

# ORKNEY ECONOMIC REVIEW



No. 21

2006



Department of Development Services  
Orkney Islands Council  
School Place  
Kirkwall  
KW15 1NY



# ORKNEY ECONOMIC REVIEW

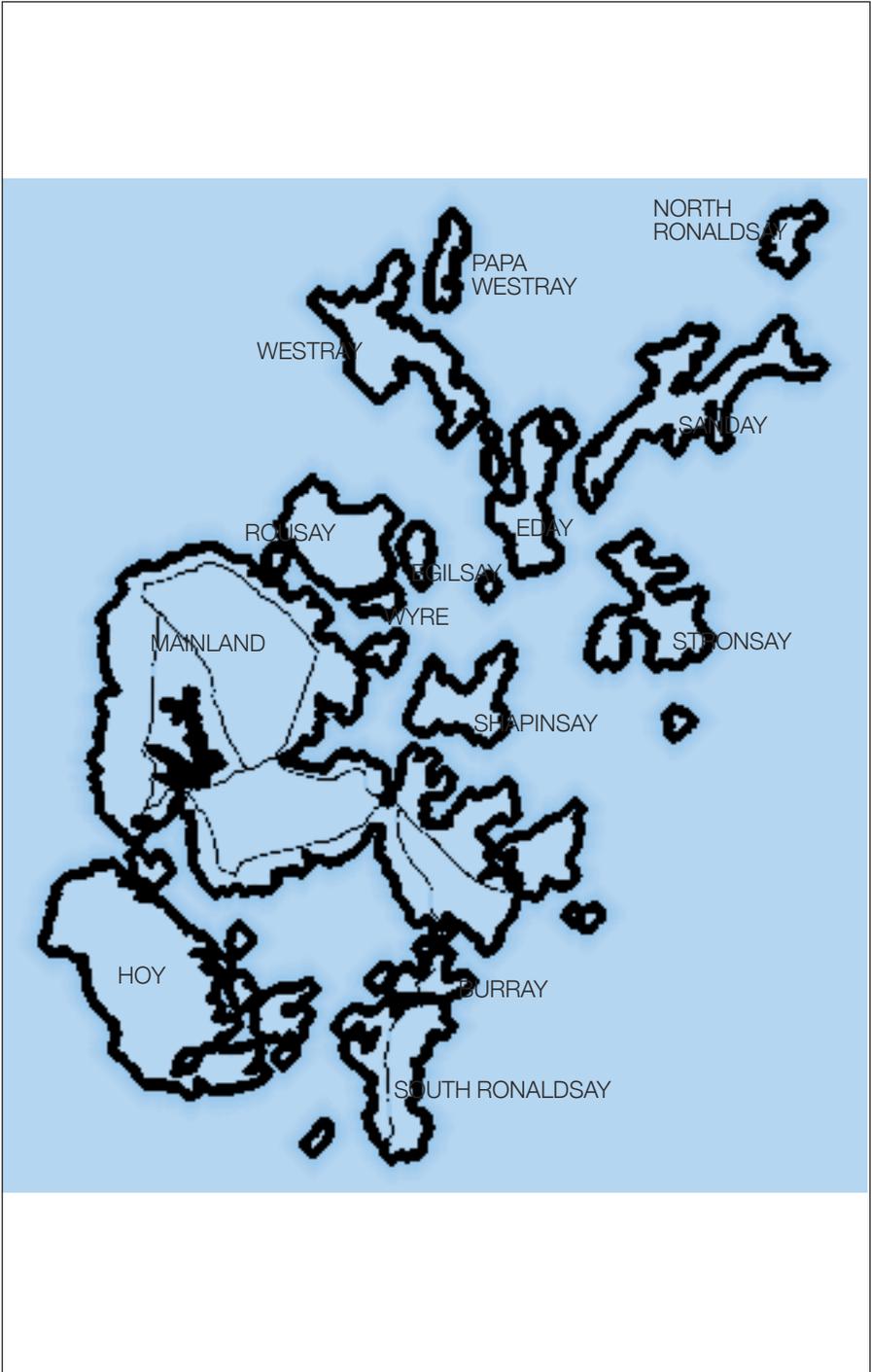
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This booklet aims to bring together and review the latest data available on the Orkney economy. The majority of the statistics come from published sources, which are credited below each table/graph.

Whilst it is the purpose of the review to present up-to-date information, in a few cases, where entirely current data was not available at the time of going to print, more dated figures are shown.

Every care is taken in the production of this publication, however, neither the publisher nor the printer can accept responsibility for any errors or omissions.

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The cover photograph shows the Golden Princess liner anchored in Kirkwall Bay along with Northlink's Hrossey and Hjaltland ferries, taken from Wideford Hill.



The new herring production factory in Stromness, completed June 2005

# General Review

## Unemployment Rate in Orkney 2000-2005

	2000	2001	2002	2003	2004	2005
<b>January</b>	3.0%	2.9%	2.4%	2.4%	2.2%	1.7%
<b>February</b>	2.9%	2.8%	2.3%	2.3%	2.1%	1.7%
<b>March</b>	3.0%	2.8%	2.3%	2.2%	2.2%	1.7%
<b>April</b>	2.8%	2.5%	2.2%	2.0%	2.1%	1.6%
<b>May</b>	2.4%	2.4%	2.1%	1.9%	2.1%	1.5%
<b>June</b>	2.2%	2.2%	1.9%	1.6%	1.9%	1.4%
<b>July</b>	2.4%	2.3%	1.8%	1.5%	1.7%	1.3%
<b>August</b>	2.3%	2.1%	1.8%	1.5%	1.5%	1.2%
<b>September</b>	2.5%	2.0%	1.8%	1.7%	1.6%	1.2%
<b>October</b>	2.8%	2.3%	2.0%	1.9%	1.7%	1.3%
<b>November</b>	3.0%	2.6%	2.0%	2.1%	1.7%	1.4%
<b>December</b>	3.0%	2.6%	2.3%	2.1%	1.6%	1.5%

Source: Office for National Statistics

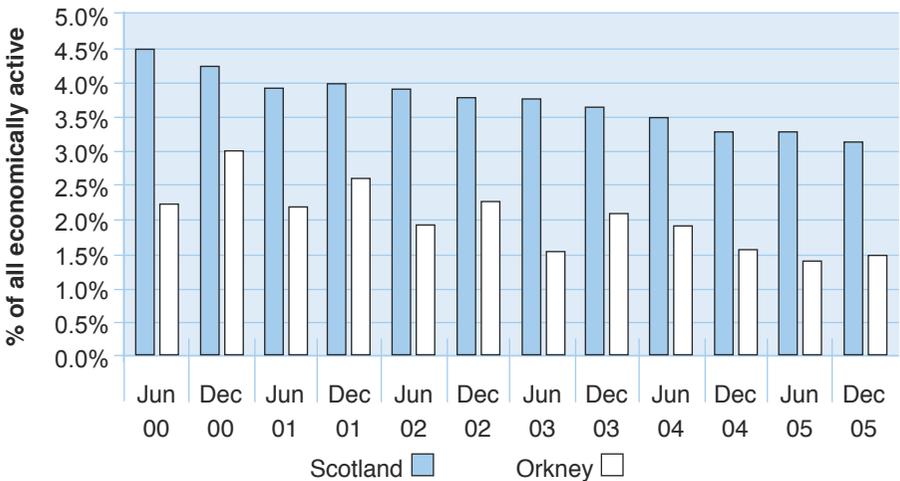
*Note: Unemployment rates are all people claiming unemployment related benefits, divided by the number of economically active people (the proportion of the population which is involved in employment, self-employment or is seeking work, ONS).*

Orkney's unemployment rate, the most regularly published indicator of the condition of the local economy, continued to fall in 2004-05 reaching a low of just 1.2% through August and September before a seasonal rise to 1.5% in December 2005. Orkney's unemployment figure therefore is now consistently below 2% and has halved since the beginning of 2000. Furthermore during February 2004, Orkney's Working Age Claimants of Key Benefits (Dept. for Work and Pensions) was just 8%, the lowest in Scotland a total of 9 percentage points under the national average.



Electricity cable laying at Falls of Warness, Eday, for the European Marine Energy Centre Tidal Device test facility due to open summer 2006.

### Unemployment Rate in Orkney Relative to Scotland 2000-2005



Source: Office for National Statistics

When compared to Scotland as a whole, Orkney has maintained a favourable position with regard to unemployment. Indeed, at the end of 2004, Orkney's unemployment fell to only 48.5% of the Scottish figure. In recent years however Orkney has suffered larger seasonal fluctuations in employment compared to Scotland although trends suggests the degree of seasonality in unemployment is reducing.

## Total Employee Jobs in Orkney 2000-2003

Industry	2000	2001	2002	2003
1: Agriculture and fishing	700	800	700	600
2: Energy and water	*	*	*	*
3: Manufacturing	500	500	400	500
4: Construction	800	400	500	800
5: Distribution, hotels and restaurants	2,100	2,400	1,400	2,100
6: Transport and communications	900	800	700	700
7: Banking, finance and insurance, etc	400	500	500	500
8: Public administration, education & health	2,300	2,400	2,500	2,700
9: Other services	300	300	300	400
<b>Total</b>	<b>8,200</b>	<b>8,200</b>	<b>7,100</b>	<b>8,300</b>

Source: Annual Business Inquiry Employee Analysis

\*Confidential data

*Note: Totals may not sum due to rounding*

Due to the relatively small size of Orkney's workforce, the insights provided by nationally published employment figures for the county are limited. Figures from the Annual Business Inquiry are rounded to nearest hundred and considering Orkney's industry workforce totals are rarely more than a few hundred such rounding has the potential to significantly obscure these figures. Having said this however, interesting trends are reflected in the data. 2003 shows a significant rise in employment in the construction sector which forms part of a trend of growth for the industry. The public sector maintains its position as the county's main employer showing a steady growth between 2000 and 2003. Agriculture and fishing shows a slight drop in employment which is verified by the figures released by SEERAD presented later in this review.

### Orkney Economic Activity Rates

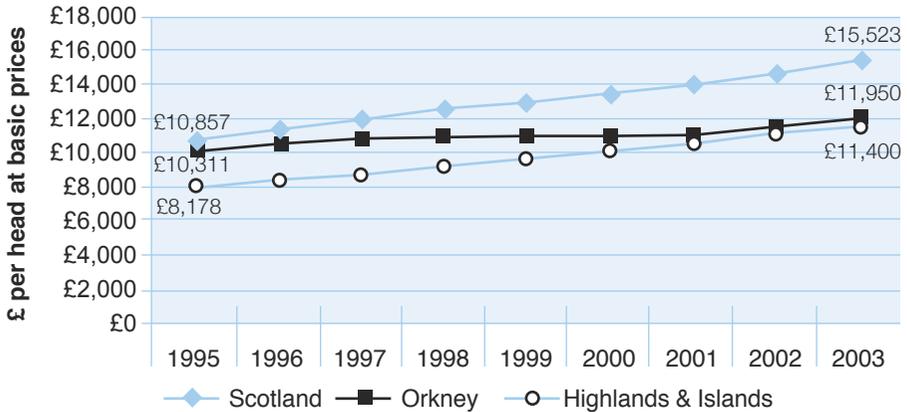
	2003	2004
<b>Orkney</b>	85.1%	85.0%
<b>Scotland</b>	78.0%	79.0%

(As % of population aged 16 – 59/64)

Source: Labour Force Survey

For 2004, Orkney had the third highest economic activity rate amongst the Scottish local authorities (the proportion of the population which is involved in employment or self-employment or is seeking work). However despite being 6 percentage points above the average, Orkney's trend is one of decline whereas the Scottish average is steadily increasing.

## Gross Value Added comparison Orkney & Scotland



Source: Office for National Statistics

According to the Office of National Statistics, GVA figures (the difference between output and intermediate consumption) for Orkney show a static trend when compared to the steady growth experienced between 1995 and 2001 by the Scottish average. However between 2001 and 2003 Orkney experienced a level of growth similar to both the Scottish and Highlands and Islands averages. More recent estimates of local economic output released by Mackay Consultants suggest that Orkney's total GVA increased by 3.1% to £266m in 2004- the highest growth rate in the country and 1.1% over the Scottish Average.

## Gross Value Added for main industries: Total £million

Orkney	1995	1996	1997	1998	1999	2000	2001	2002
Agriculture, hunting and forestry	32	30	28	28	29	29	29	29
Industry, including energy and construction	67	67	76	71	53	50	43	39
Service activities	106	110	113	120	126	131	134	137
<b>TOTAL</b>	<b>205</b>	<b>207</b>	<b>217</b>	<b>219</b>	<b>208</b>	<b>210</b>	<b>206</b>	<b>205</b>

Source: Office for National Statistics

Industry breakdown of GVA figures highlights that Orkney is experiencing the same trends as much of the UK with a reduction in primary and manufacturing industries and more reliance on growing service activities.

## VAT Registered Enterprises in Orkney

	2000	2001	2002	2003	2004	
	Stocks	Stocks	Stocks	Stocks	Stocks	New
<b>Total</b>	<b>1,445</b>	<b>1,440</b>	<b>1,420</b>	<b>1,425</b>	<b>1,410</b>	<b>60</b>
<i>Agriculture; Forestry and fishing</i>	875	855	840	835	815	20
<i>Manufacturing</i>	50	55	50	55	55	5
<i>Construction</i>	100	100	100	100	105	5
<i>Wholesale, retail and repairs</i>	180	180	180	175	170	5
<i>Hotels and restaurants</i>	60	60	60	65	65	10
<i>Transport, storage and communication</i>	50	50	50	50	45	0
<i>Financial intermediation</i>	5	5	5	5	5	0
<i>Real estate, renting and business activities</i>	80	85	95	100	100	5
<i>Public administration</i>	35	40	35	35	40	5
<i>Education; Health and social work</i>	10	10	10	10	10	0

Source: Office for National Statistics

*Note: companies should register for VAT if the value of their taxable supplies in the past 12 months or less has exceeded the current VAT registration threshold of £60,000*

Agriculture and fishing saw the largest proportion of new VAT registrations in 2004 yet these sectors have been experiencing a decline in total stocks since 2000. Having said this, increases in the threshold figure (increasing by around £1,000 each tax year) may be the cause of some enterprises de-registering. Most other sectors show rather static figures with construction, real estate, and hotels and restaurants recording the only significant increases in stocks.

## New Business Start-ups in Orkney

Year	No. of Start-ups
2004	82
2003	94
2002	88

Source: The Committee of Scottish Clearing Bankers

Figures published by The Committee of Scottish Clearing Bankers, a collaboration between the four major Scottish banks, shows that a total of 264 new businesses have been set up in Orkney over the last three years.

# Population

## Population Change

Year Ended 30 June	Births	Deaths	Migration	Population
1992	262	241	129	19,710
1993	206	260	104	19,760
1994	257	247	40	19,810
1995	231	229	58	19,870
1996	217	242	-45	19,800
1997	233	232	39	19,840
1998	200	244	-246	19,550
1999	202	217	-35	19,600
2000	163	220	-63	19,480
2000	(revised)	-	-	19,290
2001	153	199	-24	19,220
2002	176	210	24	19,210
2003	168	212	144	19,310
2004	167	224	247	19,500

Source: General Register Office for Scotland

The natural growth rate of the population (the difference between births and deaths) turned negative around 1997 and has remained so ever since. However the significant decline of Orkney's population predicted at the end of the nineties has been avoided due the rapid rise in migration to the county.

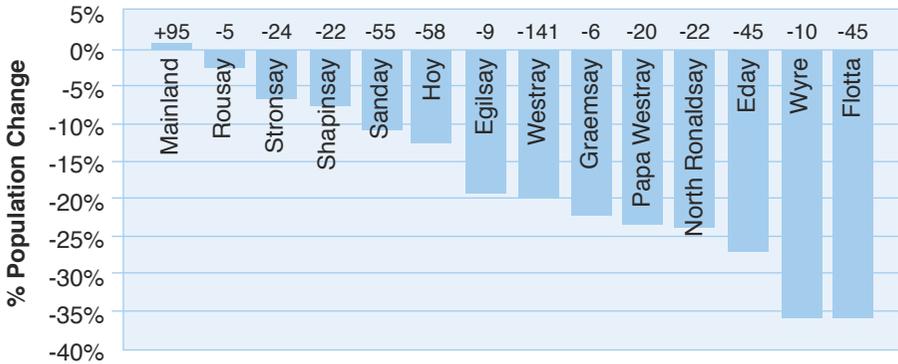
## Population Estimates for Orkney

Population Estimate	
2006	19,779
2007	19,837
2008	19,831
2009	19,826
2010	19,811
2015	19,686
2020	19,439
2024	19,108

Source: Office for National Statistics

Population estimates for the county have in turn been revised to predict a steady growth until 2007 before, again beginning a slow decline.

### Population Change, 1991-2001



Source: Census of Population 1991 and 2001

Although the predicted decline of Orkney's population has not materialised there is still a worrying trend of decline in many of the county's isles. Although the Mainland experienced population growth of around 0.58% (95 people) between the 1991 and 2001 census', many of the county's isles revealed an opposite trend with Flotta and Wyre both suffering the loss of over 35% of their respective populations during the period.

# Weather

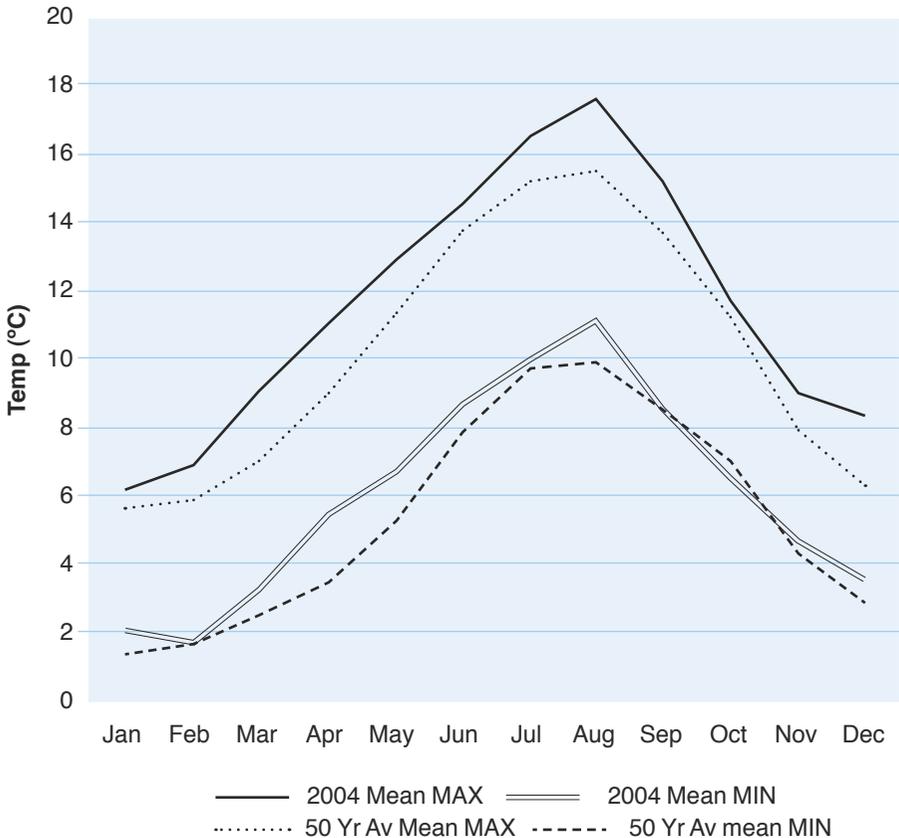
## Meteorological data for Orkney, 2004

	Mean MAX Temp (°C)		Mean MIN Temp (°C)	
	2004	50 Yr Av	2004	50 Yr Av
Jan	6.1	5.5	1.2	2.0
Feb	7.0	5.6	1.6	1.6
Mar	8.8	7.0	3.0	2.3
Apr	11.3	9.0	5.5	3.3
May	13.0	11.4	6.7	5.5
Jun	14.2	13.7	8.7	7.8
Jul	16.3	15.2	9.9	9.7
Aug	17.4	15.4	11.1	9.9
Sep	15.2	13.6	8.6	8.6
Oct	11.6	11.2	6.3	6.9
Nov	9.1	8.0	4.5	4.3
Dec	8.4	6.1	3.4	2.7
<b>Av/Total</b>	<b>11.5</b>	<b>10.1</b>	<b>5.9</b>	<b>5.4</b>

	RAIN (mm)		SUN (hrs)	
	2004	50 Yr Av	2004	50 Yr Av
Jan	123.0	110.5	23.3	29.3
Feb	74.8	76.6	51.9	60.3
Mar	56.6	82.4	134.1	94.3
Apr	68.6	57.3	133.0	141.7
May	35.3	49.3	162.3	172.4
Jun	74.3	48.5	95.3	157.5
Jul	49.6	55.8	172.4	135.9
Aug	64.2	73.3	173.2	129.0
Sep	110.3	96.5	141.1	104.1
Oct	107.2	109.8	56.3	73.8
Nov	89.3	120.6	32.3	37.6
Dec	135.2	117.4	22.7	21.9
<b>Av/Total</b>	<b>988.0</b>	<b>998.0</b>	<b>1197.9</b>	<b>1157.8</b>

Source: Loch of Hundland climate station

Note: 50 yr average is from Grimsetter Airport 1950-2000



Source: Loch of Hundland climate station

Note: 50 yr average is from Grimsetter Airport 1950-2000

As data from the Meteorological Office (recorded at Kirkwall Airport) is now less readily available, weather statistics for 2004 are taken from the Loch of Hundland climate station operated by K. Johnson. Comparison of these figures with the 50 year average shows a slight increase in sunshine hours and slight reduction in rainfall. When compared to the 50 year average, maximum and minimum temperatures for 2004 reflect an overall rise in the average temperature of the county. This trend is in line with the concept of global warming which has been well documented in recent years although it should be noted that this data is not entirely conclusive and may simply be the result of a milder year.

# Agriculture

## Orkney Auction Mart Prices

		Average price per Kg		
		2003	2004	2005
<b>CATTLE</b>	<b>Steers</b>			
	<i>May</i>	131.75p	136.87p	135.14p
	<i>Mid Sept</i>	122.20p	129.12p	110.29p
	<b>Heifers</b>			
	<i>May</i>	109.91p	118.18p	125.69p
	<i>Mid Sept</i>	104.78p	111.25p	103.09p
<b>LAMBS</b>	<i>October</i>	93.11p	98.55p	87.63p

Source: Orkney Auction Mart

Orkney Auction Mart prices are one of the main determinants of the value of agricultural output in Orkney, and although higher than figures from the end of the nineties, they have, after increases in 2004, declined slightly during 2005.

## Livestock Shipments from Orkney (OIC Ports)

	Cattle	Sheep
1994	22,595	57,254
1995	22,951	54,466
1996	19,959	65,242
1997	18,936	54,791
1998	19,403	72,250
1999	20,660	60,390
2000	20,362	55,777
2001	16,628	39,292
2002	15,784	27,625
2003	17,748	16,777
2004	17,133	13,416

Source: OIC Harbours Dept.

Given the fairly constant levels of herd sizes and local slaughtering, the decline in shipments of cattle and sheep since 2000 is most likely to be the result of alternative methods of transport out of the county, not recorded by the OIC Harbours Dept. such as transportation via the St. Margaret's Hope – Gills Bay route.



## Agricultural Land Use in Orkney (hectares)

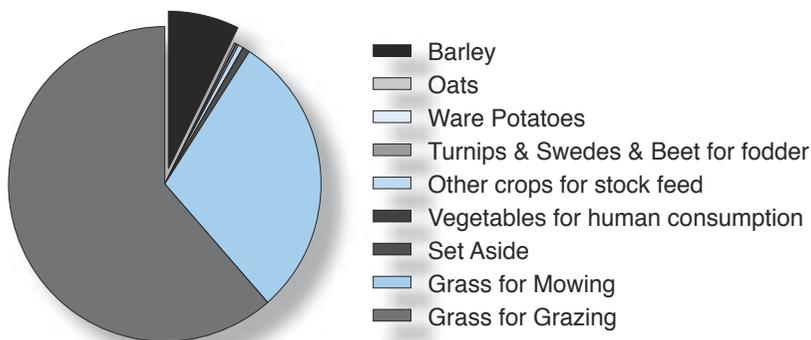
	2000	2001	2002	2003	2004
Barley	4,004	3,893	*	3,946	4,029
Oats	*	117	85	87	99
Mixed Grain	8	*	1	4	*
Oilseed Rape	*	*	*	*	*
Seed Potatoes	*	7	10	*	*
Ware Potatoes	58	50	48	48	45
Turnips & Swedes & Beet for fodder	138	123	110	110	115
Other crops for stock feed	375	346	263	289	289
Vegetables for human consumption	10	8	10	8	17
Set Aside	268	306	337	322	395
Grass for Mowing	16,677	16,906	16,540	16,350	16,174
Grass for Grazing	32,238	32,607	33,426	33,671	33,715

Source: SEERAD Agricultural Census

Note: To prevent disclosure of information about individual holdings, entries relating to less than 5 holdings, or those where two or less account for 85% or more of the information, have been replaced with an asterisk.

Figures for agricultural land use, produced on an annual basis, show little change between 2000 and 2004. The area under barley rose slightly in 2004 to its highest level since 2000 whilst figures for set aside in the county have continued their steady growth over the last 5 years.

## Agricultural Land Use in Orkney, 2004



Source: SEERAD Agricultural Census

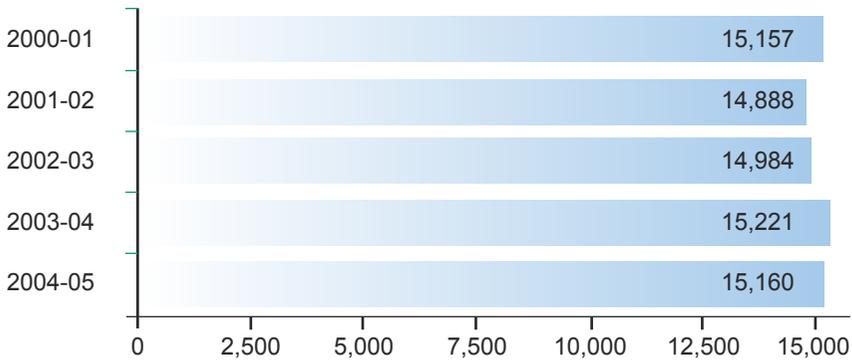
### Breeding Herd in Orkney

	Beef Cows	Dairy Cows	Ewes
June 2000	29,330	3,563	59,557
June 2001	28,539	3,561	57,198
June 2002	28,541	2,766	55,488
June 2003	28,600	2,794	57,698
June 2004	29,077	2,908	56,917

Source: SEERAD Agricultural Census

With the exception of ewes which fell by just over 1%, breeding herd sizes increased slightly between 2003 and 2004.

### Orkney Milk Production (000's of Litres)



Source: Orkney Cheese Company Ltd.

Milk production in Orkney has been relatively static since 2001 declining only slightly to 15,160,000 litres in 2004-05.

## Agricultural Employment in Orkney

		2000	2001	2002	2003	2004
Occupiers:	Full-time	500	486	458	459	459
	Part-time	603	585	569	575	552
	Wife/Husband of Occ.	591	589	590	586	570
Workers:	Full-time	333	323	296	280	280
	Part-time	185	186	176	189	164
	Casual	88	79	87	72	86
	<b>TOTAL</b>	<b>2,300</b>	<b>2,248</b>	<b>2,176</b>	<b>2,161</b>	<b>2,111</b>

Source: SEERAD Agricultural Census

The figures for agricultural employment show that not only is part-time employment within agriculture more common than full-time employment, but that there is an overall trend of decline of employment within the industry. Nevertheless, the economic importance of the industry to the county is highlighted by the total workforce figure of 2,111.

## Agricultural Holdings in Orkney

	Number	Total Hectares (excl. common grazing)
2000	1,888	91,710
2001	1,884	92,176
2002	1,901	92,671
2003	1,906	92,548
2004	1,933	92,450

Source: SEERAD Agricultural Census

The total Number of holdings in Orkney has remained fairly constant over the last 5 years incurring only a slight increase in 2004 to a total of 1,933.

# Fishing



As with much of the agricultural data included in this review, fishing statistics have, in the majority, been sourced from The Scottish Executive Environment and Rural Affairs Department (SEERAD). However, due to the timeframe in which this data is collected some tables are not entirely up to date.

## Landings of Fish by Orkney Vessels

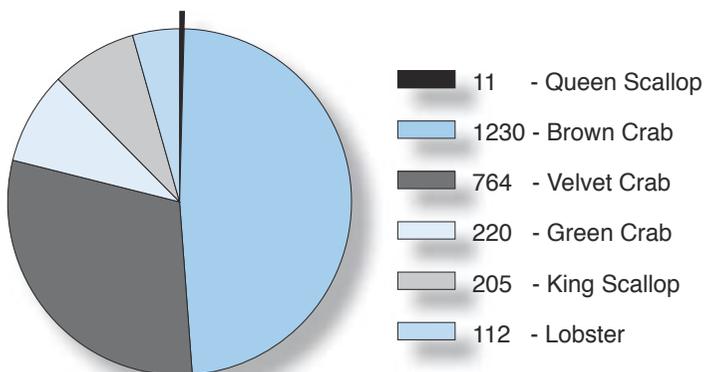
	Live weight tonnes	£ thousands
1997	28,467	18,431
1998	28,647	18,773
1999	25,532	17,423
2000	26,824	15,951
2001	26,303	16,258
2002	12,232	11,697
2003	7,880	9,431
2004	8,788	10,048

Source: SEERAD

*Note: Includes demersal, pelagic and shellfish landings*

Following a recent decline of the live weight and value of landings, 2004 shows a slight increase in both, to 8,788 tonnes and £10,048 respectively.

### Shellfish Landings by Orkney Vessels 2004 (tonnes)



Source: SEERAD

### Number of Fishermen in Orkney

	2000	2001	2002	2003	2004
Full-Time (Regular)	286	270	243	245	305
Part-Time (Irregular)	90	75	86	91	38
<b>Total</b>	<b>376</b>	<b>345</b>	<b>329</b>	<b>336</b>	<b>343</b>

Source: SEERAD

Unlike agricultural employment, the fishing industry has had a significant increase in the number of full-time workers to 305 in 2004. It is likely that much of this increase was brought about by part-time workers moving into full-time work as the figure for irregular workers more than halved between 2003 and 2004.

### Orkney Fishing Fleet

Vessels	1997	1998	1999	2000	2001	2002
Freezer trawler	1	1	1	1	1	0
Trawlers	12	9	10	10	10	7
Shellfish over 10m	49	45	42	38	36	33
Shellfish 10m & under	140	137	139	132	130	132
Other	1	1	1	2	1	2
<b>Total</b>	<b>203</b>	<b>193</b>	<b>193</b>	<b>183</b>	<b>178</b>	<b>174</b>

Source: SEERAD

Similar to elsewhere in Scotland, Orkney's whitefish fishing fleet has continued to decline, losing 3 vessels in the last round of decommissioning. Fortunately however, shellfish vessel numbers have proven more robust.

# Fish Farming

## Salmon & Smolt Production

	Salmon (tonnes)	Smolts (000s)
1993	1,245	497
1994	2,108	445
1995	1,903	501
1996	2,444	286
1997	3,073	387
1998	4,485	657
1999	4,925	940
2000	6,370	673
2001	5,588	368
2002	7,585	681
Est. 2003	10,335	935
Est. 2004	-	1,140

Source: Scottish Fish Farms Annual Production Survey

The rate of growth in Orkney's fish farming industry has been steadily increasing in recent years. In 2002, 7,585 tonnes of salmon was produced, 690 tonnes above the year's projected figure. Estimates for 2003-04 show this growth is expected to continue.

## Employment

	1999		2000		2001		2002	
	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T
Salmon smolt production	8	9	13	3	4	6	4	6
Salmon on-growing	78	20	91	15	75	15	80	11

Source: Scottish Fish Farms Annual Production Survey

Employment in the industry, despite not growing at the same rate as production, increased in 2002, having declined slightly the previous year. Furthermore, a significant proportion of this employment is located in the outer isles, providing a valuable source of employment.

# Energy Production

## Annual Tonnages of Cargoes Loaded from the Flotta Oil Terminal

	Crude Oil	Foinaven	Propane Gas	Ethane Gas
1994	13,529,630		243,411	82,579
1995	12,342,693		223,194	85,534
1996	10,941,381		191,788	75,265
1997	9,747,675	84,893	138,258	60,679
1998	10,210,855	2,896,555	104,607	21,633
1999	9,568,002	3,574,343	98,612	14,322
2000	8,378,325	3,738,240	75,736	
2001	6,824,998	3,775,667	63,471	
2002	6,380,383	5,280,691	39,650	
2003	5,329,571	4,071,672	19,740	
2004	5,070,327	3,479,831	18,026	

Source: OIC Harbours Dept.

Crude oil shipments through the Flotta terminal from North Sea oil fields continued to decline in 2004 as did the volume of oil handled by shuttle tanker from the Foinaven field in the Atlantic Frontier.

	Ship to Ship Transfers	Oil Tonnage
2001	19	1,812,085
2002	11	926,399
2003	4	575,184
2004	15	2,660,841
2005	17	1,746,715

Source: OIC Harbours Dept.

Ship to ship oil transfers in Scapa Flow have, since the late nineties, represented significant activity for the harbour. Despite large fluctuations, 2005 saw a total of 17 transfers, the highest figure since 2001.



Ship to ship transfer in Scapa Flow

### Grid Connected Wind Turbines in Orkney

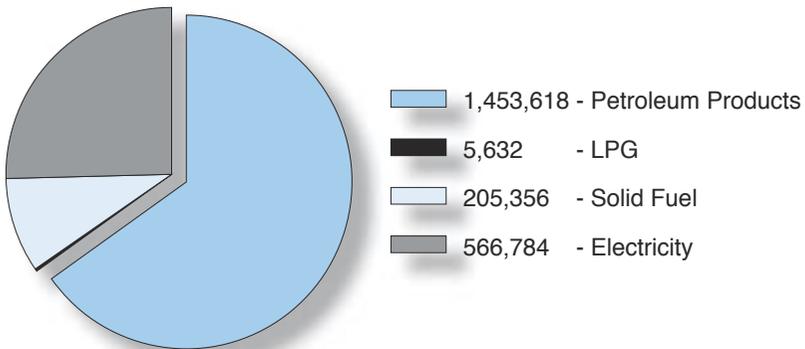
Location	No. of Turbines	MW Capacity
Spurness, Sanday	3	7.5
Burgar Hill, Evie	3	5.5
Rothiesholm, Stronsay	3	2.4
Northfield, Burray	1	0.9

Source: OREF

There are currently ten operational grid connected wind turbines in Orkney producing a total capacity of 16.3MW. Construction of two more turbines at Burgar Hill, Evie is set to begin this year adding another 4MW to Orkney's wind turbine output capacity. Suitability of Orkney as a site for renewable energy production has also led to the development of the European Marine Energy Centre (EMEC), including a test site for wave power devices which became operational in 2003, and a tidal power device test site due to be completed this year.

# Energy Consumption

## Primary Energy Consumption in Orkney, 2003 (Gigajoules- GJ)



Source: Orkney Energy Audit 2003-04

## Orkney's Carbon Footprint

	1990	1995	2003
Primary Energy Consumption	1,930,215	2,157,624	2,231,390
<b>CO2 Emissions (tonnes)</b>	<b>154,884</b>	<b>168,569</b>	<b>167,906</b>

Source: Orkney Energy Audit 2003-04

Although energy consumption in Orkney has increased by 16% over the period 1990 to 2003, the increase in CO2 emissions resulting from the combustion of this fuel has risen by only 8%. This improvement in CO2 emission is primarily due to the use of grid electricity and oil products in preference to solid fuel.

# Transport

## Traffic on Stromness – Scrabster Route (St. Ola & Hamnavoe)

	Passengers	Accompanied Cars	Commercial Vehicles & Trailers
1998	157,247	45,389	6,567
1999	158,888	46,979	7,404
2000	157,466	46,976	6,916
2001	127,798	37,522	7,791
2002	113,021	33,432	8,961
2003	136,530	40,415	8,648
2004	141,550	41,248	7,128

Source: OIC Harbours Dept.

Following the initial impact of the 2001 introduction of a privately operated roll on-roll off ferry service between St Margaret's Hope and Gills Bay in Caithness, passenger traffic on the Stromness – Scrabster route has continued to rise. This trend is also reflected in car traffic on the service. The number of commercial vehicles and trailers using the service dropped in 2004 by around 17.5%.

## Traffic on Shetland – Kirkwall – Aberdeen Route

	Passengers	Accompanied Cars	Commercial Vehicles & Trailers	Cargo (tonnes)
2003	41,802	6,578	3,660	15,997
2004	50,892	7,317	3,783	27,991

Source: OIC Harbours Dept.

Figures for the revised Shetland/Kirkwall, Kirkwall/Aberdeen route show an increase between 2003 and 2004, of just over 9,000 passengers.

## Imports by Coastal Carrier to OIC Mainland Ports Only (tonnes)

	1998	1999	2000	2001	2002	2003	2004
Fuel Oil/Petrol	30,356	31,095	31,576	30,166	30,463	32,191	33,369
Coal	5,400	3,273	3,513	2,453	3,028	4,670	3,881
Fertilisers	13,293	20,412	17,136	18,097	13,707	18,864	11,912
Barley	140	669	537	640			
Cement	6,134	6,291	5,729	5,451	8,731	4,013	1,899
Rock Salt	4,183	7,225	2,155	6,210	2,956	7,543	4,030
Steel/Steel Pipe				1,012	3,584	1,547	
Chips and Grit		674	1,419		9,650	680	1,761
Lime	2,442	1,689	2,364	1,228	670	3,051	2,060
Oil Related Equipment	2,003	631					
Sand							2,050
Salmon Feed			337		618	1,955	
General Cargo	21,325	22,140	20,604	20,051	30,528	30,535	33,586
<b>Total</b>	<b>85,276</b>	<b>94,099</b>	<b>85,370</b>	<b>85,308</b>	<b>103,935</b>	<b>105,049</b>	<b>94,548</b>

Source: OIC Harbours Dept.

Coastal shipping remains an important method for bringing bulk cargoes into the county, particularly specialist cargoes such as liquid fuels. However, since many cargoes such as salmon feed are capable of carriage by a variety of methods, figures for such may show erratic variation from year to year.

## Kirkwall Airport Traffic

	Passengers		Aircraft Movements
	Terminal	Transit	
2001/02	82,160	15,119	11,616
2002/03	94,004	17,441	12,777
2003/04	95,451	18,224	13,531
2004/05	93,207	21,388	13,476

Source: HIAL

Following the installation of an Instrument Landing System in 2003, activity at Kirkwall Airport has risen steadily. Whilst the number of passengers terminating their travel at Kirkwall Airport dropped slightly during the last year, passengers in transit at the Airport has continued to rise - largely due to a significant increase in the number of North Sea oil rig helicopters using the Airport to refuel in adverse weather conditions.



Instrument Landing System at Kirkwall Airport completed in 2003

### Inter Island Ferries (Passengers)

Mainland to and from:	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Hoy, Lyness	56,398	54,012	56,337	55,158	59,709	66,206
Flotta	6,630	7,520	7,286	7,365	10,229	10,174
Graemsay	5,533	5,349	5,736	5,521	5,036	5,347
North Hoy	11,190	11,038	10,683	11,828	13,030	14,864
Shapinsay	57,840	56,988	61,739	60,920	64,314	64,317
Rousay, Egilsay & Wyre	50,973	50,691	50,488	50,751	56,317	56,710
Westray	33,453	35,034	35,390	37,730	39,131	41,495
Sanday	22,031	21,331	21,839	23,384	24,832	26,162
Stronsay	15,640	16,249	16,945	17,837	17,644	16,720
Eday	8,018	7,614	6,950	8,331	8,722	8,279
North Ronaldsay	697	596	587	551	533	754
Papa Westray	901	682	727	624	674	588
Inter Island/ Round Trip	12,084	10,719	9,901	10,595	10,080	10,461
<b>TOTAL</b>	<b>281,388</b>	<b>277,823</b>	<b>284,608</b>	<b>290,595</b>	<b>310,251</b>	<b>322,077</b>

Source: Orkney Ferries Ltd. (Year runs April – March)

Total passenger carryings on the inter-isles ferries has continued its 5 year growth rising by over 3.8% in the last 12 months. This increase has been shared by the majority of isles, with Flotta, Stronsay, Eday and Papa Westray the only isles to experience a reduction in passenger carryings. North Ronaldsay (41.5%) and North Hoy (14.1%) experienced the strongest increases.

### Inter Island Ferries (Cars)

Mainland to and from:	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
South Isles	18,170	18,157	18,663	18,843	20,593	21,193
Shapinsay	7,428	7,359	7,495	7,721	7,446	7,526
Rousay, Egilsay & Wyre	9,838	9,466	9,796	9,579	9,370	9,350
Westray	7,342	7,720	7,880	8,723	9,337	9,148
Sanday	4,244	4,205	4,192	4,774	5,276	5,560
Stronsay	2,708	2,855	3,290	3,687	3,819	3,760
Eday	1,547	1,485	1,531	1,947	2,067	1,991
<b>TOTAL</b>	<b>51,277</b>	<b>51,247</b>	<b>52,847</b>	<b>55,274</b>	<b>57,908</b>	<b>58,528</b>

Source: Orkney Ferries Ltd. (Year runs April – March)

The growth in the number of cars carried on the inter-isles services has slowed over the last 12 months, yet still shows modest overall increase.

### Inter Island Ferries (Commercial Vehicles)

Mainland to and from:	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
South Isles	2,565	2,450	2,779	2,681	2,724	3,220
Shapinsay	2,744	2,303	2,600	2,094	2,871	3,267
Rousay, Egilsay & Wyre	4,328	4,262	4,267	4,536	5,485	5,740
Westray	3,429	3,650	3,644	3,136	3,032	3,809
Sanday	3,207	3,353	3,575	3,333	3,191	3,237
Stronsay	1,714	1,864	1,802	1,995	1,830	2,169
Eday	1,244	1,033	892	846	760	868
<b>TOTAL</b>	<b>19,231</b>	<b>18,915</b>	<b>19,559</b>	<b>18,621</b>	<b>19,893</b>	<b>22,310</b>

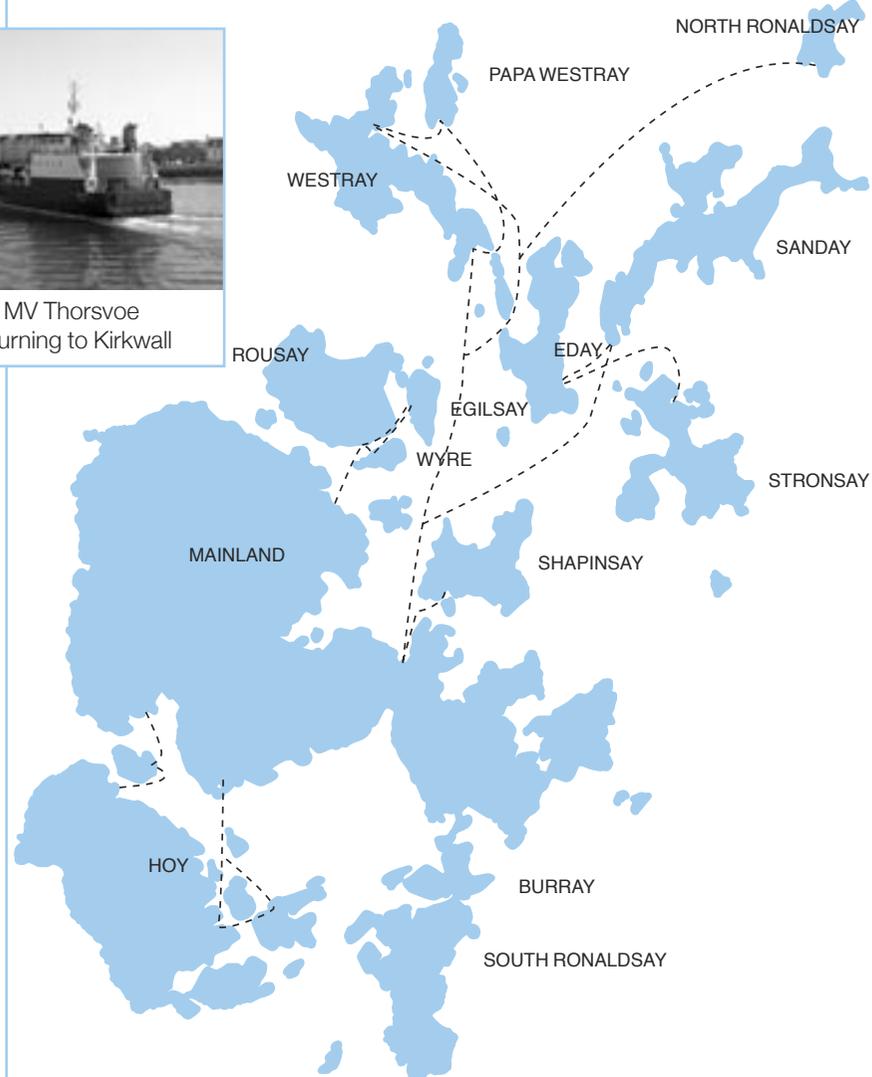
Source: Orkney Ferries Ltd. (Year runs April – March)

The total number of commercial vehicles carried increased by 12.2% between 2003/04 and 2004/05, with Westray showing the strongest rate of growth.

# Orkney's internal Ferry Routes



MV Thorsvoe  
returning to Kirkwall



# Tourism

During the period 2004-05 a study into Orkney's growing tourism sector, commissioned by Orkney Islands Council in conjunction with Visit Orkney and Orkney Enterprise, was conducted by TNS consultants. The key aim of the study was to supply information about visitors to Orkney and their visit, in order to guide future tourism policy. The key findings of the TNS study, along with other tourism statistics of interest are included in this section of the review.

TNS note the total number of visitors to Orkney during 2004-05 to be in the region of 127,000. It should be stressed however that, although this figure is based on passenger figures provided by sea and air carriers, data for the privately operated Burwick and St Margaret's Hope route was restricted to an estimate.

## Average Visitor Spend in Orkney (per person)

Accommodation	£94.35
Eating out	£35.62
Other food shopping	£13.31
Tourist shopping	£32.16
Entertainment and Recreation	£14.53
Transport within Orkney	£16.64
Transport costs to and from Orkney	£99.32
Miscellaneous	£9.03
<b>Total spent on visit</b>	<b>£311.29</b>
<b>Total spent on Orkney</b>	<b>£209.40</b>

Source: TNS Visitor Survey 2004-2005

## Average Length of Stay of Visitors to Orkney

	Mainland Orkney	Islands of Orkney	Total Orkney
Day visit only	4%	86%	5%
1-3 Nights	45%	8%	40%
4-7 Nights	37%	4%	39%
8-14 Nights	10%	2%	13%
More than 14	3%	-	3%
<b>Average</b>	<b>4.8 Nights</b>	<b>0.7 Nights</b>	<b>5.3 Nights</b>

Source: TNS Visitor Survey 2004-2005

The TNS Visitor Survey 2004-2005 indicates that visitors to Orkney now input around £26.5M to Orkney's economy, a significant increase from the estimated £18M in 2001. However, data does not provide a breakdown of the current figure to illustrate the respective values of Leisure Tourism, Business Tourism, and visiting friends and relations.

In addition, independent studies estimated spending by Cruise Liner passengers and crew in the county to contribute between £600k and £900k to Orkney's economy during the 2004 season.



The Golden Princess taken from Kirkwall Bay

### Cruise Liner Visits to Orkney

	No. of Liners	No. of Passengers
2000	55	14,096
2001	52	15,970
2002	53	16,687
2003	62	21,162
2004	56	22,916
2005	75	30,708

Source: OIC Harbours Dept.

### Total Visitor Bedspace in Orkney, 2004

	Bedspaces
Orkney Tourist Board Members	3,097
Non-Orkney Tourist Board Members (estimate)	653
<b>Totals (upper limit)</b>	<b>3,750</b>

Source: Brian Burns Associates

### Accommodation Provision in Orkney, 2004 (Tourist Board Members Only)

	Businesses		Bedspaces	
	No.	%	No.	%
Hotels and Guest houses	37	14	828	27
Bed and Breakfasts	60	22	345	11
Self Catering	149	55	1,034	33
Hostels	14	5	303	10
Camping and Caravans	10	4	587	19
<b>Totals</b>	<b>270</b>	<b>100</b>	<b>3,097</b>	<b>100</b>

Source: Orkney Tourist Board

Based on the details of Orkney Tourist Board Members and an estimate of those tourist accommodation providers not registered, a total of 3,750 visitor bedspaces is estimated to be provided by the county's tourism sector. With regard to Orkney Tourist Board members, the majority of these bedspaces are provided via self-catering (33%) followed by hotels and guest houses (27%).

# Housing

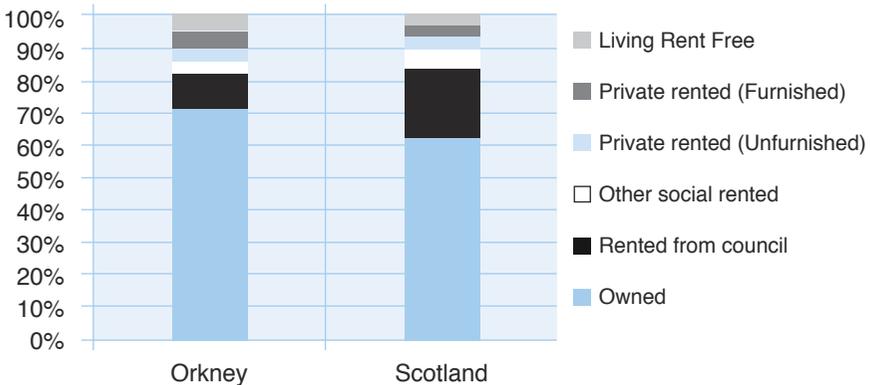
## Dwellings in Orkney and Scotland

	Orkney			Scotland		
	Occupied	Vacant	% Occupied	Occupied	Vacant	% Occupied
2001	8,383	1,368	86.0%	2,216,798	106,046	95.4%
2002	8,482	1,406	85.8%	2,230,940	109,606	95.3%
2003	8,568	1,406	85.9%	2,247,038	111,377	95.3%
2004	8,702	846	91.1%	2,269,012	109,591	95.4%

Source: General Register Office for Scotland

Occupation of houses in Orkney has increased in 2004 to 91.1% of the total 9,548 houses. This figure, although Orkneys highest since 2001, is still 4 percentage points lower than the equivalent Scottish figure.

## Housing Tenure in Orkney and Scotland



Source: 2001 Census Data

The percentage of owner occupied housing in Orkney, at 72%, is significantly higher than the Scottish average (63%) which is perhaps a result of the relatively low cost of housing in the county compared to the Scottish average.

## Average House Price, December 2005

Orkney Islands	£101,515
Scotland	£126,507

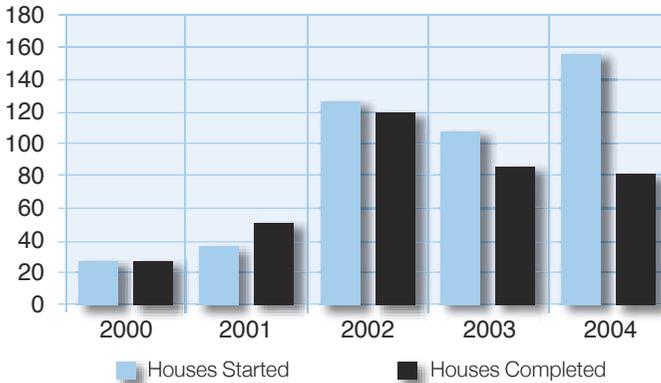
Source: Registers of Scotland Executive Agency

## Housing Completions in Orkney

	Started					Completed				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2000	9	2	4	13	28	3	1	5	20	29
2001	26	7	0	5	38	1	11	28	12	52
2002	65	18	33	12	128	13	20	66	21	120
2003	31	39	10	28	108	22	26	30	8	86
2004	66	39	21	29	155	9	20	12	40	81
2005	14	35			49	60	21			81

Source: Scottish Housing Statistical Bulletin

## Housing Completions in Orkney



Source: Scottish Housing Statistical Bulletin

The number of house builds started in Orkney more than trebled during 2002 to a figure well over 100, a level which has been maintained over the last couple of years.



Wellington Street, Kirkwall: new housing under construction for the Orkney Housing Association