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The Port of London Authority works with the port community to create a safe, sustainable and competitive environment for the benefit of its commercial customers and the enjoyment of leisure users of the tidal Thames



THE PORT OF LONDON AUTHORITY'S MISSION IS TO:

- Facilitate the safety of navigation on the tidal Thames
- Deliver value for money services to our commercial customers and promote the potential of the Port of London
- Respect the environment of the tidal Thames and pursue principles of sustainable development
- Provide an efficient, professional and equitable service to commercial and leisure users and riparian owners on issues affecting the River
- Safeguard the navigational access to and the viability of the Port of London and its infrastructure

THE PORT OF LONDON INTRODUCTION



THE PORT OF LONDON IS AT THE CENTRE OF ONE OF EUROPE'S MOST PROSPEROUS MARKETS, WITH OVER 23 MILLION PEOPLE LIVING WITHIN A THREE-HOUR DRIVE OF THE PORT. LONDON CONTINUES TO PLAY A CRUCIAL ROLE IN THE ECONOMY AND WELLBEING OF THE SOUTH EAST REGION, AS WELL AS REGIONS FURTHER AFIELD. NOT ONLY IS IT THE UK'S THIRD LARGEST PORT AND THE LARGEST IN THE SOUTH-EAST BY VOLUME BUT IT IS THE LARGEST PORT IN THE UK FOR NON-FUEL CARGOES.

Volumes through the Port of London are estimated to have increased in 2005 to a total of 53.8 million tonnes. Year-on-year, this represented a rise of one per cent – growth on a more modest scale than in 2004, but this was achieved despite a drop in volumes in some key sectors and shows the strength in the diversity of the Port's trade.

The Port of London plays a pivotal role in thousands of supply chains, with a huge variety of cargoes handled by more than 70 independently operated wharves, terminals and port facilities along the tidal River Thames.

The Port of London Authority (PLA) is a Public Trust – primarily responsible for the safety of navigation on the Thames from Teddington in west London out to the sea, a distance of 150 kilometres, where there are more than 30,000 commercial vessel and 200,000 leisure craft movements a year. The PLA does not operate any of the cargo handling facilities that make up the Port of London but supports the operations of others in its role as statutory harbour, pilotage, navigation and conservancy authority for the tidal Thames.

The PLA works in the interests of all stakeholders – including commercial port operators, shipping operations, leisure users, the local community and all those with an interest in the tidal Thames.

By the end of 2005 the PLA employed a total of 360 staff. Included in this total are pilots, Vessel Traffic Services operators (VTS) and personnel employed afloat in marine and harbour services. The workforce includes professional support and administrative staff.

Last year saw investment and expansion by many terminal operators along the Thames, with the PLA also making major investments in order to maintain and improve its services and facilities.

A recent report highlighted the huge economic contribution made by the Port of London to the capital and surrounding regions, showing that the Port generates over 35,000 full-time jobs and contributes £3.4 billion to the economy each year.

London is now looking forward to the development of the London Gateway Port at the former Shell Haven refinery site, following conditional approval of P&O Ports' plans by the Secretary of State. This development has the potential to double volumes through the Port of London.

The PLA and Port community are also preparing to play their part in the London Olympics in 2012. In advance of the Games, the Thames provides the ideal way to move materials and bulk soil involved with the construction of the Olympic facilities. In addition, during the event itself the River offers the opportunity of accommodating cruise ships as 'floating hotels' near the key event sites, and transporting spectators, and others between Olympic venues by passenger boat.

MESSAGE FROM THE CHAIRMAN



CARGO HANDLED UP AGAIN - TO
53.8 MILLION TONNES

PLA OPERATING PROFIT OF £1.24
MILLION (£1.07M IN 2004)

CULTURAL CHANGE PRODUCING
BELOW INFLATION PRICE
INCREASES

ENVIRONMENTAL STANDARD ISO
14001 ACHIEVED

FURTHER INVESTMENT FOR THE
BENEFIT OF RIVER USERS

The diversity of trades and cargoes within the Port of London enables me to report an overall growth in tonnage through the Port to 53.8 million tonnes, thus maintaining London as one of the United Kingdom's leading ports. It is interesting to note that the number of ships calling at the Port fell by 4.25% reflecting the increasing size of vessel being used on our trades. Within this volume, a small increase over 2004, unitised cargo continued to rise as did aggregates while crude oil volumes fell back. With the difficulties being experienced in the retail market at present there is some uncertainty about the growth prospects for 2006.

OPERATIONS

Over the last five years we have been pursuing a programme of changing the culture of the PLA into that of a customer-facing organisation which we believe will enhance our ability to undertake our regulatory and other obligations. Progress was made during 2005 with a detailed analysis of the costs of providing our services and I am pleased to report that as a result we were able to announce that conservancy charges for 2006 would rise

somewhat less than the rate of inflation. We are committed to pursuing this programme which will continue to enhance the competitiveness and sustainability of the Port without compromising safety and the quality of the services we provide.

FINANCIAL RESULTS

The PLA achieved an operating profit for 2005 of £1.24 million (2004 £1.07m). This result included £2.29m income from landfill royalties (£3.00m) and an exceptional charge in connection with one of our pension funds, consequent upon its actuarial revaluation, of £0.90m (£Nil). Additionally, an amount of £0.53m was charged as additional depreciation, mainly in respect of our floating cruise-liner landing stage in order to bring its value into line with its likely revenue generation. The overall surplus for the year on ordinary activities after taxation was £2.15m (£1.75m). Our operations generated cash of £6.65m (£4.19m) which translated into a net increase in cash and liquid resources combined of £5.03m (£0.71m) after taking into account investment in maintaining and enhancing port infrastructure, tax, interest and payments in respect of loans and leases.



The surplus for the year reflected the increasing success of our objective of generating revenue beyond our regulatory income and is essential if we are to be able to continue to fund essential capital projects and give us protection against the risks posed by the various pension funds where we have potential liabilities.

CAPITAL PROJECTS

Our investment programme during 2005 was smaller than in recent years but no less important in enhancing the margin of safety on the river. Projects included further incremental improvements to the vessel traffic display system following the major upgrade in 2004, the procurement of state of the art hydrographic equipment for our survey teams and the replacement of main engines in a number of the PLA craft. Reflecting the increasing awareness of the potential threat from terrorism, we enhanced the resilience of our key operational and business systems. Importantly, we completed the design work on the Thames Automatic Identification System (AIS) which will enhance safety in Central London where radar surveillance is impracticable due to the number of bridges and their proximity to each other. The programme to have this system fitted on all vessels will commence during 2006. At the end of 2005, we let the

contract to build a new shed and offices at Denton replacing our existing life expired facilities which, when completed, will enhance operational efficiencies.

Port users continued to show confidence in the future by embarking on major capital projects. To name but a few, Tilbury Port completed a new technologically advanced paper handling warehouse for Stora Enso, Tilbury Power Station enlarged its coal handling pier thus allowing larger ships to be discharged and Tilbury Container Services erected additional gantries.

LONDON GATEWAY PORT

The potential redevelopment by P&O of the former oil refinery site at Shell Haven has been a regular feature of this statement for the last seven years. It is extremely disappointing to note that approval has yet to be received from the Planning Authorities although some progress was seen in July 2005 when the First Secretary of State and the Secretary of State for Transport both stated that they were minded to agree that the project should be approved. It is common ground that new container port facilities are required in South East England if the economic health of this nation is to be preserved and the extended delays in the consideration of such projects is proving

highly detrimental. Since the "minded to approve" announcement, work has been undertaken by P&O to satisfy the requirements and all parties involved have made a further three rounds of submissions and we urge the Government to approve this project without further delay.

The Department for Transport has announced that it will be undertaking a Ports Policy Review later this year and whatever else is considered the manner in which major port infrastructure projects are assessed and how the planning approval process can be speeded up must be given a very high priority.

THE MIDDLE AND UPPER RIVER

It has been said that for Londoners the River Thames is London's best kept secret and yet, on two occasions during 2005, it entered the public consciousness. I am pleased to be able to report that the plan created by London Resilience for the Thames to be used in the event of a terrorist attack proved successful on the 7 July when an estimated 20,000 people who had either been advised through pre-planning or through public announcements on the day made their way to the river for transportation in the direction of their homes when all land-based public

MESSAGE FROM THE CHAIRMAN continued



transport came to a halt. I congratulate the boat operators who provided this assistance in what must have been very difficult circumstances with no-one knowing quite what was going to happen next.

On a happier note, the re-enactment of the Nelson Flotilla on 16 September created a spectacle on the river which had not been seen for many years and was witnessed by thousands of onlookers on the banks and the bridges. It was heartening to see that an event on the river could capture the public imagination to such an extent and as part of our role of promoting the river and Port, we will be looking at how we can build on this.

Considerable progress was also made in the level of safety surrounding the rowing activities. Following the undertaking of a Safety Risk Assessment, we are consulting with the rowing fraternity and other interested parties on the issues arising therefrom. We have also embarked on a new programme of communicating with river users through area-based public meetings the first of which was held in the upper reaches in May and the second at the Museum in Docklands in October.

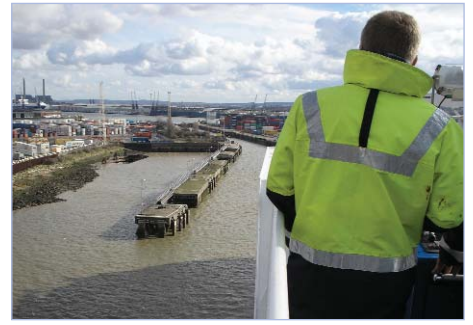
REGULATION

I am delighted to report that the ill-conceived European Directive on Port Services which was resuscitated by the outgoing European Commissioner following its earlier defeat, has been abandoned following concerted pressure from a wide variety of different sources. This Directive would have been highly detrimental to the United Kingdom's ports industry.

THE ENVIRONMENT

I am also pleased to report that the arguments as to the dangers from offshore windfarms both to safety of navigation and commercial interests put forward by the ports industry to Government seem to have been taken into account with safeguards being introduced into the legislation and research being undertaken by the Maritime Coastguard Agency as to the effect of the interference with radar and VHF that windfarms will create.

Environmental matters continue to play an increasingly important part in the way that the PLA goes about its business and we have achieved certification to the European Standard Ports Environmental Review



System as a precursor to us becoming certified to ISO 14001 which we achieved in March 2006. We remain disappointed however that dogma rather than pragmatism appears to be the watchword of the environmental authorities and we continue to make the case that there has to be a proper balance between environmental and commercial considerations. Although we are not directly responsible for the cleanliness of the River Thames, we are making a major contribution both in terms of time and finance to the new Thames21 Charity which is making considerable progress in its objective of keeping our London waterways as clean as possible. We continue to be concerned about foul water contamination which affects the river following torrential downpours and we urge the Government to proceed swiftly with the plans proposed by Thames Water to alleviate the problem.

THE BOARD

At the end of 2005, Pamela Castle retired after 8 years as a member and I should like to thank her for the contribution she has made particularly in the environmental area. Subsequent to the year end, I am pleased to advise that Dr Peter Matthews, a well-respected Environmental Scientist has

joined the Board, and that Mr Pommy Sarwal, an expert in the financial structure of the ports industry, will be joining from June 2006. These appointments were made under the new arrangements arising from the Harbour Revision Order adopted late in 2005 whereby responsibility for the appointment of Board Members is now divided equally between the Secretary of State for Transport and the PLA.

STAFF

As I have mentioned above, the PLA is undertaking a programme of change to its culture and change is often unsettling. As one would expect from employees who are as dedicated and as skilled as we have, there has been a magnificent response. There is however much still to do and I have no doubt that the challenges will be addressed with enthusiasm. On behalf of the Board I should like to say thank you.

SIMON P SHERRARD
CHAIRMAN

29 March 2006



THE PORT OF LONDON:

- handles over 53 million tonnes of cargo, carried in 12,500 commercial vessels that visit the port each year
- comprises over 70 operational wharves and encompasses the entire tidal Thames, from Margate/Clacton-on-Sea to Teddington, some 150 kilometres
- generates over 35,200 full time equivalent jobs and contributes more than £3.4 billion per annum to the London and South East regional economy

THE RIVER:

- has a tidal range of over 7 metres and flows at speeds of up to 3 knots in either direction
- attracts approximately 2 million visitors a year, in pleasure boats, cruise ships and private boats
- carries over two million tonnes of domestic trade a year within Port limits, including over half a million tonnes of domestic refuse for disposal, keeping 160,000 lorries off London's roads
- supports over 30 piers between the Thames Barrier and Richmond for use by passenger vessels and private boats and has 37 launching sites between Canvey Island and Twickenham
- has 6 marinas between Woolwich and Kew, over 55 river-based rowing, sailing and canoe clubs and 8 watersports centres
- is a site of importance for nature conservation containing nine Sites of Special Scientific Interest, three of which are designated European Marine Sites

THE PLA:

- regulates navigation through its river byelaws, general directions, other associated byelaws and in accordance with the Port Marine Safety Code
- operates Vessel Traffic Service Centres at the Port Control Centre, Gravesend and the Thames Barrier Navigation Centre, Woolwich (call signs "VTS London")
- provides the pilotage service for the Port
- owns 90 percent of the riverbed up to mean high water between Teddington and Southend
- licenses commercial vessels trading within the port, structures and moorings placed in the River, and dredging
- employs almost 370 staff, of which 90 are marine pilots
- provides around the clock launch patrols between Southend and Teddington.
- participates with Government, advisory bodies, regional and local authorities to secure the best interests of the Thames in the planning framework
- approves and monitors almost 300 events each year, including major sporting occasions, regattas, club and other river events
- complies with the Guide to Good Governance of Trust Ports and the Port Marine safety code.

COMMUNITY & LEISURE



STAKEHOLDERS' INTERESTS

As a Trust Port, the PLA has a responsibility to consider and uphold the balance of interests between all stakeholders, whether they are commercial or leisure users of the Port and River or local communities.

Throughout 2005 the PLA continued to provide support and assistance to community groups, leisure activities and events on and around the tidal Thames. For example, PLA vessels including patrol launches, driftwood craft, pontoons, dories, stake boats and a rigid inflatable boat helped provide assistance and safety cover for key events including the University Boat Race, TOW barge race and Great River Race.

In an entirely new initiative, a series of public meetings was held, providing a further line of communication between ourselves and the varied stakeholder interests, giving Chief Executive Richard Everitt and the senior management team the opportunity to hear directly the views of those who use and live on the River.

The first meetings were held in the Corinthian Sailing Club in Hammersmith and at the Museum in Docklands. Each was well attended and a wide range of key issues were raised including our pricing policy and our powers.

LONDON BOMBINGS

The River Thames played a vital role in the transport of passengers following the tragic events as a result of the underground and bus bombings on July 7. With rail and road transport brought to a standstill following the four explosions, the River was used by thousands to make their way home.

London River Services, the water transport arm of Transport for London, acting together with the commuter and tourist boat operators, responded by arranging additional vessels and extra services, allowing people to travel free of charge in order to get home.

The biggest number of people were moved out of the Canary Wharf business district, with some 20,000 evacuated by the River during the course of that Thursday. As one example, Thames Clippers extended its services until midnight by operating an additional 73 services.

With many underground lines and bus routes closed, the River provided a realistic alternative for thousands of people.

OLYMPICS 2012

We greatly welcomed the International Olympic Committee's decision to choose London to host the 2012 Games, which not only will be good for London but also for the River.

The Thames will have a vital role to play in the success of the Games – in the run-up, with the transport of groundwork and demolition waste, aggregates, project loads and construction materials in a cost-effective and environmentally friendly way, and during the event itself, carrying spectators, officials and athletes to and from the various Olympic sites.

The contribution the River could make to support the continuing development of the main Olympics site after the games has also been recognised.

To date, eight cruise ships have made provisional bookings for the Olympics 2012 – the first booking being received the day after the announcement - and the PLA is in the process of identifying additional moorings in central London to complement those already available.

WEBSITE

To comply with the Disability Discrimination Act (DDA), work began on making "reasonable adjustments" to the Port of London website, so that those with impaired vision are able to make use of the service provided.

Working with the Royal National Institute for the Blind, we have initiated work on a new design for the website which will progressively improve the accessibility of the site to all users.

Improvements in the way the website is coded led to more effective access by search engines, especially Google, which in turn improved the number of visitors to the site with an average of 835 visitors a day across the year.

In recognition of the benefits of the Internet and the use of electronic communications, a new on-line commercial e-newsletter, 'Portline', was officially launched at the start of 2005. Located within the commercial section on the Port of London website, this monthly newsletter is automatically e-mailed to all commercial port users, complementing the broader based distribution of the printed Port of London newspaper.

A new environmental website section was added and continues to be developed, addressing a wide range of environmental issues relating to the Port and the River.

Initially dealing with UK and European legislation connected with the operations of a port, the topic range has been progressively widened to include the process of consultation, conservation and dredging of the River, including requirements relating to archaeology, and the monitoring of marine mammals.

Preliminary work started on developing an on-line interactive handbook, which will complement the annually published Port Handbook. To be launched during 2006, the on-line version will enable current users and potential customers of the Port to obtain details of the services and facilities provided by all the independent terminals via the Internet.

PLA ARCHIVE

Following the retirement of Bob Aspinall (former PLA Librarian), who for the past 20 years had looked after the PLA archives housed at the Museum in Docklands, West India Quay, the archives reopened to the public in October 2005 as part of the Sainsbury Study Centre at the museum, under the stewardship of Claire Frankland, archivist of the PLA collection.

COMMUNITY & LEISURE continued



The Sainsbury Study Centre is the result of a joint partnership between the Museum of London, the Museum in Docklands and the Sainsbury Archive Trust to open up access to the PLA, Museum in Docklands and the Sainsbury archives.

This collaboration has delivered a public Information Zone where museum visitors can browse both on-line and paper-based resources related to the collections. In addition the fully equipped Search Room enables researchers to use original archive material.

The archive comprises the comprehensive records and library of the PLA's administration of the Port and River from 1909 including the minute books of the 19th century private dock companies, prints & paintings, engineering plans and drawings, photographs, maps and charts.

Since opening, the Search Room has been fully booked and the archivist has received over 170 port-related enquiries. Projects for the future include a 2009 PLA Centenary publication and the development of a searchable electronic catalogue for the collection.

FILMING

The memorable James Bond 'river chase' at the start of the movie 'The World is Not Enough' reaffirmed the Thames as an ideal location for film makers. That interest in the River by film makers and producers of TV programmes continues. During 2005, the PLA gave permission for over 100 filming activities on the River, ranging from UK television dramas and documentaries to major British and international feature films. The PLA also continues to work closely with Film London to promote the Thames as a good location for film makers. The River was also used as a backdrop for product launches by several companies.

RECREATIONAL CRAFT BOOKLET

Conscious of the need to provide as much information as possible for leisure users of the tidal Thames as well as those operating commercial craft, the PLA produced a booklet entitled 'The Tidal Thames – a Guide for Users of Recreational Craft'.

Combining and updating information contained in two earlier publications, the new booklet provides a concise guide to navigational regulations, the needs of other users in the River and general information to help all leisure users gain maximum enjoyment of the Thames in safety.

PASSENGER BOAT DEVELOPMENT

Many of the passenger boat operating companies made investments in new vessels or have laid plans for such investment in the near future. Such developments include two new high speed ferries, Sun Clipper and Moon Clipper, operated by Thames Clippers.

VISITORS

HM Government

The Prime Minister Tony Blair, Deputy Prime Minister John Prescott and other Government Ministers travelled from central London to Royal Terrace Pier at Gravesend in the fast passenger vessel 'Hurricane Clipper'. They were accompanied by PLA Secretary David Cartlidge and were met at the pier by Chief Harbourmaster Bruce Richardson.

The trip gave them the opportunity to see a number of London's regeneration sites and commercial wharves from the water. Using the pier as a venue, they launched their policy document "Creating Sustainable Communities – Delivering the Thames Gateway" at a short conference attended by local councillors, MPs, community groups and the media.

Shipping Minister

The UK Shipping and Ports Minister, Dr Stephen Ladyman, visited London River House at Gravesend in late January 2006. He was given a demonstration of the latest prototype of 'Thames AIS', a transponder technology project developed by the PLA, for vessels on the tidal Thames.

As well as a full briefing onshore, he toured the Port Control Centre and had a "hands-on" demonstration of our ship's bridge simulator before taking a short trip on a Harbour Service patrol launch in the Gravesend and Tilbury area.

Dame Ellen

Dame Ellen MacArthur followed up her record-breaking round-the-world voyage with a trip up the Thames and into the Pool of London in her yacht 'B&Q'.

The trip was organised to thank the people of London for their support and to raise awareness of the Ellen MacArthur Trust, a charity set up to give young cancer sufferers the opportunity to get out on the water and sail with Dame Ellen.

'Norwegian Royal Visit'

In October, the King and Queen of Norway embarked in their Royal Yacht NORGE, paid a formal visit to London hosted by Her Majesty the Queen. The NORGE was moored in the upper pool and PLA launch Royal Nore was used to transfer members of both Royal Households from the ship to the new pier by Tate Britain at Millbank.

'Resolution'

February 2005 saw the visit of a revolutionary vessel specially designed to install wind turbines at sea. Intended for use in challenging marine environments, the 'Resolution' was in London to demonstrate its high-performance lifting capabilities to MPs and those in the wind energy sector. The ship is capable of carrying up to ten wind turbines.



Once manoeuvred and 'positively' positioned over the installation site by use of satellite-guidance dynamic positioning systems, the six legs are lowered to the sea bed and the entire 130 metre x 38 metre vessel, weighing 12,500 tons, is then "jacked up" clear of the water at a rate of 1 metre per minute to provide a safe and stable working platform.

'Illustrious'

HMS 'Illustrious', one of the most powerful warships in the UK's Royal Navy fleet, visited the Thames in May, passing through the Thames Barrier before berthing at Greenwich where the incoming Secretary of State for Defence, Dr John Reid, made his first official visit to a naval ship in his new post.

Marking the new affiliation between the 22,000 ton warship and the City of London, the visit came as the UK capital city commemorated the 60th anniversary of Victory in Europe (VE Day). HMS 'Illustrious' marked the occasion with her sailors marching into position on the flight deck to form a huge "60" as the ship passed through the Thames Barrier. London schoolchildren were later invited onboard for tours of the ship and to compete in sports events on the flight deck.

Viking incursion

A full-size replica of the famous Viking ship found in Gokstad in Norway sailed into Woolwich in August. The 'Gaia' also sailed upriver as far as Tower Bridge, being joined on her journey up the Thames by a 21-foot replica, 'Lille Draken'. Complete with Viking shields and a striking dragon figurehead, the smaller craft was built in the garden shed of David Jones, an Isleworth resident.

NELSON FLOTILLA

Our Harbour Service had its busiest weekend of the year when the Thames hosted celebrations of the 200th anniversary of the Battle of Trafalgar.

The re-enactment of the Nelson Flotilla, which delivered a copy of the dispatches announcing Nelson's victory and his death 200 years before, was one of the most spectacular events seen on the River for many years.

It was made up of 40 vessels, powered by nearly 500 oarsmen, which were marshalled under the watchful eyes of the PLA Harbour Master before the flotilla made its way up the Thames from Greenwich to Westminster.

Less than 24 hours later, the Trafalgar Great River Race from Putney to Greenwich took place, with an assortment of more than 300 craft participating from all over the UK and some from overseas.

EDUCATION

As part of its developing outreach project to connect with those using the River, PLA staff played a key role in a science workshop organised by the Thames Estuary Partnership. Held at the Tate Modern, the workshop's aim was to encourage young people to enjoy science and to consider science-based careers. Young people learned about the role of a modern port and pilotage authority in navigating ships in and out of port, creating their own pilotage plan.

RIVERSIDE TRAILER

Our "Riverside Code" Trailer was a finalist in 2005's London Business Awards organised by the London Chamber of Commerce and Industry.

The trailer, which is designed to educate children about the potential hazards of the River, was entered into the Commitment to the Community category of the awards. The LCCI described it as a "unique and powerful safety education resource ... which is provided free of charge to educate and save lives".

Since its introduction in 1999, the trailer has been used to support the Junior Citizen scheme at schools throughout London – taking the riverside safety message to around 14,000 children every year, as well as visiting various weekend public events.

ROWING RISK ASSESSMENT

There has been a major and very welcome increase in recreational use of the tidal Thames in recent years. However, the dramatic increase in leisure use of the upper reaches by small craft requires continued work to ensure good safety standards on the River. We therefore commissioned the Salvage Association to carry out an independent risk assessment of the way rowing currently operates in the River.

The result was over 70 separate recommendations and to help implement these, we have appointed a tideway oarsman to act as project officer. In addition, the Authority has brought together representatives of all the waterborne leisure activities to oversee and co-ordinate the implementation of the recommendations, and to foster a collective approach to the management of the upper River. In particular, it is clear that much remains to be done to educate both frequent and less frequent leisure users about safety and the right of way. Key achievements thus far include the ordering of new low-wash environmentally friendly launches for the PLA Harbour Service in the upper River, the drafting of a Rowing Code of Practice and a trial to identify visually the limits of the navigation channel by using small marker buoys.

PEOPLE



THE PLA RECOGNISES THAT ITS MOST IMPORTANT ASSET IS ITS STAFF AND BECAUSE OF THIS WE ARE COMMITTED TO THE ONGOING TRAINING AND DEVELOPMENT OF ALL OUR EMPLOYEES.

TRAINING & DEVELOPMENT

The development process starts with an intensive induction process on an employee's first day, followed by a rigorous first few months getting to grips with their new job – which may itself have immediate training requirements.

Our pilots have their own professional development programme and every other PLA employee receives an annual Personal Development Plan, detailing individual training and development requirements, which then are taken forward within the departmental training plans.

Training is delivered either in-house by using the PLA's own expertise, by drafting in specialist trainers or, alternatively, sending employees to external training courses. The PLA also funds and allows time off for long-term academic studies at colleges and universities; this allows staff to gain professional membership and standing within their chosen discipline, while the PLA's stakeholders benefit from the enhanced in-house expertise.

Whilst some departments have their own in-house training requirements specific to the job, the PLA also has a number of courses that are mandatory for some or all employees, such as fire awareness, first aid or sea survival.

HOME-GROWN ENGINEER

In 2005, three PLA employees achieved chartered status within their particular specialisations. Garry Shaw, Navigation Systems Engineer, became our first apprenticed and "home-grown" Chartered Engineer.

First employed in a pilot engineering apprenticeship scheme, then gaining two HNCs along the way, after another four year part-time course, he obtained his First Class degree in electrical and electronic engineering at the University of East London in 2002.

After the lengthy process within the Institution of Electrical Engineers and the Engineering Council to become a chartered engineer, he received notification of his acceptance.

The PLA also has two Chartered Environmentalists – Nicki Clay, Environmental Scientist, and Michael Costaras, River Engineer achieved their awards by the Society for the Environment during the year.

We congratulate them, and all others who have enhanced their skills and qualifications, on their achievements.

TEAM WORK

The PLA entered its biggest team ever for the 2005 Tower Jog and picked up three awards.

Twenty-five PLA employees took part in the 10-kilometre race, raising £6,238 for the British Heart Foundation.

For the second year running the team won the Mitsui OSK Lines Cup for the largest sum raised by a team associated with the shipping industry. We also retained the Raven Trophy for a small company fielding the largest team, and won a runner-up award in the category for companies raising the largest amounts overall for the charity.

A PLA crew once again entered the barge 'Blackwall', painted in Trafalgar mode, in the annual TOW barge race in July – Blackwall finished a very close second overall and collected the Bill Lindley Trophy for coming first in class.



TONNAGE UP BY ONE PERCENT

INVESTMENT IN INFRASTRUCTURE BY TERMINALS

NEW TUGS ON THAMES

SAFEGUARDING ON WHARVES

CARGOES

After a particularly strong year in 2004, the growth of trade through the Port of London slowed in 2005. However, total volumes were still up by one per cent to 53.8 million tonnes, and overall London remains one of the UK's top three ports by volume.

The increase of 553,000 tonnes in 2005 was achieved despite a decline in some of the Port's main commodities, including steel, vehicles, cement and chemicals. There was also a short-term drop in fuel imports due to a major investment project by BP at Coryton resulting in the temporary shutdown of part of the refinery.

Those falls were more than balanced by positive performances in sectors such as unitised traffic, which increased by two per cent with strong growth at Tilbury Container Services, the Port of Tilbury and CdMR Purfleet; aggregates, which were up by four per cent; and coal imports, which increased by nearly 500,000 tonnes in the year.

There were also higher volumes of other metals, cereals, vegetable oils and seeds, and forest products.

In addition, the volume of cargo carried within the port increased to 2.2 million tonnes.

ACQUISITIONS AND CONSOLIDATIONS

The year 2005 will be remembered for a series of high-profile acquisitions of shipping companies, which included Maersk taking over P&O Nedlloyd, TCS's biggest customer; Hapag Lloyd taking over CP Ships; MOL taking over the SAECs services; and Samskip taking over Geest and Seawheel, both of which operate from Tilbury's shortsea container terminal.

Moving into 2006, there was a further change, with ro-ro operator Cobelfret buying its rival on the Thames, Dart Line.

All of these take-overs directly involved Port of London customers – but in every case, the result has been the arrival of new services and/or increases in cargo, reaffirming the port's strength and reputation.

LONDON GATEWAY

In July 2005, nearly two years after the public inquiry closed, came the announcement from the UK Government that it was "minded to approve" the proposed £700 million London Gateway Port and logistics/business park at Shell Haven.

Although falling short of a clear-cut approval – the final go-ahead is subject to a number of conditions, mostly relating to road and rail – the PLA welcomed this positive step forward. We have been working closely with P&O Ports in a number of areas to progress the development, and continue to press the Government for full permission as early as possible.

The acquisition of P&O Ports by Dubai Ports World, completed in March 2006, has led to some delays in the development process, although a great deal of preparatory work has been done and continues, jointly with P&O Ports, particularly in respect of channel design and ro-ro berth simulations.

Once the Government's planning conditions have been met, the London Gateway will play an essential part in meeting the need for more deepwater container berths in south east England, and has the potential to double tonnages through the Port of London within a few years.

With a total of 3 kilometres of water frontage when completed, the development on the former Shell Haven oil refinery site could make London the UK's biggest container port.

The port development and proposed logistics facility together represent an ideal

TRADE & TRENDS continued



regeneration use of a brownfield site which will ensure that this important deepwater facility is not lost to port use.

CANVEY LNG

Another major new facility for the Port of London took a step forward when plans were unveiled to develop a multi-million pound LNG terminal on Canvey Island.

The plans by Canvey LNG - a partnership of Centrica, Calor Gas, LNG Japan Corporation and Osaka Gas - envisage a terminal capable of distributing 5.4 billion cubic metres of gas a year, about five per cent of the UK's gas needs, and is one of a small number of proposed or planned regasification projects within the UK.

Costing between £150 and £200 million, the development is proposed for Calor's existing LPG site and the new terminal could be up and running by 2009, dependent on planning permission.

The development would include construction of two steel and pre-stressed concrete LNG storage tanks with a combined capacity of 240,000 cubic metres, as well as two new loading arms on the existing jetty, a regasification plant and an additional underground pipeline for gas transfer into the National Transmission System.

New procedures agreed between the PLA and Medway Ports are in place for vessels carrying LNG to the Grain Terminal through PLA waters. This will stand us in good stead for the reintroduction of LNG trade to Canvey Island.

ENTERPRISE TERMINAL

The Enterprise Terminal, a paper import and distribution facility at the Port of Tilbury, was opened in July 2005.

Built at a cost of £34 million, as part of a long-term agreement between the Port of Tilbury and Stora Enso, the automated terminal is expected to handle 800,000 tonnes of paper and other products each year.

Although the start-up of the terminal was affected by the Finnish paper mill dispute, operations since then have settled down well.

The paper is currently being imported via a new service run by DFDS from Gothenburg into Tilbury and by the existing service operated by Finnlines, which will cease in July 2006, when the entire operation will be based on the use of the unique SECU (Stora Enso Container Unit).

TILBURY CONTAINER SERVICES

Tilbury Container Services (TCS) handled a throughput of more than 420,000 teu in 2005, an increase of 11.5 per cent over 2004.

During the year under review, TCS purchased eight additional straddle carriers, built a new £2 million border inspection post and completed the conversion of its traditional blown-air reefer systems to integral reefer facilities.

Hamburg Sud's River Plate Service returned to TCS in January 2005 after an absence of five years and CSAV's Euro Andes Services started out of the terminal the following month.

Another new service was launched by X-Press Container Line, providing a weekly feeder link to Rotterdam and Le Havre.

There have been further new services early in 2006 – a weekly service by Maersk, which has followed up its acquisition of P&O Nedlloyd by consolidating its Australian cargoes through TCS, and also a new Australian service launched by Hamburg Sud.

TILBURY POWER STATION

Following an £11.5 million investment in extending its jetty, Tilbury Power Station handled 29 panamax shipments of coal during 2005, in addition to continuing deliveries by smaller vessels.

The ability to accommodate panamax ships allows RWE npower, owners of the power station, to receive much larger deliveries of coal direct from world markets, cutting out transshipment costs and reducing fuel costs overall.

As a result, there was a 25 per cent increase in coal imports over the jetty during the year.

BP TUGS

BP took delivery of three new ship handling tugs to service its Coryton refinery.

The ASD 3211 tugs, built by the Damen shipbuilding yard in the Netherlands, are 32.5 metres long with a bollard pull of nearly 67 tonnes. Managed and operated for BP by Targe Towing, they exclusively serve the Coryton jetties and offer towing, mooring, fire-fighting and pollution control functions.



SAFEGUARDING

The PLA's wharf reactivation policy is being championed by London Mayor, Ken Livingstone, and 2005 saw the process begin to bring three wharves back into operation.

Preferred operators were appointed for each of the wharves – Brett Aggregates at Hurlingham Wharf, Foster Yeoman at Orchard Wharf and Aggregate Industries/Cory Environmental at Peruvian Wharf – following a marketing exercise led by the PLA in partnership with the Greater London Authority and the London Development Agency.

In a report setting out measures to protect working Thames wharves and bring these three disused facilities back into working use, the Mayor concluded that extra wharf capacity is needed to handle predicted increases in riverborne freight and underlined his commitment to the safeguarding of wharves. In future, when a wharf on the Thames becomes vacant the reactivation process will take over.

The recommendations made by the PLA and the Mayor were accepted by the Office of the Deputy Prime Minister. Formal planning directions have been issued to protect 25 wharves east of barrier for the first time, and 25 to the west remain safeguarded.

CRUISING CAPABILITY

During the year a total of 52 cruise ships visited the Port – 33 calling at the London Cruise Terminal in Tilbury, and a further 19 at the central London cruise moorings.

In its first full season since its introduction, the PLA's unique floating cruise terminal, 'Welcome' was used by 16 vessels, carrying in excess of 9,000 passengers.

Among those visiting central London was the super luxury 'Deutschland', for which a special night of celebrations was organised to mark the ship's seventh birthday, including a themed fireworks display in front of Tower Bridge.

London is already a high-profile cruising destination and the announcement of the city's success in winning the 2012 Olympic Games resulted in a flurry of enquiries regarding potential advance bookings for the central London cruise moorings – the first of these being received within 24 hours of the announcement.

To date, eight provisional bookings have been taken to accommodate cruise ships to act as floating hotels during the weeks of the full and paraplegic Olympic Games.

In preparing plans for 2012, PLA personnel visited the Port Authority of Piraeus in Greece to discuss its experiences during the Athens Olympics in 2004.

PROMOTING THE PORT

Consolidation within the global shipping industry saw many regular shipping lines trading to London change ownership or merge with competitors. This brought about changes in the routes and worldwide destinations served from London – in most cases with a positive outcome for the Port.

Working alongside many of the independent terminal operators within the Port, the PLA continued to provide "umbrella marketing", promoting the Port of London as a single entity.

Display stands promoting the services and facilities provided by terminals in the Port of London supported eight exhibitions in Europe and further afield, whilst representatives from

the PLA presented papers at five seminars or conferences in the UK, Europe, Africa and the Far East.

The PLA sponsored a "Port of London" pavilion at the second Seatrade London International Maritime Convention held in Docklands, and we were honoured with a visit to our stand by the Princess Royal, who spoke with representatives from the London Port community.

Strengthening the prospect of more riverborne freight into London, PLA staff assisted operators in pursuing the Freight Facility Grants on offer from the British Government to assist modal shift of cargo from road to water. Similarly, the PLA assisted operators in challenging European subsidies which discriminated against UK operations.

Working within the joint-marketing agreement between the PLA and the Port Authority of Algeciras Bay in Spain, work continued in developing services between the two ports as part of the EU-sponsored project 'Motorways of the Sea'.

In recognition of the 50th anniversary of the founding of the International Association of Ports and Harbors (IAPH), the PLA joined Associated British Ports (ABP) in hosting the Europe and Africa regional conference and the anniversary celebrations in London. HRH the Duke of York was the guest of honour at the reception at Somerset House.

All trade enquiries generated from our marketing activities are initially followed up by the PLA before they are handed over to the appropriate terminal or port service provider to complete the deal.

OPERATIONS



FIGHT TO SAVE THE WHALE

FURTHER IMPROVEMENTS IN PORT CONTROL CENTRES

NAVIGATION SAFETY MANAGEMENT SYSTEM CONTINUES TO EVOLVE

ROYAL TERRACE PIER - HISTORIC INFRASTRUCTURE MADE FIT FOR 21 CENTURY

LOWEST EVER WORKPLACE ACCIDENT RATE

THAMES WHALE

The battle to save a northern bottlenose whale, weighing four and a half tonnes and measuring over 6 metres, that strayed 40 miles up the River Thames in January 2006 involved several PLA operational departments and received the widest possible coverage by the world's media. It has been estimated that about 200 million people around the world watched the saga on television. The PLA was widely praised for the central role it played in the rescue attempt which, sadly, did not have a happy ending.

As the statutory authority on the River, we had the responsibility of leading the many different agencies who worked together – including police, fire service, marine experts and British Divers' Marine Life Rescue – in the attempt to save the whale. At the same time, we had to ensure the safety of other River users.

After the whale was first sighted at Dagenham by the PLA Harbour Service on the Thursday morning, contact was maintained to protect the creature. A moving 'exclusion zone' was placed around the whale to ensure its safety and also that of others on the River.

During the Saturday, the RIB 'Ebbsfleet' was used to ferry marine mammal experts and PLA staff around and later helped to tow the whale in an inflatable harness from shallow water to be lifted on to the PLA salvage vessel 'Crossness'.

On board the 'Crossness' the whale was cushioned by one of the Towed Inflatable Rescue Rafts, designed to assist people who get into difficulty and sited at strategic points in the River. Additional airbags and flotation devices were also used to keep the whale upright.

Racing against time, the 'Crossness' made considerable progress downriver and out to the Estuary. Unfortunately, despite the best efforts of vets and marine mammal experts on board, the whale died near Cliffe on the north

Kent coast. The whale's remains were subsequently landed at our marine operation facility at Denton Wharf.

PORT CONTROL

2005 was the first full year of operation for the upgraded Port of London Vessel Traffic Services (VTS), which benefited from a £1 million package of investments in 2004.

Further improvements were made during 2005 to increase the efficiency of the Port Control operation, with the entire system designed to be future-proof so that particular pieces of equipment can be updated independently of each other as required.

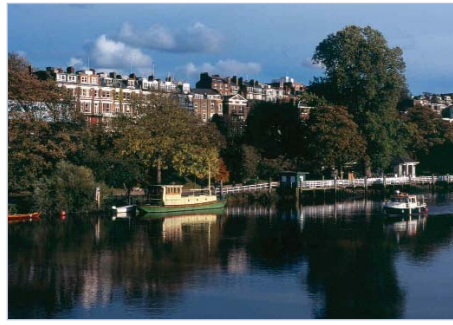
Software modifications were also made, enabling information from the Automatic Identification System (AIS) to be fully integrated into the upgraded SOFRELOG computer network which is the heart of London's VTS system.

Further improvements include the capability to switch all VTS functions fully between the Port Control Centres at Gravesend and Woolwich, and to communicate with ships throughout the Port from either.

An integrated call-out aid for emergencies, to guide VTS operators through the emergency procedures, is being incorporated within the communications system and further developments will integrate more of the emergency management procedures.

RADAR NETWORK

The PLA's radar network was expanded during the year with the addition of a 15th radar, at the north-east corner of the Kentish Flats windfarm. In addition, the 12-year-old Margate radar was replaced and upgraded to the latest standards with simultaneous dual transmission capability with a consequent improvement in performance. We plan to conduct a study into the future maintenance of the whole radar network in the coming year.



CCTV COVERAGE

Three further cameras were added to the PLA's upriver closed-circuit television (CCTV) network, enhancing safety of navigation in central London where the numerous bridges make radar surveillance impracticable.

A site visit and condition survey carried out in August 2005 led to recommendations for upgrade and remedial works to the Richmond Lock CCTV and external alarm monitoring system.

As well as the installation of additional and better quality day/night cameras and digital recorder technology, the recommendations included improving the local monitoring of both public and private access paths on to and across the bridge by the use of infra-red detector beams which give operational staff on site early warning of any external malicious attempts on the weir controls, as well as enhancing staff protection.

A contract was awarded to Chroma Vision in December 2005 to upgrade the system.

TIDAL MONITORING

A new tidal monitoring system was installed at Richmond Lock and Weir to provide accurate information on water levels either side of the weir and to provide an alerting system for the operators. This has improved our consistency in keeping the correct maintained level upstream of the weir.

With two stages of alert, the system gives additional warning time to operational staff before adjusting the weirs.

We have worked with the contractors who carry out engineering supervision and maintenance at Richmond Lock on our behalf, to examine the feasibility of semi-automating the movement of the weirs in keeping with all states of the tide. The result of their work is awaited.

BUOYS AND LIGHTS

Work was completed to change the lights of all navigational buoys from conventional incandescent lamps to light emitting diodes (LEDs). The process, which was spread over 18 months, involved 38 floating buoys and 18 fixed lights. As well as providing a better light, the LEDs require much less energy and maintenance. The changeover will reduce costs, increase safety and provide a more environmentally sustainable system.

Buoyage at the Oaze in the Outer Estuary has been substantially altered and augmented to ease congestion in the area and to improve pilot boarding arrangements for smaller vessels at The Warp.

PILOTAGE

The PLA's ship manoeuvring simulator - installed at Gravesend in 2003 - has proved an invaluable training tool for pilots, as well as being used to test the viability of proposed new berths and the associated vessel manoeuvres.

Pilot familiarisation training included manoeuvring panamax ships on Tilbury Power Station's new jetty, larger than usual cruise ships onto the upriver moorings and stern first approaches into Tilbury lock thereby potentially widening the access window for larger vessels.

A planned upgrade of the simulator will give it more realism and increased usability.

During 2005, PLA Pilotage Directions were reviewed with the revisions sent out for consultation before finalising.

All our pilots are now equipped with personal locator beacons as an added safety feature. Should a pilot fall into the water while attempting to board or leave a ship, the beacon's locator signal would be automatically activated, sending out a signal that could be received by pilot launch, lifeboat or rescue helicopter.

HYDROGRAPHIC

PLA Hydrographic remained busy through 2005. As well as routine work, significant extra effort was needed to monitor dredged areas and adjacent sea and riverbed to assess the nature and extent of environmental impacts which may have been caused.

A significant task, which continues, is the survey of the proposed London Gateway channel, in addition to sounding work, wrecks and other sunken obstructions need to be investigated and assessed. Elsewhere, a large surveying contract was completed for another major UK harbour authority.

A total of £400,000 has been invested in equipping two boats with multibeam echo sounder systems (MBES), to give increased capability to the hydrographic team when carrying out inspections and surveys.

The systems, installed on the 'Verifier' and 'Yantlet', give a complete picture of the riverbed, not only providing total coverage for depths and safety of navigation but also giving invaluable information to engineers, geophysicists and archaeologists. The MBES equipment will also enable the hydrographic team to extend the third-party services it offers to customers and, by making the craft more productive, free up spare time that can be used commercially.

MOORINGS AND DIVING

Over the past year Marine Services inspected a total of 143 PLA moorings and also carried out the installation, maintenance or repair of moorings on behalf of various berth operators.

A total of 256 diving operations were undertaken, ranging from standard inspection dives of moorings and riverside structures, including the Thames Barrier, QEII Pier and Tilbury Lock sluices, to clearing fouled propellers, cargo slinging and inspection, and recovery of objects for the London Gateway project.

OPERATIONS continued



Dredging plans to serve the new London Gateway Port made it clear that more than 400 obstacles needed to be identified or eliminated before dredging could begin, either to avoid accidents to the dredger or because of their potential historical or cultural interest.

Obstacles included old wrecks, a lightship sunk at the start of the Second World War, and the remains of a sailing barge thought to have been carrying bricks from Faversham to Deptford in preparation for the start of work on London's railway arches.

Our divers brought to the surface five two-metre-square blocks of concrete, the remains of First World War boom defences, which were used to anchor down the nets for the system installed to protect the city against submarine incursion.

DENTON WHARF

Increasing use is being made of the recently improved facilities at our marine operation facility at Denton Wharf by commercial operators. Closure of other river-based facilities has increased Denton's importance to River users.

The facility's 70-tonne boatlift was used for 163 lifts, of which 106 were PLA vessels and the rest outside customers. A further 46 lifts for customers were completed using the 40-tonne fixed quay crane.

Our Marine Services team based at Denton Wharf, received praise from the Royal Navy for the part they played in the removal and destruction of a Second World War mine they had discovered in the Thames.

Divers were sent to investigate an object discovered by sonar survey and at first thought it was an old electric motor. Loaded on to the 'Crossness', it became clear that it was an unusual type of mine – an L Mk 3, weighing 3,503 lbs. The 'Crossness' carried the mine to Blacktail Spit, where it was placed in deep water and detonated by Royal Navy bomb disposal experts.

Further improvements will take place during the coming year with our £2.5 million investment in a new shed and offices at Denton. Adsteam, the tug company on the Thames, has agreed to relocate its administrative offices to the new facility at Denton, having stationed its tugs at Denton since 2004

WINDFARMS

In mid 2005 a consortium of leading windfarm specialists submitted a planning application to site the London Array windfarm 20 kilometres off the coast of Essex/Kent and at the mouth of the River Thames.

This Round 2 development could involve 270 giant turbines feeding 1,000 MW of power into the National Grid – the biggest windfarm project in the world.

Whilst we support the British Government's drive to develop alternative sources of energy, the PLA has continued to emphasise that it is essential for the potential effects of proposed windfarm schemes in the Thames Estuary to be properly evaluated with the effects on navigational safety and port access weighed against any possible benefit to the environment.

The offshore Kentish Flats windfarm, which came into operation in 2005, has been useful in drawing attention to a number of issues which could be relevant to navigational safety elsewhere.

In particular, problems with on-board ship radar interference, light effects and reflection have been raised, which were highlighted by the PLA in its response to the London Array proposal.

PRINCES CHANNEL

Our plans to create a safe and sustainable access to the Port of London through the southern Thames Estuary, which meets customers needs has depended in part on finding beneficial uses locally for the dredged material. Good progress was made during the

trial dredge phase which deepened the channel to 6.6m. We now anticipate additional opportunities arising in the near future which will permit further substantial progress this year towards the ultimate goal of an 8m channel. In parallel to this work, the PLA is actively studying how the benefits of this major project may be optimised for Port users.

ROYAL TERRACE PIER

Our renovation of the Royal Terrace Pier, acquired from Adsteam in 2004, progressed during 2005 but was subject to some delay because of the need to comply with Gravesham Council's Listed Buildings and Conservation Area consent process.

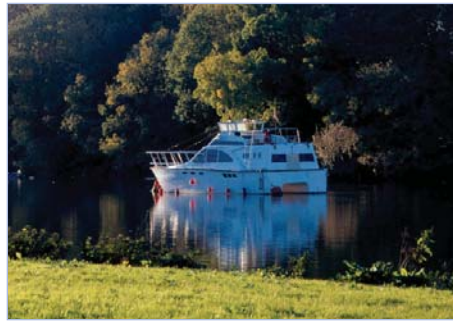
Revised proposals for improved lighting and a partial re-wiring of the Grade II listed Victorian pier are being drawn up, aiming for a better "period" appearance in an approximation of the pier's first illumination in the 1870s. During 2006 the existing 1960's fluorescent lighting will be replaced with fittings that are more visually in keeping with the original design but incorporating modern energy saving units of greater reliability. A rolling programme of other minor refurbishments will also be carried out.

NAVIGATIONAL SAFETY MANAGEMENT SYSTEM

The PLA navigational Safety Management System (SMS) has been assessed as remaining effective as it continues to evolve in response to developments and changing priorities. It is reviewed by the Board and actively managed by our Navigational Management Team (NMT).

The first four-year hazard review cycle was completed in October. During this time, all identified hazards were reviewed at least once, with the highest ranked hazards being considered eight times during the period.

The NMT convened a Navigational Advisory Panel to review a number of issues including safety, regulatory and other procedures following two incidents on the Thames during 2005:



- The PLA was involved in the emergency response when the vessel 'James Prior' became stuck under Battersea Bridge on September 20. There was no injury to the three crew on-board but both the bow and wheelhouse were badly damaged. The vessel was taken in tow after the falling tide allowed it to come free from the bridge structure.

The bridge itself was also extensively damaged, necessitating the temporary closure to navigation of one arch and of the bridge to traffic.

- The vessel 'George Lyras' was in collision with drifting barges at Lower Hope on November 15.

The Harbour Master's safety investigation into this incident resulted in number of actions, including the creation in the SMS of a new hazard in respect of the mooring breakout of unmanned vessels.

As a result, we have changed our VTS automatic acquisition thresholds to improve detection of slow targets moving out of land mask areas; in addition, steps have been taken to ensure that areas of little or no moving traffic can be monitored effectively by VTS staff.

We have additionally employed consultants to assist in a review of river works licence conditions in respect of the maintenance and operations of moorings.

PERFORMANCE MEASURES

As required as part of our Quality Standard certification, the PLA regularly measures its performance and this data is reviewed quarterly by the Board.

This includes the reliability and availability of key systems, particularly those of the Vessel Traffic Services systems, where the target for the engineers is to maintain system availability and performance for a minimum of 99.9 per cent over a full year. This allows a maximum total out-of-service time for a system in constant 24-hour use of just eight hours and 45

minutes per year. Once again, we achieved the target of 99.9 per cent in 2005.

Other measures, such as the availability of the main navigational marks in the channel, are also monitored – in this case against standards laid down by Trinity House, which also measures performance in an annual inspection.

WORKPLACE INSPECTIONS

The health and safety of our employees and others working on our premises is of paramount importance to us.

In 2000 we commenced an annual regime of workplace health and safety inspections and to date, over 150 assessments (including operational sites, buildings and craft) have been undertaken. The inspections require the full support of line managers, safety representatives and staff working in or responsible for those areas to ensure a meaningful outcome.

Any significant findings are openly discussed at the appropriate Health & Safety committee for that area and are also briefed to the PLA Executive Committee and Board members.

With three lost time accidents reported for 2005, the figure translates per 100,000 employees (as per Health & Safety Executive calculations) to 838, well within the comparative UK ports industry figure for 2004 of 2,514 (supplied by Port Skills and Safety Limited).

We believe that the preventative actions that have been taken following these workplace reviews contribute to our low accident figure.

NATIONAL STANDARDS FOR INLAND WATERWAYS

We continue to work closely with the Maritime and Coastguard Agency (MCA) and industry on the development and introduction of new competency and technical standards for passenger and freight-carrying vessels on inland waterways, which includes the tidal River Thames.

The MCA has completed a second public consultation in regard of the competency standards for the new Boatmaster Licence and a number of supporting specialist endorsements, including local knowledge. The plan is for the new standard to be introduced from 31 December 2006, following consultation on the enabling legislation.

At that time, the PLA's local Watermen & Lightermen Byelaws will be repealed, with all such licence holders being able to exchange their qualification for an equivalent BML, based on relevant experience.

Although work on the new technical standards has essentially been completed, lack of parliamentary time means that this legislation will not be enacted until 2008.

In addition, the MCA has recently launched a new Fitness For Purpose (FFP) standard for freight vessels on inland waterways, and owners are being asked to comply on a voluntary basis in advance of new legislation being introduced.

The new FFP scheme is based on the British Waterways inspection system, which was in turn developed from the PLA's vessel licensing regime. The PLA has now adopted this more comprehensive standard together with the Inland Waters Small Passenger Boat Code and is working closely with owners towards achieving full compliance by 2008.

ENVIRONMENT



INTERNATIONAL STANDARDS MET

SUSTAINABLE MANAGEMENT BY MODERN REGULATOR

ENVIRONMENTAL MANAGEMENT

During 2005, the PLA joined the elite group of European ports to gain EcoPorts certification, following our efforts to meet rigorous environmental standards throughout the Thames.

Herman Journee, chairman of the EcoPorts organisation, presented the EcoPorts Port Environmental Review System (PERS) certificate to PLA Chief Executive Richard Everitt.

PERS is a European standard system designed by the industry to help ports comply fully with the recommendations set out in the Environmental Code of Practice of the European Sea Ports Organisation (ESPO). The award demonstrates that all PLA staff are committed to investing in environmental management and achieving best environmental practice in its activities.

We are committed to the protection of the River and estuary environment of the Thames, which includes European Marine Sites designated by the European Union due to their importance for certain bird species.

We have put in place an Environmental Management System (EMS) to help establish, improve and monitor our overall environmental performance. Throughout 2005 we continued to work towards ISO 14001, the international standard for environmental management systems; our EMS and other activities being the subject of assessment for ISO 14001 certification (and ISO 9001 re-certification) by Lloyd's Register Quality Assurance in March 2006.

WORKPLACE ENVIRONMENTAL MEASURES

As part of our EMS, we have been assessing the impacts the PLA makes on the environment and taking steps to reduce them where possible. This work builds on previous efforts and the system ensures a continuing emphasis on improvement.

Through our Driftwood service, the PLA has been removing metal scrap from the tonnes of rubbish collected annually from the River for a number of years so it can be sent for recycling. Large timbers from piles, fenders and other structures in the River are sent to the charity Greenwich Mencap, which uses them as raw material for the furniture and other artefacts manufactured by its team of craftsmen.

Office paper and printer cartridges are recycled and office lighting is being replaced at the end of its life with more energy-efficient equipment, including movement sensors which automatically switch off lights in the common areas of buildings that are only lightly used at night and weekends. A steady move from CRT to LCD computer screens has reduced direct power consumption, with a consequent potential saving on air conditioning energy requirements too.

ENVIRONMENT AND WATER FRAMEWORK

In partnership with other port representatives, the PLA has been actively involved in working with the Government to ensure that the economic and technical consequences of the Water Framework Directive are fully understood.

The PLA hosted a seminar for Government representatives, conservation professionals and port representatives to raise the profile of the potential conflicts between the Water Framework Directive and the Habitats Directive, particularly in relation to the importance of dredging and sediment management techniques in maintaining estuarine conservation sites, such as the designated European Marine Sites in the Thames estuary.

We look forward to continuing to play a full and active part in the Environment Agency's deliberations on the Thames, its three River Basin Management Plans for the estuary, and the programmes of measures that will be brought forward.

MARINE BILL

Close interest is being taken in the Government's development of a draft Marine Bill and we have established contact with the officials to ensure that concerns within ports are fully taken into account when the draft provisions are brought forward later this year.

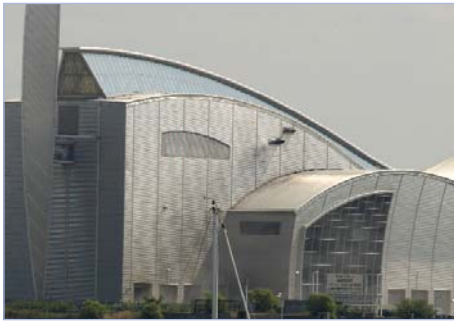
As a key regulator, the PLA will, through discussion with Government, seek to consolidate and built upon its high-profile position as the conservancy authority for the tidal Thames and its reputation in developing innovative and successful solutions in a time of increasing environmental awareness.

MAINTENANCE DREDGING

In accordance with the draft Maintenance Dredging Protocol agreed between Government and industry as a means of ensuring compliance with the Habitats Directive, the PLA has developed a draft Baseline Document. The document describes the history of dredging in the Port of London and focuses on the relationship between present-day dredging operations and the conservation sites.

The Baseline Document will be provided to the conservation agencies for review and, as a living document, will be updated as and when new dredging projects are proposed.

To date we have completed environmental baseline monitoring of our operational areas and a representative selection of routine dredging sites. The results of this monitoring are being reviewed with a view to establishing a series of environmental indicators.



THAMES21

A variety of help, including the PLA's specialist 'Driftwood' craft, marine personnel, skips, rubbish baskets and waste disposal, was provided at 44 clean-up events organised by Thames 21 throughout 2005 and spread between Egypt Bay in the east and Richmond in the west.

In total, 396 tonnes of rubbish was removed from the River surface and foreshore and disposed of. Thames21 volunteers and local councils removed more rubbish from the canals, tributaries and foreshores that lead to the Thames. In addition to this, 42.5 tonnes of scrap from recovered moorings, cars, old boats and other river obstructions were sent for recycling.

Amongst some of the items recovered from the River in 2005 were a wheelchair, a pushchair, a bath, several concrete benches and two wheelbarrows, as well as 49 motorcycles, bicycles and scooters, nine cars and 153 supermarket trolleys.

Deborah Leach, the Chief Executive of Thames21, was invited to be part of the official delegation, sponsored by Defra, which visited Sydney on an Olympics fact-finding mission to investigate issues of waste and litter and measures for their prevention and containment.

TOSCA

The Thames Oil Spill Clearance Association (TOSCA) provides a round-the-clock instant response to any spillage incident likely to lead to pollution from oil or other hazardous and noxious substances.

Operated by the PLA, the service is supported by the oil industry and other operators within the Port and is equipped to provide Tier 1 (initial) response to an incident, with guaranteed arrival on site within 30 minutes throughout the area of the Port which is judged to be highest risk.

TOSCA crews were called out 14 times in 2005, which included seven false alarms. Oil was found on the water on four occasions – this was mostly sheen and only on one occasion was the incident reportable.

An incident involving two diesel fuel storage tanks, owned by a passenger boat operator in Bermondsey, prompted a speedy response in early October. Some fuel was lost from one of the tanks, each holding approximately 25 tonnes of fuel, which were contained in a barge that sank at its moorings, along with two small workboats moored to the barge.

TOSCA oil spill response vessel 'Recover' was on the scene promptly, securing the area with absorbent floating booms. Other PLA vessels involved in subsequent operations, including salvage of the sunken vessels, included the Harbour Service patrol launches 'Westbourne' and 'Wandsworth', the salvage vessel 'Crossness', the 'Driftwood III' and the tug 'Impulse'.

An immediate priority was to pump out the remaining oil from the sunken tanks, which was successfully completed in a joint operation by the PLA and the barge owners. In subsequent days, the barge and workboats were raised from the riverbed, whilst an adjacent berthing pontoon which also overturned was righted.

The location of the incident, not far from Tower Bridge, prompted considerable media interest on the day of the sinking and over subsequent days. The PLA worked closely with the Environment Agency and the London Fire Brigade throughout the incident.

LONDON GATEWAY

In July 2005 the Secretary of State announced that he was "minded to" approve the London Gateway Port development project on the site of the former Shell Haven oil refinery site. Since then P&O Ports has been refining its project and the engineering that would need

to follow a final positive decision, working in close technical co-operation with PLA experts to ensure that the project plan would meet our requirements and regulations.

Supported by Wessex Archaeology, the PLA has undertaken considerable work with P&O Ports and English Heritage in carrying out further investigation of wrecks and other sunken material detected on the riverbed.

All work is designed to comply with the Archaeological Mitigation Framework developed by P&O Ports as part of its Environmental Statement. Each site is being considered for its archaeological and historic interest and the PLA is developing a programme to ensure that the local and wider public are informed about any historic finds.

In anticipation of a positive decision by Ministers, periodic meetings have been held with P&O Ports and other regulators to agree the foundations necessary for the environmental consideration of P&O's detailed dredging and construction methodologies.

CORY AWARD

Waste management and recycling company Cory Environmental won an award for the way in which it uses the River Thames.

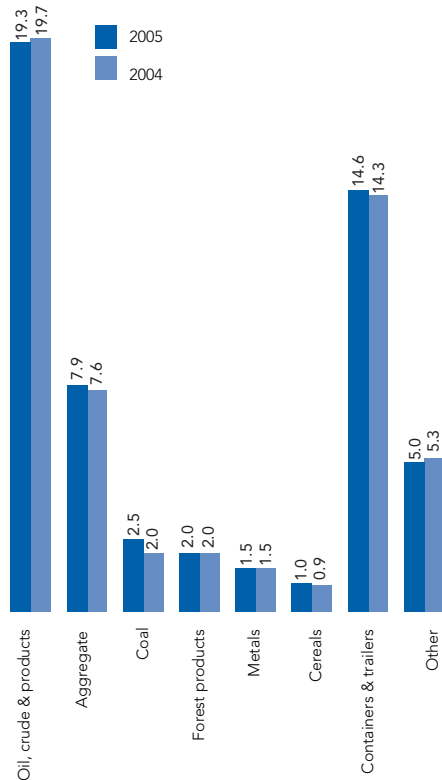
The award, for traffic relocation and transport management, was presented to the company at the Corporation of London's Liveable City Awards at the Mansion House.

The judges were impressed by Cory's fully integrated and comprehensive environmental management system, which includes the avoidance of 100,000 lorry movements each year within London by using the River for the transport of residential waste, the capture of methane gas to generate electricity and the restoration of landfill sites.

TRADE & FINANCIAL HIGHLIGHTS

TRADE

million tonnes



TRADE

	2005 million tonnes	2004 million tonnes
Imports	45.0	43.9
Exports	8.8	9.4
Total	53.8	53.3

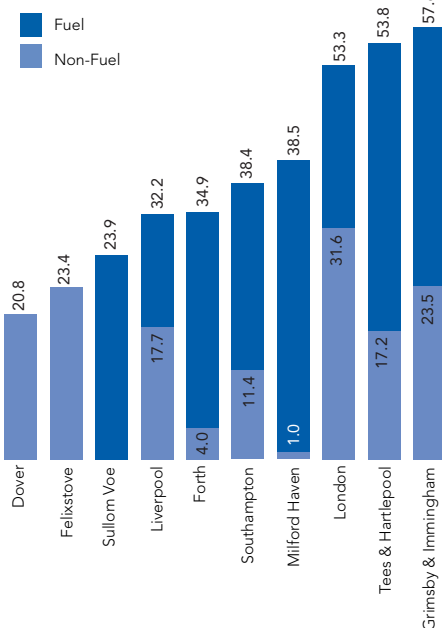
UNITISED TRAFFIC - (included in above tonnages)

	000 twenty-foot equivalent units	000 twenty-foot equivalent units
Imports	948	939
Exports	756	734
Total	1,704	1,673
Number of chargeable vessel arrivals to the Port of London	11,846	12,372

UNITED KINGDOM PORT TRAFFIC 2004

million tonnes

Source: Department of Transport



Note: 2005 Statistics not yet available

FINANCIAL HIGHLIGHTS

	2005 £m	2004 £m
Turnover	40.8	37.8
Operating profit	1.2	1.1
Profit before taxation	3.2	2.5
Net cash flow from operating activities	6.6	4.2

ANNUAL REPORT & ACCOUNTS

The following pages contain the statutory financial statements for the financial year ending 31 December 2005. The Annual Report and Accounts are available in full via the PLA website (www.portoflondon.co.uk).

Statement of the Responsibilities of Members of the Port of London Authority

The members of the Port of London Authority are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Port of London Authority and of the profit or loss of the Authority for that year. In preparing those financial statements, they are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis.

The members confirm that the financial statements comply with the above requirements. The members accept responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements have been properly prepared in accordance with Section 42 of the Harbours Act, 1964 as amended by the Transport Act, 1981. They also accept responsibility for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

If the Authority's annual report and financial statements are published on the Authority's website, the members will be responsible for the maintenance and integrity of the website and any uncertainty arising as a result of the financial statements being available via the website in different legal and accounting jurisdictions.

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005		2004 As restated	
		£000	£000	£000	£000
Turnover including share of joint venture			40,761		37,800
Less: share of joint venture			597		487
PLA turnover			40,164		37,313
PLA operating expenditure					
Before exceptional items		37,494		36,244	
Exceptional items	4	1,432		0	
Total			38,926		36,244
PLA operating profit	2		1,238		1,069
Share of operating profit of joint venture			194		153
Operating profit including joint venture			1,432		1,222
Net interest	8		958		786
Other financial income	27		798		493
Profit on ordinary activities before taxation			3,188		2,501
Taxation	9		(1,037)		(748)
Profit for the year	22		2,151		1,753

All results are in respect of continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

Details of the restatement are given in note 1(c).

Statement of Recognised Gains and Losses (STRGL)

		2005 £000	2004 £000
Profit for the financial year		2,151	1,753
Actuarial gain/(loss) on pension scheme	27	4,900	(1,300)
Movement on deferred tax relating to pensions		(1,470)	390
Total recognised gains and losses relating to the year attributable to the PLA		5,581	843
Share of STRGL of joint venture		(110)	14
Total recognised gains and losses relating to the year		5,471	857
Prior year adjustment		4,730	
Total gains and losses recognised since the last annual report		741	

The PLA also has unrecognised gains of £445,000 for the year ended 31 December 2005 (2004: £3,206,000) in relation to two pension schemes which have irrecoverable surpluses (see note 27).

BALANCE SHEET

AT 31 DECEMBER 2005

	Note	2005 £000	2004 (As restated) £000
Fixed assets			
Intangible assets	10	294	300
Tangible assets	11	24,111	25,102
Investments	12	25	25
Joint venture:-	13		
Share of gross assets		846	842
Share of gross liabilities		(294)	(358)
Share of pension deficit		(414)	(334)
		24,568	25,577
Current assets			
Deferred tax	16	958	1,623
Stocks		246	267
Debtors	17	6,459	5,886
Investments		13,002	12,886
Cash and bank balances		12,410	7,703
		33,075	28,365
Current liabilities			
Creditors: amounts falling due within one year	18	6,208	5,345
Net current assets		26,867	23,020
Total assets less current liabilities		51,435	48,597
Creditors: amounts falling due after more than one year			
Loans	19	2,720	2,890
Other amounts	20	1,090	130
		3,810	3,020
Net assets excluding pension deficit		47,625	45,577
Pension deficit	27	(973)	(4,396)
Net assets including pension deficit		46,652	41,181
Reserves			
Profit and loss account	22	46,652	41,181

Details of the restatement are given in note 1(c).

These financial statements, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow flow statement and the related notes were approved by the Board of Members on 4 April 2006 and were signed on its behalf by:-

S P SHERRARD
Chairman

R L EVERITT
Chief Executive

B CHAPMAN
Chief Financial Officer

CASH FLOW STATEMENT

AT 31 DECEMBER 2005

	Note	2005		2004	
		£000	£000	£000	£000
Net cash inflow from operating activities	23		6,649		4,188
Dividends received from joint venture			92		60
Returns on investment and servicing of finance					
Interest received		1,191		968	
Interest paid		(172)		(174)	
Interest paid on finance leases		(28)		(34)	
Net cash inflow from returns on investments and servicing of finance			991		760
Taxation					
Group relief received from Port of London Properties Limited Group		0		58	
U.K. Corporation tax paid		(284)		(219)	
			(284)		(161)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(2,162)		(3,796)	
Sale of tangible fixed assets		25		76	
Net cash outflow from capital expenditure and financial investment			(2,137)		(3,720)
Net cash inflow before use of liquid resources and financing			5,311		1,127
Management of liquid resources					
(Increase)/decrease in short term investments			(116)		5,533
Net cash inflow before financing			5,195		6,660
Financing					
Bank loan principal repayments		(170)		(170)	
Principal repayments under finance leases		(107)		(245)	
Net cash outflow from financing			(277)		(415)
Increase in cash in the year	25		4,918		6,245

WORKING IN PARTNERSHIPS

To achieve maximum effectiveness, openness and transparency we have set up a number of consultative and liaison committees with customers and stakeholders and actively participate in a large number of partnership organisations which are listed below

PLA CONSULTATIVE AND LIAISON COMMITTEES

Major Customers Forum
PLA/BP Marine Liaison Group
PLA/Environment Agency (EA) Liaison
PLA/London River Services (LRS) Liaison
PLA/Maritime and Coastguard Agency (MCA) Liaison
PLA/Medway/Harwich Tripartite Group
PLA/Metropolitan Police Liaison
PLA/London Port Health Authority Liaison
PLA/Watermen and Lightermen's Company Liaison
Port of London Health and Safety Liaison Group
Port Security Committee
Regional & Local Emergency Planning Groups
River Users Consultative Forum (Estuary)
River Users Consultative Forum (Lower)
River Users Consultative Forum (Upper)
River Users Strategic Advisory Panel
Search and Rescue (SAR) Committee (Tidal Thames)
Thames Oil Spill Clearance Association (TOSCA)
Thames Strategy Group

PLA REPRESENTATION ON OUTSIDE BODIES

All Hallows Business Houses Council
Association of Diving Contractors
Association of Inland Navigation Authorities
Association of Police Health & Safety Advisors (London & South East Group)
Bexley Emergency Planning and Liaison Group
British Section Committee Central Dredging Association (CEDA)
Central London Local Resilience Forum
Cleanaway Havering Riverside Trust
Cliffe Conservation and Community Partnership Steering Group
Committee on Shipping Hydrography (MCA)
Cory Environmental Trust in Thurrock
Cross River Partnership
Defra/DfT Marine Consents Liaison Group
Defra Water Framework Directive Stakeholder Groups

Defra Ports Liaison Group
District Marine Safety Committee
Emergency Planning Society Oil Pollution Professional Interest Group
Essex Resilience Forum
Gravesham Chamber of Commerce
Gravesham Local Business Partnership Steering Group
Greater London Authority (GLA) Working Groups
Greenwich Emergency Planning and Liaison Group
Havering and Thurrock Riverside Environmental Strategy Group
Health and Safety Executive and Statutory Harbour Authorities Committee (HESHA)
IMarEST Small Ships Group Integrated Coastal Hydrography Steering Group (UKHO)
International Association of Lighthouse Authorities
International Association of Ports & Harbors
International Harbour Masters Association
Kent and Medway Oil Pollution Group
Kent Resilience Forum
London Borough of Richmond Emergency Planning Forum
London Borough of Southwark Emergency Planning Forum
London Chamber of Commerce and Industry
London Emergency Services Liaison Panel (LESLP)
London Home and Water Safety Council
London Regional Resilience Forum
London Resilience
London Resilience Transport Group
London & SE Port Welfare Committee
London Waterways Commission
Maritime Advisory Group
Maritime London
MCA/DfT MARPOL Consultative Panel
MCA Seagoing and Inland Waterways Commercial Vessel Regulatory Working Parties
MCA Sunk Users Group
Medway Partners Emergency Planning Group

National Inland Waterways Freight Standards Steering Group
National Marine Safety Co-ordinating Committee
National Maritime Security Committee
National Offshore Renewable Energy Liaison Group
National Sea Training Trust
North Central London Local Resilience Forum
North East London Local Resilience Forum
North Kent Chamber of Commerce
NW Kent College Corporate Board
Parliamentary Maritime Group
Pool of London Partnership
Port Skills and Safety Limited
Radiocommunications Agency Local Customer Liaison
Radiocommunications Agency UK Ports Liaison
River Users Health & Safety Forum
SITPRO Port Procedures Policy Group
South East London Local Resilience Forum
South Essex Environmental Protection Group
South West London Local Resilience Forum
Thames21
Thames Counter Terrorism Partnership
Thames Dredging Liaison Group
Thames Estuary Partnership
Thames Estuary Research Forum
Thames Estuary Standing Environment Group
Thameside Partners
Thames Landscape Strategy Hampton – Kew Officers Working Groups
Thames Strategy Kew – Chelsea Officers Working Groups
Thames Traditional Rowing Association
Thurrock District Association of Industries
UK Delegation to International Maritime Organisation (IMO)
UK Harbour Masters Association
United Kingdom Major Ports Group
UKMPG/BPA Environment Working Group
University College London Geomatics Faculty



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Copies of the Annual Report and Accounts can be downloaded from our Website: www.portoflondon.co.uk and printed off.