

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i Botensial yr Economi Forol yng Nghymru	Inquiry into the Potential of the Maritime Economy in Wales
PME 02	PME 02
Y Grŵp Cludo Nwyddau ar y Rheilffyrdd	Rail Freight Group

Introduction

- 1 Rail Freight Group (RFG) is pleased to have received an invitation to submit evidence to the Enterprise and Business Committee's inquiry into how Wales can develop the potential of the Maritime Economy.
- 2 RFG is the representative body for rail freight in the UK. We campaign for greater use of rail freight to deliver economic and environmental benefits for the UK, in particular by ensuring that Government and rail industry policy supports growth. We represent over 120 member companies, active across all aspects of rail freight including freight operating companies, port and terminal operators, suppliers and customers.
- 3 Rail freight operates wholly in the private sector but it requires appropriate infrastructure on which to operate its trains as well as suitable terminal facilities for receiving and handling the traffic conveyed. It is in this context that RFG has limited this submission to those issues that impact on the movement of rail freight to and from Welsh ports as a means of contributing to the growth of the Maritime Economy of Wales. We have not commented on the many other areas being investigated by the inquiry which are outwith RFG's remit and scope.

General Policy Framework

- 4 RFG notes that under the proposals set out in the St David's Day Announcement, ports' policy for Wales will be devolved and become a responsibility of the Welsh Government (WG) rather than the UK Department for Transport (DfT), as hitherto. RFG sees this change as beneficial as it will allow WG's policies regarding road and rail links between Welsh ports and their hinterlands and markets, including those in England, to be developed and co-ordinated with its ports policy in a holistic approach. This will contribute both to the development of the Maritime Economy and to a general growth in traffic using the ports.
- 5 Nevertheless, RFG believes that a competitive, commercially led market place works most effectively for rail freight and therefore we do not

favour models where Governments specify the precise framework for port development. Freight movements are unlikely to respond to regional and local development plans which are not based around national and international distribution patterns and on appropriate cost criteria. Companies will only use ports that fit, operationally and financially, with their logistics and distribution networks and plans.

- 6 RFG believes that Governments should therefore pursue port's policies that respect the competitive and commercially led nature of the ports sector while setting consistent and clear incentives and frameworks to deliver outcomes such as realising the full potential of the Welsh Maritime Economy. This is particularly important where Government investment or support is involved.

UK Ports' Sector Developments

- 7 The major expansion at Liverpool Docks that is due to start commissioning later this year and the authorised developments at Bristol could present a threat to existing and potential flows through Welsh ports but could also represent an opportunity if they succeed in attracting vessels towards the west coast of the UK.
- 8 Welsh ports policy will therefore need to reflect both the threats from and the opportunities created by these and other developments such as structural change in the steel industry in the UK and worldwide. However, development of their road and rail connections is key to ensuring successful growth of the Welsh ports and the full exploitation of the Maritime Economy. Many of the Welsh ports, including some of the smaller facilities, are already rail connected, and this provides an opportunity for viable rail freight services, with all the environmental benefits they bring when compared to road freight, to be developed.
- 9 The growth of additional activities on the port estates can also increase their attractiveness to shipping lines and ferry operators. 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 developments at Welsh ports, given an appropriate policy framework. Similarly policies aimed at encouraging the creation of servicing and supply facilities in connection with the Maritime Economy could also provide a springboard for other growth.
- 10 In addition, the role of Welsh ports in relation to traffic flows between Ireland, the UK and the rest of Europe is in need of a full policy review.

While roll-on roll-off services predominate on both the southern (Fishguard / Pembroke) and northern (Holyhead) routes, lift-on lift-off services are now largely concentrated on Liverpool. In the context of growing UK/Ireland and Europe/Ireland (“Landbridge”) traffic, RFG has long campaigned for a greater recognition within Welsh Government of the opportunities for the restoration of such services through Holyhead, supported by an effective rail freight connection. Bringing together road, rail and ports’ policy within Welsh Government offers the opportunity to take this concept forwards, and encourage other developments at Holyhead including those associated with a growing Maritime Economy.

Rail Access to Ports

- 11 The Wales Route Utilisation Strategy published by Network Rail in 2008, shows that while the North and South Wales main lines, plus the Marches line, 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 currently have a restricted ‘loading gauge’ that constrains rail movement of many of the larger containers now used in both deep-sea and short-sea shipping unless specialised wagons are used at increased cost.
- 12 Electrification of the South Wales Main Line should bring the additional benefit of providing ‘W10’ loading gauge capability on the lines from the Severn Tunnel and Gloucester to Cardiff allowing 9ft 6ins high containers (increasingly used in both deep-sea and short-sea shipping) to be transported on normal wagons. Assuming this is achieved, the current constraint on moving containers to/from the ports of Newport, Cardiff and Barry will be removed.
- 13 Under current plans this capability is unlikely to be achieved west of Cardiff but it would become essential in the event of a significant development at any of the ports in this area in connection with the growth of the Maritime Economy or of other traffic flows. Similarly, provision of this capability along the North Wales main line would be vital to support any major developments at Holyhead.

Future role of the Welsh Government

- 14 DfT has long pursued the policy that, in general, the sponsor of a port development should also contribute to the costs of any enhanced inland links required. While RFG agrees there is a role for developer contributions to local requirements, which can be closely linked to the

specific growth arising from the development, it does question whether this principle should extend, for example, to the strategic trunk networks.

- 15 The costs of rail enhancement schemes are significant and, if the port developer is expected to fund in full the capacity it will use, it is likely that the level of costs could become a barrier to the port investment itself. Care must be taken to balance the expected contributions against the need for developments to proceed and, where such developments are expected to provide wider economic benefits or contribute to the exploitation of the Maritime Economy, we would expect this to be taken into account. It is in this context that RFG again believes that WG assuming responsibility for ports policy in Wales means it can embrace a more holistic approach to the parallel developments of Welsh ports and their land-side links.

Energy Generation

- 16 In the Call for Evidence there is reference to the four planned tidal lagoons around Wales and to the Anglesey Energy Island Programme. The arguments for or against such developments are clearly outside RFG's remit but, in the event that any or all of them proceed, RFG does wish to draw the Committee's attention to the opportunities and threats presented by the development, building and commissioning phases.
- 17 The employment opportunities will be balanced by major flows of materials and equipment. Some will necessarily and sensibly be delivered by sea, but significant land-side movements will also be required to bring the materials to adjacent ports or from a port onto the development site. RFG believes that the planning process for all such major developments should include a review of the proposed transport arrangements and that, where appropriate and cost effective, a presumption in favour of rail freight should be applied.

Conclusion

- 18 RFG believes the current rail network in Wales presents a barrier to the development of ports in Wales, and that investment will be required to allow rail to play a full role in serving increased traffic through the ports and allowing the potential of the Maritime Economy to be developed in an environmentally sustainable manner. In particular, significant investment in the provision of enhanced loading gauge capability will be required, beyond the current plans which are limited to south-east Wales.