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Transport Committee

The Ports Industry in England and Wales

Second Report of Session 2006–07

Volume I

Report, together with formal minutes

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The Transport Committee

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1 Introduction

1. Ports are the UK's trade gateway to the rest of the world. They are vital for this country's economy to thrive and grow. But ports are a largely unconsidered industry.

2. It is three years since our predecessor Committee last looked at the ports industry.¹ Much of what was said then remains equally valid today:

- The ports industry continues to make a vital and unique contribution to the country's economy, commercial activity and social well-being;
- The Government remains committed to the presumption that the ports sector can function by market forces;
- Ports, as part of the overall logistics chain, remain dependent on the wider transport infrastructure, which cannot be funded entirely by the private sector;
- Port development is still subject to cumbersome planning procedures which cause serious delay and, in some cases, wasted expenditure; and
- Safety issues in this hazardous industry do not receive enough attention and initiatives to address them remain largely voluntary.²

3. There were capacity increases being planned in 2003 which have now made progress. The Department for Transport has approved development at London Gateway,³ Bathside Bay near Harwich,⁴ and at Felixstowe South.⁵ A number of ports and port companies have been sold since 2003, some to foreign companies and investment firms.⁶

4. In May 2006 the Minister of State for Transport, Dr Stephen Ladyman, announced the start of the Government's long-awaited review of the ports industry in England, Wales and Northern Ireland.⁷ The review is intended to address the fundamental question of whether the Government's current approach to the ports industry, of intervening only where there is demonstrable 'market failure', is the right one. The consultation document says: "The question for this review is: have we got this right? Have we correctly identified the issues

1 *Ports* (Ninth report of session 2002–03), HC 783, 13 November 2003

2 HC 783, paras 183–187

3 DfT, *Minded view letter on London Gateway port*, 20 July 2005:
http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/pdf/dft_shipping_pdf_039191.pdf

4 DfT, *Bathside Bay container terminal minded letter*, 21 December 2005:
http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/pdf/dft_shipping_pdf_610905.pdf

5 DfT press notice, "Felixstowe South port reconfiguration is approved", 1 February 2006. The decision letter is available to view in full at:
http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/pdf/dft_shipping_pdf_611102.pdf

6 See section 2 for more information

7 A parallel review is being conducted for Scottish ports by the Scottish Executive, see:
<http://www.scotland.gov.uk/News/Releases/2006/07/06114341>

which require Government intervention? Are we intervening when we need to, in the right ways?”⁸

5. We announced in July 2006 that we would hold an inquiry into the ports industry in England and Wales in order to inform the Government’s consultation.⁹ The Terms of Reference for the Committee’s inquiry were to look at:

- Ownership of ports in the United Kingdom;
- Whether the general policy framework, as set out in *The Future of Transport*, is adequate for port operations in the 21st century;
- Whether the Department’s demand forecasting is realistic and whether the UK will have the capacity to meet this projected demand;
- What the impact of ports is on regional development strategies;
- Whether smaller ports have an independent future and when the Department should intervene;
- Whether surface access to ports is adequate and what is best practice;
- How ports can reduce their environmental impact and whether there should be a duty on all UK ports to be carbon-neutral; and
- Whether safety measures are adequate and the UK’s 74,000 ports workers are adequately protected and working in good conditions.

6. The Committee took evidence from industry representatives, Trades Unions, MDS Transmodal¹⁰ and the Minister for Transport, Dr Stephen Ladyman. We thank them for their contributions. We would also like to extend particular thanks to our Specialist Advisor, Dr Heather Leggate, for her time and expertise.

8 DfT, *Ports Policy – Your views invited*, May 2006, executive summary, paras 2–4; all associated documents are available to download at:
http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/divisionhomepage/611692.hcsp

9 PN 58/2005–06; 6 July 2006

10 See para 22 ff

2 Ports today: state of play

7. Ports are essential to the economic wellbeing of the United Kingdom. It is estimated that approximately 95 per cent by volume, and 75 per cent by value, of the country's international trade is transported by sea. In 2004, total UK imports across all transport modes were valued at £249 billion and exports at £191 billion, which indicates that approximately £330 billion of the UK's international trade was moved through its seaports.¹¹

8. While the industry continues to face historical and enduring problems; there are other urgent issues, consequent on the privatisation of the ports industry in the early 1990s,¹² that require action. Into the former category would come inland infrastructure, environmental concerns, competition with the Continent, and safety; into the latter, the 'ownership question' and the growing encroachment of European Union law into the national sphere.

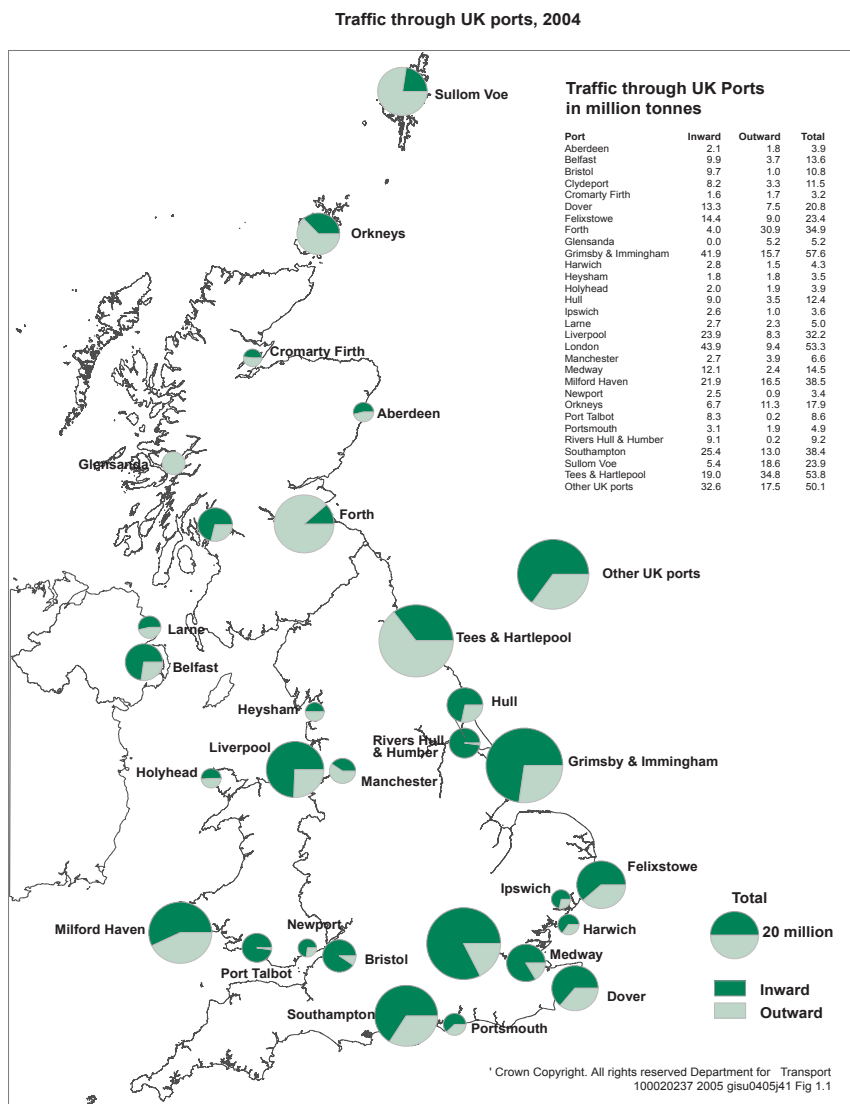
11 DfT, Focus on Ports, 2006 Edition, p1

12 By the Ports Act 1991

Performance and key statistics

9. In total, there are more than 650 ports in the UK for which statutory harbour authority powers have been granted, of which 120 are commercially active.¹³ The UK ports industry is the largest in Europe in terms of freight tonnage, handling a total of 573 million tonnes of foreign and domestic traffic in 2004. The graphic below shows the distribution of traffic at UK ports:¹⁴

Figure 1



13 Many other ports will be primarily leisure-based, fishing or ferry ports

14 *ibid*, Figure 1

10. Annual tonnage handled by UK ports grew steadily between 1980 and 2000 at around 1.3% per year. Traffic levels declined during the period 2000 to 2003 by one per cent annually, but rose again by three per cent in 2004. Total, inward and outward traffic movements are shown in the graphs below:¹⁵

Figure 2: UK foreign and domestic port traffic, 1980 to 2004

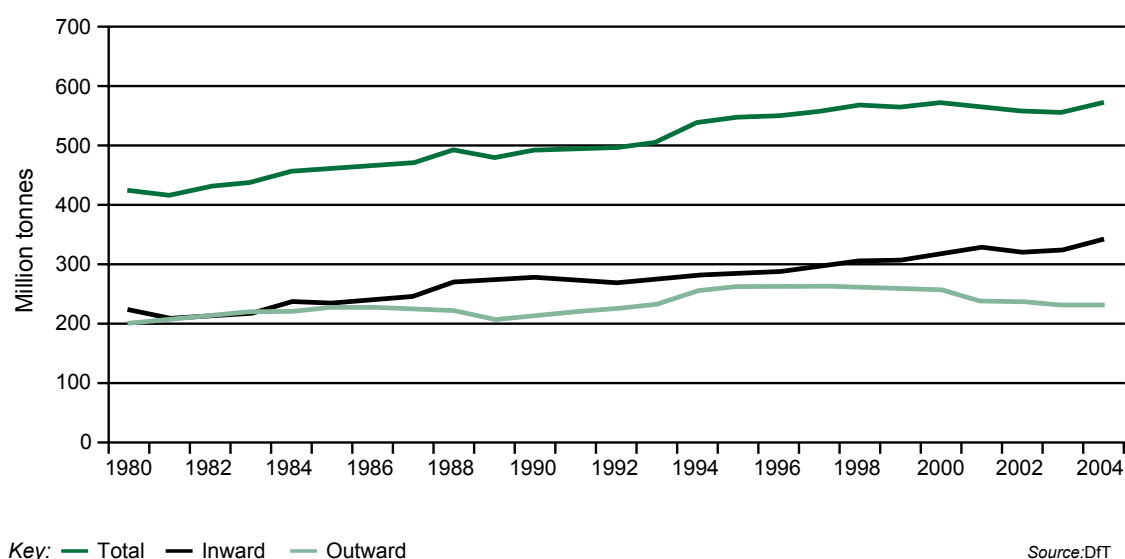
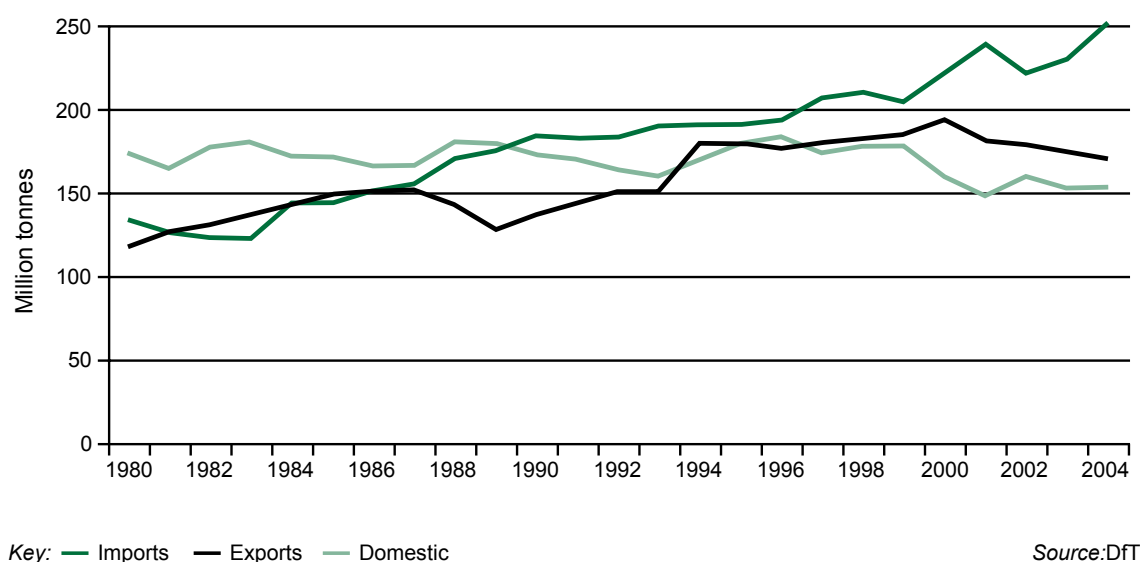
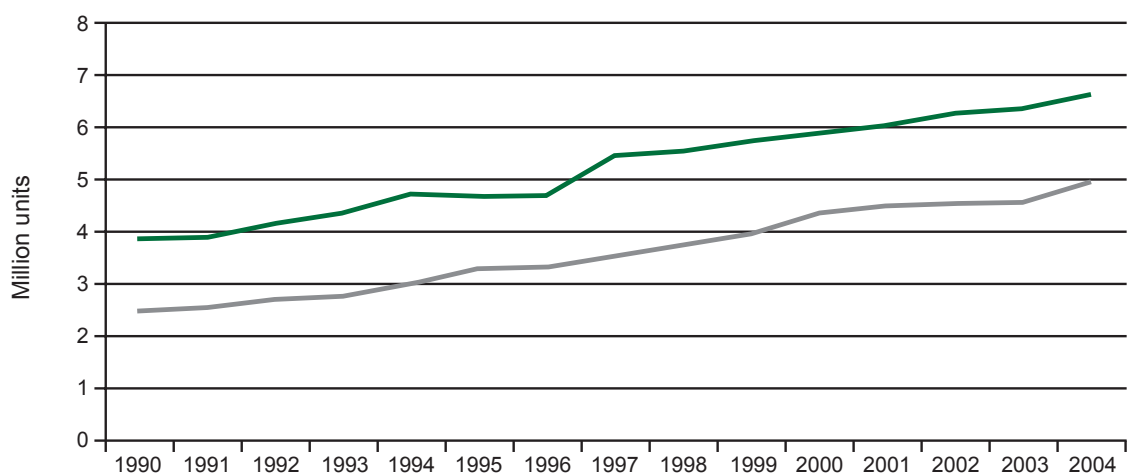


Figure 3: UK port traffic by type of traffic, 1980 to 2004



¹⁵ *ibid*, Figures 2, 3 and 4

Figure 4: UK unitised traffic by type, 1990 to 2004



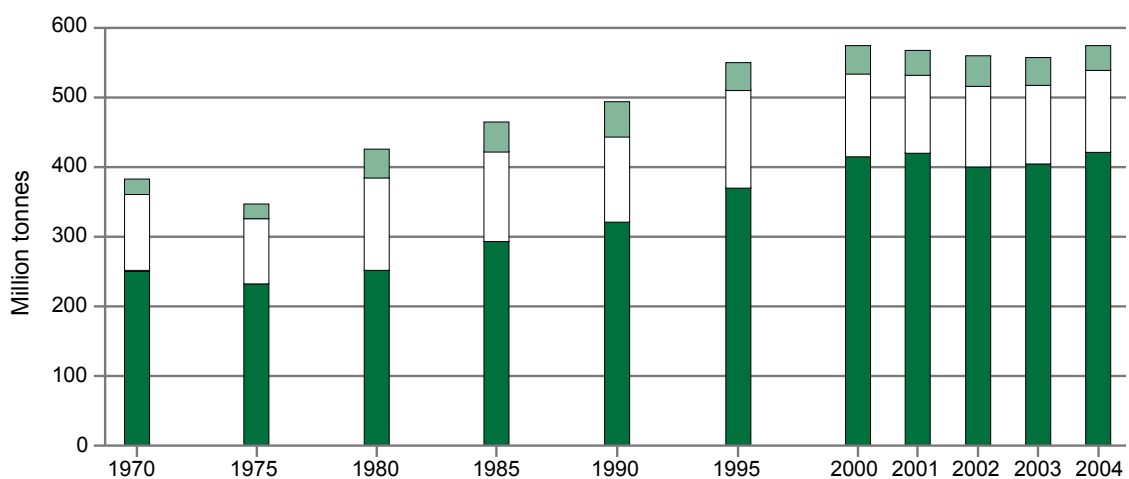
Key: — Road goods vehicles and unaccompanied trailers — Containers on lo-lo and conventional services

Source:DfT

Growth in imports has been much stronger than in exports over the past 20 years, reflecting the changing structure of the economy from manufacturing to service industries. Domestic port traffic has declined over the same period.

11. Foreign traffic is the largest component of all UK ports traffic, as the graphic below shows.¹⁶ It has risen from 244 million tonnes in 1970 to 420 million in 2004, around two-thirds of which was with Europe and the Mediterranean. Over the same period, the share of foreign traffic has risen from 66 per cent, to 73 per cent of all UK traffic.

Figure 5: UK port traffic by origin, 1970 to 2004¹



Note:1 GB prior to 1980

Key: ■ Foreign □ Coastwise ■ One port

Source:DfT

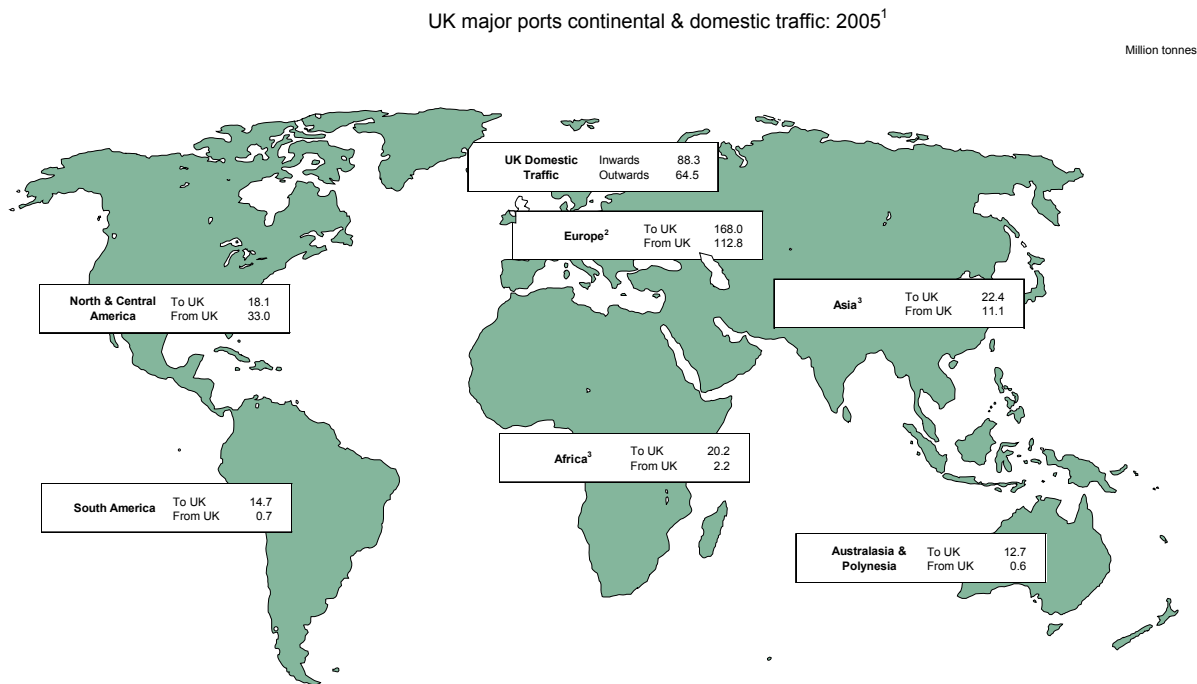
12. The UK's conventional container traffic can be split into three sectors: short sea, deep sea and coastal, shown in the table below.¹⁷ Short sea traffic (trade with Europe and the Mediterranean) accounted for 39 per cent of total container traffic in 2004 while deep sea (trade with all other foreign countries) accounted for 54 per cent.

Table A

Container traffic by route, 1990 to 2004 ¹								
	Thousand units							
Area	1990	1993	1995	2000	2001	2002	2003	2004
All short sea	1,291	1,293	1,522	1,764	1,763	1,799	1,802	1,900
Belgium	181	200	216	196	210	290	352	349
France	20	22	49	91	91	75	91	105
Germany	104	78	65	182	186	208	184	206
Ireland	66	55	110	99	93	94	84	78
Netherlands	441	470	472	331	408	455	473	492
Scandinavia and Baltic (inc. Denmark)	221	234	244	287	254	210	204	232
Spain and Portugal	119	107	115	200	196	170	171	152
Other short sea	138	127	250	378	325	297	243	285
All deep sea	1,315	1,586	1,865	2,227	2,284	2,319	2,368	2,636
North America	407	418	458	559	543	471	421	432
Far East	492	636	763	1,042	1,071	1,202	1,324	1,513
Africa	117	175	218	166	172	150	147	154
Indian Ocean and the Gulf	124	135	236	227	241	247	264	309
Australasia	88	121	70	78	101	91	41	82
Other deep sea	88	101	121	155	156	158	171	144
Unspecified	-	-	-	109	122	115	100	129
All foreign (inc. unspecified)	2,606	2,879	3,387	4,100	4,170	4,233	4,270	4,665
Coastwise	234	234	200	221	276	260	240	234
Total	2,840	3,113	3,587	4,321	4,446	4,493	4,510	4,899
¹ Excludes some container traffic travelling on ro-ro vessels from 2000								
Source: Dft								

In 2005, trade with Asia made up six per cent of all traffic by volume, of which three fifths was containerised. The geographical spread is shown in the graphic below:¹⁸

Chart 1



¹ Not including tonnages to and from unspecified countries
² Including traffic with all Mediterranean countries
³ Excluding traffic with all Mediterranean countries

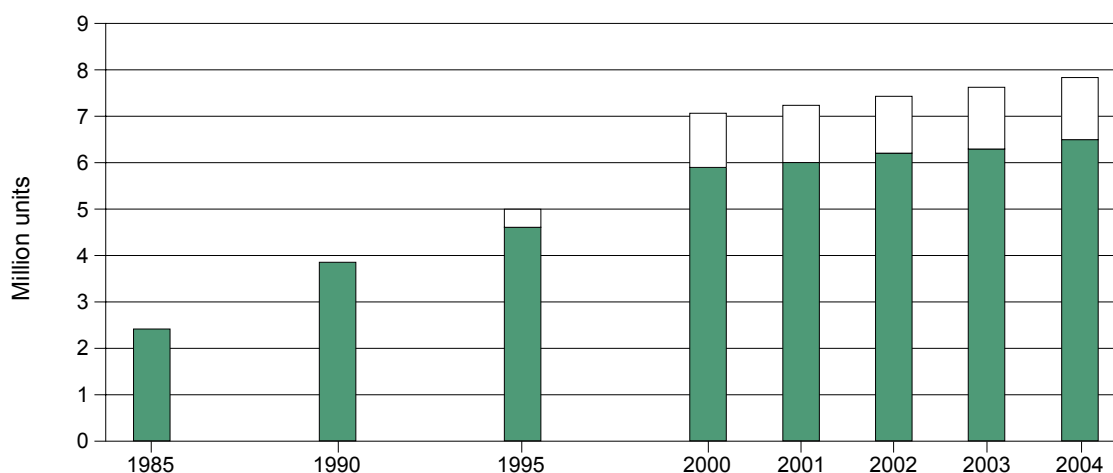
13. Modern container ships can carry up to 10,000 TEU. This means that there are limitations on the number of ports at which larger vessels can dock. In the UK, 95 per cent of calls by container ships of 20,000 deadweight tonnes or more are received in Felixstowe, Southampton, Medway and London. Further detail is given in the table below:¹⁹

Table B

Container ship arrivals at UK ports, 2004			
Deadweight tonnes	No. of vessels		
	<20,000	20,000+	All
Felixstowe	813	1,634	2,447
Southampton	26	642	668
Medway	68	487	555
London	724	414	1,138
Liverpool	321	133	454
Grimsby & Immingham	332	□	332
Belfast	216	10	226
Forth	482	□	482
Hull	422	□	422
Tees & Hartlepool	404	1	405
Other ports	875	75	950
Total	4,683	3,396	8,079
Source: Lloyds Marine Intelligence Unit			

14. The opening of the Channel Tunnel in 1994 had a significant impact on ro-ro ports: with traffic levels in 2004 of 1.3 million road goods vehicles, the Channel Tunnel had a larger share of the market than any port except for Dover. The figures for road goods vehicle traffic are shown below:²⁰

Figure 6: Road goods vehicles through UK ports, 1985 to 2004¹



Note: 1 GB prior to 1990

Key: ■ By sea □ Channel Tunnel

Source: DfT

¹⁹ Focus on Ports, Table B

²⁰ *ibid*, Figure 6

15. UK ports exist in a highly competitive European context. Our principle competitor countries are Belgium, France, Germany and the Netherlands. The table below shows freight traffic at the top UK ports compared with the largest ports in Northern Europe.²¹ Grimsby and Immingham, the largest port in the UK, is the sixth largest port in Northern Europe, while Tees & Hartlepool and London are seventh and eighth, respectively.

Table 3

Northern Europe's largest cargo ports, 1990 to 2004										
	Million tonnes									
	1990	1992	1994	1996	1998	2000	2001	2002	2003	2004
Rotterdam	288	292	293	284	307	320	314	321	327	352
Antwerp	102	104	110	107	120	131	130	132	143	152
Hamburg	61	65	68	71	76	86	93	98	107	115
Le Havre	54	53	54	56	66	67	69	68	71	76
Amsterdam	47	49	48	55	56	64	68	70	65	74
Grimsby & Immingham	39	41	43	47	48	53	55	56	56	58
Tees & Hartlepool	40	43	43	45	51	52	51	50	54	54
London	58	49	52	53	57	48	51	51	51	53
Bremen	30	31	31	32	35	45	46	47	49	52
Dunkirk	37	40	37	35	39	45	45	48	50	51
Source: DfT, ISL and Port of Rotterdam										

16. In 2004, container volumes at the two largest UK ports were 2,717 TEU at Felixstowe and 1,446 TEU at Southampton; in total UK ports handled 7,993 TEU of container volume in 2004. This is compared to 8,281 TEU at Rotterdam, 7,003 TEU at Hamburg and 6,063 TEU at Antwerp in 2004, as the table below shows:²²

Table 4

Container volumes at the major NW European container ports, 2000 to 2004					
	Thousand TEU				
	2000	2001	2002	2003	2004
Rotterdam	6,274	6,096	6,515	7,100	8,281
Hamburg	4,248	4,689	5,374	6,138	7,003
Antwerp	4,082	4,218	4,777	5,445	6,063
Bremen	2,737	2,915	2,999	3,191	3,469
Felixstowe	2,825	2,839	2,684	2,482	2,717
Le Havre	1,464	1,523	1,720	1,977	2,132
Source: DfT, ISL and Port of Rotterdam					

21 *ibid*, Table 3

22 *ibid*, Table 4

Ownership

17. Since our predecessors' report in 2003, a number of UK ports have moved into foreign hands; finance and investment companies are also showing an interest in bidding for UK ports:

- **Associated British Ports Holdings plc²³** was formally acquired by the **Admiral consortium** on 14 August 2006. The Admiral consortium consists of four partners: Wall Street bank Goldman Sachs; GIC, the Singapore Government investment company; Canadian pension fund Borealis; and the infrastructure business of the UK's Prudential.
- **The Simon Group plc²⁴** was taken over by **Montauban SA** following Montauban's cash offer of 21 June 2006. Montauban is a subsidiary of the CdMG group of companies based in Belgium. It has interests in a number of port facilities both in the UK and continental Europe.
- **P & O²⁵** was taken over by **Dubai Ports World (DP World)** following its £3.3 billion bid in December 2005. DP World is backed by the Government of Dubai and has expanded rapidly in the past two years. Following opposition to the takeover in the USA, DP World was forced to sell-on the American port assets to another company but it still became the world's seventh largest port operator.
- **PD Ports²⁶** was purchased by **Babcock & Brown Infrastructure** in December 2005. Babcock & Brown Infrastructure is an Australian Investment fund. It also owns an Australian coal terminal and electricity and gas distribution networks.
- **Mersey Docks and Harbour Company²⁷** was bought by **Peel Holdings** in June 2005. Peel Holdings has extensive property holdings such as the Trafford Centre in Manchester, as well as operating Liverpool-John Lennon Airport and owning the Manchester Ship Canal and Clydeport.

23 Associated British Ports Holdings was, through its subsidiary Associated British Ports, the owner of the following 21 ports: Ayr, Barrow, Barry, Cardiff, Fleetwood, Garston, Goole, Grimsby, Hull, Immingham, Ipswich, Kings Lynn, Lowestoft, Newport, Plymouth, Port Talbot, Silloth, Southampton (joint venture with P&O), Swansea, Teignmouth and Troon.

24 Simon Group plc owned two ports, Sutton Bridge and the Humber Sea Terminal at Killingholme.

25 Most of P & O's port assets are overseas. Within the UK it had a joint development with Associated British Ports at Southampton and also owned Tilbury.

26 PD Ports owned the Tees and Hartlepool ports.

27 Mersey Docks and Harbour company owned the ports of Liverpool, Sheerness and Heynsham.

3 Department for Transport's review

Ports consultation

18. The Government's key policy document on the ports industry, *Modern Ports*,²⁸ was published in 2000. It has stood the industry in good stead for six years. That said, the Government is right to review the policy and, in particular, to fix its eye on the future of the industry and to plan for the UK's capacity requirements over the next quarter century.

19. The current Ports Review was foreshadowed in the 2004 White Paper *The Future of Transport*.²⁹ The White Paper promised that a review would be undertaken by autumn 2005, at which time the Department for Transport expected to have taken decisions on the outstanding proposals for major container port development.³⁰ It actually took a further six months, to May 2006, before the consultation document was ready for publication, due to the delays in approving the London Gateway, Bathside Bay and Felixstowe South developments.³¹ The evidence we received indicated that the consultation, when it finally arrived, covered the right issues. Lord Berkeley of the Rail Freight Group (RFG) summed-up the review as "adequate but late".³²

20. The Minister for Transport told us that the role of the review was to "identify what is and what is not broke".³³ He also highlighted the three key issues, as he saw them, for the review:

- How the world has changed since 2000;
- The planning process; and
- Whether the market should decide where port capacity goes or whether there should be a more interventionist approach from Government recognising the capacity for ports as engines of regeneration in local areas.³⁴

Dr Ladyman also, however, identified the 'limits' of the review. In his conversations with shippers it had become clear to him that even if the Government took measures that would allow it to influence where port *capacity* goes, there is little that the Government could do to influence where shippers actually *send* their cargoes.³⁵

21. We welcome the Government's Ports Review. It is right to look to the long term. We also welcome the Minister's commitment to consider this Report when shaping the final policy that will come out of the review. That said, we are adamant that the

28 DfT, *Modern ports: a UK policy*, November 2000

29 Cm 6234, July 2004, para 7.28

30 *ibid.*

31 View the Review documents at:
http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/divisionhomepage/611692.hcsp

32 Qq 328–331

33 Q512

34 *ibid.*

35 Q514

Department should not accept unquestioningly the views of the vested interests. The evidence does not indicate consensus on the main challenge the industry faces.

MDS Transmodal forecasting

22. Alongside the Review, the Department commissioned a piece of independent forecasting, and a study into future transshipment from the transport consultants MDS Transmodal (MDST).³⁶ The Department told our predecessor Committee in 2004, in its response to the *Ports* report that “Given the existing forecasts, which appear to be in broad agreement, at least on container traffic, it is not clear what the extra added value of Government forecasts would be”.³⁷ We are pleased that the Government changed its mind and commissioned the MDST work.

Methodology

23. The forecasts assume demand grows in response to foreseeable or assumed changes in national income and other factors. Demand growth is assumed to be unconstrained by port capacity, or relative changes in prices of transport services. In aggregate, UK port traffic, measured by tonnes of cargo, is forecast to grow by an average of one per cent per annum between 2006 and 2030. There are, however, significant commodity and regional variations within this forecast.³⁸

24. The market for container port services, specifically the transshipment of containers through ports, was assessed in a separate study. Transshipment is the transfer of containers at a port from one vessel to another and it is closely linked to the overall relationship between capacity and demand growth. Demand for container port services is forecast to grow by about four per cent per annum in UK ports to 2030 and at higher rates of growth in other regions of the world. In response to growing demand, the TEU capacity of the international container ship fleet has increased fivefold since 1990 and is expected to expand by a further 45 per cent in the next three years. Most of this extra capacity has been concentrated in very large new ships with capacities of more than 5,000 TEU. The economies of scale of large ships favour the consolidation of cargoes, streamlining of calling patterns, and hence potential growth in transshipment volumes.³⁹

Concerns

25. There are concerns about the forecasts: in particular, the statistical base upon which demand projections were based; the conservative nature of those projections and a perceived bias towards development in the South East. Forecasts are, arguably, unreliable and cannot always anticipate major discontinuities in world trade patterns. For example, forecasts produced in the 1980s would not have foreseen the rapid growth in the Chinese

36 In partnership with DTZ Pieda for the transshipment study

37 The Government’s Response to the Committee’s report on Ports (Cm 6076), January 2004, p7

38 Summary of results in annex C to Ports Review – Your Views Invited, May 2006, p80+; full study at: http://www.dft.gov.uk/stellent/groups/dft_shipping/documents/page/dft_shipping_611699.pdf

39 *ibid.*

or Indian economies.⁴⁰ The consultation document itself admits that “The forecast trends are subject to substantial uncertainty, and fluctuations around the trends are to be expected”.⁴¹ For forecasts to remain useful in the longer term, they must be continually revised and updated. The British Ports Association (BPA) agreed,⁴² as did Associated British Port Holdings (ABPH) and Peel Ports.⁴³

26. Other witnesses doubted the usefulness of the work even in the short term. The Institute of Civil Engineers (ICE) told us that to forecast increased volumes of freight MDST used the GB Freight Model (GBFM) which in turn relies upon the former Department for the Environment Transport and the Regions’ Origin and Destination Survey 1991, together with three other data sources from 1999. Consequently, the 1991 data is being used to project forecasts up to 2030, on which the ICE believes it “would be unsafe to base policy about UK internal cargo”.⁴⁴ We were not convinced that this one survey fatally undermined MDST’s work when put in the wider methodological context. The 1991 survey was used to help to inform the relative distribution of the inland origin and destination of goods for the UK. Otherwise, however, the data used was from 2004; the 1991 data was used to develop some ratios relating to the 2004 data. MDST’s detailed time series for trade statistics was generally from 1988 to 2004.

27. Many more witnesses were concerned with what they considered to be MDST’s ‘conservative’ four per cent estimate for future growth. David Robinson of PD Ports told us that since 1994 growth has been at seven per cent a year and that there was strong evidence to suggest that the growth rates of containerised traffic were likely to be in the order of five –and-a-half to six per cent a year in the future.⁴⁵ David Cross of CMA CGM put the figure at six per cent to 2010, perhaps going as high as seven or eight per cent.⁴⁶ In Dover, port traffic has already reached the previously projected levels of freight for 2014.⁴⁷

28. It is the relationship between the forecasting and the projected and planned growth in the Greater South East (GSE)⁴⁸ that has proven most controversial. A number of witnesses were concerned that MDST’s work would be used to divert growth to the Greater South East at the expense of the other regions. Peel Ports argued that the work “should be treated simply as indicators rather than, as we fear, instruments for policy development”;⁴⁹ while the Bristol Port Company reported to us the results of their own container study that reached different conclusions to the MDST work. Bristol believe that London and Felixstowe are too far removed from their markets and that the use of old statistics by

40 Ev 231

41 Ports Policy – Your Views Invited, p21

42 Ev 149

43 Ev 153

44 Ev 213

45 Q182; similar estimates were given by Simon Bird, Bristol Port Company (Q184) and Michael Everard, Chamber of Shipping (Q430)

46 Q431 and Q433

47 Ev 1; John Garner, P&O Ports made the same point when questioned (Q8)

48 For a definition of the GSE, refer to the Glossary at the end of this report

49 Ev 224

MDST “may have skewed the results sufficiently to provide to the Department a picture of the UK inland distribution system that is not up to date”.⁵⁰

29. When the Committee put these concerns to Mike Garratt, Managing Director of MDST, he assured us that he would not have accepted any steer from the Department as to any desired outcome of his study to drive policy in a particular direction.⁵¹ We have no reason to question Mr Garratt’s word. Indeed, we believe that the methodology of the work to be basically sound. What concerns this Committee is, rather, the ends to which this work will be put by the Department.

30. Alongside the Ports Review, the Government commissioned some independent forecasting work from MDS Transmodal. This is a welcome development, one recommended by our predecessor Committee. These demand and capacity forecasts should be revised on a regular basis if they are to remain relevant and useful. It would also be helpful for future forecasting for the Government to consider an updated origins and destination survey. We recommend that the Government hold discussions involving interested parties and experienced users to discern whether such a project would be viable and if so, to plan how to go about it.

50 Ev 67

51 Qq 496–498

4 Ports tomorrow: National values in a regional setting

A national strategy

31. The key issue for the ports industry is to what extent it is really shaped by ‘market forces’ and to what extent the market is dependent on Government-planned and -sponsored infrastructure and will be in the future.

32. The ports ‘market’ does not exist in a vacuum. Development and investment is necessarily shaped by the decisions Government makes, in particular in its investments in inland infrastructure and its attitude to freight movements. The consultation document asks to what extent the Government should ‘intervene’ in the industry in the future; the answer is that they intervene already but that this ‘intervention’ should be more systematised and coherently directed to the national good of the UK. If it is not, then not only the ports but our entire freight distribution network and our national commerce and regional economies will be the losers. As the RMT argued: “regional strategies should work within a national policy framework set by Government”.⁵²

33. We recommend that the Government develops and implements a flexible but coherent national strategy that recognises the importance of ports and the cargoes that come through them to our national economy, as well as to regional development and growth.

Ownership

34. It is certainly debatable to what extent the now-diverse ownership of UK ports will affect the ports industry, and through it, the UK economy.⁵³ For example, the UK Major Ports Group (UKMPG)⁵⁴ told us that foreign owners could be further removed from the local communities in which ports are embedded, than would probably be the case with UK owners. UKMPG is therefore planning to develop a Code of Practice for local consultation, which will “develop and formalise existing arrangements under which ports meet with representatives of their local communities on a regular basis to discuss issues of mutual concern”.⁵⁵ Similarly, the water freight specialists Rolandon highlighted the issue of port owners who are investment companies. Rolandon is concerned that these companies may not be relied on to act in the best interests of the ports themselves; consequently, it

52 Ev 65; this sort of master plan strategy was also explicitly supported by: Wynns Group (Ev 207), Mr Golletz, SEEDA (Q131), the RSPB (Q136), and Lord Berkeley, RFG (Q280)

53 For a summary of ownership changes since 2003, see section 2, above

54 UKMPG has nine members who operate 41 ports which account for about 70 per cent of the UK’s seaborne trade, measured in volume terms. Two of its members (the Port of London Authority and Belfast Harbour Commissioners) are trust ports. The remainder are privately owned.

55 Ev 145; also supported by the Chamber of Shipping (Ev 106)

recommends that wharves should be protected from being sold off for property development.⁵⁶

35. The shipping industry told us that generally they have good relations with the ports. John Garner of P&O Ferries told us that his company worked closely with a number of ports in England and Wales, and that, in his view, “it is not necessarily the ownership arrangement which impacts upon us but the way that we work closely with their executive...We find that the ports are responsive”.⁵⁷ Søren Friis of Maersk Company was more circumspect. Although Maersk does not generally have concerns about investment companies owning and operating ports, two things needed to be recognised: firstly, he put the need to have port professionals running the day-to-day business; and secondly, investment companies need to maintain a long-term commitment to the transport needs of the UK.⁵⁸

36. The trades unions expressed several reservations, particularly about the involvement of investment companies in port ownership. Bob Crow of the National Union of Rail, Maritime and Transport Workers (RMT) was concerned that investment companies might not have the best interests of the industry at heart and that, ultimately, they would “judge whether they want the port to move goods or whether they believe they can get a more lucrative return in the form of building housing and other areas”.⁵⁹ Mike Gibbons of the Transport and General Workers’ Union (TGWU) broadly agreed with this analysis, adding that just because these companies were foreign-owned and -based, should not mean that they are excused a broader duty to the UK economy via its ports. As Mr Gibbons put it, “If you allow those companies to operate in this country under the free market then they have got to give something back”.⁶⁰

37. There is one straightforward way in which the Government can act now to protect our vital port infrastructure from the depredations of any investment companies: by issuing an order to safeguard all of the country’s most important wharves, as has been done along the Thames. We recommend that it do so.

38. We are concerned that the ownership of UK ports by foreign companies, particularly those with no prior experience of owning and managing ports, may create instability within the industry. Ports companies with foreign interests may decide on balance that investment and development is best prioritised outside the UK; similarly investment companies may see more profit in selling off ports for land. The Government must recognise the risks and develop an action plan to mitigate them.

39. We welcome the UK Major Ports Group’s work on a Code of Practice for foreign port owners to acclimatise them to the British planning system, to our structures of local governance and to set out the standards of consultation that people generally expect. We

⁵⁶ Ev 88 and Qq 335–338; 50 wharves on the Thames have already been protected in this way, see: http://www.london.gov.uk/mayor/planning/docs/safeguarded_wharves_05.rtf

⁵⁷ Qq 10–11

⁵⁸ Qq 12–13

⁵⁹ Q176

⁶⁰ Q339

would welcome the chance to look at a draft of the Code before it is published and to be able to offer suggestions for inclusion.

Market failure and Government intervention

40. Market failure occurs when the market does not allocate resources efficiently, a principle threaded throughout the recently published *Eddington Transport Study*.⁶¹ The Government's consultation document presents a similar definition of 'market failure', as occurring "when people do not take account of all the social costs and benefits associated with their actions, and may in some circumstances justify Government intervention. Integral to this issue is how best to ensure that businesses and their customers pay the full costs of their decisions".⁶²

41. The Minister appeared to offer us a somewhat different interpretation of the term in his oral evidence. He described market failure as "a failure to provide us with the capacity we need in each of the different sectors of the ports sector. I would see it as a market failure if we did not have efficient, low cost port services available to importers and exporters".⁶³ We are concerned that this less inclusive concept of market failure may be the real guiding principle behind the Government's approach to ports.

42. Intervention, or the threat of intervention, is one of the key ways for the Government to regulate the market when it does not act in the best interests of the country as a whole. The industry does not like regulation.⁶⁴ We would not expect it to, and would therefore fully expect it to do everything it can to avoid it by ensuring that all of its actions and decisions are not only in its best commercial interests but in the interests too of the country. Nautilus UK explained, "what [European] countries have in common is that their Governments take a proactive and forward-looking approach and are intervening to ensure that initiatives such as the trans-European 'Motorways of the Sea' vision have a real chance of succeeding".⁶⁵ The different ownership structure in the UK is no excuse for a careless attitude by the Government here.

43. The Minister is not opposed to intervention and recognised there were some circumstances when it would be required. For example, if a company with port interests both in the UK and on the Continent chose to direct its investments to the European, rather than the British, port, the Minister assured us that he "would not be happy with that" and that the Government would have to "ask itself serious questions" about why it was happening. He assured the Committee that "Certainly if it becomes clear that intervention is necessary the British Government would have to change its policy and do so".⁶⁶

61 http://www.hm-treasury.gov.uk/independent_reviews/eddington_transport_study/eddington_index.cfm

62 Ports Policy – Your Views Invited, p18

63 Q522

64 For example, the BPA told us that "Intervention in the market will harm the competitiveness of British ports, their ability to grow and thrive, and their ability to create further new jobs both directly and through induced employment". (Ev 149)

65 Ev 15

66 Qq 556–557

44. Our ports are too valuable to be exposed to the unregulated whims of international capital. The Government must be clear about the circumstances in which the threat to our national interest would trigger intervention in the market. We hope that such a mechanism would never have to be used, but it must be there. The industry should be clear about its responsibilities not only to its employees, but to the environment, to its region and to the nation as a whole, and about what the consequences of a failure of stewardship would be.

The regional context

45. The Greater South East region of England sits conveniently on the major shipping routes serving Western Europe. For this reason, some witnesses argued, it would always be the area most likely to grow and profit from world trade via its ports because it would always be the first choice for the major shipping lines when choosing where to dock their goods in the UK. Others told us that when the likely final destination of many goods shipped into the Greater South East is taken into consideration and coupled with the congested inland infrastructure in the region, it was better to look at ways of attracting goods to other regions of the UK, bringing associated benefits in terms of regeneration and employment.

46. The Minister recognised this: “How we can...identify where ports have not only an economic life in their own right but the ability to generate jobs and business and prosperity around them”.⁶⁷ Indeed, the future of the Greater South East ports should be part of a strategy that encompasses the whole of the country. While the northern and western ports will be able to grow and thrive on transshipment, the Greater South East is dependent on deep sea vessels docking in the area. Should ship operators switch their transshipment operations entirely to the Continent, the consequences for the Greater South East economy, and therefore for the rest of the country, would be severe.

47. Are there tools at the Government’s disposal to make the regions outside the Greater South East more attractive to shipping? Can growth in other regions happen alongside growth in the Greater South East? We believe this is possible. Mr Cross of CMA CGM told us:

“I think we would like to do both. I would like to see ports in the North expanded to accommodate bigger tonnage than presently they can take, but equally I think if the United Kingdom is not to become a trans-shipment sort of offshoot of Holland or Belgium, we need to have expanded port capacity in the South East, near the Channel, to accommodate these ships that come from the rest of the world to northern Europe.”⁶⁸

It is clear that the Greater South East ports and those in other regions are serving different needs and different markets. While the Greater South East serves the container market from the Far East, there is growing trade from the Baltic states to the North East and from North America and Ireland to the West coast. The North East ports also receive a

67 Q531

68 Q398

significant and growing transshipment trade from European and Greater South East ports. With the right planning and incentives from the Government and a coherent strategy for delivery of goods inland, all of these markets could grow. The benefits of achieving this would be immense. And it would constitute a real and significant achievement for the Government: a lasting ports and freight legacy for the whole country.

48. We were not convinced by the English Regional Development Agencies' view that growth in one area must be at the expense of another. We do, however, support that RDAs' view that "Both the direct and wider economic benefits of ports and port-related activity make significant contributions to sub-regional [and] regional economies in addition to the national economy. Future Ports Policy should set the national framework and [plan] through regional strategies to maximise these contributions in a way that supports a competitive market".⁶⁹ David Robinson of PD Ports put it slightly differently: "The ports policy opportunity is...to put a blueprint in place that, yes, allows the market to decide, but also gives the market the confidence to move goods away from the south east into a position where it best serves the UK".⁷⁰

The Greater South East (GSE)

49. The key issue for ports outside of the Greater South East region is whether shipping lines can be induced to deviate from the South Eastern corridor. Over the past two years the Government has granted approval for the development of three large schemes in the Greater South East region: at London Gateway, Bathside Bay near Harwich, and Felixstowe South. After the Dibden Bay fiasco, this increase in capacity in the region was clearly needed and is welcome. It is not clear, however, why the Ports Review was delayed so that decisions on these ports could be taken before a strategy was decided. In taking these decisions, the Department has created a *fait accompli*—development in the immediate future will be in the Greater South East, no matter what the outcome of the Review. We understand why it was urgent for work to begin, given the projected demand growth in the next ten years, but the Government should be aware that this has created suspicion in some quarters about its commitment to development in the other regions.

50. That said, the case for development in the Greater South East was strongly made by several witnesses. Their key argument was that "The market-led approach, in which port capacity is provided where port users require it, is the only sustainable and economically sensible option".⁷¹ For example, Hutchison Ports UK told us that typically three-quarters of cargo on any deep-sea container ship calling in Northern Europe is destined for ports on the Continent and that all the major services call at at least one port in Belgium or the Netherlands. Shipping lines will seek a UK port of call that offers minimal deviation from this route and will, therefore, continue to prefer ports in the Greater South East.⁷² Mr Friis of Maersk Company explained the economics of this:

69 Ev 174

70 Q188

71 Associated British Port Holdings (Ev 153)

72 Ev 191

“once you move north of a line which goes roughly around Leeds you are sailing away from [the major] shipping routes...[therefore] the most cost-effective method is to discharge the container in the South East. I realise that might be hard to accept, but...the way we would prefer to do it would be to discharge it in a port in the South East and then move it by rail; that is by far the most cost-effective solution. Alternatively, if you were to go further north...you would still need to take it to the eventual consumer, so even if you were to take it, for instance, north of the Midlands, or further north, you would need then, because of the lack of rail infrastructure, to take it on a lorry. Because of the lower concentration of freight, the lorry will be utilised one way only, which will mean that the charge actually will be the same moving it from, for argument’s sake, Teesport to Birmingham as it would be from Felixstowe or Southampton to Birmingham, because if it moves via Felixstowe or Southampton the chances of getting a return load are greater and therefore the utilisation of the asset is higher.”⁷³

51. Detlev Golletz of the South East of England Development Agency (SEEDA) was keen to refute the notion that the Greater South East’s inland infrastructure is incapable of supporting further port development that would increase freight on the region’s roads and railways. He did, however, acknowledge the “quite phenomenal challenges” the region faces, taking into account the projected increases in freight of ten to 15 per cent over the next decade; the Government’s plans for growth areas, like Thames Gateway and Ashford; and the region’s projected population growth.⁷⁴

52. Mr Golletz also repeated the argument that if we do not build capacity to tranship further north from the Greater South East, then shipping lines will tranship from the Continent instead, depressing the industry in the Greater South East.⁷⁵ Mark Brownrigg of the Chamber of Shipping, and Patrick Walters of DP World estimated the loss to the UK economy of transhipment going to continental ports at €100 million.⁷⁶

Beyond the Greater South East

53. For many small and medium-sized businesses, the question of whether to import/export via the Greater South East is irrelevant, because for many of these companies their local port is the principal gateway for trade. As the infrastructure consultant T Martin Blaiklock told us: “whereas ports may compete internationally for trade and/or transit traffic, within a given UK region, specific ports may often represent a form of (private sector) monopoly. For many users, there can only be one choice of UK port for trade, a choice governed not only by location, but also the availability of effective infrastructure”.⁷⁷ It is important that this fact does not get lost in the broader arguments about spreading port development across the UK.

73 Qq24, 25 and 33; we heard more of the same from Mr Gibbons, TGWU (Q301); Mr Everard, Chamber of Shipping (Q361) and Mr Cross, CMA CGM, who explained that his company is already shipping to the north of England via the Continent, but that this ultimately leads to delays and additional costs for the customer (Qq 372, 373 and 378)

74 Q120

75 Q122

76 Q415

77 Ev 165

54. The argument is that the need is for better facilities, such as post-panamax, so that larger vessels can berth in Teesport or Liverpool.⁷⁸ Mr Cross of CMA CGM does not believe it is as simple as that:

“it is not so much a question of having post-Panamax facilities in the north of England to cope with [an 8,000 TEU] size of vessel because if 6,000 of the containers on that ship are for France, Germany, Holland, Belgium, Poland and so on, then it is not being able to accommodate the whole ship, but it is being able to accommodate effectively and efficiently the United Kingdom cargo on that ship.”⁷⁹

55. Ports outside the Greater South East may be under the impression that in order to grow they need to be able to accommodate the largest vessels, but these might never deviate from the major shipping lines even if capacity were there.⁸⁰ It would be a mistake to dismiss the growing markets which are available to ports outside the Greater South East because they represent a different challenge to those that serve the Greater South East. For example, the significant continental Europe/UK traffic which goes east-west rather than north-south is, as Lord Berkeley put it “an important flow, particularly from east coast ports, the Humber, Tyne and the Tees, across to the west and down to the Midlands, there is a big demand there”.⁸¹ Peel Ports has recognised this fact and is proposing to build a container terminal on the outskirts of Manchester with containers which are being transferred by coastal ship from Southampton.⁸² Ultimately, as Mr Cross said, it would be welcome if ports in the north of the country could accommodate ships of perhaps 3,000 or 3,500 TEU, to handle British cargo, because then business will have grown, the economy will have grown, and trade will have increased.⁸³

56. That said, some witnesses questioned the assertions of MDST and Maersk, that shipping lines would not deviate from the South Eastern shipping routes. For example, Simon Bird of Bristol Port Company reported the results of its own demand-forecasting work which found that, bearing in mind that the bulk of cargo coming into UK ports is bound for the Midlands area generally,⁸⁴ customers could drive a change in behaviour by shipping operators as they, ultimately control the flow of cargo.⁸⁵ For example, Asda Wal*Mart, one of the largest retailers in the UK, has built an import centre on Teesport. They pay an extra cost to ship the box to the north but ultimately receive significant savings on the inland distribution costs because of low road miles,⁸⁶ as does B&Q’s transshipment centre on the Humber estuary.⁸⁷ Niels Westberg of Bristol Port Company also gave us an example of his port benefiting in exactly this way:

78 Ev 224

79 Q388

80 The Minister made a similar point, Q552

81 Q304

82 Q291

83 Q388

84 Qq184–185

85 Q186

86 Qq 202–204; Ev 71

87 Ev 41

“At privatisation there was a certain amount of movement of vehicles in and out [of Bristol], 100,000 or so. We are now moving nearly 700,000, all Far East makes, that are coming in. We would have it that the reason they are coming in is that the cargo owner wants them to come here...because the ships can get into Bristol and turn in six hours because their draught is relatively shallow [and] because the inland costs are reduced.”⁸⁸

57. A national framework for ports development will stand or fall on the strength of its ability to bring port development and traffic to the regions. Within the national policy, each individual area should be allowed to develop those aspects of the industry that are best fitting their unique geographical advantages and access to markets. The Government must recognise that these are complementary – not conflicting – aims.

58. The evidence we received about the extent to which port traffic could be diverted to ports outside of the Greater South East was contradictory. Each vested interest insisted that theirs was the only possible approach. The market cannot be shaped by the interests of the shipping companies, or by rigid central planning. It would clearly be of benefit to the regions, in terms of employment, regeneration and environmental impact, if there were a more even distribution of port traffic across the country. This may be possible to achieve with some incentives directed at making it easier to move freight inland from northern or western ports, perhaps by the Government matching developer investment in infrastructure, or by granting favourable freight access on the railways.

59. It is the job of the Government to ensure that commercial interests sit within a strategic framework for national development and regional growth. Government controls the inland freight infrastructure; it provides tax and other financial incentives which shape commercial decisions; it can choose to look favourably or not on planning proposals. It cannot control the global market but nor can it claim that the market is the only factor which determines where ports develop.

Infrastructure

60. There was one thing that our evidence did agree on: that if you cannot move your goods into and out of port then it really does not matter where that port is. Inland infrastructure is the key to ensuring that freight can move around the UK and that the UK economy can, therefore, function. As Mr Gibbons of the TGWU put it, the nation requires “a decent railway system to carry containers overnight...with decent routes to the north, a cohesive short sea policy for shipping...married with...road transport as well, a balanced approach, something sustainable for the future”.⁸⁹ The fact that we do not have it is ascribed, by UKMPG, to an obvious source:

The inadequacy of both road and rail links to ports is one of the major problems which the industry faces. This complaint is not unique to the ports industry: it is a

⁸⁸ Q193; Bristol have estimated the cost saving of transporting a container via Bristol rather than a GSE port at £17.26 (Q206)

⁸⁹ Q284

symptom of the chronic under-investment in our transport systems which has left them incapable of catering for the growing volume of traffic in an efficient way.⁹⁰

61. The impact on ports of this lack of investment and strategy is clear, with ports left foundering as they are forced to battle on their own to secure the access they need. Andrew Dodd of the RSPB told us that at the just-approved Bathside site they are having to wait another five or six years to try to get a road proposal through so they can actually start building the port.⁹¹ This is in contrast to the types of investments being made by our direct competitors across the English Channel where, for example, the Dutch Government recently funded a rail network to Germany from the Port of Rotterdam.⁹²

62. The Government has a fundamental responsibility to the transport infrastructure of the UK: its major roads, railways and rivers and canals. Its responsibility lies not only in the renewal and, where required, the expansion of this infrastructure, but also in ensuring that the freight that moves on it can do so easily, quickly and sustainably. To this end, the Government should develop an integrated freight plan as a matter of urgency.

63. We are keen that the Department should do more to understand the impact of freight constraints on port developments across the country. **The Department should make an assessment of the inland connections to all ports and publish a table that lists those that have good inland transport links and those that do not. The Transport 10 Year Plan promised the upgrading of freight routes to major ports. The Department should publish a summary of how it is achieving this target.**⁹³ We believe that both of these measures will be of use to the Government and the industry in planning for future investment.

Modal shift

64. The UK has a strong, and growing, road haulage industry. But the amount of land we have for further road development is limited, we are a small island; the roads we have, particularly in the Greater South East, are increasingly congested; and air quality suffers as a result of congestion. Much of our future freight growth will have to be focused on rail, inland water and coastal shipping. The burden of this will fall on rail, particularly as the preferred mode of inland transport for shipping lines and, generally, their customers. As Maersk told us, this is because it follows a scheduled pattern which secures a high degree of reliability and has a frequency which allows a high service level to be maintained in a cost effective manner.⁹⁴

65. Network Rail told us that the rail industry anticipates a significant growth in freight traffic – a 30 per cent increase in freight tonnes lifted in the next ten years and a growth of

90 Ev 145; or as Mr Golletz, SEEDA, put it, for the major port operators “it is almost a national duty to provide adequate and appropriate access... for the ports or the business actually to operate as efficiently and profitably as they can.” (Q149)

91 Q141

92 Described by Mr Gibbons, TWGU, Q284

93 Transport 10 Year Plan, 2000, para 6.21; the RMT also picked up on this (Ev 65)

94 Ev 8; Mr Golletz, SEEDA, made the same point (Q124)

64 per cent in deep sea intermodal trains by 2014/15.⁹⁵ Network Rail's *Initial Strategic Business Plan* details approximately £8 billion worth of enhancements to the network to equip it to meet the future needs of both freight and passenger services.⁹⁶ It also acknowledges that the use of 9'6" containers (larger than traditional freight containers) is becoming increasingly common and that, consequently, certain routes will need to be upgraded to 'W10' or 'W12' gauge to ensure that freight services are able to continue to operate in and out of British ports.⁹⁷ **The Committee is pleased that Network Rail is planning ahead for the projected increase in demand for rail services for freight. We will be keeping an eye on the promised improvements in its Initial Strategic Business Plan to ensure that they remain on track.**

66. We remain optimistic that as the rail infrastructure improves, more freight will be shifted off the roads and onto the railway network. We would expect the Office of Rail Regulation (ORR) to provide strong justification for any rise in charges as a consequence of its review of freight access charges in 2008⁹⁸ that might drive more freight back onto the roads. We are also concerned that the Sustainable Distribution Fund (SDF), which combines former single water and road freight grants with the rail Freight Facilities Grant, will mean that less money will be available for freight than was the case under separate schemes.⁹⁹

67. A small percentage of freight is already being shipped either coastally or via our inland waterways, but this has potential to grow. We must ensure that ports have sufficient feeder services to make more modal shift possible and were encouraged by the work ABPH is undertaking to establish such services from Southampton.¹⁰⁰

68. We fear, however, that the potential for the inland waterways to act as major freight arteries is being thwarted by the fact that the Department for the Environment, Food and Rural Affairs (Defra) has overall responsibility for them,¹⁰¹ rather than the Department for Transport. As John Dodwell, Rolandon, told us, "Defra have no interest in transport at all, so the commercial waterways are withering away for lack of attention".¹⁰² Both the water freight groups that submitted evidence to the Committee argued that the Department for Transport should assume responsibility for the commercial waterways from Defra.¹⁰³ We agree. **The commercial inland waterways are part of the country's strategic transport network and they deserve better. We recommend that the Department for Transport**

95 Ev 219

96 http://www.networkrail.co.uk/documents/3347_Initial%20Strategic%20Business%20Plan.pdf

97 Ev 219; Maersk also made this point (Ev 8) as did Mr Golletz, SEEDA (Q121)

98 <http://www.rail-reg.gov.uk/server/show/nav.180>

99 Taking 2005–06 and 2006–07 together, a total of £50.4 million will be available for rail freight grants and £19.2 million for water and road freight schemes. The rail figures include an additional £2 million available to support new applications. In 2007–08, when rail freight grants are incorporated into the new arrangements, the total budget for all modes has been provisionally set at £25.5 million (Official Report, 1 February 2005, 54WS and 15 June 2006, 76WS)

100 Q402

101 By virtue of the fact that Defra is the sponsoring entity for the British Waterways Board

102 Q288

103 Rolandon, Q288 and Wynns, Ev 207

take over responsibility for them, giving the waterways a higher priority in its freight strategy.

The 'developer pays' system

69. The Government has long had a policy that ports must pay for the provision of immediate road, rail and other access.¹⁰⁴ But as Lord Berkeley of the RFG put it:

“Are [developers] required just to build a roundabout at the end of the port entrance...or are they going to be required to upgrade the railway line, as in the case of Hutchison Ports from Felixstowe to Leeds, which is a very long way away? If they are required to do that why was Thames Gateway not required to do the M25 widening as far as Birmingham...?”¹⁰⁵

There is a need for a consistent policy on the extent to which developers pay for infrastructure. It is not good enough to leave it to each individual planning inquiry.¹⁰⁶ Developers who make a contribution should get some guaranteed access rights.¹⁰⁷ If the Government does not expect the port developers to get ‘something for nothing’ then the same standard should apply to the Government itself.

70. There is only a finite amount of development that can take place in the Greater South East before it becomes all but impossible to move freight out of the region. The Government faces two options: either goods will go to deep-sea container ports on the Continent, to be transhipped to UK ports outside the Greater South East; or the Government must produce a national plan for freight diversion across the UK. A decision on this cannot be deferred.

104 Some of those who submitted evidence did not think that developers should have to pay anything; these included the Road Haulage Association (Ev 110), the Chamber of Shipping (Ev 106), and the British Ports Association (Ev 109)

105 Qq 278–279

106 Qq 278–279; Nicholas Finney, a transport expert and former ports director agreed with this in his evidence, Ev 202

107 Proposed by the Rail Freight Group (Ev 87)

5 European dimension

71. There is direct intervention by many European governments in their port industries, distorting comparisons between the UK and mainland Europe: we are not comparing like with like. There is a suspicion that, in terms of both environmental legislation and Government financial support, the UK remains at a disadvantage compared to our direct competitors in continental Europe, with regulations and directives being enforced with far more rigour on this side of the English Channel.

72. UK ports should be able to compete on as level a playing field as possible with our Continental competitors. Our ports already appear to be at a disadvantage and are, some have argued to us, slipping behind in terms of productivity, as the graphs below show:¹⁰⁸

Figure 7: Container Handling Productivity: UK deep water port versus continental ports

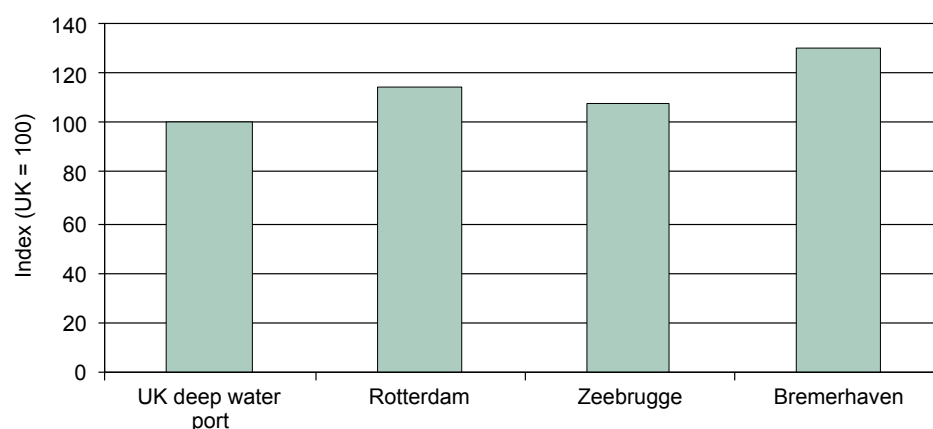
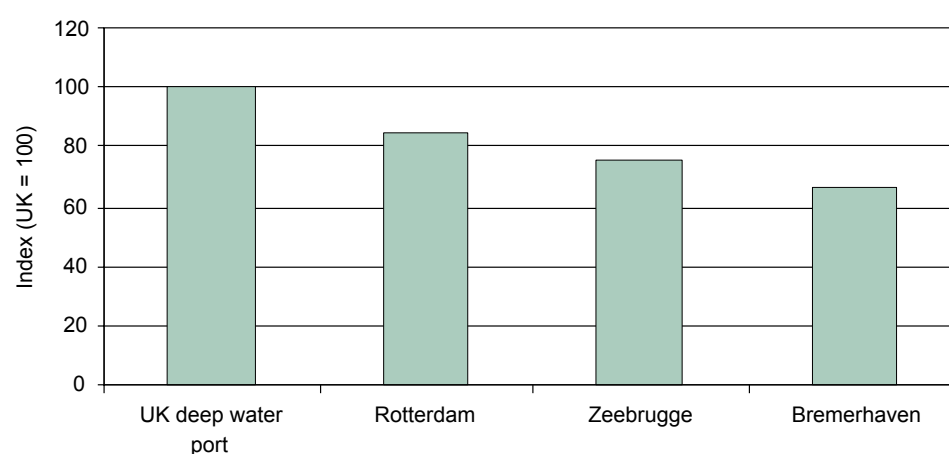


Figure 8: Handling cost per container: UK deep water port versus continental ports



73. For example, UKMPG told us that its members have found that for a terminal operator, the capital cost of opening a new facility in the UK is three times as much as on the continent.¹⁰⁹ Mr Friis from Maersk made a similar point that “if you are delivering a container to Teesport, or Grangemouth, to take an example, it is equally as cost-effective to

¹⁰⁸ Ev 8

¹⁰⁹ Ev 145

do that via Rotterdam as it is via Felixstowe...Including the transshipment”.¹¹⁰ It is not entirely clear why this should be. It could be that the additional financial burdens faced by British ports – such as paying for transport infrastructure, the costs of implementing EU Directives, the lengthy planning process in this country or our higher safety standards – are translated as higher charges to customers. But the fact that the Continental ports are publicly funded and subsidised certainly distorts the market.¹¹¹

74. While there is, realistically, not a great deal the Government can do to change the circumstances of Continental ports, there are two areas in which they can act: ensuring that burdens on UK ports are as light as possible and encouraging other EU countries to implement Europe-wide directives and regulations with the same degree of diligence that the UK does. For example, the ports consultation document states that “UK applicants for funding from [the European Regional Development Fund (ERDF), Trans-European Networks (TENs) and the Marco Polo initiative for short sea shipping] need to satisfy the Government as to their compatibility with fair competition between ports”.¹¹² We would like to be assured that other European countries require the same standards to be met when their ports apply for such funds.

75. The inconsistent application of European law across Member States has long been of concern to the Government; what we seek is actual evidence that they are doing something about it. Indeed, in evidence to our predecessor Committee in 2003, the former Minister for Transport commented:

“The environment is inevitably an important issue for ports and many harbour authorities are committed to their environmental responsibilities. Our European partners have agreed to apply the same standards and it is very much in our interests to see that they do so. We have expressed our concerns to the Commission. They have supported our approach and we are now taking a close interest in some other states.”¹¹³

We were, then, disappointed to be told by Mr Carey of the Department for Transport that the Government is “not entirely convinced still” that all our competitor countries have improved their enforcement:

“I think the situation is getting better with the particular focus here perhaps on compliance with environmental regulation. It is pretty clear that countries like the Netherlands and Germany are applying the same degree of regulation on the environmental side. The only other obvious direct competitor for us there is France and there are some residual concerns that they are not as enthusiastic about designating navigation channels as protected areas as we feel that European law has to be. We are certainly making sure that the Commission is aware of our concerns on that.”¹¹⁴

110 Qq 31–32

111 A problem highlighted by Hutchison Ports UK, Ev 191

112 Ports Policy – Your Views Invited, p41

113 David Jamieson MP, HC 783-ii Q476

114 Q577

76. UK ports should be able to compete on an equal footing with their direct rivals on the Continent, who are already differently subsidised and funded. We look to the Government for reassurance that it is doing all it can to ensure that our ports have a fighting chance to secure EU funds in a fair competition. We also expect the Government to fight for our ports on the international stage, to ensure that any revised Market Access to Ports Directive recognises the unique nature of the ports industry in the UK.

77. Of paramount importance, however, is the fact that some of our continental competitors appear still to be dragging their feet on implementing EU directives and regulations as diligently as we do in this country. We expect the Government to take this up with the Commission and to ensure that those involved are properly censured and that pressure is maintained on them to comply. If this is not achieved within a reasonable timeframe, we expect the Government to press for financial penalties.

6 Environmental concerns

78. The impact of the various EU environmental directives on port development has been enormous, as we learned at Dibden Bay. We believe, however, that the industry has made great strides in addressing the ‘environmental issue’ to achieve sustainable port development.

79. We were concerned when the Road Haulage Association told us that “The perception from industry is that those in power are uncomfortable with giving equal consideration to commercial needs when this may be seen as in opposition to environmental concerns, irrespective of the economic benefits to the surrounding area for commerce to grow”.¹¹⁵ The Chamber of Shipping also highlighted its concerns that the “increasingly restrictive environmental legislation has come to threaten the viability of some ports, particularly short sea wharves”.¹¹⁶ We expect the Government to be in constant dialogue with industry to ensure that their concerns in this area are being listened to and, where necessary, addressed.

80. We were reassured by the comments of Dr Mark Avery of the RSPB that together the RSPB, English Nature and the ports industry have now found “a new way of working”

“which says, “Okay, what’s the problem, what’s the damage? Let’s agree that damage,”...”and how do we compensate for that?” My experience is, over the last three or four years of working on the Bathside and the London Gateway schemes and Felixstowe South, that the Birds and Habitats Directives have not been a block here.”¹¹⁷

Dr Avery also highlighted how the industry has moved over the past five years to broadly agreeing with environmental groups like the RSPB that existing ports could be further developed, causing far less environmental damage than building new ports would.¹¹⁸ His colleague, Mr Dodd, highlighted the case of Southampton where “they are making better use of the land side of their ports, which clearly, from what we can gather, was inefficient in the past, and is inefficient, and they can make some ... gains very quickly, within the next four to five years”.¹¹⁹

81. We received evidence of other positive strides being made by the industry. For example, UKMPG told us that many ports monitor their use of energy and hence the CO² emissions for which their operations are responsible, and have targets for reductions. They gave us the example of ABPH’s *Corporate Social Responsibility Plan* which shows that the company achieved a reduction in CO² emissions of seven and a half per cent between 2004 and 2005.¹²⁰ The BPA described the Ecoports initiative, a pan-EU environmental scheme

¹¹⁵ Ev 110

¹¹⁶ Ev 106

¹¹⁷ Qq 116 and 118

¹¹⁸ Q118

¹¹⁹ Q119

¹²⁰ Ev 145

which measures environmental performance. They also told us that all BPA members have signed up to the ESPO Environmental Code of Practice which encourages ports to report on their environmental progress with supporting data, to identify relevant environmental indicators and carried out, where appropriate, environmental monitoring.¹²¹

82. The right balance needs to be found between developing ports and preserving our environment. Environmental concerns should not be allowed to trump economic considerations when port planning decisions are taken.

83. We commend the industry and the environmental lobby for finding a way to work together to ameliorate the worst impacts of environmental directives on industry whilst preserving our natural environment. We are also pleased to see that the industry is acting on its own by signing up to international environmental initiatives and recognising its responsibilities to the local habitat. We recommend that the Government recognise these efforts by individual ports in some way through the tax system, as part of the Government's broader 'green agenda'.

84. At the same time, however, it is clear that there are still some who are unhappy with the burdens placed on the ports industry by environmental directives. Therefore, we recommend that the Government commission an independent cost-benefit analysis of environmental directives so that all of the implications can be understood and are available to inform debate.

7 Planning

85. We received a large amount of evidence on the problems that ports encounter when they come face-to-face with the planning system. The general consensus is that it takes too long to get a port scheme approved, with serious consequences in terms of increased costs, uncertainty and the market changing in the five years it can sometimes take from the start of the process to final approval. We agree with the Port of London Authority that UK ports are competing for foreign direct investment for the modernisation and development of its ports infrastructure against opportunities overseas. This will require the Government to enhance significantly the process of determining applications for port development by improving the predictability and timeliness of decision making.¹²²

86. The Chamber of Shipping said that “the current planning system, far from facilitating the provision of new port capacity, acts as an effective restraint on it. The system is slow, complex, costly, and inconsistent”.¹²³ Mr Robinson of PD Ports informed us that, as well as being lengthy and slow, planning procedures could be expensive. He estimated that the cost to private enterprise of taking forward a planning application of the size and scale of, for example, Bristol Port’s, would be approximately £5 million. This money is completely at risk because there is no guarantee of return or of success.¹²⁴

87. Some did offer solutions. For example, ABPH highlighted the recent Energy Review, where the Department for Trade and Industry commented on the need to speed up the planning process for energy projects. ABPH believe that corresponding changes are needed in the ports industry.¹²⁵ Mr Carey of the Department for Transport told us that the new powers in the Planning and Compulsory Purchase Act 2004 should speed up the process for public inquiries and enable parallel running,¹²⁶ which should make a significant difference to that part of the planning consent process.¹²⁷ The Minister also highlighted the problem of Harbour Revision Orders which require a lengthy and expensive public inquiry on the flimsiest of objections.¹²⁸

88. So far as port developments in the UK are concerned, the planning system in the UK is slow and too expensive. These inefficiencies and costs threaten the continual competitiveness and viability of a vital national industry. We cautiously welcome the changes in the Planning and Compulsory Purchase Act 2004 which will allow for parallel running of public inquiries and hope that this will ease the process. We look to the Department for Transport to make the case within Government for a faster

122 Ev 195

123 Ev 106; these remarks were echoed by UKMPG (Ev 145); ABPH (Ev 153); Mr Graveson, Nautilus UK (Q39); Mr Garner, P&O Ferries (Q40); Mr Friis, Maersk (Q40) and Mr Golletz, SEEDA (Q130)

124 Q209

125 Ev 153

126 Allowing more than one inspector to work on an inquiry

127 Q534

128 Q534; Lord Berkeley has introduced a Harbour Bill three times to get the requirement for a public inquiry removed from the Harbours Act 1964 which provides for Harbour Revision Orders; despite Government support, none have made it onto the statute book; see, for example:
http://pubs1.tso.parliament.uk/pa/ld200506/ldhansrd/vo051027/text/51027-20.htm#51027-20_head0

planning process for port development, following the pattern set for the energy industry.

89. We also recommend that the Government should make time for the next Private Members Bill that makes provision to simplify the Harbour Revision Order process to ensure that it becomes law.

8 Safety and employment

90. The ports industry appears to be one of the most dangerous in which to be employed. We remain concerned about the veracity of the statistics on employment and accident rates; we are also not convinced that the safety regime monitored by Port Skills and Safety Ltd (PSSL) is effective.

Safety regime

91. Port Skills and Safety Ltd (PSSL) is the ports industry's organisation tasked with promoting health, safety, skills and standards. Formed in 2002, PSSL represents the interests of port employers, but it works closely with trade unions and Government bodies. The Department's consultation document states that "the main progress on docks safety has been through PSSL's Safer Ports Initiative. Working from a baseline of reported 2001 accident data, it has exceeded its Phase 1 targets of reducing the incidence of 'fatal and major injury accidents' by ten per cent by the end of 2005, with an actual outturn of just under 22 per cent by 2004".¹²⁹

92. PSSL estimates that they represent approximately two thirds of employees at operations where safety is a particular concern; or about 20,000 people. The Honourable Company of Master Mariners told us that this is a small proportion of overall employees and is in danger of distorting employment and accident figures, meaning that we do not have an accurate overall picture of port safety.¹³⁰ Mr Crow of the RMT offered what seems to us to be a logical solution, a port inspectorate no different from Her Majesty's Railway Inspectorate or Her Majesty's Factory Inspectorate¹³¹

93. In 2000, the Department introduced the Port Marine Safety Code (PMSC) as a national standard for every aspect of port marine safety. A review of the implementation of the PMSC concluded that the code was achieving its objectives, with a marked improvement in port marine safety standards. However, the Government does recognise the need for further work in ensuring compliance with the code. Nautilus UK states that the PMSC is not being properly implemented and should be made compulsory, as the voluntary arrangements permit some ports to operate unsafely, while potentially undermining the competitiveness of those that abide by the Code's standards.¹³² Mr Crease of the TGWU agreed; he painted a disturbing picture of how the scheme presently operates:

"It is basically a voluntary code that relies on ports signing a letter of compliance. There are no regulatory authority audits that take place within that...The position at

¹²⁹ DfT, Port employment and accident rates, November 2005, para B1.5

¹³⁰ Ev 204 and Qq 90–91; the Department estimates the total number employed in the ports industry at 58,000 to 90,000, but this includes a wide range of employers, including HM Customs, the Immigration Service, ship agents and ship chandlers; the figure for 'direct' port employment is 42,000, which includes management, administrative and clerical staff, none of which would probably be PSSL members. Taking all of this into account, 20,000 almost certainly represents a larger proportion of the industry than the Master Mariners and others contend

¹³¹ Q218

¹³² Ev 15

the moment is there is no accountability, it is just the chief executive signing a letter of compliance to say that they comply.”¹³³

Statistics

94. We remain doubtful that the Government has a grip on the production of employment and accident statistics.¹³⁴ We received a significant amount of evidence questioning the statistical base of the Government’s 2005 figures in *Port Employment and Accident Rates*. The Health and Safety Executive (HSE) acknowledged that Standard Industrial Classifications (SIC) still do not identify dock work as a separate category.¹³⁵ This was raised with the Government by our predecessor Committee in 2003 when the Government agreed that modification of SIC was needed and that “revision is well underway”.¹³⁶ We do wonder why, then, this problem still exists.

95. The TGWU is concerned that the employment figures for port workers are being underestimated. Ports employ approx 90,000 individuals, but approx 36,000 of these are agency workers and day labourers and are constantly changing.¹³⁷ Given the importance of the industry, the Committee agrees with the TGWU that it is difficult to understand why the Department is basing its assumptions on such employment data.¹³⁸

96. Port Skills and Safety Ltd appears to be a professional organisation that is working hard to improve safety in the ports industry. Similarly, the Port Marine Safety Code (PMSC) appears to be working well. But we are concerned that both PSSL and the PMSC are voluntary. We recommend that the Government establish a statutory safety inspectorate for the ports, and make the PMSC compulsory as soon as is practicable. Both of these measures will reassure port workers that they are valued by the Government and by their employers and that their safety is paramount.

97. It is impossible to evaluate any improvements in safety for port workers without reliable figures, and our evidence suggests that the employment and accident figures used by the Government are inaccurate. Our predecessor Committee was assured in 2004 that ‘things were getting better’ but our evidence suggests that confusion still reigns. Confidence needs to be restored; to this end port workers should have a separate Standard Industrial Classification (SIC) and an independent audit of ports safety should be carried out. Quite simply, port workers deserve better.

133 Qq 309 and 311

134 When our predecessor Committee reported on ports in 2003, it described the sector as ‘the most dangerous land-based industry in the UK’. The data was in part based on an incomplete understanding of the extent of dock employment. The Department has now published new data estimating that the accident rate is in fact under half that reported hitherto (approximately 1.2 per 100 employees) (Port employment and accident rates, pp19–22)

135 Ev 222

136 Cm 6076, p2

137 For an explanation of the discussions the TGWU has had with the Department about the figures, see Qq 320–323

138 Ev 91

9 Conclusion: making the market work

98. The Government is right to say that:

“The ports sector is a vital part of our transport infrastructure, enabling international trade and promoting competition and productivity through global supply chains. As globalisation increases, along with the contribution made by international trade to our GDP, the ports sector will play an increasingly important role in the economy.”¹³⁹

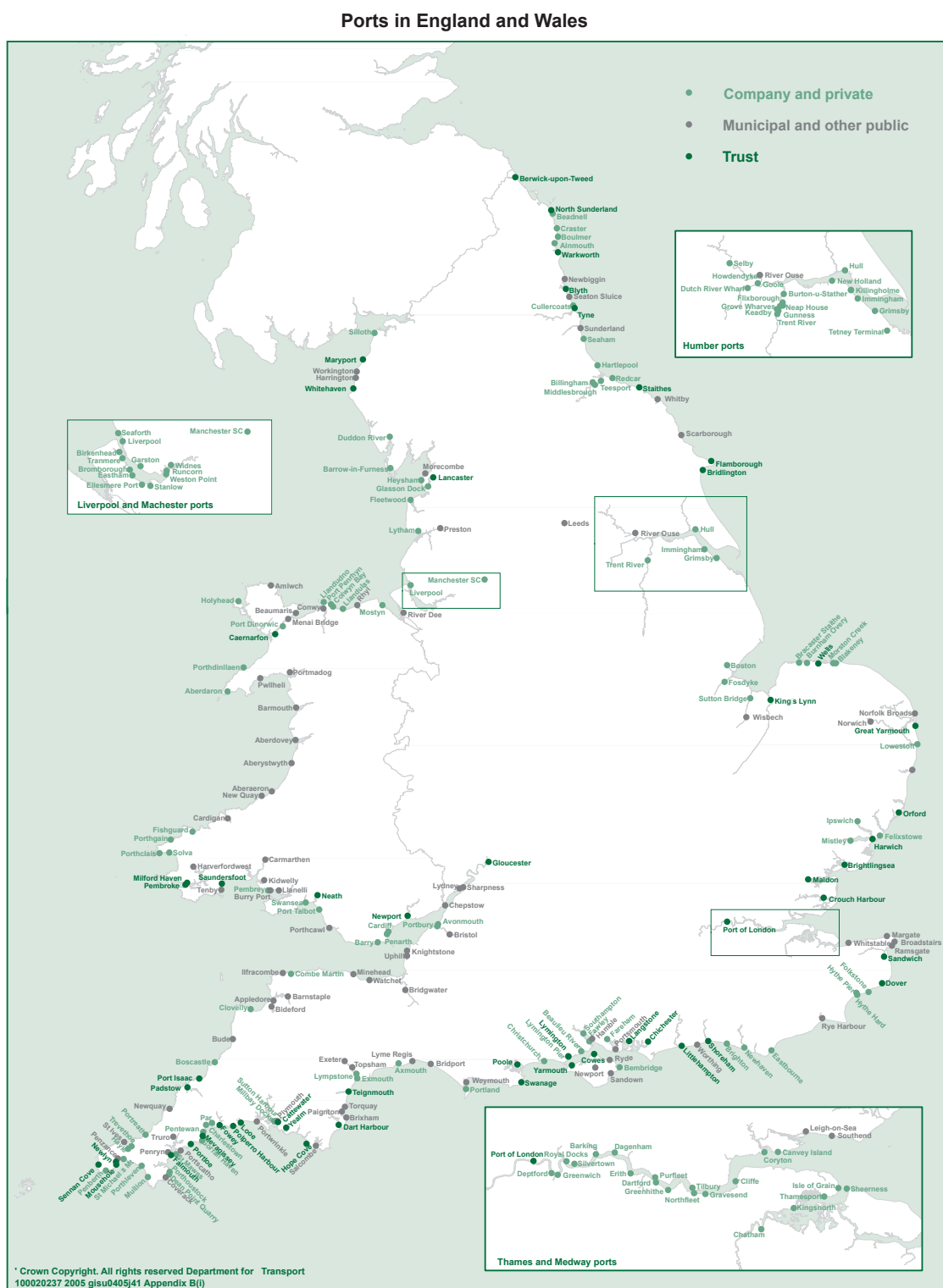
99. To that end, **the Government’s Ports Review is timely and welcome. It is an opportunity for the Department to emphasise the integrated nature of the ports industry with a multi-model freight transport infrastructure. Without this infrastructure, provided by the Government, funded by the taxpayer, ports simply could not function. The market is not an island, entire of itself.**

100. **The ports industry needs a national strategy that recognises the regional context and looks to balance national trade requirements with the local imperatives of regeneration, employment and environmental protection. This strategy must encompass a comprehensive freight distribution plan that will ensure sustainable, nationwide infrastructure for the long term. If it does not, it makes no difference where ‘the market’ decides to develop port terminals, as goods will remain stuck on congested roads or blocked by dilapidated canals and railways. This is the challenge the Government faces over the next quarter century to secure the British ports industry for the future.**

101. It should also be the role of Government to ensure that the UK economy is not disadvantaged by an unequal application of European law. The Government needs to get tough on those of our neighbours—and direct competitors—who flout environmental and trade legislation. We applaud the moves the industry has made to work within the environmental framework and we recognise how frustrating it has been at times. EU law has not, however, proven the only frustration and we hope that recent legislation will help simplify the cumbersome and costly planning process. We expect, too, to see real progress in the fight to improve the safety of our ports workers by providing the statutory inspection and safety regime that they deserve.

139 Ports Policy – your views invited, p13

Annex 1: Map of UK ports



Annex 2: Glossary

Deadweight tonnes (DWT): The weight of cargo, fuel, stores, passengers and crew carried by a ship when loaded to her maximum summer loadline.

Deep sea intermodal trains: Intermodal freight uses load-carrying boxes designed to be carried by more than one mode of transport. Transfer between modes is typically undertaken at terminals by overhead cranes. One of the main types of intermodal unit is containers, used primarily for deep-sea shipment in container ships.

Dibden Bay: A public inquiry into Associated British Ports' (ABP) proposals to build a container port at Dibden Bay in Southampton opened on Tuesday, November 27, 2001. The inquiry was, in effect, five concurrent inquiries into the following:

- the Port of Southampton (Dibden Terminal) Harbour Revision Order;
- the Fawley Branch Line Improvements Order;
- a Stopping up Order to authorise the stopping up of two areas of highway at the Hythe Road, near Marchwood;
- three planning applications (called-in by the Secretary of State) for improvements to the A326 and Terminal Access Road Junction and for noise barriers along Fawley Branch Line, and
- a proposal to provide land at West Cliff Hall in exchange for open space at the Hythe Marina Bund.

The inquiry lasted almost two and a half years from launch to the decision being made public, well above the initial estimate of between six and 18 months. The decision letter published by the DfT on 20 April 2004 stated that “in accordance with the relevant conservation legislation, the project can only be allowed to proceed for imperative reasons of overriding public interest”.

Greater South East (GSE): The Greater South East (GSE) extends from The Wash down to Dover and across to the Isle of Wight, and includes London, the UK's only “World City”. The three Greater South East Regional Development Agencies (RDAs) are: East of England Development Agency (EEDA), London Development Agency (LDA) and South East England Development Agency (SEEDA).

Post-panamax: Ships classified as Panamax are of the maximum dimensions that will fit through the locks of the Panama Canal. This size is determined by the dimensions of the lock chambers, and the depth of the water in the canal. Post-Panamax or “over-panamax” is the term for ships larger than Panamax, which do not fit in the original canal.

Roll On/Roll Off (ro-ro): Describes a significant feature of a ship designed to carry wheeled cargo such as automobiles, trailers or railway carriages. This is in contrast to lo-lo (lift on-lift off) vessels which use a crane to load and unload cargo. Ro-ro vessels have built-in ramps which allow the cargo to be efficiently “rolled on” and “rolled off” the vessel when

in port. While smaller ferries that operate across rivers and other short distances often have built-in ramps, the term ro-ro is generally reserved for larger ocean-going vessels.

Twenty-foot equivalent unit (TEU): This is the standard measure of container volume; forty-foot containers (2 teu) are increasingly prevalent).

Unitised and non-unitised traffic: Unitised traffic includes containers, road goods vehicles, unaccompanied trailers, rail wagons, shipborne port-to-port trailers and barges. Non-unitised traffic includes crude oil, liquefied gas, coal, ores, agricultural, forestry, iron and steel products.

List of recommendations

1. We welcome the Government's Ports Review. It is right to look to the long term. We also welcome the Minister's commitment to consider this Report when shaping the final policy that will come out of the review. That said, we are adamant that the Department should not accept unquestioningly the views of the vested interests. The evidence does not indicate consensus on the main challenge the industry faces. (Paragraph 21)
2. Alongside the Ports Review, the Government commissioned some independent forecasting work from MDS Transmodal. This is a welcome development, one recommended by our predecessor Committee. These demand and capacity forecasts should be revised on a regular basis if they are to remain relevant and useful. It would also be helpful for future forecasting for the Government to consider an updated origins and destination survey. We recommend that the Government hold discussions involving interested parties and experienced users to discern whether such a project would be viable and if so, to plan how to go about it. (Paragraph 30)
3. We recommend that the Government develops and implements a flexible but coherent national strategy that recognises the importance of ports and the cargoes that come through them to our national economy, as well as to regional development and growth. (Paragraph 33)
4. There is one straightforward way in which the Government can act now to protect our vital port infrastructure from the depredations of any investment companies: by issuing an order to safeguard all of the country's most important wharves, as has been done along the Thames. We recommend that it do so. (Paragraph 37)
5. We are concerned that the ownership of UK ports by foreign companies, particularly those with no prior experience of owning and managing ports, may create instability within the industry. Ports companies with foreign interests may decide on balance that investment and development is best prioritised outside the UK; similarly investment companies may see more profit in selling off ports for land. The Government must recognise the risks and develop an action plan to mitigate them. (Paragraph 38)
6. Our ports are too valuable to be exposed to the unregulated whims of international capital. The Government must be clear about the circumstances in which the threat to our national interest would trigger intervention in the market. We hope that such a mechanism would never have to be used, but it must be there. The industry should be clear about its responsibilities not only to its employees, but to the environment, to its region and to the nation as a whole, and about what the consequences of a failure of stewardship would be. (Paragraph 44)
7. A national framework for ports development will stand or fall on the strength of its ability to bring port development and traffic to the regions. Within the national policy, each individual area should be allowed to develop those aspects of the industry that are best fitting their unique geographical advantages and access to

markets. The Government must recognise that these are complementary – not conflicting – aims. (Paragraph 57)

8. The evidence we received about the extent to which port traffic could be diverted to ports outside of the Greater South East was contradictory. Each vested interest insisted that theirs was the only possible approach. The market cannot be shaped by the interests of the shipping companies, or by rigid central planning. It would clearly be of benefit to the regions, in terms of employment, regeneration and environmental impact, if there were a more even distribution of port traffic across the country. This may be possible to achieve with some incentives directed at making it easier to move freight inland from northern or western ports, perhaps by the Government matching developer investment in infrastructure, or by granting favourable freight access on the railways. (Paragraph 58)
9. It is the job of the Government to ensure that commercial interests sit within a strategic framework for national development and regional growth. Government controls the inland freight infrastructure; it provides tax and other financial incentives which shape commercial decisions; it can choose to look favourably or not on planning proposals. It cannot control the global market but nor can it claim that the market is the only factor which determines where ports develop. (Paragraph 59)
10. The Government has a fundamental responsibility to the transport infrastructure of the UK: its major roads, railways and rivers and canals. Its responsibility lies not only in the renewal and, where required, the expansion of this infrastructure, but also in ensuring that the freight that moves on it can do so easily, quickly and sustainably. To this end, the Government should develop an integrated freight plan as a matter of urgency. (Paragraph 62)
11. The Department should make an assessment of the inland connections to all ports and publish a table that lists those that have good inland transport links and those that do not. The Transport 10 Year Plan promised the upgrading of freight routes to major ports. The Department should publish a summary of how it is achieving this target. We believe that both of these measures will be of use to the Government and the industry in planning for future investment. (Paragraph 63)
12. The Committee is pleased that Network Rail is planning ahead for the projected increase in demand for rail services for freight. We will be keeping an eye on the promised improvements in its Initial Strategic Business Plan to ensure that they remain on track. (Paragraph 65)
13. The commercial inland waterways are part of the country's strategic transport network and they deserve better. We recommend that the Department for Transport take over responsibility for them, giving the waterways a higher priority in its freight strategy. (Paragraph 68)
14. There is only a finite amount of development that can take place in the Greater South East before it becomes all but impossible to move freight out of the region. The Government faces two options: either goods will go to deep-sea container ports on the Continent, to be transhipped to UK ports outside the Greater South East; or the

Government must produce a national plan for freight diversion across the UK. A decision on this cannot be deferred. (Paragraph 70)

15. UK ports should be able to compete on an equal footing with their direct rivals on the Continent, who are already differently subsidised and funded. We look to the Government for reassurance that it is doing all it can to ensure that our ports have a fighting chance to secure EU funds in a fair competition. We also expect the Government to fight for our ports on the international stage, to ensure that any revised Market Access to Ports Directive recognises the unique nature of the ports industry in the UK. (Paragraph 76)
16. Of paramount importance, however, is the fact that some of our continental competitors appear still to be dragging their feet on implementing EU directives and regulations as diligently as we do in this country. We expect the Government to take this up with the Commission and to ensure that those involved are properly censured and that pressure is maintained on them to comply. If this is not achieved within a reasonable timeframe, we expect the Government to press for financial penalties. (Paragraph 77)
17. The right balance needs to be found between developing ports and preserving our environment. Environmental concerns should not be allowed to trump economic considerations when port planning decisions are taken. (Paragraph 82)
18. We commend the industry and the environmental lobby for finding a way to work together to ameliorate the worst impacts of environmental directives on industry whilst preserving our natural environment. We are also pleased to see that the industry is acting on its own by signing up to international environmental initiatives and recognising its responsibilities to the local habitat. We recommend that the Government recognise these efforts by individual ports in some way through the tax system, as part of the Government's broader 'green agenda'. (Paragraph 83)
19. At the same time, however, it is clear that there are still some who are unhappy with the burdens placed on the ports industry by environmental directives. Therefore, we recommend that the Government commission an independent cost-benefit analysis of environmental directives so that all of the implications can be understood and are available to inform debate. (Paragraph 84)
20. So far as port developments in the UK are concerned, the planning system in the UK is slow and too expensive. These inefficiencies and costs threaten the continual competitiveness and viability of a vital national industry. We cautiously welcome the changes in the Planning and Compulsory Purchase Act 2004 which will allow for parallel running of public inquiries and hope that this will ease the process. We look to the Department for Transport to make the case within Government for a faster planning process for port development, following the pattern set for the energy industry. (Paragraph 88)
21. We also recommend that the Government should make time for the next Private Members Bill that makes provision to simplify the Harbour Revision Order process to ensure that it becomes law. (Paragraph 89)

22. Port Skills and Safety Ltd appears to be a professional organisation that is working hard to improve safety in the ports industry. Similarly, the Port Marine Safety Code (PMSC) appears to be working well. But we are concerned that both PSSL and the PMSC are voluntary. We recommend that the Government establish a statutory safety inspectorate for the ports, and make the PMSC compulsory as soon as is practicable. Both of these measures will reassure port workers that they are valued by the Government and by their employers and that their safety is paramount. (Paragraph 96)
23. It is impossible to evaluate any improvements in safety for port workers without reliable figures, and our evidence suggests that the employment and accident figures used by the Government are inaccurate. Our predecessor Committee was assured in 2004 that ‘things were getting better’ but our evidence suggests that confusion still reigns. Confidence needs to be restored; to this end port workers should have a separate Standard Industrial Classification (SIC) and an independent audit of ports safety should be carried out. Quite simply, port workers deserve better. (Paragraph 97)
24. the Government’s Ports Review is timely and welcome. It is an opportunity for the Department to emphasise the integrated nature of the ports industry with a multi-model freight transport infrastructure. Without this infrastructure, provided by the Government, funded by the taxpayer, ports simply could not function. The market is not an island, entire of itself. (Paragraph 99)
25. The ports industry needs a national strategy that recognises the regional context and looks to balance national trade requirements with the local imperatives of regeneration, employment and environmental protection. This strategy must encompass a comprehensive freight distribution plan that will ensure sustainable, nationwide infrastructure for the long term. If it does not, it makes no difference where ‘the market’ decides to develop port terminals, as goods will remain stuck on congested roads or blocked by dilapidated canals and railways. This is the challenge the Government faces over the next quarter century to secure the British ports industry for the future. (Paragraph 100)

Formal minutes

MONDAY 15 JANUARY 2007

Members present:

Mrs Gwyneth Dunwoody, in the Chair

Mr David Clelland
Mrs Louise Ellman
Mr Philip Hollobone
Mr John Leech

Mr Lee Scott
Mr Graham Stringer
Mr David Wilshire

Draft Report (The Ports Industry in England and Wales), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 101 read and agreed to.

Resolved, That the report be the Second Report from the Committee to the House.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Ordered, That the Chairman do make the Report to the House.

[Adjourned till Wednesday 17 January at 2.30 pm.]

Witnesses

Wednesday 1 November 2006

Page

- Mr John Garner**, Fleet & Ports Director, P & O Ferries Ltd; **Mr Søren Friss**, General Manager, Operations and Planning UK and Ireland, Maersk Company Limited; **Mr Des Crampton**, Chairman, Port Skills and Safety Ltd; **Mr Allen Graveson**, Senior National Secretary, Nautilus UK Ev 20
- Dr Mark Avery**, Director Conservation, and **Mr Andrew Dodd**, Head of Site Conservation Policy, Royal Society for the Protection of Birds; **Mr Detlev Golletz**, Assistant Director of Infrastructure, South East of England Development Agency Ev 59

Monday 20 November 2006

- Mr Tony Donaghy**, President, and **Mr Bob Crow**, General Secretary, RMT; **Mr Simon Bird**, Chief Executive, and **Mr Niels Westberg**, Haven Master, The Bristol Ports Company; **Mr David Robinson**, Chief Executive, PD Ports Ev 75
- Lord Tony Berkley**, Chairman, Rail Freight Group; **Mr John Dodwell**, Managing Director, Rolandon Water and Sea Freight Advisory Services; **Mr Mike Gibbons**, Executive Member, Dock and Waterways, **Mr Roger Sealey**, Transport Researcher, and **Mr Richard Crease**, Coastal, Maritime and Towage, TGWU Ev 95

Wednesday 22 November 2006

- Mr Patrick Walters**, Deputy Regional Director, Europe and North Africa, DP World; **Mr Michael Everard**, Chairman, Ports and Pilotage Committee, and **Mr Mark Brownrigg**, Director General, Chamber of Shipping; **Mr David Cross**, Commercial Director, CMA CGM; **Ms Chrys Rampley**, Infrastructure Manager, Road Haulage Association Ev 113
- Mr Mike Garratt**, Managing Director, MDS Transmodal Ev 127
- Dr Stephen Ladyman**, Minister for Transport, and **Mr Phil Carey**, Head of Ports Division, Department for Transport Ev 135

Wednesday 6 December 2006

- Mr Richard Everitt**, Chairman of UKMPG, and Chief Executive, Port of London Authority, and **Mr John Dempster**, Executive Director, United Kingdom Major Ports Group; **Mr Ted Sangster**, Chairman of BPA, and Chief Executive of the Port of Milford Haven, and **Mr David Whitehead**, Director, British Ports Association; **Mr Ken Bell**, Business Development Manager, Associated British Ports Ev 156

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04	Nautilus UK	Ev 15
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06	The Maersk Company Limited, Supplementary memorandum	Ev 38
07	Royal Society for the Protection of Birds	Ev 41
08	South East of England Development Agency	Ev 46
09	National Union of Rail, Maritime and Transport Workers	Ev 65
10	Bristol Port Company	Ev 67
11	PD Ports plc	Ev 71
12	PD Ports plc, Supplementary memorandum	Ev 75
13	Rail Freight Group	Ev 87
14	Rolandon Water and Sea Freight Advisory Services	Ev 88
15	Transport and General Workers' Union	Ev 91
16	DP World	Ev 104
17	Chamber of Shipping	Ev 106
18	Road Haulage Association Ltd	Ev 110
19	Road Haulage Association, Supplementary memorandum	Ev 124
20	Department for Transport	Ev 131
21	Department for Transport, Supplementary memorandum	Ev 134
22	United Kingdom Major Ports Group	Ev 145
23	British Ports Association	Ev 149
24	Associated British Ports Holdings plc	Ev 153
25	Mr T Martin Blaiklock	Ev 165
26	CTC	Ev 166
27	Irish Business and Employers Confederation	Ev 169
28	Mr R Tedder	Ev 171
29	English Regional Development Agencies	Ev 174
30	Independent Light Dues Forum	Ev 183
31	RAC Foundation for Motoring	Ev 186
32	Freight on Rail	Ev 187
33	Hutchison Ports (UK) Limited	Ev 191
34	Port of London Authority	Ev 195
35	Nectar	Ev 199
36	Mr Nicholas Finney OBE	Ev 202
37	Honourable Company of Master Mariners	Ev 204
38	Wynns Group	Ev 207
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49	East of England Development Agency	Ev 234
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Reports from the Transport Committee Session 2006–07

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Second Report	The Ports Industry in England and Wales	HC 61