Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i Botensial yr Economi Forol yng Nghymru	Inquiry into the Potential of the Maritime Economy in Wales
PME 08	PME 08
Grŵp Porthladdoedd Cymru	Welsh Ports Group

Thank you for the opportunity to feed into the Committee's inquiry. We hope you find these comments useful and we would be pleased to discuss these further should it be useful. This is a high level strategic response and we understand that some of our port members will provide you with additional oral evidence shortly. We would expect these ports to provide some more detailed points, perhaps linked to their own geographical location and the future viability of different markets.

The Welsh Ports Group is comprised of the overwhelming majority of ports in Wales. Its membership includes all the main commercial cargo handling ports as well as a number of smaller trust and local authority ports specialising in leisure and fishing activities.

Latest figures show that in 2013 Welsh ports handled almost 12%, or 59m tonnes, of UK freight. The main components of the port market in Wales are ferry traffic with Ireland, oil and gas, containers, steel, biomass and general and bulk cargoes, offshore renewable cargoes and services as well as facilities for cruise ships, leisure activities and fishing. These are diverse and fundamental trades, supporting growth, employment and other sectors of the economy.

Ports are a key part of the Welsh economy and provide significant levels of employment. In a recent study by Oxford Economics it was found that 0.9% of all jobs in Wales were port related. Large Ports such as Milford Haven, Port Talbot and Holyhead are vital gateways for the UK's national economy. Smaller regional ports and harbours are also of importance to local economies and regional employment.

The quality of the transport network is critical for efficient freight movement and business growth. The ports sector is essentially a private sector industry operating in competition, unsubsidised on a commercial basis. While ports ask very little of government they do require a good national transport infrastructure and good links to the network. While we would not underestimate the role that rail can plan in the freight sector, roads are of particular significance to ports, with around 85% of all landside port traffic in the UK entering and leaving by vehicle. This figure is of course even higher for Ferry/Ro-Ro activities such as at Holyhead (340,000 freight units pa), Pembroke Dock (153,000 freight units pa) and Fishguard (126,000 freight units pa). Investments in passenger focussed transport schemes tend to receive the greatest political attention but accommodating freight activity within transport strategies is vital. Priority for good port hinterland connections is equally as important.

Welsh Government statements on transport, so far as they go, recognise its importance, but tend to be light on more rigorous commitments to funding, and tend not to recognise the overall competitive position of Wales and the UK compared with other EU member states. The DfT's "Action for Roads" published in July 2013 stated that "While the British strategic road network was not too different from its EU competitors twenty years ago, it now falls a long way short. Since 1990, the length of new motorway built in France is greater than the whole of the UK network". This is in spite of the fact that "one of the UK's greatest strengths is its compactness". It is often the case for ports that although the main highway network is good, the links to it are poor, or traffic becomes gridlocked in towns and cities.

The Welsh Government and the various Welsh freight-focussed stakeholder groups have identified a number potential improvements. However the allocation of funding remains a challenge. We feel that support for the freight network should therefore be backed up by clearer funding commitments and clear policy in support of the commercially led development of ports. Pressure on ports in the UK to make contributions to the cost of new road and rail links can often threaten projects and is certainly virtually unknown in Continental Europe. Also we would suggest that new arrangements are also needed whereby information about port connectivity needs can be regularly fed into the policy and planning processes at both national and regional level.

As well as transport infrastructure, the swift processing of goods and passengers at ports is important and helps to contribute to a competitive and efficient economy. Wales is a key maritime gateway to Ireland and fostering a border control and regulatory regime which fully takes into account trade facilitation principles is something we strongly support. This can include efficient border security and customs procedures, animal and plant health checks, and other activities such as HGV safety enforcement. It is worth stating that the preservation of the Common Travel Area agreement is of vital importance to the Welsh ferry sector as without this the crossing would be slowed substantially and many vehicles would simply use other services from ports in England to travel 'domestically' via Northern Ireland.

Milford Haven and Cardiff/Newport are identified as Core ports under the EU TEN-T Regulation and every opportunity should be used to take advantage of this status. There are opportunities for funding from the Connecting Europe Facility of rail related schemes in particular and we support the Welsh Government's aspiration to utilise this funding, include for road freight accessibility to the industrial base at Pembroke Dock.

A good freight and logistics sector also requires a stable political and policy climate. Following the St David's Day devolution agreement and the imminent introduction of legislation in Westminster a number of currently reserved responsibilities, including ports policy, will be transferred to the Welsh Government. This will create opportunities for the Welsh maritime sector but there are also some unknown issues on which our members have some concerns.

The UK's ports industry is market-led and individual ports operate commercially in competition with other ports. Ports attract private finance and investors are wary of policies which might disrupt existing markets. We are yet to formally discuss what form a Welsh ports policy might take but we are hopeful that it would not deviate too greatly from the existing UK policy. Our members are keen to discuss this further. If ports policy is not to be managed on a UK national basis, then Wales faces the risk that ports policy in English regions results in the English ports sector becoming more competitive and closer to core UK markets than the corresponding Welsh ports sector. Welsh ports policy therefore needs to be competitive and highly conducive to private sector investment.

There are three main types of port, private, trust and local authority owned. Whilst these are all independent from central government they do comply with a number of pieces of harbours legislation and policy codes, particularly related to their governance and statutory duties.

Of particular interest for policy makers has been the status of trust ports and in the Wales the largest trust is Milford Haven. Trust ports are both commercially and strategically independent. Trusts are private companies, drawing down bank finance from the same sources as any other commercial business and paying corporation tax like any business. Nonetheless they remain publicly accountable to their local and regional stakeholders, including customers. As with other major trust ports, the Chairman of Milford Haven is currently appointed by the Secretary of State for Transport, but in accordance with legally binding guidelines which require the post to be advertised and the appointment made on merit. There is no other strategic link between UK Government and the port. Smaller trusts have no direct link to government although the DfT has previously published guidance for all trusts which is currently under review at present. There is at this point no corresponding guidance published by the Welsh Government.

In many ways ports are a barometer of the economy. The future of the UK economy and the growth of key sectors such as manufacturing and construction are closely linked with port activity. As we move out of the recession the Welsh ports sector certainly has the capacity to accommodate new business and increased activity. However the freight and logistics industry has developed around historical markets and industries and so stimulating and encouraging new routes is often difficult. It may be less realistic therefore for the growth of certain cargo sectors but there are real opportunities in Wales in areas like cruise and renewable energy. Renewable energy developments in particular represent an opportunity for new hubs of activities related to manufacturing, construction, installation, and the long term operational maintenance. Ports will play a key role in all these processes and there is also the opportunity for smaller ports to play a role. However planning consents and development costs can present barriers to projects. We are keen that the Welsh and the UK Governments are clearer in their strategies and subsidies so that more schemes like the Swansea Bay tidal lagoon and the North Hoyle and Rhyl Flats wind farms come to fruition.

There is also a need to ensure that the port planning regime delivers decisions as speedily as possible. Port developments often rely upon external investment and a swift and predictable planning framework is vital. The efficiency (or inefficiency) of the terrestrial planning system, the treatment of Harbour Revision Orders (HROs) and the efficient processing of marine licensing consents can be problematic but with the devolution of HRO consenting to Wales there is an opportunity to link and speed up the whole process to Wales' competitive advantage. The Welsh Government can also support port applications by improving the balance between facilitating development and the constraints arising from environmental legislation, particularly in port zones. The current imbalance creates overly-complex, and lengthy decision making processes, and does not deliver sufficient legal certainty. Moving forward it is also vital that when fulfilling its marine conservation objectives such as with Marine Conservation Zones, the Welsh Government does not take forward plans which may unwittingly limit port activities and economic development.

To summarise we feel strongly and would encourage that as and when ports policy is devolved to the Welsh Government;

- Port connectivity and freight network improvements are prioritised with new arrangements whereby information about port connectivity needs can be regularly fed into the policy and planning processes at both national and regional level;
- The existing policies and market-led approach to ports policy which the Department for Transport currently supports, whereby there is no strategic or financial intervention from government, particularly on issues that might distort competition between ports;
- Recognition that there is capacity and appetite at Welsh ports for increased traffic;
- There is firm support for the continuity of the current mixed ownership model of ports in Wales;
- Continued recognition for the existing rights and obligations of ports maintaining the competitive position of the Welsh ports industry broadly in line with ports in other parts of the UK and beyond;
- There is an adequately staffed and resourced team of officials at the Welsh Government to engage with ports and also to facilitate Harbour Orders and Byelaws casework;
- A joined up approach to port consents across the relevant bodies in Wales to help speed up the planning process;
- Ports are acknowledged in Welsh transport policies as important economic and freight hubs, and vital to the development of other key industries in the Welsh Economy including steel, energy, agriculture, construction, tourism and manufacturing;
- Smaller ports and marine leisure activities are recognised as important coastal economic hubs for employment and regional business;
- Recognition that a stable business and energy policy climate are vital to the Welsh ports industry given the significance of energy cargoes in Wales;

- Further clarity on planning priorities and subsidies for marine renewables are outlined.

Richard Ballantyne
Welsh Ports Group
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