

Welsh Government Evidence to the Enterprise and Business Committee Inquiry on International Connectivity through Ports and Airports and on Mainline Rail Electrification

Introduction

This evidence paper provides an update to the Committee on mainline electrification. It also provides an update on progress in relation to the Committee's recommendations on Welsh ports in their report on International connectivity and further developments that have been made since the Committee's report was published.

Update on mainline electrification

The railway provides an important means of connectivity to serve the needs of businesses, people and communities and supports both passengers and freight. Responsibility for rail services and rail infrastructure is not devolved, but the Welsh Government has taken an increasing role in this field.

Electrification of the Great Western Main Line from Cardiff to Swansea will provide a strengthened east-west economic corridor and enhance Swansea's role as an economic hub.

In March 2011 the then Secretary of State for Transport announced the decision to electrify the Great Western Main Line between London and Cardiff only. Following this announcement the Welsh Government, working with the Department for Transport and Network Rail, developed the outline business cases for electrification of the Great Western Main Line to Swansea, and of the Valley Lines network. These cases demonstrated the case for the investment, and the Secretary of State for Transport subsequently included the projects in the 2014 – 2019 railway investment period.

Electrification represents the first step towards achieving the Welsh Government's vision for a modernised rail infrastructure across Wales. The recent Metro studies take electrification of the Valley Lines as the essential starting point. An electrified rail network is more economical to operate and maintain which will deliver value for money to the taxpayer. Passengers will travel in a more environmentally sustainable way and experience a quieter, faster journey with savings of up to 20% on existing timetables.

The case for electrification, and the funding arrangements discussed between Governments, is set out in the correspondence that the First Minister has made available to Assembly Members.

Discussions with the UK Government to ensure delivery of electrification in Wales are ongoing.

Update on the recommendations from the report on International connectivity through Welsh ports and airports

Recommendation 9 – The Welsh Government should continue to facilitate and commit to effective engagement with the UK Government on ports policy including discussion on the suitability of the existing devolutionary settlement and any changes that are necessary to benefit Wales.

The Welsh Government continues to engage with the UK Government on matters relating to ports in Wales. My officials recently met their counterparts in the Department for Transport to discuss the review of Trust Ports which the UK government is conducting and I will be submitting evidence to inform the UK Government's consideration of this issue.

My officials also met last week representatives of the Welsh Ports Group regarding this matter.

The Welsh Government's evidence to the Part II of the Silk Commission made the case for devolution of ports policy. This was accepted by the Commission and reflected as a recommendation in their second report.

Recommendation 10 - The Welsh Government should publish a revised Wales Freight Strategy, which has a greater emphasis on rail freight, by the end of 2012, and negotiate the needs of rail freight in Wales for the next Network Rail Control Period.

A review of the Wales Freight Strategy was commissioned in 2012. The Wales Freight Group was reconvened to enable them to inform the review process. The Group considered the outcome of the review at the start of 2013.

In 2013 the Freight Task and Finish Group was established to advise on strategic issues affecting freight transport in the light of wider economic development priorities, and to focus on key interventions needed to support the development of Enterprise Zones and commercial and business centres more widely.

The Task and Finish Group reported at Easter 2014. The report was published and a Written Statement on its recommendations was made on 9 May 2014:

<http://wales.gov.uk/about/cabinet/cabinetstatements/2014/freight/?lang=en>.
<http://wales.gov.uk/topics/transport/freight/wales-freight-group/?lang=en>

The recommendations are now being implemented.

Recommendation 11 - The Welsh Government should commission feasibility studies into the development of short sea shipping and port-centric logistics at Welsh ports to identify potential opportunities as well as obstacles to development.

The Freight Task and Finish Group considered these issues as part of its deliberations. They did not identify a case for commissioning further studies on these subjects.

The Welsh Government is very aware of the importance of Short Sea Shipping and will continue to monitor that sector and take advice where necessary. With vessels becoming larger and port calls lower in number, Short Sea routes or distribution routes will potentially have an increased role within the overall context of shipping. Ports are vital to Wales' economic growth. My officials are working with individual ports and other businesses to explore the scope for development and identify where the Welsh Government can assist. Welsh Government will consider utilising all levers at its disposal so that the full potential of ports can be realised.

There are many opportunities for the Welsh Government to capitalise on the potential of Welsh ports as economic drivers, and we are investigating ways where we can play an enterprising role in supporting the infrastructure that will enable Welsh ports to flourish.

A prime example being the Milford Haven Waterway which is one of the deepest natural harbours in the world and is recognised as a major energy hub, with an excellent port infrastructure and good access to the national gas and electricity infrastructure networks.

Recommendation 12 - The Welsh Government should champion the interests of Welsh ports and ferry operators in relation to debates on port border checks and EU sulphur emissions limits.

The Freight Task and Finish Group identified a short-term opportunity to market the competitiveness for short sea shipping routes in light of the longer timetable for reducing sulphur emissions from shipping in the Irish Sea, compared to other short sea routes. The Welsh Government will look for opportunities to support marketing by ports in Wales which reflects their competitiveness for short sea shipping routes, for example by including it as an integral part of the offer to relevant inward investment to Wales.

The port border checks relate to public health and are a matter for the Minister for Health and Social Security.

Recommendation 13 - The Welsh Government should press the UK Government to examine the business case for electrification of relief lines on the Great Western Main Line to ensure rail freight containers can travel easily to and from Welsh ports. Gauge clearance should also be advocated for all current and future infrastructure proposals for the same reason.
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The Welsh Government continues to work with the UK Government on the delivery of electrification of the Great Western mainline.

The Welsh Government is engaged in discussions with Network Rail on proposals for a possible project to enhance gauge clearance on the Great Western mainline.

Recommendation 14 - The Welsh Government should press the Department for Transport to submit Welsh rail projects eligible for funding under the Connecting Europe Facility so that Wales can benefit fully from resources available to develop the Trans-European Transport Network.

The Welsh Government has engaged proactively with the UK Government on the new TEN-T framework and continues to explore opportunities to develop projects for consideration under the Connecting Europe Facility.

I have discussed the matter with Robert Goodwill MP, Parliamentary Under Secretary of State for Transport, in advance of his attendance at an informal Transport Council focused on TEN-T to ensure that he was fully briefed on the issues from Wales' perspective.

Recommendation 15 - The Welsh Government should clarify its intentions for Enterprise Zones that include Welsh ports or airports so that Wales can fully benefit from this initiative.

We are working hard to enable a business environment that can help support the commercial development of airports and ports and the wider role that they play in their local economies. One of the means with which we are achieving this is through linking some of our airports and ports to our Enterprise Zones. We are clear on our intentions to use Enterprise Zones as a means of supporting and stimulating commercial activity and investment in and around airports and ports. So for example:

- our ambitions to support the development of Llanbedr Airport are an important element of the **Snowdonia Enterprise Zone**, where masterplanning has been undertaken to optimise the site and its three runways to deliver on our long-term strategic vision for Llanbedr.
- we are working closely with Milford Haven Port Authority on developments within the port. The deep sea port of Milford Haven is a key selling point to potential investors in the **Haven Waterway Enterprise Zone**. In addition, the Haverfordwest (Withybush) Airport site and businesses seeking to locate within it are able to benefit from the specific incentives, support and infrastructure investment available in the **Haven Waterway Enterprise Zone**.
- Cardiff Airport and St Athan Airport form an Enterprise Zone in their own right and we are marketing the Zone as a prime location for aerospace businesses in particular.
- the Port of Holyhead is an essential component to the economy of North Wales and links Ireland to the rest of Europe. The port will play a key role in the development of Wylfa Newydd and has the potential to attract investment from a number of sectors including renewable energy.

- Welsh Government holds land at Waterston and is actively seeking investors from all sectors including renewable and traditional energy companies as well as emerging marine technologies.

Recommendation 16 - The Welsh Government should reflect the strategic importance of ports in the renewable energy supply chain in Welsh energy policies and seek optimum benefits for Wales from UK renewable energy opportunities.

The Welsh Government is working with WEFO to facilitate the development of the renewable energy sector within the emerging EU funding proposal.

Energy Wales: A Low Carbon Transition, published in March 2012, sets out priorities for a transition to a low carbon economy. In addition the Energy and Environment Sector panel priorities recognise the strategic importance of ports and their integral role on our ability to make this transition.

We recognise that Welsh ports, some of which have 24hr deep water access, are well placed to meet the needs of developers and we are working with them and other key partners to realise the full economic potential for the whole sector.

Over recent years the Port of Mostyn has become a key regional centre for the assembly, installation and maintenance of offshore turbines with four major wind farms constructed from the port over the last five years.

Despite the disappointing news regarding the offshore wind farm “Rhiannon” and “Atlantic Array” we are hopeful that there are still potential opportunities for Welsh Ports for future investment in offshore wind, marine demonstration zones and the Swansea Bay tidal lagoon. My officials are working with port operators and investors to maximise the benefits renewable energy opportunities present throughout the supply chain.

Recommendation 17 - The Welsh Government should encourage port operators to improve the tourist experience at their facilities and consult potential stakeholders on how best to fund berthing facilities that will attract cruise liners.

Consultation on berthing is ongoing between the Welsh Government, Stena and Anglesey Aluminium (AAM) regarding the future use of the jetty in Holyhead. Regular meetings are held with Stena regarding the future development of Fishguard and regular meetings are also held with Milford Haven and the Association of British Ports regarding any future developments and berthing charges.

Shore side services are being developed with new initiatives such as a German Ambassador course provision in order to fulfil German speaking cruise passenger needs. We are also looking at further developing the linguistic guide provision for other key languages.

The Welsh Government is holding itinerary workshops throughout Wales in order to develop a new boutique tour offering in conjunction with the ground handlers. Local people from different sectors are involved in the workshops, along with various outside stakeholders, such as new attractions and local authorities.

In order to increase the cruise lines product knowledge of Wales and its Port facilities, the Welsh Government offers familiarisation visits to cruise executives so that they can experience and understand the Welsh cruise product. These visits are also offered to the ground handlers to increase their product knowledge of the destination provision.

Recommendation 18 - The Welsh Government should support Cruise Wales to devise and implement, in conjunction with Visit Wales, a strategic marketing plan to promote Wales's tourist offer and selected Welsh port destinations to international cruise operators.

Cruise Wales has a marketing plan in place which is linked to the Visit Wales annual Business Plan and the overall tourism strategy "A Partnership for Growth".

The Welsh Government invests in a Wales exhibition stand for Seatrade Europe and Cruise Shipping Miami which is attended by top cruise executives from cruise lines in UK, Europe and USA. This gives an opportunity to showcase Wales' cruise product and discuss any new developments directly with the cruise lines. These exhibitions also give an insight into the up-to-date, latent wants and needs of the cruise industry on a global basis.

Recommendation 19 - The Welsh Government should ensure the sustainable development of Welsh ports and airports is addressed through Local Development Plans, and encourage local authorities to collaborate with each other where the impacts of those developments have wider regional implications.

We continue to scrutinise Local Development Plans for conformity with national planning policy which contains provisions to protect the accessibility of Welsh ports and airports.

Research on Local Development Orders (LDOs) has been published and the Planning Division have held dissemination seminars to raise awareness of them.

Summary

Welsh Government activity on ports and electrification is part of a wider coherent and strategic approach to economic development and transport infrastructure. The Welsh Government has a clear interest in supporting improvements to transport infrastructure to generate wider economic benefits and in serving Wales's interest.

Welsh Ministers will continue to pursue additional powers where relevant to ensure that all possible policy tools can be leveraged to maximise Welsh Government impact.