

## **Welsh Government response to the Enterprise and Business Committee Report; International Connectivity through Welsh Ports and Airports**

**September 2012**

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There are 19 recommendations in the report. The majority focus on using ports and airports as an economic lever and improving transport links to and from ports and Cardiff airport. Due to the large proportion of policy areas being non-devolved, and the fact that ports and airports are privately owned, the Committee has stated that the recommendations are outcomes that it would like to see achieved.

**Detailed responses to the report's recommendations are set out below.**

**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.

**Response: Accept**

We accept this recommendation. The draft aviation framework has been published and discussions have been held.

**Financial Implications:** None.

**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.

**Response: Accept**

We accept this recommendation. The Cardiff Airport Task Force has been set up to look at the future of the airport with a view to making recommendations on improving performance, including route development. The issues identified in the recommendation are being addressed by the Task Force.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets. The Task Force is non-remunerated and its report will set out any financial implications when its findings are published.

**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.

**Response: Accept**

We accept this recommendation. The case examining the economic importance of Air Passenger Duty (APD) is already being taken forward.

**Financial Implications:** None at this stage.

**Recommendation 4** - The Welsh Government should continue to press the managers of Cardiff Airport to invest in its development and the development of a Master Plan, and commission an independent assessment of the airport's future viability to function as an international gateway for passengers and freight.

**Response: Accept in Principle**

We accept this recommendation in principle. The decision to invest and the development of a Master Plan are issues for Cardiff Airport to take forward and not an area for the public sector to intervene in. However, the Cardiff Airport Task Force has identified these issues and will be working with Cardiff Airport to develop this.

**Financial Implications:** None. This is a matter for the private sector.

**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.

**Response: Accept in principle**

We accept this recommendation in principle. The Welsh Government has already undertaken detailed work on dedicated express bus services between Cardiff Airport and the City Centre.

**Financial Implications:** These are currently being evaluated.

**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.

**Response: Accept in Principle**

We accept this recommendation in principle. The Welsh Government's prioritised National Transport Plan for Wales commits us to consider increasing services on the Vale of Glamorgan line to half hourly, which would double the number of services that call at Rhoose (Cardiff International Airport) station. This will be possible following the completion of Network Rail's Cardiff Area Signalling Renewal programme, which is due to be completed in 2015. In addition, we are continuing to fund the popular shuttle

bus service between Rhoose (Cardiff International Airport) Station and Cardiff Airport, and the service has recently been extended to the St Athan Enterprise Zone.

**Financial Implications** None known at this stage.

**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.

**Response: Accept**

We accept this recommendation. This work has already been started. Welsh Government officials met European Commission officials in June 2012 to provide input into the Commission's evidence gathering exercise on airports and State Aid rules. The Commission was clear that it welcomed further discussion on these issues and that it would be happy to consider specific proposals for support.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**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.

**Response: Accept**

We accept this recommendation. Improving connectivity between transport modes, including Welsh airports, is a key focus of transport policy. We are playing an active role in shaping the future of rail infrastructure and rail services in Wales. We prepared robust business cases to secure the electrification of the Valley Lines and the mainline from Cardiff to Swansea. We continue to work with the Department for Transport and Network Rail to press on with wider modernisation of the Welsh and cross border rail network.

**Financial Implications:** None. No additional financial commitments arise directly from this recommendation.

**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.

**Response: Accept**

We accept this recommendation. Welsh Government officials meet regularly with their colleagues in the Department of Transport to discuss ports issues.

**Financial Implications:** None at this stage.

**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.

**Response: Accept in Principle**

We accept this recommendation in principle. The Wales Freight Strategy is currently being reviewed and we will await the outcome of the review which will conclude in the autumn.

**Financial Implications:** None at this stage. Any decision on further action, including the cost implications, will be made following the conclusion of the review in the autumn.

**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.

**Response: Accept**

We accept this recommendation. A recent Welsh Government funded study into the potential for short sea shipping from Cardiff concluded that there were limited opportunities for development of viable routes. There is merit in some further exploratory work into opportunities linked to ports across Wales.

**Financial Implications:** The estimated cost of this work is up to 50k, which will be met from existing departmental budgets.

**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.

**Response: Accept**

We accept this recommendation. The Welsh Government regularly meets with the UK Border Agency and is currently in the process of setting up a meeting to discuss this issue. This recommendation is accepted in the context of our central organising principle of Sustainable Development.

Officials in Sustainable Futures are fully engaged with the EU, via Defra, on its air quality review. The industry has not raised concerns directly with the Welsh Government. We will be working with Defra to monitor the impact of the

shipping sector's compliance with the new standards and are aware that Irish Ferries has raised concerns that EU proposals for stringent sulphur emission standards extended to all membership waters could see fuel costs in the ferry industry increase by 70 to 80%. We will ensure that any representations made to the Welsh Government are communicated to Defra.

Mike Penning MP, Parliamentary Under Secretary at the Department for Transport wrote to the Minister for the Environment and Sustainable Development in February 2012, seeking support for a UK negotiating position in respect of proposals for a new European Directive on the sulphur content of marine fuels. The Minister for the Environment and Sustainable Development responded supporting the proposed UK negotiating line in Mr Penning's letter.

**Financial Implications:** None.

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

**Response: Accept**

We accept this recommendation. The next stage in delivering electrification will cover these issues. We will work with the Department for Transport and Network Rail to ensure we maximise the opportunities resulting from electrification, including relief lines and gauge clearance.

**Financial Implications:** None at this stage but any decision to upgrade the infrastructure would be subject to a business case which would set out the cost.

**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.

**Response: Accept**

We accept this recommendation. We have been working with the Department for Transport to ensure Welsh interests are fully reflected in the emerging TEN-T and Connecting Europe Facility Regulations. As a result, the European Commission has accepted the inclusion of Milford Haven as a core port, connected by a core rail freight link. Upgrading the rail link has been included as an indicative priority project as part of the draft Regulation on the Connecting Europe Facility.

**Financial Implications:** None. This recommendation is concerned with securing additional funding from the Connecting Europe Facility.

**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.

**Response: Accept**

We accept this recommendation. This work has already been undertaken. Enterprise Zone policy was published in May 2012 and details can be found at the following link [www.enterprisezones.wales.gov.uk](http://www.enterprisezones.wales.gov.uk)

**Financial Implications:** None. This work has already been carried out and any additional costs will be drawn from existing programme budgets.

**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.

**Response: Accept**

We accept this recommendation. Welsh Government strategies already recognise the importance of ports in respect of the energy supply chain. Welsh ports' significance has been identified as one of the key priorities for the Energy and Environment Sector framework; is seen as significant importance to the sector panel and, furthermore, strategic infrastructure (including ports) is a priority in Energy Wales launched by the First Minister earlier this year.

Ports are also a key anchor for two of the three energy-related Enterprise Zones.

**Financial Implications:** Port Talbot docks have developed as a potential front runner as a deployment and maintenance port for the 1,500MW Atlantic Array offshore wind energy project being developed by RWE.

Port Talbot's outer harbour will require significant land reclamation and a harbour revision order. The potential costs and funding arrangements for the pre-planning and technical considerations are currently being evaluated.

**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.

**Response: Accept**

We accept this recommendation. We are already strengthening the relationship between the Welsh Government, ports, local authorities and tourism business to ensure there is a co-ordinated approach.

**Financial Implications:** None. Any additional costs will be met from existing budgets.

**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.

**Response: Accept**

We accept this recommendation. The Welsh Government is taking a lead role in promoting the cruise sector in Wales and has already taken steps to strengthen and support Cruise Wales.

**Financial Implications:** Visit Wales currently match funds Cruise Wales at £12,000 per year and is evaluating the potential for providing additional support.

**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.

**Response: Accept**

Paragraph 8.5.6 of Planning Policy Wales contains provisions to protect the accessibility of Welsh ports and airports. We expect these facilities to be identified in Local Development Plans (LDP) produced by local planning authorities and for them to contain suitable local policies. One of the tests of soundness for LDPs is conformity with neighbouring plans and strategies and we therefore expect all local authorities to collaborate and identify impacts which have wider regional implications.

Simplified planning is a key tenet of the new model for Enterprise Zones. The UK Government's 2011 Enterprise Zone prospectus focuses on the use of Local Development Orders (LDO) as a simple and fairly quick mechanism for providing blanket consent for specific types of development within the Zones. Secondary legislation enabling planning authorities to prepare LDOs has now come into effect across Wales. It is clear though that Local Development Orders are not appropriate everywhere. They are one aspect of the flexible approach that we are taking in Welsh Enterprise Zones, which will benefit from the streamlined and efficient processes that planning authorities in Wales already have in place.

**Financial Implications:** There are no financial implications as a result of this work.