



House of Commons  
Transport Committee

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**The Ports Industry in  
England and Wales:  
Government Response  
to the Committee's  
Second Report of  
Session 2006–07**

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**Ninth Special Report of Session 2006–  
07**

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## The 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 associated public bodies.

### Current membership

Mrs Gwyneth Dunwoody MP (*Labour, Crewe and Nantwich*) (Chairman)  
Mr David Clelland MP (*Labour, Tyne Bridge*)  
Clive Efford MP (*Labour, Eltham*)  
Mrs Louise Ellman MP (*Labour/Co-operative, Liverpool Riverside*)  
Mr Philip Hollobone MP (*Conservative, Kettering*)  
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Mr Graham Stringer MP (*Labour, Manchester Blackley*)  
Mr David Wilshire MP (*Conservative, Spelthorne*)

The following was also a Member of the Committee during the period covered by this Report:

Mr Jeffrey M Donaldson MP (*Democratic Unionist, Lagan Valley*)

### 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](http://www.parliament.uk).

### Publications

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 [www.parliament.uk/transcom](http://www.parliament.uk/transcom). A list of reports of the Committee for the current session is at the back of this Report.

### Committee staff

The current staff of the Committee are Tom Healey (Clerk), Annette Toft (Second Clerk), Louise Butcher (Inquiry Manager), Alison Mara (Committee Assistant), Ronnie Jefferson (Secretary) and Laura Kibby (Media Officer).

The following was also a member of the Committee staff during the period covered by this Report:

Clare Maltby (Committee Specialist)

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# First main heading

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The Committee published its Second Report of Session 2006–07 on 24 January. The response from the Department for Transport was received in the form of a memorandum dated 17 July 2007, and is published as an Appendix to this report.

## Appendix

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### Introduction

The Government welcomes the Transport Committee's report on the Ports Industry in England and Wales, and is grateful in particular for its clear recognition and support of the vital role that the industry plays in sustaining UK trade.

Since the Committee published its report in January, we have been progressing the Ports Policy Review, drawing together our conclusions in light of the many responses to last summer's consultation, the Eddington and Stern Reports, and the Committee's report itself. This response to the Committee is submitted alongside the first output from the review — an interim report that sets out our initial conclusions about the direction of policy for England and Wales. As well as making some specific proposals on aspects of ports policy, the interim report also prepares the ground for a further statement later this year, which will take account of ongoing work to examine our high-priority international links in the light of the recommendations of the Eddington Study.

This response considers each of the Committee's recommendations in turn.

### Scope of the Response

This document is the Government's formal response to the Committee's report and, as with the ports policy review itself, deals primarily with ports policy in England and Wales.<sup>1</sup>

**1. We welcome the Government's Ports Review. It is right to look to the long term. We also welcome the Minister's commitment to consider this Report when shaping the final policy that will come out of the review. That said, we are adamant that the Department should not accept unquestioningly the views of the vested interests. The evidence does not indicate consensus on the main challenge the industry faces. (Paragraph 21)**

The Department for Transport has consulted a wide range of interests and we have weighed objectively the views expressed to us. In a complex market with many competing interests and locations, it is not altogether surprising that there is a wide range of views on

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<sup>1</sup> The Scottish Executive has devolved responsibilities for ports, and following a review in 2006 has developed its own ports policy priorities for action through its Freight Action Plan and within the wider strategic framework of Scotland's National Transport Strategy. At the outset, Northern Ireland was involved in the ports policy review and included in the consultation. Since 8 May 2007 there has been a devolved administration in Northern Ireland. It now wishes to consider how to take forward policy in relation to its ports responsibilities.

both broad and detailed matters. However, we do detect a strong consensus that the ports sector should continue to be primarily market-led, and at the same time that there is a proper role for Government in areas such as safety, security and inland transport connections. The differences arise in the answers to more detailed questions as to exactly how that role should be discharged.

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

The Government accepts the case for regular revisions of forecasts, in line with the recommendations for National Policy Statements generally, as set out in the Government's recent White Paper *Planning for a Sustainable Future*. It is our intention, expressed in the interim report, that forecasts of port traffic demand should be refreshed every five years, using such methodology as is appropriate at the time.

The Department for Transport is currently undertaking a review of Maritime Statistics, involving consultation with both users and data providers. As part of this review, we shall be assessing the feasibility (and regulatory impact) of collecting further data on origins and destinations, particularly of unitised traffic. The Department is grateful to those who supplied their own information on this matter during the consultation process.

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

We agree, and believe that direction of policy, as set out in the interim report, will satisfy these criteria. It sets out how we expect ports to fit into the structure of regional planning, and contribute to growth locally, regionally and nationally. In the second stage later this year, DfT will set out further policies in relation to inland infrastructure in the same spirit, in the context of our response to Eddington.

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

The Government does not accept a general characterisation of companies investing on port estates as 'depredations'. In order to respond to changing patterns of market demand, it is necessary for port operators to alter the use of operational land from time to time and, in some instances, there may be better uses of such land in the medium to long term than any form of port activity. In a generally thriving sector, such instances are the exception rather than the rule, but (irrespective of the merits of safeguarding the Thames wharves) we do not judge it appropriate for Government, at national level, to rule out alternative uses.

We have therefore concluded that the planning system remains the best place to determine needs for safeguarding. However, we have set out certain guidelines in the Interim Report for consideration by planning authorities. These recommend a strong presumption against safeguarding where there is little realistic likelihood of the facility being brought back into significant port operational use within a period of fifteen years or where the alternative use being proposed can easily be terminated and the land reinstated to port use within that time. Conversely, we recommend a strong presumption in favour when there is at least a reasonable likelihood of restitution to significant operational use within fifteen years and where the alternative use in contemplation is one, such as residential development, which will be difficult to reverse.

Between these margins we expect judgement to be based on an appraisal of the costs and benefits, meaning that those which really are most important for port operations will effectively be safeguarded by a combination of strategic planning and commercial decisions. We intend that the combined ports policy statements will help cement a framework within which ports may confidently plan for operations in the medium to longer term, without in most cases the need to look for short-term gain by taking wharves out of use.

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

The Government sees no evidence of instability, nor that owners with foreign interests are in general acquiring UK ports for other than port purposes, nor that they are any more prone than commercially active domestic operators to identify and sell off surplus operational land. Recent ownership changes backed by infrastructure investors and pension funds seeking robust long-term returns are evidence of the attractions of the sector, and reflect global trends towards investment in infrastructure by investors seeking to build value by holding assets over the longer term. In line with Sir Rod Eddington's recommendations we will be looking to recognise and respond to these changes in financial and infrastructure markets to make the most of the new opportunities they offer, while remaining alert to any new risks that might arise with changing market circumstances.

As noted above, the planning system already complements market incentives in a profitable and growing sector to maintain important assets in operational use.

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

The Government agrees that the ports industry has important responsibilities in these areas, but our conclusion from the Review is that existing general competition law and security regulation are sufficient to enable intervention should that become necessary. The Government does not, in any case, share the implied perception of an industry under threat of consistently detrimental decisions by port operators.

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

The Government agrees that the outcome of a successful ports policy will be port development and the realisation of the potential for overall growth in each region, and welcomes the Committee's recognition that this should reflect the various comparative strengths and weaknesses of the regions and of the individual ports within them.

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

The Government agrees that ports policy should not be determined by any vested interest, and that rigid central planning would not be appropriate for this industry.

We have set out views on regional, employment, regeneration, and environmental aspects in the interim report. A 'more even' distribution of traffic may not be desirable in itself, given the need (as the Committee has recognised) for ports to play to their strengths, and the efficiencies that can be obtained by some degree of concentration.

Rather, it is desirable that accurate incentives should exist to reflect congestion, environmental and other externalities. That should, in principle at least, result in an appropriate geographical distribution of development.

Productivity TIF<sup>2</sup> funding has already been announced as part of this process of improving incentives. Schemes to improve freight access, in particular by extending rail gauge clearance for 9'6" containers, are prominent among the candidate schemes currently being taken forward for the final stages of development.

**9. It is the job of the Government to ensure that commercial interests sit within a strategic framework for national development and regional growth. Government**

controls the inland freight infrastructure; it provides tax and other financial incentives which shape commercial decisions; it can choose to look favourably or not on planning proposals. It cannot control the global market but nor can it claim that the market is the only factor which determines where ports develop. (Paragraph 59)

The Government has established a structure for regional spatial planning that is intended to ensure that decisions taken by planners and developers are done so at the most appropriate levels.

In light of the Eddington and Barker reports, we have recognised that more can and should be done to expedite the planning processes, and to ensure that major infrastructure projects in particular are dealt with in a more coordinated fashion, with decisions to be taken by a new independent Infrastructure Planning Commission.

In addition, the recent Marine Bill White Paper announced the Government's intention to transfer handling of other applications for harbour consents to the proposed Marine Management Organisation (MMO). Both bodies should help maximise the coordination of landside and marine spatial planning.

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

The Government accepts this broad responsibility but does not agree that a single integrated freight plan is the best way of fulfilling it. We recognise that there is a need to be alert to the danger of marginalising freight, which should be accorded its proper importance in strategic policy for each mode.

Having said this, the Ports Policy Review has taken a strongly cross-modal view on freight, and this will be evident in our further exposition of policy in respect of surface access in the context of the Department's response to Eddington.

**11. The Department should make an assessment of the inland connections to all ports and publish a table that lists those that have good inland transport links and those that do not. The Transport 10 Year Plan promised the upgrading of freight routes to major ports. The Department should publish a summary of how it is achieving this target. We believe that both of these measures will be of use to the Government and the industry in planning for future investment. (Paragraph 63)**

The Department for Transport has already published maps<sup>3</sup> illustrating overall congestion on the strategic road network — including links to or near ports — by reference to delays relative to standard free-flow speeds. Further analysis has been done in considering candidate schemes for the Productivity TIF and assessing the benefits and costs of gauge enhancement schemes on rail, in particular.

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<sup>3</sup> which can be found at:  
<http://www.dft.gov.uk/pgr/statistics/datatablespublications/roadtraffic/speedscongestion/congestiononthestrategicroad5359>

The majority of short-listed candidates for the first tranche of Productivity TIF funding are freight routes to major ports, and the Department will set out further policy on inland connections to ports later this year, in the context of the Department's response to Eddington.

**12. The Committee is pleased that Network Rail is planning ahead for the projected increase in demand for rail services for freight. We will be keeping an eye on the promised improvements in its Initial Strategic Business Plan to ensure that they remain on track. (Paragraph 65)**

The Government welcomes the Committee's continued interest in progress with meeting demand for railfreight. The Committee will have noted Network Rail's publication of the Freight Route Utilisation Strategy earlier this year in March.

**13. The commercial inland waterways are part of the country's strategic transport network and they deserve better. We recommend that the Department for Transport take over responsibility for them, giving the waterways a higher priority in its freight strategy. (Paragraph 68)**

The Government is keen to encourage greater use of commercial inland waterways, particularly where this can bring road decongestion benefits. The Department for Transport already offers grant support for worthwhile investment to this end, and has supported the establishment of 'Sea & Water' to help advise on and promote the use of coastal and inland waterways. We do not, however, consider that changing the balance of sponsorship responsibilities between DfT and Defra or other bodies would of itself make this encouragement any more effective, nor that the present allocation of responsibilities is a real impediment to worthwhile investment.

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

Surface access is without doubt a key determinant of a successful UK supply network, and a successful port industry within that network. We agree that congestion on the network has the potential to put at risk the network's effective operation. The Eddington study highlighted the importance of international gateways as a strategic economic priority, and drew attention to the economic penalties of increased congestion on the surface access routes by which they are served.

However, we do not accept the Committee's characterisation of future policy on inland congestion as involving a choice between accepting greater inward transhipment on the one hand, and creating a national freight diversion plan on the other.

Certainly, wherever port development takes place, an additional burden would be placed on the inland transport infrastructure if nothing were done to accommodate the traffic attracted there. Yet, with appropriate enhancements to the network, the installation of

sensible demand management measures and appropriate pricing, there are means by which that burden might be borne.

For example, recent approvals for substantial container terminal development at Felixstowe South, Bathside Bay and London Gateway, have been accompanied by s.106 and s.278 obligations for the port developers to contribute substantially to the connecting highway (and, at Felixstowe, rail) networks, and to instigate traffic management measures.

These and other cases have pursued long-standing objectives of wider policy in seeking to require developers to meet the costs that they and their customers impose. But we are aware that there is a widely-held desire for greater clarity on how this general principle will be applied, and Sir Rod Eddington has underlined the importance of this issue. DfT, in its second-stage ports statement later this year, will set out specific policy for the provision and funding of ports-related inland transport infrastructure in the longer term.

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

The Government agrees that UK ports should, as far as is possible, be able to compete on level terms with their counterparts elsewhere in Europe, where such competition exists (which at present is principally for direct call and transshipment container flows). To this end we continue to press the Commission to issue persuasive guidance on the application of State Aids for ports infrastructure. The Government remains concerned that existing interpretation of the rules across Europe could act, at the margin, to the detriment of the UK sector. Nevertheless, we maintain our strong general presumption against direct public funding for UK ports, on the basis that such intervention would put the market at risk of distortion.

Similarly, we look to protect the market from distortion when considering bids for European funding, but that is not to say that UK ports should not apply for, nor that in the right circumstances they cannot benefit from, EU grant funding.

With regards to European ports policy, we agree that emerging policy in Europe should be crafted so as to accommodate the unique features of the port industry in the UK, and more widely, the economic and operational realities of the diverse European ports sector. The Government acknowledges its responsibility in this respect, and has played an active role in the Commission's recently completed consultation, drawing together stakeholders from across the UK industry to participate.

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

**reasonable timeframe, we expect the Government to press for financial penalties. (Paragraph 77)**

We agree that European legislation should carry the same force in all Member States, and that the ability of ports to compete on fair terms is threatened when this is not put into practice. However, responsibility for ensuring legislation is appropriately implemented and complied with lies with the Commission and, while we continue to press them for greater consistency where we have evidence to suggest that port-related EU legislation is not being followed by other Member States, the inception of infraction proceedings is ultimately a matter for the Commission.

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

The Government agrees and is committed to enabling sustainable development within the ports industry. In DfT's interim report, it is made clear that environmental considerations need to be weighed alongside economic and social ones.

The industry's recent success in bringing forth environmentally robust port expansion proposals and securing consents shows that an appropriate balance can be struck between the expansion of port capacity and the preservation of the environment; indeed it shows that port development can actually bring gains for both objectives.

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

We echo the Committee's commendation of the ports industry and of environmental bodies, whose collaborative approach is ensuring the commercial success of the industry, with the necessary consideration for and protection of the environment. We are also grateful to the Committee for highlighting the extent to which port operators have been active in signing up to environmental initiatives such as the ECOPORTS scheme.

Decisions on taxation are for the Chancellor, but in making great strides to embrace environmental concerns, the industry has recognised the environmental responsibilities incumbent upon it.

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

The Government recognises the concerns held by some in the industry over the burden of environmental Directives, especially among operators of smaller ports. We are committed

to better regulation and the use of impact assessment to inform policy making. A new version of (Regulatory) Impact Assessment (RIA) was launched in spring 2007. This aims to ensure that Impact Assessments present cost benefit information in a more transparent way and are carried out and updated throughout the policy making cycle. Where a Directive is already in effect, we expect all ports to comply with its requirements.

The Commission has promised to give top priority to simplifying and improving the EU regulatory environment. As part of its 2005 'Better Regulation' programme, it established a comprehensive system for assessing impacts — economic, social and environmental — and for consulting stakeholders. And in its November 2006 strategic review of better regulation, the Commission announced the creation of a high-level Impact Assessment Board, which will offer advice and support in developing a culture of impact assessment within the institution. We note that the Water Framework Directive, for example, has built into it the provision for economic assessments.

Since compliance with Directives is not optional, we are unconvinced that a retrospective cost-benefit analysis of existing legislation would offer any tangible benefit. It is better to focus resources, from an early stage, on regulatory impact appraisal of legislative proposals yet to be enacted.

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

Like the Committee, the Government received a number of responses to the Ports Policy Review discussion document expressing criticism of the planning system, and in particular the length of time it took to progress applications, and the expense incurred in doing so. The Government acknowledges that, in spite of the improvements made by the Planning and Compulsory Purchase Act 2004, there remains scope for enhancing the speed and efficiency with which applications for consent are decided.

Both Sir Rod Eddington and Kate Barker, in their respective reports on transport and land-use planning, identified ways in which these failings could be addressed. In particular, they recommended far-reaching reforms, building on recent improvements, to provide for National Policy Statements setting out national requirements in relevant sectors, rationalising the consent regimes for infrastructure projects, and creating a new Infrastructure Planning Commission (IPC) to manage inquiries and determine individual applications for major schemes. The Government has considered these recommendations in detail, and has brought forth proposals along these lines in the White Paper *Planning for a Sustainable Future*.

**21. We also recommend that the Government should make time for the next Private Member's Bill that makes provision to simplify the Harbour Revision Order process to ensure that it becomes law. (Paragraph 89)**

We agree that some reform of the Harbour Revision Order process is needed. We continue to look for a suitable opportunity to bring forward legislation, but this issue must take its place alongside many others competing for Parliamentary time.

The Government intends that, in due course, the creation of the MMO and IPC will also help simplify the process, partly by reducing its overall procedural complexity.

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

We are committed to promoting agreed national standards and good practice for port safety management, without detracting from the existing legal responsibilities of harbour authorities.

The Health and Safety Executive is responsible for enforcing the Health and Safety at Work Act 1974, and its supporting regulations, in ports in Great Britain. The legislation applies to all dock operations, on shore and aboard ship, when shore-based workers are involved. It does not apply to dock operations carried out solely by the ship's crew under the direction of the master, which is covered by merchant shipping legislation regulated by the Maritime and Coastguard Agency (MCA).

We are not persuaded of the need for a separate ports safety inspectorate, nor for making the Port Marine Safety Code (PMSC) compulsory. We believe the voluntary approach to be the right way, given the need to ensure the onus to manage harbours safely rests with the harbour authorities.

The MCA has completed this year its latest review of the extent to which harbour authorities are complying with the PMSC. It confirms that all Competent Harbour Authorities with significant marine activity have declared their compliance with the Code. Our support for the PMSC includes initiating a new programme of PMSC Verification Visits, focussing on the small number of ports where there might be evidence that the safety management system and its supporting risk assessments are not operating to the required standard.

We will also expand and develop the existing guidance on how harbour authorities undertake Formal Risk Assessment. The combination of Verification Visits and the further development of best practice on Formal Risk Assessment will, we believe, provide the necessary assurance that the national standard introduced by the PMSC is being implemented.

**23. It is impossible to evaluate any improvements in safety for port workers without reliable figures, and our evidence suggests that the employment and accident figures used by the Government are inaccurate. Our predecessor Committee was assured in 2004 that 'things were getting better' but our evidence suggests that confusion still**

reigns. Confidence needs to be restored; to this end, port workers should have a separate SIC and an independent audit of ports safety should be carried out. Quite simply, port workers deserve better. (Paragraph 97)

We stand by the statistics published in *Port Employment and Accident Rates* in 2005. This study also concluded that similar benchmark surveys should be carried out every five years or so, and that it was feasible to track trends between surveys by exploiting other data sources. We intend to take forward these recommendations in consultation with stakeholders.

The Standard Industrial Classification 2007 published earlier this year now includes separate classifications for port workers, and will be adopted by HSE in its accident recording in due course. The revision of SIC codes is a major task, which began in 2002 and concluded only recently. The new codes will start to be introduced operationally from the beginning of 2008.

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

The Government agrees it is essential to treat ports as part of an integrated supply network, and accepts that the strength of the ports industry depends in part upon the strength and resilience of the wider infrastructure within which ports are located.

For that reason the Department of Transport intends to set out more fully its policy regarding inland connections to ports alongside its response to Eddington, which itself will encompass all modes and take a strategic view of freight infrastructure.

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

The Government agrees that national strategy should reflect the regional context in which ports operate, and also strive for an appropriate balance between national trade requirements and local concerns, where these interests happen to diverge. We also agree that ensuring the provision of necessary infrastructure is, across much of the network, a key responsibility for the Government. The Productivity TIF programme, mentioned earlier, is evidence of the Government's acceptance of that responsibility. However, we would not be convinced that a freight distribution plan would offer the most appropriate way of discharging this responsibility, if that term were to be taken to imply some form of rigid central planning.

As the Committee itself has recognised, the market does not exist in isolation. Port expansion will take place only where the industry considers it viable to do so, and good surface access is a crucial factor in enabling that viability. The Government sees its challenge over the next quarter of a century as being to establish the conditions in which *viable* port capacity can be created, with due regard to social and environmental considerations.