

NE SCOTLAND FISHERIES DEVELOPMENT PARTNERSHIP – 13 MAY 2016

ELECTRONIC AUCTION FEASIBILITY STUDY

1 Recommendation

1.1 It is recommended that the Partnership notes the contents of this report

2 Discussion

- 2.1 With 2014 landing values respectively of £164M, £40M and £75M, Peterhead, Fraserburgh and Lerwick/Scalloway are three of the UK's leading fresh fish landing ports. Fish sales at Peterhead and Fraserburgh have continued to operate very successfully as 'shout auctions' for many years and, although moves to install electronic auction systems have been considered at both Aberdeenshire ports over the years, the status quo prevails.
- 2.2 In August 2003, the decision was taken by Shetland Fish Market to install an electronic fish auction, 'to increase the speed of the auction process and transaction rate, and provide a means to attract more fishing boats from other ports to trade at the auction', following the loss of two large local fish processing businesses (fish buyers). This, in turn, had led to less competition at the market and lower returns for fishermen on the quayside, resulting in fewer vessels choosing to land in Shetland.
- 2.3 Although the decision to implement an electronic auction was controversial at the time, and its introduction was not without teething problems, much of the credit for the revitalisation of prices paid and resurgence in landing volumes at Lerwick and Scalloway is attributed to the electronic auction which regularly attracts vessels from Orkney, Norway and the Faroe Islands. Independent quality assurance at Shetland markets - key for remote buyers - is provided by Shetland Seafood Quality Control (SSQC).
- 2.4 It should be noted that the sharp decline in processing capacity in Shetland, which was one of the main drivers for the installation of the electronic auction, is not an issue in Peterhead or Fraserburgh – but, nevertheless, the Shetland auction system (Aucxis) has amply demonstrated its functionality and potential for underpinning and developing fish sales.
- 2.5 The Fraserburgh Task Force was set up by Scottish Government in response to the announcement by Young's in July 2015 that it was reducing significantly its workforce in Fraserburgh. The remit of the Task Force goes beyond just Young's and its employees and includes the development of the local fish processing sector; building the commercial resilience of the wider Fraserburgh economy; and regeneration.
- 2.6 New business development opportunities are also within the scope of the Task Force. At one of the Task Force meetings, senior representatives from Fraserburgh Harbour advanced the case for a detailed study to assess the feasibility of introducing an electronic auction to Fraserburgh Fishmarket.

With welcome increases in quotas, especially for North Sea Haddock, the Commissioners considered this to be an opportune time to undertake a detailed feasibility study into the options available to deliver electronic auction facilities and to ascertain the levels of support and commitment from the various industry sectors. As part of its commitment to the Fraserburgh Task Force, Aberdeenshire Council agreed to cover the cost of the feasibility study which is being carried out by BDPlus on behalf of Fraserburgh Harbour Commissioners.

3 Financial Equalities and Staffing Implications

- 3.1** There are no current staffing or equalities implications. The cost of the study is £9660 and has been met from the Council's Marketing and Task Force Budget using officers' delegated powers.

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