

The Independent Voice of Local Business.....

SOUTHAMPTON AND FAREHAM CHAMBER OF COMMERCE

RESPONSE TO THE DEPARTMENT FOR TRANSPORT
ON THE PORTS POLICY REVIEW – MAY 2006

This response was formulated through consultation with key Chamber members, the Chamber's Planning and Transport Committee and the Chamber Board. As the independent voice of local business, the Southampton and Fareham Chamber of Commerce represents over 4,000 businesses in and around the Southampton City region.

<p>Q1.1 Remit for the Review Do you agree with the main focus of the review and the main issues to be covered by it? If not, what other aims or issues should be covered?</p>	<p>Broadly, yes.</p>
<p>Comments Para 1.22</p>	<p>Note we are a Chamber of Commerce.</p>
<p>Comments Para 2.3</p>	<p>This paragraph prejudices some of the debate. Market failure can be induced by an unfair application of social costs. If the market alone is to determine success or failure, then there has to be an agreed and precise list of what is to be included in assessing cost, be it social or environmental cost. Anything other than a level playing field distorts the market.</p>
<p>Comments Para 2.4</p>	<p>The same argument applies as per Para 2.3. Furthermore, this para presupposes that developer contributions are the right mechanism.</p>
<p>Q3.1 Forecast data Do you consider that the MDS freight forecasts represent a sound basis for the policy review?</p>	<p>Yes with reservation. The third bullet point on total growth is only correct if all approved capacity is actually built. Growth figures for containers were distorted as they were still based on 2004 capacity. The growth would impact on the infrastructure and could cause problems for the Southampton City region if based on forecasts of capacity that were not correct. The Chamber was disappointed about the lack of mentions of Southampton in the document considering that Southampton is a premier cruise port, the second largest container port and a major oil terminal.</p>
<p>Q3.4 Do you agree or disagree with our assessment of the passenger ferry and cruise market prospects and their limited implications for policy?</p>	<p>The Chamber believes that the report does not properly take into account the revenue generating potential of the cruise market. The Chamber acknowledges that a Ports Policy is unlikely to influence the cruise industry.</p>

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<p>Q4.1</p> <p>Port development policy - Drawing on experience from your own locality, do ports significantly stimulate wider local employment and regeneration? In what circumstances?</p>	<p>Yes. Successful ports attract successful supporting port related businesses - transport, legal, freight forwarding etc. There is a cluster effect. Those businesses in turn attract further supporting businesses in the multiplier effect.</p>
<p>Q4.1a</p> <p>When jobs are newly created in a port, do you consider that likely to be at the expense of jobs in other ports, or elsewhere in the economy? Does your answer depend on the port's locality, the type of traffic, or on whether public subsidy is involved?</p>	<p>If it is a new trade, then there will not be a negative impact in any other port. However, trade won from another port may well result in a loss of jobs in and around the losing port. If the amount of trade in question is a small percentage of the port's total trade in the sector, there may be no loss, but if it were a significant percentage of any one trade or a complete business, the impact could be serious. However there is always a good market lead reason for any inter port movement of trade. The total number of jobs associated with out of port activities such as transport need not be affected. The gain or loss of any trade, in any port, is likely to have an impact on the marine business operators in that port.</p>
<p>Q4.2a</p> <p>What are the regional and territorial issues that national policy should address and how should it do so? For example, should a national policy set out how Government wants to see ports develop in each region? Or leave regional bodies to make the case for port development, if they wish to do so?</p>	<p>This paragraph prejudices some important questions. If the Government wants a policy that determines how ports should develop, then it will be attempting to influence or direct the market. The consequences for the UK could be serious. Trade could be lost to a European port as a result of a wrong decision. The decision to ignore the market must be taken by a body accountable to the nation. Regional bodies can sometimes only see the negative aspects of port growth such as pressure on roads, health care, housing. They can be tempted into adopting a NIMBY approach. They must not be trusted with issues of such national importance.</p>
<p>Q5.1</p> <p>Inland transport - What do you consider to be the strengths and weaknesses of the approach to port development consents whereby related road or rail enhancements are identified and their funding agreed?</p>	<p>There are no obvious strengths. The tax payer will ultimately pay. Each port starts from a different position. Some ports have already had infrastructure provided by public funds and so have a commercial advantage over those ports that are now required to pay for provision of new infrastructure. The Government's road building plans can have a distorting influence on this policy. A road widened, or a bypass built to resolve one problem, could add to or reduce the cost to a port of providing the offsite infrastructure.</p>

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<p>Q5.1b</p> <p>Should developing ports be required to fund the incremental road and rail infrastructure to accommodate the increased traffic expected to be directly brought about by the development? If not, how should it be funded?</p>	<p>By the tax payer who is the ultimate beneficiary of a market led development.</p> <p>It is difficult to decide who should pay and who benefits from port services and infrastructures. For example, the public and the environment will benefit if the pressure is taken off the roads through improved rail systems, benefiting the public at large. Infrastructure outside the immediate port area should therefore be paid for from public funds.</p>
<p>Q5.1c</p> <p>If ports pay for (a) road and (b) rail enhancement, should port users receive access on preferential terms (assuming this can lawfully be given) - for example, by priority lanes on the roads, reserved train-paths, or reduced access charges on rail?</p>	<p>A port provides a facility for others to trade. The port as a developer does not pay an access charge. Road hauliers who might benefit from the new trade will not have contributed to the cost of providing the infrastructure. Priority use is not practical and probably not legally enforceable .</p>
<p>Q5.2</p> <p>Is Government doing enough to encourage traffic already using ports to make more use of rail and if not, what further measures might be taken?</p>	<p>No, not enough. Generally speaking, It is easier and cheaper to transport goods by road. The Government must make rail financially attractive to overcome the cost/convenience differential.</p>
<p>Q5.3</p> <p>Similarly, could Government, at acceptable cost, stimulate a step-change in use of inland waterways and coastal shipping to reduce HGV mileage? How?</p>	<p>Coastal Shipping - Yes. As things stand coastal shipping is not financially viable. Alan Whitehead MP produced a very good assessment of the issues and what needs to be done to put a coastal shipping network in place. Business will be looking for help to set up and operate a reliable affordable regular liner type coastal shipping service. Only Government can provide that support.</p>
<p>Q6.1</p> <p>Environmental/human balance - From your own experience, have regulators found the right balance between human and natural environmental impacts?</p>	<p>No. Different standards have been set for individual port developments.</p>

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<p>Q7.1a</p> <p>Effective competition - With reference to any experience you may have had in dealing with ports, do you consider there is a need for more specific economic regulation provisions for the UK ports industry? If so, what do you think would be appropriate?</p>	<p>UK ports are very competitive. There is no obvious need for any further intervention. Light Dues remain an issue.</p>
<p>Q7.2a</p> <p>Is there any justification for the UK to amend its domestic stance on the application of public funding to UK ports? If so, in what way?</p>	<p>We need transparency and Government needs to understand that European competitor ports have some communications provided and their channels dredged at public expense. The state carries the financial risk. UK ports have to pay not only for the costs of any required enhancements to road or rail and of the dredge, but also the costs of any application process and required mitigation. The subsidy is not just financial.</p>
<p>Q8.1a</p> <p>Potential of smaller ports - Should Government be more active in removing obstacles to the change of use of existing moribund ports?</p>	<p>Yes.</p>
<p>Q8.1b</p> <p>Should the Secretary of State be given powers to close a harbour through an Order under harbours legislation?</p>	<p>Yes.</p>
<p>Q8.5a</p> <p>Harbour authorities' powers - Is there a case for an external regulatory function, either through providing the Secretary of State with new powers to direct statutory harbour authorities - or, by bringing the trust ports under some independent regulatory (or ombudsman) regime, to deal with problems caused by a statutory harbour authority's exercise, or failure to exercise, its statutory functions?</p>	<p>Yes. Harbour authorities are empowered to charge dues. They publish tariffs but those managed by the private sector are not required to publish detailed accounts. The public is unable to see how the harbour is being financially managed on their behalf.</p> <p>Issues of Governance and Accountability for Trust and Municipal Ports had been addressed in their respective reviews. There has not been a similar review of ports in private ownership. Governance and Accountability for those Ports could well be an issue and there is a case for external regulation/monitoring.</p>

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<p>Q8.5b</p> <p>Do you support the suggestion of new legislation bringing in a reserve power of direction for the Secretary of State in port safety and modernising other aspects of harbour authorities' powers, including a power for them to issue general directions to shipping?</p>	<p>Yes</p> <p>Yes</p>
<p>Q8.5c</p> <p>Do you support the proposal that the Secretary of State should withdraw from his bye law approval role?</p>	<p>Yes provided all ports are given general powers of direction and the ability to implement those directions.</p>
<p>Q9.2</p> <p>What more should the Government do to help applicants and other stakeholders in ports planning cases?</p>	<p>The Government should establish clear guidelines for port development that will be universally applied as well as making statements about what is in the best national interests for ports. The Chamber of Commerce found it difficult to accept and understand the Dibden Bay decision and to see later applications for port development approved against different criteria. Government should be consistent</p>

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