
Waterways Ireland

Socio economic summary report for the NE and SW sections of the Ulster Canal

Final Report

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PRICEWATERHOUSECOOPERS 

in association with



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Executive Summary

1 This report presents the results of a short study to examine the potential benefits associated with re-opening of the North East and South West sections of the Ulster Canal as part of a phased approach to re-opening the full Canal. The study draws extensively on work currently being undertaken for the Blackwater Regional Partnership on the socio-economic impact of the re-opening of the Ulster Canal.

2 Our review of literature shows that there is a wide range of potential benefits associated with canal restoration and which go beyond the benefits associated with the waterway itself. Typically these include the following:

- In terms of regeneration:
 - Act as catalyst for economic and social renewal;
 - Increase development value and the opportunity for investment;
 - Focus and link regeneration opportunities;
 - Generate long-term economic activity and opportunities for employment; and
 - Promote inclusion and quality of life.
- In terms of sport and recreation:
 - Provide an important sport and recreation resource; and
 - Contribute to the health and well being of society.
- In terms of tourism, waterways:
 - Act as a tourism asset in their own right;
 - Provide a link between existing / new attractions;
 - Support the holiday industry through water-based activities; and
 - Enhance the environment and attract increased visitor activity.
- In terms of heritage, culture and the natural environment:
 - Form a unique heritage, cultural, educational landscape and environmental assets; and
 - Host a wide array of important historic buildings and structures.
- In terms of transport:
 - Act as a waterborne transport corridor for people and freight; and
 - Form important cycling, walking and public access corridors.

3 However, case studies show that in order to realise the benefits, the right approach to restoration must be taken. It is important that all stakeholders are committed and encouraged to be involved at all levels, while clear and detailed planning is required from the start. In addition, it is important that there is an emphasis on developing land-based activities / facilities as well as water-based. These lessons apply equally to the re-opening of the two sections of the Canal.

4 Key findings from the socio-economic analysis of the corridor area along the Northern East and South West Sections of the Canal can be summarised as follows:

- Around 73,000 people live in corridor areas adjoining the North East and South West sections (75% of the total corridor area population);
- In line with the Canal corridor area as a whole, the population in the North East and South West sections experiences higher levels of disadvantage and a greater dependence on agriculture than other parts of either jurisdiction;

- There is an above average level of business start-up activity along the North East and South West sections of the Canal;
- Average earnings in the area of the North East and South West sections are 12 to 20% below the respective national averages;
- Average house prices are 10 to 15% below respective national averages; and
- Evidence from the consultation suggests that the area is likely to face continuing economic decline without a major economic initiative.

5 The results of our consultations with the local community and other relevant stakeholders can be summarised as follows:

- There is a degree of community support for re-opening the two sections of the Canal but on condition that it leads to a full restoration of the Canal;
- There is a recognition of the potential benefits arising from increased tourist and other visitors to the area as well as wider economic benefits and that local businesses could benefit; and
- There is a perception that the benefits would be greater for the South West section which already has the link with the Shannon-Erne Waterway, than for the North East section, which will be mainly river-based.

6 Based on our assessment of the tourism benefits of re-opening of the full Canal, we have estimated that the tourism benefits of re-opening the North East and South West sections of the Canal could be in the region of £1.1m to £1.4m per annum, including multipliers.

7 The wider economic regeneration benefits arising from the restoration of the two sections have also been calculated on a proportionate basis from the benefits associated with full restoration and can be summarised as follows:

- Increased economic activity in the two sections of the Canal corridor area of up to £2 to £4 million per annum;
- Jobs created in construction of Canal of between 600 and 740 person years over a three year construction period; and
- Wider employment creation of up to 100 jobs resulting from increased economic activity.

8 It is important to emphasise that these estimates are indicative at this stage and are dependent on a number of factors. In particular, if these benefits are to be captured it is essential that there is a broader strategy and Action Plan in place that identifies what needs to be done and by whom. One important early element of such an Action Plan would be the development of a communications strategy on proposals for the Canal and the wider regeneration of the area. Our consultation has shown that there is not a widespread awareness of the project and its potential benefits, while the research on Canal restoration elsewhere emphasises the importance of good communications. There is a wide range of stakeholders and a need to develop a clear message as to what is proposed and the timescales for delivery.

I Background and Terms of Reference

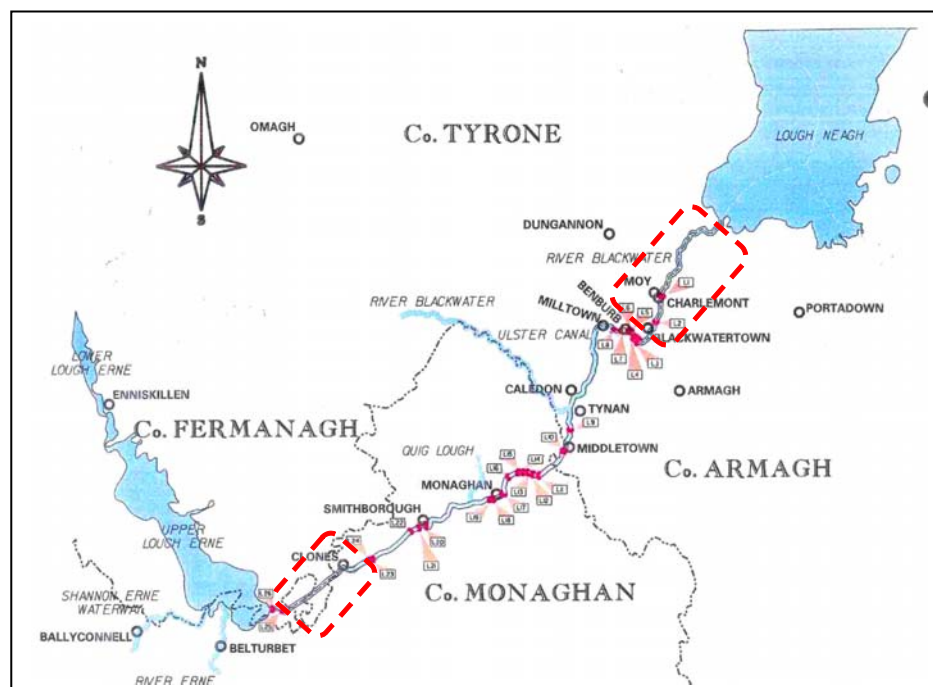
Background

- 1.1 Waterways Ireland is the North/South Implementation Body for the inland navigable waterway systems of Ireland. It is one of six North/South bodies established under the Good Friday Agreement. The statutory remit of Waterways Ireland is to manage, maintain, develop and restore the inland navigable waterways principally for recreational purposes. It is also responsible for taking forward further studies and appraisals in relation to the possible restoration of the Ulster Canal.
- 1.2 The Ulster Canal links Lough Neagh to Lough Erne. It straddles the Northern Ireland / Ireland border and passes through the towns of Charlemont, Moy, Blackwater, Benburb, Milltown, Caledon, Tynan, Middletown, Monaghan, Smithborough, and Clones. It was originally constructed in the early part of the 19th century and is 93km long.

Terms of reference

- 1.3 Waterways Ireland requires consultants to draw up a socio-economic summary report relating to the reopening of two sections (see Figure 1.1 below) of the Ulster Canal:
 - From Lough Neagh via the River Blackwater to connect to the Ulster Canal in the vicinity of Blackwater town; and
 - From Lough Erne to Clones.

Figure 1.1: Geographical area of the study



- 1.4 The study has been commissioned by Waterways Ireland. The terms of reference state that the study should:
 - Draw to the greatest extent possible on previous similar reports and summarise the position on the benefits arising from the reopening of the sections of the Ulster Canal in question;

- Review the findings of existing similar economic / socio-economic studies within Ireland and the United Kingdom and from these studies summarise and where possible quantify in economic/ socio-economic terms the benefits of reopening the two sections of the Ulster Canal;
 - Consider and comment on both the direct and indirect benefits and the likely contribution to wider economic and social regeneration of the area; and
 - View the opening of the above two sections of the Canal as part of a phased approach to reopening the Ulster Canal.
- 1.5 According to the terms of reference, a separate technical summary is being drawn up in parallel with this study.

Our approach

- 1.6 This study was carried out over a short 6 week period which included the Christmas period. It has therefore been based largely on existing research material.
- 1.7 The report draws extensively on work carried out on the Ulster Canal Socio-economic Study, commissioned by Blackwater Regional Partnership (BRP) and conducted by PricewaterhouseCoopers and Tourism Development International. This study is still ongoing and the first draft of the Final Report is expected to be completed by mid-February. However, Blackwater Regeneration Partnership have kindly agreed to allow us to make use of our work for them in preparing this report. Whilst we have been able to draw heavily on the findings of the BRP study, it is important to point out that these findings will need to be reviewed in light of the outcome of the final BRP report. The terms of reference for the BRP study are attached at Appendix A for information.
- 1.8 The BRP study is concerned with the impact of re-opening the entire Canal. It investigates the potential social and economic benefits to the area along the Ulster Canal corridor, which has been defined as the zone stretching 6 miles on either side of the Canal. In addition, it will investigate potential sources of funding and will examine a number of management models and look at the tasks required to reach implementation.
- 1.9 This study focuses on examining the economic and social impacts of opening two sections of the Canal as a phased approach to restoring the whole Canal. The two studies should therefore be treated as complementary, with the present report viewed as the first stage of a detailed analysis of the way forward for the Ulster Canal.
- 1.10 The study also draws on the original Ulster Canal Feasibility Study, prepared in 1998 and updated in 2000, which examined the detailed feasibility of re-opening of the Canal in engineering, economic and tourism terms.
- 1.11 Our overall approach consists of four key phases. Each of these Phases is described in detail in the paragraphs which follow.

Phase 1: Project Initiation

1.12 The Project Initiation Meeting took place on Wednesday, 7th December in the offices of Waterways Ireland.

Phase 2: Document review

1.13 The desk research comprised three tasks:

- Review of research relevant to the Ulster Canal;
- Analysis of socio-economic data relevant to the two geographical areas; and
- Review of Canal studies from elsewhere.

Phase 3: Interviews with key stakeholders and focus groups

1.14 The following depth interviews were undertaken with key stakeholders.

- Representatives from the following Councils:
 - Armagh
 - Monaghan
 - Dungannon and South Tyrone
 - Fermanagh

- Key stakeholders:
 - Waterways Ireland
 - Armagh Confederation of Community and Voluntary groups
 - Smithborough Development Association
 - Clones Development Committee
 - Ulster Canal Development committee
 - Ulster waterways Group
 - Monaghan Group
 - Inland Waterways Association of Ireland
 - The Special European Union Programmes Body
 - International Fund for Ireland
 - Department of Culture, Arts and Leisure
 - Department for Community, Rural and Gaeltacht Affairs
 - Tourism Ireland
 - Historic Buildings Council
 - Historic Monuments Council
 - Joint Committee for Industrial Heritage

Phase 4: Analysis and reporting

1.15 A draft interim report was prepared for submission to Waterways Ireland on 17th January 2006. The draft final report was submitted on 13th February 2006.

II Research and Consultation

Introduction

2.1 The key aims of the research and consultation phase of the study were to review existing literature, analyse the current socio-economic baseline position of the two sections, and obtain the views of a number of key stakeholders and other interested parties such as community groups and funding bodies, in relation to the proposal to re-open two sections of the Canal as part of a phased approach to the full re-opening the Ulster Canal.

Review of literature

2.2 A review of existing evidence has shown that restoration of the canals offer a wide range of potential benefits, although we have not discovered any evidence of the benefits associated with a phased opening. However we have assumed that a number of the benefits will be generated on a proportionate basis by re-opening of the two sections.

2.3 The IWAAC publication “Planning a future for the inland waterways: a good practice guide” (2001) provides a good summary of the potential benefits that restoration of waterways can create, many of which will apply to the opening of two sections:

- In terms of regeneration:
 - Act as catalyst for economic and social renewal;
 - Increase development value and the opportunity for investment;
 - Focus and link regeneration opportunities;
 - Generate long-term economic activity and opportunities for employment; and
 - Promote inclusion and quality of life.
- In terms of sport and recreation:
 - Provide an important sport and recreation resource; and
 - Contribute to the health and well being of society.
- In terms of tourism, waterways:
 - Act as a tourism asset in their own right;
 - Provide a link between existing / new attractions;
 - Support the holiday industry through water-based activities; and
 - Enhance the environment and attract increased visitor activity.
- In terms of heritage, culture and the natural environment:
 - Form a unique heritage, cultural, educational landscape and environmental assets; and
 - Host a wide array of important historic buildings and structures.
- In terms of transport:
 - Act as a waterborne transport corridor for people and freight; and
 - Form important cycling, walking and public access corridors.

2.4 However, case studies show that in order to realise the benefits, the right approach to restoration must be taken. It is important that all stakeholders are committed and encouraged to be involved at all levels, while clear and detailed planning is required from the start. In addition, it is important that there is an emphasis on developing land-based activities / facilities as well as water-based. These lessons apply equally to the re-opening of the two sections of the Canal.

Socio-economic analysis

- 2.5 Key findings from the socio-economic analysis of the corridor area along the Northern East and South West Sections of the Canal can be summarised as follows:
- Around 73,000 people live in corridor areas adjoining the North East and South West sections (75% of the total corridor area);
 - In line with the Canal corridor area as a whole, the population in the North East and South West sections experiences higher levels of disadvantage and a greater dependence on agriculture than other parts of either jurisdiction;
 - There is an above average level of business start-up activity along the North East and South West sections of the Canal;
 - Average earnings in the area of the North East and South West sections are 12 to 20% below the respective national averages;
 - Average house prices are 10 to 15% below respective national averages; and
 - Evidence from the consultation suggests that the area is likely to face continuing economic decline without a major economic initiative.

Results of consultation with stakeholders

Perceived benefits of restoring two sections of the Ulster Canal

- 2.6 The stakeholders, community groups and other interested parties involved in our consultation programme were fairly supportive of the concept of restoring the north-eastern and south western sections of the Ulster Canal as part of a phased approach to re-opening the entire canal. A strong element of caution, and some scepticism was also expressed however, and many were concerned that this approach would not yield the benefits of a full restoration project. There was some fear that the opening the two sections may not result in the benefits hoped for, and that this would result in the full restoration being abandoned. Without exception, the view was that the preferred approach to re-opening the Ulster Canal was to launch the full restoration as a complete project. It was considered that only the full scale project would attract the attention needed, and the development sufficient interest to draw in visitors and tourists in significant numbers.
- 2.7 In relation to the benefits expected from the restoration of two sections of the Ulster Canal, the concept was welcomed as a project that will attract an increase in tourism to what are considered as deprived parts of Ireland. Respondents hoped that the Ulster Canal would become a selling feature for the two areas and would attract visitors seeking both water-based and land-based activities. Once visitors were attracted to the area, by the Ulster Canal, respondents believed that this would provide the opportunity for the two areas to showcase their existing heritage, such as Benburb Priory Park, the 16th Century battlefield sites near Blackwatertown and Clones Round Tower.
- 2.8 It was recognised, by most respondents that the two sections of canal proposed for restoration currently experience relatively low tourism levels. Respondents were optimistic that, similar to the experience from other canals, towns and villages within the two areas will undergo regeneration and benefit from increased tourism and business development. Frequent comparisons were made with experience of towns and villages located along the recently restored Ballyconnell Canal. In the view of our consultees, the south-western section would benefit more than the north-eastern section because of the former's link with the Shannon-Erne Waterway.
- 2.9 In the opinion of the local community, local businesses were expected to benefit most from the restoration of the two Ulster Canal sections. Respondents believed that the Ulster Canal would attract more visitors into the surrounding towns and villages, who would seek outlets providing hospitality and refreshments, basic groceries, and perhaps

giftware. It was expected that new business opportunities would also be created such as boat maintenance, boat hire and cycle hire in the area surrounding the two sections.

- 2.10 The majority of respondents believed that restoring two sections of the Canal would be particularly beneficial for the towns situated on those particular stretches of the Canal, namely Clones in the south-west, Blackwatertown, Moy, Charlemont and possibly Benburb in the north-east. However, the potential benefits that would be obtained from restoring the entire Ulster Canal were viewed as much greater.

"It would have a positive impact in these areas for tourism – they need a boost in tourism"

"It would be an additional product for these areas to market – a mini project and would make the area more accessible for visitors"

- 2.11 Respondents would be more receptive towards the restoration of the two sections if plans were in place to restore the full canal corridor in the near future.
- 2.12 It was noted that if this project was a catalyst for the full restoration of the Ulster Canal, it would ultimately be a beneficial development. However, it was not viewed as an ideal solution. Some respondents were optimistic that this approach may attract funding for the restoration of the entire canal.

"Well, I suppose it's better than nothing and I'm sure they have a rationale behind it"

"It's a step in the right direction"

- 2.13 Respondents were hopeful that such developments would generate tourism within the two defined areas. In particular, the Lough Erne to Clones section was expected to benefit from the restoration.
- 2.14 One respondent believed that the restoration of these sections could be used as a pilot scheme to determine the effectiveness of the Canal as a tourist attraction. However, concern was raised by most respondents that this would not be a true picture of the potential demand if the whole Ulster Canal was to be restored.

"Maybe these two sections could be opened first as a pilot initiative but I don't see the point if that's all they do, it will depend on what is economically feasible though" (Key stakeholder)

- 2.15 It was strongly believed that this project should not be used as an indicator for the potential demand if the complete canal was to be restored.

"A phased approach could work by starting with these sections but it should not stop there, I can't see any benefits of reopening only two sections"

- 2.16 The majority of respondents believed that the economic growth experienced on the Shannon/Erne waterway would be replicated if the canal was restored, albeit in sections. The areas which were regarded as benefiting from past restoration were Belturbet, Ballyconnell and Leitrim.

"You only have to evaluate or look at the Shannon/Erne to see how successful it has been, it is been very important to the tourist industry and all the areas along the canal would benefit through increased employment and cross border working"

"Belturbet has had substantial development recently"

- 2.17 The expected benefits include job creation, diversification and residential and commercial property developments alongside the canal. However the benefits are expected to be less than would be experienced if the entire canal was re-opened.

"No question about it, it would! You just have to look at Ballyconnell it was a ghost town now it's buzzing. In Leitrim there is a lot of redevelopment of housing and apartments"

Benefits of restoring Lough Neagh to Blackwatertown (NE section)

- 2.18 The proposed restoration from Lough Neagh to Blackwatertown and the surrounding towns was deemed beneficial to the surrounding area. However, to a lesser extent than the expected benefits from restoring the section between Lough Erne to Clones. Respondents generally believed that this section was too short to create significant benefits to the area and lacked the scope for boating along more southern regions of Ireland.

"It is just merely an extension of the Lough Neagh route so it won't be a huge addition to boating journeys"

- 2.19 One respondent commented that applications had been made for the restoration of the canal from Lough Neagh to Blackwatertown, commenting that this would be less costly to implement than the stretch from Lough Erne to Clones due to the current infrastructure in place along the River Blackwater.

Benefits of restoring Lough Erne to Clones (SW section)

- 2.20 The potential impact for Clones in terms of redevelopment and regeneration was regarded to be very positive, due to Clones' perceived decline in recent times. Many respondents believed that Clones would benefit greatly from this proposal and all welcomed an investment opportunity in what they consider to be neglected area.

"The stretch from Derrykerrib to Clones and Benburb to Lough Neagh would benefit"

"Clones is the most deprived and marginalised town in the border region so investment is needed to rekindle it"

"It's the first time in 80 years that the state has shown an appropriate investment in infrastructure in the South Ulster region, particularly Clones"

- 2.21 There is some evidence that Clones is preparing for the potential restoration of the canal with plans in place to restore other local heritage attractions.

Perceived drawbacks of restoring the Ulster Canal in two sections

- 2.22 The general consensus of opinion was one of dissatisfaction with regard to the proposal of restoring two sections of the Ulster Canal only, with no commitment to the re-opening of the full canal.

"I don't see any benefits, only if this is a phased approach with the intention of opening it all"

"It is imperative that we look at the full thing and not just part of it"

- 2.23 Respondents were of the opinion that by limiting restoration to one portion of the canal it would dilute the potential benefits to the area. Many respondents feared that this approach would be detrimental to fully restoring the Ulster Canal corridor.

- 2.24 Respondents were concerned that if these two sections are reopened in isolation it would result in little additional boating being attracted to these areas.

"I would understand from a funding point of view but proper return will only come from the entire canal being redeveloped"

"There is more potential if you do it all. You will have more Council areas and cover a bigger area."

- 2.25 It was asserted that the returns would be disproportionate to the cost if the full length of the canal length is not restored. The restoration of the full corridor of the canal was regarded as reaping the most benefits in terms of boating usage and revenue from related activities.

"Cost of smaller bits will not be directly proportional to the big bits! Postponing restoration of other parts of the canal will cause increase in costs and will dilute the overall impact of the restoration of the Ulster Canal as linking up all of the waterway systems in Ireland."

- 2.26 Respondents viewed the restoration of the Ulster Canal as a cross border initiative, which would generate trade. This was viewed as an ideal opportunity to open up the infrastructure network and trade routes to encourage integration of all communities, both North and South.

"Ideally, I would prefer the full link/ across the border between Lough Erne and Lough Neagh"

"You are losing the cross-border resource if you don't take it the whole way across"

- 2.27 The Ulster Canal was seen by many as a symbol of unity, which is embraced by all sides of the community, both North and South of the border. However, by restoring the two extremities it would not have the same positive cross border impact.

"No symbolic, rational or strategic return to only opening 2 sections"

"From a peace perspective it is a good symbol of linking the north and south"

"For me the beauty is the fact that it is a cross border project to help North and South trade so it should all be opened"

- 2.28 The Ulster Canal was regarded as the missing link between the North and South, not only in symbolic terms, but for boating enthusiasts. Respondents stated that to achieve full tourism potential the full canal corridor should be restored to provide a continuous route from Lough Neagh to Lough Erne and to other southern canals would be the preference. It was expected that restoring two sections would have a limited impact on generating tourism.

"Ulster Canal is part of a national network of waterways so we need to open it so we can move from Lough Neagh right down to Leitrim"

"The whole island of Ireland needs to be opened up and linked so you can boat on the canal and Loughs so I would want to see it all opened"

"If you never allow option of both then it is just merely an extension of the Lough Neagh route and Shannon/Erne and it won't be a huge addition to boating journeys"

- 2.29 Some respondents believed that the benefits of restoring two sections may not be seen as significant enough to warrant the full restoration. Consequently this proposal was seen as potentially jeopardising the case for the full Ulster Canal restoration.

"The benefits not immediately evident, it may hurt the case for reopening the whole Canal"

Preference

- 2.30 The general consensus was one of discontent with the option of restoring two sections of the canal, although it was agreed that this would be a good starting point, as long as the commitment was there to complete the full restoration project.

- 2.31 Respondents' unanimous preference was for the restoration of the entire Ulster Canal corridor.

"If they were to walk away from this it would be a travesty"

"Fine if it has to be done that way but it is not our preference"

- 2.32 The majority of respondents commented on the tourism potential and the much needed positive impact it would have to the local economy. Respondents also believed that the economy would benefit not only from tourism but from the resultant inward investment.
- 2.33 The potential benefits of the Ulster Canal was likened to the success stories of the Lough Erne/Shannon waterways and to those in the UK, specifically the Kennet and Avon Canal.

"If the canal was opened benefits not only included tourism but the real estate and knock on development as a result"

"The Kennet and Avon canal in England would be a similar size to the Ulster Canal. As a result of restoration 350 million was invested along its corridor creating 2,500 new jobs and 1,000 additional new resident units were built on the corridor"

- 2.34 Respondents strongly believed that if the full restoration of the Ulster Canal was not pursued it would be a significant opportunity missed for an area that currently has limited tourism potential.

III Tourism benefits and wider economic impact

Summary of Indicators of Tourism Market Potential

3.1 From the full range of sources of information considered as part of the Blackwater Regional Partnership study, the following are the main indicators that help to assess the market potential for re-opening the Ulster Canal as a whole, many of which apply equally to the two sections:

- General trends in lifestyles, leisure and tourism suggest that there will be continued growth in demand for activities associated with inland waterways
- Overall, there has been substantial recent growth in tourism in the island of Ireland, the expectations are for continued growth and there are strong commitments to build on the potential of activity tourism (including cruising)
- The local areas associated with the Ulster Canal are not performing well in tourism terms and would benefit greatly from the increase in tourism that would result from its restoration
- Participation in water-based leisure generally has not grown to any great extent in the past 10 years in Ireland or Britain but there are clear indications of growth in cruising/boating and many of the other activities associated with the environment of inland waterways (eg. walking, cycling and canoeing)
- Private boat ownership is on the increase, as is the demand for permanent moorings, but there appears to be a decline in the number of hire boats
- The marine leisure industry (including inland waterway operators and suppliers) has experienced an average turnover growth of nearly 8% per year over the past 7 years
- Fáilte Ireland information suggests that the participation of overseas visitors in water-based activities has been on a downward trend over the past six years, but with distinct fluctuations
- Visitscotland confirms this decline amongst domestic (UK) tourists
- Nevertheless, sailing tourism (including use of inland waterways by powered craft) is identified by Visitscotland as a market opportunity for growth
- Information specific to UK canals shows a continuing growth in the number of licensed boats, but a reduction in hire boats
- The same sources demonstrate the significant numbers of people that inland waterways attract for associated activities (rather than boating)
- There is strong Government commitment in the UK to the restoration of inland waterways and the associated regeneration and economic benefits, including growth in tourism and leisure
- Trends in inland waterway use in Ireland show a decline in recent years but there has been a consistent increase in private boating and boat registration
- A high proportion of all waterway users rate the waterways highly

- Cruising holiday visitors to Ireland rate the experience very highly, with their only main concern being value for money
 - Tour operators who offer cruising holidays in Ireland feel that there is potential for more growth, provided services are improved and there is greater effort to make more people aware of the high quality of the cruising experience.
- 3.2 In summary, after weighing up the different sources of information, it is concluded that, on balance, there is enough evidence to suggest that tourism and leisure activities associated with inland waterways have considerable growth potential. On that basis, it is also concluded that the full re-opening of the Ulster Canal would be a significant step in helping to achieve more of that growth potential. Reopening of the two sections, as a phased approach to restoration, can begin to contribute to this potential, although this potential cannot be fully realised without a full re-opening.

Summary of Direct Tourism Expenditure Generated

- 3.3 The conclusion of the BRP report is that, the total potential direct expenditure by visitors as a result of the operation of a fully restored Ulster Canal is estimated as follows:

	£ pa.
Moored Boats	652,102
Visiting Boats	205,069
Hire Boats	257,694
Trip Boats	163,160
Day Boats	81,347
Canoeing	35,922
Angling	18,693
Cycling	86,793
Informal Visits	1,394,605
TOTAL	2,894,908

- 3.4 Thus, the model suggests generation of direct expenditure of £2.89m per year. Clearly, the validity of such an estimate is dependent on the robustness of the assumptions used (especially the levels of boating use and informal visitors). Thus, it would be more appropriate to work on the basis of the restored canal having the potential to generate direct expenditure of somewhere between £2.6m and £3.2m per year. With the inclusion of multipliers¹, the potential benefits range from £3.1m to £4m per annum.
- 3.5 It should be stressed that these are potential levels of impact. Their achievement is dependent upon there being sufficient and appropriate spending opportunities within the restored canal corridor area.

¹ In addition to direct economic impacts, there will also be wider economic impacts. In order to take account of these 'second-round' effects it is normal to apply a multiplier to the estimates of direct impacts. In the 2001 Feasibility Report on the Ulster Canal, it was noted that an earlier study into the Restoration of the Ballinamore Ballyconnell Canal used a multiplier of 20%. However the 2001 Feasibility study actually used a multiplier of 25% on the restoration of the Ulster Canal. For the purpose of this report, both the 20% and 25% multipliers were applied to the range of direct impacts, to give an overall potential benefits range.

IV Assessment of impact of a first phase of opening both ends

Direct impact

4.1 The model has also been applied to the proposal to have a first phase that would open up stretches of the canal/waterway from its NE and SW ends. This would clearly attract fewer users than the canal when it is fully restored. Thus, the following adjustments have been made to the assumptions used above:

- NE section: length 22 km with 2 locks
- SW section: length 12 km with 2 locks
- Total opened = 34 km = 37% of the full length of 93 km
- The total number of boat parties/groups for the SW section is assumed to be 600. This is based on a comparison with another "offshoot" like the Suck Navigation which had around 1,250 boat parties/groups in 2005 (obtained by dividing the passages through Pollboy Lock by 2) in a much busier section of the whole system. So, for the SW section, a level of around 50% (ie. 600) is regarded as a reasonable assumption.
- Although the NE section will be nearly twice the length of the SW one, it is not as exposed to potential visiting boats (only about 120 of those on Lough Neagh at present could make this trip. Thus, a more conservative assumption of 200 boat parties/groups is considered reasonable for the NE section.
- The average number of days cruising on the restored sections is assumed to be 30% of that for the full canal, due mainly to the shorter lengths involved and the limited number of locks.
- The number of privately moored boats is also reduced from 100 for the full canal to 10 for the NE section and 30 for the SW.
- Two hire boats are assumed to operate from a base in the NE section and 3 from the SW section (ie. a total of 5 instead of 10 for the full canal)
- The number of trip boats has been retained, with one operating at either end. However, use levels have been reduced as a reflection of the lower tourism profile generated by the more restricted waterway.
- The numbers of day boats and canoes for hire have been reduced to 2 and 10 on the NE section and 3 and 10 on the SW one (as against 10 and 30 for the full canal).
- The adjusted UK average density figures for canoeing, angling, cycling and informal visits have been retained. However, in both cases, the numbers of users are reduced due to the shorter lengths of canal.

4.2 The table below summarises the estimated direct expenditure from visitors and the spend estimate

Estimated Direct Expenditure from Visitors	£
NE Section	517,385
SW Section	464,084
TOTAL	981,469

4.3 Thus, based on all of these assumptions, it is estimated that the work to restore the NE and SW sections of the Ulster Canal will have the potential to generate direct tourism expenditure of around £980,000 per year. Again, to account for variations in the robustness of assumptions, it is recommended that a figure ranging from £0.9m to £1.1m is taken further by the economic analysis. With inclusion of multipliers the tourism benefits range from £1.1m to £1.4m per annum.

Wider economic impact

4.4 The direct impact on increased tourism visits and expenditure is only one element of the socio-economic benefits to the area. In fact evidence from elsewhere suggests that restoration of canals can have a very significant impact on the social and economic regeneration of the area adjoining the canal and that these benefits far outweigh the immediate benefits of activity on the canal itself.

4.5 These wider benefits are by their nature less easy to quantify. However, using evidence from elsewhere, including the experience of the restoration of the Shannon-Erne Waterway and other canal restoration projects in England and Scotland, and based also on the local consultation and survey work that we have carried out, it is possible to make some indicative estimates of the wider economic impact. These estimates need to be treated with caution and are particularly dependent on the development of an appropriate strategy to ensure that the benefits are realised.

4.6 Our study for the Blackwater Regional Partnership which examined the potential benefits of re-opening of the full Canal has made the following estimates of the wider benefits:

- Increased economic activity in the Canal corridor area of between £5 million and £10 million per annum;
- Jobs created in construction of Canal of between 2,500 and 2,800 person years over a seven year construction period; and
- Wider employment creation of up to 300 jobs resulting from increased economic activity.

4.7 The wider benefits associated with re-opening of the two sections can be estimated on a proportionate basis, in a similar fashion to the direct tourism benefits. As indicated above, the two sections account for around 37% of the total Canal length and on a proportionate basis we have assumed that they generate 37% of the total estimated benefits of re-opening the full Canal. Construction costs of the restoration of the two sections are estimated to be proportionately lower and therefore employment creation arising from construction have also been estimated to be proportionately lower.

4.8 Our estimates of the benefits of re-opening the two sections are therefore as follows:

- Increased economic activity in the two sections of the Canal corridor area of up to £2 to £4 million per annum;
- Jobs created in construction of Canal of between 600 and 740 person years over a three year construction period; and
- Wider employment creation of up to 100 jobs resulting from increased economic activity.

- 4.9 It is important to emphasise that these estimates are indicative at this stage and are dependent on a number of factors. In particular, if these benefits are to be captured it is essential that there is a broader strategy and Action Plan in place that identifies what needs to be done and by whom. One important early element of such an Action Plan would be the development of a communications strategy on proposals for the Canal and the wider regeneration of the area. Our consultation has shown that there is not a widespread awareness of the project and its potential benefits, while the research on Canal restoration elsewhere emphasises the importance of good communications. There is a wide range of stakeholders and a need to develop a clear message as to what is proposed and the timescales for delivery.

Appendix A - Blackwater Regional Partnership: Ulster Canal Socio-economic Study

Blackwater Regional Partnership : Ulster Canal Socio-economic Study

This report draws extensively on work carried out on the Ulster Canal Socio-economic Study, commissioned by Blackwater Regional Partnership (BRP) and conducted by PricewaterhouseCoopers and Tourism Development International. This study is still ongoing and the first draft of the Final Report is expected to be completed by mid-February. However, Blackwater Regeneration Partnership have kindly agreed to allow us to make use of our work for them in preparing this report. Whilst we have been able to draw heavily on the findings of the BRP study, it is important to point out that these findings will need to be reviewed in light of the outcome of the final BRP report.

The BRP study is concerned with the impact of re-opening the entire Canal. It investigates the potential social and economic benefits to the area along the Ulster Canal corridor, which has been defined as the zone stretching 6 miles on either side of the Canal. In addition, it will investigate potential sources of funding and will examine a number of management models and look at the tasks required to reach implementation.

This study focuses on examining the economic and social impacts of opening two sections of the Canal as a first step in restoring the whole Canal. The two studies should therefore be treated as complementary, with the present report viewed as the first stage of a detailed analysis of the way forward for the Ulster Canal.

The objective of the BRP study is to undertake 'a Comprehensive Socio-Economic Analysis of the broader area surrounding the Ulster Canal including demographic features and employment and income characteristics, the purpose of which is to examine the case for re-opening the Ulster Canal.'

The specific terms of reference for the study are as follows:

- Consideration and quantification of the economic/socio-economic evaluation of the Ulster Canal and relevant surrounding areas;
- A detailed assessment of the findings from the consultation elements of the feasibility study and updates;
- A comprehensive assessment of the socio economic position of the area surrounding the canal, including demographic, employment and income characteristics;
- A comprehensive assessment of revenue generating potential from the creation of new leisure activities, amenities, business opportunities and other facilities, both water and land based;
- A comprehensive assessment of the tourism potential generated by the project, including projected additional visitor numbers and their direct and indirect spend;
- An assessment of the wider economic impact including opportunities for capital investment and job creation. This will assess potential multiplier effects and will use comparisons with data collected on the Shannon-Erne Waterway and an agreed canal facility elsewhere. This will include the methodology proposed for calculating the wider economic growth in a region;
- A consideration of the benefit to the other inland waterways in NI/RoI; and
- A consideration of similar ventures within the European Union.

The completed document will set out models/options for sustainable management from an economic perspective, including resources, partnerships and tasks required to advance the project to implementation stage. This will include:

- A Project Delivery Framework; and
- Identification of an action plan for Complementary Business Development.

The approach to the study involved a number of stages, as outlined below:

- Desk research and review of literature, including the identification of examples of Canals that have been re-opened elsewhere, both in the British Isles and internationally;
- Interviews with 20 key stakeholders, including the key government departments in NI and ROI, north south bodies, funding agencies and local councils.
- A workshop with tourism and economic development officers from Armagh, Dungannon and South Tyrone, Fermanagh, Monaghan and Craigavon Councils;
- A programme of five focus groups with members of the general public who live close to the Ulster Canal;
- 20 depth interviews with community, voluntary and special interest groups;
- 100 telephone interviews with businesses located in the Ulster Canal corridor;
- Analysis of socio-economic data, including demographics, labour market data, tourism data, structure of businesses, house prices, GDP/GVA data;
- Analysis of tourism/revenue potential; and
- Analysis of wider economic impacts, investigating the potential for capital investment and job creation.

The study is due to be completed during March 2006. The final report will contain the findings of the research and consultation, the socio-economic and tourism analysis and a Project Delivery Framework and Action Plan.

Appendix B – Case Studies

Case study 1: Scotland's Lowland Canals

Description/Background

The Lowland Canals consist mainly of the Forth & Clyde Canal and the Union Canal which run across the central belt of Scotland. Following a major £84.5m restoration initiative, known as the Millennium Link project, they were formally opened for full navigation in May 2002.

The Forth & Clyde Canal runs between Bowling on the Firth of Clyde and Grangemouth on the Firth of Forth for 60km (37 miles) and has a 5km (3 miles) offshoot known as the Glasgow Branch down to Port Dundas, just north of the centre of Glasgow. The Union Canal runs between the centre of Edinburgh and the Forth & Clyde Canal at Camelon, near Falkirk. It is 53km (33 miles) long.

As part of the Millennium Link project, the two canals were fully restored for navigation and connected by the Falkirk Wheel, the only rotating boat lift in the world.

Implementation and Management

As reported by British Waterways, the conception, planning, funding and implementation of the Millennium Link project resulted from an extensive partnership approach involving British Waterways, Scottish Enterprise, 7 local authorities, 5 Local Enterprise Companies, 8 voluntary groups, 21 sports and recreation groups, the Scottish Tourist Board, 3 Area Tourists Boards, 45 community groups, 47 community councils and a range of heritage interest groups and organisations.

The funding package secured in 1998 included £32m from the Millennium Commission, over £5m from British Waterways, £17m from Scottish Enterprise, £9m from EU (ERDF) and nearly £6m from local authorities.

Much of the planning framework for the Millennium Link was provided by three reports by DTZ Pidea Consulting in 1999 for British Waterways and Scottish Enterprise. In these, the key requirements, their market justification, and site proposals were set out as six strategies covering operation, development, tourism, SMEs, regeneration and training and employment.

The operational and tourism strategies were aimed at planning for the implementation of necessary canal-related development and the provision of facilities that will ensure that the restored canals achieve their primary role as a major new tourism and leisure asset.

To meet these aims, the following levels of provision were envisaged for the operation of The Millennium Link (ie. the Union and Forth & Clyde Canals):

- Support facilities at one-hour (boat travel) intervals in **principal service locations**, with some or all of the following:
 - moorings
 - effluent disposal facilities
 - pump out facilities
 - boat hire facilities
 - pubs and restaurants
 - retail services
 - marine services
 - marinas and boat storage facilities.

- Tourism and leisure facilities at 24 sites, including 5-7 **principal and distinctively themed nodes** with a mix of uses that might include:

- A pub/restaurant
 - A visitor centre related to the canal/industrial heritage
 - Other tourist information facilities
 - Retail space
 - Play area
 - Overnight accommodation
 - Good access and parking
- Specific targets of provision and activity by the end of the fifth year of operation (envisaged then as 2006) were set as:
 - 650 permanent moorings in 6-8 locations
 - a “large number” of temporary moorings for transit craft, hire boats and trip boats
 - 500 transit trips (coast to coast) per year
 - 600 moored private boats
 - 40-60 moored hire boats
 - 6 trip boats
 - 2 restaurant boats
 - up to 14,000 casual small (un-powered) boat trips per year
 - 2.5m trips per year by walkers, cyclists and anglers

Range and Scale of Uses

DTZ Piedad also produced in June 2003, a year after the official opening, “The Millennium Link: Post Construction Monitoring” and reported the following progress for the whole system:

- 264 licensed craft
- 150 transit trips made in 2002/03
- 9 hire boats
- 3 trip boats
- 2 restaurant boats
- 3.5 million informal recreation visitor growth.

Also in 2003, British Waterways Scotland revised the nodal strategy for the Lowland Canals, setting new targets for moorings, licensed boats, hire boats, business boats, residential moorings, commercial transits, cycles for hire and major and minor development nodes.

Recent Use Trends

A review of the Millennium Link was carried out in 2005 by Roger Tym and partners but it is as yet unavailable for public use. However, from a range of sources (including the British Waterways Annual Report & Accounts 2004/05) there are some indications of progress in use of the Lowland Canals:

- The number of licences issued in 2004/05 was 298 (just up from 292 in 03/04);
- The Falkirk Wheel attracted 154,155 visitors who took a boat trip through it (up from 152,493);

- The Scottish Boat Show, held over a weekend at the Falkirk Wheel, attracted 15,000 visitors in 2004/05;
- There have been significant increases in the number of towpath users; and
- The number of holiday hire boats in operation in 2005 was 16.

Tourism Benefits

The 2003 review identified the following achievements after the first year:

- 43 new tourism-related jobs due to increased boating activity;
- 31 new tourism jobs (FTEs) at the Falkirk Wheel;
- The creation of the Falkirk Wheel as a new tourist attraction with 600,000 visits in its first year;
- Other attractions nearby are benefiting from the increase in visitors to the area;
- Additional tourism expenditure estimated to support the equivalent of 196 new jobs locally;
- 9 new tourism businesses; and
- 24 development proposals involving provision/extension of tourism/leisure facilities are planned or partially completed.

Wider Economic Benefits

Also from the 2003 review, the following impacts were identified after the first year of operation:

- Construction work on the Millennium Link produced 1,170 man years of direct employment, equivalent to 117 full-time jobs (and 257 if direct and induced are taken into account);
- An estimated 60 training places were created during construction;
- Another 35 were created in the first year of operation;
- BWS operational staff increased by 70 after the canals opened up (including New Deal workers) or nearly 100, if the multiplier effect is taken into account; and
- 64 development opportunities/sites associated with the canal were identified.

The recent BW Annual Report also reports on significant progress at Port Dundas in Glasgow and Edinburgh Quay where major mixed-use developments (offices, shops, restaurants, apartments) are taking shape, with the canal as the focus.

Lessons for the Ulster Canal

The Lowland Canals are still at their early stages of reinvigoration, but the process of their restoration and early operation draws attention to a number of important issues, as follows:

- The wide ranging partnership approach (encouraging involvement at all levels);
- A clearly planned approach with commitment to the development of nodes at specific intervals;
- The importance of providing moorings and associated services;
- A multi-faceted development strategy (operation, development, tourism, SMEs, regeneration, training and employment.);
- The appeal of a canal and its facilities to non-boaters;
- The importance of the towpath for activities; and
- The development opportunities created and stimulated by the restoration process.

Case study 2: The Kennet and Avon Canal

Description/Background

The Kennet and Avon Canal runs between the River Avon at Bristol and the River Thames at Reading. It is 140kms (87 miles) long and passes through attractive rural countryside of the Cotswolds and the historic town of Bath.

After closing to navigation in 1955, it suffered gradual deterioration until the 1980s when there was a programme of lock rebuilding/restoration, relining, bridge improvements and landslip removals. It was officially re-opened in 1990. However, there were still problems with water leakage and bank instability and much work was still required to fully restore it for reliable navigation. This was achieved with the help of a £25m grant from the Heritage Lottery Fund (HLF) in 1997. After 5 years of further improvement works, it was fully opened at the end of 2002.

Implementation and Management

The Kennet and Avon Canal Trust was instrumental in encouraging the restoration process, carrying out projects as volunteers in the 1960s and 1970s. This led up to the major improvements in the 1980s which were funded and implemented by a partnership consisting of British Waterways, The Kennet and Avon Trust, The Association of Canal Enterprises and local authorities.

The 1990s restoration work received funding of £4.24m from British Waterways, The Kennet and Avon Trust and local authorities, in addition to the HLF's £25m. The canal is now maintained and operated by British Waterways.

Range and Scale of Uses

This canal is a good case study because it has been subjected to extensive economic impact analysis, first in 1995 by Coopers and Lybrand and, more recently, in 2002/03 by Ecotec. The latter identified the following range and scale of canal uses in 2002:

Type of Use	Number in 2002	% Change 1995-2002
Moored Private Boats	1,251	34
Visiting Boats	438	25
Hire Boats	80	11
Trip Boats	9	-
Day Boats	14	-7
Canoeing	114,700	15
Angling	106,000	-
Cycling	547,000	15
Informal Visitors	7.7m	15

Source: British Waterways report "The Economic Impact of the Restoration of the Kennet and Avon Canal" by Ecotec.

Recent Use Trends

The table above shows the estimated levels of growth in specific uses, with private mooring/boating, visiting boats, canoeing, cycling and informal visits showing quite substantial increases over the period. Visiting boats are private ones passing through the canal.

Tourism and Leisure Benefits

The following are the key points identified in the British Waterways summary of the impact assessment:

- Visitors now make 7.7m trips to the canal in a year;
- Visitor spending in local economies is £26m a year, up 20% from 1995;
- An estimated £5m of that amount comes from boating and £21m from towpath visits;
- The canal supports 1,000 tourism and leisure jobs, including 180 created since 1995;
- The restoration safeguarded 700 tourism and leisure jobs that would have been lost if the canal's future had not been secured; and
- Levels of satisfaction with the off-canal visitor experience increased substantially (76% of those surveyed in 2002 said they were "very satisfied" with the overall enjoyment, compared with 36% in 1997).

Wider Economic Benefits

In addition to the benefits brought to tourism and leisure, more general economic benefits are summarised as follows:

- Since 1995, £350m has been invested in 23 commercial developments alongside the canal, including 18 on brownfield sites;
- This included £260m on retail/office space, £80m on residential development and £10m on tourism and leisure facilities;
- As a result, over 2,500 jobs have been created in new canal-side offices and shops, including 233 that are new to the area;
- Overall, the restoration is estimated to have created 413 new jobs (180 in tourism and leisure and 233 on new development sites);
- A survey of a sample of tourism, leisure and some retail businesses in the canal corridor showed that 58% said that the canal was important to them;
- Over the past three years, 80% had experienced an increase in turnover and 46% increased their staff;
- Some 26% expect the canal to become more important to them in the next three years; and
- Amongst these, off-canal tourist attractions were the most positive, with 43% expecting the canal to play a more positive role in tourism.

Lessons for the Ulster Canal

The Kennet and Avon Canal is obviously in a much more urban area than the Ulster Canal. Nevertheless, the case study gives clear indications of the types of impact that can arise from a major restoration project of this type. Of particular relevance are:

- The increase in demand for moorings for private boats;
- The increase in visiting boats and their impact on spending in the area;
- The importance of improving the visitor/tourist experience of the total canal environment (including provision of facilities, landscaping, interpretation);
- The significant growth in activities associated with the canal environment, especially informal visits, canoeing and cycling;
- The evidence of how permanent jobs can be created and supported by the restoration;
- The way in which canal-side sites create an attractive setting for investors, developers and businesses, thereby generating employment for local areas;

- The beneficial effects on the turnover of some businesses within the canal corridor; and
- The important role of the canal in residential development, not least its creation of an attractive focus and selling point.

Case study 3: The Droitwich Canals

Description/Background

These two canals (the Barge and the Junction Canals) meet at Droitwich. Their full length of 12km (7.5 miles) is about to undergo complete restoration which will rejoin them with the River Severn and the Worcester & Birmingham Canal to create a 34km (21 mile) cruising ring.

This is an ideal case study because it is based upon the most up-to-date information and thinking.

The £11m restoration project has received funding commitment from a range of bodies, including the Heritage Lottery Fund (£4.5m), Advantage West Midlands - a regional development agency (£2.8m), Worcester County Council (£1m) , Wychavon District Council (£1m) ,Sports England, the Liveability Fund (for access, interpretation and education projects) and local community sources.

The planning process for the restoration and the applications for funding have been supported by a portfolio of reports, including:

- Detailed Engineering Studies
- A Conservation Plan
- A Marketing Plan
- An Interpretation, Arts and Education Plan
- A Biodiversity Plan
- A Training and Volunteer Plan
- A Tourism and Visitor Management Plan
- An Environmental Impact assessment

Implementation and Management

The project has been planned and promoted by the Droitwich Canals Partnership which consists of Worcester County Council, Wychavon District Council, The Droitwich Canals Trust, the Waterways Trust and British Waterways.

A range of other bodies has been involved from local (eg. Droitwich Spa Association, business and craft operators) and national (eg. English Heritage and English Nature) levels. The restoration will be overseen by British Waterways who will assume management and maintenance responsibilities on completion.

Range and Scale of Uses

The vision is based upon multiple use of the canal and its immediate corridor which will be developed into a linear park:

“To create a linear park centred on the restored Droitwich Canals which will seek to conserve and enhance the natural and built environment and provide a range of informal recreational opportunities for local people and visitors, thereby generating economic benefit and contributing to the wellbeing of the people of Worcester.”

The current users of the canals are mainly local walkers and anglers, and only about 2% are tourists (ie. staying overnight in the area). British Waterways has estimated that once the restoration is complete the use/visitor profile will be as follows:

- Up to 100 new private moorings, creating regular day visiting
- 1,300 trips by visiting boats
- 1 likely new trip boat + up to 20 hire boats and 5 day boats
- Up to 2,000 canoe visits
- Up to 480,000 day visits (5 years after restoration) including walkers and cyclists
- Up to 3,500 angling visits (5 years after restoration)

Tourism and Leisure Benefits

The plan is to maximise benefits for the local area through the development of:

- Primary Gateway Sites (possibly 3) at key access points which will have:
 - Pleasant surroundings
 - Screened car parking close by (maybe coach parking)
 - Good road and public transport links
 - A short circular walk or path to a view, attraction, pub, etc
 - Refreshment facilities on-site or close by (pub, café or tearoom)
 - Toilets
 - Picnic and play areas
 - Clear signing and other information/interpretation
 - Sound management practices
- Secondary Gateway Sites (possibly 2) which will be smaller in scale;
- Local access points for informal use;
- New and improved facilities for boaters, including permanent moorings, visitor moorings, boat maintenance, on-site services and slipways;
- Potential development sites (for residential, commercial and leisure use), including a marina with tearoom, cycle hire etc; a basin for visitor moorings, trip boats, etc; a new pub and car park; and a tearoom with moorings and car park;
- Distribution of good information about existing local pubs and restaurants;
- Events to introduce people to the canals and attract more visitors;
- A strong education programme involving curriculum linked resources and offering guided education days, because school groups are often followed up by visits from whole families; and
- Measures to avoid conflicts between users through zoning, widening the towpath in places, banning certain activities, encouraging equestrian activity in parts of the linear park (rather than on the towpath).

Wider Economic Benefits

As well as generating additional income for the area, the plan recognises the importance of the restoration being able to contribute to the wellbeing of residents. Thus, it is committed to much public consultation, the development of a Training and Volunteer Plan, appointment of a Volunteer Co-ordinator and local community events.

In order to widen the influence of the restoration and its associated benefits, the plan is to ensure that the towpath and circular walks in the linear park are connected to wider rights of way, including long distance walks and around the 21 mile cruising ring. The same commitment is given to linking up with the national cycling network.

It is also fully recognised that the restoration and creation of the 21 mile cruising ring will bring benefits to areas outside the Droitwich area, including increased demand for moorings; more visitors to the city of Worcester's attractions; and more revenue for boat services and commercial premises on the Worcester & Birmingham Canals.

Lessons for the Ulster Canal

It is obviously not possible to use the Droitwich Canals project as one that shows benefits after the restoration has taken place, but it does give good case study information of an up-to-date planning process and all of the factors that have to be taken into account. Of particular relevance are:

- The comprehensive planning process involved.
- The partnership approach and the commitment to community involvement.
- The strong emphasis on promoting and catering for activities in waterside areas (as a linear park).
- The importance attached to ensuring good access points from the landward areas.
- The range of uses anticipated and included within the infrastructure provision.
- The recognition of the wider benefits expected from such a relatively short stretch of restoration
- The commitment to measures that will encourage users out into the wider area.

Appendix C: Socio-economic analysis

Introduction

The review of existing literature and the stakeholder consultation highlighted the potential social and economic benefits that can be realised by an area following restoration of inland waterways. However given the expense associated with restoration, it is important that public funds are targeted at those areas most in need.

This section analyses the baseline socio-economic position of the Ulster Canal corridor (defined as being within 6 miles either side of the canal) relative to Northern Ireland (NI) and Republic of Ireland (RoI) averages. In particular it takes the following structure:

- Overview of the Northern Ireland and Republic of Ireland economies;
- Demography;
- Employment;
- Business activity;
- House prices;
- Earnings; and
- Conclusions.

Overview of Northern Ireland and Republic of Ireland economies

To put the performance of the Ulster Canal corridor into perspective, it is useful to have provide a discussion of the recent performance of Northern Ireland and the Borders region of the Republic of Ireland economies. In overall terms, the economies of both jurisdictions have improved over the last two years. This is illustrated in Table 1 which shows that while growth has been faster in Ireland, the Northern Ireland economy continues to out perform or match the UK average on the key indicators.

Table 1: Key economic indicators for Ireland and NI

	Ireland		Northern Ireland		UK	
	2004	2005	2004	2005	2004	2005
GDP ² growth	+5.5%	6%	+2.6%	+2.5%	+3.1%	+2%
Employment growth	+2.8%	+3.8%	+1.2%	+1.9%	+0.8%	+0.7%
Unemployment rate	4.7%	4.6%	4.8%	4.6%	4.8%	4.6%

However, in Northern Ireland this positive overall picture needs to be qualified:

- **Economic inactivity rates in Northern Ireland are significantly higher than other UK regions:** while NI has experienced a sustained period of growth in terms of employee jobs increasing by approximately 7.5% between 2000 to 2005, however statistics reveal that 28.2% of the working age (16-59/64) population in Northern Ireland are inactivity. This is significantly higher than the UK average (21.4%) and is the highest level of economic inactivity of any UK region;
- **Long-term unemployment at 22.7% in Northern Ireland is also higher than the UK average of 14.2%:** official labour market data for mid-2005 shows that approximately 1 in 5 (22%) of all claimants have been unemployed for 12 months or more;

² GDP – Gross Domestic Product

- **GVA³ per head in Northern Ireland remains at just over 80% of the UK average (almost equal to the EU 25 average):** indeed, in relation to the macro-economic measure of Gross Value Added (GVA), there has been little change in the NI economy, relative to the UK average, since 1999;
- Northern Ireland overall is a small open economy that has disproportionately high levels of public sector employment and an under-developed private sector. Public expenditure accounts for over 60% of GDP; and
- Recent actions by the UK Government to move the local economy more into line with that of the other Government Office Regions mean that there will be more of a reliance on the private sector. The challenges facing the agriculture and the manufacturing sectors are well documented and place increased pressure on the local economy to grow its private service sectors.

In the border region of Ireland⁴ employment and output have increased but the region has not benefited fully from the national prosperity:

- **GVA per head in the border region is only 65.3% of the national average:** this represents a fall from 68.1% of the national average recorded in 1999;
- **Unemployment rates are in excess of 5% compared to the national average of just over 4.5%:** While employment growth in the border region continued to outperform the national average, the unemployment rate has remained consistently higher; and
- **Long term unemployment rose to 40% in 2004 compared with the national average of 31%:** Between 2003 and 2004, the long term unemployment rate increased from 39.1% to 40.0% in the border region but the national average decreased from 33.1% to 31.2%.

Both regions suffer from similar structural problems which have continued over the past 2 years:

- There is a continuing over dependence on agriculture which is undergoing some critical changes at present, resulting in increased competitive pressures and reduced employment opportunities. In Northern Ireland, the agricultural sector accounted for 2.5% of the total share of GVA in 2003 compared to a figure of 1.0% in the UK. In the border region, in 2002, the agricultural related industries accounted for 6.6% of GVA compared to a national average of 2.7%;
- The region relies on traditional manufacturing industries which are coming under pressure from low cost producers in Eastern Europe and the Far East;
- Both areas have underdeveloped tourism industries with significant potential; and
- Lower levels of earnings and income than the national averages: In comparison with the eleven other UK regions, earnings in Northern Ireland for full-time employees were the lowest. In 2002, the border region also had the lowest level of disposable income per person compared to the national average. Indeed, as further evidence of the disparity between the border region and the rest of Ireland, recent research has highlighted that Border, Midland and Western region has a higher poverty rate than the national average with County Donegal, in particular, recording the highest level

³ GVA – Gross Value Added

⁴ The Border region in the Republic of Ireland comprises Monaghan, Cavan, Donegal, Leitrim, Louth and Sligo.

(90% above average)⁵.

Demography

In 2001/02 approximately 75,000 people lived in the two sections of the Ulster Canal, compared to the 103,244 which lived along the full Ulster Canal. As can be seen from Table 2 below, the NE section of the canal incorporates nearly two and a half times as many people as the SW section. Given that the NE corridor incorporates Dungannon, Coalisland and Armagh town centres, as well as Blackwatertown, and Charlemont, it is more urban than the SW section of the canal, where Clones is the largest town⁶.

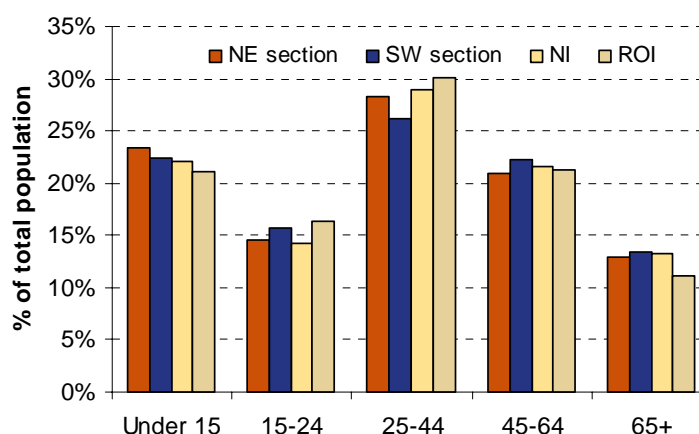
Table 2: Population levels (2001/02)

	Population	Proportion of national level
Full Ulster Canal Area	103,244	
NE section	52,816	3.1% (NI population)
SW section	20,655	0.5% (ROI population)
NI	1,685,267	
ROI	3,917,203	

Source: NISRA (2001 Census) and CSO (2002)

Analysis of population by age, shows that generally speaking the NE and SW sections of the canal have a younger population than the national averages (see Figure 1). In addition, they a relatively small percent of the key working age group of 25 to 44 years old. Furthermore, the SW section has a greater proportion of its population aged over 65 years of age. As a result, the two sections of the corridor have smaller proportions of their population of working age, supporting higher proportions of people of inactive age.

Figure 1: Population by age (2001/02)



Source: NISRA (2001 Census) and CSO (2002)

⁵ Combat Poverty Agency and the National Institute for Regional and Spatial Analysis (2005) *Mapping poverty: National Regional and County Patterns*, Economic and Social Research Institute, Dublin.

⁶ The SW section of the canal also incorporates parts of Fermanagh in Northern Ireland

Employment

Analysis of employment by sector in Northern Ireland and the NE section⁷ of the corridor highlights the relatively less prosperous mix of employment in the area close to the Ulster Canal route (see Figure 2).

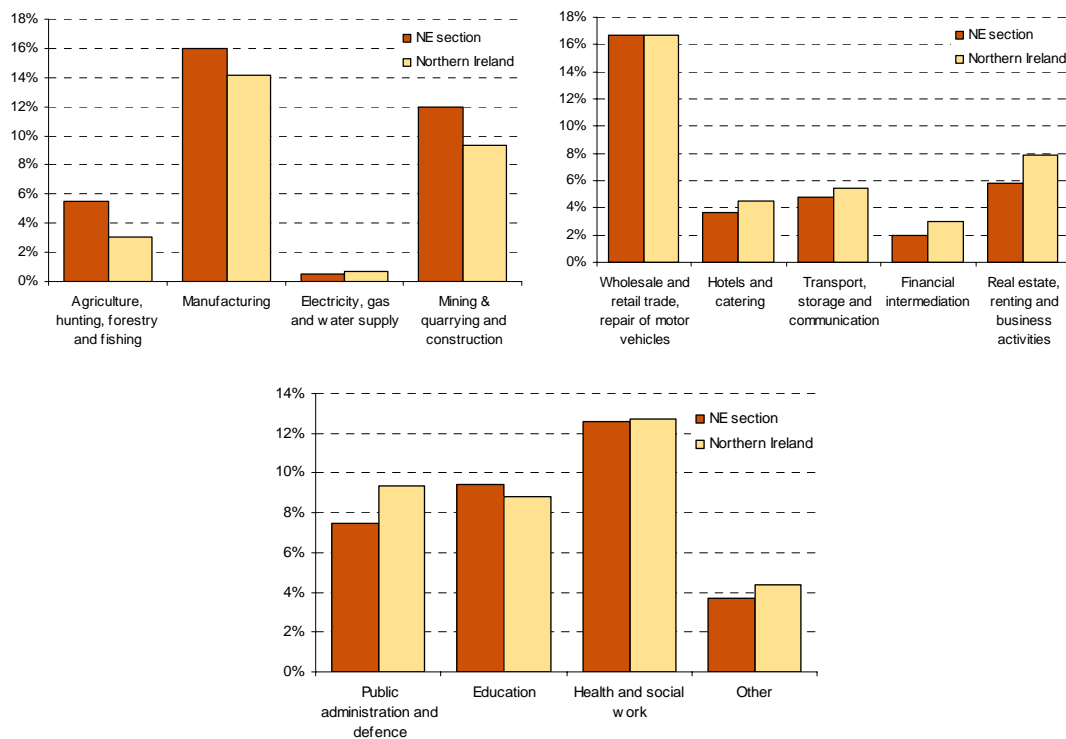
The economy in the NE section of the corridor has double the dependence of the Northern Ireland average, on the vulnerable agriculture and declining manufacturing sectors for employment. In addition, Figure 2 also shows the relatively low levels of employment in the wealth creating private service sectors.

In particular, the NE area has a below average proportion of employment in the Hotels and catering sector (often taken as a proxy for employment in the tourism sector).

Furthermore, the NE section of the Ulster Canal has lower levels of employment in the public sector, with the exception of Education (where presumably rural areas find it harder to take advantage of economies of scale).

Unfortunately, given the lack of data, we were unable to provide a detailed analysis of employment by sector in the SW section of the canal.

Figure 2: Persons aged 16-74 in employment by sector



Source: NISRA (2001 Census)

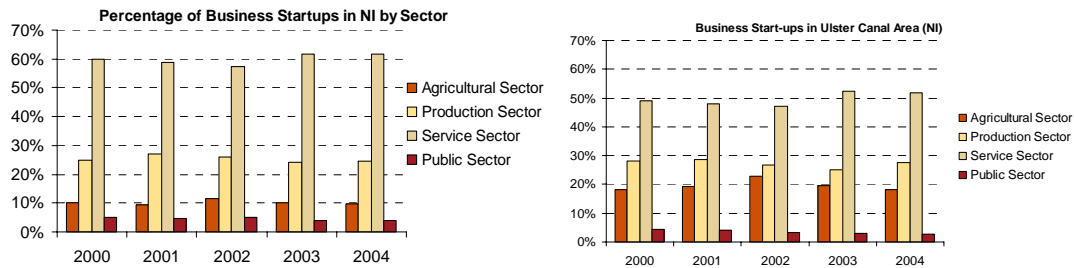
Therefore, with global competition increasing the pressure on local manufacturing firms, agriculture facing an uncertain future given recent EU directives, and the relative lack of private sector activity, it is imperative that the NE section of the canal experiences an economic stimulus that kick starts rural regeneration.

⁷ This also includes data for Fermanagh

Business activity

Analysis of business activity in the NE section of the Ulster Canal compared to the Northern Ireland average, again highlights the relative disadvantage of the area. (see Figure 3) Approximately twice as many businesses start up in the vulnerable agriculture sector in the NE section of the canal (20%), compared to the Northern Ireland average (10%). Combined with a greater proportion of business starts in the production sector, the NE section experiences only 50% of its business starts in the wealth creating private services sectors, compared to 60% for the NI average.

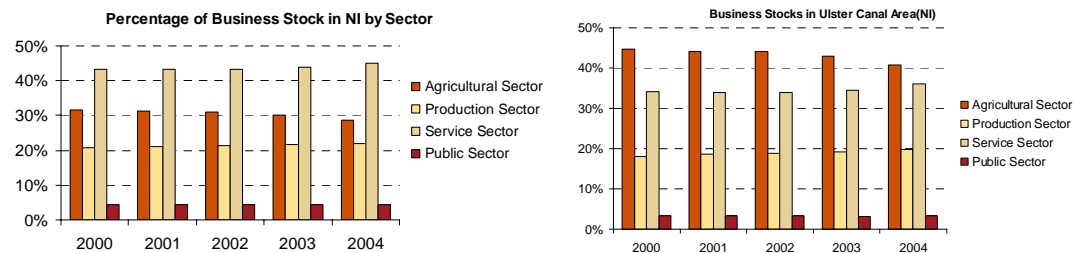
Figure 3: Business start-ups by sector in NI and the NE section of the Ulster Canal (2000 to 2004)



Source: Nomis

Analysis of business stock by industry in the NE section and in Northern Ireland as a whole describes a similar picture. There is a clear dependence on agriculture in the NE section with over 40% of businesses being located in the sector compared to under 30% in Northern Ireland as a whole. In addition, there is a clear under-representation of service sector businesses in the NE section with only 35% of total businesses providing private services compared to over 45% in Northern Ireland as a whole.

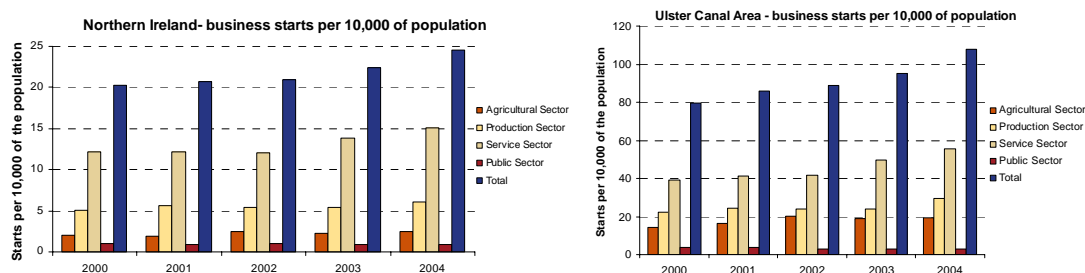
Figure 4: Business stock by sector in NI and the NE section of the Ulster Canal (2000 to 2004)



Source: Nomis

On a positive note, the NE section of the Ulster Canal tends to be more entrepreneurial. It recorded over 100 new business starts per 10,000 of the population in 2004 compared to only 25 for the Northern Ireland average. As a result therefore, the creation of opportunities in and around the NE section from restoration of the Canal may be realised by local entrepreneurs.

Figure 5: Business start-ups per 10,000 of population in NI and the NE section of the Ulster Canal (2000 to 2004)



Source: Nomis

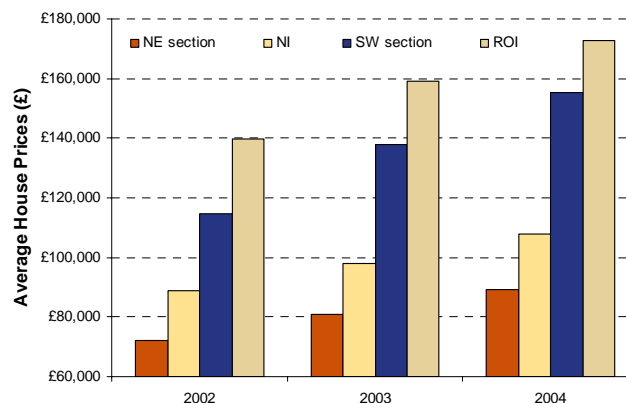
It is important that the local economy seems to be more entrepreneurial than the Northern Ireland average given the current trends in Foreign Direct Investment (FDI):

- FDI is no longer characterised as manufacturing. It is more likely to be service sector orientated, almost 70% of the FDI market in 2003/04 was services, with ‘newer’ sectors such as business and financial services, software and shared service centres becoming increasingly important;
- Given this, this type of FDI tends to seek out areas with a high number of universities and graduates, which are typically found in the large cities / urban areas (London and the South East of England attracted 37% of all UK FDI projects in 2003/04); and
- FDI is no longer large employment creators, the average number of new jobs per project in 2003/04 was 31.

House prices

Generally speaking house prices are higher in the Republic of Ireland than in Northern Ireland given the tremendous economic growth and associated growth in population numbers in the Republic of Ireland. Therefore, it is misleading to analyse house prices in the Ulster Canal sections together. As a result, Figure 6 below presents average house prices in the four geographies⁸ from 2002 to 2004.

Figure 6: Average house prices in the two sections of the Ulster Canal, NI and ROI (2002 to 2004)



Source: <http://www.permanentsb.ie/house-price-index/Default.asp>, NISRA

⁸ In order to estimate the average earnings on the NE section of the Ulster Canal, we have used data relating to Dungannon, Craigavon and Armagh Council areas. In addition, we have used data relating the whole of Monaghan to represent the SE section of the canal.

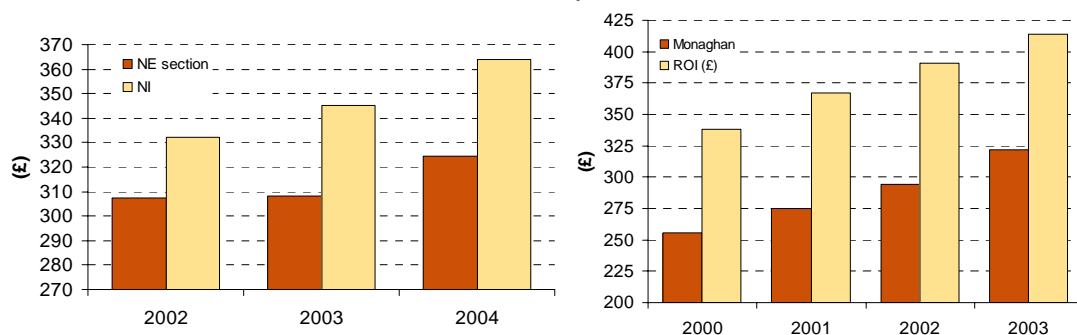
As can be seen, house prices in the NE and SW sections of the Ulster Canal area are below their associated national averages. Referring back to the review of literature, restoration of the canal can potentially increase property prices and stimulate economic development and investment in and around the relevant areas. Therefore, although house prices in the two sections lag their national average, property prices could soar as much as 40%.

Given that house price growth stimulates private consumption, any move to close the gap with the national averages is likely to result in positive movements in the local economy.

Earnings

Trends in average earnings follow the same pattern as local house prices. In both the Northern and Southern sections of the Ulster Canal, average earnings lag the national average. The implications of this are particularly striking given that average earnings in Northern Ireland are the lowest of any UK Government Office Region.

Figure 7: Average earnings in the two sections of the Ulster Canal, NI and ROI (2002 to 2004)



Conclusion

In conclusion, analysis of socio-economic data relating to the Ulster Canal Corridor shows that it is lagging behind the national average performances. It relies on vulnerable and declining sectors for businesses and employment while house prices and average earnings are lower than the national averages.

However the business start statistics for the NE section of the Ulster Canal, suggest that any future opportunity may be pursued by local entrepreneurs given that it tends to be more entrepreneurial. Therefore it is important that economic development is stimulated and encouraged along the corridor.

Given the conclusions of the literature on inland waterways, restoration of the Ulster Canal would likely encourage economic regeneration by:

- Providing construction jobs through restoration and maintenance;
- Increasing property prices;
- Encouraging investment in the local area;
- Increasing private consumption; and
- Creating long-term employment through increased tourism, construction, hospitality and multiplier affects of increase spending.

In the absence of restoring the Canal, the current gap in economic performance between that of the Ulster Canal corridor and the Northern Ireland and Republic of Ireland economies could widen:

- The two main sources of employment and business activity in the canal corridor are vulnerable from the threat of globalisation and increased competition;

- FDI is unlikely to offer many jobs in the area;
- With lower levels of wages, and employment opportunities some of the rural areas in the corridor may experience depopulation; and
- In addition, economic hardship can often exacerbate social problems / tensions, an area reflected in all the Local Government Plans as one that needed addressed.