

Port Financing – UK

In the 80's the UK government introduced privatisation to the ports industry, this saw 70% of the UK ports being privatised.

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Port Financing

- Brief history of UK Ports leading to privatisation
- Types and responsibilities of UK Ports
- UK Trade Growth
- Government Policy
- Raising Finance for Port developments

History of UK Ports

■ Historical Background

■ Dock Labour Scheme

- Union Strangle Hold over UK Ports
- Development on Non-Statutory ports

■ 1980's saw the Privatisation of many UK facilities including the Ports Sector.



Types of UK Ports

■ Statutory

Set up by acts of parliament. By far the majority in the UK

■ Non-Statutory

Set up/built under local planning rules.
Tend to be smaller ports or wharves.

Statutory Ports and Harbour Authorities

- Privately owned

- Trust ports

- Run by boards of Trustees working to the overall benefit of the trust port

- Municipal ports

Privately owned Statutory Ports and Port Authorities

- Revenue taken from statutory dues and charges
 - Vessel dues.
 - Goods or merchandise dues.
 - Other non statutory charges eg cranage, stevedoring, rents etc.

Trust ports

- Purely Harbour Authorities



PLA

- Fully operational ports



Great Yarmouth

- Municipal ports



ORFORD PORT

Non-statutory ports

■ Non Statutory ports –

- Wharves within Statutory Harbour Area
- Many provide “one stop shop”
- All investment is privately funded



Responsibilities

Statutory port/harbour Authorities have considerable responsibilities and obligations

- Raise statutory dues
- Maintenance and funding of all navigational aids within the limits of their designated area
- All environmental issues are addressed
- All dredging to recognised depths

Responsibilities

- Quays or roadways where they have an obligation
- Charge sufficient dues to ensure the Port/Harbour Authority does not make a loss
- Statutory ports can be closed but only by an act of parliament
- Losing money is not a “de facto” good enough reason

Responsibilities

- Many Statutory Port /Harbour Authorities are also Competent Harbour Authorities as defined by the Pilotage act of 1987
- Provide Pilotage services
- Can make a profit but not a loss
- No cross subsidies from other revenue flows.

UK Trade Growth

- Current capacity in UK Ports 8m TEU's
- Currently handling approx 6m TEU's
- Predicted growth to 18m TEU's per annum by 2025
- 90% of all UK trade moves by sea

UK Government Port Policy

- No national Port strategy since privatisation in the 1980's
- Four major port developments in South East
- UK Ports Policy currently under consultation with the sector
 - Length of UK planning process
 - No UK infrastructure support

Investment in UK Ports

- Statutes give the ability for the Ports/Authorities to raise dues
- Rights for all users who pay the statutory charges to use the facilities.
- These dues will not fund new investment.

Investment in UK Ports

- Grants (miniscule)
 - Mainly Freight facilities grants
- The UK Port Industry funds it's investments (with only a few exceptions, most recently Great Yarmouth)
- UK continues to lobby for a fair playing field
- Demand led avoids duplication of facilities
- Tie customers into long term commitments to ensure a reasonable return on capital invested.
- **They do not speculate.**

Raising Finance

- Ports raise finance like any other private industry
- Shares & Loans, Private Equity etc.

- But UK Government imposes Planning Gain Conditions where developers need to pay for certain infrastructure costs e.g

Extract from minded to approval for Bathside Bay – www.dft.gov.uk

The Secretary of State notes the conclusions of the Inspector that, based on the promoter's estimates, the volume of road traffic would exceed the congestion reference flow in the A120(T) by about 2010/11 and cause detrimental impacts to junctions, in terms of safety and capacity. The Secretary of State further recognises that the promoter has agreed with the Highways Agency and with Essex County Council to **fund** any necessary works to counter these impacts, which would be identified in studies which are planned.

Current Major UK Port Developments

- Felixstowe South Reconfiguration [£300m]
- Bathside Bay (Harwich) [£300m]
- Shellhaven (Thames Estuary) [£500m]

Current estimates total of £1.5bn of private investment increasing TEU's capacity by 6 million per annum



UK Best Practice Tour

23rd-27th October 2006

- Port Tours of Ipswich, Harwich and Felixstowe
- Harwich Haven Authority
- Key Note Speaker: Phil Carey UK Ports Policy Supremo.