

# PORT OF LONDON AUTHORITY

Annual Review 2006/7



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# 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. The Port 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 biggest in the south by volume, but it is the largest port in the UK for non-fuel cargoes.

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. Research shows the Port of London's economic contribution to the capital and surrounding regions amounts to over 35,000 full-time jobs and £3.4 billion to the economy each year.

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 95 miles, 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.

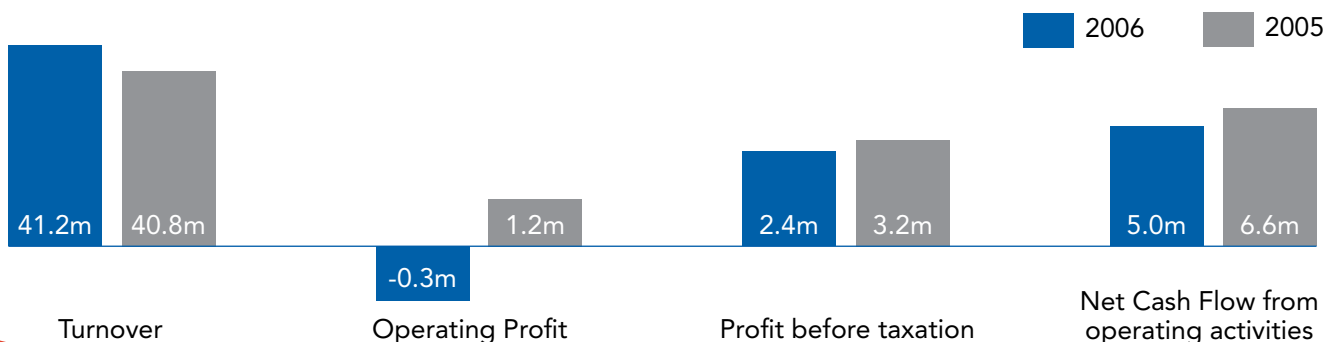
Prospects for the Port are exciting, with continued investment and expansion by many terminal operators along the Thames. London continues to look

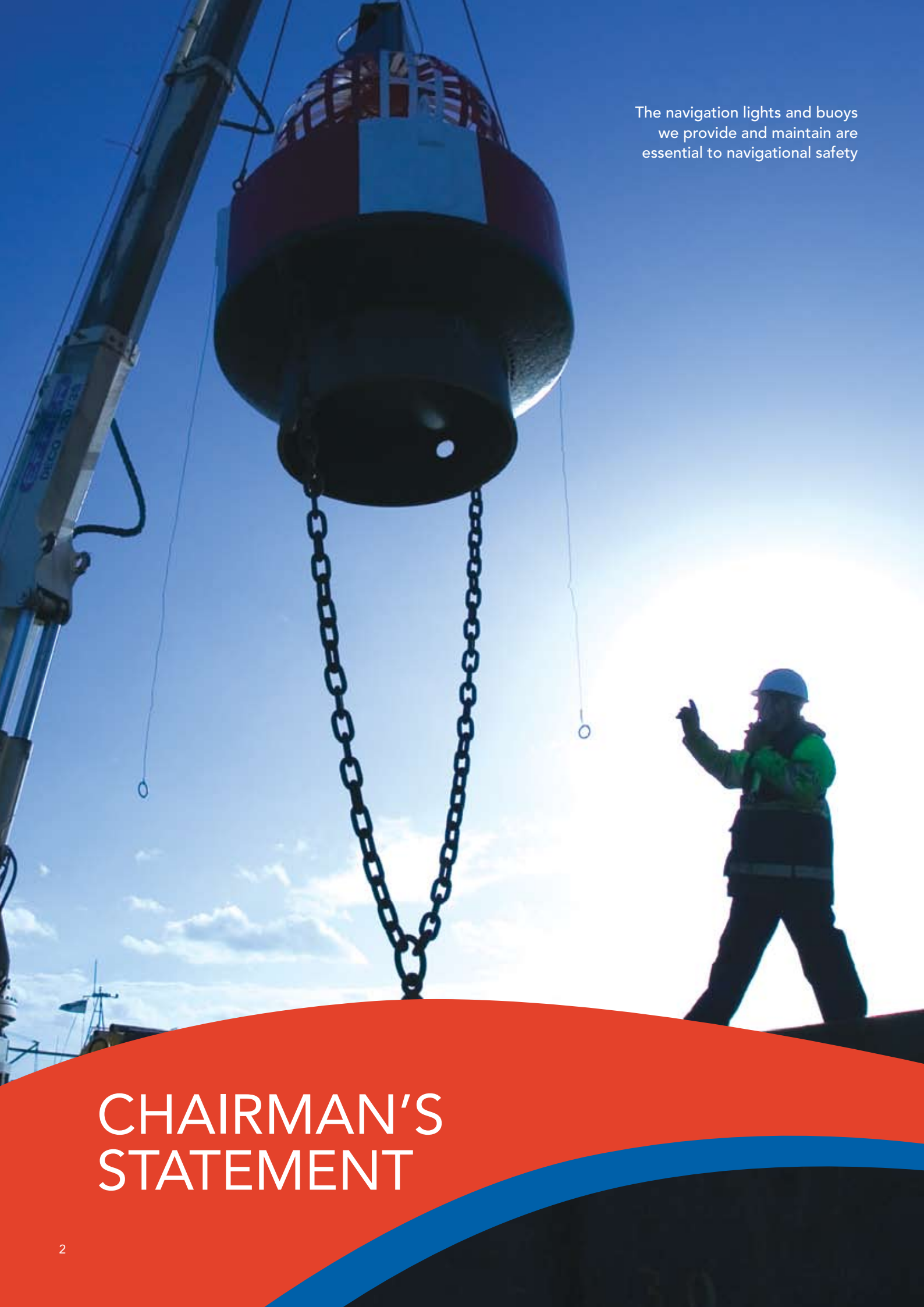
forward to the development of the London Gateway container port at the former Shell Haven refinery site, which awaits the final ministerial go ahead. This development has the potential to double volumes through the Port of London.

The London Olympics in 2012 also provides an exciting opportunity which showcases the Thames' unique capacity to be an integral part of the transport mix for critical projects. The river provides an alternative to road for the movement of bulk materials during the construction of the Olympic facilities and for transporting spectators during the Games themselves; it will also play host to visiting cruise ships.

By the end of 2006 the PLA employed a total of 360 staff, including pilots, Vessel Traffic Services (VTS) operators and personnel employed afloat in marine and harbour services. 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.

## PORT OF LONDON AUTHORITY FINANCIAL HIGHLIGHTS (2005 & 2006)





The navigation lights and buoys we provide and maintain are essential to navigational safety

# CHAIRMAN'S STATEMENT



In 2006 the Port of London again maintained its position as one of the United Kingdom's leading ports handling 51.9 million tonnes of cargo.

The 3.6% reduction over 2005 volumes reflected a marked fall in oil products owing to major maintenance at the Coryton Refinery. However, increases were seen in forest products, metals and scrap, chemicals, sugar and vegetable oils, again reflecting the wide range of cargoes handled by the Port's terminals whilst unitised trade held its own. Our focus on increasing the efficiency with which we are delivering our services continues to contribute to the competitiveness of the Port and we have again for 2007 announced an increase in conservancy charges of one percent below the rate of inflation.

The progressive improvement in safety on the River continued with no major navigational incidents during the year. We continue to focus on our key safety responsibilities with initiatives such as the introduction of the mandatory carriage of Thames AIS (Automatic Identification System) for larger vessels navigating above Greenwich. With the tidal Thames becoming busier and exciting prospects emerging this is an essential underpinning for the future.

### Financial Results

2006 was yet another successful year for the PLA financially, with a profit before tax of £2.4 million achieved. After capital expenditure of £3.7 million and early repayment of a loan (used to re-build the jetty at Denton) of £2.9 million, our cash balances dipped slightly by £680,000. Our investments, in projects such as the development of our new warehouse and offices at Denton, were aimed at increasing the efficiency of our services and enhancing the way that we deliver our statutory obligations, particularly safety of navigation.

We are being successful in generating income streams beyond conservancy thus increasing our ability to continue to invest in facilities for the benefit of all river users.

I regret that the arcane rules of the accounting profession relating to pensions give rise to volatility in reported profits and prevent the reader of our income statement from understanding that 2006 was financially successful. From an actuarial standpoint, our pension funds are expected to be able to meet their liabilities. We remain concerned however that their substantial size, reflecting the historical activities of the PLA in operating docks and their associated employment, means that a small change in underlying assumptions, such as the rate of mortality, can have a disproportionate effect on our reserves.

### Capital Projects

Two important capital projects were completed during 2006. Firstly, the initial stage of the dredging of Princes Channel, a southern approach to the Port in the mouth of the Estuary, was completed. This project is designed to provide a shorter, straighter and safer southern approach to the Port, thus relieving pressure on Fisherman's Gat, not only improving access but also providing a wider tidal window for larger vessels.

The dredging arisings, which contain no contamination and are highly suitable for shore-based development, were so used but only after double handling required by the waste regulator in order to meet an EU Directive. We have recently learned that the European Parliament is proposing to amend the Directive so that such arisings can be used without this additional cost. We urge Defra and the Environment Agency actively to support this initiative as not to do so will increase the cost of many of the Government's flagship development projects including Thames Gateway and, possibly, the Olympics.

The second major development was the completion of the new warehouse and office complex at Denton where we are endeavouring to create a "cluster" for river users. As such, we are experiencing increasing demand for our jetty facility and the boatlift as well as being able to sublet offices to other river-related operations.

## Port Development

During the year we received important confirmation of the Government's policy of safeguarding wharves that are essential to maintaining the River as a viable working river capable of helping to relieve road congestion. An application had been submitted to convert Peruvian Wharf in East London into a largely residential development, notwithstanding the interest by terminal operators in bringing the wharf back into use. We were pleased that the Secretary of State upheld the Government policy on safeguarding and we are now actively working with potential users who are keen to operate from this site.

Interest in using the Port remains strong and a number of new developments have been announced. Cemex plans to build a cement blending plant at Tilbury next year and RWE npower has confirmed in March this year plans to develop a new Power Station to replace its existing Tilbury operation. Both companies and their forebears are long-established users of the Port and their continued commitment to operations here is welcome.

## The Olympics

During the year the PLA has been lobbying hard to ensure that the Olympic construction projects make best use of the River to reduce the number of associated vehicle movements on the roads. We see a major opportunity in particular for the movement of construction materials and we are delighted that British Waterways is constructing Prescott Lock thus allowing barges to navigate up to the main Olympic site.

A key objective of the Olympics initiative is that there should be a lasting legacy deriving from it and our aim is to ensure that one of the legacies is increasing use of the River both for the movement of building materials and people. In this latter context, we were pleased to hear of the proposed substantial increase in the fleet of Thames Clippers following the acquisition of a majority interest by the Anschutz Entertainment Group and we look forward to working closely with them and all other passenger boat operators to enhance their commercial prospects.

## London Gateway Port

This is my seventh report as Chairman and the seventh time that I have referred to the proposed redevelopment of Shellhaven into London Gateway. It is a sad reflection on the infrastructure planning process in this country that we still have no decision from Government on this project, notwithstanding that a second "minded to approve" letter was issued in August 2006.

As I mentioned last year, the Department for Transport started a Ports Policy Review during 2006. I make no apologies for repeating my plea that the most important item on that agenda must be the simplification of the planning process for port development. This will allow the country to remain competitive in world trade. A failure to address this will result in the cost of transshipment from North West European ports being borne by the British consumer.



In October, we launched the new Rowing Code of Practice - *Rowing on the Tideway*

## Rowing

The River Thames is an important location for rowing enthusiasts and, indeed, many of our most successful international medal winners started their rowing life on our River. We were therefore pleased to be able to introduce the new Code of Practice for Rowing, following a period of consultation and risk assessment in which all interested parties were involved. These are enhancing safety for not only rowers but all river users in the Upper River. Our commitment to this initiative is evidenced by the financial prizes that we will be awarding to those clubs which are best able to demonstrate their commitment to enhancing safety.

## The Environment

As an organisation we are committed to the principles of sustainable development. We are embracing them in our own operations and supporting the development projects of others in moves towards greater sustainability. I am delighted to report that the project to develop a large windfarm in the Estuary has been substantially revised following extensive consultations. It now takes into account our concerns about the initial plans, which posed an undue risk to seafarers and would have prejudiced access to the Port. We were extremely concerned that this was the result of a Government failure properly to consult relevant parties at an early stage. However, after a shaky start the project has latterly become a good example of the partnership working that is at the heart of our relationships with our own stakeholders.

We have long held and expressed our concerns that steps needed to be taken to address the problem of foul water contamination which affects the River Thames following torrential downpours. The Government's decision to give the go ahead for the Tideway Tunnel to tackle this issue is therefore wholeheartedly welcomed. This will be a very significant development project which we look forward to working on with Thames Water, particularly to support the movement of construction and associated materials by water.

## The Board

At the end of 2006 two long serving board members retired. Duncan Clegg whose financial experience and rowing expertise enabled him to make a most valuable contribution to our deliberations had served nine years as a member, of which four were as Vice Chairman. Bruce Richardson, who had been our Chief Harbour Master for the last 12 years, also retired. During his tenure the margin of safety on the River has improved substantially and as a result the Port of London Authority is recognised as one of the world leaders in estuarial port risk assessment and mitigation. I should like to thank them both for their important contributions.



Tate & Lyle's Silvertown operation is one of the Port's longest standing customers, handling over one million tonnes of cane sugar a year

Angela Knight became Vice Chairman with effect from 1 January 2007 and we were pleased to see her appointed CBE in the New Year Honours list. On the same date we welcomed David Snelson as the new Chief Harbour Master following a distinguished career in the Royal Navy.

## Staff

The PLA's evolution into an increasingly customer focused, service oriented organisation was sustained during 2006. This process is ongoing. Throughout this process of change, the contribution of our employees has been first class. On behalf of the Board, I should like to say thank you.

A handwritten signature in black ink, appearing to read 'Simon P Sherrard'.

Simon P Sherrard  
Chairman  
15 March 2007

Driftwood operations collected and we eventually disposed of 493 tonnes of debris, with a further 128 tonnes of scrap recycled



# CHIEF EXECUTIVE'S OPERATIONAL REVIEW





Our key priority in 2006 was the efficient delivery of the essential services we provide, principally facilitating the safety of navigation, managing environmental aspects of the tidal Thames and encouraging the use of the river.

The PLA continues to evolve into an organisation with a much stronger commercial and stakeholder focus. Our drive towards greater efficiency saw developments aimed at better matching people and resources to changing demands. This has seen us undertake work on one of the main estuary channels, our buildings, our boats and other assets we employ in doing our job. We have also continued to work with our skilled employees to make sure that the way we work together is the safest and most efficient it can be.

## People

I should like to add my thanks to our employees for their sterling efforts in what was a good year for the PLA. This is a time of change within the organisation and, although change is familiar in a dynamic world, it is something that can be unsettling. In spite of this, our people's underlying commitment and pride in their work continues to shine through.

The use of the river continues to change and the organisation is evolving to reflect these changes. Our upper river operations provide a good illustration of this. Early in 2007, we created a new role of River Manager (Putney to Teddington) to bring a clearer focus to managing the unique needs of the community on this part of the river. This is part of a wider development of our upper river operations covered in more detail on p 24, which included the acquisition of two new patrol launches, purpose-built for the upper river.

During the autumn of 2006, we started consultation on integrating into a single team our employees who work 'afloat' on everything from harbour service launches to driftwood collection boats. Consultation with the unions and employees on this integration is continuing. It is expected to result in greater operational efficiency, with the flexibility we need to respond appropriately to changing demands on the river.

## Customers

For the commercial users of the Port we are effectively part of a three-way commercial partnership, made up of the terminal operator, the shipping line and ourselves. Our aim is to work with our customers to develop an increasingly keen understanding of emerging opportunities, trends and issues so that we can respond in a way that ensures the long term sustainability of the Port.

We are working to ensure that our operations remain efficient and cost effective. This has enabled us to maintain our preferred approach of capping increases in conservancy charges for 2007 at less than the rate of inflation, contributing to the overall competitiveness of the Port. Our development projects, such as the dredging of Princes Channel as a shorter, straighter and safer southern approach will also underpin the Port's competitiveness.

We are uniquely placed to help our existing or potential customers make the most of the River, helping to match them with facilities or development opportunities that will meet their needs. But this is only realistic if essential port infrastructure is preserved. That is why the Government's decision to dismiss plans for a largely residential development on the safeguarded Peruvian Wharf in Newham was so welcome (see Focus on p 21 for more).

## Stakeholder engagement

We continued during 2006 to bring a sharper focus to our stakeholder relations. Our aim in this is to make sure our significant contribution to London and the wider economy is properly communicated. We also want to make sure that our operations are properly informed by stakeholders' views.

We continued with our established programme of public meetings, in which we seek the views and input of all of those interested in the river and our work on it. The year saw our first public meetings for the lower river, held in Benfleet and Gravesend, while Hammersmith saw our first return visit to a community. We continue to enjoy the debates and shared commitment to the River.

The first Hammersmith public meeting in 2005 involved discussion on houseboat fees. In 2006 we consulted stakeholders on the way in which these fees are calculated. That consultation is now complete and the results will be published shortly.

As part of a planned development of our communications, our website was reviewed and re-launched in early January with an improved look, structure and contents; and further improvements are in hand. Work is underway that will see the replacement during 2007 of the Port of London News with a quarterly news magazine for customers and stakeholders and we will also be enhancing internal communications.

## PROJECTS

### Princes Channel

During 2006, we completed further work on the deepening of Princes Channel in the mouth of the estuary. This project will ultimately open up the channel to all but the largest ships approaching the Port from the south as a shorter and less complex alternative to Fisherman's Gat, cutting transit times and costs significantly for many vessel operators.

Over one-third of the dredge was completed in 2006, with the dredged material going for use in the Rochester Riverside development. We remain optimistic that contracts can soon be agreed which will result in the entire eight-metre deep channel being completed by the end of 2007.

### Marine House

A major achievement during the year was the completion of Marine House, our new £2 million operational support base at Denton Wharf. In this purpose-built facility, we have brought together a team with responsibility for a wide range of our support operations and incorporated the marine store, shot-blasting and painting facility. Bringing our people together in a modern environment is already paying dividends in financial and operational terms.

This latest development at Denton Wharf is part of a total £6 million we have invested in the site over the past few years. The development programme has included the construction of a new jetty and the installation of the only 70-tonne capacity boat lift on the river. The result is a unique facility on the Thames which supports our operations, including the repair and maintenance of our 40 vessels. Importantly, it is an asset being increasingly used by our customers and the wider river community.



Marine House boasts environmental features including a rain water harvesting system and movement-activated lights

Marine House constitutes a "cluster" of marine expertise as we have sub-let office space to Adsteam Towage and North West Kent College. The site is ideal for Adsteam who already use Denton Wharf as the base for its Thames tug fleet.

Consistent with our focus on continuously improving environmental performance, Marine House boasts features including a rain-water harvesting system for toilet flushing, saving valuable mains water.

## Policy Framework

The ports industry continued to be the subject of a diverse range of reviews. During the year we contributed to consultations on the Marine Bill and the UK Ports Policy Review and responded to the House of Commons Transport Select Committee Inquiry into Ports Policy.

We have also taken on a role in the Environment Agency's implementation process for the Water Framework Directive (WFD), representing port sector interests on the Thames River Basin Liaison Panel.

## Security

We work with a range of authorities, customers and other stakeholders on port security issues. Compliance with the requirements of the International Ship and Port Facility Security (ISPS) Code and liaison visits to the 51 ISPS facilities on the river, combined with our membership of the Thames Counter Terrorism Partnership, are the foundations of our security work.

In October we co-ordinated a multi-agency emergency exercise with the police, special forces, Government agencies and four oil and gas facilities in the Canvey area to test the capability of the various facilities to move, at short notice, to a heightened level of security. We have also been working with the Department for Transport, Transport Security and Contingencies Directorate



Sue Bennett, Pilotage Communications Officer  
Instructor/Vessel Traffic Services Officer

(TRANSEC) on the local implementation of the new EU Port Security Directive. The Directive will be enacted in UK legislation in mid-2007 and introduce the concept of a 'Security Authority' for each port.

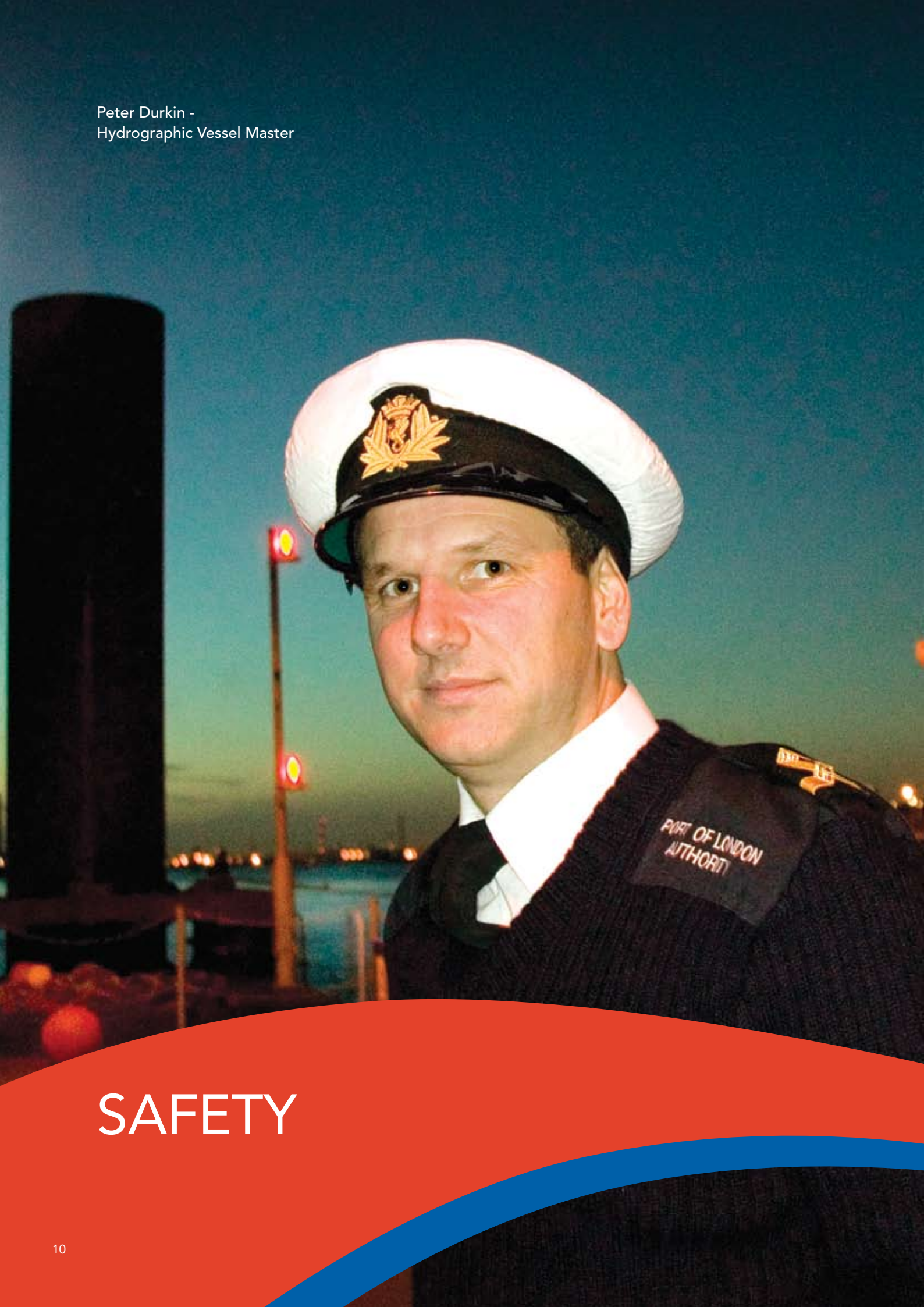
## The London Whale

An exhibition was staged at the Guardian's London offices in January 2007 to mark the passing of a year since the efforts to save the 'London Whale'. We were pleased to see recognition of those who were heavily involved in the operation including zoologists and British Divers Marine Live Rescue volunteers, together with our own harbour masters, launch crews and Marine Services team.

In summary, 2006 represented a year of solid progress for PLA. We have established strong foundations for the long-term future of the organisation, founded on core elements of sustainable development – sound finances, prudent environmental stewardship and social engagement. In 2007 we are already building on the progress we have made to ensure our operation continues to help all stakeholders, port users, rowers, commuters or people simply taking in the view, to make the most of the Thames, safely.

Richard Everitt  
Chief Executive  
15 March 2007

Peter Durkin -  
Hydrographic Vessel Master



# SAFETY

There were no major navigational incidents on the tidal Thames during 2006. The year saw us press ahead with a number of initiatives aimed at improving safety. These included the introduction of the Rowing Code of Practice (see Community & Leisure section) and further progress with the development of Thames AIS (Automatic Identification System), which is covered in the Focus on p 12.

### Boatmasters' Licence introduction

In 2002, the Maritime and Coastguard Agency (MCA) announced plans to introduce a new national training and certification regime, the new Boatmasters' Licence (BML), for the masters of both freight and passenger vessels operating in the inland waterways industry.

The PLA took an active part in the formulation of the new standards from the start, being represented on the steering group and competency and technical working groups throughout the development process. Improved practices we had introduced on the Thames and other work we had in hand helped inform the MCA's development of the new BML. The new BML system came into force on 1 January 2007; our Watermen's and Lightermen's licensing byelaws were revoked on that date.

The introduction of the new BML is part of a continuing drive to improve standards of safety on all inland waterways, including the Thames. It is a completely new type of qualification, based on a comprehensive understanding of essential maritime basics such as using charts, the foundation for good navigational skills. A key improvement of the new system is bringing skippers of inland waterway freight carrying vessels and ferries into a licensing regime for the first time.

We successfully applied to the MCA for a Local Knowledge Endorsement to be required for those masters who work in the more testing reaches of the river in Central London. Our focus now is on making the transition to the new licensing system as smooth as possible.

### London Array Wind Farm

An in-depth assessment by consultants on the effects of the Kentish Flats Offshore Wind Farm on marine radar, confirmed our first concerns that the presence of wind farms may create a risk to navigational safety.

We initially therefore opposed the development of the London Array on navigational safety grounds. Subsequent work and consultation with other bodies considered the effects of the proposed wind farm on radar images and how to overcome them.

A package of mitigation measures was ultimately agreed, including the removal of a number of the turbines and the provision of additional radars which the developers will fund, together with the costs of the extra staff required to manage the traffic in the area.

### CCTV coverage

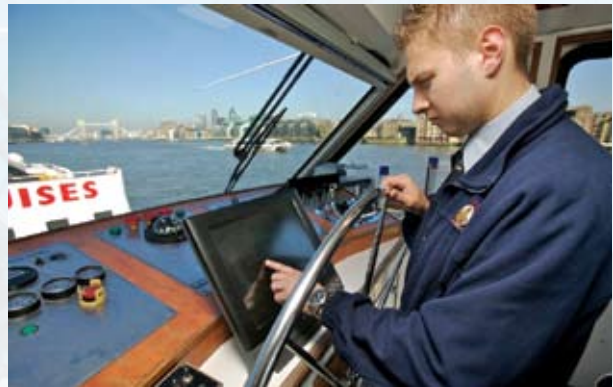
The installation of a number of additional CCTV cameras during 2006 has contributed to improved safety and monitoring, both upriver and downriver.

# FOCUS

*In October 2006, the Secretary of State for Transport confirmed our new byelaws, introducing the mandatory carriage of an AIS (Automatic Identification System) derivative for larger vessels working on the river in built-up central London and beyond, out of reach of radar. This is an important step forward in terms of safety on the river which meets a specific recommendation made following the Thames Safety Inquiry.*

AIS information for commercial shipping has already been successfully integrated into the PLA's Vessel Traffic Services system. This year (2007), after lengthy trials and consultations, the principles are being extended to passenger boats and reporting vessels throughout central London. This will affect about 160 vessels, including commercially and public authority operated craft.

The key benefit of the system is that it will allow each individual vessel to identify others and establish the proximity of other vessels to them. The system is also used to log the number of people on board, essential information that would be immediately available in the event of a search-and-rescue operation. We will also now have an enhanced overview of commercial traffic movements in the upper stretches of the river – right the way through to Teddington.



Inputting the Persons on Board data

## THAMES AIS

Having carried out extensive consultation about its implementation, we are supporting operators in the choice and financing of the new equipment they need. Arrangements have been put in place for the bulk-buying of equipment that meets the specification, providing operators with a simple choice and helping to keep costs down.

We have offered to fund half of the cost of the initial provision of the new equipment in vessels that need to carry it, and will support the cost of the other half with interest-free loans available over three years.



City Cruises' *Millennium of Peace* - the first passenger boat fitted with the production version of the Thames AIS equipment



Our diving team plays  
an essential role in our  
environmental and  
navigational safety work

# ENVIRONMENT



Our commitment to the environment was underlined during 2006, when we gained registration to ISO 14001. This certificate, awarded by Lloyd's Register Quality Assurance, formally confirms that our environmental management system (EMS) meets internationally recognised standards. It is founded on us demonstrating our commitment to continuously improving environmental performance.

### Dredging Conservation Assessment

As part of our work to continue to develop our understanding of the marine environment and how to manage it, we initiated an innovative review of the effects of dredging activity near the conservation sites in the Thames Estuary.

Endorsed by the RSPB and Natural England, the report covers historic morphological changes to the riverbed and reviews the impacts of present day dredging operations. One of its main conclusions is the importance of retaining clean sediment within the estuary to help prevent erosion of the important bird feeding habitats. We will use the findings in the report as an essential tool in our management of dredging within the Port.

### Water Framework Directive

Work to restore water bodies to good ecological status is now being pursued by the Environment Agency, in compliance with the EU Water Framework Directive.

This process, being carried out at regional level, considers ways of restoring waterbodies to a condition they might have had before significant human intervention. It focuses on pollution management and source control, but the emphasis is on what can be achieved to give environmental benefit without incurring disproportionate costs.

The Thames River Basin District covers all of the freshwater Thames and tributaries, as well as the tidal Thames and tributaries, before the river opens out into the estuary. In a process which started in 2006, the Thames River Basin Liaison Panel is charged with producing a management plan by 2009, which will look at the pressures in the river basin and the significant issues, and put forward ways of managing the resulting impacts to help achieve good ecological status. We are representing the collective interests of terminal owners and operators within the Port and Port users on the Liaison Panel – which also covers the Medway.

The key issues being considered are agricultural run-off, sewage outfalls, flooding and water abstraction, while the Port impact is relatively low on the list.

## Work with the Environment Agency

We continued to work with the Environment Agency during 2006, progressing two major projects to improve environmental management on the Thames.

We funded analysis of data collected by the Environment Agency on Thames fisheries to provide a common understanding of the location of the fisheries on a Geographical Information System. This will help to facilitate a co-ordinated approach to their ongoing management.

The principle of a common understanding applied to further work undertaken to develop a two-dimensional mathematical model of the Thames. Until now, companies looking to carry out certain developments on the river had been asked to model the impact of their specific development. That sometimes leads to debate over the accuracy or type of model being used, even before the development could be considered.

As the two major regulators on the river, the PLA and Environment Agency commissioned HR Wallingford to produce an agreed "standard" model or base line which all developers can use and refer to in discussing and planning new constructions. The computer-based model, completed in 2006, introduces a much-needed consistency of approach and helps developers when planning new projects for the river.

## Marine House

Marine House, our new operational support facility at Denton Wharf, was designed very much in line with our ISO 14001 environmental commitment.

"Green" features of the building include a rainwater harvesting system and light sensors activated by movement or low light levels to ensure that lights are not left on unnecessarily. Segregating and reducing waste streams, recycling and energy saving are all central themes in the running of Marine House and the operations based there.

## Brewery tanks

The environmental benefits of using the Thames for transport, including project cargo and abnormal loads, were perfectly demonstrated in December 2006, with the movement of eight giant fermenting tanks from the Guinness brewery at Park Royal to the Port of Tilbury, for onward shipment to other destinations.

The tanks weighed 18 tonnes each and measured 16 metres by nearly six metres. They were loaded on to barges at Isleworth and towed through central London to Tilbury.



Environmental Scientist, Nicola Clay surveys Hole Haven Creek

# FOCUS



Head of Planning and Partnerships, Jim Trimmer at the restored Shadwell Steps

*Our restoration of the historic Shadwell Dock Stairs in Tower Hamlets has been hailed as an example of sympathetic renovation of an old structure. The stairs, which date back to the 17th or early 18th Century, are listed but were on English Heritage's "Buildings at Risk" register.*

After detailed consultations with English Heritage and the London Borough of Tower Hamlets, we carried out a major restoration project during the summer and autumn of 2006.

While the stairs themselves were in relatively good condition, most of the work was required to save the causeway extending from the base of the stairs to the river from crumbling away. New timber revetments and replacement stonework were required; putting these in place required careful planning of work around the tide, and took several weeks to complete.

The Shadwell Dock Stairs are next to Shadwell Basin on the north side of the river. They are on the Thames Path and also close to King Edward Memorial Park. Used in times past by watermen and passengers who needed to get to their boats at all stages of the tide, they are something of a rarity as it is unusual to have listed stairs.

After the successful completion of this project, we are now looking into the restoration of another causeway, at Chiswick. Although this is not a listed structure, it is again of great historic interest as part of the river's heritage and infrastructure.

## RESTORATION OF SHADWELL STEPS

Tilbury Container Services  
secured a number of new  
trades and increased calls



# TRADE & TRENDS

The Port of London's throughput remained above 50 million tonnes for the sixth consecutive year, despite a fall in crude oil volumes. In total, the Port handled 51.9 million tonnes, which was 3.6% lower than 2005, but within that overall volume there were increased tonnages of short-sea unitised traffic, forest products, scrap, chemicals, sugar, vegetable oils and other goods (including conventional cargo).

## Fuels

Fuel traffic, which accounts for over 38% of the tonnage through the Port, declined by 8% (1.68 million tonnes) with crude oil and coal tonnages significantly below last year.

### Oil and petroleum products

Crude oil throughputs were down due to the planned maintenance shutdown at the BP Coryton Refinery. Extra refined petroleum products were handled at Coryton in the previous year and in 2006 to compensate for the loss of refining time.

The closure of the Buncefield fuel depot following the fire in December 2005 affected fuel trades at the Port, resulting in increases in throughputs of petroleum products at Vopak and Valero, but a decline at Shell. Esso's throughput almost doubled as a result of new business.

In February 2007, BP announced that it has agreed to sell the Coryton Refinery to Swiss petroleum group Petroplus Holdings for \$1.4 billion. The sale includes the adjacent bulk terminal and BP's UK bitumen business, which is closely integrated with the refinery. Completion of the sale, subject to required regulatory approvals, is expected in mid 2007 and we are looking forward to working with Petroplus as they develop operations at Coryton.

Oikos Storage invested over £2 million last year in the marine works, storage and upgrading of bulk liquid storage tanks at its terminal, ahead of

reactivating the link into the Government Pipelines and Storage System (GPSS) from the site, in early December 2006. Oikos now has the capability to pump aviation kerosene direct to airports. The plan is to reactivate the site's link into the UK Oil Pipeline (UKOP) system during 2007.

### Coal

The tonnage of coal handled by the Port in 2006 was 23% lower than the previous year, a decrease of 0.6 million tonnes. Coal imports at Tilbury Power Station in 2006 were more in line with the years 2002 to 2004. Coal throughput in 2005 was exceptionally high due to a rise in electricity generation at the power station.

In March 2007, RWE npower announced plans to invest over £1 billion in a state-of-the-art 'cleaner' coal power station at Tilbury, to replace the existing coal-fired station. This is a very welcome move to secure the long term future of power generation on the Thames.

### LNG

Plans to reinstate a liquefied natural gas (LNG) terminal on Canvey Island remain in the planning process. The terminal, which would cost between £150 million and £200 million to develop, would have the capacity to distribute 5.4 billion cubic metres of gas a year – about five per cent of the UK's gas needs.

## Unitised trades – roll-on/roll-off (ro-ro); containers

Unitised traffic fell slightly in 2006 compared to the previous year. Nevertheless, short-sea unitised throughput at the Port of Tilbury increased and was boosted by the Ferryways service to/from Ostend which started at the end of June. In August, Ferryways deployed a second ship on the Ostend route.

Tilbury Container Services (TCS) handled less cargo, principally due to settling down after the Maersk/P&O Nedlloyd take-over. Later in the year and in early 2007, new deep-sea trades and a new feeder service were secured.

The CMA CGM / Marfret service from North Brazil and Guyana started calling weekly in November and Hapag Lloyd's West Africa service in January. United Feeder Services (UFS) has begun a feeder service connecting Tilbury with the Iberian Peninsula and northern Europe. Hamburg Sud has upgraded the frequency of its direct Australian and New Zealand service (Trident) to weekly calls, and CSAV expects to increase its volumes through TCS after becoming a full member of the SAEC1 service from East Coast South America.

Trade at Ford's Dagenham facility was higher in 2006 than the previous year.

At the start of the year the largest ro-ro operator on the river, Cobelfret, bought another ro-ro company, Dart Line. Cobelfret's CdmR Purfleet terminal and the Dart terminal continued to operate separately on the north and south sides of the river, but with obvious synergies between them – including opportunities for greater flexibility in deploying vessels. The combined operation now has eight sailings a day from the Thames to the near continent.

## Building materials - aggregates and cement

Aggregate tonnages were 7.7 million tonnes in 2006, slightly down on the previous year as the Channel Tunnel Rail Link project ended and no major projects in the region were sourcing aggregates from the Port's aggregate terminals. The Port's building materials terminals are well placed to benefit from the imminent start of construction works at the Olympic Park.

The year also saw the first permissions granted for sea dredged aggregates in the Eastern Channel which will secure the long term future of aggregate working on the Thames.

Prospects for the cement trades received a substantial boost with the announcement of Cemex's plans to invest £27 million in a new terminal at the Port of Tilbury, to meet the needs of the London Olympics in 2012 and the substantial development expected within the Thames Gateway. The new facility, for the manufacturing of up to 1.2 million tonnes of blended cements a year, has now received planning approval and is expected to come on-stream in 2008.

## Forest products

Forest products throughput in 2006 was 158,000 tonnes above last year as a result of the new Stora Enso traffic at the Port of Tilbury.

## Metals – steel and scrap

Overall, tonnages of metals handled at the Port increased. In January 2007, ELG Haniel Metals reactivated Alexanders Wharf in Barking shipping scrap metal for recycling.

## Agricultural products

Cereal tonnages were below 2006, mainly due to Cerestar ceasing its operations at Tilbury at the end of 2005. Tate & Lyle's Silvertown operation continues to handle over a million tonnes of sugar a year.

Vegetable oils and oil seed tonnages handled increased as extra vegetable oil came into the Port in 2006 as part of a trial at Littlebrook Power Station.

## Intraport trade

The Thames continues to be the busiest inland waterway in the UK. The volume of cargo transhipped on the Thames during 2006 increased by 15% to over 2.5 million tonnes.

Established trades such as the movement of large volumes of waste out of the capital by river and the shipment of aggregates continue. There is also growing interest from new organisations in using the Thames to move goods by water avoiding the difficulties of moving them by road in London. The policy of safeguarding wharves is essential to being able to satisfy this growing demand.

# FOCUS

*Fifty wharves on the Thames in London are "safeguarded" for cargo handling use after the unique imposition of directions by the Secretary of State, which followed the advice of the Mayor of London and ourselves.*



More than 2.5 million tonnes of cargoes were moved on the Thames, saving over 250,000 lorry movements on London's busy roads.

In January 2007, the Government upheld the strong policy in London of promoting the use of the River Thames for the transport of freight, by dismissing plans for a mainly residential development on one of the safeguarded sites, Peruvian Wharf in Newham.

The decision recognises the critical role that the river and wharves can play in taking heavy lorry movements off London's congested roads. It brought to a successful conclusion more than six years work by us, in partnership with the Greater London Authority.

There is no shortage of operators keen to start up port-related operations on these prime riverside sites for which alternative demand, particularly property development, remains very strong. Immediate plans to bring Peruvian Wharf back into use, handling river-borne waste for recycling and aggregates, underline the port-related demand.

We continue to receive a high number of enquiries about the safeguarded sites, especially as road congestion continues to be a real problem in the capital and companies look at the alternatives. Our wharf reactivation policy has the strong support of the Mayor of London, Ken Livingstone.

The judgement laid out in the Peruvian Wharf case sets a precedent which should help to ensure the river is able to play an increasing part in London's sustainable future.

## SAFEGUARDING - PERUVIAN WHARF

Rowing on the Upper Thames is now governed by the new Rowing Code of Practice – *Rowing on the Tideway* – developed jointly with the Thames Regional Rowing Council



# COMMUNITY & LEISURE



2006 was another busy year on the river. We authorised and coordinated over 200 events, including the University Boat Race, the Transport On Water (TOW) barge race and the Great River Race. Our involvement included everything from planning with organisers to providing vessels and on-site safety support during the events.

The upper river, from Putney to Teddington continues to be the principal focus on the Thames for community and leisure activities. It is home to the majority of Tideway rowing clubs and hosts numerous rowing, sailing and other river-based events.

### Rowing Code of Practice

A new Code of Practice for Rowing on the Tideway was introduced in October 2006. Its introduction brought to an end the first phase of a project we started three years ago, following a series of incidents involving rowers and their boats.

The Code provides details of the area where local rules for rowing apply. It was developed jointly by us and the Thames Regional Rowing Council and started with a wide-ranging risk assessment. Subsequently there was extensive consultation and discussion with rowers, coaches and safety officers from the many rowing clubs along the river, as well as representatives of other leisure and commercial interests.

The three key principles of the Code: knowing and following the rules, keeping a good lookout, and showing consideration for other river users, have already been extensively communicated. New buoys have been installed in the river so that it is clear to rowers exactly where they should row.



The Tideway is the cradle of British rowing talent

We actively promoted adoption of the new Rowing Code to clubs along the upper river. Those involved in developing the Code are confident that the way in which the community of river users has embraced it has made this section of the Thames much safer than before.

To encourage adoption and promotion of the Code, we have introduced an annual competition for rowing clubs, which will be administered by the Thames Regional Rowing Council, with prizes for the best safety and compliance records.

## Developing upper river operations

The Rowing Code of Practice is part of a major change to our approach to safety management in the upper river. To meet the distinct needs of river users in the area, we have created the post of River Manager (Putney to Teddington). Our aim is to have an expert based at Richmond, leading our team, working on a daily basis with the community to promote the safe use of the river and deal with any issues that emerge. At the same time, we are also in the process of replacing our upper river patrol launches with 'low-wash' craft, purpose-built for the recreational river environment.

## Riverside Code Trailer

More than 13,000 schoolchildren learnt about riverside safety through our "Riverside Code" trailer, which attended 17 events during the year.

The trailer is provided and manned at Junior Citizen events, and many more community and other weekend events. Children play the giant "keep safe" floor game outside the trailer and experience being "stuck in the mud" as the tide comes in, in a recreational riverside setting inside the vehicle. Since its introduction in 1999, the trailer has

delivered its riverside safety message to more than 84,000 children. The original trailer is now being replaced with a new £30,000 unit that has been purpose designed and built to our specification. The new trailer will have disabled access and be more spacious, allowing for a widened "footpath" and the capability to "trap" two children on the foreshore. A large TV screen will show news coverage of some children who got into difficulties in an incident at Isleworth.

## Marina plans

We are responding to an increasing interest in developing marinas on the Thames. Among the ongoing proposals are those from the Thurrock Thames Gateway Development Corporation for a new marina at Grays and for a large marina development at Greenhithe. We continue to work with the councils and developers to assist them in planning.



Our Riverside Code trailer has been used to educate more than 84,000 children on riverside safety

# FOCUS

*Our two new low-wash patrol boats for the upper part of the tidal Thames are the result of more than four years' work on hull research and design. The patrols are run every day, to help ensure safety, oversee events and provide emergency support.*

A prime aim for the new boats was reducing the 'wash' waves the vessels generate. The waves can be a hazard for small craft such as rowing boats which sit very low in the water and can easily be swamped. Working with scientists at the University of Southampton and experts from the boatbuilding industry, a hull form was developed that reduces the wash generated in shallow water to only one-third of that generated by our previous launches.

The new launches have been built by Plymouth-based Ecocats Ltd. The first of the boats, *Chelsea*, entered service in October 2006 and the second, *Richmond*, is due to arrive in the Spring of 2007.

The new boats bring significant environmental benefits. The sleek catamaran hull, combined with smaller, more efficient engines delivers a 50% reduction in fuel consumption, with consequent reduction in carbon dioxide emissions. For the two launches, we expect to save over 4,000 litres of fuel a year and over their anticipated 15-year life, there should be a total saving of around 160 tonnes of carbon dioxide.

The reduction in wash generation is also sound environmentally – less wash means less erosion of the river bank, and less subsequent silting as the mud and sand falls to the river bottom. It also helps prevent disturbance to wildlife habitats, particularly nesting and feeding birds. The boats are also fitted with solar panels to provide power for battery charging and onboard systems.

In operational terms the new boats are also superior – their lower deck level making it easier for our crews to talk to rowers and other leisure craft owners on the river.



Our innovative low wash craft, specially designed to operate on the upper river

## NEW PATROL BOATS



# ANNUAL REPORT & ACCOUNTS

The following pages contain the statutory financial statements for the financial year ending 31 December 2006.

The Annual Report and Accounts are available in full via the PLA website ([www.portoflondon.co.uk](http://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 2006

	Note	2006 £000	2005 £000
Turnover including share of joint venture		41,187	40,761
Less: share of joint venture		584	597
<b>PLA turnover</b>	2	40,603	40,164
<b>PLA operating expenditure</b>	2		
Before exceptional items		40,900	37,494
Exceptional items	4	0	1,432
<b>Total</b>		40,900	38,926
<b>PLA operating (loss)/profit</b>	2	(297)	1,238
Share of operating profit of joint venture		124	194
<b>Operating (loss)/profit including joint venture</b>		(173)	1,432
Net interest	8	1,185	958
Other financial income	27	1,363	798
<b>Profit on ordinary activities before taxation</b>		2,375	3,188
Taxation	9	(586)	(1,037)
<b>Profit for the year</b>	22	1,789	2,151

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.

## Statement of Total Recognised Gains and Losses (STRGL)

	Note	2006 £000	2005 £000
Profit for the financial year		1,789	2,151
Actuarial (loss)/gain on pension schemes	27	(7,979)	4,900
Movement in deferred tax relating to pension schemes		2,394	(1,470)
		(3,796)	5,581
Share of STRGL of Joint Venture		107	(110)
<b>Total recognised (losses)/gains relating to the year</b>		(3,689)	5,471

The PLA also has unrecognised gains of £1,786,000 for the year ended 31 December 2006 (2005 £445,000) in relation to two pension schemes which have irrecoverable surpluses (see note 27).

# BALANCE SHEET

At 31 December 2006

	Note	2006 £000	2005 £000
<b>Fixed assets</b>			
Intangible assets	10	287	294
Tangible assets	11	25,482	24,111
Investments	12	0	25
Joint venture:-	13		
Share of gross assets		758	846
Share of gross liabilities		(249)	(294)
Share of pension deficit		(296)	(414)
		25,982	24,568
<b>Current assets</b>			
Stocks		210	246
Debtors	17	6,607	7,417
Investments		17,817	13,002
Cash and bank balances		7,400	12,410
		32,034	33,075
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	7,632	6,208
<b>Net current assets</b>		24,402	26,867
<b>Total assets less current liabilities</b>		50,384	51,435
<b>Creditors: amounts falling due after more than one year</b>			
Loans	19	0	2,720
Other amounts	20	859	1,090
		859	3,810
<b>Net assets excluding pension deficit</b>		49,525	47,625
<b>Pension deficit</b>	27	(6,562)	(973)
<b>Net assets including pension deficit</b>		42,963	46,652
<b>Reserves</b>			
Profit and loss account	22	42,963	46,652

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 3 April 2007 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 2006

	Note	2006 £000	2005 £000
<b>Net cash inflow from operating activities</b>	23	5,030	6,649
<b>Dividends received from joint venture</b>		130	92
<b>Returns on investment and servicing of finance</b>			
Interest received		1,270	1,191
Interest paid		(96)	(172)
Interest paid on finance leases		(6)	(28)
Net cash inflow from returns on investments and servicing of finance		1,168	991
<b>Taxation</b>			
U.K. Corporation tax paid		(361)	(284)
		(361)	(284)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(3,798)	(2,162)
Sale of unsecured loan notes		25	0
Sale of tangible fixed assets		84	25
Net cash outflow from capital expenditure and financial investment		(3,689)	(2,137)
<b>Net cash inflow before use of liquid resources and financing</b>		2,278	5,311
<b>Management of liquid resources</b>			
Increase in short term investments		(4,815)	(116)
<b>Net cash (outflow)/inflow before financing</b>		(2,537)	5,195
<b>Financing</b>			
Bank loan principal repayments		(2,890)	(170)
Principal repayments under finance leases		(68)	(107)
Net cash outflow from financing		(2,958)	(277)
<b>(Decrease)/Increase in cash in the year</b>	25	(5,495)	4,918



# 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.

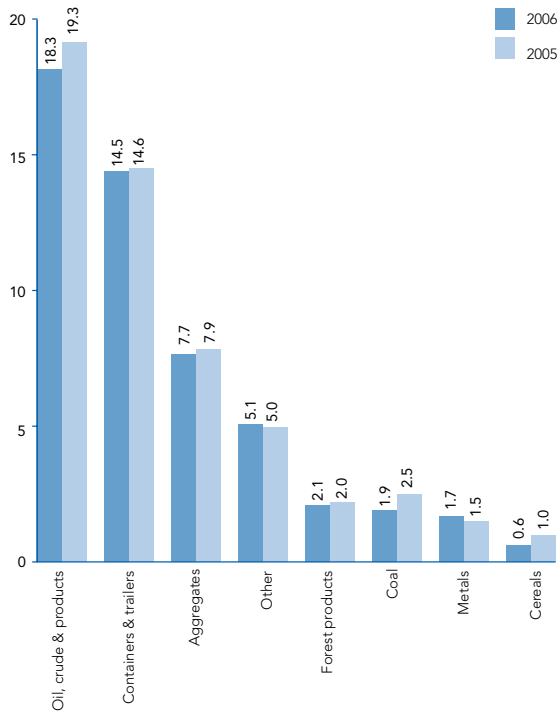
## PLA CONSULTATIVE AND LIAISON COMMITTEES

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  
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  
Dredging Liaison Group  
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 (LESPL)  
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  
OFCOM/MCA Maritime Advisory Technical Committee  
Parliamentary Maritime Group  
Port Skills and Safety Limited  
River Basin Liaison Panel  
River Users Health & Safety Forum  
Sea & Water Inland Waterways Committee  
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 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 Environmental Policy Group  
University College London Geomatics Faculty  
Westminster Biodiversity Action Plan Steering Group

# TRADE & FINANCIAL HIGHLIGHTS

## Trade million tonnes



## Trade

	2006 million tonnes	2005 million tonnes
Imports	43.2	45.0
Exports	8.7	8.8
Total	51.9	53.8

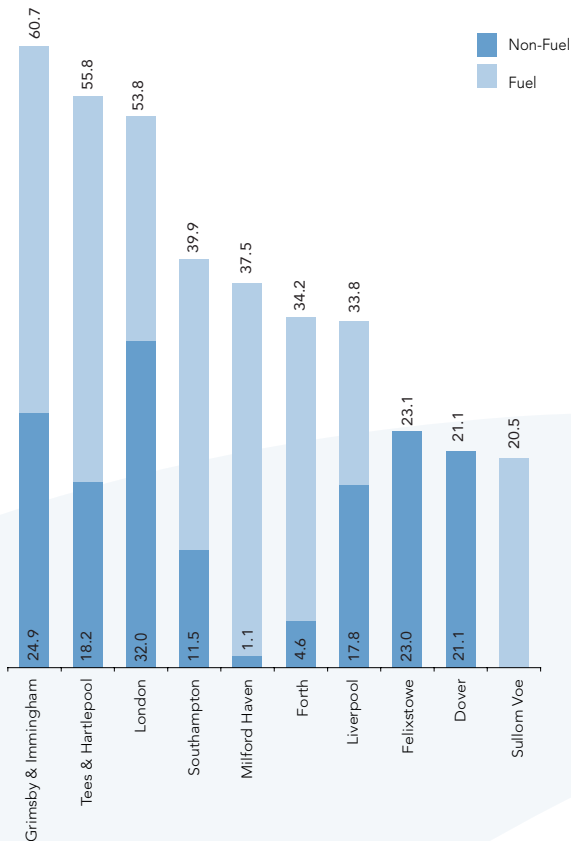
## Unitised Traffic - (included in above tonneages)

	2006 000 twenty-foot equivalent units	2005 000 twenty-foot equivalent units
Imports	999	948
Exports	700	756
Total	1,699	1,704
Number of chargeable vessel arrivals to the Port of London	11,224	11,846

## United Kingdom Port Traffic 2005 million tonnes

Source: Department for Transport

Note: 2006 Statistics not yet available



## Financial Highlights

	2006 £m	2005 £m
Turnover	41.2	40.8
Operating profit	(0.3)	1.2
Profit before taxation	2.4	3.2
Net cash flow from operating activities	5.0	6.6



Bakers' Hall  
7 Harp Lane  
London  
EC3R 6LB

London River House  
Royal Pier Road  
Gravesend  
Kent  
DA12 2BG

Tel +44 (01474) 562200  
Fax +44 (01474) 562281

Email [info@pola.co.uk](mailto:info@pola.co.uk)

Website [www.portoflondon.co.uk](http://www.portoflondon.co.uk)

Copies of the Annual Report and Accounts  
can be downloaded from our website.



Printed on Satin Mat, a paper produced under the guidelines of the Forest Stewardship Council. This ensures more trees are planted than are harvested. Satin Mat is a carbon neutral paper.