House of Commons

Transport Committee

Oral evidence: Maritime 2050: implementation, objectives and effects, HC 160

Wednesday 22 June 2022

Ordered by the House of Commons to be published on 22 June 2022.

Watch the meeting

Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Grahame Morris; Gavin Newlands; Greg Smith; Christian Wakeford.

Questions 184–220

Witnesses

I: Ben Murray, Chief Executive, Maritime UK.

Written evidence from witnesses:

– Maritime UK

HOUSE OF COMMONS

Examination of witness

Witness: Ben Murray.

Q184 **Chair:** This is the Transport Select Committee's final day taking evidence for our Maritime 2050 inquiry. We have had a number of days of evidence. We also had a very enjoyable trip to Southampton last Thursday to visit those who work at the ports and in innovation, and the cadets who will be the future of the industry. We are very grateful to everyone we met.

We have the Minister joining us later, but before that we have a witness who is all about Maritime 2050. I ask him to introduce himself.

Ben Murray: Good morning, Chair and Committee. I am Ben Murray from Maritime UK. We are the umbrella body for the maritime industries in the UK, bringing together the shipping industry, ports industry, engineering, science, services and leisure. Our job is to bring coherence to the sector among a number of different maritime stakeholders. Huge thanks for the Committee's focus on this topic.

Q185 **Chair:** Thank you very much indeed, Ben. Welcome and good morning. Thanks for the evidence you have given. You are obviously responsible for co-ordinating and leading the activity of Maritime UK, so we are very interested in your views.

We have split our evidence sessions across the seven themes in Maritime 2050, which are trade, competitive advantage, security, infrastructure, technology, environment and people. That is what we are going to do with you this morning, if that is okay.

First of all, as a general opener, Maritime UK's written evidence said that across Maritime 2050 there have been "some areas of promising progress, whilst there are other areas in which progress has been much slower." Could you summarise those for us, please?

Ben Murray: Yes, certainly. The first thing is that Maritime 2050 has been a fantastic way of catalysing a lot of activity and setting a common cause and heading for very disparate parts of the maritime sector. That is really good. It is the first long-term strategy we have had. Despite all the various challenges that we have had with Covid, Brexit and so on, we have managed to see our way through that and make progress on 2050.

To pick a couple of areas where there has been most progress, as we see it, there has been a lot of progress on the environment. That does not mean we are there, but there has been a lot of progress on the environment and on some of the initiatives responding to the people route map, when we have been looking at things like school programmes and the diversity and maritime programme, for instance.

On the infrastructure chapter, it is fair to say that there has been less progress. I think that point was made in your earlier sessions. It is an area where the DFT does not necessarily hold all the strings, whereas it has done or has had the ability to do more in other areas. Where it has had the levers or ability to make progress, it has done so, but infrastructure would be one that we and others have identified where we are perhaps behind the pace. We could talk about that a bit more later.

Q186 **Chair:** Thank you. I will not canter over the other areas because, as I say, we have chaptered those up. We heard that with regard to infrastructure when we were in Southampton, so we will certainly touch more on that.

Finally from me, obviously partnership and collaboration have been some of the positives that have really come through. Are you finding that you have partnership and collaboration equally between Government and sector with stakeholders across all seven themes, or are there some themes where the partnership could be improved?

Ben Murray: I think that is probably the most positive thing that has come out of Maritime 2050. The Government said to industry, "Get yourself organised," and to Maritime UK, "Can you try to bring coherence to what industry is doing and what it wants from Government but, crucially, what it is prepared to do?" We do not always do that perfectly, but I think we are making progress. I think the DFT has seen its role as doing that on the other side, and it has done it very well on specific cases, for instance, like a spending review campaign, where it has been able to leverage the support of other Departments for some funding that we may talk about later on.

I think that partnership is good. In terms of Maritime 2050, we need to think about the governance structure that underpins the next phase of its delivery. I know that the Government are open to that discussion and we are working with them on what it looks like. We need to ensure, now that we are moving out of the pandemic and moving much closer to some of our targets and deadlines, that that is formalised and that there is a degree of marking each other's homework as we go forward. I think that is positive.

There is a genuine issue with Departments beyond the DFT. I know the Committee is focused on the DFT, but maritime, as you see from the recommendations and the themes that we have set out in the discussion today, is a vast area. There is a question about how best we ensure other Departments are involved in the agenda in a more regular and consistent way. From the DFT maritime sector perspective, I do not think it has been better than it is today.

Chair: Thank you, Ben. We are going to start to go into the themes now The first one we are going to look at is competitive advantage. Grahame Morris is going to take that, but he also has a question which follows on from what you have just mentioned.

Q187 **Grahame Morris:** Good morning, Mr Murray. I want to drill down into one of your earlier answers regarding the role and function of Maritime UK as the umbrella body. I want to return to your point about governance structures in a moment, if I may.

Initially, how effective is the Department for Transport in acting as an advocate and a co-ordinator for the maritime sector across all the various Whitehall Departments? Often, maritime policy is not in a single silo; it impacts on other Government Departments. What is your view on that?

Ben Murray: I think you are absolutely right. We can split that into two areas, and look at the work programme of Maritime 2050 and the areas we want to make progress on. Let me take decarbonisation as an example: the DFT was able to get the support of Treasury and other Departments for a spending review bid to help establish UK SHORE. That was £206 million of investment. We have not had that level of investment in maritime decarbonisation previously. I should say that is match-funded by industry, which is incredibly important, and then some. They have done a very good job on securing that support.

On the more operational side, to take Russian sanctions, for instance, and the effect that has had on the maritime sector, the DFT was able to get other Government Departments to the table to hear the concerns of the sector. There is then a question about what those Departments do. I think that is the challenge for us, as well as for DFT, but it has the connections. It has the ability to make the ask and to bring us into it, but there is a question about how other Government Departments remain committed.

If you look at something like decarbonisation, the DFT is doing a significant amount. BEIS, who would ordinarily do a lot in this space, then feel it is not their space, but we need the expertise and the firepower that they bring. There is a question about how we bring that all together.

Q188 **Grahame Morris:** Last week, the Committee visited the port of Southampton. One of the issues there, in relation to onshore power and the capacity to decarbonise and encourage operators not to use the diesel engines on their ships but take power from the mooring, is whether there are sufficient resources being applied to improve infrastructure to allow that to happen. That is not all within the purview of the Department for Transport. Is it reasonable to assume that the Minister for Maritime, who we are going to be hearing from in the next panel, would be in a position to lead on that, whether it is an issue of resources with the Treasury or liaison with BEIS, to ensure that the resources in that policy are implemented in a practical way?

Ben Murray: Shore power and the example you raised in Southampton are fantastic examples of the sorts of issues that cut across Government. With the shore power installation at Southampton, you will have heard when you were there how they got to a pot of funding to be able to deliver that: it was like a jigsaw puzzle and was very piecemeal. The local enterprise partnership put some funding in. Obviously, the operators put some funding in. The cruise line put some funding in, and others. That is very piecemeal.

When we talk about infrastructure, we need a national strategy for it so that all parts of the country move forward together and, crucially, the power networks are there to provide the infrastructure. I was visiting Portsmouth recently and they were saying that, if the shore power demand that they foresee is provided for, it would require more energy than the whole of Portsmouth put together. We need to bring in BEIS and others to assist.

One of the things we would be very keen to see is a proper national strategy on this, with BEIS and other parts of Government that need to be involved. There is a lack of clarity, certainly from the BEIS perspective, about their role in this. I think the Maritime Minister can convene that. I would say that we have not had a more prominent period of time than now in the maritime sector on things like decarbonisation, levelling up and the role that we play, but we cannot do it alone. We need the rest of the Government to be involved. I would be very keen that there was a recommendation from the Committee on green infrastructure, for instance, to convene a cross-government group. We would be delighted to be involved with that.

Q189 **Grahame Morris:** And choices on future fuels and the infrastructure to support that. Is it your view that, given the increasing prominence of maritime, and the importance to trade, logistics and so on, we should have a dedicated Minister in Government just for maritime? Currently, the Minister has responsibility for aviation, which seems to take the majority of the emphasis—maybe understandably. Given the challenges and the potential that we have in maritime, does Maritime UK have a view on that, or do you personally?

Ben Murray: I think we would welcome that. I do not see why the sector would not welcome that. There is clearly a lot of focus on aviation and maritime, and that sits with the same Minister at the moment. So we would welcome it, but equally as important is ensuring that, as a mode within DFT, maritime has greater capacity. It is by far the least well-resourced part of DFT. The amount of work that is going on for the sector is vast. All you need is something like Russian sanctions to come along and the Department is at capacity. Some of the future-facing Maritime 2050-type work often has to take a bit of a back seat. We cannot, with the imperative of decarbonisation, have that happen.

When we see stories in the press about civil service cuts, that worries us greatly. Just at the time when we are making progress on maritime matters, we need to bolster that with the right capacity. A Maritime Minister might be part of the solution. Nobody would oppose that, but let's make sure we have the capacity to do the work operationally under the work programme.

Q190 **Grahame Morris:** Thank you for that. I want to ask a question about Government arrangements that you mentioned earlier in response to a question from the Chair.

In your earlier response, you explained that Maritime UK has a key role—arguably the leading role—in UK maritime policy in conjunction with the Department, and that you are the umbrella body for shipping, ports and associated industries. My understanding is that P&O Ferries remains one of the members of the Chamber of British Shipping. Is it unreasonable to expect in the circumstances that P&O Ferries would have been removed from positions of influence over maritime policy, especially after they admitted to this Committee that they had broken the law and said that they would do so again? I cannot quite rationalise or explain why they should still be involved at such a high level.

Ben Murray: We said very clearly at the time back in March that we condemned the behaviour of P&O Ferries. In terms of the membership of various associations that they might have within the umbrella, we are an umbrella body, and they are members of individual members of ours. It is not our job to tell our members who should be their members and who should not be. What is important now with where we are is that we work to ensure that that does not happen again and that the right measures are put in place. That is certainly a position we will be working on and encouraging our members to adopt. Indeed, they are in terms of support for the nine-point plan. That is in place, but it is not my position to tell individual members of ours who should be their members.

If there are large operators, we want them in the tent so that we can work with them and get them on board with our work programmes. There is so much good stuff happening on people, on schools, on diversity and on the skills commission. There is more to do, but we want to bring everybody into that work. It is better to do that if you have people in the tent.

Q191 **Grahame Morris:** A related issue is competitive advance, and in particular the emphasis on developing regional clusters. Regional growth is one of Maritime UK's five national priorities for 2020-22. What do you see as the priorities for the next stage of developing regional clusters?

Ben Murray: As I am sure the Committee is aware, regional clusters are incredibly powerful and have the ability to be even more so. The concept behind a regional cluster is that groups of companies, local government and academia and education providers in a given region come together to make progress on the needs of that region. A very good example is Mersey Maritime in the Liverpool City region. They are taking a primary role, with DFT support, in taking that model and rolling it out around the rest of the country.

With more devolution and with the levelling-up fund and other sorts of funding, decision making on funding is being taken closer to the ground by local authorities, combined authorities and others. By having the clusters, we are able to work locally on bids for funding and other sorts of intervention. It might be a labour market requirement. It might be responding to the opportunity around a freeport. As happened in Belfast, it might be the cluster coming together to put a strength in places funding bid together. It was successful, with £30 million of private and £30 million of public funding through that. They are really critical. They are slightly new for the maritime sector in a national context.

Q192 **Grahame Morris:** Ben, sorry, I will have to push you because of time. We have had excellent evidence from Mersey Maritime in person, and written evidence. We saw the regional cluster at Southampton, and we are aware of others. What further support do regional clusters need from the Government? Is it cross-agency recognition? It is not all within the purview of the Department for Transport, is it?

Ben Murray: No. That is a very good point. There will be more support that DFT can give in the future once the current funding support for the programme runs out, to extend that so that we can develop capacity in each of the regions. They can be the engines that they need for their region and their part of the world.

I am not sure of the Committee's role in this, but with things like levelling-up funding the decisions are taken by local authorities. We need to understand it. This is a new thing for us. How do we affect decisions on the ground so that the Maritime 2050 ambitions can be realised, for instance? Yes, more engagement across the piece with the regions because they give good intelligence, but they sell a fantastic regional footprint for the sector. Government Departments such as DIT have regional functions. Let's connect those better with the regional clusters.

Grahame Morris: Thank you, Ben. I will hand back to the Chair.

Chair: Thank you, Grahame. The second theme we want to look at is trade, with global maritime trade volumes expected to treble by 2050.

Q193 **Greg Smith:** Good morning, Mr Murray. The last couple of years have clearly been very different. We have heard evidence in the past from Maersk, for example, who told us that they do not expect to see the sort of supply chains and routes that we have seen in the past ever return to pre-pandemic positions.

When we look to the promised recovery route map that the Government say is coming, what do you most want to see included in that to create the new normal, if we accept that it is not going back to how it was? How much do you think we have to permanently change our thinking about global supply chains?

Ben Murray: I will take the last point about supply chains. The first point to note is how incredibly resilient the supply chain has been throughout the pandemic. We did not see a breakdown of it. We saw ports, in particular, and the rest of the maritime freight community working incredibly well to keep energy, food and supplies coming into the country. That is a point worth recognising.

It is also worth recognising that maritime responds to the dynamic of the rest of the economy. We have increasingly seen a move away from just-in-time to just-in-case models, where people are stockpiling and warehouses are being stocked more to ensure that there is a buffer and that people have it there.

We do not quite know where things are going to settle on that spectrum. That is probably the point that Maersk were making. The sector will respond to that as it needs to. There is much greater recognition of the role that maritime plays, and that is feeding through into things like the future of freight strategy, where we are realising how fundamentally critical these routes were and that the roles matter. Let's give it better recognition in planning processes and other determinations. That is good.

In terms of the recovery route map, first, it is good that Maritime 2050 continues to be front and centre in the Department's thinking. The route map is a route map of Maritime 2050. If there is one thing that we want to see in that route map, it is clarity about decarbonisation and how we move from where we are today, with the clock ticking, towards 2050. Every year that we are not on track, so to speak, for the levels of investment we need, the harder it will be for us to get to where we need to get to. What we are looking for the route map to set out is clarity about how the UK SHORE funding will be allocated, what comes after UK SHORE and how we work towards the kind of targets we need in the clean maritime plan to come.

Q194 **Greg Smith:** I recognise the importance of that ask, but what specifically do you actually want it to say, rather than just giving clarity of what the Government think? Often, I find it is better when industry sets out what is actually needed. Government can rarely pre-predict, if that makes sense. What is the ask within that?

Ben Murray: Taking the route map in particular, we have been working with the DFT on it for months. We expect it to be published imminently and to bring together all the various announcements. It will not have escaped the Committee's notice that from freeports to tonnage tax, the national shipbuilding strategy and UK SHORE, there has been a lot happening in the sector. We need to bring all that together and provide clarity about how those things will move forward and what industry is prepared to do in response to that. That is an important dynamic that we have seen since Maritime 2050. We asked Government for things. Again, taking the environment, we asked for extended intervention in R&D, and in response to that industry is prepared to match-fund the investment that the Government make. That is the kind of dynamic that we are seeing across the piece.

We expect to see a section on skills in the route map, and we are co-investing with Government in a new programme on green skills. People talk about green skills, but we need to get into the detail. What do we mean? What impact will that have on training and qualifications, and how do we upskill people and change the work programme that people have at the moment? That is the ask on the dynamic.

More broadly, on the maritime plan, it is about now putting in place robust targets because the industry wants a fair, level playing field in regulation. It wants to know where it needs to be and by when. Industry will get on and respond to the regulatory context, but we cannot create it; only Government can. In the route map it is about knowing what Government can do, and only Government can do, and then how we can respond to it.

Q195 **Greg Smith:** Thank you. Can we turn to what we need to do as a country, potentially the Government, to increase coastal shipping and the use particularly of inland waterways for freight?

Ben Murray: This is probably an area that has not progressed as much as it should, but it really should. If we take Maritime 2050, there are two primary benefits to it. One is environmental. Others have provided evidence—I think we have as well—to suggest that moving freight by water is the most carbon efficient way of doing it. It is clearly much more efficient than air, trucks and even rail. Let's do more of that. Let's grow that because there is an environmental imperative to do so. Air quality is clearly improved and congestion is reduced.

Then there is the economic benefit. Maritime is a sector that is 35% more productive than the national average and pays a lot more than the national average, too. By taking freight into smaller chunks and moving it around the coast, you are taking economic value and economic activity to parts of the country that it does not necessarily flow to at the moment. Economically and environmentally, it makes huge sense.

If we have one key ask, if the Committee were minded to make a recommendation on this, it is about the Government's modal shift revenue support grant, which just does not work for maritime. The point of that grant is to allow a shift because at the moment it makes no economic sense to take goods off trucks and put them on vessels. That is where the grant comes in, but it is not working for maritime for a number of reasons, such as the way it is set up and the duration of the grant funding. We understand that 97% of that funding has gone on moving goods off trucks and on to the rail network. That needs to be looked at because of the two key benefits that I set out.

As an example of how fantastic inland and coastal shipping can be, you can see outside Parliament the Cory vessels and others going up and down the Thames. There is the Tideway Tunnel—the sewage tunnel being built on the Thames. Using coastal waterways, or inland waterways in this case, to move materials and aggregates, 18,000 trucks have been taken off the road. There are huge benefits for congestion and environmentally. Let's do more of that. Reforms to the grant or a new mechanism to support maritime in particular has to be the answer to that.

Q196 **Greg Smith:** That is really helpful. Are there other barriers to increasing the use of the inland waterways? We heard evidence that the Manchester

Ship Canal, for example, is apparently 90% underutilised. That is a significant number. What other barriers are stopping us moving more goods using the inland waterways?

Chair: Can you give us a very brief answer, Ben?

Ben Murray: It all comes back to economics. If it makes business sense and there is a business case for doing it, the infrastructure that needs to follow from that will be there and all the other benefits that will flow from that will materialise. It comes back to economics, front and centre.

Chair: Thank you. Our next theme, and you have touched on it as perhaps an area that needs to be a little more developed, is infrastructure.

Q197 **Gavin Newlands:** You have given evidence on this, Mr Murray, and we have spoken to many other people who think it is probably the most pressing issue with regard to the maritime sector at the moment. In the written evidence you gave, you said that the infrastructure theme of Maritime 2050 is an area where progress has been much slower than elsewhere. Why is that?

Ben Murray: You are right; it has been slower. Probably it is because it is an area where the DFT does not hold all the strings and cannot pull all the levers. There is a huge capital investment programme required for some of these projects and initiatives. It is a case of other parts of Government not necessarily following through, or being unable to do so over the last few years.

While it has been slow on the Government side, it is worth putting on the record that the maritime sector continues to invest in ports, in particular. You have probably seen in the evidence we provided that it invests £600 million of private funding each and every year in and around the ports. Last year, the figures suggested that it was £1 billion, which is a really important part.

What we need, which is why this track needs to be elevated, is for Government to match that with some of the critical infrastructure investment that links the ports to the rest of the country. Things like the port connectivity study set out the pinch points that need to go from being identified to being responded to.

Q198 **Gavin Newlands:** DP World has opened London Gateway and obviously other operatives are thirsty for more capacity; they are looking for more at Southampton. Ports are trying to give more capacity but are running into issues with regard to planning. Even things like lengthening berths are taking an inordinate length of time. Is that something you have seen right across the sector, and what can be done to assist in that regard?

Ben Murray: Yes, there is huge appetite from the ports, and the rest of the sector as well, to invest more. Planning, as you will have heard from Southampton and elsewhere, is the biggest sticking point in many ways for ports. They would like to see things like the extension of permitted development rights. They would like some of the frameworks that already exist to be better understood. The national policy statement already has a weighting towards port development, but when people are making decisions against that locally, they often do not recognise that. If we can extend the ability for some of this stuff to happen quicker and more flexibly, it would deliver huge rewards for the ports and for the areas around them.

We set out a series of measures that would help do that in our coastal powerhouse manifesto with the Local Government Association. It is about making sure that we connect with the Department for Levelling Up in a much better way and the Treasury, where we need to, to accelerate some of this. Some of it is in the freeport package in terms of the business environment, but that is only for the parts of the country that are designated freeports. There is more to do across the piece.

Q199 **Gavin Newlands:** What effect or impact is lack of progress, be it in planning, regulation or even investment, having on the sector in the UK, versus our European competitors, for example?

Ben Murray: The Maritime 2050 themes are interconnected. One of the areas that is particularly clear is on the environment. When we are talking about infrastructure, we are also talking about green infrastructure, and the ability to unlock further investment by ports and others is critical when we are thinking about the environmental imperatives.

If we are asking ports to install green infrastructure and there isn't the incentive to get on and do that because the capital allowances are not where they need to be, or permitted development rights are not necessarily there and people get held up in the planning process, our environmental priorities and objectives cannot move forward in the same way. There is an interconnection.

There is also a question about productivity. We are already a very productive sector. We are 25% more productive than the national average. We know that there are pinch points where there is a lack of optimised flow of goods because of those pinch points. If we are to respond to that, we can unlock hugely more productive indicators for the sector and grow it in a really sustainable way.

Q200 **Gavin Newlands:** Obviously, our ports can be incredibly efficient and productive, but you can only be as efficient and productive as the road and rail infrastructure of the area around the port and across the country. How does the UK's road and rail infrastructure with regard to moving freight in and out of ports compare with European competitors?

Ben Murray: What some of the European countries do better is higher prioritisation of specific corridors. They understand that the route from the port to population centres, for instance, should be thought of as nationally significant, and the imperative is to consider that route together. What we have at the moment is a jigsaw for freight networks, where one single component can frustrate the entirety of the process or development coming forward.

One of the things we would like to see is a specific freight network being recognised and given priority in decision making. That is part of what we have seen in the future of freight strategy. The fear with all of these things is that it sits there as a strategy and does not translate into reality, either in understanding on behalf of those making decisions or in terms of the infrastructure I mentioned previously in the port connectivity study.

Q201 **Gavin Newlands:** There are a number of issues with regard to infrastructure, but what should the Government's immediate priorities be? They cannot address everything at once, so what are the immediate priorities for Government, in your view, on infrastructure?

Ben Murray: I would probably say there are two. Let's take the port connectivity study off the shelf, dust it down and get on with it. These are evidence-based projects that would help connect ports to the rest of the country better. That would be the first. The second would be very quickly to look at the planning framework because this is not necessarily about Government having to spend money. It is about Government making it easier for ports to get on and spend money, and in doing so grow the coastal community in which they are located. Those are the two key asks for infrastructure.

Gavin Newlands: The second one chimes with what we were hearing on our visit last week. Thank you.

Chair: Technology is our next theme. Over to Christian Wakeford.

Q202 **Christian Wakeford:** Ben, is there enough funding and support for scaling up and adoption of innovative technology in ports and shipping?

Ben Murray: Probably not, no. There has been some good funding recently in the clean maritime demonstration competition; 23 million quid is small fry, but it is new and good for the sector, and £206 million is good. A lot of that is on R&D. R&D is fine, but, as I think your question suggested, there is a role in scaling up that technology and those projects to commercial viability or to be an exit strategy, or whatever might be needed for those projects. I do not think we have a plan yet as a sector for how we do that. That is something we want greater focus on.

Again, this is where someone like BEIS needs to come in because they have a massively increasing UKRI budget, but we do not always see that deployed in support of the maritime sector. More of that would certainly be very welcome.

Q203 **Christian Wakeford:** We have heard Professor Hudson describe that, in regards to innovation in the sector, it is pretty conservative and that we are now coming to a fork in the road where there is a huge opportunity, but a risk. The reference to the VHS and Betamax moment is one, or for those who do not understand what VHS or Betamax were, maybe MP3 and minidisk, but even that is probably too old for some.

Where do you think we are going? Do you think both the ports and the Government truly understand what the risk is of picking the wrong technology and path?

Ben Murray: Yes, you are right. It is worth reflecting that the Committee will do work on other modes as well. If we think about automotive, by and large with cars, electrification is what we are looking at for decarbonisation. For maritime, it is incredibly complex. You have all manner of solutions because different sorts of vessels are doing different sorts of things. It is absolutely right that the Government are technologically agnostic when they look at the solutions and the fuels, because we do not know which are going to win out, and there will not be any one solution for all parts of the sector. It is incredibly complex for companies to respond to that. It is absolutely right that we are focusing on R&D at the moment because we need to work out which of the solutions will be the most viable, the most cost-effective and the most environmentally effective. Maritime UK has an incredibly important role in that, but it is very complex and tricky. We need to bring other parts of Government into play because DFT in its current UK SHORE set-up focuses on R&D, but there is a gap, as you say, between that and becoming operational and viable.

There are also those technologies that are proven and technologically mature but do not make economic sense to deploy at the moment because the economics do not stack up. What is the solution? What role do Government need to play to enable some of that? Is it through incentives in the tax system? Is it through grants to celebrate and recognise those that are deploying earlier? All of these things are part of the puzzle. I think you are probably getting a sense that it is incredibly broad, but they all need to fit in and work together.

Q204 **Christian Wakeford:** With regard to the tax system element, to what extent do you think maintaining the super deduction that was brought in during last year's Budget will be fundamental in maintaining the strategy?

Ben Murray: It goes back to the earlier points about wanting to invest as soon as possible and wanting to scale that up. I am absolutely supportive of that sort of measure. Ports are very keen to see that extended and to respond to it through the sorts of investments that we are seeing around the country.

Q205 **Christian Wakeford:** Thank you. We have also heard the Government say that they want the UK to be world-leading in smart shipping. Do you think there is enough action taking place to fulfil that promise?

Ben Murray: The ambition is absolutely right. We want to be the world's most competitive and most progressive centre by 2050. If we look at smart shipping—automation, digitisation, cyber and so on—it is fair to say that at the smaller end of the market, as the National Oceanography

Centre submitted last week, part of the sector is really and truly world-leading. It is looking at things like surveying subsea cleaning of plastics from the ocean, and search and rescue. We are genuinely very much on the pitch and very competitive. We have people from the rest of the world coming to look at the activity that is happening here.

Further up with the larger vessels, when we are looking at automation for some of those, there are other centres around the world that are probably ahead of us—Scandinavia in particular. We are world-leading in aspects of it. One point to recognise is that at the back end of last year there was a global survey of the industry that actually put the UK No. 1 for blue technology associated with the oceans, and smart shipping is a key component of that.

There is good recognition. I think our position in that ranking has improved, but we certainly have a long way to go on some of the larger vessels and scaling the technology that we do well. It is a really good success story, particularly for the south coast and smart shipping in the smaller part of the market.

Q206 **Christian Wakeford:** With regard to a centre for smart shipping, we are expecting the plans later this year. What do you think the centre should actually concentrate on, bearing in mind that we are talking about the 2050 strategy and only having an announcement in May this year that it would come forward this year? Do you think we are thinking about it too late?

Ben Murray: It is good that we want these centres and this response to the ambition. We want to work very closely with the Government on fleshing that out. What does it look like? We need to be mindful of the fact that in the national shipbuilding strategy we have centres of excellence proposed and we have innovation hubs proposed. Let's make sure that those things are joined up.

At the end of the day, it needs to do two things. It needs to focus on bringing together companies that are already working in this space with the parts of Government that can accelerate that. We cannot avoid it; it also needs to deploy funding in the same way as other maritime centres that you think about. For instance, Norway deploys grant funding. Just as we are looking at funding for decarbonisation, so there needs to be grant funding—not necessarily a huge amount of grant funding, but public funding. We hear all the time from companies that a little bit of public funding gives confidence and can catalyse private investment that you can then draw down public investment from. It is bringing together what exists, making sure that the strategy does not duplicate what exists today and providing the funding to accelerate it.

Q207 **Christian Wakeford:** I have a final question. We keep hearing about regulation holding up technological advancement. We heard Huw Gullick describe lack of regulation for underwater vessels and how that is beneficial. On the contrary, we heard Professor Hudson say that there is too much regulation and that it is a barrier for innovation. Which is it? Where are those barriers landing?

Ben Murray: There is a bit of a double-edged sword with wanting to regulate too soon with some of these things. You can regulate wrongly. What we have seen is that certain testbeds around the UK for things like marine autonomy have worked very well.

By and large, we are always in favour of global regulation because maritime is one of the most global of industries, so you want to make sure what you are doing can work elsewhere and is as clear and navigable as possible. Where there isn't global regulation, we have seen industry step up. One of the industry working groups, the Maritime UK Autonomous Systems Regulatory Working Group—a bit of a mouthful—has created codes of practice that have been used in commercial contracts around the world. That is a real opportunity for the UK to show global leadership on this.

Regulation will always need to be looked at very carefully. There is probably a bit of both in that. Let's not get the wrong regulation because that can hamper us and hold us up. The MCA has an important role there; it created MARLab, a maritime regulatory lab to work on these things with industry. We need to keep doing that. We will clearly need to look at smart shipping too. It is a case of building that when we need to and doing it cleverly and sophisticatedly.

Christian Wakeford: Thank you.

Chair: We have two more things to explore. We have until 10.30, so I suggest we do seven minutes on the environment, which gives 10 minutes to Ben on people. Gavin will do environment.

Q208 **Gavin Newlands:** In terms of transport decarbonisation, I think everyone agrees that aviation and maritime are the two toughest sectors to decarbonise. In that vein, do you think it is possible to meet the Government's 2050 environmental targets in maritime?

Ben Murray: The first thing to say is that domestic shipping in the UK does not have a target. We have the global IMO target of 50% by 2050 and we have the overall economy-wide target. We need targets and we are looking to the clean maritime plan to put those targets in place so that everyone knows what we are working to. The other triggers—the market-based measures and tools that can support that—will be there. Assuming we are talking about getting to net zero by 2050, we can do it, but you are absolutely right that it is an incredibly difficult sector to decarbonise.

The point I made on a previous question about different solutions for different vessels is true. There are so many barriers to us getting there, but the overriding common link across all of those barriers is investment. We need to get that environment right. We need to get the targets right. We need to get the funding right, and we need a clear understanding of our shared heading and do the lockstep internationally because of the need to move between different jurisdictions. We should clarify the target, but assuming we are talking about 2050 net zero, yes, if the investment is there. The £206 million is a very welcome first step, but it is nowhere near where we need to be for this to succeed.

Q209 **Gavin Newlands:** I take it from your answer that investment would be the biggest barrier to meeting that goal. You made a point about potential future fuel and which direction we go in. I have had conflicting answers from people on what that future might be. A chap running a port in Romania suggested that hydrogen was nothing more than a daft idea, essentially, and would not have a future, whereas most senior players think that hydrogen will probably be the way.

Ultimately, whatever direction Asia goes in as a first mover, potentially the rest of the industry will go in. When do you think that might be? The Government are agnostic at the moment on all of this, but perhaps the Government need to move in a certain direction. When might that happen?

Ben Murray: You are right. The discussion that you are party to is the same as is happening across the global industry at the moment. There are barriers around finance and lack of R&D. There is lack of clarity about pathways and the regulatory framework, and the costs associated with the fuels and electricity. I think clarity will emerge over time for different vessels and types.

First-mover positions on this can be very helpful. You will have seen that Maersk made a move on methanol and others then followed suit. On hydrogen, there are so many different views. There are people who feel it has a very important role to play on workboats, for instance, servicing offshore installations and the offshore energy industry. Others say that they would not touch it with a bargepole for various reasons. That shows why we need to be in an agnostic position at the moment. The industry does not know where we are going to be. I think Government have to be there. That does not mean Government should be there forever because solutions will win out.

A point to add is that, just because from a regulatory perspective we want to be agnostic, it does not mean that for UK competitive advantage. If we have shipbuilder or shipyard technology companies that can see an opportunity that is suited to UK businesses, the Government might want to back it. The competitive advantage on the manufacturing side is separate and it does not necessarily need to be the same position as we take from a regulatory perspective.

Q210 **Gavin Newlands:** I am conscious of the time, but I have two quick questions. In that same visit to Constanţa in Romania, they told me about their plans to update the electrics and provide shore power—two big projects overwhelmingly funded by the EU. Do you have figures that show how much investment ports across Europe or elsewhere are getting to develop infrastructure in shore power compared with here? If you have any figures you could forward to the Committee, that would be very useful.

You mentioned the clean maritime plan. What specific revisions would you like to see, if you could give us two or three bullet points?

Ben Murray: Sure. On the first point about shore power, yes, we will send that to you. The headline is that the rest of the world deploys much more public funding to support shore power than in the UK. We will forward that to you. Without public funding we do not see that rolled out. We will send that across.

On the clean maritime plan, there needs to be greater clarity on the targets that we are talking about, what emissions are addressed and how those emissions are calculated. We need the establishment of a market-based measure for domestic shipping, and we need the funds generated from that to be ringfenced for maritime so that technologies can be invested in based on that. We need clarity on the support packages that are available for the sector from different parts of Government in tax incentives and R&D.

We had a discussion previously on short sea shipping and inland waterways. We need to bring that up and in. We need a national strategy on the green infrastructure and shore power piece. We also need to look at the renewable transport fuel obligation and make that work for shipping. We need to understand how UK SHORE will be properly established and what it will deliver over its future period. We need to see green corridors, which the Committee is aware of from COP. That is great, but we need a UK support package to enable those green corridors to develop from the UK to elsewhere. Then we obviously need to have a deep dive into the financing—particularly the professional services proposition—when it comes to green finance. We can send you a list of the recommendations we have for what should be in the CMP. That is an overview.

Q211 **Gavin Newlands:** That would certainly save the Clerk some writing, I imagine. Could you give a one-word answer to my last question? We understand that it can be difficult to secure financing for greener vessels due to the high levels of uncertainty, the immature market and so on. Are the Government doing enough to address this?

Ben Murray: Probably not.

Gavin Newlands: That'll do. Thank you.

Chair: We like those kinds of answers, Ben. Ben Bradshaw on people.

Q212 **Mr Bradshaw:** Thank you. Ben, what are the main barriers to expanding the labour and talent pool in the maritime sector, particularly the domestic one?

Ben Murray: Some of them are things that businesses across the economy face and some of them are maritime. Across the economy, despite progress being taken by companies, there is still a lack of inclusive workplace cultures creating that environment. I think all parts of the economy are faced by that. In maritime in particular, I think you have probably heard from previous evidence sessions that there are things like non-appropriate toilet facilities for the workforce. There is not appropriate PPE—those sorts of things. We know about those, and people are working together on them.

It is important that the sector, through the diversity programme, is creating things like coming-out toolkits and menopause resources. We want more of them to do so, but a number of companies are making commitments to make progress on this, to report their data and to work with other companies to make progress on this agenda. Some of those will be things that you are well aware of from other parts of the economy, and some are very specifically about maritime.

Q213 **Mr Bradshaw:** You say that progress is being made, but I think that if you spoke to people in other sectors and they were told that only 4% of the employees are women and that most ships do not carry PPE or protective footwear to fit women's shoes or women's bodies, they would ask why that was not mandatory.

Ben Murray: The 4% figure is a global figure for seafarers. We are still collating our data on the UK. Of course, this is the breadth of the sector. It is people working in ports, working on cruise ships and working in the white collar-type City jobs that we have in maritime too. You are right that there is a long way to go, and no one would suggest otherwise. Some of the initiatives that have been put in place might sound pretty trivial to some people, but for our sector they are big steps forward.

As an example, we heard from other parts of the economy that if you have gender-balanced interview panels, or diverse interview panels in every sense, you are more likely to overcome unconscious bias and recruit people from different backgrounds. Some of our small businesses do not have the ability to have diverse panels, so some of our bigger companies loan staff to smaller businesses to encourage that and allow that principle to be borne out. That is one example of the sort of progress that is being made, but progress does not mean job done by any stretch of the imagination.

This is probably an area where we have seen the greatest buy-in from businesses in the last few years. I believe it is genuine. There are safe space networks that we have created and the number of individual colleagues coming there and feeling valued, being empowered and sharing experiences is really positive, but we need to do a hell of a lot more of it.

Q214 **Mr Bradshaw:** Where do you expect the main labour and skills gaps to be in 10 to 15 years' time?

Ben Murray: Part of that at the moment, we think, is around decarbonisation. We have just started a new piece of work to understand what the skills requirements will be to enable us to make that transition. We are launching a piece of work on that today.

It is fair to say, marking our own scorecard here, that there is lack of a robust picture about the future labour needs of the sector. That is why later this year we will be conducting a full labour market intelligence assessment. One of the areas where we think there is most pressure on labour is shipbuilding. The Committee may have seen, as part of the national shipbuilding strategy, that there is a new shipbuilding skills taskforce that will be deep diving into this.

Our sense is that it is on manufacturing and green technology. There is also a case for retention. Speaking to businesses recently, it has been quite difficult to recruit people. I do not know if this is unique to maritime; I think it is probably not. Salaries are going up. There is more pressure. It is very difficult at the moment to keep people. Again, through our diversity work and elsewhere, it is about creating an inclusive sector that people want to stay in and move around in and where companies want to invest. We need to do more work on it, but that is our hunch about where we think the shortages are.

Q215 **Mr Bradshaw:** We have heard from both the unions and the employers that they thought the Government should fully fund the cost of training, and that it would pay back the taxpayer more than it cost. Is that realistic and something you would welcome?

Ben Murray: This is in the case of seafarers, is it?

Mr Bradshaw: Yes.

Ben Murray: There is a very strong argument for that. We are committed in the tonnage tax reforms being developed at the moment to keep that training link. Recognising that the role of seafarers and maritime workers in general is changing, let's look at how the funding born out of tonnage tax, for instance, can support the sorts of skills that we are going to need in the future. The more people we are training, the better that will be for a growing sector. We certainly want to explore that and be involved in those discussions.

Q216 **Mr Bradshaw:** On apprenticeships, I was rather surprised to see that the annual figure is only 40, down a third since 2018. What more can be done to create more apprenticeship places and encourage more young people to take an apprenticeship in the sector? This is possibly for ratings.

Ben Murray: Yes, I think so. Across the rest of the sector it is a very different story—at Harland & Wolff, for example.

Mr Bradshaw: It is specifically ratings.

Ben Murray: The Maritime Skills Commission has initially completed and is now working through a seafarer cadet training review. We would be very keen to see that process happen for ratings as well. Let's do this properly and delve into it and look at the future of ratings training. Let's give the same focus to ratings that we have seen for cadets.

Q217 **Mr Bradshaw:** Finally, Maritime 2050 proposed a "social framework" for better welfare among the UK maritime workforce. What progress has been made on that?

Ben Murray: When we were looking through the recommendations, we saw that one. I think in many ways the nine-point plan proposed by the Secretary of State and being implemented takes forward a lot of that, but that does not mean we will not need to do more as a sector to look at the areas that are not covered in the plan. There has been greater focus on seafarer welfare and wellbeing, particularly because of the scandalous environment that seafarers found themselves in during the pandemic. There is greater awareness of that, and the Government are giving greater funding to some of the seafarer charities to support that. That is one part of it.

In the framework that brings employers, unions and others together to ensure that we create the right kind of career and working environment, I think the nine-point plan will be a very significant step forward on that recommendation.

Q218 **Mr Bradshaw:** Where are the gaps in it that you have just mentioned?

Ben Murray: I will need to go back and look at the recommendations in particular, but we as Maritime UK certainly have trade union membership and are very keen to work with other unions to do this. We are thinking about the governance structure for delivering the route map and Maritime 2050 in general. We want the unions to be part of that too. You have to co-design these things with all parts of the sector. I dare say there will be gaps, so let's work through those with unions.

Mr Bradshaw: Thank you.

Q219 **Chair:** As you have given me a minute, can I ask you, Ben, about the Marine Management Organisation which almost provides a planning department for the coast? We spoke to one of the ports about their plans to develop. Some of the timelines they have been given seem ludicrous if we are to be able to deliver Maritime 2050. Do you have any thoughts about that agency and its running?

Ben Murray: Yes. I think we can probably follow up in a bit more detail on proposals there. Our colleagues in the ports membership organisations are probably more sighted on it, but a general point that they make is that it takes a long time, as you say, for projects to be approved for consent to be progressed. It is the same point on land. Let's work with the industry for sustainable development. Let's not see development as something to be thwarted. Some of the technologies and environmental protections that are in place now to support progressive development are incredible.

There is a general point. Different parts of Government are hardwired to work with and for the sector, and to grow its contribution to the environment that it is in. My understanding is that that is not necessarily the case with the MMO, but we are happy to follow up with some specific points on this, and potentially some recommendations.

Q220 **Chair:** That would be very helpful, not least because when I look at them, they are responsible to DEFRA. The question is whether they might be better having dual responsibility from the Department that is ultimately responsible for delivering for maritime as well, rather than just the environmental side of things.

Ben Murray: We will certainly follow up.

Chair: Good. That is perfect. We are bang on 10.30, Ben, so that is absolutely perfect. You have given us really good and clear evidence. We are very grateful for your views. We look forward to issuing our report with our recommendations. We wish you a good rest of your day, and thanks again.