

Enterprise and Business Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
29 February 2012

Meeting time:
09:30

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

Private Pre-meeting (09.10 – 09.30)

1. Introductions, apologies and substitutions

2. Ministerial Scrutiny session – Minister for Local Government and Communities (09.30 – 10.30) (Pages 1 – 31)

Carl Sargeant AM – Minister for Local Government and Communities

Frances Duffy – Director of Transport

Tim James – Deputy Director – Networks and Planning

3. Inquiry into international connectivity through Welsh ports and airports – Evidence session (10.30 – 11.45) (Pages 32 – 53)

Professor Stuart Cole, Wales Transport Research Centre, University of Glamorgan Business School

Martin Evans, University of Glamorgan Business School

4. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the remainder of the meeting

5. Discussion of Forward Work Programme – Consideration of future inquiry (11.45 – 12.15) (Pages 54 – 58)

6. Papers to note (Pages 59 – 63)

Note of EU procurement task and finish group on 19 January

Agenda Item 2

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE 29 FEBRUARY 2012

National Transport Plan

1. Thank you for giving me the opportunity to update you on the National Transport Plan (NTP). Since inviting me to this session, the Committee sent a detailed letter which raised specific questions covering all areas of the transport portfolio that required answers. I have answered these separately in Annex A and provided an update of progress to date of the National Transport Plan in Annex B.
2. When I provided evidence to the Committee in July 2011 I advised that my officials were prioritising the 2010 NTP which contained a list of transport interventions to be delivered over the five year period from 2010/11 – 2014/2015, using 2009 budget assumptions.
3. I published the prioritised NTP on 7 December 2011. The prioritisation has brought forward investment that will make the transport system in Wales work better to help tackle poverty, increase well-being and assist economic growth.
4. The NTP prioritisation process focused solely on rescheduling the delivery of the existing interventions within the NTP, rather than making significant amendments. The assessments, appraisals and consultation carried out in 2009-10 remain relevant. The interventions in the 2010 NTP were assessed using statements drawn from my strategic objectives and the Government's vision for transport:
 - Address the mobility issues faced by people living in poverty in deprived communities, by improving access to employment, services and facilities.
 - Ensure the transport network in Wales operates more efficiently and effectively.
 - Tackle urban congestion to unlock sustainable growth.
 - Improve access to key sites and settlements, particularly in rural areas, with emphasis on improving the quality and provision of healthy and more sustainable travel choices.
 - Improve the capacity of the main east-west strategic Trans-European corridors in Wales.
5. The prioritised NTP has been reviewed for consistency against Government objectives, including Enterprise Zones, health services, sustainable development commitments and regeneration. It has also been reviewed by an expert panel, with representatives from different sectors.

6. I am putting my resources where they will make the most difference to peoples' lives. My overall focus is on improving mobility and connectivity so that people can access the things they need, such as jobs, health care, education, childcare, friends and family.
7. I have prioritised investments that make public transport more accessible and attractive to use. Investment will address the way travel information is provided and the way passengers can obtain tickets, particularly through new ways of ticketing. The Wales Transport Entitlement Card has been prioritised and there will be new pilots launched linking bus and rail in Bangor and in Newport.
8. I will continue to improve bus services. I prioritised our support to bus service operators so that the public transport system better meets the needs of users and future users. Bus services have the potential to provide a flexible way of connecting communities to sites such as train stations, work places, healthcare and education.
9. Bus services provide the first point of connectivity for many people and the challenge will be to find better ways to work with service providers to tackle the barriers to access: cost, ticketing, timetabling, frequency and routes. This will involve working closely with local authorities, community transport and the bus industry to make better use of quality partnerships and, where appropriate, extending services such as Bwcabus and TrawsCymru.
10. The Westminster Government has severely cut the resources available to Welsh Government, which has put enormous pressures on my transport budget. I am determined to provide the best possible level of bus services in Wales that I possibly can but that means doing things differently.
11. Despite this, I am continuing to invest £69 million each year in the bus industry through the highly successful concessionary fare scheme for the elderly and disabled. I am bringing forward plans this year for making bus services even more responsive to local communities by further encouraging such schemes as Quality Bus Partnerships.
12. Operators in Wales have enjoyed more generous BSOG rates for standard diesel than in England. The interim change in BSOG still means that Wales provides a higher level of support than England - 35.28p per litre in Wales compared to 34.57p per litre in England. I have also used BSOG to encourage more environmental sustainability by providing a rate of 58.19p per litre for vehicles using bio-fuels – a very generous rate that is not available in England.
13. I have asked for meetings to be arranged as a matter of urgency with the bus industry and local authorities on putting in place a new system for financing services. My discussions with key partners will focus on how we continue to support the services that the people of Wales value but it is clear that with much less money to go round we cannot simply carry on in the same way. I appreciate that I am proposing a major change in the

financing structure and will look carefully at how the changes are phased in to minimise the disruption in services.

14. I want to see a modern and more effective rail system in Wales. I want to make rail more accessible, so that more of our communities have the choice of accessing a high-quality yet affordable rail system. This will mean planning for growth in rail use while finding ways to make it more effective.
15. The Welsh Government led on the development of the outline business case for the continuation of electrification of the Great Western Main Line to Swansea, as well as the outline business case for electrification of the whole of the Valley Lines network. These business cases belong to the Department for Transport and are part of their decision making process for the next railway investment period (2014-2019, known as Control Period 5).
16. I met the Secretary of State for Transport in January. She accepted that we have provided a strong and robust case for electrification of the whole railway in South Wales. My discussions are ongoing, so I am not in a position to share the cases. However, I expect a decision from the Secretary of State for Transport in July, and from that point, I can be clearer in setting out the cases.
17. An electrified Valley Lines network will be the first step to delivering a truly integrated metro style transport system in south Wales. Looking beyond, the strategic approach to planning will focus on developing integrated transport systems on a regional basis.
18. My officials are discussing with TraCC the WelTAG appraisals on proposals to reopen stations at Carno and Bow Street, which TraCC commissioned. The business case appraisals in the study were more positive for Bow Street than Carno which has a poor benefit to cost ratio. These station reopenings were not included in the original NTP so were not included in the prioritised NTP delivery programme that I announced in December.
19. I am therefore not in a position to progress these schemes under the current budgetary envelope. However as with any scheme should additional funding become available then these proposals will need to be considered against other national and regional priorities along with consideration of the business case, affordability, operational questions such as fit with the current and future Cambrian mainline timetables.
20. TraCC, and the other regional transport consortia, receive annual Welsh Government grant to deliver their Regional Transport Plan programmes, but for the moment, their budgets are focused on other priorities.
21. As a Government, we are increasingly influencing the future of rail in Wales, and we are working to secure more direct involvement in the planning and delivery of a modern rail network. We will use all levers at our

disposal to increase our influence over the rail network and services in Wales.

22. Walking and cycling investment has an important role in providing practical choices for people travelling to and from jobs and education, particularly in our urban areas. I have simplified the ethos behind our investment and will focus on providing safe and attractive opportunities for people to cycle, giving them more choices for travelling.
23. I am taking forward legislation to make walking and cycling a more viable option for commuting and urban travel, and forms part of my wider approach to tackling poverty and urban congestion by creating real alternatives to the car for short journeys.
24. Through the prioritisation of the NTP I continue to focus on getting the most of our existing road network through maintenance and upgrades. In the short to medium term covered by this NTP I will invest in interventions that make our road network operate more efficiently, so that I can tackle the mobility and accessibility issues faced by people living in poverty.
25. I will also prioritise investment where I can contribute to increased economic growth, by addressing urban congestion and improving access to key sites and settlements, particularly in rural areas, and improve the capacity and reliability of our key east-west routes.
26. If I am to make the road network more effective, I will need to address the problems that people face every day. This will mean being more agile in our approach to developing solutions to underlying problems – our recent work has shown that taking an innovative approach can lead to common sense solutions being delivered much more quickly, such as the dedicated east bound off slip at Junction 32, Coryton, of the M4 going north onto the A470.
27. Alongside my longer term plans, I have prioritised funding for smaller scale, yet locally significant, schemes that will make a real difference to the lives of the people living and working in those areas. This demonstrates clearly that the NTP, and transport more widely, is focused on delivering solutions to the transport problems people face every day.
28. I will invest in the road network to support economic growth, tackling poverty and increasing wellbeing. I will invest to improve the safety of drivers, passengers, pedestrians and cyclists and I will invest to improve facilities for walking and cycling
29. This is not just a statement of principles. The prioritised National Transport Plan sets out what programmes will be delivered when, enabling the public to hold me to account for delivering what I said I would.

Carl Sargeant
Minister for Local Government and Communities

February 2012

Answers to questions posed in Committee letter dated 30 January 2012

National Transport Plan Priorities	
Progress made in delivering the National Transport Plan	<ul style="list-style-type: none"> • See Annex B
How and why the projects delayed until after 2015, beyond the scope of the current National Transport Plan, were identified.	<ul style="list-style-type: none"> • The Government committed to prioritising the objectives in the NTP to bring forward interventions that make the greatest contribution to the strategic objectives of the Local Government and Communities portfolio and the Welsh Government. • Each intervention in the National Transport Plan was assessed against the statements listed below to identify the interventions that contribute to addressing poverty, increasing well-being and supporting economic growth. • This ensured that existing transport funding is used effectively and that future investment decisions are made against the overarching strategic priorities, at a time of growing public finance constraint. • The intention is for interventions not prioritised until 2015 to be scheduled for delivery after that period, when funding becomes available. • Consideration was also given to the deliverability of schemes, and how close to implementation schemes were.
How the reprioritised National Transport Plan addresses the issue of poverty, increases well-being and economic growth	<ul style="list-style-type: none"> • Each intervention in the National Transport Plan was assessed against the following statements to identify the interventions that contribute to addressing poverty, increasing well-being and supporting economic growth: <ul style="list-style-type: none"> ○ Address the mobility issues faced by people living in poverty in deprived communities, by improving access to employment, services and facilities. ○ Ensure the transport network in Wales operates more efficiently and effectively. ○ Tackle urban congestion to unlock sustainable growth. ○ Improve access to key sites and settlements, particularly in rural areas, with emphasis on improving the quality and provision of healthy and more sustainable travel choices. ○ Improve the capacity and reliability of the main east-west strategic Trans European corridors in Wales.

<p>How the changes made to the plan have improved the capacity of the original plan to address these issues</p>	<ul style="list-style-type: none"> • The 2010 NTP was designed to delivery the Government’s objectives and the Wales Transport Strategy, using 2009/2010 budget assumptions. • The prioritisation of the NTP took into account this Government’s priorities and future budget availability, reflecting the change in economic climate. • The prioritised NTP is therefore realistic in terms of budgets available to me, but also specific in terms of a delivery timetable. • The prioritised NTP contains a rescheduled delivery list of interventions that contribute to the Government’s programme.
<p>Enterprise Zones</p>	
<p>How the reprioritisation of the National Transport Plan supports the development of enterprise zones</p>	<ul style="list-style-type: none"> • We will be closely working with local authority officials and colleagues within the Welsh Government to ensure that the transport requirements of the Enterprise Zones are appropriately considered. • Three of the five enterprise zones in Wales are on the Valley Lines Network; the other two are along the North Wales Coast Main Line. For these areas, rail connections will be of huge importance for both passengers and freight. • The two new potential enterprise zones in Trawsfynydd in Gwynedd and Haven Water in Pembrokeshire announced on 31 January are both on the trunk road network.
<p>Which specific projects are being taken forward to support enterprise zones.</p>	<ul style="list-style-type: none"> • Prioritisation of the NTP brought forward interventions that enable the Welsh Government to make the transport network more effective and support economic growth. • The impact of projects on enterprise zones was included in the assessment of the NTP. • The following specific projects planned for 2012 – 2015 contribute to supporting enterprise zones: <p><u>St. Athan</u> Supported by</p> <ul style="list-style-type: none"> • The Outline Business Case for electrification of the Valley Lines, which will contribute to the modernisation of rail in Wales (NTP 26).

	<ul style="list-style-type: none"> • A4226 ‘Five Mile Lane’ safety improvements – prioritised (NTP 87) <ul style="list-style-type: none"> ○ Planned for 2012-13. ○ Further review of the options in light of railway modernisation/electrification of the Valley Lines. • Metro concept – delivery supported through Valley Lines electrification <p><u>Cardiff Central Business District</u> Supported by</p> <ul style="list-style-type: none"> • The Outline Business Case for electrification of the Valley Lines, which will contribute to the modernisation of rail in Wales (NTP 26). • Metro concept – delivery supported through Valley Lines electrification. <p><u>Ebbw Vale</u> Supported by</p> <ul style="list-style-type: none"> • The Outline Business Case for electrification of the Valley Lines, which will contribute to the modernisation of rail in Wales (NTP 26). • Ebbw Vale Town – new station feasibility study – prioritised (NTP 90) <ul style="list-style-type: none"> ○ Linked to rail modernisation and electrification of the Valley Lines. • Metro concept – delivery supported through Valley Lines electrification <p><u>Deeside</u> Supported by</p> <ul style="list-style-type: none"> • North-south fast train service – prioritised (NTP 56). <ul style="list-style-type: none"> ○ Service provision until May 2012 has been confirmed. ○ Future options currently being considered. • Enhancing the capacity of the section of rail between Shewsbury and Chester, via Wrexham – prioritised (NTP 57) • Address the transport issues in Wrexham, Chester Deeside triangle – prioritised (NTP 95). <ul style="list-style-type: none"> ○ Report on the options due later this year.
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	<p><u>Anglesey</u> Supported by</p> <ul style="list-style-type: none"> • Increasing the capacity of the A55 across the Menai – prioritised (NTP 93). • Address the issues on the A55 at Junctions 15 and 16 – prioritised (NTP 94). <ul style="list-style-type: none"> ○ Consultants appointed to progress details. • Additional funding identified for <ul style="list-style-type: none"> ○ congestion reducing measures on Britannia Bridge. <p><u>Haven Waterway, Pembrokeshire – should it be confirmed</u> Supported by</p> <ul style="list-style-type: none"> • A477 from St Clears to Red Roses – prioritised (NTP 84). <ul style="list-style-type: none"> ○ Due to start this month (Feb 2012) • A40 from Llanddewi Velfry to Penblewin – prioritised (NTP 85). <p><u>Snowdonia, Trawsfynydd – should it be confirmed</u> Supported by</p> <ul style="list-style-type: none"> • A470 at Gelligemlyn – prioritised (NTP 60). <ul style="list-style-type: none"> ○ work to begin in March this year (2012). • A470 Maes yr Helmau to Cross Foxes – prioritised (NTP 61). <ul style="list-style-type: none"> ○ work to begin in March this year (2012). • A487 from Caernarfon to Bontnewydd – prioritised (NTP 69). <p><u>Powys</u> Supported by</p> <ul style="list-style-type: none"> • A483 in Newtown – prioritised (NTP 70). <ul style="list-style-type: none"> ○ Appointing contractors in 2012/13. • My officials are looking at the next priorities for taking forward improvements to the TrawsCymru long distance bus network. As part of this work, they will look to see how services can be improved to provide better access to the Enterprise Zones.
Bus Services	
How the Welsh Government will continue to improve bus services, as	<ul style="list-style-type: none"> • I have protected funding for Bus Services Operators' Grant (BSOG) at £17m and Local Transport Services Grant (LTSG) at £8m for next year.

<p>indicated in your statement, given the scale of the reductions in BSOG and LTSG</p>	<ul style="list-style-type: none"> • This means that for the next year the basic rate of BSOG in Wales will be 35.28 pence per litre and this will still be higher than the 34.57 pence per litre available in England. • I have also used BSOG to encourage more environmental sustainability by providing a rate of 58.19p per litre for vehicles using bio-fuels – this is not matched elsewhere across the UK. • I have asked for meetings to be arranged as a matter of urgency with the bus industry and local authorities on putting in place a new system for financing services. I appreciate that I am proposing a major change in the financing structure and will look carefully at how the changes are phased in to minimise the disruption in services. • Local Authorities already have powers to introduce statutory Bus Quality Partnership Schemes that can make bus services more responsive to local needs. We want to see more of these schemes delivered across Wales. This will build on the current plans for Quality Bus Partnership Schemes between Aberystwyth and Carmarthen and Newtown and Merthyr Tydfil. • I am fully committed to supporting bus services over and above the £69m a year we give to the industry from concessionary fares.
<p>What assessment of the impact of the reduction in BSOG and LTSG was undertaken in advance of the decision what the findings of that assessment were; what steps are being taken to mitigate that impact on service</p>	<ul style="list-style-type: none"> • An Equality Impact Assessment was completed to help inform the decision about the funding for BSOG and LTSG next year. • The assessment illustrated that there would be some adverse impact on some protected groups. However, elderly and disabled people would be insulated from the effects of any rise in fares through the availability of the all-Wales concessionary fares scheme. • I have mitigated these effects by maintaining the funding and entitlements enjoyed by pass holders under the concessionary fares scheme and by looking to put in place a new funding scheme that will focus on a partnership approach to deliver bus services that people want.
<p>Why , given the scale of the reduction, were</p>	<ul style="list-style-type: none"> • I met bus operators in November 2011 and was clear that any decisions on funding for BSOG and LTSG in

<p>bus operators not given greater notice of the reduction</p>	<p>2012-13 would have to wait until the Welsh Government's Budget had been agreed and I had prioritised the National Transport Plan. At this time I indicated that there would be less money available.</p> <ul style="list-style-type: none"> • Following my announcement on my priorities for the National Transport Plan, and the agreed Budget, I had to consider my spending plans for the totality of transport programmes. They needed to strike a balance between the funding available and delivering best value for money. • This was a difficult exercise given the variety of competing pressures and I needed to be satisfied that my plans would be consistent with our key strategic outcomes. • I announced my spending plans in January, as early as possible after the Christmas Recess following decisions on the budget and the National Transport Plan.
<p>Community Transport and Bwcabus</p>	
<p>Provide an update on intervention 18 and tell us how the Welsh Government intends to work with the Community Transport sector following the withdrawal of funding for the Community Transport Concessionary Fares Initiative; and</p>	<ul style="list-style-type: none"> • We will continue to work with the Community Transport Association Wales to look at how our funding from BSOG and LTSG can be better used to deliver the local services that people in Wales want. • The evaluation of the 6 year pilot scheme evidenced significant issues with continuing to fund the entirety of the scheme on the present basis. • I am aware that each of these schemes is a distinct individual project and I believe it important that I now examine the projects independently to look at the benefits each scheme provides and whether there are alternative funding sources available. • Different avenues of funding are available for some of the schemes, particularly those that are suited to being registered as demand responsive services under Section 22 permits, which means they would be eligible for funding from the All-Wales Concessionary Fare Scheme. • I have decided that the financing of the projects will not end in March but continue whilst this further evaluation takes place. • 10% of the Local Transport Services Grant allocations

	to Local Authorities is ringed fenced to support the sector.
Outline the Welsh Government's strategy for "innovative transport services" including details of how Community Transport and Bwcabus will be developed and integrated with conventional bus and rail services.	<ul style="list-style-type: none"> • We are supporting 4 pilots in deep rural locations that are looking at ways to provide local services to support the needs of remote rural communities. • I have provided an additional £400,000 over the next three years that will see the expansion of the award winning demand responsive Bwcabus service to more remote rural communities in Carmarthenshire and Ceredigionshire. • I am keen to encourage more community transport operators to provide demand responsive and flexible bus services that will make use of the greater flexibility I have provided under section 22 of the Transport Act. • Different avenues of funding are available for some Community Transport schemes, particularly those that are suited to being registered as demand responsive services under Section 22 permits, which means they would be eligible for funding from the All-Wales Concessionary Fare Scheme. There are some good examples of this – Bwcabus and Grass Roots in Monmouthshire.
M4 Congestion	
Provide an update on Welsh Government plans to relieve congestion on the M4 identified in the reprioritised National Transport Plan	<ul style="list-style-type: none"> • We have improved traffic flow and safety on the M4. We improved Junction 24 the Coldra; put in place a Variable Speed Limit System; and are deploying traffic officers to help reinforce these measures. • At Junction 32 Coryton there is now a dedicated eastbound off slip road to go northbound on the A470. • Phase 2 of developing a link between Junction 23a and the Southern Distributor Road, along the Llanwern steel works road will commence in the next month (March 2012). • M4 Corridor Enhancement Measures (M4CEM) programme is looking at how to improve the ability of the corridor to cope with current journey levels in an efficient way and enable more journeys to be made than are now. A Public Consultation exercise will start later this Spring.
Provide an update on discussions held with	<ul style="list-style-type: none"> • The First Minister is in discussion with Number 10 and the Treasury but I am not in a position at present to

<p>the UK Government on improvements to the M4 following the Autumn Statement including an outline of the options being considered; and Indicate when you expect to announce the results of those discussions</p>	<p>provide any further information.</p>
<p>Alternative and Additional Sources of funding</p>	
<p>Which additional projects, other than those you identified in October 2011, will be funded from the Centrally Retained Capital Funding announced in November</p>	<p>£11.7m CRC funding has been allocated to transport projects, supporting the delivery of the National Transport Plan:</p> <ul style="list-style-type: none"> • The National Traffic Data Collection Network project has been allocated £5.28m which will see the installation of permanent traffic data collection equipment across the strategic roads of Wales to assist their management; • The M4 J32 Coryton project has received £2.1m to improve the current layout at the junction by providing a direct link road from the M4 westbound off slip road to the A470 northbound to improve traffic flow, safety and congestion; • £2.6m has been allocated to the Welsh National Winter Maintenance Resilience project which will entail improvements to adverse weather resilience throughout Wales and facilitates support to local authorities through the provision of appropriately located strategic salt storage facilities.
<p>How much of the consequential funding arising from the Chancellor's Autumn Statement you anticipate being allocated to transport and over which period</p>	<ul style="list-style-type: none"> • This is a matter for the Finance Minister and the Cabinet.
<p>Whether you anticipate that the consequential funding will enable the delivery of the National Transport Plan to be accelerated</p>	<ul style="list-style-type: none"> • If the First Minister and the Cabinet were to decide to allocate any additional funding to transport then I would consider whether it would be appropriate to bring forward any NTP intervention.

Rail	
<p>How the reprioritised National Transport Plan will develop the Welsh rail network</p>	<ul style="list-style-type: none"> • The rail schemes under the National Transport Plan will deliver additional capacity to allow additional services on the Cardiff Valleys network, including the Vale of Glamorgan line, and unlock major network capacity bottlenecks at Gowerton, benefitting west Wales, and between Shrewsbury and Chester, via Wrexham, benefitting north Wales. • In addition, there will be a new station at Energlyn, and a number of existing stations will benefit from major upgrade under the Wales Station Improvement Programme (NSIP+), including accessibility improvements.
<p>The business case for electrification of the valley lines and the Great Western Mainland from Swansea to Cardiff, including details of the strength of the case itself and when you expect an announcement from DfT</p>	<ul style="list-style-type: none"> • The Welsh Government led on the development of the outline business case for the continuation of electrification of the Great Western Main Line to Swansea, as well as the outline business case for electrification of the whole of the Valley Lines network. • These business cases belong to the Department for Transport and are part of their decision making process for the next railway investment period (2014-2019, known as Control Period 5). • I met the Secretary of State for Transport in January. She accepted that we have provided a strong and robust case for electrification of the whole railway in South Wales. • My discussions are ongoing, so I am not in a position to share the cases. However, I expect a decision from the Secretary of State for Transport in July, and from that point, I can be clearer in setting out the cases.
<p>Whether EU funding, particularly the Connecting Europe Facility, is being considered for delivery of the electrification of the Great Western Mainline to Swansea</p>	<ul style="list-style-type: none"> • Investment in rail infrastructure is a non-devolved responsibility of the UK Government. To date, European Structural Funding in Wales has been used to bring additionality to Welsh Government priorities within our own Budget responsibilities.
High Speed Rail	
<p>Why a response to the UK Government's consultation on HS2 was not considered</p>	<ul style="list-style-type: none"> • Welsh Government Ministers met the Chairmen (Sir Brian Biscoe and Sir David Rowlands) of High Speed 2 Ltd to state the strategic importance of high speed

<p>necessary</p>	<p>rail lines for Wales.</p> <ul style="list-style-type: none"> • The drafting of the my evidence paper for the Enterprise and Business Committee last summer took place prior to the DfT high speed rail consultation meeting on 5 July 2011 when the UK Government's position was made clear that the high speed rail network would not be extended to Wales. • On this basis, it was determined that the Welsh Government would not reply to the additional questions in the UK Government's consultation exercise which were route specific, and the route that the UK Government was consulting on did not include Wales. • I am in no doubt that, the UK Government understands the Welsh Government position on High Speed Rail for Wales and I will continue to press the case to the UK Government that Wales is included in the UK High Speed Rail network.
<p>What the Welsh Government's view is of the impact of High Speed 2 proposals on Wales and what steps are being taken to ensure any negative impact is mitigated.</p>	<ul style="list-style-type: none"> • The Welsh Government is of the strong view that the High Speed Rail project announced by the UK Government will have no benefits for Wales. • The Welsh Block will not receive a Barnett consequential following the High Speed Rail project – spending on rail infrastructure is non-devolved and there is no Block consequential. • I want the high speed trains to provide good onward connections to all parts of Wales. These would be from the new Midlands interchange near Birmingham International Airport, where I want good connections to/from the north Wales coast main line, and good onward connections to Shrewsbury, mid Wales and beyond. I will continue to press the case for this strongly to the UK Government.

Progress made in delivering the National Transport Plan

Prioritised Schemes

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
1	Sustainable travel centres. Prioritise 2012 – 2015 Programme for Government commitment	£19m has been invested in Cardiff, £2m in Mon & Menai, £2m in Aberystwyth and £2m in Haverfordwest and Carmarthen. Prioritisation has secured available a budget for over three years to maximise investment.
2	Improve provision of travel information. Prioritise 2012 – 2015 Programme for Government commitment	PTUC – The Committee are currently writing a report on information provision. This report will highlight the research the Committee have undertaken during the year (2010-11). The evidence the Committee has gathered from users and operators on all aspects of information will form the basis for recommendations to Welsh Ministers on how to improve information provision. The report will be ready to present to the Minister in March 2012. Further work will be taken forward as a result of these recommendations.
3	Draw on Smarter Choices guidance: increase more healthy and sustainable travel. Prioritise 2012 - 2015	Promoted as part of sustainable travel centres, personalised travel planning initiatives. Workplace travel planning exercises carried out by Regional Transport Consortia.
4	Strengthen the role of transport planning. Prioritise 2012 - 2015	WeITAG refresh being undertaken across Wales. Model groups have been established on a regional and national basis.
6	Introduce Welsh Transport Entitlement Card for bus and rail services (by 2014). Prioritise 2012 – 2015 (linked to government commitment)	Pilots are planned to commence in Newport and Bangor. We are investing approx £8m over 3 years, this funding will allow us to take this work forward beyond the pilot, through phased roll out on buses followed by a pilot on rail prior to the national rollout on rail.
7	Create a series of Prioritise 2012 - 2015	As part of the Cardiff Sustainable Travel Centre a new Park and Ride site has been

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
		established to the east of the city at Pentwyn. A rail Park and Ride site has also been developed at Abercynon.
8	Prioritise 2012 – 2015 (this is linked to a government commitment)	Walking and cycling routes are being funded through the Regional Transport plan process on an annual basis. This year approximately £5million has been allocated across Wales.
9	Prioritise 2012 – 2015 Programme for Government commitment	Annual funding is allocated to safe routes in communities schemes which make walking and cycling more accessible within communities. This year £5 million has been allocated.
10	Prioritise 2012-2015	Our allocated funding is helping towards delivering these targets. Our plan is to renew the Walking and Cycling Action plan targets shortly.
12	Prioritise 2012 – 2015 (this is linked to a government commitment)	See intervention ref 8&9.
14	Prioritise 2012-2015	The Public Transport Users' Committee are looking at information provision and will submit a report to Welsh Ministers outlining their recommendations.
15	Prioritise 2012-2015	Working with Carmarthen and Ceredigion Councils to put in place a statutory Bus

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
Bus Quality Partnerships and Quality Contracts (by 2014).		<p>Quality Partnership Scheme that will improve service quality and standards along the key bus corridor between Aberystwyth and Carmarthen. Expect the scheme to be made later this year.</p> <p>Working with Powys to put in place a scheme that will deliver improved frequency and higher quality services on the T4 TrawsCymru Route between Newtown and Merthyr. This will be accompanied by investment in 6 new, low floor, buses. Expect new services to start April 2012.</p>
16 Improve customer experience on public transport services.	Prioritise 2012-2015	Public Transport Users Committee engaging with users and stakeholders to gather evidence on public transport experiences and will submit recommendations to the Minister at the end of each financial year.
17 Work with local authorities on effective delivery of Local Transport Services Grant.	Prioritise 2012-2015	<p>Minister has announced that LTSG will be maintained at a reduced rate of £8m (12/13) compared to £11m (11/12).</p> <p>We are seeking urgent discussions with the bus industry and local authorities on putting in place a new system for financing services. We will look carefully at how we phase in the changes to minimise the disruption in services.</p>
18 Work with Community Transport sector to enable better integration (by 2014).	Prioritise 2012-2015 Link to Programme for Government commitment	<p>Ring fenced 10% of the Local Transport Services Grant allocations to Local Authorities to support the sector and have provided an additional £400,000 over the next three years that will see the expansion of the award winning demand responsive Bwcabus service to more remote rural communities in Carmarthenshire and Ceredigionshire.</p>
19 Support innovative transport services.	Prioritise 2012-2015	Providing an additional £400,000 over the next 3 years to support the expansion of the Bwcabus demand responsive service in rural Carmarthenshire and Ceredigion
21 Develop regulatory framework for bus services and	Prioritise 2012-2015	Following publication of the Competition Commission's report on competition in the local bus market, we will bring forward plans to commence the provisions in the Transport Act 2008 on Quality Contracts during 2012-13.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
23	National Station Improvement Programme (NSIP+), by 2014.	Projects are under development by the consortia and Local Authorities in partnership with the rail industry. Further bids for NSIP+ funding must be submitted on the 14 May 2012.
24	Refurbish and invest in rolling stock (by 2014).	Refurbishment programmes for the Class 153 and 175 fleets used on regional and long distance services in Wales were completed in 2011. A refurbishment programme for the Class 158 fleet, also used on regional and long-distance services, is scheduled for completion in summer 2012. Upgraded rolling stock is being prepared for the North-South Express services in 2012.
25	Improve the provision for cycles on new and existing train services.	Opportunities are being pursued as part of wider rolling stock refurbishment programmes, with improved facilities provided as part of the current Class 158 work.
26	Continue to work with Department for Transport on programme for electrification of Great Western Main Line.	The business case has been presented to the Department for Transport and an announcement is expected in July this year. We continue to work with the DfT.
28	Maintain our commitment to free concessionary travel on local bus services for elderly and disabled people.	Have agreed a 3 year deal with the bus industry and Local Authorities that will maintain entitlements for pass holders whilst extending the scheme to seriously disabled war veterans and personnel, this will see around £213m being made available over the next 3 years.
31	Help deliver the	Working with DHSS to look at how community transport sector can help to deliver the

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
		outcomes of the review on the provision of non-emergency patient transport.
32	Target investment in a way that supports the Regional Transport Plans.	Bids to be submitted by the Regional Transport Consortia in February. Minister to decide on level of funding to be allocated to the Consortia in 2012/13. Delivery Plan Guidance to Consortia reviewed to reflect Programme for Government and the Ministers' priorities for Transport.
33	Produce Route Management Strategies for each corridor (by 2011).	First draft will be available by April 2012.
34	Maximise reliability, improve journey times and the safety of the trunk road network.	<p>A scheme to capture dynamic journey times throughout the trunk road and motorway network is due to commence shortly. The output of this system will include the ability to provide dynamic route advice (journey times via different routes) as well as detecting and advising of problems at the earliest stages. The system will also provide accurate historical information which will support the appraisal of potential schemes.</p> <p>Intelligent Transport Systems (including CCTV and Variable Message Signs) will continue to be rolled out on the strategic network (A465 corridor as a main strategic M4 diversion) and at key decision points (approaches to Machynlleth is an example currently being designed).</p> <p>Improvements were made at accident cluster sites on the M4 at J41, J42 and J46, A4076 at Cutty Sark Drive Milford Haven and on Pope Hill near Milford Haven to reduce personal injury accidents. In December 2011 the M4 junction 32 Coryton dedicated lane improvement scheme was completed to improve journey time reliability and journey times as well as congestion for vehicles travelling from the M4 eastbound</p>

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
35	Review the classification of the trunk road network (by 2012).	to the A470 northbound. Being taken forward by work group as part of the Compact.
37	Develop plans for the roll out of variable speed limits across the trunk road network where they can improve safety, reliability and journey times.	Being taken forward in consideration with average speed cameras across Wales.
38	Improvements in provision of safer walking and cycling routes.	See intervention ref no 8&9.
39	Continue to work with UK Government on development of the new Road Safety Strategy.	Working closely with Department for Transport to deliver the objectives of Strategic Road Safety Framework.
40	Address road safety in areas where casualty and fatality rates are higher than the national average, or	Currently analysing statistical data to identify accident cluster sites, and bringing forward engineering work such as A465. Funding is also provided for local road safety initiatives education and training, £4m has also been provided this financial year (2011/12) to the Welsh Road Casualty Reduction Partnership.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
41	<p>where there are issues for vulnerable groups.</p> <p>Reduce motorcyclist casualties through a mix of education, enforcement and providing a safer environment.</p>	<p>We have identified motorcyclist as a high risk group, we will target motorcyclists as part of the Road Safety Delivery Plan.</p>
42	<p>Prioritise 2012-2015</p> <p>Programme for Government commitment</p>	<p>Variable Speed Limit system fully operational on the M4 between junctions 24 the Coldra and Junction 29 Castleton.</p> <p>Elements of the active traffic management toolkit are being utilised on the A55 approaches to the Britannia Bridge as well as an average speed compliance system on the A465 in the Merthyr Tydfil area.</p> <p>The first intervention on the A55 Britannia Bridge scheme will also be an average speed compliance system coupled with enhanced monitoring of the approaches - will be installed this financial year.</p>
43	<p>Prioritise 2012-2015</p> <p>Ensure network maintenance makes roads safer for users.</p>	<p>Network maintenance includes both roads and bridges as well as other infrastructure such as street lighting and traffic signals. Maintenance is ongoing on all highway infrastructure.</p> <p>Small scale maintenance occurs regularly to address issues such as pot holes in the carriageway; large maintenance schemes such as major resurfacing schemes, improvements to skidding resistance at sites where there are wet skid accidents, and bridge rewaterproofing are programmed on an annual basis, addressing the parts of the network which are in worst condition. Significant recent schemes include M4 J25 - J24 resurfacing, A40 Pont Lesneven bridge joint replacement at Carmarthen and A483 Ammanford resurfacing.</p>

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
		<p>This is an area where we are looking to maximise the effectiveness of planned closures by combining works where possible therefore minimising the amount of traffic management on the network. This subsequently decreases the exposure of road users to our maintenance works (traffic management), increasing safety for all involved.</p> <p>Our ITS related schemes also assist by providing advance warnings of lane availability and calming traffic as it approaches maintenance works.</p>
44	Promote and support more use of 20mph zones in residential areas, in line with our guidance.	We provide funding to the Local Authorities through the Safer Routes Initiatives Communities grant and Road Safety grant both fund the 20mph zones.
45	Continue our pilot traffic officer service, on the A55 and M4.	<p>Collaboration between the Welsh Government and the police has led to the Traffic Officer Service which has allowed road policing units, who would have previously dealt with such incidents, to be utilised in a more effective manner. The Traffic Officer Service has enabled emergency works to be undertaken in a more effective and safe manner, by effective control of traffic.</p> <p>The pilot is complete and service benefits proven. The Traffic Officer service now operates.</p>
47	Provide leadership and co-ordination to the freight transport sector to deliver the Wales Freight Strategy.	Minister agreed to re-establish the Wales Freight Group to facilitate further delivery of the Wales Freight Strategy.
48	Maintain a freight	We maintain the Freight Best Practice web resource.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
50	<p>best practice programme, as well as introducing a van best practice programme.</p> <p>Provide Freight Facilities Grants to support transfer of freight from road to rail.</p>	<p>The scheme remains open to applications, with discussions ongoing with a number of potential new applicants.</p> <p>In the last 10 years £5.7 million has been provided in Freight Facilities grants enabling 8.6 million tonnes of goods to be carried by rail, removing 5.8 million lorry miles.</p>
52	<p>Prioritise 2012-2015</p> <p>Adapt a more sustainable approach to new and existing trunk roads and the motorway network.</p>	<p>The Transport Systems interventions noted within intervention 34 and 42 allow the Welsh Government to Make Better Use of the existing network capacity.</p> <p>A revised road lighting policy has been drafted and currently being completed which will allow us to deploy a safe, fit for purpose lighting system which makes best use of current and emerging technologies which offer savings in terms of energy reduction and lower emissions.</p> <p>During the resurfacing of the A477 between Bangeston and Waterloo the planings were recycled to form the sub-base of the shared use path.</p>
53	<p>Prioritise 2012-2015</p> <p>Work to the requirements under European and UK legislation for noise, air quality, water pollution and soils.</p>	<p>Noise - Noise mitigation schemes are being implemented in North Wales on sites identified in the Trunk Road Noise study undertaken in 2002 / 03. Transport are contributing to work by ESH identifying Noise Action Plan Priority Areas on the TR network as required by the Environmental Noise Directive and Environmental Noise Regulations.</p> <p>Air Quality - We have been consulted by Neath Port Talbot on the network implications of the Air Quality Management Area (AQMA) at Margam / Port Talbot, which adjoins the M4. There have been consideration of the AQMAs in Newport as part of the M4 Corridor Enhancement measures.</p>

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
54	Review the resilience of the motorway and trunk road infrastructure.	Water pollution - The Trunk Road Agents are currently mapping the priority outfalls from the trunk road and motorway network to identify pollution risks from highway runoff and in accordance with the Water Framework Directive and River Basin Management Plans. Diversion route for motorway in place; identified similar routes for trunk roads. A study is underway to look at trunk roads liable to the effects of climate change.
55	Continue to work to protect, conserve and enhance the historic environment, soils and geology, landscape/townscape, as well as provision for habitats and species.	Projects for the construction, improvement and maintenance of the Trunk Road network are subject to environmental assessment and the implementation of environmental mitigation measures in accordance with environmental legislation, current policy and the guidance in the Design Manual for Roads and Bridges. Actions undertaken on measures for the conservation and enhancement of habitats and species on the Trunk Road network included in the Trunk Road Estate Biodiversity Action Plan annual reporting rounds. Provisions for the protection, conservation and enhancement of the environment included in the revised Trunk Road Maintenance Manual due for implementation in Spring 2012. The Revised Maintenance Manual includes a requirement for the Trunk Road Agents to prepare Route Environmental Management Plans as the means for delivering environmental maintenance operations and environmental commitments. The express services are continuing under the current timetable until May 2012.
56	Y Gerallt Gymro Holyhead to Cardiff fast train service, and programme of continued improvements.	

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
57	Prioritise 2012	Construction phase of the project will begin next financial year 2012/13.
60	Prioritise 2012	Work to start on site in March 2012.
61	Prioritise 2012	Work to start on site in March 2012.
68	Prioritise 2013-2014	Interim work planned to begin in 2013/14.
70	Prioritise 2014-2015	Employers Agent role awarded to Corderoy/Capita November 2011. Procurement process to appoint ECI contractor underway.
71	Prioritise 2013-2014	Preparation to start 2013/14.
74	Prioritise 2012-2013	Construction phase of the project will begin next financial year 2012/13.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
75	Additional carriages to peak time services and new station at Energlyn (by 2014).	We are funding Network Rail (with Convergence funding) to provide a new station at Energlyn and improved track and signalling at Tir-Phil (with CRC funding) in conjunction with Network Rail's Cardiff Area Resignalling project. The schemes are currently being mobilised and construction will start in 2012 and be completed in 2013-14.
76	Plans to introduce additional services on the lines from Pontypridd and Caerphilly to Cardiff.	The introduction of potential additional services is dependent on the completion of the new platforms at Pontypridd and Caerphilly and Network Rail's Cardiff Area signalling renewal project.
77	Re-double railway line between Gowerton and Loughor.	Construction phase of the project will begin next financial year 2012/13.
78	Additional half-hourly services on Vale of Glamorgan line, following Network Rail's Cardiff Area Resignalling scheme.	The introduction of additional services is dependent on the completion of the new platform at Barry and Network Rail's Cardiff Area Resignalling project.
79	Continue to work alongside the UK Government to make sure Wales is connected to the developing high speed rail network.	The Welsh Government is pressing the UK Government to ensure that Wales benefits from good connections to / from the future high speed rail network in England for the Midlands hub station to be developed near Birmingham.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
80	Extend the half-hourly service from Maesteg to Cardiff and Brackla Station.	We are funding Network Rail (with Convergence funding) to provide improved track and signalling on the Maesteg branch. This will provide the capacity for an additional half-hourly service between Maesteg and Bridgend as phase one of the scheme. The second phase will extend the new services onwards to Cardiff and includes a new station at Brackla. The second phase can not be commenced until the completion of Network Rail's Cardiff Area Resignalling project.
81	Introduce variable speed limits to sections of the network to manage congestion and improve safety, starting in 2010.	See 42.
82	Complete the dualling of the A465 Heads of the Valleys road from Brynmawr to Tredegar and start from Gilwern to Brynmawr (by 2014), and complete the remaining sections from Dowlais Top to the A470, and from the A470 to Hirwaun (by 2020).	<p>A Public Local Inquiry on Section 3 Brynmawr to Tredegar starts in March (2012). Subject to the successful completion of statutory procedures, construction could start later this year (2012).</p> <p>Section 2 Gilwern to Brynmawr a contractor was appointed under an Early Contractor Involvement form of contract in June 2011. It is planned to publish draft Orders and an Environmental Statement in Autumn 2013. Subject to the successful completion of statutory procedures, construction could start by late 2014/early 2015.</p> <p>Section 5 Dowlais Top to A470 and A465 Section 6 A470 to Hirwaun we will be appointing technical advisors later this spring (2012).</p>
84	A477 from St Clears to Red	Work to begin in February 2012.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
Roses (start work by 2014).		
85 A40 from Llanddewi Velfry to Penblewin.	Prioritise 2013-2014	Preparation work to start 2013/14.
91 Package of measures to deal with resilience, safety and reliability issues on M4 around Newport.	Prioritise 2012-2015	Result of the public consultation will be available late in 2012.
92 Integrate development of cycle routes in south-east Wales that are supported under EU Convergence funding.	Prioritise 2012-2015	This is being progressed by SEWTA who are responsible for delivering cycle networks in the South East Wales area. Welsh Government allocates funding for proposals put forward by the relevant authorities.
93 Increase capacity of A55 across the Menai, including capacity for walkers and cyclists.	Prioritise 2012-2015	Consultants to be appointed to progress details. Discussions ongoing with Isle of Anglesey County Council and National Grid to identify funding opportunities.
94 Address network issues on A55 from Abergwyngregyn to Tai'r Meibion, and roundabouts at Junctions 15 and	Prioritise Jcts 15 & 16, 2012-2015 Tai'r – beyond 2015	A55 Junctions 15 and 16 – Consultants to be appointed to progress details.

NTP intervention ref no.	Prioritisation recommendation	Progress to Date
16.		
95	Address transport issues in Wrexham, Chester, Deeside triangle.	Report to be submitted to Welsh Government February 2012. Contents will be considered and findings reported to the Minister February/March 2012.
96	Daytime hourly services between Aberystwyth and Shrewsbury (by 2011).	Welsh Government is continuing discussions with Network Rail and Arriva Trains Wales to determine that the proposed timetable for introducing additional daytime services on the Cambrian Line is robust and effective. This follows performance concerns on the line following the introduction of the new ERTMS signaling system and there are some infrastructure issues that Network rail are working to resolve.

NTP Schemes completed

NTP intervention ref no.		Prioritisation recommendation
5	Transport planning a part of development of 21st Century Schools plans.	Completed
13	Establish Public Transport Users' Committee for Wales (by 2010).	Completed
20	Statutory guidance to local authorities on civil enforcement of bus lane and moving traffic offences.	Completed
22	Removing high steps between platforms and trains – 'hump' pilots at Aberdyfi and Valley stations.	Completed
27	Investigate opportunities for reopening disused railway lines.	Completed
29	Publish plans to expand and improve the quality of TrawsCymru (by 2011).	Completed
30	Modernise the Blue Badge Scheme.	Programme for Government commitment
36	Publish guidance on the most appropriate speed limits outside facilities such as schools.	Completed
46	Introduce new legislation to improve the safety of home to school transport.	Completed
58	A470 from Penloyn to Tan Lan, Llanwst (start work by 2011).	Completed
59	A470 from Cwmbach to Newbridge (start work by 2011).	Completed
64	A487 at Porthmadog, Minffordd and Tremadog (start work by 2011).	Completed
65	A483 at Four Crosses (start work by 2011).	Completed
72	Develop the TrawsCymru long-distance bus network.	Completed
83	A40 The Kell (start work by 2011).	Programme for Government commitment
88	Improvements to Newport rail station.	Completed
89	Improvements to Gaer Junction (by 2011), followed by detailed feasibility work for hourly services from Ebbw Vale to Cardiff and Newport.	Completed.

NTP Schemes to be delivered beyond 2015

	NTP intervention ref no.	Prioritisation recommendation
10	Identify opportunities to bring disused railways back into the transport network.	To be delivered after 2015
49	Take forward a transport advice programme, including Green Fleet Reviews, to reduce emissions from car and van fleet operators.	To be delivered after 2015
51	Develop a freight consolidation centre, on a pilot basis .	To be delivered beyond 2015
62	A470 at Alltmawr	To be delivered beyond 2015
63	A470 from Pentrefelin to Bodnant West Lodge	To be delivered beyond 2015
66	A470 at Rhayader.	To be delivered beyond 2015
67	A470 at Plas Maenan and Bodhyfryd	To be delivered beyond 2015
69	A487 from Caernarfon to Bontnewydd	To be delivered beyond 2015
73	Increase the capacity of the intra-Wales air service.	To be delivered beyond 2015
78	Additional half-hourly services on Vale of Glamorgan line, following Network Rail's Cardiff Area Resignalling scheme.	To be delivered beyond 2015
86	Route study on A4042 between Pontypool and Abergavenny.	To be delivered beyond 2015
87	Express bus service between Cardiff and Cardiff Airport, and safety improvements to A4226 Five Mile Lane.	To be delivered beyond 2015
90	Appraise feasibility of new station in Ebbw Vale town.	To be delivered beyond 2015
97	Re-evaluate business case for introducing additional services on Heart of Wales Line.	To be delivered beyond 2015
98	Deliver interventions identified for the A458 from Buttington Cross to Wollaston Cross (working with DfT).	To be delivered beyond 2015

PortsNAfW EB CtteeInqPaperFeb12

**CYNULLIAD CENEDLAETHOL CYMRU – NATIONAL ASSEMBLY FOR WALES
PWLLGOR MENTER A BUSNES – ENTERPRISE & BUSINESS COMMITTEE**

**CYSYLLTEDD RHWYNWLADOL TRWY PORTHLADDAU A FEYSYDD AWYR CYMRU
INTERNATIONAL CONNECTIVITY THROUGH WELSH PORTS AND AIRPORTS**

BRIEFING PAPER

Professor Stuart Cole,
Wales Transport Research Centre, University of Glamorgan Business School

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3. Modal opportunities and constraints in Welsh ports
4. Port choice
5. Land side infrastructure and quality
6. Tourism and the cruise market
7. Welsh ports – operation and ownership

POLICY RESPONSIBILITY

The responsibility for seaports in Wales lies with the Department for Transport (DfT) in Westminster. Whilst there may be an argument for the security aspects to be so positioned, the rationale for economic aspects deriving from port operation and development being so located is weak.

This was illustrated at a seminar to discuss the DfT's *Ports Policy Consultation Paper* (2006). An overall Great Britain view tended to concentrate on the large container ports e.g. Southampton, while Wales has no ports with that capacity level.

The Welsh Government's responsibilities for highway links and for employment and economic development and regeneration were therefore difficult to link into the use of ports as an employment generator. Taking a Great Britain overview on capacity did not take

full recognition that while some large English ports were at capacity, many of Wales' ports could take a considerably higher throughput.

There did appear to be a lack of realisation that the consultation document was not a 'national' policy as it claimed to be. It was however a perfectly good 'England' policy.

The conclusion to be drawn in relation to ports is that economic policy and intervention should be the responsibility of the Welsh Government with the proviso that appropriate levels of funding be attached to the Welsh Block Grant in respect of ports development.

Unlike mainland Europe most ports in Wales are in the private sector. This can provide barriers to state aid. The Milford Haven Port Authority while a public body operates commercially at arm's length as a trust port.

POTENTIAL SOURCES OF INCREASED TRADE

Who is the customer?

In the passenger transport business, it is possible to identify two types of customer, who may be the same person. There is the 'customer' who pays, and the 'customer' who travels.

The customer of a freight transport service is more difficult to identify. They pay for the transport service, but it is goods that travel. The costs of transport are passed on.

The freight customer may be:

- i) a product manufacturer,
- ii) another business user of the goods, such as a retailer or assembler of components
- iii) the end customer for the goods being transported or
- iv) A logistics and transport provider working on behalf of one of the other three categories.

Each of these may place a different value on the key variables of time, cost and quality of the transport but the end customer will normally have no idea what percentage of the total price is for transport costs. They may also not know what modes of transport are used.

Decisions on mode of transport.

It is essential to realise that many 'decisions' on modal choice are not a decision at all. Most are a passive decision to 'do what happened last time'. This may be because of existing contracts with partners, convenience or inertia

The customer of the transport service will generally have an idea of what transport costs are affordable, based on an historical view of 'what it cost last time'. The EU study on Freight Integrators (September 2003) identified that transport decisions are taken firstly on price, and secondly on timescale. The modal preference is not usually part of the decision.

Only when there is a new traffic flow will a modal choice be made. Even then, in many instances the 'choice' is based on extending previous transport patterns.

If there is a decision to change mode of transport, that decision may not be immediately implemented. The EU study also found that for an existing traffic flow it can take 6 to 12 months to make a change in the mode of transport used. Hence the considered view that a new transport service needs at least three years of operation to reach a stable level of traffic.

In 2006, a report, *Wales and the Atlantic Arc: Developing Ports (1)* found that the modal choice by manufacturers and freight forwarders was based firstly on price and overall journey time second. Quality of service and reliability were also important and could give ports a competitive advantage over road.

However there was also inertia by transport operators and international logistics companies to change from their existing mode of transport. There was a lack of knowledge of Welsh ports in other EU countries and this has to be overcome if new services are to be developed in partnership with other ports.

It would be a valuable output of the report if the actions by ports themselves and also by the appropriate government (WG or UK) in promoting Welsh ports could be identified and suggested improvements in the present position recommended.

The Welsh ports studied had sufficient spare capacity and good facilities but these alone were not sufficient. Capacity expansion and investment were taking place elsewhere and seemed less constrained by EU rules on for example the environment and state funding

Marketing and new business development does not appear to have a planned strategy and is often based on existing products, customers and shipping operators. A move to a new route can take two years and may be seen as having a greater business risk.

A real modal shift from road to ship to divert traffic from the Channel Tunnel will involve winning road freight traffic which is not destined for Welsh ports or their immediate hinterlands. Thus there follows a need to examine and invest in existing road and rail links to / from Welsh ports to English urban destinations as well as the short sea shipping customers.

Ports can however enable added value operations to take place such as packaging and warehouse facilities with the associated employment benefits.

The use of larger container ships reinforces industry concentration for ports with smaller ports looking at options for feeder operations. Brest provides a feeder service from northern France to Rotterdam for example. (2)

A difficulty arises in identifying potential sources of new operators. The market is large and while we might ask for evidence from well-known logistics operators (e.g. DHL, Maersk, Christian Salvesen, Norbert Dentressangle and Exel Logistics) car distributors such as Gefco or from retailers (e.g. Tesco) they are unlikely to provide us with the answers to our questions unless by chance they are in the market already.

However there is an advantage to be gained in asking these companies for evidence. There has been a concentration and growth of international logistics companies.

References

- (1) Wales and the Atlantic Arc: Developing Ports, Wales Transport Research Centre, University of Glamorgan for the Welsh Assembly Government
<http://transport.research.glam.ac.uk/projects/Atlantic> Arc
- (2) Intermodality in Freight Transport, Wales Transport Research Centre , University of Glamorgan and South West Wales Economic Forum for Reseau Transnational Atlantique / Atlantic Transnational Network for the European Union Project (ERDF)
www.rta-atn.org

Marketing ports to the freight business.

The nature of the freight business makes marketing and developing new business difficult. Traffic for ports is often based on existing customers, existing products and existing destinations. Milford Haven for example, has developed business for a new Liquefied Natural Gas pipeline. This is very closely allied to the existing range of petroleum related products through the port. Cardiff has developed its steel business by exporting scrap steel and importing finished steel products for a current company customer (Level 1 in Table 1 below).

However, for new traffic, or for a modal change, ports and short sea shippers need to look beyond that.

Table 1: Types of potential new short sea traffic for a port

Level 1 (easiest to attract)
Existing customers
Existing traffic types/ products

Existing destinations
Level 2
New customers from hinterland
New destinations
New traffic types
Level 3 (hardest to attract)
Through traffic not originating / terminating in hinterland
Other traffic not originating / terminating in hinterland

For example (at Level 3), fruit traffic from Southern Portugal to the English Midlands currently travels by truck through Spain, over the Pyrenees, through France and the Channel Tunnel. It crosses two countries which are not part of its market, and two major natural obstacles, a mountain range and a 20 mile sea strait. This traffic could be diverted to a short sea route between say Lisbon and Swansea. This change is difficult for the ports of Lisbon and Swansea to develop in isolation, as the traffic does not originate or terminate in their immediate hinterland, and there is currently no service between the two ports.

This 'Level 3' potential traffic (as in Table 1 above) is the most difficult to identify, and then to win. It goes against the habitual approach to deciding which port to use. There are unlikely to be existing relationships to build upon. Market intelligence about traffic flows which could potentially switch may be difficult to obtain.

Potential Products for business development

What products might be available for switching to a short sea route into the UK through Wales? Some information is given in the products imported to the UK and exported from the UK by road.

Foodstuffs or other perishable goods may not be suitable for modal shift to sea transport as the nature of the product often makes a short journey time and flexible access essential. However manufactured goods or frozen foods for example may yield some possible traffic for transfer. Potential traffic flows for the Welsh ports are coal, aggregates and other bulks,

containers, forest products and steel. These all exist today but there is scope for much greater traffic. A map showing the Atlantic Arc ports is in Appendix 1

Potential trade routes based on Wales' main sea trading routes

- Ireland
- Northern Ireland
- Mediterranean countries (mostly in the EU)
- Baltic states e.g. Latvia, Russia
- Scandinavia e.g. Sweden, Finland
- Oil producing countries to Chevron
- Gas producing countries to LNG terminal
- South America
- Far East
- Coal producing countries
- Iron ore producing countries
- Western France
- Iberian peninsula (Spain and Portugal)
- South western France for Toulouse

Freight Industry Trends affecting Business Development

This section briefly examines some of the global business trends which are likely to have an effect on developing ports and short sea traffic. These trends are against the background of the major growth in freight traffic, and road freight in particular, as seen in the previous section.

Industry concentration and the growth of international logistics companies

As trade has developed and volumes increased, there has also been a trend towards greater concentration with large global companies dominating international freight transport, and some of the larger ports continuing to grow while small companies and facilities have closed or seen a reduction in business.

Having said all this one of Wales' most successful road haulage and logistics companies is Owens Road Services, Llanelli. With a fleet of 450 vehicles, 50 of which are on mainland Europe at any one time, it is a medium sized Welsh company who have developed their business over the last twenty years.

Economies of scale – size matters

There has also been a trend to carrying bigger volumes in larger ships. Car carrying ships can take over 5,000 cars. These very large container vessels will have less choice as to where

they can dock due to draft, length and width constraints. This will both reduce the number of direct ports of call with a concentration into certain hubs, and also possibly encourage transshipment via feeder ship may be the most efficient form of onward distribution.

Containerisation

There is an increasing trend towards containerisation. This is a result of the globalisation of trade. Products from the Far East can be cheaply produced and transported in containers across the world to reach the key markets in the US and Europe. These products retail far more cheaply than products produced directly in those markets where labour and operating costs are generally much higher.

Containers which have arrived on deep sea routes, will then transfer to other modes, whether at Rotterdam, or in the UK's main deep sea ports of Felixstowe, Southampton, Liverpool and Tilbury in the London area.

Inland distribution of containers remains an issue in the UK. Ports and shipping lines are generally keen to increase the rail share of inland distribution, but there are capacity issues with the UK rail network., Ports and shipping lines apparently do not see a significant role for distribution by coastal services as the distances are not sufficient to justify the extra handling costs and a high frequency service would have to be provided to compete with road freight. However increasing road haulage costs and reduced reliability may push deep sea shipping lines to make increased use of feeder vessels providing possible feeder service opportunities for smaller ports such as Cardiff and Swansea.

There are currently relatively small numbers of units moved by coastal container or RoRo services. There are however initiatives to move empty containers by coastal service, back to the main ports such as Rotterdam, using smaller ports such as Brest (Brittany) as a hub for this operation. However it is clear that the facilities at the larger ports have to be geared to transferring traffic to short sea routes.

The oil companies and those supplying LNG are the biggest operators, in volume terms, into Wales (Map in Appendix 1). However their market is currently confined to Milford Haven, which has the deep water facility required. While other deep water berths such as Port Talbot might be available if steel production, and therefore the import of iron ore, falls dramatically the possibility might exist for LNG/oil imports through Port Talbot if these could be diverted from other ports or if there was a demand for additional import facilities to those at Milford Haven. Transfers from Milford would provide no benefit to the Welsh economy but growth in this market would be a positive move.

Wales has no hub or feeder ports to much larger ports at present. Because of our position on the periphery of Great Britain and the EU and the relatively short distances that for example containers have to travel to Southampton the major centre for that trade , companies are unlikely to deliver for onward shipment to Southampton or even less Bristol.

Brest which acts as a feeder port for Maersk to Rotterdam is successful because of the road distances involved and the level of industrial output which is considerably more than in south west Wales.

MODAL OPPORTUNITIES AND CONSTRAINTS IN WELSH PORTS

Option 1: Truck

Within Europe, road transport can offer a door to door service, for a huge range of products. In some instances a truck may also use another mode of transport, such as a RoRo ferry or a Channel Tunnel shuttle train, but the goods can travel by truck from door to door with no need to transfer the load. The fact that handling is limited reduces the risk of damage to the load.

Option 2: Rail (probably also with a truck element)

Within Europe, rail freight can occasionally give a door to door service, although this may be to another business user, as for example with car components travelling to a factory, rather than the retailer or ultimate end user. There is a fundamental issue with 'last mile' provision. Whereas it is possible to get a truck to most locations, many locations will be 20-50 miles from the nearest railhead for freight services. Typically a rail option will need to involve a road transport element at start and the end of the journey. For the customer, this will require dealing with a rail freight operator, as well as road haulage companies. Railfreight operators, do not also provide road haulage as well.

For this option a high level of traffic is needed, not just in volume, but also in frequency and regularity. .

Option 3: Sea (probably also with a truck element)

Few customers are located at a port. In some instances, businesses have been located close to a port to benefit from the transport links. For example steel works in South Wales are close to both raw materials and transport links.

However, in the majority of cases, a sea journey will also need a road journey, (or possibly a rail and a road journey) probably at both ends of the sea transit. The transfer will add to the overall journey time. Even for a global journey from the Far East, with the European leg of the journey beginning at a port, (such a Rotterdam or Felixstowe), the onward transfer is often by road rather than by sea.

Option 4: Logistics and Transport Operators

This is less a modal choice issue, more a decision based on complexity and overall price. Many businesses delegate to a logistics provider all the transport decisions and operational

management for an overall price. Some larger logistics providers such as Maersk and Exel will have their own containers, ships, rail wagons and trucks; others will have partnership arrangements with other operators. They regard themselves not as transport companies, but as 'complete supply chain managers'.

Conclusions on modal choice for freight

Price is the driver of decisions in the freight business. Mode is chosen on the basis of the cheapest price.

Road is at present, generally, the cheapest option for transport within Europe. It is also usually the simplest to organise. Growth patterns for freight confirm the apparent ease of choosing road transport. Road traffic has grown faster than any other mode, and is predicted to continue to do so.

The domination of road transport poses a major issue for those who seek to persuade traffic to switch modes. Other modes do not have a simple 'one stop shop' for pricing and scheduling information. In many instances end customers will consider cost rather than the mode used.

Reliability is the second factor. However, road congestion does not yet seem to be having an impact on reliability as a truck has options to divert to another route. This is in contrast to rail or shipping for example, where a delay will affect an entire shipment.

The complexity of the decision process for 'non road' modal options has an impact on business development. A port cannot single-handedly pursue new business without a plan for onward transport whether land or sea based. A port has to work in collaboration with road and / or rail partners, shipping lines, and other ports in order to successfully develop new traffic.

PORT CHOICE

Port choice seems to be either a question of habit and inertia, and also is often based on imperfect information. There is relatively little genuine competition.

The 'habit' element can be seen as ports tend to build traffic from their current customers, and range of destinations, i.e. the people that already know them. Operators are generally very reluctant to change established business patterns. In describing their ports, even the operators and port authorities typically refer to the current hinterland accessible by road and current types of traffic rather than potential growth.

Rail or logistics operators may have an interest in using ports which connect to their current network of services. Shipping operators too, turn to the ports they currently serve reinforcing historical and contractual ties. .

Within the UK, infrastructure development can be seen to be developing around the biggest ports for known increases in traffic, rather than as speculative development for smaller ports. Thus for example, rail infrastructure improvements to serve the port of Felixstowe, will serve to reinforce and further enhance its role as the UK's biggest port.

For the development of short sea shipping, particularly for new services, it is essential to have knowledge of other ports, either to recommend a port over its neighbours, or to develop links with potential collaborators and it is clear that knowledge is based on old and often imperfect information. Milford Haven for example, is frequently described as an oil port, without any realisation of the RoRo services which operate there (Pembroke) nor of its new LNG role.

MOTORWAYS OF THE SEA

This concept is still being developed by the European Union. The objective of 'Motorways of the Sea' is to promote high quality, frequent door to door intermodal freight movements, with the long haul stage completed by sea.

LAND SIDE INFRASTRUCTURE AND QUALITY

Road congestion

Road congestion is increasingly becoming an important issue across Europe for road hauliers. Congestion affects the speed and predictability of transfer. It also generates environmental impacts as the increase in road freight is felt by other road users, and local communities. Congestion and delays increase fuel consumption — and pollution.

High quality land side links by road and rail for are essential if the hinterland of ports in Wales is to be extended to say the south east, midlands and North West of England. This includes provision for higher line speeds and for improved roads with dual carriageway links or at least single carriageway with dual sections. Wales' ports have to compete on journey time by sea and the overall driving time to the final destination. This will affect the cost attractiveness of Wales as an investment opportunity compared with other EU member states.

Wales has to compete with low labour cost member states which are often nearer to the major consumer markets. Thus the quality of our infrastructure both quayside and landside has to be more efficient for the mover of goods.

Quality of service and just in time logistics

Much of the freight and logistics industry has changed in the last decade to reflect business practices with very low inventory, reliant on a 'just in time' delivery system to the customer. This keeps overall costs and working capital low, but the transport element becomes vital for major distribution organisations, whether for finished goods, such as supermarket supplies or components and materials, such as for car production. With a just in time logistics chain, the reliability and quality of service becomes paramount as a failure can lead to empty supermarket shelves, or stop a car production line.

TOURISM AND THE CRUISE MARKET

A number of questions arise when considering the reasons why the Celtic Sea (please refrain from using the term Irish Sea which deflects attention from Wales) has not generated the level of business achieved by the Baltic Sea whose historical, cultural and geographical features are similar. The latter is now the third biggest cruise market after the Caribbean and the Mediterranean.

Which Welsh ports have deep water sufficient for the 2500+ passenger ships?

What deep water facilities do cruise shipping companies require to entice them to Welsh ports?

The return to the local economy however can be considerable. At a spend level of £100 - £150 per person a large cruise liner such as the Golden Princess, (109,000 tonnes with 2600 passengers) which has called at Holyhead, may generate £250,000 per one day visit through tourist spend (on excursion coaches, restaurants, souvenirs etc.) and vessel servicing.

It has been suggested that such a ship can flood an area with visitors and may detract from the visitor experience, and that ships of 1300 passengers are preferable. However the number of ships of the latter size is limited but they are able to operate into smaller tidal berths such as Cardiff and Newport.

A larger cruise liner has called at Holyhead four times in a year and some cruise companies see a potential expansion in that level given the right berthing conditions. Many of the passengers are North American looking for a taste of Welsh / Celtic ancestry history, culture and scenic beauty. Special entertainment was provided on board when the Golden Princess called at Holyhead on US Independence Day

However the development of the cruise market for Ynys Mon and north Wales is restricted by inadequate infrastructure at Holyhead. Although there is sufficient deep water for large ships to currently anchor off Holyhead the quayside length is insufficient to enable the ship to berth.

An extension to the Anglesey Aluminium jetty using a dolphin (a long concrete slab enabling the ship to 'tie up') at an estimated cost of £3m was proposed in 2009. The jetty itself is considered large enough in area to accommodate excursion coaches and freight vehicles.

This is an important part of cruise operational and financial success. It is the single most important criterion in determining the calling points on a cruise. The alternative is to ferry passengers to and from the quayside which has a cost attached to it. The most important aspect however is the inability to work on the ship, to offload and reload food, drinks, fresh water and diesel fuel.

There is a three year lead time for companies to determine new routes and calling ports. Constructing such a facility at Holyhead (and at Milford Haven which has deep water but where a new jetty would have to be built at a cost of £20m - £30m) would not guarantee its development as a calling port but would be a prerequisite for consideration. There is therefore a risk but one with considerable potential economic and employment impact particularly as the Anglesey option has such a low capital investment and might be justifiably used to test the market

How might such a cruise terminal be funded?

The current technical assessment of Anglesey Aluminium jetty as a cruise quayside will in the industry's view provide a perfect quayside for the larger ships to dock alongside. This would be seen as a public investment not one by Stena Line as the return to the port operator is relatively low, certainly below the 13% - 15% which a commercial port operator would expect from a capital investment project.

The major benefit would be to the wider local economy with jobs in the retail, coach operations, catering and historical / culture business sectors. Princess Cruises see the opportunity to give their largely American market a taste of Wales. Caernarfon Castle (with its royal connections) and the historic Ffestiniog Railway are popular destinations on excursions – a very profitable part of the cruise business along with alcohol sales and the casino and on board retailing

What attractions do the current cruise passengers at Holyhead find most attractive (e.g. Castell Caernarfon, Ffestiniog Railway)

What attractions on shore would they find in north or south Wales in the hinterlands of the ports which could be so developed?

Potential to replicate the Baltic Sea with Celtic Sea - Wales, NW England, Ireland (especially Dublin), Scotland – destinations would provide the ideal short trip multi visit conditions which give best profitability. Comparisons with the operations in the Baltic, Canary / Madeira / west Spain and the eastern Mediterranean fly - cruise show the economics of cruise shipping could fit into the Celtic Sea. The Princess Cruise operation already includes Dublin, Belfast and Edinburgh as part of its programme.

Could we replicate the success of the Baltic sea as a cruise destination in the Celtic sea taking destinations in , for example, western Scotland, Holyhead, Milford Haven, the west country(in England) Dublin and Belfast?

The cruise operations below are particularly useful because of the similarity of their operation with that which might be developed in the Celtic Sea as an internal operation.

Most cruise operators in the Baltic Sea call into five / six visited ports per seven day cruise. These may be in different orders and not all are the same. The choice in general is:

Copenhagen
Gdansk
Tallinn
St Petersburg
Helsinki
Stockholm

These might operate back to back e.g. Copenhagen – Stockholm; Stockholm – Copenhagen alternate voyages or as a full circle. This operation over say three months would bring a total of twelve or more cruises.

The ports for the Celtic Sea equivalent could be

Key Terminal Port (with direct air links to the USA and Canada)

Dublin

Calling Ports

Belfast
Glasgow
Barrow in Furness (for the Lake District)
Holyhead
Liverpool (though preferably served via Holyhead)
Milford Haven (future)

Standing Off Ports (calling ports for smaller vessels)

Cardiff
Cornwall (standing off only)

How was the development of a cruise terminal at Liverpool docks funded?

Liverpool opened a £19m public funded cruise berth in 2005 (?) which took much of Holyhead traffic. Income to the port of an estimated £80,000 pa was insufficient to justify investment where Stena would look for a 15% rate of return.

WELSH PORTS – OPERATION AND OWNERSHIP

Newport

- Location: mouth of the River Usk; Severn Estuary / Bristol Channel; near J28 M4
- Cargo: general including timber, cars, non-ferrous metals, building Materials, steel, minerals and ores especially coal, agribulks, animal feed, sand, forest products (from Baltic ports)
- Links: road and rail
- Owners: ABP plc (trading name of Associated British Ports Holdings PLC following privatisation)

Cardiff

- Location: mouth of the River Taff south east of the Cardiff Bay development; Severn Estuary / Bristol Channel
- Cargo: containers, dry bulk (e.g. pet products storage and bagging), forest products (from Baltic ports), fresh produce (using chilled, ambient and frozen chambers), general cargo (coated pipes, mining supports, rail carriages, heavy duty Ro-Ro), steel.
- Cruise market (limited with potential)
- Links: rail and road (single carriageway to M4)
- Owners: ABP plc

Barry

- Location: near Barry town; Severn Estuary / Bristol Channel
- Cargo: Dry bulks (grain, cement, flour including bagging), containers, forest products (Latvia), general cargo, Ro-Ro, liquid bulk (chemicals), steel, re-cycled metals
- Links: limited capacity road and rail
- Owners: ABP plc

Port Talbot

- Location: adjacent to M4 with direct access
- Cargo: mainly Corus imports of coal and iron ore; third party coal for power stations; one of the deepest berths in UK (Tidal Harbour); processed slag (Port Talbot Docks); sand heavy lift cargoes, Ro-Ro
- Links: direct road to M4 motorway; direct rail connection
- Owners: ABP plc

Swansea

- Location: seaward end of the Severn Estuary; east of Swansea city centre
- Cargo: dry bulks (cement, agribulks, including bagging), coal, plywood, steel, copper, Ro-Ro, marina development
- Cruise market (limited with potential)
- Links: high quality road to M4, direct rail connection
- Owner: ABP plc

Milford Haven

- Location: in areas on each side of the Milford Haven / Aberdaugleddau. Milford Haven on the north bank and Pembroke Port and the Chevron oil refinery to the south.
- Cargo: oil, liquid natural gas (LNG); Ro-Ro major link to Ireland), general cargo (including scrap steel outbound), marina development
- Cruise: (limited with potential)
- Links: direct rail link but with low line speeds and network line single track in places. Road links have limited capacity; 28 miles from dual carriageway at St Clear's (A40).
- Owner: Milford Haven Port Authority. A port trust required by Act to operate efficiently, cover costs from revenue and benefit the local area

Fishguard

- Location: West Pembrokeshire coast
- Cargo: Ro-Ro is the primary business
- Links: single carriageway road to St Clear's(A40)
- Owner: Stena Line Ports Limited

Holyhead

- Location: On the Isle of Anglesey / Ynys Mon in north west Wales. En route to Liverpool and Manchester Docks; opposite Dublin across the Celtic Sea
- Cargo: primarily Ro-Ro (Stena Line / Irish Ferries) and foot passengers; deep water quayside bulk facility
- Cruise: 7/ 8 ships per annum; down from 15 p.a. three years ago
- Links: A55 Expressway direct access; direct to English motorway network; railway station at Holyhead port; on Trans-European Network (Euro route 22 to Republic of Ireland). Potential competitor to Liverpool.
- Owner: Stena Line Ports Limited

Mostyn

- Location: south bank Dee Estuary, north Wales.
- Cargo: Airbus A380 wing load out transfer facility. Wings are 48 metres long, weigh 25 tonnes and are transported in a jig weighing 100 tonnes Air transport is therefore not possible. Wings are brought along the River Dee by barge (Afon Dyfrdwy) and transferred to the specialised ship for onward sea transfer to the Airbus factory at Toulouse. Ro-Ro facilities for accompanied and unaccompanied trailers. General cargo
- Links: rail - North Wales Main Line adjacent; road link to A55 Expressway / English motorway network.
- Owner: Mostyn is privately owned and operated. It is also a statutory harbour authority

Opportunities

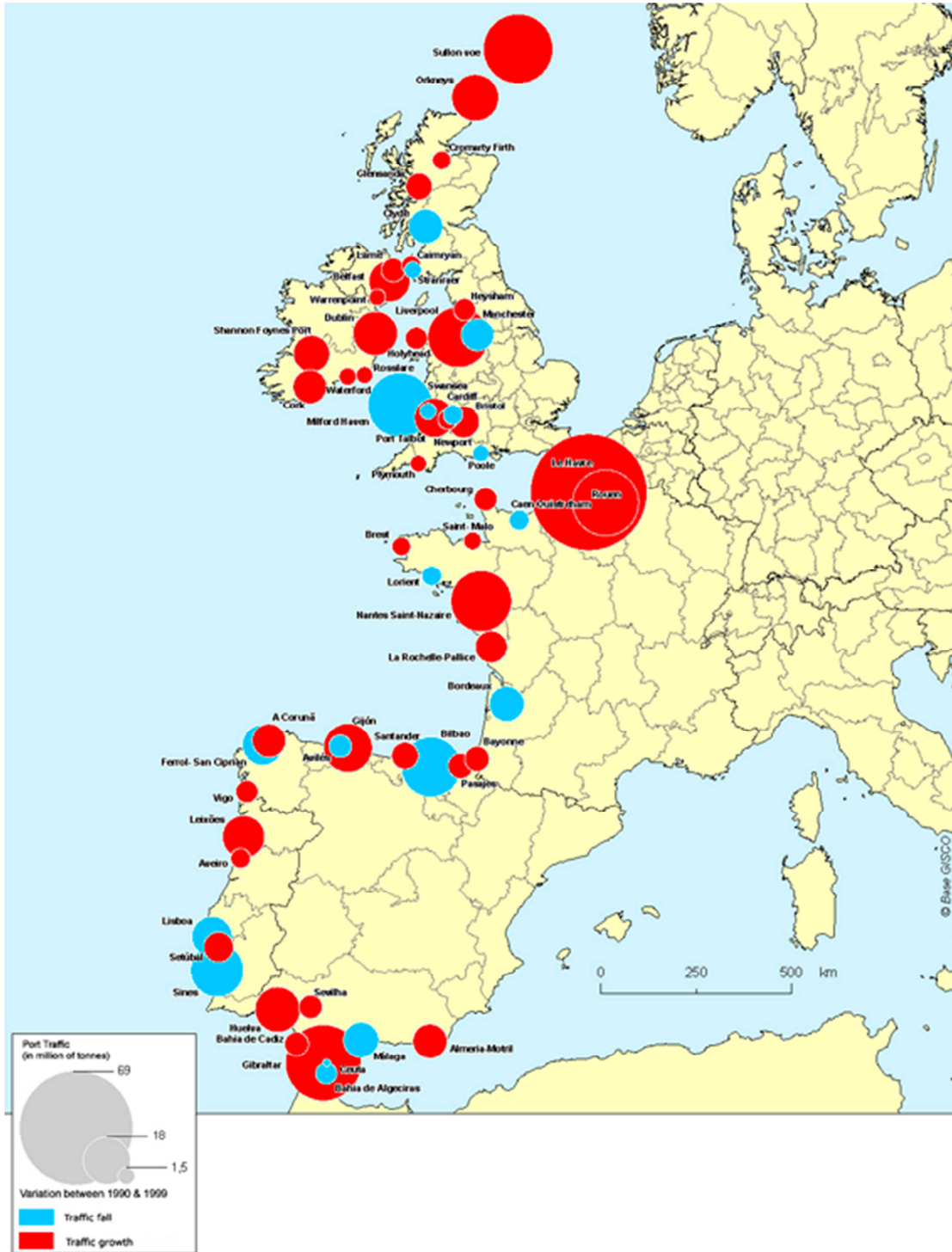
- Cruise shipping
- With improved internal links into the English motorway network there are several opportunities for short sea shipping within the European Union e.g. Atlantic Arc ports (western France; Iberia)
- Container development e.g. at Cardiff
- Ro-Ro services to southern Europe e.g. Santander In particular unaccompanied trailers
- Diversification already seen at Milford Haven where LNG has replace oil as an important product
- Joint marketing of Welsh ports with ABP plc and Stena Ports and WAG taking a lead

Professor Stuart Cole

Emeritus Professor of Transport
Wales Transport Research Centre
University of Glamorgan Business School

15 February 2012

Appendix 1: Map - Atlantic Arc Ports



Memorandum submitted by Martin Evans, Visiting Fellow, University of Glamorgan Business School

Executive Summary

- 1.1 The provision of airports outside of south-east Wales needs to be examined.
- 1.2 The route network at Cardiff Airport needs to be developed in particular connections to major hubs.
- 1.3 A strategic study of air transport in Wales needs to be undertaken.
- 1.4 A strategy to increase inbound tourism needs to be developed.
- 1.5 Dialogue between airports, airlines and Government needs to be improved.
- 1.6 Robust independent data for passenger demand from Wales needs to be prepared.

Background

2.1 Martin Evans is a Visiting Fellow at the University of Glamorgan Business School. He has undertaken a number of research and consultancy assignments for the Welsh Government and for the private sector.

How important are Welsh Airports, both to the economy of their regions and to Wales as a whole?

- 3.1 Cardiff Airport is the only airport offering scheduled services in south Wales. The only other airport in Wales offering scheduled services is Anglesey Airport which offers a service to Cardiff and a seasonal service to the Isle of Man
- 3.2 North-east Wales is served by airports in England at Liverpool and Manchester. The provision of surface links to these airports from north Wales is very important. Rail services from north Wales to Manchester Airport are not part of the Wales and Borders franchise but are provided by Arriva Trains Wales on a commercial basis.
- 3.3 The provision of the civil terminal at Anglesey Airport is important for the economic development of Anglesey. However, apart from the seasonal service to the Isle of Man, there have been no additional services commenced since the Cardiff/Anglesey service which is operated under a Public Service Obligation. If the Public Service Obligation wasn't renewed (i.e. if there was an improvement in the journey time between Cardiff and Holyhead by train), then Anglesey Airport would be at risk of closure.
- 3.4 South-west Wales is remote and peripheral when considering access to air services. It is remote from the nearest airport offering scheduled services, Cardiff Airport but taking into consideration the deficiencies in the route network at Cardiff many passengers from

south-west Wales will access air services through an airport in England involving a surface journey of up to five hours.

3.5 The economy of south-west Wales could undoubtedly perform better if there was better access to air services. It would become a more attractive business location, those businesses already located there could better serve customers in other parts of the UK and Europe. The tourism industry would benefit from the higher spending tourists that are brought by air travel.

3.6 Cardiff Airport serves a catchment area that includes Cardiff and the Vale of Glamorgan, areas where the population has a high propensity to travel but also includes parts of south Wales outside of these areas where the propensity to travel is much lower.

3.7 Historically, there has been a high demand for air services for outbound passengers during the Summer but lower demand for services during the Winter.

3.8 The low number of destinations served has led to large numbers of passengers choosing to access air services from airports in England.

3.9 Passengers from Wales travelling from airports in England takes employment out of Wales.

3.10 The lack of route development at Cardiff Airport makes Wales seem remote and peripheral.

3.11 The lack of connectivity through major international hubs makes south Wales an unattractive location for international businesses. Amsterdam is well served but Paris is only served once a day and the important international hub of Frankfurt is not served at all.

What factors limit realisation of the potential offered by Welsh airports; what opportunities are available to develop this potential; and how can these be realised?

4.1 To develop one of the airfields in south-west Wales to offer scheduled services would require both capital investment and revenue support that is not available from either private or council owners. This support could only be provided by the Welsh Government.

4.2 The route network at Cardiff could be improved if the potential of south Wales as a destination for inbound tourists was better exploited. Tourism is already an important industry for Wales, the tourism infrastructure already exists and yet tourists are not encouraged to arrive here by air.

4.3 Welsh Government marketing needs to be better focussed to both attract new airlines and support inbound tourism for those routes that already exist.

4.4 The mechanism for dialogue between airports, airlines and Government needs to be improved. The Government needs to have a consistent approach to the development of airports and what it can offer to airlines.

4.5 The Government needs to have independently produced passenger forecasts to underpin the marketing of new route opportunities to airlines.

How effectively do Welsh Government policies support the development of Welsh airports?

5.1 The Welsh Government has not undertaken any policy work in this area since the Intra-Wales Air Services study which only examined internal air services, not external connectivity.

5.2 There has been no strategic study into where air services are needed in Wales, what air services are needed and what is the best way to provide them?

5.3 Because of the lack of developed policy in this area, the Welsh Government develops policy on an ad-hoc basis. This can lead to inconsistent messages coming from Ministers that leads to uncertainty for airports and airlines.

5.4 Marketing support has been provided to airlines to develop new routes but there needs to be a better understanding of which routes are important for Wales so that marketing can be better targeted.

24/02/12

Martin Evans
Visiting Fellow
University of Glamorgan Business School

Agenda Item 5

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Agenda Item 6

Enterprise and Business Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Thursday, 2 February 2012**

Meeting time: **13:30 – 15:00**

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_400003_02_02_2012&t=0&l=en

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

**Byron Davies
Keith Davies
Julie James
Alun Ffred Jones (Chair)
Eluned Parrott
David Rees
Ken Skates
Joyce Watson
Leanne Wood**

Witnesses:

Lis Burnett, Head of the University of Glamorgan's Social Entrepreneurship Hub

Committee Staff:

**Siân Phipps (Clerk)
Sarah Bartlett (Deputy Clerk)**

1. Introductions, apologies and substitutions

1.1 Alun Ffred Jones was nominated as temporary Chair.

1.1 The Chair welcomed everyone to the Committee. Apologies were received from Nick Ramsay, there was no substitution.

2. Follow Up Session on the role of Social Enterprises in the Welsh Economy (13.30 – 14.30)

2.1 The Chair welcomed Lis Burnett who was expert advisor to the former Enterprise and Learning Committee and is Head of the University of Glamorgan's Social Entrepreneurship Hub. Members received an update on the report and asked questions.

2.2 The Committee agreed to carry out some further work on Social Enterprises.

3. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business (14.30)

3.1 The Chair moved a motion under Standing Order 17.42 to resolve to exclude the public for the remainder of the meeting.

3.2 The Committee agreed the motion, and moved into private session.

4. Draft Legislative Proposals for EU Structural Funds 2014–20 – Consideration of draft committee report (14.30 – 15.00)

4.1 The Committee discussed the report and an amended version would be circulated and agreed out of Committee.

Transcript

View the [meeting transcript](#).

Procurement Task and Finish Group

Meeting Venue: **Committee Room 2 – Senedd**

Meeting date: **Thursday, 19 January 2012**

Meeting time: **11:30 – 14:30**

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Concise Minutes:

Assembly Members:

Julie James (Chair)
Byron Davies
Eluned Parrott
David Rees
Leanne Wood

Witnesses:

Deryck Evans, Wales Audit Office
David Rees, Wales Audit Office
Jeremy Morgan, Wales Audit Office
Iolo Llewellyn, Wales Audit Office
Jane Hutt, Minister for Finance and Leader of the House
Alison Standfast, Deputy Director of Procurement, Value Wales
Michael Hearty, Director General for Strategic Planning, Finance & Performance
Jeff Andrews, Specialist Policy Adviser, Welsh Government

Committee Staff:

Lara Date (Clerk)
Meriel Singleton (Deputy Clerk)
Robin Wilkinson (Researcher)
Gwyn Griffiths (Legal Adviser)

1. Introductions, apologies and substitutions

- 1.1 The Chair welcomed everybody to the meeting. There were no apologies.
- 1.2 It was agreed the following Members would take the lead in the following themes:

Byron Davies – contracting authorities’ experience
Julie James – support and guidance offered
Eluned Parrott – SME and third sector organisation access
David Rees – simplification of procedures
Leanne Wood – environmental and social policy objectives

2. Inquiry into influencing the modernisation of European procurement policy: Technical Briefing

2.1 The Chair welcomed Deryck Evans, David Rees, Jeremy Morgan, and Iolo Llewellyn from the Wales Audit Office.

2.2 Officials from the Wales Audit Office provided the Committee with an overview presentation about EU procurement. This included an overview of the current framework; non-compliance issues and value for money issues.

2.3 The Members and the witnesses discussed a number of issues around the reprioritisation of part B services in the Draft Procurement directives. It was agreed this was an area which the Committee may wish to raise in its correspondence to the European Commission.

2.4 There was a discussion about the challenges of being innovative against being risk adverse. It was thought that the new procedures should help people to take managed risks as long as there was adequate risk management in place.

2.5 Officials from the Wales Audit Office emphasised the need for people in Wales to be up-skilled in the procurement process to make sure they got the tender information correct at the outset. It was suggested that this would help with reducing delays in the system.

2.6 There was a discussion about the national oversight body which had been included in the EC proposals. It was suggested further consideration may be needed about how this may work at a devolved level.

2.7 The Wales Audit Office agreed to provide any further information that it considered useful to the group’s inquiry following the briefing session with Members.

3. Inquiry into influencing the modernisation of European procurement policy: Evidence Session

3.1 The Chair welcomed the Minister and her officials to the meeting.

3.2 The Minister agreed to undertake the following actions:

- A note on the extent to which the UK Government Explanatory Memorandum on the Draft Public Procurement Directive (reference COMM 2011/896 final) reflected the Welsh Government’s views on the proposals and any concerns about the proposals and/or the Member State position. Other points which it was agreed the Minister would include in the note were:

- Response to the proposal for a ‘national oversight’ authority and its possible implications and any other subsidiarity issues raised by the EM;
 - Legal advice on whether the provisions on social and environmental policy objectives and supporting the Welsh Government’s community benefits policy were sufficiently strong;
 - The implications of provisions to abolish Part B services and introduce a new regime for social services;
 - The implications of the Remedies Directive for Wales and any comparative information on the experience of Northern Ireland
- To consider seeking further legal opinion on the scope of the draft proposals to fit better with the implementation of Structural Funds/Cohesion Policy.
 - To share the report of the Lessons Learnt review exercise of framework contracts in North Wales

3.3 The Committee agreed to ask the Enterprise Minister to provide a written response on work being undertaken to support Welsh firms to compete outside Wales (within the UK and in Europe) in the field of public procurement.