

National Assembly for Wales
Enterprise and Business Committee

International connectivity through Welsh
ports and airports
July 2012



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National Assembly for Wales
Enterprise and Business Committee

International connectivity through Welsh
ports and airports
July 2012



Enterprise and Business Committee

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising its expenditure, administration and policy, encompassing economic development; transport and infrastructure; employment; higher education and skills; and research and development, including technology and science.

Current Committee membership



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Welsh Conservatives
Monmouth



Byron Davies
Welsh Conservatives
South Wales West



Keith Davies
Welsh Labour
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David Rees
Welsh Labour
Aberavon



Ken Skates
Welsh Labour
Clwyd South



Joyce Watson
Welsh Labour
Mid and West Wales

The following Member was also a member of the committee during this inquiry.



Leanne Wood
Plaid Cymru
South Wales Central

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The Committee's Recommendations

The Committee's recommendations are listed below in the order that they appear in this Report. All our recommendations are directed at the Welsh Government, although it will need to engage other stakeholders, including the UK Government where appropriate, in order for them to be achieved. Please refer to the relevant pages of the report to see the supporting evidence and conclusions.

Recommendation 1. Seek to influence the UK Government's forthcoming aviation framework so that it both recognises the potential of Cardiff Airport in addressing UK airport capacity needs and also serves the needs of Welsh businesses and passengers. (Page 12)

Recommendation 2. Formulate a clear, strategic, evidence-based position for developing air transport in Wales, based on a thorough assessment of the economic impact of aviation in Wales, which sets out where air services are needed, what kind of routes can support Wales's sustainable economic development objectives, and how this can best be delivered. (Page 13)

Recommendation 3. Continue to explore the case for devolving Air Passenger Duty to Wales for those services that generate sustainable inward tourism and business investment opportunities. (Page 14)

Recommendation 4. Continue to press the managers of Cardiff Airport to invest in its development and the development of a new Master Plan, and commission an independent assessment of the airport's future viability to function as an international gateway for passengers and freight. (Page 21)

Recommendation 5. Introduce an improved, dedicated express bus service between Cardiff Airport and the city centre, and explore options for funding that service with partners and other key stakeholders, should this be supported by the independent assessment suggested in Recommendation 4. (Page 23)

Recommendation 6. Explore the business case for a frequent, direct train service to Cardiff Airport, should this be supported by the independent assessment suggested in Recommendation 4. (Page 24)

Recommendation 7. Exploit all available channels to demonstrate to the European Commission the adverse impact that current aviation State Aid guidance can have, and how Aid could be used differently to develop Cardiff Airport as a destination of choice for international business and tourist travellers. (Page 26)

Recommendation 8. Integrate connectivity to Welsh airports with transport and infrastructure policy for Wales as a whole, and seek to negotiate the provision of better cross-border transport links and prospective electrification of rail services such as for Swansea and the Valleys. (Page 29)

Recommendation 9. 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. (Page 33)

Recommendation 10. 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. (Page 35)

Recommendation 11. 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. (Page 37)

Recommendation 12. Champion the interests of Welsh ports and ferry operators in relation to debates on port border checks and EU sulphur emissions limits. (Page 38)

Recommendation 13. 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 rail infrastructure proposals for the same reason. (Page 39)

Recommendation 14. 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. (Page 40)

Recommendation 15. Clarify its intentions for Enterprise Zones that include Welsh ports or airports so that Wales can fully benefit from this initiative. (Page 42)

Recommendation 16. 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. (Page 43)

Recommendation 17. 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. (Page 47)

Recommendation 18. 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. (Page 48)

Recommendation 19. 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. (Page 49)

Background

“To have a developing economy,
you have to have connectivity with overseas markets.
Our prosperity depends on trade links with other countries.”¹

The Legal Landscape

1. Wales has one international airport (Cardiff) and seven major ports: Milford Haven, Cardiff, Holyhead, Newport, Port Talbot, Fishguard and Swansea. Ports and airports are by and large privately-run, commercial operations. The Welsh Government’s role in supporting their development and growth is therefore restricted by State Aid rules (see paragraphs 75-81).
2. Ports and aviation policy is reserved to the UK Government, and UK policy in these two areas is one of non-intervention.
3. Yet, as the Welsh Government stated:

“Welsh Ministers, exercising economic development and transport powers, have a significant opportunity to influence the development of ports and airports.”²
4. The Minister for Business, Enterprise, Technology and Science has responsibility for the promotion of Wales as a location for business and investment; the promotion of Welsh exports; environmental improvement in relation to industrial and commercial developments; tourism in and to Wales, including the marketing and promotion of Wales as a tourist destination; and regulation of the tourism industry.
5. The Deputy Minister for Agriculture, Food, Fisheries and European Programmes has responsibility for the management of fishery harbours.
6. Welsh Ministers have powers under the Transport (Wales) Act 2006 to provide financial assistance for air transport services that start or end at an airport in Wales, and for airport facilities and services at Welsh airports. In addition Welsh Ministers can give grants towards the capital costs of improving or developing facilities for public passenger

¹ Martin Evans, Record of Proceedings paragraph 161, 29 February 2012

² Welsh Government written evidence paragraph 5

transport by land to Welsh ports and airports, but again, subject to State Aid rules.

7. The Welsh Government also has influence on the development of ports and airports through the land use planning system.

Scope of the Inquiry

8. The aim of this inquiry by the National Assembly's Enterprise and Business Committee was to explore:

- how important major Welsh ports and airports are to the economy of their own regions and to Wales as a whole;
- what factors limit realisation of the potential offered by major Welsh ports and airports; what opportunities are available to develop this potential; and how these can be realised;
- how effectively Welsh Government policies support the development of major Welsh ports and airports.

9. During this inquiry we were keen not to duplicate the work of the House of Commons Welsh Affairs Committee which published a report in 2009 on Ports in Wales.³ We therefore held a "concurrent" (joint) meeting with the Welsh Affairs Committee early on in our inquiry to scrutinise Department of Transport officials on progress made since the select committee published its recommendations. The Welsh Affairs Committee was at that time embarking on a new inquiry into cross-border road and rail connectivity, and we look forward to reading its report in due course.

10. Just before we published this report, the First Minister announced the aims and objectives of the Cardiff Airport Task Force, which he will chair.⁴ The Task Force will be considering a number of issues such as developing a set of strategic initiatives for Cardiff Airport; collaborating on marketing and promoting Wales generally as a business, tourism and leisure destination - and Cardiff Airport in particular as the international gateway into Wales; and managing communications and building unity on core messaging to improve co-ordination amongst all stakeholders.

³ Fifteenth Report, HC 601, 6 November 2009

⁴ Written statement by the Welsh Government, 29 May 2012

11. We welcome the First Minister's announcement and the remit of the Task Force as this initiative will take forward some of the recommendations outlined in our report. We shall also keep a watching brief on the work of the Task Force as it progresses and intend to invite the First Minister to a future meeting so that we can monitor its achievements.

12. As a consequence of ports and airports being largely privately owned and significant policy areas not being devolved to Wales, our recommendations are expressed in terms of the outcomes we would like to see achieved. We recognise that in order to make them happen, the Welsh Government will in some cases need to engage with a range of stakeholders, including ports and airports organisations and the UK Government. It is our intention, however, that the Welsh Government should use all powers at its disposal to work towards the recommendations contained in this report.

13. We would like to thank all the individuals and organisations that contributed to our inquiry, both orally and in writing. The list of contributors and links to their evidence is included at the end of this report.

International Connectivity by Air Transport

“Aviation is a tough old game.”⁵

UK Air Policy

14. Aviation policy is not devolved and traditionally has been one of non-intervention. Primary responsibility for infrastructure development rests with airport owners and operators.

15. The UK Department for Transport is currently reviewing its policy on air transport. In March 2011 it published a scoping paper, *Developing a Sustainable Framework for UK Aviation*, which closed for consultation in October 2011. DfT plans to consult on a draft policy framework for sustainable aviation in 2012 with a view to adoption in 2013.

16. The implications for Wales from a change in UK air policy are considerable as Wales is heavily dependent on English airports. Department for Transport figures from 2003 indicated that 70 per cent of Welsh air passengers used airports in England, with Heathrow and Gatwick being the most important. Cardiff Airport and Anglesey Airport are the only airports in Wales that offer scheduled air services, and only Cardiff has international flights. North east Wales tends to be served by airports at Liverpool and Manchester.⁶

17. UK aviation forecasts published by the Department for Transport in August 2011 predicted that “without new runways the three largest London airports will be at capacity by 2030, and all growth beyond 2040 will occur at regional airports”.⁷

18. Martin Evans, Visiting Fellow at the University of Glamorgan Business School, expressed this point more bluntly when he told us that policy for runway capacity in the south east of England was “in a bit of a mess at the moment”. He suggested that one option might be to utilise spare runway capacity in the nations and regions, and that air passenger duty could be a mechanism for achieving that shift in air passenger traffic.⁸

⁵ Flybe, Record of Proceedings paragraph 115, 8 March 2012 (pm)

⁶ Martin Evans written evidence paragraphs 3.1-3.2

⁷ Department for Transport, UK Aviation Forecasts, August 2011, page 4

⁸ Record of Proceedings paragraphs 184-185, 29 February 2012

19. When we questioned the Department for Transport on how it engaged the Welsh Government in its air policy consultation, we were told that it regarded the Welsh Government as a “consultee”.⁹ We were concerned with the DfT’s response, especially considering the Welsh Government’s powers under the Transport Act 2006 to fund certain air services.

20. The Department for Transport told us that its external advisory group meets at least three times a year and was attended by Welsh Government officials but that Ministerial engagement between the two Governments “depend[ed] on the Minister and the number of requests.”¹⁰

21. We believe it is vital that the Department for Transport and the Welsh Government should work more closely together so that the Welsh Government can be considered a fundamental partner in the process of developing UK air policy.

Recommendation 1 - The Welsh Government should:

Seek to influence the UK Government’s forthcoming aviation framework so that it both recognises the potential of Cardiff Airport in addressing UK airport capacity needs and also serves the needs of Welsh businesses and passengers.

Welsh Government Air Policy

22. Martin Evans told us that:

“At the moment, when [the Welsh Government] get approached by an airline, they go through a decision-making process around whether it can or cannot be supported and then what sort of support it requires. That is a slow process for airlines. It would be far better if the Welsh Government had a developed policy so that it had an instant response when someone came to it with a proposal.”¹¹

23. Martin Evans suggested in his written evidence that it will be important for the Welsh Government to underpin the marketing of new route opportunities to airlines with independent forecasts of

⁹ Record of Proceedings paragraphs 130-133, 8 March (am)

¹⁰ Record of Proceedings paragraph 26, 8 March 2012 (am)

¹¹ Martin Evans written evidence, paragraph 5.3

local markets and passenger numbers.

24. Cardiff Airport's written evidence identified a need for a holistic study of the economic impact of aviation in Wales.¹²

25. The Minister for Business, Enterprise, Technology and Science told us that the Welsh Government was considering which markets should be developed:

"We have certainly looked at the markets that we believe to be sustainable, because there has to be a mixture of what you require for the tourism market and, importantly, what you require for the business market – that is, who can access Wales for business and what routes are required."¹³

26. We welcome the work being done by the Welsh Government to identify strategic routes, although we believe that there needs to be a formal, clear, evidence-based strategy for air transport in Wales, which also balances the economic importance of aviation growth against the Welsh Government's sustainable development commitments, such as reducing greenhouse gas emissions.

Recommendation 2 – The Welsh Government should:

Formulate a clear, strategic, evidence-based position for developing air transport in Wales, based on a thorough assessment of the economic impact of aviation in Wales, which sets out where air services are needed, what kind of routes can support Wales's sustainable economic development objectives, and how this can best be delivered.

Air Passenger Duty

27. Air Passenger Duty (APD) is not devolved.

28. Evidence provided by Martin Evans and Flybe suggested that APD is a significant barrier to the development of aviation in Wales. Flybe therefore strongly supported the devolution of APD.¹⁴

29. Cardiff Airport's written evidence stated:

¹² Cardiff Airport written evidence page 3

¹³ Record of Proceedings paragraph 156, 22 March 2012 (am)

¹⁴ Flybe written evidence paragraph 4.5

“If powers to levy or remit APD could be devolved to Wales then it could be used in such a way to reduce the cost of flying to consumers, thus stimulating demand and therefore stimulating favourable airline interest.”¹⁵

30. On climate and social justice grounds, Friends of the Earth Cymru was strongly opposed to the devolution of Air Passenger Duty if the primary aim would be to increase demand for flying through a reduction of the Duty in Wales:

“Such demand support would be both contradictory to Welsh and UK governments’ policy on climate change and deeply regressive because it would increase the tax burden on non-flyers (poorer people) and reduce it on people who fly (richer people).”¹⁶

31. We understand that the UK Government has cut Air Passenger Duty for long-haul flights from Northern Ireland and is proposing to devolve elements of responsibility for APD to the Northern Ireland Assembly. We also understand that Air Passenger Duty will be examined by the independent Silk Commission, which is reviewing how the Welsh Government is funded and whether there is a case for devolving further powers to Wales.

32. The Minister for Business, Enterprise, Technology and Science indicated that the Welsh Government was considering the potential impact of Air Passenger Duty:

“In terms of Air Passenger Duty, we would hope that a reduction in the rate results in cheaper flights and increased demand. A reduction in the rate could significantly reduce the costs of airline carriers and make new routes available, hence why we are undertaking independent research about how varying the rate of APD would work out.”¹⁷

Recommendation 3 – The Welsh Government should:

Continue to explore the case for devolving Air Passenger Duty to Wales for those services that generate sustainable inward tourism and business investment opportunities.

¹⁵ Cardiff Airport written evidence page 6

¹⁶ Friends of the Earth Cymru written evidence page 6

¹⁷ Record of Proceedings paragraph 209, 22 March 2012 (am)

Cardiff Airport

33. Cardiff Airport was privatised in 1995 and in 2005 was bought by Abertis (90 per cent), a Spanish company operating toll roads, telecom infrastructure and airports and AENA (10 per cent), a Spanish airport operator. During our inquiry there was media speculation that the Welsh Government might consider taking a direct stake in Cardiff Airport.

Passenger numbers

34. The 2003 UK Government White Paper, *The Future of Air Transport*, and the 2006 Cardiff Airport Master Plan predicted significant growth in passenger numbers at Cardiff Airport by 2030, to 5 million and 7.8 million a year respectively. Yet between 2007 and 2010, domestic passenger numbers declined by over 35 per cent and international passengers by over 31 per cent. Total passenger traffic in 2010 was just 1.39 million.¹⁸

35. The paper provided by Cardiff Airport showed that passenger numbers continued to decline by 14 per cent between 2010 and 2011, compared with an overall UK increase of 4 per cent, and that the figure stood at only 1.2 million passengers in 2011.¹⁹

36. In contrast, Bristol Airport had 5.8 million passengers in 2011 (making it the fifth largest airport outside south east England) and it currently flies to 103 destinations across 29 countries, including 11 capital cities.

37. We were told by Cardiff Airport that the decline in passenger numbers at Cardiff was attributable to the withdrawal of Bmibaby and a failure to attract another low-cost airline. The Welsh Local Government Association referred to this trend as a “self-reinforcing circle whereby low numbers of passengers leads over time to fewer flights which, in turn, reduces the attraction of an airport”.²⁰

38. Cardiff Airport’s written evidence indicated that the most significant reasons given “for *not* flying from Cardiff” were choice of destination (40 per cent), choice of flights (17 per cent) and ticket price (15 per cent). The cost of parking and accessibility of the airport

¹⁸ Cardiff Airport written evidence, Table 7

¹⁹ Cardiff Airport written evidence, Table 7

²⁰ WLGA written evidence paragraph 9

was quoted by only 3 per cent of passengers. The Airport's paper also tellingly concluded that "the scale of support required is beyond that which the airport alone can reasonably provide".²¹

39. Flybe told us that Cardiff was not alone in experiencing a decline in traffic, and that:

"Whether it is something that the airport could have worked harder to mitigate, then the answer is that I am not sure that that would be a reasonable assumption in the current economic climate."²²

40. The Department for Transport told us that:

"The airlines tell us that it takes up to three years to develop a commercial route."²³

Yet Flybe told us that aviation was "one of the most responsive businesses around"; if it wished to operate a new route, Flybe could "announce it next week and begin operating it in six weeks".²⁴

Freight figures

41. Total air freight handled at Cardiff Airport fell by 98 per cent between 2008 and 2010.²⁵ In contrast, 2010 UK air freight traffic recovered to 2008 levels following a decline in 2009.

42. We were told by the Road Haulage Association that:

"Air freight operates on high value, but relatively low volumes, and two thirds of it fits into the belly hold of passenger aircraft. So, when you are looking at the number of tonnes, you also have to look at value, because air freight, because of the cost involved, tends to be high value. Therefore, a value comparison might be more useful because a relatively small port with an air freight facility can generate quite some wealth."²⁶

43. Cardiff Airport told us that the key factor in the decline in freight cargo through the airport was the loss of TNT which used to run a fast

²¹ Cardiff Airport written evidence page 2

²² Record of Proceedings paragraph 106, 8 March 2012 (pm)

²³ Record of Proceedings paragraph 175, 8 March 2012 (am)

²⁴ Record of Proceedings paragraph 127, 8 March 2012 (pm)

²⁵ Source: Welsh Transport Statistics 2010

²⁶ Record of Proceedings paragraph 261, 22 March 2012 (am)

parcels operation from Cardiff to Liege, but which now trucks its freight from the west and Wales into East Midlands Airport.²⁷

44. The Minister for Local Government and Communities told us that there was demand to use Cardiff Airport for freight operations and suggested the airport itself was contributing to the reduction in freight traffic:

“Cardiff had a good rate of freight exchange through the airport, which has dropped off significantly now. I cannot see any reason other than activity from the airport that is prohibiting the use of freight transport. We know that there are companies in Wales seeking to use the airport for freight opportunities that are not having much success in developing a case – not with us, but with the airport in terms of opportunities there.”²⁸

International connectivity through Cardiff Airport

45. The economic impact of an airport is dependent on the type of air services operating and the markets they serve. Written evidence from the South East Wales Economic Forum stated:

“All successful (European) regions have international airports: international growth in SE Wales requires a vibrant airport as well as improved links to Heathrow.”²⁹

46. The Wales Tourism Alliance stated:

“For years, we have wrestled with the dilemma of planes flying out of Wales full and coming back with smaller numbers; of those disembarking and having problems finding taxis...”

“Direct access to Wales by overseas visitors needs to be developed, without it we are in a vicious circle of decline – we have to make the leap of faith and invest in our infrastructure, just as Bristol Airport did back in 2000...”³⁰

47. Martin Evans considered that the recent attraction to Cardiff Airport of Vueling, the Spanish low-cost airline, was significant,

²⁷ Record of Proceedings paragraph 4, 8 March 2012 (pm)

²⁸ Record of Proceedings paragraph 158, 22 March 2012 (am)

²⁹ South East Wales Economic Forum written evidence page 2

³⁰ Wales Tourism Alliance written evidence section 3.3

particularly as he claimed it would bring more Spanish passengers into Cardiff than there would have been from Bmibaby.³¹ Regrettably, Bmibaby declined to provide us with oral or written evidence for our inquiry so we could not counter check those claims.

48. How airlines select routes and airports is, as Flybe told us, all about “catchment area and GDP”.³²

49. Cardiff Airport told us that the average GDP per head for Bristol Airport’s catchment is 24 per cent higher than Cardiff’s, and in terms of catchment size, Cardiff Airport has about 1.8 million people living within a 60 minute drive; Bristol has about 3.4 million.³³

50. Bristol Airport’s written evidence stated that it serves a secondary catchment area of 7-8 million people living within a two hour drive, and that in 2011 it attracted around 720,000 passengers from Wales (17 per cent of the total Welsh air passenger market).³⁴

51. Bristol Airport also commented that the “limited catchment area” at Cardiff posed a commercial risk to airlines, and that “consolidation in the low cost airline market restricts the ability of Cardiff Airport to develop a route network comparable with Bristol’s”.³⁵

52. Written evidence from Martin Evans stated that Cardiff Airport serves a catchment area that includes Cardiff and the Vale of Glamorgan, where the population has a “high propensity” to travel, but also other parts of south Wales where the propensity to travel is much lower.³⁶ His paper highlighted that there is a seasonal demand for air services from outbound passengers (high in summer, low in winter) and that the low number of destinations served from Cardiff has led to large numbers of passengers choosing to access air services from airports in England. He told us:

“Historically, the business that Cardiff Airport has been in is transporting Welsh holidaymakers overseas. There are some economic spin-offs from that - air transport services create local employment through the airlines and at the airport,

³¹ Record of Proceedings paragraphs 151-157, 29 February 2012

³² Record of Proceedings paragraph 119, 8 March 2012 (pm)

³³ Source: Cardiff Airport written evidence Table 6

³⁴ Bristol Airport written evidence paragraph 2

³⁵ Bristol Airport written evidence paragraphs 21-22

³⁶ Martin Evans written evidence paragraph 3.6

and extra employment is created through spending in the local economy. However, if you take somebody overseas for two weeks, you are taking spending out of the local economy for two weeks. While it is desirable to have an airport that people can use to go overseas on their holidays, I do not think that it should be a focus of Government to meet that demand; it should be met by the market. The important area I think Government should focus on is international connectivity.”³⁷

53. Martin Evans’s written evidence stated:

“The lack of connectivity through major international hubs makes south Wales an unattractive local 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.”³⁸

54. Martin Evans argued that the second focus for the Welsh Government should be to encourage inbound tourists, which historically, routes from Cardiff have not succeeded in achieving.

55. The South East Wales Economic Forum agreed with the economic importance of bringing inbound tourist and business travellers through Cardiff Airport, for example to attract major conferences and headquarters of large companies to south Wales:

“We cannot just stick with Admiral and one or two others. We need to be able to attract them and, for people to have their headquarters here, I would argue that they need easy air links.”³⁹

56. The Forum provided us with supplementary evidence that argued that the lack of a direct flight to Frankfurt had been “a factor” in the rejection of the Welsh Government’s bid to locate the Green Investment Bank in Cardiff.⁴⁰

57. The South East Wales Economic Forum was therefore supportive of developing air routes to European capitals and to connecting hubs

³⁷ Record of Proceedings paragraph 163, 29 February 2012

³⁸ Martin Evans written evidence paragraph 3.11

³⁹ Record of Proceedings paragraph 38, 22 March 2012 (pm)

⁴⁰ South East Wales Economic Forum supplementary evidence dated 26 April

further afield such as Dubai and Singapore, although it acknowledged that critical mass and demand to make those flights viable was the determining factor for route development.⁴¹

58. Flybe's written evidence explained that the airline served mainly a business market (45 per cent) and passengers who are VFR (visiting friends and relatives). Flybe highlighted the importance of passengers being able to connect to destinations such as Dubai, Tokyo and Seoul via its service from Cardiff to Paris CDG.⁴²

59. The paper from Cardiff Airport concluded that:

"If the international connectivity policy is to be strengthened, there is a need for either a single authority to manage Wales's international work, or a task force combining resources to create synergies and economies of scope and scale."⁴³

60. Written evidence provided by Friends of the Earth Cymru referred to work undertaken by the Committee on Climate Change and concluded that:

"Cardiff Airport should consider a hard limit of no more than 60% additional passenger movements over and above the 2005 number by 2050, and then only on a basis of incremental increase over that period (approximately 1% or so per year)."⁴⁴

61. Martin Evans told the Committee that aerospace development and related businesses around Cardiff Airport, such as general aviation and aircraft maintenance, were more limited than would normally be the case around a major international airport.⁴⁵

62. The South East Wales Economic Forum wrote that:

"A business park at the airport allied to an international airfreight strategy would increase its attraction for new investment. Given the expansion of the aerospace Enterprise

⁴¹ Record of Proceedings paragraphs 50-53 and 70, 22 March 2012 (pm)

⁴² Flybe written evidence paragraph 2.3

⁴³ Cardiff Airport written evidence page 7

⁴⁴ Friends of the Earth Cymru written evidence page 5

⁴⁵ Record of Proceedings paragraph 165, 29 February 2012

Zone from St Athan to the airport, this industry should form a key plank of the expansion strategy.”⁴⁶

63. The Welsh Government made it clear that it believed Cardiff Airport needed to do more to help itself in terms of new route development, but also to improve the passenger experience in the airport. We were told that the Government was “not convinced that the current owners will provide the necessary investment to deliver this”.⁴⁷

64. While we take on board the point made by the Freight Transport Association that Cardiff Airport “will never become a major centre for freight because, geographically and demographically, it is not in the right location,”⁴⁸ we do perceive the need for Cardiff Airport to explore new partnerships with air freight operators that could serve high-end goods companies.

65. As the Committee with responsibility for enterprise and business, we would wish to see route development from Cardiff Airport that primarily serves *inbound* tourist and business traffic as opposed to development that simply takes tourists out of Wales. That would entail prioritising routes to connection hubs in Europe, the Middle East and North America.

66. We therefore believe there is an important role for the Welsh Government in developing and marketing the “Welsh brand” to connect Cardiff with strategic hubs abroad and to support inward tourism for those routes as well as routes that already exist.

Recommendation 4 – The Welsh Government should:

Continue to press the managers of Cardiff Airport to invest in its development and the development of a new Master Plan, and commission an independent assessment of the airport’s future viability to function as an international gateway for passengers and freight.

⁴⁶ South East Wales Economic Forum page 3

⁴⁷ Record of Proceedings paragraph 131, 22 March 2012 (am)

⁴⁸ Record of Proceedings paragraph 268, 22 March 2012 (am)

Surface transport to the airport

67. Around 73 per cent of passengers arrive at Cardiff Airport by car, while the rest use public transport, particularly buses.⁴⁹

68. The Cardiff Airport Master Plan identifies surface transport access as key to the future growth of Cardiff Airport, but Cardiff Airport emphasised that improved access and facilities at the airport were not the immediate priority. Rather, a strong route network and attractive prices were the main factors that enabled airports to develop and grow (citing Bristol Airport as an example).⁵⁰

69. In contrast, written evidence from Flybe argued that:

“Surface access and public transport, both road and rail, needs to be improved to the overwhelming majority of airports we serve and Cardiff is no different.”⁵¹

70. Martin Evans told us that surface transport links were particularly important for inbound passengers.⁵²

71. Regarding surface access to Cardiff Airport, the Welsh Government’s National Transport Plan focuses on improved Vale of Glamorgan Line rail services and road safety improvements on the A4226 Five Mile Lane, although proposals for an improved express bus service from Cardiff city centre have been postponed until after 2015. During our inquiry we were also aware of media reports that suggested the shuttle bus from Rhoose Station to Cardiff Airport could be under threat.

72. Martin Evans told us that:

“To announce the cancellation of one aspect of transport seems to be a short-sighted plan. I hope that that link to the airport will be maintained, and I hope that the bus service will be improved sooner rather than later, looking at it holistically,

⁴⁹ Source: Department for Transport, Record of Proceedings paragraph 138, 8 March 2012 (am)

⁵⁰ Cardiff Airport written evidence page 6; Record of Proceedings paragraph 67, 8 March 2012 (pm)

⁵¹ Flybe written evidence paragraph 3.3

⁵² Record of Proceedings paragraph 196, 29 February 2012

perhaps, with a view to serving the Enterprise Zone as a whole.”⁵³

73. When we asked the Minister for Local Government and Communities about the Government’s decision to postpone the proposals for an express bus to Cardiff Airport he said that it was important to look at the existing commuter x91 bus service between Cardiff and Llantwit Major to establish how it catered for airport users.⁵⁴ That service operates at intervals of up to two hours, with services from the airport finishing before 8pm on week nights and Saturdays.

74. In contrast, we noted from Bristol Airport’s written evidence that the Bristol Flyer bus service from Bristol Temple Meads rail station to Bristol Airport runs throughout the day and night with services every ten minutes at peak. It was also interesting to be told that the airport was making a significant financial contribution⁵⁵ to schemes by the West of England Partnership⁵⁶ to improve surface access to the airport, such as from the motorway network and by public transport.⁵⁷

75. We agree with witnesses that it is important that Cardiff Airport should be easily accessible, particularly in the context of becoming part of the St Athan Enterprise Zone.⁵⁸

Recommendation 5 – The Welsh Government should:

Introduce an improved, dedicated express bus service between Cardiff Airport and the city centre, and explore options for funding that service with partners and other key stakeholders, should this be supported by the independent assessment suggested in Recommendation 4.

76. Professor Stuart Cole from the University of Glamorgan told us there were discussions taking place between a property developer, the Welsh Government and the local authority to provide a new rail line

⁵³ Record of Proceedings paragraph 198, 29 February 2012

⁵⁴ Record of Proceedings paragraphs 189-193, 22 March 2012 (am)

⁵⁵ Through the Section 106 Agreement that accompanied the 2011 planning permission to develop the airport

⁵⁶ The four unitary authorities in the Greater Bristol area

⁵⁷ Bristol Airport written evidence paragraphs 26-27

⁵⁸ The Welsh Government announced on 20 September 2011 its intention to create an aerospace Enterprise Zone at St Athan in the Vale of Glamorgan which includes Cardiff Airport

into the airport directly from the Vale of Glamorgan line. However, for that to be introduced in Network Rail's 2014-19 Control Period (financial planning framework), the decision would have to be made soon. Professor Cole thought that two or three trains an hour directly into the airport would "provide a much better link into Cardiff Airport and would be a potential attraction for inward flights by new airlines".⁵⁹

77. Some witnesses, including Ministers, thought that there was a "chicken and egg" relationship between providing public transport to and from Cardiff Airport and generating more air traffic.

78. The South East Wales Economic Forum, however, argued that:

"A rail link into [Cardiff] airport from the Great Western Mainline would increase the potential market: no airport in the south west of the UK has such a direct rail link, and this would make Cardiff attractive to new airlines keen to develop routes – which, in turn, is necessary to increase passenger throughput."⁶⁰

79. Flybe considered that rail connection was the priority.⁶¹

80. Cardiff Airport also wanted to see rail access improvements, although it acknowledged that "it was not a panacea" and that the number one priority was assistance with the route development network.⁶²

Recommendation 6 – The Welsh Government should:

Explore the business case for a frequent, direct train service to Cardiff Airport, should this be supported by the independent assessment suggested in Recommendation 4.

State Aid issues

81. European Union State Aid rules are designed to promote and protect fair competition between EU Member States. State Aid rules apply to the provision of aid for airline services and airports.

⁵⁹ Record of Proceedings paragraph 203, 29 February 2012

⁶⁰ South East Wales Economic Forum written evidence page 2

⁶¹ Record of Proceedings paragraph 147, 8 March 2012 (pm)

⁶² Record of Proceedings paragraphs 97-100, 8 March 2012 (pm)

82. The Department for Transport explained to us that there are three different routes to State Aid: direct infrastructure (e.g. the Welsh Government has offered £5 million towards Cardiff Airport’s capital development programme); the Welsh Route Development Fund, which was closed to new services from May 2007 following changes to European Commission guidelines on support for regional airlines; and Public Service Obligations (such as the route between Cardiff and Anglesey, which is subsidised by the Welsh Government).⁶³

83. All UK air transport aid schemes have to be approved by the European Commission in the context of State Aid rules, but are scrutinised first by the UK Department for Transport. The DfT’s paper stated that in response to the EC’s consultation on the 2005 State Aid guidelines:

“The UK has highlighted that the current guidance on start-up aid does not provide sufficient scope to support the establishment of routes from peripheral and development regions of the EU, including Wales.”⁶⁴

84. We heard that there are examples elsewhere in the European Union (such as smaller airports in France and Finland) where governments have provided marketing expenditure for inward tourism rather than helping a particular airline to develop. We also heard that a multi-agency approach had helped in setting up a route from Inverness to Amsterdam.⁶⁵

85. Professor Cole told us that the Welsh Government would be permitted to contribute to the start-up costs of an airline flying to Cardiff Airport on the grounds of “Come to Wales” as long as it would bring in additional passengers as opposed to taking passengers away from other airports.⁶⁶

86. The Minister for Business, Enterprise, Technology and Science told us that the Welsh Government was “currently exploring a number of potential measures to attract and help new routes into Wales that would still comply with...State Aid rules”.⁶⁷

⁶³ Record of Proceedings paragraph 159, 8 March 2012 (am)

⁶⁴ Department for Transport written evidence paragraphs 18-20

⁶⁵ Record of Proceedings paragraph 136, 8 March 2012 (pm)

⁶⁶ Record of Proceedings paragraphs 210-211, 29 February 2012

⁶⁷ Record of Proceedings paragraph 134, 22 March 2012

87. Written evidence from Bristol Airport was vehemently against using public funding in the current market, stating that it would cause “market distortions” and would “not provide a solution to the challenges faced by airport operators serving the interests of Wales”.⁶⁸ We welcome the Minister’s comments on the work being done and look forward to further and more detailed announcements in the near future.

88. We were also very interested to hear from the Department for Transport that representatives of the European Commission would be visiting the UK this spring, and that the DfT was proposing that the officials visit Cardiff Airport to understand more about the issues surrounding regional connectivity.⁶⁹

Recommendation 7 – The Welsh Government should:

Exploit all available channels to demonstrate to the European Commission the adverse impact that current aviation State Aid guidance can have, and how Aid could be used differently to develop Cardiff Airport as a destination of choice for international business and tourist travellers.

Welsh Regional Airports

89. The paper submitted by Martin Evans identified the civil terminal at Anglesey Airport as important for the economic development of Anglesey, although it currently only provides a seasonal service to the Isle of Man and a service to Cardiff, which is operated under a Public Service Obligation. Without the latter service, Martin Evans argued that the airport “would be at risk of closure.”⁷⁰

90. The North Wales Economic Forum was of the opinion that any further route development from Anglesey Airport would need to be subsidised.⁷¹

91. Martin Evans argued that there was no private or council capital or revenue investment available for the development of airfields in south west Wales to offer scheduled services; and such services would only be possible with Welsh Government support.

⁶⁸ Bristol Airport written evidence final sentence

⁶⁹ Record of Proceedings paragraph 34, 8 March 2012 (am)

⁷⁰ Martin Evans written evidence paragraph 3.3

⁷¹ Record of Proceedings paragraph 7, 22 March 2012 (pm)

92. Cardiff Airport also told us that it was difficult to see how a market could be sustained out of west Wales. It told us that:

“Cardiff serves south west Wales and we already have a smaller market than some of our competitors. To further fragment that is a risk. If there is to be support for new services, it would be better to concentrate them in Cardiff.”⁷²

93. Written evidence from Airbus revealed that it used Hawarden Airport in north east Wales to export its products to final assembly lines in Toulouse and Hamburg; to import wing panels from Stade in Germany and Illescas in Spain; and to transport Airbus staff between Broughton, Filton, and Airbus headquarters in Toulouse.⁷³

94. Martin Evans told us:

“I would not advocate passenger services out of Hawarden, because the density of passenger numbers there means that the circumstances are quite different from those in south Wales. There are low numbers of potential passengers, and there are the big airports of Manchester and Liverpool situated just over the border in England.[...]. What is important is that we have good surface links into Manchester Airport. It is certainly important that, when the next Wales and borders rail franchise is specified, the links into Manchester Airport are part of that franchise.”⁷⁴

95. We asked witnesses whether floatplanes (seaplanes) might be a means of transporting passengers to Cardiff Airport from other parts of Wales for onward flights. We were told that the single-engine aircraft that was tested in Cardiff Bay last year was more appropriate for leisure trips and may not be sufficiently reliable for business use as European Union rules prevent their being flown in bad weather conditions.⁷⁵

96. A paper by our Legal Services team explained that any potential floatplane operators would need to abide by a number of legal requirements at domestic and European levels in order to run any kind of commercial service in Wales. Those requirements would include

⁷² Record of Proceedings paragraph 59, 8 March 2012 (pm)

⁷³ Airbus written evidence page 2

⁷⁴ Record of Proceedings paragraph 179, 29 February 2012

⁷⁵ Record of Proceedings paragraph 200, 29 February 2012

domestic Civil Aviation Authority rules and further European Union legislation governing commercial air transport generally.

97. We also questioned whether there was an opportunity for hopper linkages between Cardiff Airport or even Swansea Airport and London City Airport, so that people could link more easily with Heathrow. We were told by the Department for Transport that such services should be left to the marketplace, and that the high cost of available slots would likely prevent their becoming commercially viable. The DfT told us it would never encourage regional air routes where there were good rail alternatives.⁷⁶

Connectivity with English Airports

98. We were interested to know how the Department for Transport viewed and prioritised connectivity from the Welsh border to airports in England. We were concerned with the DfT's attitude that it considered this "a question about national connectivity rather than necessarily about international connectivity."⁷⁷

99. The Department for Transport made a similar comment in reply to our concern that a delay on the decision to electrify the Great Western Main Line as far as Swansea⁷⁸ would detrimentally affect the development of ports and airports in Wales. We were told:

"Our key focus is on international connectivity. I accept that many of the questions on electrification are for our rail group, but I am afraid that we have not been briefed to answer questions about domestic connectivity."⁷⁹

One DfT official later added that he did "not see a correlation between electrification of the railways and our aviation policy".⁸⁰

100. In our view, international connectivity and domestic connectivity are interrelated, and both the UK and Welsh Governments should be making better connections between the two in the interests of attracting long-term inward investment and ensuring Wales is better connected to international markets.

⁷⁶ Record of Proceedings paragraphs 143-147, 8 March 2012 (am)

⁷⁷ Record of Proceedings paragraph 48, 8 March 2012

⁷⁸ The UK Government announced on 1 March 2011 the electrification of the Great Western Main Line from London to Cardiff by 2017

⁷⁹ Record of Proceedings paragraph 59, 8 March 2012 (am)

⁸⁰ Record of Proceedings paragraph 66, 8 March 2012 (am)

Recommendation 8 – The Welsh Government should:

Integrate connectivity to Welsh airports with transport and infrastructure policy for Wales as a whole, and seek to negotiate the provision of better cross-border transport links and prospective electrification of rail services such as for Swansea and the Valleys.

International Connectivity through Welsh Ports

“Ports provide locations for value added employment and investment from logistics providers through to manufacturers and retailers, and form part of the regional offering for attracting both UK and foreign investment.”⁸¹

Policy Framework

101. The UK ports sector has been largely privatised and deregulated.

102. Ports policy is not devolved to Wales, except for small fisheries and leisure harbours. UK ports policy is contained in the Ports Policy Review – Interim Report, published in 2007, and the National Policy Statement for Ports, published in January 2012. UK Government policy is one of non-intervention, a point that was repeatedly stressed by the DfT in its written and oral evidence.

103. Planning decisions in relation to ports, other than for small fisheries ports, are also not devolved, so the UK Government National Policy Statement for Ports applies to both England and Wales.

104. Yet there are many devolved policy areas which have a significant influence on port operations such as transport facilities and services, economic development and land use planning.

Ports Activity in Wales

105. Welsh ports handled over 60 million tonnes of traffic in 2010, which made up nearly 11 per cent of total UK traffic.⁸² Roll-on/roll-off (ro-ro) activity is overwhelmingly concentrated in Holyhead, Fishguard and Milford Haven, while tanker activity is focused on Milford Haven. Relatively little traffic through Welsh ports involves container vessels.

106. Irish Sea ferry traffic declined by 23 per cent between 1995 and 2010, primarily because of competition from low cost operators and the withdrawal of ferry services from Swansea.⁸³ Holyhead is still the second largest short sea port in the UK after Dover, and the ro-ro

⁸¹ Associated British Ports written evidence paragraph 1.5

⁸² Source: Department for Transport (quoted in Welsh Transport Statistics 2010)

⁸³ Source: Welsh Government, Monitoring the National Transport Plan, Baseline Report, 2010 page 8

services form part of the strategic Trans-European Transport Network (TEN-T) identified by the European Union.

107. DTZ estimated that in 2010 Welsh ports directly employed some 18,400 people. A report produced by Cardiff Business School⁸⁴ showed that infrastructure around the five Associated British Ports (ABP) of Swansea, Port Talbot, Barry, Cardiff and Newport supported other business operations both within and outside the curtilage of the ports (including 348 tenants) and that some of Wales's largest manufacturing industries relied on ABP infrastructure and support.

108. The UK National Policy Statement identified a need for increased capacity in UK ports, and although the Department for Transport's forecasts of demand for port capacity up to 2030 are now some five years old, the UK Government's view is that the impact of a downturn in demand resulting from the current economic climate will be short-lived.

109. Written evidence submitted by Professor Stuart Cole argued that the rationale for locating the economic aspects of port operation and development within the Department for Transport was "weak," and that UK policy did not have sufficient regard to the needs of Welsh ports. He believed current policy tended to concentrate on the larger container ports, of which Wales has none. He described UK ports policy as a "perfectly good 'England' policy".⁸⁵

110. The Welsh Local Government Association made a similar point when it suggested there was a risk of Welsh ports:

"Falling between stools - with 'national' ports policies being focused on England, and inadequate attention being given to their needs within Wales itself because of ports' non-devolved status."⁸⁶

111. When it responded to the Welsh Affairs Committee's recommendation in 2009 that there should be a distinctive Welsh approach to ports policy, the then UK government said that there was "no justification" for developing a different policy for Welsh ports.

⁸⁴ Associated British Ports: South Wales Economic Impact Assessment, Welsh Economy Research Unit, Cardiff Business School, February 2009

⁸⁵ Professor Stuart Cole written evidence page 1

⁸⁶ WLGA written evidence paragraph 30

Instead it saw scope for “strategic collaboration” with the Welsh Government, provided that it was not anti-competitive.⁸⁷

112. When we raised this issue with Department for Transport officials, the response was that:

“As long as Welsh ports themselves have the freedom to look at the opportunities that they need to, we do not believe that having a unified policy is a bad thing at all.”

Interestingly the DfT told us there had been no distortion of the ports market as a result of devolved powers in Scotland.⁸⁸

113. Welsh port operators told us they believed UK ports policy should continue to be market driven:

“To remain competitive, [Welsh] ports must have not only the ability to deal with Welsh business, but the ability to compete with English ports. If we cannot compete on a similar basis, we will lose business; there is no doubt about that.”⁸⁹

114. Professor Cole argued that economic policy and intervention in relation to Welsh ports should be the responsibility of the Welsh Government, with the proviso that appropriate levels of funding should be attached to the Welsh Block Grant. The Minister for Business, Enterprise, Technology and Science later told us that devolution of responsibility for ports and airports “is the policy of the Welsh Government.”⁹⁰

115. Professor Cole felt that communication on ports policy between the Welsh Government and the UK Department for Transport was “sadly lacking”⁹¹ and that he saw no recent signs of consultation. He also claimed that although DfT was a member of the Wales Freight Group it provided very little input.

116. The South East Wales Economic Forum stated that:

“The spat between Cardiff Bay and Whitehall over the £60m ports development fund to facilitate renewable energy delivery

⁸⁷ Welsh Affairs Committee, Ports in Wales: Government Response, January 2010

⁸⁸ Record of Proceedings paragraphs 97-99, 8 March 2012 (am)

⁸⁹ Record of Proceedings paragraph 7, 14 March 2012

⁹⁰ Record of Proceedings paragraph 118, 22 March 2012 (am)

⁹¹ Record of Proceedings paragraph 221, 29 February 2012

can be seen as an example of how communications and mutual understanding could be improved: Whitehall says the issue equates to an economic development matter and the Welsh Government should use Barnett money, the Welsh Government says the matter is not devolved so Welsh ports should be able to apply to the fund.”⁹²

117. The Department for Transport stated that its officials had a “constructive working relationship” with those in the Welsh Government, “for which we express appreciation.” DfT also welcomed the “positive engagement” it received from the Welsh Government on ports and airports matters.⁹³ We were told that:

“There is a standing group – the Wales Port Group – that meets a couple of times a year, and we try to take part in that. Ministerial involvement depends very much on how many current issues there are to discuss.”⁹⁴

118. The Minister for Business, Enterprise, Technology and Science told us that the Welsh Government had “good working relationships with the UK Government across the piece in these areas”.⁹⁵

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.

Ports Growth

119. Professor Cole told us that while there are capacity constraints at large ports such as Southampton and Felixstowe, there was spare capacity at other ports such as those in Wales, but the opportunities provided by this capacity were not acknowledged by the Department for Transport.⁹⁶

⁹² South East Wales Economic Forum written evidence page 4

⁹³ Department for Transport written evidence paragraph 7

⁹⁴ Record of Proceedings paragraph 27, 8 March 2012 (am)

⁹⁵ Record of Proceedings paragraph 111, 22 March 2012 (am)

⁹⁶ Record of Proceedings paragraph 224, 29 February 2012

120. The paper submitted by the Department for Transport stated that “most Welsh ports have capacity to deal with substantial traffic growth.”⁹⁷ The DfT later told us that there was:

“Certainly opportunity there for Wales in the different sectors. The growth in liquid, dry bulk and containers and, on top of that, the new opportunities in renewables, are all there as markets, a share of which could, and ought to, come to Wales.”⁹⁸

121. We were keen to explore whether there was potential for growth in Welsh port traffic.

Freight traffic

122. Welsh Government freight policy is contained in its 2008 Wales Freight Strategy. The strategy considered the strengths and weaknesses of Welsh ports. Strengths included good transport links to most ports, capacity for growth, deep water access at some ports and facilities for cruise ships. Opportunities included the development of multi-modal links, energy imports and the environmental benefits of seaborne freight over alternatives. Obstacles, however, were identified as restricted road and rail links to some ports and difficulties for operators in justifying reinvestment and competition.

123. The Freight Strategy identified ten “steps towards delivery” which included raising awareness of ports facilities at national and international level; considering rail freight path and road route availability to ports; and consideration with the Department for Transport of an “active policy” on the future of ports. The Welsh Government’s National Transport Plan of March 2010 included five specific freight interventions, but as many witnesses to our inquiry pointed out, freight was not mentioned at all in the Government’s reprioritised National Transport Plan that was published in December 2011.

124. The Rail Freight Group argued that:

“There is a danger that many of the proposals for rail passenger traffic in the National Transport Plan could have a detrimental effect on both existing and potential rail freight

⁹⁷ Department for Transport written evidence paragraphs 6 and 16

⁹⁸ Record of Proceedings paragraph 16, 8 March 2010 (am)

movements, including those arising as a result of developments at Welsh ports.”⁹⁹

125. The Welsh Ports raised concerns that because the Welsh Freight Group has not been able to meet for over two years, those bodies felt they did not have an adequate input into decision-making.¹⁰⁰

126. When we scrutinised the Minister for Local Government and Communities on 29 February on his wider transport responsibilities, he told us that he was considering how to reinvigorate thinking around freight, and that the interventions identified in the National Transport Plan had not moved sufficiently quickly. He stated that he was reconsidering freight policy and was reforming the Welsh Freight Group to advise on issues and opportunities.¹⁰¹

127. On 22 March 2012 the Minister told us that he had since held a constructive meeting with the Chair of the National Freight Group, Lord Berkeley, to discuss how the “Wales freight strategy committee” could be strengthened.¹⁰² We welcome the Minister’s commitment to reinvigorate the Wales Freight Strategy, and we look forward to seeing implementation on the ground.

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.

Short sea shipping

128. Welsh Transport Statistics 2011 showed that total traffic in the seven largest Welsh ports fell by 9.2 per cent between 2004 and 2009, and ship arrivals fell by 21 per cent, which suggests a move to larger cargoes per ship. Container traffic, other than ro-ro traffic, in Wales is limited and largely confined to Cardiff and Newport.

129. Professor Cole’s evidence quoted studies that show transport decisions are based first on price and secondly on timescale; modal

⁹⁹ Rail Freight Group written evidence paragraph 22

¹⁰⁰ Welsh Ports written evidence paragraph 5.1

¹⁰¹ Record of Proceedings paragraph 29, 29 February 2012

¹⁰² Record of Proceedings paragraph 218, 22 March 2012 (am)

preference is not usually part of the decision except for new traffic flow. Port choice seems to be either a question of habit, or inertia by transport operators and international logistics companies to change from their existing mode of transport. Marketing and developing new business for Welsh ports is therefore problematic. However, Professor Cole did identify coal, aggregates and other bulks, containers, forest products and steel as having potential for greater traffic flows for Welsh ports.¹⁰³

130. Professor Cole also suggested that increasing road haulage costs and reduced reliability could push deep sea shipping lines to make increased use of feeder vessels, with possible feeder service opportunities for smaller ports such as Cardiff and Swansea. In his view, short sea shipping (which includes the movement of cargo around the coast by sea rather than by land) provided an opportunity not only to develop ports business, but also to relieve road congestion and reduce emissions by providing an alternative to road transport.

131. The Freight Transport Association also identified the potential of Welsh ports for encouraging feeder shipping and ro-ro services, which it believed should be explored further.¹⁰⁴

132. On the other hand, written evidence from WE Dowds (Shipping) Limited argued that “the practical realities of shipping mitigate against it.”¹⁰⁵

Port-centric logistics

133. Written evidence from the Rail Freight Group stated that:

“Changes in supply chain patterns, including the establishment of regional and national distribution centres at ports, (“Port-Centric Logistics”) are already occurring elsewhere in the UK and could form the basis for development at Welsh ports.”¹⁰⁶

134. Professor Cole also suggested that freight movement through ports could facilitate the development of value added operations, such

¹⁰³ Professor Stuart Cole written evidence pages 2 and 5-6

¹⁰⁴ Freight Transport Association written evidence paragraph 27

¹⁰⁵ W E Dowds (Shipping) Limited written evidence page 12

¹⁰⁶ Rail Freight Group written evidence paragraph 11

as logistics providers and supply chain enterprises (packaging and warehouse facilities).¹⁰⁷

135. The Department for Transport told us that:

“There is no reason why, in the long term, there could not be development – either because of a change in the type of shipping or a change in the nature of logistic distribution – of significant major ports in Wales. However, we are not going to direct that rather than some other type of development.”¹⁰⁸

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.

Wales – Ireland ferry transport

136. The paper provided by Irish Ferries highlighted a number of threats to the future of passenger and freight ferry services between Wales and Ireland, such as pressure from rising fuel prices and greater volume of traffic through Northern Irish ports where the crossing time is shorter. Irish Ferries also raised concerns that new border control measures might lead to 100 per cent checks being imposed on passengers travelling to Ireland – which would seriously delay ferry turnaround times and put services between Wales and Ireland at a competitive disadvantage compared with connections from Scotland and England to Northern Ireland, where checks will not be required.¹⁰⁹

137. Additionally, Irish Ferries raised concerns about proposals being considered by the European Parliament and Council which may see stringent sulphur emission standards, currently imposed in selected control areas by the MARPOL convention following negotiation through the United Nations International Maritime Organisation, extended to all EU Member State waters. Irish Ferries suggested such an approach could increase fuel costs in the industry by 70 to 80 per cent.¹¹⁰

¹⁰⁷ Professor Stuart Cole written evidence page 3

¹⁰⁸ Record of Proceedings paragraph 88, 8 March 2012 (am)

¹⁰⁹ Irish Ferries written evidence page 4; Record of Proceedings paragraph 80, 22 March 2012 (am)

¹¹⁰ Irish Ferries written evidence pages 6-7

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.

Links with Transport Strategy and Infrastructure

138. The Wales Transport Strategy includes consideration of the role of Welsh ports within the outcome for “improved connectivity within Wales and internationally.” The Strategy includes key actions related to short sea shipping to encourage carbon efficient modes of transport, and better road and rail freight connections to main freight ports. The National Transport Plan considers the importance of improving access to Welsh ports in bringing forward interventions to facilitate east-west corridors.

139. Associated British Ports, Milford Haven Port Authority and Stena Line all highlighted limitations in transport infrastructure affecting Welsh ports: ABP raised concerns about proposals to relieve the M4 by developing a new motorway bisecting Newport Docks.¹¹¹ Stena Line complained about traffic build up and delays to freight and tourist traffic because the A55 expressway serving Holyhead stops short of port check-in facilities.¹¹² Both Stena Line and Milford Haven Port Authority expressed concern that the A40 connecting the M4 to Fishguard is a single carriageway.

140. The Rail Freight Group stated that the Welsh rail network presented a barrier to development of Welsh ports, and that significant investment in enhancing loading gauge capability and electrification of relief lines was required.¹¹³ Gauge clearance was also raised as an issue by Associated British Ports and the Freight Transport Association.¹¹⁴

“While the North and South Wales main lines, plus the Marches Route from Newport to Chester and Crewe are capable of handling traffic loaded to the maximum axle weight, all these routes plus the lines from South Wales through the Severn Tunnel and to the Midlands have a restricted “loading gauge” that constrains rail movement of many of the larger containers

¹¹¹ Associated British Ports, South Wales written evidence paragraphs 5.1-5.3

¹¹² Stena Line Ports written evidence page 3

¹¹³ Rail Freight Group written evidence paragraph 24

¹¹⁴ Freight Transport Association written evidence paragraph 30

now used in both deep-sea and short-sea shipping unless specialised wagons are used.”¹¹⁵

141. The Rail Freight Group stressed that the current proposals to electrify the Great Western Main Line from London to Cardiff do not include electrification of relief lines between the Severn Tunnel and Cardiff, which means that electric hauled freight trains will not be able to access the ports of Newport and Cardiff, and there was certainly no prospect of electric hauled freight trains reaching the ports of Port Talbot and Swansea.¹¹⁶

142. We were therefore very encouraged by the response from the Minister for Local Government and Communities on these issues that electrification “needs to be the full package.”¹¹⁷

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 rail infrastructure proposals for the same reason.

143. It is worth noting that the European Council and Parliament are currently considering proposals for Regulations on both the Trans-European Transport Network (TEN-T) and the Connecting Europe Facility (CEF). In March 2012 Ministers in the European Council agreed maps for the core and comprehensive TEN-T network. Member States will be legally obliged to complete the core network by 2030 with the CEF proposed under the 2014-2020 Multi-Annual Financial Framework being the primary EU funding mechanism for core network delivery.

144. Within the UK, Milford Haven has been included as a ‘core’ port (along with Cardiff and Newport). The ‘core’ rail network includes the Great Western Main Line between London and Cardiff, but does not extend to Swansea (although the proposed CEF Regulation includes the entire London to Swansea line among a list of pre-identified projects).

145. No airports in Wales are included in the ‘core’ network, although Cardiff Airport is part of the ‘comprehensive’ network and therefore

¹¹⁵ Rail Freight Group written evidence paragraph 12

¹¹⁶ Rail Freight Group written evidence paragraph 16

¹¹⁷ Record of Proceedings paragraph 222, 22 March 2012 (am)

not a priority area for CEF supported investments during the 2014-2020 period. The proposals will go through the ‘ordinary legislative’ process, commonly known as the ‘co-decision’ process, which requires agreement between the European Parliament and Council on the final texts.

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.

Business Rates

146. In 2005 the Valuation Office Agency changed the way that ports are valued, from an approach where ports were valued as a single business premises and business rates were paid by the owner, to a system in which business premises within ports are valued individually and are individually liable for business rates. Rates payable were backdated to 1 April 2005, and in England, Regulations made under the Localism Act 2011 (which came into force on 31 March 2012) set conditions for the cancellation of certain backdated rates, including those of certain port premises. Welsh Ministers did not request similar powers under the 2011 Act to cancel backdated rates.

147. The Welsh Government’s justification for not seeking powers to cancel backdated liabilities was that fewer than 90 businesses in Welsh ports would have been affected, and that it would also have been necessary to forego additional (and greater) funding received in the UK Government’s spending review.

148. Evidence submitted by the Newport Harbour Commissioners claimed that the Welsh Government’s decision to backdate business rates on Welsh-based port businesses put those ports at a “major disadvantage” compared with English ports.¹¹⁸

149. Written evidence from WE Dowds (Shipping) Limited, based in Newport docks since 1960, argued that it was “almost driven out of business by the imposition of backdated rates”.¹¹⁹

¹¹⁸ The Newport Harbour Commissioners written evidence page 2

¹¹⁹ W E Dowds (Shipping) Limited written evidence page 18

150. Associated British Ports told us that in the context of the UK Government's policy of non-intervention, the Welsh Government's decision created a competitive imbalance between ports in England and Wales which could lead to the closure of a number of port businesses.

151. The South East Wales Economic Forum argued that the Welsh Government's decision had "sent out a negative message about the importance of our ports as investment assets".¹²⁰ The Forum later told us:

"It was a huge disappointment that the Welsh Government, for a relatively small amount of revenue, was not able to assist businesses for which that relatively small amount of revenue represented a large sum of money."¹²¹

Supplementary evidence submitted by the Forum stated that the majority of its members affected "had managed – though unwillingly – to agree terms for paying the backdated rates".¹²²

152. When we questioned the Minister for Business, Enterprise, Technology and Science on this issue, she told us that it was currently being considered by the independent inquiry on business rates, chaired by Professor Brian Morgan, and that she could not comment until the panel's report was in the public domain.¹²³

Links with Enterprise Zone Policy

153. Several witnesses referred to the fact that the Welsh Government was considering establishing the Haven Waterway in Pembrokeshire as an Enterprise Zone, and also that the proposed Energy Island Enterprise Zone for Anglesey provides opportunities for the port of Holyhead.¹²⁴ On 17 May 2012, the Minister for Business, Enterprise, Technology and Science confirmed Haven Waterway as an Enterprise Zone.

154. We agree with witnesses that Enterprise Zones signal a new and important opportunity for Welsh ports (and airports) although we

¹²⁰ South East Wales Economic Forum written evidence page 4

¹²¹ Record of Proceedings paragraph 87, 22 March 2012 (pm)

¹²² South East Wales Economic Forum supplementary evidence dated 26 April 2012

¹²³ Record of Proceedings paragraph 225, 22 March 2012 (am)

¹²⁴ Isle of Anglesey County Council written evidence page 1

would like to receive further detail about the policies that will be introduced for those areas.

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.

Renewable Energy

155. DTZ, on behalf of the Welsh Government, has concluded that Holyhead, Mostyn, Milford Haven, Port Talbot, Newport and Swansea could exploit the low carbon energy sector, driven primarily by the offshore wind and biomass sectors. DTZ identified potential benefits such as opportunities for Welsh suppliers, research and development, and the potential to attract inward investment based on an increased profile for Wales from firms servicing the growing renewable market.

156. The British Ports Association, Stena Line and Milford Haven Port Authority also referred to opportunities arising from renewable energy, as did the North Wales Economic Forum in relation to the ports at Mostyn and Holyhead.¹²⁵

157. When they gave oral evidence to us, the Welsh ports told us they were interested in developing the renewable energy market. For example, Milford Haven Port Authority stated it was working closely with Tidal Energy Ltd, and both MHPA and Associated British Ports expressed an interest in servicing the Atlantic Array.¹²⁶ However, MHPA told us that uncertainty over energy policy at UK Government level was affecting investor confidence.

158. Associated British Ports argued that brown-field development land within and directly adjacent to the port estate provided “prime sites” for locating energy generation plants, particularly renewable energy schemes, but that Welsh Government strategies “fail to recognise the advantages offered by ports in the energy supply chain.”¹²⁷

159. The Department of Transport thought that there were “large opportunities” in the longer term for renewable energy and the

¹²⁵ Record of Proceedings paragraph 12, 22 March 2012 (pm)

¹²⁶ Record of Proceedings paragraphs 74-80, 14 March 2012. Atlantic Array is a proposed offshore wind farm planned for the Bristol Channel

¹²⁷ Associated British Ports, South Wales written evidence paragraph 8.2

servicing, maintenance and assembly of offshore wind projects, and there was “no reason why Welsh ports should not get a large share of that business.”¹²⁸

160. We welcome the statement in the Welsh Government’s written evidence that it recognises the significant opportunities presented by the energy and environment sectors and that it is investigating funding opportunities to support port and energy related activity “to ensure that the economic benefits of offshore, marine and biomass projects come to Wales.”¹²⁹

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.

Tourism and the Cruise Liner Market

“Cruise tourism has been the highest growth tourism sector in the developed world for the last 40 years, growing at an average rate of 8% over the period.”¹³⁰

161. Cruise Wales stated that 2011 was the most successful for Wales to date, receiving 23,000 passengers from 28 calls (Newport 1, Cardiff 3, Milford Haven 7, Fishguard 3 and Holyhead 14).¹³¹ The cruise market is therefore buoyant, despite the economic downturn, although growth in the Welsh market has been slower than in Ireland.

162. Many witnesses to this inquiry highlighted the potential for Wales to benefit from expansion of this sector. As Stena Line stated, operators are:

“Constantly on the lookout for new and interesting destinations to build imaginative itineraries for their customers. Wales has a very attractive tourism product as we know and one which could easily translate into a range of compelling trips for cruise operators to promote to their global customer base.”¹³²

¹²⁸ Record of Proceedings paragraph 95, 8 March 2012 (am)

¹²⁹ Welsh Government written evidence paragraph 10

¹³⁰ Cruise Wales written evidence page 2

¹³¹ Cruise Wales written evidence page 2

¹³² Stena Line Ports written evidence page 2

163. Professor Stuart Cole considered that there could be a “considerable” return to the local economy from the cruise industry. A large cruise liner of some 2,600 passengers could generate £250,000 a day (up to £150 a head) through tourist spend on excursions, restaurants and souvenirs, and through vessel servicing.¹³³ Other witnesses suggested average per passenger spends of between £30-£85¹³⁴ and around £100.¹³⁵

164. We heard from Professor Cole that large cruise liners call at Holyhead about four times a year, but that some cruise companies see potential for expansion from that level, “given the right berthing conditions”. He considered that development of the cruise market for Anglesey and north Wales was restricted by “inadequate infrastructure” at Holyhead because the quayside length is insufficient to enable all ships to berth.

165. Professor Cole thought it unlikely that port operators would invest the money required to develop the necessary berthing facilities as the return to the port would be quite low. He therefore believed that Welsh Government intervention was “essential,” and that there would be a quick and positive return on public investment:

“You need a ship a week, which brings in something like £12 million per annum. For a £5 million investment,¹³⁶ say, you have that £12 million per annum almost indefinitely, as long as you can persuade the cruise ships to come in. Without that mooring facility, they will not come.”¹³⁷

166. We later heard evidence from Brian King, Vice Chair of Cruise Wales, who runs the company that owns the existing berth at Holyhead. He told us that the company had invested substantially in basic amenities to turn what used to be an industrial berth into accommodating cruise liners, but this had been done “in good faith”.

“We do it as a community relations project; we are not in it for the money. My company is just a small part of what it used to be. We used to employ 550 people and have a big turnover, but

¹³³ Professor Stuart Cole written evidence page 11

¹³⁴ Cruise Wales written evidence page 3

¹³⁵ Stena Line Ports written evidence page 2

¹³⁶ The figure quoted in the written evidence was £3m in 2009 but Professor Cole made allowance for the increase in estimated construction costs

¹³⁷ Record of Proceedings paragraph 250, 29 February 2012

it is now a small operation, and we do not have the finances to keep this going ourselves. I guess that that is the issue going forward.”¹³⁸

167. Mr King informed us that his company was in the process of selling its business to another entity which will need the current jetty for other purposes. This means that the berth’s availability cannot be guaranteed for cruise ships planning to call in the future.¹³⁹

168. Mr King also mentioned how Wales was losing out in the Celtic Wave partnership, an ERDF-funded project intended to facilitate the growth of the cruise market in the Irish Sea as a whole, but which tends to be perceived as Irish rather than Welsh. Mr King also referred to the risk of competition from ports outside Wales. Holyhead, he said, had already lost four cruise ships to Irish ports which have been able to undercut them, and he believed that because Liverpool was investing heavily in turnaround facilities, it “will potentially steal business from us in Wales, if we are not careful.”¹⁴⁰

169. Milford Haven Port Authority told us it was “thinking about bringing forward proposals to develop a deep-water facility in our port that will enable the large cruise ships to come alongside”, but that it would need to look for funding support for that development.¹⁴¹ MHPA also stated that “tangible support” towards the provision of such infrastructure would be “very beneficial.”¹⁴²

170. Associated British Ports told us that ports would be happy to invest in facilities but a critical mass of cruise business was required to make it viable.

171. Stena Line Ports argued that there needed to be a partnership approach between Welsh Government (through Visit Wales), local councils and various other stakeholders to support ports in providing the right infrastructure to accommodate large cruise ships.¹⁴³ This view was shared by Cruise Wales.¹⁴⁴

¹³⁸ Record of Proceedings paragraph 6, 22 March 2012 (pm)

¹³⁹ Record of Proceedings paragraph 24, 22 March 2012 (am)

¹⁴⁰ Record of Proceedings paragraphs 31 and 38, 22 March 2012 (am)

¹⁴¹ Record of Proceedings paragraph 25, 14 March 2012

¹⁴² Milford Haven Port Authority written evidence paragraph 5.3

¹⁴³ Stena Line Ports written evidence page 4

¹⁴⁴ Record of Proceedings paragraph 20, 22 March 2012 (am)

172. Professor Cole stated that many of the cruise passengers who visit Holyhead are North American in search of Welsh/Celtic ancestry history, culture and scenic beauty. He therefore argued that there was a market for “Celtic Sea” cruising that could call at Belfast, Glasgow, Barrow in Furness, Holyhead, Liverpool, Milford Haven, Cardiff and Cornwall.¹⁴⁵ He also suggested that smaller ships of 1,300 passengers could operate into smaller tidal berths such as Newport and Cardiff.

173. Cruise Wales told us that all the Irish ports have invested “significantly” in port infrastructure to facilitate cruise calls and that Dublin was considering a new €30 million investment.¹⁴⁶

174. We agree with witnesses that there appear to be substantial benefits for Wales from investing in the cruise market including job creation in the retail, tourist and hotel sectors. We also agree that Wales needs to be discerning in that market, such as catering for niche interests around heritage and culture, and that regard should be given to providing trained local guides with the relevant language skills to serve those markets.¹⁴⁷

175. We note, however, that it can take three years for cruise companies to determine new routes and calling ports, so there is some degree of urgency for developing facilities at selected ports as a prerequisite for any future cruise growth. We therefore support the recommendation made by the Welsh Affairs Committee in its 2009 Ports in Wales report, which called for a more interventionist approach to providing the necessary capital investment for developing the cruise market in Wales.

176. We were pleased to hear from the Minister for Business, Enterprise, Technology and Science that she was keen to help with certain types of investment, although “it must be about genuine partnerships that are mutually beneficial and a commitment from companies”.¹⁴⁸

177. We believe it is important that the Welsh Government take an active role in capitalising on niche opportunities from the culture cruise industry so that Wales can begin to generate sustainable demand in this sector.

¹⁴⁵ Professor Stuart Cole written evidence page 13

¹⁴⁶ Cruise Wales written evidence page 2

¹⁴⁷ Cruise Wales written evidence page 3

¹⁴⁸ Record of Proceedings paragraph 241, 22 March 2012 (am)

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.

Cruise Wales

178. Cruise Wales, a public-private partnership of ports, Welsh Government officials, destination managers and tourism operators, was established in 2003. It aims to promote and market Wales as a cruise destination to international partners, and its stated objective is to increase passenger numbers by 25 per cent year-on-year between 2010 and 2014 up to 38,700.

179. Cruise Wales indicated that the funding available to it was limited: at the time of giving evidence, it was “barely fluid” and with only £30,000 left in the budget needed substantially more to visit the head offices of the cruise companies to drum up business:

“You are talking west-coast America and up and down America...which needs substantial money.”¹⁴⁹

180. Stena Line argued that Cruise Wales needed to be “strengthened and properly funded if we are to make a serious attempt to tap into this lucrative market”, and that Ireland has successfully embraced this opportunity through its Cruise Ireland initiative. Stena also pointed out that it takes cruise operators a number of years to create itineraries, so that “we need to be working as a team *now* to help position Wales front of mind in their decision-making process”.¹⁵⁰

181. The Minister for Business, Enterprise, Technology and Science told us on 22 March that following the international Cruise Shipping conference held in Miami in March 2012 an official was going to be appointed – probably externally – “to permanently deal with the follow-up arrangements for bringing cruise liners to Wales”, as well as with branding Wales.¹⁵¹ The Minister also informed us that Jonathan Jones from Visit Wales had been appointed Chair of Cruise Wales. We welcome these recent moves to strengthen and resource Cruise Wales.

¹⁴⁹ Record of Proceedings paragraph 27, 22 March 2012 (am)

¹⁵⁰ Stena Line Ports written evidence page 4

¹⁵¹ Record of Proceedings paragraphs 233 and 238, 22 March 2012 (am)

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.

Planning and Regulation

182. Evidence submitted by the Port of Mostyn, Associated British Ports, Milford Haven Port Authority and the Freight Transport Association expressed concern that the regulatory and planning framework restricted development in and around ports.

183. MHPA told us that different pieces of legislation were often in competition with each other and that development proposals were often subject to continuous challenge. MHPA wanted the Welsh Government and local authorities to “strip away this complexity and reduce the risk and timeframe associated with consenting processes”.¹⁵²

184. When we asked the freight organisations if they had examples of circumstances where investments had been discouraged by the planning process, we were told that they had no specific examples from Wales. The Freight Transport Association stated:

“The point about the planning system is not that rejection is wrong – rejection is fine if the application is wrong – but the way that the planning system should work is that people should be told that their application is wrong quickly and a lot more cheaply, so that they can go away and work up alternative plans, whether that is in that location or another. So, that is what we would be looking for in the planning system.”¹⁵³

185. We heard from the South East Wales Economic Forum that the Newport Local Development Plan was the vehicle for strategically identifying appropriate development and development sites around the port and that several local authorities were collaborating at a

¹⁵² Milford Haven Port Authority written evidence paragraph 2.2

¹⁵³ Record of Proceedings paragraph 335, 22 March 2012 (am)

regional level to plan for appropriate development within the Enterprise Zone at St Athan.¹⁵⁴

186. The Minister for Environment and Sustainable Development wrote to us on 11 April to explain that the Welsh Government has established an independent Advisory Group to hear evidence and make recommendations for changing the planning system, which will inform a Planning White Paper and subsequent Planning Bill; the Group's report was expected in June 2012. It was significant to note from the Minister's letter that the Welsh Government "would ultimately expect the planning system to be simplified in Enterprise Zones".¹⁵⁵

187. We appreciate that ports bodies want to see planning and regulation simplified, but we also see the need to balance those interests with protecting the environment and the interests of local communities.

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.

¹⁵⁴ Record of Proceedings paragraphs 117-118, 22 March 2012 (pm)

¹⁵⁵ Letter to the Chair from the Minister for Environment and Sustainable Development dated 11 April 2012

Conclusions

188. Ports and aviation policy might lie with the UK Government and may be market-driven, but through its own powers and policies, there is much that the Welsh Government can do to develop Welsh ports and airports going forward.

189. One of the main conclusions from our inquiry is that there are many opportunities for the Welsh Government to capitalise on the potential of Welsh ports and airports as economic drivers, and for Welsh Ministers to play an enterprising role in supporting the infrastructure that will enable Welsh ports and airports to flourish.

190. We have considered the issues surrounding Cardiff Airport and have recommended that there needs to be a new Master Plan, which prioritises air services for inward tourism and business needs and which clarifies its role and function as an international gateway to Wales.

191. We believe there are also opportunities for the Welsh Government to boost its commitment to a low carbon economy by helping ports take greater advantage of the opportunities presented by renewable energy.

192. International connectivity and domestic connectivity are interrelated and need to be planned in the round. We have therefore identified the need for a more holistic and integrated approach so that policies for ports and airports can achieve greater synergy and alignment with policies for improving the transport network as a whole, particularly cross-border connectivity.

193. We have highlighted important opportunities for the Welsh Government to support the infrastructure and branding needed for Wales to increase its share of the cruise tourism market, which has exciting potential for regenerating and sustaining local economies.

194. We appreciate that the Welsh Government cannot achieve all this on its own, but will need to be fully engaged in the development of policy at a UK level. That includes advocating for further devolution of powers to better shape and influence the sustainable development of ports and airports in the future.

195. Finally, ports and airports are vital to Wales's economic growth. It is essential that the Welsh Government utilise all levers at its disposal so that the full potential of ports and airports can be realised.

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions and accompanying written papers can be viewed in full at <http://www.senedd.assemblywales.org/ielIssueDetails.aspx?lid=3006&Opt=3>

29 February 2012

University of Glamorgan Business School

8 March 2012

Department for Transport (am)

Cardiff Airport (pm)

Flybe (pm)

14 March 2012

Associated British Ports

Milford Haven Port Authority

Stena Line

22 March 2012

Cruise Wales (am)

Irish Ferries (am)

Welsh Government (am)

Rail Freight Group (am)

Road Haulage Association (am)

Freight Transport Association (am)

South East Wales Economic Forum (pm)

North Wales Economic Forum (pm)

List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at <http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?lid=3006&Opt=0>

Organisation / Individual

Airbus

Bristol Airport

Capital Region Tourism

Paul Glyn Davies

W E Dowds (Shipping) Limited

Friends of the Earth Cymru

Hines UK - Gateway Wales

Holyhead Town Council

Institution of Civil Engineers Wales Cymru

Isle of Anglesey County Council

Port of Mostyn

The Newport Harbour Commissioners

David Oates

Pembrokeshire County Council

Brendan Sadka

South West Wales Integrated Transport Consortium (SWITCH)

Wales Tourism Alliance

Welsh Local Government Association

Welsh Ports Group

British Ports Association and The UK Major Ports Group Limited

Dr Yingli Wang and Dr Andrew Potter

Cardiff Business School, Cardiff University