

# Transport Committee

## Oral evidence: [Coronavirus: implications for transport](#), HC 268

Wednesday 8 July 2020

Ordered by the House of Commons to be published on 8 July 2020.

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Members present: Huw Merriman (Chair); Ruth Cadbury; Lilian Greenwood; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 385 - 455

### Witnesses

**I:** Elizabeth de Jong, Director of Policy, Freight Transport Association; Maggie Simpson, Director General, Rail Freight Group; and Richard Burnett, Chief Executive, Road Haulage Association.

**II:** Benjamin Dove-Seymour, Director, CLdN Shipping; Richard Ballantyne, Chief Executive Officer, British Ports Association; and Gavin Simmonds, Policy Director, UK Chamber of Shipping.

Written evidence from witnesses:

- Rail Freight Group ([CIT0014](#))



## Examination of witnesses

Witnesses: Elizabeth de Jong, Maggie Simpson and Richard Burnett.

Q385 **Chair:** This is the Transport Select Committee's inquiry into the implications of coronavirus for the freight and maritime industry. We have two panels with us this morning: the first is from the freight organisations, and the secondly is from maritime. Will the first panel of witnesses introduce themselves for the record?

**Elizabeth de Jong:** I am Elizabeth de Jong, director of policy for the Freight Transport Association, which represents the logistics industry across all modes of transport.

**Maggie Simpson:** I am Maggie Simpson, director general of the Rail Freight Group. We represent businesses that are operators, users and suppliers to the rail freight industry.

**Richard Burnett:** I am Richard Burnett, the chief executive of the Road Haulage Association. We represent the road transport industry in the UK and anyone who operates a commercial vehicle.

Q386 **Chair:** Thank you all for being with us this morning. I will start by asking you briefly to set the scene and the challenges that your industry has faced. Perhaps Elizabeth would describe that, and then I can come to Maggie and Richard to see if they have any different experiences to add.

**Elizabeth de Jong:** Overall, there has been a massive shock to the industry, and there will be further difficult times ahead while our economy recovers. There have been huge operational and financial challenges, but logistics is determined and flexible, and has delivered throughout for our economy and for society. There have undoubtedly been operational challenges. Industry and Governments have generally worked very well together to overcome them, particularly around regulations, such as the extension in drivers' hours, delivery hours, broader efficiency and so on.

Although our industry has been kept open for business, its fortunes have mirrored that of the economy. The biggest challenge to us has been financial, around volumes of work, and with cash flow and difficulty in planning. There have been big variations by sector and mode, as well as by fleet and business size.

Generally, the most challenging time was over the first six weeks of the crisis, before the easing of lockdown and the issuing of the BEIS working safely guidance. To give you a flavour of those first weeks, there was about 85% general business downturn, with work and orders cancelled; about 40% were experiencing extreme disruption and about 76% of businesses furloughed staff during that time. Volumes have been down as well. During the first weeks of the crisis, HGV traffic was down by 40% and vans by over 60%. Rail traffic weekly movements were down by a



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third on the year before. Air movements were down to 10% or so in the early weeks.

There has now been recovery, but not full recovery. There are signs of recovery, but 60% still experience general business downturn. There is still a very high dependency on furloughing, but we have seen recovery of some volumes; HGV is up to around 90%, vans are up to around 90% and rail is about 80% of movements. Cargo tonnage is down by about 36%, compared to a year ago.

On top of that, there have been variations by sector, mirroring the economy, and variations by size of business. The smaller companies have been more affected. Larger companies, quite rationally, have taken subcontracting in-house as volumes have fallen. Cash flow is an issue for smaller companies.

I hope that gives you an introductory flavour.

Q387 **Chair:** It certainly does. Thank you; it was really comprehensive. Maggie, do you have anything to add from the rail freight side of things?

**Maggie Simpson:** Elizabeth has summarised the position very well. We share common concerns across a lot of those areas. The one point I would highlight is that the passenger rail sector, which we work very closely with, and co-operate and share a network with, has of course seen very different structural issues and financial support from Government. While it is a very different sector and it is not the topic for today, I want to be clear that the emergency arrangements that have been put in place for the passenger railway have not been applied to the freight railway. That is inevitable, and we all understand the reasons, but I want to be very clear with the Committee that that is different.

Q388 **Chair:** Thank you. My next question might come on to that theme. Before I do so, does Elizabeth's summary set things out for you as well, Richard?

**Richard Burnett:** Elizabeth's summary was very good. As I see it, there were two parts to the covid pandemic. One was that, as we were part of the food resilience forum, we were keeping the nation fed, and keeping food and medicine moving. Part of the challenge in the early days was very much about people. It was very much about the drivers and the warehouse operatives, who were saying, "Why are we picked to go in and be key workers? Why do we need to continue?" It was a real challenge for the industry to keep things moving. Having to face that in the very early days was an enormous challenge for all of us.

The triage in the transport industry—the issues around finance and ensuring that cash-flow businesses were being supported—was a critical part. There were sectors that were absolutely decimated. The events sector and food and drink have been decimated. That focus, in recovery, is going to be a critical part of where we need to look when moving forward.



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Q389 **Chair:** Thank you, Richard. How effective do you believe Government, and indeed public body, support and action have been over the last few months?

**Richard Burnett:** Government support has been very good. Furlough has been a saviour for our industry. It has been for many businesses and many parts of the UK economy, but very much for our industry. There are things that have been very challenging for the industry, such as taking on debt and loans—the CBIL loans and the bounce back loans. Some of that has been successful. CBILs have not; the industry has certainly not been supported from a financial perspective. In terms of recovery, those that have been able to take loans may well have put off the inevitable. In a year's time, they have to pay that debt back.

Furlough has definitely been a success. The need for that in the future is still going to be critical. Our biggest concern around the tapering of furlough is that, as we see volumetric downturn, and businesses having to make decisions about costs, we are going to see more redundancies over the next two to three months. That will have a volumetric impact on our industry as well. We are a volume-based industry. If unemployment rises, volumes drop. That will have a further impact on road freight and logistics.

**Maggie Simpson:** It is fair to say that the Department for Transport and the Government were brilliant in the heat of the crisis. I am not somebody who tends to congratulate Governments too easily. Genuinely, they were brilliant. They responded to the crisis. We had constant contact from Ministers across the Department at all different levels and in multiple working forums. They fought our corner well with the Treasury on getting changes to some of the schemes that Richard mentioned, to make them properly applicable.

Network Rail stepped up to the mark too. They extended payment terms. They helped the industry co-ordinate areas such as PPE, access to hotels for key workers and a whole host of other functional areas that were best solved cross-sector. We were really impressed, and continue to be impressed, with the dedication that has been shown to the freight industry by Government.

The points that Richard makes are valid. We are not through this yet, and the road to recovery is long. At the moment, it is looking very uncertain. It is good to see volumes coming back up, but it feels a little bit like a phoney war. The challenge for Government now is to see how we can extend the right level of support to the private sector to build back business confidence in a sustained way. There is a danger that we think it is all over and go off on to Brexit and other business as usual policy areas. They are also important, of course, but we must not lose sight of the fact that there is still a great deal of uncertainty around.

**Elizabeth de Jong:** My comments support what Maggie and Richard said. There was very high and excellent engagement in the first eight to



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10 weeks, and not only from DFT but from BEIS and the Treasury on the cross-economy schemes. They were listening to us about flexibility for those schemes, such as improvements to the job retention scheme.

There are two things I want to add. The establishment of the multimodal critical freight taskforce has been very important at this time, showing understanding that the supply chains are over all modes, that they work together and that they are critical to economic recovery. I see that as a big step forward. The DFT is doing a lot of financial monitoring, and that needs to continue. It is tracking and looking at surveys and data to see if recovery is taking place as we would expect or whether more help is needed.

Two areas have been difficult. Sometimes there have been slow announcements. We have had a number of areas—medical elements of testing—stuck at No. 10 for a while, which has been a disappointment when so much good work has been done at departmental level. I want to make you aware of that.

The area where there has been big disappointment in industry has been with DVSA. There has been frustration and even anger, because the industry has been working so hard. It has had obligations throughout to maintain roadworthiness of HGVs. The industry's maintenance staff and technicians have been working hard, taking a health risk, but DVSA withdrew its staff who carry out annual MOT inspections almost immediately, citing concern for health. Initially it was for two days, but they are only just getting back to work.

There have been temporary extensions to the validity of test certificates, but they have come late and have needed lots of re-planning. Sometimes, one announcement takes three days of re-planning schedules for our members, so unfortunately there has been, and still is, some bad feeling about the private sector working hard through this time, but the public sector and people undertaking similar tasks not working through this time. There are lots of things that need to happen to rebuild the relationship with DVSA and get testing back on track.

**Chair:** Thank you to all three of you for the opener. Committee members are aware of issues with regard to the DVSA, so we might drill into that in more detail. We will move on to road freight now.

Q390 **Greg Smith:** Good morning, everyone. As we finished the last question on the DVSA point, I think it would be very helpful to get your take, particularly from Elizabeth and Richard, on what needs to happen next. The Business and Planning Bill going through Parliament at the moment looks at certain measures to try to combat the test backlog. What is your view of the measures in that Bill? Are they going to be good enough? If they are not, what else do you need to see happen, other than the DVSA getting back to work?



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**Elizabeth de Jong:** Yes, we are very supportive of the measures in the Business and Planning Bill. DVSA testing resource has been a constraint for industry for many years, with industry having difficulty booking tests or needing to travel a long way for them.

The DVSA has not been testing for three and a half months, and at the moment there is a huge backlog. I think about 200% of normal amounts of testing would be required in October without that Bill. We are supportive of the risk-based approach to testing. Industry has a number of ways of validating a risk-based approach and assessing risk as well.

We want to get as many operators back to their original testing slot as we can. Our concern is that industry needs to flex and bear the costs of re-planning and of not having enough capacity, in order to work around a constrained DVSA resource. I will let Richard build on that as I know he has strong views.

**Richard Burnett:** We have some very deep concerns about DVSA and testing. This is not a new issue; it is a long-standing issue. For two or three years, test availability has been a big problem for the industry. It has been absolutely exacerbated by the impact of coronavirus.

We said at the outset that we were very concerned that testing would be ceased. As those in our industry were classified as key workers, we could not understand why DVSA was not providing that very important safety service, to ensure that vehicles were still being tested and MOT-ed right the way through covid-19. We are looking at somewhere in the region of 200,000 bits of equipment in the backlog that still require tests. We have no confidence in the plan that has been provided by DVSA so far on how we get on top of testing. We welcome measures in the Bill.

Another element we have talked about right the way through is delegated testing. There is a need to review delegated testing. We have ATFs that could be used 24 hours a day, seven days a week, with the right people and the right skills that could get on top of the backlog. Safety is absolutely critical for the operation of our industry.

We have retailers and manufacturers who are deeply concerned about the ability to get on top of testing, and the geographic impact. Do we have sufficient testers in certain geographic areas to fulfil the requirements? At this stage, I do not think we have sufficient visibility of exactly what the plan looks like and how DVSA is going to deliver it. It is a growing concern, even with the Bill that is being passed at the moment. The devil is in the detail. We need DVSA to come to the table and work with industry far more transparently than it has. It has been a blocker right the way through. I absolutely concur and agree with what Elizabeth said; DVSA needs to be held to account. It needs to work far more openly with us.

Q391 **Greg Smith:** Is it the case that when you try to have dialogue you just receive silence, or do they fob you off with something that you do not



want to hear? How can we open up transparency a little bit? Is it basically just getting people talking, or is it a little bit more deep-rooted than that?

**Richard Burnett:** There have been some very good examples right the way through coronavirus where we have worked very closely with Government Departments. We have worked very closely on Brexit transition, for instance, under NDAs, and not discussed openly what the issues were or what the challenges are.

With DVSA, it is a brick wall. We try to have an open and transparent conversation: "What are you thinking? Can we help you with the planning?" DVSA just looks at it from one element. It does not actually consider the operators, the OEMs, the vehicle manufacturers or the people who are testing vehicles, and the capacity and constraints that they have. We need industry, the Government and the DVSA to come together as one to ask, "What is the solution? How do we fix this together?" They should not be working in silos, bringing the shutters down and not engaging with us. It has been a long-standing issue. There is a cultural issue, I believe, in DVSA that also needs to be fixed.

Q392 **Greg Smith:** That is very helpful. In your earlier answer, you talked about geographic disparity in testing capacity and capability. Can you give us a flavour of what parts of the UK you think are better covered than others? Is there a broad theme, or is it very much spread out across the country?

**Richard Burnett:** On testing capacity, we have asked for detail as to where testers will be available against the capacity required. Over the last two or three years we have had issues with DVSA, where they have actually flown their testers around the country to try to pick up capacity where there was greater demand for tests that could not be supplied in other geographic regions. For instance, in the midlands and the south-west they move testers around because they do not have the right testers in the right place to meet capacity.

There is also an issue of closed ATFs. It might be an in-house operation providing tests for the Post Office, where productivity rates may be far lower in terms of the testers and the number of vehicles they are putting through the test station, if that makes sense. At face value, it might look as though you have sufficient testers and ATFs to test in, but the reality is that the productivity rate, and how it is being managed by DVSA, is lacking enormously, to make sure that you have the right testers in the right geographic locations against the demand.

Q393 **Greg Smith:** Moving the conversation back to where I intended to start, during the bulk of the crisis there was a big problem with drivers being unable to access service stations and toilet facilities, and to get food and so on while they were on the road. I know that things improved through May, but are we now in a place where the industry is happy, or are there still some issues for drivers' welfare while they are out on the road?



**Richard Burnett:** From my perspective, there are some issues. What we saw at the beginning of covid, certainly as we were delivering to retailers, was a big problem with drivers not being given access as they were delivering to retail distribution centres. We fixed that problem in the very early days. Baroness Vere was incredibly supportive in getting on top of things and ensuring that HSE was supporting us. As we have gone through the unlocking process, and unlocking other businesses where drivers are delivering to manufacturers or non-essential retail sites, and people have gone back to work, we have almost had to start again with each of the individual sites they deliver that has not allowed drivers access to facilities.

In the early stages of covid-19, there was a real issue with the inability to get a hot meal or running water on the SRN and in service stations. That was a significant challenge. The industry had to adapt to the initial challenges of how drivers were fed in the early stages. It is getting better. There is more availability now. The big issue is that we are still facing operators and sites that deny access to male and female drivers.

**Elizabeth de Jong:** In the Department and elsewhere, this period has shone a spotlight on driver facilities. It has been a time when society and Government have seen the value of the industry and that it is not appropriate in a valuable industry to expect drivers to sleep overnight in lay-bys or go to the loo in bushes.

There has been a recognition that there are far too few overnight parking spaces and provisions of hygiene facilities for drivers. DFT promised an additional 1,400 parking spaces two years ago. A couple of weeks ago, it launched a project to make sure that those have been delivered or are going to be delivered. Thus far, they have not been.

Q394 **Greg Smith:** Richard, you have been quite critical throughout the crisis of the reallocation of road space, particularly through the active travel agenda. In order to ensure that the road is there for everyone who needs it—I totally agree that hauliers absolutely need it to get goods around the country—what are the changes that you would principally like to see to ensure that the road is there for everyone, including those you represent?

**Richard Burnett:** The big challenge that we face is the lack of consultation and lack of consideration of freight. In the very early stages, both we and the FTA were deeply concerned about road freight not being part of the guidance. It was not even mentioned as part of the guidance.

We faced local authorities coming up with measures and plans that did not consider freight at all. We said that it must be a consideration going forward—not should but must. The challenges that we face on the back of that are that we have to try to resolve both locally and nationally changes to road networks and layouts that mean that when drivers have to deliver product to the high street it becomes an enormous challenge. On the one hand, the nation recognises the importance of road haulage and how it



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has kept everyone fed and watered through covid, but there needs to be greater focus and emphasis on consultation, and how we are involved in that, to make sure that we get the appropriate measures moving forward.

**Q395 Greg Smith:** Elizabeth, can you answer quickly on that? Then I have one quite broad question. I am not expecting detailed answers on it now, given the time, but it is something to ponder.

**Elizabeth de Jong:** One way of solving it is to allow earlier and later deliveries. That was allowed during the early weeks of covid. Lorries and vehicles are less noisy than they were when many of the constraints were brought in. We would like to see that revisited as part of the solution in road space, active travel and economic recovery.

**Q396 Greg Smith:** My last question could spur a massive debate, but perhaps you could give a quick answer now. It may be something we could pick up in the future.

Throughout covid, I have been talking to some of the smaller road hauliers based in my constituency and they have very much felt left out. While it was necessary for things to move very fast as the pandemic evolved, they felt left out because the big contractors and hauliers seemed to get all the additional work with supermarkets, and food distribution and so on. In the future, how can we make sure that things do not always go to the big operators and that the whole industry gets a fair shot, be it in a crisis scenario or back to whatever the new normal looks like? How do we ensure that those smaller hauliers get the business?

**Richard Burnett:** I will answer that from a road haulage perspective. If you look at the market, 85% is SMEs. There are 55,000 operators that have between one and 20 trucks, so it is an enormous part of the industry as a whole.

The problem with covid-19 was that the big operators who usually contract out to the smaller operators lost levels of volume in certain sectors. For instance, the container and logistics industry collapsed. The construction sector collapsed. The big 3PLs then used their core fleets, which they would have used on those sectors, to support the delivery of medicine and food. That is going to be a continuing problem, I would suggest, even as we go through recovery. There will be a rebalancing in the market of the volumetric increase and inefficiency that we see across many sectors.

How do we fix that? We faced a very unusual period through covid-19. We have never had to deal with this kind of pandemic or this kind of crisis. It has emitted problems that we have not seen before and on a scale that we have not seen before. Protection for smaller regional hauliers in terms of how we step through this from a grant perspective to support them and make sure that they are still around at the back end of



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this year is going to be a critical part of resolving it and getting back to recovery.

**Greg Smith:** Thank you. I am mindful of the time, and there are others who want to come in.

**Chair:** I would like to bring in another couple of colleagues before we move to rail, and more of Maggie.

Q397 **Gavin Newlands:** Speaking to the hauliers in my constituency, as I have done through this period, their big concern, as we come out of lockdown and the economy starts to pick up again, is the rather fragmented nature of their business. The cash flow is unpredictable, and therefore it is very difficult when it comes to predicting the jobs that may be required moving forward. How much of an issue is that for the haulage industry at large?

**Richard Burnett:** It is an enormous issue. It has also been an enormous issue for the banks, in how they have supported hauliers through the crisis. There is no guarantee of future volumes or what the forecasts look like. What we see across the board are real challenges for smaller operators. That is segmented again into very sector-specific areas; the events sector and concert hauliers, food and drink and on-trade deliveries for pubs might take some time to unlock and get back to larger volumes. In construction, volumes are still 50% down. In each of those sub-sectors, those detailed sectors, where there are small operators, it is going to be an enormous challenge to prop them up.

Furlough has been very successful in supporting smaller hauliers through covid. We might have negotiated payment holidays and lease holidays for tractors and trailers, but the lease companies cannot sustain that in the longer term. The big issue that we will now face is companies demanding payment for tractor and trailer leases, and hauliers without that work unable to sustain costs. That is going to be a future issue.

The tracking that we are doing with DFT, to understand the trigger points for both volume and cost, will potentially drive further intervention, but we need to work very hard on behalf of smaller hauliers to ensure that they are still there in six months' time.

Q398 **Gavin Newlands:** Is there anything else that the Government could and should be doing to ensure that the industry is healthy, or reasonably healthy given the circumstances, moving forward?

**Richard Burnett:** We have requested a package of measures, recognising, as I said, that furlough has been very successful. There are fixed costs that hauliers operate to and variable costs for fuel. We have talked about an essential user fuel rebate that could help to support them, very similar to that of the bus industry, which pays a far lower level of fuel duty. That would certainly be a support.



We are a long way off the efficient network that we used to run. Road transport in the UK has become very integrated; you might take a retail load out and take a manufacturing load back, and you only get paid for the leg of the journey that you do. Backhaul through covid has dropped significantly—it has been as low as 50% or 60% down on what it would normally be; and even now it is probably 40% down against normal market measures.

Financial intervention to help support those operators for the longer term is going to be required. As furlough tapers, and we probably see unemployment increase and volumes drop, it will become an even greater level of focus for smaller hauliers.

**Elizabeth de Jong:** All of the logistics industry is absolutely dependent on economic demand. The more the Government can do to get the economy opening, with people working and shopping safely, and as many businesses opening as possible, the better the outlook for the whole of the logistics industry, so we need a relentless economic reopening focus as quickly as it is safe to do so.

Q399 **Robert Largan:** Good morning to the panellists. On a similar theme, when I have been talking to big haulage companies in my constituency—often specialist haulage companies—one of the things that they have been saying is that a real handbrake on them being able to grow, which is going to be important to recovery, is difficulty in recruiting drivers and staff. Given that there has been an awful lot of talk about training programmes and support for retraining, I am interested to know the panellists' thoughts on driver recruitment in general and what the Government could do to help in that area.

**Richard Burnett:** Before covid, the apprenticeship levy was an enormous problem for our industry. We had paid something like £280 million into the levy and had been able to access £20 million of that. The shape of the actual apprenticeship itself was not supporting the industry. We needed to move to a C+E licence as part of the levy, which has been successful as part of the shape of the Trailblazer apprenticeship scheme moving forward, but we have a big challenge in accessing that funding.

In the midst of coronavirus, the recovery and the unlocking, the point is that we are a volume-based industry. With volume down, we may not have a driver shortage in the same way that we had prior to the pandemic. Part of the challenge, if we head into a recession in the same way as in 2008, is that we will lose a lot of drivers. The focus on retraining and bringing drivers through, with schemes such as Road to Logistics, which we set up, with support funding from Government, to retrain ex-offenders, will be an important element in trying to maintain the driver workforce for the future. As it stands today, and as we look at recovery, the balance of the demand on drivers is not clear at this point in time.

Q400 **Chair:** Elizabeth, you want to come in. Can you be brief, because I am



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conscious of time?

**Elizabeth de Jong:** At the end of the transition period, there will be the opportunity to look at how tests are carried out for drivers of articulated vehicles. Currently, they have to get a licence for a rigid vehicle before they get an articulated vehicle. That is an additional cost of between £3,000 and £5,000 for them, so that is something that could be overturned from January.

**Chair:** We will move from road freight to rail freight now.

Q401 **Chris Loder:** Good morning, everybody. Maggie, the Secretary of State told us in March that there was an increase in rail freight services. Could you tell us to what extent, approximately, that increase materialised?

**Maggie Simpson:** Reflecting similar themes in road freight, what we saw in rail freight was very different by commodity sector that we move. For trains that were moving product for supermarkets, typically what we call a domestic intermodal train, perhaps between the midlands and Scotland, there were additional services running. Those services were extended; in fact, one of them was three quarters of a kilometre long, the longest train on the network. Domestic waste services boomed as we all went home and made more rubbish. Some of the energy trains that we move for biomass generation continued to run very strongly.

Offsetting that, we saw trends in construction similar to those that Elizabeth and Richard referred to. We dropped to half of where we should have been. On maritime—port intermodal imported goods—we lost a sustained third of that business, and we are only very slowly beginning to see it rise.

It was a very mixed story. I was exceptionally proud of everyone for stepping up and getting the extra trains running at the most difficult of times. There is huge credit to everyone, including Network Rail, for doing that and allowing some of the trains to be longer and to go more directly than they normally would. We saw big productivity savings. The trains to Drax power station, for example, got there in four hours instead of the usual nine hours. There were some real benefits that people were able to pull out, but it was a mixed story.

Q402 **Chris Loder:** Overall, would you say the number of freight trains on the network has increased or, net, decreased?

**Maggie Simpson:** There was a definite decrease in total. We were probably 40% down, and 50% some weeks. We are now back to a situation where, overall, we are probably at about 85% of where we should be.

Q403 **Chris Loder:** Could I ask you specifically about whether or not any of the freight operating companies have received any financial support? I am sure you know that a good number of the train operating companies are subject to emergency measures agreements and the like. I wondered if



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any of the freight operators had received any specific Government support that you could articulate.

**Maggie Simpson:** One piece of specific Government support was offered. A small proportion of trains receive a revenue grant scheme, which aims to equate the costs of road and rail haulage. The rates for that grant scheme were adjusted to reflect the on-train utilisation rates that we were getting. We were running trains with fewer loads on them, in effect. The rates for that were adjusted to give a little bit more money for those particular trains. That was the only direct financial support.

We were able to use furlough. I do not honestly know whether any of my members took advantage of the loan schemes, although DFT worked quite hard to make sure that they were structured in a way that they could be used. I do not know if they did.

**Chris Loder:** Elizabeth, do you have anything to add on the questions I have just asked Maggie?

**Elizabeth de Jong:** No, not on those questions.

Q404 **Chris Loder:** Maggie, I would like to talk about Network Rail a little bit. I am keen to understand whether you believe that Network Rail has adequately responded, given the vast changes in demand that we have seen and the vast changes in requests for track access.

**Maggie Simpson:** In the heat of the crisis, Network Rail and the Government were exceptional in their response. They allowed longer trains to run and they kept the network open for freight. That was not a guarantee at the beginning. They were flexible on payment terms, and they took actions to support where they could.

There were some things that we thought Network Rail might have done. For example, they offered their retail tenants a payment holiday on leases—shops in stations, essentially—but freight tenants on their estate were not offered that. There were some things they might have been able to do but did not. I do not know whether that was their decision or Government's. Obviously, it is a very close relationship.

Operationally, they pulled out all the stops for us. The challenge now is making sure that we can keep some of those benefits as the passenger railway resumes. There is some work under way to try to keep some of the longer trains running, but it is complicated; it depends on how you balance the demands of the freight railway and the demands of the passenger railway in certain places.

Q405 **Chris Loder:** Going back to the tenants point that you made, do you believe that Network Rail offered a payment holiday to its retail tenants because they are more of a flight risk than their freight tenants, who are much more difficult to move?

**Maggie Simpson:** Honestly, I could not comment. I do not know how flighty the retail tenants are. If you are managing a relationship for the



long term, it is reasonable to be sensible and flexible in the way you treat contracts. If that was the right thing to do for their retail tenants, I certainly would not criticise them for doing it. Many of the freight tenants are construction businesses that have gone from a position of probably record levels of trains earlier in the year to virtually no traffic at all. It felt particularly harsh that there was nothing that could be done for them.

**Q406 Chris Loder:** That was one of the reasons for my question. SSP is one of the largest retail tenants of Network Rail and, as you may have heard over the last few days, it has announced considerable closures and redundancies. Clearly, that has not worked for it. I want to make sure that from a freight perspective as much as possible is done.

In respect of capacity on the network, we have talked about freight capacity, and in many cases the reduction in passenger use of the network has enabled much more flexibility in freight capacity. Do you believe, going forward, that similar access for freight operators should be there to allow you to continue?

**Maggie Simpson:** The challenge that we have now, as Richard and Elizabeth reflected in road haulage, is that we are in a situation with an unpredictable economic outlook. Recession will dampen demand in some sectors. It may increase it in others. There are questions, as we have seen, around availability of road haulage, costs and all of that. It is a very uncertain world for freight operators, as for road hauliers, whereas the passenger railway is secure financially, at least for now. I would not wish to be in their shoes; this is a very difficult place for them.

We are asking the Government to do things that give back confidence to the rail freight market to invest and to grow. To have that confidence, you need certainty. We need certainty of access on the network, if we are looking in the longer term to invest in new bi-mode locomotives, electric locomotives or new terminals. You cannot make that investment unless you know that you can get capacity on the network. We need certainty of access.

**Q407 Chris Loder:** The Rail Freight Group has said previously that there are "severe and profound financial issues" as a result of coronavirus, and it has indicated the volatility of the sector. Could you tell me a little bit about those profound financial issues? Is it basically volatility in demand for use of your services that is the key driver?

**Maggie Simpson:** Yes. A freight train makes money, bluntly, if it is long and fully loaded, and if, as Richard said, it is able to load in both directions and can run in a productive path on a network that manages resources and driver time effectively. When we are running trains that are not as well loaded as they should be, but obviously we want to run them for the customers using them, that is a financial drag.

In our sector, a profit margin of 1% to 2% has been common for the last few years. Businesses are looking to their owners for support at the moment. Those owners are multinational businesses and they have



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choices about where they will spend that investment money in the long term. We want it to be the UK.

**Elizabeth de Jong:** I support the case for more rail capacity. In order for UK plc to be its most productive and most competitive, it is very important that each mode plays to its strength. They are not always price sensitive to each other, and mode choice is often made due to capacity. There are difficulties, particularly where bigger, heavier loads are more suitable to rail. It would have both economic and environmental benefits for there to be more rail capacity.

Q408 **Chris Loder:** Finally, Maggie, the managing director of GB Railfreight said a little while ago that he expected fierce competition as a result of some of the developments with coronavirus. Could you tell us whether or not that has indeed manifested itself in the market? If it has, does it require attention or to be addressed in any way?

**Maggie Simpson:** It is difficult to know what will happen going forward. In a world where there is less volume and the same supply, it will inevitably lead to competition. That competition could be road versus rail versus coastal shipping, and so on, and it could be between operators. At the moment, I do not think I see anything that would require direct intervention from the rail regulator or the competition authorities. It is a level playing field and people will inevitably have to take the business decisions that they have to take, however unfortunate some of them might be.

The challenge is making sure that Government decisions are fair in a sector that has very different pricing structures between road and rail. We are two weeks away from a consultation on removing red diesel rebate. That will impact on handling in terminals and ports. We need to make sure that things like that do not start to create sectoral distortions that worsen competition.

**Chair:** We only have 10 minutes left and we are about halfway through the list of topics, so can I ask for brief answers? We might just come to one rather than all three of you.

Q409 **Ruth Cadbury:** Elizabeth, what has been the impact of the collapse in passenger flights on air cargo? What are the wider implications for businesses and the economy?

**Elizabeth de Jong:** Aviation has been particularly affected by the near curtailment in passenger air volumes of over 90%. As you know, 60% of air freight is in the bellyhold of passenger planes. Passenger conversion to freight-only helped in the short term, particularly for PPE and pharmaceuticals. Both freight and passenger routes are more financially viable when they are coupled together, particularly for long haul. Both are needed for a comprehensive freight network.

Initially, there was a collapse in cargo capacity. It is now down by about 36% compared with a year ago. The passenger aircraft cargo flights have



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been an important part of that, but we are seeing passenger bellyholds start a very slow uptick. There is a small decrease in cargo-only movements at the moment. We need both air passenger and freight to give a comprehensive network for air freight.

**Q410 Ruth Cadbury:** Heathrow has seen freight-only flights since covid. Do you think they will continue coming into Heathrow, or do you think that, as we gradually get back the passenger flights, the freight-only flights will revert away from Heathrow?

**Elizabeth de Jong:** I could not particularly say where they will be landing and what will be the relative economics. It depends. We will have to monitor what happens to the passenger airline industry for that.

**Chair:** We now move to the impact of covid on Brexit preparedness in your sector.

**Q411 Gavin Newlands:** I am sorry to bring up the B-word, but in what ways has the pandemic affected your preparations for Brexit? Can you say what else the Government could do to help the sector prepare for the end of the transition period in January? Could you all be brief?

**Elizabeth de Jong:** I will be as brief as I can. FTA has publicly made two requests. One was back in March to Michael Gove for an extension because we had an absolute operational focus during the crisis. We knew that was not acceptable, so on 1 June we asked for an implementation period. The 12 June announcement has many features of an implementation period, so we have welcomed the phasing of imports, customs declarations and checks and some of the phytosanitary checks.

Although we are more confident about being ready for imports, we are less confident about exports because there is no phasing for that. We are dependent on a number of EU decisions and member state actions, and on information for us to plan for our exports.

If I have not been too quick with that summary, we really need the UK Government to do the trade deal with the EU, and implement customs arrangements, making sure that trucks and planes can move across the border, that we know what tariffs and quotas are coming up, and that there is a focus on getting business ready. We are up and running again and working with Government, now that we have the capacity in industry to help with getting the systems, contingencies and facilitations ready and to start preparing. We need as much information as possible, particularly from the EU side, to be able to do that.

**Q412 Gavin Newlands:** How confident are you that the goods vehicle movement service—the IT system that the Government are implementing—will work, and work from the start?

**Elizabeth de Jong:** There is a lot of work on that, and we need to continue to develop it. It is going to be rolled out to Northern Ireland first, at the end of the year. The sooner we can start testing it, the



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better. We are in very detailed working parties on that. We will be holding our hand up if we think it is not going to be ready in good time for testing. Currently, we cannot say that it will not be. We cannot say that it will be, but we know that we are working as hard as possible with Government to make it as advanced as possible.

**Richard Burnett:** The one thing that we have lost right the way through covid is time. That is the big challenge. Even with the extensions that we are looking at, we are very challenged in delivering against the timeframes. The relaxations are only against certain products. Controlled products still have to have full documentation.

The biggest issue that we see is with the intermediaries—the customs agents and customs brokers. We need another 50,000 customs agents and brokers to support the process. There has been money announced that would help that, but the review of the constraints on how that money can be spent at this point in time needs to speed up. We need to access that quickly. If we are to have any chance of recruiting and training customs brokers, we need to get off the blocks as soon as possible.

We also need to recognise that it is about traders getting themselves ready, both in the UK and in the EU, and understanding what the processes are. It is not just about the haulage sector per se. It is about businesses that trade, and them understanding how they are going to access the intermediaries to support the process. We have little time and we need to drive the momentum behind releasing cash to support training, recruitment and employment when businesses are struggling right now.

Q413 **Karl McCartney:** Good morning, Elizabeth, Richard, and especially Maggie. Maggie, I am going to give you an opportunity to answer a quick question because we have to try to cram a few things in before we finish. I hate to sound like a BBC presenter and keep banging on about Brexit, but you were the first one to mention it earlier on.

Are there some good things that have come out of the pandemic period? Maybe there has been some communication with Government Departments that was not there before. Would you agree with that? Has that helped as we prepare for Brexit, which is happening at the end of the year?

**Maggie Simpson:** Yes. The upside of both Brexit and coronavirus—there are scant few, certainly in the latter—is that Government have had to wake up to the fact that freight is not just a nuisance but is a driver of the economy and household satisfaction. It is a driver of happiness; let's put it that way. That is a very different place from where Government, both centrally and locally, have been. Often freight has simply been viewed as a bit of a nuisance, frankly.



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A lot of the workstreams in Government—Elizabeth referred to the cross-modal working group—are evidence of the Government saying, “We need to understand this sector better and we need to see how we can really bank some of the benefits.” I see that playing out in the action that Elizabeth has referred to on Brexit, and in the discussions that we are having about rail freight’s role in decarbonisation. Hopefully, in whatever happens in rail reform, those messages will help us to remain a strong part of the network and the industry.

There is an upside. We have to try to maintain it as the passenger railway, hopefully, resumes at full strength.

**Karl McCartney:** Richard or Elizabeth, do you have anything to add?

**Elizabeth de Jong:** No, that was a good summary.

**Richard Burnett:** I have nothing to add.

**Chair:** I am conscious of time but I want to make sure that we have enough time to cover our final section—so apologies to the next panel—which is on the implications of covid-19 for decarbonising freight.

Q414 **Lilian Greenwood:** Good morning, panel. Obviously, in recent months the focus has rightly been on the covid crisis, but the climate crisis has not gone away. How has the pandemic affected the ability of your members to invest in their decarbonisation objectives and to get towards their targets?

**Richard Burnett:** Covid-19 has created some real challenges for our sector. To go back to the point I made earlier about 85% of the transport sector in the UK being SMEs, we have probably somewhere in the region of 180,000 to 200,000 Euro 6 trucks currently. There are 525,000 trucks on the road in the UK, so we still have a significant number of trucks that need to be converted to Euro 6, even in the current restraints of where we are operating, let alone looking at electric and other types of fuel.

That financial challenge is an enormous one. We see businesses struggling to keep their heads above water from a financial perspective now. The investment in Euro 6 going forward is a greater challenge. How Brexit transition impacts in terms of the tariffs on trucks potentially, and the cost of trucks, will be another penalty for hauliers, who will find it very difficult to invest.

As we sit here today, it is going to be a very challenging six to 12 months as businesses look at that investment. There is a case to be made with Government to say that there needs to be some grant intervention if we want to speed up that process, because otherwise the haulage industry is going to suffer.

**Elizabeth de Jong:** Regardless of covid, we have to rebuild margins and make money available for investment. We have been concerned for a long time that it is only the organisations that have a CSR—corporate and



social responsibility—budget that have been able to afford to invest and experiment. That has meant that the development of commercially affordable mass market alternatives to diesel has been constrained. The development therefore cannot be market led. We need large-scale research and testing. It is unclear how the heavier end of road freight will be decarbonised.

For lighter vehicles, we are still having problems with the charging infrastructure and the quality of supply of power to industrial sites. That was before covid and it is still there. Even larger operators can charge only a small number of electric vehicles. We need to find a way of increasing the electricity supply from industry and from Government because it is not a business case for investment that the commercial sector can take.

**Q415 Lilian Greenwood:** Prior to the pandemic, do you think you were on track to reach the 15% voluntary reduction in greenhouse gas emissions from HGVs, or do you think you were already off track?

**Elizabeth de Jong:** From my point of view, we did not have the things that were needed. There were a number of things we needed around electricity supply to meet that. There were a number of things we needed around focusing on congestion in order to deliver that. We needed some definitions of ultra-low emission trucks. There were a number of things that we were dependent on in order to do our part.

**Q416 Lilian Greenwood:** It was already behind and now it has got more difficult. Maggie, what is the position in rail freight around decarbonisation and your efforts?

**Maggie Simpson:** There are two angles. Modal shift today can already reduce carbon by 76%. We have already had a conversation about capacity on the network and space for growth. In terms of decarbonising rail freight itself, it is clear that the very big diesel engine alternatives, such as hydrogen and batteries, simply are not in the place to fill that hole. Overhead electrification is tried and tested technology. We have operators who will invest in the right locomotives if the conditions are right for investment. That is about business certainty and recovery from covid. It is about Government committing, first, to in-fill electrification so that we can do more things today with the locos we already have, and then a rolling programme of electrification moving forward.

**Q417 Lilian Greenwood:** You have called for a target for increasing rail freight use in the transport decarbonisation plan for exactly the reason that you have given, which is that rail is already generally a lower carbon option. What would be the implications of not having such a target?

**Maggie Simpson:** The beauty of having a target, as we have seen with Network Rail in Scotland, is that it focuses people's minds on the things we need to do to grow rail freight. It focuses people on a positive narrative, on the right investments and on engagement with both operators and end customers in the development of schemes. It creates a



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positive mindset about the opportunity that rail freight presents. It is much more than, "Have we met the target? Have we undershot the target?" It is about a mindset shift. That is why we want target setting rolled out more generally.

**Q418 Lilian Greenwood:** As you said earlier, there are 76% less carbon dioxide emissions on rail than on road. Should we be thinking about road as having a future in freight? Why should it be the dominant player in the freight market? I appreciate that is quite a challenge for Richard. What is the argument, particularly if you are not moving to a decarbonised fleet?

**Richard Burnett:** It may surprise you to hear that I do not have a problem with fully moving from road to rail. There is a place for rail in the decarbonisation agenda. There is a part for it to play.

I come from an operational background. The big challenge that we face is about timing—it might be about capacity but it is also about timing in the network. The biggest issue we faced was that we could not get the train timings that were needed for a product to get to its destination, and for the repatriation of boxes to fit in those timescales. If capacity gave rise to a greater level of trains leaving at specific times in order to get there on a more regular basis, there would be a better chance of converting.

With Felixstowe as a port of entry, linking the midlands with maritime, it is taking volume off the road. All we need to do is put the vehicles, the trailers and the boxes where they need to be from a centre of gravity perspective to take volume off the roads. It needs a thoughtful approach, but the devil is in the detail. We certainly would not be against it. We need to work together on what it looks like.

**Q419 Lilian Greenwood:** Perhaps it is an argument for more investment in rail capacity rather than extra road capacity.

**Richard Burnett:** I think there is a balance. You are still going to require trucks and roads for the final-mile deliveries and radial distribution. That will be a requirement, but for primary freight the timing means that there needs to be greater investment in how that works.

**Elizabeth de Jong:** It is also a question of maths. We have 78% of things transported by road at the moment and only 9% or so by rail. The capacity would not be there; it would be such a shift in how our whole country looks and operates.

**Q420 Ruth Cadbury:** This is a question for Elizabeth and possibly for Richard. It is estimated that between 10% and 30% of goods in urban areas could be transported by cargo bike and cargo e-bike, with capacities of up to 250 kilograms or 1.5 cubic metres. What would help to incentivise the shift to the use of cargo bikes?

**Elizabeth de Jong:** For me, cargo bikes have a niche role. We would need about 100 cargo bikes to take what is in a lorry. In terms of congestion, we can imagine how huge the difference would be if



everything was taken out of the lorry. In some circumstances, we can say that is the best thing for the environment because of the impact of congestion on carbon for other road users. Also, you can imagine how many more people we would need to be working in the industry on e-cargo bikes.

They are popular and attractive things to use, particularly for the final-mile locations, but they are always likely to be niche. I do not necessarily think that there is more Government investment to be done. Local authorities are all quite excited about e-cargo bikes, but it is about using them wisely.

**Richard Burnett:** I am not sure it is the right solution. I think it could be pre-consolidation vehicle fill, whether or not it is on smaller electric vehicles. It is about drop-point consolidation as well so that you get as much volume as you can from lots and lots of different businesses into the same vehicle. That is probably where we need to focus going forward to ensure that we have a more refined final-mile approach to delivering parcels.

**Chair:** Thank you very much indeed, Elizabeth, Maggie and Richard for such comprehensive evidence; we are very grateful. On behalf of us all, I wish you, your teams and your industry well in these challenging times. Thank you again.

## Examination of witnesses

Witnesses: Benjamin Dove-Seymour, Richard Ballantyne and Gavin Simmonds.

Q421 **Chair:** We now move to our second panel and the implications of coronavirus on maritime and shipping. My apologies for starting 10 minutes late. Can I ask the panellists to introduce themselves?

**Gavin Simmonds:** Good morning, Chairman and Committee. My name is Gavin Simmonds. I am the policy director at the Chamber of Shipping. During covid-19, I have been chairing an emergency and recovery ferry and cruise working group. I also sit on the DFT recovery group.

**Richard Ballantyne:** I am Richard Ballantyne, the chief executive of the British Ports Association, the national trade association for UK ports and harbours. We represent 86% of ports by tonnage handled through UK ports. We also represent 100% of UK passenger ports and a host of other ports that facilitate energy, fish, recreational activity and tourism.

**Benjamin Dove-Seymour:** I am Ben Dove-Seymour. I am a director at CLdN, which is a European integrated ports and shipping group. We operate in the unaccompanied ro-ro sector and we have operational ports in the UK and northern Europe. We have about 50% of the North sea share of the market.

Q422 **Chair:** I will ask the opening question in the same way as with the previous panel on freight, but specific to maritime and ports, from your



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perspective. I will ask Gavin first, and the other two panellists can say if they concur or have anything different to add. Could you briefly set the scene as to how challenging the last few months have been for your industry?

**Gavin Simmonds:** It was totally unexpected and sudden. Immediately after the Government introduced the covid-19 lockdown, all shipping routes began to close their passenger-carrying services. There were very immediate effects, both on ship deployment and very rapidly on employment for seafarers. Several hundred seafarers, thankfully, were admitted to, or found to be eligible for, the job retention scheme. That was very much the immediate concern of the UK's major ferry companies. It is worth recognising that those ferry companies provide not just vital international links across the Irish sea, the channel and the North sea, but vital domestic routes serving the Isle of Wight, the Solent, the Scilly Isles—obviously to a lesser degree—and very extensive domestic services in Scotland to the Western Isles, Orkney and Shetland.

It took a while for the data to come through, but there was an immediate reduction of about 20% of freight across all those different routes. As companies began to respond to very dramatically changed trading conditions, ships were withdrawn. Most of the western channel services, which were heavily reliant on passenger volumes, immediately ceased. A few freight services and services that provide the most heavily used routes connecting Dover and Calais and to Belgium and Holland maintained pretty much their normal schedules, but with no passengers. There was a total loss of passenger revenue and a big downturn in freight. Once local adjustments had taken place, the reduction was generally in the range of 20% to 35%. Those are the sorts of figures that we see across the UK. There are in the range of 38 to 45 major ferry routes serving the UK.

Q423 **Chair:** Richard, do you have anything different to add to the picture that Gavin has just painted?

**Richard Ballantyne:** I concur with Gavin's observations. Although it is very fragmented across our sector, 20% broadly seems right. Gavin very well described the value and activities of the ferry sector—the roll-on roll-off sector—which effectively keeps a lot of our shops supplied with essentials.

In offshore energy, construction and manufacturing there were varying impacts. For example, we saw an almost complete close-down in car manufacturing, which had a big impact on ports that handle either components or manufacturing, or indeed the finished cars themselves. We have seen other manufacturing processes slow down, which has completely scuppered demand, at least temporarily. We are starting to see that go back on track now.

There are other sectors, such as the tourism sector. Gavin mentioned passenger services on ferries, but let's not forget the cruise sector. The



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second largest growth area in world cruise was around the UK. We have seen that effectively put on hold, hopefully with some services coming back before the end of this season. It has not been a good year.

Alongside that, recreational sailing and lots of the leisure activities that happen at smaller ports and in coastal regions have completely closed down. It is just starting to open now. There are other sectors, such as fishing activities for the supply of fish to European markets, for example, for restaurants and other businesses. The demand has gone, which has meant that the fish price has gone. Fishermen have not been landing as much fish and that has not been going through our ports. The ports have not derived any income there.

The final point is that ports have a lot of fixed costs. They have fixed assets, and, yes, they have been able to take advantage of the Government's furlough scheme and one or two other support packages, but broadly speaking they have to keep their operations running. Vessel traffic services and land-side operations, for example, have had to keep going against a balance of lower income. That is something we have communicated to the UK Government.

Finally, a huge thank you and my gratitude to the Department for Transport and the devolved Administrations, who have been in regular contact with us. Elizabeth mentioned earlier the critical freight taskforce that has been looking at shoring up supplies to the UK. That has been very welcome, but it goes much further than that. I would like to put on the record my thanks to all the officials who were sending emails through the middle of the night during the height of the lockdown and the pandemic.

Q424 **Chair:** Ben, do you have anything to add? We are going to ask you specifically about a matter pertinent to you, but do you have anything further to add on this part?

**Benjamin Dove-Seymour:** I broadly concur. We experienced an initial drop in volume year on year of about 30%. We handle on our ships and through our terminals, particularly at Purfleet on the Thames and Killingholme on the Humber, a large volume of car imports and exports. A large section of our normal freight volumes disappeared as the car manufacturers closed, as Richard highlighted.

We are seeing a trajectory through June and the early part of July where we expect the reduction year on year to be about 15%. That is encouraging. As Richard identified, as an operational business with port staff shore-side and crews on ships, we have particular challenges to deal with in order to continue to operate our services. We took steps immediately to mitigate the impacts of the virus on our operations. We laid up about five vessels, and we adjusted our sailing schedules to take the reduced demand into account.

Q425 **Chair:** Richard, I want to ask you very briefly about quarantine. You



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warned that the quarantine policy, as it was, could make a challenging situation even more pressing. Are you happy with the revised policy?

**Richard Ballantyne:** Yes, it was something that got us quite excited, I have to say, in a negative way. Essentially, as Gavin well articulated, a lot of ferry operators sustain most of their income from freight services, but several of them rely on passenger income. It certainly helps to keep those services sustained, as I said. There have been ports that have lost ferry sailings and services, such as the Port of Poole and the Port of Tyne, where they were heavily reliant on passenger activity, but the demand has obviously gone and the operators have been forced to remove services, understandably.

When we were approaching the easing of the lockdown restrictions, we were starting to look, with our colleagues at the Chamber of Shipping and elsewhere, at ways to promote safe passenger travel and ferry travel without undermining the aviation sector. The thing about maritime is that the overwhelming majority of passengers are in vehicles going to ferry ports. Typically, they do not have to go on public transport. There is a lot more opportunity to social distance at port terminals. Even on board, they can go and get fresh air, so we thought that ferry travel was in a good place.

The ferry routes are overwhelmingly to countries with similar health standards and at a similar stage of their coronavirus pandemic response, so we were very disappointed with the quarantine measures. We saw that as a real dent in confidence, but we understand the reasons why they were taken. We are pleased that the Government have opened up the international transit corridors with countries such as France, Spain and the Netherlands, as well as sustaining the common travel area with the Republic of Ireland routes through the pandemic.

**Chair:** We are going to drill down into a bit more detail on Government support.

Q426 **Grahame Morris:** Good morning, panel. My first question on Government support for the shipping sector is to Mr Dove-Seymour, particularly in the light of criticism from CLdN about the Government's £35 million financial support package for shipping freight operators.

I was listening intently to Mr Simmonds's opening remarks, where he identified over 40 vital routes to ensure that trade continued. Given the impact of the pandemic, was it not sensible for the Government to support the continued supply of essential goods?

**Benjamin Dove-Seymour:** What we viewed, as the impact of the pandemic started to hit, was a drop in demand. I have already alluded to our particular issue, which was a drop in import and export car volumes. There was a drop in demand across the freight sector.

Operators responded to that by making the sorts of adjustments I highlighted earlier, such as laying up vessels and adjusting their sailing



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schedules. The sector typically operates with some excess capacity. There are different views on the amount of excess capacity, but there is excess capacity.

The Government's scheme—the freight capacity subsidy—was built around securing the UK's necessary freight capacity needs. That involved subsidising operators with public money, on the basis that there was a threat to freight capacity across the market.

Our contention is that there was not an issue with freight capacity. In fact, Mr Simmonds earlier referred to the fact that many operators continued sailing. There was still capacity, and capacity volumes are now looking up, which is encouraging. That is not to say that we are through the worst of it, but we are hopeful.

Our issue is that in an environment where there is no initial threat to capacity, and it is not borne out because capacity is still available, should the Government intervene in a market where there is no need to do that? That is not to say—let me be very clear with you on this, if I may—that there is not a case in some sections of the market for looking at particular support. In the passenger sector, passenger numbers are down and those operators have been particularly affected. Those are real challenges. We are unaccompanied freight operators and therefore we do not have that issue.

It is important not to confuse and conflate the challenges of one sector with a problem of freight capacity, and therefore the Government intervening in that way. The impact of intervening when it is not necessary is that it will distort the market.

**Q427 Grahame Morris:** I understand. I appreciate your clarifying that, because CLdN has applied for judicial review. It is important for the Committee to understand the basis of that court case. Your contention is essentially that, without the critical freight grant, the market would still have been able to maintain the supply of essential goods and sustain that. I understand; you have made that point very well.

Mr Simmonds and Mr Ballantyne, do you share the view that the critical freight grant was an unnecessary Government intervention and that the market would have maintained the supply of essential goods to the UK?

**Gavin Simmonds:** It is important to say that the UK Chamber of Shipping represents all shipping sectors, and CLdN is a valued member of the Chamber of Shipping. We also have P&O, Stena, DFDS, Brittany Ferries and the important domestic operators in our membership.

This is not a new debate for us. It is one that needs very careful handling. I am not involved, and I am not familiar with the judicial review. I listened intently to what Mr Dove-Seymour said. In a way, it makes entire sense, but I think the view of the Chamber was that we are fortunate in the UK to have a very varied and wide range of efficient, quality ferry services that serve our islands and our main ports and



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provide vital links to our main trading partners. When it comes to roll-on roll-off and regular traffic, most of those trades are to EU countries and our nearest neighbours. It is a very short route and highly efficient.

We have grown up with a business model in the private sector. Ports may be a hybrid of trust ports or they may be entirely in the private sector—

**Q428 Grahame Morris:** I fully understand that, but the nub of my question both to you and to Mr Ballantyne—because there are other areas I want to explore and time is short—is whether you think that the critical freight grant was essential to maintain the routes that you mentioned earlier.

**Gavin Simmonds:** The short answer is yes. It was essential at the beginning of covid-19. As I said earlier, we were immediately aware of large redundancies in major ferry companies when they stopped carrying passengers and withdrew their passenger services on board. Those vessels then continued to run at a substantial and critical loss, maintaining essential freight services.

**Q429 Grahame Morris:** I understand that. I want to come on to redundancies in a moment. Mr Ballantyne, do you agree with that view or Mr Dove-Seymour's view in relation to the grant?

**Richard Ballantyne:** Benjamin will find it slightly amusing that, as well as being a member of the Chamber of Shipping, he is also a member of the British Ports Association, because Purfleet, Killingholme and indeed Sutton Bridge are active members of the BPA.

Not to sidestep your question, Mr Morris, the support was critical to the routes that received it. It was very welcome to those routes. Where we saw issues was where the ports I mentioned, with services that were closed down, did not receive anything, and shipping services that are outside the ro-ro sector did not receive anything either. I think you have to be careful with state aid issues.

We have seen it with Brexit and elsewhere. We are a market-led industry, and we generally push back from support, unless it is for things like fisheries policy where fisheries legislation has impacted the ability of the sector to realise its potential. Broadly speaking, the maritime sector is market led, so yes, it was welcome there. I underline the point that Government did not see it as sustaining actual operators. It was about Government ensuring that critical routes were open so that the country was supplied.

**Q430 Grahame Morris:** I understand that. Thanks. I would like to move back to the issue that Mr Simmonds raised in relation to restructuring and redundancies. Personally, I am disappointed that P&O Ferries is not here giving evidence, but that is something we will hopefully be able to address.

Mr Simmonds, bearing in mind that it is Seafarers Awareness week, and P&O Ferries is one of your members, in your view, are their actions



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justified in terms of the scale of redundancies announced by the company, particularly given the level of public funding? We have been speaking about the freight grant, but it is also in relation to the covid jobs retention grant. In view of the amount of public money they received, do you think those redundancies are justified?

**Gavin Simmonds:** I think that is a very good question and a genuine one. I know that P&O Ferries, as a member, is going through very delicate negotiations and restructuring. That was initiated at the time the grants were made. I understand that there were elements of the grant that were conditional on a viable business model for the future being identified.

As Mr Dove-Seymour said, there is an element of over-capacity in the market. That over-capacity is presumably in passenger volumes as well as freight volumes. Where it comes down to seafarers' jobs, it is obviously tragic on an individual level, and very disappointing to the Chamber of Shipping, where we give the highest priority to seafarers' jobs, and we have all sorts of schemes for the promotion of seafarers' jobs. The loss of seafarers' jobs is very sad indeed, and we do everything we can to avoid it.

Hopefully, there may be some displacement and those seafarers will find other jobs. As with any occupation, it has to be flexible. There has to be mobility in the seafarers workforce. I hope that those seafarers will find employment elsewhere in the maritime sector very rapidly.

Q431 **Grahame Morris:** Mr Dove-Seymour, I want to amplify that. Freight workers have generally been acknowledged as key workers keeping essential goods moving and delivering vital supplies during the covid pandemic. Isn't it reasonable that they should feel assured that, doing such vital work, their jobs would be protected?

**Benjamin Dove-Seymour:** They have been identified as key workers. I do not mean that flippantly; they are key workers for our business. Without our seafarers or crewmen and without our port operatives shore-side, we could not do the fundamental job of our business, which is to move freight. We are highly dependent on those people, and they have been extremely dedicated throughout the crisis both on ship and port-side.

We have also been extremely fortunate with the measures the Government took through the furlough scheme to access support to ensure that we could avoid redundancies. As I mentioned earlier, we had a large drop in car volumes. A large part of our business, both at Purfleet and at Killingholme, is pre-delivery inspection of vehicles on behalf of manufacturers, and moving vehicles around. Obviously that work was not required at the time, so we were able to take advantage of the furlough scheme for our UK-registered port businesses. That was vital.



The freight capacity subsidy scheme was not about securing jobs, but we have been extremely fortunate that those measures were there. I am happy to talk about the measures we have taken to support our crews, but that may be something you want to come on to later.

**Q432 Grahame Morris:** It is indeed; I have a small bite of the cherry. Does that not reinforce the arguments that Mr Simmonds was making a little earlier? Government support for the industry is absolutely vital, given the scale of redundancies we have already seen in the whole of Dover and elsewhere, which seems to be in contrast to the position adopted by your company in pursuing legal action.

**Benjamin Dove-Seymour:** Our contention in our legal action, and our contention about the freight capacity subsidy, is about whether it was necessary use of public money to support freight routes, and therefore an interference in a very well-functioning and well-developed market. That is not to say that in individual cases certain operators may not have had specific challenges that did not relate to freight capacity at all, but to the reduction in volumes in a large part of their business in the passenger sector.

It is an extremely serious situation, where people's jobs are at risk, but I think there were other things that the Government could have done to support operators where that was the case. That might have been by guarantees for loans or loan financing, but not dressing it up as support for the freight sector under freight capacity when the issue was actually jobs. The Government themselves said that the freight capacity scheme was not about supporting jobs.

**Grahame Morris:** Thank you for clarifying that.

**Richard Ballantyne:** May I come back very briefly, although the question was directed at the shipping sector? One point I would make about quarantine is that a lot of the job losses in the shipping sector—though not all of them—have been in relation to passenger services, whether that is land-side or on ferries. To draw your attention back to the issue of quarantine, that certainly did not help. I am not saying that it caused job losses, but it did not help to sustain those numbers.

More broadly, as Benjamin mentioned, general support packages such as furloughing, have been very well received by the sector. Indeed, the Department for Transport was able to broaden that out with its Treasury colleagues to make sure that port and shipping operators and key workers were eligible. We welcome that. We encouraged, as you would imagine, the Treasury and the Chancellor to push an extension of furloughing, but we understand the economic situation they are in.

**Grahame Morris:** I am grateful for that. You can understand the concern of the Committee when companies are taking advantage of both the freight grant and the job retention scheme, and then announcing large-scale redundancies. That was one of the reasons for the line of



questioning. Thank you very much.

Q433 **Chair:** Grahame is absolutely right. We had hoped as a Committee that P&O would be here to put its side of the story, but it was unable to attend at this date. We very much expect it to come before us for the second session, which we will have in September.

I want to touch on one point that Mr Morris raised. It pertains to the legal action that, Ben, your employer CLdN has commenced with the Government. There was a £35 million critical freight grant that the Government put in place in order to ensure that medical and other essential supplies could still be brought in. Your organisation could have applied for that but did not. It is a drop in the ocean in the sheer funding that Government are spending to keep things going. It strikes me as a little mean-spirited of your organisation to take legal action, although you probably cannot comment on that.

Touching on quarantine, it is the case that those who were bringing judicial review on quarantine are no longer doing so because quarantine has been changed. The critical freight grant will not be extended beyond £35 million. Are you minded to drop the legal action in the same manner?

**Benjamin Dove-Seymour:** I will answer in a slightly roundabout way. I have addressed already our concerns about the impact of Government intervention, particularly where it is not necessary. Richard highlighted that as well.

This is a very highly developed and well-functioning market. It is a complex market. Our view is that the DFT took action on the basis of the sorts of issues that Mr Simmonds identified around difficulties in the sector, but actually it did not look at the whole sector. We do not take legal action for the sake of it, and I emphasise that we are not looking to extract financial concessions from the Government. We think it is very important for the DFT, where it looks to support a sector, to do it in a way that ensures a level playing field and that it fully understands what it is doing. Richard alluded to the fact that a large portion—about 20% of the short sea market, which is the lo-lo market—was excluded from the scheme.

As to the impacts of the two-month duration, we will see. But we certainly want to be sure in future that, if the Government look to support the short sea freight sector, they do so on the basis of fully understanding the market and with full understanding of the data available. There may be something to be said about liaison between the market and the Department. That can be improved. They must be sure that they do not act in a precautionary way.

As to whether we cease our legal action, we will obviously look at the announcements the Department makes about the end of the scheme, whether it will cease and whether it will seek to resurrect it. We will not pursue legal action for the sake of it. I can assure the Committee of that.



Q434 **Chair:** That is reassuring to hear. The panel here and the previous panel have thanked the officials in the Department for Transport, and I dare say this just adds more time to their busy diaries and also more costs to your company and the taxpayer. I was going to ask briefly what you were seeking to obtain from the legal action, given that the Government have said that they are not going to continue the scheme. Are you just seeking that the money is clawed back from your fellow companies that have taken the grant?

**Benjamin Dove-Seymour:** The primary aim of the case was that we thought it was wrong, and that it should be stopped, and that if it is stopped it should not be resurrected or extended. If that is achieved, we will look at that, of course.

Over recent weeks we have had very effective and direct engagement with officials in the Department. We fully accept the issues that the sector has been facing and the work that the Department is doing. We are very hopeful and look forward to that engagement increasing. To no extent do we take legal action in a flippant way.

**Chair:** Thank you. I appreciate that you have been quite open in that regard, notwithstanding the action. We appreciate what you have just said. Let's move on. We will now touch on the impact of covid-19 on Brexit preparedness for the maritime industry.

Q435 **Karl McCartney:** Good morning, panellists. My question was the same in the previous session, if you were listening to that. You have had some conversations with the Department and the Government. Has that helped in your sector's preparations for Brexit, which is coming down the line later this year, and with some of the things that have happened in the past few months?

**Richard Burnett:** Thank you for that question; it is one we were expecting. As you can imagine, until coronavirus, Brexit was one of the big unknowns for our sector, particularly the roll-on roll-off sector where the imposition of new customs and border controls could impact on freight flows at accompanied and unaccompanied ports, and on a range of port operations, as well as impacts on the economy and so on.

It is fair to say that we have been able to stay in contact with the Government officials leading this, but there was a bit of a lull in activity. At certain ports, the people who would deal with resilience issues and preparations for Brexit were the same people who were looking at coronavirus controls. Elsewhere, we have seen that other people have found time. They were encouraging some further activity from the border protocol and delivery group, which is now at the Cabinet Office.

We have seen in the last four or five weeks or so an unprecedented increase in activity and Brexit discussions. Gavin and I, with other colleagues in the sector, including some of the earlier witnesses, are on almost daily calls with the HMRC border delivery group and others,



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looking at what the measures will be, from Northern Irish controls to transition extensions.

Echoing Elizabeth's earlier point, we welcomed the slight extension for GB to EU arrangements, which are now largely delayed until July next year. We still have concerns about exports, as she mentioned. Something she did not mention was Northern Ireland, where we do not have the same timescales; we have much shorter timescales. With the construction of new border infrastructure, new routes and new IT systems, we are really up against it. It is something that industry is trying to work towards, and the officials are doing their best, but again it is being left until the eleventh hour. That is unhelpful.

Broadly speaking, I welcome some of the recent announcements on the new goods vehicle movement service. It is an IT system that will help roll-on roll-off operators, unaccompanied and accompanied services, deal with certain new arrangements and some of the other infrastructure commitments either inland or at ports. Government are now largely going to cover the costs of those.

Q436 **Karl McCartney:** Gavin or Ben, do you want to add anything?

**Gavin Simmonds:** I agree with what Richard Ballantyne has said. It is important to recognise that the shipping industry did not stop during covid; we continued to run, albeit with reduced services around the UK. We were preparing for Brexit, and we have a good deal of practice getting ready for no deal. The Chamber board met recently and we were absolutely clear that we want to see the UK achieve as positive and as full an FTA with the EU as possible. There are some issues around seafarers certification and other safety-related issues with EMSA that need to be fine-tuned; that is all.

Richard highlighted the major challenges, which are around the establishment of new orders for UK-EU trade, particularly the urgency of the need for new border controls to monitor the implementation of the Northern Ireland protocol. It is stating the obvious, but the challenge is very real there. The timescales are very short. The introduction of quasi-customs controls between Scotland and Northern Ireland has not been done before. They are new procedures, with new IT and infrastructure. Most of all, we have to introduce those requirements to a very large—

Q437 **Karl McCartney:** I am going to bring Ben in. I am conscious that we are short of time and I have one more question to ask after this.

**Benjamin Dove-Seymour:** Richard highlighted very well a number of issues for port operators. We are in the unaccompanied sector, as you know, so there are particular issues for us. There are some issues around the particular route you choose, whether pre-lodgement or temporary storage. I appreciate that you may not want to get into that sort of detail now, but as a mixed operator of both freight units and cars we are being asked to choose one or the other, and that does not quite work.



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There are issues in the unaccompanied sector around the paperwork you have to carry. All these things are carrying on and discussions are ongoing. I think there is a huge effort by Government to achieve that with good liaison. What we need is time to make sure that we put the systems and processes in place if we have to put in infrastructural facilities. There is extra pressure now with covid, but it is very much as it was before.

**Q438 Karl McCartney:** Thank you. A final quickfire to all three, and in the same order. I am going to come to you very quickly, so you might want to think about the answers. First, if you can give us a percentage, using 100% as the scale, how ready is the maritime sector for the end of the transition period?

**Richard Ballantyne:** I cannot give you a straight answer because—

**Karl McCartney:** Go on; try. Be quick. Just give us a figure.

**Richard Ballantyne:** I would say in the roll-on roll-off sector we are about 50% there, whereas, if you go outside the roll-on roll-off sector, you have the lo-lo sectors and the dry bulk sector. I think they would be nearing 80%, if that is the term, because—

**Karl McCartney:** Thank you. Gavin?

**Gavin Simmonds:** For most sectors, 95%. For the ro-ro sector, 80% plus.

**Karl McCartney:** Ben?

**Benjamin Dove-Seymour:** Perhaps somewhere between 50% and 80%. There is some fine detail to work out.

**Q439 Karl McCartney:** If there was one thing you could say in a short sentence, what more could the UK Government do to help the sector prepare?

**Richard Ballantyne:** Clarity on the border operating model, and what the actual procedures are going to be at borders; further clarity on exactly the infrastructure investment and processes for border control posts, customs facilities, and so on; more clarity and fixed timescales there.

**Gavin Simmonds:** Clarity around implementation of the border model.

**Benjamin Dove-Seymour:** Richard has put it very well: detail.

**Karl McCartney:** Another good answer. Thank you very much indeed.

**Chair:** Ben, your previous answer made me think you should be sat at this table rather than yours.

**Q440 Gavin Newlands:** The irony of a politician demanding a quick and straight answer. Well done, the panel.



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I have a couple of specific questions, and perhaps you could give quick answers. How concerned are you that the EU is maintaining full border checks from January, and the balance then? Could you also comment on the EU's level of preparedness versus the UK's?

**Richard Ballantyne:** Yes, it is a concern, absolutely, and it is something that is outside our control. On one level, I sympathise. Rules is rules, to coin that phrase, and we have taken the decision. However, we hope that Governments, particularly in France, Belgium, Spain and the Netherlands, take the pragmatic view that we need a pro-trade deal to prevent the same kind of blockages happening at the other end of the ferry routes as we have been talking about in the UK.

Q441 **Gavin Newlands:** Do either of our other two witnesses have anything to add?

**Gavin Simmonds:** Our ferry services are highly integrated with the EU. We understand that a lot of the customs authorities on the other side of the channel were well prepared for no deal. They are well prepared for the end of the transition period. It will be an additional burden on us, but some of their procedures are quite streamlined. We are working through the detail. It is not a major area of concern.

**Benjamin Dove-Seymour:** As an integrated business, we operate ports and our ships on both sides. The clarity with the EU position perhaps is that we know how to deal with checks. The challenge on the UK side is more what those are going to be, and that is still developing.

Q442 **Gavin Newlands:** Richard, you spoke of the situation on the Northern Irish border. There is a lot of confusion, particularly among the public, resulting from comments reported in the press. Can you outline what the arrangements are? As you understand it at the moment, what is going to happen at the border between Scotland and Northern Ireland?

**Richard Ballantyne:** It has been the 64,000 dollar question in our sector, as you can imagine, Mr Newlands.

**Gavin Newlands:** That's why I asked.

**Richard Ballantyne:** In a very simplified way, we understand that there will be a customs process for goods going from, for example, Scotland and the rest of Great Britain to Northern Ireland, whereas for goods coming back there will be a more simplified arrangement.

We have had commitments from the UK Government that there will be no new infrastructure required for customs, but there will be infrastructure and checks on things like animal and plant-based products. We are working through the detail at the moment with HMRC and the border protocol and delivery group. Port operators are fully in the loop. There has been some question about whether or not the food and animal/plant-type check facilities and infrastructure will be funded, but we think that is going to be funded, which is very welcome to us.



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There is a wider question about the preparedness of the wider freight sector. We have seen some welcome announcements about support for intermediaries—the agents who complete customs declarations on the Irish sea. Generally, we need to bear that in mind, especially given the timescales coming up on 1 January 2021.

**Gavin Newlands:** In a section on Brexit and ferries, I resisted the obvious temptation to talk about Seaborne Freight.

**Chair:** Thank you, Gavin. We want to talk about the implications of decarbonisation on the shipping sector.

Q443 **Lilian Greenwood:** If our witnesses were watching the earlier session, they will be anticipating this. What impact has the pandemic had on the ability of shipping to make progress towards meeting its net zero emissions targets, as set out in the Maritime 2050 strategy? Perhaps we can start with Gavin, with the view from shipping, and then Richard from the ports perspective.

**Gavin Simmonds:** The immediate priority was to contain and mitigate the impacts of covid-19, but we have moved very rapidly back to pick up the climate change agenda. We have been discussing it both internationally and with our European colleagues.

I think there is more enthusiasm and commitment in the UK to progressing the schemes that we had in mind for reducing emissions. The only small issues around the commitments that were made pre-covid are the importance of getting decisions made quickly and ensuring access to finance and fiscal support. Getting the projects moving is the priority.

Our companies have been very adversely affected financially by covid. They are reassessing their environmental projects and their investments in them, but at the moment all the signs are that it is a question of retiming. We are getting started on the projects as soon as we can agree the sorts of support measures that the Government have offered.

Q444 **Lilian Greenwood:** It sounds like things have not really got started yet and they are going to be delayed. Would that be fair?

**Gavin Simmonds:** No, I do not think that is the case. The discussions we are having are about regrouping and checking the finances for projects and prioritising them. In all our discussions, we are absolutely committed to the undertakings that we made previously on Maritime 2050.

Q445 **Lilian Greenwood:** Richard, from the ports perspective, what are you seeing on decarbonisation?

**Richard Ballantyne:** I would not differ too much from Gavin. There has been a slight delay on certain things, understandably. We are talking about a modest delay. Effectively, larger ports in the UK are required to compile air quality strategies, which will look at ways to mitigate the impacts of air quality where they can. The things they are responsible for



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are polluters, so to speak. The air quality strategy deadlines are being extended by the UK Government very slightly to later in the year. There is still a lot of work—

**Q446 Lillian Greenwood:** What about carbon emissions? They are not necessarily the same issues.

**Richard Ballantyne:** More broadly, we have been looking at other issues. I do not quite know how my head of policy and the policy analysts who work with me have managed to do this during the pandemic, while we have been filtering through all the other bits of advice from Government, but they have compiled quite a large report on shore-to-ship power. That is where ships can plug into energy supplies when they are in port and turn off their engines, to reduce the pollutants they emit.

He will not like this, but I would like to volunteer my colleague to come before the Committee, if you decide you are going to look further at emissions in the maritime and transport sector, to give a good overview of what that requires. One of the headlines we found is that without some level of Government financial support, and investment in things like energy infrastructure—not just at the ports but the wider energy networks—we will not see an immediate move to shore power provision, certainly in the UK. That has been the case around the world where we have shore power; it has always relied on levels of public funding. Not to draw the conversation back and get Benjamin too excited again, we are considering the way forward to do that in a market-led industry to make sure that we do not disadvantage any operators.

**Q447 Lillian Greenwood:** Ben, is there anything to add from company level around how you are approaching the issue of decarbonisation, and how it has been impacted by the crisis of Covid?

**Benjamin Dove-Seymour:** Not really, in the sense that for a long time as a company we have had a green environmental strategy that is built around increasing the efficiency of our fleet and modernising our fleet. Over the last 10 to 15 years, we have massively invested in new vessels, all of which are larger. They operate better fuel engine technologies that are less polluting. We are introducing two new LNG-powered vessels that will have that ability. They are on order and due for delivery next year.

We have performance management systems across ships, which enables us to centrally monitor issues such as hull drag or propeller drag. We can then instigate dry docking to clean the hull and clean the propeller by removing entangled nets and so forth. It is those sorts of measures. We are looking increasingly at shore-side power at our own terminals.

**Q448 Lillian Greenwood:** Is all that continuing despite the pandemic, or has it been interrupted?

**Benjamin Dove-Seymour:** The priorities changed in a sense during the time of the pandemic, but we have carried on the same trajectory. Of course, with all of it, the bottom line is that you consume less fuel, which



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is good for the environment and also obviously has a positive impact for our own operations.

Q449 **Lilian Greenwood:** I do not know whether you were one of the recipients of the £1.4 million from Government to 10 maritime organisations to encourage a green recovery from covid-19. What impact did that funding have, and what more could be done to support the green recovery of the sector? Ben, is there anything you want to comment on? Otherwise, I will pass to Gavin and then Richard.

**Benjamin Dove-Seymour:** We were not. Certainly, for infrastructure such as shore-side power, which has a major impact on air quality, there is a place for Government to help support the necessary side infrastructure, in the electricity networks and so forth, that can be done in a market-favourable way. As to the generality, I pass to Richard and Gavin.

Q450 **Lilian Greenwood:** Gavin, how has the £1.4 million towards green recovery in maritime been used? What has been its impact and what more could be done?

**Gavin Simmonds:** My understanding is that it is money across the entire maritime sector, for offshore energy projects and for shore power. Most of that funding, I understand, is directed at non-shipping activities. We are quite keen to see how some of the money might assist the environmental technologies that we are trying to introduce on ships.

Q451 **Lilian Greenwood:** Richard, do you have anything to add about the impact it has had on your members, and what more could be done to support a green recovery in the sector?

**Richard Ballantyne:** I am afraid that I am not sighted on the detail of that fund. I have come across it, of course, but I do not know all the particular awards within it, so I cannot comment greatly on it.

Earlier, in the first session, you had some discussion about modal shift, coastal shipping and rail freight. The obvious fact that the UK's freight industry cannot escape from is that, as an island nation, it is much more cost-effective to truck freight around. There are absolutely opportunities to get more freight on to rail, and particularly on to coastal shipping, which is often the poor relation of freight subsidy support from the UK Government, but you will not get away from the fact that our geography means that it is much more cost-effective to transport goods by lorry.

It would be quite a difficult task for Government to radically change that through subsidies; it would be quite expensive. We would get into the discussions that Benjamin has eloquently described this morning about intervention in markets. The Government took the decision a long time ago that, broadly, they would not interfere with ports, shipping and freight markets. Although, as we mentioned earlier, the mixed port ownership model is largely commercially run, most of it is run in a private



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sector-style environment. We are not used to that kind of funding. When we see funding, a lot of the other operators object, as we have seen.

Q452 **Lilian Greenwood:** What support would you need to make your industry more environmentally friendly and to reduce greenhouse gas emissions?

**Richard Ballantyne:** We are looking at some kind of green maritime fund, which would be broadly available across the sector and not just limited to one particular area of the sector. It would facilitate things like shore-side power provision and other anti-congestion measures.

We are looking at the resilience of the UK's transport networks at the moment and how ports figure in that. They are gateways at the end of the transport network, so to speak—the last mile. How do we fund those transport networks to improve efficiencies and ensure that there are fewer amounts of goods queued up on lorries and other transport modes, creating pollution and congestion in coastal communities? We are very much looking at a green maritime fund, which could be pitched in with the Government's recovery principles and meet their long-term aspirations to reduce emissions.

Q453 **Lilian Greenwood:** Ben, do you want to come in?

**Benjamin Dove-Seymour:** Not particularly on the issue of direct funding. More broadly, it would be about changing the understanding of the place and the role of the east coast ports in the UK freight capacity make-up. For example, we deliver vehicles—Mercedes manufactured in Germany—to Purfleet in the Thames or Killingholme on the Humber, depending on their end destination. That obviously reduces road miles.

It is also about broader understanding of the way that some sort of policy understanding or support can help that. In 2008, in the middle of the financial crisis, we began a service between Rotterdam and Zeebrugge and Dublin. We estimate that that has led to probably 500,000 HGVs being taken off the roads. That is a privately-led initiative on our part, but if there is a policy basis, and understanding and support, it will do much to help.

Q454 **Lilian Greenwood:** Rather than decarbonising your sector, it is more about how you use your sector to decarbonise more broadly.

**Benjamin Dove-Seymour:** Indeed. Yes.

Q455 **Chair:** I have a concluding question with regard to the 400,000 seafarers who are stranded either at sea, with welfare issues as a result, or at home and therefore unable to work. This Committee been approached by Lord Sterling, a former P&O chairman, who has raised their plight, and we have written to the Prime Minister to ask him to intervene directly. Gavin, how concerned are you about the situation? Do you believe that enough is being done and that its seriousness is being spoken about enough?



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**Gavin Simmonds:** I am pleased Lord Sterling has written to you. It is quite right that he should, and he highlights a real problem. It is a problem that also concerns seafarers of other nationalities. We have quite a positive picture, in that our Chamber members have generally been quite successful in repatriating UK seafarers and a lot of their other seafarers.

For the hundreds of thousands of seafarers who remain displaced around the world, it represents a real problem. All the ship-owning associations, and indeed the major maritime nations and Governments, are engaged. Letters have been submitted at a European level this morning on the subject.

It comes down to problems at borders, visa waivers and enabling seafarers to be replaced on board ships by other seafarers, to allow them to travel home. Most of the problems are in the home countries—in India, the Philippines and China. That is where a large number of seafarers are still displaced. We are doing everything we can to get them home as soon as possible. The UK Government and the Maritime Minister, Kelly Tolhurst, have been very sharp on this and very helpful. The UK Government are very onside.

**Richard Ballantyne:** It is predominantly a shipping issue, and we fully sympathise with and support our partners, and the Chamber of Shipping and Gavin, in what they are doing.

I have one example of where it happened in the UK, or slight issues have arisen in the UK. I mentioned that the cruise industry has had to lay up its ships, so it has effectively parked those ships in certain ports around the country. There has been a bit of suspicion from local communities, and indeed local authorities, about crew members on cruise ships and others, such as tankers and bulk carriers, that have been forced to lay up.

It is important to bear in mind that the people on those ships are sometimes a skeleton crew, and far fewer than would normally be there, but we need to allow them to come ashore to go to supermarkets and buy essentials. I am not pointing the finger at the local authority sector, but there have been some unhelpful comments from council leaders, for example in Scotland, about those ships. A lot of local media and communities have been understandably very concerned that the ships, crewed with foreign nationals or people from outside their region, might be bringing the virus to their area.

It is something to bear in mind. Equally, in normal times the cruise industry has maintained a lot of businesses in those regions, with passenger visitors who come in, go on tourist excursions and buy goods from local shops and cafés. We urge a measured response from those communities, to be understanding and make sure people on board those vessels are not wrongly persecuted.



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**Chair:** Thank you very much indeed, Richard, Gavin, and particularly Ben, because you stepped in for one of your colleagues at the last minute. Please send him our best wishes. We also send our best wishes to all of your teams and your members at this difficult time.

Our second evidence session will be at the beginning of September, when we hope to have the Government Minister, among others, to take some of the points that have been raised.