

ORKNEY ECONOMIC REVIEW



No. 22

2007



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



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.

Contents

1	General Review	1
2	Population	6
3	Weather	8
4	Agriculture	10
5	Fishing	15
6	Fish Farming	18
7	Energy Production	19
8	Energy Consumption	21
9	Transport	22
10	Tourism	26
11	Housing	29

Cover photograph: Liquefied natural gas ship to ship transfer in Scapa Flow



The new travel centre, Junction Road, Kirkwall
due to be completed late summer 2007

General Review

Unemployment Rate in Orkney 2001-2006

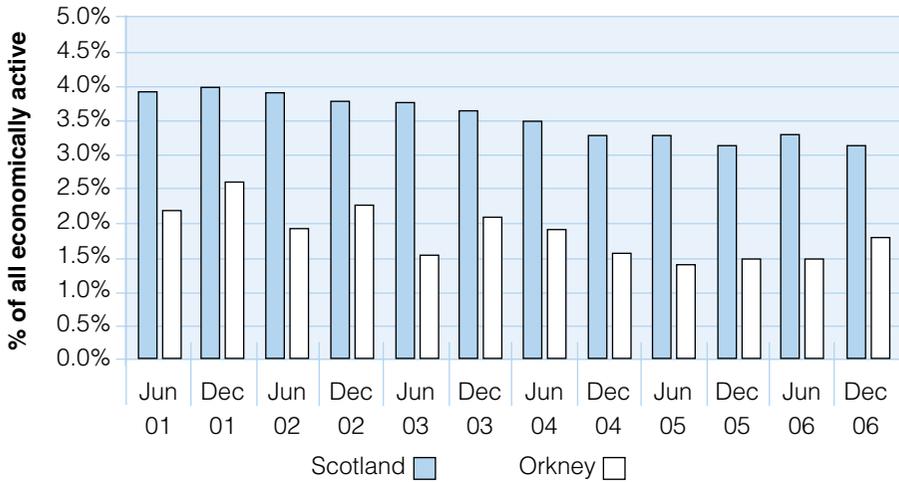
	2001	2002	2003	2004	2005	2006
January	2.9%	2.4%	2.4%	2.2%	1.7%	1.4%
February	2.8%	2.3%	2.3%	2.1%	1.7%	1.4%
March	2.8%	2.3%	2.2%	2.2%	1.7%	1.6%
April	2.5%	2.2%	2.0%	2.1%	1.6%	1.7%
May	2.4%	2.1%	1.9%	2.1%	1.5%	1.7%
June	2.2%	1.9%	1.6%	1.9%	1.4%	1.5%
July	2.3%	1.8%	1.5%	1.7%	1.3%	1.6%
August	2.1%	1.8%	1.5%	1.5%	1.2%	1.4%
September	2.0%	1.8%	1.7%	1.6%	1.2%	1.4%
October	2.3%	2.0%	1.9%	1.7%	1.3%	1.5%
November	2.6%	2.0%	2.0%	1.7%	1.4%	1.6%
December	2.6%	2.3%	2.1%	1.6%	1.5%	1.8%
Average	2.5%	2.1%	1.9%	1.9%	1.5%	1.6%

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 end of 2006 to levels higher than the previous two years over the same period. Consequently, Orkney's average unemployment rate rose in 2006 to 1.6%, halting a four year decline in the figure.

Unemployment Rate in Orkney Relative to Scotland 2001-2006



Source: Office for National Statistics

Despite the slight rise in Orkney's rate of unemployment the county still maintains a favourable position when compared to national figures. Indeed, at the end of 2006, Orkney's unemployment settled to a level just over 56% of the National figure.

% Economic Active 16 - 59/64

	2004	2005
Orkney	86.5%	86.5%
Highlands & Islands	82.7%	84.0%
Scotland	79.0%	79.2%

Source: Scottish Economic Statistics, Scottish Executive

Despite remaining static between 2004 and 2005, Orkney's economic activity rate (the proportion of the working age population involved in employment, self employment or seeking work) maintains a level above both the Highlands & Islands and Scottish averages. Indeed, at 86.5%, Orkney's rate is more than 7 percentage points above the national average and is second only to Shetland (88.2%), as the highest of any local authority area in Scotland.

Gross Value Added for main industries: Total £million

Orkney	1995	1996	1997	1998	1999	2000	2001	2002	2003
Agriculture, forestry and fishing	32	29	27	27	28	28	28	30	33
Industry, including energy and construction	67	70	72	67	58	49	44	44	47
Service activities	105	110	114	120	125	130	136	142	150
TOTAL	204	209	213	214	211	207	208	216	231

Source: Office for National Statistics

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 released by the Office for National Statistics show that between 2002 and 2003 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

	2002	2003	2004	2005			2006
	Stocks	Stocks	Stocks	Stock	Reg	De-Reg	Stock
<i>Agriculture; Forestry and fishing</i>	840	830	815	800	15	40	775
<i>Manufacturing</i>	50	60	60	60	0	0	60
<i>Construction</i>	100	100	105	105	15	5	115
<i>Wholesale, retail and repairs</i>	175	170	165	165	15	10	170
<i>Hotels and restaurants</i>	60	65	65	65	10	5	65
<i>Transport, storage and communication</i>	50	45	45	45	5	0	50
<i>Financial intermediation</i>	5	5	5	5	0	0	5
<i>Real estate, renting & business activities</i>	95	105	105	105	10	10	105
<i>Public administration</i>	40	40	45	45	0	5	45
<i>Education; Health and social work</i>	10	10	10	10	0	0	10
Total	1,425	1,425	1,420	1,400	70	75	1,395

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 £61,000. The VAT registration threshold increases by around £1,000 each tax year. Figures are rounded to the nearest 5.

The trend of decline in business stock in the combined primary sectors of agriculture and fishing continued during 2005. VAT registration figures for most other sectors remained fairly static during the year, although the total number of construction businesses did increase. The total of all VAT registered businesses, at the start of 2006, is now approximately 30 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
2002	88
2003	94
2004	82
2005	94

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 358 new businesses were set up in Orkney during the last four years. However, the table represents business start ups only and takes no account of the inevitable failures or closures during the corresponding period. That data is not available and consequently, it is not suggested that Orkney's total business stock increased to the same degree, or even at all, over the above period.

Population

Population Change

Year Ended 30 June	Births	Deaths	Migration	Population
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
2005	194	207	103	19,590

Source: General Register Office for Scotland

Orkney's natural growth rate (the difference between births and deaths), negative every year since 1998, improved in 2005 from an annual average of -33, to just -13. This improvement, combined with still substantial, but now decreasing, levels of inward migration resulted in continued population growth in 2005 to 19,590.

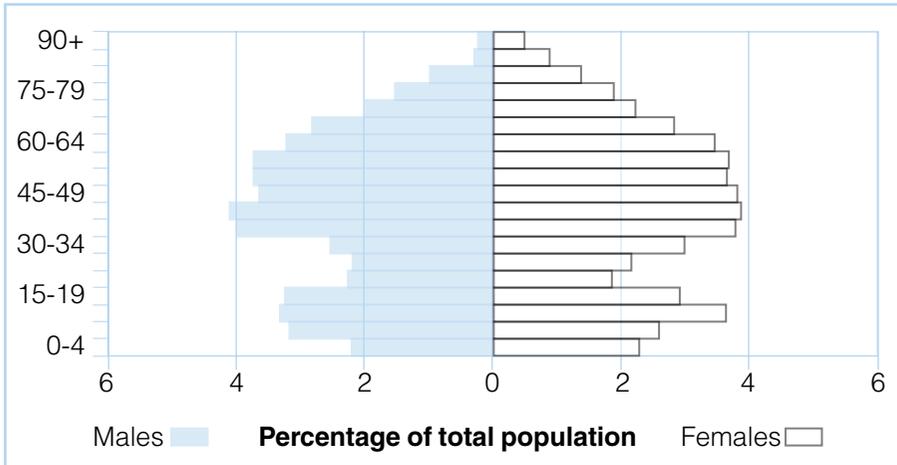
Population Estimates for Orkney

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: General Register Office

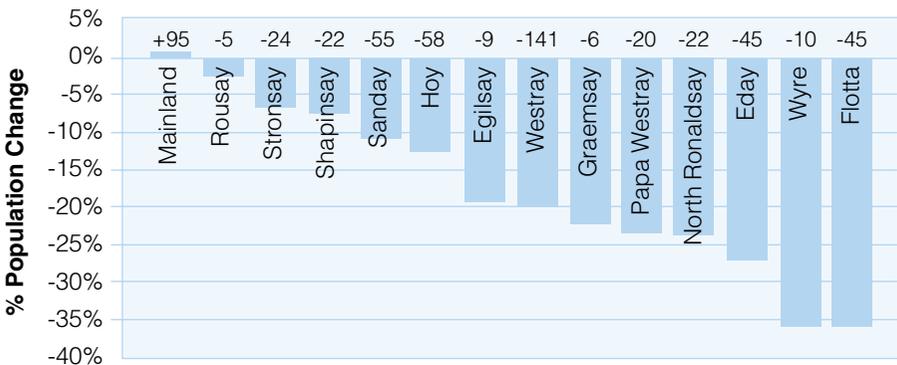
Despite indications of population growth during the past 4 years, the General Register Office maintains its prediction of an accelerating decline in the county's population during the period 2010 – 2024.

Estimated population by age and gender, Orkney 2005



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

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, 2005

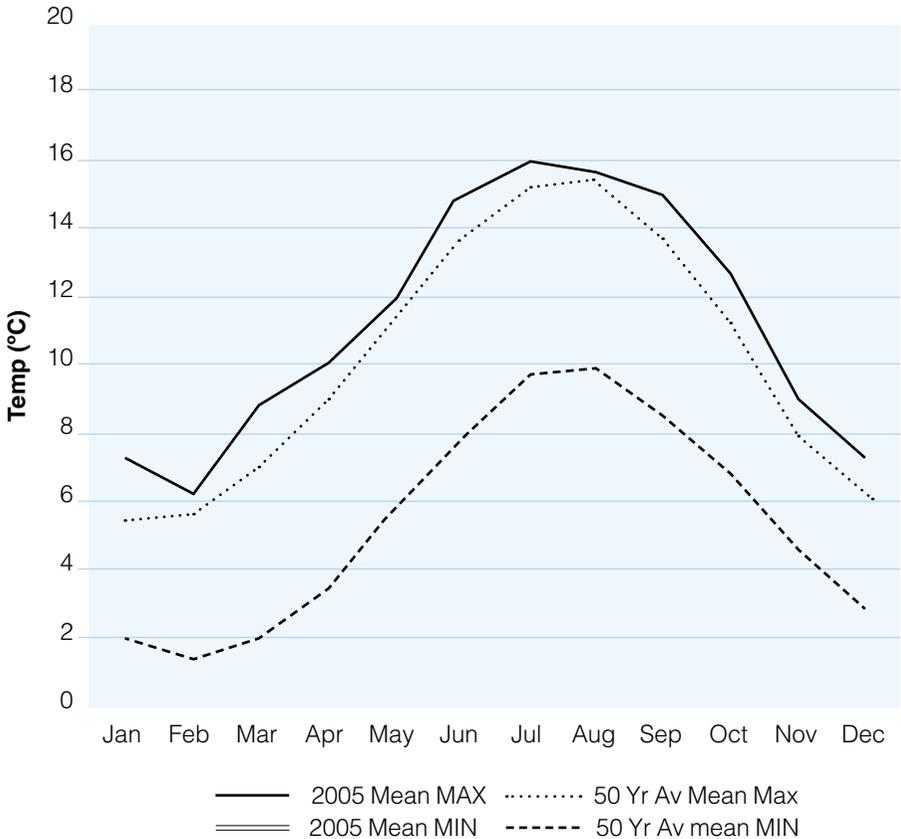
	Mean MAX Temp (°C)		Mean MIN Temp (°C)	
	2005	50 Yr Av	2005	50 Yr Av
Jan	7.2	5.5	3.0	2.0
Feb	6.2	5.6	1.8	1.6
Mar	8.5	7.0	3.2	2.3
Apr	10.0	9.0	4.5	3.3
May	11.9	11.4	5.3	5.5
Jun	14.8	13.7	8.5	7.8
Jul	15.9	15.2	10.1	9.7
Aug	15.6	15.4	10.0	9.9
Sep	15.0	13.6	9.0	8.6
Oct	12.6	11.2	7.3	6.9
Nov	9.2	8.0	4.1	4.3
Dec	7.5	6.1	3.4	2.7
Av/Total	11.2	10.1	5.9	5.4

	RAIN (mm)		SUN (hrs)	
	2005	50 Yr Av	2005	50 Yr Av
Jan	133.3	110.5	13.6	29.3
Feb	75.0	76.6	66.7	60.3
Mar	96.9	82.4	97.5	94.3
Apr	62.6	57.3	133.3	141.7
May	49.3	49.3	195.0	172.4
Jun	56.0	48.5	119.8	157.5
Jul	50.4	55.8	100.3	135.9
Aug	96.7	73.3	106.5	129.0
Sep	123.5	96.5	93.1	104.1
Oct	108.1	109.8	75.2	73.8
Nov	97.6	120.6	47.2	37.6
Dec	83.4	117.4	20.2	21.9
Av/Total	1032.8	998.0	1068.4	1157.8

Source: Loch of Hundland climate station

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

Orkney Temperature 2005



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 2005 are taken from the Loch of Hundland climate station operated by K. Johnson. Comparison of these figures with the 50 year average shows an increase in rainfall and a slight reduction in sunshine hours. When compared to the 50 year average, maximum and minimum temperatures for 2005 reflect an overall rise in the average temperature of the county. This trend 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 simply be the result of a milder year.

Agriculture

Orkney Auction Mart Prices

		Average price per kg			
CATTLE		2003	2004	2005	2006
Steers	<i>May</i>	131.75p	136.87p	135.14p	128.01p
	<i>Mid Sept</i>	122.20p	129.12p	110.29p	136.16p
Heifers	<i>May</i>	109.91p	118.18p	125.69p	121.80p
	<i>Mid Sept</i>	104.78p	111.25p	103.09p	125.36p
LAMBS	<i>October</i>	93.11p	98.55p	87.63p	98.21p

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 drop in value during the first half of 2006, prices rose during the second half of the year to levels considerably higher than those realised at the corresponding period in 2005.

Livestock Shipments from Orkney (OIC Ports)

	Cattle	Sheep
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
2005	17,789	13,085

Source: OIC Harbours Dept.

Whilst figures for cattle have remained largely static since 2003, shipments of sheep from Orkney through OIC ports declined in 2006 by over 4,000. It should be noted however that these figures represent only movements through Council owned ports and do not include shipments on the St. Margaret's Hope – Gills Bay route, for example. Data for that service, operating since 2001, has unfortunately not been made available.

Agricultural Land Use in Orkney (hectares)

	2001	2002	2003	2004	2005	2006
Cereals	4,036	4,036	4,030	4,121	4,061	4,069
Potatoes	58	58	55	52	55	42
Stockfeeding crops	488	391	420	418	443	523
Other crops	28	44	37	56	82	130
Set aside	306	337	321	392	229	263
Vegetables for human consumption	8	10	8	17	11	12
Bare fallow	88	138	152	121	221	231
Total crops, set aside and fallow	5,012	5,014	5,024	5,177	5,102	5,270
Grassland	49,513	49,966	50,021	49,889	49,266	49,287
Rough grazing	36,265	36,254	36,074	35,985	36,525	36,745
Woodland	78	93	101	110	126	320
Other land	1,308	1,344	1,321	1,276	1,344	1,310
Total Land	92,176	92,671	92,540	92,437	92,363	92,932

Source: SEERAD Agricultural Census

Figures for agricultural land use, released annually by The Scottish Executive Environment and Rural Affairs Department (SEERAD), show little change between 2001 and 2006. Grass land and rough grazing continue to dominate agricultural land usage in Orkney reaching a figure of over 92% of total land use in 2006.



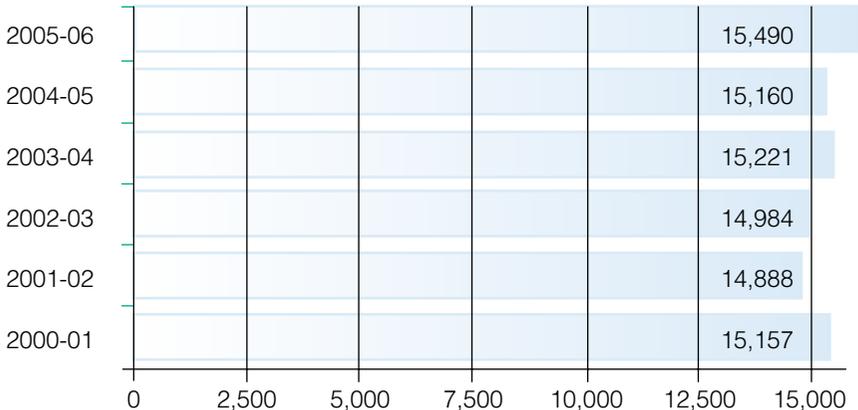
Herd Size in Orkney

	2001	2002	2003	2004	2005	2006
Dairy cows	3,561	2,766	2,783	2,883	2,836	2,925
Beef Cows	28,539	28,541	28,486	28,938	28,362	28,102
Other dairy cattle	1,032	806	813	844	1,118	930
Other beef cattle	30,692	30,767	31,221	29,798	29,560	29,380
Bulls and calves	29,131	28,945	28,822	29,957	28,787	28,074
Total Cattle	92,955	91,825	92,125	92,420	90,663	89,411
Breeding ewes	57,198	55,488	57,363	56,178	58,209	52,843
Rams for service	2,143	2,108	2,116	2,082	2,142	1,967
Other breeding sheep 1yr and over	10,844	11,928	12,073	13,642	11,835	9,538
Other non-breeding sheep 1yr and over	2,759	2,301	2,373	2,907	3,066	2,664
Lambs	73,584	70,116	74,519	70,653	73,574	66,623
Total Sheep	146,528	141,941	148,444	145,462	148,826	133,635

Source: SEERAD Agricultural Census

Herd sizes of cattle and sheep fell during 2006 to figures of 89,411 and 133,635 respectively. Breeding ewes perhaps took the most significant hit with a drop of more than 9% between 2005 and 2006.

Orkney Milk Production (000's of Litres)



Source: Orkney Cheese Company Ltd.

Despite relatively unchanged figures since 2001, milk production in Orkney rose by 330,000 litres in 2005-06 compared to output for the previous 12 months reaching a total of 15,490,000 litres.

Agricultural Employment in Orkney

	2001	2002	2003	2004	2005	2006
Full-time occupier	486	458	459	459	435	435
Part-time occupier >50%	155	161	158	143	152	157
Part-time occupier <50%	430	408	417	409	415	403
Total occupiers	1,071	1,027	1,034	1,011	1,002	995
Full-time spouses	132	124	118	112	112	115
Part-time spouses >50%	129	127	123	116	110	127
Part-time spouses <50%	328	339	345	342	359	346
Total spouses	589	590	586	570	581	588
F/t workers	323	296	280	280	262	264
P/t workers	186	176	189	164	176	169
Casual and seasonal workers	79	87	72	86	81	81
Total regular & casual staff	588	559	541	530	519	514
Total Employment	2,248	2,176	2,161	2,111	2,102	2,097

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 a 2006 total workforce figure of 2,097.

Agricultural Holdings in Orkney

	Number	Total Land (Hectares)
2001	1,884	92,176
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

Source: SEERAD Agricultural Census

The total Number of holdings in Orkney has remained fairly constant in recent years incurring only a slight increase in 2006 to a total of 1,967.

The method of calculating the levels of support provided to the industry via the Common Agricultural Policy (CAP) has recently been reformed and it remains to be seen what effect, if any, that will have on the industry in Orkney. The Scottish Executive Environmental and Rural Affairs Department (SEERAD) which administers the CAP schemes in Scotland, made subsidy payments totalling £16.11m to 795 Orkney recipients during 2005. (SEERAD Annual Report, 2005).

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

ORKNEY	Number of claims	Number of recipients	Payments (£000s)
All schemes 2003	3,846	815	15,849
All schemes 2004	3,898	798	16,382
All schemes 2005	2,214	795	16,115



Fishing



Landings of White Fish by Orkney Vessels

	Live weight tonnes	£ thousands
2001	5,339	5,670
2002	6,489	6,043
2003	4,501	4,191
2004	5,072	4,458
2005	5,807	5,752
2006	6,406	8,303

Source: SEERAD

Recent growth of the live weight of white fish landings by Orkney vessels continued in 2006 reaching its highest level since 2002 at just over 6,400 tonnes. Similarly, the value of landings rose by more than 44% during 2006 to a total of £8,303,000.

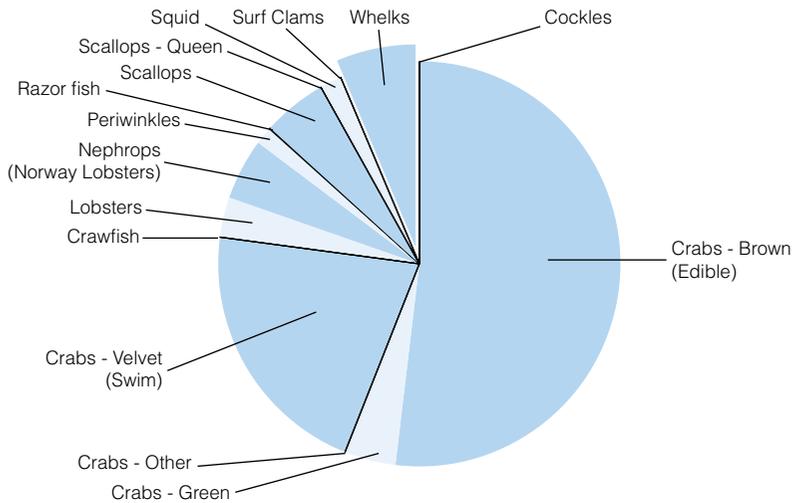
Landings of Shellfish by Orkney Vessels

	Live weight tonnes	£ thousands
2001	3,378	4,933
2002	3,106	4,649
2003	3,283	5,144
2004	3,594	5,506
2005	3,917	6,072
2006	3,799	6,809

Source: SEERAD

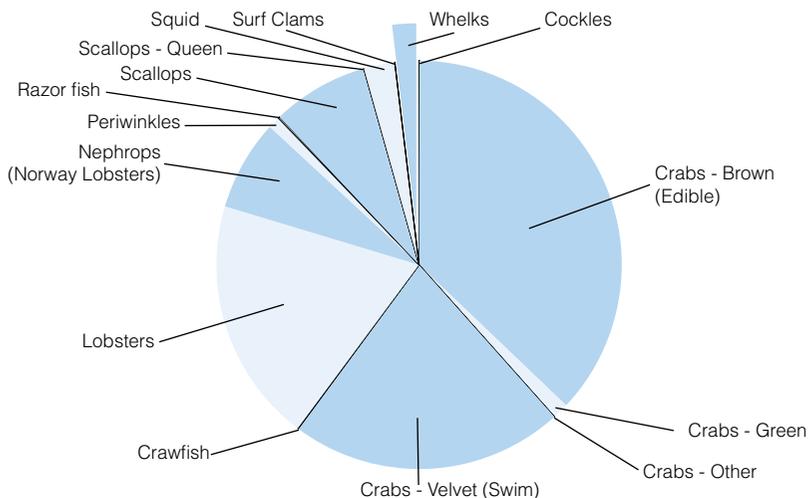
Unlike the positive growth of white fish landings in 2006, shellfish landings for the same period were slightly lower than the previous year at 3,799 tonnes. The value of shellfish landings by Orkney vessels continued to grow during 2006 to a figure of £6,809,000.

Shellfish Landings by Orkney Vessels 2006, Liveweight



Source: SEERAD

Shellfish Landings in Orkney 2006, Value



Source: SEERAD

Orkney Fishing Fleet

Vessels	2001	2002	2003	2004	2005	2006
Trawlers	11	9	9	10	8	8
Shellfish over 10m	36	32	29	29	30	39
Shellfish 10m & under	127	129	122	122	120	103
Nephrops	0	1	6	4	4	4
Total	174	171	166	165	162	154

Source: SEERAD

With the exception of larger shellfish vessels which increased by 9, Orkney's fishing fleet continued to decline in 2006, in line with national trends, ending the year with a total of 154 vessels.

Number of Fishermen in Orkney

	2000	2001	2002	2003	2004	2005
Full-Time (Regular)	286	270	243	245	305	284
Part-Time (Irregular)	90	75	86	91	38	51
Total	376	345	329	336	343	335

Source: SEERAD

Following positive growth in full time fishing employment during 2005, 2006 represented a slight decline in both full time and total employment levels. However, it is likely that some of these full time jobs have been replaced by part time jobs which rose by 13 during the year.

Fish Farming

Salmon & Smolt Production in Orkney

	Salmon (tonnes)	Smolts (000s)
1997	3,063	387
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
Est. 2006	4,672	90
Est. 2007	-	100

Source: Scottish Fish Farms Annual Production Survey

In line with a recent nationwide trend of decline, Orkney's fish farming sector has reduced dramatically since 2003 both in terms of output and employment. More positively however, estimates released by Fisheries Research Services display signs of a halting of this decline and indeed a recovery for the industry over the next few years.

Fish Farming Employment in Orkney

	Salmon smolt production		Salmon on-gowing	
	F/T	P/T	F/T	P/T
1999	8	9	78	20
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

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
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	
2005	4,358,243	3,021,819	12,001	
2006	3,255,055	2,799,784	3,026	

Source: OIC Harbours Dept.

Crude oil shipments through the Flotta terminal from North Sea oil fields have continued to decline in recent years, as has 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
2006	8	993,759

Source: OIC Harbours Dept.

Ship to ship oil transfers in Scapa Flow have, since the late nineties, represented significant activity for the sector. However following two years of increased activity in 2004 and 2005, the tonnage of oil transferred dropped in 2006 to 993,759 tonnes.



Transport of drilling rig to EMEC tidal site, Eday

Grid Connected Wind Turbines in Orkney

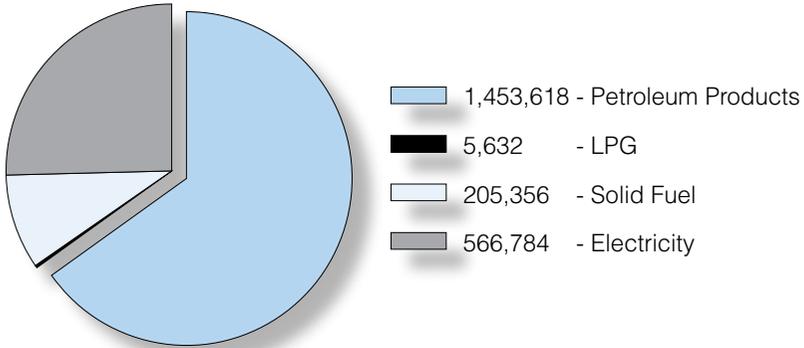
Location	No. of Turbines	MW Capacity
Burgar Hill, Evie	5	10.55
Spurness, Sanday	3	7.5
Rothiesholm, Stronsay	3	2.4
Northfield, Burray	1	0.9

Source: OREF

Following the construction of two more turbines at Burgar Hill during 2006, Orkney now has a total of 12 operational grid connected wind turbines with a combined production capacity of 21.35MW.

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
CO2 Emissions (tonnes)	154,884	168,569	167,906

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
2005	143,730	42,782	6,699
2006	147,099	43,835	5,956

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, operated by Northlink Ferries, showed further growth in 2006 in terms of both passengers and accompanied vehicles. Commercial vehicles and trailers on the other hand continued their 4 year decline ending 2006 with a total of 5,956.

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

Source: OIC Harbours Dept.

Despite a slight decline in passenger numbers for the Shetland – Kirkwall – Aberdeen route in 2006, the service continues to show signs of growth over the long term. Annual figures for commercial vehicles and trailers for example, have risen by over 1,000 since 2003.

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 Kikwall Airport dropped slightly during the period 2004/05, passengers in transit at the Airport had seen growth of just under 4,000. Furthermore, it is expected that this increase will be accelerated by the introduction of the Air Discount Scheme (ADS), reduced cost air travel for residents of the Northern and Western Isles, expected to increase the number of passengers travelling to/from Shetland and Edinburgh/Inverness via Kirkwall.

Kirkwall Airport Traffic

	Passengers		Aircraft Movements
	<i>Terminal</i>	<i>Transit</i>	
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
2005/06	92,769	25,311	13,430

Source: HIAL

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 that higher figures reported for 2004-05 are largely attributed to extra summer sailings of the MV Thorsvoe to the South Isles brought about by a greater availability of crew during the 12 month period.

Inter Island Ferries (Cars)

Mainland to and from:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
South Isles	18,157	18,663	18,843	20,593	21,193	20,125
Shapinsay	7,359	7,495	7,721	7,446	7,526	7,603
Rousay, Egilsay & Wyre	9,466	9,796	9,579	9,370	9,350	9,173
Westray	7720	7,880	8,723	9,337	9,148	9,404
Sanday	4,205	4,192	4,774	5,276	5,560	5,616
Stronsay	2,855	3,290	3,687	3,819	3,760	3,497
Eday	1,485	1,531	1,947	2,067	1,991	2,054
TOTAL	51,247	52,847	55,274	57,908	58,528	57,472

Source: Orkney Ferries Ltd.

Inter Island Ferries (Commercial Vehicles)

Mainland to and from:	2000-01	2001-02	2002-03	2003-04	2004-05	2004-06
South Isles	2,450	2,779	2,681	2,724	3,220	2,816
Shapinsay	2,303	2,600	2,094	2,871	3,267	3,543
Rousay, Egilsay & Wyre	4,262	4,267	4,536	5,485	5,740	5,042
Westray	3650	3,644	3,136	3,032	3,809	3,787
Sanday	3,353	3,575	3,333	3,191	3,237	3,935
Stronsay	1,864	1,802	1,995	1,830	2,169	2,360
Eday	1,033	892	846	760	868	1,387
TOTAL	18,915	19,559	18,621	19,893	22,310	22,870

Source: Orkney Ferries Ltd.

Inter Island Ferries (Passengers)

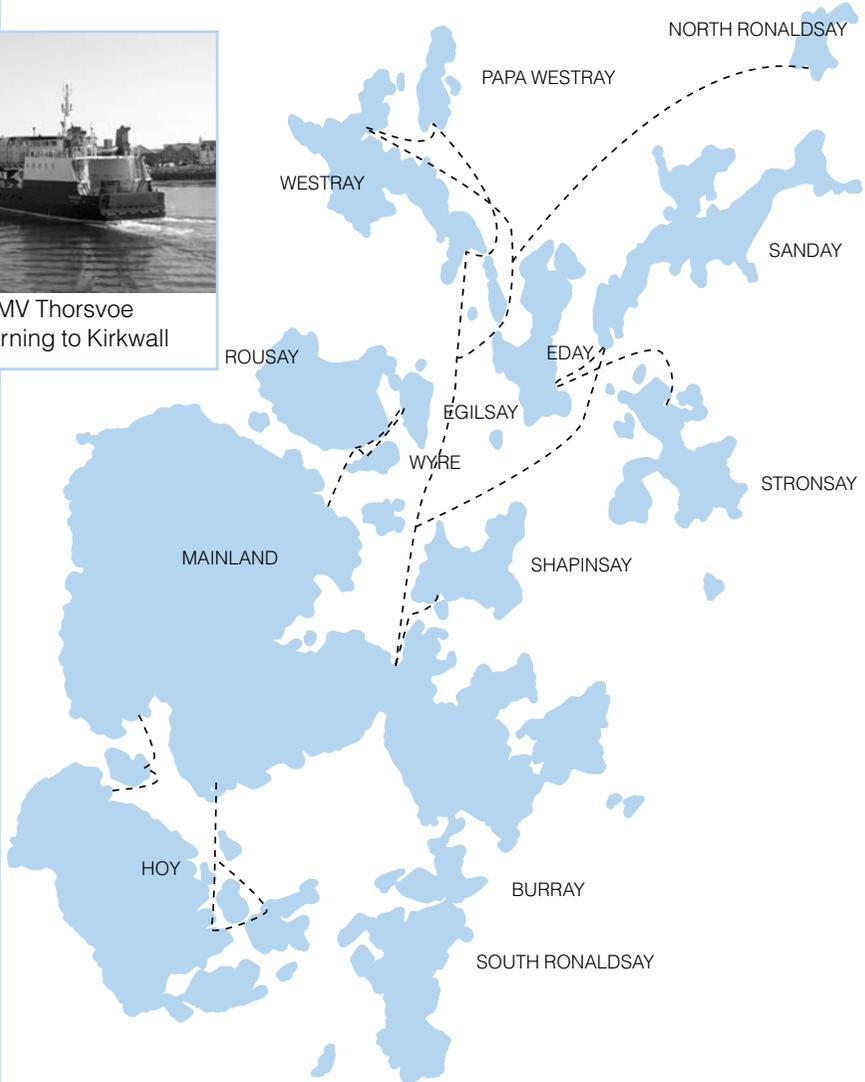
Mainland to and from:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Hoy, Lyness	54,012	56,337	55,158	59,709	66,206	63,501
Flotta	7,520	7,286	7,365	10,229	10,174	9,939
Graemsay	5,349	5,736	5,521	5,036	5,347	5,161
North Hoy	11,038	10,683	11,828	13,030	14,864	13,205
Shapinsay	56,988	61,739	60,920	64,314	64,317	64,512
Rousay, Egilsay & Wyre	50,691	50,488	50,751	56,317	56,710	52,006
Westray	35,034	35,390	37,730	39,131	41,495	40,023
Sanday	21,331	21,839	23,384	24,832	26,162	26,509
Stronsay	16,249	16,945	17,837	17,644	16,720	16,510
Eday	7,614	6,950	8,331	8,722	8,279	8,650
North Ronaldsay	596	587	551	533	754	485
Papa Westray	682	727	624	674	588	542
Inter Island/ Round Trip	10,719	9,901	10,595	10,080	10,461	10,786
TOTAL	277,823	284,608	290,595	310,251	322,077	311,829

Source: Orkney Ferries Ltd.

Orkney's internal Ferry Routes



MV Thorsvoe
returning to Kirkwall



Tourism

During the period 2004-05 a study into Orkney's growing tourism sector was conducted by TNS consultants commissioned by The 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.



Left to right: The Polar Star, Black Prince and Ocean Majesty cruise liners docked at Hatston Pier.

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%
Average	4.8 Nights	0.7 Nights	5.3 Nights

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
Total spent on visit	£311.29
Total spent on Orkney	£209.40

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. 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
2001	52	15,970
2002	53	16,687
2003	62	21,162
2004	56	22,916
2005	75	30,708
2006	47	20,345

Source: OIC Harbours Dept.

Following a particularly busy year in 2005, cruise liner visits to Orkney dropped during 2006 to a total of 47 carrying a little over 20,000 visitors to the county.

Estimated total number of bedspaces in Orkney in 2004

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

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
Totals	270	100	3,097	100

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%

Tenure	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, 2006

Area	Area ranking (of 32)	Average Price (£)	Quarterly Increase	Annual Increase	No. of Sales
Scotland		142,355	8.9%	12.5%	41,562
Highland	11	145,678	4.6%	18.5%	1,464
Orkney	27	111,421	5.1%	17.6%	95
Shetland	31	95,221	21.9%	23.4%	84
Western Isles	32	75,934	-4.9%	-0.7%	82

Source: Registers of Scotland Executive Agency

Note: Averages based on all residential properties between £20,000 and £1,000,000 recorded during July-December 2006

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 price remained higher than that of Shetland and the Western Isles in 2006 at £111,421. More significantly however Orkney's annual increase in average house price was recorded at 17.6% in 2006, 0.9% and 5.8% below the Highland and Shetland averages respectively.

Housing Completions in Orkney

	Private	Housing Assoc.	Local Authority	Total
2001	49	52	-	101
2002	77	44	-	121
2003	62	24	-	86
2004	102	57	-	159
2005	90	33	-	123

Source: Scottish Executive Development Department

Following a particularly active year of housing in 2004, figures for 2005 show slight reductions in house completions to 123 for the year.



Sutherland Court, Kirkwall: new housing completed by the Orkney Housing Association in November 2006.