



Transport Committee

Oral evidence: Maritime Policy and Coastguard

Modernisation, HC 426

7 September 2015

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Members present: Mrs Louise Ellman (Chair), Robert Ffello, Mary Glendon, Stewart Malcolm McDonald, Mark Menzies, Will Quince, Iain Stewart, Graham Stringer, Martin Vickers

Questions 1-50

Examination of Witnesses

Witnesses: **Robert Goodwill MP**, Parliamentary Under-Secretary of State, Department for Transport, **Sir Alan Massey KCB CBE**, Chief Executive, Maritime and Coastguard Agency, and **Ian Woodman**, Director of the Maritime Directorate, Department for Transport, gave evidence.

Q1 Chair: Welcome to the Transport Select Committee. Would you all like to introduce yourselves to the Committee by giving your name and position?

Robert Goodwill: Thank you, Madam Chairman. I note that there are two surviving members of the Committee I used to sit on many years ago. Let me introduce you to the witnesses accompanying me this afternoon. Ian Woodman is maritime director at the Department for Transport and heads up an excellent team at the Department. Sir Alan Massey is chief executive of the Maritime and Coastguard Agency.

Can I make a very brief opening comment or two? It will not have escaped you that today is a very important day in the maritime calendar—in fact, an important week—as London international shipping week starts today. In fact, I was at the London stock exchange this morning and opened trading for the day, such is the importance of maritime and shipping industries to the City, although I rather suspect that—a bit like the switch you throw for the Blackpool illuminations—if I had not thrown the switch, trading might have still started.

The publication today of Lord Mountevans's maritime growth study also marks the start of London international shipping week, which will showcase all the UK's maritime sector and all that it has to offer to an international audience. The sector contributes at least £11 billion to the economy, as well as supporting at least 113,000 jobs. The study is the first such review of the sector in almost two decades and, importantly, contains recommendations for both

industry and the Government. Many of the recommendations, such as the promotion of the UK flag and support for maritime careers, build on areas raised by the Committee in your 2014 report “Forging ahead?” We welcome that study and his vision, and look forward to working together with colleagues in the industry and in Parliament to promote that agenda.

We want to promote the fact that the UK is a great place to do business and to make the UK the world’s foremost maritime centre—not just London, but important regional ports. I must mention Liverpool particularly in that regard, Madam Chairman. I am delighted that the Committee has decided to focus on this important publication at today’s session, among other important areas, and I look forward to your questions.

Q2 Chair: Thank you, Minister. The Committee, as you know, has a long-standing interest in maritime issues. We decided to have this session to mark the beginning of London international shipping week, and we are very pleased that the maritime growth study has in fact been published and presented this morning. Minister, in view of what has been published this morning, what would you say is the most important task for the Government to take up now, working with the maritime sector?

Robert Goodwill: I think it is to reverse some of the declines that we have seen in UK shipping. I am not suggesting that we should return to the days when ships were being built on the Clyde and the Tyne in massive numbers, but there are important areas, I believe, where we can reverse some of the declines we have seen.

London is still the world’s centre for maritime business, with insurance, shipbroking and the specialised services, including legal services, that we have there. We are seeing increasing competition being brought to bear from places in the far east such as Singapore and, nearer to home, from Cyprus and Malta. This is an important opportunity to reverse some of the trends that have been going in the wrong direction, to encourage more shipping to come on to our UK register and fly the red ensign—I mentioned at the meeting for the launch we had today that we need to do more work to make it a customer-friendly register—and to encourage ship owners to come on to tonnage tax, which is, in my view, a no-brainer.

We have the most cost-effective tonnage tax regime in the world. It is coupled with training, which is also very important. One of the issues that the report identifies is a lack of skills in maritime, both out at sea and on land. The tonnage tax, with its training obligation, delivers that. We are also looking at how the Government’s own agenda in terms of apprenticeships can knit in with that. It brings forward a number of challenges that we need to face in order to face the increasing competition from abroad.

The report, in a nutshell, talks about more leadership from the Government and industry, with an industry-led promotion body. It talks about more effective marketing by the industry and Government of what we have to offer, both domestically and internationally, and how we can move proactively to replenish and develop the skills that we need. Two specific actions were announced today. First, the Secretary of State will chair a ministerial working group to build on some of the conclusions of the report. Secondly, within the MCA we are looking at separating the administration of the UK ship register and appointing a new person to head that, to make it more commercially savvy and able to compete on a level playing field with some of the other registers that operate abroad, without compromising safety. One of the selling points of our register is that we would never compromise safety, but we need to become more customer friendly.

Q3 Chair: Members will want to pursue some of the individual points that you have raised, but at this stage I would just like to put it to you that there has been a great deal of criticism that the Government have not been sufficiently involved in promoting a maritime strategy, particularly in comparison with what has happened in places like Singapore and the Netherlands. There is a proposal in today's report to set up a new Government-wide body working with the sector. You say you are going to do that. Are you going to do it, and is there any funding to make it work? Has the industry agreed to provide funds for such a body, or is it something the Government are going to do? We are interested to know what the Government are actually going to do, now this report is available.

Robert Goodwill: We must admit to a degree of complacency, maybe, over the years from industry—the fact that we assumed that London would always be the premier enterprise centre and the premier place where people come to do their business, to do their insurance and to carry out their legal matters. Maybe we have taken our eye off the ball. What is interesting, though, is that London is fantastically placed to re-establish—

Q4 Chair: Minister, the question I put to you was: is there going to be funding for the new body that is proposed? Is it going to happen?

Robert Goodwill: The body—the promotion body—is going to be an industry-led body, so while we will look at any bids for funding, I think the industry itself understands the importance of promoting London. Let us not forget that there are businesses here in London, in shipbroking, insurance and legal services, that stand to gain from promoting London, so I do not believe it should—

Q5 Chair: Yes, that is indeed the case, but the Committee is concerned about a maritime strategy. The criticism that has come to the Government in the past is about not being sufficiently engaged with an overall strategy. London is vitally important, but it is not only about London. Is this new body going to look at maritime issues—certainly including London, which is vitally important, but beyond London as well?

Robert Goodwill: I probably made the mistake of featuring predominantly London, because it is London international shipping week, but I made the point this morning at the launch of the shipping week that it is not just about London. It is about other successful ports, the technical services that are provided and the industries. In my own constituency, we still have a shipyard producing fishing boats, so there are plenty of places around the country where people's work is involved in maritime. We have tremendous opportunities in connection with offshore wind, where service vessels will be needed.

Q6 Chair: We will come on to these things very specifically, but our concern is to know what is actually going to happen now.

Robert Goodwill: This will be an industry-led promotion body. Government will do whatever they can to support that body in its work. We see it primarily as an industry body, because the industry is the group of people who are set to gain from it. We are certainly not in a situation where we think that if we start writing big cheques from the Government, it will solve all our problems. The maritime growth study has identified what needs to be done in terms of the industry itself, and has also identified areas where Government can act, particularly looking at how we can extend our UK ship register by improving the service that we offer ship owners.

Chair: We will come on to these things individually so we can see exactly what the Government are going to do, as well as the industry.

Q7 Robert Ffello: I want to go back to the issue of skills. I welcome the announcement about the promotional body. In areas like Stoke-on-Trent, which is probably one of the furthest from the sea that you can find in the UK, there are a lot of young people, in particular, who have probably never even thought about a career that is anything to do with the maritime world, yet they have skills, talents and abilities that would be of great value to the maritime sector and are being denied the opportunity simply because they do not even know about it. I am curious about what the Government will do to work with this promotional body to make sure that young people particularly, whether they are in Stoke-on-Trent or, indeed, on the coast—wherever they are in the UK—know what opportunities are there and are given the opportunity to get those skills. How are the Government going to make that happen?

Robert Goodwill: That is an excellent question. By the way, I must point out that, although I announced the two actions that we have announced today in response to this study, we will be responding before Christmas, giving more of our observations and the actions that we wish to take. The report has been published today. We have announced two specific measures that we intend to implement today, but there are other suggestions in the report that we want to work on.

There is a difficulty in getting young people excited about a career at sea, in particular. If you are in a land-bound area, it is even more difficult, because there is unlikely to be a tradition of that type within the family. We have an opportunity to try to get young people within the school environment interested in the sorts of careers that might come forward, because there are tremendously good jobs available. Of course, with the funding that we have announced—the £15 million SMaT budget, which funds just over a third of the cost of training for trainee officer cadets and ratings, and also money for conversion to officer training—there is money there, and the tonnage tax has that training obligation. It is so simple that I am surprised that other countries around the world are not emulating what we are doing to get people into training.

It is early days, but you may recall that in the Budget statement the Chancellor referred to the training levy. It is an attempt to address something I am sure employers in your constituency have also complained about, which is that they are doing the right thing by training people, but those who do not do training will end up just poaching their people once they are trained and have completed their apprenticeships or other qualifications. The training levy will be a way of rewarding those who are doing training and ensuring that those who are not training see a financial advantage in doing it. The maritime industries are key to getting people into those sorts of jobs, but the training places are there and the money is there, to an extent, from Government and, to a large extent, from the industry.

If we can increase the number of vessels paying tonnage tax, we can also increase the number of people in training, but in land-locked constituencies it is difficult. Maybe one of the solutions will be to get people from the industry to go out and evangelise about the opportunities that may be available. In my constituency, we have two ports and a long tradition of seafaring; Captain Cook left a port in my constituency to discover the new world. In some parts of the country, it runs in people's blood. In other parts of the country, royal naval heritage runs in the blood, so we have people who train in the Royal Navy and then see that as an opportunity to go into the commercial merchant fleet. Certainly one of the issues we need to look at is how we can get more young people interested in maritime skills.

Robert Ffello: I hear and appreciate what you say about SMarT and those sorts of things, but there are barriers for young people, in particular, to get careers within the maritime sector, and, indeed, other sectors. Of course, the biggest one of all is not even knowing it exists. This question is more of an ask, really, but DFT and the Department for Education may want to sit down and come up with a plan that gets this somehow on to the curriculum. There are sea cadets in places like Stoke-on-Trent—quite where they find the sea, I have yet to find out—so there is an interest if you happen to be in the right place at the right time. I gently suggest that perhaps there is a real role for Government in getting this into schools and communities, to learn about what is available out there.

Q8 Chair: What is going to happen in relation to that?

Robert Goodwill: In the maritime growth study, recommendation 13, subheaded “Education”, says, “For government to explore the scope for introducing maritime examples into primary and secondary school teaching in order to raise youth awareness and, where possible, to support bodies”—

Q9 Chair: I know it says that. Will the Government be doing it?

Robert Goodwill: As I said, we will respond in full to the report before Christmas. That is certainly one of the recommendations. The support of your Committee for that recommendation would be an additional good reason for us to push forward with it. The engineering sector has done great things, getting young engineers into schools and exciting young people about some of the projects that they can do at a school level—building bridges and all the rest—so the industry itself could see opportunities.

The difficulty, of course, is that many of our maritime industries are based at the coast, for reasons that are obvious. It is therefore important that we look at how we can continue to spread inland to allow people to see the opportunities. There are well-paid jobs, such as officers on container vessels; I was on one in Southampton the other day. The salary for the master of a container vessel is £80,000, and not much less for a chief engineer. With increasing tonnage and increasing levels of trade, there is demand in the world for well-qualified officers—and ratings, to an extent.

Q10 Chair: All of this is well known. We agree with it, but we want to know what is going to be done about it.

Robert Goodwill: It is one of the recommendations in the report. We will respond to that before Christmas. I hope that in publishing its response to the report the Committee will give us an additional good reason why we should act, and maybe think of some good practical ways that that can be done. I often find in my constituency that lots of people write to me and say, “This should be in the national curriculum,” but when you talk to teachers, they say, “Actually, there is so much in the national curriculum that we don’t have time to do things that we would like to do.” We need to make sure we strike the right balance between putting things in the curriculum that teachers feel they are being forced to do—

Robert Ffello: Minister, I agree with you on that, but—

Q11 Chair: Is it the Government's responsibility to do that? We want to know what is actually going to happen to make these things a reality.

Robert Goodwill: We will publish our response to the report, with specific recommendations. We have announced two actions today, immediately. We will reflect upon the rest of the report and produce our full response before Christmas, but I take the general view of the Committee that we need to do more to encourage young people to look at the type of jobs that they can explore in the maritime industry.

Q12 Chair: Why is the number of UK-flagged ships falling, and does it matter?

Robert Goodwill: We had a round table in Downing Street today, with a number of the representatives of the world's biggest ship owners. In fact, some of the world's biggest ship owners were there in person. They feel that we need to become slightly more customer friendly, in terms of the inspections regime and the survey work that we do for them. I suspect Sir Alan may want to come in on this, as he is directly responsible.

It is very important that we do this in a way that does not compromise safety. That is one of the issues. We do not want to become a flag of convenience; we do not want to become a soft touch. Although some of the other flags around the world are not as bad as they may have been in the bad old days, when rust-buckets were sailing around the world with inspections that were not at all satisfactory, it is a little bit about trying to work with the ship owners to make sure that, while we do not compromise safety, we give them a service.

One of the problems is that we have difficulty recruiting the right people, which brings us back to skills. We also need to look at how we can use the private sector more effectively. Many of the other national registers use private sector inspectors to do their work, so we need to look at how we can knit the two together. Of course, that would have the additional advantage of freeing up some of our inspectors to do the statutory work they have to do, inspecting vessels when they come to our ports to make sure that they are safe, but I might let Sir Alan say a few words.

Q13 Chair: Sir Alan, in the report there are a lot of quite strong criticisms of the MCA in relation to the SR, and there is a suggestion for setting up a completely new company—it is not exactly clear what that means—to deal with the issue, to do with the management of the UK ship register. It is suggested that the Maritime and Coastguard Agency is not commercial enough and should perhaps separate its commercial operation, which should be hived off, and it should deal with regulation. Do you accept those criticisms?

Sir Alan Massey: Just to put some numbers around it, we grew the register quite successfully from a low around 2000 up to 18 million gross tonnes in 2012, since when we have lost about 4 million gross tonnes. That is a large chunk. It is probably true to say that in the face of rising competition from other centres, particularly in the far east, our style of doing business has not been quite as attractive to shipping companies as it was in the past. We stand by our quality reputation and our absolute pursuit of safety, but there are ways of doing that.

What I need to do is to institute both structural and cultural change in the Maritime and Coastguard Agency in order to make us more attractive to industry. Industry has been quite helpful. In the context of the maritime growth study, they have given us some very

clear pointers as to where they would like us to do better. They have come up with a particular suggestion, which I entirely subscribe to, that we would do quite well if we were to split the commercial aspects of growing and administering the UK ship register from the more regulatory parts of the MCA. We propose to do that. In fact, we have now advertised for the post of director of the UK ship register, who will be separate from the other pieces of governance that I have in my agency. That can only be positive, but it is always going to be the case that the industry will have a potentially critical view of their regulator. While I can understand that they want lots of freedoms and they want us to be a little more pragmatic, we have to be quite careful that we do not compromise on ultimate safety, because that is really what we are here for.

Q14 Chair: Minister, when is the decision likely to be made on this, in terms of changes? There are suggestions about changes in fees and about the use of surveyors, but, more fundamentally, about the whole structure of governance arrangements. What are you going to do now?

Robert Goodwill: We have made the decision already to separate out the MCA's work in this field, with a new commercial director we are going to appoint to take it in that direction. We need to talk with that new appointee, when appointed, to see whether he or she feels that is the direction in which we should go.

One of the challenges we face is that, as well as the checks that we make—the sort of MOT test, dare I say—on vessels as part of their registration process, we have an obligation to carry out port-stay checks. There are European Union targets, which we have agreed to, to allow vessels that come into our ports to be checked for safety. We do not have the capacity to do the full number of checks that we should be doing, and we have been notified by the Commission that we are an overburdened state—in other words, we do not have the capacity to do those inspections. We are inspecting about 83 ships per month, which means that there is a shortfall of about 126 per year, largely in the Aberdeen area, where we have particular problems.

In my mind, there is no suggestion that we should delegate those port-stay checks to third parties. That is something we should keep within our own bailiwick, within the MCA. When I say the private sector, I am talking about the classification societies—people like Lloyd's Register, who are well respected around the world and are used by many other flag nations to carry out inspections. We need to look at how we can work with those private sector organisations that are well respected and already do a lot of inspections. Hartlepool nuclear power station's boilers are inspected by a classification society, so there is no doubt as to the regard in which they are held.

Q15 Chair: But in relation to the UK ship register governance, which is something slightly different, do you agree that a new Government-owned company should be responsible for that? That seems to be the suggestion. Are you comfortable with that?

Robert Goodwill: There is a suggestion that that would evolve into a GOCO—a Government-owned company. We have not got to the stage of making that decision yet. It is something we are certainly looking at seriously, and we would be very interested to hear what the Committee's view on it would be. We have done that with Highways England and allowed it to become arm's length from Government but still controlled by the

Government. It is early days to come to that decision. We need to see how the reforms that we put in place with the new chief executive—is he going to be called the chief executive?

Sir Alan Massey: No. He will be the director of the UK ship register.

Q16 Chair: Just so that I can be entirely clear about what you are proposing, you are proposing no fundamental structural change—

Robert Goodwill: There will be a separation within the MCA—

Q17 Chair: Within the MCA as it is?

Robert Goodwill: There will be the new director we are recruiting. I very much hope that it is somebody who comes in with commercial expertise and experience, rather than somebody who may have been working in a more regulatory role, and that it is somebody who will instil a new energy into the work that is being done. They need to work with some very well-qualified and experienced people working in the MCA at the moment. We certainly would not want to undermine their status and what they are doing. We want to work with the unions to make sure that they understand that this is not a threat to them but an opportunity for the way they can work. However, we need to increase the capacity for our inspections. If we are going to get more people to flag with us, we need to ensure that we become a little more able to respond to our customers' needs. I will give you one example—

Q18 Chair: Are you concerned about the decline in numbers under the UK flag?

Robert Goodwill: Yes, absolutely. One ship owner who complained to me said that he did not mind paying for an inspector to fly out—I think to Singapore or somewhere in the far east—to carry out an inspection, but he was annoyed that the person, after arriving on a business-class flight, had to have a night's sleep before they did the work. I am told that other flags are much more flexible and responsive. It is very expensive keeping a vessel in port and very expensive indeed keeping a vessel in dry dock, if that was the case. We just need to be a little bit more customer friendly, without compromising safety. We need to see how we can work with other professionals already working in the industry, particularly the classification societies, to try to do that.

I am not one of these fundamental Conservatives who thinks that we should privatise everything and that everything should be stuck into a Government-owned company. We should see how we can work with the new director, how separation within the MCA works, and how we can change the culture within the MCA. Who knows, that may then evolve in a direction where we can take those steps, but certainly this is not something that I am—

Q19 Chair: But you are going to try internal changes. Sir Alan, do you think that could do the trick?

Sir Alan Massey: If I may just elaborate on what the Minister said, there are two clear recommendations in the paper. One is that we should get on right now with splitting off the ship register and hiring somebody to take charge of it. The second recommendation is that we should now work on a business case to explore the different options that might be

there for the future of the MCA, in terms of its status, its governance and the span of its work. I want to get on with the early stages right now, but in the autumn we will see some sort of study group convening to look at the business case, to explore the option.

Chair: Thank you. We would like to look now at issues to do with ports themselves.

Q20 Mary Glendon: Minister, you mentioned the port of Liverpool. I am sure that you can imagine that someone like myself, with a ferry terminal and a cruise turnaround terminal for port of Tyne in my constituency, has a big interest in the port, which is an award-winning port. The future of ports is so important, because 90% of everything that comes in and out of the country comes through our ports. Looking to the future, do you have a vision of the role of ports and how they will play on the global stage?

Robert Goodwill: I think we are in a good place, in many ways, in terms of port operations in the United Kingdom. In fact, I was at the port of Tyne quite recently and saw Nissan cars being exported in very large numbers. I was told by the port that the Nissan factory in Sunderland now produces more cars than the entire Italian motor industry, which is fantastic news for the north-east. It relied on shipbuilding in the past and now relies on car building.

We have a very diverse port structure. We have some big ports, run by big companies. We have our trust ports, which work particularly well in the way that they can become integrated with their local communities. Then we have small municipal ports, which often struggle because of the decline in the fishing industry, for example. By and large the UK port sector is in a very good place.

You may want to move on to the proposed port services regulation. That regulation is there to fix a problem that many other European Union countries have, but a problem that by and large we have resolved by competition between ports, rather than regulation that would demand competition within ports. We have seen ports move a long way in terms of investment and in terms of the way that they are working with Highways England to get investment in better road connections, which are often very important, and with Network Rail to improve rail connections, particularly ensuring that rail freight does not have to go through some of the urban areas it had to go through previously.

We are in a very good place in terms of the ports that we have. We have a good mixture of structure of ports, and very good competition. It is great to see. I was at London Gateway just before the summer. DP World have come in and invested in a new port facility here in the UK because they see the UK as a good place to do business; they see the UK as an economy that is growing and creating jobs and, therefore, demand for products to be imported and exported. Everywhere I go around the country to a port, they have exciting plans to develop their facilities, so I think we are in a very good place.

On port of Tyne, there are some issues that occasionally pop up with regard to things like dredging and conflicts between environmental issues, keeping ports open and making them open to larger vessels. They are some of the nettles that we might have to grasp, but by and large we are in a very good place in terms of the structure of ports in the UK and the way they compete with one another. We need to work hard to make sure that the proposed port services regulation does not damage that. It was designed to fix problems that are happening in other countries—particularly Hamburg, dare I say—but here in the UK we have a system that ain't broke and we do not want someone to try to mend it.

Q21 Mary Glindon: In relation to the services directive, could you say exactly what steps you will be taking to protect the interests of our UK ports?

Robert Goodwill: I have already been to Brussels and I met Herr Fleckenstein, who is the rapporteur. As a former Member of the European Parliament, I know exactly how things work over there, and I know people get a bit excited when they see that 800 amendments have been tabled for Second Reading. Some of those are done for political reasons. By and large, sensible people will, I hope, get sat around a room and come up with a decent compromise amendment that takes into account many of our concerns.

There were a number of improvements that we helped to secure in the general approach, and we would like to see those remain in the regulation. Examples are reducing the scope by including dredging only for public finance accountability; increasing national discretion to exclude piloting from the port services charter, and—probably the most important one—provision to extend a competitive market exemption, if secured under the utilities directive. That is very important. We already have a competitive port sector. We do not want to put more regulation and bureaucracy at the door of our ports when we already have a very well-functioning competitive sector. We want to simplify compliance for some of the smaller TEN-T ports.

One of the major wins that we have in the bag, I hope, is about transparency of public funding, because many of our colleagues in other EU member states come up with innovative ways of trying to subsidise their ports, and that, of course, distorts competition. One of the areas we want to improve is the issue of trans-shipment. Many of the containers that find their way into the UK may well have been trans-shipped through a European port. If we can have a competitive ports market, we would have the situation that containers that find themselves in continental Europe have been trans-shipped in a UK port. It is important that we do not have more bureaucracy, regulation and cost heaped upon our ports, but at the same time we have to ensure that we have a level playing field.

Although many would say that what happens on the continent is none of our affair, let us not forget that we export a lot of goods to continental Europe. If their ports are more costly in terms of getting our goods on to markets in Germany, France and elsewhere, it means that British jobs are being hit by that. I know the previous two attempts to produce port services regulation were abortive. It is not realistic to think we could torpedo the whole thing and not have a regulation, although many in the industry would tell me they would like to see that. We need to try to build on the improvements that we have secured in the general approach and make sure that they survive the European Parliament Second Reading, survive the trialogue and get on to the face of the regulation when it is published.

Q22 Graham Stringer: Isn't the reality behind this that the European Commission is trying to level the playing field between the continental ports and this country by increasing our costs? The trade unions and the owners of ports are against this directive. I am rather disappointed, Minister, that you say we have to accept it. Wouldn't this country simply be better if this directive did not exist?

Robert Goodwill: It probably would, but we have to look at the prospects of one member state being able to torpedo the whole thing. Efficiency is best achieved by fair competition between ports. As I have said already, the UK's exports can be affected by having to use ports that are not as efficient as they should be and not functioning as they should.

It is putting it too strongly to say, “Let’s make the best of a bad job.” We have secured a number of important concessions, and if we can keep them in the final document, it is something we can live with. Indeed, in terms of improving the way our ports compete with ports on the continent, exposing unfair national, regional or municipal subsidies is a good way to ensure that we compete on a level playing field. I understand all the points that are made to me by people saying, “Wouldn’t it be better without this at all?” I can see why that argument can be made, but I can also see the practicalities of trying to stop it as one member state. We need to limit the impact on the UK port sector as much as possible and, indeed, to look at the benefits that may arise for UK shipping by having more competitive and efficient ports around Europe.

Q23 Graham Stringer: Can I move on? You say you want to encourage the competitiveness of ports. Are you satisfied that the planning regime enables ports to expand when they should and allows surface access to our major ports, particularly road and rail, to be improved?

Robert Goodwill: If you are saying we should be like China, and just steamroller projects through without listening to what local people have to say and without going through a planning process, then no. If you are asking whether I believe that in some cases the way that planning operates in this country can put off investors and make it difficult to bring forward projects of national importance, probably the answer is yes. Indeed, it is something that other Ministers in the Government who deal with planning are looking at very carefully. It is not just ports; it is things like novel ways of exploiting gas resources, building new runways at airports, building nuclear power stations and building railway lines from Birmingham to Euston. There are a lot of areas in this country where people tell me that we are being held back by the way that our planning process is difficult to operate and can bring in delays and costs.

There is a balance to be struck between taking into account the views of local people, having a process that is open and democratic and gives people the right to be heard, and trying to get decisions of national importance through in a way that does not put people off investing in this country. It is above my pay grade, I suspect, to determine exactly how those changes can be made, but already I know that the general view is that planning in the UK is better than it has been. I am sure that those who wish to provide more housing and better facilities for people are looking at how that can be done in a way that does not put off investors but does ensure that developments are not done against local views, which need to be taken into account.

Q24 Chair: Can you give us any indication when some proposal might come forward? Can you comment on that?

Robert Goodwill: You would have to have Ministers from the Departments directly concerned with planning. If you wished to invite the Chancellor of the Exchequer to a meeting, I am sure he would have some views about how some of the ways that planning works in this country are holding back our economy, holding back jobs, holding back—

Q25 Chair: Yes, but what can be done about it? That is the question, isn’t it?

Robert Goodwill: Certainly no specific examples have been given to me in the port sector where they have been held back by planning considerations, but there are plenty of others. I could give you an example in my constituency, where a new mine that has just been passed, to create 1,000 jobs, took well over two years even to get planning consent. We are fortunate that the developer has not walked away, but in some cases they might.

Q26 Martin Vickers: I have two questions, but one on planning, if I may, Chair. I would not want this to be taken as a criticism of ABP, which is a very important player in my constituency, as you know, Minister, but one of the criticisms locally is that port development—or, should I say, the regeneration of the area—can actually be held back by the port operator wanting to hang on to a part of the dock estate when other investment could be attracted to the area, with the jobs that follow. Have you any thoughts on how we might move forward to overcome that?

Robert Goodwill: I recognise there is an issue. A number of ports around the country have some very valuable land with river or sea frontage, which they like to sit on because they might need it at some point in the future. Another developer—it may be a wind farm developer—might come along and want that land. There are processes that can be put in train. In fact, they have been used to acquire land when there is a case to be made for national importance.

I do not think I have a solution to that particular problem. They may well think it is a good idea to sit on land because they may need it in the future. They probably acquired the land very cheaply historically and see it as an asset on their balance sheet that they can both borrow against and see as a way of exploiting further opportunities. But if that is holding back other important developments of national significance, there are ways in which things can be done—indeed, they have been done in the past—to ensure that that can happen.

We had a case in London that was the other way round, actually: a developer wanted to build housing on a piece of land that had been scheduled as important riverside frontage for use for maritime and shipping. We had to say, “No, we need to keep that as a resource,” so it works both ways. Sometimes you have developers coming in who want to develop land that, if it was lost to the shipping and ports industry, would be a long-term bad decision. Of course—maybe not quite so much at Immingham, but in parts of the country—we have some very prime real estate with frontage. We would not want to see a situation where that was lost in a way that prevented future opportunities from being taken up in terms of developing a particular port.

Q27 Martin Vickers: Could I return to the port regulation, Chair? Minister, you spoke about concessions we can live with and said that we would probably be better off without this particular regulation, particularly bearing in mind the public sector ownership in many of our EU competitors. With that in mind, if this were to go ahead, what plans has your Department to monitor whether in fact our competitors are in any way undermining competitiveness and giving themselves an unfair advantage?

Robert Goodwill: It is often said that in the UK we comply with every EU regulation. It is not quite as bad as they say—not everybody else in Europe completely disregards everything—but, particularly if we have measures in place to ensure that there is

transparency in public funding, I am sure we will keep the Commission to its duties to ensure that these are reported. It is nothing new. We have had this with regional airports and airlines being bribed to go to places; that is too strong a word—being induced to go to places. That has been seen as a state aid that should not be allowed. Certainly we need to make sure that transparency is delivered both on how that support is given and on the innovative and imaginative ways that some local municipalities and regions can find to support their ports in a way that distorts the market and puts us at a competitive disadvantage, particularly in the area of trans-shipment.

Q28 Robert Flello: Could I return to a couple of things? On the point about the services directive, what does the industry think of the concessionary position? Have you had representations recently about their view on that?

Robert Goodwill: Yes. They would rather not have the whole thing at all, to be honest. They just do not think it is necessary.

Q29 Robert Flello: Sure, but what is their view on the concessionary bit? Have they expressed a view as to that?

Robert Goodwill: I think they reluctantly conclude that we have got concessions that will make it less onerous for them. Certainly the competitive market exemption was No. 1 on our wish list of things to achieve, and so far we have achieved that. We need to continue to keep pressure up, particularly within the Parliament—we have members on this Committee whose parties are represented in the Parliament—to ensure that we get some cross-party consensus on any compromise amendment that is cobbled together.

When you have a complex regulation or directive where there are lots of amendments, some of those are put down just for political grandstanding reasons. Nobody expects that some of the UKIP or Green party amendments will ever get anywhere near the final document. Generally the rapporteur and the shadow rapporteurs will sit round together and come up with a compromise we can live with. Certainly the rapporteur, Herr Fleckenstein, understands the UK's concerns. He does not want to come up with a Second Reading position in the Parliament that will cause us to start gathering support around Europe to try to demolish what they are trying to build. We need to get some sensible minds brought to bear. They understand where we are coming from and that there is not a problem here in the UK. They understand that we are very competitive, and that we have a diverse structure of different ports and competition between ports. That is something they do not argue with us on.

Q30 Robert Flello: That brings me nicely on to my second question. There is just a perception perhaps, but nevertheless a concerning one, where a particular port manages to secure Government funding to improve the infrastructure to it and is in competition with another port that has not managed to secure Government funding to improve infrastructure to it. What sort of oversight is happening? I appreciate that some of the decisions around grant-funding, or whatever, are not necessarily within DFT, but what oversight is there, just to see whether or not the acts of Government in a positive way to help an area might be causing a problem to an area elsewhere that does not have access to that level of funding for accessibility to its port?

Robert Goodwill: Often there could be good reasons why a Government in whatever member state it might be, including the UK, might want to give particular help to a region—because, for example, unemployment levels are higher in that region than in other parts of the country. I am thinking about some ports that have ambitions, and had ambitions, for liners docking there. Sometimes support might be given to a particular port to help with that. That is a state aid, and we need to ensure that any aid given in that way can be justified under state-aid rules. I will not admit to understanding all the intricacies and details of state-aid rules, but we have people whose lifeblood is ensuring that any particular assistance that we give does not break those rules.

There can be good reasons, particularly for regions in the north of England. I represent a constituency in the north, and in the north-east, the north-west and Yorkshire and the Humber we have higher levels of unemployment than other parts of the country, and Governments, quite justifiably, want to have that northern powerhouse. Part of that may well be giving assistance to particular ports to enable them to develop their industries. If you have a car plant that is investing £100 million in increasing its capacity and delivering new models, the port that is exporting those models may well be looking to get some assistance to increase its capacity. We have new and novel fuels that are being used in our power stations. Some ports may be coming forward with plans to ensure that they can handle those cargoes, which, in the case of some of the wood products I have seen at port of Tyne and at Immingham, need expensive storage facilities to keep them dry and safe. In cases like that, I can see that it can be justified to support those particular bits, but we need to make sure that we are complying with all state-aid rules, and that our other competitors across the channel are also complying with those rules.

Q31 Robert Ffello: Staying within the UK, I guess the concern might be that a particular port, perhaps elsewhere in the UK, currently has a particular type of product that is exported, for example, and that by helping another port, rather than creating new jobs, all that happens is that we may just be shifting jobs from one part of the UK to another. All I am looking for, really, is reassurance that somebody somewhere within the DFT is keeping an eye on these things.

Robert Goodwill: Yes. I am sure the port that would be adversely affected would be keeping an eye on it as well and would draw it to our attention.

Robert Ffello: Indeed.

Robert Goodwill: I will give you one example. I mentioned the new mine in my constituency, which will be exporting 5 million tonnes of potash fertiliser from the Tees. There will need to be significant investment in that port. I hope that it will come primarily from the private sector and the investors in that project, but certainly Teesside is an area that suffers from particular problems. It has higher unemployment than elsewhere, so a case could be made to enable that product to be exported, but the other mine in my area might well complain that their competitor is getting help. That has always been the case in terms of state aids. That is why, as a sort of general reaction, this Government are against subsidising industries that should be able to stand on their own two feet; but where regional arguments can be made and we have particular problems with high levels of unemployment, when bids come forward we should look at them, and also listen to people

who may be adversely affected by the particular help that one of their competitors may be receiving.

Q32 Chair: I would like to turn to maritime business services. How important is it that legal and financial services such as insurance are maintained and improved, to maintain the position of the UK, including London, as an international centre?

Robert Goodwill: I do not think I can overstress how important it is that we retain the lead that we have in the world in terms of supplying those types of professional services. These are very high-value jobs. The people who work in those particular sectors often choose where they want to work. A lot of people will say, “Oh, I have been offered a job in Dubai, Singapore or elsewhere in the world.” Those people have very marketable skills on a global basis, so it is important that we do whatever we can to ensure that these industries are based in London.

We have quite a lot going for us, in that people like working and living in London. I was at Inmarsat, which is the global leader in satellite technology. You may remember that they came to prominence following the loss of the Malaysian airliner in the Southern ocean, possibly. Inmarsat are based right in the centre of London. When I went to visit them earlier in the year, I said, “Why are you based in London? Why don’t you go somewhere cheap, like Barnsley or Hull?” They said, “Well, the people who work here choose where they want to work and live. Their skills are the sort of skills that are in demand around the world. They like living and working in London.”

The time zone helps us a lot. You can do business with the US and the far east on the same day. Of course, there is the tremendous legacy of our history—the trust. I was talking to one ship owner, who said, “If you insure with a London insurer, you know that if you need to make a claim it will be paid.” I am not casting aspersions on other jurisdictions around the world, but we have that general feeling that London is a safe place to do business.

Q33 Chair: But are you concerned about competition from other areas?

Robert Goodwill: Yes.

Q34 Chair: You sound as if it is all very straightforward and there is no threat to this. What has to be done to maintain competitiveness?

Robert Goodwill: No. If I sounded complacent I apologise, because I think we have been guilty of complacency in the past and have assumed that London is where it happens and that everybody will come to London to insure their vessels, to sort out their finance, to float their companies, to sue each other or whatever—all the specialised knowledge and work that is happening here—but we have centres such as Singapore, Malta, Cyprus and Dubai snapping at our heels. Part of the growth study that we published today identifies where we need to go to ensure that we rise to the challenges of those global competitors and retain the best people working here, and that London continues to uphold its status as the place for people to do business.

I sound a bit like I am globetrotting, but I was in Brazil 18 months ago. The people there—not in the maritime sector—were saying, “We do a lot of business in London.” I said, “Why is that?” They said, “Well, it is a safe place to be. You don’t worry about your children

being kidnapped if you are in London.” It is something that did not even cross my mind, but there are places around the world where wealthy people who do business spend a lot of time worrying about the safety of themselves and their families. They worry about corruption within their Governments. You can think you are doing business in a straightforward way but find that the Government pull the rug from under you. In the UK we have a stable Government and a good place to live.

Nobody ever lost money in the long term buying property in London. It is very expensive, but people want to come here to invest in our property. London has an awful lot to put in our shop window. London international shipping week is a way of ensuring that as people are walking past our shop window this week in London, they can see that there is something they want to come in and buy, to ensure we can build on what we have done.

Q35 Will Quince: Minister, you mentioned Singapore and how they are snapping at our heels. There is clearly a threat there, but it is world renowned that Singapore is one of the most expensive places in the world to do business. Why is that threat there? What is the barrier to the UK versus Singapore?

Robert Goodwill: A lot of shipping is now owned and operated from the far east, therefore they see Singapore as probably a more sensible location for them to go to. Singapore has a very low tax regime and is very deregulated, to an extent that even we would not think about for deregulating our labour markets, or for other tax and regulation. We need to demonstrate that there are companies around the world for which it would be good news and an effective way to continue developing their business to come to London and do business. That is why we are keen to put London in the shop window this week.

London has an awful lot going for it. In many ways, London is seen as the capital of the world. I had never thought of it that way, but when I was at one of the banks in the City they looked across the Canary Wharf and City area and said, “This is in many ways the capital of the world.” We need to ensure that from a financial perspective we continue to build on that. There is the regulation we have here and the tax regime. One cloud on the horizon might be our non-dom tax changes, which some of the ship owners are concerned about, but London is a good place to do business.

Q36 Chair: Do you think there should be any taxation or immigration changes?

Robert Goodwill: It is an issue, because many global companies have staff from all sorts of different countries working for them. Certainly the UK is a place where it is quite difficult, in many ways, to bring people in to work, but there are rules in place that enable skills to be brought in that are not available here. We are always keen to work with inward investors to ensure that, if they are creating jobs and investing here, we try to facilitate that. Certainly other jurisdictions do not have quite the same problems, because they are not faced with the same pressure of immigration, but I am not aware of any particular situations where inward investment has been held up because companies have not been able to bring their key staff, with skills that they cannot procure here, into the UK to work.

Q37 Chair: There have been a number of issues raised about the message given out that, perhaps, foreign people are not welcome here. That has been raised in a number of sources. It is not something that concerns you.

Robert Goodwill: We are looking at two separate issues, I think. We are looking at people who want to relocate their businesses here and bring key members of staff here. I know we have had a problem this week with people from China wanting to come at short notice to London international shipping week. For reasons we all understand, the visa process has to be very tough and strict, to make sure that people do not slip through the net and we do not get people coming here for the wrong reasons—people who might well overstay their visas.

I know that right from the very top down, from the Prime Minister and the Chancellor, we understand that it is important that, as a non-Schengen nation—not only in connection with business trips, but in terms of tourism and people coming into the UK—we ensure that we do not put people off investing in the UK just because we have a very tough visa regime, and people may well take a view that they might be able to go and do business elsewhere. We need to ensure that we do not dilute our tough immigration rules and do not allow people to slip through the net, but when you have billionaire ship owners wanting to come to the UK, we need to ensure that the systems are there to ensure that they can come and do business without finding they are not going to get a visa.

Q38 Stewart Malcolm McDonald: I was interested to hear your comments, Minister, about London being the capital of the world, given that it was almost not the capital of the UK this time last year. However, we are where we are. Although I am a Scottish nationalist, I look at London dispassionately. I view London in the same way as I view Copenhagen, Hamburg or any other great, fantastic European city. What are the Government doing to bring people to do business here but not just focus it in London, in terms of the maritime sector? Scotland is a fantastic place to come and do business as well. You mentioned earlier asking why people do not go to Barnsley or other places, but where does Scotland feature?

Robert Goodwill: There are two aspects. We are looking at the legal, the shipbroking and the insurance side of the market, which is well established in London. London international shipping week allows us to showcase London, but that is not to say we should not look at opportunities around the country. I suspect there is not a constituency in the country that does not have some jobs that are related to maritime. In my own constituency, we have companies making winches for North sea oil rigs and for vessels. We have a company making machine tools that are used to make engines for ships and what have you.

Q39 Stewart Malcolm McDonald: My question is, what are the Government doing to promote it? I can name for you Weir's of Cathcart in my constituency, which is involved in making parts that are used in shipping all around the world, but what are the Government doing to promote Scotland as a place to come and do business for the maritime industry?

Robert Goodwill: Where we have engineering skills and good companies, the business will come to your door. Certainly Scotland has a long history of shipbuilding. They are particularly involved with the British Navy in terms of support for vessels, both on the Clyde and on the Forth. I hope that long may they continue to give a home to our independent nuclear deterrent, which is very important to the Scottish economy, too.

Stewart Malcolm McDonald: We could have a separate argument on that, but I won't indulge you.

Robert Goodwill: Of course the fishing industry is still very important in Scotland. A lot of the jobs in Scottish ports relate to the fishing industry. Indeed, the shipyard in my constituency produces fishing vessels for delivery to Scottish ports and Shetland. An important part of the economy in my constituency is a successful Scottish fishing industry. I am concerned about the offshore industry and the way that the dramatic reductions in the price of oil have affected it. As part of that, of course, we have capacity in some of the yards there that could be used as an opportunity to develop other types of products and services.

I do not think that we should forget the importance of the whole of the United Kingdom, including Scotland, Wales and Northern Ireland, in creating jobs and businesses that can be part of the shipping and maritime industry. It is down to innovation and businesses that understand what the market is and can supply those markets. In terms of the service sector, as long as you have a fibre-optic cable, you can locate your business anywhere in the world. I cannot think of a better place to locate one's business than Scotland, which as part of the United Kingdom is a very strong player on the global scene—I could not resist that.

Stewart Malcolm McDonald: You will make a good ambassador for Scotland in future, Minister. Is it in order, Chair, at this point to ask about emergency towing vessels, or would you rather I held off?

Chair: I am going to come to that in a moment.

Stewart Malcolm McDonald: Sure; no worries.

Q40 Chair: I will come back to you on that. I want to ask one or two questions about training and workforce planning. In the last Parliament we discussed this issue. Sir Alan, you and Mr Woodman said that you would be doing an economic analysis of the support for maritime training funding as part of the maritime growth strategy. Could you tell us what came of that?

Robert Goodwill: Ian, shall I let you have a go?

Chair: Whoever wants to answer.

Ian Woodman: One of the key recommendations from Lord Mountevans's report is that we should do exactly that. We are already working on the specification for that study. We have left it until we completed the work with Lord Mountevans because there are very close linkages with other recommendations in his report, including the recommendation that industry should set up a maritime skills fund, bringing together pots of money and including the relationship with the Government's new training levy. We need to work through those as well, but we are already drawing up the specification and I expect to put that out to tender very shortly.

Chair: We will move on to the Maritime and Coastguard Agency change programme.

Q41 Iain Stewart: Sir Alan, could you give us an update on the progress of the transition programme, which I understand is due to be completed by the end of this year? Specifically on the question of vacancies, are there still many left to be filled?

Sir Alan Massey: You are absolutely right, Mr Stewart. We started this programme in November 2011 and it is due to complete in December 2015 from an infrastructure point of view, when Dover and London convert to become coastguard operation centres. At around the same time—December or early 2016—we expect to reach a state of manning where we can pretty much declare that the transition phase is over and we are now into the new world of the future coastguard system.

It has been quite a tough four years—there is no doubt about that—for the workforce as well as for the administrators and managers. Recruiting has gone extremely well and training is going well. We are in a position where we can say we are carrying more than 60% of old coastguards into the future. That was quite an important metric for me, because we are very conscious of the risk of too much inexperience against experienced hands. We are delighted that so many people have come with us and have now been enthused by the way that we are introducing a system that gives them more satisfying jobs—and, frankly, better-paid jobs as well.

We are never complacent. Our manning at the moment is well up in the 90 per cents. Some of our current manpower will leave shortly after December next year, because they merely agreed to stay on until transition was complete, so we are watching that carefully. We are still recruiting, and I have to say that the quality of talent coming in has been very gratifying.

Q42 Iain Stewart: When this Committee initially investigated the proposed changes three or four years ago, one of the concerns that was reported to us, particularly as we visited stations in Falmouth, Clyde and Stornoway, was the potential loss of local knowledge when the centres were rationalised in fewer locations. I understand you have had a programme—FINTAN—to gather up the vernacular names of different parts of the coastline. How is that going? Have any difficulties been encountered?

Sir Alan Massey: No. FINTAN is just one very small part of the whole focus on local knowledge and trying to preserve it where we can. We are very conscious of the risk of the loss of local knowledge and what that might mean for the speed and accuracy of response when it comes to co-ordinating rescue missions. A number of mitigators of that have been introduced. For example, as you will recall, we closed one in every pair of stations, which meant that there was already embedded local knowledge because stations had been used to working with their opposite number. To give an example, when we closed Brixham, Falmouth already knew their area quite well. Prior to every closure we have been very careful to make sure that individuals from the remaining station have been cross-trained in local knowledge. There have been mutual visits for lifeboat stations and local ports and harbours to try to understand the fabric.

FINTAN was just one small part of the whole tapestry, which allows us to recognise local names from Ordnance Survey maps, for argument's sake. That has all worked very well. We now test quite rigorously every coastguard who comes through our training system on regional knowledge. To the extent that we can, we have made as many mitigators to this risk as we possibly could. We will never stop working at it, because it is fundamental.

Q43 Iain Stewart: I have one final question. I appreciate that you are still going through the process of transition, but from the work that has already happened, have you been able to assess whether there have been the hoped-for benefits in terms of resilience and speed of response? Have they improved in the areas where the transition has already happened?

Sir Alan Massey: Yes. We have had a few examples of that. Quite recently we lost the BT connection between the mainland and Shetland. Because we had a national network at play, people in Fareham were able to support the efforts of Shetland, whereas in the past that would have been quite impossible. There is a communications infrastructure that worked quite well. We have also been able much more generally—

Robert Goodwill: It was not just us who lost it.

Sir Alan Massey: No, everybody.

Robert Goodwill: Everybody went down in Shetland, so nobody could get in touch. It was not just our system that went down.

Sir Alan Massey: Much more generally, where stations have been under particular pressure to deal with a number of incidents—it tends to happen in the summer, when it is quite easy for somebody like Solent coastguard as was to be overwhelmed by incidents—what we are able to do and have now practised quite actively is simply to pass work away to other stations. In the past we could not have done that, as we did not have the communications infrastructure. We could not share the information that is now available to every single operator all around the UK. For argument's sake, if there is a serious incident or a series of serious incidents in one area, we can simply take the extraneous work, like giving weather forecasts or routine maritime safety information broadcasts, away from that station and give it to somebody else. In extremis, we can bring all hands to bear on one particular location—at least, we will by December 2015, when everybody is in the network.

One other area which we were quite worried about in the past was that some stations would typically not have an awful lot to do. Some of the stations in the remoter locations might have only a handful of incidents in a month, whereas others were very busy. We then had skill fade and, it is probably true to say, a bit of a demoralising scenario, where there was not much going on. In those scenarios now, the commander down in Fareham can apportion work to keep everybody busy. That is having a real effect.

Robert Goodwill: If you get an opportunity for the Committee to visit Fareham, I am sure you will be impressed by what goes on there. When I was there, from a desk in Fareham there was a yacht that had not reported in off the coast of Wales and there was a situation being managed off the coast of Scotland. The point that Sir Alan makes is that, if you need local knowledge to deal with a situation, you can take away extraneous work and allow the people on the spot to concentrate on it.

There is a balance between the importance of local knowledge and the importance of having a resilient national network. I think we are getting that balance right. We recognise there is this issue. I heard of a situation where the RNLI had been told to deploy the wrong lifeboat because the person was not aware of the depth of the water where a particular incident was, so there are times when even local people may get it wrong because they may not have been working there very long. We need to recognise the balance that needs

to be struck between the importance of local knowledge and the importance of having this resilient national system, which is working very well indeed.

Q44 Chair: What kind of assessment system do you have, so that you are not only noting successes but looking at possible weaknesses or potential problems?

Sir Alan Massey: We establish required manning levels to make sure we have cover, based on a very rigorous assessment of previous incidents, so we have a feel for how many people need to be active in the system, but we also have a follow-up approach now whereby we audit 5% of all incidents we have been involved in, to make sure that they were properly done, that we could not have done them better and that any lessons have been learned. We have a cycle of plan, do, review, plan, do, review.

Q45 Stewart Malcolm McDonald: The Smith commission on more powers to Scotland gives the Scottish Government a consultative role as far as coastguards are concerned. What work did the Department undertake to consider full devolution of coastguard functions to the Scottish Parliament and Government?

Robert Goodwill: The involvement of the devolved Administrations, particularly Scotland, during the shipping week is an example of how we are already collaborating on maritime matters. The Scotland Bill currently before Parliament will give Scottish Ministers and the Scottish Parliament greater influence over the Maritime and Coastguard Agency and the Northern Lighthouse Board's activities in Scotland. There have already been constructive discussions between the MCA, the NLB and Transport Scotland officials on the implementation of the Smith proposals. I am confident that the new arrangements will bring a vital Scottish perspective to both organisations' maritime safety functions in Scotland. That said, we are open to suggestions about how the system could work better. There may be specific examples where the Scottish Government may feel that they can bring more of their influence to bear. We are certainly open to suggestions that may be brought forward in that regard.

Q46 Stewart Malcolm McDonald: Would you be open to full devolution at some stage in the future?

Robert Goodwill: We would certainly look at proposals for that, but at the moment we feel that the Smith commission proposals recognise the need to give more devolution powers. It is important that we understand how some of these services can be delivered. For example, we have just been talking about the coastguard system. It would be ridiculous to suggest that, having got a national network in place that operates very well, the Scots should build their own control centre and not be part of that system.

Q47 Stewart Malcolm McDonald: Some people are arguing that it does not work very well, which is why we want to see it devolved.

Robert Goodwill: I would certainly make very strong arguments against that. Having been to Fareham and seen how it works, I think it is working very well indeed and delivering not only a better and more resilient service, but also substantial savings to the taxpayer. I am happy to talk with Keith Brown or Drew Hendry, your spokesman here in the House of Commons, for practical suggestions as to how more devolution can be delivered, but this

must be about delivering better services for mariners and industry, not about some sort of political argument that we should devolve things for the sake of devolution.

Stewart Malcolm McDonald: Absolutely. I will save it on that.

Q48 Chair: Are you happy with the operation of emergency towing vessels generally?

Robert Goodwill: The Government have no statutory duty to provide an emergency towing capability; that is the responsibility of the shipping industry. Indeed, the UK-wide withdrawal of emergency towing vessels saved around £32.5 million over the last spending review. The one retained Government-funded tug operating off Scotland is under contract to the MCA until 31 March 2016. That costs in the region of £2 million per year. We have not taken any decisions about future provision for that. That will be part of the spending review, and I would not want to pre-empt it. I can give you the exact figure for 2014-15. We expect it to be a cost of £2,363,905, so it is not an insubstantial cost.

It was disappointing that, while we had hoped to co-operate with the oil company Shell to share a resource that could be used as an anchor-placing vessel and as an emergency towing vessel, unfortunately that vessel is no longer available. The problem we face is that the number of taskings for this vessel has not been great. It has been called out three times over three years. There have been other instances when the vessel could have been used, but other vessels or RNLI facilities were available closer. We are looking closely at the way we can continue to maintain safety for vessels in that particular remote part of our country, where we do not have a commercial case for a towing company to be based, and how cost-effective that is.

Q49 Stewart Malcolm McDonald: I am interested to understand how local government in Scotland, the Scottish Government and industry campaigners can be wrong in thinking that we need a minimum of two vessels. What discussions does your Department have directly with local government in that part of Scotland?

Robert Goodwill: I have not had any discussions as yet with local government in that part of Scotland, but—

Q50 Stewart Malcolm McDonald: Can I please suggest that you do?

Robert Goodwill: I would be delighted to meet them. The point I would make is that this one vessel has been deployed three times over three years. In terms of devolution, if the Scottish Government were keen to take over the funding of the vessel, I would certainly not stand in their way, were they to see that as a priority for the spending of resources in Scotland. Maybe we can look forward to further discussions along those lines.

This is part of the spending review. We have made no decisions about future provision of this emergency towing vessel, but I would ask the Committee to look at the way it has been deployed, the cost-effectiveness of it and also, in the cases where it has been deployed, to what extent the safety of seamen or the environment would have been put at risk if that emergency towing vessel had not been available. In very many cases where emergency assistance was required, it has been available from another vessel in the area or from the RNLI. On only three occasions in three years has that emergency towing vessel needed to be deployed.

Chair: Thank you very much for answering our questions at the beginning of what is a very important week for UK shipping.

Robert Goodwill: Thank you very much, Madam Chair. If there are any other technical or detailed matters on which you wish to have some information, please use my officials, both at the MCA and within the Department. They are at your disposal to provide any information that might help you in your work. I very much look forward to reading your conclusions and your pointers to where maybe the Government could do a better job. The work of this Committee is very valuable in that regard.

Chair: Thank you.