



House of Commons
Transport Committee

Access to ports

Eighth Report of Session 2013–14

Volume II

Additional written evidence

*Ordered by the House of Commons
to be published [date]*

Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its Associate Public Bodies.

Current membership

Mrs Louise Ellman (*Labour/Co-operative, Liverpool Riverside*) (Chair)
Sarah Champion (*Labour, Rotherham*)
Jim Dobbin (*Labour/Co-operative, Heywood and Middleton*)
Jim Fitzpatrick (*Labour, Poplar and Limehouse*)
Karen Lumley (*Conservative, Redditch*)
Jason McCartney (*Conservative, Colne Valley*)
Karl McCartney (*Conservative, Lincoln*)
Mr Adrian Sanders (*Liberal Democrat, Torbay*)
Miss Chloe Smith (*Conservative, Norwich North*)
Graham Stringer (*Labour, Blackley and Broughton*)
Martin Vickers (*Conservative, Cleethorpes*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at <http://www.parliament.uk/transcom>. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are Mark Egan (Clerk), Farrah Bhatti (Second Clerk), Richard Jeremy (Committee Specialist), Adrian Hitchins (Senior Committee Assistant), Stewart McIlvenna (Committee Assistant) and Hannah Pearce (Media Officer)

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 14 Tothill Street, London SW1N 9NB, The telephone number for general enquiries is 020 7219 6263; the Committee's email address is transcom@parliament.uk

List of additional written evidence

1	Rail Freight Group	Ev w1
2	RMT	Ev w3
3	Associated British ports	Ev w3
4	Port of Tilbury	Ev w9
5	Harwich Haven Authority	Ev w10
6	Commercial Boat Operators Association	Ev w11
7	DB Schenker	Ev w13
8	Yorkshire and Lincolnshire (APPG)	Ev w16
9	Port of Tyne	Ev w19
10	Freight on Rail	Ev w22
11	Tendring District Council	Ev w25
12	DP World London Gateway	Ev w26

Written evidence

Written evidence from Rail Freight Group (PA 01)

Rail Freight Group (RFG) is pleased to submit evidence to the Transport Committee's Inquiry into Access to Ports.

RFG is the representative body for rail freight in the UK. Our member companies are active across all sectors of rail freight including train operators, ports, terminal operators, end customers, suppliers and support services. Our aim is to grow the volume of goods moved by rail where there are economic and environmental benefits in doing so.

Rail freight and ports are inextricably linked, with around two thirds of all rail freight being related to ports. This includes intermodal traffic to and from the major deep sea container ports, and also the more traditional bulk traffics, operating from a wide range of ports to inland destinations across the country.

In recent years there has been significant investment in port rail infrastructure and equipment, and also in the UK rail network. This has been welcome, and has contributed to growth particularly in the intermodal sector. The promised further investment from Government in last summer's High Level Output Specification is also welcome.

However, there is still some way to go to ensure that transport supply chains to and from ports are as efficient as necessary to deliver for UK economic needs.

What should be the priorities for improved access to ports, and why?

We consider that the priority areas to be addressed are as detailed below.

Further development of the capacity and capability of rail routes from ports—and the links with the major UK rail networks. Government has made investment in the Strategic Freight Network with a particular focus on routes to ports. Routes from both Southampton and Felixstowe have received major upgrades to improve loading gauge, and future plans will also enhance capacity. Other ports, such as London, Tees, and Liverpool have, or are being, connected to the gauge cleared network. Work on the East Coast, presently underway, benefits bulk traffic from East Coast ports.

The additional investment promised in last summer's HLOS will also help to further enhance rail routes, including improving the capacity of the cross country route from Felixstowe, and the electrification of the routes from Southampton. A further £200 million committed for rail freight may also be used to benefit traffic from ports, although the precise scheme allocation has not yet been determined. In addition, there has been considerable private sector investment in ports and terminals, handling equipment and railway rolling stock serving also to increase capacity and capability.

In the medium term, further electrification of freight routes to and from ports will be beneficial to allow greater use of electric traction. Consideration needs to be given to how access to ports and terminals can be best achieved, as electric catenary cannot be extended past reception sidings. The electrification of regularly used diversionary routes is also likely to be necessary.

To maximise the benefits of this investment, it will be important to ensure that the capacity created for rail freight can be used by it in the future. This is particularly important on mixed traffic routes where there are proposals to increase passenger services as upgrade work is undertaken. A robust strategy for safeguarding freight capacity needs to be established, including capacity on the major trunk routes linking ports to inland terminals. This should also include capacity freed up by the development of HS2, which could be used by freight.

Government may also wish to consider how the final links into ports are treated. Currently there is disparity in the funding requirements based on historic planning requirements, which may frustrate efficient capacity development. Whilst this is ultimately a commercial position for port operators, there should be policy equity in any future considerations.

Improving service provision There has been significant progress in the quality of service, with competitive operations from many ports, new equipment, such as the Super-Low 45 wagon, and greater choice of inland terminals. Further development is now necessary to:

- (a) Enable services to run on Sundays on a consistent basis—requiring co-ordination of engineering works between main and diversionary routes;
- (b) Developing multi user services for those with smaller consignments;
- (c) Better efficiency on rail services to improve speed, performance and quality and reduce costs; and
- (d) Greater links between rail and the wider logistics sector.

Developing the supply chain for the movement of biomass With the Energy Bill set to become statute later this year, many generators are looking to biomass as a way of substituting for coal fired generation. Drax and

Eggborough are among sites looking to convert some, or all, of their units, once the precise details of the Renewable Obligations Certificates (ROCs) tariffs are confirmed. Biomass will need to move by rail from the ports to the power stations, and there are some challenges to be overcome to establish this.

Biomass can be moved in existing coal wagons but they need to be converted to ensure that the product stays dry. There is also a need to invest in loading and handling facilities at the ports and power stations. Although the majority of this could be funded in the private sector, this must be supported by a stable framework from Government, both in confirming the ROCs and also in setting freight access charges. ORR are expected to consult on charges for biomass shortly, following their conclusions on coal charges. It will be imperative that rail access charges do not act against developing this market, either by their actual level, or by the risk of future increases which could act against the case for investment.

Biomass trains will also need to be managed carefully on the network, as, unlike coal, it is not possible to stock pile it. Disruption and delay will therefore be more difficult to accommodate. However, the supply network is likely to be less complex, with less variation between product than coal which may help simplify timetabling. It is likely that as biomass reaches its potential there will need to be some investment in the rail network, via the Strategic Freight Network or other funding sources, to handle the volume and enable the longest possible trains to operate.

Exploiting the Channel Tunnel for through rail freight. The Channel Tunnel, whilst not strictly a port, fulfils a comparable role for the import and export of goods to and from the UK. The difficulties of establishing through rail freight on this route have been well debated by this Committee and also by the House of Lords European Union Committee, and continue to frustrate.

Establishing the necessary inland terminals to handle particularly retail sector commodities. Rail freight cannot thrive unless there are suitable inland terminals for onward distribution of goods, and customers have sufficient competitive choice. The development of such facilities is complex and requires support in the planning system (see below), albeit that private sector funding is available.

Such facilities need to be well linked to the gauge cleared network and the strategic freight network, with its links to ports. Suitable locations must however also fit well with the needs of the wider logistics sector, rather than being driven solely by rail considerations.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

The National Policy Statement for National Networks (NPS), which is required under the Planning Act 2008 underpins the planning regime for nationally significant infrastructure. Specifically, and most importantly it should provide the national justification and need for infrastructure, leaving developers to justify only why their specific development is appropriate under that framework.

This NPS is particularly relevant for the development of strategic rail freight interchanges. DfT and DCLG did issue helpful guidance in November 2011, but this has no statutory weight and, in a planning application, would command less weight than documents such as local plans. Developers are therefore in a difficult position if proceeding with applications under the Planning Act without the underpinning documents.

Whilst it is possible to proceed without the NPS, the additional uncertainty is unhelpful. The Planning Act regime whilst an improvement on the previous regime, is expensive particularly up front, and requires significant time and investment, and developers need to consider the risks against other potential investments in the UK and elsewhere. We would therefore support the publication of the NPS at the soonest opportunity.

The NPS might also be expected to be relevant to certain rail upgrades, although the majority can be completed under permitted development rights.

How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

Historic experience showed that regional structures could play a significant role in helping to develop links to and from ports. SEEDA, in the south east, were instrumental in making the case for gauge clearance from Southampton, and were a funding partner, and there are similar examples in the West Midlands, North East and North West. Indeed some final funding from One North East, which has now been abolished, is being used to part fund gauge clearance to Teesport. As well as funding, the advocacy role played by such bodies was also important.

The evidence of LEP's engaging on rail freight or on the development of transport links spanning regions is patchy, and we have had little engagement. This is disappointing, although perhaps unsurprising given their lack of funding and powers.

We note that DfT have consulted on how funding, and decision making for sub national transport schemes might be devolved to new Local Transport Bodies. So far, we are not clear how such a move might take place, and what accountability and responsibility such bodies might have. Certainly, the need to consider regional and national links must be a requirement if suitable linkages to ports are to be progressed.

DfT are also considering devolution of rail franchises to regional and local bodies. Such organisations could play a role in promoting rail freight and links to ports, if the framework for devolution includes such duties.

To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?

Experience of developing services from regional ports demonstrates that a critical factor is ensuring that there is sufficient volume to grow trainload services. This can be harder if the port cannot attract daily services, or the potential rail volume is small. This is more critical for containerised movements, as bulk traffics already operate from a range of regional ports.

That said, there are encouraging possibilities for developing new services from a wider range of ports, as intermodal facilities are developed, and equipment such as new low height wagons are enabling more efficient services to run on non gauge cleared routes.

How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

Rail currently has a market share between 20–30% from Felixstowe, and closer to 40% from Southampton. The market share at Southampton has increased significantly since the opening of the gauge cleared route, which has improved train utilisation and loading. There is no reason to suppose that market share from Felixstowe should not achieve comparable levels, particularly given the investment which is expected during the next control period, and similarly from the port at London Gateway, set to open during 2013.

In the bulk sectors, as outlined above, there remain opportunities to exploit new markets such as biomass to increase rail's share of port throughput.

January 2013

Written evidence from RMT (PA 06)

The National Union of Rail, Maritime and Transport Workers (RMT) welcome the opportunity to submit written evidence as part of the Transport Select Committee's inquiry into Ports Access.

The RMT organises 80,000 members across all areas of transport, apart from aviation, including 6,000 seafarer, docker and dock side members, mostly working on passenger ferry services from UK ports, and at major UK ports such as Harwich, Hull, Grangemouth and Heysham. RMT also organises around 1,000 workers at rail freight companies and over 14,000 Network Rail staff.

Intermodal freight is the only part of the freight sector to have grown in the past year, and has done so every year since 2002–03.¹ It is essential, therefore, that the significant levels of private and public investment currently going in to ports around the UK is accompanied by the development and expansion of rail freight infrastructure, in order to maximise access to the country's ports network and encourage the continued growth in intermodal freight, particularly between maritime and rail modes.

It should also be noted by the Committee that Network Rail is currently consulting on a transfer of over 250 strategic rail freight sites, from DB Schenker to Network Rail. This is part of an effort by the government to introduce more competition amongst freight operating companies (FOCs) and will undoubtedly have an impact on access to ports for both FOCs and the freight customers they serve and depend upon. RMT has responded to the Network Rail consultation and a copy of that response is also enclosed.

Finally, in terms of the policy areas outlined by the Committee for the purposes of written submissions, RMT fully supports Freight on Rail's submission to the Committee.

January 2013

Written evidence from Associated British Ports (PA 08)

KEY CONCLUSIONS

- The responsibility to invest in port infrastructure and marine access should continue to rest with the UK ports sector using private sector finance.
- At the same time, public investment should be targeted at road and rail access to ports recognising their central role in driving economic growth.
- Priorities for improved road and rail access to ports should be based on real customer demand since this maximises economic benefits and represents best value for taxpayers.

¹ <http://dataportal.orr.gov.uk/displayreport/html/html/79c33859-004c-486b-b752-cd485b1dba96>

- Public investment in road and rail access aimed at influencing the port market and regional decision-making on port development risks wasting public money, damaging competition and reducing private investment in ports.
- Increasing the obligations on ports to fund improved road and rail access can reduce the level of private investment in port infrastructure, especially given the need to compete for such investment internationally.
- Rail's modal share of cargoes moving to and from ports can increase but more investment in the rail network is needed, as exemplified by the significant increase in capacity required to accommodate biomass traffic to power stations.
- Action to tackle regulatory barriers to investment in the UK ports sector includes better impact assessments of new legislation and regulation (eg allow stakeholders to scrutinise draft conclusions before final ministerial sign-off and require formal approval of all ministers with relevant responsibilities, rather than a single minister from a sponsor department).
- The Marine Management Organisation should refund applicants the fee it charges for processing marine and harbour consents if it fails to meet a mutually agreed deadline for reaching a decision.

INTRODUCTION

1. Associated British Ports ("ABP") is the UK's largest and leading ports operator with 21 ports² around Britain handling around one quarter of the nation's seaborne trade. Our ports include Grimsby & Immingham; the UK's largest by tonnage, and Southampton, home to the UK's second largest container terminal. As well as 21 ports, ABP also owns and operates a major rail hub at Hams Hall in the Midlands.

2. The Coalition Government has identified that export-led growth and re-balancing the economy, whereby the manufacturing sector regains a greater share of economic output, are central components of a sustainable economic recovery. It has therefore never been more important to invest in access to UK ports which handle some 95% of the nation's trade in goods. ABP very much welcomes the opportunity to submit written evidence to the Transport Committee's very timely inquiry into access to ports.

What should be the priorities for improved access to ports, and why?

3. UK major ports are largely in the private sector and operate on a commercial basis. Investment in port infrastructure and marine access to ports is usually undertaken by port operators in response to customer demand. Over the past five years ABP alone has invested over £200 million of private money in new port infrastructure and facilities. By 2015 ABP aiming to deliver further capital expenditure totalling some £500 million. Whereas ports are usually responsible for investment in port infrastructure and marine access, local and national government has, typically, invested in road and rail access to ports based on organic growth in port traffic or new port development.

4. Government has recognised that targeted public investment in road and rail access to ports which responds to customer demand helps deliver:

- maximum benefits to the wider economy and environment;
- a competitive ports sector able to fund port infrastructure without public subsidy; and
- best value for the taxpayer.

ABP therefore believes that priorities for improved access to ports should follow real customer demand.

5. The Department for Transport ("DfT") has already carried out extensive work to help identify where customer demand may require improvements to port access. Most importantly, "Delivering a Sustainable Transport System" (2008)³ identified key international gateways, including ports, and strategic national corridors. This remains a robust basis for helping establish priorities for improved access to ports.

6. Improved access to ports can also be prioritised according to government-led local or regional regeneration objectives. However, it is important to recognise that this may result in public money being invested in access to ports where there is insufficient customer demand to achieve desired economic, social and environmental benefits. It is also inconsistent with encouraging free and fair competition between ports; ports best serve the economy if they are more focussed on competing for customers rather than competing for government money (within or without the port estate). Gearing the prioritisation of improved access to ports around government-led regeneration objectives would also increase political uncertainty and therefore compromise the ability of the private sector to deliver the long term investment which the port industry needs.

7. The above issues of course point to potential conflict with current ports policy, which is intended to support fair competition and customer-led port development. Government should be aware that the remaining credibility of UK ports policy is currently under threat; it must avoid a drift towards politically driven decision-making and prioritise investment in road and rail access based on sound economic principles.

² ABP ports are: Hull, Goole, Grimsby, Immingham, Kings Lynn, Lowestoft, Ipswich, Southampton, Teignmouth, Plymouth, Newport, Cardiff, Barry, Port Talbot, Swansea, Garston, Fleetwood, Silloth, Barrow, Ayr, Troon.

³ See Annex A

8. It should be noted that a customer-led approach to prioritising improved access to ports can of course still help deliver local and regional regeneration objectives and is in fact complementary to effective regeneration policy.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

9. ABP hopes that further significant delay in the publication of the National Policy Statement for National Road and Rail Networks (“the NPS”) can be avoided. There are a number of key port access issues which the NPS should address in response to growing customer demand, including:

- Increasing rail capacity to accommodate biomass traffic from the Port of Immingham to major power stations. It is estimated that by 2020 demand for biomass will require an additional 5,000 trains per year on the route connecting the port to customers such as Drax. Demand for biomass will also need improvements to the Port of Hull such as the installation of automated signalling on the connection to the Hull branch line.
- Upgrade the A63/Hedon Road connection to the Port of Hull, which it is understood is prioritised for investment post-2015. The road link is currently running at capacity and therefore there is the potential that future investment opportunities will be constrained. The upgrade is particularly important to support the development of the supply chain for the Green Port Hull project to construct a Siemens offshore wind facility.
- Gauge enhancement on the routes to the Ports of Immingham and Hull will increase rail’s modal share of container traffic by providing the capability to accommodate high cube boxes on standard wagons. Electrification of the rail link from Hull to Selby also offers significant benefits yet the scheme is not currently short-listed.
- Further capacity on the rail links to the Port of Southampton and improvement of junction 9 of the M3.
- Gauge enhancement on rail links connecting South Wales and improvements to the M4.

10. In general terms, ABP hopes that the NPS will build on:

- the Eddington Transport Study (2006) which highlighted the importance of maintaining and improving access to key international gateways for supporting economic growth;
- the key international gateways and strategic national corridors the DfT identified in “Delivering a Sustainable Transport System” (2008); and
- ongoing development of the Strategic Rail Freight Network.

How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

11. ABP works closely with key partners at a local level to help ensure that investment in access to ports matches the needs of customers and therefore best supports the wider economy and sustainable transport goals. ABP’s experience of Local Transport Boards is positive.

12. It is important that the need to support freight, as well as passenger, is fully recognised by Local Transport Boards and other bodies. One useful development in Wales is the re-establishment of the Wales Freight Group by the Welsh Assembly Government to inform transport strategy.

13. In some instances it can be important to consider transport investment priorities from a regional as well as local perspective. The abolition of the Regional Development Agencies has removed the formal institutional framework which previously facilitated this. Going forward it would be beneficial if alternative mechanisms can be established to further aid transport investment appraisal across local boundaries when this is appropriate.

To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?

14. Investment in road and rail infrastructure should be based on real customer demand which can be demonstrated by organic growth in port traffic over time and/or planned new port infrastructure developed and funded by port operators. Investment which is targeted at serving customer demand is the most likely to deliver the best return for taxpayers in terms of economic growth. This is the rationale which underpins current UK ports policy.⁴

15. Investment in road and rail infrastructure can influence the market and regional decision-making on port development but the extent to which it may do so will vary. For example, as well as factors such as hinterland access, the flow of deep sea containers into the UK from the Far East is influenced by the need to minimise deviation from the principal shipping lanes through the English Channel to continental Europe. Investing in road and rail links with the intention of diverting significant deep sea container traffic away from southern

⁴ See “National Policy Statement for Ports”, Department for Transport (2011)

ports is therefore unlikely to succeed. This illustrates one of the dangers of government seeking to “pick winners”, which was highlighted in the Eddington Transport Study (2006).

16. A government-led rather than customer-led approach to investment in road and rail infrastructure which aims to influence the ports market and regional decision-making on port development will also undermine healthy competition between ports. The concomitant political uncertainty will inevitably reduce the wider ability of the private sector to deliver port infrastructure which is fit for purpose and discourage private investment.

Are decisions on port development taking sufficient account of the traffic generated by ports and associated development needs?

17. Ports do not generate traffic; businesses located throughout the UK generate port traffic. Ports are international gateways which serve the demand created by customers and allow the economy to function, develop and grow. The UK economy benefits from port development which follows customer demand and which can be funded by the private sector, thereby removing from the taxpayer the significant burden of delivering modern and efficient port infrastructure. Decisions by government on road and rail access supporting port development need to take into account these wider economic benefits.

18. Over recent years government has asked ports to fund an increasing share of road and rail access improvements, in some cases relating to infrastructure very remote from the port itself. There are questions as to whether this approach adequately reflects the wider economic benefits of ports and port development. It is right that ports are expected to fund improvements in marine access and port infrastructure but these investment decisions will be influenced by any wider costs which are imposed by government. As more additional obligations are placed on ports to fund improved road and rail access, the greater the risk of choking off private investment in marine access and port infrastructure. This risk is intensified by tough competition for international capital and the relative cost of investing in UK port infrastructure compared to competing nations is therefore crucial; in continental Europe, for example, improved road and rail access to support port development is funded by the state.

How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

19. Further investment in the UK rail network can support an increase rail's modal share of ports traffic. Prior to the upgrade of the rail link from the Port of Southampton to the West Midlands so that high cube containers can move on standard rail wagons, rail's modal share of containers moving to and from the port steadily declined to around 25%, over 10% lower than its historical peak. Since the enhancement was completed in February 2011, rail's modal share has already recovered to around 35%. The planned overhead electrification of the route to the West Midlands and beyond to Yorkshire (“the electric spine”), scheduled by Network Rail to take place during 2014–19, will further increase capacity and rail's modal share, delivering even greater environmental benefits.

20. The example of the Port of Southampton demonstrates that ambitious targets for increasing rail's modal share can be achieved but not without the necessary investment to deliver a rail network with improved capacity and capability. Much more investment is needed in future to ensure the rail network can maintain and grow its modal share. One example is the urgent requirement to increase capacity on the routes connecting the Port of Immingham to major power stations so that more biomass can move by rail. Drax, for example, has announced plans to fully convert three of the plant's six boilers to 100% biomass in 2013. It is estimated that this and other planned biomass conversions will require extra capacity to accommodate an additional 5,000 trains per year by 2020, around 50% more than the current total.

21. The ability to increase the modal share of traffic transported by inland waterways is particularly limited by the size and capacity of the infrastructure. The scope for removing traffic from roads via coastal shipping is far greater, mainly because of the larger economies of scale that can be achieved.

Are there any regulatory barriers to investment in ports? What could and should be done about them?

22. There are many regulatory barriers to investment in the UK ports industry. Potential investors are confronted by a continuously expanding vista of complex and costly regulation, which can be flawed and unnecessary. As the cost of undertaking an investment in port infrastructure and of carrying out ongoing port business rises, the attractiveness of investing in ports diminishes. The failure to pay proper attention to this simple trade-off is perhaps the chief underlying cause of regulatory barriers to investment, which often arise from:

- legislation (or components of legislation) not underpinned by a robust rationale and/or which duplicates or overlaps existing regulation; and
- lack of competency in the implementation and/or administration of regulation.

23. In the UK ports sector, the Marine and Coastal Access Act 2009 (“the Act”) illustrates both types of failing. The Act introduced marine planning and Marine Conservation Zones (“MCZs”) despite an existing regulatory regime designed to meet stringent environmental and sustainable development objectives. Defra's

own Impact Assessment⁵ of the Act (“the Impact Assessment”) estimated that the costs to Government alone of marine plans for English and Welsh territorial waters and UK offshore waters would be £101 million over 20 years. Whilst increased certainty for developers was cited as a key benefit of marine planning, plans will be reviewed every three years and the process of full plan replacement will begin every six years, a regime entirely inconsistent with potential investors’ need to take a long term view.

24. The Impact Assessment also estimated that the cost to industry of MCZs would be between £440 million and £1.26 billion over 20 years (the cost to Government was estimated at circa £50 million). This was balanced against alleged efficiency savings to marine developers totalling £8.8 million to £17.7 million over the same period. The main component of the anticipated benefits of the Act was marine conservation benefits valued at between £8.6 billion and £19.5 billion, although the Impact Assessment notes that there is “considerable uncertainty” regarding the accuracy of this estimate.

25. The Act also created the Marine Management Organisation (“MMO”) which, as well as implementing marine planning and MCZs, assumed responsibility for consenting works associated with port developments from DfT. Much of the knowledge and expertise built up by DfT over the years was lost due to personnel changes during this transfer. It is disappointing and frustrating that the MMO has seriously underperformed in this respect. The planned expansion of the container terminal in the Port of Southampton involves an investment of £150 million of private money. Despite being an uncontentious development, the MMO took 3.5 years to grant consent for the berth works and approval for the capital dredge is still awaited after the application was first submitted over four years ago.

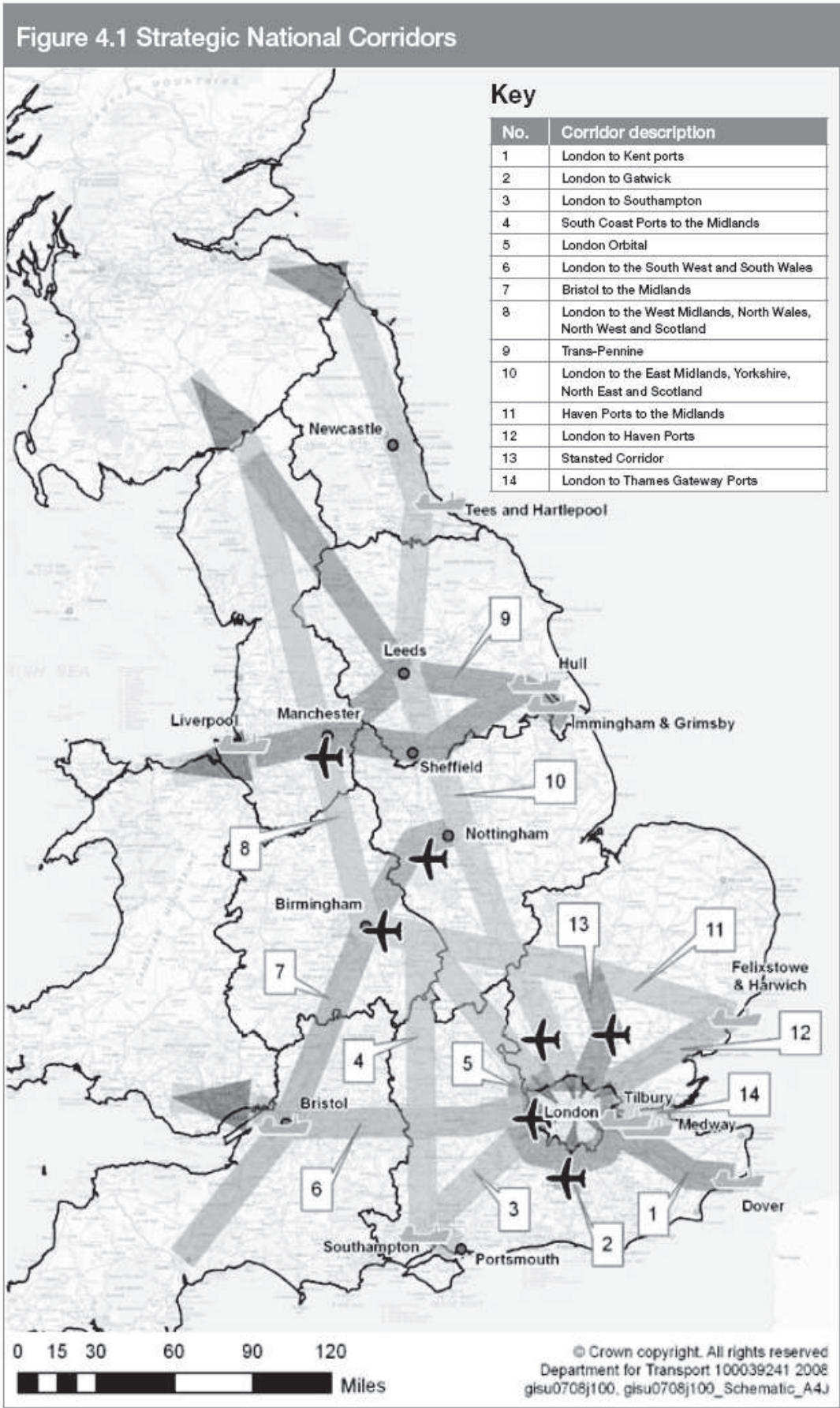
26. The Marine and Coastal Access Act 2009 is not an isolated case of legislation giving rise to barriers to investment. The Carbon Reduction Commitment, for example, has placed a liability on ports to pay for the carbon emissions of port tenants over which they have no direct control and the industry is worried about slippage in the Government’s commitment to address this issue. The UK ports industry also continues to face threats of poor legislation flowing from the EU. At the moment the EU Concessions Directive and potential for a Port Services Directive are both causing serious concern. By imposing sclerotic bureaucracy on the sector, both initiatives threaten to undermine the flexibility and competitiveness of UK ports.

27. There are a number of generic measures which can be taken to help begin to tackle regulatory barriers to investment over the long term. It is clear, for example, that changes are needed to the way in which Government carries out its impact assessments of proposed new legislation and regulation, which should not be regarded as just “tick box” exercises. Some useful aspects to improving impact assessments might include:

- The estimated costs and benefits of new regulation should be weighted to reflect the degree of certainty around the data or evidence upon which they are based. There is a need for sensible caution about monetised valuation of intangible benefits.
- There should be an expanded and formalised opportunity for industry and other stakeholder representatives to directly support ministers by interrogating impact assessments before they are finally signed off. Present consultation arrangements do not allow for adequate scrutiny of impact assessments’ provisional conclusions.
- There should be a requirement for Government to ask stakeholders identified in an impact assessment to publicly record whether they agree or disagree with its conclusions, citing any supporting evidence.
- Impact assessments should be signed off by all ministers where new legislation or regulation will impact their areas of responsibility, not just a single minister from a particular sponsor department. This is one way of cementing proper cooperation and coordination between government departments and securing effective joined up government.

28. In terms of tackling regulatory barriers to investment by improving the delivery of regulation, one of the most important measures is to fully recognise the shared responsibilities of both government and applicants within the marine and harbour consents process. At the moment, applicants are charged by the MMO to cover the full cost of the consents process and are expected to deliver the correct information to the MMO in a timely manner. If an applicant has complied with these obligations it would be reasonable for the MMO to refund the costs of the application if the MMO does not deliver a decision by a mutually agreed deadline. Paper performance targets without any material sanction in the event of failure are not the most effective driver for improving efficiency and raising levels of customer service.

⁵ See “Marine and Coastal Access Act 2009: Impact Assessment”, Defra (2010)



Written evidence from The Port Of Tilbury (PA 11)

1. The Port of Tilbury (the Port or organisation) welcomes the Transport Committee's decision to inquire into the Government's policy and provision for access to ports.

SUMMARY

2. The Port is well positioned to access the M25 orbital motorway and the rest of the UK's national motorway network. In addition, there are direct rail connections within the Port with access to the whole of the UK (20% of all the Port's across the quay goods are moved to and from the Port by rail).

3. In the recent past, the Port has made substantial financial investments to improve and enlarge facilities to cope with projected growth forecasts.

4. The Port wholeheartedly supports the findings of the Department for Transport (DfT) Eddington Transport Study 2006 and "Delivering a Sustainable Transport System" report and believes the analysis still provides the correct basis for prioritising future public investment in transport infrastructure.

INTRODUCTION

5. Owned by Forth Ports Ltd, the Port is one of the UK's largest ports and covers 344 hectares along the River Thames with a diverse mix of operations. The Port and its customers employ 3,500 people and have 34 operational berths.

6. As the members of the Committee know from their recent visit to the Port, Tilbury is the UK's leading port for handling paper and forest products; home to Britain's largest grain terminal; the third biggest container operation in the country with a thriving cruise terminal facility for Baltic and northern European destinations; and has a strong position in bulk commodities and construction and building materials.

7. The Port is London's major port providing fast, modern distribution services for the benefit of the south east of England.

8. The Port is undergoing a transformation to cement its position with the acquisition of Tilbury Container Services (TCS), January 2012, and the following merger of TCS with Port's short sea container operation to create London Container Terminal. The new operation builds upon TCS' significant north-south reefer trades, primarily South America and South Africa, a number of other deep sea trades, and short sea business with Continental Europe and other UK coastal feeder locations like Grangemouth.

9. Building upon the success of the organisation's port-centric philosophy, the Port is also enlarging the port estate. The London Distribution Park (LDP) is a fully consented project that will see the expansion of the Port's warehousing, logistics and haulage facilities on a 30 hectares site, creating over 1,100 new jobs. A key factor in the selection of the area north of the port estate was the need for close proximity to the Port for support services such as road and rail haulage in order for the supply chain to be as seamless as possible.

10. Even with the recent economic downturn, the Port believes the DfT's Eddington Transport Study 2006 and the DfT's "Delivering a Sustainable Transport System", November 2008, analysis still provides the correct basis for prioritising future public investment in transport infrastructure to help further stimulate growth.

What should be the priorities for improved access to ports, and why?

11. The recent economic downturn and weakened demand have had an impact on volumes across most trades. In spite of this short-term dip in demand, all credible tonnage forecasts show substantial growth in trades (ro ro, container etc) from the present to 2030.

12. With returning consumer demand and port volumes increasing there needs to be long term planning to ensure continuous improvements are made in the national and local transport network.

The Government's priorities (at all levels) should be to ensure that the UK transport network:

- recognises ports as key gateways for UK trade;
- provides sufficient capacity in the right places;
- is properly maintained and efficiently managed;
- is underpinned by stable planning and financing regimes; and
- is based on long term strategies.

13. The development of a Strategic Rail Freight Network, electrification infill of sections of the rail network and all efforts to alleviate road infrastructure pinch points such as the 2012 Autumn Statement M25 Junction 30 announcement are welcome.

14. One project that deserves to be elevated to the top of the agenda is the urgent need to address the lower Thames crossing (Dartford). The congestion in-and-around the crossing effects traffic to and from Dover, the Medway ports, existing operations at ports along the Thames and, in the not too distant future, new operations

at DP World London Gateway. Logistics firm, Maritime Transport, has estimated that the cost to them from queuing at the Dartford crossing amounts to £8 per truck movement in either direction.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

15. The Port does not believe that the delay in the production of the NPS for road and rail networks is creating problems for improving access.

16. Competing demands and finite funding mean that the industry is always at the hands of the decision making process. The Port, therefore, hopes that decisions on connectivity to the UK's ports will be guided by the principles listed above.

Are there any regulatory barriers to investment in ports? What could and should be done about them?

17. The designation of Marine Conservation Zones (MCZs)—a process led by Department for Environment, Food and Rural Affairs (DEFRA)—has the potential to dissuade inward investment. Ongoing uncertainty, around the extent of the designation process and what the designations will mean in practice is creating a barrier to trade.

18. The Port welcomes the Government's decision, December 2012, to further study the impact of the proposed Thames MCZ given the concerns raised by river terminal operators (DP World London Gateway, Tate & Lyle *et al*) about the impact on economic activity.

19. In 2013, as the framework is progressed for the remaining 100 proposed MCZ sites, the Port hopes that, at the very least, more selective "zoning" of habitats essential to species' health and viability is sought to avoid any further commercial blight. The "potential" blanket designation of 58 miles of Thames would, as currently described, be disastrous.

January 2013

Written evidence from Harwich Haven authority (PA 12)

This response is made on behalf of Harwich Haven Authority (HHA), a Trust Port established in 1863 by Act of Parliament and with statutory responsibilities for the protection, regulation, maintenance and improvement of Harwich Harbour. Its primary concerns are the provision, maintenance and development of access to The Haven, safety of navigation and the protection of the environment. HHA's geographical area of responsibility covers some 150 square miles including the River Stour, lower part of the River Orwell, Harwich Harbour and its approaches up to 12 nautical miles seaward.

HHA is considered by Government to be a Strategic Authority with responsibility for a major UK trade gateway which includes the largest operational container facility in the UK, major facilities for the handling of passenger and freight ro-ro, and the third largest cruise call location in the UK, and with consent secured for additional significant container port development—all of this providing a significant contribution to the local, regional and national economy.

KEY POINTS

1. Ports are not solely reliant on critical road and rail infrastructure. Ports, by their nature of being the interface between land and sea, are as equally reliant on critical navigation channel infrastructure and this essential link should not be overlooked.

2. The Harwich Haven is one of the most important and strategic trade gateways for the UK and development of marine access at The Haven over the years has been a major contributor in building and maintaining that strategic capability. As ship size continues to increase, improvement of navigational access will remain crucial to the UK.

3. Funding of marine infrastructure has historically been borne by the industry through the regime of harbour dues. HHA has in the last two decades invested some £60 million on improvements to marine infrastructure and remains alert to the need to constantly look ahead as to when further developments could be required.

4. Planning processes and timeframes are as important to marine infrastructure development as they are to road, rail and to ports, themselves. Further emphasis needs to be placed on this critical planning aspect such that ports and their related and essential links are able to respond to the dynamics of the shipping world where it still remains possible to design, order, build and delivery into operation new and larger vessel designs in under three years—far faster than the timeframes experienced to secure and deliver road, rail, port and marine infrastructure.

5. Investment in marine infrastructure, as with both road and rail, provides investor and market confidence. The time (and cost) of getting goods to market influences the route to market. A level playing field is of high

importance in a market led sector where inconsistent or inappropriate use of funding, especially public funding, risks distorting the market.

6. Whilst a minor degree of grant funding might, on a case by case basis, be considered to be appropriate, there are real concerns that selective significant public funding of historically privately funded infrastructure would distort the market position leading to the undermining of industry funded investment and a loss of investor confidence.

7. A possible example is where BIS are understood to have made a provisional offer to provide public funding (>85% of project cost) for dredging of the Mersey. The basis for this appears to be in support of the development of a new deep-sea container facility that will be competing with other facilities in the UK including those within the Harwich Haven. This, if allowed to take place, would be a clear case of market interference.

8. Accordingly, any policy of major intervention with public funding of marine access to ports, especially when it is replacing historically industry funding, needs to ensure a level playing field. This can only be done by providing the same proportion of funding to all such marine infrastructure developments.

January 2013

Written evidence from The Commercial Boat Operators (PA 14)

WHO WE ARE AND WHAT WE DO

1. The Commercial Boat Operators Association (CBOA) is a trade association representing firms which carry cargo and provide engineering services on Britain's inland waterways. We have approximately 100 members, including associates.

2. Department for Transport statistics showed that 43.2 million metric tonnes were carried on the waterways in 2010 including the inland part of major estuaries. This is part of the 106 million metric tonnes on UK domestic waters—5% of the UK total, equal to that carried by rail.

3. In terms of distances moved, 19% of UK freight is moved by water, compared with 9% by rail. Cargoes carried include aggregates, fuel oil, grain, rice, steel industry materials and products, residual domestic waste, abnormal indivisible loads (such as large electricity generators) and bagged domestic coal.

4. Many operators' craft can carry 500 tonnes or more—taking the equivalent of 18 or more 29 tonne capacity lorries off the road.

5. Water transport can play an important role in reducing lorry traffic and thus road congestion and accidents. It is far more environmentally friendly and emits 75% less CO₂ per tonne kilometre than road haulage. It is also a better user of energy resources than rail or road (Tyndall Centre for Climate Change).

THE CURRENT SITUATION

6. In the last five years the CBOA has welcomed many Government initiatives and reports relating to the ports industry. The most significant of which has been the publication in October 2011 of the National Policy Statement on Ports. This was primarily due to the recognition given and emphasis placed within the Policy Statement to the role the commercial waterways network can play in assisting the development of the UK's ports industry.

7. The UK's commercial inland waterways link many of England's centres of population (Leeds, York, Sheffield, Nottingham, Worcester, Manchester and London) to coastal ports and provide a greatly underused conduit for freight transport.

8. Unfortunately we have not seen a significant rise in the tonnages carried via inland waterways to coastal ports. Although we believe that the potential remains and the inland waterways should have an increasing role to play in ensuring that the UK port sector continues to contribute greatly to our national economy.

9. This is due to a general lack of a collective approach from the plethora of stakeholders who are required to act to achieve the stated aim of facilitating modal shift onto the commercial waterways.

10. The freight carrying potential of the inland waterway network is compromised by a lack of ownership at all levels of government.

11. While the Department for Transport is responsible for freight policy, it is the Department for Environment, Food and Rural Affairs who are ultimately responsible for the Canal and River Trust and the Department for Communities & Local Government who are responsible for the planning process.

12. Due to the length of our commercial waterways no one Local Authority is responsible for facilitating freight carriage on any particular waterway and in fact we find that along the length of a waterway the local authorities sometimes have very different, often conflicting policies relating to inland waterways.

13. With the establishment of the Canal and River Trust (CRT) the Government has freed up the navigation authority from public control and put it firmly in the hands of the Trust's "members". While the CBOA has welcomed this initiative it is still fearful that again facilitation of inland waterway freight carriage will drift to the periphery in this new organisation.

WHAT NEEDS TO BE DONE

14. The "call for evidence" posed a number of questions the first of which is "What should be the priorities for improved access to ports, and why?"

15. The CBOA believe that the Government should consider how it might encourage port authorities that are connected to commercial waterways to take responsibility for promoting and an active role in encouraging the greater utilisation of the linked commercial waterways for onward carriage of goods landed in their port and vice-versa.

16. We would hope that an increase in goods carried to and from a port via the waterway network would reduce traffic congestion in and around the port, which we are sure would be welcomed by shippers and local residents alike.

17. The third question asks "How satisfactory are the current and proposed decision-making structures, including Local Transport Boards".

18. Unfortunately as inferred above due to the fact that commercial waterways flow through many local authority areas we do not believe that the current or proposed decision making structures are best-placed to assist in realising the freight carrying potential of our commercial waterways.

19. There is no doubt that Local Enterprise Partnerships (LEP's) have a role to play in facilitating the greater use of the commercial waterway for the carriage of freight in their area but we have a fear that without unequivocal guidance from central government and the establishment of national oversight all we will end up with is a greater fragmented landscape than we presently have.

20. We have to ask, who is going to ensure that all stakeholders (Government Departments, Local Authorities, LEP's & CRT) act together to encourage the development of inland waterway freight along the length of any commercial waterway?

21. The fourth question asks "To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?"

22. We would wish to highlight that consideration should be given to the cost benefits of any future investment in infrastructure. We believe it is proven that while the freight carrying potential of the commercial waterways is not yet reached that potential can be increased further should there be targeted investment in inland waterway infrastructure.

23. The widening of a lock on the River Trent or the raising of a bridge on the Aire & Calder may not require significant investment; it may however increase the size of vessel capable of navigating the length of a commercial waterway. Thus increasing the potential tonnages transferred from road.

24. The final question asked is "How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?"

25. The CBOA believes that current assumptions regarding modal shift should be reappraised. There is a desperate need for considered approach to be taken and a truly independent freight survey carried out which identifies what the potential is and what if any barriers exist to realising that potential.

26. Inland waterway freight has long been the forgotten mode and unless this specific package of work is undertaken and the potential quantified and communicated the assumption that it is a transport mode of yesteryear will persist.

27. We have seen on the continent how inland waterway freight plays a significant role within the ports industry why not here.

28. As well as the aforementioned policy driven steps there are some practical steps we would advocate should be considered. The first being that many of the commercial waterways are tidal and (especially in the case of Immingham) carry restrictions on craft in terms of construction, equipment and manning. We would ask that these restrictions be reviewed and eased if this can be done without compromising safety.

29. Furthermore there are ports that charge inland waterway craft owners for access to dock waters yet do not charge road vehicles for use of the internal road system this we believe should also be reviewed as it is clear that it has created an uneven playing field between modes.

30. To conclude, while the Port Authorities themselves must take some responsibility, the Government whether that be central or local must also be at the forefront to ensure that inland waterway freight carriage plays its part in a truly integrated and sustainable freight carrying transport system.

January 2013

Written evidence from DB Schenker (PA 17)

1. DB Schenker is pleased to submit evidence to the Transport Committee's Inquiry into Access to Ports.

2. DB Schenker is the largest UK rail freight operator. DB Schenker moves around 70 million tonnes/ 10 billion tonne kilometres of freight a year and employs over 3,000 staff in Great Britain. Besides transporting coal for electricity generation, steel and petroleum, we move stone, deep-sea containers and operate international freight services through the Channel Tunnel in connection with the European Network of DB Schenker. DB Schenker is wholly owned by Deutsche Bahn AG, the second largest logistics provider in the world.

3. Rail freight and ports are inextricably linked, with over two thirds of all UK rail freight having some relationship to ports (and for the purpose of this evidence, we will treat the Channel Tunnel as a port of entry to the UK). This includes:

- (a) Intermodal traffic to and from the major deep sea ports.
- (b) Intermodal and general cargo via the Channel Tunnel.
- (c) Bulk products such as coal, steel and grain imported to, and exported from, the UK. This includes raw materials as well as finished products.
- (d) Marine dredged aggregates being landed at wharfs, and coastal shipping of aggregates from remote superquarries.
- (e) Petroleum products being brought ashore by pipeline for refining and subsequent movement by other and also the more traditional bulk traffics, operating from a wide range of ports to inland destinations across the country.

4. Historically ports have had extensive rail infrastructure, although in many cases this has become run down or disused except for specific cargoes or sections of ports. However In recent years there has been some reversal of this trend with significant investment in:

- (a) port rail infrastructure and equipment, for example at ABP Immingham; and
- (b) the UK rail network in relationship to ports with the Government's investment in a Strategic Railfreight Network. The continued further investment from Government in last summer's High Level Output Specification is also welcome.

5. However, as the development of the Strategic Freight Network shows, there remains a major task to ensure that appropriate rail infrastructure (in terms of capacity, capability in terms of gauge clearance and diversionary routes) is in place to and from ports and as efficient as necessary to deliver for UK economic needs.

What should be the priorities for improved access to ports, and why?

6. *Further development of the capacity and capability of rail routes from ports—and the links with the major UK rail network—to provide network capability:*

Continued development of the Strategic Freight Network with a particular focus on:

- (a) Main rail routes to ports to improve loading gauge and enhance capacity.
- (b) Diversionary rail routes to facilitate 24/7 access between ports and destinations.
- (c) Protection of rail freight capacity, especially to cater for future growth. This should also include capacity freed up by the development of HS2, which could be used by freight.

7. *Further investment in rail connected facilities on ports, to provide appropriate connectivity:*

- (a) Warehouses.
- (b) Terminals and loading/unloading facilities.
- (c) Yards and wagon storage sidings.
- (d) Roads and other connecting infrastructure to assist modal transfer.

8. *Electrification of rail freight facilities in the longer term, to allow electric haulage of freight trains to realise environmental and capacity benefits:*

- (a) Main and diversionary network routes.
- (b) Yards and lines within port complexes where practicable.
- (c) Shunting capability to move wagons from electrified exchange sidings to and from loading/unloading facilities.

9. Developing the supply chain for the movement of biomass:

With the Energy Bill set to become statute later this year, many electricity generators are looking to biomass as a way of substituting for coal fired generation. Drax and Eggborough are among sites looking to convert some, or all, of their units, once the precise details of the Renewable Obligations Certificates (ROCs) tariffs are confirmed. Biomass will need to move by rail from the ports to the power stations, and there are some challenges to be overcome to establish this.

10. Biomass can be moved in existing rail wagons but they need to be converted to ensure that the product stays dry. There is also a need to invest in loading and handling facilities at the ports and power stations. Although the majority of this could be funded in the private sector, this must be supported by a stable framework from Government, both in confirming the ROCs and also in setting freight access charges. ORR are proposing to consult on charges for biomass shortly, following their recent conclusions on freight specific access charges. It is important that rail access charges do not act against developing this market, either by their actual level, or by the risk of future increases which could act against the case for investment.

11. Biomass trains will also need to be managed carefully on the network, as, unlike coal, it is not suitable for stockpiling and services will be more akin to “just in time” deliveries. Biomass is less dense than coal; as a result trains may need to be longer and more trains may be needed and further investment in the rail network may become necessary.

12. Channel Tunnel:

The reasons for the chequered history of rail freight volumes through the Channel Tunnel are well known, but the level of tolls and other Channel Tunnel charges remain a major impediment to the development of Channel Tunnel volumes.

13. Establishing the necessary inland terminals to handle intermodal and retail sector commodities:

Rail freight cannot grow and drive modal shift from road unless there are sufficient and suitable inland terminals for onward distribution of goods. Private sector funding is readily available to develop these, but such developments are complex and require support in the planning system.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

14. The National Policy Statement for National Networks (NPS), which is required under the Planning Act 2008 underpins the planning regime for nationally important infrastructure. Specifically, and most importantly it should provide the national justification and need for infrastructure, leaving developers to justify only why their specific development is appropriate under that framework.

15. This NPS is particularly relevant for the development of strategic rail freight interchanges. DfT and DCLG did issue helpful guidance in November 2011, but this has no statutory weight and, in a planning application, would command less weight than documents such as local plans. Developers are therefore in a difficult position if proceeding with applications under the Planning Act without the underpinning documents.

16. Whilst it is possible to proceed without the NPS, the additional uncertainty is unhelpful. The Planning Act regime whilst an improvement on the previous regime, is expensive particularly up front, and requires significant time and investment, and developers need to consider the risks against other potential investments in the UK and elsewhere. We would therefore support the publication of the NPS at the soonest opportunity.

17. The NPS might also be expected to be relevant to certain rail upgrades, although the majority can be completed under permitted development rights.

How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

18. Historically regional structures could and did play a significant role in helping to develop links to and from ports. SEEDA, in the south east, were heavily involved as a funding partner in making the case for gauge clearance from Southampton, and there are similar examples elsewhere.

Funding from One North East, which has now been abolished, is being used to part fund gauge clearance to Teesport with the remainder being funded by the Strategic Freight Network Steering Group.

19. There is little evidence of LEP’s engaging on rail freight or on the development of transport links spanning regions and we have had virtually no engagement. This is not surprising given their lack of funding, powers and knowledge about rail freight.

20. For a national operator such as DB Schenker, it is simply not practicable to establish a meaningful relationship with all LEPs or Local Transport Boards.

21. It was easier, but still a considerable challenge, to establish and maintain relationships with (eg) RDAs.

22. We note that DfT have consulted on how funding, and decision making for sub national transport schemes might be devolved to new Local Transport Bodies. So far, we are not clear how such a move might take place, and what accountability and responsibility such bodies might have. Certainly, the need to consider regional and national links must be a requirement if suitable linkages to ports are to be progressed.

23. DfT are also considering devolution of rail franchises, eg to regional and local bodies. Such organisations could play a role in promoting rail freight and links to ports, if their remit and constitution covered this. Indeed Centro, the West Midlands PTE, has been pro-active in developing a rail freight policy.

24. However it would be important that any devolved body was able to put the requirements for rail freight into a national/international as well as local context. It is not clear to DB Schenker how readily achievable this would be. It is this balance between local impact and interest (which is real and readily apparent) and national/international interest (which is often less apparent) that is at the heart of why local authorities and bodies support rail freight in principle until some development in their area is required.

25. The fact that many of the benefits of rail freight lie outside the railway balance sheet and are not always tangible, is a further complication.

To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?

26. Experience of developing services from regional ports demonstrates that a critical factor is ensuring that there is sufficient suitable volume to justify trainload services. There is very limited scope within the UK for less than trainload rail volumes, so historically a key determinant has been the ability of a port to justify daily rail services. The need for sufficient volumes applies to both containerised and bulk traffics.

27. Investment in suitable loading and unloading facilities, and the development of rail connected warehouses by major retailers, are all essential prerequisites for further rail growth and modal shift from road. This means that ports have to continue to invest, and the private sector needs confidence to provide the inland terminal capacity. In principle there is no shortage of private sector investment funding for such schemes.

28. Government is effectively giving a lead to this process by the SFN investment. This is only available over five year periods giving the Railway's funding cycle, but represents a major improvement for rail freight funding from the historical position.

How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

29. Rail currently has a market share of c25% from Felixstowe, and closer to 40% from Southampton. The market share at Southampton has increased significantly since the opening of the gauge cleared route, which has improved train utilisation and loading. There is no reason to suppose that market share from Felixstowe should not achieve comparable levels, particularly given the investment which is expected during the next control period. Equally there is no reason why the port at London Gateway, set to open during Q4 2013, should not achieve a similar rail market share.

30. Bulk market shares for commodities such as coal and iron ore can be much higher, as the significant volumes involved make rail the favoured mode of transport. In general there are fewer growth opportunities in bulk as rail is already heavily involved.

31. In other sectors, such as steel, there are opportunities for rail growth dependent on volume throughput and the availability of suitable rail loading points.

Are there any regulatory barriers to investment in ports? What could and should be done about them?

32. The development of Biomass is the significant bulk opportunity at ports. Development of appropriate loading equipment at ports and unloading equipment at power stations, as well as supporting infrastructure and equipment such as wagons will be needed. Provided that the commercial environment established by Government is sufficient, private sector funding could be forthcoming for this.

33. The recent announcement by the Office of Rail Regulation that they intend to introduce new Freight Specific Charges from 2016 for rail freight traffics that the ORR has decided can afford them, has raised potential regulatory issues.

34. Rail freight customers, especially those who are effectively dependent on rail freight, remember with apprehension the similar pricing policy adopted by British Rail in the lead-up to privatisation in the early 1990s. Customers felt then that they were being exploited because they were seen as captive and the result was a negative environment that mitigated against growth and investment.

35. It will be important that the ORR's charges do not lead to a repeat of this environment, especially if the ORR decides to introduce a Freight Specific Charge for the key growth market of Biomass.

36. The evidence of the early 1990s was that the impact on the sector was much wider than the specific customers and commodities targeted. Customers in other sectors were apprehensive that they might be subject to future price increases that in turn might negate the anticipated return on any investments.

37. In an environment of new Freight Specific Charges, it will be important for customers in other sectors to be given the confidence that they will not be treated as captive in future Periodic Reviews. ORR has to find a mechanism to give such assurance for a sufficient period into the future that private sector investment can still be confidently made.

January 2013

Written evidence from Yorkshire and Northern Lincolnshire APPG (PA 18)

INTRODUCTION AND SUMMARY

The All Party Parliamentary Group (APPG) for Yorkshire and Northern Lincolnshire has been formed by MPs to bring together key industry, public sector and Parliamentary voices, to debate and reach some practical agreement and conclusions on the critical issues impacting on the future growth and prosperity of the region.

There are a number of major ports, critical to UK trade, located in Yorkshire and Northern Lincolnshire, the largest and perhaps most well known are those at Kingston Upon Hull, Grimsby & Immingham (the UK's largest by tonnage), and Goole.

Beyond these there are numerous smaller port and wharf facilities along the banks of both the Humber and Trent rivers (eg Howden, Keadby, Hessle and Barrow Haven, as far inland as Selby); as well as a number of harbours/landings along the North Sea Coast (eg Whitby, Scarborough, Filey and Bridlington). These remain critical to their local economies, as both active commercial operations and as important visitor economy/heritage sites. Though perhaps less significant in size and output terms, the economic linkages between these smaller facilities and the major ports along the Humber are critical in supporting valuable economic clusters and supply chains, particularly in terms of the growth potential in off-shore wind power generation and wider green, renewables and energy sectors. Such linkages are therefore being actively explored by the relevant local authorities and Local Enterprise Partnerships (LEPs) covering these localities.

It is also worth drawing the Committee's attention to the major proposal from Able UK to create a new, 819 hectare, 2.5 mile-long deep water river frontage, for port related activity along the South Bank of the Humber. The Able UK Humber Port proposal involves the possible investment of around £100 million in a combined Logistics and Business Park alongside a Marine Energy Park and over 1,000 metres of new quayside to help support the burgeoning renewable energy sector.⁶

At a meeting of the APPG on the theme of "Transport for Yorkshire" on 11th September,⁷ also attended by Louise Ellman MP, it was emphasised that the Transport Select Committee should hold a full Inquiry into the country's ports infrastructure, given the enormous importance of ports for both the existing and future economic success of Yorkshire, Northern Lincolnshire and the wider UK. The APPG is therefore delighted that this inquiry into "Access to Ports" is being held.

This submission, on behalf of the APPG, does not aim to address all of the specific questions posed by the Committee in detail (more detailed submissions have been provided by organisations such as Hull City Council and Associated British Ports, for example). Instead it draws upon the recent discussions amongst MPs and stakeholders, to reinforce the importance of the region's ports infrastructure. It also emphasises the considerable untapped potential to expand these ports further, to generate the growth and jobs so urgently required in the current economic and fiscal climate; as well as to actively support the positive rebalancing of the UK economy, away from financial services, for example, and the over-heated London and the South East, towards a model of advanced manufacturing-led growth and employment generation. In this regard, greater Government support for ports expansion would address directly the priorities of the Coalition Government's blue-print for growth, as set out in their Local Growth White Paper.⁸

By Government working more effectively, across Whitehall Departments—DfT, DECC, BIS, DWP and DCLG all have a stake in this agenda—it will be better able to support the vital role of Yorkshire and Northern Lincolnshire's ports in boosting local economies, enhancing connectivity, expanding inward investment and increasing export-led growth. Such greater co-ordination and support from Government would be instrumental helping local economies to grow themselves out of a downturn that is impacting disproportionately across the North.

It will also be important for the Select Committee's inquiry and final report to reflect the unique potential for an uplift in ports capacity in Yorkshire and Northern Lincolnshire, to support multi-million pound investment in critical sectors such as renewables—the economic and employment benefits of which risk being lost to the rest of Europe without clear and co-ordinated Government strategy and support.

⁶ For more information see www.ablehumberport.com/index.htm

⁷ For full report see www.lgyh.gov.uk/dnlds/Microsoft%20Word%20-%20Report%20and%20recommendation%20YNLAPPG%20Inaugural%20Meeting%20-%20final.pdf

⁸ See www.bis.gov.uk/assets/biscore/economic-development/docs/lcm7961-local-growth-white-paper.pdf

What should be the priorities for improved access to ports?

- Firstly, it must be emphasised that the economic impact of UK ports as a whole is highly significant. A recent study has assessed that the sector directly employs 117,000 workers; contributes £7.9 billion to UK GDP; generates £2.0 billion in tax receipts to the UK Exchequer⁹ and generates large multiplier impacts.⁹
- The “Humber Ports” form the UK’s largest ports complex, handling 16% of all England’s sea freight and exporting more goods to Worldwide destinations than any other UK port complex. The Humber Ports play an important pan-regional role, providing access for general cargo to the Northern Continent, Scandinavia and the Baltic; and the hinterland of the Ports extends far into the Midlands, Scotland and into the South East.
- The Humber Ports are also in a unique position to become the primary English hub for the manufacturing, installation and servicing of offshore wind turbines. For this reason the Humber Ports have been designated as one of five Centres for Offshore Renewable Engineering, with local partners working with Government to unlock barriers to growth.
- Whereas the traditional growth driver for the Humber Ports has related to coal, the critical economic growth driver for the future will be the development of the offshore wind industry and wider specialisations around the energy and renewables sectors, with the Humber Ports constituting England’s—and possibly the UK’s—largest cluster.
- Given these clear and unique economic benefits—both for Yorkshire, Northern Lincolnshire and the rest of the country—the issue of enhancing access to the ports is fundamentally important, with particular focus needed on improving road and rail links that will unlock their full growth potential (ie not just traditional ports-related activity), support the rebalancing of the UK economy, and at the same time recognising the critical role of ports in facilitating low carbon, secure and renewable means of power generation.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access?

- The role of National Policy Statements in providing strategic and integrated direction for the use of scarce public resources in the field of transport can be extremely important. For vital investment projects to generate the full employment and economic prospects they promise (and which are so badly needed locally), it is critical that wider public sector infrastructure investment can be effectively targeted and aligned.
- In this regard it is also important for potential road and rail investment schemes to be measured in terms of their economic benefits, not simply in terms of local traffic flow, congestion, journey times etc. The National Policy Statements must address economic growth benefits directly, if they are to go on to inform the right kind of investment decisions that will support local communities.
- It is known that potential major foreign investors investigating sites for new developments in the renewable energy off-shore wind sector have expressed concern, for example, about the poor quality of rail services (frequency, running speeds and reliability) between potential investment sites and international airports. This highlights the need for public investment to be targeted towards integrating road and rail schemes that recognise their central role in driving economic growth, and which also reflect directly the most important local priorities.
- A number of particular road and rail improvement schemes across Yorkshire and Northern Lincolnshire are being seen as important for the National Policy Statement to make specific reference to—this is not an exhaustive list, but they include:
 - The upgrade of the A63/Hedon Road/Castle Street connection to the Port of Hull.
 - Increased rail capacity to accommodate biomass traffic from Immingham to the region’s major power stations, such as Drax.
 - Rail gauge enhancements to increase rail’s share of container traffic.
 - Electrification of the Hull to Selby and East Coast Mainline links further west, to join with the confirmed Cross Pennine electrification.
 - Improved rail and road (A64) capacity from York and Leeds to the Yorkshire Coast.

How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

- Most of the major transport links to Ports are either the responsibility of the Highways Agency or Network Rail and therefore fall outside the formal remit of any Local Transport Board (LTB). Nevertheless, robust LTB proposals are being worked-up across Yorkshire and Northern Lincolnshire, whose priorities will, inevitably, encompass such strategic transport issues. It is seen by industry as important that LTBs have a focus on both freight and passenger transport.

⁹ The economic impact of the UK Maritime Services Sector: Ports, a report for Maritime UK, December 2012, Oxford Economics

- There is a view, however, that the proposed funding to LTBs is likely to be of a scale too low to seriously address the fundamental problems of poor access to ports. For example the Humber Local Transport Board is expecting to receive in the order of £20 million to spend in total, across four local authority areas over a four year period (2015–19). The scale of the rail investment required across the north Humber area alone is around £100 million.

To what extent can investment in road and rail infrastructure influence the market and regional decision-making?

- Evidence provided by the UK logistics industry demonstrates that one of the core areas in which Government can play a significant part in increasing the productivity of UK industry is to improve the longer term capacity, performance and resilience of congested road and rail networks and, in doing so, also improving connectivity to ports.¹⁰
- However, the overall lack of major investment in transport capacity in Yorkshire and Northern Lincolnshire, despite a range of innovative and bespoke alternative solutions being adopted, is causing strain on an already “highly stressed” part of the network. Peak hour capacities have already been reached at key junctions, leading to delays, congestion, air pollution and traffic spreading. For investment and growth to occur—which is particularly pressing when considering Hull’s JSA claimant rate of over 8%, for example—a long-term solution is now required which needs to deal with historic underinvestment the need for major new road and rail infrastructure.
- In general transport investment terms, it should be noted that, between 2005 and 2011, Yorkshire and Humber received just 7% of total Government transport investment, averaging at £239 per person. This can be compared to £915 per person in London and the South East, which received 48% of all investment.¹¹ This long term disparity in investment needs to be turned around, particularly when considering the unique growth potential and capacity presented by the ports in this region.

Are decisions on port development taking sufficient account of the traffic generated by ports and associated development needs?

- Decisions at the National level may also need to recognise the potential for the Humber Ports to offer shorter, faster, more efficient, direct and convenient links from the North to much of northern Europe and Scandinavia, thereby relieving some of the pressures around the highly congested Channel Ports routes. It is seen that this could be achieved with relatively modest investment and negate the need for further, more expensive infrastructure investments in the South East. It could also deliver national economic and environmental benefits by reducing transport costs and vehicle emissions. It would be helpful for the Committee to question DfT on how it is approaching such issues.

How realistic are current assumptions about rail’s modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

- In order to achieve the potential for growth in rail freight to/from the Ports in Yorkshire and Northern Lincolnshire, gauge enhancements are needed to allow the carriage of deep sea containers. Feedback from stakeholders suggests, however, that Network Rail’s business cases are constrained by considering primarily existing users. It is felt that some degree of speculative investment, based on a more strategic approach, is likely to attract more investment.
- A specific example where rail freight capacity needs to be addressed is connecting the Humber Ports to the region’s major power stations, so that more biomass can be moved by rail. Drax, for example, is planning to fully convert three of its six boilers to 100% biomass in 2013. Eggborough Power Station has similar plans, with total extra capacity around the region able to accommodate an additional 5,000 trains per year by 2020—around a 50% increase. There may even be a role for inland shipping in this regard.
- Taking freight off congested roads and moving it by rail or water can be more expensive. To help address this DfT runs two schemes that encourage the use of water (or rail) transport instead of roads: the Mode Shift Revenue Support scheme and Waterborne Freight Grant scheme (worth around £19 million per year). They rely on bids from businesses considering using waterborne transport; however, they tend to direct funding towards existing firms in established locations, based on road networks. A shift towards an “incentive” scheme, targeted more closely at the “location decision” stage for new business would be welcomed. Information and awareness of these schemes is also often lacking, with funding levels not seen as generous. It would be helpful for the Committee to press DfT on its plans for enhancing these schemes and maximising take up.

January 2013

¹⁰ The Logistics Growth Review—Connecting People with Goods, DfT, November 2011

¹¹ Source: Public Expenditure Spending Analysis 2010, HM Treasury (table 9.8e)

Written evidence from Port of Tyne (PA 20)

What should be the priorities for improved access to ports, and why?

KEY POINTS

Efficient and effective connectivity to the Port of Tyne is a key success factor and this applies not only to sea but also is provided by road and rail.

Ports should be viewed as akin to process industries, to which to and from journey time reliability is critical. When times are unpredictable, hauliers are forced to allow for this uncertainty, wasting time and may arrive earlier adding to queues or parking in holding areas outside the Port.

Port traffic is typically medium and long distance (meaning that, whilst the costs of congestion converge on the immediate Port neighbourhood, benefits are widely dispersed). Pinch points should be addressed, taking account of total journey time benefits at the wider network level.

Efficient and effective connectivity to the Port of Tyne is a key success factor and this applies not only to sea but also is provided by road and rail.

The Port of Tyne has contributed to the “North East Business Transport Priorities” document which has been co-authored by the North East CBI and the North East Chamber of Commerce and transport developments proposed should also be seen in the context of this document.

The following requirements in respect of road, rail and sea connectivity are based upon the “North East Business Transport Priorities” document but with added detail in respect of rail and sea connectivity.

ROAD

Immediate (now being progressed):

- Junction improvements on A1 Western By-Pass.
- Continuation of previous government’s scheme to upgrade A1 Barton to Leeming.
- Improvements to the A19 junctions with the A689 and A174.

Short Term:

- Removal of roundabouts on A19 on either side of Tyne Tunnel.
- Improved road access to Port of Tyne. Improvements to road infrastructure in the immediate vicinity of the Port should be seen as a priority, in particular the dualling/realignment of the A185 which connects the A19/Tyne Tunnel with the Port and is an essential gateway to the borough of South Tyneside.

Medium Term:

- Alterations to A1 junctions with A194 (& A184) & A19 to create Tyneside ring road.
- Upgrading of A1 Western Bypass (three lanes N & S).
- Improvements to A19/A1231 Junction.

Long Term:

- Dualling of A1 North to Scotland.
- Dualling of A69 to M6.
- Adding third lane to A1(M) Southwards.

RAIL

The most economic use of rail capacity requires careful consideration—especially where networks are congested and have a vital trade and economic development role to play in serving Britain’s ports. The use of scarce train paths for freight and passengers should be balanced. Where there is a demand for more freight use than the supply available, the alternatives are transfer to road (environmental dis-benefit), increased night time running or failure to meet industry needs (loss of jobs). There may be more flexibility in the options for catering for rail passenger traffic. A holistic approach is advocated.

Rail capacity is crucial for cargoes being transported to or from Port of Tyne and must be increased to facilitate the capture of market growth opportunities that already exist today.

More than 80% of the cargo handled by the Port is currently loaded on to rail for onward transportation (predominantly coal and wood pellets bound for Yorkshire and beyond). The Port has an opportunity to expand this business stream significantly and requires major investment in rail infrastructure to fully exploit the opportunities. These improvements are required at local, regional and national levels:

Local:

- Doubling of both Boldon East and Boldon West Junctions:
 - Increased wood pellet and coal traffic, via both Durham Coast route and Pelaw/ECML, means these junctions are now becoming bottlenecks. Investment is required to dual these lines in order to improve capacity.
- Loop on Tyne Dock branch:
 - A loop on the Tyne Dock branch between the Network Rail boundary and Boldon North Junction is needed to support the increase in all traffic out of the Port.
 - Re-instatement of a rail line into the Port's north estate to facilitate seaborne trade opportunities on the north bank of the Tyne.

Regional:

- ECML capacity—Leamside Line re-instatement:
 - With predicted increases in wood pellet traffic out of the Port (the Port is currently investigating the potential for investing in new handling facilities) even more capacity is needed than the ECML and Durham Coast route can offer. The re-opening of the Leamside route (Pelaw Junction to Tursdale Junction via Washington and Penshaw) will be needed to handle northern ECML freight heading south, freeing up paths on the ECML for Tyne Dock traffic heading south via Birtley.

National:

- East Coast Main Line (ECML) capacity:
 - The Port supports all proposals for creating more capacity for freight traffic along the ECML to facilitate the movement of additional freight into and out of the region. As far as is possible, a stand-alone strategic freight network is the preferred option and the rapid expansion of wood pellet traffic, in volumes not previously anticipated, must be catered for urgently.
- Additional signals between Milford Junction—Knottingley—Drax:
 - One of the most serious bottlenecks for coal and wood pellet rail traffic in the north of England is the section of route from Milford Junction via Knottingley to the Aire Valley power stations. Currently, there is likely to be insufficient capacity to cater for the increased wood pellet traffic required at Eggborough and Drax (each important customers of the Port) for co-firing with coal thereby hindering the Port's ability to compete with more southerly ports.
 - Additionally, Network Rail is continuing to develop a freight network with a W10 (2.5m width) loading gauge capacity. The current delivery period will bring this level of capacity (W10) for Teesport and Port of Tyne to Scotland thus boosting capability to move freight. This will connect with W10 routes to Felixstowe, London Gateway, the Midlands and Southampton.

Sea:

Efficient and effective connectivity to the Port of Tyne is a key success factor and this applies not only to sea links, but also to those provided by road and rail as outlined above.

As a tidal river, the Tyne requires planned maintenance dredging to maintain the depths required to accommodate today's shipping. The Port of Tyne recently completed a capital dredge programme (£5 million) to deepen the water at its own berths and in the channel to a level of 13 million, the deepest it has ever been. If this is maintained, the Port will continue to be able to accommodate 86% of the world's cargo ships. However as demand to accommodate large scale, fully laden vessels increases, the Port will look to dredge deeper its own berths.

River estuaries, vital to ports, are typically public goods. The costs of upkeep are often met by the ports but the benefits are wide and cannot be ring-fenced. Maintenance dredging is a case in point—the Port of Tyne pays—a wide range of industry benefits.

Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

Delays are not helpful. Certainty in long term planning will boost private sector confidence. All efforts should be made to do everything to create the most positive environment for new investment and encourage our initiatives in growth sectors (such as renewable energy support).

PLANNING

A stable and responsive planning system is crucial to attracting investment. The spirit of the recent changes through the Localism Act 2011 to the Nationally Significant Infrastructure Projects (NSIP) system and the publishing of the National Planning Policy Framework are welcome. As the Port brings forward renewable energy developments, public bodies will need to work together with the Port to achieve its aspirations.

We do not feel that a delay in producing a NPS for National Road and Rail Networks is creating problems for improving access to ports, but it does impose delays on decisions for transport funding. Spending for transport remains stable, therefore the maintenance of roads is likely to be reduced. The maintenance of roads is crucial for ports.

How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

RENEWABLE ENERGY-RELATED INVESTMENT

Clear, long-term national energy policy is crucial to help the region capitalise on the UK's drive to decarbonise with all the associated economic benefits.

It is imperative that the Government maintains a stable regulatory and fiscal environment to allow businesses like the Port to attract inward investment—whether large scale offshore wind manufacturing to service Round 3 opportunities, or providing enough capacity for power generators who require expertise in handling and storage of the new renewable fuel, wood pellet.

Now the Renewable Obligation Certificates regime has been set in the short-term, the Port hopes that the Contracts for Difference regime contained in the recently published Energy Bill will provide further long-term stability to encourage capital investment.

SULPHUR EMISSION CONTROL AREAS

The International Maritime Organisation has adopted new regulations to reduce drastically the amount of sulphur emitted from ships in Emission Control Areas through new regulations coming into force from 2015.

These regulations will see an increase in fuel costs of up to 87% for ships operating off the southern and eastern coasts of the UK. It is feared that for many freight and passenger shipping companies this cost will be too great to bear and routes could be put at risk. If routes do close, or if the increase in costs is passed on to customers, the consequences for jobs and growth could be profound, not just for shipping companies and ports, but to all those factories, warehouses and plants that rely on ships operating from their local port to move their goods.

At a recent EU Transport Council of Ministers meeting on 20 December 2012, the Government sought to create a coalition in the pursuit of temporary and defined exemptions from the sulphur limits, including some routes to and from the Port. The Port supports this initiative.

RAIL FREIGHT ACCESS CHARGES

The Office of Rail Regulation has announced a new package of charges for freight operators to access the rail network, to be introduced from 2016.

The decision means that the variable access charge, paid by all freight traffic, could increase by over 20% on today's level. Certain commodities (coal to power stations, spent nuclear fuel and iron ore) will also pay the predicted "freight specific charge" phased in between 2014 and 2019. A decision on charges for biomass traffic has been deferred pending further consultation.

From the Port of Tyne perspective both charges are creating uncertainty in the respective markets that these cargoes serve and also are likely to negatively impact the Port of Tyne's competitive position.

The decision will make the structure of charges complex and is disproportionate in terms of the likely revenue raised. It could place rail freight at a further structural competitive disadvantage and will inject considerable regulatory risk into sector.

OFFSHORE WIND TURBINE MANUFACTURING DEVELOPMENT

Port infrastructure development to capitalise on the opportunities associated with the manufacture of offshore wind turbines is likely to require not only the support of, but also financial contribution from Government. This needs to be made available transparently and demonstratively to secure potential inward investment.

TRANSPORT

It is too early to judge if Local Transport Boards are going to be effective. It is crucial that the Local Transport Boards stick to their ambitious timetable to secure funding.

To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?

Support of “regional” ports (outside the South) can pay social policy dividends (taking account of the shadow costs of employment generation/preservation) whilst reducing the need for more infrastructure investment in already over-heated regions (eg, the A14). We recognise the need for policy balance, supporting market demands, but equally, good quality supply of port facilities and supporting infrastructure will create its own demand in the medium term. Sea miles are environmentally more acceptable than land miles. Economic stimulus to the regions is much required; we would support a fresh look at these issues.

Are decisions on port development taking sufficient account of the traffic generated by ports and associated development needs?

In our case yes, so far. Ports need buffer stocks of vacant or semi vacant estate—to enable quick response to changes in bulk land requirements, for storage and modal transfer. Top quality water and land access links are essential. There can be pressures to develop—creating uses that may not be in the best long term interests. And ports can be subject to landside and marine-side planning laws, curbing flexibility, increasing response time and adding to their transaction costs.

Yes—there is a section measuring traffic impact in the National Ports Policy Statement.

How realistic are current assumptions about rail’s modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

Rail’s modal share has grown by a third through containers and bulk but passengers remain a priority on the congested rail network. Therefore, we do not have high expectations that rail can provide sufficient capacity for rail and freight.

Are there any regulatory barriers to investment in ports? What could and should be done about them?

PLANNING

There are barriers to development due to the planning regime and environmental constraints. S106 agreements and conditions also provide barriers to port development and investment.

The DfT “Funding Transport Infrastructure for Strategically Significant Developments” states new port developments requiring new road and rail connections would require a financial contribution from the port. This situation is unique to the UK as other countries would receive public funding.

January 2013

Written evidence from Freight on Rail (PA 23)

Freight on Rail, a partnership of the rail freight industry, the transport trade unions and Campaign for Better Transport, works to promote the economic, social and environmental benefits of rail freight to local and central Government.

1. What should be the priorities for improved access to ports and why?

As the Eddington report stated, ports, which are our international gateways, are vital for the economy so good surface access links are crucial. Ports are gateways to the freight network so improved rail freight access is key for the economy as Britain relies on rail freight to play its role in the intermodal freight solution. Between two thirds to three quarters of rail freight is port related.

As well as the traditional bulk markets, rail has an expanding role in consumer rail freight in relation to ports. Consumer rail freight increased by 11% in the past year. It grew 29% in the past five years, despite the recession, its ninth consecutive year of growth & gained market share. The industry predicts that rail freight overall will have doubled by 2030 with intermodal traffic growing fourfold or even fivefold which demonstrates the need to plan for further port related rail upgrades.

The Ports industry sees rail as a vital mode and wants more rail capacity. Rail upgrades need to be planned ahead of port expansion to build robust integrated multi-modal supply chains.

1.1 HLOS Strategic Rail Freight Network schemes should be completed asap

The Government’s recognition of the importance of continuing to upgrade the Strategic Rail Freight Network, in its July 2012 HLOS statements, welcomed by the industry, has an important role in stimulating the economy. The committed rail enhancements to the ports in the Government’s Strategic Rail Freight Network Vision (for the next Network Rail period 2014–19) should therefore be prioritised for delivery as soon as possible to provide a fast reliable sustainable alternative to road distribution which reduces road congestion at the ports and along the key distribution corridors. Currently there is suppressed demand for consumer rail out of

Felixstowe and Southampton in particular so these planned enhancements, (see list below of Network Rail period 5 schemes 2.3), are crucial to enable the rail freight operators to offer enhanced services.

1.2 Targeted interventions work

Since the gauge upgrade out of Southampton port was completed in February 2011, rail's market share has increased from 29–36% relieving long distance road congestion on the A34.

1.3 HLOS rail freight commitments Network Rail Period 5 schemes

Phase 2 of capacity upgrades on Felixstowe-Nuneaton route.

Southampton to West Coast Mainline capacity enhancements.

£200 million for the Strategic (Rail) Freight Network (SFN).

Additionally, the following projects are the main schemes which will benefit freight and passenger services:

- (i) Reconstruction of Ely North Junction.
- (ii) Leicester area capacity.
- (iii) Electric Spin—Southampton Port to Basingstoke, Basingstoke—Reading—Oxford—Banbury—Leamington Spa—Coventry.
- (iv) Capacity upgrades to the West and East Coast Mainline.
- (v) Great Western electrification.

1.4 A14 corridor example of what the planned HLOS enhancements will deliver

The planned capacity upgrades during the period 2014–19 along the A14 corridor route which will result in an increase from 29 to 58 daily trains operating in and out of Felixstowe (with rail's market share increasing from around 25% to around 40%) resulting in the removal of 40 million long distance lorry miles from the A14 corridor per annum.

The Ipswich Chord, due to open in March 2014, will allow freight trains to by-pass Ipswich station and go cross country towards the West Coast Mainline which will save two hours out the round trip thus boosting rail's reliability, productivity and competitiveness.

1.5 Next steps needed for improving rail's access to the ports

Further unplanned upgrades, such as further capacity and electrification, including infill schemes would enable the rail freight operators to continue offering enhanced services and increased productivity. Examples of enhancements needed are as follows:

(i) **Electric spine route from Southampton**

In order to be able to maximize the benefits of the electric spine, announced by the Government in July as part of HLOS, more capacity will be needed on the Oxford corridor including a flyover at Basingstoke.

(ii) **Next stage on Felixstowe to Nuneaton route Electrification**

The next measures to improve congestion on the A14 corridor is rail electrification which would bring added economic, environmental and social benefits through extra capacity from longer trains and better utilisation of train paths because of faster acceleration of electric locomotives.

- (iii) There will be long term capacity issues on ECML and WCML until HS2 phase 1 and phase 2 are built.

So these as yet unplanned enhancements will be vital to sustaining freight growth out of Southampton, Felixstowe and London Gateway.

Why rail freight is important to port related economics?

Freight needs to be examined holistically

The customer wants the best solutions freight available so freight distribution needs to be examined in a multi modal way; so that the different modes can play to their strengths and complement each other. For example 30% of long distance deep sea freight coming into container ports in the SE is transported by rail for its onward inland journey; the congestion relief advantages both at the ports and long distance are cross modal as it makes all the modes more reliable and robust. The customer wants a good reliable consistent services at market prices.

Rail freight is safer than long-distance road freight using major roads, as HGVs are over three times more likely to be involved in fatal accidents than cars on major roads due to a combination of size, lack of proper enforcement of drivers hours, vehicle overloading and differing foreign operating standards. *Source: Traffic statistics table 2010 TRA0104, Accident statistics Table RAS 30017, both DfT.*

Rail freight which has a much better environmental record than road

UK rail freight produces 70% less Carbon dioxide emissions than the equivalent road journey.

Congestion benefits of rail freight

Road congestion is now costing around £24 billion per annum according to the Freight Transport Association based on Government figures; the heaviest freight train can remove a 160 long distance HGVs from our roads—*Source Network Rail June 2010 Value of Freight*.

Economic benefits

It is currently estimated that rail freight contributes £870 million to the nation's economy. Data from the Office of National Statistics suggest that the rail freight industry is supporting an economic output of six times its direct turnover. A further measure of the industry's contribution is its added value which is estimated to contribute £299 million in profits and wages. *Source Network Rail Value of Freight July 2010*.

Energy efficiency of rail

A gallon of diesel will carry a tonne of freight 246 miles by rail as opposed to 88 miles Network Rail July 2010.

2. Is the delay in producing a National Policy Statement for National Road and Rail networks creating problems for improving access to ports? If so, in what ways and where?

Government has not written the Policy Statements its own Act requires. The 2008 Planning Act commits Government to a National Policy Statement on National Networks, which is key to giving strategic rail freight interchanges statutory weight in the planning system. The Ports NPS was issued last year.

This document has been held up due to Localism, the National Planning Policy Framework, HS2, Airports policy and presently the promised consultation on roads strategy. This, or a formal policy statement on interchanges, is a vital document for investor confidence, and must be produced.

The delay in producing this NPS is putting a serious brake on considerable port related regeneration opportunities because of the lack of planning permission for strategic rail freight interchanges and therefore the creation of thousands of jobs.¹ The announcement of the DfT Strategic Rail Freight Interchange policy in November 2011, as part of the Logistics Growth Review, was welcome as it stated that a network of freight interchanges are needed near the business markets, to link key supply chain routes, with good rail and road connections to facilitate trade links between UK regions and the European Union. However, this policy now either needs to be incorporated in the NPS which has statutory status or given statutory status in its own right, in the land use planning process. The private sector, including institutional investors, wants to invest in these facilities as part of the ongoing investment in multi modal distribution infrastructure but the lack of the NPS is creating uncertainty. In principle, the Coalition Government says it supports the development of such facilities but in practice, Government inaction and barriers in the planning system is holding up a number of these developments resulting in lost employment and investment opportunities. Road rail transfer facilities are needed in the right locations with good road and rail access on the Strategic Rail Freight Network.

The announcement of planning permission for the Radlett rail freight interchange is welcome and is a step in the right direction. In principle, the Coalition Government says it supports the development of such facilities but in practice, Government inaction over the publication of the National Networks National Policy Statement and red tape is holding up a number of these developments resulting in lost employment and investment opportunities.

Barriers standing in the way of development

Even under the new Planning Act regime, schemes are frustrated by unjustifiable bureaucracy. The application for DIRFT III was rejected in December as an incomplete application, reportedly over minor problems with the assessment of off-site roadworks, lines missing from a map, and a failure to consult one local authority on the other side of the country. No doubt these issues will be swiftly resolved, but with pre application costing several million pounds to complete, this red tape must be reviewed and treated in a pragmatic fashion if the Government is serious about promoting investment and infrastructure development.

4. How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

As the Heseltine report on fostering economic growth in the regions stated stronger regional structures are needed to promote economic growth, particularly outside London and the SE. Strategic transport planning needs to be sub-regional and the Heseltine report recommended elevating LEPS and stated the need for regional structures.

LEPS need to take into account the wider national and sub-national benefits of rail freight beyond local authorities and LEPS areas of responsibility. In some cases, even though there are clear economic benefits including job creation of a interchange development, there can be local opposition because of extra local HGV traffic. However, there are clear sub-national economic benefits of long distance road congestion reduction

and road accidents and pollution reduction which should be recognised by local authorities, LEPs and Local Transport Boards.

Freight on Rail would like to see investigation into the effectiveness of LEPs with regard to wider strategic transport and spatial planning at a sub-national level. Freight transport in particular tends not to be confined to local authority or LEP boundaries. Especially, in the case of rail freight, as the majority of flows are longer distance and typically transit three regions.

Because of the nature and scale of LEPs, it is important that the new Local Transport Bodies such as Local Transport Boards are able to take a wider strategic view of transport planning and work together to plan strategic transport projects. This starts with defining and safeguarding suitable sites for terminals and alignments in local plans. Then working with a local authorities and the rail freight industry to plan and fund transport projects.

Earlier this year, the Department for Transport consulted on options for devolving decisions on, and funding for, sub-national major transport schemes to new Local Transport Bodies. The consultation document envisaged a significant role for Local Enterprise Partnerships in the new LTBs. The proposed new way of deciding sub-national major transport schemes is a new departure for the Department and for transport planning in this country which have accountability and transparency implications. Local Authorities are publicly accountable bodies unlike Local Enterprise Partnerships which do not have statutory status. If the planned changes to Local Transport bodies give LEPs, which are private sector, more power they will need to be reformed and made more accountable. The performance of LEPs remains variable with patchy performance to date and variable engagement with transport. Norfolk and Suffolk LEPs have shown detailed commitment to Felixstowe and to rail freight

Local transport boards, which are as yet untested are to have an important role as they will receive devolved funding in 2015. Despite the fact they are still in the process of being agreed, they are being asked by the DfT to submit their priority list of schemes in July 2013. Apparently, three separate LTBs are planned in the West Midlands where it may be difficult to get consensus on inland port distribution and upgrades.

4. How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

Previous rail freight forecasts made in 2006 for the period to 2010 have already been exceeded which adds credibility to the following industry forecasts.

- MDS forecasts rail tonne-km doubling 2010–30 with Intermodal quadrupling and in fact with investment intermodal could grow five fold.
- Actual tonne kms figures for the years 2009–11 higher than previously forecasted.

Rail freight has been a success story, especially in port related activity so that given the existing market conditions and planning permission for more interchanges this growth should continue. Rail offers an alternative to road to overcome ongoing road congestion problems; fuel price increases make rail more competitive and the need to reduce emissions remains.

- Rail freight overall grew 60% in past 10 years. Consumer rail freight has increased for the eighth consecutive year.
- Latest ORR figures for the year 2011–12 show total tonne kms up 10% and intermodal freight up 11% on previous year.

January 2013

Reference

i ???

Written evidence from Tendring District Council (PA 24)

I am writing to endorse the submission of the Haven Gateway Partnership (attached at Appendix One) and dated 21 January 2013 in response to the Transport Select Committee's Inquiry into Access to Ports. Tendring District Council is an active member of the Haven Gateway Partnership and as such contributed to the preparation of the Partnership's response.

The Council has for some time expressed its concern about the status of the A120 and its critical importance to the on-going success of the Haven Ports. The A120 is also a vital artery serving the district's fragile economy.

The Council would welcome the opportunity to attend the Transport Select Committee's Inquiry should this assist the Committee in establishing its conclusions.

January 2013

Written evidence from DP World London Gateway (PA 25)

SUMMARY

1. DP World London Gateway welcomes the Commons Transport Committee's inquiry into access to ports; as an island nation, access to maritime infrastructure is integral to the development of the UK economy. This memorandum supports the government's commitment to diversify the UK economy and its promotion of economic growth. The sea port is a single-node in the supply chain. Unless the port is appropriately connected to the point of consumption or origin (hinterland), then it will fail to realise its full economic benefit for the country. As international trade grows, it is vital that the landside access to the seaports is developed so that the logistic cost remains internationally competitive for the UK's importers and exporters.

2. In an increasingly globalised and competitive world, to protect/increase UK employment, and for the UK economy to remain competitive, we believe that the government should implement the necessary framework to attract foreign direct investment making the UK a desirable place to do business and to invest in. Transport infrastructure is critical to the movement of goods and people facilitating both domestic and international trade. Any assistance to the private sector on improving access to ports is to be welcomed, leading to enhanced access and connectivity, greater efficiencies, greater flexibility, more trade, more jobs—a better UK economy.

INTRODUCTION

3. DP World London Gateway is a world class port centric deep sea container port, a £1.5 billion foreign direct investment in the UK economy and will open in quarter four of 2013. Due to its location and purpose-built infrastructure designed to service the largest vessels in the world today, it is considered a “game changer” for the UK supply chain. The project will create 36,000 thousand jobs, GVA of £3.2 billion per annum (Oxford Economics 2009) and be home to one of Europe's largest logistics parks. London Gateway's proximity to the heartland of the UK will significantly reduce costs to the UK supply chain, lower road mileage and therefore reduce carbon emissions. London Gateway will also meet the needs of the ultra large container vessels (ULCVs) and increase supply of ULCV berth capacity in the UK where there is currently a shortage.

INDUSTRY BACKGROUND

4. Structural change is taking place in both the global container shipping and container port industries. Container vessels are increasing in size with the emergence of ULCVs, ranging from 10,000 to 18,000 TEU primarily to benefit from economies of scale, and result in significant cost savings. Such vessels will only call at certain ports: example call criteria include proximity to established trade lanes (such as the “north Europe triangle”), physical constraints such as draft and tidal window limitations, terminal quay length, crane type, yard equipment/availability and terminal ability to handle larger container exchange sizes (ie more containers per vessel call). Cascading is increasing vessel sizes on trade lanes beyond the Asia-Europe trade lane, such as the north-south trades. This again puts additional strain on those terminals which have not evolved over this time period and are geared to handling smaller vessels.

5. The UK has a lack of deep-sea berths capable of handling the next generation of ULCVs. London Gateway solves this problem, when fully developed it will be able to handle six ULCVs simultaneously.

6. Without the additional UK berth capacity to handle these ULCVs, the larger vessels are likely to call only at mainland Europe (eg Rotterdam) with goods being transhipped via connecting feeder services to the UK (and vice versa). This additional transport leg would increase the UK's dependence on mainland Europe and the cost of UK inbound or outbound cargo. London Gateway's deep-sea port will give shipping lines and the UK supply chain more choice, flexibility and help the UK economy to be more competitive. However, despite the willingness of private enterprise to invest in the provision of such world-class maritime infrastructure, for the reasons stated in paragraph 1 above, the full benefit to the UK economy is dependent on appropriate hinterland access being in place to support the entire supply chain.

COMMONS TRANSPORT COMMITTEE QUESTIONS

(a) *What should be the priorities for improved access to ports, and why?*

A statement from the government outlining its support for the UK port sector would be welcomed along with concrete action to:

Prioritise and promote world-class inter-modal connectivity within the UK next to key international gateways as recommended in The Eddington Transport Study (2006).

Prioritise and promote access to trade, the free movement of goods, reduction in lead times and continue to work with global trading blocks to remove barriers to trade, reduce the time taken to process trade in transit (customs/bureaucracy) and ensure cargo flows are timely, sustainable, flexible and non-disruptive.

For UKTI to prioritise and promote UK trade connectivity globally, making it known that “UK PLC” is open for business.

(b) Is the delay in producing a National Policy Statement for National Road and Rail Networks creating problems for improving access to ports? If so, in what ways and where?

Production of a National Policy Statement for National Networks is very important to developers as it provides more certainty when they are considering a major infrastructure investment. Ports are one part of the international transport chain and it is vital that developments can take an informed view of total government strategy into which their development may fit. A national policy should look at the needs of the entire transport infrastructure pipeline, as supported by The Eddington Transport Study's recommendation that "Transport corridors are the arteries of domestic and international trade, boosting the competitiveness of the UK economy" (2006).

(c) How satisfactory are the current and proposed decision-making structures, including Local Transport Boards?

Previous regional structures did play an important part in assisting with port infrastructure developments eg SEEDA with rail gauge clearance for Southampton and Advantage West Midlands with re-gauging the lines to inland terminals in their area. There is no evidence, so far, that the Local Transport Boards made any impact on rail improvements or are considering doing so. However we welcome continued effort from central, regional and local government to go beyond what is satisfactory and deliver a world class service for Britain to be competitive.

(d) To what extent can investment in road and rail infrastructure influence the market and regional decision-making on port development?

Investment in infrastructure is vital to port development. A port is only one part of the the country in a swift and efficient way. It is the government's role to establish a strategy around which developers can decide on the optimum locations for port developments to assist the country in providing the most economic supply chain.

Despite investment in road or rail, the right geographic location is a critical success factor for any successful port. Proximity to major consumer, population hinterlands, origin & destination distribution hubs, ability to serve the ULCVs and proximity to the established trade lanes are all important factors. If a port is in the wrong location/geography, its business model will structurally struggle to work and benefits to the economy will not be optimised or fully realised as a result.

(e) Are decisions on port development taking sufficient account of the traffic generated by ports and associated development needs?

When close to the point of primary consumption; port centric developments and the multi-modal distribution of container cargo flows have the potential to create a significant uplift in traffic efficiency and actually reduce pressure on national transport infrastructure. Port centric and multi-modal projects such as London Gateway are well positioned to manage/optimize traffic levels especially with the implementation of an efficient vehicle booking system. Within the UK rail and coastal feeder services will also have an important part to play in reducing traffic, London Gateway intends to facilitate 33% of containers by rail inland and encourage coastal feeder services. This approach combined with the port and logistic park's proximity to major UK population, economic and distribution hinterlands provides greater supply chain flexibility, efficiency and savings.

(f) How realistic are current assumptions about rail's modal share of ports traffic? Under what circumstances could rail freight or inland shipping play a greater role in reducing port-related road freight?

Current assumptions of the rail market share at London Gateway (33%) are based on existing similar traffic distribution from other existing ports and must, therefore be considered to be realistic. The rail share of traffic has influenced the whole design of London Gateway. Enough space has been allowed for two dedicated rail terminals within the port, a common user rail facility and the rail access has been upgraded to twin tracks so that the projected throughputs can be accommodated.

Regarding "inland shipping", the UK coastline is a viable water way and as stated in section "e" will have an important role to play in the distribution of UK container cargo. London Gateway as a hub location has the warehousing potential to create new critical mass to support coastal lifts. When combined with a port-centric multi-modal approach, we believe port-related road freight can be managed accordingly.

(g) Are there any regulatory barriers to investment in ports? What could and should be done about them?

Investment in port infrastructure in the UK requires significant capital expenditure, the navigation and agreement of numerous stakeholders and a detailed understanding of UK planning policy. Where possible the government should continue to streamline UK planning policy and remove any barrier that deters inward investment.

January 2013