



Election Briefing May 2016

The Ports Sector in Scotland - Some facts and figures

The Scottish Ports Committee (SPC) represents the overwhelming majority of ports in Scotland. This encompasses every conceivable type of port activity, from traditional cargo handling to support for offshore energy, fishing, cruise and tourism.

- Latest figures show that ports in Scotland handle 71 million tonnes of cargo, 15% of the UK total, and greater than some individual EU member states.
- Ports in Scotland employ 31,500 people, the equivalent to 2.1% of total employment in the country.
- Ports generate £1.9 billion gross value added direct contribution to Scottish GDP.
- This activity contributed nearly £630 million in taxes, through a combination of corporation tax, employee income tax, NICs and other indirect taxes.
- Scottish ports have the highest GVA contribution to the economy of any part of the UK and the highest number of direct employees.
- Each year Scottish ports handle over 32 million tons of oil and gas products.
- 8 million passengers use ferries on routes within Scotland each year and 2.6 million vehicles are carried, demonstrating the vital importance of their links for communities and for the economy.
- The fishing industry in Scotland is by far the largest in the UK. Landings at three ports alone (Peterhead, Lerwick, and Fraserburgh) account for just over 50% of all landings by UK vessels and 37% of the total value of the UK catch.

*Source: The economic impact of the UK
Maritime Services Sector in Scotland, Oxford Economics*



A successful and changing sector

- Ports in Scotland are financially and strategically independent of government. Investment decisions are based on market need and changes in demand, for example the growing requirement of the offshore renewables industry.
 - Although there have been reductions in oil and oil related traffic since the early 2000's, there has been a corresponding rise in ro-ro and container traffic of 50% since 2001. This results in greater demand on the transport network, demand that will increase as the economy grows.
 - Government policy has recognised the importance of transport for economic growth, but this cannot be achieved without the right funding. Investment in road and rail infrastructure in Scotland and the UK still lags behind continental competitors.
 - Port related schemes have been included in each of Scotland's National Planning Frameworks and we regard this as a hugely important indicator of Scotland's needs. Port projects in the current plan include vital freight and oil industry related projects. Ports also strongly support the government's aim of dualling the road network between all Scottish cities by 2030.
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Scottish Ports Policy

- Ports policy is fully devolved to the Scottish Government. There is strong co-operation between ports and Transport Scotland with regular meetings of the Scottish Ports Committee at port locations around Scotland.
 - The Smith Commission's recommendations and the Scotland Bill will make some changes to policy directly affecting ports, for example on navigational safety and the Crown Estate. The granting of a range of powers to the Scottish government, for example in relation to energy policy and taxation, underline the importance of public policy to the ports sector and the economy as a whole.
 - At the end of 2015 a new Act was passed which repealed the compulsory privatisation powers of the Scottish government for trust ports. This change is unique to Scotland and shows the depth of support for the trust port model as part of a mixed ownership structure in Scotland which has grown organically and served the sector well.
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Linking ports to the transport network

During 2015 there was an important inquiry into the Scottish Freight Industry undertaken by the Scottish Parliament Infrastructure Committee.

Port representatives provided both written and oral evidence and the final report cast some very welcome light on an industry within which ports play a pivotal role.

Partly as a result of the inquiry, ports are now members of ScotFLAG (Scotland Freight and Logistics Advisory Group) and actively contribute to assessments of infrastructure needs which inform the National Infrastructure Plan.

- It is vital that this connection is maintained so that ports, which are overwhelmingly privately funded, can play a full role in the way in which public expenditure for infrastructure is allocated.
- Recently, ports have contributed to the review of Rail Freight Strategy, looking at new opportunities for rail as part of an integrated logistics chain.





The EU Dimension

Many of Scotland's ports are identified by the European Commission as key players in the EU Transport Network, usually referred to as TEN - T. Ports are classified as either core or comprehensive depending on the volume of traffic and passengers they handle. Core ports and to a more limited extent comprehensive ports can receive TEN-T funding.

To achieve this requires close working with Transport Scotland and the Department for Transport which submits bids on a UK basis. Inclusion on the network means that a port will also be subject to the Port Services Regulation, currently going through its Brussels stages. UK ports have opposed the Regulation on the basis that it would add nothing to the UK's already competitive ports industry and indeed could result in more bureaucracy. There has been strong support from UK MEPs for this view.

Nevertheless EU policy, for example as it affects the environment, is important for Scotland and the Scottish Ports Committee maintains strong links with the ports representative body in Brussels, the European Seaports Organisation.



Developing Sustainability

In the last year we have seen a flurry of activity on the environment.

We have seen the production of a new National Marine Plan which we hope will have a positive impact on the speed and efficiency with which marine licensing and consents are delivered.

In parallel, we have had announcements on potential new Special Protection Areas and the proposals involve the inclusion of very extensive sea areas.

If designated these sites could have a major impact upon a number of Scotland's ports, potentially requiring expensive assessment and monitoring ahead of certain activities and future port development.

We have written to Scottish Ministers and have met with officials from Marine Scotland to highlight our concerns.

Whatever the final decision, it is fundamentally important that it complies with the UK Marine Policy Statement which establishes the need for successful coastal businesses operating in a sustainable way.



Scottish Ports Committee

The SPC provides opportunities for collective action and representation. Meetings are normally attended by Transport Scotland and other Scottish government officials, providing an exceptional level of cooperation on port needs. Ports depend on the efficiency with which Harbour Revision Orders and other planning applications are dealt with by Marine Scotland.

We are currently engaged with Scottish Enterprise, Highlands and Islands Enterprise and the energy industry in compiling information about the services offered by ports throughout Scotland as a means of attracting new investment.

The Committee can also share good practice through the seminars it runs specifically aimed at trust ports covering best practice in corporate governance.

Committee Chair: Lorna Spencer

"The Scottish Ports Committee is a great resource for formulating policy and representing industry. It underpins the remarkable port network - a great national asset

Sharing our experience and expertise is a major objective for us and self-regulation remains important for ports. We are proud of our independence."

Future Objectives for Scottish Ports

Looking ahead, the objectives of ports in Scotland are:-

- To maintain the strategic and financial independence of the sector, which has worked successfully for ports and port users.
- To ensure that its voice is heard when decisions on transport infrastructure spending are made.
- To play its part in protecting the environment within a framework of environmental designations that respect sustainability and the need for thriving coastal businesses.
- To use its marine plans to create an increasingly effective marine licensing and consents regime.

In the shorter term we are looking for :-

- New Crown Estate arrangements whereby ports have the opportunity to use assets for the benefit of local, regional and national investment.
- Resolution of public corporation status of trust ports so that they are free from any potential funding restrictions.
- The ability to enforce harbour byelaws and directions in an efficient way.



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