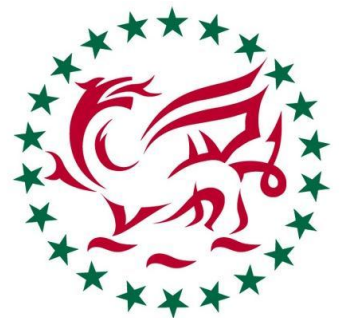




NAfW inquiry into international connectivity through Welsh ports and airports

February 2012



WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. The WLGA welcomes this opportunity to feed comments into the NAFW's inquiry into international connectivity through Welsh ports and airports. Tables 1 and 2 below show that local authorities have a major interest in this issue with ten authorities having an airport/aircraft facility in their area and eight having a port – six have both. Overall, twelve authorities have an airport and/or a port – all of varying degrees of scale and activity. (In addition there are a number of former ports that have ceased to operate on a large scale but now house other activities including fishing and tourism related activity).

Table 1 Airports in Wales

Airport name	Location	Local authority area	Usage
Welshpool airport	Welshpool	Powys	Public
RAF Saint Athan	St Athan	Vale of Glamorgan	Military
Haverfordwest /Withybush Aerodrome	Rudbaxton	Pembrokeshire	Public
Cardiff Airport	Rhoose	Vale of Glamorgan	Public
Swansea Airport	Pennard	Swansea	Public
Pembrey airport	Pembrey	Carmarthenshire	Private
Anglesey airport	Llanfair y Neubwll	Isle of Anglesey	Public
Llanbedr airport	Llanbedr	Gwynedd	Military
Cardiff Heliport	Cardiff	Cardiff	Public
Caernarfon airport	Caernarfon	Gwynedd	Public
Hawarden airport	Broughton and Bretton	Flintshire	Public
RAF Mona	Anglesey	Isle of Anglesey	Military
Aberporth airport	Aberporth	Ceredigion	Public

Table 2 Ports and harbours in Wales

Port name	Local authority area
Barry docks	Vale of Glamorgan
Cardiff docks	Cardiff
Fishguard	Pembrokeshire
Holyhead	Anglesey
Milford Haven	Pembrokeshire
Mostyn	Flintshire
Newport	Newport
Pembroke Dock	Pembrokeshire
Port Talbot	Neath Port Talbot
Port Penrhyn	Gwynedd
Swansea docks ¹	Swansea

¹ Swansea also has dry dock facilities available too.

What role do the Welsh Government and local authorities play in facilitating the development of Welsh ports and airports?

4. Local authorities can play a significant role in the development of ports and airports in their areas. They are responsible for the local **highway network** which, along with trunk roads managed by Welsh Government, provides the means of access to and from ports. Regional Transport Plans, which are developed by collaborations of local authorities via the four Regional Transport Consortia, set out the strategic plans for transport in their areas. These plans also cover **public transport** accessibility.
5. As the local **planning** authority, local authorities will deal with some applications related to the development of the port/airport facilities. Under the Planning Act 2008 the Infrastructure Planning Commission (IPC), which deals with 'nationally significant infrastructure projects', must also have regard to any local impact report submitted by a relevant local authority.
6. Local authorities are significant actors in relation to **economic development** in their areas. Ports/airports will be identified as vital assets in the locality and invariably their potential will be a consideration in plans to develop the local economy. Local authorities also have a significant role in maintaining the **environmental appearance** of the area around and leading to the facilities. Under **waste** legislation, local authorities are legally obliged to provide a waste collection and disposal service for trade waste from port/airport businesses if the service is requested. Finally, their

education role contributes over time to the quality of the local labour force.

What factors have contributed to the decline in business through Cardiff Airport?

7. From a peak of over 2.1m passengers in 2008, the number flying from Cardiff airport fell to 1.6m in 2009 and 1.4 m in 2010. This represents a decrease of almost 30 per cent. Loss of BMIbaby has been an important factor, as they accounted for some 35% of airport traffic. In contrast, there are over 5.3 million people flying from Bristol Airport. Air freight at Cardiff airport has fallen from 2,400 tonnes in 2007 to just 28 tonnes in 2010.
8. Access to an airport can be critical to businesses involved in international trade. Travellers will weigh up their options in light of availability of flights, travel times to get to the airport and choice of modes, airport facilities and costs (including parking), previous experiences and a range of other factors. Cardiff Airport's location means that it is a distance from large sections of Welsh population and the relatively poor transport links (by road and public transport) will be weighed up in relation to travelling longer distances to more accessible, larger airports where there may be more choice. Looking ahead, proposals for a rail link to Heathrow from South Wales would have a significant impact in this respect (whereas a City of London airport would be less accessible and might increase the attraction of Cardiff for people flying from Wales).
9. This is a self-reinforcing circle whereby low numbers of passengers leads over time to fewer flights which, in turn, reduces the attraction of an airport.

How effectively does Welsh Government policy, primarily in the areas of transport, economic development, and land use planning policy, support the development of Welsh ports and airports?

10. Ports policy is reserved to the UK Government. The National Policy Statement for Ports, which covers England and Wales, notes that: "The Welsh Government is, however, responsible for many related functions, including transport and land use planning. In considering any applications relating to Wales, the decision-maker should additionally take account of the Welsh Government's policies and plans in these areas. The key documents are the Wales Spatial Plan, the Wales Transport Strategy, the National Transport Plan and the four Regional Transport Plans published in 2009, *Planning Policy Wales 2011* and *Technical Advice Note 18: Transport* (or successor

documents). For appraisals, the Welsh Government's WelTAG guidance should be referred to".

11. There is no doubt scope for a more co-ordinated approach to port development in Wales. The areas mentioned of transport, land use planning and economic development are all ones where both Welsh Government and local authorities have responsibilities and need to work together. A good example is the recent announcement of Enterprise Zones in Anglesey (including Holyhead), St. Athan (land adjacent to Cardiff airport) and more recently Pembroke, based around the Milford Haven waterway. Here, decisions have been announced rather than being the subject of detailed discussions between Welsh Government and local authorities concerned. Whilst the authorities benefiting of course welcome the development, it is important to ask how these areas were selected and how was it determined that these represented the best options available?
12. Similar considerations apply in relation to the role ports and airports can play within the 'city region' concept. Joint consideration of these facilities roles and requirements, and their potential, will ensure a more coherent approach to transport, planning and economic development.
13. More generally, sharing of thought processes early on, joint development of evidence and allowing local government the opportunity to offer its views before decisions are taken all have the potential to increase effectiveness of policy.
14. Local authorities generally have close working relations with locally based companies and know where and how facilities play a vital role. For example, Pembrokeshire County Council has been able to promote the existence of Withybush/Haverforwest airfield to local businesses and recently, to overseas investors in the energy sector in the county. The airport is wholly owned, licensed and operated by Pembrokeshire County Council. Other airports, for example Pembrey in Carmarthenshire, have substantial landholdings adjacent to the site in the freehold ownership of the council.

How can the Welsh Government develop economic opportunities, for example from tourism, international trade, freight and, in the case of ports, opportunities including the energy and renewable energy industries? What role do ports and airports, particularly Cardiff Airport, play in the key sectors identified by the Welsh Government?

15. The energy and renewable energy sector offers huge potential for investment and employment creation via supply chains of local businesses. It forms part of the **Energy and Environment sector** identified by the Welsh Government. A recent study by Arup for the UK Government's Department for Energy and Climate Change claimed that renewable sources of energy could be expanded to provide over a third of the UK's energy capacity by 2030. Offshore wind was identified as having the greatest potential (at 41GW).
16. There are various offshore wind projects currently in development involving huge investments. For example, RWE npower renewables has the development rights for the Bristol Channel Zone. The company is proposing to develop the £3bn Atlantic Array wind farm by 2016 with up to 417 turbines and a generating capacity of up to 1500MW.
17. In North Wales the approved 576MW Gwynt Y Môr offshore wind project involves 160 turbines and an investment of £2bn. There is also major potential linked to tidal and coastal energy and there are exciting initiatives such as the Energy Island approach in Anglesey. This scale of investment creates major operations, maintenance and supply chain opportunities and job creation potential for Wales but these opportunities have to be taken through a proactive approach in the face of fierce competition from elsewhere.
18. Port locations are vitally important in this respect and the WLGA commissioned a small scale research project to look at opportunities in relation to the ports of Holyhead, Port Talbot, Mostyn and Milford Haven (see <http://www.wlga.gov.uk/english/ports-and-offshore-energy-opportunities/>). This builds on a report produced by DTZ for the Welsh Government on the economic impact of low carbon energy on Welsh ports The DTZ study forecast that the number of jobs supported by low carbon energy in Welsh ports will increase from the current figure of around 350 jobs to between 1,000 – 3,000 jobs by 2020. The majority of the impact by 2020 will be from the offshore wind and biomass sectors, which together are expected to account for 90%+ of the total employment impact across all low carbon sectors.
19. The potential for development of deep water port **container traffic** in Wales is also worthy of investigation, along with any necessary improvements in rail links. For example, Port Talbot is an ideal location with a deep water harbour, no locks and 24 hour access. Whilst there are container facilities at ports in Wales, at present the major container ports for Wales are Southampton, Felixstowe and the London ports.

Connections from these ports to Wales, via both sea and land are vital to investment in Wales.

20. As noted in Table 2 above, Swansea has **dry dock** facilities offering complete lifecycle services, from surveys, ongoing maintenance and repairs through to recycling end of life vessels.
21. **Construction** is another sector that has much to gain from successful port / airport development, with land at and adjacent to these facilities having attractions for the establishment of business operations.
22. In pursuing such developments, the Welsh Government needs to remain conscious of environmental implications and EU and its own carbon reduction commitments, especially in relation to airport operations. Whilst innovation – e.g. in terms of alternative aircraft fuels and lightweighthing of aircraft designs - and maintenance of light and commercial aircraft offer business opportunities (linked to the **advanced materials and manufacturing** sector), the long term viability of airport based business needs to be kept under close scrutiny. Rising oil/fuel prices seem likely to impact on the demand for air travel over time. 'Futures' work by WLGA highlights the importance of local economic resilience; overdependence on airport based economic development could carry risks in this respect. Similar considerations apply to airport based **tourism**. In contrast, some water based tourist activities (especially where there may be links to canals and other waterways) and may be more sustainable, and are worthy of investigation – as might be their use for some low scale freight distribution.

How effective is Welsh transport infrastructure and interconnectivity in supporting the development of Welsh ports and airports?

23. The Wales Transport Strategy (WTS) states that surface links to major airports in England are important to Wales's connectivity. It notes that as most of the main English airports serving Wales involve long distance surface travel and have rail connections, improvement of public transport connections to these facilities is the preferred solution. Improvements of public transport links to Cardiff airport are also given a high priority, though.
24. In relation to ports, the WTS aims to encourage short sea shipping through Welsh ports, replacing long overland journeys and contributing to carbon emission reduction

targets. East-West links predominate and Wales has ports that play a role as part of Trans European Networks (TEN) connecting the Republic of Ireland, the UK and Mainland Europe.

25. There are plans to develop a **Wales Infrastructure Investment Plan** (WIIP) and this needs to identify developments that are critical for port/airport development. Given the important role of local authorities, it is vital that they are fully involved in the development of the WIIP.

Given that ports and airports policy is a reserved matter, how effectively does the Welsh Government engage with the UK Government in the interests of Wales?

26. Although ports are a reserved matter, a Concordat was established between the DfT and the Welsh Government which aimed “to promote the establishment of close and harmonious working relationships and good communication at all levels between the two organisations, and in particular to foster constructive co-operation”.
27. The Welsh Affairs Committee published a report in November 2009 that argued that the Department for Transport (DfT) and WG should develop a distinctive ports policy for Wales, to identify where investment should be targeted. The DfT under the (then Labour) Government said it believed in a policy of market led investment in ports and that non-intervention was the best way to see ports flourish in Wales. It therefore saw no justification for a Wales-specific ports policy.
28. The recent (2012) *National Policy Statement for Ports*, covering England and Wales, maintains this line stating: “judgements about when and where new developments might be proposed to be made [should be] on the basis of commercial factors by the port industry or port developers operating within a free market environment”.
29. However, in October 2010 a £60m fund was announced by the UK government in October 2010 to support the establishment of manufacturing for offshore wind projects at port locations. It was limited to ports in Assisted Areas in England. This created tension between the (then coalition) WG and the UK Government, especially in relation to who should be responsible for funding the redevelopment of Anglesey as a base for renewable energy. The UK government argued that support for industry (as opposed to ports) *is* a devolved matter.

30. This suggests there are risks 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.

What impact do EU State Aid regulations have on the ability of the Welsh Government to provide support, and what opportunities are presented by EU ports and airports policy to support development in Wales?

31. Where ports are privately owned, state aid regulations can limit the possibilities for providing financial support. However, as Welsh ports play a role in the TEN transport networks (as in para 24 above) there are opportunities to look to Europe to support some developments in Wales. Moreover, the UK Major Ports Group argues that while UK ports receive virtually no financial assistance from the public purse, the same cannot be said of many continental ports.
32. The proposed €50bn **Connecting Europe facility** to improve Europe's transport, energy and digital networks is a significant development, especially its focus on cross border projects and the role ports can play in this. It may be a source of funding for Swansea-Cardiff rail electrification which, in turn, could contribute to the development and connectivity of South Wales' ports and airports.
33. Ports and airports are seen as vital to Europe's long-term sustainable transport networks. One of the 'ten goals' in the **EU White Paper on the Roadmap to a Single European Transport Area** is: "By 2050, connect all core network airports to the rail network, preferably high-speed; ensure that all core seaports are sufficiently connected to the rail freight and, where possible, inland waterway system".
34. Revised guidelines on the development of the **TEN –Transport network**, published in December 2011, identify 'nodes of the core network' for each member state – (see http://ec.europa.eu/transport/infrastructure/doc/final_annexii.pdf). Of concern, though, due to the thresholds used Cardiff is not included in the list of airports for the U.K. and only Cardiff and Newport are listed under maritime ports.
35. Finally, the **Europe 2020** focus on smart, sustainable and inclusive growth should direct support towards more sustainable forms of energy such as renewables which may be of benefit to efforts to develop such activities at port locations. '**Resource Efficient Europe**' is a flagship initiative of the 2020 strategy to support a shift

towards a resource-efficient, low-carbon economy to achieve sustainable growth.

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