is discussed in the following sections.

3.3.1 Residents

The population of the Isle of Man is growing steadily, it increased by 0.8% in 2006 and is planned to increase at 0.6% pa for the next few years. On a population of 80,000 this equates to an additional 500-600 people a year.

The economy of the Isle of Man is growing strongly, averaging 6% pa over the last five years and expected to be at least 5% pa over the next three years. This compares very favourably to economic growth in the UK, which is estimated at 2.6% in 2006 and in the European Union, which has averaged less than 2% per annum.

Income per head in the Isle of Man has been steadily increasing and has overtaken the UK. In 1995/96, Isle of Man Gross Domestic Product (GDP) per capita was 74% of the equivalent UK figure, but this rose to 110% in 2004/05. In 2004/05 GDP per capita in the Isle of Man was £19,228 compared to £17,451 in the UK.

Thresholds for taxable income are favourable compared to the rest of the UK. The lower rate for individuals is 10% (compared to the basic rate of 22% in the UK, although the starting rate for the first £2,090 is 10%) and the higher rate is only 18% (compared to 40% in the UK). The higher rate in the Isle of Man does however cut in at £10,500 as opposed to £32,400 in the UK. Personal allowances in the Isle of Man are 58% higher than the UK.

As people become wealthier, and real disposable incomes rise, they can afford to spend more of their time and their income on leisure activities. This bodes well for the development of marine leisure, but people also have higher expectations of the level of service they receive. A lack of convenient and easily accessible marina berths would be a constraint on marine leisure growth.

3.3.2 Non-residents

There are currently very few non-residents holding berths on the Isle of Man, which is logical given the lack of capacity for residents who want berths.

It is difficult to gauge the number of available berths in the vicinity of the Isle of Man. The Yacht Harbour Association has a facility to search for berths at www.berthsearch.com. This implies that in Wales, out of about 2,000 berths, there are 74 plus ‘a range’ of berths available, but the latter are not quantified. Conwy Marina in North Wales did not list any berths available out of 500, and is known to be full. The search for Ireland only returns spare berths at Malahide. In Northern Ireland only Bangor (capacity 550 berths) returns ‘a range’ and Carrickfergus (capacity 300) lists 10 vacancies. Whitehaven on the Cumbrian coast lists vacancies, but does not say how many out of 280 – we know that in practice Whitehaven recently had a waiting list and was expanding.

It is generally considered that there is a shortage of berths in the area, particularly in the populous Dublin region. In Dun Laoghaire, for example, there is a “real” waiting list of about 140 berths, which will immediately take up new berths about to be built. Moreover the cruising grounds in the vicinity lack appeal. For those people whose interest is primarily cruising orientated, the Isle of Man would provide an interesting option, perhaps on a seasonal basis.

The Yacht Harbour Association estimated that in 2003 there were 10,118 people on waiting lists for moorings in the UK. It is clear from discussions with boat retailers at the UK Boat Show, that sales are constrained by lack of berths. People sometimes buy a boat simply becomes it comes with a berth, and then sell the boat and buy the boat that they want. The same issue is said to affect Ireland by consultees on another study.

The Isle of Man is well placed centrally to attract non-residents and has good air connections to the UK and Ireland as shown in Table 3.2 below. There are up to 18 flights a day to the Northwest of England, up to 12 flights a day to the London region, and other populous areas such as Birmingham and Belfast are well served. These provide a ready market for boat ownership.

Routes to the south coast are thin – e.g. Bristol and Southampton. Many people engage in boating activity on the south coast, and if they can be encouraged to visit and charter, or possibly to base a boat in the Isle of Man for a season, this will support air route development as well as the fledgling marine industry.

Table 3.2: Flight Connections

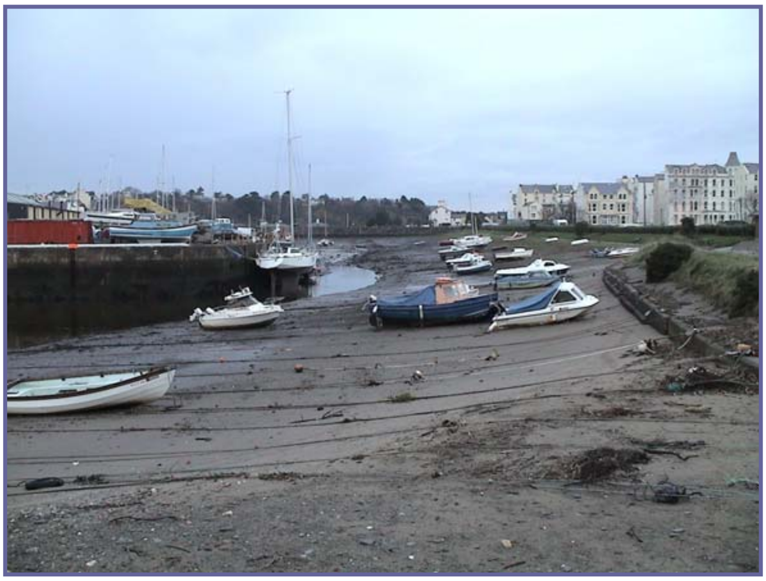
Destination	Flights per week day
Belfast	6 to 8
Birmingham	4
Blackpool	4 to 5
Bristol	1
Dublin	2
Edinburgh	1
Glasgow	1 to 2
Channel Islands	2
Leeds Bradford	2
Liverpool	5
London Gatwick	4
London Luton	1
London City	4
London Stansted	2 to 3
Manchester	8
Newcastle	1
Southampton	1

3.3.3 Visitors

There were 5,514 visitors to the Isle of Man who came via leisure boats. As can be seen in Table 3.3, this represents an average increase of 10% pa since 2001. Interestingly, the number of adults arriving on yachts in the 1990s was over 5,000 annually, and the drop from this to some 3,500 in 2001 is unexplained.

Table 3.3: Visitors to the Isle of Man by leisure boat

Year	Peel	Laxey	Ramsey	Douglas	Port St. Mary	Castle-town	Port Erin	Total
2001	293	0	318	1280	1451	115	30	3487
2002	192	5	321	1405	1700	143	23	3789
2003	147	28	340	962	1657	129	20	3283
2004	111	4	356	2091	1407	71	0	4040
2005	472	14	324	2342	1507	101	69	4829
2006	917	0	324	2354	1720	142	57	5514



Ramsey Old Harbour

Visitor numbers in Douglas increased by a third when the new tidal barrier was installed, and in Peel the numbers more than doubled. This may demonstrate a demand for improved services although it is hard to draw any firm conclusions. There were 1,750 visiting boats in 2006, which gives an average of 3.15 people on each boat. The peak months were June, July and August, which accounted for 77% of boats, but there were visitors from April to October. The number of boats is low compared to Jersey, which had 7,000 visiting boats, mostly concentrated in July and August. Obviously the two islands differ in many regards, for example the weather and Jersey's proximity to the French coast, but on the other hand Jersey has significant competition nearby.

3.3.4 Charter

We estimate that the charter and sea school boats currently occupy 4-6 berths. This could increase through organic growth, or by attracting a larger operator such as Sunsail to establish in the Isle of Man. This might increase demand by 10-20 berths.

3.3.5 Events

With increase berthing capacity, improved facilities and 24 hour access, the Isle of Man would be well-placed centrally to host a regatta. Cork Regatta Week in Ireland is so popular that it had to limit boat entries to 500 in 2002, and in 2006 they recorded 10,000 event visitors.

Other popular events include Tall Ships, Naval vessels, powerboats, sea festivals and music festivals. These are strong attractions for sailors and non-sailors. They do, however, also require accommodation on land in sufficient quantity and quality. The Isle of Man is used to dealing with large numbers of visitors with 40,000 arriving for the TT races, although much of the accommodation provided is in private homes, and the numbers associated with maritime events would be much lower.

3.4 Mapping the market onto supply scenarios

It is difficult to forecast the future demand for marina berths in the Isle of Man because the marine leisure sector is currently relatively underdeveloped. Our approach has therefore been to set out a schedule for the supply of berths, allocate them to residents, non-residents, visitors, events and charter and see what the implications would be for boat ownership and numbers of visitors. We then compared them to our benchmarks from other areas and marinas. In other words we prepared a supply scenario, created a demand hypothesis, and tested the reasonableness of this.

We assumed that in the early years the extra capacity would be absorbed by local residents on the waiting lists and by visitors. Charter berths would remain at around 5 and there would be no events until 2011 when the Ramsey scheme is complete. The number of residents' berths would increase from 800 in 2006 to 890 in 2011 when the Ramsey scheme is implemented, and then to 1,070 in 2013. By 2026, there would be 1,309 residents' berths, which gives a ratio of *residents'* berths to the population of 1:69; the overall ratio of all berths to the population would be 1:50. This is similar to Jersey.

We estimate that visitors' demand for drying berths is quite low and that only about 30 such berths are used although there are more available. The demand for non-drying berths is higher, and we have allowed about 55 berths. We have assumed that visitors' berths would increase from 85 to 100 in 2013, which is 46% increase in visitor berth-days. By 2026 there would be 170 visitors' berths.

We have assumed that the current position of having no non-residents' berths is continued until the residents' current waiting list has been satisfied. This would be in 2011 when the Ramsey scheme is completed.

Jersey currently has 80 non-residents who lease berths but it has a waiting list largely because it is constrained by the lack of large berths for these users. Berths over 12 metres are at a premium and it has no berths for non-residents with large yachts over 20 metres. If the Isle of Man wishes to attract non-residents then it will be important to ensure that the mix of berth sizes fits the profile of user demand.

In 2011, we assumed only 10 berths for non-residents. When Port St Mary Phase I opens in 2013, the allocation to non-residents is increased to 20, and this continues to rise until it reaches 70 in 2026. This is a modest provision over that time-scale and matches Jersey's current offering. It is assumed that non-residents have a preference for 24 hour access berths, so all their berths are of this type.

Berths for charter/ sea school under our assumptions would increase to 12 in 2013, and to 38 by 2026. As with the non-residents we assume they prefer berths with 24 hour access.

Occupancy rates are assumed to be high in the early years. As capacity rises further, there will be a delay in take-up and occupancy rates will fall, but will then pick up as more people engage in sailing, and marketing campaigns attract more visitors. This is described in more detail in Section 4.3.

Port Erin

FISHER

4 Benefit Assessment

4.1 Context

4.1.1 Strategic Plan

The Isle of Man Strategic Plan, currently in draft form, sets out the vision for a sustainable island. The plan sets out a core purpose and six aims which include making "economic progress" by developing sustainable growth in a diversified economy, and enabling improved employment opportunities.

The marine leisure industry offers a good opportunity to pursue this aim. It is sustainable in the very long-term, and can:

- Become a more significant part of the economy.
- Employ more people.
- Support demand for other economic activities, such as tourism and air services.
- Support social well-being and social inclusion by providing leisure facilities.
- Raise the profile of the Island.

4.1.2 Marine Tourism

The Island has had to change its role from a classic UK summer seaside resort, to a product based on the natural environment and quality domestic short breaks. New product development is a key component of the Tourism Strategy 2004 –08, which notes:

> "The Isle of Man lacks a marina of international importance. Whilst steps have been made to improve facilities at Douglas and Peel, the (Tourism) Department is supportive of measures to provide a marina of significant potential which will draw in both leisure visitors and water based events. This will open up opportunities to market the Isle of Man to high spending business and leisure visitors."

The SWOT analysis shows that the Island would be a very attractive destination for marine leisure if the facilities were provided. In our opinion the scale of the opportunity is much bigger than most people realise. Thinking needs moving onto a new level, and the "Cowes of the North" is a good strap line to capture this.

The Isle of Man has strong expertise in event marketing and management. A medium term plan to develop a marine based "son of TT" event would be likely to deliver a biannual or possible annual sustainable event which would have a significant impact on the Island's economy. Two leading examples are:

- For the Cork Regatta, an estimated 10,000 to 15,000 people visit the area over a weekend, bringing in an estimated €10 million to the Cork Harbour area in 2004.
- Skandia Cowes Week draws 10,000 non-sailing visitors to the town each day of the eight day regatta, in addition to the event's 8,000 competitors.

Provided that facilities are put in place, strategic partnerships would be a very good way of developing marine events, for example with the Combined Clubs of Dun Laoghaire. These have world-class regatta and race organising experience, but are somewhat limited by the opportunities of Dublin Bay.

More broadly, the sea around the Island is one of its greatest attributes, and yet it is hard to find this referenced in government thinking. When the Strategic Plan is adopted, it will be enacted via four area plans, which will frame the spatial and economic policy context for the Island. It is important that these plans are framed with the sea as an integral part of the Island's resource.

The Isle of Man might learn some lessons from the Republic of Ireland, which set up the Marine Institute in 1991 to "assess and realise the economic potential of Ireland's 220 million acre marine resource" (i.e. the sea).

Discussions with the Tourism Department suggest that an interdepartmental collaborative project to develop a cohesive marine strategy would be welcome. This would provide the vision and basis for fusion of economic, business, leisure, and tourism opportunities offered by the sea. For example, the Island offers good opportunities for more marine ecology based tourism and sports diving.

4.2 Assessment Methodology

The potential benefits of expanding the sector are:

- More direct and indirect revenue in marinas and the supply chains developing around them.
- Employment in marinas and the attendant supply chain.
- More people from outside the Island keeping boats on the Island.
- More people visiting the Island as tourists by boat.
- Adding to the tourist offer in relevant towns and improving the general image of towns.
- More spend by Islanders retained on the Island.

The methodology for determining the economic impact of the maritime sector is based on a Keynesian multiplier approach. There are three main ways in which an investment or a level of economic activity has an impact:

4.2.1 Direct Impact

This is the initial impact made by companies who are directly involved in the marine leisure sector in the Isle of Man, i.e. those businesses that would be directly affected to some degree if the marinas were not there. This also includes the revenue to Isle of Man Harbours from berth charges.

4.2.2 Indirect Impact

Businesses involved in the maritime sector in turn inject money into the economy through spending on goods and services, and this generates an indirect impact. We use multipliers to estimate the size of this indirect impact. The size of the multipliers and the impact on the local economy, however, depend on the extent to which these goods and services are sourced locally, i.e. the strength of the supply chain linkages, and the definition of the local economy.

Strong supply chain linkages in the local area mean less leakage through companies sourcing their inputs elsewhere. The size of the local economy is also important, as the larger the geographical area, the lower the leakages are likely to be.

4.2.3 Induced Impact

The induced impact relates to the additional economic activity generated as a result of employees in the maritime sector spending their earnings, as they too buy goods and services. Again there will be leakages from the local economy, as not all their expenditure will be made to local companies.

4.2.4 Multipliers

The Government of the Isle of Man has used a spending / income multiplier of 1.25 for previous economic evaluations and this is consistent with the English Partnerships guideline of 1.29 for a 'low' level multiplier for a regional area. A low level is defined as having limited local supply linkages and limited induced or income effects. The Isle of Man imports most of its consumer goods, and has a low level of participation in the supply chain, and so the leakages to the local economy are likely to be significant.

It should be noted that the English Partnerships multiplier is a composite one which covers indirect and induced benefits. The methodology used previously in the Isle of Man has not taken account of 'third' round induced effects.

4.3 Measuring Economic Impact

We have been asked to measure economic benefits in terms of the following:

- The stream of income from mooring charges and ancillary services, produced by Island residents, both new and existing.
- The stream of income from mooring fees and ancillary services produced by the crews of visiting vessels and from surrounding areas in the UK and Ireland, including events.
- The likely number of additional jobs that will be created as a result of the marinas, and the consequent additional economic activity in marina locations and elsewhere in the economy.
- An estimate of the direct tax benefits that would result from the additional economic activity.
- The additional exchequer benefits to the Treasury that will accrue from the Island's revenue sharing agreement with the UK.

4.3.1 Income from Residents

The current level of charges for Douglas Inner Harbour Marina berths is £108.65 per metre. The minimum charge is £543.25 for a vessel under five metres. These do not include VAT.

Our analysis has used different charges for moorings and berths as follows:

- The charge for drying out berths and non-drying berths without pontoons is £100. This is a typical current charge and reflects the policy of continuing to offer affordable moorings.
- The charge for pontoon berths with tidal restrictions such as currently in Douglas and planned at Peel and Ramsey is £1,000 pa. This reflects a typical current yield at Douglas.
- Charges for pontoon berths with 24 hours access is set at £2,500 pa. In comparison, an annual berth in Elizabeth Marina in Jersey attracts a charge of £242.62 per metre, which for a 10m vessel equates to £2,426 pa.

Occupancy rates for residents' berths are likely to be close to 100% in the early years as there is a waiting list for berths. As new pontoon berths become available, some residents are assumed to move from moorings to pontoons. Over time the picture is one of relatively high occupancy for pontoon berths, and increasing availability of drying out moorings.

Berthing revenues from residents are estimated at £167,000 pa in the first 3 years, increasing to over £1.4m pa in 2026. At such time there would be about an additional 500 resident boat owners, based on the number of residents' berths occupied, over the current provision of 800. This is an increase of 63% in the number of berths.

4.3.2 Income from Visitors and Non-residents

Visiting boats: We have assumed that the current daily charge in Douglas Inner Harbour Marina of £10.865+ VAT for a visiting boat remains unchanged and is applied to all marinas, however in 2013 we have increased it to £25/day for the berths with 24 hour access. This compares with charges of £18/day for a 9m boat in Jersey with restricted tidal access. Whitehaven charges £14/night for a marina berth and £7/night for the quay wall and Liverpool Marina charges £2.36 per metre or over £20/day for a 9m boat (also both restricted tidal access).

In terms of utilization of the visitor berths, the current average annual occupancy rates appear to be low at 11% in 2006 (assuming an average length of stay of 2 days and 85 visitor berths generally used). This will largely reflect the level of service and we have assumed that it will gradually increase to reach 23% in 2026. The seasonality of demand means that occupancy rates of 100% will not be achieved for visitor berths. We have also assumed that the average number of people on a visiting boat is 3.15 based on 2006 figures. Average daily spend is taken from the Passenger Survey Annual Report 2005, which gives expenditure per head for a day visitor, excluding travel to/from the Island, of £47, this has been inflated to £49.

A survey conducted by the Southern Tourist Board in 2000 concluded that over 710,000 yachtsmen and associated yachting tourists visited Cowes and spent £58.3m on the Island, which works out at £82/per person. On that basis, £49 per person looks a conservative estimate.

Non-residents: The berth charges for non-residents are assumed to be the same as for residents above. Contracts would be awarded on an annual basis or seasonal basis. Any non-resident berths that are not occupied could be available to visitors.

Charter are fairly small scale, but we have assumed that visitors would spend an average of £49/per person per day and in addition would have average transport costs of £60. The number of people in each charter boat obviously depends on the size of the boat, but we have assumed 3 people staying for a week.

For **events**, we assumed that there will be one regatta a year starting with about 15 boats in 2008 and rising to 100 boats in 2013 and remaining constant thereafter. This pitches such an event when fully developed at one tenth the size of the Cowes regatta. Average attendance at an event has been put at 5,000 (increasing to this level in line with the number of competitors), and duration at 5 days. Competitors would spend the average of £49/day and spectators would spend £137/day as they would incur accommodation and transport costs too.

The amount of revenue from berths for all of these users would rise from £36,000 at the start of the period to £536,000 in 2026.

4.3.3 Employment Generation

As discussed in Section 2.3 above, the schemes are expected to generate an additional 35 full time equivalent direct jobs. In addition, there would be employment creation in the wider economy as a result of multiplier effects.

4.3.4 Direct Tax Benefits

In the past, the Isle of Man has used expenditure to tax ratio of 1:0.11 for direct spending by visitors and 0.6 for fuel. For indirect spending, the tax ratio is 1:0.25. These are still considered to be appropriate by the Government.

The fuel component has been estimated as a refuelling cost per visit of £25, which is incurred by visitors and events. Obviously as resident boat ownership increases, so will the amount of fuel consumed, and this should probably also be taken into account.

Tax revenue excluding VAT (see Section 4.3.5), from direct and indirect/induced spending on fuel and other goods and services would rise from £136,000 in 2007 to £1.2m in 2026.

4.3.5 Revenue Sharing Benefits

The Isle of Man has a new revenue sharing agreement with the UK that replaces the Common Purse Agreement used for the collection and allocation of VAT. Under this agreement, instead of receiving a share of VAT, the Isle of Man Government receives revenue based on the contribution of an activity to the national income of the island. This is measured in terms of the salaries and generated profits that are retained on the island resulting from an activity. If profits are taken off the island, then they do not count,

The agreement came into effect recently, and it is too soon to say for certain what the impact will be. However, as rule of thumb, if an activity results in £0.25m of salaries and retained profits, it is expected to generate about £40,000 of customs revenues; a ratio of about 6:1.

We have estimated the salaries generated by the marina developments by assuming that 35 full time jobs are directly generated and a further 30 are indirectly generated over the course of the developments, and that average salaries are £27,900 per annum. It is assumed that the additional employment is all of local people and that the salaries are therefore retained on the Isle of Man.

We have estimated the profits generated by the marinas using a trading to profit ratio of 75%, although this will depend on the commercial model for development / operation. We have assumed that Isle of Man Harbours is the developer and operator, and that profits are fully retained on the Isle of Man. It is beyond the scope of this study to estimate the profits earned by other businesses directly or indirectly, thus we have retained the tax ratios described above as a proxy for the multiplier effects on taxation and revenue sharing. These ratios may now be on the high side.

Although the benefits will ultimately be much the same whether the Government or a private sector company operates the marinas, in reality the impact on national income will be measured more quickly if it is the latter, as the Government does not boost national income directly. The options for who develops and operates the marinas and their impact on revenue sharing should be carefully investigated.

The revenue share accruing from the new marinas is estimated to rise from £53,000 when the first new berths come into service, to £339,000 in 2026 with planned investments, and could reach £460,000 in 2026 if the additional potential berths are constructed

5 Conclusion

5.1 Key Findings

This is a tricky study to undertake. It is concerned with the maturation of an industry currently in its early development, and the quantitative identification of future benefits.

The following facts are established:

- Isle of Man Harbours has the opportunity to develop some 930 new pontoon berths in the next 10 years, of which 610 berths are currently planned. Subsequent to this it has further options with Port Erin.
- Isle of Man currently offers very low provision of marinas in comparison to Jersey and the Isle of Wight, and relatively low boat ownership considering its island character.
- The current provision of drying swinging moorings, and non - pontoon moorings in impounded docks, attracts a revenue of about £100 pa [4]. A non-drying pontoon berth with access + / - 2 hrs on HW attracts a revenue of £1,000 pa, and all the available berths (in Douglas) have been quickly taken up by residents. Marina berths offering 24 hr access would attract a significant premium, confidently assessed at an average of £2,500 pa.
- Islanders are relatively affluent and live in a low tax environment. There is strong circumstantial evidence that there is latent demand from residents for marina berths.
- There is a shortage of berths in the UK and Ireland, and there are good and improving flight connections from the Island to major cities.
- The Isle of Man sits in the middle of the Irish Sea, providing a mini cruising ground in its own right, and easy cruising to three markets (Northwest, North Wales, East of Ireland) which offer good facilities and cultural / lifestyle attractions.
- The current provision of support services for the industry is constrained. It could expand considerably and provide more employment.
- The Isle of Man will keep VAT collected by Isle of Man Harbours on charges for marina berths. It will also benefit from the value of visitors via the common purse agreement.

The economic benefit analysis is forward looking, and this means that we must make assumptions on the demand for berths, the number of berths built, and the charges for these. There is no right or wrong in this exercise.

Based on our experience, which includes current assignments concerning expansion of marine leisure in both Dun Laoghaire and the Fal in Cornwall, we have developed what we consider to be reasonable benchmarks for demand considering the Island's attributes, and assuming that Isle of Man Harbours is committed to developing and marketing facilities, and providing quality service. The key benchmarks are:

- In 20 years time, there will be about 1,800 berths and moorings, including 930 new pontoon berths, on the Isle of Man. This compares with current provision of about 1,700 on Jersey, which has a similar population.
- The number of visiting boats will increase from current levels of 1,500 pa to about 7,000 pa in 20 years time – again similar to Jersey today.

[4] All revenues excluding VAT.

A steady build up of demand to these levels combined with the investment profile hypothesis, would result in a reasonably matched supply and demand profile.

In methodology terms, it is important to avoid double counting of benefits. The following **revenue benefits** (either direct or indirect) to the Government have been included:

- Revenue to Isle of Man Harbours from provision of marine leisure facilities. This comes from residents, non-residents keeping their boats on the Island for a season or longer, and visitors on yacht cruises or attending events. Charter companies will also provide revenue.
- Taxation collected by the Isle of Man government on fuel and on expenditure,[5] and the revenue sharing agreement with the UK Government.

The total of these revenue benefits is about £0.35 million in 2007. Assuming that only the planned investments are made (at Peel Inner Harbour, Ramsey Old Harbour, and Port St Mary Phase 1), total revenue benefits would increase to £2.5 million in 2026. The average is £1.8 million pa. Assuming that the program of planned plus potential investments (at Port St Mary Phase 2 and Douglas Outer Harbour Phase 3) is made, total revenue benefits would increase to about £3.7 million in 2026. The average is £2.3 million pa. The breakdown in 2026 for planned investments is:

- 49%: revenue to Isle of Man Harbours
- 37%: taxation
- 14%: revenue sharing agreement

.The value of future benefits is often expressed as a lump sum Present Value (PV). A PV shows the owner of the benefit (the Government) the value of the future benefit in today's terms. Applying a "discount rate" does this. UK Government guidelines as of September 2003 are for a rate of 3.5% for "commercial services where there is no competition and no realistic prospect of competition from the private sector". Alternatively, for "commercial services where there is or may be competition from the private sector, the required rate … is expected to fall in a range of 5.5 % to 15 %".

Douglas Outer Harbour

We have shown the PV at 3.5% and at a more widely used public sector rate of 8%:

- PV at 3.5%: £30.0 million
- PV at 8%: £17.1 million

These PVs represent the discounted revenue *benefit* to Government (basis 2006 including potential investments), related to Isle of Man Harbours marine leisure activities. It does not represent the marginal *impact* of investments. This would require a full investment appraisal accounting for additional operating and capital costs

[5] Multipliers based on values used by the Isle of Man Government were employed.

Additional benefits would be obtained from other effects including:

- We estimate conservatively that 35 direct jobs would be created. In addition, indirect employment and attracting charter companies would create perhaps another 30 jobs.
- The addition of £2 million pa revenue to Isle of Man Harbours by 2026, which would help to offset the current deficit of some £2.2 million pa.
- Diversification of the economy as predicated by the national strategy.
- Providing the opportunity for an integrated marine tourism strategy including aquatic sports and marine ecology etc.
- Supporting and encouraging air transport links.

5.2 Recommendations

The Isle of Man has an excellent opportunity to develop a long-term sustainable marine leisure industry. To achieve this, the Government will need to decide that it wants this, and back this with:

- Appropriate spatial and planning policy.
- Financial commitment to a long-term programme of quality marina development.
- A smart implementation strategy that markets the right facilities at the right time.

The following recommendations provide specific advice on how Isle of Man Harbours can maximise the potential benefits of the marine leisure industry.

Quality Drive

A physical review of each location should be undertaken, with the objective of providing the "Top 10" recommendations on upgrading quality for each location. This should be done against the background of the Gold Anchor scheme. This judges facilities on items including the condition of pontoons, marine and landside access, toilets and showers, security, access for disabled sailors and staff training.

Commercial Structure for Marina Development

At a presentation of the report with the Minister and Chief Executive of the Department of Transport, it was noted that different commercial structures would result in different yields for the Government. Isle of Man Harbours should investigate the impact of its development and operation of the marinas, in comparison with other development models, and assess the returns from these in light of the new revenue sharing agreement with the UK Government.

Marine Strategy

The Island would benefit from preparation of a wider strategy for maximising the broad economic potential of the marine environment. This would provide early input into thinking in the new Tynwald. It should set out a vision on how the Isle of Man can embrace its marine potential, and provide recommendations on an approach that realises synergies.

It should include consultation with representatives on the Isle of Man, e.g. Harbours, Tourism, Agriculture and Fisheries, Environment, and Education, and other parties such as the Irish-Sea.org Interreg marine industry project, the Irish Maritime Institute, "Catching the Wave" (Wales), Mersey Maritime, and the Combined Clubs of Dun Laoghaire.

This could include the development of an integrated marine marketing and international partnership framework.

Marine Business Case

Discussions with Isle of Man Harbours suggest that there is merit in developing a long-term business plan that considers the future financial position of Isle of Man Harbours. It has under its control several substantial assets, and the Director of Harbours considers that these should be managed sensitively to improve returns, and reduce or eliminate the deficit in the long-term. The revenue from the marine leisure industry provides significant potential to achieve this, and it would therefore make sense to investigate this further, building on work completed for this economic benefit study.

Related to this, the Director of Harbours is interested in looking at the financing, decision making and governance structure of Isle of Man Harbours to see where strengths and weaknesses lie, and to benchmark Isle of Man Harbours against similar bodies. These might include Jersey Harbours, the Orkney Island Harbours Department, the Highland Council Harbour Authority, and / or other public sector port organisations owning / operating several harbours. If desired this could also reference the recent development in advice from the UK DfT for Trust Ports and Municipal Ports.

Peel Harbour

Appendix A: YHA Code of Practice

A summary of the key facilities required by the Yacht Harbour Association Ltd Code of Practice is listed below to help identify the generic support facilities for each Isle of Man Harbour.

Key Specification

- Drinking Water Standpipe or Tape: Within 20m of each berth
- Boat Electrical Power Demand: All berths equipped with an electrical socket outlet
- Marina Illumination:
  - Traffic routes such as roads paths and pontoons.
  - Dry dock and maintenance berths.
  - Land storage areas.
  - All access ramps, bridges and quaysides must be lit.
- Navigational Aids:
  - Define a line of approach or departure.
  - To mark the entrance
  - To define a perimeter breakwater
  - Tide level indicators.
  - Navigational buoys.
- Administration office: Every marina requires a satisfactory office accommodation on site for its operating and administrative staff.
- Toilets, Showers and Launderette:
  - Facilities should be provided on the following scale either ashore or floating units.
  - These facilities should be situated no more than 300m from the nearest access bridge. The minimum requirement is:

Facility	No. Male	No. Female
W.C.'s	1 per 50 berths	1 per 50 Berths
Urinals	1 per 75 berths	-
Wash Hand Basins	1 per 50 berths	1 per 75 Berths
Showers	1 per 75 berths	1 per 75 Berths
Deep Sinks	1 in each block	1 in each block

  - Facilities for disabled persons should be provided.
  - A very high standard of cleanliness should be adopted.
  - Access should be made using a PIN number. A key, plastic or magnetic card or similar.
  - A launderette and dryers is a desirable feature provided at one per 300 berths.

- Car Parking: A provision of 0.75 car spaces per berth should be made.
- Additional spaces should be made as follows:
  - 1.5 spaces for each vessel over 40 feet.
  - 1.0 space for each employee or tenant's employee.
  - 3.0 spaces for each charter yacht operating from marinas.
  - Car parking may be used for boat storage out of season.
  - Access to car parking may be controlled by using a PIN number. A key, plastic or magnetic card or similar.
  - When the marina car park is some distance from the access to the pontoon system, it is recommended that a loading / unloading short term parking space is provided close to the access.
- Trolleys should be provided at the rate of 1 per 20 berths.

Environmental and Pollution Prevention

- Sewage Disposal from Holding Tanks: Sea Toilets should not be used in marinas. Berth holders should be advised to use shoreside facilities. Comfortable clean toilets situated close to the access bridges are the best encouragement.
- Port Waste Management Planning: All marinas must provide facilities for disposing of the waste generated and bought ashore by their customers. Operators should encourage their berth holders to separate wastes source and recycle what they can.
- Disposal of Oily Waste: Suitable sealed tanks should be provided on site for the disposal of oil and oily bilge water.
- Oil Storage on Site: Above ground storage tanks which hold materials likely to cause pollution if inadvertently discharged (e.g. diesel fuel oil) must be surrounded by a watertight bund wall of sufficient height to contain the fuel tank capacity plus 10%. The floor must also be impervious. Underground tanks must be installed in accordance with the Home Office Code of Practice for petroleum storage tanks.
- Fuel Berth: A separate berth should be set aside for the sale of petrol and gas oil (diesel fuel), available from metered pumps.
- Fuel Spillage & Pollution Incidents: "Spill Kits" containing absorbents and other materials should be kept readily available to contain and remove any spillage that has occurred, either directly onto the water or the ground.
- Antifouling: Precautions against discharge of anti-fouling paints onto the waters of any marina or yacht harbour should be enforced. Washing down areas on shore which drain into the marina should do so via some form of interception to collect harmful materials.
- Hazardous Substances: Boat maintenance materials such as antifouling and other substances considered as hazardous should not only be used with care, but disposed of in the same manner in accordance with the national environment agency.
- Disposal of Pyrotechnics: Flares that have exceeded their use-by date should be dispersed of via an appropriate emergency service e.g. Coastguard, Police or Fire Service.

Safety and Security

- Fire Prevention & Control:
  - Gas cylinders should be stored upright up right in a cage or an approved ventilated building.
  - All fire prevention equipment should be confirmed suitable by the Fire Authority.
- Life Saving & Safety:
  - Means of escape from the waters of the marina should be available by the provision of fixed ladders on walkways, on a ratio of 1 to 30 berths. Portable ladders may be used to supplement fixed ladders but should not exceed 50% of the recommended provision.
  - Lifebuoys, with floating lines 10m long attached, should be provided where necessary but on a ratio of 1 lifebuoy to 30 berths.
  - Suitable and efficient lighting should be provided to pontoons, walkways, jetties, quaysides and grounds.
- Security: Marinas provide better security than moorings. This is important to potential customers.

Social Amenities:

- Extra amenities for berth holders could include:
  - Chandlery that includes the sale of clothing, liquor and food stuffs.
  - Club or bar facility, which may include a restaurant.
  - Boat care and valeting service.
  - Sailing school.
  - Boat sales, brokerage and charter office.