

# **MALLAIG HARBOUR AUTHORITY**

## **Member's Report**

**Year ended 31<sup>st</sup> March 2017**



# MALLAIG HARBOUR AUTHORITY

## COMPANY INFORMATION

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<b>Non Executive Directors</b>	Charles King (Chairman) Michael Foxley Allan Henderson Anthony Kenning (Vice Chairman) John MacMillan Andrew Race Jacqueline Wright Gavin Davis
<b>Chief Executive Officer / Director</b>	Robert MacMillan
<b>Harbour Master</b>	James McLean
<b>Auditors</b>	Stephen Bargh Director William Duncan + Co 30 Miller Road Ayr Ayrshire KA7 2AY
<b>Business address</b>	Harbour Offices Mallaig Inverness-shire PH41 4QB
<b>Bankers</b>	Bank of Scotland Commercial Broxden House Lamberkine Drive Perth PH1 1RX
<b>Solicitors</b>	West, Anderson & Co 92 Bath Street Glasgow G2 2EJ
<b>Engineers</b>	Wallace Stone Doges Studio 2 Templeton on the Green 62 Templeton Street Glasgow G40 1DA

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# MALLAIG HARBOUR AUTHORITY

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# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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The members of Mallaig Harbour Authority have pleasure in submitting their report and financial statements for the year ended 31 March 2017.

#### 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.

The current membership of the Mallaig Harbour Authority is as listed below:

Charles King (Chairman)	
Anthony Kenning (Vice Chairman)	(Re-appointed April 2016)
Robert MacMillan (CEO)	
Gavin Davis	(Appointed April 2016)
Michael Foxley	
Allan Henderson	
John MacMillan	
Andrew Race	(Re-appointed April 2016)
Jacqueline Wright	
Michael Currie	

With the Authority in the midst of assembling the Business Case for the £90m Harbour Masterplan (published January 2017) a discussion at the March 2017 Board Meeting ended with members unanimously agreeing that the best way forward for the Authority at this point in time would be maintaining and retaining current Board Membership.

As all Board members are currently playing key strategic roles in the development and deliverance of the Masterplan upsetting the Boards equilibrium was an option that could not be considered at this particular point in time. It was agreed that Messrs C King, A Henderson & J MacMillan – those who were due to stand down at this time - retain Membership of the Authority for a further three year period commencing 1st April 2017.

The over-riding consensus of opinion from the Members was that it was imperative that Membership of the Board should not be diluted at this critical time in the development of the Masterplan and the Business Case in relation to that Masterplan.

At this challenging time for the Authority as it attempts to deliver the multi-million pound development of the port and the where-with-all to carry it through, the Board consider it essential that the experience, integrity and valuable corporate memory of those members could not be lost at this crucial time in the ports development.

#### Masterplan

After a series of Public Meetings, consultations and discussions with business users and stakeholders by Fisher Associates the Mallaig Harbour Masterplan was published in January 2017.

The Masterplan has been widely circulated and extremely well received. It is available for viewing on the Harbour website [www.mallaig-harbour.com](http://www.mallaig-harbour.com)



# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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The five key elements of the Masterplan are:

#### 1. New Breakwater Quay

A multi-user quay to enable Mallaig Harbour to exploit existing and future markets, comprising:

- RoRo ferry berth and Linkspan to accommodate vessels up to 105m in length along with a concrete slip suitable for ramp vessels, so offering considerable flexibility and resilience as a back-up to the Linkspan.
- 175m of deep water quay (depth of 7m below Chart Datum) to accommodate cruise liner vessels up to 160m in length, well boats, fishing and cargo boats.
- Sufficient space to relocate the salmon harvesting station so that it is in close proximity to the well boat berth.

#### 2. Outer Harbour

- The Outer Harbour will be more accessible to fishing boats, due to improved wave climate and relocation of aquaculture and ferry operations, freeing up berth and quayside space.
- The western quayside available for the potential relocation of the boatyard facility.
- Additional quayside storage on the Steamer Pier, along with additional quayside space; Ice Plant relocation.

#### 3. Middle Harbour

Proposals are focused on improving facilities for fishing and freight operation:

- New, improved fish handling facility with the capability to land catches directly into the Fish Market. Market future proofed to handle discards.
- Increased number of available berths for local and visiting fishing boats.
- New berth and storage area for freight operator(s).

#### 4. Harbour Estate Regeneration

Harbour Estate Regeneration to include:-

- Site for West Highland College and Marina Business Support Centre;
- improved road layout and access.

#### 5. Mallaig Waterfront Revitalisation

Mallaig Waterfront Revitalisation to include:

- expansion of marina;
- a leisure slipway;
- pontoon access for ferry passengers.

There is no doubt this is a significant investment in the future of Mallaig and the Authority is acutely aware that the Masterplan proposals – which will cost in the region of £80-£90 million – will deliver strong economic and social sustainability for the local community.

The Authority is indebted to EMFF, HIE and Nevis Estate who all assisted financially in the production of the masterplan the cost of which was £97,450.

The publication of the Masterplan in January 2017 led to the procurement of Fisher Associates to embark on Phase II – the Mallaig Harbour Business Case. Fisher Associates, in conjunction with Harbour Engineers Wallace Stone, plan to have this completed by August/September 2017.

# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### Port Usage

A monthly average of 73 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:

##### 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
2015	36	1,492	1,114	1,071	£7,087,789
2016	8	994	977	1,334	£8,726,050
2017	0	2,037	885	1,542	£9,644,837

The continual decline in white fish landings at the port is once again evident with a glance at the statistical table above – a drop of 9% when compared to the previous year - but due to increased landings of shellfish (and to a lesser extent sprats) the total value of landings at Mallaig increased by £900,000 to £9.64m.

Prices paid quayside at Mallaig were as follows:-

Year end 31st March 2017	Whitefish	£1,467 per tonne	Shellfish	£5,105 per tonne
Year end 31st March 2016	Whitefish	£1,842 per tonne	Shellfish	£5,004 per tonne

The traditional winter sprat fishery commenced on Monday 7th November with, as what has become the norm, four local trawlers "Caralisa"; "Independence"; "Mareather" and "Rebecca Jeneen" participating. When the fishery ended on Wednesday 14th December a total of 2,038 tonnes had been landed and with a quayside value of £460,000 it is considered one of the best sprat fisheries of recent years.

With the EU wide discard ban now in operation the Authority has submitted an application to the Scottish Government seeking financial assistance to convert 50% of the Mallaig Fishmarket to a Chill Facility primarily for the storage of discarded fish.

Facility should be in place by summer of 2017.

#### Fish Feed

There was a slight increase in the throughput of fish feed at the port; 37,000 tonnes compared to 36,000 in 2015/2016. Fish Feed Processors EWOS (Cargill) continue to be the main users of the storage facility but Ferguson Transport, Inverlussa Shellfish Co Ltd and Milligan Transport all made use of the facility during the year.



# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### CalMac / Tourism

There was a marked increase in passengers and vehicles travelling through the port of Mallaig when comparing the statistical tables below:-

1st April 2015 – 31st March 2016

Passengers	284,280
Cars	58,717
Coaches	2,308
Commercials	702

1st April 2016 – 31st March 2017

Passengers	301,237
Cars	71,127
Coaches	1,874
Commercials	744

The above figures equate to a 6% increase in passengers and a 21% rise in vehicles when compared to the previous year. This increase was not entirely unexpected due to the effect of the Road Equivalent Tariff (RET) being rolled out through the ferry network but is mainly as a result of the introduction of an all year round daily service between Lochboisdale, South Uist, and Mallaig. This new service is therefore responsible for a high percentage of the increases noted above.

It is always important and it's always encouraging to herald an increase in usage and the CalMac Press Release stating that the 2016 carrying figures across the ferry network had exceeded 5 million for the first time in 20 years is a case in point but the 2016 summer season as regards the Mallaig-Armadale service was certainly not one to shout about from the rooftops. The removal of the "MV Coruisk" – the vessel specifically built for the Skye Ferry Service – proved disastrous for the route as the replacement vessels "MV Loch Bhrusda" and "MV Lochinvar" were totally inadequate, unable to dock at low tide, were susceptible to adverse weather and offered a vehicle capacity on the route less than in 2015!

The 2016 summer season proved to be an operational and customer service disaster with close on 400 cancelled sailings, coach traffic down by 15%, commercial vehicles down by a whopping 48%, passenger numbers of similar ilk and a modest increase in cars. With the introduction of RET passenger and vehicle numbers should surely have seen double-digit growth in all sectors.

The public outcry spilled over into a series of meetings with MP's, MSP's; Government Transport officials; CalMac; Local Community Groups; CMAL all involved. The Minister for Transport and The Islands Humza Yousaf claimed the service was totally unacceptable and that a solution must be found for summer 2017.

The public outcry spilled over into a series of meetings with MP's, MSP's; Government Transport officials; CalMac; Local Community Groups; CMAL all involved. The Minister for Transport and The Islands Humza Yousaf claimed the service was totally unacceptable and that a solution must be found for summer 2017.

With no suitable vessel available for 2017 Calmac's answers is to deploy the 38 vehicle capacity "MV Loch Fyne" on the service and although it will be tide affected, take longer to traverse the Sound of Sleat (40 mins) and has no customer facilities there is the hope that the level of service will improve.

However this present second rate service is merely a stop-gap measure and it is therefore imperative that a lasting solution to the problem be found.

# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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The Authority is fully supportive of the communities on both sides of the Sound of Sleat and whole heartedly support their demands for the procurement of a dedicated vessel able to operate on the Mallaig- Armadale route all year round!

The Authority also support the wishes of the wider Uist communities who are adamant that a daily service between Lochboisdale and Mallaig will provide maximum benefit to local businesses, travellers and visitors.

We are also pleased to note that Mr Humza Yousaf MSP, Minister for Transport and the Islands has initiated the formation of a Mallaig – Armadale Infrastructure Working Group.

#### Yachting

As indicated in last year's report the Mallaig Marina Centre was officially opened on Saturday 16th April 2016 by Sir Cameron Mackintosh and located within the Centre are state of the art laundry, shower and toilet facilities as well as disabled and baby changing amenities all for use by patrons of the Marina.

Usage of the marina by visiting yachts was on a par with the previous year's season as the following statistical table would suggest:

	Overnight Occupancy	Short Stay	Locals
2016	1,482	43	65
2015	1,481	29	58
2014	1,503	33	56
2013	1,338	81	60

In addition to the above a further 91 vessels made use of the marina moorings.

#### Fish Pier Fendering Repairs

As reported last year an engineering inspection had identified problems with the fender system of the Fish Pier (originally constructed in 1971/72) and that urgent repair work was required to the lower walings, a number of the energy absorbing rubber elements at the head of the system, facing plates, replacement of five ladders, some lower ladder sections to be removed and replaced and the fitment of anodes.

Under the watchful eye of Harbour Engineers Wallace Stone, Contractor Gareloch Support Services completed all work by March 2017 at a total cost of £412,000.

#### Odds and Ends

##### Waste Oil

Waste oil collection figures for the year ending 31st March 2017 were as follows (last year's figures in brackets):-

Waste Oil	:	22,200 litres	(12,640 litres)
Oily Water/Sludge	:	64,600 litres	(39,350 litres)

##### Wi-Fi

Wi-fi coverage at the port was increased in December 2016 when a signal was relayed from the Marina to the Outer Harbour. This provides wi-fi coverage throughout the harbour allowing seafarers connectivity to the internet, etc.



# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### Bathymetric Survey / NRA

In the wake of implied (and continuous) criticism from the ferry operator that Mallaig Harbour is a "difficult harbour" in which to berth the Authority initiated both a Navigational Risk Assessment and a Bathymetric Survey of the harbour and its approaches.

The Bathymetric survey, effected on 11th – 13th May 2016, proved to be a mirror image of a similar survey carried out by the same company, Aspect Surveys, in April 2009 illustrating therefore that there has been no change in depths throughout the harbour.

The Navigational Risk Assessment, carried out on 28th & 29th June 2016 by Marico Marine, Marine & Risk Consultants Ltd, concluded that all 45 identified navigation hazards associated with the Harbour fall below the ALARP region (As Low As Reasonably Practicable) and within the low or negligible categories of risk and therefore the current navigation activities are deemed acceptable!

The NRA indicated that the biggest risk at Mallaig was damage to the Linkspan caused by "contact berthing of Major CalMac Ferry" but in the context of the Risk Matrix – which ranges from 0 (negligible) to 10 (high) – Marico placed this at a level of 3.87.

In tandem with the NRA and as an extra safety feature two further sets of 3 red lights have been placed in situ to complement the existing Navigational System that governs entry/exit to/from the port. One set covering the outer harbour basin, the other covering the inner basin. All three sets of lights are controlled by the same switch gear – all being switched on and off together.

#### Cruise Ship Visitation

There were four cruise ship visitations to Mallaig during the summer of 2016. Le Boreal on three occasions and sister ship L'Austral on one occasion.

#### Westbay Road

The Authority is still actively considering the construction of a road linking Westbay Industrial Estate to the existing Council owned Mallaig Industrial Estate. Talks, seeking Council input to the project, are currently ongoing.

#### **Finance**

The result for the financial year shows a loss arising in the sum of £216,858. However, this in no way means the authority has had a poor financial performance for the year.

The loss arises principally due to very considerable repair expenditure carried out during the year, comprising the fendering works around the fish pier in the sum of £416,000, as planned for and disclosed in last year's accounts. In addition, the Authority incurred additional expenditure on professional/engineering fees relating to the 10 year plan and also the fish fendering works as mentioned above.

In terms of income streams for the Authority, total income was up by circa of £51,000; a major component of this is the increase in harbour dues, totalling circa £40,000 and increased vehicle and passenger dues, (with the full impact of Road Equivalent Tariff), offset somewhat by a drop in cargo dues of some £35,000.

The Authority's balance sheet continues to show a healthy position. The decrease in cash at the end of the year reflects the planned repairs expenditure as outlined above. Reserves continue to be at a good level and these are necessary to allow for the ongoing maintenance programme undertaken by the Harbour Authority together with ongoing development in capital expenditure/commitments. In addition, with the Authority now having assumed ownership of the Linkspan, and therefore responsibility for maintenance and refurbishment of this, the Board will be seeking to increase reserves to cover these future costs.

The Authority continues to be extremely grateful for all grant assistance received in respect of both capital and revenue expenditure projects – however it must always be borne in mind that these costs have to be paid for by the Authority before receiving any grant/rebate.

# MALLAIG HARBOUR AUTHORITY

## MEMBERS' REPORT / STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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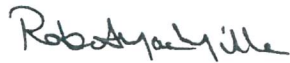
Overall, the Board is pleased with the results for the period and with the Authority's financial position as shown at the end of the financial year.

Statement of disclosure to auditor

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

(b) 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.

On behalf of the board



Robert MacMillan (CEO)

**Director**

14 June 2017

# **MALLAIG HARBOUR AUTHORITY**

## **MEMBERS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2017***

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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 judgements 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.



# **MALLAIG HARBOUR AUTHORITY**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MALLAIG HARBOUR AUTHORITY**

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As auditor appointed by the Board of Members of the Mallaig Harbour Authority, I have audited the financial statements of Mallaig Harbour Authority on pages 11 to 24 for the year ended 31 March 2017. 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 directors and auditor**

As explained more fully in the Members Responsibilities Statement 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 me to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosure 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, we 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 our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

# MALLAIG HARBOUR AUTHORITY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

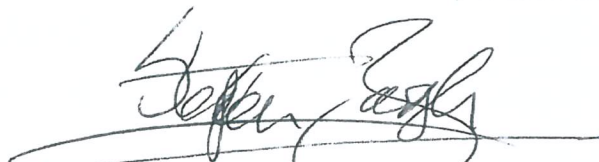
### TO THE MEMBERS OF MALLAIG HARBOUR AUTHORITY

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#### 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Bargh CA MAAT (Senior Statutory Auditor)  
for and on behalf of William Duncan + Co

22 June 2017

Chartered Accountants  
Statutory Auditor

30 Miller Road  
Ayr  
Ayrshire  
KA7 2AY