

Information about Fishing Industry Disturbance Payments Scheme

March 2009



Introduction

London Gateway, in South Essex, will be the UK's first deep-sea container port to be built for over 20 years and will be integrated with Europe's largest logistics park. London Gateway will become the country's single largest destination point for freight, changing the way we distribute goods throughout the UK, making the country more efficient.

London Gateway will impact upon the area of South Essex and the Thames Estuary in a number of different ways. One of these impacts relates to the fishing industry in the Thames Estuary.

This Briefing Note provides information about DP World's Disturbance Payments Scheme (the Scheme) put in place to alleviate any potential impacts that construction may have on the fishing industry in the Thames Estuary. This Disturbance Payments Scheme has been put in place in cooperation with regulatory authorities and in line with legislative guidelines.

Background

In 2002, expert fisheries consultants MacAlister Elliott and Partners (MEP) was appointed to undertake a survey of the Thames fisheries and review the effects of the construction of London Gateway on the fisheries. Marine Ecological Surveys Ltd. in association with HR Wallingford and Pisces have also undertaken detailed surveys of the marine resources in the area.

Following a detailed technical assessment of the potential impacts and in consultation with local fisherman and others whose livelihoods depend on the fisheries, MEP developed the Scheme to compensate any fisherman experiencing financial loss as a result of the port's construction and/or the post-construction recovery period.

An outline of the proposed scheme was circulated to the fishing industry and presented to the Public Inquiry in 2003, at which the fishing industry were represented. Following detailed examination, the Scheme was accepted at the Inquiry. DP World acquired the London Gateway project in Spring 2006 (through the acquisition of P&O) and has subsequently continued to manage the Disturbance Payments Scheme. The London Gateway project was subsequently approved by the Secretary of State for Transport in 2007.



Effects of London Gateway on the Thames

DP World recognises that some of the fisheries in the Thames Estuary may be adversely affected during the construction of London Gateway. The effects potentially may be:

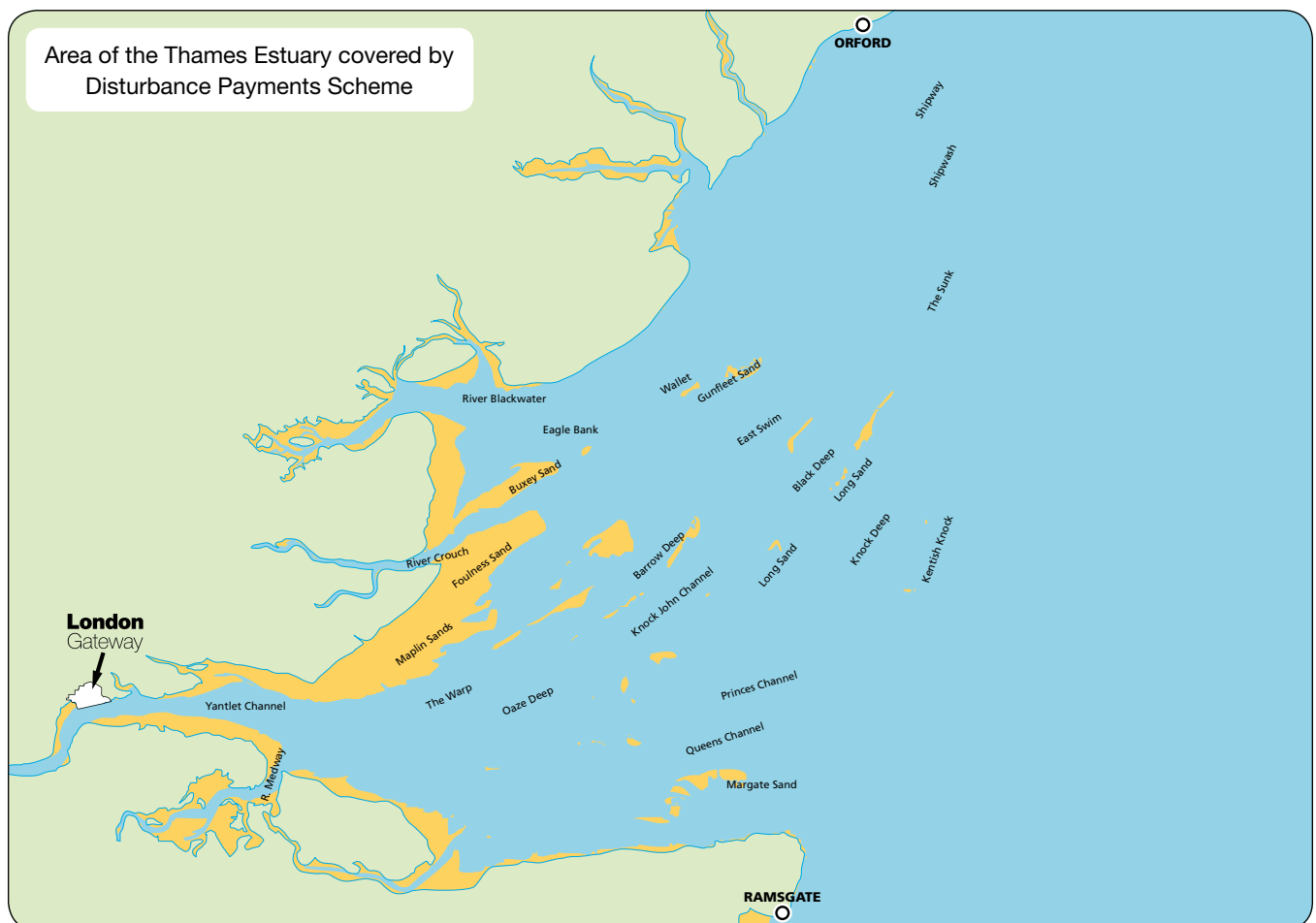
- 1) to reduce the availability of fish or shellfish in the area; or
- 2) to increase the costs of fishing; or
- 3) to hamper the efficiency of fishing operations; or
- 4) a combination of these factors during the period of the construction.

For the most part, these impacts are expected to be temporary and, beyond a post-construction recovery period, will not persist in London Gateway's operational phase. The impact of the construction on the fish stocks will be extensively monitored throughout the dredging process and during the post-construction phase.

Disturbance Payments

The Scheme will provide financial support in the form of Disturbance Payments to those in the fishing industry that have been affected by the construction works and/or the post-recovery period. Eligibility for Disturbance Payments extends to:

- 1) Owners of fishing vessels and other fishing-reliant businesses based within the Thames Estuary
- 2) Those who can demonstrate an economic dependency on the fisheries resources in the Thames Estuary



It was determined that the fishermen affected could be divided into two main groups who would be compensated in separate ways. A summary of the Scheme is as follows:

1. Advance Disturbance Payments

A limited number of fishing businesses were assessed as likely to be very seriously impacted by London Gateway's construction. The Advance Payment Scheme was therefore created to provide an up-front package of financial compensation that will be paid at the start of the main dredging. As of October 2008 there are approximately fifteen fishermen on this scheme.

2. Pay As You Go Scheme (PAYG)

This Scheme relates to those fishermen who may be adversely affected by the construction and/or dredging activities but who will be able to continue fishing activities in other areas, which may lead to increased costs or reduced catches, but will not immediately jeopardise their fishing business during the construction of London Gateway and/or the post-construction recovery period. Fishing performance during this period will be assessed against historical fishing data to determine appropriate payments to be made in order to ensure no loss of gross income from the fishery is suffered by those affected.

Cockle Industry

Evidence based on the predicted mobilisation and transport of sediment from the dredging and reclamation works indicates that no impacts will occur on the Thames' cockles. There will be detailed monitoring of the cockle stocks and sediment characteristics of the cockle beds during the course of the works.

Implementation of the Disturbance Payments Scheme

Advance Disturbance Payments

Based on experience of previous schemes where delays in payments to affected fishermen caused hardship, DP World developed an innovative and unprecedented Advance Disturbance Payment process, where the fishing boat owners would receive one payment in full and final settlement of their claim, based on a percentage of their projected gross income. This aspect of the Disturbance Payments Scheme is believed to be the first of its kind in Europe.

Attention has concentrated on the approximately fifteen fishermen who, due to the pattern of their fishing activity, it is expected will be most seriously affected. These fishermen were requested to present supporting evidence of their claims (particularly five years of accounts and sales invoices) in accordance with the Terms and Conditions of the Scheme. The majority presented their evidence, some chose not to.

Provisional offers were made to agreed advance category claimants in 2004.

As the construction of London Gateway grows nearer, reassessments of the provisional offers is underway. MacAlister Elliott & Partners, on behalf of DP World, are now converting the provisional assessments into firm offers in line with the fishermen's latest three year accounts. This is in accordance with the principles set out during the Public Inquiry. Advance Disturbance Payments will be made before dredging commences. The trigger for Advance Disturbance Payments is related to London Gateway securing the relevant government licences to allow dredging to commence.



Pay As You Go Scheme (PAYG)

The PAYG Scheme will be based on assessing the difference between a claimant's expected performance (usually modelled on five years' accounts/sales invoices) and actual performance, including income from activities to mitigate losses. The Pay As You Go Scheme is intended to place a claimant in the situation where they are neither better nor worse off than if London Gateway's construction had not gone ahead.



There are three categories of fishermen who might be affected:

- 1) Fishermen who currently fish in the main channel and anchorage area to be dredged;
- 2) Fishermen who currently fish in the area that is to be reclaimed to construct the Port;
- 3) Fishermen who might be affected by other fishermen, displaced by the Port development, coming onto their fishing grounds and reducing the catch available. As of October 2008 some fishermen have entered into a pre-assessment process so that claims under the Pay As You Go Scheme can be made if losses occur.

Disturbance Claims will be submitted on a periodic basis and assessed in accordance

with the Terms and Conditions of the Scheme. Claimants will be met and assisted in the preparation of their claims by MEP.

In the case of PAYG claims, the claimant needs to submit evidence to prove that their claims are eligible under the Terms and Conditions of the Scheme, for example:

- 1) The fisherman is based in the Thames Estuary
- 2) They have fished regularly in the impacted area and have documentation to establish track record
- 3) Any losses have been caused by the Port's construction

Fishermen will be expected to inform MEP of actions they have taken towards mitigation of losses, such as fishing on different grounds, as required by law.

There may be instances where there will be a series of claims from a claimant and/or delays before all the documentation required under the Scheme becomes available and claimants could face short-term hardship. Interim payments will, therefore, be considered against available documentation before the claim is finalised.

Summary

Fishermen who continue to fish in the Thames Estuary will face a new future as the fishing grounds change in nature after the seabed is dredged and the Estuary starts to recover.

During this time fishermen will need:

- 1) To relearn some fishing grounds;
- 2) To adapt their fishing methods;
- 3) To possibly travel further to new fishing grounds.

As a result of the points above fishermen may incur a decline in gross income and/or increased costs.

The Disturbance Payments Scheme has been developed to support fishermen to continue in the industry until the fishery recovers.

This document has been produced for press release purposes and public consumption in order to provide information about the Disturbance Payments Scheme and is only a summary of the Scheme. It is not binding and has no legal effect.

Please refer to the full Terms and Conditions and Explanatory Note for further details on the Scheme. These can be obtained by emailing enquiries@londongateway.com or calling 01375 648300.

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