

Branchliner: The Economic Case

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Objective

Quantified assessment of potential economic impacts of the Branchliner project



Presentation Structure

- Scope of the work
- Information sources and key assumptions
- Construction-related impacts
- Ongoing annual impacts
- Conclusions



Scope of the Assessment



Two Project Elements

- One-off construction activity:
 - * Rail freight facility at Kinbrace
 - * Road upgrades in Kinbrace area to enable timber haulage to the railhead
- Activities required to harvest timber and move it to the mills using rail



Impact Measures

- Business turnover
- Employment-Full Time Equivalent (FTE) jobs
- Income-annual wages before income tax and National Insurance
- Gross Value Added (GVA)-put simply, company labour costs plus gross profits



Components of Impact

- *Direct*-the activity of workers involved in the process e.g. harvesters, train drivers
- *Indirect*-purchases of goods and services required by the activities e.g. fuel, sub-contractors
- *Induced*-spend in the wider economy (shops, restaurants, etc.) of the wages of those directly and indirectly employed
- *Direct + Indirect + Induced = Total impacts*



Geographical Levels

- HITRANS area
- Scotland



Information Sources and Key Assumptions



Information Sources

- Information and related assumptions provided by HITRANS and other Work Package consultants
- These were converted into economic impacts using a number of secondary datasets



Key Assumptions

- Net effect of Branchliner is the transport of 50,000 additional tonnes of timber per annum from the area
- Without Branchliner HITRANS area mills would purchase more expensive larger diameter logs from suppliers in the HITRANS area



Construction Impacts




80% of construction impacts are from the Kinbrace facility

TOTAL CONSTRUCTION IMPACTS (DIRECT, INDIRECT AND INDUCED)

Measure	HITRANS Area	Scotland
Turnover (£million)	7.0	9.4
Employment-job years	45	62
Income (£million)	1.3	1.9
GVA (£million)	3.1	4.3



Ongoing Annual Impacts From Harvesting and Transportation



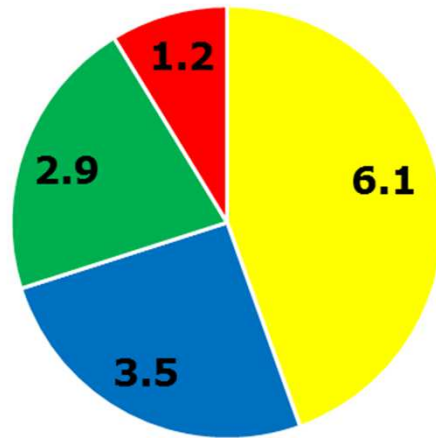
14 FTE jobs created in HITRANS area, with wages 20% higher than Scottish average

ONGOING ANNUAL IMPACTS (DIRECT, INDIRECT AND INDUCED)

Measure	HITRANS Area	Scotland
Turnover (£million)	3.1	3.7
Employment-FTE jobs	14	16
Income (£million)	0.5	0.5
GVA (£million)	1.7	2.0

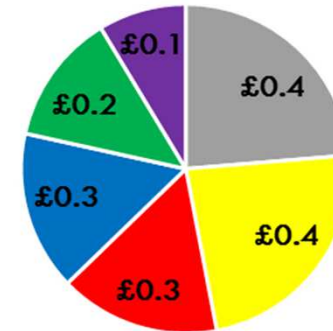
Most jobs from harvesting activity, most GVA from savings to the mills and harvesting

HITRANS Area: 14 FTE Jobs



- Harvesting
- Road Haulage From Inverness to Mills
- Road Haulage to Kinbrace and Loading
- Rail Movement to Inverness

HITRANS Area: £1.7million GVA



- Reduced Purchase Costs for Mills
- Harvesting
- Rail Movement to Inverness
- Road Haulage From Inverness to Mills
- Road Haulage to Kinbrace and Loading
- Sale of Timber



Conclusions: Total Gross Impacts




Vast majority of Branchliner impacts from ongoing annual activity rather than one-off construction works

TOTAL GROSS IMPACTS: CONSTRUCTION AND ONGOING ANNUAL IMPACTS (DIRECT, INDIRECT AND INDUCED)

Measure	HITRANS Area	Scotland
Turnover (£million)	3.8	4.6
Employment-FTE jobs	18	22
Income (£million)	0.6	0.7
GVA (£million)	2.0	2.4



Conclusions: Net Impacts-What Difference Could Branchliner Make?



Net impacts would be very largely from construction works, along with savings to the mills

TOTAL NET IMPACTS: CONSTRUCTION AND ONGOING ANNUAL IMPACTS (DIRECT, INDIRECT AND INDUCED)

Measure	HITRANS Area	Scotland
Turnover (£million)	0.7	0.9
Employment-FTE jobs	4	6
Income (£million)	0.1	0.2
GVA (£million)	0.7	0.8