



Milford Haven Port Authority

Annual Report Business Review & Accounts 2006



leading the way..

Lloyd's List Port Operator of the Year
2007





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2006 was the first complete year in which all the Authority's businesses have been operated under a single management and Board structure



Group turnover fell by 10% in 2006 primarily as a result of the sale of DV Howells Ltd. Shipping was down slightly (by 2.2% or 49.4 versus 50.6 million gross tonnes) but commercial turnover increased as LNG construction activities built up in the second half of the year.

Group pre-tax profit of £179,000 was better than the previous year (a loss of £2.219 million) but is still at an unacceptably low level. LNG traffic will boost income and profits in 2007, however, it is essential that existing activities show significant and continuing improvements if we are to obtain the kind of financial realisations expected of a Trust Port of the size and importance of Milford Haven.

We reported last year that the Department for Transport decided to include an assessment of Trust Port status in the 2006 Ports Policy Review. The Policy consultations were completed within the year and are expected mid 2007. The Minister decided, however, to bring the issue of Trust Ports forward and commissioned Price Waterhouse Cooper to undertake an independent study. Milford Haven was interviewed as one of a short list of Trust Ports. No major changes are expected, rather that a wide range of targeted performance standards including return on investments, profitability, planning, stakeholder 'dividend' etc, will be recommended for ports to consider. We are confident that most of these issues are already in the Authority's Strategic Plan, however, some new actions may be introduced and possibly we will be encouraged to consider targets on output such as profitability to be reported upon specifically.

Personal safety is of the highest priority so it is pleasing to report that a steady downward trend in injury rates has been re-established, and yet again the Authority's results are significantly better than those of industry rates – some 20% in fact.

2006 was the first complete year in which all the Authority's businesses have been operated under a single management and Board structure. As part of the restructuring the Milford Docks Company, after 133 years of operation, ceased trading. MDC has contributed very considerably to the town, to the waterway and to the County. I believe it appropriate to thank the community and those employed in the Docks business for their support and commitment. Of course all of the business activities continue with a robust, dynamic and exciting future as it ever was.

The new commercial operations structure began to show its potential in 2006. Milford and Pembroke Dock provided valuable facilities and services to the burgeoning LNG construction and associated industries. For the first time in the Authority's history, commercial turnover and divisional profit exceeded the Marine Division's results. 2007 promises better results.

Concurrently the Commercial Division re-examined its organisation, its abilities and its opportunities and produced a

challenging and exciting long term business plan. Some projects are receiving further study, including enhanced ship repair facilities, whereas others such as the acquisition of the Pembroke Port MoD facilities, the continuing programme of building refurbishment and construction, and the marina and leisure developments are firm plans.

Our Engineering Division is now able to commit resources to a systematic assessment of some of the Group's older assets, and the message "repairing the past and preparing for the future" is appropriate for parts of the Milford Dock's infrastructures. A significant, multi year programme of refurbishment and maintenance has been developed to return older assets to, and to maintain existing assets at, acceptable life expectations. Martello quays, Blackbridge, development opportunities, commercial project support and marine equipment maintenance are all demanding projects.

Marine operations are the Authority's core and first priority responsibilities so considerable commitment is given to general and developing LNG customers and operations, to Port Control and radar systems development, to simulator and personnel training activities, to the commissioning of the new pilot cutter Skomer, to leisure and Water Ranger services.

Our associate and partner operated companies performed well in 2006. Phoenix Bowl increased turnover and profit. Williams Marine and Port Services, and Ledwood Mechanical Engineering both benefited from the LNG and related construction projects. WM&PS exceeded their business plan expectations, and LME obtained high potential business at South Hook and Dragon LNG in addition to other local, national and international business.

All our mainline divisions received essential support from the Finance and the Safety and Personnel Divisions – two sections which rarely receive recognition and thanks.

Can I correct that situation whilst thanking all the Authority's staff and management for their enthusiasm, commitment and enormous efforts; thanks also to our Directors but perhaps most of all, thanks to our customers and our community – we could not exist without their support.

On a personal note, this is my final report as Chairman as I shall be retiring later in 2007. I would like to welcome my successor, David Benson, who will bring considerable experience and understanding of the shipping and transport sector to the exciting future that the Authority now faces.

My congratulations and best wishes to him, and my personal thanks to my colleagues on the Board and the management and staff of the Authority, for the support and enjoyment that I have had during my time as your Chairman.

B.R.S. Clarke

Bob Clarke



Corporate Governance

The governance arrangements for trust ports such as Milford Haven Port Authority are identified by government in "Modernising Trust Ports – A Guide to Good Governance" (MTP) which was published in 2000 following a detailed review of trust ports. This was further commented upon by PricewaterhouseCoopers in early 2007 who were commissioned by the department to assist in the review of port policy as it applied to the trust port sector. The PWC analysis focussed on financial and operational efficiency and the contribution to the wider economy of trust ports, their accountability to stakeholders and a comparison of their governance against MTP and more recent changes in general corporate governance (e.g. as outlined in the Combined Code on Corporate Governance from the Financial Services Authority 2003).

MHPA was selected specifically along with seven other trust ports as part of this PWC analysis and whilst discussions will take place during 2007 on the ways in which government will incorporate its findings into the conclusions of the overall review of ports policy it has provided a useful benchmark against which MHPA has been able to validate our own compliance. In common with all those ports analysed we demonstrate a high degree of compliance with the benchmark standards and some of the ways in which this is achieved are commented upon below and elsewhere in the report. Some are no longer relevant or no longer accepted as best practice and will be revised in discussions with the department during 2007.

The Milford Haven Port Authority Board

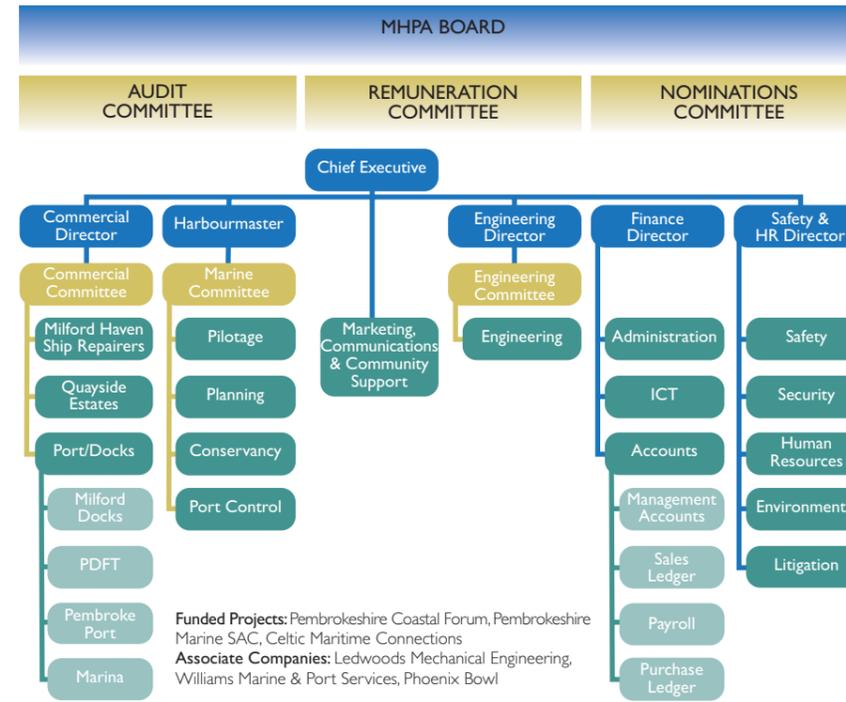
The Milford Haven Port Authority Act 2002 provides for a Board consisting a non-executive Chairman and up to 9 other non-executive members and up to 3 executive members (the Chief Executive and currently the Harbourmaster and Finance Director). At present all the non-executive appointments are made by the Secretary of State after a competitive selection process. The Authority is currently pursuing a Harbour Revision Order however that will retain the appointment of the Chairman as being with the Secretary of State but provide that all the other non-executive member appointments be made by the Authority direct. Unfortunately some private shareholder ports, members of the United Kingdom Major Ports Group (UKMPG), have objected to this and the consequent referral to a public enquiry has been suspended by the Department for Transport pending the outcome of the Government's Ports Policy Review which was undertaken in 2006. Discussions are being held with Department as to the appropriate ways in which to either encourage UKMPG to withdraw its objection or to hold a public enquiry and rule on the validity of the objections from the private, shareholder ports who have so far prevented our HRO's implementation (and through their objections to other trust ports the HRO's for those ports as well).

Under both the present and proposed regimes two non-executive positions are filled by competitive selection following consultation with Pembrokeshire County Council; two after consultation with our major customers; and one after consultation with organised labour (currently taken to be the TUC for Wales). Given the preliminary recommendations of the PWC analysis and the recent ports policy review this consultative link is not in accord with best practice and the board will seek to review this during 2007 and determine any desirable changes for discussion with the department. This may result in such consultative positions being removed altogether and the board numbers reduced accordingly or be replaced by open competition for these posts as with the other non-executive positions.

In addition to the above the Board has the power to appoint an additional member if at any time there is insufficient experience of navigation represented on the Board. Whilst provided as a backstop in the constitution this provision has to date never been activated by the Board.

In addition to the competitive selection following consultation route as indicated above the other five non-executive members, including the Chairman are selected after wide and open advertising and against an appropriate job description. The selection panel for all non-executive positions includes an independent member.

Non-executive members in all categories are sought so as to provide a mix of experience on the Board including, but not exclusive to, port management, shipping, navigation, environmental conservation, finance, commercial, legal, water related leisure, local government and organised labour. The current mix is evident in the biographies of members given elsewhere in this report. Each appointment is normally for a three year term, extendable for a further three years and whilst in office members owe duty solely to the Authority and do not in any way represent the interests of other parties. Board members are required to formally accept this duty before appointment.



The means of selection of members is in accord with guidelines laid down by the Government for all trust ports and follows what are commonly termed "Nolan principles". The duties of a Board Member are akin to those of a director of a company, in particular to be accountable for the proper exercise of the Authority's statutory functions, the identification and setting of business policies, its delivery of port and harbour services, and to provide proper oversight and direction in relation to the safety of operations and the financial performance of all Authority activities.

The Board meets regularly (at least six times a year) and most members are also involved in committee work or serve in other capacities which require a similar time commitment. Whilst the board has not appointed a senior independent director as recommended by the Higgs report the Deputy Chairman is appointed by the board itself to serve a similar purpose (provide sufficient challenge to the chairman and act as a focus for the views of non-executive members to be fully taken into account).

A register of Members' interests is maintained including landholdings, shareholdings and other responsibilities and appointments together with the requirement to identify any issues that could be perceived as a conflict of interests. This is available for public inspection by contacting the Chief Executive. The board has within its procedures a requirement to declare and a means of dealing with any conflict of interests with members.

All members participate in a detailed induction programme and are required to participate in other relevant training. Members, including the chairman are also required to accept performance monitoring and appraisal and this is undertaken on an annual basis.

Board Committees

Whilst the board operates a number of committees to support its functions as identified below this is through an identification of those matters reserved for the board alone and those that can be delegated to a relevant committee. There is also a clear statement of the different responsibilities of the executive (SMT) as being accountable to the board for managing the business in accordance with the policies determined by the board and the responsibilities of the latter in determining those policies, monitoring performance, ensuring the necessary support framework but not becoming involved in the management of the business itself. These are contained in a comprehensive set of governance documents which are reviewed and updated on an annual basis or as required by other initiatives (such as new guidelines from government).

Copies of the terms of reference of the board committees, the job descriptions of board members and the matters reserved for the board are available on request from the Chief Executive.





Audit Committee

The Audit Committee comprises three non executive members of the Board with the Chief Executive and Finance Director in attendance. The Chairman throughout 2006, appointed by the Board was The Viscount St. Davids.

Its terms of reference allow it to consider any matter relating to the financial affairs of the Authority and include the monitoring of financial reporting, accounting policies, matters relating to the auditors, the adequacy of the Authority's internal financial controls and at the request of the board to review and monitor the Authority's risk management systems.

At its meetings the Finance Director and external auditors are requested to report on various matters, and in 2006 this has principally meant the annual financial statements together with a review of financing of the Authority and the review and updating of a risk register for subsequent approval by the board.

Remuneration Committee

The Remuneration Committee consists of not less than 3 non-executive Members including the Chairman and Vice Chairman with up to two other non-executive Members. The Chief Executive acts as Secretary to the Remuneration Committee.

Members during 2006 were Bob Clarke, Dan Fellows (Committee Chairman) and Geoffrey Philipps. The Committee met once during the year.

The primary duties of the Remuneration Committee are to determine the remuneration of the senior managers in the Authority and the fees and emoluments of non-executive members and non-executive directors of any subsidiary companies. No member of the committee takes part in the decision making process about his/her own remuneration or other benefits.

The Committee is also charged with ensuring that senior remuneration policies facilitate the employment and motivation of senior personnel and that such administration operates on a best practice basis, and to ensure that levels of Board remuneration and expenses claimed should be detailed in the Annual Report.

The Committee is also able, at the request of the Board, to advise or act on its behalf in a senior management appointment within the Authority and, at the request of the executive, as a wages and salaries committee, being the final referral body in pay and conditions negotiations within the Authority.

Nominations Committee

This board committee was set up during 2005 in anticipation of the Harbour Revision Order which will transfer the responsibility of the appointment of non-executive members (other than the Chairman) from the Secretary of State to the Authority itself.

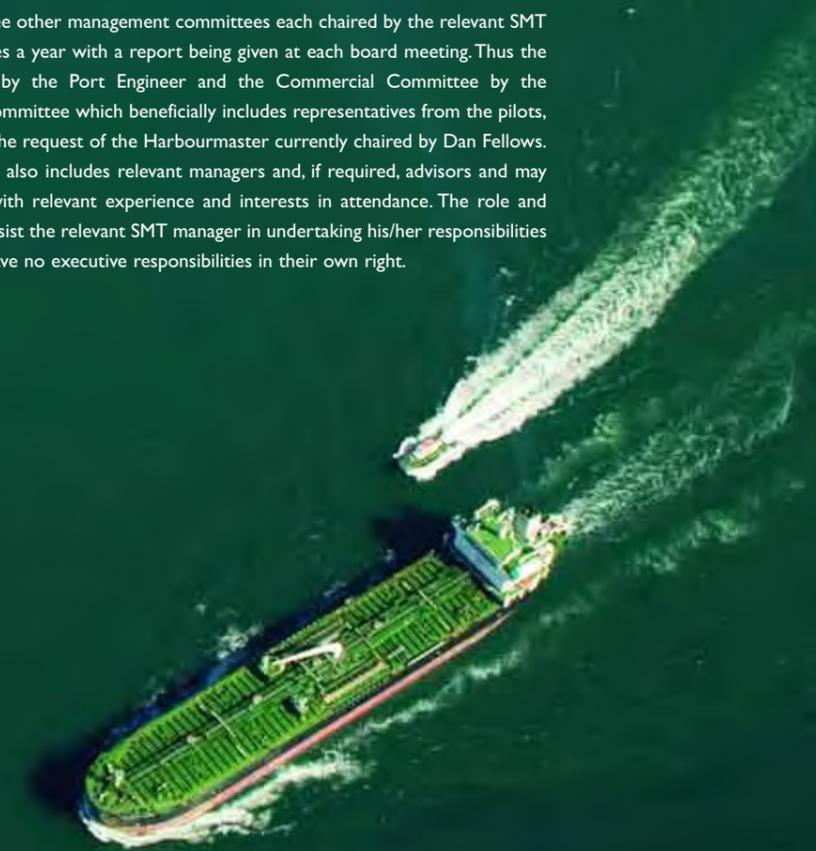
The purpose of the Nominations Committee is to undertake a formal process of reviewing the balance and effectiveness of the board, identifying the skills needed and those individuals who might best provide them. In particular the committee must assess the time commitments of the board posts and ensure that the individual has sufficient available time to undertake them. It will meet as appropriate to consider whether or not non-executive members coming to the end of their term of office should be put forward for re-appointment, and to review the statement in the annual report concerning its activities.

Membership of the Committee is determined by the board but will be made up of least 3 members including the Chairman and Chief Executive, the majority of whom should be independent non-executive members. During 2006 the members were Bob Clarke, Ted Sangster, Dan Fellows and Brian Charles.

The Executive

The Chief Executive and the Senior Management Team (SMT) are accountable to the Board for the implementation of board policy and the management of the business and affairs of the Authority. The SMT meet regularly as a group and at such meetings the Chairman of the Authority is normally invited as is the current Chairman of pilots. Non-executive board members may be invited to attend at their request.

To assist the executive there are three other management committees each chaired by the relevant SMT member. Each meets at least six times a year with a report being given at each board meeting. Thus the Engineering Committee is chaired by the Port Engineer and the Commercial Committee by the Commercial Director. The Marine Committee which beneficially includes representatives from the pilots, launch crews and port control is at the request of the Harbourmaster currently chaired by Dan Fellows. The membership of each committee also includes relevant managers and, if required, advisors and may also have non-executive members with relevant experience and interests in attendance. The role and purpose of these committees is to assist the relevant SMT manager in undertaking his/her responsibilities as a member of the SMT and they have no executive responsibilities in their own right.



Board of Directors



Clockwise from bottom right: Myra Shacklady, Arwyn Williams, Ray Rankmore, Brian Charles, Helen Sage (CEO's Secretary), Alan Furlong, Darrell Jacob, Andrew Brown, Mark Andrews, Ted Sangster, Bob Clarke, Richard Pugh, Geoffrey Philipps, Viscount St Davids, Dan Fellows

Members of the Board during 2006:

Non-Executive Members:

Bob Clarke, DL

Bob Clarke was appointed Chairman of the Authority in April 2000 having previously been Refining Director at Gulf. He is an Independent Member of the Lord Chancellor's Committee on the appointment of the JPs; Company Secretary of Investing In Pembrokeshire Society Ltd and a Trustee of the HMS Beagle Project.

Bob is also an MHPA nominated director of Ledwood Mechanical Engineering Ltd, a member of the Authority's Remunerations and Nomination Committees and a Trustee of the Retirement Benefit Scheme. Bob lives locally in the village of Coshaston.

Dan Fellow OBE, DL

Currently Vice Chairman of the Authority, Dan Fellows was appointed to the Board in 1997. He has recently retired as Branch Officer of the Transport & General Workers Union in West Wales and lives in Milford Haven. He is Chairman and Founder of Investing In Pembrokeshire Society; Vice Chairman of Pembrokeshire College; a Member of the Welsh Development Advisory Board and a Member of the Objective One Pembrokeshire Partnership Management Board. Dan is also Chairman of the Authority's Remuneration Committee; a Trustee of one of the Group Pension Schemes and a member of the Nominations Committee.

The Viscount St. Davids

With a family connection in Pembrokeshire that dates back generations and a forty year financial career in the City, The Viscount St Davids was appointed to the Board in 1997 and brings both local knowledge and financial expertise to the Authority. He served as a Minister, and was the spokesman in the House of Lords on Welsh Affairs between 1992 and 1994. At the request of the Secretary of State, he served on the National Assembly Advisory Group and subsequently the Assembly Preparation Group between 1997 and 1999. He is also Chairman of the Authority's Audit Committee.

John Allen-Mirehouse

John Allen-Mirehouse is one of the two members appointed through a competitive selection process after consultation with Pembrokeshire County Council for which he has been a Councillor for a number of years and is currently Deputy Leader. He was re-appointed to the Board in 2006, lives in the village of Angle on the southern shores of the Haven and was Sheriff for the County of Dyfed for 1998/99. John is a Justice of the Peace.

Brian Charles, OBE

Brian Charles was appointed to the Board in May 1999, at which time he had recently been the Managing Director and then Executive Chairman of Welsh Water having spent most of his career in the water services industry. Brian is a

chartered Accountant and has lived in Tenby for many years. He has been closely involved in the development of the National Botanic Garden of Wales of which he was a Trustee and Deputy Chairman. Brian is chairman of Arena Network, the environmental support agency for businesses in Wales and a Member of Glas Cymru. He is a Member of Pembrokeshire Housing Association and Member elected Trustee of the Western Power Utilities Pension Scheme. Brian currently serves on the Authority's Audit and Nominations Committees.

Geoffrey Philipps

Geoffrey Philipps was appointed to the Authority's Board in April 2000. He has spent the majority of his professional career in shipping and allied industries, including being the Director of a merchant bank with responsibility for its shipping portfolio. He has lived for most of his life on the shores of the Milford Haven Waterway at Slebech Park, and continues to do so. Geoffrey previously served as a non-executive Director of the Abbot Group Plc for a number of years, and also as a Director of the Pembrokeshire Business Initiative. He is an MHPA nominated director and Chairman of Ledwood Mechanical Engineering Ltd, and a member of the Authority's Remuneration Committee.

Arwyn Williams

Arwyn Williams was appointed to the Board in August 2005 through a competitive selection process following consultation with Pembrokeshire County Council. He farmed for many years on the southern shores of the Haven, after which time he qualified as an Engineering Safety Co-ordinator and worked for the oil and engineering industries within the Haven. Over the years, he has built up a reputation as an enthusiastic 'can-do' man, ever mindful of protecting the environment and the continuing development of the County. He now lives in Pembroke, is active in his community as its local County Councillor for Pembroke St Mary North Ward and lists his main recreation interest as fishing, where his hands-on knowledge of the Haven is readily transferable to the Authority.

Ray Rankmore

Ray Rankmore was appointed to the Authority's Board in December 2005, and became a member of the newly formed Commercial Committee during 2006. Ray started his career as a Marketing Professional over forty years ago and since that time, has undertaken every role possible in marketing – from being an FMCG Salesman to Group Marketing Director for a number of blue chip multinationals. After a successful career in marketing, he made the transition into general management, but continued his key focus on business development, having developed a wide range of products, businesses, companies and markets. His experience covers a diverse range of markets, products & services, companies, business environments and cultures both internationally and within the UK. Companies for whom Ray has worked during his career include Kimberly Clark (Kleenex), Xerox, BT and the Thomas Cook Group. Ray lives in Peterborough.

Appointed in 2007:



David Benson

Taking on the role of Authority Chairman from August 2007, David Benson brings with him a wealth of experience and expertise, spanning all aspects of the global transportation industry. With particular knowledge of the technical, marketing and operational facets of port, train and ferry services at multi-national levels, David's stewardship of the Authority will be underpinned by a strong sense of commercial realism, together with an approachable management style.

David has held senior positions in a number of internationally recognised companies including Managing Director Voyager for the Virgin Group, Vice President Tourist Trains & Cruises for Sea Containers Ltd, Passenger Marketing Director for P & O Ferries Ltd and Chairman of train operating company, GNER. More recently, David was Senior Vice President Passenger Transportation for Sea Containers Ltd where he retired from his professional career in 2006, and has since worked as Ferry Advisor to Macquarie Investment Management UK Ltd.

Currently living near Devizes in Wiltshire, David is not a native of Pembrokeshire, but through his role as Chairman, is focused on achieving financial results, combined with economic and social improvements that benefit the stakeholders of West Wales.



Anne Hughes

Having been an elected councillor of Milford Haven Town Council for over fifteen years, including two periods of office as Mayor of the Town, and as a current County Councillor, Anne Hughes has a clear understanding of the local context in which the Authority operates. Anne's close link with the waterway goes back to her family connection and ties to its former fishing industry, which commenced with her great-grandfather and his five sons bringing the first steam trawler "the Sybil" into Milford Haven's "new docks".

Anne's professional career spans position at both local government and health sectors, with managerial and financial responsibility. In addition to full time work, Anne has gained enormous respect from peers and colleagues for her ongoing community support and active guidance.

As a member of various voluntary and community committees, Anne brings to the Board empathy and a detailed knowledge of how the Authority's commercial remits continue to interact with community groups across Pembrokeshire. Anne is from Milford Haven and continues to live in the town.

Nigel Tranter

With nearly 25 years of service with Total, Nigel was appointed General Manager of Total Milford Haven Refinery in June 2006, and to the Board of MHPA in March 2007. Originally from Ebbw Vale, Nigel obtained a BSc in Chemical

Attendance at Board Committees in 2006 Note. Percentages are based on possible attendance.

	MHPA Board	Audit Committee	Remuneration Committee	Marine Committee	Engineering Committee	DVH Board	MDC Board	LME Board	Phoenix Bowl Board	Commercial Committee
Total No. of Meetings	6	2	1	6	6	2	2	12	1	4
John Allen-Mirehouse	2/2 - 100%									
Mark Andrews	6 - 100%			6 - 100%		2 - 100%				1 - 25%
Joan Asby										
Andrew Brown					6 - 100%		2 - 100%		1 - 100%	4 - 100%
Gregory Bryne					5 - 83%		2 - 100%			
Brian Charles	5 - 83%	2 - 100%					1 - 50%			3 - 75%
Bob Clarke	6 - 100%		1 - 100%				2 - 100%	11 - 92%		
Dan Fellows	6 - 100%		1 - 100%	6 - 100%						2 - 50%
Eric Harries					6 - 100%		2 - 100%			
Brian Howells	1/1 - 100%			1/1 - 100%						
Darrell Jacob	3/3 - 100%									
Desmond King	2/2 - 100%									
Geoffrey Philipps	6 - 100%		1 - 100%			2 - 100%		12 - 100%		
Richard Pugh	6 - 100%	2 - 100%			5 - 83%	2 - 100%	2 - 100%			4 - 100%
Ray Rankmore	6 - 100%									4 - 100%
Simon Rickaby						1 - 50%				
Ted Sangster	6 - 100%	2 - 100%			4 - 66%	2 - 100%	2 - 100%	11 - 92%		4 - 100%
Colwyn St Davids	6 - 100%	2 - 100%					2 - 100%			
Arwyn Williams	6 - 100%									

Ted Sangster, Chief Executive

Ted Sangster has been Chief Executive of the Authority since September 1998. Immediately prior to this, he was Director General of the British International Freight Association based in London. His previous career has covered different aspects of transport, including a period as Operations Director for Caledonian MacBrayne, and over twenty years with British Rail, Sealink and its successors Stena, working in a variety of locations including Holyhead, London and Portsmouth/Southampton where he was Route Director.

Ted is a Trustee of the Authority's Pension Schemes and the Chairman of Williams Marine and Port Services Ltd. Ted was elected Chairman of the British Ports Association with effect from 4th April 2006; is a past Chairman and current Director of Pembrokeshire Business Initiative; Chairman of the Darwin Initiative; a Director of Port Skills and Safety Ltd; Chairman of the National Committee for the Ports Industry; a member of the Objective One Pembrokeshire Partnership Management Board and of the Bank of England's SME panel for West Wales.

Captain Mark Andrews, Harbourmaster

Mark Andrews is a Yorkshireman by birth who went to sea at 17 with Houlder Brothers, serving in a wide variety of vessels from reefers (refrigerated cargo) to tankers, but specialising ultimately in LPG (Gas) Carriers. Having obtained his Master's Certificate, he came ashore in 1983 to commence a career within the

port industry with the Medway Ports Authority at their Port Control based at Sheerness in Kent. He subsequently transferred into pilotage and was authorised to pilot vessels in the Thames Estuary and Medway up to 100 metres in length. In 1990 he took up a shore appointment with the Medway Ports Authority as Assistant Harbourmaster, being promoted to Deputy Harbourmaster in 1993.

In 1995 Mark took up his duties as Harbourmaster with Milford Haven Port Authority. He is currently President of the United Kingdom Harbourmasters Association and a member of the International Harbourmasters Association, the Nautical Institute and the Energy Institute. Mark also chairs the Milford Haven Waterway Environmental Surveillance Group.

Richard Pugh, Finance Director

Richard was appointed the Finance Manager in March 1995 from the public services industry, becoming a Board Member in February 2003. He is a member of the Institute of Chartered Accountants in England and Wales, and was previously a partner in Llewellyn Davies Chartered Accountants, responsible for the Authority's audit in the period 1982-87. Richard has also been the Finance Director of an Unlisted Securities Market company and worked in most regions of the UK, with responsibilities in France and Germany. Born in Pembrokeshire and a social Welsh speaker, Richard served in the Territorial Army for 17 years. Richard is Secretary to two of the Authority's pension schemes, Company

Secretary of Ledwood Mechanical Engineering Ltd and a Director of the Pilots National Pension Scheme. He is Chairman of the Investment Panel of the Pembrokeshire Lottery and a Director of Haven Credit Union. Richard is also a member of the Institute of Welsh Affairs and has recently been elected as President of the South Wales Society of the Institute of Chartered Accountants in England and Wales.

Andrew Brown, Engineering Director

Andrew's career started with British Rail in 1970 in the Chief Civil Engineers Office, Euston, gaining design and site experience through various BR departments. In 1976 he gained a BSc in Civil Engineering and in 1979 joined Pynford Ltd as Structural Surveyor specialising in foundation engineering.

As Technical Sales Manager, he was subsequently responsible for developing and marketing innovative structural repair technologies. Following this, Andrew worked for four years in the works department of Preseli and South Pembrokeshire District Council before joining the Authority as Port Engineer in 1990. He managed the Milford 2000 project, was given responsibility as General Manager of The Milford Docks Company and then as Group Development Manager for the project management of the extension and refurbishment of Pembroke Dock Ferry Terminal. He is Chairman of the Engineering Committee and a Trustee of one of the Authority's Pension Schemes. Andrew is a Governor of Pembrokeshire College and a member of the Torch Theatre Project Partnership Group.

Alan Furlong, Safety & HR Director

Alan was appointed Personnel & Safety Manager in September 1996. Previous appointments have included twenty three years in the Electricity Supply Industry at several locations including Pembroke Power Station, Heysham 1 and 2 Nuclear Power Stations, Sizewell and Transfynydd Nuclear Power Stations. He also spent several years in the manufacturing and construction industries, in a variety of posts including Senior Executive Projects, Site Manager and Safety Adviser. He is a member of the working group on the Safer Ports Initiative for the Ports Industry. Alan was born in Pembrokeshire, being a native of Milford Haven, and is currently Chairman of Governors of a local primary school.

Myra Shacklady, Commercial Director

Myra was appointed Commercial Manager in August 2005. A P&O Group Management graduate, her career to date has spanned thirty years in the marine industry, having worked for several major passenger shipping companies, including Stena Line, Dieppe Ferries and Sun Cruises. Prior to joining the Authority, Myra was for nine years, Marine Operations Director for Sun Cruises.

Myra left the Authority in June 2007 to take up a position with Jersey Harbour Authority.



Left to right:
Alan Furlong, Ted Sangster, Andrew Brown,
Richard Pugh, Myra Shacklady, Mark Andrews,

...all this is contained within our vision of becoming the most highly regarded port in the UK by 2010



Our Aims

As a business we need to have a very clear idea of our strategic objectives, have the ability to measure our performance against them and the flexibility to respond to changing circumstances and re-direct as necessary. As a statutory body we are obliged to look very much to the long term as we have a duty to maintain this waterway not just for our existing but for all future users. As a Trust Port, we embrace both of these responsibilities and seek to apply them in such a way as to "add value" to

our community. All this is contained within our vision of becoming the most highly regarded port in the UK by 2010.

Our progress

Over the past year we have made some significant progress in a number of areas – for example the fact that we were voted Port Operator of the Year by the International newspaper, Lloyds List, against competition that included the largest port and port groups in the world is evidence of the progress we are making in achieving our vision.

Our financial results as evidenced elsewhere were also improved although they still fall behind the targets that we have set ourselves and therefore reinforce the strategies that we have adopted to make further progress in this.

A number of other targets that we set ourselves for last year have also failed to be fully realised – but in most cases it is just a matter of timing and will be achieved during the coming twelve months.

Our Strategy

Having undertaken a fundamental review of our business we have determined to focus on four main strategic areas. The first of these is to realise the full potential of the opportunity presented to us by the advent of LNG shipping into our port from the end of 2007. This provides not only an expansion to our

port operations and an extra tranche of responsibilities in managing this shipping in the mix of traffic using the port but, as importantly, can act as a catalyst for further progress and development. Our immediate targets therefore focus on successfully supporting this new type of shipping to use our port safely and effectively and to contract other parts of our business such as Ship Repair and Pembroke Port to deliver long term profitable marine services.

Another priority is that of land acquisition and supported development for port and water related activities. Waterside land is a limited resource. We are focused on the long term. It is important that we ensure that future port growth is not inhibited by disposal or use of this limited resource in a way that would not be compatible with future port use. We will achieve this for example, with our agreed purchase of the RMAS site in Pembroke Dock from the MoD by the end of 2007 and from our support for Agri-Energy's development at the Blackbridge site for a bio-diesel and generation plant bringing in over 200,000 tonnes of material in ships and exporting a significant amount in smaller barges and coastal vessels.

Thirdly leisure has a high priority and we will be looking to expand our own commercial involvement through further development of our own marina and participation in the Martello Quays housing and marina development at Pembroke Dock. We will couple this with the way in which we seek to manage and support the leisure use of the 22 miles of waterway for which we are responsible. Allied to this is the continuing marketing of Milford Haven as a port of call for cruise ships wishing to include Pembrokeshire and West Wales on their itinerary.

And finally we also recognise the opportunities to make use of our existing skills and partnerships for business expansion, whether it is for example to further develop leisure facilities such as the partnership in Phoenix Bowl; making use of our competence at managing marinas in bidding for management contracts for marinas elsewhere in the UK or looking to form new partnerships to assist what would otherwise be single use port facilities to have a wider role.

Other more specific targets for the coming year include the active pursuit of further users, particularly for freight of the ferry terminal in Pembroke Dock in support of our major customer Irish Ferries and working alongside the latter to assist them in expanding their business.



the future for this port is very positive with the significant investments in new business and re-investment in existing businesses



The political agenda

Like all ports, we operate within a political and regulatory framework which constrains or supports our ability to undertake our functions and manage and develop our business. The recent Government review of its ports policy are due to be rolled out during the course of the next twelve months and it is important that we as a port and with our colleagues elsewhere in the industry through our relevant trade associations, ensure that the needs of our port are recognised and supported as a consequence.

One aspect of this must be the resurrection of the current Harbour Revision Order that is at present held in suspense but which seeks to remove our port from being classified as being subject to the public sector borrowing requirements. The means to do this were identified in discussion with the Government and with the full support of both the Department for Transport and the Treasury. Unfortunately, some private and shareholder ports, being among the members of the United Kingdom Major Ports Group, objected to our HRO on the supposed grounds of principle and therefore a public enquiry was required but put on hold awaiting the outcome of the Government's policy review. It is important that this is re-enacted and it is to be hoped that the objections from shareholder ports will not be sustained. What is at risk for us and our community is that our programme of over £40m investment over the next five years could be prejudiced if we have to seek those funds from government rather than from the finance market as we intend.

Stakeholder Dividends

Another outcome of the review in which we will be undoubtedly engaged with Government in the coming year is the concept of 'stakeholder dividends' by Trust Ports. This flows from a study undertaken by Price Waterhouse Coopers for the DfT as part of its policy review and is based upon the recognition that while Trust Ports do not have shareholders to whom a dividend is paid, a much higher prominence is given to a wider range of stakeholders who can expect to benefit from the success of a Trust Port and that such ports should seek to measure and make obvious the 'dividend' so provided to their stakeholders.

Whilst, in principle, this is a concept that is readily understood and supported by ourselves we will identify this in much greater detail in future reports once the discussions with government have concluded as it is possible that we will be encouraged to adopt common core parameters for such reporting across the Trust Port sector.

In the meantime, Milford Haven Port Authority can point to over £200,000 provided in a wide variety of community support in addition to many hundreds of hours of managers and staff time to serve similar ends; the provision of facilities for support and hosting of projects providing assistance to the community; developing events to build local skills and bring in visitors to spend in the local economy and the very real recognition that one of our additional business drivers on top of those of financial performance, effectiveness and efficiency is that of community support and economic development.

The future for this port is very positive with the significant investments in new business and re-investment in existing businesses which we support and gives us the one-off opportunity to capitalise on this in taking a step change to re-shape our own business more positively and more quickly for the long term benefit of all users of the port and our community.

That's our real stakeholder dividend.

Ted Sangster

Chief Executive



During 2006, the Authority employed in excess of 200 people including the staff at Phoenix Bowl. With a strong commitment to the continuing development of all employees, the Authority continued to provide a number of opportunities, including external training initiatives. The Authority also nurtures a framework of 'in-house' development. Through a number of 'learning groups', employees are developing their professional experiences and skills, whilst simultaneously identifying opportunities for business improvement.

Training and Development

The Management Competency Action Learning Group (MCALG) developed a draft set of competencies with a view to assisting the future recruitment and development of Supervisors and Managers across the organisation. During 2006, the competencies were incorporated into the appraisal process through a pilot system within the Marine Division, evaluation of which will be undertaken during 2007, with a view to it being rolled out in a more comprehensive fashion throughout the rest of the organisation.

Communications

The Communication Action Learning Group (CALG) continued to play a vital role during 2006 in terms of supporting the improvement of internal communications across the Authority. Like the other learning groups, CALG is made up of volunteers from across the various parts of the organisation, meeting on a regular basis to brainstorm and implement ideas for improving internal communications. They also over see the employee suggestion scheme 'Port Eureka' which seeks to encourage the implementation of suggestions and ideas in a bid to improve the business.

Employee Reward

The end of 2006 saw the launch of a further Action Learning Group. This team, again comprising employees from across the Authority's business portfolio was tasked with reviewing our existing benefits package and proposing solutions that improve fairness in terms of the matching benefits to employee and business needs.

Social Committee

The Social Committee remained active during 2006, once again proposing and organising a number of events for employees, their partners and families. From evenings at the opera and afternoons at the spa to family adventures at theme parks, the Committee continues to prove an integral function in creating a culture of integration across the Authority.

List of current employees by Division

Name	Job Title
Ted Sangster	Chief Executive

Accounts & IT - Richard Pugh

Joe Beavis	Team Leader
Graham Campodonic	Credit Controller
Nicola Cargill	Team Leader
Pauline Coyle	Accounts Assistant
Phil Evans	Management Accountant
Clare Evans	Accounts Assistant
Karen Fawcett	Accounts Assistant
Laura Furlong	Accounts Assistant
Caroline Griffiths	Accounts Assistant
Louise Howard	Assistant Management Accountant
Alex Langlands-Brown	Technical Systems Administrator
Richard Pugh	Financial Director
Dave Robinson	Team Leader

Numbers employed within Division: 13

Engineering - Andrew Langlands-Brown

Michelle Bulford	Senior Office Administrator
Derek Fenn	Assistant Port Engineer
Kristian John	GIS/ IT Technician
Andrew Langlands-Brown	Engineering Director
Jason Lay	Maintenance Assistant
Grayham Passmore	Maintenance Supervisor

Numbers employed within Division: 6

Safety and HR - Alan Furlong

Alan Furlong	Safety & HR Director
Vikki Holmes	HR Assistant
Vidette Howells	HR Manager

Numbers employed within Division: 3

Marketing - David Griffin

David Griffin	Marketing Manager
Stella Hooper	Community Grants Officer
Anna Malloy	Marketing Co-Ordinator
Mariam Moazzen	Marketing Executive
Claire Palmer	Community Officer (Designate)

Numbers employed within Division: 5

MHPA General Admin - Helen Sage

Emma Frearson	Senior Administrator
Judith Laxton	Administration Assistant
Kim Phillips	Administration Assistant
Helen Sage	CE's Secretary/ Office Supervisor

Numbers employed within Department: 4

Quayside Estates - Jeff Teague

Lee Davies	Projects Assistant
Clare Stowell	Estates Assistant
Peter Swales	Caretaker
Jeff Teague	Development and Property Manager

Numbers employed within Division: 4

Marine - Mark Andrews

Mark Andrews	Harbourmaster
Mike Arnold	Marine Operator
Mike Burgoyne	VTS Supervisor
Geoff Donaldson	Marine Officer
Richard Evans	Marine Officer
Tim Gardener	Marine Officer
Ian Jenkins	Marine Operator
Paul Mensink	Marine Officer
Geoff Morgan	Marine Officer
Karen Smith	Marine Operator
Keith Walker	Marine Operator
Ian Yeomans	Marine Operator
Deborah Allen	Assistant Water Ranger
Phil Thomas	Pollution Fitter
John Warneford	Water Ranger
Will Allen	Pilot
Neil Bevan	Pilot
Andy Darlington	Pilot
Mike Davies	Pilot
Chris Harding	Pilot
John Haughey	Pilot
Andy Hillier	Pilot
Ed Neale	Pilot
John Owens	Pilot
John Pearn	Pilot
Dave Phillips	Pilot
Paul Pullen	Pilot
Ian Swales	Pilot
Trevor Woods	Pilot
Bill Hirst	Deputy Harbourmaster
Tom Lester	Assistant Harbourmaster - Planning
John Littleton	Assistant Harbourmaster - Conservancy
Malcolm Connolly	Senior Marine Fitter
Glyn Evans	Jetty Hand/ Relief Seaman
Paul Jenkins	Apprentice
Paul Coe	Leading Seaman
Robert Davies	Coxswain
Steve Doughty	Coxswain
Robert Evans	Coxswain

Barrie Gale	Senior Coxswain
David Harris	Leading Seaman
Peter Harteveltd	Coxswain
John Hawkings	Coxswain
Andrew Johnson	Leading Seaman
Brian Johnson	Leading Seaman
Andrew Kerrison	Coxswain
Robert Nichols	Coxswain
William Owens	Leading Seaman
Glyn Phillips	Leading Seaman
Nicky Picton	Leading Seaman
Phil Scale	Coxswain
Sammy Simpson	Senior Coxswain
Jeff Sinnett	Leading Seaman
Robert Smith	Leading Seaman
Gary Solomon	Leading Seaman
Julian Walker	Leading Seaman
Billy West	Senior Coxswain
Lee Wonnacott	Seaman
Graham Wood	Seaman
Frank Yeomans	Senior Coxswain

Numbers employed within Division: 60

Commercial - Mark Andrews (Temporary)

Susan Blanchard-Williams	Personal Assistant
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Marina & Docks - Mike Ashworth

Melanie Durney	Administration Assistant
Dave Barrett	Berthing Master
Wayne Busby	Marina Operative
David Clark	Senior Marina/ Docks Operative
John Clark	Docks Operative
Eira Daum	Marina Administrator
John Davies	Berthing Master
Richard Eastop	Senior Marina/ Docks Operative
Kevin John	Docks Operative
Ryan Jones	Marina Operative
Veronica Lee	Marina Operative
Tracey Masters	Marina Manager
Mark Nicklin	Marina Operative
Rodney Phillips	Marina Operative
Huw Williams	Marina Operative
Kenny James	Operations Supervisor
Roger Leay	Chargehand
Malcolm Lewis	Docks Operative

Numbers employed within Division: 18

Milford Haven Ship Repairers - Tudor Symmonds

Robert Atherton	Apprentice
Geoff Barrett	Skilled Ship Repairer - Mech. Fitter
Steven Barrett	Senior Supervisor
Simon Brown	Foreman
David Codd	Skilled Ship Repairer - Crane Driver
Mark Davies	Chargehand
Richard Devonald	Skilled Ship Repairer - Fitter/ Turner
David Evans	Dockmaster/ Fitter
Ivor Goffin	Semi Skilled Ship Repairer
Russell Heaton	Quality Systems & Buyer Assistant
Peter Jones	Skilled Ship Repairer - Crane Driver
Gemma Jordan	Administration/ Invoicing Clerk
Barrie Lewis	Semi Skilled Ship Repairer
David Ling	Workshop Foreman
Jeff Mills	Estimator
David Oughton	Semi Skilled Ship Repairer
Stuart Panton	Chargehand
Paul Phillips	Skilled Ship Repairer - Mech. Fitter
Tudor Symmonds	Manager - Milford Haven Ship Repairers

Numbers employed within Division: 19

Pembroke Port - Mike Ashworth

Mike Ashworth	Port Manager
Val Phillips	Administration Assistant
Jean Sweet	Cleaner
Nigel Brace	Port Operative
Kevin Brown	Port Operative
Andy Edmundson	Port Operative
Graham Reynolds	RTW Driver

Keith Russant	Port Operative
Paul Williams	Port Operative
George Worrall	Operations Supervisor
Gwei Darbyshire-Robert	Security Operative
Gordon Jackson	Security Operative
Paul Paddock	Security Operative
James Webb	Security Operative
Kath Butland	Cleaner
Paul Bevan	Chargehand (Terminal)
Craig Bunyan	Terminal Operative
Mark Burke	Freight Operative
Clive Butland	Freight Operative/ Relief Rampman
Brenig Cook	Freight Operative
Alan Dando	Terminal Operative
Jonathan Davies	Terminal Operative
Sheila Hallett	Terminal Operative
Winston John	Senior Supervisor
Pamela John	Terminal Operative
Brian Kelly	Freight Operative
John Kenniford	Freight Operative/ Relief Rampman
Peter Kitts	Freight Operative
Dale Lewis	Terminal Operative
Mike Lewis	Assistant Supervisor
Robert McDonald	Freight Operative
John Mitchell	Terminal Operative
Stephen Nicholls	Freight Operative
Richard Oldham	Freight Operative
Colin Phillips	Freight Operative
Martin Roberts	Freight Operative
Peter Roberts	Freight Operative
Jonathan Strand	Freight Operative
Alec Thompstone	Assistant Supervisor
Trystan Williams	Freight Operative
Craig Asparassa	Freight Searcher
Geoffrey Davies	Security Operative
Andrew Davies	Freight Searcher
Catherine Donohoe	Search Team Operative
Jim Elford	Security Operative
Stephen Elliott	Security Operative
Anthony Frost	Search Team Operative
Suzanne Graham	Search Team Operative
Denis Hough	Security Operative
David Jones	Security Operative
David Kidd	Security Operative
David Pinkess	Search Team Operative
Dean Reynolds	Search Team Operative
Michael Rowlands	Freight Searcher
Steve Webb	Search Team Operative
Sherell Williams	Security Operative

Numbers employed within Division: 57

Supported Projects - Ted Sangster:

Pembrokeshire Coastal Forum

Tonia Forsyth	Pembrokeshire Coastal Forum Officer
Tom Luddington	Activities Liaison Officer
Daryl Walsh	Assistant Coastal Facilitation Officer

Numbers employed within Division: 3

Pembrokeshire Marine SAC

Sue Burton	Pembrokeshire Marine SAC Officer
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Celtic Maritime Connection

Richard James	Project Officer
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Total Number employed within Authority: 196

Data as at: 04/07/2007

the Authority employed 14 pilots during 2006 and between them they undertook 4,740 acts of pilotage out of almost 11,000 total movements

2006 was a very busy year for the Division with the ongoing preparations to receive LNG vessels from the fourth quarter of 2007 onwards; the delivery of a new pilot vessel "SKOMER"; the continued refurbishment of the Port Authority Jetty and the commencement of a risk review of marine operations within the Haven.

Traffic

In 2006, some 3,159 vessels visited the port which is down on the 3,516 in 2005. The breakdown by terminal was:

	2006	2005
Total	616	691
South Hook LNG	28	6
SemLogistics	120	195
Chevron	1,526	1,777
Dragon LNG	13	0
MOD	63	42
Misc	97	145
Ferries	696	660
	3,159	3,516

During the course of 2006, Chevron undertook a planned maintenance turnaround which reduced the number of vessels using the terminal. Total also had fewer, larger vessels and SemLogistics had fewer vessels due to market conditions as well as being engaged in a significant tankage re-building program which, once completed, will more readily meet customer needs.

However, despite the reduced number of ships, each vessel is getting larger as evidenced by the fact that in 2005, the average tonnage per vessel was 14,483 and in 2006 15,652.

Delays

Delays to shipping have been identified as the main Key Performance Indicator (KPI) after safety. During 2006 delays were recorded as 5% of our total number of movements. Eleven categories of delays are used to produce the annual figure, with weather and pilot availability being the largest causes of delays. A target for 2007 has been set at 4.6%.

Incidents

2006 saw 45 port incidents and 93 near misses. This represents around a 39% increase over 2005 and the second highest incident rate since 1996. Whilst a number of these events are not directly within our control, (eg. landing a man at the Port Authority Jetty who was injured at one of the construction sites around the Haven) others, such as heavy berthing at the terminals, clearly are. Each incident is fully investigated by MHPA Marine Management to try to ascertain the root cause and put in place preventative measures, and is also reported to the Maritime and Coastguard Agency.

From the evidence gleaned from a number of investigations, a recurring theme has been the general inadequacy of "passage planning" which is one of the key contributors to the safe and efficient movement of vessels within the Haven. The responsibility for the production of the plan lies with the Master of the vessel. Clearly, however, the pilot has a major role to play in providing information to update the plan with the latest information and to ensure that the bridge team understands what is about to take place so as to recognise any deviation from the plan and to bring this to everyone's attention.

In addition, 2006 saw 40 pollutions, 18 within the Haven and 22 within Milford

Docks. The 18 Haven pollutions amounted to 26 litres in total whilst the 22 within Milford Docks amounted to 284 litres out of over 38 million tonnes of oil related products. Two of the Haven pollutions could be attributed to ships whilst 6 of the Milford Dock pollutions were attributed to fishing vessels. These latter pollutions resulted in 3 prosecutions of fishing vessels leading to fines of £4,000 and costs of £1,250 in total being made by the Courts.

Personal safety

2006 saw no lost time accidents within marine, a very welcome statistic. We continue to espouse safer working through appropriate task risk assessments, job design and training in accordance with the Safer Ports Initiative with which the Authority complies and the Board confirms in an annual statement to the Maritime Coastguard Agency.

Jurisdiction

The jurisdiction of the Authority extends from approximately 4 miles to seawards up to Haverfordwest and the weir on the Western Cleddau and Blackpool Mill/Canaston Bridge on the Eastern Cleddau.

Conservancy

The Authority has powers and duties under the Milford Haven Conservancy Act 1983 and the Milford Haven Port Authority Act 2002 to regulate the safe utilisation of the Haven by all users. Such users may range from swimmers and yachtsmen to fishing vessels, tankers and Very Large Crude Carriers (VLCCs) up to 300,000 tonnes dwt.

The UK operates what is known as an "open port policy". Under this, ships have a right to "free" i.e. (unhindered) passage to terminals within the port. However, the cost of providing such access is recouped by levying conservancy dues.

Conservancy may be split into four main areas, firstly the surveying of the Haven to identify the deep water channels, secondly to mark such channels with navigation aids such as buoys, beacons and transits. Thirdly, to dredge the channels both to maintain their depth (maintenance dredging) or deepen them (capital dredging). Fourthly, to remove any wreck or obstruction that could interfere with safe navigation within those channels.

Port Control

All traffic movements over 20 metres in length are co-ordinated by the Authority's Port Control based at Hakin. Port Control has been declared a 'Traffic Organisation Service' under the IMO's definition of 'A service to prevent the development of dangerous maritime and traffic situations and to provide for the safe and efficient movement of vessel traffic within the VTS (Vessel Traffic Service) area'.

Policy for Port Control is:

1. To maintain a control of shipping movements by providing pertinent, accurate and timely advice to vessels entering or leaving the Haven.
2. Consulting and planning the sequence of vessel movements for both entry and exit from the Haven and advise Masters and Pilots of their place in any queue.
3. Policy will be to maintain the sequence of movements where practicable by instructing Masters and Pilots not to proceed until permission has been granted.
4. Once a movement has commenced Port Control will support that movement through to completion.
5. Port Control is to monitor the traffic image to maintain situational



awareness and use this to ensure that potential conflict is assessed early and, if necessary, intervene.

6. Decisions made and advice given by Port Control staff pursuant to this Policy carry the formal authority and support of the Harbourmaster and Chief Executive.

Pilotage

Pilotage is compulsory within the Haven for all ships of 50 metres or more in length overall (with a few exceptions) and requires that vessels are to be provided with either a pilot or have on board a holder of a Pilotage Exemption Certificate.

Certain vessels over 65,000 gt and all vessels over 80,000 gt are provided with 2 pilots. The charge pilot conducts the navigation of the vessel and is responsible to the ship's master. The second pilot is provided to brief the bridge team on the information that they need to communicate the vessel's passage plan and handle the communications with the ship, Port Control, tugs, line boats and terminal. In view of the large quantities of oil carried in these sized vessels, a further benefit of this system is that it is both a valuable training tool and also provides a back up in the event of either a mistake by the bridge team or sudden illness occurring to the charge pilot.

An additional service is offered whereby certain ports are suitable for our pilots to be overcarried to. These ports are currently: Falmouth, Lynas (Liverpool), Dublin, Breaksea (Bristol Channel), Cork, Belfast, Holyhead and New Ross.

The Authority employed 14 pilots during 2006 and between them they undertook 4,740 acts of pilotage out of almost 11,000 total movements. In 2005, they undertook 4,627 acts of pilotage out of approximately 10,000 movements.

Leisure

The Authority is responsible for ensuring that all users of the waterway do so safely and efficiently. It applies equally to dinghy sailors as it does to a 300,000 tonne VLCC's.

In 2005 the Authority introduced the latest Milford Haven Waterway Recreational Plan. We are the lead body responsible for the production of this formal advisory document, in partnership with Pembrokeshire County Council, Countryside Council for Wales, Environment Agency Wales, Maritime and Volunteer Service, Milford Harbour Users Association and particularly the Pembrokeshire Coast National Park Authority who jointly fund the Water Ranger with us. The Plan contains a set of actions to be followed during the document's life span and these continue to be worked through on a systematic basis.

a new fleet of tugs has been ordered by Svitzer Marine Ltd to handle not only the existing shipping but also the LNG terminals

Our policy for leisure is to provide zones within the Waterway for specific usage as well as identifying areas that are environmentally sensitive to recreational use. Further, to encourage compliance through information, education and advice before using enforcement and prosecution, where necessary.

During 2006, the behaviour of the vast majority of leisure users was exemplary. The Water Ranger and Port Control maintain close liaison with the many yacht clubs and marine leisure businesses around the Haven allowing for prompt reporting and response to infringements so as to nip them in the bud. The consistent presence of the Water Ranger on a year round basis as opposed to seasonal employment has also greatly helped with continuous concerted action.

During 2006, 44 infringements were recorded down from 59 in 2005. In each case a follow up action, usually a verbal warning or letter, was issued. One persistent offender was forwarded a final warning letter which appears to have had the desired effect with no further repeat infringement recorded.

LNG

Preparations for the reception of LNG Carriers (LNGCs) from the fourth quarter of 2007 continue. 2006 saw the completion of capital dredging to widen the main channels at both Dragon and South Hook LNG terminals. This will allow a greater passing distance for vessels transiting the Haven, particularly those without tug escort.

New navigation aids have been ordered to mark the new channel arrangements and swinging area to the West of the South Hook terminal, as well as to provide additional aids to LNGCs transiting the Haven. The new navigation aids are anticipated to be installed during the mid part of 2007.

A new fleet of tugs has been ordered by Svitzer Marine Ltd to handle not only the existing shipping but also the LNG terminals. Ultimately nine tugs of between 80 and 100 tonnes bollard pull will be deployed within the Haven to serve shipping as required.

Guard tugs will be located at each of the LNG terminals when LNGCs are alongside, ready to intervene as necessary to protect both the LNGC and terminal.

Contingency planning to respond to an LNG terminal incident is being devised, together with the Emergency Planning department of Pembrokeshire County Council, the Mid and West Wales Fire and Rescue Service, Dyfed Powys Police, Maritime and Coastguard Agency, Dragon and South Hook LNG. The plans will be exercised prior to entry of the first LNGC.



“SKOMER”

A very proud moment for the Authority was the delivery of the new pilot cutter “SKOMER”. Designed by Camarc Ltd and built by Mustang Marine at Pembroke Dock, “SKOMER” is the second of a trio of new, faster, pilot cutters which will replace the Authority’s existing fleet of four slower vessels. In addition to pilotage work she,

like her sisters, is fitted out to undertake patrols of the Haven as well as VIP trips.

“SKOMER” was displayed at the 2006 Work Boat show in Southampton where she was undoubtedly one of the stars. In line with increasing environmental awareness, “SKOMER” is built with holding tanks for both black and grey water which may be pumped ashore.

LOA: 19.75m, Beam: 5.70m, Draft: 1.50m, Weight: 48 tonnes
Engines: Caterpillar C18 (800hp) twin screw, Speed: 18 knots

Dredging

During 2006 in addition to the capital dredging undertaken for the LNG traffic, maintenance dredging was undertaken to return the various channels and swinging areas back down to their designed depths. In accordance with the requirements of the Habitats Directive, a full Appropriate Assessment was undertaken by the Authority.

Work has also begun into producing a longer term maintenance strategy which is intended both to give greater certainty to future dredging as well as minimising the impact upon the environment.

Port Authority Jetty

The Authority’s jetty is an essential part of our infrastructure to serve our customers. During 2006 the jetty, jetty’s pontoon and brow were overhauled and upgraded as part of our ongoing plan to ensure all of our marine assets are at tip top condition. During 2007, further upgrading is planned to accommodate necessary environmental standards, service requirements and crew comfort.

Marine Risk Review

The Port Marine Safety Code requires all ports to undertake Risk Assessments of their marine operations and implement a Safety Management System. Milford Haven’s Safety Management System requires Risk Assessments to be regularly reviewed and updated. In practice, this means an almost continuous process of Risk Assessment development by both the Authority alone but more often jointly with other parties.

During 2006 marine risk consultants, Marico Marine, were awarded a contract to review the Risk Assessments and marine operations of the Authority. This review will include the extensive work undertaken by MHPA to prepare for the reception of LNGCs.

It is envisaged that the work will be completed by the middle of 2007.

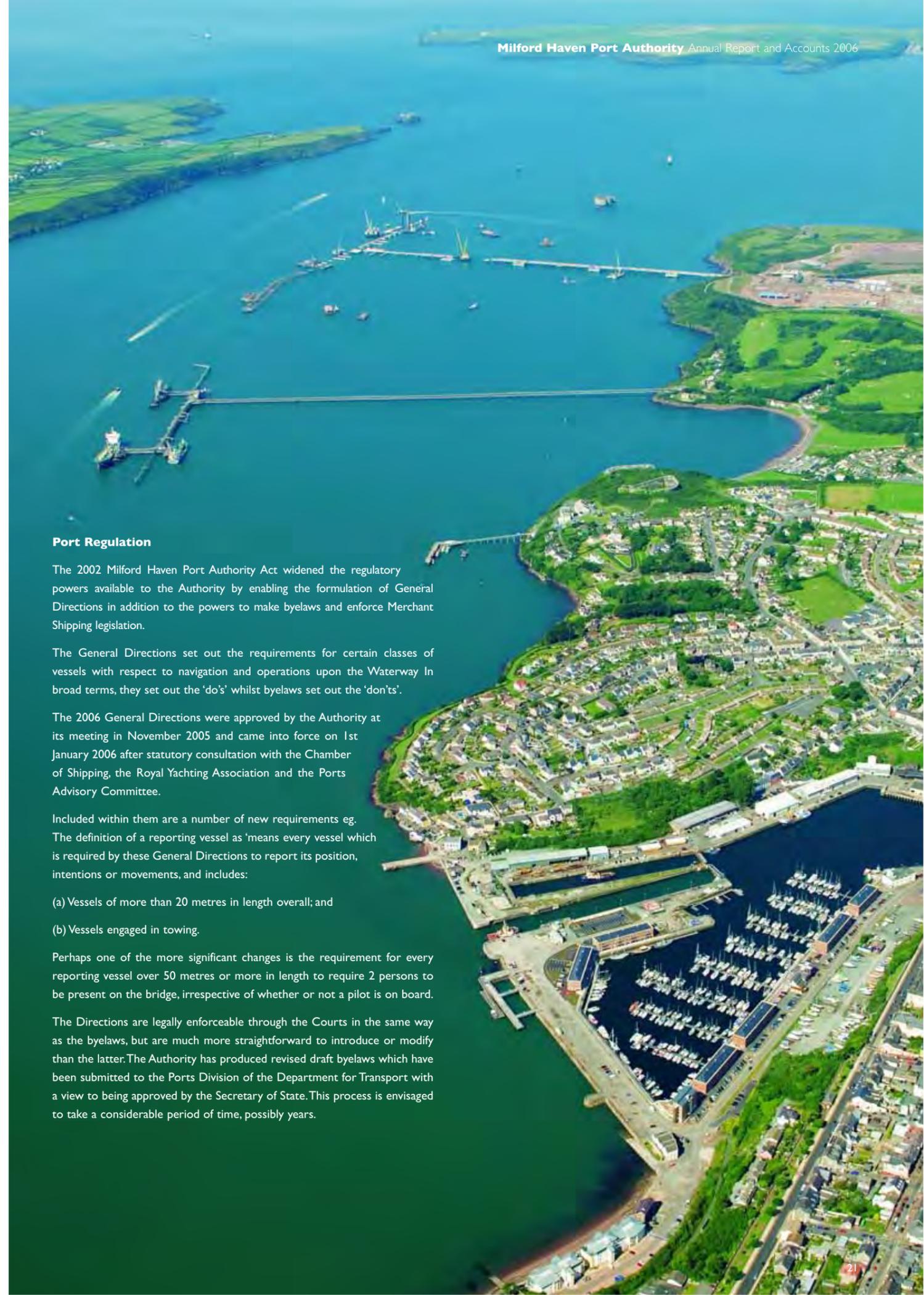
Marine Committee

The Marine Committee is led by the Authority’s vice-chairman, Dan Fellows, and comprises a mixture of members drawn from the board, management, employee representatives from the launches, Port Control and pilots. The Committee reports to the board several times per year.

The duties are set out in the terms of reference and include: enhancing safety within the Haven by providing a forum to discuss marine matters, making recommendations to the board on marine standards and ensuring marine operations reflect best practice, giving advice on strategic planning issues including marine capital expenditure and changes to port user patterns, review established marine systems to ensure aims, targets and objectives of all marine operations on the Haven are carried out efficiently and safely. The committee also makes recommendations to the Harbourmaster on standards of training, recruitment, professional development and will consider any other marine matters at the board’s request.

Topics covered in 2006 include:

- | | |
|---------------------------------|-------------------------------|
| Simulation trials | MHPA Outer marine Facility |
| New build pilot launch ‘SKOMER’ | MAIB fishing accident reports |
| Navigation aids | Incidents and Near Misses |
| Launch crew training | Channel Approach Aid |
| Conservancy | Marine Operations |
| Port Control policy | CHIRP reporting |
| Pilotage Directions | Dredging |
| LNG | Wind speed indicator |



Port Regulation

The 2002 Milford Haven Port Authority Act widened the regulatory powers available to the Authority by enabling the formulation of General Directions in addition to the powers to make byelaws and enforce Merchant Shipping legislation.

The General Directions set out the requirements for certain classes of vessels with respect to navigation and operations upon the Waterway. In broad terms, they set out the ‘do’s’ whilst byelaws set out the ‘don’ts’.

The 2006 General Directions were approved by the Authority at its meeting in November 2005 and came into force on 1st January 2006 after statutory consultation with the Chamber of Shipping, the Royal Yachting Association and the Ports Advisory Committee.

Included within them are a number of new requirements eg. The definition of a reporting vessel as ‘means every vessel which is required by these General Directions to report its position, intentions or movements, and includes:

- (a) Vessels of more than 20 metres in length overall; and
- (b) Vessels engaged in towing.

Perhaps one of the more significant changes is the requirement for every reporting vessel over 50 metres or more in length to require 2 persons to be present on the bridge, irrespective of whether or not a pilot is on board.

The Directions are legally enforceable through the Courts in the same way as the byelaws, but are much more straightforward to introduce or modify than the latter. The Authority has produced revised draft byelaws which have been submitted to the Ports Division of the Department for Transport with a view to being approved by the Secretary of State. This process is envisaged to take a considerable period of time, possibly years.

we recognise that there are concerns and questions that need answering and have always responded to these when put to us

The Authority has been working closely with the two LNG terminal developments, South Hook LNG and Dragon LNG, for the past four years in planning for the way in which LNG ships will be managed alongside all the other shipping and other users of the port when they start arriving from the end of 2007.

MHPA has also been directly involved with the planning authorities (Pembrokeshire County Council and Pembrokeshire Coast National Park), the Health and Safety Executive, the Maritime and Coastguard Agencies and other bodies in supplying information, advice and comment to assist those organisations in fulfilling their responsibilities in respect of these significant LNG developments.

An important part of this process has been a long and detailed programme of public consultation and information that MHPA and in many cases the other bodies mentioned above, has undertaken from the very beginning of this process to explain and inform the public what we are doing, the reasons for our approach and the conclusions reached. We recognise that there are concerns and questions that need answering and have always responded to these when put to us, and will continue to do so, and sought to anticipate such concerns in the information that we have made available in a variety of ways over the past three years.

We also recognise that there are those who are opposed to LNG for whatever reasons (some of whom have tried, and failed on a number of occasions, to seek a judicial review of the planning consents) and who seek every opportunity to foment public concern. One of the oft heard allegations is that because the full details of risk assessments have not been publicly issued this means that MHPA has failed to undertake adequate risk assessments of LNG shipping at all. This is absolutely not the case as in fact a comprehensive range of detailed and professional risk assessments have been undertaken.

Thus this “demand” that we release all documents simply shows ignorance or wilful misrepresentation of our position on the part of those making such calls, as we have been quite clear on this for a long while now.

This paper seeks to consolidate an explanation as to why MHPA has approached this planning in the way that we have and provide an understanding of what has been achieved and the reasons why we have concluded that we are confident that LNG shipping can be handled safely and efficiently in the port from the end of 2007.

As well as making use of work carried out or commissioned by others we have ourselves undertaken or commissioned from experts many risk assessments as part of the process of determining the way in which we will regulate and manage LNG ships when they start to use our port from the end of 2007.

This work has involved our own staff including marine managers and pilots, the use of simulators at the Marine Institute in Holland and in the Marine College in Fleetwood, the commissioning of studies and reports from experts and consultants, and working closely with the marine technical teams of both projects.

It is not a process that provides a single answer that results in a decision as to whether we will handle LNG ships or not as users whether commercial or recreational have a right to access the port provided that there is the physical capability of accommodating such use and that the user is prepared to pay the relevant charges and dues for doing so. So our risk assessments and analyses are not designed to determine whether we will handle such ships (that is not an option except in particular circumstances where a ship poses a danger because of its condition or that of its cargo and for which there are already in place regulatory procedures to monitor and verify and legal powers to enforce) but rather how we will handle them.

The results of such risk assessments and parameter testing that we have undertaken and commissioned has, for example enabled us to determine:

- the capacity of the port to accept this increase in traffic (we have at least 20% spare capacity well able to accommodate the 6%-7% increase that LNG shipping will provide when both terminals are operating at full capacity)
- the number of pilots per ship (2),
- the number of tugs for each ship movement (4, all larger than existing tugs and one of which will actively escort),
- the weather limits (not in winds of more than 25kts),
- the location and dimensions of the turning areas to be used in manoeuvring on or off the berths (one existing one widened slightly, one new one to be created, another new one identified for future developments),
- the navigation marks required (new buoys in new positions – currently on order),
- the areas and extent of dredging to widen the channel for passing ships (undertaken last summer),
- the validity of continuing with the existing systems of moving exclusion zones around ships in transit and 100m control zones around the jetties,
- the speed limits on ships passing occupied LNG berths (confirmed after an independent and detailed risk assessment),
- the provision of a guard tug when LNG ships are at berth,
- the training programme for pilots and ships crews making use of simulators,
- the introduction of a slot booking system for all commercial shipping,
- the updating of the ports pollution plan and its emergency response plan,
- working with the response services and the civil contingencies authorities to update their plans,
- revising the port security plans, testing all such plans in exercises,
- risk assessing the continuation of the small boat passages under the jetties (and concluding that they should continue to operate)

- among many other preparations and assessments including incorporating the characteristics and properties of LNG as a cargo into our assessment and planning.

So there is not one single risk assessment that provides a go/no go answer but rather a myriad of separate but interlocking assessments that are undertaken in determining how we will manage and control LNG shipping along with all other shipping and leisure craft movements in the port. In this it is no different to the procedure followed for all this other port activity, and furthermore such assessments and procedures are regularly reviewed and retested on a regular basis to both take into account any changing circumstances and verify their continuing currency.

It is therefore impractical and counterproductive to even consider releasing all this documentation into the public domain – filing cabinets full of it. Each element needs to be understood in the context of the whole and therefore MHPA has taken the deliberate policy of publicly explaining and demonstrating the approach, process and conclusions of all this work as the responsible and effective way of demonstrating the way in which we are preparing for LNG shipping.

each of the business units experienced a surge in activity, exceeding budget by just over £300,000

Having undergone a period of readjustment in recent years, 2006 marked the first full year of operations for the Authority's Commercial Division. Each of the business units experienced a surge in activity, exceeding budget by just over £300,000. Alongside this, the Managers of the four trading business units began the process of collectively planning the future direction of the Authority's commercial interests, with a focus on the long-term master-planning of both Milford Marina and Pembroke Port. It is very much a consultative process that continues into 2007, taking its place within the wider context of the Authority's overarching strategic plan.

MHSR

Characterised by a full year of dry dockings, 2006 saw a diversity of work being undertaken by the Authority's ship repair unit, both in terms of dry dockings and alongside work. The year was hugely successful for MHSR, not only in terms of solidifying existing business relationships, but the building of new ones.



Commencing with the docking of the Authority's own Caisson Gate at the beginning of the year, the first four months of 2006 saw further maintenance and repair work being carried out on a number of vessels for regular clients, Svitzer, FT Everard and Fishers.

There were very few quiet periods throughout the year, with the summer months in particular providing a host of docking and repair projects. Seven dockings over an eight week period included the refurbishment of an Authority Gangway and Pontoon, a Swansea Bay Mussel dredger, three trawlers for a Plymouth based company, Waterdance as well as the Jubilee Sailing Trust's tall ship, Tenacious.

MHSR was also awarded a contract by MOD agency Qinetiq to build two additional target barges. Having worked with Qinetiq for a number of years, the commitment for continuing work has given further strength to this professional relationship.

Alongside repair work for long-standing clients Fishers, FT Everard, Hanson Aggregates and Clipper Marine Services (formally Crescent Shipping) was also consistent throughout the year.

MHSR's diversification during recent years continued in the form of the Vehicle Repair Workshop at Pembroke Port and 2006 saw a rise in maintenance and repair works for both a variety of commercial vehicles and industrial plant.

Quayside Estates



Having established its reputation as one of Pembrokeshire's leading providers of commercial property, Quayside Estates seized the opportunity to broaden its remit during 2006, successfully being awarded Facilities Management contracts for 2 third party developments in Milford Marina, Smokehouse Quay and Nelson Quay. The latter in a residential and retail development initiated

over seven years ago in Milford Docks – a project that reached completion with the official opening of the final phase, Orion House (pictured).

Commercial lettings continued at a steady pace, with a number of new SME's joining the growing business communities in both Milford Haven and Pembroke Dock. The former Royal Dockyard on the south side of the Haven underwent a successful promotional campaign, with very little office accommodation remaining in the five Grade II Listed properties owned by the Authority. Alongside the

provision of additional commercial accommodation came the growing need for dedicated conference facilities – a service that has been instrumental in attracting new tenants whilst simultaneously raising the profile of Quayside Estates amongst external businesses and community groups that also utilise the facilities.

Entering 2007, Quayside Estates will be focusing attention on the continuing refurbishment and associated marketing of Pier House, a Grade II Listed property that has received a substantial grant through the European Objective One programme. When complete, the well known local property will broaden the Authority's portfolio and provide cost-effective accommodation to local SME's.

The growing portfolio makes a significant contribution to the success of the Commercial Division and provides strength to the Authority as a whole via its £12 million asset value.

Pembroke Port and Pembroke Dock Ferry Terminal

As a significantly busy year for Pembroke Port, 2006 saw a rise in commercial activity directly linked with ongoing developments of the two LNG terminals on the Haven.

Commencing with over-the-quay shipments of pipeline equipment for Transco, 2006 was characterised by a continuation of shipments for contractors associated with LNG related projects. Jetty pipe-modules were assembled on the quayside, undergoing fabrication for Dragon LNG and a pre-cast concrete site was established for the continuing work at the Southhook LNG terminal. A second new tipper lorry was also purchased for the increased delivery of sand from the Port to the LNG sites on the Haven.



A continuous run of shipments was also facilitated at the Port, including transshipment of all redundant steel-work from Sout Hook that in conjunction with the Environment Agency, was sent for recycling at sites in South Wales and Germany.

Against the backdrop of ongoing quayside operations, further investment in the Port's infrastructure was also made during the year, with £300,000 worth of electrical upgrades across the area. Such improvements have been instrumental, not only to Port operations, but to many of the businesses facilitated by the Port, including Celtic-Bio Diesel, a successful venture that processes waste cooking oil into bio-diesel for commercial use.

Over the past few years, the Ferry Terminal has seen a consistent increase in freight traffic using the service to Ireland, and 2006 was no exception. With a 6% increase on 2005's figures, Milford Haven Port Authority staffing patterns were increased to accommodate the additional on-shore operational activity; both extra drivers and security staff were recruited in line with the relevant ISPS criteria and our customers, Irish Ferries, needs.

Difficult weather conditions towards the end of the year proved challenging in terms of accommodating late sailings and associated disruptions. Whilst this had an obvious impact on operations, it also provided an opportunity to implement contingency plans identified through the process of Key Performance Indicators (KPI's).

Milford Marina & Docks

The popularity of Milford Marina continued to climb during 2006, with the extension of berths the previous year being fully occupied. With figures up 4% on 2005, annual berthing figures reached 95% during 2006.

The expansion in both services and facilities at Milford Marina during recent years was recognised through an independent assessment undertaken by the Yacht Harbour Association during 2006. Praised for its excellent operational standards and the amenities offered to both the local and visiting boat owner, the Marina was awarded four 'Gold Anchors' in a scheme that seeks to encourage the highest standards in the operation of Yacht Harbours and Marinas. Although 2006 was an exceptional year, the focus in 2007 will be to implement further improvements, working towards achieving a standard of five Gold Anchors – the highest offered by the scheme.



With just under 183,000 tonnes of commercial traffic, 2006 marked a significantly busy period for Milford Docks. The monthly average quay usage was approximately 83% and included vessels such as tugs, tankers and fishing trawlers.

Whilst the landings of fishing fleets were slightly down on the previous year (largely due to an extended period of bad weather during the latter part of the year), the Authority remains committed to supporting Milford's historic link with the fishing industry.

In addition to trawler fleets, the Dock also experienced a continuation of traffic related to the LNG projects. In servicing these movements, there was an increase in lock-pit usage, with over 3,000 LNG-related barges utilising the facility. The continuation of such commercial traffic during 2007 is expected, with operational staff at the Marina and Docks working hard to accommodate such diverse vessels.

Cruise

Throughout 2006 the Authority continued its drive to successfully position Pembrokeshire as a port of call for cruise vessels on both round Britain, Baltic cruising and Transatlantic repositioning voyages.

With five calls during the year, the Authority consolidated its reputation amongst the boutique four and five star operators, for a flexible and accommodating approach. The experience and expertise of staff from the Marine Division and the operational teams at Milford Docks, was accompanied by an on-shore welcome from local retailers and tourism providers. With increased cruise visits year on year, the Authority is playing an active role in aiding the economic progress of the County's tourism industry, ensuring that American and European passengers experience the best of what the County has to offer.

With five cruise visits and around two and a half thousand passengers stepping ashore during 2006, the Authority continued to market Pembrokeshire within the Industry, attending a number of high profile exhibitions in Hamburg, Rotterdam and Seatrade Miami.

During 2007 another five visits are booked, one of which is for Holland America Line, their 55,000 ton Maasdam cruise ship will be the largest to have graced the Milford Haven Waterway, bringing ashore two thousand passengers and crew members.

Seven cruise vessels have already been booked for 2008. Return visits by Holland America Line, Peter Deilmann Cruises and Saga Cruises. Saga Cruises will be bringing each of their three vessels during the summer.

As well as being an active member of the Cruise Wales and Cruise Europe initiatives, the Authority will also continue to work closely with other partner organisations, including Pembrokeshire County Council, the Welsh Assembly Government's Visit Wales and International Business Wales.





For the Engineering Division, 2006 was a year of consolidation, both in terms of the works commenced during the previous year and the formalisation of the Division's structure which sought to lay the foundations of the Authority's long-term strategy, in outlining a clear focus for the short and medium term planned scheduling of infrastructure repair and maintenance.

Aided by the appointment of an Assistant Port Engineer during early summer, this focus gathered momentum with comprehensive condition surveys being implemented across the Authority's Estate. During this period, other major works contracts such as the repair and maintenance of parts of the Milford Docks infrastructure were both planned, and completed.

Additional major projects managed by the Division included the successful completion of the Western Sunderland Hangar at Pembroke Port – the second of two Grade II Listed structures to have been refurbished by the Authority. The project is further proof of the Engineering Division's ability to successfully secure financial support through funding streams such as the European Regional Development Fund 'Objective One' programme, and Heritage Lottery Funding through the Pembroke Dock Townscape Heritage Initiative.

During 2007, the Division will focus on completing all condition surveys and the planning of maintenance/repair contracts to ensure that the ongoing operational needs of the Marine and Commercial Divisions are met. The Authority's long-term operational strategy will be aided by the development of a comprehensive Geographical Information System (GIS).

In addition, the Division is becoming more involved in 'alternative' energy supply and as a result of the Authority's increased awareness of environmental considerations. Proposals for a different form of electricity supply are under serious consideration.





Security

Our facilities at Pembroke Port, Pembroke Dock Ferry Terminal and Milford Haven Ship Repairers dry dock continued to maintain their accreditation by Transec under the International Ship and Port Facility Security (ISPS) Code throughout 2006. The Authority also completed the programme of installing digitally recorded CCTV systems to assist in maintaining vigilance across the operations.

During the year, the Authority led the port communities' participation in a pilot MANTRA (Multi Agency Threat Risk Assessment) programme at the request of Transec – one of four such pilot projects across the UK. In addition, the Authority participated in a national exercise involving all agencies over several days which assisted in testing plans to deal with a security incident developing in and around the Waterway.

Health & Safety

The Authority set itself an Accident Frequency Rate (AFR) of 1.02. This figure is the product of the number of lost time accidents per 100 employees divided by the actual number of personnel employed throughout the year. This is the standard adopted by the Ports Industry to enable Ports to benchmark

themselves. The AFR in the industry for 2005 was 2.6 with the Authority achieving an AFR of 0.5 against its target of 1.02. This continues the downward trend in accident reduction year on year.

Also throughout 2006, the Authority continued with its high priority to Health & Safety across all operations within its portfolio, with the topic being agenda items in both Board Meetings (bi-monthly) and Senior Management Team (SMT) Meetings (bi-weekly). In addition to the regular Management and Safety Representative Safety tours/inspections, Board Members participate in a minimum of one inspection per year.

The Safety Management System (SMS) was audited by our third party independent company in the first quarter of 2006. This resulted in some minor observations being raised, but no non-conformances. The internal and external audits of the SMS as well as near miss and accident reporting systems, ensures that a continuous improvement culture exists within the organisation.





Over the years, the Authority has sought business expansion through investments and partnerships in other companies as a targeted means of adding value to its own portfolio and the local economy.

Phoenix Bowl

During 2006, Phoenix Bowl strengthened its position as one of Pembrokeshire's most popular tourist attractions. Visitor numbers continued to climb, with the Centre's reputation for family entertainment being underpinned by the loyalty of the local customer base.

With a commitment to reinvestment and improvement on the part of both the Authority and its business partner Graham Dalton, 2006 saw improvements being made to the Centre's catering facilities, as well as an extension to the increasingly popular 'Pirate Pete's' adventure play area.

Marking five years since opening, 2006 was a year of double celebration, as Graham and son Steven became the first father and son ever to have represented Wales in the World Championships in Korea.

The possibility of developing a second Centre will be explored during 2007, with both Graham Dalton and MHPA wishing to extend the Phoenix Bowl brand, replicating such a successful partnership in new locations.

www.phoenix-bowl.co.uk



Williams Marine & Port Services

The Authority's partnership with Southampton based Williams Shipping continued to flourish during 2006, as further investment was made in renewing and increasing assets, as well as increasing the range of services provided from the Company's base in Pembroke Dock. With a dedicated presence in Pembrokeshire following the partnership venture with MHPA in 2005, WMPS have continued to develop their services in line with the increased commercial activity across the Port. During 2006, the Company began working in conjunction with LNG contractors, providing a variety of marine support services.

Looking towards 2007, WMPS aim to solidify their reputation for professionalism and reliability, being proactive and responsive to the immediate and future needs of the Port. Milford Haven Port Authority will remain active on the Company's Board.

www.wmps.co.uk

Ledwood Mechanical Engineering

The Authority made an investment in LME some seven years ago to support the relaunch of the Company. LME is a specialist fabrication engineering company, based in Pembroke Dock, and with a significant and increasing client base in the oil, petrochemical and gas industries.

Current major contracts include those as a major sub contractor to the two LNG projects in the port, Dragon LNG and South Hook LNG. In addition, LME provides regular support to both Chevron and Total, the two refineries on the waterway, and has also recently obtained a large contract from the Stat Oil Refinery in Norway.

MHPA's participation is both through shareholding and long term supporting loan, involvement of three members as non executive Directors and the provision of the Company Secretary. LME is also a major customer at Pembroke Port and has taken out long term leases on the hangars and regularly uses the port facilities for shipping out large project cargoes. With a high degree of activity early in 2007, LME was employing over 350.

www.ledwood.co.uk



Martello Quays is a housing development supported by a marina and which also provides a range of other detailed tourism and service options



Project involvement: Blackbridge

Towards the end of 2006, Pembrokeshire County Council was approached by Irish-based Company, Agri-Energy with a view to them establishing a bio-diesel manufacturing facility and power station at the former MOD Mine Depot site; land adjacent to Milford Marina and Docks.

MHPA support Agri-Energy in their proposals as development of the site would result in major shipping movements to and from the area. The Authority has been working to assist the developer in the provision of satisfactory mooring facilities, possibly with a view to a fixed multi-functional jetty structure in the future.

Royal Maritime Auxiliary Service

One of the long standing policies of the Authority is based on the recognition of the fact that waterside land with development potential is a finite resource and future port developments and expansion are significantly dependent upon the effective use of such land through its access to the Waterway. Thus the Authority will seek to influence the use of such land accordingly, either by working with others, making representations to the County Council and other planning bodies, supporting and promoting relevant developments and also by direct purchase and acquisition, both as a last resort on those occasions when it would appear that alternatives would develop the land in what we would see as being inappropriate ways or, and most beneficially, as a direct feed into our strategic view as to the way in which our own business should be developing.



One such significant area of waterside development land is that currently occupied by the Ministry of Defence for its moorings and salvage depot (RMAS) in the Western part of the former Royal Dockyard at Pembroke Port. As part of its rationalisation, the MoD will be transferring the operations of this base into a larger contract that has been awarded to Serco Denholm. MHPA has been working with Serco Denholm during their bidding process as the intention is that once the contract is awarded and comes into operation at the end of 2007, Serco Denholm will close down the operations in Pembroke Dock and move them to Burntisland in the Firth of Forth. MHPA will then purchase the site from Serco Denholm and in so doing actively develop it and create further employment opportunities that will more than compensate for the loss of those jobs to the local economy as the result of the transfer of the operation to Scotland.

Whilst reaching this position has been a long and tortuous process, taking well over three years, the potential acquisition of this site is one of the most significant development opportunities for the port in the immediate future. Direct opportunities are provided by the extra quay space to allow the expansion of the operations at Pembroke Port. There are existing tenancies and contracted uses of some parts of the site that will be continued and be incorporated into a wider provision of support facilities for the increased marine services activity that is being experienced in the port. We also have opportunities for a physical expansion of the adjacent ferry terminal and, in particular, the freight facilities provided in support of Irish Ferries' expected increases in traffic. On top of this the wide range of warehouses and office premises offer opportunities, particularly for SMEs wishing to develop or expand on land adjacent to the water.

Martello Quays

Much is being made in the government's recent review of its policy for ports of the differences in operation, performance and delivery of trust ports as against private ports. An analysis has been undertaken by PWC which identifies the defining characteristic of trust ports as being the "stakeholder dividend" that they are able to bring to a wider community as against the straightforward shareholder dividend of private ports which is applied to a much narrower range of beneficiaries.

One prime example of the concept of a "stakeholder dividend" is the way in which MHPA has been working with others in both the public and private sectors to bring about a significant regeneration development.

Martello Quays is a housing development supported by a marina and which also provides a range of other detailed tourism and service options. It will be opposite Front Street in Pembroke Dock, immediately adjacent to the Authority's facilities in Pembroke Port.

It arises from a number of bodies coming together in partnership a number of years ago, identifying a common purpose and a means of achieving that vision. Pembrokeshire County Council, the WDA (as was), the Crown Estate and MHPA, all of whom have an interest through either land ownership or a wish to support economic development in the area, working together as a client group appointed a developer after competitive tendering to serve our joint purpose which, in summary, is to regenerate this area at Pembroke Dock and add value to the Waterway and the port in so doing.

The developer formed into Martello Quays Ltd, with significant private sector backing, has been working with the client group and, after detailed and agreed specification, including early public consultation, submitted detailed planning proposal during 2007. If the planning application is successful, then work can be expected on the site during 2008 in providing, as presently seen, up to 400 housing units supported by over 200 marina berths, together with opportunities for further development such as hotels, cinemas, casino, tourism centres and heritage activities.

A prime example of the role that a trust port such as MHPA can play in the wider economic and social development of our community.

Outer Marine Facility, Milford Docks

Initially planned as a facility that would accommodate additional marina berths, as well as a dedicated 300 metre berth for cruise vessels, the Authority identified wider opportunities for this site during 2006. Whilst there remains a focus on the provision of leisure facilities, the brief for the outer marine facility will also now include operational berths for the increase in commercial traffic on the Haven.

An open tender was issued in October 2006 and following a qualitative analysis process, the Authority short-listed four consultants who have formed an Engineering-led consortium who, during late summer 2007 will present their collective proposal for a multi-purpose, outer marine facility.



Planned Martello Quays development





Environment

In 2006 MHPA further progressed its implementation of the Environmental Management System. This is being applied throughout the whole range of business activities.

In addition to the MHPA Generic Environmental Policy Statement policy statements have been tailored to reflect individual operational and Divisional needs. The formal structure of an Environmental Management Committee has been established and meetings alternate with the bimonthly Safety Management Meetings. Communication flow is augmented by the monthly Team Briefings cascade, the internal staff newsletter Group Informer and an environmental element within the induction process for new staff.

The support of ARENA Network has led to the accreditation of the Environmental Management System to Green Dragon level 2 (covering seven separate operations audited by 3 Arena Network staff over a two day period in the 1st quarter of 2007). Within an organisation with such a diverse range of operational activities and support services it is anticipated these seven sectors will progress the Green Dragon Accreditation to the extent and pace which is appropriate to meet their individual business needs and resources. The Marine Division is simultaneously progressing ECOPORTS, a European-wide ports Environmental Standard. The coming months will see a concerted effort to capture quantifiable data for assessment and management of environmental impacts and performance.

Alongside the Marine and Commercial remits of the Authority, there remains an unflinching commitment to the ongoing support of the local community. The trust port status of the Authority, along with its position as a major economic driver within West Wales, are determining factors in the way it approaches the economic and social development of Pembrokeshire.

As well as several commercial partnerships with local companies such as Ledwood Mechanical Engineering and Williams Marine and Port Services, the Authority maintains strategic relationships with a number of Agencies and Organisations, including Pembrokeshire County Council, Pembrokeshire Coast National Park Authority, PLANED, Pembrokeshire Business Initiative and the Welsh Assembly Government.

Each of these relationships are nurtured and developed through the appropriate means. An example being the way in which the Authority's property interest, Quayside Estates seeks to aid the regeneration of the county by supporting the development of small, start-up business ventures.

Community Support Committee

The level of support and investment given to both local individuals and community based projects continues to grow year on year, with the Authority's Community Support Committee being integral to this process. Comprising volunteer staff from across the Authority, the Committee was consistently active during 2006, ensuring that its £10,000 budget was utilised fully, responding positively to over sixty applications from local individuals, clubs, charities and organisations.

Donations and assistance were given to a variety of applicants including:

- Sports & Community Associations
- Yacht Clubs
- Amateur Dramatic Societies
- Atlantic Challenge participants
- Playing Field Associations
- Amateur Operatic Societies



As a talented local youngster, Ngaire Strawbridge was given financial assistance by the Authority during 2006 which helped her attend national events in her Topper sailing dinghy. Ngaire has since gone on to be the top female competitor at both the Welsh Youth Championship and the Welsh School Championships, and has also been selected for the GBR squad. Now finding success at racing her Laser dinghy, Ngaire is continuing to make her mark at national competitions.



Llangwm Longboat Rowing Club received financial support from the Authority in order to purchase life jackets, flares and other safety equipment. As a local organisation and regular leisure users of the Haven, the Authority was keen to support the Club's ongoing success and safety. Much of the equipment has been used by the Club's junior members during training sessions.

the Authority continues to support a number of projects that seek to enhance the regeneration of Pembrokeshire communities



Investing in Pembrokeshire

In addition to the donations given through the Community Support Committee, the Authority also seeks to provide more significant financial assistance for a number of county-wide events. Investing in projects and initiatives that seek to enhance the promotion of the county within wider economic circles is of continued importance to the Authority. During 2006, around £15,000 was given in support of festivals and events such as Pembrokeshire Fish Week, the Pembrokeshire Agricultural Show, Pembroke 21C and Seafair Haven, all of which successfully promote and market Pembrokeshire's status in wider tourism and commercial sectors.

Milford Haven Port Authority Scholarship Scheme - 2006

Recognising the wealth of academic talent within the county, the Authority established three years ago, a scholarship scheme that seeks to encourage local students in their pursuit of qualifications; especially those that are linked with the activities of the Authority.

With the aim of encouraging local students to become representatives of the County throughout their careers, the Authority also sees the potential for such youngsters to return to Pembrokeshire, making valuable contributions to the on-going development of the county's economy.

During 2006, four undergraduates and one postgraduate received a total of £6000 between them; £1000 for each of the Undergraduates and £2000 for the Postgraduate.

The undergraduate recipients of the 2006 Scholarships were:

- Richard Stephens from Milford Haven, a former Milford Haven Comprehensive School pupil, who is now in the second year of a three year BA Finance Accounting & Management course at Nottingham University
- Andrew Martin from Haverfordwest, who attended Tasker Milward, and was at Queens', Cambridge in the third year of a four year BA course in Mechanical and Chemical Engineering
- Anna Davies from Crymych who was in her final year at Bangor University, studying for a BA in Communication & Media. Anna was a pupil at Preseli School
- Benjamin Stalbow, from Milford Haven, formerly a pupil at Milford Haven Comprehensive School who was in the final year at Sheffield University, studying Law

The Postgraduate Scholarship was awarded to:

- Joe Green of Haverfordwest who was in the second year of a three year PhD in the department of Earth, Ocean and Planetary Science at Cardiff University. Joe's studies were focusing on the use of bioremediation as an option for marine oil spill response.

Community Partnerships

With a conscious focus on the development of community ventures, the Authority continues to support a number of projects that seek to enhance the regeneration of Pembrokeshire communities. Whilst this support is often in the form of financial assistance, the Authority's investment in such projects is not solely monetary. The provision of meeting facilities, administrative assistance, timely advice, networking opportunities and the dedication of significant time given by the Authority's managers and staff who serve in various capacities in such community initiatives continued throughout 2006. Community ventures such as the Gelliswick Bay Development Group, Haven Credit Union, the Beagle Project and the Darwin Festival as well as a number of community council initiatives all continue to receive support from the Authority.

Some of the resources of the Authority are applied to providing support to the community in which the port operates – part of what is being termed by Government in its review of the industry as the "stakeholder dividend" that is the defining and beneficial characteristic of Trust Ports as against private ports which only apply a financial dividend to their shareholders.

Whilst examples abound in many other parts of this report as to ways in which such support is provided, one particular focus is the way in which the Authority can use its position, expertise and facilities to support or take the lead in partnerships, examples of which include:

- I Sea Net.com, an Interreg funded project led by Pembrokeshire County Council with partners in Ireland seeking to identify ways in which port communities can enhance their capabilities by communications and exchange of information.
- The Sunderland Trust, in which the Authority provides some small financial support and also office and workshop accommodation for the project officer engaged in planning for the raising of the sunken Sunderland flying boat and its restoration to form part of a heritage in a tourism exhibition.
- The Beagle Project where the Authority has provided again some small financial support but also the facilities in which a replica of Darwin's Beagle can be built and then enter service as a base for science, exploration and young people's experience of both within the context of Darwin's work and approach.
- Another Interreg project with partner ports on the western seaboard of Europe identifying traffic flows and the ways in which such western seaboard ports can contribute to the EU's objectives of improving the effectiveness and environmental efficiency of supply chains.

We also have increasingly successful experience of hosting community or tourism related projects where we can offer to take the lead in applying for support, grant and promotion of the objectives of the groups with which we are involved, employing any necessary project officers, providing administrative and financial services support, office premises and day to day management and direction on behalf of the requisite managing body. Two such current examples are given here.

Maritime Heritage

Within recent years, the Authority has developed partnerships with a number of organisations, in a bid to successfully promote the richness and diversity of Pembrokeshire's maritime heritage. The Authority continues to host two main programmes connected with the promotion and celebration of maritime heritage:

- **The Maritime Heritage Project** With the aim of establishing both Pembrokeshire and South East Ireland as centres for events and activities that celebrate maritime heritage, whilst encouraging regeneration of traditional boat building and seamanship skills, MHPA is the leading project partner. Other groups and organisations committed to the partnership programme are the Atlantic Challenge (Pembrokeshire Gig) Association, Pembrokeshire College's Marine Technology Centre (MITEC), the West Wales Maritime Heritage Society, the Tall Ships (Wales) Trust, Pembrokeshire County Council, Pembrokeshire Business Initiative, Stena Line Ltd, and on the Irish side, the principle partner is the Waterford Institute of Technology.
- **Celtic Maritime Connections** This Initiative, established to develop tourism connections between Pembrokeshire and South East Ireland through a focus on maritime heritage, is once again driven by a partnership programme led by MHPA. The JFK Trust, Pembrokeshire College, the West Wales Maritime Heritage Society and the Tall Ships (Wales) Trust are other partnership organisations.

For both initiatives, 2006 marked a hugely successful year, enabling a number of key objectives to be fulfilled, in terms of promoting and celebrating maritime heritage. The week-long Seafair Haven festival, which involved almost 100 classic and traditional craft dating from 1898 to the present day, was successful in attracting visitors from boating fraternities within Brittany, Ireland and the UK.

Leading the Seafair Haven 'parade of sail' was the three-masted barque Dunbrody, a replica of the historic Irish ship that carried thousands of emigrants to the new world between 1845 and 1870. The visit to Milford Haven marked the vessel's maiden international voyage to the Port, and during her stay, she hosted a number of civic receptions in a bid to help promote the objectives of the Celtic Maritimes Connections Project.

The Welsh Assembly Government's Minister for Enterprise, Innovation and Networks, Andrew Davies (now Minister for Finance and Public Service Delivery), was a guest at one of these receptions, presenting a plaque to the Captain of the Dunbrody in celebration of her visit to Milford Haven. Speaking of the Ship's joint Irish and Welsh crew, the Minister saw the strength and growth of the Celtic connections between Ireland and Wales, saying "Trade and investment links between Ireland and Wales are growing stronger and stronger, supported by developing links at governmental level which are strongly supported by the Welsh Assembly Government."



Doctor Terry Rogers, Chairman JFK Trust being presented with a plaque by the Welsh Assembly Government Minister for Enterprise, Innovation and Networks, Andrew Davies.



almost the entire Milford Haven Waterway is within the Pembrokeshire Marine Special Area of Conservation



The Water Ranger

Jointly funded by Milford Haven Port Authority and Pembrokeshire Coast National Park Authority, the role of the Water Ranger has become integral to recreational assistance and safety on the Waterway.

During 2006, Water Ranger John Warneford undertook regular patrols, providing information, advice and assistance to all waterway users. In addition, the role of the Water Ranger is to police the zoning systems and where necessary, enforce bye-laws that seek to protect the safe and enjoyable recreational use of the Haven.

During the year, the Authority also commissioned the build of a larger, more powerful Rib, allowing the Ranger to navigate the Haven more quickly, interacting with the increased number of high speed vessels using the Waterway.

Further information regarding the recreational use of the Waterway, including tidal, weather and access details can be found by visiting:

www.recreation.mhpa.co.uk

Special Area of Conservation (SAC)

Almost the entire Milford Haven Waterway is within the Pembrokeshire Marine Special Area of Conservation – a European Marine Site. This conservation designation is recognition that the underwater wildlife of the area is amongst the best in Europe. The ria (drowned river valley) that is the Waterway is the reason why Milford Haven is a successful shipping port; it wouldn't be able to exist here otherwise! This unique environment also houses many special habitats and species which need safeguarding to ensure their future survival.

The SAC Officer, Sue Burton, continues to be hosted by the Milford Haven Port Authority and works on behalf of all of the relevant authorities for the Pembrokeshire Marine Special Area of Conservation, coordinating the development of a management scheme for the site. This management scheme is intended to plug any management gaps and provide an overview of the site and its activities.

Additional information can be found on the website www.pembrokeshiremarinesac.org.uk or requested directly from Sue. Tel: 01646 696108. E-mail sue@PembrokeshireMarineSAC.org.uk

Pembrokeshire Coastal Forum (PCF)

Pembrokeshire Coastal Forum is a partnership organisation promoting a sustainable approach to all aspects of the coast, including the inland waters and maritime areas. The organisation has a membership of approximately 1000, with its main purpose being to act as an unbiased, independent organisation which seeks to bring together all people who impact on our coast's management. The aim is to ensure that our coast is safe-guarded not just for now, but for future generations.

During June 2006, the 'Framework for Integrated Coastal Zone Management in Pembrokeshire' was produced describing the interrelationships and communications between all stakeholders with an interest, activity or function within the coastal zone through the Pembrokeshire Coastal and Maritime Network.

The Coastal Directory was also updated during the year. As a guide to the roles, responsibilities and various activities of organisations, the Directory also identifies from where to obtain information and advice on a variety of coastal issues. In addition to the Directory, the PCF continued to hold regular coastal surgeries around the County, encouraging members of the public to share their views and experiences of the coast.

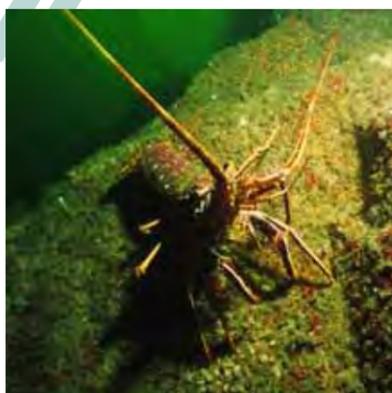
The Forum acts as a catalyst to encourage open discussion and debate on current issues affecting the Pembrokeshire coast. Over the period, this remit was exemplified by the organisation of an event where talks on coastal change examined what changes were happening on the Pembrokeshire Coast, how climate change may affect this, and how these changes would be managed. This event was followed by a panel debate providing a unique opportunity to both Forum members and member of the public to question experts on these issues.

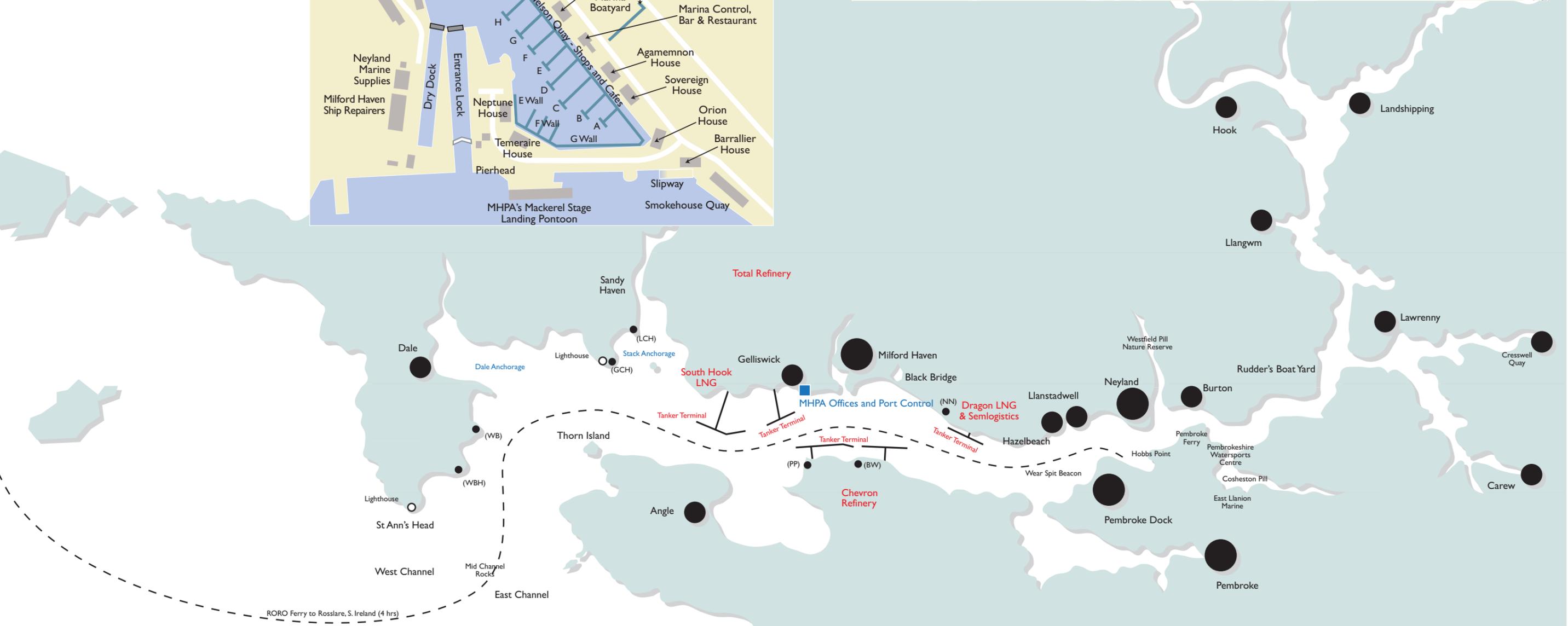
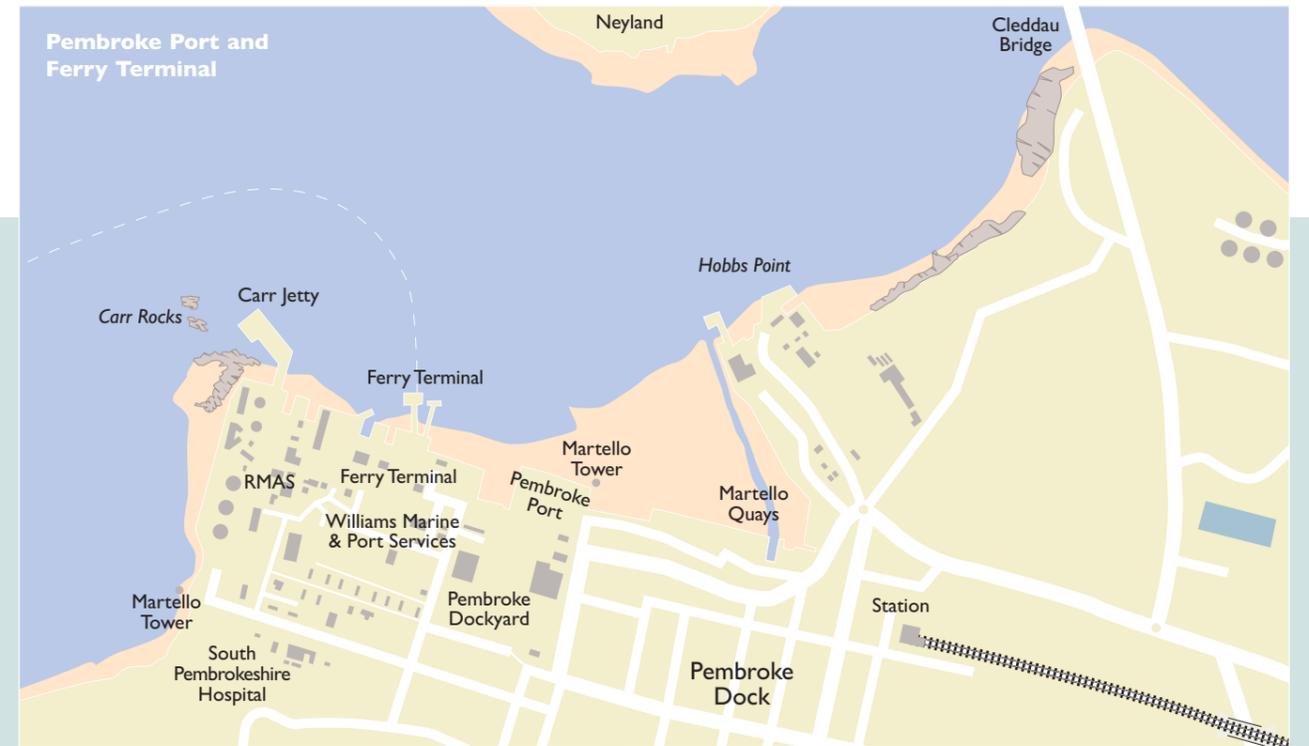
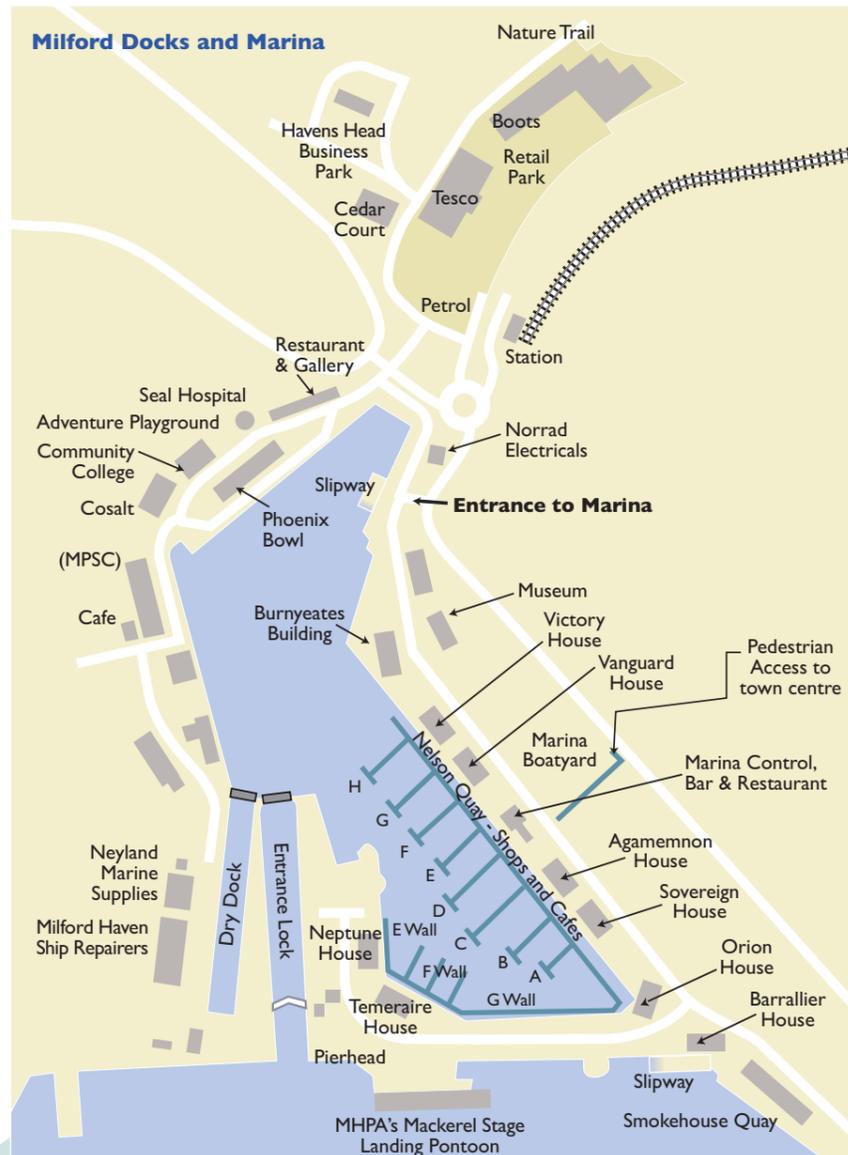
During the latter part of the year, the PCF's 'Fishing- Where's the Catch?' event also provided an opportunity for the public to hear about, and have an input into issues that affect the management of our coastal zone. Issues aired in question time, included lack of local economic benefit from the fish/shellfish available in Pembrokeshire waters and fishing litter.

For further information, the Forum can be contacted on 01646 696171/3 or additional information can be viewed at: www.pembrokeshirecoastalforum.org.uk



Underwater photos: Rohan Holt





Authority Members

D R S Clarke	Chairman
The Viscount St. Davids	
D Fellows	
B H Charles	
G M Philipps	
B Howells	(resigned 19th March 2006)
D Jacob	(resigned 26th May 2006)
D King	(resigned 22nd March 2006)
A Williams	
R Rankmore	
J Allen-Mirehouse	(appointed 25th September 2006)
M Clark	(appointed 1st March 2007)
N Tranter	(appointed 1st March 2007)
A E Sangster	
Captain M C Andrews	
R L Pugh	

Chief Executive

A E Sangster

Harbourmaster

Captain M C Andrews

Finance Director

R L Pugh

Membership

There were three changes in membership of the Board during the year. Mr B Howells resigned from the board on 19th March 2006 and was replaced by Mr J Allen-Mirehouse on 25th September 2006. Mr D King and Mr D Jacob resigned on 22nd March 2006 and 26th May 2006 respectively and were replaced by Mr M Clark and Mr N Tranter on 1st March 2007.

Tonnage

The gross tonnage of shipping handled in 2006 was 49,445,873 tons, a 2.2% reduction on the 50,582,328 tons handled in 2005.

Financial Results

The Authority's pre tax financial profit for 2006 was £433,000 (2005 - Loss £2,001,000). The Group's pre tax profit for the year was £179,000 (2005 - £2,219,000 Loss). All profits are retained for future utilisation in the undertaking.

Marine Safety

In common with all UK ports the Authority is required to confirm to the Ports Division of the Department of Transport that its marine operations and procedures comply with the requirements of the Port Marine Safety Code. The essences of the Code are the incorporation of risk assessment procedures and safety management systems (SMS) and the clear identification of accountability. The Board regularly reviews its SMS and procedures against the requirements of the Code and can confirm that all such requirements continue to be met. Although not required by the Code the Authority operates its SMS across all its activities, not just marine, to standards which incorporate a regular internal and external audit to ensure continuing compliance and the updating of the SMS to meet new circumstances as they arise.

Safety and the Safety Management System are set agenda reporting items at all meetings of the Board and the Senior Management Team.

Standards for Trust Ports

As a Trust Port the Authority has been required to set itself against Standards for Trust Ports published by the Department in 2000 following the Trust Port Review.

Confirmation has been given by the Board following assessments against these Standards that in the main, and certainly on all matters of principle, the Authority complies and further details of compliance are contained elsewhere in this report

Authority Members' statement as to disclosure of information to auditors

The Authority's members confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as Authority members in order to make themselves aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

Employees

Communication with employees is conducted through line management. Industrial relations are conducted with groups of employees through established company and industrial procedures, for a number of which relevant Trade Unions are recognised.

It is the Authority's policy to give full and fair consideration to application for employment from disabled persons and equal consideration to all employees whether able bodied or disabled for training and promotion.

Health and Safety at work receives high priority from line management and duly appointed safety committees are in operation, and a comprehensive Safety Management System operates across all Group activities.

On average the group employed 189 employees in 2006 (206 in 2005).

My colleagues on the Board join me in thanking all of the staff of the Authority and its subsidiaries for their efforts and hard work throughout the year.

D R S Clarke

Chairman

30th March 2007

Statement of Authority Members' Responsibilities

The Authority's members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Current law requires the Authority's members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that period. In preparing those financial statements, the Authority's members are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The Authority's members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements comply with the Harbours Act 1964 as amended by the Transport Act 1981.

They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority's members are responsible for the maintenance and integrity of the corporate and financial information included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

D R S Clarke

Chairman

30th March 2007

Independent Auditors' Report to the Members of Milford Haven Port Authority

We have audited the Group and the Authority's financial statements for the year ended 31st December 2006 which comprise profit and loss accounts, balance sheets, statements of total recognised gains and losses, a cash flow statement and the related notes, which have been prepared under the historical cost convention, and the accounting policies set out in note 1.

Respective Responsibilities of Authority Members and Auditors

The Authority members' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Authority Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion, as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Harbours Act 1964 as amended by the Transport Act 1981. We also report to you if, in our opinion, the Authority Members' Report is consistent with the financial statements, if the Authority has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Authority members' remuneration and transactions with the Authority is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Authority's and the Group's affairs as at 31st December 2006 and of the Authority's and Group's profit for the year then ended;
- have been properly prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and;
- the information in the Authority Members' Report for the year ended 31st December 2006 is consistent with the financial statements.

Llewelyn Davies

Chartered Accountants

Registered Auditors

Bank House

Narberth

30th March 2007

Profit and Loss Account

For the year ended 31st December 2006

	Notes	Group		Authority	
		2006 £000	2005 £000	2006 £000	2005 £000
Turnover					
Continuing Operations		15,668	14,797	15,676	9,048
Discontinued Operations		655	3,467	-	-
	2	16,323	18,264	15,676	9,048
Cost of sales		11,822	14,291	11,220	6,394
Gross Profit		4,501	3,973	4,456	2,654
Operating expenses		4,955	4,481	4,894	3,425
Continuing Operations		(439)	(563)	(438)	(771)
Discontinued Operations		(15)	55	-	-
Operating Loss	3	(454)	(508)	(438)	(771)
Exceptional item – profit on sale of subsidiary business		213	-	-	-
Share of operating profit/(loss) in associates		264	(354)	-	-
Profit on disposal of tangible fixed assets		49	22	49	9
Provision on investment in associate		-	(1,525)	-	(1,525)
Profit/(Loss) on Ordinary Activities Before Interest		72	(2,365)	(389)	(2,287)
Interest receivable and similar income	6	279	270	843	248
Other finance income	21	129	126	129	105
		480	(1,969)	583	(1,934)
Interest payable & similar charges	7	301	250	150	67
Profit/(Loss) on Ordinary Activities before Taxation		179	(2,219)	433	(2,001)
Tax on profit/(loss) on ordinary activities	9	(126)	(183)	(118)	(83)
Profit/(Loss) on Ordinary Activities after Taxation		53	(2,402)	315	(2,084)
Minority interests		-	(1)	-	-
Profit/(Loss) for the Financial Year		£ 53	£ (2,403)	315	(2,084)

The notes on pages 50 to 63 form part of these financial statements.

Statement of Total Recognised Gains & Losses

For the Year Ended 31st December 2006

	Notes	Group		Authority	
		2006 £000	2005 £000	2006 £000	2005 £000
Profit/(Loss) for financial year		53	(2,403)	315	(2,084)
Actuarial gain/(loss) on pension	21	383	(2,748)	383	(2,747)
Movement on deferred tax relating to pension liability	21	(31)	880	(31)	880
Unrealised gains on revaluation of fixed assets	20	-	11,348	-	10,700
Total recognised gains and losses relating to the year		405	7,077	667	6,749
Prior year adjustment - pension liability	21	-	(1,169)	-	(1,417)
Total recognised gains and losses since last annual report		405	5,908	667	5,332

There is no material difference between the Group profit/(loss) on ordinary activities before taxation and the Group retained profit for the year and their historical cost equivalents.

The notes on pages 50 to 63 form part of these financial statements.

Balance Sheet 31st December 2006

	Notes	Group		Authority	
		2006 £000	2005 £000	2006 £000	2005 £000
Fixed Assets					
Tangible assets	11	43,598	42,554	43,598	36,756
Investment in subsidiaries	12	-	-	5,773	5,773
Investment in associates	12	494	440	425	-
		44,092	42,994	49,796	42,529
Current Assets					
Stocks	13	135	321	135	3
Debtors	14	4,710	3,989	4,542	2,251
Cash at bank & in hand		129	182	1	1
		4,974	4,492	4,678	2,255
Creditors - amounts falling due within one year	15	5,003	4,735	14,552	6,280
Net Current Liabilities		(29)	(243)	(9,874)	(4,025)
Total Assets Less Current Liabilities		£ 44,063	£ 42,751	£ 39,922	£ 38,504
Creditors - amounts falling due after more than one year	16	87	89	-	-
Provisions for Liabilities and Charges	18	2,780	2,707	2,063	1,955
Accruals and Deferred Income	19	7,244	6,390	7,244	6,278
Pension Liability	21	3,148	3,221	3,148	3,471
Reserves					
Revaluation Reserve	20	10,700	11,348	10,700	10,700
Profit and loss account	10 & 20	20,077	18,969	16,767	16,100
		44,036	42,724	39,922	38,504
Minority interests		27	27	-	-
		£ 44,063	£ 42,751	£ 39,922	£ 38,504

The financial statements were approved by the Authority members on 30th March 2007, and signed on their behalf by:

D R S Clarke
Chairman

A E Sangster
Chief Executive

The notes on pages 50 to 63 form part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31st December 2006

	Notes	Group	
		2006 £000	2005 £000
Reconciliation of operating loss to net cash inflow from operating activities			
Operating loss		(454)	(508)
Depreciation charges (net of grants released)		1,743	1,781
(Increase)/Decrease in stocks		(92)	66
(Increase)/Decrease in debtors		(993)	1,013
Increase/(Decrease) in creditors		552	(696)
Difference between pension charge and cash contributions		408	310
Net cash inflow from operating activities		1,164	1,966
Returns on investments and servicing of finance	24	112	130
Taxation		(269)	-
Capital expenditure and financial investment	25	(2,321)	(1,891)
Acquisitions and disposals	26	384	10
Cash (outflow)/inflow before financing		(930)	215
Financing	27	(4)	(4)
(Decrease)/Increase in Cash	28	£ (934)	£ 211

The notes on pages 50 to 63 form part of these financial statements.

Notes to the Financial Statements - 31st December 2006**1. Accounting Policies****a) Basis of accounting**

The financial statements have been prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation, and in accordance with applicable Accounting Standards and under the historic cost convention. The principal accounting policies which the Authority's members have adopted are listed below.

b) Basis of consolidation

The consolidated financial statements include the financial statements of the parent Authority and its subsidiary companies for the year to 31st December 2006, together with the group's share of its associate companies results accounted for under the equity method for the accounting period.

An associate is an undertaking in which the Group has a long term participating interest and over which it exercises significant influence.

c) Land and Buildings

On adoption of FRS 15, the Authority followed the transitional provisions to retain the value of the land and buildings as re-valued in 1989, without updating that valuation, but did not adopt a policy of revaluation, prior to 31 December 2004.

A policy of revaluation was adopted at 31st December 2005. The Authority's property assets were valued by independent qualified valuer DTZ Debenham Tie Leung. The valuation was undertaken in accordance with the Valuation and Appraisal Manual of the Royal Institute of Chartered Surveyors. The Authority's specialist marine assets were valued by Jacobs Babbie Limited. The book values of these properties were adjusted to their valuations at the year end and the resultant gains credited to the revaluation reserve.

The basis of valuation was as follows:

Investment/owner occupied property assets were valued on the basis of market value.
Specialised marine assets were valued on the basis of depreciated replacement cost.

The adoption of the policy of revaluation had the following effect on the 2005 figures-

Authority – Increase of £10,700,000 in value of tangible fixed assets; £nil effect on profit for the financial year.
Group – Increase of £11,348,000 in value of tangible fixed assets; £nil effect on profit for the financial year.

d) Depreciation

The provision for depreciation has been computed as follows:

Capital dredging

The policy of the Authority is to depreciate capital dredging on a straight-line basis over a 20 year term.

Buildings

The cost of buildings is being depreciated on a straight-line basis over a period of 10 - 35 years.

Freehold land

Freehold land is not depreciated.

Other assets

Other assets are depreciated on the straight-line basis at rates between 2% and 33.3%

e) Investments in subsidiary undertakings and associates

In the Authority's financial statements, investments in subsidiary undertakings and associates are stated at cost less any provision for impairment.

f) Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

g) Grants

Grants on capital expenditure are credited to a deferred revenue account and credited to the profit and loss account over the life of the asset. Grants relating to revenue expenditure are credited to the profit and loss account in the year to which the expenditure relates.

h) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Cost is based on purchase price plus attributable overhead if appropriate.

Notes to the Financial Statements - 31st December 2006 (continued)**1. Accounting Policies (continued)****i) Deferred taxation**

In accordance with FRS19, full provision is made for deferred taxation in respect of all material timing differences. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are not discounted.

j) Goodwill

Goodwill arising on acquisitions prior to 31st December 1997 has been written off to Reserves in accordance with the accounting standards then in force. As permitted by the current accounting standard, the goodwill previously written off to Reserves has not been reinstated in the Balance Sheet. On disposal of the business to which it related, the attributable amount of goodwill previously written off to Reserves will be included in determining the profit or loss on disposal.

The cumulative total of goodwill eliminated against reserves is £949,273 (2005 - £949,273).

k) Pension Costs

In November 2000, the Accounting Standards Board issued FRS 17, 'Retirement benefits'.

The Authority adopted FRS 17, 'Retirements benefits', in the 2005 financial statements. The adoption of this standard represented a change in accounting policy and the comparative figures were restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 on the Authority's 2005 financial statements was to increase personnel costs and other finance income by £292,000 and £105,000 respectively, to reduce profit for the year by £187,000 and to reduce the total recognised gains and losses by £3,284,000.

The effect of the change in accounting policy to adopt FRS 17 on the Group's 2005 financial statements was to increase personnel costs and other finance income by £310,000 and £126,000 respectively, to reduce profit for the year by £184,000 and to reduce the total recognised gains and losses by - £3,037,000.

2. Turnover

Turnover comprises the invoice value of goods and services supplied by the group within its ordinary activities exclusive of value added tax and intra-group transactions. The analysis of turnover is as follows:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Ship, passenger and goods dues	5,033	6,201	5,034	4,637
Marine services	5,953	7,279	5,298	271
Pilotage services	3,864	3,862	3,864	3,862
Rents	910	812	910	40
Management charges	-	-	-	113
Miscellaneous income	553	47	560	125
Hire of lifting and other equipment	10	63	10	-
	£ 16,323	£ 18,264	£ 15,676	£ 9,048

The Authority's turnover figures include sales and services to subsidiary companies of £nil (2005 - £113,000).

3. Operating loss is stated after charging or (crediting):

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Depreciation of tangible fixed assets	2,101	2,152	2,076	1,680
Deferred revenue (see note 19)	(358)	(371)	(358)	(363)
Bad debt provision	-	618	-	618
Hire and leasing charges	41	64	41	-
Auditors' remuneration				
- audit	27	28	27	12
- other services	4	14	-	10

Notes to the Financial Statements - 31st December 2006 (continued)

4. Authority Members' Remuneration

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Fees	74	75	74	75
Other emoluments (including pension contributions)	335	322	335	322
	£ 409	£ 397	£ 409	£ 397

The number of Authority members to whom retirement benefits are accruing under defined benefit schemes is 3 (2005 – 3).

The Authority members' remuneration disclosed above (excluding pension contributions) included amounts paid to:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Chairman	19	19	19	19
Highest paid member	114	110	114	110

The emoluments of other Authority members (excluding pension contributions) were in the following ranges:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
£Nil	2	2	2	2
£1 to £5,000	2	-	2	-
£5,001 to £10,000	6	7	6	7
£10,001 to £55,000	1	1	1	1
£55,001 to £75,000	-	1	-	1
£75,001 to £80,000	1	1	1	1
£80,001 to £85,000	1	-	1	-

Two Authority members waived their entitlement to board fees in the year (2005 - 2) and are included in the above table in the £Nil band.

5. Staff Costs

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Wages and salaries	5,583	6,098	5,362	3,261
Social security costs	518	582	497	313
Other pension costs	860	696	793	572
	£ 6,961	£ 7,376	£ 6,652	£ 4,146

This includes amounts paid to Authority members as disclosed in note 4.

The average monthly number of employees during the year was as follows:

	Group		Authority	
	2006 Number	2005 Number	2006 Number	2005 Number
Operational staff	135	159	131	57
Office staff	54	47	51	26
	189	206	182	83

Notes to the Financial Statements - 31st December 2006 (continued)

6. Interest Receivable and Similar Income

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Dividends	-	-	574	-
Interest receivable from associates	267	267	267	248
Profit on redemption of debentures	1	-	-	-
Share of associates interest receivable	9	2	-	-
Other interest received	2	1	2	-
	£ 279	£ 270	£ 843	£ 248

7. Interest Payable and Similar Charges

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Overdraft and loans repayable within five years	136	130	131	63
Interest on Inter-Company Loans	17	4	17	4
3.5% debenture stock	3	3	-	-
Other interest payable	2	-	2	-
Share of associates interest payable	143	113	-	-
	£ 301	£ 250	£ 150	£ 67

The Authority benefits from a bank overdraft interest set off arrangement with other group companies and consequently it does not bear the full cost of its bank borrowing.

8. Pilotage

The revenue and expenditure relating to pilotage can be summarised as follows:

	2006 £000	2005 £000
TURNOVER		
Providing pilotage services	3,854	3,854
Issue of pilotage exemption certificates	10	8
	£ 3,864	£ 3,862
EXPENDITURE		
Providing the services of a pilot	1,672	1,553
Providing, maintaining and operating pilot boats	1,261	1,107
Administration and other costs	159	170
	£ 3,092	£ 2,830

9. Tax on Profit/(Loss) on Ordinary Activities

a) Analysis of charge in period

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Current tax				
UK corporation tax on profit/(loss) of the period	92	221	93	93
Adjustment relating to previous years	(83)	52	(83)	(5)
Share of associates' UK corporation tax	9	9	-	-
Total current tax charge	18	282	10	88
Deferred tax				
Origination and reversal of timing differences	108	(99)	108	(5)
Tax on profit/(loss) on ordinary activities	£ 126	£ 183	£ 118	£ 83

Notes to the Financial Statements - 31st December 2006 (continued)

9. Tax on Profit/(Loss) on Ordinary Activities (continued)

b) Factors affecting tax charge for period

Group

The tax charge for the period and the prior period is higher than the corporation tax rate applicable to the group.

Authority

The tax charge for the period is lower (2005 – higher) than the rate of corporation tax applicable to the Authority.

The differences are explained below:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Profit/(Loss) on ordinary activities before tax (excluding share of associates operating result)	49	(1,754)	433	(2,001)
Profit/(Loss) on ordinary activities multiplied by the applicable group rate of corporation tax of 28.52% and the Authority rate of 28.52% (2005 Group/Authority– 28.54%)	14	(933)	123	(571)
Depreciation in excess of capital allowances	247	102	242	73
Other timing differences	(112)	1,140	(112)	611
Permanent differences	77	54	(86)	54
Utilisation of tax losses	(134)	(143)	(74)	(74)
Adjustment in respect of previous periods	(83)	53	(83)	(5)
Share of associates' tax	9	9	-	-
	£ 18	£ 282	£ 10	£ 88

c) Factors that may affect future tax charges

The group has tax allowances available to claim against future profits.

Deferred taxation is disclosed in note 18.

10. Profit and Loss Account

Balance carried forward as at the end of the year:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
The Authority	15,941	15,260	16,767	16,100
Subsidiaries				
- DV Howells Ltd Group	-	493	-	-
- The Milford Docks Company	4,784	4,138	-	-
- Milford Dry Dock Company Ltd	-	(154)	-	-
- Share of associated companies results	(648)	(768)	-	-
	£ 20,077	£ 18,969	£ 16,767	£ 16,100

Notes to the Financial Statements - 31st December 2006 (continued)

11. Tangible Fixed Assets

Group

	Investment/owner occupied property assets and specialised marine assets £000	Plant & Equipment £000	Dredging Works £000	Total £000
Cost or Valuation				
at 1st January 2006	38,035	8,701	2,038	48,774
Additions	2,508	888	-	3,396
Disposals	-	(765)	-	(765)
Inter Group adjustments	(39)	(787)	-	(826)
Reclassification	10	(10)	-	-
At 31st December 2006	£ 40,514	£ 8,027	£ 2,038	£ 50,579
Depreciation				
at 1st January 2006	46	5,336	838	6,220
Charge for the year	1,267	732	102	2,101
Disposals	-	(514)	-	(514)
Inter Group adjustments	(39)	(787)	-	(826)
Reclassification	(6)	6	-	-
At 31st December 2006	£ 1,268	£ 4,773	£ 940	£ 6,981
Net book value				
At 31 December 2006	£ 39,246	£ 3,254	£ 1,098	£ 43,598
At 31st December 2005	£ 37,989	£ 3,365	£ 1,200	£ 42,554

The basis of revaluation is explained in Note 1 c).

Authority

	Land and Freehold £000	Buildings Leasehold £000	Plant & Equipment £000	Dredging Works £000	Total £000
Cost or Valuation					
at 1st January 2006	27,206	5,714	6,892	2,038	41,850
Additions	2,393	115	888	-	3,396
Disposals	-	-	(216)	-	(216)
Inter Group Transfers	10,776	(5,691)	464	-	5,549
Reclassification	(76)	77	(1)	-	-
At 31st December 2006	£ 40,299	£ 215	£ 8,027	£ 2,038	£ 50,579
Depreciation					
at 1st January 2006	-	-	4,256	838	5,094
Charge for the year	1,257	11	706	102	2,076
Disposals	-	-	(189)	-	(189)
Inter Group Transfers	-	-	-	-	-
Reclassification	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31st December 2006	£ 1,257	£ 11	£ 4,773	£ 940	£ 6,981
Net book value					
At 31st December 2006	£ 39,042	£ 204	£ 3,254	£ 1,098	£ 43,598
At 31st December 2005	£ 27,206	£ 5,714	£ 2,636	£ 1,200	£ 36,756

Notes to the Financial Statements - 31st December 2006 (continued)

12. Fixed Asset Investments

Group

a) Subsidiary companies

Name	Proportion	Nature of business	Country of incorporation
Milford Marine Services Limited	100% owned by Milford Haven Port Authority	Marine contractor	Great Britain
The Milford Docks Company	99.69% owned by Milford Haven Port Authority	Dock operator	Great Britain
Mapen Ltd.	100% owned by Milford Marine Services Limited	Dormant	Great Britain

The above holdings consist of ordinary shares and preferred redeemable ordinary shares in The Milford Docks Company and of ordinary shares only in the other companies.

b) Associate companies

	2006 £000	2005 £000
Share of net assets of associates		
At 1st January	440	1,695
Additions	-	-
Share of retained profit/(loss) for the year	119	(474)
Provision on Investment in Associate	(35)	(1,525)
Adjustment for share of associates retained losses	-	752
Repayment of loan stock	(30)	(8)
At 31st December	£ 494	£ 440

The associated companies are:

Name	Nature of Business	Shareholding
Ledwood Mechanical Engineering Limited	Mechanical Engineering	31.25%
Phoenix Bowl Limited	Ten Pin Bowling Operator	50%
Williams Marine and Port Services Limited	Marine Services and Vessel Hire	50%

The following information has been extracted from the draft financial statements of the associated companies:

	2006 £000	2005 £000
Share of turnover	5,625	2,619
Share of profit/(loss) before tax	138	(431)
Share of taxation	9	9
Share of profit/(loss) after tax	129	(440)
Share of fixed assets	882	946
Share of current assets	1,960	648
Share of current liabilities	(2,329)	(1,014)
Share of liabilities due after more than one year	(1,066)	(1,144)

Authority

a) Subsidiary companies

	2006 £000	2005 £000
Investment in group companies		
At 1st January	5,773	5,773
At 31st December	£ 5,773	£ 5,773

Notes to the Financial Statements - 31st December 2006 (continued)

12. Fixed Asset Investments (continued)

b) Associate companies

	2006 £000	2005 £000
Investment in associate companies		
At 1st January	-	1,525
Additions	425	-
Less provision for write down in investment	-	1,525
At 31st December	£ 425	£ -

During the year the investments in Phoenix Bowl Limited and Williams Marine & Port Services Limited were transferred from The Milford Docks Company into the financial statements of the Authority.

13. Stocks

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Work in progress	91	231	91	-
Finished goods and goods for resale	44	90	44	3
	£ 135	£ 321	£ 135	£ 3

The replacement cost of the stock is not considered to be less than the amounts shown above.

14. Debtors

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Trade debtors	3,277	3,405	3,277	1,902
Other debtors	393	306	225	234
Grants receivable	220	69	220	69
Amounts owed by associated undertakings	301	101	301	-
Prepayments and accrued income	519	108	519	46
	£ 4,710	£ 3,989	£ 4,542	£ 2,251

No amounts fall due after more than one year.

15. Creditors - amounts falling due within one year

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Bank overdrafts	2,523	1,642	2,523	989
Trade creditors	564	576	564	232
Amounts owed to group undertakings	-	-	9,582	3,353
Amounts owed to associated undertakings	229	210	229	210
Social security	157	275	157	108
Other creditors	27	40	16	27
Accruals and deferred income	1,446	1,676	1,424	1,235
Corporation tax	57	316	57	126
	£ 5,003	£ 4,735	£ 14,552	£ 6,280

The bank overdrafts are secured on certain of the group's assets.

Notes to the Financial Statements - 31st December 2006 (continued)

16. Creditors - amounts falling due after more than one year

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
3.5% debenture stock	87	89	-	-
	£ 87	£ 89	£ -	£ -

No amounts fall due after five years.

The 3.5% debenture stock is secured on the undertakings of The Milford Docks Company and is not subject to repayment. In accordance with section 3 of The Milford Docks Act 1972, the 3.5% debenture stock can be purchased and cancelled by The Milford Docks Company at the discretion of the directors.

17. Loans

The Authority was authorised as at 31st December 2006 to borrow sums not exceeding £50 million.

Under The Milford Docks Act 1981, The Milford Docks Company is empowered to raise finance by the creation and issue of share capital, or by loans or mortgage of the undertaking, or by the creation and issue of debenture stock, or wholly or partly by one or more of those modes up to a maximum of £20 million. The amount raised by the company at 31 December 2006 under these provisions was made up as follows:

	£000
Ordinary shares - paid up amount	4,231
3.5% debenture stock	87
	£ 4,318

In addition to its power to raise finance by the issue of capital and loans, the company is also empowered by The Milford Docks Act 1981 to incur temporary loans not exceeding £5 million.

18. Provisions for Liabilities and Charges

	Group £000	Authority £000
Provision for Deferred Taxation:		
Balance as at 1st January 2006	1,955	1,955
Charge to profit and loss account	108	108
Balance as at 31st December 2006	2,063	2,063
Provision for share of losses from associate		
Balance as at 1st January 2006	752	-
Reduction in provision made for associate losses	35	-
Balance as at 31st December 2006	717	-
Balance as at 31st December 2006	£ 2,780	£ 2,063

The components of deferred taxation are as follows:

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Accelerated capital allowances	2,063	1,955	2,063	1,955
	£ 2,063	£ 1,955	£ 2,063	£ 1,955

As regards the Group and the Authority, deferred taxation unprovided for amounted to £ Nil (2005 - £ Nil).

Notes to the Financial Statements - 31st December 2006 (continued)

19. Accruals and Deferred Income

Deferred capital grants

	Group		Authority	
	2006 £000	2005 £000	2006 £000	2005 £000
Balance brought forward	6,390	6,715	6,278	6,595
Grants received/transferred in year	992	46	1,104	46
Released to profit and loss account	(358)	(371)	(358)	(363)
Grants receivable	220	-	220	-
	£ 7,244	£ 6,390	£ 7,244	£ 6,278

20. Statement of Reserves

	Group		Authority	
	Profit & Loss Account	Revaluation Reserve	Profit & Loss Account	Revaluation Reserve
Balance brought forward	18,969	11,348	16,100	10,700
Profit for financial year	53	-	315	-
Realisation of subsidiary's profit on sale of fixed assets	55	-	-	-
Transfer of Revaluation Reserve	648	(648)	-	-
Actuarial gain on pension schemes	383	-	383	-
Movement in deferred tax on pension	(31)	-	(31)	-
Balance carried forward	20,077	10,700	16,767	10,700

21. Pension Commitments

Group

Following the Group reorganisation on 1st January 2006 all pension scheme commitments, unless otherwise stated, are included in the Authority's financial statements on the basis that it is the principal employer.

The group operates a number of pension schemes providing benefits for its full-time employees as follows:

The Milford Docks Company

- A defined contribution scheme where the assets of the scheme are held separately from those of the company in an independently administered fund. Pension contributions payable to the fund amounted to £97,000 (2005 - £78,000). Contributions totalling £ nil (2005 - £ nil) were payable to the fund at the end of the year.
- A defined benefit scheme (MDCSBS) on the same basis as that of the Milford Haven Port Authority. The most recent actuarial valuation on this scheme was as at 1st July 2005. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments, the rate of increase in salaries and the rate of mortality. It was assumed that the investment returns would be 6% per annum, that salary increases would average 4% per annum and that the rate of mortality be based on the A67/70 and PA90 mortality tables.

The pension charge for the year was £37,000 (2005 - £43,000). Contributions totalling £nil (2005 - £nil) were payable at the end of the year and are included in creditors.

The most recent actuarial valuation showed that the scheme's assets were likely to meet in full the liabilities of the scheme as they fall due.

Milford Haven Port Authority

- The Authority operates a defined benefit pension (MHPARBS) scheme providing benefits based on final pensionable pay for its entire full-time staff. The assets of the scheme are held separately from those of the Authority, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Authority. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was as at 1st January 2003. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 8% per annum, that salary increases would average 5% per annum and that pension increases would average 4% per annum.

The pension charge for the year was £560,000 (2005 - £519,000). There were no outstanding contributions payable to the fund at the end of the year (2005 - £nil).

The most recent actuarial valuation of the Milford Haven Port Authority Retirement Benefits Scheme as at 1st January 2003 showed that the value of the scheme's assets amounted to 95% of the value of the liabilities of the scheme.

Notes to the Financial Statements - 31st December 2006 (continued)

21. Pension Commitments (continued)

d) In addition to the above schemes operational pilots are members of the Pilots National Pension Fund (PNPF). Contributions payable to the PNPF amounted to £145,000 (2005 - £64,000).

This is a multi employer defined benefit scheme and the company is unable to identify its specific share of the scheme's assets and liabilities. In accordance with FRS 17, this scheme may be accounted for as a defined contribution scheme, the amounts being charged in the financial statements being the contribution payable to the scheme in respect of the year.

The latest actuarial valuation of The Pilots' National Pension Fund as at 31st December 2004 showed that the value of the scheme's assets was 76 per cent of the amount of the liabilities of the scheme.

FRS 17 Retirement Benefits

e) The most recent actuarial valuations of the Authority and The Milford Docks Company defined benefit schemes have been updated to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31st December 2006. Scheme assets are stated at their market value at 31st December 2006.

The fair value of the assets in the scheme were:

	Value at 31st December 2006		Value at 31st December 2005	
	MHPARBS £000	MDCSBS £000	MHPARBS £000	MDCSBS £000
Equities	14,800	300	13,950	350
Bonds	1,392	1,198	1,000	1,402
Cash	1,649	-	994	-
Annuity Contracts	489	-	548	-
Property	128	-	100	-
Total market value of assets	18,458	1,498	16,592	1,752
Present value of scheme liabilities	(23,154)	(1,299)	(21,550)	(1,395)
(Deficit)/Surplus in the scheme	(4,696)	199	(4,958)	357
Related deferred tax	1,409	(60)	1,487	(107)
Net pension (liability)/asset	£ (3,287)	£ 139	£ (3,471)	250

The expected long term rates of return for each class of asset are:

	2006		2005	
	MHPARBS	MDCSBS	MHPARBS	MDCSBS
Equities	7.5%	7.5%	7.5%	7.1%
Bonds	5.2%	4.8%	4.0%	4.2%
Cash	4.5%	-	4.0%	-
Annuity Contracts	5.2%	-	4.0%	-
Property	6.5%	-	6.5%	-

The assets of the schemes are valued at the relevant date and are subject to change over time in relation to investment market conditions.

The main assumptions used to calculate scheme liabilities under FRS 17 are:

	2006		2005	
	MHPARBS	MDCSBS	MHPARBS	MDCSBS
Inflation rate	3.2%	3.1%	2.9%	2.7%
Discount rate for scheme liabilities	5.2%	5.2%	4.8%	4.7%
Rate of increase in salaries	4.7%	4.6%	3.9%	4.7%
Rate of increase for deferred pensions and pensions in payment	3.0%	3.1%	2.8%	2.7%

The amounts charged to the group profit and loss account under FRS17 are:

	MHPARBS £'000	MDCSBS £'000
Analysis of amount charged to operating profit		
Current service cost	£ 940	£ 65
Analysis of amount credited to other finance income		
Expected return on assets	1,161	82
Interest on liabilities	(1,048)	(66)
Net Return	£ 113	£ 16

Notes to the Financial Statements - 31st December 2006 (continued)

21. Pension Commitments (continued)

Analysis of the amounts that have been included within the group's statement of total recognised gains and losses under FRS17:

	MHPARBS £'000	MDCSBS £'000
Actual return less expected return on assets	514	(82)
Experience gains/(losses) arising on liabilities	43	32
Change in assumptions	(28)	(96)
Actuarial gain/(loss) recognised in statement of recognised gains and losses	529	(146)
Deferred tax movement	(78)	47
Actuarial gain/(loss) recognised in statement of recognised gains and losses net of tax	£ 451	£ (99)

Movement in (deficit)/surplus during the year

	MHPARBS £'000	MDCSBS £'000
(Deficit)/surplus in scheme at the start of the year, net of deferred tax	(3,471)	250
Movement in year:		
Current Service cost	(940)	(65)
Contributions	560	37
Net return from other finance income	113	16
Actuarial gain/loss pre tax	529	(146)
Deferred tax movement	(78)	47
(Deficit)/surplus in scheme at the end of the year, net of deferred tax	£ (3,287)	£ 139

History of experience gains and losses

	£'000	2006		2005	
		MHPARBS	MDCSBS	MHPARBS	MDCSBS
Difference between actual and expected return on assets	£'000	514	(82)	1,585	126
- as a % of scheme assets		3%	(5%)	10%	7%
Experience gains/(losses) as liabilities	£'000	43	32	(958)	(3)
- as a % of liabilities		0%	2%	(4%)	(0%)
Total amount recognised in statement of recognised gains and losses	£'000	529	(146)	(2,747)	(1)
- as a % of liabilities		2%	(11%)	(13%)	(0%)

22. Capital Expenditure

Capital expenditure contracted for as at 31st December 2006 but not provided for in the financial statements amounted to £ nil (2005 - £ nil).

23. Related Party Transactions

The following paragraphs summarise the group's transactions, all of which were on an arms length basis, to its associated undertakings:

	2006 £000	2005 £000
Services provided to associated undertakings	316	79
Services received from associated undertakings	135	6
Interest payable to associated undertakings	17	4
Interest receivable from associated undertakings	267	267
Dividend receivable from associated undertakings	-	-

Details of investments in associated undertakings and of amounts owed by and to associated undertakings are set out in Notes 12(b), 14 and 15 respectively.

Notes to the Financial Statements - 31st December 2006 (continued)

24. Returns on Investments and Servicing of Finance

	2006 £000	2005 £000
Interest received	270	267
Interest paid	(158)	(137)
	£ 112	£ 130

25. Capital Expenditure and Financial Investment

	2006 £000	2005 £000
Payments to acquire tangible fixed assets	(3,396)	(1,993)
Receipts from sales of tangible fixed assets	83	56
Grants received thereon	992	46
	£ (2,321)	£ (1,891)

26. Acquisitions and Disposals

	2006 £000	2005 £000
Receipts from sale of subsidiary business	384	-
Investment in subsidiary & associate	-	-
Repayment of loan stock	-	10
	£ 384	£ 10

27. Financing

	2006 £000	2005 £000
Repurchase of debenture loan	2	1
Finance Lease	2	3
	£ 4	£ 4

28. Analysis of Changes in Net Debt

	At 1 January 2006 £000	Cash Flows £000	Other changes £000	At 31 December 2006 £000
Cash at bank and in hand	182	(53)	-	129
Bank overdraft	(1,642)	(881)	-	(2,523)
Debt due after one year	(89)	-	2	(87)
Finance Lease	(2)	-	2	-
	£ (1,551)	£ (934)	£ 4	£ (2,481)

Notes to the Financial Statements - 31st December 2006 (continued)

29. Reconciliation of Net Cashflow to Movement in Net Debt

	2006 £000	2005 £000
(Decrease)/Increase in cash in the year	(934)	211
Movement in net debt resulting from cashflow	(934)	211
Capital element of finance lease / Profit on redemption of debenture stock	4	4
Movement in net debt in the year	(930)	215
Net debt at 1st January	(1,551)	(1,766)
Net debt at 31st December	£ (2,481)	£ (1,551)

30. Comparatives

Certain corresponding figures have been amended to make them consistent with current year disclosure policies.

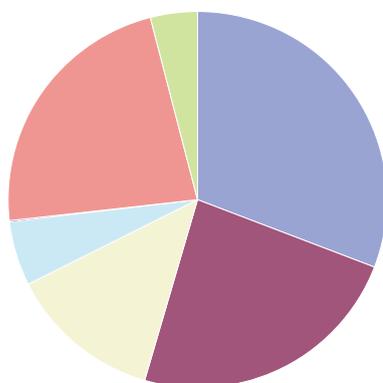
MHPA Group Statistical Information

Years	2001	2002	2003	2004	2005	2006
Group Turnover (£)	13,575,000	14,413,000	13,935,000	15,861,000	16,264,000	16,323,000
Operating Profit (£)	1,015,000	-184,000	-760,000	322,000	-508,000	-439,000
Fixed Asset Spend (£)	1,608,000	2,130,000	2,926,000	3,632,000	1,993,000	3,396,000
Staff Costs (£)	25,714	24,699	27,803	31,916	35,805	36,831
Average Cost per employee						
Total Staff costs (£)	6,377,000	6,150,000	6,923,000*	7,564,000*	7,376,000	6,961,000
Average no. staff	248	249	249	237	206	189

*Includes additional contributions to pension schemes

Turnover Split 2006 (£)

Ship Dues	£5,033,000
Pilotage	£3,864,000
Marine Engineering	£2,135,000
Property Rents	£910,000
Hire Equipment	£10,000
Marine Services	£3,716,000
Environmental Services	£655,000



Jetty or Quay	Quay Length	Max. Length of Vessel	Max. Draught
Pembroke Quay 1	180m	168m	8.1m
Quay 2	100m	96m	6.1m
Quay 3	65m	50m	2.6m
Pembroke RoRo Berth	190m	185m	6.8m
Chevron	8 Berths	330m	to 20.7m
Total	3 Berths	320m	to 16.4m
Semlogistics	2 Berths	283m	to 16.8m
Dragon LNG	1 Berth	TBC	TBC
South Hook LNG	4 Berths	330m	to 19m
Milford Docks (Lock Entrance) 21m Beam	1200m total	130m	3 - 7.5m
Dry Dock		180m (19m beam)	7.5m
Carr Jetty (MoD)	2 berths	151m	5.4 - 9.7m

Comparison of conservancy charges at other ports

PORT:	TARIFF DATE:	VESSEL (a)	VESSEL (b)
Milford Haven	01/01/2007	349.10	15,368.63
London	01/01/2007	1,630.60	37,406.60
Sullom Voe	01/04/2007	2,258.85	43,775.60
Tees	01/01/2007	8,337.77	87,878.09

Vessel descriptions

	VESSEL (a)	VESSEL (b)
Type	Coaster	Crude carrier
GT	4,107	79,592
DWT	7,559	146,273
CARGO	6,600	123,000
	loading only	discharging only

The above comparative figures give a clear indication of Milford Haven's favourable competitiveness within the UK ports system.



Milford Haven Port Authority

Contact us:

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
E-mail: enquiries@mhpa.co.uk
www.mhpa.co.uk

Divisions:

Marine Division

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
Email: marine@mhpa.co.uk

Commercial Division

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
Email: commercial@mhpa.co.uk

Milford Docks

Unit 4, Victory House, The Docks, Milford Haven, Pembrokeshire SA73 3AF
Docks: Tel: 01646 696300
Fax: 01646 696302
Email: docks@mhpa.co.uk

Milford Haven Ship Repairers

The Docks, Milford Haven, Pembrokeshire SA73 3DJ
Tel: 01646 696320
Fax: 01646 696321
Email: mhsr@mhpa.co.uk

Milford Marina

Marina Control, Cleddau House, Milford Haven SA72 3AF
Marina: Tel: 01646 696312
Fax: 01646 696314
Email: marina@mhpa.co.uk

Pembroke Port and Ferry Terminal

Port Office, The Royal Dockyard, Pembroke Dock, Pembrokeshire SA72 6TD
Tel: 01646 623420
Fax: 01646 623439
Email: pembport@mhpa.co.uk

Quayside Estates

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
Email: estates@mhpa.co.uk

Engineering Division

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
Email: engineering@mhpa.co.uk

Marketing & Communications Department

Gorsewood Drive, Milford Haven, Pembrokeshire SA73 3HB
Tel: 01646 696100
Fax: 01646 696125
Email: marketing@mhpa.co.uk

Joint Venture Partnerships and Associated Companies



Tel: 01646 623600 Fax: 01646 623699
Email: wales@ledwood.co.uk
www.ledwood.co.uk



Tel: 01646 696350
Email: bowl@phoenix-bowl.co.uk
www.phoenix-bowl.co.uk



Main ops. Tel: 01646 692418 24hrs/01646 684169 24hrs
Fax: 01646 687153
Email: bob@wmpps.co.uk
www.wmpps.co.uk



Chairman

- 1958** The Lord Dynevor, CBE MC
- 1963** The Hon R Hanning Philipps, MBE
- 1976** T S Roberts
- 1982** Raymond Cory, CBE
- 1994** R C Hastie, CBE
- 2000** D R S Clarke

General Manager

- 1959** J A Sullivan, OBE
- 1983** R C Livesey, CBE
- 1987** M J Hyslop MBE
- 1998** A E Sangster

Chief Executive

- 2003** A E Sangster

Harbourmaster

- 1959** Capt G Dudley, OBE
- 1986** Capt J E Frost, MBE
- 1995** Capt M C Andrews

