



Aberdeen Harbour

2006

Review

key facts 2006

Imports and exports	5.11 million tonnes*
Vessel arrivals	8,433
Tonnage of shipping	23.46 million gross tonnes*
Busiest week for shipping	531,000 gross tonnes*
Number of passengers	141,154*
Turnover	£20.09 million*
Profit before tax	£9.03 million*



*new record



A year of integration at Aberdeen Harbour in 2006 is symbolised by the opening of the new Marine Operations Centre which not only provides the latest traffic management facilities, but also accommodates various activities at a single location, bringing wider benefits to port operations.

The reconstructed Albert Quay West was added to the network of upgraded, deep-water facilities, while a project to create further back-up space will add significantly to this important asset.

The established package of services provided by port users for the offshore oil and gas industry continued to expand, most notably with growth in the hub logistics role for the shipment of equipment from the UK and elsewhere.

The Board's long-term active commitment to developing facilities helped port users to again generate record cargo and shipping, and to attract new traffic, while the decision to hold charges for the seventh time in eight years helped ensure competitiveness.

In addition to working closely with port users, we recognise the importance of external factors and their potential influence on harbour activity, and of this being taken into account in our approach.

The Board continue to be proactive in ensuring the port's future, through further major investment, by seeking to sustain and diversify traffic, and by safeguarding of the harbour's best interests. We work to a clear strategy and, for the first time, a summary of the five-year plan is included in this Review.

Colin Parker
Chief Executive

contents

	page
Introduction	1
Managing effectively	2
Operating successfully	4
Developing opportunities	6
2006 Review & Future Strategy	7
Working safety	11
Integrating operations	12
Caring environmentally	14
Liaising externally	15
Relating with the community	16

managing effectively

Aberdeen Harbour Board are an independent statutory authority created by Act of Parliament and responsible for the administration, maintenance and development of the Trust Port – one of the busiest in the country.

Embodied in the Aberdeen Harbour Confirmation Act 1960, the constitution has been updated and modernised by Harbour Orders in 1987, 1990 and 2002.

As a Trust Port, the Board reinvest all profits in the development and maintenance of the port.

The nine non-executive and three executive members of the Board provide a broad spectrum of relevant experience and skills in securing the future of the port in line with strategic objectives.

David Paton OBE and Keith Allan were re-appointed Chairman and Vice Chairman respectively for 2006. Two members, James Middleton and Ron Smith, retired at year-end.

Strong interest was again shown in vacancies on the board, resulting in the appointment of two new non-executive members, Michael Goodlad and Brian Turnbull, and the re-appointment of a third, Alan Amoore, all for three years, effective 1st January 2007.



(Left to right – standing): Captain Ray Shaw (Operations Director and Harbour Master), Ron Smith, Anne Scott, Alan Amoore, Bob Byth MBE, Captain Jeremy Procter, Ken Reilly (Engineering Director), Jim Middleton and Ian Jessiman (Board Secretary).

(Seated): Graeme Clark (Finance Director), Colin Parker (Chief Executive), David Paton OBE (Chairman) Keith Allan (Vice Chairman) and Councillor Yvonne Allan.



Two new Board members were appointed, effective January 2007, for three years.

Brian Turnbull (51), Director of Marine Services, BP Exploration (left) - a master mariner and formerly a marine loadmaster at the Nigg oil terminal with responsibility for production and administration, since 1997 he has been responsible for logistics contracts for BP's UK, Norwegian and Dutch bases. He also has extensive safety experience.

Michael Goodlad (38), a property developer and accountant – a former Finance Director of Cornerstone Community Care, his experience includes local government, the fishing sector and securing funding for Aberdeen University. An accountant for family-owned Northern Isles Shipping, Lerwick, he is a member of the Chartered Institute of Public Finance and Accountancy.

Alan Amoore, who first joined the Board in 2003, was re-appointed.



Meetings and Committees

Board meetings were held on 11 occasions during 2006. The procedure for additional meetings on particularly important or urgent matters was not required.

The Board have two sub-committees, with membership appointed annually. The duties and constitution are as follows:

Audit Committee

The Audit Committee met on three occasions during 2006. It has a broad remit to consider and monitor all aspects of the Board's business activities and financial systems, including ensuring compliance with corporate governance principals.

Robert W. Byth MBE (Committee Chairman)
Keith K. A. Allan
Cllr Yvonne Allan
Alan D. J. Amooore
C. James Middleton

Remuneration Committee

The Remuneration Committee met on four occasions during 2006. Its duties include consideration of all aspects of staff remuneration, senior management appointments, specific issues delegated or remitted by the Board and making recommendations or advising on actions.

David R. Paton OBE (Chairman) (ex officio)
Keith K. A. Allan (Vice Chairman) (ex officio)
R. Barclay Braithwaite OBE (Chief Executive) (ex officio) - (Jan to April)
Colin Parker (Chief Executive) (ex officio) - (May to Dec)
Robert W. Byth MBE
Captain Jeremy J. Procter

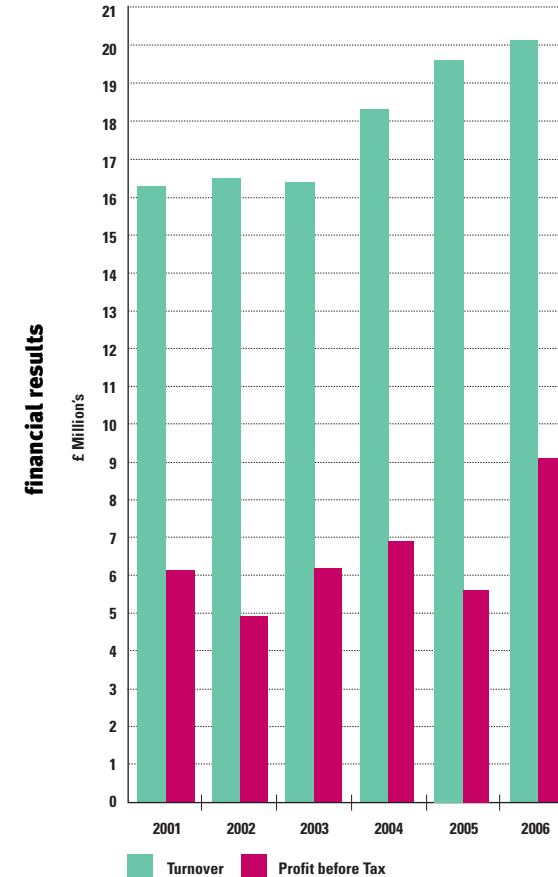
Staff appointments

Three senior appointments were made by the Harbour Board during 2006.

Colin Parker was appointed Chief Executive in succession to Barclay Braithwaite who retired. Mr Parker, a former Merchant Navy officer, joined the Board in 1987 as a Navigation Control Officer, becoming Assistant Harbour Master in 1990. Harbour Master from 1994, he was also made Operations Director and a Board member in 2003. Chairman of the British Ports Association's Scottish Ports Committee from 2002 to 2006, he is a member of the Nautical Institute. In 2006, he was appointed to the board of Aberdeen and Grampian Chamber of Commerce.

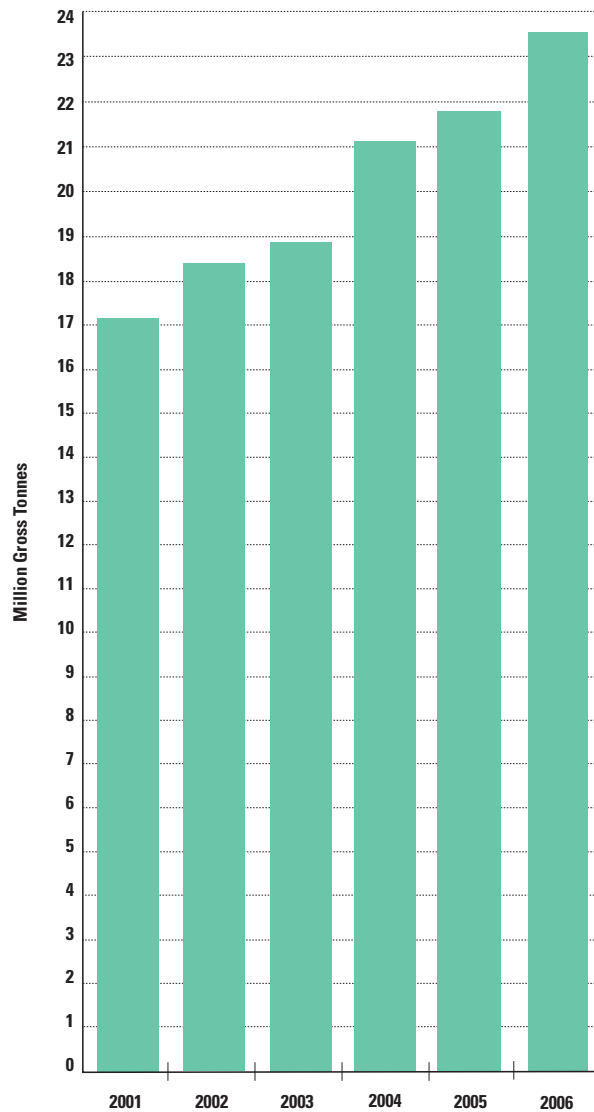
Captain Ray Shaw was appointed Operations Director and Harbour Master. Following 15 years' international experience with the Merchant Navy, he gained his Master Mariner's certificate in 1993. Joining the Board as a Navigation Control Officer the following year, he was promoted Assistant Harbour Master in 2000. Captain Shaw, who holds a Diploma in Port Management and qualified as a Vessel Traffic Services Supervisor in 2005, is a member of the UK Harbour Masters' Association.

Captain Danny Stroud, who joined the Board as a Navigation Control Officer in 1992, was appointed an Assistant Harbour Master. He sailed mainly on general cargo and container ships before becoming a Mate and Master on anchor handling supply vessels worldwide and qualifying for his Class 1 Master Mariner's certificate. He also holds a Vessel Traffic Services certificate.



Due mainly to increased traffic and reduced costs, Aberdeen Harbour achieved record pre-tax profits in 2006 when turnover passed £20 million for the first time. All profits are re-invested in port development and maintenance.

tonnage of vessels



operating successfully

The continuing development of Aberdeen Harbour's role in 2006 included expanded capacity, a growing contribution as a "hub port" for oilfield exports and the introduction of significant new traffic.

Cargo handled again increased, passing five million tonnes for the first time. Imports and exports totalled 5.11 million tonnes, compared with 4.85 million tonnes in 2005.

The strong performances across most sectors highlighted both the port's ability to accommodate increasing traffic and its major contribution to both the local and national economy.

Strong oil prices and the high level of activity in the offshore oil and gas industry, both in UK waters and elsewhere, were a key factor in the port's performance, as was the rise in general cargo handled.

Among the encouraging features were the continuing growth in oil-related exports, rising exports of scrap metal and the introduction of log exports. On the downside, there was further decline in fish landings.

The port's "room for more" message was also emphasised by the volume of shipping, at a new high for the eighth year in succession at 23.46 million gross tonnes, compared with 21.67 million gross tonnes in 2005. A new record was also set for the tonnage of shipping in a single week. The figures reflect both the larger vessels using the port and greater vessel numbers.

The importance of Aberdeen as the principal mainland "lifeline" port serving Orkney and Shetland was reflected in a further increase in total passenger numbers, with most accounted for by the roll-on/roll-off ferries serving the islands and the remainder by nine visiting cruise ships.



A NorthLink ferry, berthed between oil-related vessels.



The introduction of log exports has led to growing traffic.



Aberdeen is increasingly a hub port for oilfield exports.

The Board's promotion of the port as a logistics hub for the oil and gas industry included a presentation to a workshop in St Petersburg, organised by the EU-funded Northern Maritime Corridor II, on the development of the Barents Sea's natural resources.

With oil-related shipments to various destinations in West Africa more than doubling since the beginning of this decade, the region is now served by two lines and specific charters on a regular basis, involving various local agents in Aberdeen.

The traffic includes a series of shipments of purpose-built subsea equipment, manufactured in Norway and Scotland and marshalled in Aberdeen for export.

During the year, around 3,000 tonnes of large diameter pipe were shipped from Russia to be fitted with connectors in Aberdeen before onward delivery to Eastern Russia. The year also saw a dramatic rise in shipments from Aberdeen to the Caspian, via the Baltic and Russian waterways and by trans-shipment at Continental ports.

Oil-related exports also included a complete subsea field development package, weighing over 800 tonnes and shipped to Australia.

Aberdeen's international trading links serve a variety of sectors with a wide range of exports and imports. The global connections in 2006 included:

- | | |
|-------------|-------------|
| Algeria | Angola |
| Argentina | Australia |
| Belgium | Canada |
| China | Cyprus |
| Denmark | Egypt |
| Eire | Finland |
| France | Germany |
| Greece | Italy |
| Ivory Coast | Lebanon |
| Malta | Mexico |
| Morocco | Netherlands |
| Nigeria | Norway |
| Philippines | Poland |
| Portugal | Russia |
| Spain | Sweden |
| Sweden | Trinidad |
| Tunisia | Turkey |
| USA | |



A subsea field development system, en route to Australia.



Visitors to the port included Maersk Mc-Kinney Moller (centre), shipowner and senior partner of A.P.Moller-Maersk A/S, and other representatives of the company.



developing opportunities

The successful reconstruction of quays and the deepening of berths in recent times have been major factors in generating the record activity which the port now enjoys.

Another project was completed in 2006, with Albert Quay West brought back into operation following a £4.75 million upgrade. It provides 212 metres of common-user berthing, dredged to -7.5 metres and capable of accommodating two medium-to-large vessels.

It quickly proved valuable in relieving demand at other common-user quays, and the deep-water berths were in frequent use for oil-related project cargoes and the export of scrap metal.

A follow-on phased programme is developing the adjacent Point Law Peninsula, initially involving demolition of a significant area of buildings to be surfaced in 2007, creating 20,000 square metres of extensive back-up for quayside operations. Subsequent phases will provide additional space.

In the continuing proactive management of their property portfolio, the Board completed a major refurbishment and modernisation of 7,200 square feet of office accommodation on five floors at 14 Regent Quay and secured a tenant on a 10-year lease.

To coincide with its transfer to the Marine Operations Centre, the Harbour Board's ship's bridge simulator was upgraded at a cost of £150,000 to reflect industry trends and to meet requirements for future training, both for Board staff and third parties on a commercial basis.

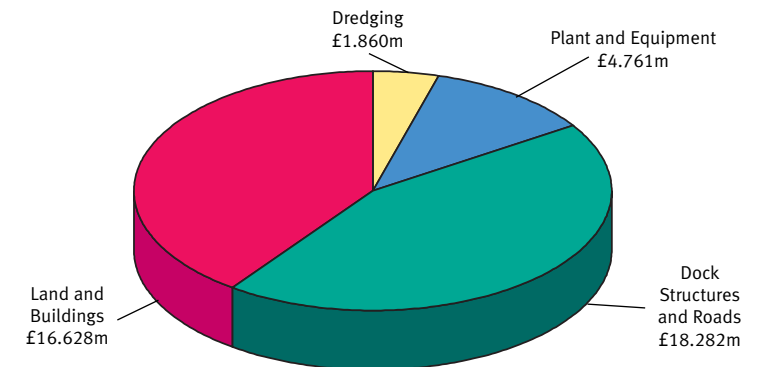
An annual maintenance dredging and bed-levelling programme was undertaken at the port, with the removal of an estimated 144,000 cubic metres of material. Members of the Board visited the suction dredger, *Lesse*, while in operation.

The Board invested £6.4 million in development and maintenance during 2006.



The upgraded Albert Quay West.

Capital and Maintenance Expenditure 2002 to 2006



policy

Aberdeen Harbour Board's strategic policy is to serve the best interests of all, including port users, trade and industry, Board employees, and non-beneficiary stakeholders with an indirect interest.

The Board's objective is to generate sufficient revenue to pay administration and maintenance costs, finance capital expenditure and accumulate reserves as prudent. Where possible, traffic and business will be broadened and expanded to ensure the port's future financial strength.

It is the Board's policy that:

- The port continues to operate 24-hours a day, 365 days a year, with all vessel movements being controlled and quays and facilities operated and improved to cater for the changing requirements of existing and potential port users.
- Through the provision of modern port facilities and a commitment to staff training, the highest quality of service is provided to meet the needs of harbour users.
- Safe and healthy working conditions, equipment and systems are provided and maintained in accordance with the Board's safety management plan.
- Harbour operations are carried out in a way minimising adverse environmental impact, with continuous environmental improvements a key objective.
- Security levels are optimised to meet operational and legislative requirements and in accordance with instruction from the Department for Transport.



Strategic Plan 2007-2011

It is also the Board's policy to continue to review their land holdings, identifying, where appropriate, opportunities to purchase land and buildings to further enhance and develop the operation, trade and business of the port.

Constant efforts are also made to attract, sustain and resecure traffic and to broaden the cargo base, with marketing also targeted to ensure future viability and promote the port's strategic importance.

Enhancement of the image of the Board and port is also a key priority and every effort is made by the Board and officials to ensure that the Port of Aberdeen maintains its current Trust Port status.

success factors

The Harbour Board's strategy includes critical success factors which influence decisions and actions taken in the operation and development of the port.

These include that the Board must:
Have adequate space
Have adequate access
Have facilities and services meeting demand
Demonstrate flexibility in thinking and services
Have good market information
Raise the profile of shipping as an option for removing freight off the road
Control costs
Minimise environmental impact
Adapt to changing circumstances

The Board will continue to implement actions and projects to ensure that the success factors are achieved.



traffic forecasts

The traffic forecast for 2007 and beyond recognises that there are gains and losses in the tonnage of cargo handled, and also acknowledges the port's ability to attract new cargoes.

In general, cargo tonnages are expected to remain steady over the coming year.

Global demand for natural resources and generally high commodity prices are stimulating investment, and the North Sea region is benefiting from this.

Although fluctuations in the price of crude are expected, a fall causing decline in exploration and production is not considered likely in the medium term and cargo tonnages are expected to remain healthy.

It is hoped that the current political drive to promote a modal shift from road to sea and rail, encouraging short sea shipping, can be exploited in the near future to create increased activity at the port.

Vessel tonnage is growing, indicating not only an increase in the number of ships, but also a larger average vessel size. The Board are already addressing the implications of this change in vessel size and will continue to monitor the situation.



expenditure

Projects in the five-year expenditure plan for capital expenditure and exceptional maintenance, totalling over £40 million, seek to address issues identified within the critical success factors.

For example, the ongoing development of Point Law Peninsula and the strengthening of Commercial Quay East will provide additional space and deep-water berthing.

The Board are undertaking a study into the possible future development of the berths on the south side of the River Dee to take into account the size of modern oil-related support vessels and quay loadings.

The provision of marshalling yards in recent years has made an important contribution to the growth of traffic and the plan includes making additional storage and operational areas available.

With the likely future trends in larger vessel size becoming increasingly significant, the board are carrying out a study into possible improvements to the navigation channel and entrance.

The extensive strategic plan also includes office improvements, property acquisition and the purchase of a new pilot boat and survey craft.



working safely

In 2006, the Board's Health and Safety Unit (HSU) set 11 specific actions under three objective headings of Communications, Management System and Participation.

The safety climate survey in 2005 identified communications issues to be addressed, mainly at supervisor level. Refresher training was delivered, with an emphasis on the role of supervisors as leaders in safety practice. This will lead to the development of regular supervisor/HSU interface meetings and supervisor/workforce meetings to promote further interaction and discussion on safety matters.

Consistent with management's aspiration to achieve an accredited level of safety management performance, the Board's occupational health and safety management systems were audited against the OHSAS 18001 standard. Only minor points were identified as requiring review, with an audit to take place in 2007.

Director-led safety tours were introduced, with senior officials making accompanied visits to various sectors of operation to view practices and interface with staff and port users directly in terms of health and safety.

This initiative has been well received by managers and staff alike, with the additional benefits of open face-to-face safety discussion at all levels in the organisation being well recognised.

Safety relationships were further strengthened through the Port Safety Liaison Group which meets regularly. The Group is looking forward to the launch of part two of the Safer Ports Initiative and to supporting the challenges that brings.



Aberdeen Harbour
Code of Safe Practice

- Maximum speed limit 15mph
- Never use mobile comms while driving
- Always obey operational notices
- Visitors must be accompanied
- Consider present and forecasted weather conditions
- Keep your work area tidy
- Assess risks, plan work and always use safe working practices
- Always use walkways or pavements, where available
- Never smoke in prohibited areas
- Keep clear of quay edge
- Minimum PPE, hard hat, hi-vis and safety footwear
- Always use fullest precautions when working at height

Health and Safety is YOUR responsibility.
Pass our code on to all Staff, Contractors, Services and Visitors who use our port.



The Port Safety Liaison Group makes an important contribution.



integrating operations

A state-of-the-art Marine Operations Centre was commissioned on schedule and budget in September, bringing further improvements to the management of more than 25,000 vessel movements annually.

It houses the latest Vessel Traffic Services (VTS) equipment, enabling staff to monitor and direct ships, record vessel tracks, communicate by radio and telephone, and access tidal and meteorological data.

By integrating various activities under one roof, the Centre is also making a wider contribution to the port's efficient operation. It also includes an upgraded ship's bridge training simulator and facilities for training, emergency response, meetings and presentations.

The Centre provides eight times the floor space of its predecessor, the neighbouring "Roundhouse" which was in operation for more than 200 years,

The award-winning design of the £4.5 million Centre reflects a traditional Scottish lighthouse supporting a modern glass structure suggesting a ship's bow and bridge. It is also providing an iconic landmark for a modern port and a vibrant city.

An open day was held for port users, and the Centre continues to attract interest from stakeholders and harbour-related professional organisations.

An oil painting of the Centre by Aberdeen artist, Eric Auld, hangs in the Board's offices, while signed copies have been used in the promotion of the port.

The Centre took top honours in the Aberdeen Civic Society's annual Awards and Commendations which recognise contributions to the amenity of the city. It also featured in a special leaflet and an updated dvd produced by the Board.

The former Navigation Control Centre – "The Roundhouse" (centre).

The Marine Operation Centre's control room - Aberdeen Harbour operates around-the-clock.





Another oil vessel passes the Centre, heading for North Sea operations.



Board members and staff in the control room.



The port's upgraded training simulator.



Board members and staff visit the Centre's simulator.



Board Chairman, David Paton, and artist, Eric Auld, with the specially-commissioned painting of the Centre.





caring environmentally

The development of the Harbour Board's new Marine Operations Centre incorporated the latest energy efficient fixtures and fittings internally and included landscaping meeting local biodiversity objectives.

The association with the University of Aberdeen included participation in the Business Environment Partnership's Placement Programme which provides valuable industrial experience to undergraduates studying in the environmental field.

The student, Marta Gomez-Salcedo, conducted a 12-week waste management audit and was selected as a Scottish finalist for the Shell STEP awards for best projects.

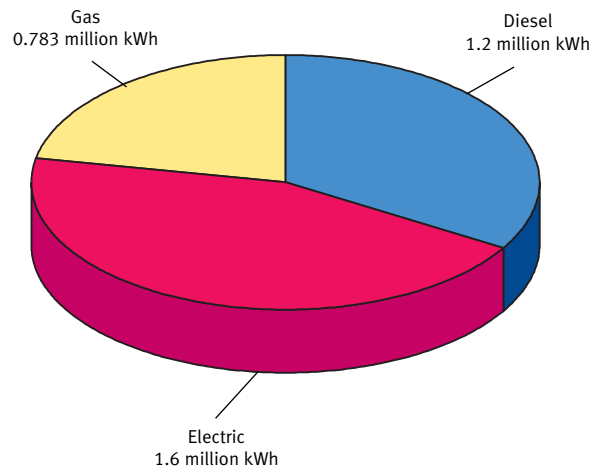
Reflecting increased activity at the port, energy consumption by the Board's operations increased by 5% to 3.6 million kilowatt hours, after remaining steady the previous year. Gas and diesel consumption remained broadly equal to 2005 levels, but electricity demand increased by 11.5%, after falling a similar amount in 2005. This resulted in the emission of 1,155 tonnes of the greenhouse gas carbon dioxide.

In December, the Board commissioned an energy audit which has identified a number of opportunities to make significant savings in energy use.

There were 11 reported oil pollution incidents caused by third parties in 2006, four fewer than in 2005. In general, the spills were small and for two incidents, it was not possible to trace the source. Many spills are now so small it is not possible to accurately quantify the volume.

Harbour personnel continue to investigate all pollution incidents and record causal factors. Most of the spills in 2006 could be blamed on not checking connections, valves or tank contents.

Energy Consumption



Student, Marta Gomez-Salcedo, on placement with the Harbour Board.

liaising externally

External relations are an increasingly important aspect of the successful operation of the port and of shaping its future development. Promoting and protecting its interests require a significant share of Board executives' time in proactive and reactive external relations.

The potential impact of, for example, plans for neighbouring developments, traffic congestion, changing national and international regulations, and transport initiatives demand constant vigilance.

While supporting renewable energy, the Board's serious concern led to their commissioning a study to examine the interface between a windfarm proposed for Aberdeen Bay and the thousands of vessels using the area annually. The plan has raised issues of safety within the marine industry.

The Board are seeking to ensure any development in Aberdeen Bay does not cause a hazard to shipping and continue to lobby to this end.

In conjunction with the North East of Scotland Rail Freight Development Group, the Board hosted a meeting to explore improving links between sea and rail freight at the port. Concern was expressed at the loss of the adjacent rail freight yard at Guild Street to make way for a retail and leisure development, resulting in a lost opportunity for further transport integration.

In their submission to the Scottish Executive's Review of Ports Policy, the Board stressed the importance of local and national transport and planning policies safeguarding land adjacent to ports for transport-related uses to ensure ports can meet the demands of economic growth.

The Board stated it is critical policy makers continue to recognise the strategic importance of ports and ensure that the industry is engaged in the formulation of transport strategies.

Strategies should recognise the economic and environmental benefits of coastal Ro/Ro and short-sea shipping connections as an alternative and complementary to road and rail.

The full submission can be viewed at www.aberdeen-harbour.co.uk

The Harbour Board liaise closely with the city on the port's doorstep.



relating with the community



The "fog bell" on display at Footdee.

The Harbour Board's continuing involvement with the community included further support for the award-winning Aberdeen Maritime Museum on neighbouring Shiprow.

A contribution £45,000 was made towards upgrading its Aberdeen Harbour Gallery which the Board helped fund at its establishment in an expansion of the Museum in 1997.

The remodelled gallery was opened by Board Chairman, David Paton, and his wife, Juliette, and has proved a popular attraction.

At year-end, the Board were working with the Museum on a project to support visits by school pupils.

Discussions were also underway to assist an educational programme at the city's HM Theatre.

The Board again sponsored the Aberdeen International Youth Festival's series of seven *Listen at Lunchtime* concerts.

The Board worked with the City Council on the development of a Maritime Trail and leaflet, encouraging the public's interest in the port, while keeping safety, security and operations in mind.

A bell - used for more than a century to warn mariners approaching the port in thick fog - was incorporated into new landscaping on the approaches to the Marine Operations Centre as a point of interest for visitors to the Footdee area.

Under the Board's long-standing work experience scheme with Torry Academy, three pupils gained experience as an electrician, painter and engineer respectively.

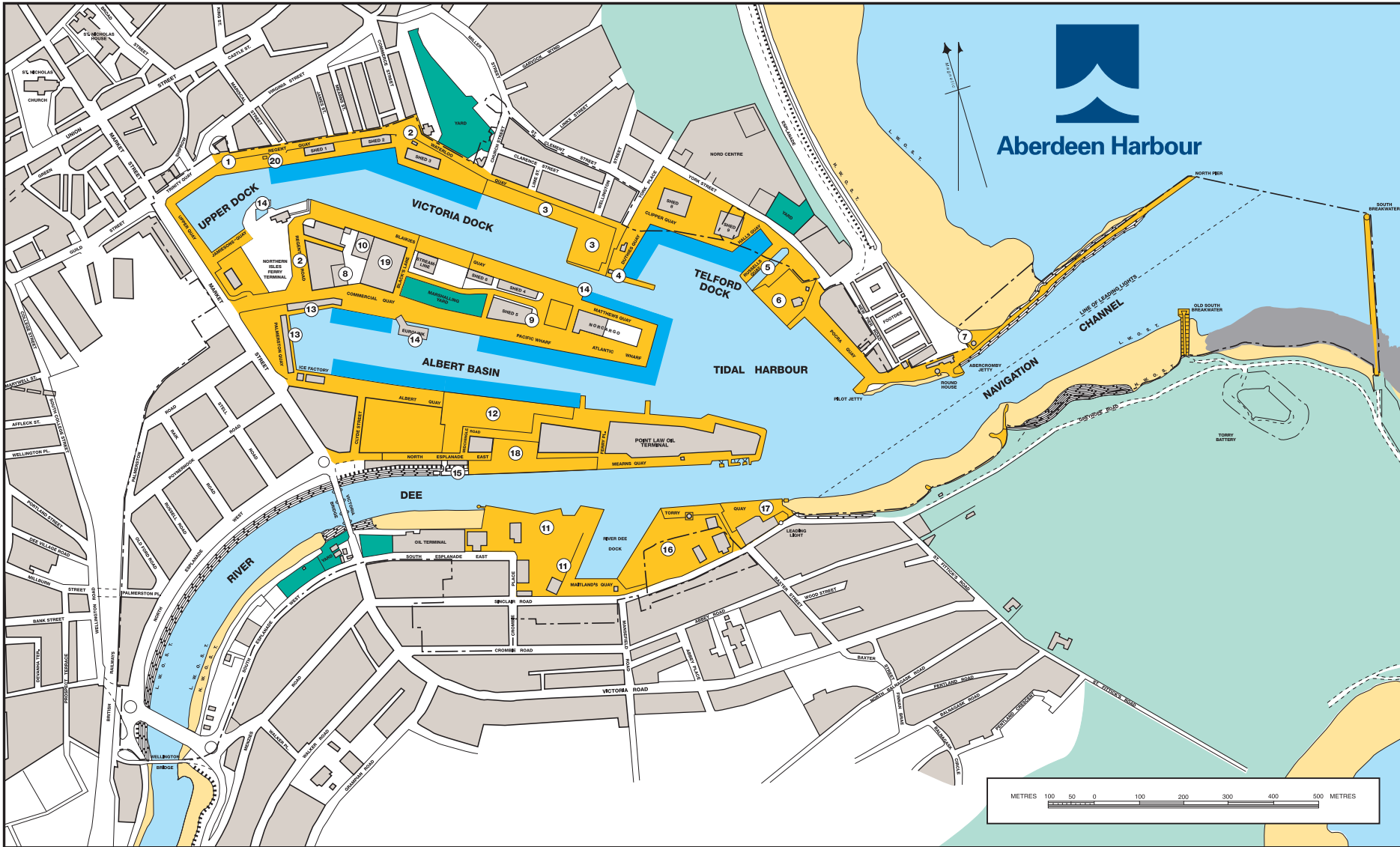


Aberdeen International Youth Festival's lunchtime concerts.



The upgraded Aberdeen Harbour Gallery is attracting more visitors.





KEY				
① Harbour Office	⑦ SBS Logistics/Pocra Base	⑪ ASCO Base	⑭ Shell Base	■ Harbour Roads and Quaysides
② Weighbridges	⑧ Marine Operations Centre	⑫ BP Exploration Base	⑮ Total E&P UK Base	■ Yards
③ SBS Logistics	⑨ Multi-Storey Car Park	⑬ Fish Market	⑯ Mearns Quay Base	■ Deep Water Berths
④ Lifeboat Station	⑩ Grain Export Terminal	⑭ RO-RO Ferry Ramps	⑰ Maritime Coastguard Agency	--- Harbour Boundary
⑤ Dry Dock	⑱ Harbour Maintenance Dept.	⑲ RGIT Survival Centre	⑳ Security Gatehouse	

Photography: Aberdeen International Youth Festival; Patrick Jordan, Aberdeen Harbour Board; Keith Hunter; and Ken Taylor Photography.



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