

ORKNEY  
ECONOMIC  
REVIEW  
No. 23



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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.

In many cases historical data provided differs from that previously published. Updated statistics have been used where they have been provided.

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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Cover photograph: EMEC - Tidal Turbine test rig at Falls of Warness, Eday  
Photo: Open Hydro, Mike Roper



The new travel centre, Junction Road, Kirkwall  
Completed late summer 2007

# General Review

## Unemployment Rate % in Orkney 2002-2007

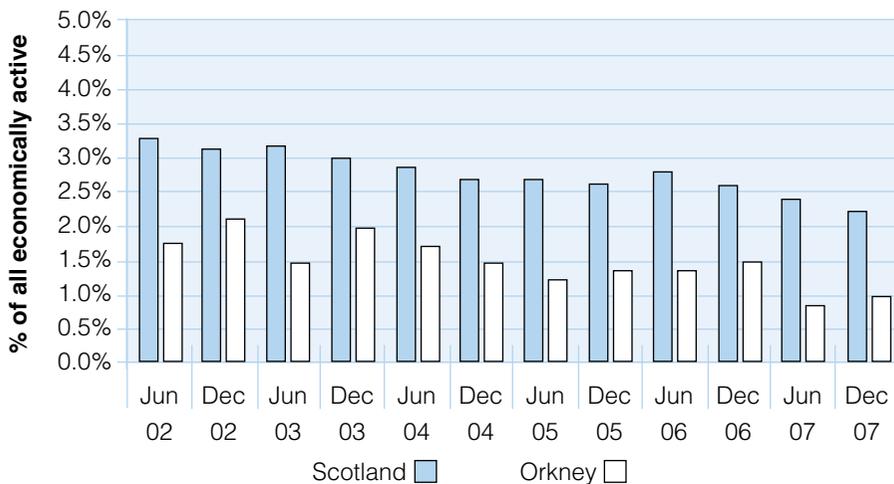
	2002	2003	2004	2005	2006	2007
<b>January</b>	2.4%	2.4%	2.2%	1.7%	1.4%	1.7%
<b>February</b>	2.4%	2.4%	2.2%	1.8%	1.5%	1.5%
<b>March</b>	2.3%	2.1%	2.2%	1.6%	1.6%	1.4%
<b>April</b>	2.1%	1.9%	2.0%	1.6%	1.7%	1.2%
<b>May</b>	1.9%	1.7%	2.0%	1.4%	1.6%	1.0%
<b>June</b>	1.8%	1.5%	1.7%	1.3%	1.4%	0.9%
<b>July</b>	1.7%	1.4%	1.6%	1.3%	1.5%	0.9%
<b>August</b>	1.7%	1.5%	1.5%	1.2%	1.3%	0.9%
<b>September</b>	1.7%	1.6%	1.4%	1.1%	1.2%	0.9%
<b>October</b>	1.8%	1.6%	1.5%	1.2%	1.3%	1.0%
<b>November</b>	1.8%	1.9%	1.5%	1.3%	1.4%	1.1%
<b>December</b>	2.1%	2.0%	1.5%	1.4%	1.5%	1.0%
<b>Average</b>	<b>2.0%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.1%</b>

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, rose at the start of 2007 at its highest rate since April 2006. The rate dropped during the summer months reaching a low of 0.9%, possibly due to seasonal tourism related work, rising slightly again at the end of the year to 1%. Orkney continues to have one of the lowest unemployment percentages in Scotland.

## Unemployment Rate in Orkney Relative to Scotland 2002-2007



Source: Office for National Statistics

When compared to Scotland as a whole, Orkney has maintained a favourable position with regard to unemployment, although the national percentage has continued to reduce over the past several years. At the end of 2007, Orkney's unemployment rate was just over 45% of the National figure.

## % Economic Active

	2005	2006	2007
<b>Orkney</b>	86.5%	83.9%	83.7%
<b>Highlands &amp; Islands</b>	82.7%	82.8%	84.1%
<b>Scotland</b>	79.2%	80.0%	79.9%

Source: Scottish Economic Statistics, Scottish Executive

In 2007 Orkney's economic activity rate (the proportion of the working age population involved in employment, self employment or seeking work) was just under 4 percentage points above the national average. However, Orkney's trend appears to be one of decline in contrast to that of the Highlands and Islands and nationally which have remained relatively constant.

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

<b>Orkney</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Agriculture, forestry and fishing	27	25	25	26	26	29	31	31
Industry, including energy and construction	73	67	57	48	42	42	47	54
Service activities	110	116	124	131	138	142	150	158
<b>Total</b>	<b>210</b>	<b>209</b>	<b>207</b>	<b>205</b>	<b>206</b>	<b>213</b>	<b>228</b>	<b>243</b>

Source: Office for National Statistics

NOTE: Components may not sum to totals due to rounding.

Broad sector breakdown of Orkney's GVA figures highlights that Orkney, like the rest of the UK, is continuing to experience growth in the service sector. More interestingly perhaps, figures show that between 2002 and 2004 the decline of primary and manufacturing sectors halted and indeed showed signs of growth, hinting at a recovery for these parts of Orkney's economy.

## VAT Registered Enterprises in Orkney

	2003	2004	2005	2006			2007
	Stocks	Stocks	Stocks	Stock	Reg	De-Reg	Stock
<i>Agriculture: Forestry and fishing</i>	835	825	815	805	20	35	785
<i>Mining and quarrying: Electricity, gas &amp; water supply</i>	0	0	5	5	0	0	5
<i>Manufacturing</i>	60	60	60	60	0	5	55
<i>Construction</i>	100	105	105	115	5	5	120
<i>Wholesale, retail and repairs</i>	170	165	165	170	10	10	170
<i>Hotels and restaurants</i>	60	65	65	70	5	5	70
<i>Transport, storage and communication</i>	50	45	45	50	0	0	45
<i>Financial intermediation</i>	5	5	5	5	0	0	5
<i>Real estate, renting &amp; business activities</i>	110	110	110	110	10	5	110
<i>Public administration</i>	40	45	45	45	5	0	45
<i>Education: Health and social work</i>	10	10	10	10	0	0	15
<b>Total</b>	<b>1,440</b>	<b>1,440</b>	<b>1,430</b>	<b>1,435</b>	<b>55</b>	<b>75</b>	<b>1,420</b>

Source: Office for National Statistics

NOTE: Each individual cell is rounded to the nearest 5 enterprises, so totals may not equal the sum of their constituent parts

Although the combined primary sectors saw the largest proportion of new VAT registrations in 2007, the trend of decline in business stock continued during the year. VAT registration figures for most other sectors remained static during the year, although the total number for construction businesses continued to increase. The total number of all VAT registered businesses at the start of 2007 is now approximately 20 lower than it was four years ago.

Not all businesses are VAT registered, however, and the following table perhaps offers a clearer indication of all entrepreneurial activity in Orkney.

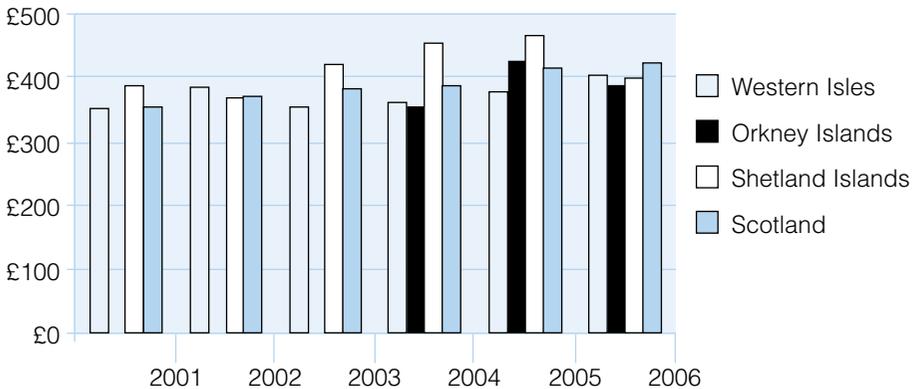
### New Business Start-ups in Orkney

Year	No. of Start-ups
<b>2003</b>	94
<b>2004</b>	82
<b>2005</b>	94
<b>2006</b>	82
<b>2007</b>	82

Source: The Committee of Scottish Clearing Bankers

The figures, published by the Committee of Scottish Clearing Banks, an alliance of the four major Scottish banks, indicate that a total of 434 new businesses were set up in Orkney during the past 5 years. The table represents business start ups only and takes no account of the inevitable failures or closures during the same period, since this data is not available.

### Weekly Earnings Comparison



Source: Scottish Neighbourhood Statistics

NOTE: No data available for Orkney until 2004

Over the past three years, with the exception of 2005, Orkney’s average weekly earnings have remained under £400. The National data indicates a rise in average wages, as do the figures for the Western Isles. However only three years statistics are available for Orkney, and it is therefore difficult to see a trend.

# Population

## Population Change

Year Ended 30 June	Births	Deaths	Migration	Population
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	-45	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
2005	194	207	103	19,590
2006	194	208	194	19,770

Source: General Register Office for Scotland

NOTE: Population and migration figures post 2001 are estimates.

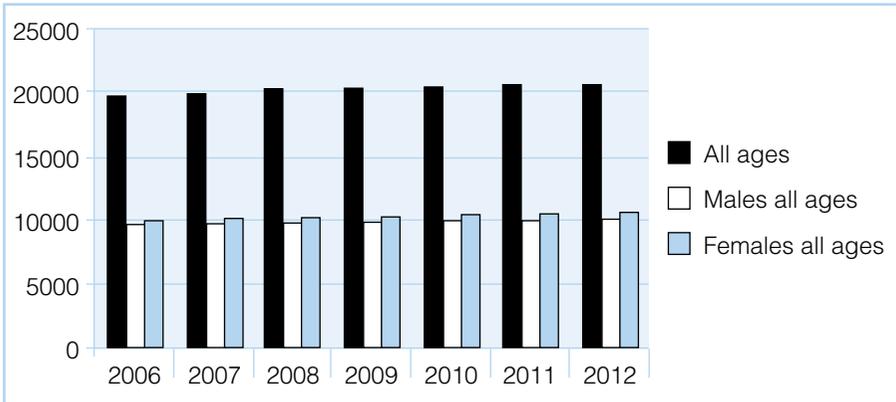
The natural growth rate of the population (the difference between births and deaths) turned negative around 1997 and has remained so ever since. Interestingly, though the birth rate has increased over the past two years, and the death rate has decreased. The significant decline of Orkney's population predicted at the end of the nineties has also been avoided due to the rise in migration to the County.

## Population Projections for Orkney

Population Estimate	
2007	19,958
2008	20,139
2009	20,266
2010	20,403
2015	21,067
2020	21,679
2024	22,111
2031	22,686

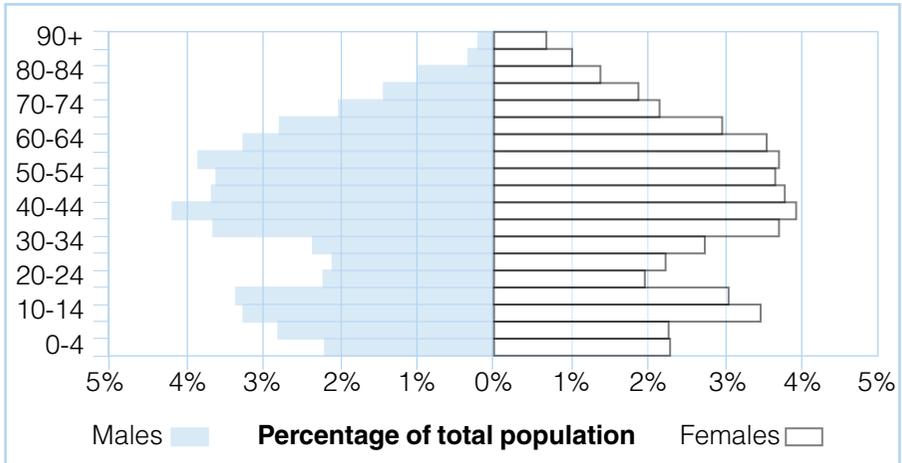
Source: GROS Projected population of Scotland (2006-based)

## Population Predictions



The General Register Office has revised its predictions and is now expecting almost a 15% increase in the County's population up to 2031. This is possibly due to the estimated population in recent years exceeding the previously predicted figures. The trend of more females than males is expected to continue.

## Estimated population by age and gender, Orkney 2006



The distribution of Orkney's population by age and gender shows that there is a fairly even gender split across each age category. The graph also clearly displays one of the County's more worrying statistics, a relatively low population percentage in the age range 20-35 known as 'the waistband effect'.

## Population by Age and Sex, 2006 (%)

	Orkney			Scotland		
	Persons	Males	Females	Persons	Males	Females
0-14	16.6	17.1	16.2	16.7	17.7	15.8
15-29	15.1	15.9	14.3	19.1	20.1	18.2
30-44	20.7	21.0	20.4	21.6	21.6	21.7
45-59	22.6	23.1	22.1	20.7	21.0	20.4
60-74	16.9	16.6	17.1	14.4	13.9	14.8
75+	8.1	6.3	9.9	7.5	5.7	9.1
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0

Source: GROS Mid-Year Population Estimates

This table clearly shows that in relation to Scotland, Orkney's population has a higher percentage of people over the age of 45. Predictions for an ageing population are highlighted further in the following two tables.

**Table 1: Predicted population changes (per cent) 2006 to 2021**

	All ages	Children 0-15	Working age*	Pensionable age*
Scotland	4	-2	3	13
Orkney	10	-3	7	29

\* Pensionable age is 65 for men, 60 for women until 2010; between 2010 and 2020 pensionable age for women increases to 65

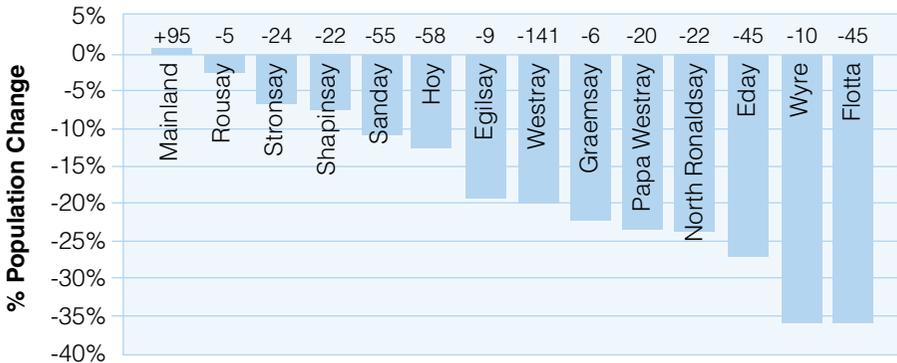
**Table 2: Predicted Orkney population 2021**

Year	All ages	Children 0-15	Working age*	Pensionable age*
2006	19,770	3,579	11,908	4,283
2021	21,790	3,480	12,781	5,529

\* Pensionable age is 65 for men, 60 for women for 2006 figures and 65 for the 2021 predictions.

Source: GROS Projected population of Scotland (2006-based)

## Population Change, 1991-2001



Source: Census of Population 1991 and 2001

Although the predicted decline of Orkney's population has not yet materialised, there is still a worrying trend of depopulation in all of the inner and outer isles. Whilst the Mainland of Orkney experienced population growth of around 0.58% (95 people) between the 1991 and 2001 census, the isles experienced the opposite effect, with Flotta and Wyre suffering the most extreme population losses, both dropping over 35% during the period.



# Weather

## Meteorological data for Orkney, 2006/07

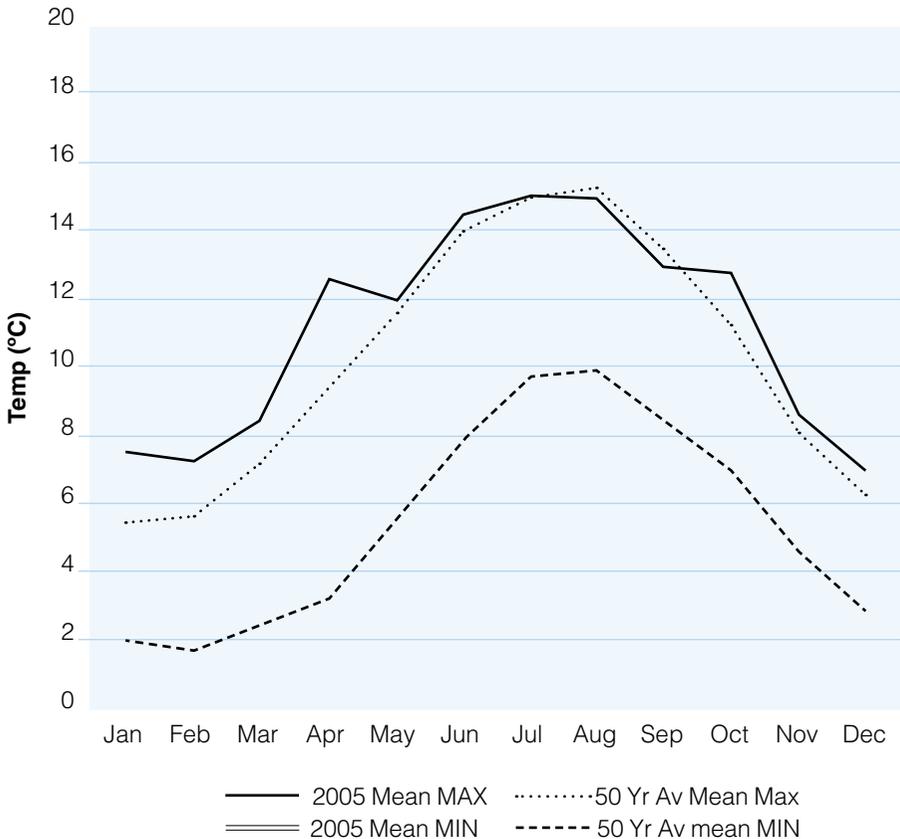
	Mean MAX Temp (°C)			Mean MIN Temp (°C)		
	2006	2007	50 Yr Av	2006	2007	50 Yr Av
Jan	7.3	7.6	5.5	2.6	3.0	2.0
Feb	6.7	7.3	5.6	1.8	2.6	1.6
Mar	5.5	8.7	7.0	0.5	3.2	2.3
Apr	9.1	12.7	9.0	2.5	5.7	3.3
May	12.4	11.8	11.4	5.3	5.3	5.5
Jun	15.7	14.4	13.7	8.0	7.7	7.8
Jul	19.8	15.1	15.2	11.1	9.7	9.7
Aug	16.2	15.0	15.4	10.9	9.1	9.9
Sep	16.9	12.9	13.6	10.0	7.4	8.6
Oct	12.7	12.8	11.2	7.2	6.5	6.9
Nov	9.2	8.7	8.0	4.4	3.9	4.3
Dec	8.3	6.9	6.1	2.8	1.1	2.7
<b>Av/Total</b>	11.7	11.2	10.1	5.6	5.4	5.4

	RAIN (mm)			SUN (hrs)		
	2006	2007	50 Yr Av	2006	2007	50 Yr Av
Jan	49.0	181.1	110.5	41.9	25.0	29.3
Feb	56.8	111.1	76.6	54.0	47.1	60.3
Mar	68.1	79.9	82.4	75.5	143.8	94.3
Apr	101.8	57.0	57.3	190.0	167.7	141.7
May	57.9	83.7	49.3	223.1	204.9	172.4
Jun	35.0	16.0	48.5	157.4	156.5	157.5
Jul	27.4	137.3	55.8	173.8	91.2	135.9
Aug	48.7	91.5	73.3	92.9	134.3	129.0
Sep	47.5	130.0	96.5	102.5	67.4	104.1
Oct	244.5	85.3	109.8	88.4	58.2	73.8
Nov	135.3	118.9	120.6	28.2	18.6	37.6
Dec	121.0	101.5	117.4	28.2	48.1	21.9
<b>Av/Total</b>	993.0	1193.3	998.0	1255.9	1162.8	1157.8

Source: Loch of Hundland climate station

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

## Orkney Temperature 2007



Source: Loch of Hundland climate station

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

As data from the Meteorological Office (taken at Kirkwall Airport) is now less readily available, weather statistics for 2006 and 2007 are taken from the Loch of Hundland climate station operated by K. Johnston. Comparison of these figures with the 50 year average shows an increase in the mean maximum temperature, particularly over the winter months. The average minimum temperature has stayed in line with the 50 year average. The overall rise is in line with the well documented concept of global warming although it should be noted that this data is not entirely conclusive and may just be the result of milder years.

# Agriculture

## Orkney Auction Mart Prices

		Average price per kg			
<b>CATTLE</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Steers</b>	<i>May</i>	136.87p	135.14p	128.01p	137.70p
	<i>Mid Sept</i>	129.12p	110.29p	136.16p	121.50p
<b>Heifers</b>	<i>May</i>	118.18p	125.69p	121.80p	132.90p
	<i>Mid Sept</i>	111.25p	103.09p	125.36p	116.00p
<b>LAMBS</b>	<i>October</i>	98.55p	87.63p	98.21p	72.00p

Source: Orkney Auction Mart

Livestock prices at Orkney Auction Mart are one of the main determinants of the value of agricultural output in Orkney. Following an initial increase in value during the first half of 2007, prices declined again during the second half of the year. In comparison to 2006, the lamb price reduced significantly during 2007.

## Livestock Shipments from Orkney (OIC Ports)

	<b>Cattle</b>	<b>Sheep</b>
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
2005	17,169	17,202
2006	17,789	13,085
2007	17,660	14,437

Source: OIC Harbours Dept.

Shipments of cattle have remained largely static since 2003. However since 2002, the figure for sheep movements from Orkney through OIC ports has declined substantially. It should be noted however that these figures represent only movements through Council owned ports and do not include shipments, for example on the St Margaret's Hope to Gills Bay route, since this data is not available.

## Agricultural Land Use in Orkney (hectares)

	2002	2003	2004	2005	2006	2007
Cereals	4,036	4,030	4,121	4,061	4,069	4,240
Potatoes	58	55	52	55	42	36
Stockfeeding crops	391	420	418	443	523	488
Other crops	44	37	56	82	130	157
Set aside	337	321	392	229	263	269
Vegetables for human consumption	10	8	17	11	12	12
Bare fallow	138	152	121	221	231	250
<b>Total crops, set aside and fallow</b>	<b>5,014</b>	<b>5,024</b>	<b>5,177</b>	<b>5,102</b>	<b>5,270</b>	<b>5,452</b>
Grassland	49,966	50,021	49,889	49,266	49,287	49,245
Rough grazing	36,254	36,074	35,985	36,525	36,745	36,062
Woodland	93	101	110	126	320	134
Other land	1,344	1,321	1,276	1,344	1,310	1,176
<b>Total Land</b>	<b>92,671</b>	<b>92,540</b>	<b>92,437</b>	<b>92,363</b>	<b>92,932</b>	<b>92,068</b>

Source: SEERAD Agricultural Census

Figures for agricultural land use, released annually by The Scottish Executive Rural Directorate, show comparatively little change over the years. Grass land and rough grazing continue to dominate agricultural land usage in Orkney.



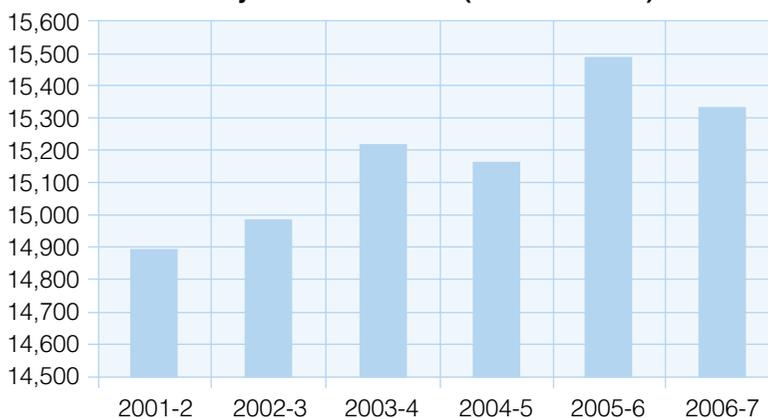
## Herd/Flock Size in Orkney

	2002	2003	2004	2005	2006	2007
Dairy cows	2,766	2,783	2,883	2,836	2,925	2,612
Beef Cows	28,541	28,486	28,938	28,362	28,102	27,259
Other dairy cattle	806	813	844	1,118	930	866
Other beef cattle	30,767	31,221	29,798	29,560	29,380	29,486
Bulls and calves	28,945	28,822	29,957	28,787	28,074	27,042
<b>Total Cattle</b>	<b>91,825</b>	<b>92,125</b>	<b>92,420</b>	<b>90,663</b>	<b>89,411</b>	<b>87,265</b>
Breeding ewes	55,488	57,363	56,178	58,209	52,843	49,297
Rams for service	2,108	2,116	2,082	2,142	1,967	1,910
Other breeding sheep 1yr and over	11,928	12,073	13,642	11,835	9,538	10,072
Other non-breeding sheep 1yr and over	2,301	2,373	2,907	3,066	2,664	3,082
Lambs	70,116	74,519	70,653	73,574	66,623	63,615
<b>Total Sheep</b>	<b>141,941</b>	<b>148,444</b>	<b>145,462</b>	<b>148,826</b>	<b>133,635</b>	<b>127,976</b>

Source: SEERAD Agricultural Census

Almost all breeding herd sizes decreased between 2006 and 2007. Both breeding ewes and lamb flocks declined by the largest percentage.

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



Source: Orkney Cheese Company Ltd.

Despite a steady increase in milk production up till 2006 (with the exception of 2004/05), the output figure dropped during the 2006/07 period to 15,334,000 litres, perhaps reflecting the decreasing number of dairy cows as indicated on the previous table.

## Agricultural Employment in Orkney

	2002	2003	2004	2005	2006	2007
Full-time occupier	458	459	459	435	435	416
Part-time occupier >50%	161	158	143	152	157	159
Part-time occupier <50%	408	417	409	415	403	401
<b>Total occupiers</b>	<b>1,027</b>	<b>1,034</b>	<b>1,011</b>	<b>1,002</b>	<b>995</b>	<b>976</b>
Full-time spouses	124	118	112	112	115	108
Part-time spouses >50%	127	123	116	110	127	115
Part-time spouses <50%	339	345	342	359	346	341
<b>Total spouses</b>	<b>590</b>	<b>586</b>	<b>570</b>	<b>581</b>	<b>588</b>	<b>564</b>
F/t workers	296	280	280	262	264	254
P/t workers	176	189	164	176	169	153
Casual and seasonal workers	87	72	86	81	81	73
<b>Total regular &amp; casual staff</b>	<b>559</b>	<b>541</b>	<b>530</b>	<b>519</b>	<b>514</b>	<b>480</b>
<b>Total Employment</b>	<b>2,176</b>	<b>2,161</b>	<b>2,111</b>	<b>2,102</b>	<b>2,097</b>	<b>2,020</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 this primary industry to the county is highlighted by a 2007 total workforce figure of 2,020.

## Agricultural Holdings in Orkney

	Number	Total Land (Hectares)
2002	1,901	92,671
2003	1,906	92,540
2004	1,933	92,437
2005	1,959	92,363
2006	1,967	92,932
2007	1,969	92,068

Source: SEERAD Agricultural Census

The total number of holdings in Orkney has continued to rise gradually in recent years, although the total land use has remained reasonably constant.

**Total claims, claimants and payments by Scottish sub region for all CAP schemes administered by SEERAD**

<b>ORKNEY</b>	<b>Number of claims</b>	<b>Number of recipients</b>	<b>Payments (£000s)</b>
All schemes 2004	3,898	798	16,382
All schemes 2005	2,214	795	16,115
All schemes 2006	2,724	841	19,586



# Fishing



## Landings of White Fish by Orkney Vessels

	Live weight tonnes	£ thousands
2002	9,124	7,048
2003	4,596	4,287
2004	5,189	4,542
2005	6,061	5,937
2006	6,405	8,296
2007	6,356	8,863

Source: SEERAD

Despite a small decrease in the live weight of white fish landed by Orkney vessels, the value of landings rose by over £550,000. The rise in value represents an 8% price increase overall.

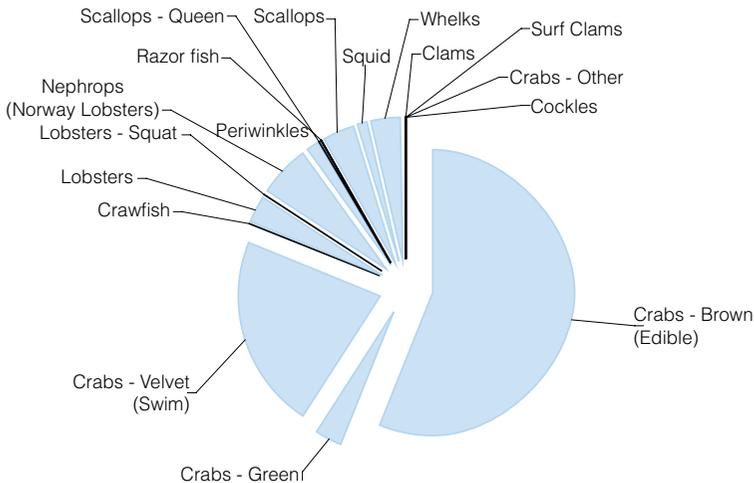
## Landings of Shellfish by Orkney Vessels

	Live weight tonnes	£ thousands
2002	3,106	4,649
2003	3,283	5,144
2004	3,594	5,506
2005	3,918	6,074
2006	3,800	6,793
2007	3,975	7,175

Source: SEERAD

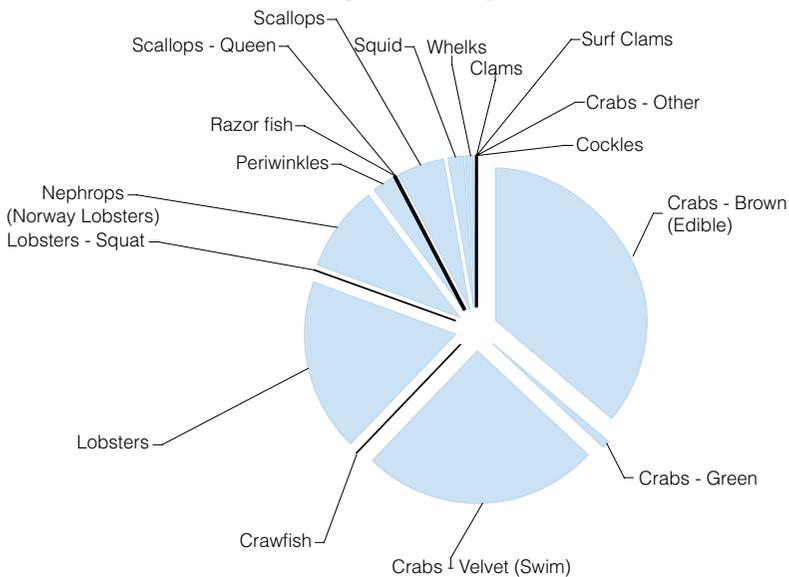
With the exception of 2006, shellfish landings have continued to rise since 2002. The landing values have also continued to improve, giving a higher average price per kg each year.

### Shellfish Landings by Orkney Vessels 2007, Liveweight



Source: SEERAD

### Shellfish Landings in Orkney 2007, Value



Source: SEERAD

## Orkney Fishing Fleet

Vessels	2002	2003	2004	2005	2006	2007
Trawlers	8	8	9	8	8	10
Shellfish over 10m	32	29	28	30	30	27
Shellfish 10m & under	131	125	129	126	111	112
Nephrops	1	6	5	5	4	4
<b>Total</b>	<b>171</b>	<b>167</b>	<b>171</b>	<b>169</b>	<b>153</b>	<b>153</b>

Source: SEERAD

Two new trawlers were introduced to the Orkney fleet during 2007, increasing the total number of vessels to 10. This increase is in direct contrast to the national trend which is seeing a decline in the white fish fleet.

## Orkney Fishermen Employed

	2000	2001	2002	2003	2004	2005	2006
Regularly Employed	286	270	243	245	305	284	288
Partially Employed	90	75	86	91	38	51	54
<b>Total</b>	<b>376</b>	<b>345</b>	<b>329</b>	<b>336</b>	<b>343</b>	<b>335</b>	<b>342</b>

Source: SEERAD

Despite not growing at the same rate as production, both full time and part time employment in this sector increased in 2006, having declined slightly the previous year.



Kirkwall Harbour

# Fish Farming

## Salmon & Smolt Production in Orkney

	Salmon (tonnes)	Smolts (000s)
1998	4,485	657
1999	4,902	940
2000	6,370	673
2001	5,588	368
2002	6,565	681
2003	10,740	682
2004	6,600	754
2005	5,183	185
2006	3,724	95
Est. 2007	5,340	161

Source: Scottish Fish Farms Annual Production Survey

Orkney's fish farming sector has seen a significant increase since 2006 both in terms of output and employment. Despite signs of a decline in the industry over the past few years, these increases perhaps indicate an upturn for the sector.

## Fish Farming Employment in Orkney

	Salmon smolt production		Salmon on-growing	
	F/T	P/T	F/T	P/T
2000	13	3	91	15
2001	4	6	75	15
2002	4	6	80	11
2003	7	7	121	15
2004	5	7	68	10
2005	2	6	47	4
2006	1	1	72	3

Source: Scottish Fish Farms Annual Production Survey

# Energy Production

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

	Crude Oil	Foinaven	Propane Gas	Ethane Gas
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	3,775,666	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	
2005	4,358,243	3,021,819	12,001	
2006	3,255,055	2,799,784	3,026	
2007	3,361,090	2,528,446	4,198	

Source: OIC Harbours Dept.

Crude oil shipments through the Flotta terminal from North Sea oil fields have generally continued to decline in recent years, although there was a slight increase during 2007. The volume of oil handled by shuttle tanker from the Foinaven field in the Atlantic Frontier continued to decrease, and will now cease with the conclusion of their contract at the end of 2007.

Similarly, ship to ship oil transfers, which have represented significant activity for the harbour of Scapa Flow, have continued to decline with the tonnage dropping to 930,136 during 2007.

	Ship to Ship Transfers	Oil Tonnage
2002	11	926,399
2003	4	575,184
2004	15	2,660,841
2005	17	1,746,715
2006	8	993,759
2007	7	930,136

Source: OIC Harbours Dept.



EMEC Tidal Turbine test rig at Falls of Warness, near Eday - Photo: Open Hydro, Mike Roper

### **Grid Connected Wind Turbines in Orkney**

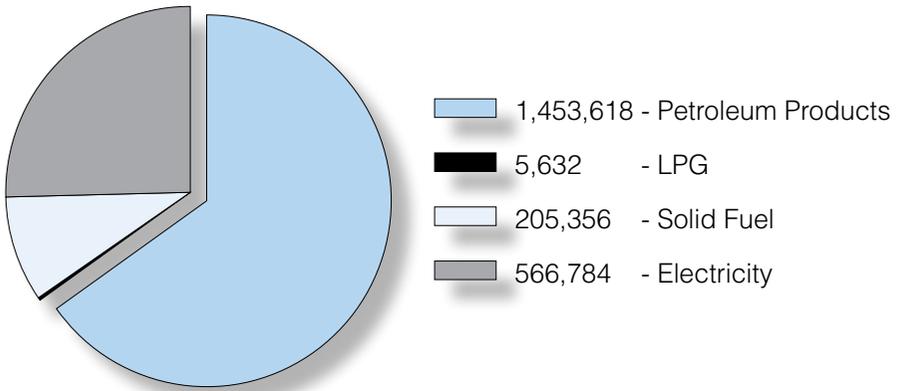
<b>Location</b>	<b>No. of Turbines</b>	<b>MW Capacity</b>
Burgar Hill, Evie	5	10.55
Spurness, Sanday	3	7.5
Rothiesholm, Stronsay	3	2.4
Northfield, Burray	1	0.9

Source: Orkney Renewable Energy Forum

There were no newly constructed grid connected wind turbines in Orkney during 2007. This is primarily due to grid capacity issues and difficulties surrounding the planning process.

# 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

The European Marine Energy Centre (EMEC), the world's first grid connected, independently accredited marine energy test centre, opened its tidal site at the Falls of Warness, Eday in late September 2007. EMEC's wave site at Billia Croo, Stromness, was formally opened in August 2004.

# Transport

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

	Passengers	Accompanied Cars	Commercial Vehicles & Trailers
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
2005	143,730	42,782	6,699
2006	147,099	43,835	5,956
2007	154,979	45,542	5,860

Source: OIC Harbours Dept.

Whilst the unavailability of data for the St Margaret's Hope to Gills Bay ro-ro ferry service introduced in 2001 limits the value of conclusions regarding sea traffic to the Scottish mainland, some insights can be taken from figures provided by the OIC harbours department. For example, figures for the Stromness – Scrabster route, now operated by Northlink Ferries, show significant growth in 2007 in terms of both passengers and accompanied vehicles. Nevertheless, numbers of commercial vehicles and trailers using the service have continued to decline.

## 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
2005	54,634	8,082	4,571	35,499
2006	53,442	8,199	4,691	40,454
2007	50,506	7,772	4,613	37,560

Source: OIC Harbours Dept.

Despite a decline in numbers for the Shetland – Kirkwall – Aberdeen route in 2007, the service continues to show signs of growth over the long term. Annual figures for cargo for example have risen by 135% since 2004.

## Kirkwall Airport Traffic

	Passengers		Aircraft Movements
	<i>Terminal</i>	<i>Transit</i>	
2002/03	94,004	17,441	12,777
2003/04	95,451	18,224	13,531
2004/05	93,207	21,388	13,476
2005/06	92,769	25,311	13,430
2006/07	110,761	27,038	15,179

Source: Highlands and Islands Airports Limited

Following the installation of the Instrument Landing System in 2003, activity at Kirkwall airport has risen steadily. Passenger numbers have risen substantially in the last year, almost certainly due to the continuing and increasing influence of the Air Discount Scheme (ADS) and increased services.

Updated figures for the Inter Island ferry links operated by Orkney Ferries Ltd show that, following strong increases since 2000-01, ferry traffic growth has begun to slow, considered a result of reaching capacity on many peak time sailings. It should be noted however, that higher figures reported for 2004-05 are largely attributed to extra summer sailings of the MV Thorsvoe to the South Isles.

## Inter Island Ferries (Cars)

Mainland to and from:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
South Isles	18,663	18,843	20,593	21,193	20,125	20,330
Shapinsay	7,495	7,721	7,446	7,526	7,603	7,868
Rousay, Egilsay & Wyre	9,796	9,579	9,370	9,350	9,173	8,759
Westray	7,880	8,723	9,337	9,148	9,404	8,919
Sanday	4,192	4,774	5,276	5,560	5,616	6,185
Stronsay	3,290	3,687	3,819	3,760	3,497	3,389
Eday	1,531	1,947	2,067	1,991	2,054	2,058
<b>Total</b>	<b>52,847</b>	<b>55,274</b>	<b>57,908</b>	<b>58,528</b>	<b>57,472</b>	<b>57,508</b>

Source: Orkney Ferries Ltd.

### Inter Island Ferries (Commercial Vehicles)

Mainland to and from:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
South Isles	2,779	2,681	2,724	3,220	2,816	2,641
Shapinsay	2,600	2,094	2,871	3,267	3,543	3,088
Rousay, Egilsay & Wyre	4,267	4,536	5,485	5,740	5,042	5,355
Westray	3,644	3,136	3,032	3,809	3,787	4,006
Sanday	3,575	3,333	3,191	3,237	3,935	3,957
Stronsay	1,802	1,995	1,830	2,169	2,360	2,120
Eday	892	846	760	868	1,387	1,388
<b>Total</b>	<b>19,559</b>	<b>18,621</b>	<b>19,893</b>	<b>22,310</b>	<b>22,870</b>	<b>22,555</b>

Source: Orkney Ferries Ltd.

### Inter Island Ferries (Passengers)

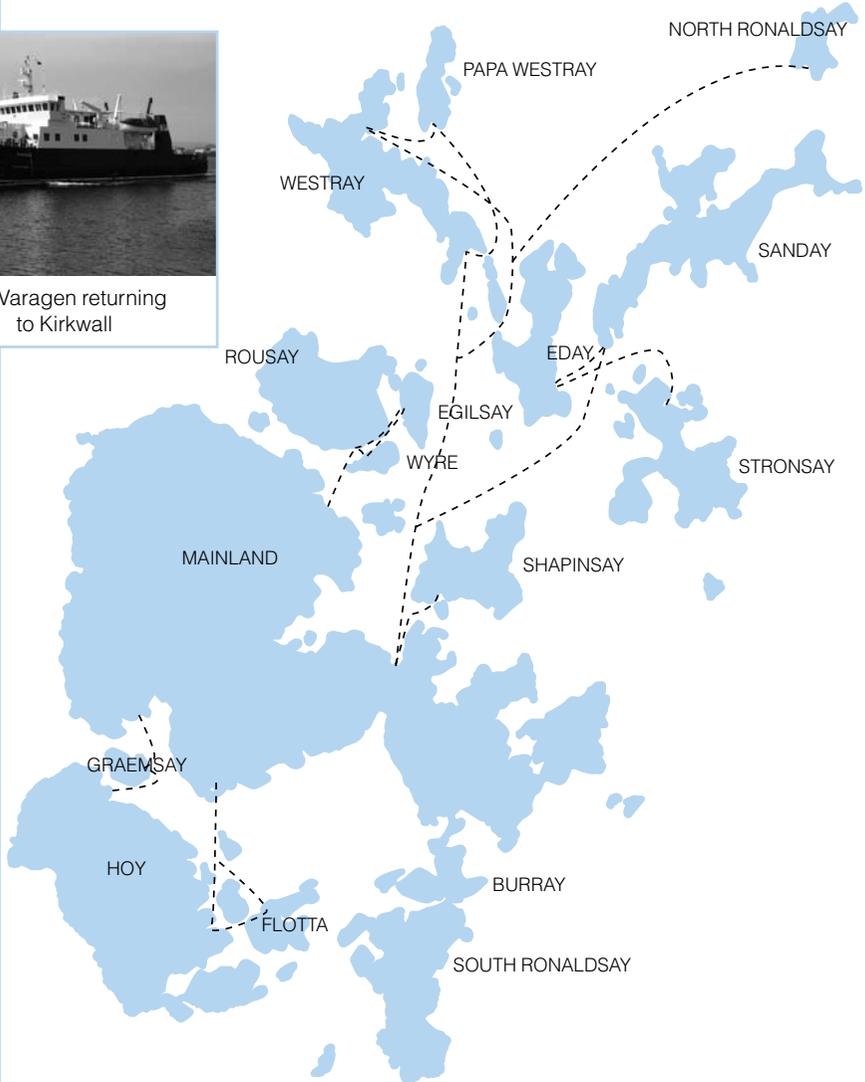
Mainland to and from:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Hoy, Lyness	56,337	55,158	59,709	66,206	63,501	62,377
Flotta	7,286	7,365	10,229	10,174	9,939	10,205
Graemsay	5,736	5,521	5,036	5,347	5,161	5,488
North Hoy	10,683	11,828	13,030	14,864	13,205	13,231
Shapinsay	61,739	60,920	64,314	64,317	64,512	64,038
Rousay, Egilsay & Wyre	50,488	50,751	56,317	56,710	52,006	52,879
Westray	35,390	37,730	39,131	41,495	40,023	41,243
Sanday	21,839	23,384	24,832	26,162	26,509	28,723
Stronsay	16,945	17,837	17,644	16,720	16,510	17,104
Eday	6,950	8,331	8,722	8,279	8,650	8,911
North Ronaldsay	587	551	533	754	485	767
Papa Westray	727	624	674	588	542	627
Inter Island/ Round Trip	9,901	10,595	10,080	10,461	10,786	12,307
<b>Total</b>	<b>284,608</b>	<b>290,595</b>	<b>310,251</b>	<b>322,077</b>	<b>311,829</b>	<b>317,900</b>

Source: Orkney Ferries Ltd.

# Orkney's internal Ferry Routes



MV Varagen returning to Kirkwall



# Tourism

During the period 2004-05 a study into Orkney's growing tourism sector was conducted by TNS consultants commissioned by Orkney Islands Council, in conjunction with Visit Orkney and HIE Orkney. 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 therefore 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 harbour was restricted to an estimate.

## Average Length of Stay of Visitors to Orkney

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

Source: TNS Visitor Survey 2004-2005

## 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



The Italian Chapel, Lamb Holm

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. Unfortunately however, data is not available to provide a breakdown of the current figure to illustrate the respective values of leisure tourism, business tourism, and visiting friends and relations.

### **Cruise Liner Visits to Orkney**

	No. of Liners	No. of Passengers
2002	53	16,687
2003	62	21,162
2004	56	22,916
2005	75	30,708
2006	47	20,345
2007	67	29,180

Source: OIC Harbours Dept.

Despite a decrease in 2006, the number of liners visiting Orkney rose to 67 during 2007. The number of passengers almost equalled that of 2005 when 75 liners called into the County.



The Hebridean Spirit passing by Balfour Castle, Shapinsay

### Estimated total number of bedspaces in Orkney in 2004

	Bedspaces
Orkney Tourist Board Members	3,097
Non-Orkney Tourist Board Members (estimate)	653
<b>Total</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>Total</b>	<b>270</b>	<b>100</b>	<b>3,097</b>	<b>100</b>

Source: Orkney Tourist Board

Based on the 2004 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

## Housing Tenure in Orkney and Scotland (% of households in each housing tenure)

Tenure	Orkney		Shetland	
	2001-2002	2003-2004	2001-2002	2003-2004
Owned Outright	47.23%	44.11%	38.77%	48.33%
Buying with Loan/Mortgage	27.04%	28.63%	25.45%	16.66%
Rent - Local Authority/Scottish Homes & Rent	11.80%	10.25%	24.67%	24.54%
Rent - Housing Association/ Co-operative Society	4.13%	4.11%	1.90%	3.14%
Rent - Private Landlord	5.70%	7.22%	5.43%	4.89%
Other	4.10%	5.69%	3.79%	2.44%

	Western Isles		Scotland	
	2001-2002	2003-2004	2001-2002	2003-2004
Owned Outright	43.69%	47.00%	25.50%	27.63%
Buying with Loan/Mortgage	27.01%	26.23%	38.46%	37.25%
Rent - Local Authority/Scottish Homes & Rent	19.88%	17.76%	22.79%	19.65%
Rent - Housing Association/ Co-operative Society	1.07%	0.76%	5.57%	7.26%
Rent - Private Landlord	6.09%	6.79%	6.01%	6.35%
Other	2.26%	1.46%	1.68%	1.87%

Source: Scottish Household Survey 2001-2002, 2003, 2004

Although significantly higher than the average Scottish figure, the percentage of housing owned outright in Orkney dropped during 2003-04 to 44.11%. Conversely, figures for Shetland and the Western Isles rose slightly over the same period perhaps as a result of lower average house prices in these areas.

### Average House Prices, Last Quarter 2007

Area	Area ranking (of 32)	Average Price (£)	Quarterly Increase	Annual Increase	No. of Sales
Scotland		£158,360	-1.0%	10.7%	41,555
Highland	13	£161,272	0.4%	9.8%	1,540
Orkney	30	£112,584	-1.4%	8.5%	108
Shetland	31	£107,439	-7.6%	25.1%	110
Western Isles	32	£99,467	1.7%	20.9%	109

Source: Registers of Scotland Executive Agency.

NOTE: All figures are simple averages based on all residential properties between £20,000 and £1,000,000 recorded in the four quarters of each year. Figures for Scotland are for the period October to December 2007.

Figures released by the Registers of Scotland Executive Agency show that, based on all residential properties between £20,000 and £1,000,000, Orkney's average house prices continued to remain higher than that of Shetland and the Western Isles. Orkney's annual increase percentage has dropped from 17.6% in 2006 to 8.5% at the end of 2007, which is lower than the national average. Out of 32 areas in Scotland, Orkney has dropped in the ranking from number 27 in 2006 to 30th place in the fourth quarter of 2007.

### Housing Completions in Orkney

	Private	Housing Assoc.	Local Authority	Total
<b>2002</b>	77	44	-	121
<b>2003</b>	62	24	-	86
<b>2004</b>	51	34	-	85
<b>2005</b>	64	67	-	131
<b>2006</b>	78	60	-	138

Source: The Scottish Government



Sutherland Park, Kirkwall - New housing completed by Orkney Housing Association in 2007

# Retail Study

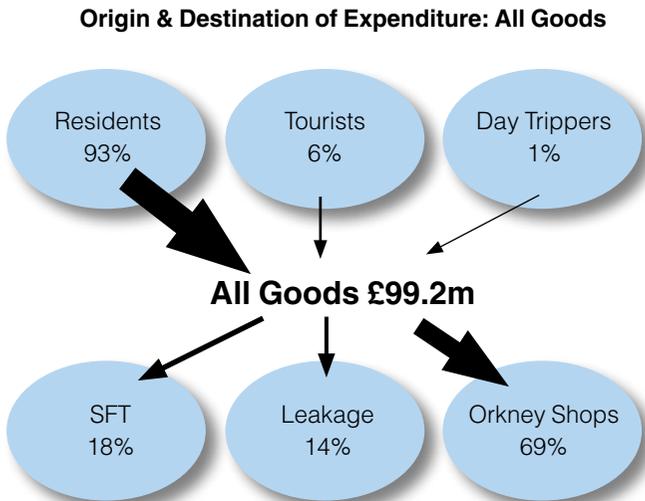
In 2007, in order to develop a strategic retail model, the Council commissioned the first in depth study of Orkney's retail sector.

The study reports that Orkney's potential market for retail goods is almost £100 million, comprising:

<b>Convenience goods,</b> e.g. food, drink, tobacco, news and non-durable household goods	£35.8m
<b>General comparison goods,</b> e.g. clothing, audio-visual, glass & china, jewellery, etc	£46.7m
<b>Bulky goods,</b> e.g. furniture, textiles, domestic appliances, DIY goods, bicycles, etc	£16.7m

Calculation of market value is informed by national statistics and a survey of 750 Orkney households conducted by market research specialists, NEMS.

The following figure illustrates where Orkney's retail goods expenditure originates from, and how it is dispersed. Percentages have been established from existing data and market research conducted during the retail study.



It is estimated that Orkney households spend approximately £18m annually on retail goods (primarily general comparison) via special forms of trading (SFT) and £14m in UK mainland shops (leakage). SFT includes internet and mail order shopping etc.

A total of 281 retail and retail service units were identified in Orkney, comprising 176 retail goods, 88 retail service, and 17 vacant units. Retail Services includes restaurants, hairdressers, travel agents, financial services, estate agents, etc.

Total employment in the sector is somewhere within the range 1650 -1800, or 1320 -1425 full time equivalent jobs. This is approximately 17.5% of the economically active population in Orkney and represents annual wages and salaries in the region of £15m.

The physical make-up of the sector is illustrated in the table below (the floor areas are rounded and turnover is based on 2004 prices).

Type of unit	Number of units	Gross Floor area (m <sup>2</sup> )	Turnover (£m)
Convenience	53	8,600	30
General Comparison	100	14,300	24
Bulky Goods	23	8,300	13
Retail Service	88	6,800	
Vacant	17	1,200	
<b>Total</b>	<b>281</b>	<b>39,200</b>	<b>67</b>

The distribution of retail businesses throughout Orkney is indicated below:

### **Retail Goods - provision and distribution**

Location of units	retail occupied	service occupied	vacant units	total units	% total units
Kirkwall: Town Centre	71	46	4	121	43.1
Kirkwall: Picky/Hatston	18	1	0	19	6.7
Stromness: Town centre	28	13	5	46	16.4
Stromness: Out of town plus other Mainland areas	33	15	7	55	19.6
Isles	26	13	1	40	14.2
<b>Total</b>	<b>176</b>	<b>88</b>	<b>17</b>	<b>281</b>	<b>100</b>