



Port of Milford Haven

Port of Milford Haven  
Business Review 2012



Sustainability through diversification





The Port at a Glance	<b>2</b>
Chairman's statement	<b>5</b>
Chief executive's review	<b>9</b>
Deep Sea Port	<b>11</b>
Short Sea Port	<b>11</b>
Pembroke Port	<b>12</b>
Milford Dock	<b>14</b>
Milford Dock Master Plan	<b>16</b>
Cruise	<b>17</b>
Community Engagement	<b>18</b>
Liddeston Ridge Solar Park	<b>21</b>
The Haven Economy	<b>22</b>
Haven Waterway Enterprise Zone	<b>24</b>
Trading Subsidiaries	
Mustang Marine	<b>26</b>
Marimatech	<b>27</b>
Health, Safety, Security and Environment Report	<b>29</b>
Trust Port	<b>32</b>
Stakeholder Engagement	<b>35</b>
Port Objectives	<b>37</b>
Port Strategy	<b>38</b>
Governance	<b>39</b>
Board Members (Non-Executive)	<b>40</b>
Board Members (Executive)	<b>43</b>
Senior Management Team	<b>44</b>
Financial Performance	<b>46</b>

# The Port at a glance



30%  
of UK's gas demand can be  
supplied by Milford Haven



17m  
of water at all  
states of tide



39.9m  
tonnes of cargo  
throughput in 2012



£3.5m  
Port capital expenditure  
in 2012



400kV  
grid connection with  
50% spare capacity



6,651  
shipping movements  
in 2012



£412.2m  
added to Welsh GVA



5,098  
tonnes of fish - Wales' largest port



2,932  
cruise passengers added  
£234,000  
to Pembrokeshire's  
tourism economy

i

30%

of the UK's gas  
demand can be  
supplied by Milford  
Haven



## Chairman's Report

Group turnover and pre-tax profit for 2012 were £22.7m and £4.1m respectively compared with £29.5m and £8.1m in 2011. The reduction in turnover and profit in the year was primarily due to the very significant reduction in revenue arising from LNG cargoes handled through the port: 71 LNG cargoes were received in 2012 compared to 128 cargoes in 2011.

The UK has multiple sources of gas, both from pipeline and LNG and therefore is a relatively competitive and flexible market. However, countries in the Far East with little or no alternative gas supplies command higher prices. Markets have also reacted to short term events such as the shutdown of nuclear power generation capacity in Japan. These international energy market factors led to lower shipments of LNG to the UK in 2012.

Anticipating continued difficult trading conditions, the Group set out to reduce costs - where this could be achieved without reducing the capacity of the business. Costs for 2012 were £2.5m lower than in 2011, which included certain one-off cost reductions that will not recur in future years.

In 2010 the Group successfully introduced a Career Average Revalued Earnings (CARE) pension scheme for most of its employees. The contribution rate in respect of current service is expected to reduce over time, but the business has to continue funding substantial pension deficits which have worsened over the past year, primarily due to the impact of low interest rates on how future liabilities are calculated. Costs include a £500k per annum recovery payment to the Port's own Retirement Benefit Scheme and from 2013 onwards the Port will need to

include a corresponding recovery payment to the Pilots National Pension Fund, which will have to be funded for the foreseeable future. In 2012, 28% of the cash generated by the business was used to support pension obligations.

Notwithstanding these significant challenges, the Group has maintained a substantial investment programme. Capital expenditure in 2012 was £3.5m and included the installation of solar panels on a number of Port buildings and investment into operational assets at Pembroke Port and Milford Dock. In addition, approximately £2.5m was invested in trade assets and as cash into Mustang Marine, as well as a smaller investment in Marimatech - a long-standing key supplier to the Group of high technology navigation systems used by our marine pilots.

Like any commercial business, the Group pays UK corporation tax. On its own behalf and on behalf of employees, the Group remitted to HMRC and Pembrokeshire County Council a total of just under £5m in tax, national insurance and business rates during 2012.

The Group ended the year with total liquid cash and investment resources of £14.8m and net assets of £59.4m compared with £56.1m at the end of 2011. The Port's combined share of pension deficits is approximately £14.7m. Return on Capital Employed for the year was 9.3%, below the target of 12%.

### Health, Safety and the Environment

The business continued to achieve a low incident rate in terms of injuries and pollutions. The Group invests heavily in systems and procedures to ensure that the Port is operated safely. The rate of injuries to members of staff continued at a low rate, with

“Capital expenditure in 2012 was £3.5m and included the installation of solar panels on a number of Port buildings and investment into operational assets at Pembroke Port and Milford Dock



i

6,651

shipping movements  
in 2012



one lost time accident during the year. In close cooperation with shipping and terminal operators, who are key customers on the Haven, the Port continues to have a very low number of pollution incidents.

**Port Marine Safety Code**

With particular reference to marine operations, I am pleased to confirm on behalf of the Board, which is the duty holder under the terms of the Port Marine Safety Code, our continued full compliance with that Code.

**Community Engagement**

During the year the Port held its second open-forum Annual Consultative Meeting which was well attended by a wide group of stakeholders. The Port's website was also re-launched to support consultations, in particular for the emergent Milford Dock Master Plan. The Port continues to make significant financial commitments in support of the wider community, including a commitment to fund most of the annual operating costs of the publicly accessible pontoons along the waterway, and to provide ongoing financial support for important community projects such as the Sunderland Trust, Pembrokeshire Coastal Forum, and an extensive range of smaller charitable donations.

**The Board**

After a long period of gestation, the Port's Harbour Revision Order to alter the basis set out in its constitution for the appointment of Board members, was finally enacted and became law on 24<sup>th</sup> May 2012. For the first time the Port became responsible for the appointment of its own directors and has since

put in place a strong, commercially focused team with a specific mix of skills and expertise to contribute to the continued development of the Port. Just as I am pleased to welcome five new Board members, I would like first and foremost to pay great tribute to our departing directors, in particular Danny Fellows and John Allen-Mirehouse both of whom, as longstanding leaders and representatives within the Pembrokeshire community, have provided extraordinary and valued service to the Port of Milford Haven over many years. I would also like to thank Anne Hughes, Paddy Walsh and Jan Reed for the great contributions they have made to the evolution of the Port of Milford Haven as a successful business.

In May 2013 the Port announced, together with the Department for Transport, that the time had come to seek a new chairman. By the end of July 2013 I will have served six years as chairman, six years which have undoubtedly been an eventful period for the Port. A highlight was in 2009 when two new LNG terminals came on stream, transforming the Port's scale of operations and bringing with it increased responsibilities for ensuring safe navigation for all users, whilst ensuring that the new fleets of vessels can access the Port day in, day out and without interruption.

As well as within the Board, there has been substantial change within the top management of the Port, who are now bringing forward exciting new plans for Pembroke Port and Milford Dock. This will be the Port's main focus for new investment and jobs growth over the next four to five years.

With a new Board, and soon a new chairman, clearly focused and working on the

“ I have never failed to be impressed by the commitment and professionalism of all our staff who are fully dedicated to providing the best possible service to our customers

“ The business is well placed to make a substantial and growing contribution to Pembrokeshire's and Wales' economic growth and vitality

opportunities that lie ahead, supported by good cash flow and a strong balance sheet, the business is well placed to make a substantial and growing contribution to Pembrokeshire's and Wales' economic growth and vitality.

As a final word, it has been my undoubted privilege to have been associated with the Port of Milford Haven. Much has been achieved and much remains to be done, but throughout I have never failed to be impressed by the commitment and professionalism of all our staff who are fully dedicated to providing the best possible service to our customers, and who have always done so with a full measure of charm and wit. I shall miss you all, both as friends and colleagues, and wish each one of you all the success for the future.



David Benson



**i** Cash generated from operations was £5.3m and the Group ended the year with £14.8m of cash and liquid assets



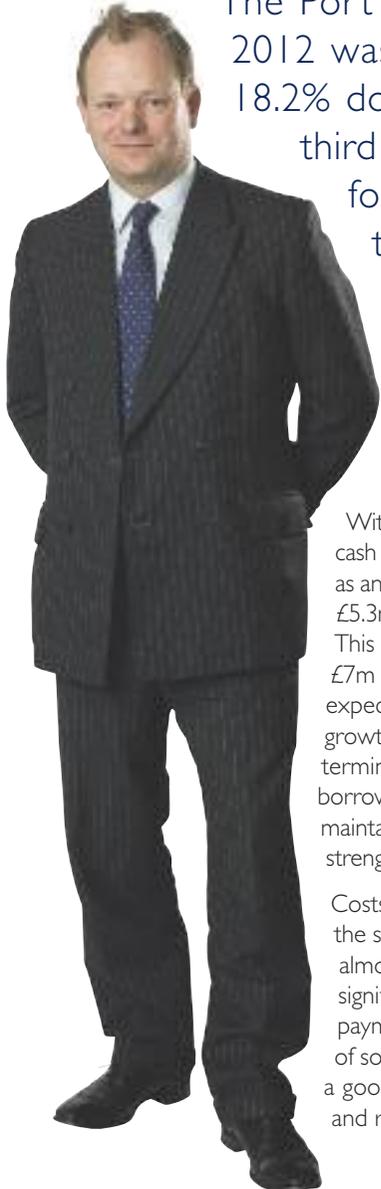
## Chief Executive's Review

The Port of Milford Haven's cargo throughput in 2012 was 39.9 million tonnes. Although this was 18.2% down on 2011, the Port remains the UK's third largest port by volume and is well-known for its role in the energy business, a sector that is vital to the competitiveness and resilience of the UK economy.

The reduction in volume throughput, due primarily to the reductions in LNG cargoes caused by fluctuations in the global energy market, was anticipated early in 2012 and continues to present the Port with the challenge of maintaining a strong balance sheet and preserving its ability to invest for the future.

Without shareholders, the Port's ability to invest is dependent upon having cash in the bank or being able to borrow from the same financial institutions as any other commercial organisation. Cash generated from operations was £5.3m and the Group ended the year with £14.8m of cash and liquid assets. This enabled the Port to commit with confidence to investments of over £7m in the early part of 2013, despite reduced revenue. The investment is expected to lay a strong foundation for further rounds of development, growth and job creation at Pembroke Port and Milford Dock, the two terminals on the Haven owned and operated by the Port. £14m of borrowing facilities has also been put in place to ensure that the Port can maintain its investment plans for its assets and property, whilst continuing to strengthen the operation serving its deep sea and other customers.

Costs were kept under control in the year. At £10.1m staff costs remain the single, largest item of expenditure. This figure includes contributions of almost £2.4m to various pension schemes. Employer contributions will be significantly higher in 2013 as the Port begins to make substantial recovery payments to the Pilots National Pension Fund following resolution in 2012 of some long running legal cases. The Port remains committed to providing a good but affordable pension scheme as a core component of attracting and retaining good staff.



“The Port committed to invest over £7m in the early part of 2013, laying a foundation for further development and job creation

i In September 2012 VLCC Evgenia 1 was the largest crude oil carrier to be seen on the Waterway for 3 years



Evgenia 1: 330 metres long, 60 metre beam  
Capable of carrying 300,000 tonnes of crude oil

**i** This state of the art combined cycle gas turbine (CCGT) plant is capable of generating over 2,000MW of electricity, enough to power around 3.5 million homes, more than twice the number in Wales.



Following the recruitment of new Board members and the renewed focus on its core business, the Port revisited its governance procedures and has elected to introduce additional internal audit procedures. IT networks have been upgraded and new systems and platforms are being introduced for the management of payroll, document management, risk analysis, financial accounting and reporting, and customer relationship management. The net result of these investments will be a strengthened level of customer service and internal management as a basis for further growth in all parts of the business.

### Deep Sea

The Port of Milford Haven is a vital strategic gateway for international trade and the delivery and processing of energy supplies for the wider UK economy. The power and global reach of this trading community cannot be overstated. The two refineries located on the Haven account for 25% of Wales' exports by value, and the Port of Milford Haven is responsible for handling over 70% of Wales' seaborne trade. At peak output the two LNG terminals on the Haven are capable of supplying up to 30% of the UK's gas demand.

Towards the end of 2012, the refinery operation at Valero undertook a substantial maintenance programme which led to lower throughput; the investment did, however, represent a substantial vote of confidence in the refinery for the future. Murco had one of its best years ever following significant expansion of its throughput capacity in 2011.

Revenues generated from servicing the LNG terminals is likely to be subject to significant

swings from year to year. The trading level at South Hook LNG has improved at the time of writing, but the Port remains cautious in relation to the prospect of an early return to consistently higher levels of throughput over the next few years.

In September 2012, Rt Hon John Hayes MP, Minister of State for Energy, opened the new RWE nPower Pembroke Power Station on the south side of the Haven. This state of the art combined cycle gas turbine (CCGT) plant is capable of generating over 2,000MW of electricity, enough to power around 3.5 million homes, more than twice the number in Wales. Pembroke Power Station is one of the largest and most efficient plants of its kind in Europe and produces less than half the CO2 emissions of an equivalent coal-fired plant.

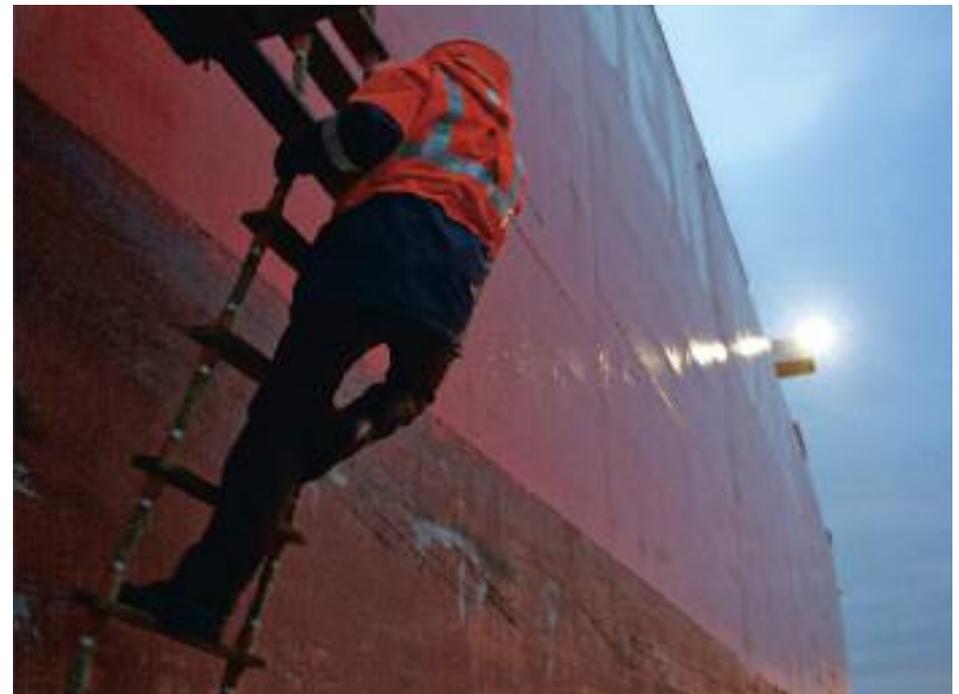
The marine operation is comprised of those services, including Port Control and pilotage, which enable ships to enter, navigate and depart the Port safely and efficiently, 24 hours a day, 365 days a year. The Port's policy is one of continual improvement in service delivery and throughout 2012 service was maintained at a consistently high standard.

### Short Sea

The Port's ownership of Pembroke Port and Milford Dock constitutes the basis for building a more diversified revenue stream for the business. The Short Sea Division is a cash generative and growing business which is now beginning to move strongly forward. What follows is an overview of those business areas.

**i** The Port of Milford Haven is responsible for handling over 70% of Wales' seaborne trade

“Pembroke Power Station is one of the largest and most efficient plants of its kind in Europe and produces less than half the CO2 emissions of an equivalent coal-fired plant



## Short Sea - Pembroke Port



Recognising strong synergies between ship repair and boat building, early in 2012 the Port of Milford Haven merged its ship repair operation, Milford Haven Ship Repairers, into Mustang Marine (Wales) Limited, together with a cash investment. As a result, the Port is now a 50% shareholder in the enlarged business with a strengthened management team. Mustang's scope to work in close partnership with the Port is already being recognised as a major benefit by the market. This is an example of how the Port's investment is enabling the development of high quality, successful businesses that can themselves create sustainable jobs and a more prosperous economy in Pembrokeshire and Wales.

Management teams at Pembroke Port and Milford Dock continue to work closely with other key customers such as Williams Shipping, Svitzer and the inshore fishing fleets. These, and other customers, are closely engaged with the day to day trading activity of the Port and also benefit from the Port's ability to invest in the facilities they need to run their operations.

The handling of animal feed stuffs (AFS) and sea dredged aggregates continue to be core activities at Pembroke Port.

The Port also provides facilities and services to Irish Ferries under its long term contract with the ferry operator, supporting sixty jobs in Pembroke Dock. Trading conditions remain challenging for all operators on the Irish Sea, but freight and passenger volumes are holding steady. This is underpinned by the handling capacity and service level offered at Pembroke Port and the advantages of its location, offering shorter inland driving distances for hauliers using the route.

Facilities at Pembroke Port are generating strong interest within the renewable energy sector, in particular as the industry realises the Port's potential to be a strategic base for the storage, assembly, deployment and ongoing maintenance of wind, wave and tidal energy projects.

The attraction of Pembroke Port is underpinned by the

existence of a cluster of high-skill engineering businesses in the area, particularly those located within the Port. The availability of deep water and the non-locked, open access to one of the UK's best areas for marine renewable energy, all add to this growing focus. These factors support the Port's established strategy of developing Pembroke Port into a centre of excellence with a diverse variety of long term customers focused on marine renewables, engineering, ferries, and port-related trading operations.

Jetty or quay	Quay Length	Max. LOA	Control Depth
GATE 1 Quay 1	180m	168m	7.0m
GATE 1 Quay 2	100m	96m	5.5m
GATE 1 Quay 3	65m	30m	3.2m
GATES 2&3			
Pembroke Dock Ferry Terminal	190m	185m	6.7m
GATE 4 Slipway 1	78m (18.5m Beam)		
GATE 4 Slipway 2 (cradle)	88m (9m Beam)		
GATE 4 Carr Jetty	2 berths	151m	5.2-9.7m



Ferry Passengers:  
**327,894**

Ferry Freight:  
**56,665**  
RoRo units

Cargo handled:  
**39,658**  
tonnes (Quay 1)



## Short Sea - Milford Dock

**Milford Marina** In March 2013 Milford Marina was once again awarded the prestigious four Gold Anchors by the Yacht Harbour Association (TYHA) in recognition of the excellent operational standards, high level of customer service and quality facilities offered to boat owners. During the year the marina saw improvement works including: replacement decking; the installation, re-wiring and connection of new bollards; new automatic LED lighting; new safety ladders and SOS points and the installation of free Wi-Fi. As part of the Port's Master Plan, berth holders at the marina can look forward to additional on-shore attractions, the creation of additional facilities and a further choice of berthing locations. It is anticipated that this will attract more visitors to the marina and beyond.

During the first half of 2013 the Port let contracts for one of its largest construction projects; the installation of a new, intermediate set of mitre lock gates at Milford Dock. This £6m investment will result in a substantially reduced locking time and increase the number of lockings in any 24 hour period. Milford Marina will then become one of the most accessible locked marinas in Britain. £800k of this £6m investment is provided by Visit Wales' Coastal Tourism Project, part funded by the European Regional Development Fund through the Welsh Government, to encourage tourism along the Welsh coastline.

With the high quality offering of a vibrant waterfront, as well as the opportunity to explore the fabulous Milford Haven Waterway, Milford Marina is set to become the centrepiece for marine-leisure activity in Pembrokeshire, expected to attract over one million visitors per annum and generate over four hundred new jobs.



**4 Gold Anchors**

**Marina Berths: 328**



“Milford Marina is set to become the centrepiece for marine-leisure activity in Pembrokeshire





Fishing is a very active trade at Milford Dock. In 2012 it experienced record fish landings, with the highest tonnages landed for more than ten years. Fish landings totalled 5,098 tonnes in 2012 - up from 3,101 in 2009. The Port has recently ordered a new ice plant and is actively working with customers to grow this sector further by investing in new infrastructure, services and facilities as part of the Milford Dock Master Plan.

**Milford Dock**

Jetty	Quay Length	Max. LOA	Design Depth
H Wall	70m	30m (19m beam)	4.5m*
I Wall	70m	40m (19m beam)	2.5m*
J Wall	200m	75m (19m beam)	5.5m*
K Wall	150m	130m (19m beam)	7.5m*

\*when there is a 7.6m over cill, 4.3m above Chart Datum

Fishing Vessels:  
**487**

Fish landed:  
**5,098**  
tonnes

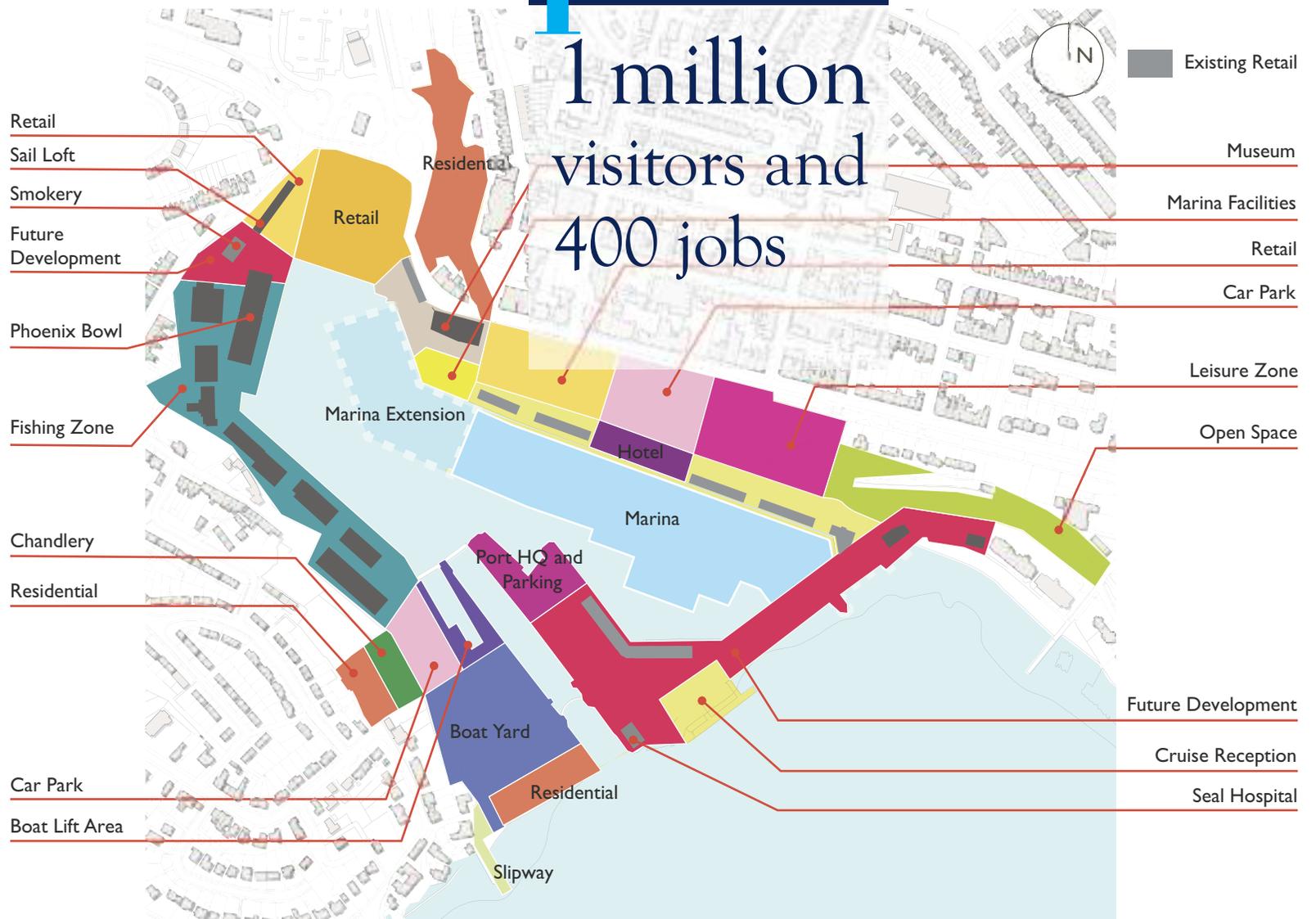
In 2012 Milford Fish Docks experienced record fish landings with the highest tonnages landed for more than 10 years

**39.2%**  
increase in fish landings since 2009



# Milford Dock Master Plan

In 2012 the Group formulated Master Plan proposals for the development of Milford Dock to reinforce its status as Wales' largest fishing port and create a new waterfront destination for visitors to Pembrokeshire. The plan is focused on providing quality marine-leisure activities as well as enhancing the experience for those seeking good shopping outlets, restaurants and other entertainment venues. The Port held two separate rounds of public consultations for this exciting project which resulted in wide support and investor interest and will be the subject of a planning application towards the end of 2013.



## Cruise

Milford Haven's success at attracting cruise calls continued in 2012 when a total of 2,932 passengers visited from six cruise vessels. Cruise vessels calling into Pembrokeshire make a significant contribution to the local economy and the Port of Milford Haven is continuing to actively promote the area as a cruising destination. The provision of an upgraded passenger reception facility is part of the Milford Dock Master Plan, demonstrating the Port's strong commitment to encourage future calls to Pembrokeshire.

Destinations such as St. Davids, Tenby, the National Botanical Gardens, Pembroke and Carew Castle continue to be popular with passengers. However there is a trend towards passengers wanting to take half day excursions, instead of full day, giving them more time to explore Pembrokeshire independently, for example around the town of Milford Haven. The Port has secured eight cruise vessel calls for 2013, with some 5,000 passengers expected.



**2,932**  
cruise passengers  
disembarked at Milford  
Haven, contributing  
around £234,000 to  
Pembrokeshire's tourism  
economy

## Community Engagement

The Port of Milford Haven lies at the heart of the community and therefore has many stakeholders, including all users of the Waterway, whether for business or for leisure. It is a Trust Port and as such sets out to engage extensively with the wider community of Pembrokeshire.

The Port provides support and engages on multiple levels with its wide range of stakeholders as to what its objectives and strategy should be. As the Port sustains over 5,000 highly skilled jobs in Wales there is wide recognition of the paramount need for it to remain a successful and stable trading entity focused on the requirements of its major customers. With this mission secure, major stakeholders then look to the Port to be a key driver for investment and jobs growth within the community of Pembrokeshire and West Wales. This is the primary public benefit that the Port of Milford Haven is dedicated to delivering.

Whilst the Port's commercial focus is on its core business and the development of land and assets within its ownership, engagement with the community goes far beyond the shores of the Haven, into the heart of Pembrokeshire life.

The Port is an active sponsor of many local charities and groups, with much support being decided upon by a dedicated committee of Port employees from all levels within the organisation. 2012 was the 10<sup>th</sup> year that the Port awarded scholarships to young people engaged in higher education. The successful four students also took up an

offer of four weeks work experience within the Port where they made very positive contributions on a number of internal projects.

Visits to the Port by schools and other study groups are a regular occurrence. These visitors come to learn about the Port operation and it is always a pleasure to have the opportunity to share this with them. The Port also provides strong support to key community groups such as the Pembrokeshire Coastal Forum, the Milford Haven Waterway Environmental Surveillance Group and the Pembrokeshire Marine Special Area of Conservation. This includes funding to study the environment and evaluate potential environmental impacts and how these may be minimised or eliminated.

In 2012, the Port held its second Annual Consultative Meeting and hosted two meetings of the Port Advisory Committee, which brings together commercial and leisure users and the main statutory bodies in the area such as Pembrokeshire Coast National Park Authority, Natural Resources Wales, Pembrokeshire County Council and the Welsh Government to consider a number of port specific issues and provide input to the Board. For the first time three briefing sessions were held specifically for councillors and it is the intention to repeat and extend these types of sessions by holding a number of port surgeries at various locations around Pembrokeshire.

Certain groups such as the Sunderland Trust and Pembrokeshire Fish Week received strong support from the Port during 2012,

2012 was the 10<sup>th</sup> year that the Port awarded scholarships to young people engaged in higher education

2012 successful scholarship applicants with chief executive Alec Don I-r: Stephen Beckett, Alec Don, Katie Kynoch, James Brock





including providing Milford Dock free of charge for Pembrokeshire Fish Week's launch event. This is now a major annual event in Pembrokeshire's calendar and regularly attracts over 15,000 visitors on the opening day at Milford Dock.

Milford Dock is steadily building a regular programme of events spread throughout the year which are intended to raise its profile and attract footfall. These include Milford's Christmas Cracker; a family Easter event; car boot sales; craft fairs; music and dance festivals and Seafair Haven.

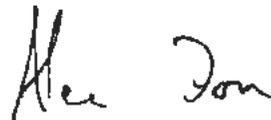
### Organisation

Early in 2012 the Port announced a change in structure to meet the current economic conditions and develop a stronger enquiries pipeline for the business. Within the Group there is now a team of talented management and staff working energetically and with a high level of commitment towards the welfare of the Port and economic growth in the interests of Pembrokeshire. They are working under the direction of a new Board, carefully selected with the input of key stakeholders and under the scrutiny of independent assessors. The appointment process has set a benchmark for the appointment of a new Chairman during 2013. There is a strong sense of unity of purpose amongst the Board and management which is proving a solid foundation for confronting the issues which continuously come to the fore for independent commercial businesses such as the Port of Milford Haven.

It is a testament to the drive and tenacity of David Benson that the Port is financially

secure and moving forward confidently with strong and deliverable plans for investment and growth. I would like, on behalf of the staff and the community of Pembrokeshire, to thank David for six years of dedicated service and to express our strong sense of optimism for the future of the Port.

Finally I would like to thank staff for their hard work during 2012. I have nothing but admiration for their commitment and achievement in making the Port a safe place to live, work and play. It remains our vision to **deliver port infrastructure and services with energy and excellence** and it is clear to me that this vision is now being realised at all levels within the organisation.

  
Alec Don



# Liddeston Ridge Solar Park ●

In January 2013 the Port of Milford Haven applied for, and was granted, planning permission to develop a 5MW solar array system at Liddeston Ridge in Hakin, Milford Haven. Construction and connection to the electrical system is expected to be completed by the end of 2013.

Here are some facts about the site:

## What will be built?

- ▶ 20,000 high-efficiency solar photovoltaic panels, each generating around 250 watts with a 25 year lifespan (though they may continue to operate for much longer)
- ▶ Panels will be installed in arrays, oriented towards the south, mounted on aluminium structures
- ▶ It is anticipated that each panel will measure 1 metre by 1.7 metres and will be grouped into two rows of panels per array, in a portrait orientation. The tallest point is likely to be approximately 2.5 metres from the ground
- ▶ Existing hedgerows and native woodland surrounding the fields will help shield the panels from view
- ▶ There is already an easily accessible grid connection point within the site

Pembrokeshire is one of the best places in the UK to install solar panels

Significant habitat management is a key part of this project, which will see the field sites at Liddeston be transformed over time from grassland to a wildflower meadow - attracting a wider variety of insects, birds and animals



 Over 5,000MW hours of clean electricity each year; enough energy to power around 1,000 homes

 1,800 tonnes of carbon emissions saved - equivalent to taking 267 cars off the road

 Diverse energy supply

 Local job creation will be undertaken in the short term construction phase and longer term during the 25 year operational phase.

## The Haven Economy

In February 2012 the Welsh Economy Research Unit from Cardiff University produced a report setting out an analysis of the economic activity dependent upon the Milford Haven Waterway and the challenges facing the major industrial players.

Unsurprisingly, oil, gas and power activities remain the main contributors; providing 30% of the 4,000 local jobs underpinned by the Port and delivering 60% of the £324 million 'value added' injected into the Pembrokeshire economy each year by activities dependent on the Waterway.

The report highlighted the considerable opportunities the area presents to safeguard the UK's future energy supplies and develop low carbon energy technologies, but in addition warned that the increasing burden of legislation and planning could slow development in all sectors and hamper future investment.

Whilst the industry around the Haven competes both nationally and internationally, greater support is needed to expand this activity to make it more resilient, particularly when dealing with global supply chains.

**i**  
The Port of  
Milford Haven  
is the 3rd  
largest port in  
the UK





The Port sustains over 5,000 highly skilled jobs in Wales



# Haven Waterway Enterprise Zone

In January 2013, Edwina Hart, Minister for Economy, Science and Transport announced that the Haven Waterway was to become one of seven designated Enterprise Zones in Wales - supporting job creation and business growth.

The Haven Waterway Enterprise Zone is focused on investment in energy projects, the creation of green jobs and the enhancement of existing jobs.

Sites available are highly suitable for companies in the energy sector and provide an ideal location for both small and large scale engineering projects - including the storage, assembly, deployment and ongoing maintenance and servicing of wind, wave and tidal power turbines and the generation of power using renewable sources of fuel.

The Port remains willing to work in partnership with both Welsh Government and Pembrokeshire County Council to maximise the benefit from the Enterprise Zone initiative and has formulated well developed plans for a £1 billion investment and the creation of around 1,500 jobs.

Here are some great reasons to locate to the Haven Waterway Enterprise Zone:



**17m**  
depth of water  
all states of tide



Close to  
to Atlantic  
trade routes



No lock  
restrictions



High capacity gas  
and oil pipelines  
and 400kV grid  
connection with  
almost 50% spare  
capacity



Established local  
supply chain  
with successful  
businesses  
operating on  
international levels



A highly  
skilled and  
experienced  
local workforce

## Welsh Government Support

Business support

Access to finance

Business rates relief

Enhanced capital allowances

Business-ready infrastructure – high speed, fibre-based broadband

Faster planning decisions



## Trading Subsidiaries: Mustang Marine

In April 2012 the Port announced a new partnership, with its ship repair business being merged with successful international boat builders Mustang Marine (Wales) Ltd. Whilst the Port has a 50% stake in the enlarged business, with almost 100 employees, it continues to be run by Mustang Marine.

Significant new orders and relationships are now being secured by Mustang Marine which has led to the opportunity to expand the company's fabrication facilities. In May 2013 the Port of Milford Haven let the first new major construction contract for the development of a new £1.5m, purpose-built fabrication hall for Mustang Marine. This new facility is set to double the size of Mustang Marine's ship building operations and create a further hundred jobs in Pembroke Dock as the company expands to meet the global market demand for sophisticated, state of the art vessels. The company is well equipped to construct vessels both for traditional industries such as pilot boats, workboats, survey vessels, patrol boats and pollution vessels, as well as new opportunities such as service craft for offshore wind farms.

Mustang Marine has been successful in expanding its business, supplying vessels to customers as far afield as Africa and China by focusing on high quality products at a competitive price. The latest injection of capital by the Port is part of a programme of planned investments aimed at boosting economic activity and jobs in the local area.

Dry Dock	Quay Length	Max. LOA	Depth
	180m	120m (19m beam)	7.5m



**i**  
£1.5m  
fabrication hall

“  
Operations  
are anticipated  
to double in  
size in the next  
three years



## Trading Subsidiaries: Marimatech

In March 2012 the Port, together with a number of others, bought the assets of Danish company Marimatech. The Port currently holds around 36% of the shares in the new company.

Of particular interest to the Port is their market leading, hyper accurate, pilot portable unit technology known as 'E-sea Fix' which the Port originally purchased in 2002 - investing in a significant upgrade during 2008 in preparation for the safe handling of LNG vessels. Essentially, the system gives the pilot a display of the ship, together with its precise location and heading, completely independent of the vessel's own systems.

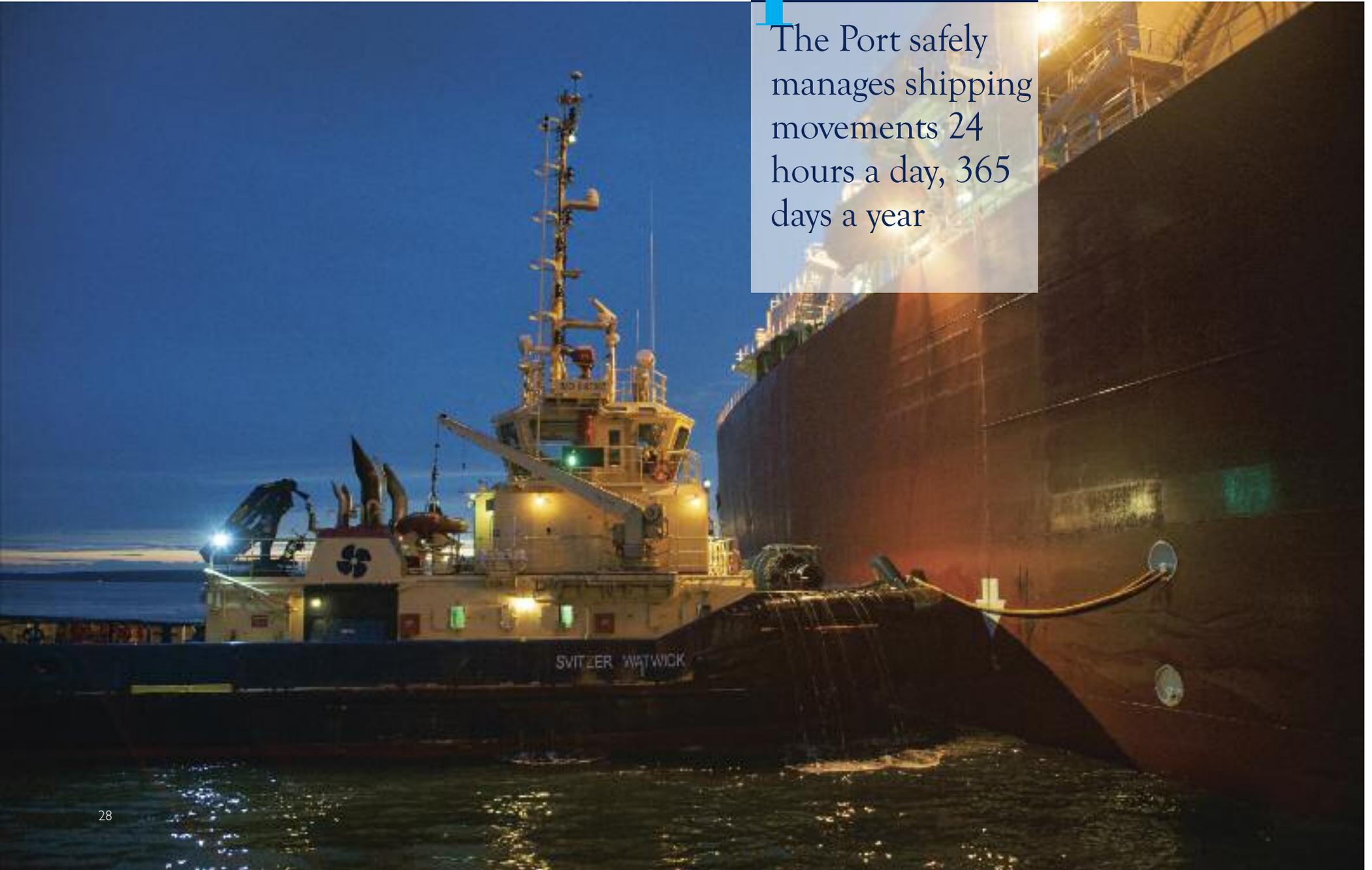
In December 2012 the Port purchased the latest upgrade of the system known as SafePilot™ which runs off an iPad platform and has additional features such as tides and passage planning.

The company had a successful 2012 and in 2013 sees a period of consolidation before expected growth in 2014.

“Marimatech is the world's largest supplier of hi-tech maritime laser berthing aids and mooring systems



i  
The Port safely manages shipping movements 24 hours a day, 365 days a year



# Health, Safety, Security and the Environment

## Health & Safety

Safety is paramount in a port that on average handles well over 100,000 tonnes of hydrocarbons on a daily basis. Effective safety is achieved through the establishment of a number of systems and procedures that form layers of defence designed as a barrier not only to prevent an accident happening, but also to minimise the consequences.

These barriers are devised, tested and reviewed under the Port's Safety and Environmental Management System which sets out the policies and procedures that guides the Port's approach to further developing a culture of safety, which is a core value of the organisation.

However, seldom are procedures perfect and accidents can and do happen. When accidents happen, a robust system of investigation is undertaken taking into account all circumstances, with the aim of identifying what happened, why it happened and what further steps can be taken to prevent a recurrence. The reporting of near misses is very much encouraged and provides greater opportunities to reduce the likelihood of accidents occurring.

This continual improvement approach has driven the Port's employee accident rate down to 0.56, which is less than half that of the UK port industry rate of 1.8.

### Risk Register

The Risk Register is a risk management tool whereby all perceived risks faced by the Port

are recorded. It acts as a central base for all high level risks identified by the business. The system relies very much on common sense, cross functional debate and co-operation.

The Register uses a traffic light system that indicates the risks that most require attention. The current top 20 risks are reported to every scheduled Board meeting.

### Port Marine Safety Code

The Port Marine Safety Code (PMSC) establishes a national marine safety standard for those who work on or use port waters. The PMSC is principally aimed at the 'duty holder' - the body that provides the oversight and allocates the resources to any port.

At Milford Haven this is the remit of the Board, and each member is both individually and collectively accountable for ensuring that the Port is in continued compliance with the Code.

The principal requirements are to conduct risk assessments for marine operations, introduce and maintain a formal safety management system, employ appropriately and properly qualified marine personnel, as well as ensuring that sufficient powers and resources are

available to manage the Port safely.

The Code also requires the appointment of a 'designated person' to provide independent assurance to the duty holder that the safety management system is meeting the required standard. This role is currently provided by the corporate affairs director who has the necessary qualifications, experience and skills.

## Security

Security within the Port area is covered by the International Ship and Port Facility Security Code (ISPS) which requires governments and ports to assess threats and take preventative measures against security incidents affecting ships or port facilities. The result is that each of the port facilities have developed and maintain security plans that have been approved by the Maritime Transport Security Division of the Department for Transport.

### Port Security Authority (PSA)

In compliance with EU Directive 2005/65/EC to enhance security measures, the UK has issued The Port Security Regulations 2009. Under the regulations the Secretary of State for Transport has the powers to issue an order setting up new Port Security Authorities. An order for Milford Haven came into force on 1st May 2013 and provides an overarching security body for the whole of the Waterway. Membership has been drawn from individual port facilities and is chaired by the Port's chief executive, Alec Don. The PSA has conducted a Port Security Risk Assessment drawing heavily from the comprehensive security arrangements



## Environmental Policy Statement

It is the policy of the PORT OF MILFORD HAVEN to ensure that our business practices protect the welfare of our employees and the communities in which we operate. This Environmental Policy is applicable to all Port employees and is also encouraged within our tenants, contractors and operations within the Port. It is based upon the principle of Best Available Technology Not Entailing Excessive Costs.

We will seek to attract and develop sustainable port operations and to minimise impacts on the environment. We will promote shipping as the mode of transport offering the least overall environmental impact and will operate the Port in accordance with procedures designed to prevent incidents that may cause environmental damage.

The PORT OF MILFORD HAVEN has adopted the following principles to implement its Environmental Policy for all marine and commercial operations.

**To Endorse** the principles contained within the European Sea Ports Organisation's Environmental Code of Practice.

**To Conserve** the natural environment of the Haven, continue to promote its sustainable use, and to protect it, particularly in respect of oil pollution.

**To Respond** immediately to any environmental incident or threat within the Port by utilising appropriate personnel and equipment.

**To Design** our management systems or equipment to minimise our environmental impact, especially the consumption of non-renewable resources, waste generation, pollution control and energy use.

**To Monitor** and report on our environmental performance with the aim of achieving continuous improvement.

**To Communicate** this policy to, and foster environmental responsibility amongst our staff; provide appropriate training and encourage initiatives to enhance and improve our environmental performance.

already in place for the facilities around the Haven and formulated a Port Security Plan. Both the risk assessment and the plan have been ratified by the Maritime Transport Security Division on behalf of the Secretary of State.

### New CCTV System

A substantial £500k investment in a significantly extended and upgraded CCTV system was completed in 2012. The system provides comprehensive coverage of the Port's estate and a new automated entry system at Gate 4, Pembroke Port. Over the next few years, further investment is planned to replace all remaining analogue cameras with digital models. The system allows the Port to monitor activities with a view to preventing and deterring unauthorised access to restricted areas, illegal activities and unsocial behaviour and to provide supporting evidence in any investigation.

### Exercises

Emergency exercises to test response to a number of threats ranging from terrorism to a major marine incident are a fundamental part of how the Port can assess the effectiveness of the structures and procedures at all levels within the organisation, from initial response to communication with stakeholders.

### Environment

This year the Port has issued a separate document detailing in full its environmental performance. A summary of the report is outlined here:

### Environmental Management System

In 2011 a decision was taken to increase efficiencies by amalgamating the Port's Safety Management System and the Environmental Management System into a single system – known as SEMS. Operational procedure documents and workplace instructions are due to be fully revised in 2013. The objective of the SEMS is to stimulate continued improvement in safety and environmental impact.

### EcoPorts Accreditation



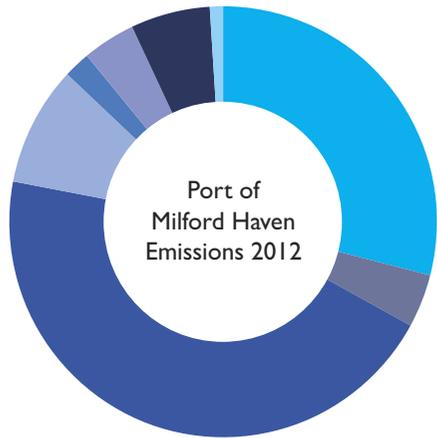
In February 2012, following an independent review by Lloyd's Register, the Port of Milford Haven became the 4th UK port to gain EcoPorts Port Environmental Review System (PERS) certification of its Environmental Management System.

Other EcoPorts management tools currently being developed include the Environmental Performance Indicators (EPIs) relating to emissions, waste and utilities consumption which are included within the Port Performance Indicators Selection & Measurement (PPRISM) project.

### Carbon Emissions

Each year sees a refinement and more accurate estimation of the carbon emissions generated by the Port's operations. The major contributions are illustrated opposite as a percentage contribution.

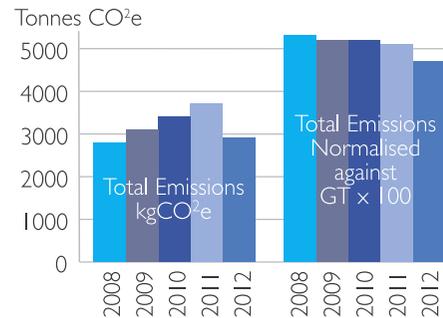
The Port-wide emissions illustrated opposite show an estimated 2.87k tonnes of CO<sub>2</sub>e which has decreased by 22% since 2011. However, this figure can be misleading if taken at face value, as indicated by the steady



- 29% Electricity Indirect Emissions
- 4% Gas Emissions
- 45% Marine Craft Emissions
- 0% Water Ranger Emissions
- 9% Red Diesel PP Plant
- 2% White Diesel PP Road Plant Emissions
- 4% Company Car Emissions
- 0% Milford Dock Emissions
- 6% Marina Red Diesel Emissions
- 1% Heating Fuel Emissions

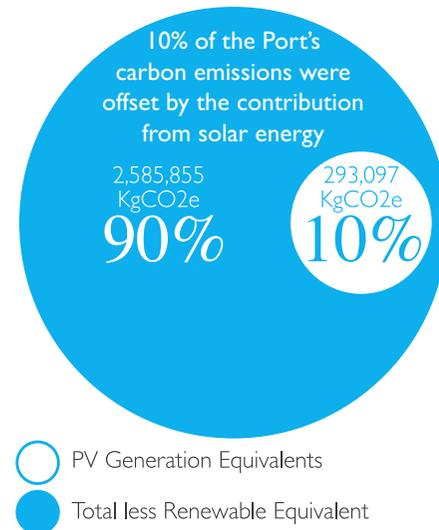
increase from 2.8k tonnes to a peak of 3.7k tonnes in emissions over the last 5 years of comparable figures. These increased emissions reflect increased business driven by growing operational demands and shipping activities within the Port. The decrease in emissions in 2012 is partially due to the decrease in shipping movements. In an attempt to draw a more meaningful comparison, the emissions figures have been normalised against shipping tonnage. The general trend is more acceptable, reflecting an improvement in efficiencies of consumption of utilities and fuel.

**Port of Milford Haven Emissions Data 2008-2012**



**Renewable Energy**

2012 saw the installation of more than 692 kWp capacity of roof mounted photovoltaic arrays across the Port's estate. Despite the wettest summer in one hundred years these panels achieved production levels 24% greater than expected.



- PV Generation Equivalents
- Total less Renewable Equivalent



**Environmental Monitoring**

The Port operates and gathers live data from four meteorological stations distributed throughout the Waterway and has a tide gauge located at the Port's jetty at Gorsewood Drive. Live and summary meteorological data are available via the Port's website.

Extensive environmental monitoring surveys are conducted throughout the Waterway through the Milford Haven Waterway Environmental Surveillance Group (MHWESG). This is chaired by the Port with membership comprised of statutory authorities, industry and others with an interest in increasing the understanding of the environmental quality of the Waterway.

In October 2012 the MHWESG celebrated its 20th anniversary with a one day seminar covering a short history of the group and some of the major areas of investigation within the Waterway. A particularly important

project was Sediment Profile Imaging (SPI), which is a rapid reconnaissance tool for characterising physical, chemical, and biological seafloor processes. The optical coring device works like an inverted periscope and takes cross-sectional images of the upper 20cm of the seafloor. The Environment Agency Wales' survey vessel 'Coastal Guardian' was chartered and the contract for survey, interpretation and reporting was placed with Germano Associates of Seattle, USA. This enabled more than 550 stations, extending from the entrance of the Waterway to well beyond the confluence of the Daugleddau, to be sampled over a 10 day period in May 2012.

More detail on the above and other environmental matters within the Port of Milford Haven can be found within the full 2012 Environmental Performance Report on the Port's website.

# Trust Port

The Port of Milford Haven is a Trust Port. It is therefore an independent commercial entity financing its operations and investments out of retained profit and cash flow and, when necessary and prudent to do so, by securing additional finance from conventional lenders. It is in competition with all other UK and European ports.

The Port of Milford Haven does not have shareholders and is not able to issue equity shares.

Because they compete with private ports as independent commercial entities and are not public bodies, Trust Ports are not 'public authorities' for the purposes of the Freedom of Information (FOI) Act 2000 and are therefore not subject to the Act.

The Port of Milford Haven is a statutory body constituted by specific Acts of Parliament, namely:

**Milford Haven Conservancy Act 1958**

**Milford Haven Conservancy Act 1983**

**Milford Haven Port Authority Act 1986**

**Milford Haven Port Authority Harbour Revision Order 2000**

**Milford Haven Port Authority Act 2002**

**Milford Haven Port Authority (Constitution) Harbour Revision Order 2012**

Similar to the Memorandum and Articles of Association of a conventional trading company, these Acts are the constitution for the Port of Milford Haven, defining what it may or may not do and how it governs itself in terms of

appointing its Board and conducting its affairs. The Acts confer certain powers on the Port within the defined port limits, for example in relation to setting the rules for navigation, the power for directing vessels and powers of compulsory acquisition. It also confers duties such as the obligation to maintain, improve, protect and regulate navigation, and powers including the right to levy charges.

The Port of Milford Haven is a legal entity. All rights of ownership, including ownership of the Port in a general sense, are vested in the Board - the Port owns itself. It is not owned by the UK Government, the Crown or any other entity.

In addition to the Acts, the Department for Transport has, over the years, developed a body of guidance for Trust Ports, the most recent iteration of which is entitled 'Modernising Trust Ports (Second Edition)', referred to as MTP2. This guidance set a benchmark for best practice to ensure an efficient, accountable and competitive Trust Port sector with guidance on, amongst other things, the reporting of key performance indicators and stakeholder policy. All Trust Ports are expected broadly to comply. The obligation on the Port, therefore, is first and foremost to comply with the Acts as a fundamental legal requirement, and secondly to operate so far as is reasonably

practicable and relevant to the particular circumstances of Milford Haven, in accordance with the guidance set out in MTP2. These are all public documents and may be sourced from the Department for Transport website.

The Acts and MTP2 guidance collectively lay down parameters for directing the Port's business and activities.

## The Port's primary obligations are to:

Maintain, improve, protect and regulate navigation and explicitly to prevent or reduce the risk of the discharge of oil

Provide, operate and improve port and harbour services and facilities in the Haven

Have regard to the desirability of preserving natural beauty and conserving flora and fauna when formulating or considering any proposals

## In addition:

The Port should operate on a commercial basis without distorting the market

The Port may engage in any commercial activity subject to the proviso that the activity will provide economic, social, cultural or environmental benefits to all or some of the population of Pembrokeshire or any part of Pembrokeshire

Public benefit should not be delivered in the form of the payment of dividends, but profits should be used to support the long term viability of the Port and where relevant, deliver public benefit by:

Investing in port infrastructure with a longer term view than would normally be commercially acceptable

Investing in port infrastructure to a higher standard

Investing in activities with a lower commercial return than would normally be acceptable but which has other benefits for stakeholders

Providing employee packages, including training, above the market rate where this helps to build the local skills base

Making charitable grants or donations of time

Making other financial investments with social as well as economic returns



The Port of Milford Haven is a Trust Port, retaining profits to support the long term viability of the Port for future generations



i The Port's stakeholders are anyone who uses or is connected to the Port, or whose livelihood and welfare may be dependent on or affected by the Port



# Stakeholders

The Acts and MTP2 collectively provide a sound basis for the Port of Milford Haven to identify its stakeholders and define how it should interact with them. They also provide a solid framework within which the Port has determined its objectives and its strategy for achieving them.

The Port of Milford Haven acts in the best interests of its stakeholders and is committed to continuous engagement with them. The Port's stakeholders are anyone who uses or is connected to the Port, or whose livelihood and welfare may be dependent on or affected by the Port, and all bodies or individuals who may represent others in this context. This includes local communities, individuals and representative bodies throughout the country. Some stakeholders are, however, more intimately connected to and dependent on the Port than others and will naturally have the means to have a greater degree of influence, perhaps because they are a major customer, or because they have statutory responsibilities of their own.

By far the biggest benefit the Port can deliver to its stakeholders is to operate as a successful, commercial business that generates surplus funds in order to re-invest in port infrastructure and services for the future.

We have identified our main stakeholders as follows:

Cadw  
 Customers  
 Department for Transport  
 Dyfed-Powys Police  
 Employees  
 Leisure users of the Waterway  
 Local associations  
 Local MPs and AMs  
 Local traders  
 Maritime and Coastguard Agency  
 Milford Harbour Users Association  
 Milford Haven Town Council  
 National Trust  
 Natural Resources Wales  
 Network Rail  
 Other professional users of the Waterway  
 Pembroke Dock Town Council  
 Pembrokeshire Coast National Park Authority  
 Pembrokeshire County Council  
 Mid & West Wales Fire & Rescue Service  
 Pembrokeshire residents  
 Ships agents  
 Suppliers  
 The Crown Estate  
 The fishing industry  
 Tourists and visitors to Pembrokeshire  
 Towing companies  
 Voluntary Control Bodies  
 Waterside residents  
 Welsh Government

## Stakeholder Engagement

The Port of Milford Haven's general policy in relation to communication with its stakeholders is as follows:

The Port will hold an annual consultative meeting, open to the general public, in order for stakeholders to engage in useful, two-way discussions about the objectives and strategy of the business. All directors are present at this meeting.

Through publications such as its Annual Review, its website and the media, the Port shall communicate its objectives and plans in a timely, open and transparent manner.

The Port will seek to communicate proactively and regularly with major stakeholders, either on a one-to-one basis or through groups such as the Advisory Committee (details of which are set out below). The Port will rely on identified stakeholders and their associated elected representatives to present the views of those who would otherwise find it difficult to have an influence on port decisions.

Senior members of Port staff and directors will make themselves accessible to meet with individuals and representatives of other groups on any relevant issues.

Where issues or proposals arise which clearly affect particular stakeholders, the Port of Milford Haven will seek to form focus groups and may maintain such groups on a standing basis if necessary. Current examples include the Port Users Group for major customers and ships agents, and the Milford Haven Waterway Recreation Group, relating to leisure use of the Waterway.

### Advisory Committee

In accordance with its Act of Parliament 1983, the Port of Milford Haven meets twice a year with representatives from groups of major stakeholders. These representatives form 'The Advisory Committee' and the meetings provide a forum for confidential discussion and interaction between the Port and these stakeholders.

The objectives of the committee are to enable relevant statutory authorities and users of the Port and the Waterway to meet and interact with each other and the Port, with the particular objective of focusing on the work of the Port and the operation of the Waterway. To promote further engagement, the committee is supported by a secure, interactive website that facilitates the exchange of views between committee members and the Port, and allows those views to be fed into the Port's decision making.



### Haven Energy Forum

The Port of Milford Haven is an active member of the Haven Energy Forum which is a group comprising representatives from each of the energy facilities operating on the Milford Haven Waterway. Formed during 2011, the group meets regularly and aims to raise the profile of the Haven's successful energy sector and communicate to its mutual stakeholders the

importance and potential of the Haven as an economic growth area. The forum also shares best practise in order to enhance safety and reduce environmental impact in Pembrokeshire.

Members of the Forum are:

**Dragon LNG**

**Murco Milford Haven Refinery**

**Port of Milford Haven**

**RWE nPower's Pembroke Power Station**

**SemLogistics**

**South Hook CHP**

**South Hook LNG**

**Valero Pembroke Refinery**

### Annual Consultative Meeting

Around seventy people attended the Port's second Annual Consultative Meeting held in July 2012 at the Cleddau Bridge Hotel, Pembroke Dock. This well-attended meeting gave local residents, businesses and users of the Waterway an insight into the Port's achievements and its ideas for the future and was generally a good opportunity for some useful two-way discussions. It also gave people a chance to meet some of the Port's newly appointed Board members.



# Port of Milford Haven Objectives

## Objectives

The Port of Milford Haven's primary objective is to ensure that it continues to fulfil its role as a key driver of economic activity and growth in Pembrokeshire. It does this by:

Ensuring the Port continues to operate to the highest standards of safety

Consistently delivering environmental gains

Delivering public benefit by being a successful, independent, commercial entity with a strong ability to finance investment

Focusing investment on the provision of port-related infrastructure and services, particularly where this also stimulates inward investment by other commercial organisations

Promoting the development of additional linkages to the Port, including electricity cables and interconnectors, pipelines, and road and rail infrastructure

Expanding the range of commodities handled through the Port and reducing the Port's and region's dependence on petroleum products



# Port of Milford Haven Strategy

The overarching vision for the business is:

“to deliver port infrastructure and services with Energy and Excellence”

Following on from this vision, the business strategy is defined within two categories; Short Sea and Deep Sea.

## Short Sea

The Port's Short Sea strategy is based on maximising the potential of its existing assets at Pembroke Port and Milford Dock. There is a clear direction for these two important port assets as set out below:

To facilitate the development of Milford Dock to create a new waterfront destination focused on marine-leisure, retail and fishing

To facilitate the development of Pembroke Port into a centre of excellence for marine-renewables, engineering and stevedoring services; including ferry operations

To facilitate the effective and appropriate development of non port-related landholding

The timing of the delivery of these will depend on market conditions and the strength of the economy as a whole.

## Deep Sea

The strategy for the Deep Sea division can be summarised as follows:

To work closely with existing infrastructure owners and operators to help them achieve increased asset utilisation, continued commercial growth and ongoing inward investment

To provide high quality, responsive services to customers

To introduce new deep-water trades to the Port of Milford Haven, based on the development of new general purpose deep-water berths

To support the creation of additional linkages to the Port



# Governance

## The Port of Milford Haven Board

The 2002 Act specifies that the Board shall comprise of a non-executive chairman, the chief executive, between six to eight other non-executive members and up to two other executive members, following the Port's Harbour Revision Order in 2012.

The chairman is appointed by the Secretary of State for Transport after a competitive selection process. All other non-executive Board members are appointed by the Board, through a similar open competitive process in line with MTP2. Three of these non-executives are appointed in close cooperation with Pembrokeshire County Council. Each appointment is for a three year term.

All Board members must adhere to the following guiding principles of conduct:

- Independence • Accountability • Openness
- Selflessness • Integrity • Objectivity
- Honesty • Leadership

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 organisation'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 business activities.

Selection and appointment of non-executive members should be based on each non-executive bringing a particular skill set or specialisation to the Board to cover the following headings:

- Chairman (Port) • Vice Chairman • Marine
- Energy • Finance • HR • Government • Marketing

These skill sets may be amended from time to time to reflect the changing business needs of the Port. The Board meets regularly, at least six times a year. Whilst the Board has not appointed a senior

independent director as recommended by the Higgs report, the vice 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). The non-executive members meet on a regular (but not frequent) basis without the executive members and on occasion without the chairman, to review general workings of the Board.

The determination and implementation of the Group's strategy is the key remit of the Board. In addition, the Board is ultimately responsible for the operational performance, including safety performance, of the Group. It is therefore part of the Board's role to monitor the performance of the management and satisfy itself, through review of the risk register and other reporting systems and procedures, that the business operates in compliance with the law and regulation to the highest standards of safety and with appropriate financial prudence.

The Board operates a number of committees to support its functions. These are described below.

### 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 Port of Milford Haven. The SMT meet regularly as a group.

### The Audit Committee

The audit committee comprises three non-executive members of the Board with the chief executive and finance director in attendance.

Details of membership and participation in meetings are given in the table on the right. Its terms of reference allow it to consider any matter relating to the financial affairs of the Port and include the monitoring of financial

reporting, accounting policies, matters relating to the auditors, the adequacy of the Port's internal financial controls and at the request of the Board, to review and monitor the Port's risk management systems.

### The Remuneration Committee

The remuneration committee consists of not less than three non-executive members including the chairman and vice chairman with up to two other non-executive members. The chief executive acts as a non-voting secretary to the committee.

Members are identified in the table below.

The primary duties of the remuneration committee are to determine the remuneration and employment conditions of the senior managers and to make recommendations to the full Board as to the fees and emoluments of non-executive members and of 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 determining bonus structures for senior managers and staff and for reviewing employment policies for the Group. It also ensures that remuneration policies facilitate the employment and motivation of senior personnel on a best practice basis, and to ensure that levels of Board remuneration and expenses claimed are detailed in the Annual Accounts.

### Nominations Committee

The nominations committee undertakes a formal process of reviewing the balance and effectiveness of the Board, identifying the skills and job descriptions required for individual Board positions, including executive members. It is also tasked with managing the recruitment process and recommending appointments to the Board.

In particular, the committee must assess the time

commitments of 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.

Membership of the committee is determined by the Board but will be made up of at least four members including the chairman or vice chairman and chief executive.

### Attendance at Board meetings in 2012

	Board	Audit Committee	Remuneration Committee
<b>Total number of meetings</b>	<b>6</b>	<b>5</b>	<b>2</b>
John Allen-Mirehouse	4		
Mark Andrews	6	3	
David Benson	6		2
Fiona Birt-Llewellyn	5	3	2
Sue Davenport	1	1	
Alec Don	6	5	2
Andrew Edwards	1		
Dan Fellows	4		1
Anne Hughes	3		
Andy Jones	6	5	
Gareth Lynn	6	5	
Chris Martin	1		1
Ray Rankmore	6		2
Janet Reed	5	4	
David Snelson	3		
Rick Squires	3	1	
Paddy Walsh	1		

## Board Members - Non Executive



**David Benson** Chairman

Taking on the role of chairman during 2007, David Benson has brought to the Port, a wealth of experience and expertise that spans many aspects of the global transportation industry. With particular knowledge of technical, marketing and operational facets of port, train and ferry services at multi-national levels, David's stewardship of the Port of Milford Haven is 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 passenger marketing director for P&O Ferries Ltd, chief executive of the Venice-Simplon-Orient Express, director of Virgin Atlantic Airways and chairman of the Great North Eastern Railway. David was senior vice president (passenger transportation) for Sea Containers Ltd before he retired from full time employment in 2006. He also sits on the North European Advisory Committee of RINA, the Italian Classification Society.

As chairman, David's role is focused on safe operations that achieve good financial results in order to provide economic and social benefits for the local stakeholders; also to provide funds for investment by the Port to reduce its dependence on petroleum trades and for maintaining the Port infrastructure to a high standard for current and future users.



**Chris Martin** Vice Chair

Born and bred in Pembrokeshire, Chris gained an Honours degree in Pharmacy in Cardiff before starting working life with Boots the Chemist in Cwmbran, subsequently going on to own and build two businesses in the pharmacy industry as well as a property development company. He has a portfolio of interests in private and public sector healthcare including being a non executive director of Alliance Healthcare. He is currently the chairman of a number of bodies including Hywel Dda Health Board, NHS Confederation in Wales and the Community Pharmacy Remuneration Group.

Chris joined the Board as vice chairman in 2012 and is a member of both the remuneration and nominations committees.



**Ray Rankmore**

Ray was appointed to the Board in December 2005. Having started his career as a marketing professional over 47 years ago, Ray has undertaken every role possible in marketing - from being a FMCG salesman to Group marketing director of a number of blue-chip multinationals.

Following his successful career in marketing, Ray made the transition into general management, but continued his key focus on business development. His experience covers a diverse variety of businesses both in the UK and overseas.

Companies for whom Ray has worked during his career include Kimberly Clark, The Marley Group, American Safety, Xerox, BT, The Thomas Cook Group, The Prestige Group, and Inchcape. He is also a member of the Port's remuneration committee.



### **Fiona Birt-Llewelin**

As a senior HR professional with over 20 years experience at board level, Fiona has brought significant experience to the Port's Board, having joined in 2008.

Fiona is currently consultant to a legal search firm in London and was previously HR director at Capital Consulting. Her career began in a recruitment consultancy in London during the 1980's. Fiona was quickly promoted to the Board, helping to develop the company into a plc, prior to its sale in 2000. She moved to global consultancy TMP Worldwide, taking on a number of consultancy assignments before joining the British Horseracing Board as recruitment and training director in 2003.

Fiona is a member of the Port's audit and remuneration committees and lives in Pembrokeshire.



### **Gareth Lynn**

Gareth is the founder of one of Wales' leading firms of independent accountants. Living in Cardiff, he is a director at KTS Owens Thomas Limited, a firm of chartered accountants, auditors and business advisers based in the city.

He trained and qualified with Ernst & Young before setting up his own practice in 1990 with two colleagues. They have grown the firm over 20 years into one of Wales' leading independent accountancy and business advisory practices. He provides financial and commercial advice to a diverse range of private sector clients and works closely with a number of large public bodies in both Wales and England in respect of audit assurance and risk management.

Gareth joined the Board in July 2008 and is the chairman of the Port's audit committee.



### **Rick Squires**

Rick has extensive experience in the energy sector as a non-executive director and chairman of a number of renewable energy businesses, based not only in the UK, but also North America; including wind (onshore and offshore), solar and biomass.

Rick has an Honours degree in electrical engineering and a Masters in business studies. He spent 28 years with the Royal Dutch Shell Group with roles in business areas including coal, oil trading, shipping and power generation before becoming a senior vice president with InterGen, an international power company based in Boston USA, with assets spread across 10 countries. In 2003 he founded UK based consultancy, PiEnergy Ltd pursuing a portfolio of roles including advising on clean technology, renewable energy, executive recruitment and providing training to the power and energy sectors.

He is currently a non-executive director of Good Energy Group Plc, a UK based 100% renewable domestic electricity generation and supply company.

Rick joined the Port in 2012 and is a member of the audit committee.



**David Snelson**

David joined the Port's Board in 2012 and brings with him significant marine and port experience. Having started in the Royal Navy, he rose to rank of Rear Admiral having commanded warships including the aircraft carrier HMS Ark Royal. In 2004 he became chief of staff (warfare) responsible for the operational readiness of all UK warships. David came ashore in 2006 to a new career as chief harbourmaster for the Port of London Authority and left in 2011. In 2012 he was appointed as a non executive director of the Maritime and Coastguard Agency.

David is a Companion of the Order of the Bath, an Elder Brother of Trinity House, Fellow and past Council Member of the Nautical Institute, Trustee of the Marine Society and Sea Cadets and a Member of the Royal Yachting Association.

He is also a member of the Port's nominations committee.



**Andrew Edwards**

Following graduation from the University of Wales, Aberystwyth, Andy spent 2 years working on civil engineering projects in the UK and Middle East before joining the police in 1979. He undertook a variety of operational and administrative roles and was the acting chief constable for Dyfed-Powys Police before being appointed deputy chief constable for All Wales in 2009. He is an Honorary Fellow and part time lecturer for the University of Wales, Trinity St David and a visiting lecturer to the John Jay College in New York.

He is based in Carmarthenshire and is a Welsh speaker.

Andy joined the Board in 2012 and is a member of the nominations committee.



**Sue Davenport**

Sue began her career in sales with Aramark PLC undertaking a number of operational and strategic roles before rapidly rising to become the sales director. She left to become sales and marketing director for Pasta King UK Ltd in 2003 before becoming the chief executive in 2006. The company achieved food manufacturing business of the year in 2007 and Orange national SME of the year in 2008.

Sue has recently settled in Pembrokeshire breathing new life into a coastal farm diversifying into the tourism market.

Her business success has been recognised in a number of high profile awards including BVCA Woman CEO of the year in 2009.

Sue is a Chartered Director and member of the Port's audit committee.

## Board Members - Executive



**Alec Don** Chief Executive

Alec joined the Port as chief executive in 2010.

His career spans both corporate finance and substantial experience of leading major businesses in the port/infrastructure sector. On completing his degree, Alec went to work for merchant bank Robert Fleming handling flotations, takeovers, mergers and fundraisings. One transaction in the early 1990's was the Mersey Docks & Harbour Company's acquisition of the port of Sheerness. He made an impression and was asked to join MDHC as planning and strategy manager; moving swiftly to director of planning.

Following several years with the Mersey Docks and Harbour Company he was appointed as chief executive of the Maputo Port Development Company in Mozambique. As CEO of this newly formed company Alec led the organisation to complete concessioning of the Port in 2003. This led to a substantial reconstruction programme and the establishment of an independently owned and operated port, generating substantial volume growth and inward investment.

Returning to the UK in 2004 as director of the Port of Liverpool he was responsible for one of the UK's most successful and diversified ports handling over 30 million tonnes of cargo per annum.

Alec is a trustee of the Port's Pension Fund.



**Andy Jones** Finance Director

Andy joined the Port as finance director in July 2011.

He qualified as a chartered accountant with PricewaterhouseCoopers in Cardiff before continuing with the firm in Toronto, Canada. He came back to the UK to work in a commercial finance role for retailer Somerfield.

In 2000, he returned to Toronto when he was appointed as finance director for a division of S&P500-listed machinery and equipment manufacturing giant Manitowoc. He subsequently moved into an operations director role within their commercial cooking equipment business and worked closely with chefs, restaurant owners and food chains such as McDonalds. In 2007, Andy took over a commercial director role for the Canadian distribution business of Manitowoc, growing it by double digits each year.

In 2009, he started his own successful company focused on providing trusted advisory services to SME business owners. Andy has been involved in the Canadian Youth Business Foundation as a mentor to young entrepreneurs. He has also been a Board Member of the Canadian Hospitality Foundation focused on providing scholarships for young chefs as well as a volunteer for the Children's Aid Foundation in Toronto, raising funds through his marathon running.



**Mark Andrews** Corporate Affairs Director

Mark began his career in the merchant navy where he served on a wide variety of ships, but specialised in gas carriers. He came ashore in 1983 to work in the ports industry within Medway Ports' Vessel Traffic Service centre before returning afloat for a short time as a pilot for the Thames and Medway. In 1991 he came to work ashore again, first as assistant, and then deputy harbourmaster, at Medway Ports.

In 1995 he joined the Port of Milford Haven as harbourmaster, managing the changes necessary following the Sea Empress incident in 1996, including contributions to the development of the national Port Marine Safety Code.

In January 2012, Mark relinquished his position as harbourmaster and moved to the new role of corporate affairs director where he is now responsible for developing stronger relationships with the Port's non-trading stakeholders, including government entities and local communities.

Previously, Mark has held the positions of president of the United Kingdom Harbourmasters Association and chairman of the British Ports Association Marine Committee.

## Senior Management Team



**Dick Moore** Deep Sea Director

Dick was appointed as the Port of Milford Haven's deep sea director in January 2012, having previously been the Port's marketing director.

He began his career with Houlder Brothers of London and spent twelve years at sea voyaging throughout the Atlantic and Pacific Oceans, obtaining his Masters ticket in Australia in 1976.

On coming ashore, his first experience of port management was on a small new wharf in the Nigerian Port of Lagos. In 1981 he returned to Europe when he was appointed general manager of Lovell's Wharf in London. Dick then progressed to play a leading role in the development of Port Sutton Bridge which quickly established itself as a popular east coast port for the North Sea and Baltic short-sea trades.

Dick has worked on a number of UK and international port development projects including the Humber Sea Terminal, Salalah (Oman), Xiamen (China) and Bahrain. From 2001 to 2009 he was commercial director at the Port of Maputo in Mozambique, where a fourfold increase in throughput was achieved within six years and the port was successfully re-established as one of East Africa's principal deep water gateways.



**Kevin Hobbs** Short Sea Director

Kevin joined the Port of Milford Haven in January 2012 as short sea director, bringing with him over twenty years' experience in management within the ports, marine-logistics and shipping industry.

Having begun his career with Ready Mixed Concrete Group with particular responsibility for sea-dredged aggregates in South Wales, Kevin moved into ferry operations in 1991 when he joined Merchant Ferries as operations manager. During his time there he oversaw the development of a new RoRo terminal in Dublin and led over one hundred personnel across three separate terminals.

A few years later, in 1996, Kevin became the founding director of SeaTruck Ferries Group; an Irish ferry service specialising in the movement of freight. As CEO and managing director, his vast and relevant experience in the shipping industry enabled him to guide this new company from start-up to its present profitable position incorporating over €400 million of investment and operating five ferries across the Irish sea.

Over the past three years Kevin has also provided consultancy and interim management services to clients such as Dublin Port Company, Peel Ports, Stena, Poole Harbour Commissioners, and the Port of Milford Haven.



**Bill Hirst** Harbourmaster

Bill's career began as a Group Cadet for P&O in 1975 where he served on a variety of vessels including general cargo, reefer, tanker and passenger. Progressing through the ranks, he gained his second mates certificate and went on to work for Safmarine where he gained experience on bulk and container ships and completed his Masters (Class 1) certificate.

In 1995 Bill came ashore to work as port control officer at Orkney Department of Harbours Office in Scapa Flow. In 1999, having worked there for a number of years, he was promoted to assistant harbourmaster.

Bill relocated to Pembrokeshire in 2000 and joined the Port of Milford Haven as assistant harbourmaster. In 2001 he was promoted to deputy harbourmaster where he provided continuity through the two risk assessments carried out in preparation for the arrival of Liquefied Natural Gas (LNG) and also led on the implementation of procedures for the handling of LNG at the Port.

In 2012 Bill was promoted to harbourmaster.



**Jeff Teague** Estates Director

Jeff joined the Port of Milford Haven as development and property manager in 2002 and has headed up the Port's estates department ever since. He was initially recruited to set up a dedicated estates function, Quayside Estates, and manage an expanding development programme. Since then he has progressively improved the Port's property portfolio and achieved consistent growth in property letting.

He has over 30 years' experience in the construction industry in both private and public sectors, and holds a Master's degree in transportation planning and engineering. He is also a member of the British Institute of Facilities Management.

Jeff joined the Senior Management Team in January 2012 when he was appointed estates director. The appointment reflects the importance of Jeff's new role in strategic planning for all land and property needs, maximising commercial returns from the Port's assets, and driving new development opportunities for the Port of Milford Haven.



**Vidette Swales** HR Director

Vidette was appointed as the Port of Milford Haven's human resources director in January 2011. She joined the Port in 2001 to provide a generalist HR service. During her time in this role, Vidette was instrumental in helping the Port to achieve recognition as an Investors in People organisation and continues to ensure this standard is retained.

Vidette is a Chartered Fellow of the Chartered Institute of Personnel and Development. Her career started in the private sector in HR/recruitment roles before moving to work as personnel officer for Pembrokeshire County Council.

As HR director, Vidette is responsible for developing and implementing an annual agenda for HR which supports the overall business strategy.

# Financial Performance

## Consolidated Profit & Loss Account For The Year Ended 31 December 2012

	2012 £m	2011 £m
<b>Turnover</b>	<b>22.7</b>	29.5
Operating Costs	(12.6)	(14.9)
<b>Gross Profit</b>	<b>10.1</b>	14.6
Administrative Expenses	(5.7)	(5.9)
<b>Operating profit</b>	<b>4.4</b>	8.7
Share of operating (loss) / profit in associate & joint ventures	(0.4)	0.1
Profit on disposal of assets	0.0	0.0
Interest receivable and other income	0.4	(0.5)
Interest & other expenses	(0.3)	(0.2)
<b>Profit before taxation</b>	<b>4.1</b>	8.1
Taxation charge	(0.8)	(2.5)
<b>Profit for the financial year</b>	<b>3.3</b>	5.6

## Key Financial Ratios

	2012 £m	2011 £m
EBITDA	6.5	11.1
EBITDA / Turnover %	29%	38%
Profit before tax / Turnover %	18%	27%

Turnover in the year decreased by £6.7m to £22.7m as a result of reduction in the number of LNG ships visiting the port

This translated into EBITDA of £6.5m being reported in 2012, a decrease of 41%. As a percentage of turnover, EBITDA was 29%, decreasing from 38% in the previous year

Profit before tax decreased to £4.1m from £8.1 in 2011

**Consolidated Balance Sheet**

As At 31 December 2012

	2012 £m	2011 £m
<b>Fixed Assets</b>	<b>56.8</b>	54.5
Current Assets	19.4	21.9
<b>Total Assets</b>	<b>76.2</b>	76.4
Current Liabilities	(4.6)	(6.9)
<b>Total assets less current liabilities</b>	<b>71.6</b>	69.5
Long term creditors & liabilities	(2.5)	(3.4)
Deferred income	(5.0)	(5.4)
Pension (Liability) / Asset	(4.7)	(4.6)
<b>Net assets</b>	<b>59.4</b>	56.1
<b>Reserves</b>		
Revaluation reserves	19.8	19.8
Profit & loss account	39.6	36.3
Minority interests	0.0	0.0
<b>Total reserves</b>	<b>59.4</b>	56.1
Return on capital employed (based on EBITDA)	9.3%	16.3%

The Port has continued to invest despite the decline in earnings for 2012. As a result, the return on capital employed has fallen to 9.3%

**Consolidated Cash Flow**

For The Year Ended 31 December 2012

	2012 £m	2011 £m
Net cash flow from operating activities	5.3	12.3
Returns on investments and servicing of finance	(0.1)	0.0
Taxation	(2.0)	(2.5)
Capital payments	(5.2)	(2.8)
Operating cash (outflow) / inflow	(2.0)	7.0
Financing	(0.2)	(0.2)
(Decrease) / increase in cash in year	(2.2)	6.8

Reduced trading performance has resulted in cash inflow from operating activities decreasing by £6.9m to £5.3m.

After capital payments including investment in Mustang Marine (Wales) Limited, Marimatech AS and installation of solar PV on a number of Port buildings, an operating cash outflow of £2.0m has been reported

A full financial report is available on the Port's website [www.mhpa.co.uk/annual-report](http://www.mhpa.co.uk/annual-report)



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

2007 D G Benson

General Manager

1959 J A Sullivan, OBE

1983 R C Livesey, CBE

1987 M J Hyslop MBE

Chief Executive

2003 A E Sangster

2010 A J W D Don

Harbourmaster

1959 Capt G Dudley, OBE

1986 Capt J E Frost, MBE

1995 Capt M C Andrews

2012 Capt W C Hirst



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Published by the Port of Milford Haven and produced in Pembrokeshire with the dedicated assistance of our staff.

Design: rockpooldesign.co.uk Photography: Aurora Imaging, Adrian Owens, Pembrokeshire Photography and Port staff. Print: Forrest Print  
This publication is printed on paper from sustainable forests using vegetable based inks



