



Northern Ireland
Assembly

Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Brexit and Current Issues: Northern Ireland
Ports

17 February 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Ms Martina Anderson
Mr Roy Beggs
Mr Cathal Boylan
Mr Keith Buchanan
Mrs Dolores Kelly
Ms Liz Kimmins
Mr Andrew Muir

Witnesses:

Mr Maurice Bullick	Belfast Harbour Commissioners
Mr Riccardo Tonelli	Larne Harbour Ltd
Mr Brian McGrath	Londonderry Port and Harbour Commissioners
Mr David Holmes	Warrenpoint Harbour Authority

The Chairperson (Miss McIlveen): I welcome via StarLeaf Riccardo Tonelli, the general manager and director of the Port of Larne; David Holmes, the chief executive of Warrenpoint Harbour Authority; Brian McGrath, the chief executive of Londonderry Port and Harbour Commissioners; and Maurice Bullick, who is the finance and compliance director of the Belfast Harbour Commissioners.

We have not received a briefing paper, but we have agreed that each of you will speak for about five minutes to give us an outline of current issues. Committee members will then follow up with some questions.

Mr Riccardo Tonelli (Larne Harbour Ltd): Good morning, Chair. Can you hear me OK?

The Chairperson (Miss McIlveen): Yes, we can.

Mr Tonelli: Wonderful. I am the general manager of Larne Harbour Ltd. In this brief contribution, I will share a little update on what we have been doing with our operations as a result of Brexit. I will then move on to the issue of free ports and a vision of the future for us.

We have worked incredibly hard over the past few months to keep the port open and ensure the smooth carrying of freight across the Irish Sea, mainly to and from Cairnryan in Scotland. As a vital link between GB and Northern Ireland, we are proud to say that there was not a single day on which we had a queue at either port. It has gone extremely well, which is down to good cooperation between our teams, with our customers and with DAERA and Border Force. We are very safety conscious, so

we focused on how to interact safely and avoid or minimise COVID-related risks, and we want to continue to do that.

We are keen to be at the forefront of the discussion on the protocol, new rules and what happens after 1 July. We would like to be in the room for that. As I mentioned, since Brexit, we have worked pretty well and pretty hard to keep our freight lines open, which has happened. We have had good interaction with our customer base and kept goods flowing.

I will now turn to the fundamental topic of free ports. There have been a lot of interesting conversations about a free port project for Northern Ireland. As a privately owned port with plenty of experience in *[Inaudible]*, it constitutes a great opportunity for Northern Ireland, if there are real incentives for industry to work with us to create sustainable and durable economic growth for the region. We are very aware of what has happened in England, with the bids now being completed. The format in Scotland has been released in the shape of green ports. I am therefore keen to understand what the Northern Irish approach to that is and the thinking about having links to the Scottish scheme.

I will conclude by asking whether there is a plan or an idea for infrastructure grants and funds for the ports in Northern Ireland.

Mr David Holmes (Warrenpoint Harbour Authority): Good morning, Madam Chairperson. Can you hear me OK?

The Chairperson (Miss McIlveen): We can.

Mr Holmes: Obviously, 2020 was a very difficult year for everyone, so I want to thank all our teams for keeping everything going and for maintaining our position as a major competitive port. Preparations for EU exit started in earnest in late 2019, when the port began a process of reconfiguring the operational footprint to optimise our space, landlocked as we are, and to maximise flexibility, because of the uncertainty that EU exit was going to bring. Those actions have stood us in good stead, but there is a lot more to do as we navigate EU exit here. Considerable additional investment is required to help facilitate that, and I echo the Larne representative's comments about potential additional grant funding towards doing so.

Volume-wise, 2020 was a roller coaster. At certain points in the year, we were down by over 20%. In the final quarter, however, we came back very strongly, and I am pleased to confirm that the port will return a modest profit in 2020 and that volumes have finished about 4% off 2019's. It is probably too soon to say definitively what the impact of EU exit on volumes has been, given that we are in the middle of a pandemic, with so many exceptional factors at play. The port has seen an increase year-on-year, but, of course, 2020 was down on 2019, so it is hard to say exactly how this is going to play out. We are, however, encouraged that we did not fall over the proverbial cliff edge that we were all somewhat terrified of, given the uncertainty around EU exit. Our ro-ro and lo-lo carriers have probably had to weather more of the primary pain, along with their customers, the hauliers, in adjusting to the new protocols.

COVID-19 has indirectly affected our business in all sorts of ways, creating commodity stream variations. Thankfully, however, it has barely touched the people in the port, and we work very hard to make sure that that continues to be the case.

Given EU exit and the new arrangements, we were all delighted that the goods vehicle movement service (GVMS) worked, because it came to the table so very late in the day. It is essential that DAERA and the environmental health officer (EHO) bodies can integrate with that. It is unacceptable, for example, that Seatruck, our ro-ro operator, should have to field three different sources of requests to help isolate trailers for inspection. A single integrated system would keep things simpler and would be more helpful for Seatruck.

We have also been working very hard at community engagement during the past year and were truly delighted that the port was able to bring together customers, suppliers, employees and launch a COVID community Christmas fund at the end of 2020, through which we were successfully able to make modest donations to 23 local good causes. That was a really nice way in which to finish the year.

I will pick up on the point about free ports that the representative of Larne port made. Warrenpoint Port continues to engage actively with Invest Northern Ireland (INI), the other ports and the local councils to

evaluate what the best possible submission could be in the event that the free ports project goes forward. That ends the summary from Warrenpoint Port. Thanks.

The Chairperson (Miss McIlveen): OK. Thank you, David.

Mr Brian McGrath (Londonderry Port and Harbour Commissioners): Good morning, Madam Chair, and thank you for the opportunity to speak to the Committee. At Foyle Port, we had been working hard in preparation for the Brexit transition. I am pleased to say that we have had no impact on our trade flows. To some extent, that is down to the nature of the work that we do, unlike the east coast ports with their ferries and the pressures that are associated with that kind of trade. We have had specific challenges but perhaps not to the same extent as the other ports. One particular issue required a fair amount of effort, working together with DAERA, but it was resolved. It has really been business as usual here with our trade flows, which is largely as a result of the preparations that we made in advance.

We have been operating a modified set of shift patterns to protect the workforce throughout the COVID pandemic. We are pleased to say that, thankfully, we have not been overly impacted on by COVID, other than having people shielding or sometimes having to isolate. That has been effectively managed, and, thank goodness, we have not suffered any sort of impact on our operations.

On those two big elements, Foyle Port's experience has been a reasonably positive one. We are looking to come out of the pandemic and Brexit on a firm footing and play our part in regional economic development and investment. We are very keen on the development of the free port concept for Northern Ireland. Foyle Port, together with other stakeholders, has been to the fore in driving that thinking forward. We want to get to a situation in which we are not necessarily competing against one another. We are trying to find an accommodation through which we can have a way in which to bring stakeholders together that is as inclusive as possible and that will benefit the country. In that respect, it is fair to say that the intent of the ports and the councils is for innovation rather than the traditional customs piece that is associated with free ports. Although there may be some longer-term opportunities associated with the customs piece, it is in alignment with city deal geography and the innovation-led renewables/green agenda that we in Foyle see free ports helping us develop our business and support the economy. That is all that I would like to say.

The Chairperson (Miss McIlveen): OK. Thank you.

Mr Maurice Bullick (Belfast Harbour Commissioners): Thank you, Chair and Committee members, for the invitation to give you a briefing. I can keep my briefing fairly short, because, in many ways, it is similar to the contributions from the representatives of the other ports.

In essence, it is too early to say what the effects of the latest stage of Brexit and the Northern Ireland protocol have been. We have only a few weeks' trading to look at. Probably the best starting point is for me to say to the Committee that the role of the port authority is that of an infrastructure provider, so we are one or two steps removed from the effects of Brexit and the Northern Ireland protocol. It is the traders, the hauliers and the owners of cargo and shipping companies that have been most affected. My colleague from Larne is in a better position to speak about that, because Larne runs the ferry service as well. Bearing that in mind, we have a perspective, but we are not directly involved in cargo handling or any of those things. Equally, we do not get involved in any of the checking processes at the port itself. We have no people at the DAERA facility for point-of-entry checking. It is simply a site provided to us by DAERA.

The operating model of the port in the early part of 2021 has remained fairly stable overall. Like other ports, we did a huge amount of work, particularly in the last quarter of 2020, with DAERA and HMRC on the establishment of the new routines. I echo David's comment that, from our perspective anyway, GVMS seems to have worked satisfactorily and is of benefit, because it remains a pivotal part of the whole thing.

The trading impacts are mostly focused on freight ferries rather than on the other cargo modes, by which I mean the ferries that run between England and Scotland and here. That is about 50% of our cargo overall. So far, it seems to be operating broadly in the steady state, but we all know that that position is assisted by the presence of the various easements that are currently in place.

That concludes my remarks on the current situation with the Northern Ireland protocol etc. It is too early to discern any meaningful pattern from trade. One month does not really tell us a lot.

I will touch briefly on the other issue, which is COVID. Thankfully, our employees in the port have been only slightly affected by it. Like the other ports, we have not been overly affected. We have been operating in pandemic plan mode. We have changed all our working patterns etc to protect staff. That has been our number-one priority. The result of that is that, thankfully, the operating model of the port has not been much impacted on at all. Trade was down to a level similar to that reported for Warrenpoint by David. We also saw about a 20% dip in trade in the middle of the year, given the various restrictions.

That is all that I will say by way of update, other than to say that it might be of note for the Committee that we are finishing off a very significant series of investments in rebuilding port infrastructure for the container facility in Belfast. It is a £40 million project. The container facility in Belfast is Northern Ireland's sole link with the European mainland for running scheduled shipping services. That facility required quite a lot of expenditure, and we have also expanded our roll-on roll-off facility, so we are just in the middle of a fairly big investment programme to refresh and renew essential port infrastructure. I will conclude there, Chair, if that is all right.

The Chairperson (Miss McIlveen): Thank you very much. I thank all of you for those brief summaries of the current situation. I will ask a general question about the new arrangements that have come in. Can you clarify the role that is currently carried out by councils? A number of you referred to councils in your presentation, but I mean specifically their role in implementing the protocol arrangements. Riccardo?

Mr Tonelli: Typically, in our port, the council has employees who work on behalf of DAERA. They provide food and sanitary checks on a number of westbound freight vehicles that are disembarked in Larne. That happens inside our port boundary lines, also known as international ship and port facility security (ISPS), as a temporary solution. Later in the year, or whenever, the facilities will perhaps move outside our premises to an area called Redlands. Some vehicles are earmarked by technology to go for inspection. Then, as they are disembarked, they are identified by DAERA staff who operate in our port. The vehicles are taken to the facility, where they are inspected and then released when the authorities are satisfied with their documentation. That happens randomly. The DAERA council staff have been back on-site after a brief period when they were off-site. Have I answered your question?

The Chairperson (Miss McIlveen): I am not clear what the role of the council is and whether its role is a statutory one.

Mr Tonelli: Statutory role? The council provides employees who work on behalf of DAERA and carry out those checks at the facility. If you want to know more than that, it is a matter for the council to answer. We offer it a facility to carry out the checks, and we facilitate the transfer of vehicles to that area.

The Chairperson (Miss McIlveen): This is a question to all of you. What is the current level of inspections that you are experiencing? After the grace period, what would you expect the level to be? What resources would be required in order to carry out those inspections, particularly as we move towards, unfortunately, looking at chilled meats, chilled meals and so on? What are the problems that are likely to arise from all of this?

Mr Tonelli: I will try to answer. Currently, there are not that many checks. There is a handful done: perhaps fewer than 10 checks a day. If there were to give a percentage, it would be around 1% of goods moving, but that could increase. There will be a threshold, after which volumes could be impacted on. We have to bear in mind, certainly for our port, that those checks will happen at a facility outside our premises, so goods will move out of the port estate. We do not quite know what the impact will be for us directly, as vehicles will exit the port estate at that point for checks to be conducted outside our premises.

The Chairperson (Miss McIlveen): At this stage, you do not foresee any potential problems.

Mr Tonelli: We cannot really tell. If the number of checks is significant and huge, it may impact on the attitude of traders who want to carry their goods through here. I say that with my ferry hat on rather than my port authority hat, if that makes sense.

The Chairperson (Miss McIlveen): Is anyone else in a position to consider what the potential changes might be and what impact those might have on each of the ports?

Mr Bullick: I will make a brief additional comment. I do not disagree with anything that has been said. The people who could best respond to that with confidence are those in DAERA, because none of us is directly involved. I echo the view that, at the moment, it is not too much of an intervention, but, it is self-evident that, if the checking regime has to ramp up at the end of the easements, there will be an additional burden on the DAERA and council staff. That, at the moment, is uncertain, but it is definitely a risk. It remains one of the unknown factors, but it is self-evident that it must be a concern. In truth, the people who could respond to that are those in DAERA themselves.

The Chairperson (Miss McIlveen): Can you tell me what the role of EU-appointed inspectors has been at the ports?

Mr Bullick: I have no direct knowledge of their role at the Port of Belfast.

The Chairperson (Miss McIlveen): Anyone else?

Mr Holmes: We met an EU representative twice ahead of 1 January. That person visited the port to review progress on the contingency sanitary and phytosanitary (SPS) inspection centre build. Although we were made aware that EU-appointed inspectors will continue to visit the port to liaise with DAERA and the council, they do not engage directly with any port personnel. We are therefore unaware of precisely what they are doing.

The Chairperson (Miss McIlveen): Is that the same situation in Larne and in Foyle?

Mr McGrath: Yes.

Mr Tonelli: Yes, it is.

The Chairperson (Miss McIlveen): There is very little engagement with EU inspectors at this stage.

Mr Tonelli: Very limited. We heard that they came on site and interacted mainly with DAERA and Border Force staff, but we had almost no interaction with them. That was prior to 8 January, when the easements were ending.

Mr K Buchanan: Thank you, Riccardo, David, Brian and Maurice. You are very welcome. Thank you for the information so far. My question relates to volumes, which, I think, David and Brian touched on briefly. We are in a pandemic, but, when January 2020 is compared with January 2021 and part of February, what impact has the protocol had on volumes?

Mr Holmes: This is not a fudge, but it is genuinely too soon to call. The weather in 2019 had a direct bearing on, for example, animal feed volumes coming into the port at the beginning of 2020. The weather has been much less favourable this year; so we have seen an increase in animal feed volume that, we believe, is more to do with harvest than with EU exit. We are up year-on-year, but we are up only 5%, for example, on 2019 volume. It is too soon to call, but we have not fallen off a cliff, that is for sure, and that is a huge relief.

Mr Bullick: The volumes that we are most concerned about are the freight ferry volumes, by which I mean the roll-on roll-off traffic. That is the sector of traffic that is most affected by the Northern Ireland protocol. We are a bulk and container port as well. You get short-term fluctuations in volume, but, for roll-on roll-off traffic, which is the critical part, we are also slightly up, just as David is. It is very difficult to say anything about one month's trading. Traditionally, January can be a quiet month anyway. We also had a lot of stock building. We undoubtedly had a trade surge in December, when people were bringing in stuff. We did typically fairly thin trading at the start of January, and we are seeing some recovery into February. As I said in my opening remarks, it is too early to discern any overall pattern, but, for roll-on roll-off traffic, we, like Warrenpoint, are fairly steady.

Mr K Buchanan: Riccardo, what are your thoughts on that?

Mr Tonelli: There are two factors at play. One is clearly Brexit. We should not forget that EU exit was in fact on 31 January 2020. We tend to look at 2019 as a bellwether for our trading. We must not forget that we work in a corridor that is typically in competition with the Republic of Ireland and the Dublin-to-Liverpool and Dublin-to-Holyhead routes. Our published freight volumes are there or

thereabouts over the past two years. That is also because, owing to EU rules, freight volumes into the Republic have completely tanked.

The other factor — the bigger one — is COVID. The pandemic has all but stopped the tourist and passenger market, although less so for our corridors. GB to Northern Ireland is a domestic route, so there are still a few people travelling. There are very few people travelling into the Republic of Ireland.

Those are the two main factors. Freight has held up because of the really good work that all the ports have done with the protocol and the specific Northern Ireland corridor agreement, but it has also held up because the other routes have been impacted on more.

Mr K Buchanan: You referred to volumes. Some of you said that they are up. I appreciate that it depends on what you are shipping in or what is coming into your specific port, be it animal feedstuffs, timber etc, although not fresh produce. That is not what we are hearing from the haulage sector, however. A number of lorries and trailers that are parked on the UK mainland cannot get back because they have no backloads. How can that volume of equipment be sitting over there, yet we still have an increase in volume of ferry transport back and forth? How do you square that circle?

Mr Tonelli: At the moment, as retail is closed, the majority of our freight volume is supermarket and that type of trade, and that comes in and out pretty regularly. It is true that it is easier to go east than west, but that does not necessarily mean that we are a one-way street at the moment. It is fairly steady and certainly comparable to what it used to be, but the normal forces in the market are not at play at the moment. There is a lot missing, and hospitality and retail being closed has a massive impact.

Mr Holmes: It is fair to say that the Northern Ireland/Irish hauliers are used to exiting through Belfast, Larne and Dublin. The hauliers are exposed to a different level of pain, because our understanding is that volumes through Dublin Port have collapsed by half, which is profound. The first-hand experience that the hauliers are having is, of course, very different from what the Northern Irish ports might be experiencing.

Mr K Buchanan: Why has that collapsed by half? What is your take on the reason for that?

Mr Holmes: My take is that it is easier to come in through Northern Ireland and to exit through Northern Ireland to GB, so that is what is happening. We do not know whether it will stay like that. We also do not know whether the loss of business in Dublin has fully transferred to Northern Ireland, though we will be able to do an economic reconciliation in due course. I do not think that it has, but it is really too soon to know.

Mr K Buchanan: This is my last point, Chair. Is your basic sum that the 50% could have spread throughout Northern Ireland to balance out the reduction in east-west traffic that Riccardo talked about?

Mr Holmes: I honestly do not know yet. However, there is no doubt than an amount of Northern Ireland traffic that originally chose to exit through Dublin to enter GB is now choosing to enter GB directly through Northern Irish ports.

Mr K Buchanan: OK. Thank you, gentlemen.

Ms Anderson: Thank you for your presentation and the information that you provided to the Committee.

Brian, I have a specific question for you. I have listened to the others, and I am aware that Foyle Port is a bulk cargo operation that mainly deals with commodities, as opposed to its being a roll-on roll-off operation. It is good to hear about the steady flow of the roll-on roll-off operation and the increase in traffic and to know that there are no delays and, for some of you, that volumes have finished at a profit. It is good to hear that you are in a good position. Brian, what does Brexit mean for Foyle Port? The last time that you were in front of the Committee, you talked about the fact that having no arrangement would be somewhat catastrophic, given the all-Ireland nature of your work, and you were concerned about the loss of up to 40% of your trade.

Mr McGrath: That was the analysis had the Government failed to get a deal. The protocol and the agreement that was reached have prevented us from having the kind of catastrophic outcome that you described. I know that it is particularly controversial, and it impacts more on the west-east/east-west trade, but the protocol works extremely well for Foyle Port. That is because of the nature of the commodities that we are dealing in and the nature of our cross-border trades. We are different from the rest of the Northern Ireland ports. I am not suggesting that our experience is one that is shared with the others, but, from our perspective, the protocol actually staved off what would have been a very serious situation for us.

We have had some limited challenges in dealing with the protocol and the impacts of compliance, but those have been addressed. We have had a good rapport with DAERA, particularly. Our arrangements have worked extremely well within the new system of the protocol. We have not had any difficulty in getting the shiploads out the gate. Our customers and stakeholders in the system are liaising. We do not have the issue of the change to the easements that Maurice described, so we are comfortable and confident that we can continue doing as we have been since 1 January.

Ms Anderson: The need for an uplift in financial assistance towards the end of some of the grace periods to help you to deal with those situations was talked about. Perhaps, that is something that we need to return to. The majority of the Assembly supported an extension to the transition, but it did not get across the line. That would have been helpful for business. You all seem to have done a great deal of preparation in advance of whatever was going to happen at the end of the year. It is a pity that other businesses did not do the same.

I move now to free ports. Brian, you know that I have concerns about free ports, because I am concerned that they merely relocate as opposed to *[Inaudible.]* Brian, you talked about innovation. Perhaps, that is something that the Committee might like to explore, because I do not think that you can talk about free ports and not deal with the customs issue. I appreciate where you are coming from when you say that that is not your focus, but free ports would most likely exacerbate regional imbalance and undermine local and all-Ireland trade if they were dealt with in the way in which they have been.

The Committee might want to get its hands on a report that was drafted, last March, by the European Parliament in which it called on the European Commission to bring forward a proposal for the urgent phasing out of free ports in the EU. A special cross-group committee of MEPs — TAX3 — was set up to point out the risks. That committee dealt with issues that, I know, Brian, you do not want to see in Foyle Port or anywhere else, but they are the reality of free ports and issues that need to be dealt with. They include such criminality as tax evasion, tax trade and money laundering. There are currently 80 free ports in the EU, and all must comply with EU rules, including state-aid rules. Considering our situation with the protocol, that is something that the Committee should return to, so that we are familiar with and aware of the situation and do not walk into something without having all the facts, because no political party wants to see tax evasion, money laundering or any criminality emanating from any of this. Brian, I know that that is something that you do not want to see happen in Foyle Port.

Mr McGrath: Absolutely, Martina. I do not think that any port in the country would be seeking to go down that route. Perhaps, the most pressing issue around free ports in Northern Ireland is the question of whether a free port in Northern Ireland is compatible with the protocol. You can always get legal advice that tells you what you want, but, as I understand it, there is legal advice in the system that is saying that the protocol may not allow for a customs-led free port in Northern Ireland. That is something that could be argued or whatever. It would be less controversial to look at using the free port policy as a stimulus in green energy innovation and a move towards decarbonisation, in line with city deals and working with the universities and councils. We would have a much more joined-up policy approach to economic development. That is what we have been trying to do with the ports and the stakeholders. We want to get alignment with what is happening in the city deals, in which Treasury has already agreed the need for growth in Northern Ireland because of our disadvantages, and that type of thing. We could come up with a very good alignment where policy can be compatible with the protocol in a way that is politically acceptable across all constituencies and opinions in Northern Ireland. That is what we are trying to do.

Ms Anderson: Chair, I think that, as a Committee, we would like to be kept across that, because, Brian, from the get-go, I was very mindful that anything that was being suggested around the whole issue of customs was going to be incompatible with the protocol and that we were going to end up on a hiding to nothing with that regarding the protocol. We have to make sure that we can do nothing in the Assembly, and rightly so, that is incompatible with the protocol. We do not want to do any damage

to anything that is already there. As you said, if you had gone down another route, 40% of your business would have been damaged as a consequence of another outcome to Brexit. Let us explore that with you to get more information around that innovation that you talk about. Of course, there are great opportunities with the inclusive growth in city deals, and I know that our council is dealing with it and that others are dealing with it in their areas. Let us see what you are talking about and make sure that there is that alignment and compatibility and innovation in where we can maximise that. Of course, we should, but we cannot do anything that is going to be incompatible with the protocol. Some of the suggestions that came out about free ports were certainly incompatible with the protocol. Thank you, Brian and the rest of you, for the outline today.

Ms Kimmins: Thank you all for your presentation. David, I am pleased to hear that Warrenpoint Port ended the year strongly, particularly after such a very challenging year for everybody. It is important that people realise that the ports are trust ports, where profits can be invested back into the local economy. That is more important now than ever. We know that funding is there, and you said that you may be able to get certain projects done in this financial year. That could be a huge boost to the port, particularly in a challenging period like this. I would be urging the Minister to really prioritise looking at what the ports can do with the funding that is available. Can you elaborate on what those projects, if given the green light for approval, would mean for the ports? Time is very much of the essence, so anything that we can do to help with that is important.

Mr Holmes: Warrenpoint does have capital shovel-ready projects ready to go. It is not just about enhancing the port infrastructure, because all the ports act as economic generators, and a pound invested in the port is likely to bring, ultimately, £2, £3 or £4 back into the economy. Any immediate grant investment available for Warrenpoint, for example, will result in, potentially, supporting 100 construction jobs and will lead to new full-time equivalent jobs. It will help us, potentially, to retain new EU exit business that comes our way. There is such a list of benefits in striking while the iron is hot.

Ms Kimmins: Thank you, David. Do the rest of you think that that would be helpful too?

Mr Tonelli: I will try to answer first. Absolutely, yes. Speaking as the general manager of a port that is privately owned, I can say that we would love to have the opportunity to invest more of our own money in the port, with the help of grants from local government. That not only generates immediate benefits but allows local growth, local jobs, technology and a focus on decarbonisation. We cannot wait to put more of our money in, and we want to see a vote of confidence from government on it.

Mr McGrath: In Foyle, we also have shovel-ready projects or oven-ready projects or whatever way you want to describe them. Those projects are ready to go, and, essentially, they are around baseline core infrastructure, so that we can be ready to sell our capacity to the marketplace. In our case, we are looking to connect to the grid so that we can bring large-scale industrial green activities into the harbour estate. Those will be complementary to the city deal narrative and all those things that are already ongoing. I would argue that the port has looked to provide infrastructure that should be funded by the Government. It is baseline infrastructure that we are looking for that makes ready the fact that we can go out and market the capacity. We urge the Committee to take a strong interest in how we look at the placement of the grants and the bang for your buck. We have been working on it for about 18 months, so when the call comes to ask whether we can spend this within the next couple of weeks or months, we can do that.

Ms Kimmins: Thank you, Brian.

Mr Bullick: From a Belfast perspective, we are already in the process of upgrading a lot of our facilities. I echo the comments of my colleagues that the infrastructure investment made by ports needs to be supported by government. Inland connectivity is a factor, as is dealing with the effects of Brexit. We are very interested to keep in touch on that.

Ms Kimmins: Thank you all. That is really useful, because, as I said, time is very much of the essence; we are very close to the end of the financial year. The fact that there are shovel-ready projects, which could play a huge part in the recovery, let alone anything else, is crucial. I will be urging the Minister to give that serious consideration.

Chair, can we look at getting urgent correspondence to the Minister? Surely, it is better to look at the investment of funds in those much-needed projects rather than money going back to Westminster. Is that something that we can do, as a Committee?

The Chairperson (Miss McIlveen): We can discuss that.

Ms Kimmins: OK. I have one other question, which is about traffic management. How has it been affected at the ports, and how are you looking to improve that? With the implications of the grace period, how will that impact the ports? That is my final question.

Mr Holmes: In practice, in Warrenpoint, movements out of GB slowed down considerably at the start. There was no congestion, because there were so few SPS checks — there was a tiny amount — and there was very little ro-ro traffic coming in. Traffic arriving into the port flowed freely onto the ferry and away, because of unfettered access to GB. The reconfiguration that we did and the additional space that we created was there, in any case, to absorb any net increases in volume. Thankfully, we have not seen any congestion yet, but we have to keep working on that.

Mr Bullick: Similarly, in Belfast, there have been no discernible effects on traffic flows under the current regime, but, as David pointed out, it is early days, and we commenced January with about two weeks of fairly thin trading on roll-on roll-off traffic.

Mr Tonelli: It is the same for us.

Ms Kimmins: Thank you. That is good to know. That is all that I have to ask about, this morning. Thank you very much for your time.

Mr Beggs: Thank you all for painting the picture of how things are at present. You seem to be saying that container traffic has not been impacted, that you, as ports, provide the infrastructure and that any pain and difficulties have been experienced by your customers, the hauliers, rather than you. Is that a reasonable summary?

Mr Bullick: Yes, from my perspective. It is not just the hauliers; it is also the owners of the cargo. The real effects translate up and down the supply chain. The owners of the goods, in the first instance, are responsible for making the declarations. The hauliers then carry it, and the shippers carry the trucks. The principal effects are felt the whole way along the supply chain.

Mr Beggs: It is very valuable for you to acknowledge that, because someone who does not recognise that might come away thinking that everything is OK. Do you also agree that ro-ro traffic carries the most time-sensitive items — products with a shelf life and from the agri-food industry — being transported across the Irish Sea, with the potential for huge losses to businesses and hauliers if there are undue delays? Is that correct?

Mr Bullick: Yes.

Mr Beggs: OK, thanks for that.

You indicated that you believe that some of the delays and problems at Dublin resulted in some Northern carriers moving to Cairnryan-Larne or Cairnryan-Belfast, and that that may well have kept your traffic up a little bit. My question is for Riccardo. P&O Ferries, I take it, is responsible for the Dublin-Liverpool route as well as Larne-Cairnryan. Is that correct?

Mr Tonelli: It is not me directly, but I have good information on that.

Mr Beggs: Are you picking up that some of the traffic coming into Northern Ireland ro-ro is as a result of diversion from Dublin because of the problems there?

Mr Tonelli: For certain.

Mr Beggs: OK, and the problems there are because of the SPS rules that have yet to be introduced here. Is that correct?

Mr Tonelli: Potentially, yes. It is not the only problem, but that certainly causes an issue. Again, we must not forget that a lot of businesses are not trading, so this is not a normal situation. We uphold the COVID restrictions, which also hampers the overall traffic. Certainly, it has affected this corridor much less than the middle or southern corridors.

Mr Beggs: In the east-west corridor for Northern Ireland, I understand that there is an issue with groupage, because of the level of bureaucracy. What percentage of groupage is coming through compared with what would normally come through?

Mr Tonelli: That is a hard one to cover because, even as P&O, we are not the shipper, so we would not necessarily know what is in the containers. However, it would not be a wild assumption to say that there has been a big impact on groupage due to the bureaucracy involved. Quantifying it would be difficult because we do not see what is in the container.

Mr Beggs: That is lots of smaller pallets or even individual parcels going directly to customers.

Mr Tonelli: Yes.

Mr Beggs: Potentially, many people are being impacted. The restrictions that have come in affect everything from animal movements to guide dogs requiring pet passports. How many loads of seed potatoes would previously have come in?

Mr Tonelli: Volumes are so subdued in general cargo that it is hard to say. COVID might be masking the true impact. As we might be released from COVID restrictions at the same time as the easements are ending, that might be a problem, but it is very hard, for even me, to gauge that. It would be good to talk to the hauliers. They should make a presentation to the Committee. They would have a far better view on that.

Mr Beggs: Do you have no knowledge of the impact on garden centres or whether the movement of all plant products has ceased?

Mr Tonelli: I would not have a meaningful contribution to make on that one. We look at aggregate volumes; we do not see what is in the containers.

Mr Beggs: That has been very helpful, but it is important that the Committee realises, just as you said, that you have a limited knowledge and lots of things are in play. The exemptions are to come to an end on 1 April. How will that impact on the volume and level of delays compared with Dublin, should that happen on 1 April?

Mr Tonelli: That is a difficult one because, again, it depends on the total volume of trade flowing through the ports. Although we withstood 8 January quite well, should there be more checks and more volume at the same time, you could see an issue not that far from what happened between Dublin and Liverpool.

Mr Beggs: Thank you very much. You have been very helpful.

Mr Boylan: Thanks for the presentations. I have just a couple of points. I appreciate what Mr Beggs said about having limited information, but the ports are the first call for what is happening with the overall economy. We visited Belfast port a number of years ago, and workers there were the first to pick up on the downturn in the economy because of the volume of stuff coming on to the island. The ports are key in relation to that.

You said that, right across the board, operations in all the ports are steady and have not been impacted, but you had your post-Brexit plan, and, then, unfortunately, COVID hit us. I would like you all to expand on where you are with your overall business plan and dealing with COVID and your post-Brexit plan. Are you not getting the right sense of it because things have happened in the past six or eight weeks, and it is hard to gauge that?

Mr Bullick: I can start with Belfast, and the answer is exactly as you have just described. The port industry typically sees month-on-month fluctuations in traffic. We would never try to gauge traffic levels or a pattern from one short period of six weeks. I made that point right at the very start. So far, freight traffic looks to be running roughly on expectation, but, as David mentioned, there is an element of displacement from Dublin that may be boosting that. There are just too many uncertain moving parts, including COVID. We really have to reserve our position and say that we cannot really give you a discernible view on what the current situation is and will not be able to until we have a longer spell of trading to look at.

Mr Holmes: I absolutely agree that ports are a very useful barometer of the overall economy. In Warrenpoint, our key strategic focus, more recently, has been on maintaining and developing capacity, capability and efficiency. Seven or eight weeks ago, none of us knew exactly how the EU exit/Brexit was going to play out and whether there was going to be a hard crash. We just did not know where we were going to be. On that basis, we start now to regroup and re-evaluate and see where the opportunities and threats are and to see how we can best dovetail our investment and resources to meeting the demands of the local economy.

Ultimately, ports enjoy derived business. Those other components of the supply chain will determine how busy the port is. It is not a case of building a port and the volume will come. It is the supply chain that will generate that volume. We have to try to make sure that we do not hamper the flow of the supply chain. That is really where we are. With COVID overlaid on top of everything else, it is terribly difficult.

It is a concern that, seemingly, GB was as ill-prepared as it was for the Northern Ireland change on 1 January, so it begs this question: how prepared will it be for 1 July, and how is that likely to impact on the overall supply chain, including us? We will watch this space. We continue to liaise with all the government agencies. We cannot say that we are 100% clear on what the final shape of this will look like, because we are not, so we just have to keep doing our homework and keep trying to stay one step ahead of further potential change.

Mr Boylan: Fair enough. Would anyone else like to comment? Riccardo?

Mr Tonelli: Our biggest impact has been from the tourist market, which has all but disappeared. That was a big chunk of our business in terms of passenger freight in general, not just tourists. Interestingly, Brexit does not really affect that in any way, but, because of COVID, our focus at the moment is to plan for the re-emergence of passengers travelling on our ships. That is linked to the vaccines more than anything else.

The planning that was paused at the end of 2019 or early 2020 for the strategic investment in the port can now resume, but more clarity on free ports and the impact on other potential checks will be a factor in that decision-making.

Mr Boylan: I appreciate your answers. I asked my questions in the context of discussing an economic recovery plan. My main point as far as the Committee is concerned is that clearly money is there, and we do not want it to go back to Westminster if there is an opportunity to spend it. Earlier, you and Maurice talked about capital projects. There is an element of support there for the ports. What would you ask for from the money that is available? Can the Committee support you to access some of that funding? It does not matter whether it is COVID money. It happens to be the COVID fund at the minute. There is a loan system for the ports. Can you throw out some ideas or views on that, please?

Mr Holmes: There are certain commercial sensitivities to my saying exactly where our weaknesses might be and where we would like to receive additional funding. However, we have submitted to DFI a comprehensive business case across six streams of potential funding, which all dovetail into a single project and which we know that we can spend by the end of March. DFI is in possession of that information.

Mr Boylan: Would anybody else like to comment? Maurice?

Mr Bullick: We are also in discussion with DFI about funding. As David says, a lot of those things are subject to commercial confidentiality. Be assured that we keep an active line with DFI officials on that.

Mr Boylan: Listen, I am not trying to acquire information. All that we know is that money is available. I am sure that we, as the Committee, will try to assist you to access it. I asked the question in that context. I understand the commercial sensitivities. We are trying to encourage Departments to bid for as much money as they can to assist businesses. I asked only in that context. I am not asking you to go into any other sensitivities in relation to that.

I have one final question. Many questions have been answered about volumes and everything else. I understand that some ports have been granted office of transit status and are authorised economic operators (AEO). Can you explain what sort of advantages that brings? Do all ports have that? Can you respond to that, please?

Mr Bullick: I can make a start. That is about the best that I can do on that one. Belfast harbour is an authorised economic operator. The basic regime is that, when goods come into a port, they have to come in under customs control in some form or another, be it under temporary storage or the pre-lodgement model. If you have authorised economic operator status — in my belief, anyway — that streamlines that process. That is the AEO side.

The office of transit question is a slightly more difficult one to answer. The reason for that is the issue of scale. Transit conventions are where goods are moved, say, from Northern Ireland through a third party to the European Union. Traditionally, we did not see a huge amount of direct traffic — directly from Northern Ireland to the European Union — through the roll-on roll-off methodology. It would normally have been through containers. That is one of those areas where it is too early to say, because, until we see the new trading patterns settle out, we do not know what the impact of that will be. In theory, it is an important component of ensuring that there is free movement of goods. However, if you can imagine, in the previous world in which we lived, there was a free flow straight from Northern Ireland to GB. We were informed by the carriers, by the way, because we do not have direct information on that on which we could place reliance, but it was quite a small amount of traffic. However, that might change in the future. It is a work in progress. I know that that may not be an entirely clear answer. However, it is very much a work in progress at the moment.

Mr Holmes: In the case of Warrenpoint, we upgraded to the AEO status because, to use a metaphor, if you are going to stay in a five-star hotel, you know that it will have a nice restaurant, swimming pool and all the rest of it. Anybody who is considering using Warrenpoint Port as a discharge destination will know that we have the best customs arrangements in place. There is an assurance there to any potential customers. There are also certain benefits to the port in that, because you then achieve a level of professionalism, the actual liabilities that the port has to hold, or the reserves against liabilities that the port has to hold, are, in practical terms, reduced. You have to make an investment to get to that standard, but benefits result from it.

Previously, Belfast was the only port that had office of transit status in terms of origin and destination, so, again, for the benefit of our customers, we are not sure how much it is likely to be used. It means that any cargo that has been involved in a third country or is on its way to a third country can use Warrenpoint without having to go to Belfast to get paperwork filled in. Again, it is about trying to offer the best possible customer service.

Mr Boylan: Thank you. Chair, that is me finished. Thanks for the presentation, gentlemen.

Mrs D Kelly: Thanks very much, everyone. My question will be brief. Have any of your financial projects and business cases relied on EU funding in the past? That is all.

Mr Bullick: We can go first. I cannot answer that exactly, but Belfast has not done so since about 1990.

Mr Holmes: I think that the last time that Warrenpoint secured EU funding — I could be wrong on this — was around 2006.

Mrs D Kelly: OK. I just wanted to get some clarity on whether or not, for any projects, there is a potential gap in funding that would have to be filled from the coffers here.

Mr Holmes: No, there are no current projects that will present gaps of that nature.

Mrs D Kelly: Thank you.

The Chairperson (Miss McIlveen): At this stage, we have Maurice and David online, so I thank you both for attending this morning. COVID permitting, it is still the desire of the Committee to visit both ports at some stage. Hopefully, we will be able to do that in the not-too-distant future. Thank you very much for your time this morning.