

Chairman's Report Year ending 31 March 2016

Introduction

Teignmouth Harbour Commission (THC) is a Trust Port created by statute. It is primarily responsible and accountable for the marine safety in harbour waters.

THC is the Statutory Harbour Authority, Competent Harbour Authority for pilotage, Local Lighthouse Authority for the aids to navigation, Navigation Authority regulating the marine operations within the harbour and estuary from the harbour entrance at the Ness to the entrance to Stover Canal at Newton Abbot. It is also the Mooring Authority administering and managing all moorings within the estuary.

THC provides a pilotage service for all shipping over 30m, which trade with the port. It ensures the harbour remains open for public use and that it can be navigated without danger. It complies with the Port Marine Safety Code to ensure a high degree of safety is maintained for the operation of the port, all its users and the community as a whole.

Its main sources of income are through dues raised from ships trading with the port, consultancy and the provision of moorings and leisure services.

The harbour is managed by the Chief Executive Officer and Harbour Master Commander David Vaughan OBE RN supported by a small operational team. He reports to the Commission, a non-executive board consisting of nine voluntary Commissioners all of whom are required to have a set of specific but complementary skills and experience. The board provides both strategic and business guidance and direction as well as being ultimately responsible for the application of and compliance with the Port Marine Safety Code.

Having been elected as the new Chairman of THC at the 2015 AGM, I would like to express my thanks and appreciation for the many years of dedication and exemplary leadership of my predecessor Jeremy Grammer who completed 10 years as the Chairman of THC and congratulate him on being awarded an MBE in recognition.

Results

There was an overall net loss of £24,000 for the 2015/16 financial year which has been covered by reserves built up in the good years to cover the contingencies of the poorer years such as we have been experiencing since 2008.

These results reflect, on the commercial side, a continuing challenge to obtain cargo throughput despite the strenuous efforts of ABP to attract new business, and is in itself a reflection of the worldwide slump in sea freight traffic.

However, the leisure side of the Commission's activities has maintained a healthy trend thanks to the hard work put in by all of the team, and for the first time revenues have exceeded those received from the charges on cargo traffic.

The cash flow remains positive. The overall financial position would be a great deal healthier but for the millstone of the need to meet the proportion of the shortfall in the Pilot's National Pension Fund imposed upon us unexpectedly by the decision of the High Court that all English Competent Harbour Authorities could be made liable for pension benefits even though their pilots are self-employed.

Although outside the period that this Report covers, The Commission expended £270,000 in July 2016 on additional maintenance dredging as was foreseen in my predecessor's report last year. This was seen

as an imperative to enable us to offer a much wider window for the arrival and departure of ships that normally use Teignmouth and the opportunity for additional ships having a deeper draught to use Teignmouth and to meet the demands of our commercial customers.

Whilst it was driven by the need to retain our existing custom I hope, and indeed anticipate that it will enable more trade to be acquired and increase the throughput and thus improve our operating profit. The early indications are that ships are making use of the wider window the greater depth provides.

We will continue to make use of the services of the dredger Mannin to maintain the channel depth which will be a continuing challenge.

Our own small dredger, the Teign C, has undergone a major refit and all our vessels are fit for purpose.

Key Performance Areas.

The greater channel depth has largely been achieved.

The Commission's Marine Management and Operation has been independently audited and successfully complied with the requirements of the Port Marine Safety Code.

Aids to Navigation have been maintained and achieved to the standards set by Trinity House.

There have been no major incidents but the following incident has been recorded and notified to MAIB:

14.09.2015 MV Hav Zander Impact with the Quay on berthing.

No injuries to staff have been reported.

Return on capital employed was (4.8) %

The Year Ahead

The commercial imperative remains to seek to increase the throughput of cargo and thus improve the bottom line profit and enable the Commission to meet the liability to the PNPf and start to build reserves.

We welcome the appointment of Alex Chichen as the new Port Manager for ABP Teignmouth and have co-opted her a Commissioner reflecting the close relationship between the Commission and ABP.

There will be a triennial review of the PNPf on 31 December 2016 and it is to be hoped that the situation has not deteriorated.

We expect to continue to maintain and improve the depth of water in the channel and to be able to offer our customers the widest possible window for vessels to use the port.

On leisure we continue to seek to improve our services (mooring installation, survey and maintenance, mast stepping/unstepping, flare disposal, dirty oil disposal, scrubbing out facilities) and have sought to increase awareness of the safety measures that can be taken to reduce the risk of marine theft.

The rise in minimum living wage, the cost of automatic pension enrolment for all staff and the increase in inflation have amongst other things increased our operating costs which has had to be

reflected in rising mooring licence charges which we have sought to keep to a minimum.

Our Harbour Master plays a significant role through his offices with South West Regional Ports; Teign Estuary Partnership; and UK Harbourmasters Association in maintaining the profile of Teignmouth both regionally and nationally.

I wish to record my thanks and appreciation to our staff and to our Pilots who have shown a high degree of professionalism and commitment.

I also wish to thank our customers and stakeholders for their continued support and welcome their contributions whether directly or through the Consultative Body.

Graham Bond.

October 2016