

# Transport Committee

## Oral evidence: Coronavirus: implications for transport, HC 268

Wednesday 9 September 2020

Ordered by the House of Commons to be published on 9 September 2020.

[Watch the meeting](#)

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

Questions 556 – 620

### Witnesses

[I](#): Darren Procter, National Secretary, RMT; and Mark Dickinson, General Secretary, Nautilus International.

[II](#): Robert Courts MP, Parliamentary Under-Secretary of State, Department for Transport; Rachel Maclean MP, Parliamentary Under-Secretary of State, Department for Transport; Roger Hargreaves, Director, Maritime, Department for Transport; and David Buttery, Director for Road Safety, Standards and Services, Department for Transport.

Written evidence from witnesses:

- [RMT CIT0127](#)
- [Department for Transport CIT0001](#)



## Examination of witnesses

Witnesses: Darren Procter and Mark Dickinson.

Q556 **Chair:** This is the Transport Select Committee's second evidence session on coronavirus, focusing on freight and maritime. With us this morning we have, first, representatives from the trade unions in the sector. Our second panel will be the Ministers responsible for the area.

We hoped to have a third panel comprising P&O. They originally agreed to join us and give evidence, when we spoke to their then chief executive Janette Bell. She resigned or left the company on 12 August. We attempted to have the interim chief executive, David Stretch, come before us, but he was unwilling to do so due to his short tenure in the post, notwithstanding that he has been in the organisation for longer. We regret that we cannot have evidence from P&O, but we will cover P&O's position with our panel.

I welcome our first witnesses and ask each of them to introduce himself.

**Mark Dickinson:** Good morning. My name is Mark Dickinson, I am general secretary of Nautilus International, which is the union and professional association for maritime professionals in the UK, and in the Dutch and Swiss maritime and shipping industries.

**Darren Procter:** Good morning. My name is Darren Procter. I am the national secretary of the National Union of Rail, Maritime and Transport Workers. We represent the interests of ratings, railway workers and transport workers, including in ports and the offshore sector.

Q557 **Chair:** Good morning, Mr Dickinson and Mr Procter. Thank you very much for being with us and for giving evidence over the next 50 minutes. I want to start by asking you about the impact of Covid-19 on maritime. First, how successful do you believe the Government have been in helping to support the UK's maritime sector through the pandemic?

**Mark Dickinson:** Where to start? The pandemic caught everybody by surprise. Could anybody really be prepared for what it brought to our industry? Not unless they had a crystal ball.

There are some bigger issues I would like to cover, but let me start by saying that we had very good engagement with the Minister who has just left, but we look forward to working very closely with the new Minister, Robert Courts. Kelly Tolhurst was very engaging, and listened very carefully to the unions and the industry and consulted them. Good communications were set up, and there were regular briefings with departmental officials. We cannot find any fault with that. They listened very carefully and indeed acted when they were able to on the issues we raised.

If we think about the bigger picture, we face a crew change crisis that has been caused by many countries locking down in response to public health fears. This has created, over the past six months or so, a crisis. I am not using hyperbole; it is a crisis. There are 300,000 seafarers trapped at sea,



## HOUSE OF COMMONS

unable to return. There are probably another 300,000 seafarers stuck at home, unable to relieve their colleagues on board vessels.

I compliment the Maritime Minister for, first of all, making it very clear very early on in the piece that seafarers are key workers, and that the UK would remain open for crew changes and for seafarers to access medical facilities ashore, whether for Covid or non-Covid related issues. That should have sent a very important message to the rest of the world. Unfortunately, many other Governments did not follow suit.

The UK Government under Kelly Tolhurst hosted an international conference to try to unlock the crew change crisis. Frustratingly, that does not seem to have been the key to doing so, and the crisis continues for many shipowners. The problem is only worse today. Many seafarers are working way beyond their maximum contracted periods under the international convention that stipulates those things—the maritime labour convention—which the UK and most, if not all, major maritime countries have ratified.

Looking at that bigger picture, many countries swept aside the concerns of seafarers. The fundamental rights of seafarers were ignored, and international convention obligations were swept aside. That is deeply troubling for my union, and it should be deeply troubling for a maritime nation with a proud history as a leader in maritime issues on the global stage such as the UK. I will pause there. As an opening comment, that is what I would like to say.

**Q558 Chair:** Thank you, Mr Dickinson. We are going to touch more on the plight of seafarers.

Mr Procter, I will ask you the same question. How successful do you think the Government have been in helping to support the maritime sector during the pandemic?

**Darren Procter:** Thank you. I echo Mark Dickinson and Nautilus's position. As he said, Kelly Tolhurst has been very engaging. We have had some good discussions over the past few months. However, it has to be said that the point we are at now and what has evolved over Covid-19 is a consequence of what came before: the role the seafarer has played and the engagement of and investment in UK seafarers. While there have been a number of forums, from the outset of furloughing, of a number of employers around the UK, due to the complexities in the maritime sector an individual employed at company A may be a national of country B, on the flag of a different country, and engaged on an international route. Offshore employment is in a different country. There could be five or six countries involved in the employment of an individual. That came to light and caused a lot of concern very early on.

In terms of Government support, our members are saying to us that they have been placed on the dole because of the impact of Covid-19. What have the Government actually done? There have been a lot of headlines



## HOUSE OF COMMONS

about the transport sector and aviation, rightly so because there has been an impact on aviation, but I do not think that our members are necessarily seeing Government support. That is not just through Covid-19 but because of what came before it.

There has been no support from an island nation for ratings or local labour to be able to compete on many of the routes around the UK coast. While there have been forums that allowed us to facilitate, the one thing that Minister Tolhurst did—she listened to what we were saying—was about the impact on safety. We saw what happened in the railway, where we had a forum—the RICF. It is fair to say that industry, unions and Government came together on safety in the maritime sector, bearing in mind that Covid-19 was very fractured.

It has been acknowledged by all sides that safety is not what it should be and needs to be improved. We saw that when the Government were making guidelines, closing bars and so on, yet some ferries were operating and the bars remained open. There were reports from our members that people were merely boarding a vessel and doing a round trip to get a few drinks at the bar. Maritime has been put under a huge telescope for a number of reasons, but to answer the question about Government support, we have been facilitated but I do not think it has necessarily translated into positive support, especially when many of our members are losing their jobs at this time.

**Q559 Chair:** Thank you, Mr Procter. I will stay with this and ask a supplementary. What would be the two priority areas that you would like the Government to focus on to best support the sector from now on?

**Darren Procter:** There are two areas that we need. What has been identified is that it was vital to get goods in and out of the country, medical supplies and food, and so on. Seafarers were classed as key workers, but many of our seafarers in the UK cannot compete for jobs around the coast purely because of the cost implications, the race to the bottom and low-cost labour. We have to look at that.

While we wrote many letters to the Minister, the response that always came back was about the national minimum wage and the changes coming in October. That is a step in the right direction, but we believe the enforcement of such legislation is key to everything that we have to do. The national minimum wage is good, but we have to look at why there is inability for local seafarers in the UK to compete for jobs around the UK coast. There has to be co-ordination about how we make that happen, whether that be reform of the tonnage tax or through the Skills Commission.

There are a number of things going on, but talk is cheap. We have seen the management of the decline of UK seafarers over a number of years. We have to acknowledge that. With Covid-19, we wheeled out the seafarers because we needed their support, as we did in the Falklands, but ultimately our members are now seeing decline. We have to look at how we can put



## HOUSE OF COMMONS

the local workforce to work, as a maritime nation that brings in 95% of goods by sea. Effectively, we could be a maritime nation without any ratings. That would be focus No. 1 for us. It is about that ability.

The other priority for us would be to look at the loopholes that are being exercised in the industry. They should be put under the spotlight. That would be the other priority for us. There are a number of other priorities, but first and foremost for our members is the ability to compete for jobs in the UK maritime sector.

**Q560 Chair:** Mr Dickinson, would you concur with those two priorities, or would you reorder them?

**Mark Dickinson:** I would not disagree with anything that Darren has just said. The industry is fiercely competitive. Fundamentally, that places a lot of challenges in the way of the UK to maintain a UK fleet registered in the United Kingdom and employ sufficient UK seafarers in that fleet to sustain a maritime skills base that then feeds into our maritime clusters, generating billions of pounds for the Exchequer and hundreds of thousands of jobs. That is the bigger picture.

How do we do that? We have to address the fundamental problem of flags of convenience and the way they undermine governance and corrode effective oversight of shipping. That is one of the fundamental issues we need to look at.

Covid shone a light on all of that. Why are 300,000 seafarers frustrated in their ability to access medical care and crew changes? The answer is that most of them work on flags of convenience. Who cares what the Marshall Islands says or thinks about any particular maritime-related issue? It should be listening to the UK. We have 86% of UK British-owned ships registered under a foreign flag. Why is that? Forty-two million deadweight tonnes of shipping owned or controlled in the UK choose to flag elsewhere. These systemic problems have bedevilled the industry for 40 or 50 years, as long as I have been involved in it, going to sea as a young 16-year-old. All the woes I have seen in the industry since then I can lay at the door of the fierce competition from flags of convenience.

How do we as a maritime nation deal with that? We have a strategy called Maritime 2050. It is a bold strategy. It is broadly welcomed and accepted by the entire maritime industry. How are we going to deliver it? What lessons from Covid-19 should we learn? What do we need to adjust and what do we need to attack from a different direction? Fundamental to it are our people—the seafarers Darren referred to and my members, who are predominantly the officers on vessels, the navigators, the engineers and the electronics officers. They are fundamental to our survival as a maritime nation with expertise based in the City of London. The UK is a leading maritime nation despite all the problems that Darren and I have just outlined.



## HOUSE OF COMMONS

We need to get back on track to build the fleet and build our maritime skills base. We need to support, nurture and cherish our seafarers and deal with the competition that we face, and that P&O and Stena face on their international routes, and in our offshore oil and gas industry. We have lost 1,000 jobs. We have been notified of 1,000 redundancies, perhaps even more; the latest figures are coming in all the time. Around 80% of those are in the oil and gas sector, caused by the complete drop-off in demand and the fall in the price of oil. It is the second wave of job losses in the offshore oil and gas sector in the last 10 years, and it has a devastating impact on our maritime skills base because we are training cadets under the tonnage tax. We are not training ratings. Darren is absolutely right to highlight that. Tonnage tax needs to be looked at. Tonnage tax is not driving ships to the UK flag in sufficient numbers. There is no requirement for flagging, but they are required to train one young officer for every 15.

The targets that were set by the Government when it was introduced in 2000 have not been met in any year since it was introduced. There are significant numbers, yes, but not enough, so we have gradual long-term decline. Those are the issues we wrestle with in the industry. How can we build the fleet and build the maritime skills base in the national interest to support our maritime resilience, which, I have to say, has been badly exposed by the pandemic?

**Chair:** Thank you, Mr Dickinson. Before we move into some of those matters in detail I want to bring in Karl McCartney and Ruth Cadbury.

Q561 **Karl McCartney:** This is a question for Mark, and maybe Darren might want to add something. It is a shocking statistic that 86% of UK ships are flagged elsewhere, with the millions of tonnage that that entails. Could you give us some detail about what the advantages, or perceived advantages, are for those ships to be flagged elsewhere around the world, just so that we are clear?

**Mark Dickinson:** Flags of convenience have been around for hundreds of years, but in the modern context since the 1930s. There was a major growth in flags of convenience post the second world war. They represent lighter touch regulatory oversight. They represent tax advantages. They represented, being brutal and blunt about it, at least in the early days, avoidance of strong national trade unions with established collective bargaining agreements. Until the 1990s, we had a National Maritime Board in the UK that had a manpower policy for the nation and oversaw the training and employment of officers and ratings. They set the working conditions for those seafarers and for British shipowners. Of course, that was all dismantled. We do not need to go over the reasons for that.

Flags of convenience, in my view, have driven the erosion and corrosion of established national systems of overseeing shipping, regulating it and regulating seafarers. What has happened in that period is that national oversight of shipping in compliance with, say, the United Nations convention on the law of the sea, had to be replaced by global regulation, which represents the minimum standards that can be agreed at the



## HOUSE OF COMMONS

international level. Organisations under the UN like the International Maritime Organisation and the International Labour Organisation have attempted to fill that vacuum.

In terms of seafarers and their living and working conditions, the maritime labour convention, which I mentioned earlier, is the codification of a set of minimum conditions. That drives the floor in the industry; it is a floor, and thank God for it. As a maritime nation with a high-cost labour force, there is a big gap between that minimum and what you would be able to survive on if you lived in the UK. The pressure is consistently downwards.

Equally, there is dislocation between where the ships are owned, where the ships are flagged, where the ships might be operated and where the ships might be crewed. That creates a morass and it is not a morass that in our view—I am chiming with much of what Darren has already said, so I assume he would agree with this analysis—is driving standards upwards. It is a race to the bottom. What we would prefer, as a leading maritime nation from a high-cost base, is a race to the top—to bring everybody up and not drag everybody down. That is the dynamic that everybody in the industry faces.

**Q562 Karl McCartney:** Thank you for that detail; it is very helpful. I want to give Darren a chance to add anything. He mentioned ratings.

**Darren Procter:** This is just to echo everything that Mark said from a ratings perspective. To summarise it, flags of convenience have watered down regulations. We saw evidence of that during Covid-19, when some flags were flagged out in other states. As a union, we contacted those states looking for reassurance, information and assistance on what they were doing to help the seafarers on board those vessels. The response was next to zero. We had to phone some of them.

We have to pay a little bit of tribute to the MCA for the work they have done. It was not missed in our conversations with the MCA that it is okay flagging out to these countries and putting the flag on the back end of very little regulation, but what are they doing when the flag states are required? The answer is nothing. They take an income from the flag states or the shipowner but they do very little for the seafarers on board vessels. I think safety was compromised as a consequence.

For us, it is a tick-box exercise. We need to look at more investment in the red ensign and the quality that it brings, but it has to be duplicated by investment in seafarers. For us, there are very watered-down employment and safety practices. There is very little due diligence given by a particular state to a particular vessel.

**Q563 Ruth Cadbury:** I want to pick up on the flag of convenience issue. Obviously, it is a much bigger issue than just coronavirus, which is the subject of today's inquiry. Is the impact on seafarers and other wider issues an issue for other maritime nations, or are you saying that the way the UK addresses and responds to the flag of convenience issue is different from





other maritime nations?

**Mark Dickinson:** It is a global problem. The UK has a particular perspective, because we extend support to a group of Crown dependencies and Crown protectorates—I hope that terminology is right; forgive me if it is wrong—under the Red Ensign Group. That is a group of registers like Bermuda, Cayman Islands, British Virgin Islands, Gibraltar and others. It sounds very technical, but in category one of the Red Ensign Group are registers that are allowed by the UK under those arrangements to register any ship. They are major global players and direct competitors with the UK ship registry. You couldn't make it up.

Perhaps in the distant past there were some logical reasons why the UK facilitated that, maybe creating local employment or whatever, but as the UK wrestles constantly with how it can grow the UK ship register and be, as Darren said, a leading proponent of the highest standards of safety, marine protection and the welfare of seafarers on those ships, at the same time it is helping its direct competitors to soak up some of the available 42 million tonnes. I am not saying that all of it is necessarily in the Red Ensign Group that assists the registries, but significant proportions of it would be; it is both.

**Darren Procter:** It is a global problem, but you can look at other countries. There is what America is doing with the Jones Act. There is an initiative taking place in Norway to reclaim some of the jobs and get equal standing for local seafarers in Norway. If you break it down, the Equality Act, which is under review, is fundamental. Ultimately, a shipowner can bring in non-EU nationals and pay them a different rate of pay on a UK flag.

You have to look at how easy it is. When I was working as a seafarer at a particular company, because the agency workers Act came in and would be extended to seafarers, the company made the choice to simply flag out, to make it easier to pay a lower rate to individuals working on board that particular vessel. The reality is that it is too easy now for an employer to say, "I don't want to employ a local person, so what am I going to do? Here's what I'm going to do. I'm going to go 6,500 miles, use an agency over in the far east and pay them £2, £3 or £4 an hour, and bring them on board on a temporary contract. Because I'm doing that I'm not going to pay them a pension."

Q564 **Ruth Cadbury:** My question was specifically about whether other countries manage the flag of convenience issue better in order to protect their own nationals working in seafaring. We are coming on to some other questions that roll out of the problem, but my specific question was about other countries and how they do it.

**Darren Procter:** Two examples would be the Jones Act in America and what they do to protect, and the initiative currently taking place in Norway to protect their seafarers and their maritime heritage.





## HOUSE OF COMMONS

Q565 **Ruth Cadbury:** That's very helpful. Thank you. I now want to come back to coronavirus. What do you both know about the total number of redundancies that have been announced to date in passenger ferries, cruise liners and UK ports because of the pandemic? To what extent do you think the number of redundancies is going to rise once the furlough scheme comes to an end?

**Mark Dickinson:** I think I mentioned earlier that the broad figure we are working with is around 1,000 redundancies. It is actually 1,078, to be overly exact, of which around 825 relate to the offshore oil and gas sector.

Specifically in the ferry sector, we are looking at over 220 redundancies. We have completed redundancy discussions with P&O Ferries. They announced 104 redundancies. We resisted those redundancies; we did not accept them, and we managed to reduce them to 70. We have had 20 redundancies in DFDS. We haven't had any job losses at Stena. Darren will probably be able to tell you a little bit more about their experience at Stena.

We have had redundancies announced at Red Funnel, and there are ongoing discussions with Condor Ferries. There are currently no issues in our domestic ferries. Red Funnel and Wightlink would also be in that category. At NorthLink, Isle of Man Steam Packet and CalMac, at the moment we have no discussions about job losses. At Wightlink, we have been discussing pay reductions, also in Condor, as a way of mitigating job losses.

In the cruise sector, at the moment my officials tell me that we have no ongoing discussions about job redundancies. Most of the discussions there are about how we can reduce employment costs, with short-term adjustments and reductions in pay and pension contributions and various other benefits, claw-back arrangements and study leave arrangements. It is basically taking a knife to try to save as many of those jobs as we possibly can. My worry is that, if cruise ships in particular are not able to start up soon, those sorts of temporary measures will ultimately feed into companies going bust. We have heard on the international stage, as I am sure you have too, of various companies that have decided to sell up and scrap their ships.

Going back to my previous point, and probably the root of your question, there have been cruise holidays starting up in the Mediterranean. We believe Italian, German and Norwegian companies have had some success. I hope that when the medical advice supports it that we can get those ships moving again. The pressure is not to lose people. Ships are in lay-up waiting for an upturn. When they are ready to go, they need our people to get those ships going.

Q566 **Ruth Cadbury:** Of the three sectors, ports, cruises and ferries, it strikes me that cruises are going to be the sector worst hit of the three—not that the other two are not going to be hit. What do you think the Government should be doing to protect jobs?



## HOUSE OF COMMONS

**Mark Dickinson:** In the wider context, we are worried about the winding down of the job retention scheme. It has had a positive impact. P&O were able to furlough some workers and keep them on the payroll perhaps longer than they would have done otherwise, and other companies too.

The self-employed scheme wasn't any use to seafarers. I could go into more detail on that if it helps. We did a snap survey of our members in April to try to find out what their employment status was. We came to the horrific statistic that everything pointed towards something in the region of 11,000 seafarers—officers and ratings—who did not fit into any particular box. They were not able to be furloughed under job retention. They were not able to claim as self-employed because they declare foreign earnings; they work abroad for offshore companies. Darren laid all that out for you. It is the same for our members. They are stuck in the middle.

My worry about them is a triple whammy. They are not able to leave the country for work. That is not necessarily the UK's fault, because the UK said they wanted to keep key workers moving in and out. It is foreign Governments locking down and preventing crew changes. That is a real problem. There is no support because they cannot access JRS or SEISS.

The third element of the triple whammy is that they will not get the qualifying days for their seafarers' earnings deduction, which means they are going to get a tax bill. I am looking at long-term debt issues that will exacerbate the system. I'm sorry. I've probably rabbited on.

Q567 **Ruth Cadbury:** No. That is helpful; thank you. Mr Procter, are there any other redundancies that have not been mentioned so far? What do you think the Government could and should do to protect jobs post the furlough scheme?

**Darren Procter:** The companies Mark has already mentioned are those that affect our members. Mainly it is P&O. We are in negotiations with the DFDS now. We are also seeing a knock-on effect in the offshore oil and gas industry. At this moment in time, we would probably say somewhere in the region of 1,000 ratings, about 10%, are going to be placed in unemployment. If we see a second spike, from where we are at this moment in time, we do not know where that will leave us.

The main bulk of our jobs, particularly in the ferry sector, are in the onboard services departments, working in the shop and the bar, cleaning the cabins, and so on. We do not have many members in the cruise ship sector, for the very reasons that I pointed out previously: employment practices, voyage contracts overseas, and national and international voyages. We have very few individuals there. We probably have 20 or 25 members. Some of those are on voyage contracts, which are fixed-term contracts, as opposed to permanent employment. It will not really affect our membership, although we have to reflect on why we have so few.

What can the Government do? There are a few things that can be looked outside what Mark has already pointed to. When you speak to the



## HOUSE OF COMMONS

operators, particularly of freight vessels—we note that the Government gave a critical freight grant—they say that they could have a vessel that is 90% or 95% full but they are not making a profit, such is the competition in the freight market.

We have to look at that and acknowledge it. Those companies are almost looking at running at a negative just because of the competition out there. The way they cut costs is, first, to go to a flag of convenience and then to low-cost labour. Then they compromise safety. We have highlighted safety as a big issue. We see a pattern emerging, particularly on the Irish sea, whereby casualties are taking place. Whether that is coincidence or not, we think it is something that needs to be looked at.

In terms of what the Government can do, we need engagement with some of the countries the ferries operate between. Ireland, for example, in 2009 or 2010, said that every individual working on board those vessels, irrespective of race or nationality, would be paid the national minimum wage. The UK has a change coming in October. Why can't we look at arrangements whereby, if a ship is operating between the UK and another port, we have minimum standards that can be applied to that particular vessel, not just around pay but around safety, roster patterns and fatigue? Nautilus and Mark Dickinson brought that up in the meeting with Kelly Tolhurst.

There are things that the Government can do, but because of the competition the industry is slowly eating itself alive. The vessels do not go; the ships still remain, but we end up with very few individuals, poor employment practices and watered-down safety on board. There are things we can do, and we would be happy to work with the Government on that.

**Chair:** You touched on P&O, and we want to go into a little more detail about their redundancy plans. When I spoke to the former chief executive, Janette Bell, she had positive words about the engagement with yourselves as union representatives. I am going to hand over to somebody who has always been a big champion of seafarers in this Committee—Grahame Morris.

**Q568 Grahame Morris:** Thank you, Chair. I would like to follow up that line of questioning. Our witnesses have raised some fascinating issues. I represent a coastal constituency with a working port. Some of the issues that you have raised may be new to some members of the Committee, but in terms of the tonnage of UK-owned vessels registered overseas, maybe the Committee can return to some of the broader issues—the tonnage tax and the critical freight grant—at a later stage.

Our inquiry is quite narrow. We are looking at the impact of Covid in the current circumstances, the Government's response and indeed the response of some of the employers. I am sure that both Mr Dickinson and Mr Procter are aware that the Committee has looked in detail at the aviation sector and has been quite critical, justifiably, of British Airways and other operators who have taken advantage of the situation to fire and rehire



large sections of their workforce.

Given your involvement, Mr Procter, particularly in the negotiations with P&O, could you give us some insight into some of the issues with the company in these difficult times? I fully appreciate from your earlier evidence that there is an added dimension to fire and rehire in the maritime sector. British registered officers and, more especially, ratings are being fired, and there is evidence that employers are rehiring foreign-registered, overseas seafarers in order to cut costs. I would be very interested if you could share your views with the Committee, Mr Dickinson.

**Mark Dickinson:** I thought you were going to ask Darren first, so I was just postulating my response in my head, so apologies for being slightly slow.

I am familiar with the level of what has been going on in aviation. As fellow transport unionists we talk together, so some of that carries over and rings true in shipping. No doubt many companies have taken advantage of this to look at their employment base and costs. As the saying goes, "Never waste a crisis." It also feels though, in this current circumstance, that many companies genuinely think it is an act of basic survival and desperation, with no other choices.

I know we are narrowly focused here, but the wider competitive context is really important because it speaks to the issues we are dealing with now. They are not new. There is fierce competition in the shipping industry, being global, and it touches every aspect of the shipping industry. You can postulate that even CalMac is not immune from the wider context, with ripples from the way the industry is regulated and overseen and how it approaches ship registration and crewing policies.

We maintain a professional stance in all our negotiations. We do not like to be talking about cuts in terms and conditions of employment. We certainly do not like to be discussing job losses and redundancies. We will push back and defend the jobs and terms and conditions of our members as robustly as we can, using everything we have at our disposal and all the tools that we have. Ultimately, often, we find ourselves—as we have with P&O and other companies I mentioned—having to negotiate the loss of jobs. We respond to the needs and input of our members, of course, at all times.

Ordinarily, many of them would be able to find jobs elsewhere. That is another dynamic that needs to be flagged up. They are in short supply, specifically merchant navy officers, and there is a demand ashore, or at least there was, in that wider cluster. I will pause, because I think you wanted to—

Q569 **Grahame Morris:** We need to cover quite a bit of ground, and I am very interested in Darren Procter's view.

**Mark Dickinson:** Sure. Apologies.

**Grahame Morris:** No disrespect to you, Mr Dickinson. I know he has been



## HOUSE OF COMMONS

very closely involved in some very—

**Mark Dickinson:** I am a Scouser, so I do go on.

Q570 **Grahame Morris:** Bearing in mind the Committee's consideration of what was happening in the aviation sector, could Darren say something about whether there have been any issues about ownership? British Airways is owned by a larger group and that has caused certain complications in trying to pursue the argument. I am thinking particularly about P&O. Unfortunately, they have not been able to give evidence to the Committee, so we cannot put these questions to them directly.

I would be interested in Darren's view about how difficult it has been engaging with the company in the difficult circumstances of Covid, and the change at the top of the company. Mr Procter, could you share your thoughts with the Committee, please?

**Darren Procter:** At the start of Covid-19, there was a meeting held with us, Nautilus, the GMB and Unite. We all have members around the country in ports and on board vessels. They gave us a presentation and told us that they wanted to make a 20% cost saving that was initiated by the owner out in Dubai. They highlighted what cuts needed to be made. They broke it down into sectors—officers, ratings, ports. We were all working to a budget of what they had in their mind in terms of budgetary cuts.

They came in with the cost-saving initiatives they expected. There were changes to the terms and conditions of our members. We said that we weren't buying that. We opposed it. There was then a period of silence. It is interesting that Janette Bell said there was good engagement. There was good engagement on the part of the trade unions, but not necessarily on the part of P&O, especially at the outset. What P&O tried to do was bypass the unions and put communications out to its employees directly. There is nothing wrong with doing that, but they were trying to bypass the trade unions. As we all said at that meeting, we are part of the solution and not part of the problem. We have to work together. They dismissed that.

They then came in with alternatives. The alternatives were redundancies. Those redundancies were far greater than the 20% savings they were looking to make. Obviously, the ratings were heavily impacted. Originally, it was 620-plus in Dover and 120 in the North sea for ratings.

Their engagement was very poor. We asked for more meetings. They were only giving us one meeting per week, which was not adequate for what was going on. We were putting forward counter-proposals that were not listened to. We asked the Minister to become involved, and the Minister at that time facilitated that and listened to what was being said. We also spoke with the MP for Hull, Karl Turner, and with Natalie Elphicke in Dover because of our concern.

The message was coming back crystal clear from all angles from everyone who spoke to P&O that they did not care. They were not listening; they had a strategy and that was what they wanted to do. The driving factor behind



## HOUSE OF COMMONS

it is a company that made £1.3 billion profit last year. They are pulling the purse strings of UK seafarers.

It has been a very frustrating time. We will have to have dialogue with P&O going forward. We hope that will change and be constructive for the benefit of our members. When a company in the state of Dubai is holding us to ransom, effectively, and having a massive impact on the percentage of job losses in the merchant navy of a maritime nation, we have to look at what lessons can be learned. What can we do to take that forward?

Again, we need to look at employment practices. P&O employ a number of individuals on voyage contracts from both Larne to Cairnryan and Liverpool to Dublin at rates we campaigned against. They said that was their business model for that sector because they were not making enough profit and they couldn't allow additional costs.

That is a flavour of what P&O have been about. We have a commitment from them in Dover to employ UK ratings, but in Hull they see that as a particular challenge. It is something that the RMT will continue to campaign for, but they say that the use of international labour is the only way for that particular route to be viable. It comes back to the point I made before about freight.

**Q571 Grahame Morris:** We have the new Minister in front of the Committee in the next session. In terms of the Department's maritime restart and recovery groups, you have identified some of the issues. Some are much bigger than just Covid-related. We have the headquarters of the International Maritime Organisation, the employers' organisation, in the United Kingdom, in London, so we should be able to exercise some influence. Are there a couple of simple messages that you would like to put forward from the maritime trade unions' view of what the recovery group should concentrate on? Are there a couple of key points you want to highlight?

**Mark Dickinson:** You are right to point to the restart and recovery work. I am involved in the steering group for that. We put forward a comprehensive briefing paper for that process, addressing some of the key big strategic issues around our maritime resilience. Some of the issues need to be raised with organisations like the IMO. Some of them need to be raised in UNCTAD—the United Nations Conference on Trade and Development. It is around ship registration, governance and oversight of the industry. Fundamentally, there ought to be, as international treaty law says, a genuine link, as they refer to it, between the owner and the ship of registration.

There have been past efforts. In 1985, there was a convention—it is languishing on a dusty shelf somewhere—where they tried to do that, and it failed. After more than 40 years in this industry, some of it leading a campaign against flags of convenience in another job life prior to being blessed to be elected general secretary, I say to you with passion but humility that that is fundamentally the problem that needs to be addressed





in the world of shipping. Everything else flows from that. Accountability, governance and proper oversight of shipping leads to higher safety, better control of marine pollution and a better lot for the world's seafarers and perhaps more sanity in manpower planning by the world's shipowners. Fundamentally, they need an industry from which they can make a profit that sustains the high cost of operating under the UK flag with UK seafarers. However difficult that might be, I still think we should do it. The UK should show leadership, as it has in the past. It is a leader in maritime affairs. Let's do it again.

Q572 **Grahame Morris:** I completely agree with your sentiments there. We will pursue that. Mr Procter, in terms of recovery groups and maritime union strategies to recover from the consequences of Covid, you mentioned redundancies at Stena, P&O and a range of other shipping companies, as well as the virtual collapse of the cruise sector and the consequences for employment. You mentioned job losses in offshore energy, but in potential growth sectors post Covid, are offshore wind turbines part of the strategy that the maritime unions are putting forward to say, "Look, there may be opportunities for some of our displaced officers and ratings if the Government grasp the nettle to find employment for UK-registered officers and seafarers servicing the offshore energy industry"? I am thinking particularly about new wind turbines off the coast.

**Darren Procter:** We organise in that sector and it is something we have been looking at. We are concerned. With the national minimum wage coming in, we are looking at the loopholes that have been exercised in the shipping industry. Something we should be considering is that, when the Crown Estate gives a licence for the wind farm sector, a stipulation of that is that they must use UK ports, the vessels must come into UK ports and crew changes must take place within the UK. There should also be a stipulation that they use local labour and collective bargaining in negotiation with UK trade unions. We have been in dialogue with the renewable energy sector. We know that that is what they want, but we have to learn the lessons of the past. This is a particular area of growth.

The other problem is that there is duplication of the training standards in the offshore industry. You have oil and gas and renewables, and the crossover is not necessarily straightforward for seafarers. In order to assist seafarers to go from one sector to another, we need to look at simplifying the training and a just transition process. It is a huge growth area for us as an island nation, but we have to make sure that we harness that now and get control of it. We need good dialogue between the Government, the trade unions and the companies that are responsible. It has to be at the licensing stage, not coming for the crumbs at the end of the development.

**Grahame Morris:** Would you mind sharing the joint union submission to the Department for Transport on the maritime strategy? We can then look at some of those points in more detail. Hopefully, the Committee might be able to return to the issue at some later date. Thank you very much for your responses; it is appreciated.





**Chair:** The final section will need to be brief. It is good that we now have the Ministers in the room, so they can listen to your answers. On behalf of the Committee, I wrote to the Prime Minister on the topic of stranded seafarers. Gavin Newlands will take us through this part.

Q573 **Gavin Newlands:** I am conscious that we are five minutes over, but it is an important issue. It is apt a week or so after Merchant Navy Day to highlight the plight of the 200,000 or so seafarers around the world who are unable to change over at the moment after their period of service.

We have heard about it interspersed in various questions. You will not hear me say this often, but Mark was rightly complimentary about the UK efforts to remedy the situation. As briefly as you can, but being as detailed as you can, could you give more detail about the issues of mental health and safety facing seafarers? More importantly, has the summit that the UK hosted in July expedited any of the seafarers being repatriated?

**Mark Dickinson:** First of all, you are right. The UK showed leadership. They made it very clear that seafarers were essential to keeping supply chains open. We are key workers. They signalled that crew changes would take place in the UK. Both our seafarers and other nations' seafarers here would be able to access their welfare facilities ashore and medical care and so on. That was to the UK's great credit and needs to be acknowledged.

It is a pity that other Governments in the key areas did not follow suit in sufficient numbers. They locked down in response to the crisis, to the pandemic, in the interests of only their nationals. Singapore, Hong Kong, Chinese ports, Korean ports, Japanese ports and ports in America: you name it, they all locked down and made it impossible for the industry. Ordinarily, in a normal month, there would be 100,000 seafarer crew changes taking place. That was all frozen out.

Q574 **Gavin Newlands:** I am sorry to interrupt, but I am conscious of the time. What is the potential impact on safety in terms of the mental health of seafarers? Has the summit made a difference?

**Mark Dickinson:** Suicides and fights and brawls on board are escalating. Mental health is deteriorating. Social media channels and news media channels are awash with horrendous stories about what is happening right now. Many seafarers are into 11 months, which is the maximum allowed under the minimum conditions of the maritime labour convention. Many of the 300,000 seafarers who are locked out at the moment are way beyond that, at 15, 16 and 17 months. I have to say to you as a former seafarer that if my repatriation was delayed 24 hours it was a major crisis and drama. This is a horrendous situation for the world's seafarers.

Did the UK's initiative make a difference? I think it did. It brought together some key Governments and helped to shine a light. You have to give some credit to the UK initiative leading to the issue now being on the agenda of the United Nations. The Secretary-General and his team have seized the issue and are pushing it through towards conferences that are taking place later this month. The UK has played a significant part in doing that, but the



crisis continues today. The majority of shipowners say that it is getting worse.

Q575 **Gavin Newlands:** Thank you very much. Darren, do you have anything to add before we move on to the Ministers?

**Darren Procter:** The only point I would add to what Mark has already said is that, if you look around the UK coast, we have individuals stuck on board vessels because of what was going on and could not get home, we had the cruise ships in Tilbury, and there were a number of reported incidents from those vessels. The consequence—the flip side of the coin—is that, because seafarers from some overseas countries are now looking at a downturn in global trade and in getting jobs on cruise ships, they may well be looking to do longer tours of duty to provide for their families back home. That will have a detrimental impact both on their own wellbeing on board and on the families concerned. There will be a lasting impact on the safety of the vessel, so we have to monitor the situation very closely. It is definitely a negative.

In terms of our impact, we are only a very small cog in a massive mechanism in the global thing. Mark is right that we have put it out there and a statement has been made, but I do not think we are necessarily going to see a benefit for many months to come.

**Chair:** We have come to a close, Mr Dickinson and Mr Procter. I thank you on behalf of the Committee for all the evidence you have given us. It has been incredibly full and interesting, as well as concerning in parts. We all send our best wishes to your members and to all of those who are stranded at sea. It has been a cause for us in addition. In the last five minutes or so, the Ministers will have heard your points. I am sure you will be liaising further with them.

Thank you again, and we hope to keep in touch with you.

## Examination of witnesses

Witnesses: Robert Courts, Rachel Maclean, Roger Hargreaves and David Buttery.

Q576 **Chair:** We move to our second panel with Ministers from the Department for Transport. We also have two officials joining us via the video link. For the formalities, can I ask the Ministers to introduce themselves?

**Rachel Maclean:** I am Rachel Maclean. I am a Parliamentary Under-Secretary of State in the Department for Transport.

**Robert Courts:** I am Robert Courts. I am a Parliamentary Under-Secretary of State in the Department for Transport with responsibility for maritime and aviation.

**Roger Hargreaves:** I am Roger Hargreaves. I am the maritime director at the Department for Transport.



## HOUSE OF COMMONS

**David Buttery:** I am David Buttery. I am director for road safety, standards and services at the Department for Transport, which covers road haulage among other things.

Q577 **Chair:** Mr Hargreaves and Mr Buttery, thank you so much. I know that the Ministers will bring you in as required.

Minister Maclean, welcome back. Minister Courts, welcome for the first time. It is always good to have one of our own, who has sat around the horseshoe as a member of the Transport Select Committee, as a Minister. Congratulations on your appointment yesterday.

We enjoyed our interaction with your predecessor, Kelly Tolhurst. There were warm words spoken by the union leaders previously for her role. We wish her the best in her new role in the Ministry of Housing and Communities and Local Government.

Welcome to you, and congratulations on your appointment. Thanks for coming in, not as a baptism of fire but on your first morning. You are with us to give evidence, so thank you very much indeed.

We would like to look at the impact of Covid-19 on the freight sector. I will ask a general quick opener, and then Robert Langan will carry on. Since the start of lockdown, how effective do you think the Government's intervention has been in supporting the transport of freight, and for the viability of the UK's logistics industry?

**Rachel Maclean:** It is good to be back in front of the Committee. As the Committee is aware, Covid-19 had an unprecedented impact on every aspect of life. We owe a huge debt of gratitude to the freight sector for keeping goods flowing around the country and for the role that they played. They rightly were key workers, and as such the Government recognised that very early on in the pandemic.

We put in place a number of measures to mitigate the impact of Covid, including the £330 billion-worth of support across the whole economy, much of which was available for workers in the freight sector, for example through the furloughing scheme, in addition to any other grants and loans that industry was able to apply for. There were also some regulatory measures for easing legislation and relaxing processes, which were critical for drivers, for example, to continue to drive, as well as the financial support for critical routes that we put in place to make sure that freight was flowing across the short straits and elsewhere.

We worked very closely as part of a group. We set up a taskforce. I was part of that, as were other Ministers in the Department for Transport. We had regular engagement with the freight sector to make sure that we were listening to concerns as they emerged in a rapidly changing picture. That was absolutely crucial in sharing timely information.

We believe that we had very good dialogue with the freight sector during the period of the pandemic. The measures were targeted, and they made a big difference in supporting the sector. We did not see any catastrophic



## HOUSE OF COMMONS

breakdown. As I said at the beginning, critical goods continued to flow. As you know, we import 95% of our goods by weight, 75% of medicines, 48% of food and 30% of fuel. That continued to flow into the UK.

**Robert Courts:** As Ms Maclean said, that is absolutely right. Clearly, this was a massive challenge. We are an island nation. As we have heard, we import a great deal of the absolutely critical goods that we require. Ultimately, the test is whether or not the system works. We have seen over the course of the last few months that freight has continued to come in by air and by sea. There have been some inputs required from the Department, and obviously we will be continuing to look at what those might be as we go forward.

**Chair:** Thank you very much indeed. Robert Largan will continue the theme.

Q578 **Robert Largan:** I start by offering my congratulations to Minister Courts. It is a thoroughly deserved appointment. I am really pleased to see you in the job.

I echo what Minister Maclean said. It is important to recognise just how well the freight and logistics sector held up during the crisis of the lockdown. We did not see empty supermarkets, and key drugs and PPE were able to get out when they were needed. Big thanks to all the people working in the industry who kept that working.

My question is more about where we are now and about the future. It would be interesting to know both Ministers' thoughts on what are currently the big challenges facing the freight industry and what future challenges you are worried about in your in-tray.

**Rachel Maclean:** I echo your words on the importance of the freight sector and how incredibly well it has functioned. What the pandemic has done is to highlight how important it is to look at the freight sector as a system. That has been a little bit of a shift for the Department.

As you know, the Department is organised modally. They have modal teams, but bringing all of that together is absolutely vital because freight is a system and one mode of transport depends on another. If something goes wrong somewhere, it can have unintended or unforeseen consequences elsewhere in the system.

The pandemic period has really highlighted how vital it is that we have very good and timely intelligence and data about freight flows, whether that is maritime, aviation or road, and that we have it in real time. We definitely need to go further in that work. That is why, emerging from the pandemic response that saw us work through a critical freight taskforce, we have now set up a freight council that will look at all of this in the round, as well as the future challenges, which I am sure we will come on to talk about, of decarbonisation and of course the exit from the transition period.



## HOUSE OF COMMONS

**Robert Courts:** Thank you very much for your kind words. I look forward very much to appearing in front of the Committee and liaising closely with you. Thank you for having me on my first morning; it is much appreciated.

I echo the thanks of the Committee and Minister Maclean for the hard work that the key workers in the aviation and maritime sectors have gone through during the course of the last few months. It is absolutely critical. I extend the thanks of all of us to them for everything they have done in ensuring that everything we needed was brought in when it was needed. They have gone above and beyond, and it is very much appreciated by all of us.

Turning to your question, Mr Largan, in terms of the issues going forward I am very keen, first, that it is recovery and restart. That is obviously the focus. We initially had the challenge of dealing with the Covid crisis, then of restarting and rebuilding as we go forward. It is a recovery and restart position. That is critical.

I do not want to lose sight of the equally important challenges around decarbonisation, for example. There are some very exciting things coming down the line in green technology. I will be very much looking to focus on continuing to drive that forward, notwithstanding the immediate challenges that we have.

To answer your question about the immediate thing on my desk in terms of aviation freight in particular, as the Committee realises, 70% of our freight comes in the bellyhold of passenger aircraft. That of course has been constricted; there has been a constriction of supply as there have been fewer passenger flights. That means there has been a shift to more dedicated freight-only operators. That is stable, robust and working, but it has obviously had an impact on cost and on supply. I will be looking very much at that. That will be something that is first on my mind in terms of the aviation freight side of things.

In terms of maritime, a number of issues arise. As we heard from the last panel, there are a number of issues around the welfare of seafarers and looking to act interconnectedly with international partners, which is critically important. I will be focusing on that as well in the opening few weeks.

**Robert Largan:** Thank you. It is reassuring to hear the commitment to decarbonisation. Many of my colleagues will be going more into the detail of some of those areas around decarbonisation and aviation.

**Chair:** Indeed. Let's get into some detail. We will start with road freight.

Q579 **Karl McCartney:** The Road Haulage Association told us that local authorities have been coming up with measures and plans to reallocate road space to encourage more walking and cycling that have not considered freight at all. Do you accept that reallocated road space for walking and cycling is having a detrimental impact on freight hauliers? You might all want to have a go at answering that.



## HOUSE OF COMMONS

**Rachel Maclean:** As you know, the Government are fully committed to modal shift, which is the shift to active travel, including cycling and walking. That is in order to meet our longer-term decarbonisation and greenhouse gas emission goals. It is a focus not only of this Department but the whole of Government. We have some very challenging targets to meet, which no doubt we will get into in the later questioning.

However, your specific question is around local authorities and what they are doing. They are under a very clear obligation to consult all their local stakeholders. It is a statutory obligation; they must carry it out. As part of that, they have to consult Logistics UK and the Road Haulage Association. They are obliged to take into account the detail of what is happening in their local area, where deliveries are taking place and where the road space is going to be reconfigured to make sure that it does not have a negative impact on freight.

We started this session by saying how important freight is and how important those deliveries are. We have all been using them in the lockdown while we have been at home and not allowed to go shopping. Local authorities have a duty to do that. We updated the guidance from the Department on 23 May to make it crystal clear that access to kerbside deliveries for logistics firms is maintained in whatever scheme they are thinking of introducing.

Q580 **Karl McCartney:** Thank you very much indeed for that answer, Minister, but my point would be that you obviously cannot get a lot of toilet rolls on a bike to be delivered, nor can you carry too many. Do David or Roger want to add anything, or indeed the other Minister?

**David Buttery:** Clearly, it is acknowledged that you cannot take a lot of freight on a cargo bike. That is why the guidance is clear that it is for all road users. While the Government are very clear that they want to encourage active travel, and that is a sensible option, given the restrictions that we currently have on public transport with social distancing, the local authorities whose responsibility it is need to consider all road users.

As the Minister emphasised, we got feedback from the RHA and Logistics UK that they were concerned that the guidance was not putting enough focus on freight and freight deliveries. We quickly responded to that and issued new guidance to make it very clear that kerbside deliveries by lorries, not by cargo bikes, needed to be maintained. That has been a consistent message from us to local authorities, but ultimately it is for the local authority to design the scheme. In designing the scheme, as the Minister says, they are under a statutory obligation to consult hauliers.

I do not know the detail of every single scheme out there, but there is a small number of issues. Most local authorities have been going about it the right way and seeking what is quite a complex balance. Whenever you reallocate road space, you obviously have to balance all of those needs. It is a difficult time, but I think local authorities are approaching it in the right way. Our guidance gives them the right way to do that.





## HOUSE OF COMMONS

Q581 **Karl McCartney:** I do not know whether anybody else wants to add anything more. It sounds very reassuring. I am not sure that freight hauliers will be reassured, but perhaps I would say that, wouldn't I? I will come back to you shortly, David, but I have another question for the Ministers.

In 2018, the Department's own survey of lorry parking identified an immediate need for over 1,400 parking spaces for lorry drivers, which the Minister at the time promised to deliver. How many of those spaces have been delivered to date?

**Rachel Maclean:** I will have to write to you on the specific number. I can tell you that my colleague Baroness Vere in the other place leads on this work. She is working very hard with the sector, as part of all the work that she is doing to assist the sector to recover from the pandemic, to focus on parking. It is not only the actual numbers of parking but the quality of parking; what facilities are available and the security and safety of loads, which is clearly vital when people are thinking about parking overnight. I might go to my officials to fill in more detail on that.

**David Buttery:** I would have to get the exact figure on how lorry parking has changed in the intervening period. As the Minister says, the quality and availability of lorry parking was identified as a key issue during the Covid period. Baroness Vere asked one of the Department's non-executive directors, Richard Aitken-Davies, to undertake a review of how we can quickly unblock the system and get more lorry parking. He has been working on that with my officials for a couple of months, liaising with the Road Haulage Association and Logistics UK to try to identify the key barriers to more lorry parking and the ways to overcome that. He is due to report to Ministers very shortly. We should see the fruits of that coming forward in the next weeks and months.

Q582 **Karl McCartney:** Do you think we are even halfway towards the 1,400 extra that are required?

**David Buttery:** I cannot hazard a guess. I will come back to you.

Q583 **Karl McCartney:** You knew I was going to press you on that. I was not going to let you get away without you giving us any figures, but I thank you and the Minister very much indeed.

David, I will stay with you because I am going to hit you with a curve ball. You might have been expecting this, as you know where I represent and the company based in my constituency. What is the blockage to having the innovative Denby 1 trailer being pulled by another lorry with computer-controlled steering on our roads? In the last 10 years, various Secretaries of State have seen the lorry in action. It has been used in other European countries, but for some reason somebody in your Department has continually blocked its even being allowed to be tested on our roads.

**David Buttery:** As I understand it, that is the very long trailer. Is that correct?





## HOUSE OF COMMONS

**Karl McCartney:** It is not really about weight; it is about volume. If we go back to toilet rolls again, or the crunchy nut cornflakes that one of our previous witnesses had for his breakfast, they are large volume things that can be carried around on our roads quite safely, but for some reason the Department has not been facilitating that.

**David Buttery:** We have been undertaking a trial of longer semi-trailers for quite a period of time. The latest results were published at the beginning of the lockdown period. What that has generally shown is that longer semi-trailers have not led to further accidents or KSIs, and that generally those longer semi-trailers are safe.

Ministers are now considering where to take that. The trial is due to carry on for a number of years. What Ministers are considering is whether we have a good enough evidence base now to move on that, or whether we need more. Clearly, moving to very long vehicles has safety issues. It is really important that we fully understand those before we introduce a change in the system. We also need to think about how those vehicles operate in our system and what the requirements are in terms of training and restrictions on road use.

As you and your constituent make the case, there are environmental gains from having longer trailers. If you are carrying light goods in fewer vehicles, you get environmental benefits. There are logistical benefits.

Q584 **Karl McCartney:** Only one driver required. That is a big benefit.

**David Buttery:** Yes, only one driver is required. It is also about how warehouses work. All those issues are in the mix and being actively considered by Ministers now. Watch this space. More should be coming soon in terms of our thinking on longer semi-trailers, but I acknowledge that it has been a long time. We have a very good road safety record in this country and it is something we want to protect and maintain.

Q585 **Karl McCartney:** If you could specifically look at the innovative construction of the Denby trailer and what they propose, and what the blockage has been, I would love to know.

**David Buttery:** I will come back to you. My officials have engaged with Denby, and indeed have gone up and seen it. There is an active dialogue going on. I will come back to you with exactly where we are on that story.

**Karl McCartney:** Indeed, but 10 years is a long time in anybody's book.

Q586 **Chair:** Staying on road freight—I do not want to go into the section on Brexit because we are going to do that with Ruth and Greg—there are reports that 10 lorry parks will be built across the south. No planning permissions would be required; it would be seen as an Executive order.

I am conscious that this is perhaps more Baroness Vere's territory, Minister Maclean, but are there more details? I read about it in the press. I have certainly not been contacted from the Department, and I do not believe councils have in the part I represent. I believe it stretches all the way



## HOUSE OF COMMONS

across from Devon to Kent. I wondered whether that was indeed the case and whether there were any details, or whether if it is early days we could be written to with details.

**Rachel Maclean:** I think I am aware of what you are talking about in the press, although I have not seen the article myself. There are two things that are related, which I can certainly be very clear about. By the way, I am the actual Minister for EU exit in the Department so this falls under me.

The first thing is what we want to do around information and advice sites, which is upstreaming the checking facility for lorries and haulage before they actually arrive on the roads in Kent. Obviously, we want to mitigate and reduce as much as possible any disruption in Kent, both in Kent itself and on the roads leading to Dover and the Eurotunnel. I do not know whether the reports were referring to that.

That work is not actually completed yet. We do not have a definitive list of where the facilities are going to be. You will be aware that the last time we were coming up to the run-up to the exit from the EU we had sites. They were useful and they provided support for people on their way to the short straits ports. We want to ramp that up and make it an enhanced offer so that we can assist people to be border ready. They might be referring to that.

It may be that they are referring to the work going on in Kent itself. You will know that the Department has purchased the Ashford MOJO site and is looking at another site at Manston. There are a number of existing sites; for example, there is a Dover TAP site as well. Those are sites that will be used by a number of different Government Departments, including HMRC and DEFRA for checking purposes. We can come on to this, I am sure. It could also be a mitigation strategy in case there was extra disruption.

These are not intended to be long-term lorry parks in any shape or form, but you are right to say that they are subject to the special development order regime that has just been introduced to enable us to get this ready very quickly.

**Chair:** Of course, I should not believe everything I read in the papers, even the *Telegraph*, but it says: "Lorry parks to be built across south England under Brexit planning. Rural parts of Dorset, Devon and Kent targeted." I cannot read any more because I do not have a subscription. I will forward you the article. If there is any more detail behind that, it would be great for the Committee to be kept informed.

Let us move off road freight and go on to air freight.

Q587 **Simon Jupp:** Good morning, and a warm welcome to the panel. If we look at the figures from 2017, around £90 billion of UK GVA was dependent on air freight exports; pharmaceuticals, technology and the entertainment industry alone account for around £27 billion-worth of exports via air freight. It accounts for 9% of GVA in the north-west and 6.8% of GVA in the south-west, where I am an MP in east Devon.



## HOUSE OF COMMONS

My questions are specifically for the Parliamentary Under-Secretary of State for Transport, Robert Courts, who was, as already mentioned, appointed yesterday. I welcome him to his new role on his first full day. Minister Courts, 60% of air freight is transported via passenger planes. What assessment has your Department made of the impact on UK trade as a direct result of the obviously severely reduced number of flights since March?

**Robert Courts:** Thank you very much for your warm welcome. It is an honour to appear before you on my first day.

You are absolutely right that this is a critical aspect of UK trade. The trade that comes in and out on passenger aircraft is vital. It tends to be focused on high value, time-sensitive and perhaps perishable goods. That is absolutely critical, and it is as high as 70% going to and from the UK in the bellyhold.

As I referred to earlier, of course, there has been a big decline in that. The dedicated freight suppliers are still behaving particularly robustly, but we obviously need to ensure that the passenger side of things is brought back. There is quite a wide challenge because any decrease in global economic activity will impact the market in any event. We are very aware of that, and it is certainly something that will be a major focus of my time over the course of the next few weeks and months.

I think it is worth you knowing that there has been a real change in the way that the Department has engaged. There has been a radical step up in engagement with the key parts of the sector in terms of how that engagement takes place—bilateral meetings and roundtable meetings—and in the frequency. My predecessor was meeting very regularly all the relevant stakeholders in this area. Both on a ministerial and an official level people are more open than they have been before. There is a great deal of stakeholder input going straight into the Department, and it is being heard where it needs to be heard.

Obviously, I will be looking at this with a fresh set of eyes and seeing whether there is anything else we need to do. I am very aware of the importance of the point that you make. In fact, I am going to Southampton on Monday. I will be looking at both the maritime and aviation aspects of my brief early next week. I have also set up some calls with trade bodies today or early tomorrow morning.

Q588 **Simon Jupp:** Thank you, Minister. That engagement with the industry is absolutely crucial. Alongside engagement, there need to be clear plans in place to support the recovery of air freight and to support companies that rely on passenger planes for imports and exports. What is in place at the moment, and what more could you be looking at? I know it is your first day. You said you are setting up some calls in the next couple of weeks, but are there any ideas that have already crossed your desk that you think could be quite useful?



**Robert Courts:** That is a very good point. There are a couple of things that I have already noticed that I will be looking at driving forward. We are working closely with the Civil Aviation Authority at the moment, with airlines and with airports, to see whether there is any flexibility within the regulatory framework that might be necessary, and if there is any input we can make there, if it is appropriate. I will obviously be very much looking at that.

We are also looking at supporting the recovery of freight in the belly of passenger aircraft through the Restart, Recovery and Engagement unit that has been set up. It has been around for a few months; it is a Covid creation, in any event. I am obviously engaging very closely with that. I hope next time I see you that I can give you some more specifics. Those are a couple of things. There is regulatory input maybe, but the unit as well.

Q589 **Simon Jupp:** What assessment would the Department make of the loss of Flybe, which was based in my constituency of East Devon, on this specific issue?

**Robert Courts:** Clearly, any decline in capacity is something that is to be regretted. That is true of the passenger sector of course, and I am very aware of the impact on regional connectivity. I am very aware of that for your own constituency, Mr Jupp, and of course for all parts of the UK. I will be looking as a matter of urgency at what we can do to support regional connectivity. I cannot give you a detailed assessment at the moment of the impact on freight particularly, but I will certainly go away and do that. I am very aware of the impact on freight and regional connectivity for people and the importance of regional airports.

Q590 **Ruth Cadbury:** Hello, Minister. I endorse the Chair's comments and congratulate you on going from being a Select Committee member to a Minister in the same Department. It is good to see you today.

I quite understand, given that you were only appointed yesterday, that you might want to come back to us on this question. Before Covid-19, Heathrow's cargo was all bellyhold. There were no dedicated specialist cargo flights coming in. During Covid, we saw flights directed from other airports to Heathrow, from East Midlands with DHL and so on.

Do the Government have any views about the role of an airport like Heathrow in taking those flights? Does the Department expect that those dedicated cargo flights will in due course, as flights start coming back to normal, go back to the airports they used to be based at?

**Robert Courts:** I thank you for your welcome, and again give a nod to the Chairman. It is a particular honour to go from having been on that side of the bench to this side of the bench. It brings an extra bit of colour to the role, and I thank you very much.

It is an excellent question. There are two airports in the country that are largely freight based, or majority freight based. East Midlands is one of



## HOUSE OF COMMONS

them, as you said, Ms Cadbury. The other is Stansted. During the course of the pandemic there were some movements as slots were available.

I will have to do a detailed look into slot availability and what is likely to happen in due course. I perhaps ought not to go any further than that at this stage, other than to reiterate this point. While the dedicated freight carrying aspect is robust, and has been carrying on quite well over the course of the pandemic, the importance of bellyhold freight will remain. It is important for the viability of some routes in particular. Again, I cannot give you any detail on that at the moment. I might not be able to anyway for commerciality reasons, but I am very keen that we bring it back as soon as possible. I know that, in whatever form, it will remain important at Heathrow.

**Chair:** It is interesting to note that East Midlands airport at one particular point was in the top 10 of the busiest airports in the whole of Europe due to the amount of freight coming in, but also because of passenger drop-offs across Europe.

Q591 **Greg Smith:** I add my congratulations to you, Minister, on your appointment. Turning to maritime and shipping, we talked a lot about that in our first session, which you caught the end of. Covid has had a marked impact on it. The Maritime 2050 strategy is clearly going to be impacted in some way when we look at the bounce back from Covid for the sector.

Where do you think the key pinch points are going to be, and what might have to change? What other Government intervention might be required going forward to secure a bright, positive future for our shipping sector?

**Robert Courts:** Thank you for your kind thoughts.

Of course, every aspect of governmental and departmental activity for anything involving transport has been impacted by Covid. We would be silly if we did not recognise that. Clearly, that will have an impact, although I am very keen to stress that I intend other aspects to be going on in any event. I have already referred to decarbonisation. We cannot lose sight of that. There is also a big part for levelling up. I have referred to regional airports already, and that very much remains the case.

The 2050 strategy is something that will remain in place. I am keen to work towards that. We have a recovery plan that fits into it. There are a number of sub-strands of work that will go on with that recovery plan, which will feed into the Maritime 2050 report. From my limited time in the role thus far, it appears that thought has already gone into ensuring that the robust help for the sector continues, and that it not only recovers and restarts but goes forward to all of the exciting technological decarbonisation issues that we have.

I would like to lay on record again the extraordinary work that the maritime sector has done. It has played an absolutely pivotal role in keeping things moving and making sure that this country stayed well supplied and that



## HOUSE OF COMMONS

we could ship things out to others. That is to their eternal credit in very difficult circumstances.

**Q592 Greg Smith:** I want to turn to a very specific point. Before summer, we heard evidence in our first session around maritime from one shipping operator who was quite critical of the critical freight grant. They went as far as to say that it potentially breached state aid rules. Can you comment on that particular aspect, and why the critical freight grant was the right intervention for the Government to have made?

**Robert Courts:** Is this referring to CLdN?

**Greg Smith:** Yes.

**Robert Courts:** A very good point. The first thing to be clear about—we all know this anyway and we have all seen it in our constituencies—is that there is an absolutely critical challenge. There were certain things that we had to do. You would be asking me or my predecessor, or whoever sits in this chair, what steps they had taken to make sure that vital supply routes carried on running, to ensure that they had access to the food and medicines that they needed and to all the critical goods—PPE and all the rest of it. Some steps had to be taken with regard to that.

I am keen to stress to the Committee that it is not about supporting a particular operator or a particular company. It is about a route. We absolutely wanted to ensure that we kept the route going. We have to accept that there was very real distress in the industry at the time. It was right for Ministers to act and right that something was put in place to make sure that critical goods kept going in and out.

That said, it is a temporary thing. It is not something we are looking to keep on doing longer term. I am glad that there has now been a resolution to that particular issue and that particular dispute. I will be continuing to engage with all operators over the course of the weeks and months ahead.

**Q593 Greg Smith:** That is very helpful; thank you. I am mindful of the clock. My last more general point on shipping and maritime, which affects all freight routes, is that I am very enthused and happy that the Government have committed to new free ports. Do you think that free ports are going to play a huge role in sustaining the shipping industry for the United Kingdom as we get them open and as we leave the European Union? Where do you think there might be scope to go even further to support the sector around that agenda?

**Robert Courts:** That is a very good point. Free ports are one of the most exciting opportunities that we have as a country. They have enormous potential to help with the levelling-up agenda. They have enormous potential for helping in areas that could do with extra investment. I will absolutely be looking to support that. I will be looking to see, over the course of the next weeks and months, what steps I need to take from a transport perspective. It may well have a role. It is a bit early for me to say exactly what I could expect it to do with regard to adding extra





## HOUSE OF COMMONS

opportunities for the transport sector, but I certainly think there are some opportunities both for maritime and for aviation.

Q594 **Chair:** I had quite a lengthy exchange with Benjamin Dove-Seymour, a director at CLdN. Did they withdraw their litigation in the end? I think we put it to them that they might perhaps want to do that in order to move forward, and he said that they would consider their options.

**Robert Courts:** Yes, they did.

**Chair:** That is a good resolution.

**Robert Courts:** It was settled, essentially. There was an agreement on both sides.

Q595 **Chair:** I do not think they were looking for payment. Their concern was more that it was paid out when they felt that it would just go towards laying up ships.

**Robert Courts:** No, there was not a payment.

**Chair:** That's good to hear.

Let's move specifically to P&O. You would not have heard this because I mentioned it at the very start of the first session. We had hoped to have P&O representatives with us. We had heard a lot about what P&O were doing and had a very positive call with their previous chief executive, Janette Bell, who had agreed to come before the Committee and give evidence. We subsequently found out that she departed on 12 August. We had a conversation with the interim chief executive, David Stretch, but he was unwilling to come before us, which I told him was disappointing. We have heard about P&O from the unions.

Q596 **Sam Tarry:** A warm welcome back to the Committee, Minister. Thinking about everything the Government are doing in terms of their plans to protect jobs and workers in this country, one of the things that has been most concerning for people on the Committee from the evidence being presented both by the ITF and the RMT is that it could be argued that some of the focus of P&O—a little bit like BA—was that this was an opportunity to change the workforce in quite a dynamic way.

One thing that is particularly concerning to us, and I would like your comments on this, is the information we have that Filipino workers on six-month agency contracts at only £4.50 an hour have been retained while thousands of British nationals have lost their jobs.

**Robert Courts:** You raise a point that will have caused great concern to people in the sector, and that is entirely understandable. It is something that I have already been considering, in my brief time.

I can be quite clear: what I want to see is that those who operate in and around UK waters use a UK workforce wherever possible. I welcome some of the commitments that P&O have made. There has been substantial work between the Department and the unions. I know they have made some





commitments with regard to reductions in redundancies and, essentially, offered their own version of the job retention scheme. I welcome that, but I will also consider whether there is any policy intervention that it might be appropriate for the Department to make at some stage. Perhaps you will forgive me if I do not go into any more detail at this stage, but it is something I have started thinking about already.

I have seen that P&O have said that they are committed to a locally sourced labour market. That is of course something to welcome. Obviously, I will be working with unions. I am looking forward to meeting all stakeholders to consider how we may well support that intention.

Q597 **Sam Tarry:** I am sure that the Committee will be very interested to hear about any positive developments that would focus the minds of P&O on re-engaging UK nationals when they, hopefully, get to the position of re-employing people.

The RMT estimates that P&O received about £15 million via the critical freight grant. Given the company's actions towards employees in this country, do you regret that employment conditions are not included in the criteria for that grant? That is something this Committee is quite focused on. It is not just overall job losses, but ensuring that contracts and things are put in place to ensure that workers are treated in the best possible way.

**Robert Courts:** That is an entirely understandable point. I see the force in that. The point I would make at this stage is that it was simply because of the urgency of the situation. We had to ensure as a Department that supply routes were able to be kept open. That action had to be taken. I stress again the point I made a moment ago. It is not about supporting a particular operator; it is about supporting a route. That is what the Department was trying to do. Anything that requires any policy input or legislation will obviously take a little longer. I was not in the role at the time, of course, but I anticipate that would have risked the policy intervention that was vital from the point of view of securing those supply routes.

Q598 **Sam Tarry:** As you said, the focus was on the route rather than on any individual operator. One question that it would be good to get a clear answer on is your understanding of this, bearing in mind that you have only just taken on the new role. P&O said to us that in April they asked for £150 million to get them through the crisis. The Government obviously rejected that request. What was the thinking behind the rejection of that request?

**Robert Courts:** I probably ought not to go into any more detail on this in terms of any particular thought process or the finances of any company. There will, I am sure, be commercial confidentiality. I stress the point I made earlier: there was real distress and real concern in the industry at the time because of the decline in traffic, for reasons we all understand.

Q599 **Sam Tarry:** Moving in a slightly different direction, would you be able to



## HOUSE OF COMMONS

update the Committee at all on the issue around crew changes for seafarers? They have been hit by travel restrictions worldwide, and the ITF in particular said there are many examples in this country at Tilbury, Bristol and other places of seafarers from labour-supply countries who have been almost trapped on their ships for more than a year. In July, you had the summit, so perhaps we could have an update from that. Looking forward, it would be really interesting for us to hear.

**Robert Courts:** This is an area where, as Mark Dickinson said, the UK showed leadership. I think I am quoting him correctly. It is a real success story and shows this country at its best, being internationalist and working with international partners and setting the agenda. We have remained open for seafarers throughout the crisis, for them to take shore leave, for medical facilities or for repatriation. I think the figure is 12,000 that we have repatriated from this country. Clearly, we cannot control what other countries do, and other countries have not been as open and have not taken the same approach, but we have been pushing them to do so.

You are quite right that it was a UK lead. My predecessor organised the virtual summit, which she opened. She was absolutely clear that she wanted the international community to unite and to work together to find a solution. That summit had 15 major seafaring states in attendance; 14 of those international Governments signed a joint statement that pledges their commitment to resolving the issues that seafarers face around the globe.

I will continue to focus on this as a key priority. It is exceptionally important that we learn the lessons of the crisis that we have all been through and are going through. The international co-operation piece is extremely important, and I am glad we have taken the lead. I will be focusing on that too.

Q600 **Sam Tarry:** With the tighter controls that could still come in around travel if we head into a second Covid crisis, whether that be maritime or air, do you think you can continue to prioritise travel arrangements for those crew? We could be in another situation where more crew find themselves moved one step around the globe, maybe in Britain, and then suddenly a second wave comes in. It would be good to build on the lead you have taken.

**Robert Courts:** I very much want to build on the lead we have taken already. It is true, both in maritime and aviation, that the whereabouts of crew are particularly important. It is critical because, as we have seen through the crisis, availability and the ability to bring in PPE most obviously, but of course foodstuffs and other goods as well, is vital. If we are in a position where we have a challenging winter, we will need to ensure, as we have in the past, that that critical freight keeps moving. It will be a key focus.

Q601 **Sam Tarry:** Do you have an estimate, or does someone at the Department, of the number of British seafarers who remain stranded



## HOUSE OF COMMONS

outside the UK at the current time? If not, you can write to us.

**Robert Courts:** I do not think I have that figure here. I will absolutely take that away and write to you.

**Roger Hargreaves:** Would it be helpful if I give you the estimate?

**Robert Courts:** Thank you; yes. Mr Hargreaves is my maritime director.

**Roger Hargreaves:** At present, we think there are around 3,000 foreign nationals stuck in the UK, although they are not so much stuck as representing the minimum safe manning levels. We think there are around 500 UK nationals overseas on cruise ships who are, again, stuck in the sense that the cruise ship is not moving, but they are there to ensure that the vessels are safely manned. They are not actively seeking to return home.

There is another group of seafarers, probably 1,000 or so, who are overseas but again not looking to return home. The problem of British nationals being stuck abroad has largely fallen away. There might be the odd example that comes up. As local quarantines and local control measures ebb and flow, we will find that there are some frictional issues, but by and large the challenge around British nationals overseas has been dealt with pretty effectively.

We are working really hard to make sure that overseas nationals in the UK are here for the right reasons, get the support they need and are facilitated when it comes to crew changes. Broadly, we are well over the numbers and I think we feel very positive about the place we are in. Our main concern would be continuing to emphasise to our international partners the importance of them sticking to the rules and doing the right thing. That is why we were so prominent in trying to push for the IMO conference on the issue, and why we have been using all our diplomatic channels to keep crews moving right around the world.

**Chair:** We have taken evidence all the way through this, and organisations and sectors have consistently raised Brexit preparedness as the year moves on, of course with the implications of Covid-19 very much in mind in the sector and its ability to prepare. Ruth Cadbury and Greg Smith will take us through this section.

Q602 **Ruth Cadbury:** Minister Maclean, the logistics sector requested an urgent meeting with the Transport Secretary and the Chancellor to address the significant gaps in readiness for the end of the transition period because of the disruption that it is going to mean. Are you confident that the Government and the logistics industry will be ready to ensure that freight continues to move smoothly across the border after 31 December?

**Rachel Maclean:** On the request to have a meeting with the Chancellor of the Duchy of Lancaster, I believe that meeting has already been arranged. The sector should be receiving invitations. I was on a call yesterday with



## HOUSE OF COMMONS

the Road Haulage Sector when the invitation came through to someone on the call, and they were very pleased to have that.

Of course, there are very wide-ranging issues and it is co-ordinated by the Cabinet Office via CDL and through the BPDG, but obviously transport has a key part to play. I am very well aware of the issues that face the freight sector generally. Those are the issues that fall within my portfolio. You are absolutely right to say that Covid has had an impact.

The key thing we are working on to address as a Department is around the issue of readiness. Our efforts are focused on making sure that when hauliers reach the border they are ready to make the crossing. We know that, if more of them are not ready to do so, we will see the negative consequences of queues and disruption and associated problems.

We have a very good understanding of what is required. The plans were very well advanced in the run-up to the last time we were due to exit the European Union. The Department did a significant amount of work ahead of no-deal planning. We have obviously now left the European Union with a deal, but we are still concluding our commercial arrangements, so there is still some work to do on that front.

We are continually focused, and our top priority is absolutely to continue the free flow of goods at the channel ports in particular, and at the borders more generally. There are a number of workstreams going on, which I am sure we will get into. I will focus very briefly on a couple of the high-level things. First, it is about providing support, information and advice to enable people to get ready and prepare for the new arrangements. It is also about putting in place some of the mitigation arrangements in terms of traffic management that we will need.

**Q603 Ruth Cadbury:** The Road Haulage Association, even last week, was really worried. They say it takes a year to train the agents who are going to have to process a lot of the customs work, and they do not even know what standards they will be training them to. Will businesses have time to test and learn how to use the IT systems—the goods vehicle movement service and the smart freight system—before they are introduced?

There is also concern that lorry drivers are going to be personally liable for the £300 fine if they do not comply with the rules covering the smart freight system. How can you expect drivers to know the rules they are going to have to comply with and then be fined if they do not comply with something they do not know about? What assessment have the Government done on these really important issues?

**Rachel Maclean:** Clearly, they are absolutely vital because this is a changing set of circumstances that drivers, hauliers and managers will have to tackle at the border. It is a change to their current arrangements.

We are working on a system called smart freight, which is the system the Government are introducing to enable hauliers to self-declare that they will be ready to cross the channel. The system is under development. The



## HOUSE OF COMMONS

timelines are extremely tight, but we are on track to get that system delivered.

Perhaps I can reassure you a little bit, because I know that Government IT can be difficult and there have been challenges, obstacles and so forth. The system is not in itself incredibly complex. It is merely a declaration from a haulier or a manager that they have the correct documents. The responsibility will be on them to make that declaration, and to make it before they actually reach the port.

Testing is clearly vital, and we will be building that into the plan. We want to make sure that we have enough time, so that it can be tested and that users can provide their feedback. We are making it available in multiple languages because we know that is a challenge as well.

On your point about the fine, it will be a fine on the operator if they do not follow the rules that we put in place from the Operation Brock system. I am sure we will come on to that in a bit more detail. We are making it a requirement that anyone who wishes to access the Kent roads will need to have registered that they are ready, with the smart freight system, and then, if they are found not to have done that, they can in some circumstances be fined. This is all part of our overall plan to mitigate disruption at the border for businesses, and of course for the residents of Kent as well, who expect us to enable their roads to continue to flow freely.

**Q604 Ruth Cadbury:** Thank you, Minister. You talk about operators, but so many people in the haulage business are a single-person operator. There is an awful lot of new stuff for people to get their heads around that does not seem to be very clear even now, and there is not long to go.

I have a specific question about drivers going over to the EU. It has been reported that the EU is reluctant to grant the UK access unless it signs up to various common standards. Where would the UK Government wish to depart from the level playing field requirements that the EU has published?

**Rachel Maclean:** I have not seen the particular reporting that you refer to, but you will know that the negotiations are continuing today, at the moment. On the transport part, we have been very clear that we wish to have open and liberalised access to the EU market. There is absolutely no reason why the EU cannot grant us that. We are not asking for anything that is particularly different from what they have granted to other third countries.

We believe that it is perfectly possible, feasible and reasonable to come to a conclusion on our future relationship with the EU that will enable us to have a very good set of arrangements for hauliers. We absolutely do not intend to depart from any level playing field standards, as you say. We have always been clear in our negotiations with the EU that we will have standards that are in line with the EU or even better. We will make our own standards that are right for our own industry.

**Q605 Ruth Cadbury:** I want to slip in a question about air freight, because a lot



## HOUSE OF COMMONS

of the focus on preparation has been around lorries crossing the channel. Given that we were talking about air freight earlier, are all the systems at the same stage of preparation for air freight? What happens in any delays around customs declarations and other forms that need to change? A lot of our air freight is to and from the EU.

**Rachel Maclean:** I have regular engagement with the air freight sector as well, specifically around the EU exit side of things. We very much hope to agree arrangements on air travel and market access. As you know, that has not been agreed yet, but we want to agree a set of arrangements that will allow air freight to continue in the smooth way that it does now. That is still our overriding objective as a Government.

Q606 **Karl McCartney:** This is a question for either the Minister or Roger in the EU planning role that he takes. If there are issues on the south-east coast, are our shipping lanes for freight able to cope with an increase in journeys and freight that might well be taken over by hauliers, whether that is further up the south-east coast or even up to Lincolnshire, to Immingham, maybe to the north of Lincoln?

**Roger Hargreaves:** Would you like me to answer that, Minister?

**Rachel Maclean:** I don't mind. What would you prefer, Karl? I can certainly make some comments.

Q607 **Karl McCartney:** It is quite specific. Obviously, there could be an issue. We all hope there is not going to be one, but if hauliers have perishable goods, whichever way they are going, whether in or out of the UK or across to Ireland or wherever, ultimately if there are issues that the French decide to cause us, hauliers are going to take the next available opportunity for them to get their goods wherever they need to get to. That might be using other ports that are going to see increases in the freight traffic going through them. With Roger's role, I thought he might answer it as well as yourself, Minister. I am not trying to pre-empt who gives me an answer.

**Rachel Maclean:** I will make my comments, and then I am sure Roger can come in. It is a very good point, Karl. It is part of the Department's planning for any disruption. If there was to be disruption at the channel ports, we all know that the sheer volume going through those ports means that they are the preferred route for many operators because of the ease and the journey time. It is a very significant crossing.

We have put in place contingency measures. We have launched a procurement exercise to procure additional capacity on different routes that will enable operators to use different routes to make that crossing. That process is still under way. I cannot really say much more because we have not finalised all of it. Effectively, the operators have been putting in their bids to operate under that framework.

You probably remember that something similar happened in the Department last time. We have revised the processes somewhat, but we are very confident that there will be enough capacity to enable us to





## HOUSE OF COMMONS

mitigate any short straits disruption. That could be at Immingham or it could be at other ports. I will let Roger come in with any more updated detail.

**Roger Hargreaves:** We have obviously thought quite hard about this issue. We have prepared for the sort of circumstances that you are describing on several occasions so far. As the Minister set out, we have a well-established process for entering the market to call down capacity that can be used on routes away from the short straits in order to make sure that the flow, particularly of what we refer to as category one goods—medicines, certain food precursors and some other industrial products—are able to move without hindrance. Suppliers can therefore make adjustments to their own supply chains to ensure that they are able to use those alternative routes.

More generally, a lot of suppliers will be looking at how they get goods, particularly some perishable goods, through the short straits and whether they want to make adjustments to their supply chains. We have seen quite a lot of evidence of people revisiting their supply chains to allow for any disruption that might occur at Dover.

The other point worth remembering is that the short straits account for a small proportion of our maritime imports. The overwhelming majority come through other routes. A particular type of freight carried on roll-on roll-off ferries using HGVs and the traffic that comes through the Eurotunnel present the particular problem in this case.

At a macro level, things are relatively well understood and well handled. Where there is disruption, businesses are planning to deal with it. Where we have a role is in helping with the category one goods and looking at the protection of certain routes away from the short straits. We have made the necessary commercial interventions, and they are progressing well to keep us on track for the end of the year.

Q608 **Karl McCartney:** What sort of capacity could you see increased? Will it be a 50% increase in capacity—a 75% increase?

**Roger Hargreaves:** Our specific intervention is to move 3,000 HGVs a week inbound and outbound. That reflects an assessment made by Government Departments, the devolved Administrations and so forth about the volume of category one goods that we would need to move. The precise take-up of that will depend on industry decisions; individual companies that are suppliers of, for example, medicines will make judgments about what they want to source within the UK and maybe shift their supply chains in that way. Others will make alternative commercial arrangements to make use of different routes, either to other ports that we are not operating from or air freight routes.

There are choices made by the private sector about how they want to use things. We, effectively, provide a safety net. The precise ports that we will end up using in part depend on the bids that we receive from operators,



but if previous procurements are anything to go by we expect a range of ports, both on the south coast running to northern French ports, and potentially Spanish ports, and also North sea routes from East Anglia and from the whole area running across to the Low Countries, Germany and potentially even Scandinavia, although the latter is less likely.

**Karl McCartney:** Thank you for that. It is obviously very reassuring. We all hope that we do not have to go down that route, but it is good to know that you have planned for it.

Q609 **Chair:** What interaction has the Department had with the freight and haulage sector with regard to the Internal Market Bill? That is due to be published today and will obviously impact trade between borders. It was felt that there was some understanding as to how trade would go across to Northern Ireland with checks beforehand—what the DUP would tend to call a border down the Irish sea. None the less, there was relative certainty. Obviously, we look towards getting a deal, which may change that, or we may have no deal, in which case we work on that basis.

Something has just been thrown in this week which has caused confusion in terms of changing that concept. It was described yesterday by the Secretary of State for Northern Ireland as breaking international law. I wondered if there was any thought from those sectors as to what is going on with regard to ability to move trade across borders.

**Rachel Maclean:** Chair, obviously you have highlighted that the Bill was only introduced yesterday. From the transport perspective, it is fair to say that we are still working through the freight impacts, if any. To answer your question specifically, no, we have not had any interaction yet with the road haulage or logistics sector. I expect we will because I have very regular interaction, as do my colleagues in the Department.

My understanding of what the Bill is designed to do is to ensure that we, as a responsible Government, take all reasonable steps to protect the people and communities of Northern Ireland.

**Chair:** Thank you. We will watch that space as the Bill moves forward. Let us move away from Brexit towards the implications of Covid-19 for decarbonising freight.

Q610 **Lillian Greenwood:** Good morning to our panel. I echo the previous comments about how welcome it is to see a previous member of the Committee in ministerial office.

Understandably, both today and in recent months, there has been a focus on dealing with the pandemic. You have alluded to decarbonisation, and we cannot ignore the even larger existential threat that comes from the climate crisis. As the Committee on Climate Change said, we need to act on that immediately. It is not about delaying that.

Minister Maclean, in 2018 the Government agreed with the sector to reduce HGV emissions by 15% by 2025, yet we heard as a Committee from the FTA that the sector was not on track to meet that target even before the



pandemic hit. How has coronavirus affected progress towards meeting the target and the development of ultra-low emission HGVs?

**Rachel Maclean:** You are right to say that this is an immediate priority for the Government. We are acting, and we recognise the need to act. That is why we have committed to continue our work on decarbonisation. Transport is one of the highest emitting sectors, as the Committee well knows. HGVs particularly contribute up to 17% of emissions. That makes it 17% of UK domestic transport emissions.

On the impact Covid has had, it is fair to say that it is a bit early for us to know in a lot of detail. What I will say is that we are working through the issues as part of our transport decarbonisation plan, which, despite Covid and lockdown happening, we introduced. As a Minister, I have been working throughout the whole pandemic period, as well as dealing with the crisis response aspects of my Department, to focus on the decarbonisation work. A vast amount of work has gone into it.

We are looking at transport as a holistic system and talking about the emissions that have to come down in every single sector. We are looking at that as a holistic piece of work. That is quite groundbreaking for the Department for Transport. It is welcome and it needs to happen.

I have notes on the statistics that you refer to. Unfortunately, it is a bit unclear how they have changed since 2017, because there is a lag of around 15 to 18 months. Unfortunately, I am not able to give you any more on how Covid has impacted on them, but it is clearly something we are going to keep a very close eye on.

**Q611 Lilian Greenwood:** We can probably anticipate that, if they were not on track at the start of the pandemic, they are not going to be more on track at this point, and possibly one of the impacts will be that planned investment will not be brought forward. It might make it even more difficult. Is there any more you can say about what Government will do to try to get back on track to the reduction in HGV emissions?

Isn't there an opportunity for the UK to lead on some of the low-carbon technology? With HGVs, there is a potential role for hydrogen to play. That might also support new manufacturing jobs and could create green jobs for the future and be part of an industrial strategy. What can you tell us about the actions that might be within the transport decarbonisation plan, targeted specifically on HGVs?

**Rachel Maclean:** I wish I had hours and hours to go on about this because I would need that to talk about everything we are doing. We are doing a huge amount. As a Department, we have made it a priority to work towards a green recovery. Like you, we see a really exciting opportunity to grasp some of the new technological innovations and make the UK a leader in some of them. This is all about the levelling-up agenda. It is absolutely what we want to do, because we recognise that we are so well placed to lead in a number of things—for example, with our engineering background and our scientists.



## HOUSE OF COMMONS

We are very well placed to lead in renewables and hydrogen technology. In the new circumstances we find ourselves in, we are working on setting out how we are actually going to do that. Specifically, I can tell you that we are spending £63 million of R&D funding on projects in the Department. A lot of them are specifically to do with freight, road haulage and HGVs. We are looking across all the technology, whether it is electricity, battery or hydrogen to see what is the easiest and the best way to reduce emissions in the sector. That work is continuing at pace and it will be increased because we have seen the commitments from the Prime Minister to become a science superpower. Obviously, transport relies a lot on science and on those technologies developing quickly. We are right behind them.

**Q612 Lilian Greenwood:** I look forward to reading more about the detail of those actions when the decarbonisation plan comes forward. Are you confident that you will reach the target of reducing HGV emissions by 15% by 2025?

**Rachel Maclean:** Yes.

**Q613 Lilian Greenwood:** Good. Turning to rail freight, on average a rail freight journey produces 76% less carbon dioxide emissions than the equivalent road journey, but at present only 9% of freight is moved by rail. When it comes to the transport decarbonisation plan, will you include a target, as the Rail Freight Group has suggested, for increasing that 9%? If so, what should it be?

**Rachel Maclean:** I was expecting you to ask me about targets because I am fairly sure that is what I was asked about the last time I was here. Obviously, Network Rail is leading on the traction decarbonisation network strategy. Rail freight decarbonisation is dependent on additional electrification. The strategy is going to set out how it intends to reach the decarbonisation targets between now and 2050.

As a Department, we recognise that we need to do more in the short and near term. That is why we are developing proposals for high priority—

**Q614 Lilian Greenwood:** I was not so much asking you about the decarbonisation of rail freight, although I welcome what you have said. All rail freight journeys are less carbon intensive than road journeys, so is there a target to get more freight on to the railway rather than the road? To what extent were you able to use the pandemic to do that? There was much more rail capacity during the pandemic because of the reductions in passenger services. How are you working on that issue—the modal shift for freight?

**Rachel Maclean:** You are right to say that that modal shift is the most effective way to decarbonise. We brought about a number of interventions during the pandemic. We agreed to some temporary changes to the mode shift revenue grant, which incentivises the movement of freight. That helped partially loaded trains to continue. That was obviously an important step that we took.



Basically, all of this will be wrapped up in the decarbonisation plan. That work has not yet been completed, but when we publish the plan we will be able to set out a lot more detail about where we want to see decarbonisation and modal shift going over the longer term.

**Q615 Lilian Greenwood:** Are we still expecting to see that plan before the end of the year?

**Rachel Maclean:** Yes.

**Q616 Lilian Greenwood:** Turning now to maritime—Robert might also want to comment—what impact do you see the pandemic having on the ability of the shipping sector to meet its Maritime 2050 target of a 50% reduction in emissions by 2050?

**Robert Courts:** The first thing to say is that we are absolutely committed to the 2050 net zero target for domestic shipping. Although it looks as though I am sitting on the fence, it is difficult to tell what the impact of Covid is. Clearly, we are going to see a decrease in emissions this year for obvious reasons—there is less moving around—but what impact it will have longer term is harder to say. We know that we absolutely have to act urgently on decarbonisation and climate change in the longer term.

One point that is worth mentioning is that we have the maritime recovery plan, which puts the green recovery at its centre. There is an opportunity, and certainly something I will be looking to exploit, to build in greener ways of working as we restart and recover. It is very important that there is that. It is at the heart of the recovery, which is perhaps something that has changed as a consequence of Covid.

There is also of course the clean maritime plan. We have continued to prioritise decarbonisation in any event as an ongoing workstream during the course of Covid. The Department has continued to engage with net zero policy analysis, and with people like the Clean Maritime Council, to continue the transport decarbonisation plan that has been referred to already.

**Q617 Lilian Greenwood:** Minister Maclean, in response to a written question about targets for decarbonising international shipping and aviation, you said that emissions are a global problem requiring a global solution. Ahead of COP 26 being held in the UK, shouldn't we be leading internationally on the decarbonisation of those sectors?

**Rachel Maclean:** We already are leading. We intend to set out an incredibly ambitious set of targets for our greenhouse gas reductions ahead of COP 24. It is a really important time for us to signal that we are serious and committed to acting immediately on that, and to continuing the existing good work that we are doing, but also doing more. You will absolutely see a very ambitious set of targets around emissions across every sector ahead of that.

**Q618 Lilian Greenwood:** The Committee on Climate Change recommended that



## HOUSE OF COMMONS

international shipping and aviation should be formally included in our UK climate targets when the sixth carbon budget is set. Is that something you have formally accepted?

**Rachel Maclean:** It is something that we have been looking at as a Department. We agree, of course, with the Climate Change Committee's recommendations in a number of areas. We work very closely with them. My understanding about the inclusion of international shipping and maritime/aviation emissions in our targets is that we need to work globally. It is more helpful for us to reach a global agreement because that is the most likely way to get global emissions down across the board, rather than declaring a unilateral target of our own.

Q619 **Lilian Greenwood:** I take that as a no then. You do not want targets for our own emissions.

**Rachel Maclean:** At the moment that is our position, but like everything we keep all these things under review.

Q620 **Ruth Cadbury:** I want to be assured that local freight, urban freight and last mile freight will be included in the decarbonisation plan, given that it has been estimated that between 10% and 30% of urban goods could be transported by e-bikes.

**Rachel Maclean:** Yes, it certainly is, and it will be. It is something we are doing a lot of work on, looking at really innovative and exciting ideas such as local hubs. The Department is investing in and supporting e-bikes and cargo bikes and many other different innovative ways of moving goods around. We will continue to do that. Yes, it is a very important part of the TDP.

**Chair:** Thank you very much indeed. I thank Mr Hargreaves and Mr Buttery for joining the Ministers. Minister Maclean and Minister Courts, thank you very much indeed for giving us such comprehensive evidence this morning. That concludes this particular inquiry strand on coronavirus, so we will consider our findings and write back to the Department in the usual manner. Thank you very much.





HOUSE OF COMMONS