



MALLAIG HARBOUR AUTHORITY

Members Report Year ended 31st March 2014



Photo: Scotavia Images

Public Meeting at Mallaig & Morar Community Centre on Friday 6th June 2014

Authority Information

Non-Executive Directors	Michael Currie (Chairman) Charles King (Vice Chairman) Michael Foxley Allan Henderson Anthony Kenning John MacMillan Andrew Race Jacqueline Wright
Chief Executive Officer	Robert MacMillan
Harbour Master	James McLean
Auditor	S Bargh Partner with William Duncan & Co. 30 Miller Road Ayr KA7 2AY
Business Address	Harbour Office Mallaig Inverness-shire PH41 4QB
Bankers	Bank of Scotland Commercial Broxden House Lamberkine Drive Perth PH1 1RX
Solicitors	West, Anderson & Co. 92 Bath Street Glasgow G2 2EJ
Engineers	Wallace Stone LLP Doges Studio 2 Templeton on the Green 62 Templeton Street Glasgow G40 1DA

MALLAIG HARBOUR AUTHORITY

MEMBERS REPORT

FOR THE YEAR ENDED 31ST MARCH 2014

Report and Financial Statements

The members of Mallaig Harbour Authority have pleasure in submitting their report and financial statements for the year ended 31 March 2014.

Appointments

As detailed in previous Annual Reports the Mallaig Harbour Revision Order 2012 (established on 1st April 2012) enables the Authority to operate under the Modernisation of Trust Ports Legislation, changes the way that non-executive Board Members are appointed and dictates the duration of that appointment.

Following on from the Revision Order and subsequent advertising, new Board Members were duly appointed and the current full membership of the Mallaig Harbour Authority is as listed below:

Michael Currie (Chairman)	
Charles King (Vice-Chairman)	
Robert MacMillan (CEO)	
Michael Foxley	
Allan Henderson	
Anthony Kenning	Appointed 1 st April 2013
John MacMillan	
Andrew Race	Appointed 1 st April 2013
Jacqueline Wright	

Port Usage

A monthly average of 67 vessels of varying types made use of the Harbour. (This does not include Marina usage).

Fish Landings/Dues

Landing volumes and monetary values for the current year, the two previous years plus two other years (for comparative purposes) are listed below:

VOLUME IN TONNES					
Year ended 31st March	Herring	Sprats/ Mackerel	Whitefish	Shellfish	Total Value
1978	9,483	10,425	3,712	887	£7,640,036
1984	405	1,582	5,373	1,055	£5,195,726
2012	25	505	1,609	1,262	£8,876,480
2013	100	1295	2337	1427	£10,361,143
2014	0	813	2560	1014	£7,759, 836

As expected the value of catch landed at the port of Mallaig decreased sharply last year to £7.76m – a drop of £2.6m (23%) when compared to the previous year.

Although white fish landings show a slight increase this was negated somewhat by the slight drop in prices paid at the port for demersal species.

However it's the considerable drop in shellfish (nephrops) landings - 22% when compared to 2013 – that really make the difference! The drop in landings of this high value species had not only a marked effect on the value of dues to the authority but, and perhaps more significantly, had a distinct effect on the earnings of

the local west coast fleet. It should be remembered that the drop in landings had little to do with the TAC (total allowable catch) as the quota target was not reached.

The lack of prawns on the fishing grounds is a slightly worrying situation and it will be interesting to note if this decline in the level of landings continues into next year.

There was an encouraging upturn in shellfish prices during the last three months of the current financial year (January – March 2014) but overall the shellfish price fell by approx £400 per tonne when compared to the previous year as demand from EU countries eased somewhat.

Four local trawlers “Caralisa”; “Independence”; “Ocean Hunter” and “Rebecca Jeneen” commenced the traditional winter sprat fishery on Monday 16th November 2013 but the sprats remained elusive and within three weeks the fishery was over.

Not surprisingly then the 813 tonnes of sprats landed is a marked decrease on the previous year’s total of 1295 tonnes.

Prices paid quayside at Mallaig:-

Year End 31st March 2014 Whitefish - £1,058 per tonne Shellfish - £4,782 per tonne
 Year End 31st March 2013 Whitefish - £1,097 per tonne Shellfish - £5,221 per tonne

Tourism

The CalMac Ferries Ltd/Mallaig Harbour Authority dues returns illustrate the following carryings on the Mallaig based ferries the “Coruisk” and “Lochnevis” plus the winter only Lochboisdale to Mallaig ferry service carried out by the “Lord of The Isles”:

Year 2012/13 1 st April 2012 – 31 st March 2013		Year 2013/14 1 st April 2013 – 31 st March 2014	
Passengers	246,531	Passengers	262,790
Cars	51,504	Cars	53,124
Coaches	1,744	Coaches	2,097
Commercials	1,379	Commercials	845

Tour operators continue to increase their usage of the Skye Ferry with the 8% increase evident the previous year being consolidated by a further increase of 20% this past year.

The increase in both passengers and cars conveyed is also most encouraging particularly as for the previous four years carryings have been on a slight downward trend.

Lochboisdale Ferry Linkage

The Scottish Ferry Services Ferries Plan (2013-2022) published by Transport Scotland in December 2012 did not give much credence to the introduction of a Lochboisdale to Mallaig Ferry Service and indeed was quite dismissive of such a service ever being introduced “at least until the time of deciding on the specification for the next tendered Clyde & Hebridean Ferry Service contract.”

It was a major surprise then when in October 2013 Transport Minister Keith Brown announced that a three year winter pilot ferry service between Lochboisdale and Mallaig was to be introduced commencing on Tuesday 12th November 2013.

The service will be fully evaluated and reviewed at the end of the three year trial. It will operate two days per week – Tuesday & Saturday – with two trips on each of those days.

In last year's annual report I stated.... and it's the widely held belief that there is little political ambition for the re-introduction of such a service... how wrong can you be?

However it's fair to say that the ferry "Lord of The Isles" did not fare too well on the route and, mainly due to bad weather, only completed around 50% or so of its scheduled sailings.

Vehicles and passengers conveyed on the 2013/14 inaugural Lochboisdale to Mallaig Service are as follows:-

Passengers: 1437 Cars: 510 Commercial Vehicles: 58

Insurance

Storm Force winds on the 5th of December 2013 caused considerable damage to the rock armour protecting the Outer Harbour Wall and to four bollards in the Outer Basin.

The bollards were repaired and operational again by the 18th of December 2013 but inspection of the rock armour had to await suitable weather and tidal conditions.

The inspection by Harbour Engineers in conjunction with the insurance assessor was eventually carried out on 3rd January 2014 when extensive damage was discovered.

Tenders are awaited prior to appointment of contractors who will hope to effect repairs in the summer of 2014.

The cost of this repair will be considerable.

Yachting

Following an operational review of the Yachting Facility's first full season two new pontoon sections were purchased at a cost of £26,149 and placed in the south west corner of the existing structure. This is to alleviate congestion, allow re-organisation of the small boat users and create/free-up more berths for visiting yachts.

The pontoons have been further enhanced by the provision of a "walk through" ladder. This enables ease of access/egress to and from the pontoon for seafarers coming alongside using a dinghy or similar small craft.

Wi-Fi has been made available to pontoon users and the Authority has also purchased a small boat to enable moorings/anchors/chains/risers etc to be monitored.

Usage of the pontoon during the 2013 season was encouraging with overnight occupancy totaling: 1338; short stay: 81; and locals: 60.

Toilets, showers and laundry facilities for use by yachting personnel will be in situ for Easter 2015 (see info under the heading Mallaig Marina Facility).

Linkspan

Despite further meetings/discussions there is still no resolution to the future ownership issue of the Mallaig Linkspan. Talks with Caledonian Maritime Assets Ltd (who currently own the Linkspan) are ongoing and it is hoped that the ownership issue can be resolved to everyone's satisfaction within the next few months.

Marine Harvest

Meetings with Marine Harvest continue to be on-going as we attempt to resolve the problem of accommodating the new deeper draughted well boats due to be introduced to the west coast of Scotland in the summer of 2015.

Wave and Hydrographic Studies have taken place with countless plans drawn-up only to be cast aside for one reason or another.

There is no doubt however that any major expansion of the Harbour will only be achievable if Scottish Government/EU funding can be sourced and procured.

Marina Facility Building

Planning Permission for the construction of the Marina Facility Building, Crannog and wooden pier/jetty was granted to Nevis Estate on the 25th February 2014.

The new building which will occupy the site of the old Village Hall is set to be operational by Easter 2015.

It is the Authority's intention to lease/rent approx 50% of the ground floor space of the new building to house the toilet/shower/laundry facilities for the yachting fraternity.

Objections to the planned new building were overcome by a strong show of support at a Public Meeting – convened by the Mallaig Community Council – and also via extensive comments on Twitter and Facebook.

Shoreside Promenade/Lovat Slipway

Plans are now well advanced for the Mallaig Esplanade Project and the upgrading of Lovat Slipway. Both schemes are due for completion in the present calendar year.

The Esplanade (or Shoreside Promenade) will “tie-in” with the erection of the new Marina Facility Building and extend round to the Marina Shorebase incorporating improved pedestrian access with seating, interpretive boards, cliff face lighting, road widening and rationalisation of the existing car parking.

There will be improved access to the beach for pedestrians and kayakers but mindful of the increasing requirement for waters edge access and the launching of small craft from trailers and 4 x 4's the Authority intends to extend and widen Lovat Slipway.

The Esplanade and Lovat Slipway schemes have both attracted European Funding from the Highland European Fisheries Fund Axis 4 Programme courtesy of the local Fisheries Liaison Action Group.

Pier Access Review

Following on from last year's major resurfacing works, the creation of new secure parking areas and the general rationalisation of parking in and around the Steamer/Ferry Pier the Authority has now commissioned Engineers Wallace Stone to carry out a review of the current access provisions and requirements – both pedestrian and vehicular – within Mallaig Harbour!

The Pier Access Review has yet to be considered by the Board of the Authority but the views of the stakeholders, pier users and members of the public will be sought and taken into consideration prior to implementation.

Fish Feed

54,110 tonnes of fish feed were handled at the port during the year ending 31st March 2014 – an increase of 83% on the same period last year.

As the throughput of salmon feed continues to increase, demand for further storage facilities at the port is evident. Indeed the Authority has been contacted by the Lochaber based haulage and shipping company, Ferguson Transport, eager for the Authority to increase warehouse/storage capacity at the port.

Incidentally a Government Audit, monitoring the European Grant monies paid out to the Authority for the construction of the Storage Facility in 2010/11, was effected on 26th & 27th March 2014.

Odds and Ends

- The two new waste oil tanks purchased last year at a cost of £9,000 have been well used with the following amounts of ships waste gathered for safe disposal:-

Waste Oil	:	14,850 litres
Oily Water/Sludge	:	27,400 litres

- King Electrical was hired by the Authority to upgrade/renew the electrical power supply distribution boxes in the Harbour Power House.

This, the first major upgrade of the Harbours electrical supply and distribution for about thirty years was completed in October 2013 at a cost of £12,300.

- A wooden statue, a donation funded memorial to all who have been lost at sea, was unveiled by Vice-Chairman Charles King in August 2013.

It stands prominently and proudly near the passenger walkway en route to the CalMac Ticket Office.

- A decision taken nationally by the Royal National Mission To Deep Sea Fishermen to divest the charity of all their Mission Centres around the UK resulted in the sale of the Mission Building here in Mallaig.

However the Mission has retained a presence in the port and in cognizance of the important role the Mission plays in the welfare and support of the fishermen who use the Harbour, the Authority has agreed to make a small financial contribution to the Mission here in Mallaig for an initial three year period!

- It would be remiss if I did not include some reference in this report to local seafarer Bruce Watt who has operated a mail boat service to Inverie and Tarbet from Mallaig for the past forty years.

Like his father before him Bruce owned and operated the sixty four ft long MV "Western Isles" which has the capacity to carry/convey 81 passengers on voyages from Mallaig Pier.

A Board Member of the Authority for 16 years (May 1996 to March 2012) Bruce has now retired and his business has been purchased by Mr Joe Blower who intends to continue operating from the port via the aptly named "Western Isles Cruises Ltd".

- The January 2014 Board Meeting of the Authority was attended by Pauline McMillan and Val Ferguson of Transport Scotland's Ports Division!

Finance

The surplus for the year (before tax) of £210,094 is a decrease on the surplus for 2013, although by no means should this be considered a disappointing result.

Harbour dues show a significant increase, offsetting the large drop in fish dues mentioned earlier. The income stream for the marina facility rose slightly from the previous year, and vehicle and passenger dues have also increased. Other sources of income show marginal changes from the previous year and overall, incomes are increased by 2%.

The Authority has carried out considerable maintenance works in the year, reflected in considerable increases in the harbour repair costs in the accounts; in addition, considerable professional fees have had to be incurred in connection with various matters affecting the Authority, as alluded to earlier in this report.

The Authority's balance sheet continues to show a healthy position and the cash balance has improved slightly from the previous year. These reserves are necessary to allow for the ongoing maintenance programme which is undertaken by the harbour authority, together with ongoing development and capital expenditure and commitments. The Authority continues to be extremely grateful for all grant assistance which has been received in respect of capital expenditure projects but it must always be borne in mind that these costs have to be paid for by the Authority before receiving the grant rebate.

Overall, the Board is pleased with the results for the period and the Authority's financial position as shown at the end of the financial year.

Statement of members' responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the authority will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the authority's transactions and disclose with reasonable accuracy at any time the financial position of the authority and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

so far as the Members are aware, there is no relevant audit information of which the Authority's auditors are unaware, and

they have taken all the steps that they ought to have taken as Members in order to make themselves aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Robert MacMillan (CEO)
Director



MALLAIG HARBOUR AUTHORITY

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Independent Auditor's Report

To The Members Of Mallaig Harbour Authority

As auditor appointed by the Secretary of State for Scotland under Section 3(2) of the Mallaig Harbour Authority Revision Order 2012, I have audited the financial statements of Mallaig Harbour Authority on pages 9 to 19 for the year ended 31 March 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Authority's members, as a body, in accordance with chapter 3 part 16 of the Companies Act 2006. My audit work has been undertaken so that I might state to the Authority's members those matters I am required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members Responsibilities Statement set out on page 6, the Authority's Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Stephen Bargh CA MAAT (Senior Statutory Auditor)
Partner with William Duncan & Co

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