

## **Report of the Wales Freight Task and Finish Group**

1. This is the report of the Wales Freight Task and Finish Group (the Group) to the Minister for Economy, Science and Transport (the Minister) on key issues affecting freight transport in Wales.

### **Background to the Group**

2. The Group was convened following the Minister's statement on freight in July 2013<sup>1</sup>.
3. The Minister's statement recognises that sustainable freight networks are a major factor in all successful modern economies, and that it is important for them to be integrated fully in developing the future transport planning framework for Wales to help businesses create jobs and sustainable economic growth.
4. The Group's remit was to advise the Minister on key freight issues from the perspective of the Minister's economic development priorities. Its focus was on the key drivers of demand, any capacity issues and the appropriate interventions needed to support the development of Enterprise Zones, City Regions and commercial and business centres in Wales more widely.
5. The Group, chaired by Brian Curtis, comprised core freight experts and key industry representatives in, or involved with, Wales.
6. The Group's terms of reference and membership details are on Pages 21 and 22 respectively.
7. The Group's twenty four recommendations are summarised below:

### **RECOMMENDATIONS**

<b>A. The Welsh Government ensures that the need to take into account the role of freight when considering all significant development in Wales is integrated more effectively in the planning system in Wales.</b>
<b>B. The Welsh Government ensures that the need to take into account the potential for effective inter-modal freight networks when developing land use plans, and the value added processes inter-modal interchanges can attract, is integrated more effectively in the planning system in Wales.</b>
<b>C. The Welsh Government asks the UK Government to issue guidance for ports to take into account when drawing up master plans and disposing of port land, the potential role of the port in inter-modal freight networks, and the opportunities for freight processing activities on port land.</b>
<b>D. The Welsh Government delivers as quickly as possible all the commitments it has made to improving and enhancing the A55 expressway in North Wales.</b>
<b>E. The Welsh Government delivers as quickly as possible the commitments</b>

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<sup>1</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2013/?lang=en>

<b>it has made to improving the A494/A483 in North East Wales.</b>
<b>F. The Welsh Government delivers as quickly as possible all the commitments it has made to improving the A40 and the A477 in South West Wales and reviews the business case for making additional improvements.</b>
<b>G. The Welsh Government delivers as quickly as possible all the commitments it has made to dualling the A465 'Heads of the Valleys' road in South Wales.</b>
<b>H. The Welsh Government takes forward as quickly as possible its commitment to Phase 1 of the Cardiff Bay Eastern Link, and undertakes to develop a business case for further phases to extend the link to the A48(M) within the overall framework of planning for the City Region.</b>
<b>I. The Welsh Government continues to proceed as quickly as possible and in accordance with due process in order to provide a motorway to the South of Newport to address transport related problems on the M4.</b>
<b>J. The Welsh Government liaises further with Holyhead port on the need to improve the 'import road' from the A55 expressway for freight traffic, taking into account potential flows in the future, and considers reviewing the business case for improving the road as a result.</b>
<b>K. The Welsh Government continues to do everything in its power to persuade the UK Government to remove the tolls on the Severn Crossings when the current Concession ends.</b>
<b>L. The Welsh Government requests the UK Government to look at the case for installing free flow tolling technology on the Severn Crossings, if the UK Government decides not to remove the tolls when the current Concession ends.</b>
<b>M. The Welsh Government liaises with the Freight Transport Association and the Road Haulage Association in order to review the evidence on the need for more designated truck stops and that, depending on the outcome, considers the need for any intervention.</b>
<b>N. The Welsh Government continues to work with all partners on maximising the potential for rail freight under Network Rail's Route Modernisation Plans in the Long Term Planning Process</b>
<b>O. The Welsh Government works with all partners to encourage the retention of existing rail infrastructure, especially near ports, where there is potential for rail freight in the future - for example the sidings near the port of Swansea.</b>
<b>P. The Welsh Government works with all partners to ensure that the opportunities presented by the electrification of the South Wales Main Line and Valley Lines, take account of the potential to grow rail freight, and especially containers, through gauge clearance and inclusion of relief lines in the scheme .</b>
<b>Q. The Welsh Government explores with Network Rail, as part of the latter's Long Term Planning Process, the potential for an appropriately gauged diversionary rail route for freight into South Wales via Gloucester.</b>
<b>R. The Welsh Government explores with partners the opportunities for</b>

<b>enhancing freight connectivity on the North Wales line via both Crewe and Warrington once capacity on the West Coast Main Line is released through the construction of HS2.</b>
<b>S. The Welsh Government works with all partners to ensure that the development of the case for North Wales rail electrification takes account of the potential to grow rail freight, and especially containers, through gauge clearance.</b>
<b>T. The Welsh Government explores further the role of public grant in supporting modal shifts from road to rail in Wales and the environmental and social benefits for Wales specifically.</b>
<b>U. The Welsh Government liaises with business, especially the retail sector and the supermarkets, to review the potential for increasing the flow of goods on rail via Wentloog in South Wales.</b>
<b>V. The Welsh Government explores with Network Rail, as part of the latter's Long Term Planning Process, the potential for enhancements to the line west of Swansea.</b>
<b>W. The Welsh Government supports marketing by ports in Wales which reflects their competitiveness for short sea shipping routes, including it as an integral part of the offer to relevant inward investment to Wales.</b>
<b>X. The Welsh Government supports a re-introduction of Load on - Load off (Lo-Lo) container freight via Holyhead port if opportunities were to arise in the future and they were in line with the Welsh Government's priorities for economic growth and jobs.</b>

## Background to Freight in Wales

8. Freight transport is an essential part of a thriving economy and of people's everyday life. It is dominated by the private sector – businesses moving goods and materials for other businesses, but it relies on infrastructure that is often provided, managed and maintained by the public sector, be it at national or local level. To some degree, government at all levels seeks to influence how freight is dealt with to meet its wider objectives. It uses a range of mechanisms, including grants and subsidies to achieve this.
9. With this in mind, the Wales Freight Strategy<sup>2</sup> was published in 2008 as a companion document to the Wales Transport Strategy<sup>3</sup>.
10. Much has changed since. The economy has struggled to recover from the aftermath of the global economic crisis limiting growth in the UK and across Europe and directly impacting on volumes of freight transport. Far reaching budget cuts across the public sector and reduced availability of capital in the private sector are restricting the funding available for investment in infrastructure and services.

<sup>2</sup> <http://wales.gov.uk/topics/transport/freight/wfs/?lang=en>

<sup>3</sup> <http://wales.gov.uk/topics/transport/publications/transportstrategy/?lang=en>

11. The Programme for Government<sup>4</sup> sets out the priorities of the Welsh Government that came into office in 2011. One of the key aims is to strengthen the conditions that will enable businesses to create jobs and sustainable economic growth, and the prioritisation of the National Transport Plan in December 2011<sup>5</sup> reflected the need to align tighter budgets more closely to Government priorities, and Welsh Government statements since have underlined how fundamental this relationship is.
12. Focusing on the key interventions that should be taken in relation to freight is an important and integral part of this process. Freight transport interventions need to be prioritised from the perspective of sustainable economic growth and jobs in order to make best use of investment opportunities, maximise resources and therefore have a greater chance of success.
13. The Welsh Government's economic development strategy is now focused around the support of nine key sectors<sup>6</sup>, with the aim of seeing Welsh businesses, large and small, in each key sector grow and create the jobs needed for the future development of Wales' economy.
14. It has established Enterprise Zones<sup>7</sup> in key locations to strengthen the competitiveness of the Welsh economy. Each area focuses on a key target sector; for example advanced manufacturing in Deeside and Ebbw Vale and energy in Anglesey, Haven Waterway and Snowdonia. Most of the Enterprise Zones are connected to the railway as well as the road network, many are near ports, and all provide a focus for investment opportunities.
15. In Powys and the Teifi Valley, the Welsh Government is supporting the development of the Local Growth Zones<sup>8</sup> model as an alternative approach to Enterprise Zones for promoting economic growth and jobs opportunities.
16. The Welsh Government is also looking at the role of City Regions<sup>9</sup> in the future economic development and prosperity of Wales, the Metro integrated transport concept<sup>10</sup> in South Wales.

## Key principles

17. In looking at potential key interventions, the overarching principle adopted by the Group is that an integrated, sustainable and multi-modal approach to freight needs to be taken. The Group worked on the basis that:
  - rail, road and shipping are all important to Wales as freight modes;

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<sup>4</sup> <http://wales.gov.uk/about/programmeforgov/?lang=en>

<sup>5</sup> <http://wales.gov.uk/topics/transport/publications/ntp/?lang=en>

<sup>6</sup> <http://wales.gov.uk/topics/businessandeconomy/sector/?lang=en>

<sup>7</sup> <http://wales.gov.uk/topics/businessandeconomy/help/enterprisezones/?lang=en>

<sup>8</sup> <http://wales.gov.uk/topics/businessandeconomy/policy/plgzones/?lang=en>;

<http://wales.gov.uk/topics/businessandeconomy/policy/teifi/?lang=en>

<sup>9</sup> <http://wales.gov.uk/topics/businessandeconomy/policy/city-regions/?lang=en>

<sup>10</sup> <http://wales.gov.uk/topics/transport/integrated/metro/?lang=en>

- the key objective should be to ensure they are as inter-connected as practicable along major routes in Wales in order to maximise our capability to accommodate inter-modal freight, the growth area of the future;
- however it needed to be recognised that to take advantage of the growth in inter-modal freight, Wales needed to grow its share of consolidation and / or distribution centres<sup>11</sup>;
- that the extent of investment in freight infrastructure should reflect the relationship with consolidation and distribution centres, the location of which is market driven; that it is likely to remain challenging to promote a significant increase in distribution / consolidation networks beyond South East Wales because of demographics and lack of critical mass, although any opportunities to do so should be explored and supported if viable;
- whilst recognising the importance of road freight to the market, opportunities for further modal shifts should be maximised to help secure a more sustainable mix;
- the opportunities for rail gauge enhancement that electrification offers should be exploited as far as practicable to support further shifts and a more sustainable mix;
- maximum use should be made of existing infrastructure; and
- Wales' major freight routes and locations are reflected in the Trans-European Transport Network (TEN-T). More information on and maps of TEN-T in Wales is at Annex A.

## Evidence

18. As well as taking into account key Welsh Government policy, the Group considered a range of statistics, data and other information which are provided at Annexes B and C.

### **Freight Trends and Forecasts**

19. Network Rail has produced a freight market study<sup>12</sup>; one of four documents being produced as part of its [Long Term Planning Process](https://www.networkrail.co.uk/improvements/planning-policies-and-plans/long-term-planning-process/market-studies/). The study sets out how freight

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<sup>11</sup> In the context of freight transport, a consolidation centre refers to a hub which combines loads from different suppliers which are bound for the same or similar location for at least part of the journey and therefore adds value by maximising vehicle loads and reducing journeys. A distribution centre is a hub which accepts goods from suppliers splits the inbound consignments to form full loads that are moved from the distribution centre to the various destinations it serves. They are complementary and have become integral components in the way freight transport supports the supply network in the developed world.

<sup>12</sup> <https://www.networkrail.co.uk/improvements/planning-policies-and-plans/long-term-planning-process/market-studies/>

demand has changed in recent years and how it is expected to change in Britain over the next 30 years.

20. The key forecast is a growth in imports into the UK generally, and especially of consumer goods, and a growth in inter-modal freight networks to accommodate them. More specifically:

- continuing growth in container freight, largely comprising consumer goods, via certain key ports in England
- continuing growth in rail freight in order to transport containers to consolidation and distribution centres in the UK
- continuing growth in road freight to distribute the freight to and from centres for the final stage of the journey, especially light goods vehicles for the 'last leg'

## **Findings and Recommendations**

21. The Group was mindful of the following general factors in reaching its recommendations:

- the need to integrate fully freight requirements and opportunities into transport planning, infrastructure developments and economic development sites;
- the cost of fuel which continues to drive a search for efficiency savings. It has the potential to change the balance in business cases in favour of mode shift and make projects viable that may have previously not been worth taking forward. Therefore it is important not to close any doors to future opportunities and to plan now on the basis of enabling them where viable;
- the current and likely future role of consolidation and distribution centres in Wales, including those in England that serve Wales;
- the relationship between modal shift and public subsidy;
- the implementation of many of the actions relating to rail freight are being, and will need to be, considered as part of the work to progress the major transformation of the Welsh railway infrastructure, with the commitment to electrification of the Valley Lines network and the Great Western Mainline to Swansea. This should also be explored in developing the case for North Wales rail modernisation;

22. Based on the available evidence, the Group considers that the following are key interventions or actions that should be taken forward by the Welsh Government to support sustainable economic growth and jobs in Wales by enhancing the role of sustainable freight.

## **Planning**

23. The Group strongly believes that the role of freight needs to be taken into account not just in planning transport infrastructure but in considering plans for **all** significant development – whether public, commercial or private – as all developments to a lesser or greater degree receive and/or despatch goods and materials. This is becoming increasingly more important for housing developments because of the growth in internet shopping. The need for sustainable freight arrangements to support the construction phases of major and/or complex developments – such as Wylfa Newydd in Anglesey - should also be fully taken into account as part of planning systems.

24. The Group is not convinced that this currently happens consistently, and therefore recommends that:

***A. The Welsh Government ensures that the need to take into account the role of freight when considering all significant development in Wales is integrated more effectively in the planning system in Wales.***

### **Land Use Planning**

25. The locations and land needed for inter-modal freight interchanges to allow the development of an effective inter-modal freight network need to be taken into account in land use planning, as well as the value added processes that inter-modal interchanges can attract. The Group is not convinced that this currently happens in all cases, especially in respect of potential consolidation and distribution centres which offer the most gain for economic growth and jobs. Ports for example can attract such value added processes, which are often sited on port land. However port land is finite and the need for strategic employment sites outside of but near port land to facilitate a value added 'package' should be considered in land use planning.

26. The Group therefore recommends that:

***B. The Welsh Government ensures that the need to take into account the potential for effective inter-modal freight networks when developing land use plans, and the value added processes inter-modal interchanges can attract, is integrated more effectively in the planning system in Wales.***

### **Disposal of land by Ports**

27. The Group recognises that ports policy in Wales is non-devolved and that the ports sector operates commercially at arms length from Government, with many ports being privately owned.

However ports make a significant contribution to the Welsh economy. They have the potential to play a greater role within inter-modal freight networks, and the Group notes that some rail infrastructure remains on privately owned port land. Also, due to their land holdings, ports are in a good position to provide transit facilities for handling goods passing between different transport modes, as well as hosting value added processes such as manufacturing, enhancing economic growth and job opportunities in the local area. For example, the Bob Martin (petcare) distribution warehouse and the HDM Tubes welding and distribution facility at Cardiff.

28. Therefore the Group also recommends that:

***C. The Welsh Government asks the UK Government to issue guidance for ports to take into account when drawing up master plans and disposing of port land, the potential role of the port in inter-modal freight networks, and the opportunities for freight processing activities on port land.***

## **Road**

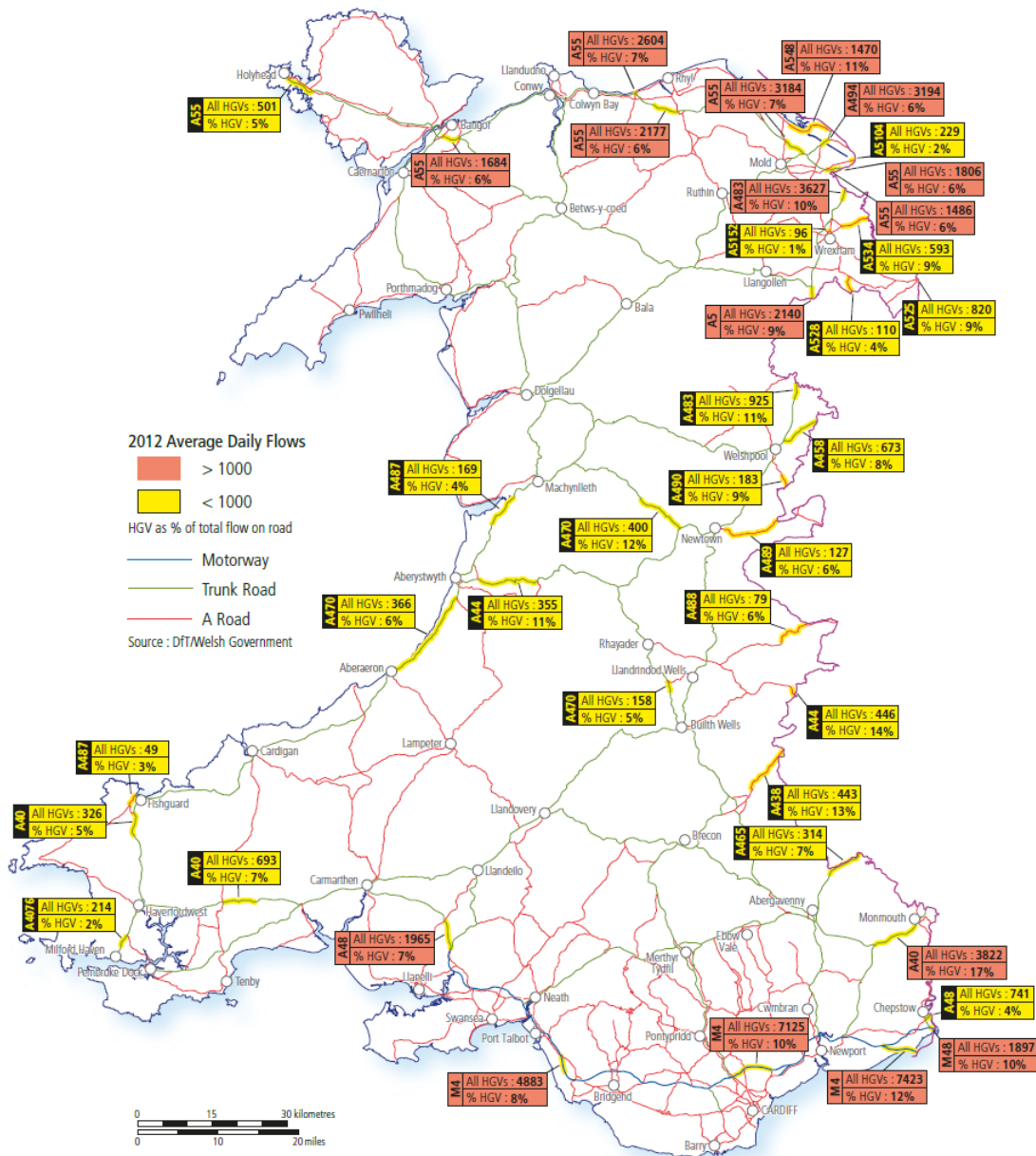
39. Road freight has become key to the functioning of modern economies, to the extent that transporting goods has reached a point where it is seen as part of the production process. The growth in road freight reflects a shift away from railways for many goods, but a new category of freight has played a particularly significant role in its growth in recent years - door-to-door e-commerce services. In 2012, there were around 8,000 road freight related jobs in Wales<sup>13</sup>.
40. A key strength of road freight is its flexibility. It has also become more efficient through improvement in vehicle technology in recent years, for example in respect of safety, capacity and emissions. Emissions should continue to improve with the increasing use of electric light goods vans for the 'last leg' and, for longer journeys, the development of gas powered HGVs and the supporting charging infrastructure.
41. Road-based freight transport is responsible for at last part of the supply chain of virtually all foodstuffs, industrial and consumer goods, as well as waste. The largest single category of road-based freight imported into Wales is 'food, drink and tobacco', which is representative of the key role that road freight transport plays in supermarket and other retailers' distribution systems.
42. The following maps show road freight flows in Wales for HGVs and LGVs.

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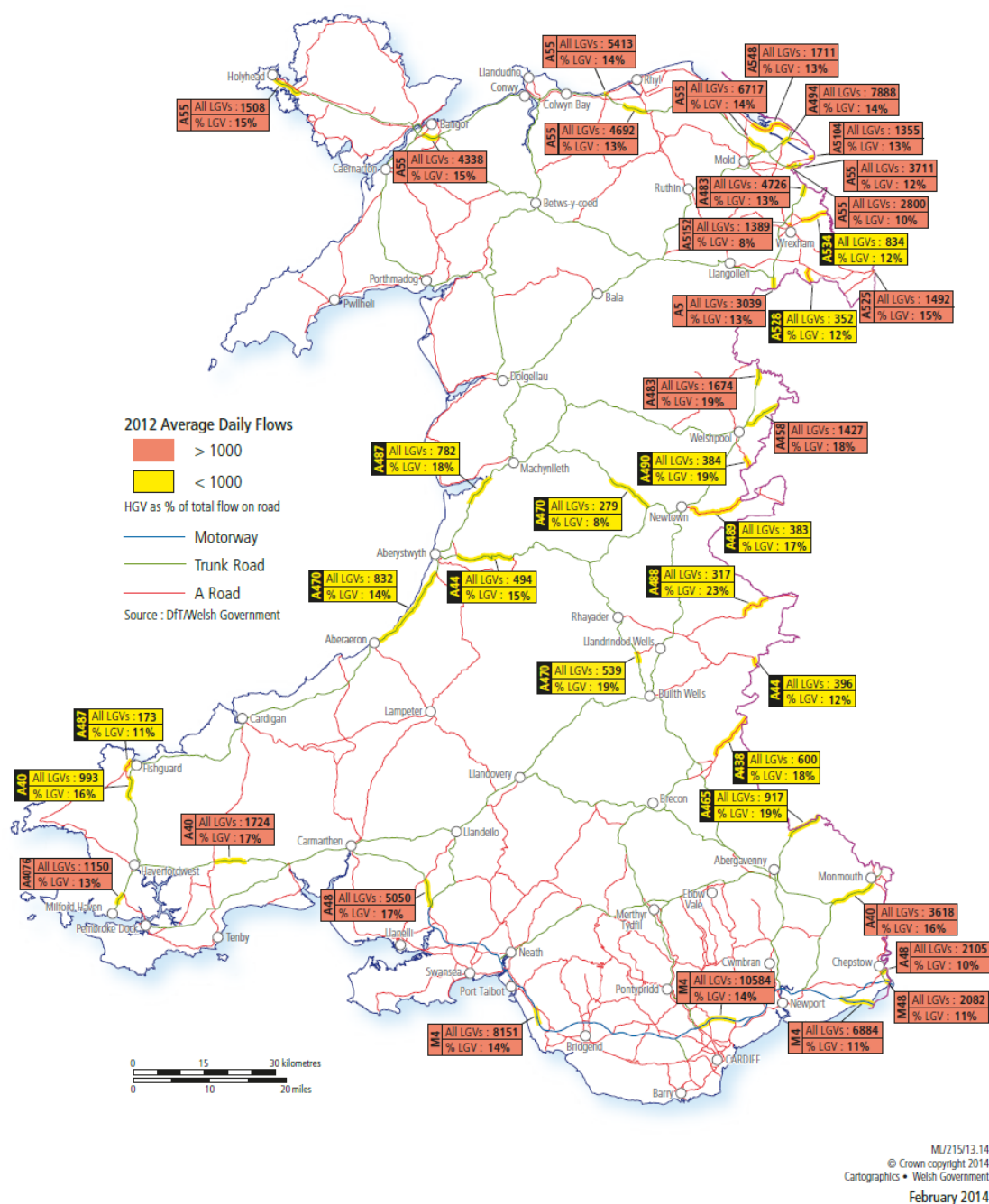
<sup>13</sup> <http://www.ons.gov.uk/ons/rel/bus-register/business-register-employment-survey/2011-revised/index.html>



# Average Daily HGV Flows, 2012



## Average Daily LGV Flows, 2012



to play, in transporting at least part of the supply chain of virtually all goods, even if some elements of the chain involve shipping or rail.

44. The Group considers that there are a number of pressure or pinch points on the road network in Wales which need addressing in order to facilitate the movement of goods and materials into, out of and around Wales, in order to maximise economic growth and job opportunities.
45. The Group recognises that the Welsh Government has already committed to a number of road improvement and enhancement projects to address pressure and pinch points, and notes the detailed statement to that effect made by the Minister for Economy, Science and Transport in July 2013<sup>14</sup>.
46. The Group also recognises that there are routes in Wales that form part of the Comprehensive and Core Road Network under TEN-T but which might not meet the standards expected under the TEN-T Regulations. Most of the pressure or pinch points that have been identified are on the TEN-T Network.
47. The Group has considered the interventions that need to be prioritised to facilitate more effective road freight, taking into account the known pressure and pinch points and the potential requirements under TEN-T, and recommends that:
  - D. The Welsh Government delivers as quickly as possible all the commitments it has made to improving and enhancing the A55 expressway in North Wales.***
  - E. The Welsh Government delivers as quickly as possible the commitments it has made to improving the A494/A483 in North East Wales.***
  - F. The Welsh Government delivers as quickly as possible all the commitments it has made to further improving the A40 and the A477 in South West Wales and reviews the business case for making additional improvements.***
  - G. The Welsh Government delivers as quickly as possible all the commitments it has made to dualling the A465 'Heads of the Valleys' road in South Wales.***
  - H. The Welsh Government takes forward as quickly as possible its commitment to Phase 1 of the Cardiff Bay Eastern Link, and undertakes to develop a business case for further phases to extend the link to the A48(M) within the overall framework of planning for the City Region.***

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<sup>14</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2013/?lang=en>

***I. The Welsh Government continues to proceed as quickly as possible and in accordance with due process in order to provide a motorway to the South of Newport to address transport related problems on the M4.***

48. The Group considered the need to improve the 'import road' connecting Holyhead port to the A55 expressway and which should act as the main route for freight traffic. The Group noted the consideration previously given to this by the Welsh Government in 2003 and the conclusion that the costs of overcoming the constraints at the time, including the significant cost of removing existing rail tracks, would not be economically viable.

49. However the Group is mindful of the port's current plans to develop its role in offshore energy operations, which would result in an increase in freight traffic which could not be accommodated by the existing import road. The Group therefore recommends that:

***J. The Welsh Government liaises further with Holyhead port and considers reviewing the business case for improving the 'import road' as a result.***

50. The Group considered the effect of the Severn Crossings Tolls on the movement of freight in the context of increasing economic growth and job opportunities in Wales. The Group noted the report from Arup<sup>15</sup> commissioned by the Welsh Government and its conclusion that the tolls could have a detrimental effect on the Welsh economy. The Group also noted the specific examples of freight operators and the substantial costs they incur each year from using the Crossings.

51. The Group appreciates that the Tolls are a non-devolved matter and that the Welsh Government has already raised concerns with the UK Government about the level of tolling. However the Group recommends that:

***K. The Welsh Government continues to do everything in its power to persuade the UK Government to remove the tolls when the current Concession ends.***

52. Although the Group considers it imperative that the tolls be removed when the current Concession ends, it also considered the implications if the tolls remain.

53. The Group considered the detrimental effect that manual tolling on the Severn Crossings might have on the Welsh economy because of the inbuilt delay factor.

54. The Group therefore recommends that:

***L. If the UK Government decides not to remove the Severn Crossings tolls when the current Concession ends, the Welsh Government requests the UK Government to look at the case for installing free flow tolling technology.***

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<sup>15</sup> <http://wales.gov.uk/statistics-and-research/impact-severn-bridge-tolls-welsh-economy/?lang=en>

55. The Group also considered the need for intervention to have more designated truck stops in Wales. The Group noted the anecdotal evidence that a lack of secure stops was putting both drivers and their cargoes at risk, as well as being a nuisance to local residents. The Group also noted that local businesses in Wales might be losing revenue as truck drivers might choose not to rest up in Wales but to cross the border and use facilities there.
56. The Group considers that there is currently a lack of robust evidence on this issue to support any intervention but that further research should be undertaken.
57. The Group therefore recommends that:

***M. The Welsh Government liaises with the Freight Transport Association and the Road Haulage Association in order to review the evidence on the need for more designated truck stops and that, depending on the outcome, considers the need for any intervention.***

## **Rail**

58. The Group supports the Welsh Government's ambitions to encourage a further modal shift from road to rail to create a more sustainable mix for freight as part of an integrated inter-modal freight network and support environmental and social benefits. In 2012, there were around 200 rail freight related jobs in Wales.
59. Such a shift will be driven by the market and the effect of any Government intervention is difficult to predict. However, it is vital to ensure, as far as viable, that existing rail infrastructure is not removed or downgraded where they might be future rail freight potential, and that every opportunity is pursued to enhance the rail infrastructure in Wales, and cross-border infrastructure, to accommodate freight, including containers.
60. The table below illustrates recent rail movements to and from Wales:

# **Rail freight to and from Wales, Mid 2010 to mid 2011**

	Rail freight (thousand tonnes)				Within and from Wales as %age of GB traffic
	Within Wales	From Wales	To Wales	Total	
Metals	3,045	1,880	524	5,449	58%
Coal	1,487	209	1,191	2,887	4%
Petroleum products and chemicals	0	831	101	932	13%
Containers	1	151	292	444	1%
Construction	0	251	78	329	1%
Rail engineering	12	112	71	195	2%
Domestic non bulk inter-modal	0	22	159	181	1%
Automotive	0	11	31	42	4%
Ores	0	0	0	0	0%
Waste and biomass	0	0	0	0	0%
<b>Total</b>	<b>4,545</b>	<b>3,467</b>	<b>2,447</b>	<b>10,459</b>	<b>8%</b>

Source: MDS Transmodal 2011

61. The Group recommends that:

- N. the Welsh Government continues to work with all partners on maximising the potential for rail freight under Network Rail's Route Modernisation Plans in the Long Term Planning Process (LTPP).***
- O. The Welsh Government works with all partners to encourage the retention of existing rail infrastructure, especially near ports, where there is potential for rail freight in the future - for example the sidings near the port of Swansea and the lines in Holyhead port.***
- P. The Welsh Government works with all partners to ensure that the opportunities presented by the electrification of the South Wales Main Line and Valley Lines, take account of the potential to grow rail freight, and especially containers, through gauge clearance and consideration of relief lines.***
- Q. The Welsh Government works with all partners to ensure that the development of the case for North Wales rail electrification takes account of the potential to grow rail freight, and especially containers, through gauge clearance.***
- R. The Welsh Government explores with partners the opportunities for enhancing freight connectivity on the North Wales line via both Crewe and Warrington once capacity on the West Coast Main Line is released through the construction of HS2.***

62. Electrification and the associated enhanced gauge clearance alongwith the new ERTMS signalling system should contribute to making rail freight more attractive

in South Wales. However the challenging physical environment in the Severn Tunnel will remain and the Group considers that an effective diversionary route for rail freight into South Wales is required, using the existing route between Swindon and Newport via Gloucester.

63. The Group recommends that:

**S. *The Welsh Government explores with Network Rail, as part of the latter's LTTP, the potential for an appropriately gauged diversionary rail route for freight into South Wales via Gloucester.***

64. The private sector has taken forward its own investments in freight infrastructure to support modal shift to rail, largely in the form of small to medium scale projects.

65. Some of the private sector investments have benefited from Welsh Government support under the Freight Facilities Grant Scheme, most notably facilitating timber transport by rail and improving rail access to ports. The Freight Facilities Grant is available to assist with the extra costs generally associated with moving freight by rail, by offsetting the capital costs of providing rail freight handling facilities. It is also available to help companies reinvest in existing rail freight facilities.

66. Further progress has been made with the help of the UK Mode Shift Revenue Support Grant Scheme, which has facilitated among a number of projects the introduction of the first major retail sector rail flow into Wales between Daventry and the terminal at Wentloog, between Newport and Cardiff. Mode Shift Revenue Support Grant assists companies with the operating costs associated with running rail freight transport instead of road, where rail transport is more expensive.

67. The Group considers that the role of public grant in supporting modal shifts from road to rail in Wales, and the environmental and social benefits this shift brings to Wales specifically, needs to be better understood; and that the availability of grant is effectively publicised. The Group therefore recommends that:

**T. *The Welsh Government explores further the role of public grant in supporting modal shifts from road to rail in Wales and the environmental and social benefits for Wales specifically.***

68. The Group in particular considers that the freight facility at Wentloog is underused but that the potential exists to increase movements via the terminal. The Group therefore recommends that;

**U. *The Welsh Government liaises with business, especially the retail sector and the supermarkets, to explore the potential for increasing the flow of goods into Wales on rail via Wentloog, building on previous work.***

69. The Group was mindful that the line west of Swansea to Milford Haven is part of the Core Rail Network under TEN-T as it connects to Milford Haven as a Core Port, but also recognises that substantive work has not yet been undertaken on the business case for any improvements from the freight perspective.

70. The Group therefore recommends that:

***V. The Welsh Government explores with Network Rail, as part of the latter's LTPP, the potential for enhancements to the line west of Swansea.***

### **Ports**

71. Welsh ports are important to the Welsh economy. The total cargo throughput for 2010 (the latest recorded year) was 60 million tonnes which was equivalent to 12% of the UK total throughput and represents a greater throughput than that of the whole of the Republic of Ireland. The sector supports around 3,300 port related jobs in Wales and supports other jobs indirectly.

72. The Welsh ports industry services four main markets:

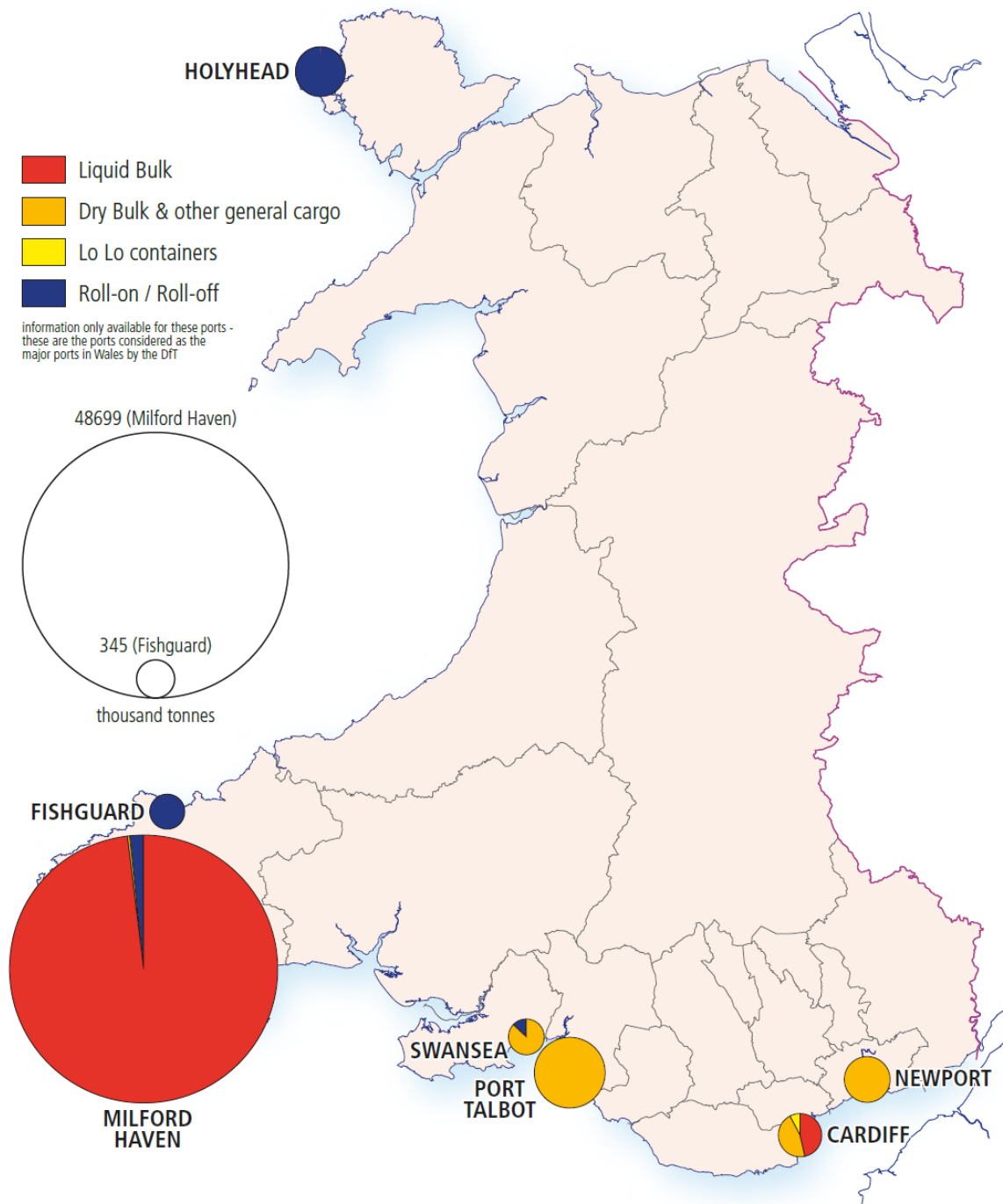
- Roll-on Roll-off (ro-ro) and passenger traffic with links to the Republic of Ireland handled by Holyhead, Fishguard, Milford Haven and Swansea
- major oil and energy sector traffic handled by Milford Haven (and offshore renewable energy facilities at the Port of Mostyn)
- markets served by the ports owned and operated by Associated British Ports at Newport, Cardiff, Port Talbot and Swansea handling dry and liquid bulk, forest products, iron and steel products and some container traffic
- a range of smaller ports where there is a mixture of general cargo, and significant leisure activity

73. The maps below show freight traffic through the main Welsh ports in thousand tonnes / percentage by origin / destination area



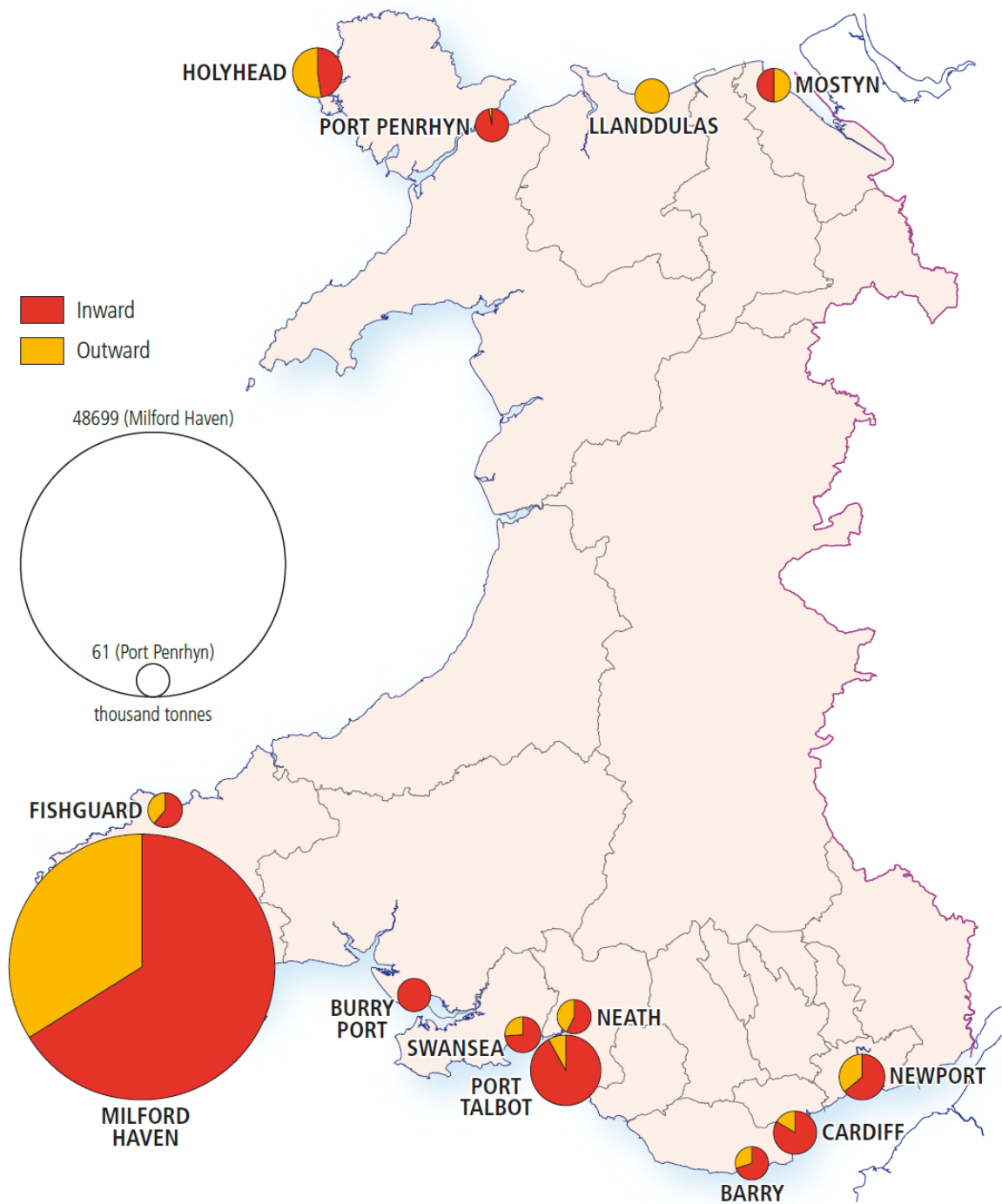
# WALES

## All traffic by cargo type and direction, 2011



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Ordnance Survey 100021874  
Cartographics • Welsh Government : MU270/13.14  
March 2014

# WALES All freight traffic, by port and direction, 2011



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Ordnance Survey 100021874  
Cartographics • Welsh Government : MU270/13.14  
March 2014

74. The continued success and growth from a freight perspective of these ports relies on good connectivity, and their vital links to rail and road is covered in the recommendations under those headings above. The Group considers that the existing linking infrastructure is generally good, with some areas for improvement.
75. There are ambitious plans for ports in Wales to serve the construction of offshore energy developments and their maintenance. Connectivity needs might need to be looked at in more detail as these plans materialise.
76. In terms of a specific recommendation in respect of ports, the Group considers that ports in Wales should consider marketing their competitiveness for short sea shipping routes in light of the longer timetable for reducing sulphur emissions from shipping in the Irish Sea, compared to other short sea routes. Although the window of opportunity is short (2015-2020), increasing short sea shipping at Welsh ports during this period could secure longer-term dividends if operators are happy with the services provided. If ports do decide to market on this basis, the Group recommends that:

***W. The Welsh Government supports any such marketing by including it as an integral part of the offer to relevant inward investment to Wales.***

77. The Group also considered whether any intervention or action was required to help promote a re-introduction of Load on - Load off (Lo-Lo) container freight via Holyhead port, and was conscious of the work commissioned by the North Wales Transport Consortia, TAIH, on this matter<sup>16</sup>. The Group concluded that such a re-introduction was unlikely in the foreseeable future due to Liverpool having emerged as the port serving the highest volumes of container freight in this part of the Irish Sea.
78. However the Group recognises the importance of trying to maximise the benefits, including gauge enhancement, of the potential electrification of the North Wales Main Line and the desirability of future proofing the infrastructure against the possibility of the re-emergence of a market for container traffic via the port. Therefore the Group recommends that:

***X. The Welsh Government supports a re-introduction of Load on - Load off (Lo-Lo) container freight via Holyhead port if opportunities were to arise in the future and they were in line with the Welsh Government's priorities for economic growth and jobs.***

**Low carbon vehicles**

79. The Group notes that the Minister for Economy, Science and Transport has established an expert steering group to provide advice and recommendations on the development of the low carbon vehicle sector in Wales. The Group considers it important for such advice and recommendations to take fully into account the needs of the freight industry, and members will liaise with the Welsh Government and the expert steering group to support this.

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<sup>16</sup> <http://www.taith.gov.uk/regional-transport-plan-documents/>

## **Air**

80. The Group's remit did not extend to air freight. However the Group believed it important that, in considering recommendations for this report, it made sure that none would discourage the potential to increase air freight in Wales in the future.
81. The Group is satisfied that none of its recommendations would discourage either current flows or future growth of air freight, and believe that most would help encourage its growth in Wales. However the Group suggests that inter-modal freight relationships are reviewed if the market for air freight in Wales increases.

## **Workforce**

82. The Group notes that there is an ageing workforce in the freight logistics sector throughout the UK, including Wales, which, if not rebalanced, will result in a skills deficit that will not support the increasingly complex demands of inter-modal movements. The Group considered whether there were any useful interventions that could be made by the Welsh Government to encourage more young people into the sector, and in particular discussed whether there was a sufficient number of apprenticeships available in the right places. The Group concluded that there was no need to make any formal recommendation but noted that the Freight Traffic and Road Haulage Associations would liaise with the Welsh Government and other relevant partners to publicise the sector and training opportunities.

## **Wales Freight Task and Finish Group: Terms of Reference**

The Wales Freight Task and Finish Group will advise the Minister for Economy, Science and Transport on strategic issues affecting freight transport in Wales in the light of the Minister's wider economic development priorities. The group's advice will focus on the key drivers of demand, any capacity issues and the appropriate interventions needed to support the development of Enterprise Zones and commercial and business centres more widely, including the development of joint projects.

Given the task and finish status of the group and the more specific nature of the issues, it is not the intention that the group advise on issues affecting air freight in Wales.

The Wales Freight Task and Finish Group will not be a lobbying forum.

### Chair

Brian Curtis has been invited to chair the group. A deputy should be selected by the members of the group at the first meeting.

### Members

Membership will comprise of a small number of core freight experts and key industry representatives.

Representatives from other relevant organisations and individuals may be invited to present and/or submit evidence on an ad hoc basis.

### Operation

Given its task and finish nature and focused remit, it is expected that the group will need to meet no more than three times in order to report to the Minister

- before Christmas 2013 with advice and recommendations on the major rail freight demand forecasts for Wales. This is a provisional deadline dependent on Network Rail deadlines for finalising its Freight Market Study. It will need to be firmed up once more details are known of Network Rail's timelines
- by 28 February 2014 with advice and recommendations on all other key freight issues

The Chair is responsible for agreeing meeting agendas and papers with the secretariat.

The Welsh Government will provide a basic secretariat function for the meetings, issuing invites and drafting notes, and will provide meeting venues in one of its offices as far as possible.

Any communication required between meetings will be via email.

### **Wales Freight Task & Finish Group: Membership**

- Brian Curtis (Chair), member of the EU's Economic and Social Committee serving on the Section for Transport, Energy, Infrastructure and the Commission on Industrial Change. Former President of Wales TUC.
- Ian Gallagher (Deputy Chair), Freight Transport Association, Head of Policy, Wales and Southwest England
- Ian Davies, Stenaline, Route Manager for Irish Sea South region
- Matthew Kennerley, ABP Ports, Director South Wales
- Neil McDonald, DB Schenker Rail (UK) Ltd, Managing Director Industrial
- Nick Payne, Road Haulage Association, Regional Director Wales
- Suzannah Rockett, Network Rail, Route Freight Manager, Wales, Western and Wessex region
- Robin Smith, Rail Freight Group, Wales representative
- Paddy Walsh, Irish Ferries, UK Ports Manager, Holyhead Port