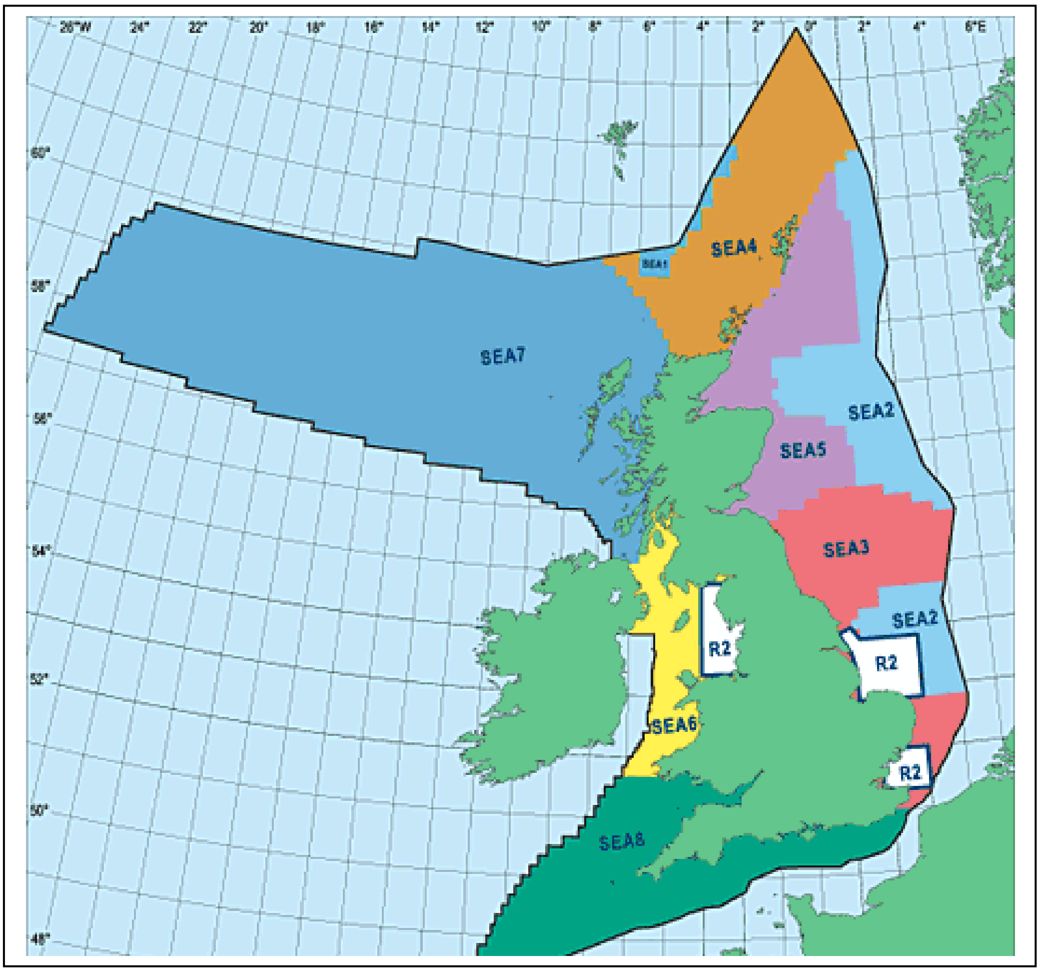
SEA 7 :
ECONOMIC AND SOCIAL BASELINE STUDY



A REPORT
for the
DEPARTMENT OF TRADE AND INDUSTRY
by
MACKAY CONSULTANTS

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November 2006

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1.0 INTRODUCTION

1.1 The UK Department of Trade and Industry (DTI) is conducting a Strategic Environmental Assessment (SEA) of licensing parts of the UK Continental Shelf (UKCS) for oil and gas exploration and production. This SEA 7 study is the seventh in a series planned by the DTI which will, in stages, cover the whole of the UK.

1.2 The SEA 7 area is shown on the map on the following page. It is a very large area extending from the west coast of Scotland and the Western isles far out into the Atlantic. Most of the SEA 7 area is generally a deepwater province with relatively unknown hydrocarbon potential.

1.3 Mackay Consultants were asked by Geotek Ltd and Hartley Anderson Ltd on behalf of the DTI to assess the socio-economic implications of licensing the SEA 7 area. In doing that we have produced two separate reports. This

- SEA 7: Economic and Social Baseline Study

is one. The other is

- The Social and Economic Implications of Licensing the SEA 7 Area.

1.4 The main onshore area involved is

- the Western Isles

The SEA 7 area also borders on

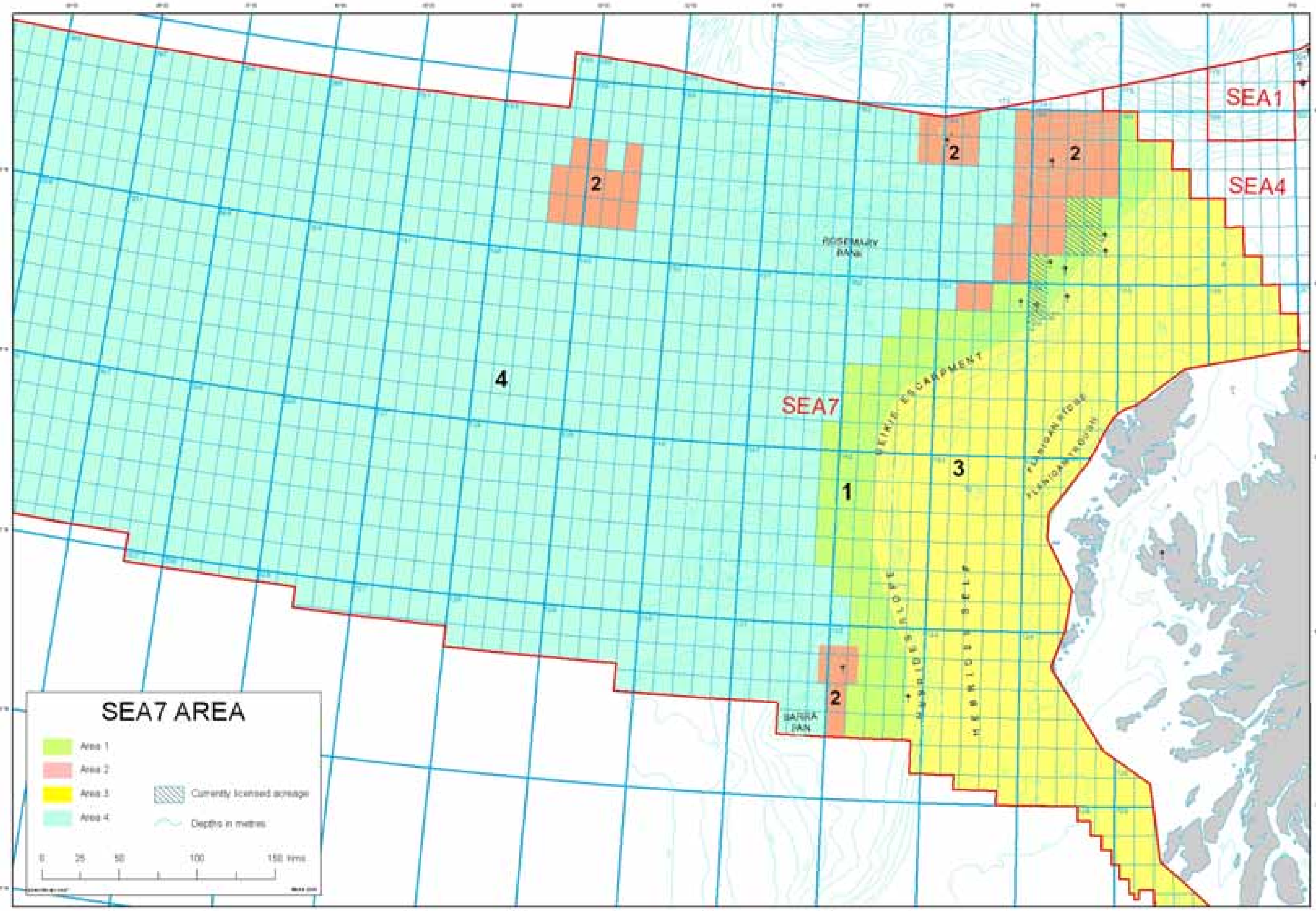
- the west coast of Highland
- part of Argyll and Bute
- part of Northern Ireland.

This report gives brief socio-economic profiles of these four areas.

1.5 In addition the report includes information on relevant economic activities in the area, notably:

- offshore oil and gas
- ports, ferries and shipping services
- fishing
- aquaculture
- tourism
- other marine-related activities.

1.6 We are very grateful for all the information and help provided in the course of our research. However, the opinions expressed in this report are those of Mackay Consultants unless clearly indicated otherwise.


SEA7 AREA
Area 1
Area 2
Area 3
Area 4
Currently licensed acreage
Depths in metres
0 25 50 100 150 kms
SEA1
SEA4
SEA7
1
2
3
4
ROSEMARY BANK
BARRA FAN
GEIKIE ESCARPMENT
FLANNAN RIDGE
FLANNAN TROUGH
HEBRIDES SLOPE
HEBRIDES SHELF

AREA PROFILES

2.0 WESTERN ISLES

2.1 The Western Isles are a group of islands off the north west coast of Scotland. They are also known as the Outer Hebrides or by their Gaelic name Eilean Siar. There are approximately 30 islands in the group, some of which are uninhabited. The main inhabited islands are:

- Lewis and Harris
- North Uist
- Benbecula
- South Uist
- Barra

2.2 Lewis and Harris form the largest and most northerly island, with about 70% of the Western Isles population of being in Lewis where the main town and port of Stornoway is located. North Uist is south of Harris and separated from South Uist by Benbecula which is linked to both North and South Uist by causeways. Barra is the smallest and most southerly island.

2.3 Table 2.1 below gives a breakdown of the population in the 2001 Census.

2.4 The SEA 7 Area also includes the archipelago of St Kilda which is the remotest part of the British Isles and lies 40 miles west of Benbecula. St Kilda is a group of volcanic islands with the highest sea cliffs in Britain at 1,400 ft, the most important breeding seabird colonies in Europe and the most extensive group of vernacular buildings in Britain.

2.5 People have lived on St Kilda since the Bronze Age 4,000-5,000 years ago but in 1930 the ageing population was finally forced to evacuate and in 1957 it was bequeathed by the Marquess of Bute to the National Trust for Scotland (NTS), which now owns it and manages it, with it being one of the few dual UNESCO World Heritage Sites.

2.6 About 2,000 people visit St Kilda every year, mostly in NTS work parties, and there is also a small civilian presence at the MOD missile tracking base which was established in 1957 for the QinetiQ Hebrides Range on Benbecula. The MOD base is manned throughout the year and provides power, water, logistics transport and medical aid to the conservation agencies.

Table 2.1: Population of the Western Isles at 2001 Census

Lewis	Harris	North Uist	Benbecula	South Uist	Barra
18,489	1,984	1,657	1,249	1,951	1,172

Source: Western Isles Council, Census 2001

Population and household projections

2.7 The current population of the Western Isles was estimated at 26,370 in 2005, which was a little below the 2001 Census population of 26,502. There has been a substantial decline in the Western Isles population in the recent past, although the 2005 estimates show a slight increase on 2004.

2.8 Table 2.2 shows the population changes between 1995 and 2005 for both the Western Isles and Scotland as a whole. The decline in the former's population was by -2,440 or -8.5%, whereas the fall in Scotland's population was just -0.2%. The Western Isles decline was equivalent to about 27% of the Scottish decline.

Table 2.2: Population change, 1995-2005

	Estimated Population June 1995	Natural Change	Civilian migration and other changes	Estimated Population June 2005	Population Change Number	Population Change %
Western Isles	28,810	-1,448	-992	26,370	-2,440	-8.5
Scotland	5,103,690	-34,975	+26,085	5,094,800	-8,890	-0.2

Source: General Registrar Office for Scotland

2.9 The Registrar General for Scotland publishes annual estimates of the populations of all the 32 local authority areas in Scotland. The estimates for 1995 and 2005 are shown in Table 2.3. The percentage decline in the Western Isles was the worst in the country.

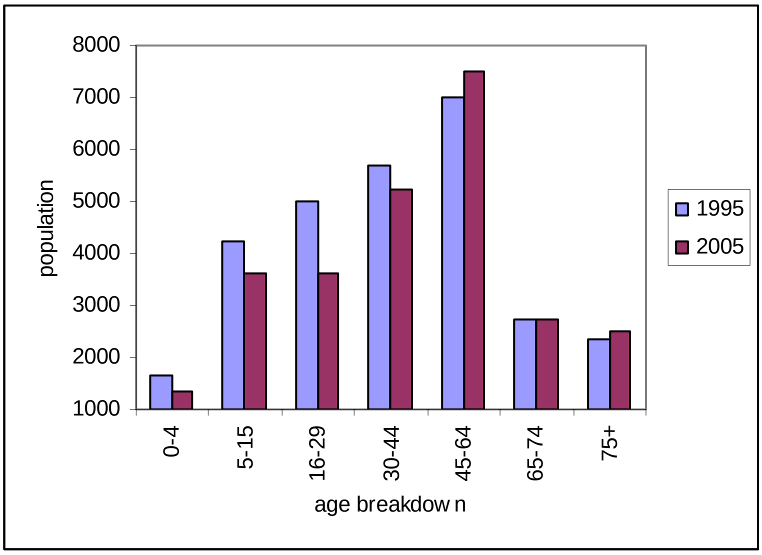
Table 2.3: Mid Year Population Estimates, 1995 – 2005

	Estimated Population June 1995	Natural Change	Civilian migration and other changes	Estimated Population June 2005	Population Change Number	Population Change %
Aberdeen City	219,880	-487	-17,023	202,370	-17,510	-8.0
Aberdeenshire	226,070	+3,621	+5,749	235,440	+9,370	+4.1
Angus	111,560	-2,510	+120	109,170	-2,390	-2.1
Argyll and Bute	91,950	-3,688	+2,608	90,870	-1,080	-1.2
Clackmannanshire	48,570	+74	-14	48,630	+60	+0.1
Dumfries & Galloway	148,520	-3,996	+3,816	148,340	-180	-0.1
Dundee City	152,460	-2,882	-7,408	142,170	-10,290	-6.7
East Ayrshire	122,790	-1,985	+1,405	119,400	-3,390	-2.8
East Dunbartonshire	109,850	+394	-4,284	105,960	-3,890	-3.5
East Lothian	86,600	-556	+5,756	91,800	+5,200	+6.0
East Renfrewshire	87,530	+1,007	+1,063	89,600	+2,070	+2.4
Edinburgh City	443,860	-694	+14,664	457,830	+13,970	+3.1
Falkirk	142,680	-199	+6,669	149,150	+6,470	+4.5
Fife	349,720	-2,123	+9,143	356,740	+7,020	+2.0
Glasgow City	604,080	-10,448	-14,842	578,790	-25,290	-4.2
Highland	208,220	-1,539	+6,909	213,590	+5,370	+2.6
Inverclyde	88,640	-2,366	-4,144	82,130	-6,510	-7.3
Midlothian	78,860	+655	-325	79,190	+330	+0.4
Moray	87,870	+27	+223	88,120	+250	+0.3
North Ayrshire	137,800	-1,783	-187	135,830	-1,970	-1.4
North Lanarkshire	323,450	+3,794	-3,824	323,420	-30	0.0
Orkney Islands	19,810	-334	+114	19,590	-220	-1.1
Perth and Kinross	133,220	-2,825	+8,005	138,400	+5,180	+3.9
Renfrewshire	176,430	-1,014	-5,416	170,000	-6,430	-3.6
Scottish Borders	105,940	-2,744	+6,534	109,730	+3,790	+3.6
Shetland Islands	22,970	+296	-1,266	22,000	-970	-4.2
South Ayrshire	113,620	-4,102	+2,262	111,780	-1,840	-1.6
South Lanarkshire	304,930	-984	+2,334	306,280	+1,350	+0.4
Stirling	82,420	-201	+4,711	86,930	+4,510	+5.5
West Dunbartonshire	95,870	-1,341	-3,129	91,400	-4,470	-4.7
West Lothian	148,710	+5,406	+9,664	163,780	+15,070	+10.1
Western Isles	28,810	-1,448	-992	26,370	-2,440	-8.5
Scotland	5,103,690	-34,975	+26,085	5,094,800	-8,890	-0.2

Source: General Registrar Office for Scotland

2.10 The population of the Western Isles has also aged demographically, with the largest decrease by age group occurring in the 16-29 year olds, from 17% of the population in 1995 to 13% of the population in 2005, and the greatest increase by age group occurring in the 45-65 year olds, from 24% of the population in 1995 to 28% of the population in 2005. These changes are illustrated in Figure 2.1 below.

Figure 2.1: Age structure of the Western Isles, 1995 and 2005



2.11 The estimated increase of +110 people between 2004 and 2005 was because of a net inmigration of +245 people (less deaths plus births). That may be mainly due to Eastern European workers and it is the second year it has occurred but, whilst it is a deviation from the long-term projection of a declining population, there is no evidence or sufficient data to suggest that a trend reversal has occurred.

2.12 The Registrar General also published population projections and those for the Western Isles and Scotland are summarised in Table 2.4. They show a small increase in the population of Scotland, but continuing decline in the Western Isles.

Table 2.4: Summary Population Projections,
Western Isles and Scotland, 2004–2024

	2004	2010	% change	2014	% change	2024	% Change
Western Isles	26,260	25,710	-2	24,894	-3	22,413	-10
Scotland	5,078,400	5,118,250	+0.8	5,123,769	+1	5,118,926	-1

Source: General Register Office for Scotland

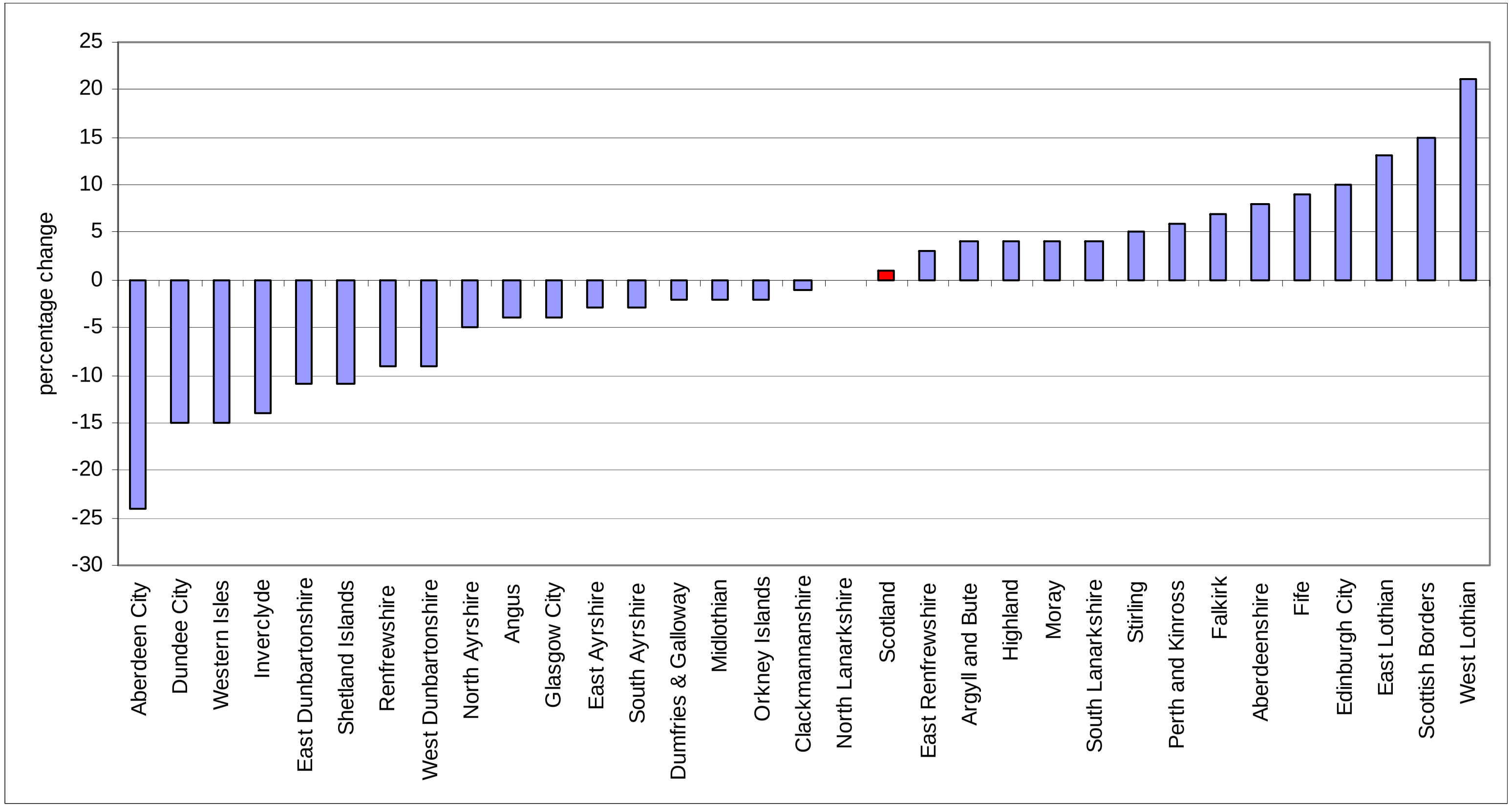
2.13 In Table 2.5 and Figure 2.2 we have ranked the population projections for the 32 areas. It will be seen that the Western Isles rank 31st, with the second largest projected decline.

Table 2.5: Rankings of Projected % Changes in Population by Local Authority Area, 2004-2024

ranking	area	2004-2024
1	West Lothian	+21
2	Scottish Borders	+15
3	East Lothian	+13
4	Edinburgh City	+10
5	Fife	+9
6	Aberdeenshire	+8
7	Falkirk	+7
8	Perth and Kinross	+6
9	Stirling	+5
10	Argyll and Bute	+4
11	Highland	+4
12	Moray	+4
13	South Lanarkshire	+4
14	East Renfrewshire	+3
	Scotland	**+1**
15	North Lanarkshire	0
16	Clackmannanshire	-1
17	Dumfries & Galloway	-2
18	Midlothian	-2
19	Orkney Islands	-2
20	East Ayrshire	-3
21	South Ayrshire	-3
22	Angus	-4
23	Glasgow City	-4
24	North Ayrshire	-5
25	Renfrewshire	-9
26	West Dunbartonshire	-9
27	East Dunbartonshire	-11
28	Shetland Islands	-11
29	Inverclyde	-14
30	Dundee City	-15
31	Western Isles	-15
32	Aberdeen City	-24

Figure 2.2

Projected percentage change, 2004-2024



2.14 Table 2.6 gives a breakdown by age group of the population projections for the Western Isles, Argyll and Bute and the Highland area. Between 2004 and 2024, the population of Scotland is projected to increase by +40,500 or +0.8% from 5.08 million to 5.12 million, but the population of the Western Isles is projected to decrease by -3,900 or -15% from 26,300 to 22,400. The Argyll and Bute population is projected to increase by +3,500 or +3.8%, from 91,200 to 94,700, and the Highland population is projected to increase by +7,600 or +3.5%, from 211,300 to 218,900.

Table 2.6: Projected Population, 2004 – 2024
by Sex and Age for Scotland, W. Isles, Argyll and Bute and Highland (000s)

Years	2004	2004	2004	2014	2014	2014	2024	2024	2024
Ages	persons	males	females	persons	males	females	persons	males	females
Scotland									
All ages	**5078.4**	**2446.2**	**2632.2**	**5123.8**	**2472.6**	**2651.2**	**5118.9**	**2463.8**	**2655.1**
0-15	**935.5**	478.7	456.8	**844.7**	430.2	414.5	**819.6**	417.1	402.6
16-29	**881.0**	444.0	437.0	**917.0**	466.1	450.8	**807.2**	409.1	398.2
30-49	**1502.1**	726.8	775.2	**1345.7**	648.3	697.3	**1262.6**	616.9	645.7
50-64	**933.3**	456.0	477.2	**1046.2**	502.9	543.4	**1074.9**	505.0	570.0
65-74	**455.1**	206.6	248.5	**528.8**	248.5	280.4	**585.2**	273.7	311.5
75+	**371.5**	134.1	237.4	**441.3**	176.6	264.8	**569.3**	242.1	327.3
W.Isles									
All ages	**26.3**	**12.9**	**13.4**	**24.9**	**12.3**	**12.6**	**22.4**	**11.1**	**11.3**
0-15	**4.8**	2.4	2.4	**4.2**	2.2	2.1	**3.3**	1.7	1.6
16-29	**3.4**	1.8	1.6	**3.0**	1.8	1.3	**2.3**	1.5	0.8
30-49	**7.2**	3.6	3.6	**5.9**	2.7	3.1	**4.2**	1.9	2.3
50-64	**5.5**	2.8	2.7	**5.7**	3.0	2.8	**5.6**	2.8	2.8
65-74	**2.8**	1.3	1.4	**3.3**	1.6	1.7	**3.4**	1.7	1.8
75+	**2.5**	0.9	1.7	**2.8**	1.0	1.7	**3.5**	1.4	2.1
Argyll									
All ages	**91.2**	**45.0**	**46.2**	**93.0**	**46.4**	**46.6**	**94.7**	**47.7**	**47.0**
0-15	**16.4**	8.3	8.1	**13.4**	6.6	6.7	**14.1**	7.0	7.1
16-29	**12.2**	6.9	5.3	**15.9**	8.9	7.0	**12.7**	7.2	5.5
30-49	**25.3**	12.7	12.6	**22.1**	11.3	10.8	**23.8**	12.7	11.0
50-64	**19.6**	9.6	10.0	**20.0**	9.8	10.2	**19.1**	9.2	10.0
65-74	**9.7**	4.5	5.2	**11.9**	5.7	6.1	**11.9**	5.8	6.1
75+	**8.0**	3.0	5.0	**9.8**	4.1	5.7	**13.0**	5.7	7.3
Highland									
All ages	**211.3**	**103.3**	**108.0**	**217.8**	**104.8**	**112.9**	**218.9**	**103.1**	**115.8**
0-15	**39.7**	20.4	19.3	**35.6**	18.0	17.7	**34.2**	17.1	17.1
16-29	**29.3**	15.5	13.8	**31.1**	16.2	14.9	**26.7**	13.5	13.3
30-49	**61.1**	29.6	31.5	**53.1**	24.9	28.2	**47.7**	22.1	25.6
50-64	**44.6**	22.2	22.4	**50.6**	24.6	26.0	**50.9**	23.7	27.2
65-74	**20.3**	9.5	10.8	**26.3**	12.7	13.7	**30.0**	14.2	15.9
75+	**16.3**	6.1	10.2	**21.1**	8.6	12.5	**29.3**	12.6	16.8

Source: General Register Office for Scotland

2.15 Between 2004 and 2024 there is a projected decrease in the Western Isles of 16-64 year olds by -25%, in Scotland by -5%, in Argyll and Bute by -3% and in Highland by -7%. There is also a projected increase in over 65 year olds in the Western Isles by +30%, in Scotland by +40%, in Argyll and Bute by +40% and in Highland by +62%.

2.16 The latter projected increases are greater than in the Western Isles but, combined with the decrease of 16-64 year olds, by 2024 the projected working aged population of the Western Isles will be only 54%, compared with Scotland at 61%, and the annual birth rate decline between 2004 and 2024 is projected at almost -50%.

2.17 The Registrar General also publishes household projections and those for the Western Isles and Scotland are summarised in Table 2.7. The number of households in Scotland is projected to increase by +13% in the period to 2024, because of a fall in average household size. However, the projected increase in the Western Isles is only +1%. The average household size is projected to decrease from 2.28 people in 2004 to 1.92 people in 2024.

Table 2.7: Household projections, 2004-2024

	2004	2010	2014	2024	change 2004-24	% change 2004-24	average annual changes
Western Isles	11,380	11,640	11,680	11,460	+80	+1	+4
Scotland	2,245,710	2,350,460	2,415,920	2,540,850	+295,140	+13	+14,757

Source: General Register Office for Scotland

2.18 The Western Isles also has a relatively high incidence of fuel poverty because of the relatively poorer climatic conditions, a high proportion of sub-standard housing, the high use of solid fuel fires and the high cost of heating homes. The Scottish House Conditions Survey released in 2004 stated that the Western Isles had the highest level of fuel poverty in Scotland.

Economic output

2.19 The latest official estimate of Gross Domestic Product (GDP) specific to the Western Isles is from the r 2003 Regional Accounts. It is estimated that in 2003 the regional Gross Domestic Product (GDP), or sometimes stated as Gross Value Added (GVA), was £263.0 million or £10,078 per capita.

2.20 Table 2.8 shows that this was 65% of the Scottish average GVA and 96% of the Highlands and Islands average GVA (assuming it was £10,524 in 2003). For the Western Isles that was an increase of 29% in financial terms and 11% in real terms in per capita GVA compared with 1997, or +2.2% per annum between 1997 and 2003.

2.21 It should be noted that in the 2003 Western Isles Regional Accounts, the Gross Domestic Product (GDP) has been denoted as Gross Value Added (GVA), although strictly calculated the GDP = GVA [employee costs + operating surpluses] + taxes – subsidies and the GVA is also workplace based which is affected by commuting into or out of a an area, particularly a sub-region.

Table 2.8: Western Isles Per Capita Gross Value Added (GVA/GDP), 1997 and 2003

	1997/capita	2003/capita	% change	GVA % Scot.
Western Isles	£7,827	£10,078	+29	65
Orkney Islands	£10,966	£10,716	-2	70
Shetland Islands	£11,701	£13,197	+13	86
Highlands/Islands	£8,743	£10,524	+20	68
Scotland	£11,980	£15,409	+30	100

Source: Western Isles Regional Accounts, 2003

2.22 Table 2.9 shows that the largest sector of the Western Isles economy in 2003 was the combined public sector, with a contribution of 30% to GVA. Whilst the tourism sector cannot be identified as such, its associated sectors were estimated as making about a 17% contribution to GVA. Combined fish farming, sea fishing and fish processing were also estimated as making an important contribution of 13% to GVA plus the multiplier effects on other sectors such as transport.

Table 2.9: Sectoral Contributions to Value Added and Employment, Western Isles, 2003

Sector	Value Added £000s	Value Added %	Employment FTEs	Employment %
Agriculture	1,080	0.4	164	1.7
Sea Fishing	3,135	1.2	339	3.4
Fish Farming	19,541	7.4	287	2.9
Electricity, Gas, Water	1,720	0.7	104	1.1
Extraction of Ores etc	2,793	1.1	123	1.2
Textiles	3,464	1.3	320	3.2
Pottery & Jewellery	423	0.2	26	0.3
Food & Drink Manufacturing	174	0.1	14	0.1
Fish Processing	12,360	4.7	276	2.8
Other Manufacturing	4,725	1.8	338	3.4
Construction	18,641	7.1	1,183	11.9
Distribution	32,784	12.5	1,092	11.0
Hotels	5,751	2.2	242	2.4
Other Accommodation	428	0.2	36	0.4
Catering	5,470	2.1	228	2.3
Land Transport	17,002	6.5	293	3.0
Air Transport	3,350	1.3	78	0.8
Sea Transport	8,101	3.1	297	3.0
IT Services & Communications	9,037	3.4	204	2.1
Banking & Insurance	3,384	1.3	136	1.4
Media	965	0.4	45	0.5
Education	22,584	8.6	741	7.5
Health	21,116	8.0	797	8.0
Other Public Services	27,798	10.6	689	7.0
Other/Private Services	20,148	7.7	1,194	12.0
Public Administration	7,169	2.7	660	6.7
TOTAL	263,127	100	9,908	100

Source: Western Isles Regional Accounts, 2003: Note: figures may not total due to rounding

2.23 Excluding the public sector, the individual industries contributing most to value added were distribution at 12.5%, combined transport at 10.9%, other services at 7.7% and construction at 7.1%. Despite the restructuring of fish farming and sea fishing, these sectors combined at 8.6% and fish processing at 4.7% continued to make important contributions to value added.

2.24 From the 2003 Western Isles Regional Accounts, it appears that the Western Isles had an external trade deficit of £163.4 million in 2003. Despite its restructuring, the importance of fish farming was demonstrated by it contributing most to the trade balance in 2003 with a net positive balance of £25.1 million, followed by fish processing with a net positive balance of £18.3 million.

2.25 Rather unusually, the external trade deficit of £163.4 million was caused mainly by the household sector spending an estimated £100.1 million on imported goods through direct purchases, eg mail order or indirect purchases via retailers, with such expenditure having increased by +21% in real terms between 1997 and 2004.

Employment

2.26 Table 2.10 shows that the largest employment sector in 2003 was the public sector, accounting for over 29% of employment, followed by distribution, hotels and catering - associated with the tourism sector - at almost 17% of employment. The construction sector accounted for almost 12% of employment in 2003 and the manufacturing sector had declined to 3% in 2003, after the closure of the Arnish fabrication yard.

2.27 The five most significant individual industries in terms of their contributions to employment were other/private services (12%), construction (12%), distribution (11%), health (8%) and education (7.5%). Together these five industries accounted for over 50% of total FTEs, with the remainder of the public sector at 13.7 % of total FTEs or, if health and education are included, then the total public sector employment was over 29% of total FTEs.

Table 2.10: Sectoral Contribution to Employment, Western Isles, 2003

Sector	Employment (FTEs)	% Contribution
Agriculture	164	1.7
Sea Fishing	339	3.4
Fish Farming	287	2.9
Electricity, Gas, Water	104	1.1
Extraction (of Ores etc)	123	1.2
Textiles	320	3.2
Pottery & Jewellery	26	0.3
Food & Drink Manufacturing	14	0.1
Fish Processing, Wholesaling, etc	276	2.8
Other Manufacturing	338	3.4
Construction	1,183	11.9
Distribution	1,092	11.0
Hotels	242	2.4
Other Accommodation	36	0.4
Catering	228	2.3
Land Transport	293	3.0
Air Transport	78	0.8
Sea Transport	297	3.0
IT Services & Telecommunications	204	2.1
Banking & Insurance	136	1.4
Media	45	0.5
Education	741	7.5
Health	797	8.0
Other Public Services	689	7.0
Other/Private Services	1,194	12.0
Public Administration	660	6.7
TOTAL	9,908	100

Source: Western Isles Regional Accounts, 2003

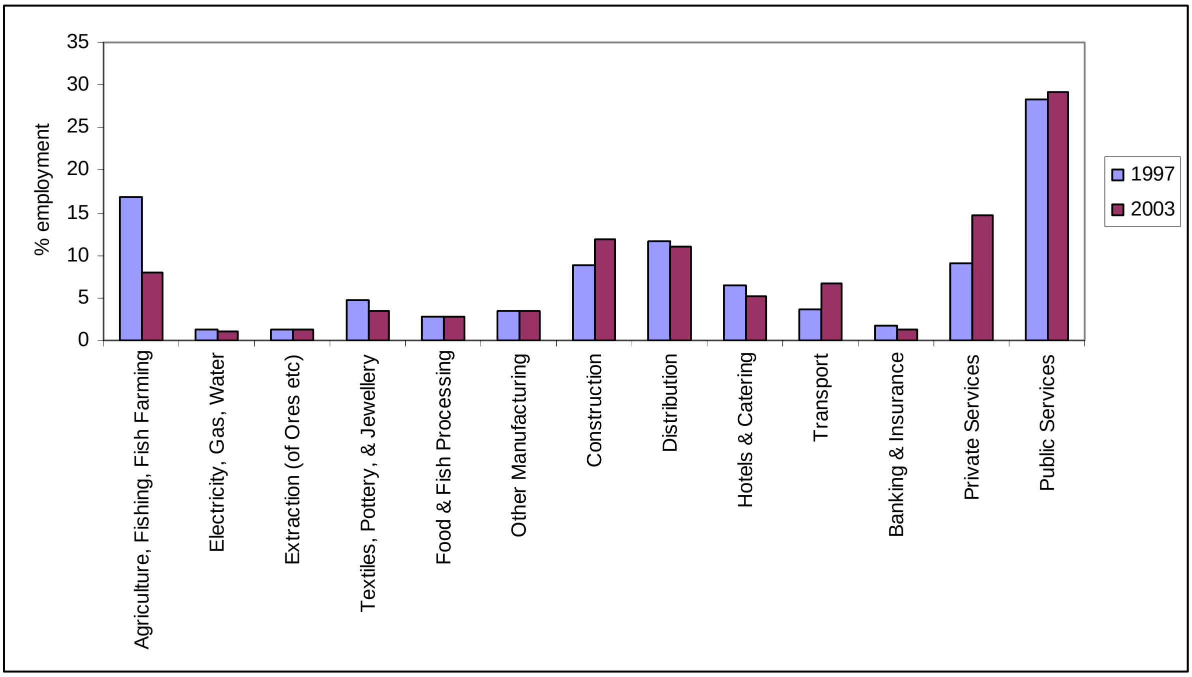
2.28 By amalgamating some sectoral categories and by comparing 1997 and 2003, the importance of the main sectors and the changes of sectoral employment over this period can be highlighted, as in Table 2.11. There has been a significant decrease in employment in the primary sector mainly because of the restructuring of the fish farming and fishing sectors and there have been important increases in employment in construction, transport and private services.

Table 2.11: Comparative Contribution to Employment, Western Isles, 1997-2003

Sector	% Employment: 1997	% Employment: 2003
Agriculture, Fishing, Fish Farming	16.8	8.0
Electricity, Gas, Water	1.2	1.1
Extraction (of Ores etc)	1.3	1.2
Textiles, Pottery, & Jewellery	4.7	3.5
Food & Fish Processing	2.9	2.9
Other Manufacturing	3.4	3.4
Construction	8.9	11.9
Distribution	11.6	11.0
Hotels & Catering	6.5	5.1
Transport	3.6	6.7
Banking & Insurance	1.8	1.4
Private Services	9.1	14.6
Public Services	28.2	29.1

Source: Western Isles Regional Accounts, 2003

Figure 2.3: Comparative Contribution to Employment, Western Isles, 1997-2003



2.29 If the proposed Lewis wind farm receives planning consent from the Scottish Executive it could significantly change the economy and employment of the Western Isles for the next 25 years, with a total of over 600 jobs being forecast in the construction, manufacturing and operational phases along with other development, investment and employment opportunities which could be triggered.

Earnings

2.30 Table 2.12 shows that gross weekly earnings in 2006 in the Western Isles at £400 by place of residence and £416 by place of work were -2.9% lower than the Scottish average of £412 by place of residence and +0.9% higher than the Scottish average of £412 by place of work. However, we believe these estimates for the Western Isles are too high.

Table 2.12 Gross Weekly Earnings in Scotland, 2006

	by place of residence (£)	difference (%)	by place of work (£)	difference (%)
Scotland	412.1		411.9	
Western Isles	400.2	-2.9	415.7	+0.9%

Source: Annual Survey of Hours and Earnings (ASHE)

2.31 Gross weekly earnings by place of residence and by place of work can be analysed and ranked by comparing the Western Isles area with other local authority areas according to their differences with the Scottish average. By comparing the difference of seven chosen local authorities with the Scottish average, of all 32 Scottish local authorities, the Western Isles would be ranked 7th by place of work and 16th by place of residence compared to the Scottish averages, as shown in Tables 2.13 and 2.14.

Table 2.13: Gross Weekly Earnings in some Scottish Local Authority Areas **by place of residence**, 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and L A Area	Ranking
Edinburgh City	483.5	+17.3	1
Western Isles	400.2	-2.9	16
Glasgow City	388.0	-5.8	21
Argyll & Bute	372.7	-9.6	27
Highland	364.8	-11.5	28
Shetland Islands	354.6	-14.0	29
Orkney Islands	347.4	-15.7	31
Scotland	**412.1**		

Source: Annual Survey of Hours and Earnings (ASHE)

Table 2:14 Gross Weekly Earnings in some Scottish Local Authority Areas **by place of work,** 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and L A Area	Ranking
Edinburgh City	485.4	+17.8	1
Glasgow City	419.2	+1.8	6
Western Isles	415.7	+0.9	7
Argyll & Bute	382.4	-7.2	18
Highland	369.7	-10.2	23
Shetland Islands	355.5	-13.7	26
Orkney Islands	336.2	-18.4	31
Scotland	**411.9**		

Source: Annual Survey of Hours and Earnings (ASHE)

Unemployment

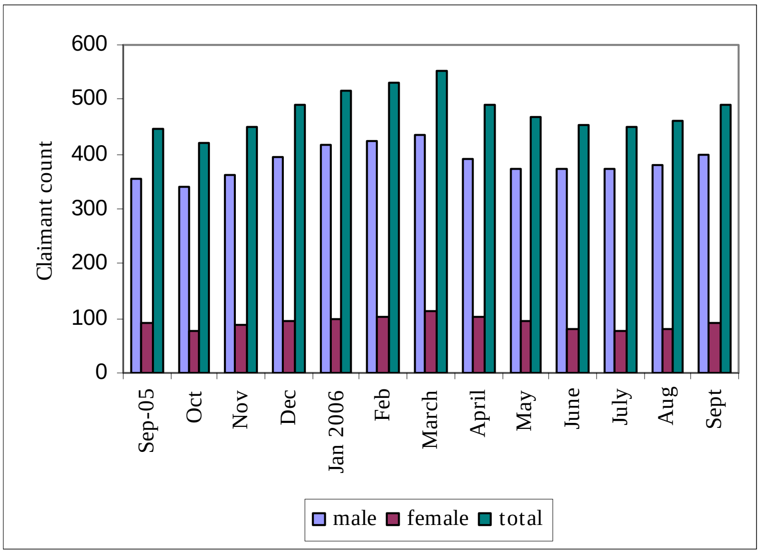
2.32 In 2005, 58.5% of the Western Isles population were of working age, which was lower than the average level for Scotland because of the ageing population. In September 2006 the unemployment level was 489 people or 3.2% compared with the Scottish average of 2.7%. The statistics for the last twelve months are set out in Table 2.15 and Figure 2.4.

Table 2.15: Unemployment: Western Isles, 2005-2006
(claimant count)

	Western Isles			Scotland		
	male	female	total	male	Female	total
Sept. 2005	356	92	448	62,630	21,152	83,782
October	342	78	420	61,733	20,316	82,049
November	363	88	451	62,694	20,133	82,827
December	395	96	491	63,754	19,874	83,628
January 2006	418	97	515	70,373	22,218	92,591
February	425	104	529	71,969	23,221	95,190
March	437	114	551	72,029	23,332	95,361
April	390	101	491	70,022	22,639	92,661
May	373	95	468	68,486	22,346	90,832
June	372	82	454	67,597	22,494	90,091
July	373	78	451	67,931	24,274	92,105
August	380	80	460	67,652	24,544	92,196
Sept. 2006	399	90	489	63,768	22,093	85,861

Source: ONS Labour Market Statistics

Figure 2.4: Unemployment: Western Isles, 2005-2006
(claimant count)



2.33 Whilst the overall unemployment rate in the Western Isles has decreased in recent years it still fluctuates, particularly male unemployment, partly because of seasonal trends and continuing reliance for employment on the tourism sector and primary industries. The percentage figures for the area and Scotland as a whole are set out in Table 2.16.

Table 2.16: Unemployment: Western Isles, 2005-2006
(claimant count: percentages of resident working age population)

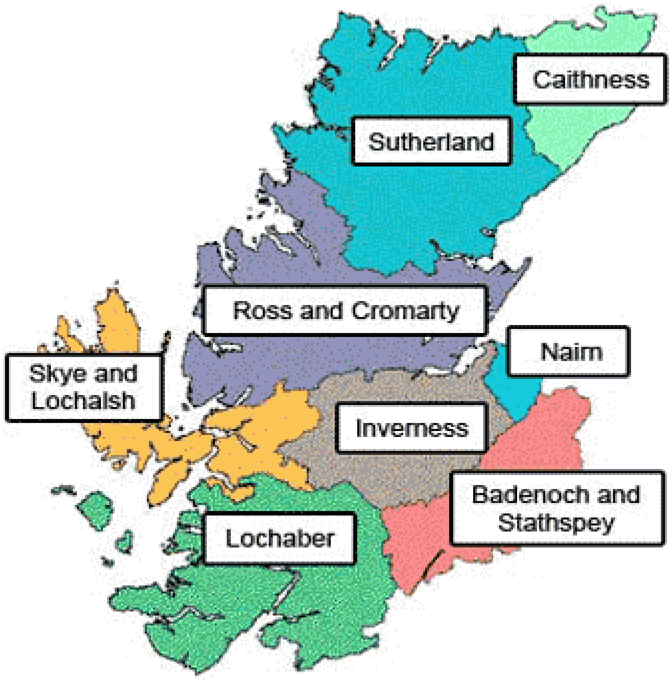
	Western Isles			Scotland		
	male	female	total	male	female	total
Sept. 2005	4.3	1.3	2.9	3.8	1.4	2.6
October	4.1	1.1	2.7	3.8	1.3	2.6
November	4.4	1.2	2.9	3.9	1.3	2.6
December	4.8	1.4	3.2	3.9	1.3	2.6
January 2006	5.1	1.4	3.4	4.3	1.4	2.9
February	5.1	1.5	3.4	4.4	1.5	3.0
March	5.3	1.6	3.6	4.4	1.5	3.0
April	4.7	1.4	3.2	4.3	1.5	2.9
May	4.5	1.3	3.1	4.2	1.4	2.9
June	4.5	1.2	3.0	4.2	1.5	2.8
July	4.5	1.1	2.9	4.2	1.6	2.9
August	4.6	1.1	3.0	4.2	1.6	2.9
Sept. 2006	4.8	1.3	3.2	3.9	1.4	2.7

Source: ONS Labour Market Statistics

3.0 WEST COAST of HIGHLAND

3.1 The Highlands of Scotland includes the Highland Council area, also known as Highland or the Highlands, which is the largest local authority area in Scotland with around 26,500 sq kilometres or 33% of Scotland's total area, about 3,000 miles of coastline and 15% of its area in forestry. It comprises the mainland of north of Scotland and some islands, of which the best known are the Isle of Skye, adjacent to its west coast in the Minch, and the Small Isles of Eigg, Muck, Rum and Canna.

3.2 The Highland Council area is composed of eight former district council areas which are still largely recognised as distinct/administrative areas. North to south, these are Caithness, Sutherland, Ross and Cromarty, Skye and Lochalsh, Inverness, Nairn, Badenoch and Strathspey and Lochaber. The capital of the Highlands is the city of Inverness, located on the Moray Firth with a rapidly expanding population, presently of about 68,000 people.



3.3 Traditionally, Highland, including Inverness, was perceived to be a remote, rural area which was largely dependent on the primary industries of farming, fishing, crofting and on tourism. In some locations these industries remain very prevalent, although in recent years both improved communications and economic development have resulted in the reversal of an overall declining population, low economic performance and seasonally high unemployment.

Population and household projections

3.4 The population of Highland in 2001 was 208,914. The estimated population of Highland in 2005 was 213,590 and in the 10 years from 1995 to 2005, the population increased by +5,370 or by +2.6% because of net inmigration of over 6,900 of which 2,250 was in 2005, as shown in Table 3.1. A substantial proportion of that inmigration has been people from Poland and other Eastern European countries, who have moved to work in the area.

Table 3.1: Population Change, Highland and Scotland, 1995 -2005

	Estimated Population June 1995	Natural Change	Civilian Migration and Other Changes	Estimated Population June 2005	Population Change Number	Population Change %
Highland	208,220	-1,539	+6,909	213,590	+5,370	+2.6
Scotland	5,103,690	-34,975	+26,085	5,094,800	-8,890	-0.2

Source: General Registrar Office for Scotland

3.5 The population increase in Highland of +2.6% between 1995 and 2005 is significant, compared with a population decline of -0.2% for Scotland and it is a major reversal of the historical trend of a declining population. Almost 50% of the Highland population live in eight settlements, whilst the other 50% live in rural communities, for many of which the population is projected to decline to 2024, including Caithness by -5%, Sutherland by -4% and Lochaber by -2%.

3.6 The average population density of Highland is 8.0 people per square kilometre but the eight most populated settlements are the city of Inverness and the towns of Fort William, Nairn, Thurso, Wick, Alness, Dingwall and Invergordon, with the highest population densities of 26.0 and 22.5 people/sq kilometre in Nairn and Inverness respectively. Whilst increases in the population have occurred in Inverness, Nairn and Badenoch and Strathspey, decreases in population have also occurred in Caithness and Lochaber.

3.7 Between 2004 and 2024 the population of Highland is projected to increase by almost +7,600 or +3.5%, compared with +40,500 or +0.8% for Scotland, as shown in Table 3.2. Highland is ranked 11th of the 32 local authority areas by projected population increases, with 15 projected to increase and 17 projected to decrease. With more deaths than births in Highland, the projected increase is reliant on net inmigration continuing from other parts of the UK and abroad, particularly into Inverness. It has been assumed there will be around 700 inmigrants per year.

Table 3.2: Population Projections, Highland and Scotland, 2004-2024

	2004	2010	Change	2014	Change	2024	Change
Highland	211,340	216,575	+2.5	217,750	+0.5	218,894	+0.5
Scotland	5,078,400	5,118,250	+0.8	5,123,769	+1.0	5,118,926	-1.0

Source: General Registrar Office for Scotland

3.8 The pattern of an increasingly ageing population is expected to continue. Between 2004 and 2024 it is projected that 16-64 year olds will decrease by -7% compared with Scotland by -5%, whilst over 65 year olds will increase by +62% compared with Scotland by +40%. The age of the population of Highland will increase significantly over the next 20 years, with the 50-64 age group expected to be 23% of the population by 2024, along with 37% more retired people than in 2004, as shown in Table 3.3.

Table 3.3: Population Projections by Sex and Age, Scotland and Highland (000s)

Years ages	2004 persons	2004 males	2004 females	2014 persons	2014 males	2014 females	2024 persons	2024 males	2024 females
Scotland									
All ages	**5078.4**	**2446.2**	**2632.2**	**5123.8**	**2472.6**	**2651.2**	**5118.9**	**2463.8**	**2655.1**
0-15	**935.5**	478.7	456.8	**844.7**	430.2	414.5	**819.6**	417.1	402.6
16-29	**881.0**	444.0	437.0	**917.0**	466.1	450.8	**807.2**	409.1	398.2
30-49	**1502.1**	726.8	775.2	**1345.7**	648.3	697.3	**1262.6**	616.9	645.7
50-64	**933.3**	456.0	477.2	**1046.2**	502.9	543.4	**1074.9**	505.0	570.0
65-74	**455.1**	206.6	248.5	**528.8**	248.5	280.4	**585.2**	273.7	311.5
75+	**371.5**	134.1	237.4	**441.3**	176.6	264.8	**569.3**	242.1	327.3
Highland									
All ages	**211.3**	**103.3**	**108.0**	**217.8**	**104.8**	**112.9**	**218.9**	**103.1**	**115.8**
0-15	**39.7**	20.4	19.3	**35.6**	18.0	17.7	**34.2**	17.1	17.1
16-29	**29.3**	15.5	13.8	**31.1**	16.2	14.9	**26.7**	13.5	13.3
30-49	**61.1**	29.6	31.5	**53.1**	24.9	28.2	**47.7**	22.1	25.6
50-64	**44.6**	22.2	22.4	**50.6**	24.6	26.0	**50.9**	23.7	27.2
65-74	**20.3**	9.5	10.8	**26.3**	12.7	13.7	**30.0**	14.2	15.9
75+	**16.3**	6.1	10.2	**21.1**	8.6	12.5	**29.3**	12.6	16.8

Source: General Registrar Office for Scotland

3.9 The number of households in Highland is estimated to have increased from 93,210 in 2004 to 96,110 in 2006 and it is projected to increase to 108,230 by 2024 or by +16% compared with 2004, as shown in Table 3.4. This increase of 15,000 households over 20 years is an average increase of 751 per year and is higher than the average increase of +13% for Scotland. It will mostly, although not wholly, be concentrated in the Inverness area and other nearby settlements.

Table 3.4: Households Projections, Highland, 2004-2024

	2004	2010	2014	2024	change 2004-24	% change 2004-24	average annual change
Highland	93,210	99,310	102,440	108,230	15,020	+16	+751
Scotland	2,245,710	2,350,460	2,415,920	2,540,850	+295,140	+13	+14,757

Source: General Registrar for Scotland

3.10 Much of the population changes are occurring in Inverness but it is only the west coast and the islands of Highland (and the west coast of Argyll and Islands) which are considered to be of relevance to the SEA 7 area, from Cape Wrath in the north to Fort William in the south. These areas of Highland which are of relevance and which will be described in more detail later are the west of: Sutherland; Ross and Cromarty; Skye and Lochalsh; and Lochaber.

3.11 The populations of these four districts in 2004 were estimated at 13,706, 49,967, 12,374 and 18,789 respectively or 6%, 24%, 6% and 9% of Highland respectively, although the population of Wester Ross is much less than Easter Ross and at a similar level to the other three districts. Between 1984 and 2004 the populations of Sutherland, Ross and Cromarty and Skye and Lochalsh increased by +4%, +5% and +12% respectively but the population of Lochaber decreased by -3%.

Economic output

3.12 The latest official estimates of Gross Domestic Product (GDP), sometimes referred to as Gross Value Added (GVA), for 2002 for Highland and Argyll and Islands were £3,677 million. Within Highland and Argyll and Islands the components of GDP/GVA are difficult to isolate but it is estimated that it was £2,596 million for Highland, including £795 million for Caithness, Sutherland and Ross and Cromarty, £1,320 million for Inverness, Nairn, Moray and Badenoch and Strathspey and £1,002 million for Lochaber, Skye and Lochalsh and (part of) Argyll and Islands. These estimates are set out in Table 3.5.

3.13 The per capita Gross Value Added (GVA) for 2002 for the Highlands and Islands was estimated by the Scottish Annual Business Statistics at £10,524, compared with the 2002 and 2003 per capita GVA for Scotland of £14,651 and £15,409 respectively, as shown in Table 3.5. Within the Highlands and Islands, the per capita GVA for Caithness, Sutherland and Ross and Cromarty was estimated at £9,004, for Inverness, Nairn, Moray and Badenoch and Strathspey at £11,819 and for Skye and Lochalsh, Lochaber and Argyll and Islands at £9,948.

Table 3.5: Highland, Estimated Per Capita Gross Value Added (GVA), 2002

	per capita GVA	GVA as % Scotland
Scotland	£14,651	100%
Highlands & Islands	£10,524	72%
Inverness, Nairn, Moray, Badenoch & Strathspey	£11,819	81%
Caithness, Sutherland, Ross & Cromarty	£9,004	61%
Skye & Lochalsh, Lochaber, Argyll & Islands	£9,948	68%

Source: Scottish Annual Business Statistics

3.14 These statistics should be treated cautiously but they indicate that per capita GVA for the Highlands and Islands was only 72% of the Scottish average. The region has important industries which generate relatively little value added, such as tourism and agriculture.

3.15 Although the per capita GVA for Inverness, Nairn and Badenoch and Strathspey is 12% higher than the Highlands and Islands average, the per capita GVAs for the more rural areas of Caithness, Sutherland, Ross and Cromarty, Skye and Lochalsh and Lochaber are all lower than the Highlands and Islands average.

Employment

3.16 In Highland in 2005 there were an estimated 130,000 people of working age or 61% of the total population, and there were an estimated 108,000 people or 84% economically active, of whom there were 104,000 people in employment, 75,000 full-time and 29,000 part-time and of which 14,000 people or 14% were self-employed.

3.17 Of the estimated 94,500 employee jobs in Highland in 2004, the largest sector was the pubic sector with almost 30,000 people or 32% of jobs, followed by distribution, hotels and catering, with 25,700 people or 27% of jobs. The breakdown is given in Table 3.6.

Table 3.6: Sectoral Employment, Highland, 2004

Sector	Number	%
Agriculture, Forestry & Fishing	3,871	4.1
Energy & Water	1,000	1.1
Manufacturing	9,230	9.8
Construction	5,274	5.6
Distribution, Hotels & Catering	25,672	27.2
Transport & Communications	4,217	4.5
Banking, Finance & Insurance	10,203	10.8
Public Administration, Education, Health	29,787	31.5
Other Services	5,221	5.5
Total	**94,474**	**100**

Source: Scottish Executive, Analytical Services Division

3.18 From 1999 to 2004 the number of jobs in the Highlands expanded by around +12%. Most of that growth was also in the public sector.

3.19 Manufacturing jobs increased by +32%, in contrast with Scotland where they decreased by -26%, and was a trend reversal following the decline of the offshore fabrication industry. Self-employment was estimated at around 14% of the total employment of 104,000 people, compared with 10% for Scotland, and about 50% of all jobs in enterprises are in small and medium-sized enterprises (SMEs).

Earnings

3.20 Table 3.7 shows that gross weekly earnings in 2006 in Highland by place of residence and by place of work were £365 and £370 respectively, which were -11.5% and -10.2% lower than the Scottish averages of £412 and £412 respectively. If Highland is compared with all 32 Scottish local authorities, the area ranked 23rd by place of work and 28th by place of residence, as shown in Tables 3.8 and 3.9. Low earnings are undoubtedly one of the negative features of the local economy.

Table 3.7: Gross Weekly Earnings, 2006

	by place of residence (£)	difference (%)	by place of work (£)	difference (%)
Scotland	412.1		411.9	
Highland	364.8	-11.5	369.7	-10.2

Source: Annual Survey of Hours and Earnings (ASHE)

Table 3.8: Gross Weekly Earnings in some Scottish Local Authority Areas
by place of residence, 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and LA Area	Ranking
Edinburgh City	483.5	+17.3	1
Western Isles	400.2	-2.9	16
Glasgow City	388.0	-5.8	21
Argyll & Bute	372.7	-9.6	27
Highland	364.8	-11.5	28
Shetland Islands	354.6	-14.0	29
Orkney Islands	347.4	-15.7	31
Scotland	**412.1**		

Source: Annual Survey of Hours and Earnings (ASHE)

Table 3.9 Gross Weekly Earnings in some Scottish Local Authority Areas
by place of work, 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and LA Area	Ranking
Edinburgh City	485.4	+17.8	1
Glasgow City	419.2	+1.8	6
Western Isles	415.7	+0.9	7
Argyll & Bute	382.4	-7.2	18
Highland	369.7	-10.2	23
Shetland Islands	355.5	-13.7	26
Orkney Islands	336.2	-18.4	31
Scotland	**411.9**		

Source: Annual Survey of Hours and Earnings (ASHE)

Unemployment

3.21 Unemployment in Highland in September 2006 was 2,631 people, 1,899 males and 732 females, totalling 2.1% compared with the Scottish average of 2.7%. In recent years the Highland unemployment level and trend have been better than the Scottish average. The level of Highland unemployment was traditionally always worse than the Scottish average and, although now better than the Scottish average, seasonal unemployment still persists to some extent with greater fluctuations than the Scottish average because of the tourism sector.

3.22 Tables 3.10 and 3.11 give the unemployment numbers and percentages for the last twelve months, illustrating the seasonal fluctuations.

Table 3.10: Unemployment: Highland, 2005-2006
(claimant count)

	Highland			Scotland		
	Male	Female	Total	Male	Female	Total
Sept 2005	1,940	662	2,602	62,630	21,152	83,782
October	2,000	645	2,645	61,733	20,316	82,049
November	2,082	763	2,845	62,694	20,133	82,827
December	2,168	870	3,038	63,754	19,874	83,628
January	2,358	952	3,310	70,373	22,218	92,591
February	2,402	991	3,393	71,969	23,221	95,190
March	2,351	908	3,259	72,029	23,332	95,361
April	2,174	768	2,942	70,022	22,639	92,661
May	2,046	729	2,775	68,486	22,346	90,832
June	2,006	711	2,717	67,597	22,494	90,091
July	1,962	715	2,677	67,931	24,274	92,105
August	1,893	734	2,627	67,652	24,544	92,196
Sept 2006	1,899	732	2,631	63,768	22,093	85,861

Source: ONS Labour Market Statistics

Table 3.11: Unemployment: Highland, 2005-2006
(claimant count: % of resident working age population)

	Highland			Scotland		
	Male	Female	Total	Male	Female	Total
Sept 2005	2.9	1.1	2.0	3.8	1.4	2.6
October	3.0	1.1	2.1	3.8	1.3	2.6
November	3.1	1.3	2.2	3.9	1.3	2.6
December	3.2	1.4	2.4	3.9	1.3	2.6
January	3.5	1.6	2.6	4.3	1.4	2.9
February	3.6	1.6	2.6	4.4	1.5	3.0
March	3.5	1.5	2.5	4.4	1.5	3.0
April	3.2	1.3	2.3	4.3	1.5	2.9
May	3.0	1.2	2.2	4.2	1.4	2.9
June	3.0	1.2	2.1	4.2	1.5	2.8
July	2.9	1.2	2.1	4.2	1.6	2.9
August	2.8	1.2	2.0	4.2	1.6	2.9
Sept 2006	2.8	1.2	2.1	3.9	1.4	2.7

Source: ONS Labour Market Statistics

3.23 As stated earlier, it is only the west coast and the islands of Highland which are considered to be of relevance to the SEA 7 area, from Cape Wrath in the north to Fort William in the south. The parts of Highland which are of particular interest are the west coast of: Sutherland; Ross and Cromarty; Skye and Lochalsh; and Lochaber. These will now be described in more detail.

Sutherland

3.24 The population of Sutherland increased from 13,184 in 1984 to 13,706 in 2004 but it is projected to decrease to 13,141 by 2024, by when the 16-64 year olds are projected to have decreased by -17.4%. Sutherland is the most extreme example of Highland demographic imbalance and, unless circumstances change dramatically, Sutherland will have the highest proportion of old people, the lowest proportion of children and the oldest working age population in Highland.

3.25 Sutherland is a very beautiful but particularly wild area which straddles both east and west coasts, with a very mountainous hinterland between coasts featuring many Munros of over 3,000 ft and where very few people live. It has the lowest population density in the UK of 2.2 people/sq kilometre and pre-accession of Eastern Europe it also had the lowest population density in Western Europe. Most of the population live on the east coast, north of the Dornoch Bridge, in the towns of Bonar Bridge, Dornoch, Golspie, Brora and Helmsdale.

3.26 The main settlements on the Pentland Firth coast are Bettyhill and Durness and on the west coast, in the north, are Kinlochbervie with a population of 480 in 2001 and, further south, Lochinver with a population of 650 in 2001. The harbours of both these villages are owned and operated by Highland Council, which has invested substantially in developing them into major fishing ports mainly serving the international demersal fishing fleet of the north Atlantic. In 2005 the two ports had landings of almost 8,000 tonnes, valued at over £15 million.

3.27 There is a large farmed salmon industry with many smolt and production sites on the west coast. Together with sites further south comprising the “north west” they produced an estimated 31,600 tonnes of salmon in 2005 or 23% of the total Scottish farmed production, which at £2,000 per tonne would be valued at £63 million.

3.28 Overall, about 10% of employment in Sutherland is in fishing and aquaculture, which is very high, with about 29% in the tourist sectors and 24% in the local public sector. In addition there is related employment in processing (manufacturing) and in transport and storage in Lochinver, with the fishing, aquaculture and support industries along with the tourism sectors being the key drivers of this fragile economy, although employment in these sectors is seasonally dependent.

Ross and Cromarty

3.29 The population of Ross and Cromarty increased from 47,478 in 1984 to 49,967 in 2004 and it is projected to increase to 51,924 by 2024, of which the proportion of over 65s will increase from 2004 by +84%, which is well above the average of +62% for Highland and +40% for Scotland. Most of the population live in the semi-industrialised east coast towns of Muir of Ord, Conon Bridge, Dingwall, Alness, Invergordon and Tain, which have a combined population of almost 22,000 people, whilst others live in nearby semi-rural communities including on the Black Isle.

3.30 Similar with Sutherland, Ross and Cromarty has both a west coast and an east coast and a mountainous hinterland in which the production of hydro-electricity from man made dams was pioneered and still produces about 750 megawatts of electricity.

3.31 There was a large aluminium smelter at Invergordon and an offshore oil fabrication yard at Nigg, both on the Cromarty Firth which is one of the best natural anchorages in Scotland. Nigg, which along with the offshore construction yards at Ardersier on the Moray Firth and the west coast at Loch Kishorn, employed thousands of people in the 1970s - 1990s. All of these industrialised facilities have since closed, although there is now a dry dock and other facilities at Invergordon which the Cromarty Firth Port Authority manages along with other nearby facilities. The firth remains very active in servicing the offshore oil industry and more recently the cruise liner business.

3.32 The west coast is more sparsely populated with most people living in or around the towns of Ullapool and Gairloch, each with a population of 2,300 in 2001. Both Ullapool and Gairloch have important harbours and there is a NATO fuel depot at Aultbea. Ullapool is traditionally a fishing harbour founded 200 years ago by the British Fisheries Society.

3.33 It is now owned and operated by a harbour trust, whilst Gairloch is a fishing and leisure harbour owned and operated by Highland Council. Ullapool is the ferry terminal for the Stornoway ferry which is the main link from the mainland to the Western Isles. If a landfall is required for oil and/or gas from the SEA 7 area, the west coast near Ullapool seems the most obvious location.

3.34 Prior to the break-up of Eastern Europe, Ullapool was the main UK pelagic fishing port, particularly servicing Eastern European “klondykers”. Landings at Wester Ross harbours, including Ullapool, are now mainly demersal and shellfish, totalling over 5,200 tonnes in 2005 valued at just over £9.6 million.

3.35 There is also a large farmed salmon industry contributing to the estimated 31,600 tonnes production of the “north west” in 2005, valued at an estimated £63 million. There is also a very active tourism industry centred on Ullapool and Gairloch and also involving all the communities of Wester Ross, with the largest attraction being Inverewe Gardens.

3.36 In Ullapool and Lochbroom the largest employment is in the tourist sectors at about 33% and in the local public sector at about 20%. Employment in fishing and aquaculture is about 6% but salmon processing is located mainly in Easter Ross rather than in Wester Ross. This employment structure again highlights the importance of, indeed the reliance on, these main sectors, particularly the tourism industry to the west coast of Highland, and the susceptibility of these sectors and their employees to seasonal unemployment.

Skye and Lochalsh

3.37 The population of Skye and Lochalsh increased from 11,077 in 1984 to 12,374 in 2004 and is projected to increase to 13,413 by 2024 because of continuing inmigration into the area since the 1970s. An already older population in 1984 has been compensated by this fairly high inmigration and the proportion of 0-15 year olds by 2024 will be around the Highland average, whilst the present high proportion of 45-65 year olds will result in a large increase in the over 65s by 2024 to about the Highland average.

3.38 Skye and Lochalsh is a renowned area of natural beauty and cultural heritage, comprising an area on the mainland known as Lochalsh and more famously the large, mountainous Isle of Skye, which is the clan seat of the MacDonalds, and the adjacent islands of Raasay and Scalpay.

3.39 Skye is separated from Lochalsh at Kyleakin by only a few hundred metres which is now bridged but was previously serviced by a ferry. There are still ferry crossings to Skye from Mallaig to Armadale all year and from Glenelg to Kylerhea in summer, whilst located in the north of Skye at Uig is the main ferry terminal for Tarbert, Harris and Lochmaddy, Uist.

3.40 The main settlements are Kyle of Lochalsh or Kyle, with a population of under 1,000 and which is connected to Inverness by rail, and Portree on Skye with a population of over 2,100. The other main villages of Lochalsh are Dornie, Balmacara and Plockton and of Skye are Broadford, Dunvegan and Uig.

3.41 Skye and Lochalsh is traditionally a Gaelic crofting community, famous for its history and culture and for the dramatic Cuillin Mountains. Its main industry is tourism with many tourist attractions, including Eilean Donan Castle, Dunvegan Castle, Clan Donald Centre, Aros Experience, Talisker Distillery and the Cuillin Mountains.

3.42 In addition to tourism, fishing and aquaculture are also important, the fishing industry being mainly shellfish landed at Kyle and Portree. In 2005 there were about 2,100 tonnes of shellfish landed, valued at over £6 million.

3.43 There are various salmon production sites on the east coast of Skye and on the west coast of Lochalsh contributing to the “north west” production of 31,600 tonnes, valued at an estimated £63 million in 2005. Other activities are the Qinetiq torpedo testing facility based at Kyle and the Gaelic College Sabhal Mor Ostaig in Sleat, part of the proposed University of the Highlands and Islands (UHI).

3.44 It is believed that throughout the area the largest share of employment is in the tourism sectors at about 27%, with the public sector at about 25%, whilst employment in fishing and aquaculture is relatively high at 5%.

3.45 There are a number of fish processing and service businesses also dependent on the primary production for providing employment. The predominance of and dependence on the tourism industry and the primary sector has traditionally resulted in higher than average seasonal unemployment.

Lochaber

3.46 The population of Lochaber decreased from 19,395 in 1984 to 18,789 in 2004 and it is projected to decrease to 18,473 by 2024 because of a large projected decrease of -15.8% in the number of childbearing age females. Second only to Sutherland, by 2024 the 16-64 year olds are projected to decrease by -13.5% and the present high proportion of 45-65 year olds will also result in fairly high increases of over 65 year olds.

3.47 Lochaber is the most southerly area of Highland on the west coast and is located at the southern end of the Great Glen and the Caledonian Canal which connects through Loch Ness at its northern end with Inverness. The two main towns are Fort William and Mallaig, which are connected together and to Glasgow by rail.

3.48 There are also some very remote, mountainous and peninsular areas which along with the Small Isles contribute to a population density of only 4.0 people/sq kilometre. The main settlements are Fort William, where the population of 9,560 or 50% of the area's population is concentrated and which doubles during the summer, and Mallaig which is a fishing harbour and ferry terminal with a population of 850 in 2001.

3.49 About 8,500 people live in the other communities throughout its largely mountainous and coastal terrain, these settlements including Kinlochleven, Ballachulish, Strontian and Arisaig, with the Knoydart peninsula only being accessible by boat from Mallaig or by foot from Kinloch Hourn.

3.50 Similar with Skye and Lochalsh, Lochaber's main industry now is tourism, with Fort William sometimes described as the "Outdoor Capital of Europe". Overlooking Fort William are Ben Nevis, the highest mountain in Britain, and Aonach Mhor with a gondola system for skiing and walking.

3.51 Fort William is not only the southern gateway to the west Highlands for tourism but it is semi-industrialised with major businesses in aluminium smelting, sawmilling, fish processing and underwater diver training.

3.52 Mallaig is a fishing harbour, fish processing centre, ferry terminal and tourist base on the west coast of Lochaber linked to Fort William both by rail and a narrow road. It is the ferry terminal for Armadale on Skye and for the Small Isles of Eigg, Muck, Rum and Canna. Mallaig harbour is operated by a harbour trust and was traditionally a pelagic port but it is now mainly a shellfish port, with landings in 2005 of over 4,600 tonnes valued at almost £7 million.

3.53 Eigg is owned by the island's community, Muck is owned by one landowner, Rum is owned by Scottish Natural Heritage and Canna owned by The National Trust Scotland, with each of these islands having a distinctive character.

3.54 There is an important aquaculture industry in Lochaber and support businesses in Fort William, with smolt sites near Loch Moidart and Loch Aline, and production sites in Loch Sunart and Loch Linnhe contributing to the "north west" production of 31,600 tonnes in 2005, valued at an estimated £63 million.

3.55 Other important industries are commercial forestry, with an integrated pulp and paper mill near Fort William now closed, and large scale quarrying with a "super" coastal quarry located at Glensanda on Loch Linnhe, serviced by sea with annually over 5 million tonnes of rock being shipped directly from Glensanda .

3.56 Similar with other west coast areas, the largest share of employment in Lochaber is in the tourism sector at about 29%, with the local public sector at about 22%, and employment in fishing and aquaculture in Mallaig is very important at 15%, with a number of processing businesses in Mallaig being dependent on the primary industries.

3.57 Manufacturing is also important overall at 11%, centred in the semi-industrialised Fort William. Unemployment has decreased dramatically since the pulp mill closure, effectively to zero, to the extent that staff are required to be hired from elsewhere, particularly in the summer tourist season.

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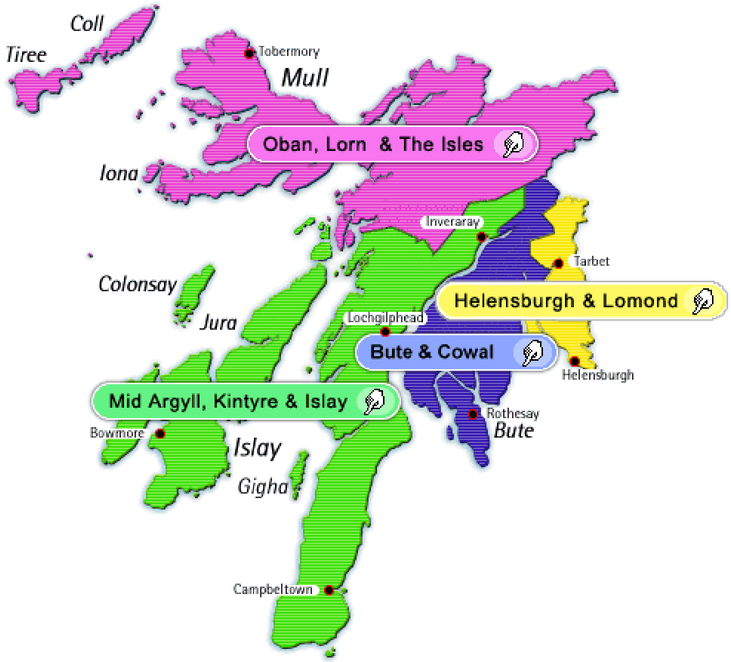
4.0 PART OF ARGYLL AND BUTE

4.1 Argyll and Bute, sometimes known as Argyll and the Islands, is the area of the west of Scotland, south of Highland. It is the second largest local authority area of Scotland, with around 6,900 sq kilometres or 10% of Scotland's area, stretching over 100 miles from Appin south of Lochaber to Campbeltown on the Mull of Kintyre.

4.2 It has five main towns, 26 inhabited islands, of which Islay is of most relevance to the SEA 7 area. The administrative centre is Lochgilphead, although the largest town is Helensburgh.



4.3 The Argyll and Bute Council area, also known as Argyll and the Islands, is a unique and diverse area with contrasting environments which cannot be described adequately by statistics.

4.4 There are three fairly distinct areas: the "Atlantic Islands" of Mull, Iona, Gigha, Islay, Jura, Coll, Tiree, Colonsay, Lismore, Erriad, Gometra, Ulva and Lunga; the "Rural Mainland" from Appin through Mid Argyll to Campbeltown; and the "Commuter Belt" including Helensburgh, Dunoon, Lomond and Bute and Cowal, close to the city of Glasgow.

4.5 Ferries play a significant role in providing travel for the people and tourists of Argyll and Bute, with around 16% of the population living on islands whose access to the mainland is dependent on ferry services. In addition, ferries also provide commuter links to Glasgow from Bute and Dunoon, whilst Oban and Helensburgh are linked by rail to Glasgow.

4.6 The islands of Islay, Coll, Tiree and the town of Campbeltown also have air services to Glasgow but many roads in Argyll and Bute are considered as being unsafe and dangerous, with more serious accidents and fatalities in Argyll and Bute on average than in the rest of Scotland.

4.7 Argyll and Bute has a rich history of significant importance, being the birthplace of the Scotttish nation, first established as the Kingdom of Dalriada in 500 AD and the subsequent crowning of Kenneth MacAlpine in 843 AD at Dunadd Fort.

4.8 Argyll is also claimed to be the birthplace of the Gaelic language and Celtic Christianity was brought to Scotland from Ireland by Saint Columba through his establishment of a monastery in 563 AD on the island of Iona adjacent to Mull.

Population and household projections

4.9 The population of Argyll and Bute in 2001 was 91,306 and in 2004 it was 91,190, or a decrease of -170 or -0.02%, which was a relatively static overall situation. In 2001 the population of the Atlantic Islands was 7,771, the Rural Mainland 33,136 and the Commuter Belt 50,399.

4.10 The population densities were 4, 10 and 35 people/sq kilometre respectively, with some of the islands like Islay and Mull having populations of 3,457 and 2,667 respectively whilst other islands such as Shuna and Sanda have a population of just one person each.

4.11 The estimated population of Argyll and Bute in 2005 was 90,870 and in the 10 years from 1995 to 2005 the population decreased by -1,080 or -1.2%, as shown in Table 4.1. This decreasing trend is of concern for the rural and island communities, with more deaths than births plus a decrease in armed services personnel.

4.12 During this period there was inmigration of 260 people per year but that was insufficient to reverse the decline. The decrease in 16-24 year olds was proportionately more in Argyll and Bute than in the rest of Scotland, particularly the Atlantic Islands, because young people leave for education and/or employment.

Table 4.1: Population Change, Argyll and Bute and Scotland, 1995-2005

	Estimated Population June 1995	Natural Change	Civilian Migration and Other Changes	Estimated Population June 2005	Population Change Number	Population Change %
Argyll & Bute	91,950	-3,688	2,608	90,870	-1,080	-1.2
Scotland	5,103,690	-34,975	26,085	5,094,800	-8,890	-0.2

Source: General Registrar Office for Scotland

4.13 In 2001 over 45% of the population or 41,158 lived in one of the five largest towns, these being Helensburgh with a population of 14,626, Dunoon 8,251, Oban 8,120, Campbeltown 5,144 and Rothesay 5,017. Another 36% of the population or 32,398 lived in settlements of up to 5,000 people, although 70% of all settlements are of less than 100 people, whilst 19% of the population or 17,750 people did not live in a settlement.

4.14 Between 2004 and 2024 the population of Argyll and Bute is projected to increase by the General Registrar Office for Scotland by almost 3,486 or +3.8%, compared with 40,500 or +0.8% for Scotland, as shown in Table 4.2. Argyll and Bute is ranked 10th of 32 local authorities areas for projected population increases, with 15 projected to increase and 17 projected to decrease. However, it should be noted that Argyll and Bute Council is projecting a continuing decrease in the population between 2001 and 2016, with the trend of more deaths than births being less than the net inmigration.

Table 4.2: Population Projections (2004 based), Argyll and Bute and Scotland, 2004-2024

	2004	2010	%change	2014	%change	2024	%change
Argyll & Bute	91,190	92,531	+1.5	93,034	+0.5	94,676	+1.8
Scotland	5,078,400	5,118250	+0.8	5,123,769	+1.0	5,118,926	-1.0

Source: General Registrar Office for Scotland

4.15 Between 2004 and 2024 there is a projected decrease in Argyll and Bute of 16-64 year olds by -3%, compared with Scotland by -5%, Highland by -7% and the Western Isles by -25%. There is a projected increase of over 65 year olds by +40%, which is more than the Western Isles increase, the same as the Scottish increase but less than the Highland increase, as shown in Table 4.3. This increase in the older age groups is the reason for the overall projected increase, mainly in the Commuter Belt, whilst the decrease in the number of young people will be greatest in the Atlantic Islands because they leave for education and/or employment.

Table 4.3: Population Projections by Sex and Age, Scotland and Argyll and Bute

Years	2004	2004	2004	2014	2014	2014	2024	2024	2024
Ages	persons	males	females	persons	males	females	persons	males	females
Scotland									
All ages	**5078.4**	**2446.2**	**2632.2**	**5123.8**	**2472.6**	**2651.2**	**5118.9**	**2463.8**	**2655.1**
0-15	**935.5**	478.7	456.8	**844.7**	430.2	414.5	**819.6**	417.1	402.6
16-29	**881.0**	444.0	437.0	**917.0**	466.1	450.8	**807.2**	409.1	398.2
30-49	**1502.1**	726.8	775.2	**1345.7**	648.3	697.3	**1262.6**	616.9	645.7
50-64	**933.3**	456.0	477.2	**1046.2**	502.9	543.4	**1074.9**	505.0	570.0
65-74	**455.1**	206.6	248.5	**528.8**	248.5	280.4	**585.2**	273.7	311.5
75+	**371.5**	134.1	237.4	**441.3**	176.6	264.8	**569.3**	242.1	327.3
Argyll									
All ages	**91.2**	**45.0**	**46.2**	**93.0**	**46.4**	**46.6**	**94.7**	**47.7**	**47.0**
0-15	**16.4**	8.3	8.1	**13.4**	6.6	6.7	**14.1**	7.0	7.1
16-29	**12.2**	6.9	5.3	**15.9**	8.9	7.0	**12.7**	7.2	5.5
30-49	**25.3**	12.7	12.6	**22.1**	11.3	10.8	**23.8**	12.7	11.0
50-64	**19.6**	9.6	10.0	**20.0**	9.8	10.2	**19.1**	9.2	10.0
65-74	**9.7**	4.5	5.2	**11.9**	5.7	6.1	**11.9**	5.8	6.1
75+	**8.0**	3.0	5.0	**9.8**	4.1	5.7	**13.0**	5.7	7.3

Source: General Register Office for Scotland

4.16 The number of households in Argyll and Bute is estimated to have increased from 40,220 in 2004 to 41,040 in 2006 and it is projected to increase to 45,540 by 2024 or by +13% compared with 2004, as set out in Table 4.4. This increase of over 5,300 households over 20 years is an average of 266 per year and is the same as the percentage increase for Scotland. It will mostly be concentrated in the larger towns and the larger islands.

Table 4.4: Household Projections, Argyll and Bute, 2004-2024

	2004	2010	2014	2024	change 2004-24	% change 2004-24	average annual change
Argyll & Bute	40,220	41,850	42,930	45,540	5,320	+13	266
Scotland	2,245,710	2,350,460	2,415,920	2,540,850	+295,140	+13	+14,757

Source: General Registrar Office for Scotland

4.17 Housing is a very sensitive issue in Argyll and Bute with it being estimated that 10% of all sub-standard Scottish housing is in Argyll and Bute, particularly in the rural areas, whilst second home ownership is 10 times the Scottish rate, with 20% of houses in the islands being second homes. Both mean that it is difficult for local people, particularly the young, to afford houses.

Economic output

4.18 The latest official estimate of Gross Domestic Product (GDP), sometimes stated as Gross Value Added (GVA), for 2002 for Highland and Argyll and Islands was £3,677 million and for Scotland was £74,058 million.

4.19 Within the Highland and Argyll and Islands GDP/GVA it is difficult to isolate component GDP/GVA but it is estimated that it was £1,002 million for Argyll and Islands, Lochaber and Skye and Lochalsh excluding Helensburgh or £851 million for Argyll and Bute including Helensburgh.

4.20 The per capita Gross Value Added (GVA) for 2002 for the Highlands and Islands was estimated by the Scottish Annual Business Statistics at £10,524 compared with the 2002 and 2003 per capita GVA for Scotland of £14,651 and £15,409 respectively. Table 4.5 shows the per capita GVA for Argyll and the Islands, Lochaber and Skye and Lochalsh was £9,948 compared with £14,561 for Scotland, £10,524 for the Highlands and Islands, £11,819 for Inverness, Moray, Badenoch and Strathspey and £9,004 for Caithness, Sutherland and Ross and Cromarty.

Table 4.5: Argyll and the Islands, Estimated Per Capita Gross Value Added (GVA), 2002

	Per capita GVA	GVA as % Scotland
Scotland	£14,651	100%
Highlands & Islands	£10,524	72%
Inverness, Nairn, Moray, Badenoch & Strathspey	£11,819	81%
Caithness, Sutherland, Ross & Cromarty	£9,004	61%
Lochaber, Skye & Lochalsh, Argyll & Islands	£9,948	68%

Source: Scottish Annual Business Statistics

Employment

4.21 In Argyll and Bute in 2005 there were an estimated 54,000 people of working age or 59% of the total population, and there were an estimated 44,000 people or 81% economically active, of whom there were about 42,000 in employment, 31,000+ full time and 10,000+ part-time, and of whom about 7,000 people or 17% were self-employed.

4.22 Of the estimated 34,600 employee jobs in Argyll and Bute in 2004, the largest sector was the public sector including defence jobs estimated at about 12,000 people or 35% of jobs, followed by distribution, hotels and catering - the tourism associated sectors - with 9,300 people or 27% of jobs. A breakdown is given in Table 4.6.

Table 4.6: Sectoral Employment, Argyll and Bute, 2004

Sector	number	%
Agriculture, Forestry & Fishing	1,400	4
Energy & Water	500	1
Manufacturing	1,700	5
Construction	1,600	5
Distribution, Hotels & Catering	9,300	27
Transport & Communications	1,600	5
Banking, Finance & Insurance	4,700	14
Public Administration, Education , Health}	13,900	40
Other Services}	-	-
Total	**34,600**	**100**

Source: Scottish Executive, Analytical Services Division.

4.23 From 1999 to 2004 the number of jobs in Argyll and Bute expanded by +8%.

4.24 There is a high proportion of employment in agriculture, forestry, fishing and tourism on the Atlantic Islands which is clearly much more seasonal than employment in the public sector, the naval base and the financial sector in the Commuter Belt.

4.25 There is also a high proportion of self-employment in the primary and tourism sectors, estimated at around 17% of the total employment of 42,000 people, compared with 10% for Scotland. About 61% of all jobs in enterprises are in SMEs.

Earnings

4.26 Gross weekly earnings in 2006 in Argyll and Bute by place of residence and by place of work were £373 and £382 respectively, which were -9.6% and -7.2% less than the Scottish averages, as shown in Table 4.7.

4.27 If Argyll and Bute is compared with all 32 Scottish local authorities, Argyll and Bute would be ranked 18th by place of work and 27th by place of residence, as shown in Tables 4.8 and 4.9.

Table 4.7: Gross Weekly Earnings in Scotland, 2006

	by place of residence (£)	difference (%)	by place of work (£)	difference (%)
Scotland	412.1		411.9	
Argyll & Bute	372.7	-9.6	382.4	-7.2

Source: Annual Survey of Hours and Earnings (ASHE)

Table 4.8: Gross Weekly Earnings in some Scottish Local Authority Areas
by place of residence, 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and LA Area	Ranking
Edinburgh City	483.5	+17.3	1
Western Isles	400.2	-2.9	16
Glasgow City	388.0	-5.8	21
Argyll & Bute	372.7	-9.6	27
Highland	364.8	-11.5	28
Shetland Islands	354.6	-14.0	29
Orkney Islands	347.4	-15.7	31
Scotland	**412.1**		

Source: Annual Survey of Hours and Earnings (ASHE)

Table 4.9 Gross Weekly Earnings in some Scottish Local Authority Areas
by place of work, 2006

Local Authority Area	Gross Weekly Earnings £	% Difference between Scotland and LA Area	Ranking
Edinburgh City	485.4	+17.8	1
Glasgow City	419.2	+1.8	6
Western Isles	415.7	+0.9	7
Argyll & Bute	382.4	-7.2	18
Highland	369.7	-10.2	23
Shetland Islands	355.5	-13.7	26
Orkney Islands	336.2	-18.4	31
Scotland	**411.9**		

Source: Annual Survey of Hours and Earnings (ASHE)

Unemployment

4.28 Unemployment in Argyll and Bute in September 2006 was 1,247 people, 887 males and 360 females, totalling 2.3%, which was below the Scottish average of 2.7%. As with the rest of the Highlands and Islands, unemployment has decreased greatly in recent years to under the Scottish average.

4.29 Despite Argyll and Bute being an area of contrasting economies, unemployment is spread fairly evenly across all areas, whilst seasonal unemployment is believed to be offset because some unemployed people leave the area seasonally in search of employment elsewhere. The statistics for the last twelve months are set out in Tables 4.10 and 4.11.

Table 4.10: Unemployment: Argyll and Bute, 2005-2006
(claimant count)

	Argyll and Bute			Scotland		
	Male	Female	Total	Male	Female	Total
Sept 2005	893	292	1,185	62,630	21,152	83,782
October	910	299	1,209	61,733	20,316	82,049
November	943	322	1,265	62,694	20,133	82,827
December	982	346	1,328	63,754	19,874	83,628
January	1,105	423	1,528	70,373	22,218	92,591
February	1,118	429	1,547	71,969	23,221	95,190
March	1,098	422	1,520	72,029	23,332	95,361
April	1,073	391	1,464	70,022	22,639	92,661
May	1,018	348	1,366	68,486	22,346	90,832
June	996	324	1,320	67,597	22,494	90,091
July	977	354	1,331	67,931	24,274	92,105
August	953	376	1,329	67,652	24,544	92,196
Sept 2006	887	360	1,247	63,768	22,093	85,861

Source: ONS Labour Market Statistics

Table 4.11: Unemployment: Argyll and Bute, 2005-2006
(claimant count: % of resident working age population)

	Argyll and Bute			Scotland		
	Male	Female	Total	Male	Female	Total
Sept 2005	3.1	1.2	2.2	3.8	1.4	2.6
October	3.1	1.2	2.2	3.8	1.3	2.6
November	3.2	1.3	2.3	3.9	1.3	2.6
December	3.4	1.4	2.5	3.9	1.3	2.6
January	3.8	1.7	2.8	4.3	1.4	2.9
February	3.8	1.7	2.9	4.4	1.5	3.0
March	3.8	1.7	2.8	4.4	1.5	3.0
April	3.7	1.6	2.7	4.3	1.5	2.9
May	3.5	1.4	2.5	4.2	1.4	2.9
June	3.4	1.3	2.4	4.2	1.5	2.8
July	3.3	1.4	2.5	4.2	1.6	2.9
August	3.3	1.5	2.5	4.2	1.6	2.9
Sept 2006	3.0	1.4	2.3	3.9	1.4	2.7

Source: ONS Labour Market Statistics

4.30 As stated earlier, the parts of Argyll and Bute of most relevance to the SEA 7 area are the Atlantic Islands, particularly Islay, and the Rural Mainland to Campbeltown. These parts of Argyll and Bute will now be described in more detail, along with a summary of the Commuter Belt comprising the Helensburgh/Lomond area and Bute and Cowal.

Atlantic Islands

4.31 There are 26 inhabited islands off the coast of Argyll, 25 classed as the Atlantic Islands and the other island is Bute which is the most populous. The 25 Atlantic Islands have a population of over 8,600 and Bute has a population of over 7,200.

4.32 The largest Atlantic Islands are Islay, Mull and Jura, with populations of around 3,500, 2,700 and 200 respectively. The other main Atlantic Islands are Tiree, Coll, Colonsay, Gigha, Iona (off Mull), Lismore, Luing and Seil, and there are another 14 smaller islands.

4.33 Islay is the island of most relevance to the SEA 7 area, with a population of around 3,500. The main town is Bowmore and the other settlements are Port Ellen, Port Askaig and Bridgend. Islay is a low-lying, fertile island with an active agricultural sector, a small fishing sector and spectacular beaches on the west coast.

4.34 The main industry is whisky distilling, with the world famous distilleries of Bowmore, Laphroig, Lagavulin, Bruichladdich and Bunnahabhain. The tourism industry is complementary, with an estimated 25,000 visitors per year.

4.35 Mull is a large island with a population of 2,700. The main town is Tobermory with a population of 1,000 and known for its brightly painted waterfront buildings and as the setting for the BBC children's programme "Balamory".

4.36 There are three ferry services to Mull and it is known as "the holiday island", with tourism being the main industry. Iona is nearby with its Abbey which is a place of pilgrimage for Christians and offshore is Staffa and Fingal's Cave, after visiting which Mendelssohn wrote his famous overture.

4.37 Fishing and aquaculture are both important to Mull, with 1,000 tonnes of shellfish landed and about 9,000 tonnes of salmon produced, the latter contributing towards the estimated "south-west", production of 30,600 tonnes in 2005 or 23% of the total Scottish farmed production which, assuming £2,000 per tonne, would be valued at £61 million.

4.38 Jura is a large, mountainous island just north of Islay with a population of just 200 and only one settlement Craighouse, where a whisky distillery is located. Jura is said to be Scotland's best kept secret with 6,000 wild deer, 115 miles of coastline and mountains of over 2,500 ft. Rare species of plants, birds and mammals inhabit the island. George Orwell lived at Barnhill where he wrote the book "Nineteen Eighty Four".

4.39 Tiree is a flat, fertile island with miles of unspoilt beaches attracting many tourists in summer. With some of the best windsurfing conditions in the world, it hosts the Tiree Wave Classic in autumn. The population is 770 and the main settlement is Scarinish. Agriculture and tourism are the main economic activities.

4.40 Coll is a narrower island also with excellent beaches and lochs. Recent investment has been made in the tourist accommodation.

4.41 Colonsay and the adjacent island of Oronsay, which are connected by a tidal strand, have a population of over 100 and are further west in the Atlantic from Jura and Islay. These islands are remote and are renowned for their beautiful beaches, unspoilt beauty and natural tranquility, with a 14th century Augustinian Priory on Oronsay. There is a well known golf course and good quality accommodation, so the main economic activities are agriculture and tourism.

4.42 Gigha, Lismore, Luing and Seil are the main inner islands close to the Argyll mainland and are unlikely to be of relevance to the SEA 7 area. The populations of these islands are 110, 146, 210 and 560 respectively. Agriculture and tourism are the main industries. Gigha is now a community owned island, Lismore is the birth place of the founder of CalMac, Luing is the home of the Luing cattle breed and Seil is connected by its "Bridge over the Atlantic".

Rural Mainland

4.43 The Rural Mainland stretches 100 miles from Appin, just south of the Highland boundary, to Campbeltown or strictly Southend on the Mull of Kintyre. The main coastal towns from north to south are Oban, Lochgilphead, Tarbert and Campbeltown, with populations of 8,200, 2,600, 1,600 and 5,100 respectively. Oban is the only main town on the west coast, the others being on the east side, but there are villages and settlements, some with marinas, on the west side.

4.44 Oban is known as the capital of the West Highlands and is a transport hub and tourist destination with connections by road, rail, sea and air to the rest of Scotland. It has a naturally sheltered harbour which is the town's focus, with ferries all year to Barra, South Uist, Mull, Tiree, Coll, Colonsay and in summer to Islay, Jura, Iona and Staffa.

4.45 Oban harbour is the most important fishing harbour in Argyll, with mainly shellfish landings of 2,000 tonnes, and the town which is adjacent to the harbour is also a shopping and leisure centre, with a successful, updated conference and entertainment facility.

4.46 Lochgilphead is the administrative centre of Argyll and Bute. Just to the south is Ardrishaig which is at the east end of the Crinan Canal running from Crinan at its west end on the Sound of Jura, and which avoids boats making a lengthy trip around the Mull of Kintyre.

4.47 Inverary and its castle, which is the seat of the Duke of Argyll, is inland from Lochgilphead on Loch Fyne, where there is large scale salmon production of about 6,000 tonnes contributing to the "south-west" production of 30,600 tonnes in 2005, valued at an estimated £61 million.

4.48 Tarbert is further south on the Kintyre Peninsula and its sheltered harbour is located between Loch Fyne on the east and West Loch Tarbert on the west. Along with West Loch Tarbert, it is the third most important fishing harbour in Argyll, after Oban and Campbeltown, with shellfish landings of over 1,000 tonnes. Iit is also a very popular destination for sailing yachts.

4.49 Campbeltown is the main settlement at the southern end of the Kintyre Peninsula where it is only 10 miles wide. It is the second most important fishing harbour in Argyll, with shellfish landings of 1,500 tonnes. It is the centre of the area's dairy farming industry and it had a ferry connection to Ballycastle, Northern Ireland.

4.50 There is no direct involvement in the offshore oil and gas industry, although Quadrant 126 is south of the Mull of Kintyre. There is a windfarm components manufacturing facility operated Celtic-Vestas at nearby Machrihanish, which is an ex-military airfield and also the local airport.

Commuter Belt

4.51 Helensburgh is the largest town in Argyll, with a population of 14,600, and is connected by road, rail and bus to Glasgow city centre by half hourly commuter services. It is also on the scenic West Highland rail line and is virtually a Victorian suburb of Glasgow, with a yacht club. It is also known as the birthplace of John Logie Baird, the inventor of television.

4.52 Loch Lomond is the gateway to Argyll from Glasgow and is a major leisure and golfing destination. Scotland's first National Park includes Loch Lomond and a large part of the Cowal Peninsula. At the north end of the Roseneath Peninsula is Garelochhead, close to the Faslane/Clyde Naval Base and the Army's Garelochhead Training Camp, which together are major employers of civilians in Argyll and Bute.

4.53 Dunoon on the Cowal Peninsula is the second largest town in Argyll, with a population of 8,200, and Rothesay on the Isle of Bute has a population of 5,000. Dunoon is also connected by commuter services via Gourock to Glasgow by ferry, rail and bus and it is a thriving business and tourist centre. Rothesay is the main town on the Isle of Bute which is adjacent to the Cowal Peninsula and it is also well connected to Glasgow via Wemyss Bay by ferry, rail and bus.

5.0 NORTHERN IRELAND

5.1 Northern Ireland has a population of 1.7 million which is about 3% of the UK population. It increased by +9.8% between 1982 and 2002 which was well above the +5.2% growth for the UK.

5.2 There are 26 local government districts in Northern Ireland and this SEA 7 study is of relevance to four of these districts, from east to west these being Moyle, Coleraine, Limavady and Derry.

5.3 Northern Ireland has a very small involvement in the offshore oil and gas industry. There are very few active offshore licences, including one adjacent to the coast north of Belfast.

5.4 In June 2002 the Tunes Plateau offshore wind farm site in the Foyle Estuary was included in the Crown Estate's Round 1 agreements, with a B9 Energy Offshore Developments led proposal for 50-85 turbines with a capacity of 150-250 MW.

5.5 Fish landings in Northern Ireland in 2003 were 18,212 tonnes, valued at £15.7 million, and in 2004 were 13,670 tonnes valued at £14.2 million. However, the fishing industry is concentrated on the east coast, away the four districts of relevance to this SEA 7 study. A significant amount of fish is landed outside Northern Ireland, which in 2004 was 21,817 tonnes valued at £10.9 million which. Combined with the £14.2 million landed in Northern Ireland, the total was £25 million.

5.6 Tourism has become increasingly important to Northern Ireland, with over 3 million trips in 2004, 11.7 million bednights and £429 million expenditure and it has the potential to become a key sector in the transformation of Northern Ireland. It is very important to the four districts of Moyle, Coleraine, Limavady and Derry, particularly to Moyle, with the Giant's Causeway and Bushmills Distillery, and to Coleraine, with the resorts of Portstewart and Portrush.

Moyle

5.7 Moyle District has a lengthy part of the coastline of Northern Ireland, which is sometimes known as the Causeway Coast because of the area's famous Giant's Causeway. The main population centre is Ballycastle and there are various other small villages along the coast.

5.8 Moyle's population increased to 16,500 in 2005 and by +11.4% between 1982 and 2002, which was a little above the country's average of +9.8% for that period. Unemployment in August 2006 was 325 people or 3.3% of the working population, compared with 2.8% for Northern Ireland. Gross earnings averaged £197 per week, just 52% of the Northern Ireland average.

5.9 There is a ferry service between Ballycastle and Rathlin Island which lies six miles off the coast and is just 12 miles west of the Mull of Kintyre in Scotland. Rathlin Island is Northern Ireland's last remaining inhabited island, with a population of around 100 people.

5.10 Tourism is very important to Moyle District. The main visitor attraction is the famous Giant's Causeway, which is a Unesco World Heritage Site and a National Nature Reserve. There are other tourist attractions including the Glens of Antrim and the Bushmills Distillery.

Coleraine

5.11 Coleraine has part of the coastline of Northern Ireland and is also one of the main tourist destinations in the country. The town of Coleraine is the main population centre and other towns include the seaside resorts of Portstewart and Portrush.

5.12 Coleraine's population increased to 56,600 in 2005 and by +18.3% between 1982 and 2002, which was double the country's average of +9.8% for that period. Unemployment in August 2006 was 898 people or 2.6% of the working population, compared with 2.8% for Northern Ireland. Gross earnings averaged £361 per week, 95% of the Northern Ireland average.

5.13 Tourism is an important part of the local economy. Portstewart and Portrush are two of the most popular seaside resorts, with excellent sandy beaches. The sectoral breakdown shows that the economy is very similar for most sectors with Northern Ireland as a whole, and there is also a successful Science Park with the University of Ulster attracting inward investment.

Limavady

5.14 Limavady lies between Coleraine and Derry with a coastline on Lough Foyle. The main population centres are Limavady, which is a very rural borough, with Dunvigen to the south and Ballykelly to the west.

5.15 Limavady's population increased to 34,100 in 2005 and by +21.4% between 1982 and 2002, which was one of the largest rises in the country. Unemployment in August 2006 was 632 people or 2.9% of the working population, compared with 2.8% for Northern Ireland. Gross earnings averaged £265 per week, just 70% of the Northern Ireland average.

5.16 There are no major harbours in Limavady, but there is a car and passenger ferry across Lough Foyle from Magilligan Point to Greencastle in County Donegal. There is an environmental and heritage tourism industry. There is also a strong manufacturing sector, including a computer discs manufacturer. Other major companies have been attracted to the area by a young, educated workforce.

Derry

5.17 Derry is in the north west of the country, bordering with the Republic of Ireland, and has a coastline on Lough Foyle. The city is the largest urban centre outside Belfast, and is a regional hub of education, healthcare, administration and a strategic location for business, investment and tourism.

5.18 Derry's population increased to 107,300 in 2005 and by +16.4% between 1982 and 2002, well above the country's average of 9.8% for that period. Unemployment in August 2006 was 3,532 people or 5.3% of the working population, compared with 2.8% for Northern Ireland. Gross earnings averaged £398 per week, 105% of the Northern Ireland average.

5.19 The City Walls are a well known tourist attraction and Derry City has also positioned itself as a technology centre located in the technology corridor between Coleraine and Donegal. The port of Londonderry handled almost 1.4 million tonnes of freight in 2004, of which 94% was inward and only 6% was outward.

KEY ECONOMIC ACTIVITIES

6.0 OFFSHORE OIL AND GAS

6.1 Unlike in the other SEA areas we have covered in previous reports, there is and has been very little offshore oil and gas-related activity in the SEA 7 area.

6.2 We were informed that twelve exploration wells (plus three sidebacks) have been drilled in the area to date, as listed in Table 6.1. These date back to 1980. There have often been long periods between wells, including four years between the last two.

Table 6.1: Exploration wells in the SEA 7 area

spud date	location	operator	result
1980	16306-1	BP	Dry
1980	163/06-1A	BP	Dry
1988	164/25-1	BP	Dry
1988	164/25-1Z	BP	Dry
1990	164/25-2	BP	Dry
1991	132/15-1	BP	Dry
1991	154/03-1	Conoco	Dry
1997	164/07-1	Conoco	Dry
2000	154/01-1	Enterprise/(Shell)	Gas
2000	153/05-1	Marathon	Dry
2000	164/28-1	Agip	Oil shows
2000	164/28-1A	Agip	Oil
2001	132/06-1	Conoco	Dry
2002	164/27-1	Agip	Dry
2006	154/01-2	Shell	?

Source: DTI

6.3 All the wells were dry, with the exception of 154/01-1, which is known as the Benbecula gas discovery; possibly 154/01-2, for which the results are unknown; and the minor oil shows in Agip's 164/28-1 well. As mentioned earlier, Shell drilled an appraisal well on Benbecula North in the summer of 2006 but no results had been released at the time of writing (November 2006).

6.4 The small number of exploration wells and the poor results have disappointed many people in the area. There have been recurring hopes that it could have turned out to be as prolific as the East Shetland basin, for example, with onshore facilities comparable with those at the Sullom Voe terminal and elsewhere in the Shetland Islands. That has not happened, however.

6.5 The exploration activity in the SEA 7 area has made occasional use of facilities in the area, notably Stornoway harbour for supply boats, seismic vessels etc and Stornoway airport for helicopters. That has also happened, on an even less frequent basis, elsewhere in the area.

6.6 The main oil-related facility in the SEA 7 area was the Lewis Offshore fabrication yard at Arnish. A number of the smaller production platforms, modules and other equipment for UKCS fields were built at Arnish. They included the conversion of the Buchan floating production facility (1980), the Beatrice C platform (1994) and the Erskine platform (1996).

6.7 At one time there were four fabrication yards in the area, manufacturing platform jackets and modules for fields in the North Sea, and employing thousands of people. There was a steel yard at Arnish, on the outskirts of Stornoway in the Western Isles, and three concrete yards at Kishorn in Wester Ross, Ardyne Point in Argyll and Portavadie, also in Argyll. The three concrete yards were located there because of the deep water access.

6.8 All four yards closed years ago. The Portavadie yard never won a single contract and is now used as a fish farm.

6.9 There will be people living in the Western Isles who worked at Arnish and others in the area who worked at the concrete yards.

6.10 Lewis Offshore ran out of work in the late 1990s, as did most of the oil fabrication yards in the UK, and the company closed down. The Arnish yard was mothballed.

6.11 A few years ago it was leased by Highlands and Islands Enterprise (HIE) and some of the facilities were converted to enable the manufacture of components for wind farms. That has not been successful to date, however, and two of the companies who leased the yard from HIE have gone out of business. Discussions were underway at the time of writing with another company.

6.12 Lewis Offshore found it difficult to maintain a steady order book but at times employed up to 1,000 people at Arnish. During those periods there were substantial impacts on the local economy.

6.13 We believe that quite a few people who worked at Arnish still work in the oil and gas industry elsewhere in the UK and overseas. There are also residents of the Western Isles and other parts of the SEA 7 area who work in the industry offshore on the UKCS, in Aberdeen and elsewhere.

6.14 A number of feasibility studies of other oil-related facilities were undertaken in the 1970s and 1980s, including locations for supply bases and onshore terminals similar with Sullom Voe and Flotta. None of these facilities was built, however.

6.15 In 1996 a body known as the Western Isles Oil Group commissioned an "Oil Industry Feasibility Study" from the consultant engineers Babtie Group. Their report concluded that "there is substantial potential for on-shore oil-related development on the Western Isles. That potential is related to the exploitation of reserves in the Rockall area. While the main East coast supply bases have maintained a stranglehold on the market, the Rockall area is excessively distant from Peterhead and Aberdeen. The Western Isles are ideally located to serve the needs of this developing area in terms of supply boats and helicopter services".

6.16 Further, "while the report concludes that development potential does exist, it must be recognised that existing supply base operators will tend to resist the view that new development is needed. Service companies are more open to recognition of the potential, though within this group views are divided. The oil companies arte strongly influenced in these matters by the tenders received from service providers".

6.17 "Realisation of the potential will depend upon the development of a "critical mass" of activity in the Rockall Trough area. Because of this, there is unlikely to be development before the turn of the century – the timescale is likely to be 5-10 years from now. However, exploration activity, including drilling work, is likely to begin within 2 years."

6.18 "Fairly strong potential also exists for helicopter service development. This also requires a critical mass of business but the development could be initiated to serve the exploration activity described earlier."

6.19 These hopes or forecasts proved to be far too optimistic. Nothing has happened to date.

6.20 The Western Isles Oil Group (WIOG) was set up by local businesses and public bodies in order to promote the area to the oil and gas industry. It has a website which includes a list of members and the services they can provide.

6.21 The Group appears dormant at the present time, although it could presumably be quickly re-activated if developments did occur.

7.0 OFFSHORE WIND FARMS

7.1 There are no existing offshore wind farms in the SEA 7 area, although there are plans for one. There are also plans for various onshore facilities, including one on Lewis in the Western Isles which would be one of the largest in Europe.

7.2 The only existing site seems to be the proposed Round 1 wind farm at Tunes Plateau, off Northern Ireland. It is located 5-10 kilometres off the north coast of Ireland near the towns of Portstewart and Portrush. This proposed development comprises 50-85 turbines with a capacity of 150-250 MW. A consortium led by B9 Energy Offshore Development is currently assessing the feasibility of the project.

7.3 Various onshore wind farms are proposed. AMEC Wind and British Energy (Lewis Wind Power) have applied for permission to build 181 turbines, with a generating capacity of up to 652 MW, capable of providing electricity for over 360,000 homes. Their original proposal was for 234 turbines but the number has been reduced.

7.4 It is intended that this development would have an interconnector line across the Minch to link up with the electricity grid on the Scottish mainland. The size of that interconnector may encourage other developments in the area.

7.5 It may also be of interest that on Islay the world's first offshore wave powered prototype electric generator was located near Portnahaven. The second generation wave energy collector LIMPET (Land Installed Marine Powered Energy Transformer) is also sited there and is now the world's first commercial wave power station.

8.0 PORTS, FERRIES AND OTHER SHIPPING SERVICES

8.1 There are a number of island ports and ferry terminals adjacent to the SEA 7 area which service the Western Isles and Argyll Islands and which are also very important for the fishing industry.

8.2 There are some private ferry operators but the main passenger, vehicle and freight lifeline ferry services are subsidised by the Scottish Executive and operated by Caledonian MacBrayne (CalMac) between mainland Scotland and the Western Isles, and also the Argyll Islands. There is also one ferry service in Northern Ireland.

8.3 The main ferry services in the area:

Western Isles

- Leverburgh (Harris) – Berneray (North Uist)
- Lochboisdale (South Uist) – Castlebay (Barra)
- Eriskay (South Uist) – Aird Mhor (Barra)

West Coast of Highland

- Ullapool – Stornoway (Lewis)
- Uig (Skye)– Tarbert (Harris)
- Uig (Skye) – Lochmaddy (North Uist)
- Skye (Sconser) – Raasay (Skye)
- Mallaig – Armadale (Skye)
- Mallaig – Small Isles (Eigg, Muck, Rum, Canna)
- Lochaline – Fishnish (Mull)

Argyll and Bute

- Oban – Lochboisdale (South Uist)
- Oban – Castlebay (Barra)
- Oban – Craignure (Mull)
- Mull – Iona
- Oban – Coll & Tiree
- Oban – Colonsay & Islay
- Kennacraig – Islay (Port Askaig & Port Ellen)
- Port Askaig (Islay) – Colonsay
- Tayinloan – Gigha
- Tarbert – Portavadie
- Dunoon – Gourock
- Colintraive – Rhubodach (Bute)
- Rothesay (Bute) – Wemyss Bay

Northern Ireland

- Ballycastle – Rathlin Island.

8.5 Statistics on the main/combined routes are given in the Scottish Transport Statistics, 2005 and reproduced in Table 8.1 below.

Table 8.1: Passenger, Cars and Commercial Vehicles and Buses on the Main Ferry Routes, 2005

	Passenger numbers	Car numbers	Commercial/Buses
Leverburgh – Berneray	52,200	19,200	1,600
Ullapool – Stornoway	183,200	46,900	12,500
Uig - Tarbert/L'maddy	159,400	53,000	7,600
Skye – Raasay (Skye)	56,500	17,200	800
Mallaig – Armadale	189,500	44,000	1,600
Lochaline – Fishnish	121,700	46,000	2,700
Oban-L'boisdale/Barra	43,300	12,600	1,000
Oban – Craignure (Mull)	649,800	117,800	9,200
Mull – Iona	245,900	5,200	1,000
Oban – Coll & Tiree	45,700	12,700	1,800
Kennacraig – Islay	150,900	48,900	8,300
Tayinloan – Gigha	59,000	12,500	2,200
Others (inc. Small Isles)	145,500	30,900	2,900
Tarbert – Portavadie	57,900	18,800	600
Dunoon – Gourock	624,700	84,900	6,000
Colintraive – Rhubodach	279,900	93,500	15,300
Rothesay – Wemyss Bay	750,100	152,500	11,000

Source: Scottish Transport Statistics, 2005

8.6 The single busiest ferry crossing is in the "Commuter Belt" of Argyll and Bute, namely Rothesay – Wemyss Bay with 750,100 people in 2005, which was more than the Dunoon – Gourock ferry with 624,700 people.

8.7 The second busiest ferry crossing was Oban – Mull with 649,800 people. This route, along with the crossing from Lochaline to Mull (Fishnish), totalled 771,500 people in 2005, demonstrating the popularity of Mull as a tourist destination, recently because of the BBC children's programme "Balamory". The short crossing from Mull – Iona also carried 245,900 people to/from Iona Abbey.

Main Ports

Western Isles

8.8 There are three main harbours in the Western Isles at Stornoway, Tarbert and Castlebay, with Stornoway being the most important, providing the main ferry service to/from the Western Isles from Ullapool. There are also smaller harbours and ferry terminals at Leverburgh, Berneray, Lochmaddy and Lochboisdale and there are about another 20 small fishing harbours and slipways throughout the Western Isles.

8.9 Stornoway is the main port of the Western Isles, with modern facilities and through which most goods are imported and exported to/from the Western Isles. There are over 1,000 vessel movements and over 183,000 passengers annually. The port is segregated for different uses with a Ro/Ro terminal and linkspan facilities used by the ferry services, plus facilities for commercial vessels, cruise liners, fishing boats and pleasure craft.

8.10 The 6.5 metre deep berthing facilities at Arnish Point (also known as Glumaig Quay) were developed specifically for the offshore fabrication yard and have been extended to 100 metres long. In addition to the heavy fabrication facilities, there are light engineering workshops and a slipway nearby at Goat Island which can accommodate vessels up to 750 tonnes.

West Coast of Highland

8.11 The main ports on the west coast of Highland are Ullapool in Wester Ross, Mallaig in west Lochaber and Uig in north Skye, with Ullapool and Uig servicing the Western Isles and Mallaig servicing Skye and the Small Isles. There is also over 5 million tonnes of rock shipped annually from the Glensanda superquarry on Loch Linnhe.

8.12 Most ports are not only ferry terminals but are also busy fishing harbours.

Argyll and Bute

8.13 The busiest ports in Argyll and Bute are in the “Commuter Belt”, namely Rothesay and Dunoon, servicing the Glasgow commuter demand, and Oban in mid Argyll, servicing the Western Isles and Argyll Islands, particularly Mull.

Northern Ireland

8.14 The two main ports in Northern Ireland are Belfast and Larne, both of which are located outside the SEA 7 area. Within the area Londonderry accounts for about 5% of the Northern Ireland ferry traffic.

9.0 FISHING

Western Isles, Highland, Argyll

9.1 There are other reports on the fisheries in the SEA 7 area. This section provides a brief summary from the economic perspective. It is subdivided into Scottish and Northern Ireland parts.

9.2 The fishing industry and its related activities are important in the SEA 7 area, with inshore fishing mainly for prawns by local boats predominating to 100m depth and deep water fishing mainly by UK registered French and Spanish boats predominating at 100-200m depth. The fishing areas around the UK coastline are divided into ICES areas, of which ICES Areas V1a and V1b are of relevance to the SEA 7 area.

9.3 Scotland is also divided into 18 fishing districts and ports for which fishing statistics are available. The eight districts of Stornoway in the Western Isles, Kinlochbervie, Lochinver, Ullapool, Portree and Mallaig in Highland, and Oban and Campbeltown in Argyll and Bute are those of relevance to the SEA 7 area.

9.4 The Scottish Sea Fisheries Statistics provide detailed information on these fishing districts and ports. In 2005 there were a total of 2,376 active Scottish fishing vessels, of which 1,652 vessels or 70% were 10 metres or under and 724 vessels were over 10 metres. Many of the 10 metres or under vessels are mainly fishing for non-quota stocks in inshore waters and there are also other vessels actively fishing in the SEA 7 area which are not Scottish registered but registered elsewhere.

9.5 Of the total Scottish based fishing fleet of 2,376 vessels in 2005, 1,001 vessels or 42% were based in the SEA 7 area, of which 77% were inshore vessels and 23% were offshore boats, as set out in Table 9.1 below.

Table 9.1: Active Scottish Based Fishing Vessels by District and Length, 2005

Fishing District	10 metres & <	10 metres & >	Total
Stornoway	254	65	319
Kinlochbervie	22	4	26
Lochinver	15	3	18
Ullapool	52	21	73
Portree	130	19	149
Mallaig	58	34	92
Oban	109	33	142
Campbeltown	131	51	182
Total	771	230	1,001

Source: Scottish Sea Fisheries Statistics

9.6 The largest fishing district by numbers of boats is Stornoway, with 32% of the total fleet. Campbeltown, Portree, Oban and Mallaig make up the top five districts, although landings at Kinlochbervie and Lochinver are larger because these harbours are servicing the deep water fleet of the Atlantic, particularly foreign vessels not based/registered in these districts.

9.7 Employment in Scottish fishing in 2005 was 3,813 regularly, 1,065 irregularly and 93 crofters, totalling 4,971. As decommissioning of vessels has taken place over the past five years, employment in the fishing industry has decreased overall by about -25%.

9.8 There are also many people employed in fish processing and in ancillary activities such as gear manufacture and vessel maintenance, both in the fishing ports and elsewhere.

9.9 There were a total of 1,605 fishermen employed in the SEA 7 area in 2005 or 42% of the total Scottish fishing industry, which demonstrated the importance of the fishing sector to the area. The breakdown is given in Table 9.2.

Table 9.2: Number of Fishermen Employed by District and Status, 2005

Fishing District	Regularly employed	Irregularly employed	Crofters	Total
Stornoway	238	213	36	487
Kinlochbervie	41	0	2	43
Lochinver	35	2	8	45
Ullapool	74	6	0	80
Portree	114	66	31	211
Mallaig	154	15	1	170
Oban	163	66	15	244
Campbeltown	256	69	0	325
Total	1,075	437	93	1,605

Source: Scottish Sea Fisheries Statistics

9.10 The largest number of fishermen and crofters was in the Stornoway district, although the largest number of regular fishermen was in the Campbeltown district. There were also significant numbers of fishermen in the Oban, Portree and Mallaig districts, which together with Stornoway and Campbeltown districts constitute the top five districts.

9.11 The total landings by UK vessels into Scotland in 2005 were 366,000 tonnes, valued at £309 million or an average of £845 per tonne. Landings by foreign vessels into Scotland in 2005 were 75,000 tonnes valued at £62 million. The overall total was 441,000 tonnes, valued at £371 million.

9.12 Of the landings by UK vessels 31,500 tonnes, valued at £62 million or an average of £1,970 per tonne, were landed in the SEA 7 area Scottish fishing districts. The higher average value is because of the predominance of shellfish landings. A breakdown is given in Table 9.3 for the three years 2003-05.

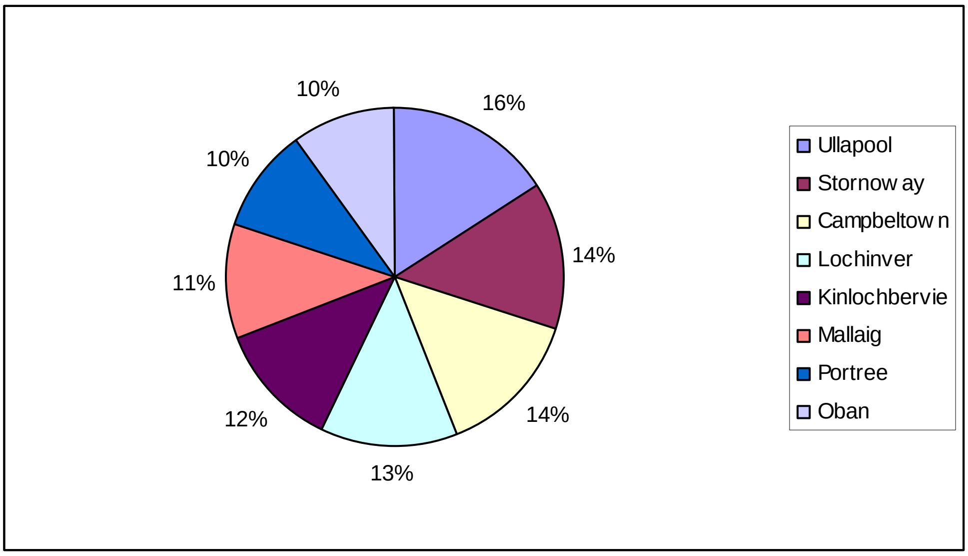
9.13 The SEA 7 totals in Table 9.3 shows falls in both the weight and value of fish. The 2005 total of £61.6 million is -2.9% less than the 2004 total, which in turn is -2.5% less than the 2003 total. In real terms, taking inflation into accounts, the falls are about twice these figures.

Table 9.3: Species, Liveweight and Value of Landings by UK Vessels, by District, 2003-2005

	2003 tonnes	**2003** £	**2004** tonnes	**2004** £	**2005** tonnes	**2005** £
Stornoway						
Demersal	530	337,000	318	242,000	172	169,000
Pelagic	0	0	0	0	0	0
Shellfish	3,370	8,331,000	3,705	9,217,000	3,465	8,627,000
Total	4,199	8,668,000	4,022	9,370,000	3,637	8,796,000
Kinlochbervie						
Demersal	6,357	7,679,000	5,606	6,671,000	4,364	6,507,000
Pelagic	37	9,000	2	0	8	2,000
Shellfish	685	1,379,000	464	1,029,000	369	785,000
Total	7,079	9,066,000	6,072	7,699,000	4,741	7,294,000
Lochinver						
Demersal	4,009	5,262,000	3,623	5,748,000	2,525	5,902,000
Pelagic	6	3,000	-	-	-	-
Shellfish	1,040	3,136,000	861	2,647,000	707	1,967,000
Total	5,055	8,401,000	4,484	8,395,000	3,232	7,869,000
Ullapool						
Demersal	5,122	6,239,000	4,061	6,636,000	3,770	5,902,000
Pelagic	28	11,000	168	65,000	33	18,000
Shellfish	1,706	3,861,000	1,484	3,476,000	1,417	3,741,000
Total	6,856	10,111,000	5,713	10,178,000	5,220	9,661,000
Portree						
Demersal	667	697,000	187	223,000	65	89,000
Pelagic	1	0	-	-	-	-
Shellfish	2,020	6,387,000	1,747	6,191,000	2,075	6,275,000
Total	2,687	7,084,000	1,934	6,414,000	2,140	6,364,000
Mallaig						
Demersal	1,847	1,551,000	1,541	1,381,000	924	989,000
Pelagic	2,543	280,000	1,440	182,000	953	126,000
Shellfish	3,130	5,964,000	2,944	5,849,000	2,754	5,784,000
Total	7,520	7,795,000	5,925	7,412,000	4,632	6,899,000
Oban						
Demersal	255	201,000	136	159,000	299	390,000
Pelagic	-	-	-	-	-	-
Shellfish	3,438	6,447,000	3,185	6,181,000	3,047	5,843,000
Total	3,693	6,647,000	3,320	6,340,000	3,346	6,233,000
Campbeltown						
Demersal	159	116,000	98	72,000	68	61,000
Pelagic	273	25,000	-	-	-	-
Shellfish	3,992	7,153,000	5,063	7,551,000	4,454	8,439,000
Total	4,424	7,294,000	5,162	7,624,000	4,523	8,501,000
SEA 7 totals	**41,513**	**65,066,000**	**36,632**	**63,432,000**	**31,471**	**61,617,000**

Source: Scottish Sea Fisheries Statistics, 2005

9.14 Of the total £62 million landed in the SEA 7 area in 2005, 16% was landed in Ullapool district, 14% in Stornoway district, 14% in Campbeltown district, 13% in Lochinver district, 12% in Kinlochbervie district, 11% in Mallaig district, 10% in Portree district and 10% in Oban district. This breakdown indicates that the fishing industry is important throughout the area.



9.15 Each of the Scottish fishing districts also comprises a number of "creeks". For example, the Stornoway district comprises 13 creeks including Stornoway, Barra, Uist and Harris, which provides a more detailed analysis of landings for each fishing district. It can be identified that of the total liveweight of fish landed in the Western Isles in 2005, 35% was in Stornoway, 16% in Barra, 15% in North Uist, 12% in South Harris and 11% in South Uist.

9.16 In 2005 there were 3,637 tonnes of fish valued at £8.8 million landed in the Stornoway district, of which 3,465 tonnes or 95% were high value shellfish and 172 tonnes or 5% were demersal fish. The shellfish catch has been between 3,370-3,705 tonnes for the past three years, but the demersal catch has continued to decline to 172 tonnes in 2005, of which 60% was landed in Barra and 35% in Stornoway. A breakdown is given in Table 9.4

Table 9.4: Liveweight of Landings by UK Vessels into Creeks by Species in Stornoway District, 2005 (tonnes)

	Demersal	Pelagic	Shellfish	Total
Barra	102	0	481	583
Benbecula	0	0	23	23
Lewis (exc. Stornoway)	0	0	230	230
North Harris	0	0	5	5
North Uist	0	0	553	553
Scalpay (Harris)	0	0	110	110
South Harris	4	0	423	427
South Uist / Eriskay	6	0	415	421
Stornoway	60	0	1,226	1,286
TOTAL tonnes	172	0	3,465	3,637

Source: Scottish Sea Fisheries Statistics

9.17 A similar analysis can be undertaken for every Scottish fishing district. For example, of the total £9.6 million landed in the Ullapool district, £7.1 million was in Ullapool and £1.1 million in Gairloch; of the total £6.9 million landed in Mallaig district, £6.6 million was in Mallaig, with small amounts landed elsewhere. Of the total £6.3 million landed in Portree district, £1.5 million was in Kyle and £1.1 million in Portree; of the total £6.2 million landed in Oban district, £3.5 million was landed in Oban and £1.9 million in Mull.

9.18 The Campbeltown district has 16 "creeks", 182 vessels of which 131 are 10 metres or under and 51 vessels which are over 10 metres, with 256 fishermen regularly employed and 69 fishermen irregularly employed. Of the £8.5 million landed in Campbeltown district in 2005 virtually all of these landings were shellfish, with £2.5 million landed in Campbeltown, £2.3 million in Tarbert and £1.1 million in Islay. This again demonstrates the importance of the local fishing industry landings to smaller coastal and island communities.

9.19 The Islay fishing activity was 14% by weight and 13% by value of the Campbeltown district and was 100% shellfish landings. This activity implies that the fishing industry in Islay, based at Port Ellen and some at Port Askaig, comprises about 25 vessels, most of which are 10 metres or under, with about 45 fishermen, which is an important activity for the island economy.

9.20 Foreign landings are much more important in Lochinver than UK landings. The total value in 2005 was £36.3 million, of which £28.5 million (79%) were foreign and £7.7 million (21%) UK.

9.21 Most of the fish landed by foreign vessels is transported directly to Spain. Nevertheless, the use of Lochinver by Spanish and other foreign vessels creates local economic activity and employment.

9.22 Foreign landings are also important in Ullapool. They were valued at just under £5.4 million in 2005, which was 43% of the port's total.

9.23 Overall, it seems unlikely that there would be any potential conflict between the inshore fishing industry and any future offshore oil and gas activity which could not be resolved by access agreements, although the deep water Spanish and French boats sometimes leave static gear at sea unattended for a week at a time whilst discharging their catches, normally at Lochinver, which could cause difficulties for offshore seismic surveys.

9.24 A gas pipeline to an onshore terminal would create the usual issues, however, which have arisen in Shetland and elsewhere.

Northern Ireland

9.25 The fish landings in Northern Ireland in 2003 were 18,212 tonnes, valued at £15.7 million, and in 2004 were 13,670 tonnes valued at £14.2 million. The fishing industry is concentrated in the three east coast ports of Kilkeel, Ardglass and Portavogie, and employs almost 500 fishermen.

9.26 At the end of 2005 the fishing fleet comprised 135 vessels of over 10 metres and 196 vessels 10 metres or under, the latter also operating from other harbours around the north coast of relevance to this SEA 7 study.

9.27 In addition to fish landed in Northern Ireland, a significant amount of fish, 21,817 tonnes, was landed outside Northern Ireland in 2004 by Northern Irish boats. The value of this fish was £10.9 million which, combined with the £14.2 million landed in Northern Ireland, totalled over £25 million. That excludes the value of the under 10 metres vessels' commercial operations for which data submission is voluntary.

10.0 AQUACULTURE

10.1 The fish farming or aquaculture industry is also important in the SEA 7 area. It is dominated by salmon farming, although a few other species such as mussels are involved and there have been trials with cod and halibut.

10.2 Scotland is the world's third largest farmed salmon producer, with about 10% of the global farmed salmon output. The Scottish salmon industry makes an important contribution to the Scottish economy and to rural employment. The Fisheries Research Services Annual Survey, 2004 identifies 1,160 jobs in salmon production, with most of the 172 smolt sites and all of the 315 marine sites located in the Highlands and Islands.

10.3 The fish farming industry began on a small scale in the Highlands and Islands, with a large number of small businesses. It is now dominated by a few large businesses, which are mainly Norwegian owned, notably Marine Harvest who are a subsidiary of Pan Fish. There has been a series of mergers and takeovers recently.

10.4 Scottish salmon production decreased for the first time in 2004 to 158,099 tonnes and it is estimated as being 136,056 tonnes in 2005. Previously there had been rapid growth but overproduction resulted in a collapse in prices. Some of the producers reacted by cutting production, which seems to have forced prices up to acceptable levels again.

10.5 Statistics are only available on a regional basis for Scotland, these being the North-west, Orkney Isles, Shetland Islands, South-west and Western Isles. The regions of relevance to the SEA 7 area are the North-west (assumed as Highland), South-west (assumed as Argyll and Bute) and the Western Isles. Statistics for these areas are given in Table 10.1.

Table 10.1: Employment and Estimated Production by Area, 2004/2005

	F/t staff (2004)	P/t staff (2004)	Total staff	Production (2005)
Highland	321	38	359	31,581 tonnes
Argyll & Bute	219	34	253	30,634 tonnes
Western Isles	226	33	259	26,594 tonnes
Total	766	105	871	88,809 tonnes

Source: Fisheries Research Services Annual Survey, 2004

Western Isles

10.6 In the Western Isles, the aquaculture industry is very important to the local economy and probably of most relevance to the SEA 7 area. The industry comprises smolt sites and marine sites, with most production sites along the east coast and a cluster on the west coast of Lewis at Loch Roag.

10.7 The table shows production of just under 27,000 tonnes and employment of 259. In addition there are about 200 jobs in processing, marketing and distribution.

Highland

10.8 In Highland the aquaculture industry is spread along the west coast from north Sutherland to Skye and Lochaber and the related employment is very important to the rural areas. The table shows production of just under 32,000 tonnes and employment of 359. In addition there are about another 500 jobs in processing etc, although some of those are located in Inverness and elsewhere on the east coast.

Argyll and Bute

10.9 In Argyll and Bute the aquaculture industry is located on the west coast, particularly in Loch Fyne and around Mull, with some sites elsewhere but not on the Islands except Mull. The table shows production of just under 31,000 tonnes and employment of 253, plus processing jobs etc.

Northern Ireland

10.10 The Northern Ireland aquaculture industry has continued to develop with presently 68 marine sites around the coastline, annually producing around 750 tonnes of finfish, 7,000 tonnes of mussels and 280 tonnes of oysters. The direct and indirect employment and the value of production is unknown but it will also be very important to particular rural and coastal communities.

11.0 TOURISM

11.1 Tourism is also an important industry in many parts of the SEA 7 area. Unfortunately there are few statistics available at the local level and some of those date back to 2000. Nevertheless, they give a reasonably accurate picture of tourism activity in the area.

Western Isles

11.2 Tourism is an increasingly important industry in the SEA 7 area, particularly in the Western Isles which in recent years has been expanding and attracts a large proportion of its visitors from elsewhere in Scotland. The latest statistics from Visit Scotland indicate that in 2002 almost 180,000 visitors were attracted to the islands and over £39 million was contributed to the economy, as shown in Table 11.1.

Table 11.1: Trips and Tourism Expenditure, Western Isles, 2002

	Number of Visitors	Total Expenditure (£)
Holiday & Visiting Friends/Relatives	126,131	£27,975,856
Business	48,065	£10,925.175
Yachts	5,500	£440,825
Total	179,696	£39,341,856

Source: Western Isles Tourist Review, 2002

11.3 Employment in this sector was 17% of those economically active which, although about 5% lower than the HIE area which is a major Scottish tourism destination, nevertheless is an important sector. It is believed that the value of tourism is increasing due to both visitor numbers and visitor spending as value is added to the tourism product.

11.4 The Western Isles comprises Lewis, Harris, North Uist, Benbecula, South Uist, Barra and St Kilda. Lewis and Harris are not actually separate islands, whilst bridges and causeways connect others together such as Harris with Scalpay and South Uist with Eriskay. The Western Isles also includes the dual UNESCO World Heritage Site of St Kilda, owned by the National Trust Scotland (NTS), located 40 miles west of the other Western Isles.

11.5 Lewis is the largest of the "islands", with over 6,000 people living in the island's main port of Stornoway, which is the largest town and administrative centre with the HQ of the local authority and the Health Board for the Western Isles. There is a full range of tourist amenities in Stornoway and it is the location of Lews Castle and grounds built by Sir John Matheson.

11.6 There are important archaeological sites on Lewis including the Neolithic Callinish Stones and visitor centre, the Pictish Carloway Broch, the Norse Mill House, the Doune Broch Centre and other heritage attractions such as the Black House at Arnol and the Gearrannan Black House Village.

11.7 Harris is not separate from Lewis to its immediate north but it is distinctive from Lewis with a much more diverse landscape, from the Western Isles' highest mountain, the Clisham at 800m, to miles of unspoilt, sandy beaches. Its main town/ferry terminal is Tarbert, it is renowned for Harris Tweed and it is known for the Castaway series filmed on the now uninhabited island of Taransay.

11.8 North Uist is south of Harris with large beaches and moorland hills. It is a birdwatchers' favourite with a RSPB nature reserve on the west coast. Its main town is Lochmaddy which is the ferry terminal from Uig and the gateway to the southern isles. Lochmaddy is the site of the Taigh Chearsabhagh Arts Centre which is the Western Isles most popular visitor attraction.

11.9 To the south of North Uist is the island of Benbecula, linked by causeways to both North and South Uist to the south of Benbecula. It is the administrative centre of the southern Western Isles and it is the most built-up area outside Stornoway. It has a large airport which is also the location of the QinetiQ missile testing facility.

11.10 South Uist has over 20 miles of white beaches running continuously down the west coast with the adjacent dunes and machair brimming with flowers and wildlife. It is a very traditional, crofting island and it is linked by causeway to Eriskay, which is known for the shipwreck “SS Politician” with its cargo of whisky which was turned into a novel and film “Whisky Galore”.

11.11 The whole of South Uist and Eriskay and about half of Benbecula, all of which is presently owned by a syndicate of financiers, are the subject of a proposed community buy-out by the 3,500 local residents. If that proceeds as expected, it would be the largest buy-out to date and would result in development of tourism.

11.12 Barra is the most southerly and smallest of the Western Isles, eight miles long and five miles wide with its main town, harbour and ferry terminal being Castlebay named because of Kisimuil Castle located in the bay, the ancient seat of the Clan Macneil. Barra is a wildlife paradise and is connected by causeway to Vatersay which has white sands.

11.13 St Kilda is an isolated group of volcanic islands in the Atlantic 40 miles west of the other Western Isles. It is owned by the National Trust Scotland and was previously populated until 1930 by a unique people who were forced to leave the island. It is a dual UNESCO World Heritage Site with its abandoned/preserved village, highest cliffs in Britain and important sea bird colonies.

11.14 Visit Scotland publish an annual survey of visitor attractions in the country. Table 11.2 lists the most popular in the Western Isles in 2005.

Table 11.2: Visitor attractions in the Western Isles, 2005

Attraction	Number of visitors
Taigh Chearsabhagh Museum Arts Centre, North Uist	33,486
Calannais Visitor Centre, Calanais	18,268
Museum nan Eilean, Stornoway	14,618
Black House Arnol, Gragar	10,475
Kisimul Castle, Castlebray	3,435
Uig Heritage Centre, Crowlista	1,005
Shawbost School Museum, Shawbost	980
Bernera Museum, Bernera	382

Source: Visitor Attraction Monitor, 2005

West Coast of Highland

11.15 The west coast of Highland of most relevance to the SEA 7 area is Sutherland, Wester Ross, Skye and Lochalsh and Lochaber, where tourism is a major contributor and an important employer. It is difficult to identify separate local statistics from the overall statistics produced by Visit Scotland but in 2003 total visitor expenditure for the Highlands of Scotland (HOST) was £596 million.

11.16 During 2001-2003 UK residents took an annual average of 2.5 million trips per year to the Highlands, of which 59% were by Scottish residents. During 2003 overseas visitors took 400,000 trips that year to the Highlands. Of the 5.7 million total bednights in 2002-3, in the area, 48% were in Lochaber, 20% were in Skye and Lochalsh, 19% were in Wester Ross and 13% were in Sutherland, as shown in Table 11.3.

Table 11.3: Bednights in Sutherland, Wester Ross, Skye and Lochalsh, Lochaber, 2002-3

	Number of Bednights	% of Bednights
Sutherland	749,648	13%
Wester Ross	1,082,807	19%
Skye & Lochalsh	1,125,608	20%
Lochaber	2,745,135	48%
Total	5,703,198	100%

Source: Volume and Value of Tourism in the HOST Area, 2004

11.17 Sutherland has the smallest tourism industry of the west coast, attracting the lowest proportion of overseas visitors, but it is a unique and remote area with a rugged and mountainous landscape of the oldest rocks in the world called Lewisian Gneiss. It has now become Scotland’s first Geopark. The communities are small and the attractions are unusual including Sandwood Bay, regarded as one of the most beautiful beaches in the world, and the Smoo Cave.

11.18 Wester Ross is also a mountainous area including the Coigach peaks, particularly well known is Stac Pollaidh, and the Applecross Peninsula has the highest motorable road in Britain. One of the top attractions with 90,000 visitors per year is Inverewe Garden in the mild climate of the Gulf Stream. Other attractions are Beinn Eighe Nature Reserve in Torridon and the Summer Isles north of Ullapool.

11.19 Skye and Lochalsh is best known for the Isle of Skye, now bridged to the mainland at Kyle of Lochalsh, with its dramatic Cuillin mountains and very interesting heritage. Two of the top visitor attractions in the Highlands are located in Skye and Lochalsh, the Aros Experience and Eilean Donan Castle, each with over 260,000 visitors per year. The village of Plockton north of Kyle of Lochalsh is very popular for its mild climate despite its northerly location.

11.20 Lochaber, and its main town Fort William, is steeped in Highland history and it is a dramatic setting for the most popular tourist area of the Highlands. It is located at the southern end of the Caledonian Canal at “Neptune’s Staircase”. Ben Nevis, the highest mountain in Britain, dominates Fort William and the Nevis Range on Aonach Mor is not only Scotland’s highest ski area but it is also Britain’s only mountain gondola climbing to over 2,000 feet.

11.21 Fort William is a busy tourist centre for all Lochaber, now promoted as the Outdoor Capital of Europe, and it hosts the World Mountain Bike Championships. In the west of Lochaber are the spectacular and isolated peninsulas of Ardnamurchan, Morvern and Moidart. The Small Isles of Eigg, Muck, Rum and Canna are connected by ferry to Mallaig which is linked to Fort William by rail and by road, the latter known as the "Road to the Isles".

11.22 The Scottish Executive proposes to establish Scotland's first Coastal and Marine National Park during 2008 which is presently out to consultation and which it is hoped would create substantial local and tourist economic opportunities. Ten candidate areas have been proposed, with two areas being the strongest candidates, these being firstly the Ardnamurchan, Small Isles and South Skye Coast, and secondly the Argyll Islands and Coast.

11.23 Visit Scotland publish an annual survey of visitor attractions in the country. Table 11.4 lists the ten most popular on the West Coast in 2005.

Table 11.4: Visitor attractions on the West Coast, 2005

Attraction	Number of visitors
Eilean Donan Castle and Visitor Centre, Kyle of Lochalsh	257,240
Nevis Range, Fort William	155,301
Inverewe Garden, Poolewe	85,731
Glen Nevis Visitor Centre, Fort William	70,000
Glencoe Visitor Centre, Ballachulish	49,385
Knockan Crag Visitor Centre, Ullapool	40,000
Legend of the Dew of Ben Nevis, Fort William	39,933
Armadale Castle Gardens & Museum of the Isles, Sleat	39,609
Ardnamurchan Natural History Centre, Acharacle	31,887
Durness Visitor Centre, Durness, Sutherland	23,494

Source: Visitor Attraction Monitor, 2005

Argyll and Bute

11.24 Argyll and Bute is of relevance to the SEA 7 area, particularly its west coast and islands, but it is difficult to identify separate statistics for these areas since they are included in the Argyll, The Isles, Loch Lomond, Stirling and the Trossachs area. In 2003 the area attracted 2.2 million trips by UK residents and 200,000 trips by overseas visitors, involving 9.2 million bednights and £461 million expenditure.

11.25 A survey in 2000 estimated that in 1999 there were 3.9 million bednights in Argyll and Bute and of the total expenditure it is estimated that it was £189 million for Argyll and Bute. Of the total bednights in 1999, it is estimated that 54% were in Oban, Mull and Lorn (north Argyll), 26% in mid Argyll, Kintyre and Islay, and 20% in Bute and Cowal, as shown in Table 11.5.

Table 11.5: Bednights in North Argyll, Mid Argyll and Bute & Cowal, 1999

	Number of Bednights	% of Bednights
Oban , Lorn, Mull (North Argyll)	2,100,000	54%
Mid Argyll, Kintyre, Islay	1,000,000	26%
Bute & Cowal	800,000	20%
Total	3,900,000	100%

Source: Argyll and Bute Visitor Survey, 2000

11.26 Oban, Mull and Lorn is the most popular tourist area of Argyll and Bute, with Oban being the unofficial capital of the West Highlands and the "Gateway to the Isles" being the ferry terminal for many of the Argyll Islands. There are a number of popular yachting marinas in this area and other attractions are the various gardens warmed by the Gulf Stream and the hollow mountain of Ben Cruachan generating hydro-electricity.

11.27 Mull is the largest of the Argyll Islands and is the most popular tourist destination with its cheerfully painted Tobermory waterfront, its natural beauty and wildlife, the world's smallest working theatre, the adjacent Iona Abbey and community and Staffa with Fingal's Cave. The Smaller Isles comprise Tiree, which is the sunniest place in Britain and a windsurfing paradise, and it neighbour, Coll, a low-lying, very peaceful island with unspoilt beaches.

11.28 Mid Argyll is the birthplace of the Scottish nation and of the Gaelic culture and language, with Kilmartin being of historical significance. It is an area not only of enthralling history but also of outstanding beauty. Inverary Castle and its Jail attract over 75,000 visitors per year and the Crinan Canal built by Thomas Telford is a popular yachting shortcut between Loch Fyne and the Hebridean islands.

11.29 The island of Islay is famous for its eight malt whisky distilleries, a rich farming and crofting tradition and a high quality shellfish fishery. It has a number of excellent tourist attractions including the distilleries and Bowmore with its round church. Islay is a magnet for outdoor pursuits such as sailing, golfing, canoeing, fishing, stalking, walking, diving, surfing and there are a number of festivals.

11.30 Its neighbouring island of Jura is mountainous and sparsely populated, with one distillery and famous for its red deer, hillwalking opportunities, Corryvrechan Whirlpool and George Orwell. The small island of Colonsay is low-lying and also peaceful, with a strand at low tide linking the neighbouring island of Oronsay and its Augustinian Priory.

11.31 The Kintyre Peninsula or Mull of Kintyre, which in recent times was made famous by Sir Paul McCartney, is warmed by the Gulf Stream and remains largely unspoilt by mass tourism. Its main settlement is Campbeltown in the south of Kintyre with Northern Ireland only 12 miles away. There is a short crossing from Kintyre to the community owned island of Gigha known as "God's Island", with its rhododendron, azalea and magnolia walled garden.

11.32 Visit Scotland publish an annual survey of visitor attractions in the country. Table 11.6 lists the ten most popular in Argyll and Bute in 2005.

Table 11.6: Visitor attractions in Argyll and Bute, 2005

Attraction	Number of visitors
Isle of Bute Discovery Centre, Rothesay	136,325
Inveraray Castle, Inveraray	73,567
Inveraray Jail, Inveraray	70,849
Iona Abbey & St Columba Centre, Iona	62,808
Mount Stuart, Rothesay	34,962
Oban Distillery Visitor Centre, Oban	33,822
Duart Castle, Craignure, Mull	33,000
Dunstaffnage Castle, Oban	29,519
Mull and West Highland Railway, Craignure, Mull	24,880
Tobermory Distillery, Tobermory, Mull	23,796

Source: Visitor Attraction Monitor, 2005

Northern Ireland

11.33 Tourism is also increasingly important to Northern Ireland, with over 3 million trips in 2004, 11.7 million bednights and £429 million expenditure, as shown in Table 11.7. The Northern Ireland tourism industry has grown at a much higher rate than in the Irish Republic. It has the potential to become a key sector in the transformation of Northern Ireland.

Table 11.7: Regional Tourism Estimates, Northern Ireland

	Trips (000s)	Bednights (000s)	Spend (£ million)
2003	3,040.4	12,576.0	415.4
2004	3,026.7	11,676.6	428.7

Source: Northern Ireland Tourist Board, Regional Tourism Estimates, 2004

11.34 Between 2003 and 2004, the estimated number of trips and bednights decreased but the estimated expenditure increased, which might indicate increasing value added of the tourism product. In 2004 28% of the trips, 25% of the bednights and 28% of the expenditure were in Belfast but a close second were the “Causeway Coast and Glens” with 26% of the trips, 25% of the bednights and 23% of the expenditure.

11.35 In the SEA 6 study tourism was outlined from Coleraine District east and south to Carlingford Lough. In this SEA 7 study tourism in Northern Ireland will be outlined from Moyle District west to Derry City, including Moyle District with the “Causeway Coast and Glens”, Coleraine District, Limavady District and Derry City.

11.36 Moyle District is in the north of County Antrim. The main town is Ballycastle with a population of 4,500 people and the ferry terminal for the popular tourist destination of Rathlin Island six miles offshore, with a population of just over 100 people. Other tourist attractions are the World Heritage Site Giant’s Causeway, the Glens of Antrim and Bushmills Distillery.

11.37 Coleraine District to the west is an outstandingly beautiful area and an important tourism destination, with main town being Coleraine on the River Bann and the seaside resorts of Portstewart and Portrush, and other smaller market towns. Coleraine has a popular boating marina and Portrush is Northern Ireland’s premier holiday resort with sandy beaches.

11.38 Limavady District further west is a rural area in the centre of the tourism corridor which stretches from the Giant’s Causeway in the north east to County Donegal in the west and a ferry has been introduced to service this corridor across Lough Foyle. It has five National Nature Reserves, seven Areas of SSSIs, two Areas of Outstanding Natural Beauty and a Ramsar Site.

11.39 Derry City (or Londonderry) is near the border with the Republic of Ireland and it is the largest urban centre outside Belfast City, with a population of over 107,000 people. It is a developing business centre and is a tourist destination, with its historic City Walls dating from the 1600s being one of five signature tourism projects in Northern Ireland.

12.0 OTHER MARINE-RELATED ACTIVITIES

Military activity

12.1 Benbecula is the location of the support services for the QinetiQ Hebrides Range and there is also a tracking base on St Kilda. This operation in the SEA 7 area is the testing and evaluation of land, sea and air weapons, and the firing of in-service missile systems, including Rapier missiles, mobile rocket launchers and surface-to-air trials.

12.2 The facility controls and co-ordinates the deployment and operation of the range within air, sea and land danger areas. The air danger area comprises linked areas D701 and D701/A/B/C/D/E; the sea danger area corresponds to the air danger area excluding land areas under D701A/B/C/D; the land danger area is on 5km of shore at Rangehead, South Uist.

12.3 There is a NATO naval POL (petrol, oil and lubricant) depot and pier at Aultbea in Wester Ross and a torpedo testing and tracking facility operated by QinetiQ from BUTEC (British Underwater Testing and Evaluation Centre) at Kyle of Lochalsh, with testing being undertaken in a 10 km x 4 km area, 200 m deep in the Inner Sound between Raasay and Applecross.

12.4 The Royal Navy's nuclear submarine fleet is based at Faslane on Gare Loch in Argyll and Bute and this area is used for submarine training. There are also joint training exercises run by the Royal Navy and the Royal Air Force off the West Coast Scottish Exercise Area (SXA) and the Cape Wrath Range Scottish Exercise Area (SXA) for which SXA charts are available.

12.5 Practice and Exercise Areas (PEXA) charts are also produced by the UK Hydrographic Office, providing information relating to military activity. These charts are kept updated through the Admiralty Notices to Mariners (NM) Service and show areas which are in use, or available for use, by the Ministry of Defence for military practice and exercises.

Coastal quarry

12.6 Finally, the Glensanda superquarry on Loch Linnhe in Argyll is the biggest in Western Europe, exporting about 6 million tonnes of aggregate per year. The owners have recently applied for planning permission to increase production.