



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Menter a Busnes](#)

[The Enterprise and Business Committee](#)

03/02/2016

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yng Nghymru
Inquiry into the Priorities for the Future of Welsh Rail Infrastructure

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in
the committee. In addition, a transcription of the simultaneous interpretation
is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw Bywgraffiad Biography	Llafur Labour
Rhun ap Iorwerth Bywgraffiad Biography	Plaid Cymru The Party of Wales
Mohammad Asghar Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Jeff Cuthbert Bywgraffiad Biography	Llafur Labour
Yr Arglwydd / Lord Dafydd Elis-Thomas Bywgraffiad Biography	Plaid Cymru The Party of Wales
William Graham Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott Bywgraffiad Biography	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson Bywgraffiad Biography	Llafur Labour

Eraill yn bresennol
Others in attendance

David Beer	Swyddog Gweithredol Teithwyr, Ffocws ar Drafnidiaeth Passenger Executive, Transport Focus
Paul Bradshaw	Rheolwr Logisteg, Tata Steel Manager of Logistics, Tata Steel
Yr Athro/Professor Stuart Cole	Athro Emeritws mewn Trafnidiaeth, Canolfan Ymchwil Trafnidiaeth Cymru, Prifysgol De Cymru Emeritus Professor of Transport, Wales Transport Research Centre, University of South Wales
Mike Hewitson	Pennaeth Polisi a Materion, Ffocws ar Drafnidiaeth Head of Policy and Issues, Transport Focus
Nigel Jones	Pennaeth Cynllunio a Strategaeth, DB Schenker Rail UK

Elgan Morgan	Head of Planning and Strategy, DB Schenker Rail UK Rheolwr Polisi a Chynrychiolaeth, Siambr Fasnach De Cymru Policy and Representation Manager, South Wales Chamber of Commerce
Rowland Pittard	Ysgrifennydd, Railfuture Cymru Secretary, Railfuture Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Andrew Minnis	Y Gwasnaeth Ymchwil Research Service
Rachel Jones	Dirprwy Clerc Deputy Clerk
Gareth Price	Clerc Clerk

Dechreuodd rhan gyhoeddus y cyfarfod am 09:30.
The public part of the meeting began at 09:30.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **William Graham:** [*Inaudible.*]*—*can be used for simultaneous translation from Welsh to English on channel 1, or for amplification on channel 2. I have apologies from Gwenda Thomas and Keith Davies. The meeting is broadcast and a transcript will be published later. May I remind witnesses that there is no need to touch the microphones; they should come on automatically. In the event of a fire alarm, would people please follow directions from the ushers?

09:31

Ymchwiliad i'r Blaenoriaethau ar gyfer Dyfodol Seilwaith y Rheilffyrdd
yng Nghymru
Inquiry into the Priorities for the Future of Welsh Rail Infrastructure

[2] **William Graham:** Our item 3 this morning is our inquiry into the priorities for the future of Welsh rail infrastructure, and this time we're

having evidence from business interest groups. Could I ask you to give your names and titles for the record? I thank you for your written submissions. Could I start with Nigel Jones?

[3] **Mr Jones:** Good morning. My name is Nigel Jones. I'm head of strategy and planning for DB Schenker Rail UK. We're a rail freight operator.

[4] **Mr Bradshaw:** I'm Paul Bradshaw. I'm responsible for logistics sourcing for the UK for Tata Steel.

[5] **Mr Morgan:** Elgan Morgan. I'm the policy and public affairs manager for the South Wales Chamber of Commerce.

[6] **William Graham:** Thank you very much. The first question's on the importance of the rail network for SMEs particularly, so, Elgan, this is really to you. How in practice does the effectiveness of the rail network impact on Welsh SMEs?

[7] **Mr Morgan:** I think, talking to our members, the vast majority of them as individuals tend to look at the rail network as a commuter supply for their staff, both getting to and from work and actually then getting around wherever they need to get to on a day-to-day basis. Some do use them for freight. However, some of the larger companies, such as Tata—. Most of the smaller companies don't have the volume to be able to use the rail network for their freight.

[8] **William Graham:** Thank you. The next question really I suppose is for Tata. Again, it's on the effectiveness of the rail freight network in Wales; how does it affect your competitiveness?

[9] **Mr Bradshaw:** An effective rail network is absolutely key for our ongoing manufacturing capability. We move something like 80 to 90 per cent of our primary distribution from south Wales by rail, either direct to downstream for the processing plants or into warehouses for onward carriage to end customers by road. Without an effective rail network, we couldn't continue manufacturing.

[10] **William Graham:** I notice in your submission you compared it slightly with some of the European routes, which are easier for you in terms of size. Does that make a great deal of difference to you in the UK?

[11] **Mr Bradshaw:** The key for us is access to the capacity we need. We have a relatively stable market in terms of geography. The key is to make sure we have the capacity when we need it over the week period. At the moment, one of the key issues for us is the blockades that we have over weekends and bank holidays. Steel is a 24/7 manufacturing activity, and it puts inefficiencies into the flow of material by having seven-day manufacturing activity and a five-and-a-half-day movement capability, by and large.

[12] **William Graham:** Thank you. Jeff.

[13] **Jeff Cuthbert:** Do you want me to move on to the next—?

[14] **William Graham:** If you would, yes please.

[15] **Jeff Cuthbert:** Okay, right. Priorities for improvement, then, on passenger rail particularly—so, perhaps more to the chamber of commerce, again, but I'd welcome comments from others. What would be your priorities for improvement of the rail network from an SME perspective—improvements that you'd like to see?

[16] **Mr Morgan:** What we'd like to see most of all are increases in capacity to allow more people to be able to travel by rail—both in the case of actually getting more people to work better, but also then because, by having more on the rail network, it also means that they'll be able to free the roads up more as well, generally increasing capacity across the whole of the transport network. The other side of it, then, is the point on actual rail speeds, so that people can travel faster. I work in Newport and, for me to come to a meeting, say, down in Cardiff bay, it takes me a long time to not only get to the station, but then get across from Newport to Cardiff and then down to here, where it takes about half the time—even less, sometimes—to travel by road. So, actually making sure that things become faster and then more frequent as well. If you have to wait for a long time for your next train, then that's a disincentive, particularly for travel during the working day, when it's the boss paying, rather than using up their staff time.

[17] **Jeff Cuthbert:** Okay. In terms of the Valleys lines into Cardiff in particular, where an awful lot of people will commute on a daily basis to go to work or, indeed, to visit businesses and shops in Cardiff, we know that the Welsh Government, for example, over many years—and now several years ago—extended the platforms to accommodate longer trains. So, it's good to

see that some Arriva trains now have six cars, and you would presumably support that on a more regular basis. Electrification will undoubtedly speed up the trains, although the stations are quite close together as it is, so they're not going to get fast speeds, but those are the sort of things you'd like to see more generally available. Would that be fair?

[18] **Mr Morgan:** Definitely, and the faster they're in, the better.

[19] **Jeff Cuthbert:** Right. Finally, under this heading, value for money. There's been talk about reopening the Aberystwyth to Carmarthen line, for example, which will cost between £350 million and £500 million. Do you think that's good value for money? It's a large capital expense at a time of great pressure on the public purse, but would you see that as a useful development?

[20] **Mr Morgan:** We've not done a great study of this, but it is something that's been raised by a lot of our members in that part of Wales, and I don't know whether they are mentioning it particularly because it will have a big impact on their business, or whether it's because it's something that's being spoken about a lot at the moment. But, overall, I'd say actually the priority would be to work on the existing lines before moving on to the new lines.

[21] **Jeff Cuthbert:** Okay. Thank you.

[22] **William Graham:** Do you have a supplementary on that one, Dafydd?

[23] **Yr Arglwydd Elis-Thomas:** I would like to raise a further question about this debate on reopening rail lines. I am old enough to remember taking the train from Aberystwyth to Carmarthen, but I can't see what economic argument or transport argument in terms of integrated transport—bus and train, and other modes—there is for reopening a railway, where the speed of local transport and through transport would still mean that a journey, let us say, across west Wales—. Should people—although I am not arguing

dros hynny—am ailagor o Fangor i Gaernarfon, mae hynny'n fater arall, ond o Gaernarfon i Afon-wen ac i lawr y Cambrian ac i lawr i'r gorllewin, mi fyddai'r cyflymder yna'n golygu y byddai rhywun ar y trê'n am tua 10 awr cyn dod i Gaerdydd. Felly, rwy'n reit hapus yn dod i Gaerdydd mewn pedair awr o Gyffordd Llandudno, neu o Fangor, neu hyd yn oed o Bwllheli fedraf i ddod mewn pum awr a hanner. Felly, dyna ni.

for that—want to reopen from Bangor to Caernarfon, that's another matter, but from Caernarfon to Afon-wen and down the Cambrian and down to the west, the speed would mean that someone would be on the train for about 10 hours before they reached Cardiff. So, I'm quite happy coming to Cardiff within four hours from Llandudno Junction or Bangor, and, even from Pwllheli I can come here within about five and a half hours. So, there we are.

[24] **Mr Morgan:** Sori, nid wyf yn deall—

Mr Morgan: I'm sorry, I don't understand—

[25] **Yr Arglwydd Elis-Thomas:** Wel, y cwestiwn yw: beth yw diben dadlau dros ailagor rheilffyrdd pan mae modd cael trafndiaeth integredig rhwng bÿs a thrên yn fwy effeithiol gyda'r rhwydwaith presennol?

Lord Elis-Thomas: Well, the questions is: what is the point of arguing for the reopening of railways when it's possible to have integrated transport with buses and trains that is more effective using the current network?

[26] **Mr Morgan:** Nid wyf yn erbyn dim byd o gwbl, ond rwy'n credu bod eisiau canolbwyntio ar yr *infrastructure* sydd gyda ni ar y foment; gwneud yn siŵr bod hynny'n rhedeg yn effeithiol yw'r peth pwysig.

Mr Morgan: I am not against anything at all, but I do think that we need to focus on the infrastructure that we have at present; making sure that that runs effectively is what's important.

[27] **William Graham:** Okay, thank you. Oscar, do you want to ask about the Ebbw vale line?

[28] **Mohammad Asghar:** Yes, Chair. Thank you very much. To Mr Morgan, it's the same question: I live in Newport and Newport is just bypassed by the Valleys lines to Ebbw Vale and to Cardiff. What is the problem? Why don't you just link Newport, which is a city? It would be a great help to get from the Valleys to Newport rather than from the Valleys to Cardiff. You're bypassing the economic route of Newport, really. It was promised a while ago—well

before 2007—that that connection would be made available for the people before the Ryder Cup. That has gone and then all the other big events have come to Newport and have gone and nothing's been done since. Is there any good reason?

[29] **Mr Morgan:** I know of no good reason. It's not for us to build the railways. That is for the various levels of Government to do. You are right to point out, though, that Newport does seem a bit out on the limb, even with the proposed metro—there is an issue there of where Newport fits into that wider transport network, which seems to be focusing on Cardiff, but not on the other city within the city region?

[30] **William Graham:** If we turn now to Great Western electrification. Mick.

[31] **Mick Antoniw:** I'd like to ask a couple of questions about electrification in general, but also about some trends in the freight market and the potential challenges for us. Just generally, we're quite a bit behind on the mainline electrification and so on, so there is slippage there. Is there any major cause for concern? Are there any particular concerns that you would have about that sort of delay?

[32] **Mr Morgan:** Every person I speak to regarding inward investment tells me that the question that they get asked is, 'How far away from London are you?' or 'How much time does it take to get to London?'. The more of Wales that we can get within that two-hour time, which businesses seem to think is the optimal maximum, the better, and the sooner we can get it into place, the better.

[33] **Mick Antoniw:** Okay, that's helpful. In terms of what is happening with electrification and with the Valleys lines electrification, are there any particular issues there with regard to consideration of the needs of freight or planning for freight that we need to have regard to?

[34] **Mr Jones:** I have two observations on that. It's very important that very small pieces of infrastructure are not overlooked when considering the need to freight with electrification schemes. So, it's the connections into freight yards at Margam or at Newport or at Cardiff Tidal—the crossovers that might not be needed for passenger train, but are needed for freight trains, and the loops alongside the main running lines and the relief running lines. It's very, very important that, if there are pressures on the cost of electrification schemes, those 'minor' elements in the overall scheme are not de-scoped to

save money because that will then reduce the ability of freight to benefit from the electrification.

[35] The particular case in point is the Vale of Glamorgan line, because without the ability to access the Vale of Glamorgan line, it's going to be very difficult for rail freight, for example, for services for Tata Steel to be electrically hauled because we can't have electrically hauled locomotives four weeks out of six, but then have a diesel locomotive standing by for the two weeks out of six, or whenever it is, that the main line is closed for engineering work. So, as well as the main route, it's very important that the diversionary routes, particularly for engineering work, are taken into account.

[36] **Mick Antoniw:** Can I ask then, just generally, about freight trends? As I understand, the trend generally is that there is a substantial increase across the UK in demand for freight rail travel. Can you perhaps explain why that is? Because, for many years, we've gone for a period where freight was moving away, but now it seems to be moving back into rail connectivity. What are the reasons for that and are the same trends reflected within Wales? Do we have the same demands being made and is it the case that we are accommodating those demands or that we need to have greater regard for the demands of freight within those trends?

[37] **Mr Jones:** Okay, I'll try and answer that as clearly as I can. There are different trends in rail freight—some markets are declining and some markets are growing. So, the movement of coal by rail, which has long been the main commodity, has reduced very, very significantly. The industry's carryings of coal for power stations dropped 60 per cent last year because of environmental and other legislative processes, which are changing the mix of electricity generation. So, 60 per cent of our coal business literally went overnight on 1 April. That's quite a struggle to deal with. We're clearly also facing challenges in our movements in other sectors—steel and Tata, which I won't comment further on.

09:45

[38] Against that, there are some sectors that have seen extraordinary growth in the last 15 or 20 years. The movement of inter-modal—which are containers to and from ports, primarily, but also inland to and from distribution services—has grown and continues to grow at 2, 3 and 4 per cent per annum and is forecast to continue growing at that rate until the mid-2040s at least. The movement of construction materials—aggregate,

cement and building materials—has grown very, very strongly and is still growing very, very strongly, particularly into urban centres, and a trend there has been for those movements to become longer and longer in nature.

[39] Lastly, on international traffic, international traffic via the channel tunnel had been growing strongly over the past couple of years, but unfortunately the impact of the migrant crisis at Calais has had a serious and severe impact on that and we have lost about half that business in the last six months. We're struggling very, very badly. Now that the security situation at Calais has stabilised for rail freight, we're going to have a fight on our hands to try and win that back and resume the growth curve. But the volumes of international trade across the whole of the UK to the continent of Europe are very substantial and are continuing to grow. Those are the main growth markets.

[40] I think they apply in Wales as much as they do in Scotland and as much as they do in England. They reflect the economic activity of the region. In particular, rail freight is finding its customer base and is serving a customer base that is more closely linked to the demographics where people live—the big urban centres—than to heavy, traditional industry, as the UK economy has rebased.

[41] **Mick Antoniw:** On the issue of freight, air freight and connectivity with that, what part does that play within the overall freight trends?

[42] **Mr Jones:** 'I don't know', is the straight answer. We have no links with air freight at all. Air freight doesn't then use rail; it will use road transport for last-mile distribution.

[43] **Mick Antoniw:** Okay, that's fine. Thank you very much.

[44] **William Graham:** Just for clarification, when you were saying that you had lost business because of the problem at the channel tunnel, to whom have you lost business?

[45] **Mr Jones:** In some cases, the traffic is still going to and from the UK by other routes and channels and, in some cases, it has been lost to the UK because supply is coming from other countries across the EU and across the world.

[46] **William Graham:** Thank you. Eluned.

[47] **Eluned Parrott:** I wanted to talk about this issue of scoping electrification projects. There's been some discussion that, for Valleys lines electrification, some of those routes—even potentially all of those routes—might be electrified to light rail standards. Would you be able to give us an indication of the impact that that would have on the potential for growing freight movements on those lines?

[48] **Mr Jones:** I think it would depend: if there was any existing rail freight business on one of those routes, obviously that would be a concern. If there isn't and if there was a realistic prospect of developing rail freight in the foreseeable future, we would make representations. If there is no realistic prospect, I don't think that that would be an issue for the rail freight industry. What tends to be more important when developing new passenger rail services or concepts, like a metro service, is the timetable. Relatively small changes in the timetable to develop new passenger services or intensive passenger services can have a very serious impact on the capacity that's available for freight trains, for example, for customers like Tata Steel.

[49] **Eluned Parrott:** Indeed, so potentially even taking pathways out of Cardiff Central and putting them on the road would free up additional capacity for freight.

[50] **Mr Jones:** It might do, but even re-timing passenger trains by one, two or five minutes to move to an even-interval or clock-face timetable can actually destroy the capacity for freight trains, inadvertently—no-one sets out to do it; it's just the nature of a mixed-traffic railway. So, it's important when specifiers are looking at the specification for a passenger service that they keep rail freight in mind.

[51] **Eluned Parrott:** And if I may—

[52] **William Graham:** Paul, did you have a comment?

[53] **Mr Bradshaw:** It's an interesting point actually, because whilst I absolutely understand the logic and reasons for the electrification, Nigel has touched on a very strong point: very few of the Tata trains stay within Wales—most of them go either across the border or to English or Scottish destinations. So, getting a fully electrified Tata activity is hard to imagine in the short term. If you're then left with a mixed traction railway, where you have very fast accelerating passenger trains trying to share tracks with

slower, heavier goods trains, it makes the timetabling more difficult. One of the areas we're concerned about is to maintain the capacity, particularly on the south Wales main line from Port Talbot to all points east, when the electrification timetable is built up.

[54] We're also looking to make sure that there's not a squeeze of freight traffic into the night hours when passengers are less likely to want capacity. The impact of that on our business is that it makes it more difficult to flow both the equipment that our rail freight providers give to us and the product. So, effectively, it puts our costs up by requiring more equipment to move with the same volume of material.

[55] **Eluned Parrott:** Just finally, if I may, Chair. I'm interested in the decision-making process within a business on whether or not to choose rail over road and what the critical elements are, the things that are necessary for you to be able to move things by rail rather than road, and what we can do in terms of the volume issue for smaller businesses to encourage more of them to move goods by rail. Obviously, we all want to futureproof things and we're moving to a more specialised and perhaps lower volume, but high number of different product-type marketplace for freight.

[56] **Mr Jones:** The Rail Freight Group, which is one of the representative organisations for rail freight users, customers and suppliers, surveyed its members earlier this year, asking them the five reasons why they use rail freight. I think it applied to prospective users as well as current users. No. 1 was cost-effectiveness, which is price, which I don't think will surprise anyone. No. 2, interestingly, was actually environment and environmental concerns. I think that was a slight surprise—the importance that customers were placing on that—because there's long been a perception that customers will say, 'Yes, we like the environmental benefits of rail, but are we willing to pay anything more for it?' Well, there was a suggestion that it actually was important to the customer base. The third one, 'Why do customers use rail freight?', was reliability. I don't think that, 10 years ago, you would have got that. I think the tremendous improvements that have been in freight train reliability in the last 10 to 15 years are now being understood in the marketplace, and it's something that customers—and increasingly prospective customers—demand.

[57] **William Graham:** What about the other three? You gave us two out of five.

[58] **Mr Jones:** I can't remember, Chair. [*Laughter.*] I was hoping you weren't going to ask me that, but I'll gladly send you the results afterwards.

[59] **William Graham:** That would be great. Thank you very much. Just to refer back to the points that you made, both in terms of timetabling and, as you said, two-speed railways because of having to use both forms of motive power, have you any solutions that you could suggest?

[60] **Mr Bradshaw:** I think there are a couple of things that will allow us to address that that makes it counterintuitive in one of them. For us, the key is to have longer, heavier trains to reduce the number, and that's driven by regulations from Network Rail, locomotive power and passing loop length. So, one of the things we would be very interested in is anything that allows us to run longer trains. The other area that is of interest, particularly to Tata Steel and other bulk heavy users, is that at the moment the maximum axle weight is 24.5 tonnes. We can certainly weight out wagons before we bulk out wagons. We run out of loading capacity before we run out of space. Anything that can be done to allow us to put more weight on the same wagon will certainly give us operational benefits and, potentially, cost benefits.

[61] **William Graham:** Nigel.

[62] **Mr Jones:** I think, in terms of making electrified routes attractive, at some point the network will have sufficient electrified routes and we'll reach a tipping point. It's really important that those little bits of connectivity are there. So, to give you an example, the short line—not 0.5 mile—that connects the Great Western main line to the North London line at Acton: if that is not electrified, we can't use it to move freight that might be going across London or to the ports to the east of London. So, not forgetting that sort of thing is absolutely critical.

[63] I think, on the dilemma of how you electrify the diversionary routes, I think you need a slightly longer term strategy that says, 'We know we can't do this all in one go; we know we can't do it in five years, but here is a commitment that, over 10 or 15 years, we will end up with this network; it will have a diversionary route, such as the Vale of Glamorgan, electrified'. I think it will be much easier for the operating companies to manage what I call 'interim inefficiencies' of having to have diesels as well as electrics for a period, if that period is defined and if they can actually measure what the risk might be. If it's simply an aspiration that, at some time in the future,

yes, hopefully, we'll get back and we'll do these diversionary routes, that doesn't give you much confidence that, actually, a solution is going to be found.

[64] **William Graham:** Quite. Could you just give us the benefit of your experience on one point, which is extraneous to what you were saying? You will know that the electrification of western regions, shall we say, certainly past Bristol, did not come anywhere near the Treasury tests and it was driven, therefore, politically, to make sure it happened. How much reliance was there on your projections for freight?

[65] **Mr Jones:** 'I don't know', is the straight answer to that question. We are very keen that the benefits that rail freight gives to local economies are taken into account in investment assessments and investment criteria. We've done a lot of work as an industry with Government across the UK in the last two or three years trying to find ways in which those benefits can be expressed more clearly than they have ever been before.

[66] I think we've made some progress, but the Department for Transport are currently reworking their rail freight strategy and one of the work elements within that is actually to find better ways of expressing the benefits that rail freight brings to economic development and economic growth. That's precisely the sort of thing we're trying to push as part of that agenda.

[67] **William Graham:** Thank you very much for your answer. Jeff.

[68] **Jeff Cuthbert:** Yes. I understand your need for longer trains—Tata Steel, particularly—and heavier trains, so that you can maximise the capacity of the rolling stock. Will that mean, however, an improvement in the gauge of the rail, by which I don't mean the distance between the rails, but the actual rail itself? It would have to be of a bigger form, perhaps a bit wider and thicker, which is obviously a significant capital cost.

[69] **Mr Bradshaw:** I think what we're asking for is to understand exactly that cost-benefit analysis. I'm not an engineer, so I can't answer that, but we certainly know that our Victorian forefathers who built these things had far higher safety margins than we ever build into things nowadays. So, it'd be interesting to understand with modern engineering capability whether the infrastructure is more capable than we're running it at the moment, and if it's not, then, what's the capital cost to improve it?

[70] **Jeff Cuthbert:** Maybe they should've listened to Brunel and not Stephenson in Victorian times, but there we are. [*Laughter.*]

[71] **Mr Jones:** If I can come in there. This is an area where the industry has been working with Network Rail over the past five or six years and trying to push for detailed studies to gauge the possibility of higher axle weights on selective routes, but particularly to benefit customers like Tata Steel. And, the issues always come back to the structures on the routes, and the costs that I've always seen with these sorts of studies tend to be very, very high. Therefore, there's the cost of rebuilding structures, normally, or strengthening structures and added to the disruption it would bring, it makes developing even an outline business case appear very hard. But it is something we come back to. We have what's called the strategic freight network fund for England and Wales, and one of the studies that we have done—and I think we're trying to do for the next control period—is again seeing if there is any scope for selective higher axle weights, in the same way that we actually are continually pressing for increases in the loading gauge, which is effectively the height and width, and particularly to get the largest shipping containers that we can on standard rail vehicles.

10:00

[72] **Jeff Cuthbert:** It might be appropriate if I deal with my main question now; it'll save some time. That's very interesting. So, really, you've talked about how you're engaging with Network Rail and the issues you're raising with them and the responses so far. Both in terms of yourself and Tata, are there other engineering-related issues that Network Rail could help you with that would really enable your business and businesses to develop the rail network further and yourselves to be more productive and competitive as a result? And, if I may, the issue of the metro was mentioned in an earlier comment. Do you feel that there could be consequences for freight transport as a result of the development of the south Wales metro?

[73] **Mr Bradshaw:** I think that it's probably easiest to try and reiterate what our ideal demands would be, Jeff, to allow us to answer that question. The key benefit that rail brings to Tata is the flow of material from our dispatch bay, our manufacturing points. We've got less than seven days' inventory storage space at most major manufacturing sites, so it's important for us to allow us to move a lot of material off-site quite quickly to keep the plants clear and to service our customer base. As I said earlier, one of the key issues is we make over seven days and we move over five and a half, so one

of the areas we would look for support from Network Rail is a more rolling maintenance period so that we don't have a set blockage every week, and we can maintain flow.

[74] In terms of a direct answer to your question about the metro, I don't know, because we haven't seen any timetabling or capacity impacts yet to understand what we would need to do to answer that question.

[75] **Jeff Cuthbert:** Okay.

[76] **Mr Jones:** From my perspective, for seven or eight years now, the industry has had a strategic vision, which has driven Government policy, and is still Government policy, to develop a strategic freight network. That has a particular set of definitions, there are nine or 10 of them, and they include a standard train length for inter-modal trains of 775m—so, when Network Rail are planning new works, that is the planning standard that they work towards—24.5 tonne axle weights; one of the characteristics actually is looking at selective higher axle weights that 24.5 tonnes; 24/7 operations—. There's a whole series of characteristics, and they are the things that drive rail freight efficiency and have driven rail freight efficiency over the last 10 years. So, compared with 10 years ago, we are moving 50 per cent more freight on each train. We run a third fewer trains than we did 10 years ago, but we actually are moving a lot more tonnage because the trains are bigger, and that's enabled us to win business from road, it's enabled us to be economic, it's enabled to support industries such as Tata, and that's got to continue. Our competitor, road haulage, continues to become more and more efficient, and we've got to do the same. So, those sorts of characteristics of running longer, heavier trains are the way the rail freight industry has got to go.

[77] In terms of specific infrastructure enhancements, I think one of the biggest in respect of Welsh rail infrastructure is making sure that we've got what we call W10/W12 gauge capability for the bigger containers on the standard rail vehicles into south Wales, into Cardiff, through the Severn tunnel. Now, electrification is one of the enablers for that, because, if you're rebuilding structures as part of an electrification project, they generally will be rebuilt to encompass the greater gauge. As a freight community, we're actually contributing to the costs of that where the structures wouldn't be rebuilt in order to futureproof or to make some provision, but I think continuing that programme to get the higher gauge into south Wales is a good strategic objective for rail freight.

[78] In terms of the metro services, there is no reason why there need be any conflict. The key is, I think, transparency of purpose and transparency of discussion about evolving timetables and how all the users on a mixed traffic railway can fit together. If that means we need to change some of the things we do, then we will have to talk about that. But I don't see why there need necessarily be a conflict.

[79] **Jeff Cuthbert:** Thank you.

[80] **William Graham:** Rhun.

[81] **Rhun ap Iorwerth:** We've been talking, really, about the south Wales main line, for obvious reasons, in that that's our busiest freight line. Looking to the rest of Wales, what do you think is the potential for increasing rail freight? I'm thinking, probably, about gauge improvement in order to utilise Holyhead port, say, as a rail freight terminal for Ireland.

[82] **Mr Jones:** Absolutely right, and, as things stand, there's very little rail freight either on the Cambrian route or west of Shotton–Deeside on the north Wales line. Historically, we've operated along there, but we respond to the demand from industry and from customers, and, if there isn't the activity, obviously we don't run services there. So, if things change, and if there is economic activity, either in terms of helping retailers deliver into population centres along the north Wales line—and we did look at one point at, effectively, consolidated logistics distribution via Llandudno Junction goods yard, and that didn't work at that time, but that was five years ago and things change. If opportunities are there, with new power stations at Wylfa or something, we'll be first in the queue.

[83] **Rhun ap Iorwerth:** The answer is obvious, but I'll have you say it for the record, anyway: how important is it that we see public sector investment in, say, gauge improvement and a rail freight terminal at Holyhead if this is ever to happen?

[84] **Mr Jones:** It's absolutely vital. It won't happen otherwise. As a sector, we have invested as freight operating companies over £2 billion in the last 20 years in locomotives, wagons, in people, in systems. If you like, the unwritten concordat is that Governments invest in the infrastructure and the industry, the private sector, provides everything else. I don't you will get significant private sector contributions to those types of infrastructure

schemes, because of their nature.

[85] **Rhun ap Iorwerth:** Thank you.

[86] **William Graham:** Just following that point on north Wales, if I may, in Tata's submission you talk about the Shotton chord. I understand what that is, but I'm interested to know the methodology of how you make your case, and also, with freight, why that one seems to have had low priority.

[87] **Mr Bradshaw:** The reason the Shotton chord is important to us is two fold. Our Shotton works in Deeside is on the Wrexham–Bidston line. It is a single line; from Wrexham, there is no northern access. It makes Shotton incredibly vulnerable, on the end of a single line for incoming product, and we ship virtually all of our material from south Wales into Shotton by rail. So, there's a robustness issue there. Similarly, we're looking to develop the outbound material from Shotton. A lot of that goes across to North Yorkshire and the east, and we're looking to make that more cost effective than bringing it all the way back down to south Wales and then joining on to trunk trains from south Wales. Those are the two key drivers for us.

[88] **William Graham:** Yes, I see. Fine. Thank you very much. Joyce.

[89] **Joyce Watson:** I want to go on to—because there's no point in asking a question that's been asked—the aspect of devolution of funding for Network Rail. What are your views on the benefits or any risks that might be associated with the devolution of infrastructure powers to Wales? Or don't you have any?

[90] **Mr Jones:** Can I just be clear? Are you talking about devolution of authority to the Welsh Government, or what I call rail devolution—the proposals that Network Rail are giving greater autonomy to their routes? Or both?

[91] **Joyce Watson:** Well, you can discuss both, if you like. Since you clearly want to discuss both, let's have both.

[92] **Mr Jones:** No, I mean political devolution decisions are political decisions and we don't have a view on those is, I think, the easiest way of answering that. In terms of railway devolution, freight trains cross railway administrative borders. The average freight train in the UK crosses three Network Rail routes. What Mr Bradshaw and Tata Steel don't want is anything

that makes running his trains any more complex or any more expensive than they are at the moment, and preferably simpler. If devolution brings that, great. But for national operators like rail freight operators, in a more devolved railway environment, what's called the system operator role, which is, if you like, the role of preserving national network benefits, potentially timetabling, needs very clear definition and becomes very, very important. I think until we've got a clearer picture of how railway devolution in practice is going to work, and where the system operator role is going to be—is it going to be within Network Rail or is it not going to be Network Rail? Is the system operator going to have authority over the routes? It's hard to say.

[93] To give you a practical example, just after Christmas the West Coast main line between Carlisle and Glasgow was damaged by one of the storms at the Lamington viaduct, and it's still closed. The West Coast main line is a hugely important route for freight, and therefore the freight trains that normally go on that line are having to go other routes. One of them is within the same route structure; another goes up the East Coast main line, rather than the West Coast main line. That was not easy or straightforward to accomplish in the current structure, so how would a devolved structure actually deal with that? What happens if the devolved manager of the East Coast route doesn't want to do what we as freight customers want him to do? Has someone in those circumstances got the authority to compel that person to do it or not? Those are the very real and practical questions that I think have got to be teased out as we move towards a more devolved structure.

[94] In principle, as freight operators, we don't have a problem with Network Rail becoming closer to its customers; it's a good thing. They've always struggled as to how to deal with freight, because freight is a national activity. So, the current organisational solution within Network Rail is there is a national freight team that, effectively, sits as a quasi-route alongside the route MDs, and perhaps that will continue. But it is very, very important that whatever the new structure is and however it works within Network Rail, it makes operating over the route boundaries no more difficult and preferably easier than it is today.

[95] **Joyce Watson:** Have you got any—?

[96] **Mr Bradshaw:** I wouldn't have anything to add to that; I think that's a very cogent explanation.

[97] **Joyce Watson:** You think it's done very well, do you? Okay.

[98] **Ms Morgan:** Could I step in here? On this point, in principle, we support devolution. We've done a number of surveys over the years that show our members firmly believe that decisions regarding economic development in Wales should be taken in Wales. Our only concern is when it gets to some of the major projects—something that would cost a lot of money. If I can talk about the roads at the moment, if we look at the M4 relief road, one of the things that's holding that back—I know there are some environmental concerns, but one of the things that's holding it back is the cost, and it would take out a substantial amount of money from the Welsh Government's budget to pay for it, where on a UK level it's a major part, but it wouldn't be that much of a proportion. If we ended up with a situation where rail infrastructure projects couldn't happen in Wales because we couldn't afford it, then that would be a problem.

[99] **William Graham:** Okay, Joyce?

[100] **Joyce Watson:** Yes.

[101] **William Graham:** Thank you. Oscar.

[102] **Mohammad Asghar:** Thank you very much, Chair. My question to the panel is: does Welsh Government engage sufficiently with business and rail freight operators and users in developing rail investment proposals? That's one. The second is whether the process of delivering rail infrastructure schemes is effective at present.

[103] **Mr Morgan:** I don't think there is much engagement at the moment. Certainly, on the individual business level, there is a lack of understanding about how decisions regarding rail infrastructure are taken. A lot of work could be done to try and improve that. We've tried to do some work over the last few weeks to gain information for this committee, and the poor responses we've had from members in some cases has been down mainly to lack of understanding, and also lack of understanding between infrastructure and services and who runs what, and how everything is—how the whole thing fits together.

[104] **Mr Jones:** Just adding my perspective to that answer, I think I would endorse what Elgan has just said. Until about 12 to 18 months ago—. I certainly have seen a noticeable improvement and increase in the engagement from officials from Wales over that period, and I'm involved in

quite a number of rail industry committees and activities to do with freight and more generally. The Welsh Government's involvement has noticeably stepped up.

[105] **William Graham:** Okay. It's Eluned, if I may.

[106] **Eluned Parrott:** We've talked about a lot of these—

[107] **William Graham:** Largely, yes. Yes.

[108] **Eluned Parrott:** —issues already, I think.

[109] **William Graham:** Okay, thank you very much. Yes, please, Joyce.

[110] **Joyce Watson:** Can I ask one question of you, Elgan? You said that, mostly, the people that you represent, the businesses, are concerned about the movement of people, and I understand that perfectly well. So, within those conversations, has the aspect of accessibility been mentioned at all in terms of taking bikes on and off, pushchairs, wheelchairs, or any other accessibility issue? Do they ever come up in your considerations?

10:15

[111] **Mr Morgan:** Specifically on what you've mentioned, no. What tends to come up most is the ability to work on a train. A lot of people like travelling by train, particularly if they're going long distances to London for example, because they can sit there with their laptop and work, but they can only do that if they've got enough space and a table to do that. That also then fits in with the stations and all the other side of things. A lot of comments I had back were, 'We need more Wi-Fi on trains', so that they're able to work on trains. There is some element then of actually accessing the stations, because people will be able to travel maybe by car or public transport one side, but, also, they may not know where they need to get to on the other side, so they're relying on being able to walk on the other side and so on.

[112] **Joyce Watson:** Okay.

[113] **William Graham:** Generally, could I ask you about Network Rail in terms of managing projects? What has been your experience recently?

[114] **Mr Jones:** It's quite hard to generalise. Obviously, there have been the

well-publicised difficulties with some of the major projects, which led to the Hendy and other reviews recently. I've been involved, the last seven or eight years, with Network Rail managing a significant number of enhancements relating to freight over the network. Many of those have been delivered very well. They've been delivered on time; they've been delivered on or below budget. Some of those projects have run into difficulties. So, I don't think there's one answer. I think it does depend. I think a lot depends on the nature of the project, and I think if the output of the project is very clear—for example, a physical output such as building something, or a change in the gauge of something—it stands a much better chance of getting through the system as planned.

[115] Where the outputs are less clear—so, a capacity increase, because capacity is a function rather than a physical attribute—it becomes much more difficult. And, because railway projects, by their nature, take some years to plan and implement, things change over that time, and in an industry where both passenger and freight demand is growing as fast it is, the railway that you thought you were planning for is probably not the railway that you're actually then building the project in, and certainly not the railway that you're going to be implementing the project in. I think managing your way through that is quite difficult.

[116] I think Network Rail also has had problems with its supplier base. In particular, many of the freight schemes tend to be quite small schemes, not the mega, big electrification schemes. It took us four years to get one signal moved at Southampton docks. Four years to move one signal, because it just wasn't on the radar of any signalling contractor. Given the choice of a mega scheme—50 miles of mainline being re-signalled or a completely new ERTMS signalling system—or one signal at Southampton docks, you don't have to be a genius to work out what the interest is going to be in. But that sort of small enhancement can make a real difference to a customer like Tata Steel. If ways can be found to help Network Rail manage through those types of enhancements, as well as the really big things, that would be good for the railway.

[117] **Mr Bradshaw:** I would say that our experience has been that there's an improving trend. There have been two major signalling changes in south Wales. The first one in Port Talbot overran and caused major manufacturing issues for us; the second one in Newport was managed a lot better, with less impact on end users. So, I'd say it's an improving trend.

[118] **William Graham:** Right. So, your experience has been improved, and you're able to manage change rather better than perhaps in previous years.

[119] **Mr Jones:** Yes. I think it depends very much on the people involved, on the sponsors and on the project managers. Sometimes, you can pretty much predict how a project is going to be when you see the individuals who are managing it—which I probably shouldn't say, but I just have.

[120] **William Graham:** We understand. If you've got just a couple of minutes, are there any particular recommendations that you feel we could make to Government on improving rail freight?

[121] **Mr Jones:** Yes. One of the areas where we are trying to work with the Westminster Government, with the Scottish Government and with yourselves is: how can we achieve a more level playing field for rail freight against road freight in particular? Because we are subject to completely different operating and financial regimes. So, if you're a road haulier, you have a licence and, basically, you pay vehicle excise duty. If you're a rail freight operator, yes, you have a licence, but it's difficult—you have a track access regime, which is devised under a completely different set of economic and financial criteria. The roads are effectively free at the point of use; the railway is not free at the point of use, because of access charges, but we have to compete for the same business. And anything we can do, and anything you can do, to help governments find ways of making that competitive scenario more level would be greatly received. I think part of that is actually finding ways in which the benefits of rail freight that are, shall I say, off the railway balance sheet—the environmental and productivity benefits to industry and the industry gains from using rail freight—. Finding ways of expressing those, (a) in investment criteria, but (b) actually in the way that transport is funded, would be very helpful.

[122] **Mick Antoniw:** Can I just touch on that point? What you were saying earlier was, of course, suggesting that there's a lot of aggregate and so on, and part of the increase in freight is, for example, aggregates and construction materials and so on. Presumably, a lot of that is stuff that was travelling by road that is now going by rail, and that might account for the increase. If that's the case, in terms of those economic factors, one against the other, where you're suggesting that road is actually a lot easier, cheaper and so on, why is there that movement of those materials on to trains, rather than just staying with the road systems?

[123] **Mr Jones:** Well, there are a number of reasons. One is because the solutions we put together, particularly of longer, heavier trains, are part of it. Also, there are changing trends in the market. So, it is harder and harder for the aggregates companies to get permissions to win stone closer to economic centres. That's particularly been the case in London and the south-east. So, the trend has been—. We've been moving the Mendip hills to London for 30 or 40 years, but we now move stone from south Wales. We're moving stone from the Peak district and we're moving stone from Cornwall into the south-east to feed the building market, and rail's advantages there help. But if moving it by rail becomes more expensive than moving it by road, the customers will go back to using road with such a low-value product. It's particularly in the inter-modal markets that those types of road and rail factors come into play. We've seen over the last five or six years a freeze on fuel duty. We've seen the price of oil reduce, which has meant that the competitive ceiling for us in those general logistics markets has got much, much, much harder indeed, and that's where a lot of the growth has been and could be, and would take the majority of the lorries off the motorways.

[124] **Mick Antoniw:** Thank you.

[125] **William Graham:** Paul, any particular recommendations?

[126] **Mr Bradshaw:** I think that we've all got to remember that railways are there to move people and goods; they're not there for their own sake. And we need to make sure that they're also part of an integrated transport system. Certainly, in the steel industry, very few of our end customers are still rail connected, and we need to have the appropriate interchanges from rail to road for the final mile.

[127] **William Graham:** Thank you. Elgan.

[128] **Mr Morgan:** Focus on delivery. One of the complaints that we get from members time and time again is that they're concerned about the slowness of delivery of projects, and to either just find the projects that can be delivered and deliver them, or manage the expectation of business people in the population at large over what can be delivered within a specific time frame.

[129] **William Graham:** Splendid. Thank you very much for your evidence today. We're most grateful for your attendance. Thank you.

[130] The committee will recess now until 11.45 a.m.

*Gohiriwyd y cyfarfod rhwng 10:24 a 10:45.
The meeting adjourned between 10:24 and 10:45.*

[131] **William Graham:** May I welcome Professor Stuart Cole to our session on the inquiry and to take matters a bit further, if we may, Stuart? Could I ask you formally for your name and title for the record?

[132] **Professor Cole:** I'm Professor Stuart Cole, emeritus professor of transport at the Wales transport research centre, University of South Wales.

[133] **William Graham:** Thank you very much. Thank you for your written submission. Could I ask you about the condition of the Welsh rail network, the priorities for improvement in terms of the current condition and effectiveness of the rail network, and, perhaps, some priority schemes to improve the network?

[134] **Professor Cole:** Thank you, Chairman. The network, of course, varies an awful lot, as one of the witnesses earlier on was saying. Generalising is difficult. We've got electrification coming to Cardiff, and that's guaranteed. The work is far too far advanced. The railway to Cardiff from London is, in many cases—well, it is one of the fastest railways in Britain in that there are 120 mph stretches along that line.

[135] When we get to Cardiff to Swansea, there is the question of electrification, which, presumably, you will want to raise at some point. But the average speed on that line, in many cases—the maximum speed, rather—is 75 mph, otherwise 90 mph. That's not a modern railway. But when the railway was built in the 1850s, it was built to the satisfaction of local landowners who didn't want the railway to go through their land, or did, but also to the topography of the area. They wanted the cheapest railway and, therefore, they went round mountains rather than through them. Consequently, the line between Cardiff and Swansea is not a modern railway and, even with electrification, will not be a modern railway.

[136] When we look elsewhere, we see, again, a similar situation on the line to Aberystwyth, which has had dynamic loops put in so that there's a possibility now of running an hourly service to Aberystwyth. It's not happening as an hourly service at the moment because of train shortages,

rather than track issues, but we need to make sure, 100 per cent, that that railway line is satisfactory as far as running an hourly service in a robust way is concerned.

[137] Similarly, on the north Wales main line, we have speed limits of 75 mph going up to 90 mph. Now, that means that, in most cases, those trains will travel at 75 mph, because the last thing any train company wants in terms of braking and acceleration is trains that go at 70 mph, then 90 mph, then 75 mph and then 90 mph. They'll just go at the lowest common denominator.

[138] So, there is a lot of work to be done on the railway network in Wales, and has needed to be done for a long time. Unfortunately, in the past, opportunities weren't taken to modernise the railway. For example, when the West Coast main line was electrified, it was only electrified as far as Crewe and didn't extend into north Wales, which it should have done at the time. The discussion on the north Wales electrification and electrification either side of Chester, to my knowledge, has been there since the late 1970s, when I worked for Cheshire County Council. We worked on the electrification of both those routes: Chester to Wrexham and Chester to Liverpool. It's only in the last few years the Chester to Liverpool has been electrified. So, there are quite a number of areas of Wales where we don't have a modern track. And we don't have electrification anywhere, at the moment, which is, as I think the going story is, the same as Albania.

[139] Sorry, you asked me about priorities.

[140] **William Graham:** Yes, what are your ideas?

[141] **Professor Cole:** Obviously, the south Wales main line being electrified to Swansea, rather than just to Cardiff, is a key priority, because that's now in progress. I think the important thing there is to know that electrification will continue westward on the day it reaches Cardiff and that we won't have a gap of two or three years, because I can almost guarantee that, if we have that kind of gap, the cost of restarting the building—. The electrification scheme won't take place. It will be too expensive. Looking at Sir Peter Hendy's report, if you look at where the slot is for electrification from Cardiff to Swansea, it appears to be 2019–20, which is what we would be expecting. If there is any gap, as I say, it won't get built, because it will just be too expensive to start again. So, we must ensure that that continues—first priority.

[142] The second priority—I mentioned the Cambrian Coast line to Aberystwyth, and making sure that that is robust enough to give a regular and reliable hourly service to Aberystwyth. Thirdly, in west Wales, we've seen the improvement at Gowerton to Llanelli—a much-needed improvement. The increase in the number of trains now stopping at Gowerton has, I'm told, increased the usage of that station by 17 times, simply because there is a much better service, a more reliable service, because what was happening was the single-track section between Gowerton and Llanelli held up trains, or it put padding into the timetable in order to prevent financial penalties to Arriva Trains Wales. So, that would be my third priority.

[143] Chester-Wrexham to Bidston electrification: now that the track is being doubled—more or less doubled, anyway—between Chester and Wrexham, electrifying that in a loop, so that the trains would run from Liverpool centre to Birkenhead down to Chester, Wrexham, back to Bidston and back to the centre of Liverpool—I think that's something we ought to have done a long time ago, and coupled with that, of course, the electrification of the north Wales main line with an interchange station where those two lines cross, where, at the moment, you have to go all the way into Chester if you want to go down to Wrexham, or if you want to go up to Liverpool. So, those are my top five, I think—five or six. Cardiff Central is probably the other one—more track.

[144] **William Graham:** Okay. We'll amplify, probably, on some of those. Rhun, could I ask you to ask about north Wales?

[145] **Rhun ap Iorwerth:** We've discussed on numerous occasions the difficulty in putting together a business case for the north Wales line. How do you think it's progressing?

[146] **Professor Cole:** There's been a business case for the north Wales main line, as I said, since the 1970s. It's not a brilliant business case because the evaluation process at Network Rail, and at British Rail before it, was concerned with the efficiency of the railway, and not necessarily any other external economic benefits. So, electrification is very much to do with how the railway could become more efficient to operate. The business case—I haven't seen the business case, and I haven't seen what the benefit-cost ratio is for that line, so I'm not able to help there. Network Rail might be able to. Certainly, it doesn't have the density of population that we have as far as, say, London to Cardiff—certainly London to Bristol. It's probably not

dissimilar to what the benefit–cost ratio would be for Cardiff to Swansea, which, again, is not, on its own, brilliant. We’re probably talking about maybe 1.5:1, or something of that nature. But as a continuous process, from London westwards, it is a viable proposition because your set–up costs are nil. The same thing applies to north Wales. It would have to be a project on its own, and therefore more difficult to justify. But take the wider economic advantages, in terms of tourism and, indeed, with the Irish traffic, there is the opportunity then to move that benefit–cost ratio upwards.

[147] **Rhun ap Iorwerth:** Beth mae Rhun ap Iorwerth: What bodies such as the north Wales ambition board and Greengauge 21 are arguing is that you need to take different considerations to the usual regime into consideration when making a business case when planning for north Wales. Is there a precedent from other projects that could aid that case for north Wales, where there are socioeconomic issues and so on that are truly being considered when making decisions?

[148] **Yr Athro Cole:** Ym Mhrydain, yn arferol, mae’r analysis cyntaf ond yn edrych ar yr effaith ar y rheilffordd, i weld os gall y rheilffordd fod yn fwy *efficient* nag y mae ar hyn o bryd. Rŷm ni wedi gweld, er enghraifft, y gwaith roedd Llywodraeth Cymru wedi ei wneud pan oeddwn i yn siarad am HS3 o Lundain i Gaerdydd, ac i’r maes awyr yng Nghaerdydd—wel, nid i’r maes awyr yng Nghaerdydd, ond i faes awyr newydd. Roedd hynny yn dangos ei bod yn bosibl i ddod â beth maen nhw’n ei alw yn ‘*wider economic benefits*’ mewn i’r analysis. Felly, mae’n bosibl i’w wneud e; rŷm ni’n gwybod ffordd i’w wneud e. Nid **Professor Cole:** In Britain, usually, the first analysis only looks at the effect on the railway, to see whether the railway can be more efficient than it currently is. We have seen, for example, the work that the Welsh Government did when we were talking about HS3 from London to Cardiff, and to the airport in Cardiff—well, a new airport rather than the one in Cardiff. That showed that it was possible to bring what they call ‘wider economic benefits’ into the analysis and to consider those. So, it’s possible to do that; we know how to do it. Network Rail isn’t doing it because they look at it in terms of it not being their business and it being

yw Network Rail yn ei wneud e achos maen nhw'n edrych arno fel rhywbeth sydd ddim yn fusnes iddyn nhw a bod hwnnw yn fusnes i'r Llywodraeth. Felly, os ydy'r Llywodraeth eisiau talu mwy neu dalu rhan o'r buddsoddiad yn y rheilffordd, maen nhw'n gallu dweud wedyn bod yr effeithiau economaidd a chymdeithasol yn gallu cael eu hedrych arnynt, ond nid ydynt fel arfer yn analysis Network Rail. So, mae'n rhaid newid hynny. Roedd yr analysis a wnaethom o HS3 yn tynnu pethau fel effaith economaidd i mewn i'r rhifau. Ac, wrth gwrs, mae pethau fel yna yn dangos llawer mwy o reswm i wneud y buddsoddiad yn y lle cyntaf.

[149] **Rhun ap Iorwerth:** Ac fel mae hi ar hyn o bryd, a fydddech chi'n tybio bod yr achos amgen yna yn defnyddio patrymau amgen o fesur yr angen yn mynd i'r cyfeiriad iawn, ac y gallai Llywodraeth Prydain benderfynu bod hwn yn werth ei wneud?

[150] **Yr Athro Cole:** Dyna'r cwestiwn arall hefyd, wrth gwrs, y tu mewn i hynny. Nid yw'r Llywodraeth Brydeinig yn gweld rheilffyrdd yng Nghymru yn rhywbeth i'w doddi ar y blaen. Rŷm ni'n gallu gweld hynny allan o, er enghraifft, y buddsoddiad yn llinellau'r cymoedd—y Valleys lines. Mae'r arian sy'n dod o'r DfT, y Department for Transport, yn Llundain i fuddsoddi yn y Valleys lines yn fach iawn o gymharu â'r

the business of the Government. So, if the Government wants to pay more or pay part of that investment in the railway, then they can say that these economic and social effects can be considered, but it's not usual practice in the Network Rail analysis. So, that needs to change. But in terms of the analysis that we did on HS3, that did draw in things such as economic effect into the numbers considered. And, of course, those kinds of things can show to a much greater extent the reason for making the investment in the first place.

Rhun ap Iorwerth: And as to the situation at present, would you consider that that broader case using those different yardsticks of measuring the need are going in the right direction, and that the UK Government might decide that this would be worth doing?

Professor Cole: That's the other question, of course, within that. The UK Government doesn't see railways within Wales as something to prioritise. We can see that in, for example, the Valleys lines investment. The funding coming from the DfT, the Department for Transport, in London to invest in the Valleys lines is very small in terms of the total required. So, it's not a priority for the Government in

cyfanswm. Felly, nid yw yn *priority* i'r Westminster. Ac it isn't because, as Elgan said this Llywodraeth yn Westminster. Ac morning, Network Rail is looking at maen nhw'n dweud hynny wrth gwrs things such as the Midland Mainline achos, fel y dywedwyd Elgan y bore first of all before looking at projects yma, mae Network Rail yn edrych am such as investment in the north bethau fel y Midland Mainline yn Wales line or the Valleys lines. gyntaf cyn edrych ar bethau fel buddsoddi yn rheilffyrdd y gogledd neu'r Cymoedd.

[151] **Rhun ap Iorwerth:** Diolch. **Rhun ap Iorwerth:** Thank you.

[152] **William Graham:** Joyce.

[153] **Joyce Watson:** Good morning, Professor Cole. According to the responses to the consultation, there's been a suggestion that mid and west Wales do not receive enough attention. Do you agree with that, and if you do, do you want to elaborate?

[154] **Professor Cole:** Well, I think it's a follow on from Rhun's question: does the north Wales economic ambition board think that they're getting a fair deal? Mid and west Wales are in a similar position. The populations are relatively sparse. As a part-time resident of part of that area in Llanelli and Maenclochog, the population doesn't justify the kind of investment that you might be talking about in the railway in terms of hundreds of millions of pounds. That's a reality when someone like Network Rail are looking at where they get the best rates of return and where the Department for Transport, who are their main—. Well, they are now part of the Department for Transport, and therefore taking direction from the department rather than elsewhere. They would make a decision on the basis of, 'We will invest where we get the best return'. Now, they were pressed into building the new viaduct at Llŵchwr and the doubling of the track between Gowerton and Llanelli, which has improved the reliability of those services enormously, and, as I mentioned, the increase in the number of passengers using Gowerton station very much came as a result of that reliability. There are a small number of extra trains, but it was the reliability that was key to that development.

[155] That kind of development we need now to look for further west, and we need to see matching that a train service that is running every half an hour to Carmarthen, and every hour, then, to Pembroke Dock and to Milford

Haven. That's the kind of service, with connections to Fishguard as appropriate. That's the kind of development that we're looking for; it's not just the infrastructure, but it's also the frequency of service—that's what pulls people in, and that, of course, is what gives the capacity, which hopefully would be needed in order to get people from their cars—particularly travelling into places like Swansea, which is very congested most of the time.

11:00

[156] **Joyce Watson:** Are you saying, then—am I hearing you right—that you have to take a bit of a risk, because the numbers won't be there, in the first case, but you have to put a bit of risk into that process and, once you have invested, the numbers will follow and the evidence is, as you've just said, the Gower?

[157] **Professor Cole:** Gowerton is just one example of many cases where the quality of the service—. What people are looking for is time-keeping, frequency, reliability, comfort, with a bit of luck, but certainly reliability and frequency. People want to know that, for the train that they're going to catch at Gowerton into Swansea to meet, say, the London train or the Manchester train, there's going to be a much greater chance of it being on time. All sorts of things can affect timings, but when the timing was affected by the fact the down train was late and so the up train couldn't get through from Llanelli to Gowerton, that kind of situation was unacceptable, and the risk was taken by the Welsh Government, rather than by Network Rail, because it was the Welsh Government who paid for most of that £45 million in total—part for the bridge, part for the doubling of the track. So, we've seen that in many cases. If you look at the implications of electrifying the metro, the Cardiff metro, then the same thing will apply. It's happened wherever the service has improved in terms of reliability and frequency that more people have used that and have transferred from their cars to the train. You're not necessarily going to empty the motorways, but if we can get 10 per cent or 20 per cent of people off the motorways onto trains travelling into big towns or cities like Cardiff and Swansea, then we do have that economic benefit—a wider benefit than just the operation of the railway.

[158] **Joyce Watson:** If I can take you off the motorway and into the Aberystwyth to Carmarthen area, which doesn't have one, the estimated cost is £350 million to £505 million to reopen that line. Do you think that there's any realism in spending that money and opening that line, or do you think

that, maybe, we have to look at the existing operators—and we're talking bus—instead?

[159] **Professor Cole:** As a resident of Llanelli, I'd say yes, we ought to have reopened that line years ago. However, as an economist, I'm afraid I have to say that there are better ways of spending £350 million to £500 million than reopening a railway line that was never designed to be a passenger line. The service in there at the moment—and I have to declare an interest as being the person behind TrawsCymru on behalf of the Welsh Government—the TrawsCymru service that runs from Carmarthen to Aberystwyth runs every hour between 7 o'clock in the morning and 7 o'clock in the evening, with two late services. It takes two and a quarter hours. I did check last evening, being the possessor of a 1939 timetable, and it took two and a half hours on the old railway line.

[160] I think the key thing is the difference between—. When we analysed the route for TrawsCymru, the route from Carmarthen to Aberystwyth is via Aberaeron and Lampeter, and that's where the population is. I'm sorry to have to say this, but not many people live in Tregaron and, consequently, there is a situation where a railway line that was designed to carry freight from Manchester to Milford Haven—that's why it was built in the first place, because the Manchester merchants felt they were being ripped off by the Manchester ship canal and they wanted a new route to the Americas and to Africa; they wanted to use Milford Haven—. The company that was building the railway line got as far as Tregaron, Ystrad-fflur and then decided the mountains were too expensive to go through to Llanidloes, so they went to Aberystwyth and up the Cambrian from there. That's the only reason the line was there in the first place. If you had been building a passenger line, then the line would have been built along the coast from Lampeter to Aberaeron and up. That's the reality of it, and there is a service that—. I can say now that the demand on TrawsCymru, on that route, four years ago, about two years ago, was 100,000 people. By April this year, in the past year, from April last year to April this year, we will have carried 300,000 people on that service. It's clearly doing what people wanted and giving them a journey time that is acceptable. So, I'm sorry, but I would not—. It's not the first time I've said in the last few weeks that it would not be sensible to reopen a railway line, and, my apologies to the Chairman, I've given the same advice to the Minister on reopening the Chepstow to Monmouth railway line.

[161] **William Graham:** I believe so, yes. [*Laughter.*]

[162] **Professor Cole:** And putting a TrawsCymru service in instead, from Brecon.

[163] **William Graham:** Understandable. Thank you very much. Oscar.

[164] **Mohammad Asghar:** Thank you very much, Chair, and good morning Professor.

[165] **Professor Cole:** Good morning.

[166] **Mohammad Asghar:** My question is on Welsh Government rail policy. You have already identified the limitations of the Welsh Government national transport plan. Could you tell this panel how the Welsh Government should address this?

[167] **Professor Cole:** Sorry, how much what?

[168] **Mohammad Asghar:** How Welsh Government should address this.

[169] **Professor Cole:** Oh, right. The national transport finance plan is fine in terms of what it identifies, as a means of going forward: the things that should be done, the priorities that we were talking about, and the elements of the Welsh railway network that should be improved. What it doesn't do is put a price on each of the elements. Now, it was probably the first stab at a finance plan. I think I'd have been happier if the word 'finance' hadn't been in there, if it had been the 'national railway plan,' because a lot of work needs to be done on how much it's going to cost, and where the money will come from in terms of many of the elements that were identified. New stations, for example, at quite a number of locations, were identified in that plan. So, as a plan, as a list of things that need to be done, it was fine; I think, as a finance plan, it needs a lot more work doing to it.

[170] **Mohammad Asghar:** Another area that is of concern to me is, Doctor, your advice on the Valleys line from Ebbw Vale to Newport and why it hasn't materialised even though the Welsh Government promised many times, for the last seven to eight years, regarding the line to go up to Newport and down to Cardiff. It's bypassing Pye Corner and Rogerstone and not touching Newport. That's not right.

[171] **Professor Cole:** There's a good reason why it should go up there because Newport is a major city in the area; you're talking about the line

coming down from Ebbw Vale, of course.

[172] **Mohammad Asghar:** Yes.

[173] **Professor Cole:** There is currently nowhere for that train to go. If there was another train set available, let's say, and if there was sufficient space on the Ebbw Vale line, which there isn't at the moment—. So, you have a choice between sending—. The timetable choices are: all the trains go to Cardiff, all the trains go to Newport, or half the trains go to Cardiff and half go to Newport. There's no way of increasing the number of trains running along that railway at the moment. It was a single-track railway. Passing places were put in, and it works very reliably as it is and is very popular, with probably one of the few train services that has double the number of carriages at the weekend than it does during the week.

[174] There is an operational difficulty in getting into Newport station, in that the train's facing the wrong way. It then does cause congestion on two of the lines going into and out of Newport station, which is probably the busiest—certainly, with Cardiff, the busiest station in Wales. If that train, for example, was to run on to Gloucester, then, yes, it would be somewhere for that train to go and not be in the way in Newport station, because you have to go in, wait there for six minutes and come out again going in the opposite direction. It would also extend the journey time to Cardiff by about eight or nine minutes, which may not be acceptable to people who are currently using the service. So, it's the operational issue that is why it doesn't go there, more than anything. With electrification, of course, there'll be another issue: will that line be electrified or not? And, if it isn't, you have another set of issues to examine. But it's operational—that's the main reason why it can't go into Newport at the moment. There's a track there, but it's the congestion that it causes at Newport station.

[175] **William Graham:** Thank you very much. Jeff.

[176] **Jeff Cuthbert:** Thank you. Cross-border issues—now, at the end of last week, there was a lot of argy-bargy about even suggestions that people travelling between Newport and Chester, for example, where we know that the railway line goes in and out of Wales and England, might have to get off at stations and switch trains and all of that sort of thing, which wasn't helpful. I don't think there's any real threat of that happening, but you might want to comment on it. But if you could give us your views on the extent to which the effectiveness of the Welsh network does depend on England and

how we ought to be engaging with English planners, if we're not doing that enough already—. Do you see English devolution of rail policy—and we met in Wrexham last week with train operators—. Do you see that, the devolution of rail policy and planning, as an opportunity or a threat to Wales?

[177] **Professor Cole:** Right. Wales, as you say, has a porous border in terms of the railway. The whole Welsh network is entirely dependent on the railway line in England, if it's to be a network. We have what you might call a 'reverse E' where you have an east–west line from Chester to Holyhead, an east–west line from Shrewsbury to Aberystwyth, and, similarly, east–west from Newport or Severn Tunnel Junction to Pembrokeshire. Connecting all of those is the Marcher line, which is entirely in England. The decision that that should be part of the Wales and borders franchise, when the franchise was set up, was absolutely correct. It's the only way in which we can link parts of Wales and link the different sections of the Welsh railway.

[178] Wales is the end of the network. The network, when it was built and designed, was London–centric. We were at the end of the south Wales main line, the Cambrian line and the north Wales main line. So, there's nothing that we do that affects England, but an awful lot of things that happen in England affect us in Wales. If you were to ask, 'What is the big factor that determines services in south Wales?', it's Reading station, because the two fast trains to Cardiff come into Reading, then they have to pass through Reading and have paths all the way to Cardiff and Swansea. They are level 1 trains and, consequently, anything that they do—and any train that comes out of Euston along the north Wales main line determines what happens on the north Wales main line.

[179] At the moment, the way in which the different companies work together provides this integration of different services: services run by Arriva, services run by Virgin Trains on the west coast, services run by London Midland into Shrewsbury, Great Western into south Wales and CrossCountry into south Wales. They all work together through an organisation called the Association of Train Operating Companies. They determine the timetables that will interconnect, as much as they can get them to interconnect. So, there is a working arrangement between the train operating companies. What there isn't is any kind of direction above that. It is purely left up to the train operating companies to do what they would like to do. So, because we have this in–and–out—as you say—train service, it's not easy to—unlike Scotland, which has two ways in: one on the east coast and one on the west coast. Everything else in Scotland is entirely within the remit of the Scottish

Government. We don't have that in Wales in terms of geographical and governance area.

[180] So, we need to create some kind of network that is not dependent purely on the companies in order to make sure that we do have the kind of connections that Welsh travellers would want to have. They are the only important people here, the traveller, and what service we provide for the passenger and for the freight operator to maximise what they will get out of the railway. So, cross-border issues have always been difficult.

[181] Priorities—a good case in point I mentioned earlier is the Chester to Wrexham service. It's a cross-border service, it happens to be run by one company at the moment, Arriva, but my concern—

11:15

[182] You mentioned devolution and English devolution to regions. There is a degree of devolution through Network Rail, but that's at Network Rail's behest, not at anybody else's. Network Rail have set up what they call their 'routes', their regional divisions, and they match the franchises, and, at the moment, that suits us in Wales. There's also a good working relationship, I might say, between Network Rail and the Welsh Government, on the route side, on the day-to-day management of the railway—not so much on the long-term planning. But, if there is devolution, then Wales, at the moment—. The Department for Transport, I think it's fair to say, don't take that much interest in what happens on the Welsh border, because they're much more interested in what's happening in the movement of masses of people into Birmingham, London and Manchester. They're more interested in making sure the TransPennine is going to work and the Midland main line is going to work, and what they are going to do about the railways around London than they are about what's happening around Shrewsbury.

[183] Now, if we have a regional structure, there are pluses and minuses. The pluses are that we might be able to work much more clearly with them and much more closely with them. On the other hand, they will have as their priority the services on their side of the border in, say, the north-west of England, and that, I think, is the balancing act. Either you have somebody in London who is not too worried and will probably sort of give in, whereas you have people now who are serving their local community and thinking about their local community. So, there is a balance there, and it's difficult to say what would happen, but it should work. But whether it will or not will depend

on the individuals.

[184] **Jeff Cuthbert:** Okay. Well, as you say, quite rightly, the travelling public aren't too interested in which is the relevant authority for the train services; they just want them to run efficiently and effectively. One specific issue, though: HS2. No doubt, there will be people from Wales—south Wales and mid Wales in particular—who will want to access HS2. What practical steps do you think may be necessary to make that happen?

[185] **Professor Cole:** HS2 does very little for south Wales. It could do an awful lot for north Wales. For south Wales, all it will do is make Sheffield more attractive and Birmingham more attractive as back-office locations. At the moment, we've done reasonably well in Cardiff for back offices for some of the big law firms and banking companies. Swindon has done better; Reading has done amazingly well, because of the frequency of high-speed trains. There's a high-speed train from Reading into Paddington every—I think it's seven minutes, and that's a direct train. Now, for people with businesses in the West End, in Mayfair, in the City wanting back offices in somewhere like Reading, it's cheaper and it's very easy to get back and fore. Somewhere like Cardiff is not too bad and a lot of people have come here, people like Eversheds, when we have a two-hour journey time to Paddington and we have a train every half an hour to Cardiff. If the journey time to Sheffield, which is currently a bit more than 120 minutes—the journey time to Cardiff—if that comes down to 70 minutes, then they have a time advantage over us. Birmingham, similarly, down to something like 40 minutes: a big time advantage in terms of trying to attract those kinds of businesses into Cardiff. So, HS2 for us in south Wales does very little.

[186] In north Wales, potentially, it could do a lot more, but only if the north Wales main line is electrified in order to enable trains either to use, as the French do, high-speed TGV trains to run beyond the end of the high-speed line. The TGV, for example, to Marseille also goes on to Nice, Cannes, Monte Carlo, because it can do so. It's the same size of track, it's the same size of wiring, and so on, but it's a much slower track, but they send their very fast trains along that track. Down to Marseille, it's high speed. We could have the same service on the high-speed line as far as Crewe, and then the same train going on to Holyhead. There's no reason why that can't happen. It happens in France, as I say.

[187] Alternatively, trains such as those on the West Coast main line at the moment might be transferred on to the north Wales main line as an

electrified service and use the existing railway line, which, of course, will now have more capacity. There is a lack of capacity between London and Birmingham and a railway line has to be built. And you wouldn't build—. Well, a government wouldn't fund a classic railway now, a conventional railway. It would only fund a high-speed railway because the difference in cost is relatively small. So, for north Wales, big potential advantages. One other point about HS2: if a station is going to be built at Crewe—and it needs to be built at Crewe because of the potential connections from various places—then there are five main lines that go into Crewe, including north Wales, and including the line up from Shrewsbury. That station needs to be where the existing station is, and not two miles away. There needs to be a direct interconnection between those two stations—the high-speed line station and the existing conventional station. That will give us additional benefits of local trains running into Crewe and then people connecting directly onto the TGV.

[188] **William Graham:** We're running out of time. It's absolutely fascinating what you're telling us—. Three sets of questions, if we may—I'll try to get through them. Eluned.

[189] **Eluned Parrott:** Thank you, Chair. You've suggested that the periodic review process needs to take into account Wales's needs. On what evidence would you suggest that it has not done so to date?

[190] **Professor Cole:** Well, I think the big reason is it is a five-year fixed process. No business runs on a five-year fixed process and doesn't change anything during that period. A funding basis for investment in any large corporation is one which is a rolling programme, to take account of changes in the market, to take account of what their cash flow might be, or what their expectations might be. They can plan at the time, but they have to make really sure that they're not just moving bits of scheme into the next financial period.

[191] So, we have control period 5 coming up, 2014 to 2019, and that will provide for electrification of the south Wales main line and for finishing off the improvements to Aberystwyth and some work on the north Wales main line. But, because it's fixed, that's all they will do, and if they start to think they've run out of money for that period in terms of funding available, they'll move it into CP6 rather than make a judgment on 'What should we be doing next?' But there is—to be fair to them, again, I suppose—a need to ensure that Network Rail don't over-plan.

[192] One of the problems has been—and it came out clearly in the report by Sir Peter Hendy—that they had been over-ambitious, they took on projects that they thought they could finish without making absolutely sure they could finish them within the financial period—the control period—involved. They also started projects without getting things like planning permission. A large company, even a large supermarket chain, would make sure they got all their planning permissions, all their agreements with local people, all their consultation done beforehand, before starting on the project, and I don't think Network Rail were always doing that.

[193] **Eluned Parrot:** Those are significant problems, certainly, but they're not specific to Wales, are they? I'm wondering if there are ways in which we could suggest that there should be improvements to the periodic review programme to allow more input from Welsh stakeholders.

[194] **Professor Cole:** Right. This goes back to the Railways Act 2005, where the Welsh Affairs Select Committee at the House of Commons said very clearly that there should be a statutory interface between Network Rail and the Welsh Government. There wasn't. It was not done; it wasn't included in the Act. So, Network Rail really had no reason at all to talk to anybody except the Department for Transport, for which there was a statutory requirement. As we've seen, the Secretary of State for Transport has a power to take back Network Rail into public ownership, which he has just done. That needs to be there, not as I said earlier at the behest of Network Rail—. The only reason we have a route system, a division system, for Wales is because Network Rail thought it was a good idea, and it's proved to be a very good idea. Mark Langman, who was the managing director until recently, created a set of relationships with the Welsh Government, and with the train operating companies, that worked. That worked because there was local management in Wales. That doesn't happen with the long-term planning elements of Network Rail, which are based in Milton Keynes, and they take a much wider view, of the type that I mentioned earlier. So, that planning part of Network Rail—the strategic planning division in Network Rail—also needs to have a direct interface with the Welsh Government, as they do with the Scottish Government.

[195] **Eluned Parrott:** Okay, thank you.

[196] **William Graham:** Thank you very much. Joyce.

[197] **Joyce Watson:** I want to further explore the effectiveness of Network Rail, particularly the Wales route, in operating and improving the Welsh rail network. Also, at the same time, you've touched on the Bowe, Hendy and Shaw reviews. Do you have anything further to add, particularly about how the Welsh Government could or should seek to influence the implementation of those?

[198] **Professor Cole:** The Welsh Government should have employed specialist staff two years ago, and it hasn't; it's starting to now. The transport company has been set up, which is a good move forward, because it means that they can get around—I shouldn't say this, really—the rules of civil service employment and remuneration. With a transport company, it's possible to do that. It means that you can pay people the market rate for doing the job that we need, and we need key people in the Welsh Government who have expertise in dealing with Network Rail, dealing with train procurement and dealing with operator procurement.

[199] The structure for a transport company with a franchised operation has not worked as well as it might. There needs to be much closer collaboration on a day-to-day basis with a partner—a delivery partner, if you like—as the train operating company, in the private sector, but working very closely with those procuring the services on behalf of the Welsh Government. That's a more integrated approach than we have with franchising.

[200] Franchising works; franchising is a very successful means of running a business. Holiday Inn, Marriott hotels, Pizza Hut: they're all very successful franchises. It hasn't worked fully in terms of railways, largely because the people who are running the franchises for those private companies have expertise in that area—in franchising and, if it's fast food, in fast food. We need the kind of expertise I've just mentioned in terms of track, trains and operations, and we haven't got that expertise, although that, as I understand it, is now being moved forward by the Welsh Government.

[201] **Joyce Watson:** So, that's that bit, but what about the effectiveness of Network Rail on the Welsh route?

[202] **Professor Cole:** The route, I think, has worked well. The relationships between Network Rail's Welsh route, the Welsh Government and the train operating company have developed over a period of four years—was it five years? That works well; I've watched it working. What I'm not happy about, and I think many other people are not happy about, is the way in which

central planning at Network Rail interacts—or doesn't interact, perhaps—with the Welsh Government. There needs to be a much clearer approach from Network Rail in that area. I think that's probably too centralised, whereas the devolution of Network Rail into routes that reflect the train operating companies, and in our case in Wales, reflect the Welsh railway network need, has worked well. We ought to go for that with Network Rail on their central planning process, as well.

[203] **William Graham:** Thank you very much. On that note, as always with you, Professor Cole, absolutely fascinating evidence. We're most grateful to you for coming today; thank you.

[204] **Professor Cole:** Thank you, Chair.

11:30

[205] **William Graham:** Good morning and welcome. Thank you for your attendance today. Could I ask you to give your names and titles for the record? We'll start there.

[206] **Mr Hewitson:** Mike Hewitson, head of policy at Transport Focus.

[207] **Mr Beer:** David Beer, passenger executive at Transport Focus.

[208] **Mr Pittard:** Rowland Pittard, secretary of Railfuture Wales.

[209] **William Graham:** Thank you very much. I'm going to ask the first question, if I may, which is on the condition of the Welsh network and possible priorities for improvement. So, could you give us some idea of what your opinion is of the effectiveness of the Welsh network and, perhaps, the top five priorities for improvements?

[210] **Mr Hewitson:** Sure. In broad terms the priority is capacity, I think, in all its guises, whether that's track redoubling, the way that signals can get more trains through, or electrification to speed up trains and such. But I think capacity is the burning issue facing the network. It's responsible for a lack of flexibility and a lack of alternative routes. It feeds into the second priority, which I'd say is that core product of performance: reliability, dependability and a service that you don't have to think about, because you know it will turn up. So, I think I'd put those two first. I think connectivity is always a big issue, particularly the nature of the Welsh network, although what can be

done to speed that up, whether it's through direct services or better connections, and that feeds into station facilities. I think I'd put those sort of families of things at the top.

[211] **Mr Beer:** I think the next thing that comes is the resilience of the network and fewer unplanned disruptions, and better information for passengers when that happens. So, better handling of the disruption so that passengers know what's going on and have alternatives—when work needs to happen, they've got alternatives and those are well maintained so that passengers have choices.

[212] **William Graham:** Thank you. Roland.

[213] **Mr Pittard:** We'd like to see the network improved. We'd like to see the electrification actually carried out all the way through to Swansea, because we feel that's the integral service, together with improvements in the electrification of the Valleys lines, so that they can serve the population and, say, the heart of the population that lives in south Wales. It gives economic advantages as well, and there are environmental advantages to the whole area.

[214] We've suggested in our development plan that the number of stations should be looked at. A lot of those match up with the publication recently of the national transport finance plan by Government. One of the things that is important and could become more important in the future is station facilities. There are very few that are actually manned, and manned full time in Wales. So, if there's going to be an increase in the travelling public, the facilities at stations must match that.

[215] A very important feature is connectivity, and, that is, the stations where people interchange, such as Newport, Shrewsbury, et cetera, should be fit for that particular purpose, to allow easy interchanges to take place. We are concerned, obviously, if there is to be a diminution of the network operated by the Wales franchise and more connections set up as a result of that, that there are adequate facilities at those points for that movement of people to take place, although we hope that that will not come, because we favour through services. I think one of the principal aims of through services is if someone is travelling from anywhere in Wales to anywhere else in Wales, or indeed England and Scotland, there should be the maximum of one change. So, you come in from your local station—your local route—onto a trunk route that can actually take you straight to your destination. People

don't like changes; it puts an element of inconvenience into the system. It also puts a danger of reliability into the system as well.

[216] **William Graham:** Thank you very much. Particularly to Transport Focus, how do you feel—how in practice, shall we say—that passenger priorities could be translated into decisions about investment in rail structure?

[217] **Mr Hewitson:** Well, we've always taken the view—just echoing what Professor Cole said—that for a passenger railway—and we don't have a function with freight, so we're not ignoring it or downplaying it; it's just not part of our world. So, the passenger ought to be at the heart of the decision-making process. Therefore, what the passenger wants in terms of aspirations needs to become the incentives and targets that the industry plans to deliver. So, our starting point is what is important for passengers—if that's getting a seat, reliability, information. Then you build the industry plans to deliver those. So, you put the incentives, the targets and the mechanisms around capacity. So, how do we get capacity, where do we put capacity, where's the low performance, how do we do that? So, you make the passenger the target mechanism and let the incentives drive those behaviours. So, that means getting in at the high-level output statement and the initial industry plan that the railway and Network Rail put together. You start building it at that stage, rather than at the end stage.

[218] **Mr Beer:** And ensure as well that passengers have had an opportunity to give their input to those plans and that, throughout the plans, there's a check and balance to make sure that those are then hitting those points that passengers want, and that there's sufficient measurement of the output to ensure that the delivery of that is then being done to achieve the original objectives.

[219] **Mr Hewitson:** Transparency can be hugely important. A lot of the research we do is asking passengers, 'What voice do you want in decision making? There's an element here of, 'I do, but I don't really want to spend a great deal of time doing it'. So, for that body of people, it's transparency: 'The data is in the public domain, somebody out there, on my behalf, can look at that and hold people to account for what's being delivered'. So, you have a clear statement of promises at the front end, regular statements of performance, and that accountability that comes through transparency feeds it back into the decision making in the next cycle.

[220] **Mr Beer:** And that improves passengers' trust in the railway as well.

[221] **William Graham:** Good. Thank you. Rowland, could you comment on freight, perhaps?

[222] **Mr Pittard:** Yes. I think one of the important things when we talk about transparency is that the passenger knows why they're being inconvenienced. There are some major developments—engineering work—going to come up in the future with regard to the upgrading of the line through to Swansea. I think it's important that the passengers are aware why those blockages take place and what has been achieved after the blockages. There's been a lot of interest about the major blockages, but what are major blockages perhaps in England to the network are not seen as major blockages when they come into Wales. I think it is important that one is told. There was a closure over two weekends between Port Talbot and Swansea recently. There was no apparent result from that to the travelling public. So, it would be nice to know what work was going on behind the scenes to improve the network and why that was being carried out. So, it's not only preparations beforehand, but preparations afterwards to show this accountability and what is being achieved.

[223] **William Graham:** Okay. Thank you. And could we have a few comments on freight? Is it considered effectively?

[224] **Mr Pittard:** I think, when one looks at freight, unfortunately freight seems to be declining in Wales at the moment. We have the coal industry still serving Aberthaw power station. That's something that will finish, probably in about four years' time. The steel industry itself is facing many problems. How much of it will remain? Because that's been the core traffic in south Wales, and out of south Wales to a huge range of destinations in England. I think it's important that that is looked after so that rail transport is not a deterrent to the steel industry itself. We've got the problem of imported steel coming in, which is being handled by road, not by rail, at the moment, which seems to me to be not the right way to tackle it, but obviously, there are the political problems, both with the rail operators and with Governments with regard to that. We can see an improvement to container services. We think that what has been mentioned—the north Wales coast and Fishguard—those routes should be upgraded to take containers and they should be promoted as container routes. It would take a lot of pressure off the Welsh road systems. There's a tremendous amount of pressure, now, with the upgrading of the road system in north Wales and a lot of pressures in the Newport area. So, it would be nice to see the rail routes across Wales being upgraded, say,

to 14, so that they can take the large containers. At present, we've only got three container trains coming into south Wales, but there is one that comes from Southampton daily to Cardiff, which uses the pocket wagons, which enables the larger containers to be loaded lower into the wagons. Obviously, there are costs involved in doing that, which would be a lot better if the network is upgraded. Let's hope that that will be one of the results of the electrification into south Wales and that, at least as far as Cardiff, we have this higher gauge, but it would be nice to see that develop over the whole of Wales.

[225] The last thing Railfuture has suggested in this development plan is that one should be looking at smaller loadings; using smaller types of trains from local focal points in Wales, to take traffic off the roads. There was an experiment in the Aberystwyth area a few years ago with regard to the transport of timber—the extraction of timber from our forests—that is important. There's possibly the movement of slate out of the Blaenau Ffestiniog area for aggregate purposes. This, again, is something to be looked at. So, there are prospects for the development of rail freight in Wales, but it's difficult to see that we will ever have the kind of buoyant years that we had about 10 or 15 years past.

[226] **William Graham:** Thank you very much. Oscar.

[227] **Mohammad Asghar:** Thank you very much, Chair. My first question is to Mr Pittard and the second is to Mr Hewitson and Mr Beer. Good morning, gentlemen. The question is on Railfuture's comment that the national transport plan, in your words, only goes

[228] 'part of the way to meet the growing needs for rail travel...in Wales'.

[229] Could you elaborate on that, please? What is the rest? My second question to the other gentlemen is: what are your views on how effectively Welsh Government considers the needs of passengers in developing its rail investment programme, for example, whether Transport Focus is involved in it? That's it. Mr Pittard.

[230] **Mr Pittard:** I think the first thing is that Government needs to understand the traffic flows in Wales at present using rail, and what the desired traffic flows would be if there were various improvements to rail, such as the improvement of frequency of service and improvements to the stock. It's difficult to say improvements to reliability, because a lot of the

services in Wales are way up into the 90 per cent on the public performance measure, which equates with reliabilities as good as any other part of the country. But the important thing is to know what the traffic flows are and to cater for those traffic flows. I know from west of Cardiff, for example, there are traffic flows to Newport. Passengers coming from west Wales, say, travelling to Newport, don't want to change at Cardiff. So, the important thing is to have through trains that will cater for those traffic flows and identify those flows with what is needed of service levels, for example.

[231] The other issue is to look at the changing nature of travel. There's a lot of travel now on Sundays. Trains are full on Sundays, and probably the peak usage of Welsh trains could well be something like 4 p.m. on a Sunday evening, rather than during the peak commuting hours, except in the Cardiff area. So, there is a need for looking at the new demands of passengers and catering for those new demands. I think that could be a difficult one with problems of staffing, as we see in so many industries and so many professions, for services on the weekend.

[232] **Mr Hewitson:** In terms of the plan, I always like to see plans—that's the nature of policy people, we like plans—because it sets out some signals, directions, where something's going and gives you something to hold people to account for. I think it's always really difficult in these high-level plans to get into the detail, particularly around money, and around Network Rail's capability to do certain pieces of work at certain times.

11:45

[233] The ability, sometimes, to focus on stations as well as capacity, which is in the plan, is all very positive, but it's translating that into action, I think, that's the difficult bit with rail, not just in Wales but in every other place that I deal with as well.

[234] **Mr Beer:** I think it's also about putting it in language that passengers can understand, particularly as the burden of payment moves from the taxpayer to the fare payer. Passengers actually want to understand what it is that they're getting for their money. Value for money is one of the key priorities for passengers. A lot goes into that about the resilience, the reliability, the punctuality of the service, and everything else that they get for the price of that ticket. So, they want to see that the increase in fares that they're paying is actually being used to invest, but to understand what that investment is, and to translate those high-level—sometimes quite closed—

plans in terms of accessibility of understanding for the layperson. It can be quite difficult. So, to engage effectively, put it in a language that people can understand, give them the opportunity to have their comment, and then bring them along, hold their hand along the way, bring them through the process, so that they can see that happening.

[235] **Mr Hewitson:** We certainly had a big engagement with the Department for Transport on rail franchising, and engaged at the early stage before they put the specification together. They commissioned us to do some research into what passengers want on that particular franchise. So, what are the priorities? If there are any particularly hot issues, what can we dig into? Feed that back into influence the specification, which is a huge issue, because if you can do that before it's all written, it's so much more powerful. That then informs the public consultation, and we can go out to the department and present our research and get feedback from the network of rail user groups and people that we talk with, and feed that back in again to the decision making. Then there's a whole round of discussions with the bidders about what this means, and they're able to share with us the 'If we did this, what would people think?' type of discussions. So, lots of those hypothetical discussions. Then, at the end stage as well, we get to see parts—not the whole of, and certainly not the financial bits—of the bids around customer service. So, we can actually see and feed back to the department how the bidder had interpreted some of those 'What do passengers want?' type of questions. We think that's got a much better chance of getting the passenger voice into the final specification than a public consultation on its own. It's like a lot of things: it's the work that's done before you hit a certain stage that's quite powerful. We'd certainly be more than happy to do so here.

[236] **William Graham:** Thank you very much. Jeff.

[237] **Jeff Cuthbert:** Thank you, Chair. Cross-border issues. You'll be aware that, at the end of last week there was a lot of fuss and suggestions that the travelling public on trains might have to swap stations as they go along the Wales-England border. We know that that border is very porous. Unlike the Scottish border, there are a lot of crossover points. So, to what extent do you think the rail networks in England and Wales are interdependent, and what does this mean for the planning and delivery of rail services?

[238] **Mr Beer:** There's no question that they are interdependent. A lot of the passenger flows, particularly to the south-west of England, for example, actually outstrip the number of people that are travelling to London and to

the north-west of England, which is quite surprising, but that's where the draw is for employment and things like that. The rail network needs to be able to feed that. Passengers want a seamless network. In terms of passenger journeys, they don't see the border. They just see the destination they want to get to. I think the railway has to support that and provide services, but it's about more than just the railway. It's about having connecting services that join up with each other, with good standards of information to hold passengers' hands to give them the confidence to make those joined-up journeys. For example, within Wales, connections with other forms of transport are 10 per cent lower in terms of passenger satisfaction than they are the other side of the border in England. Now, that needs some work as well, because it's about facilitating people getting to the railway network as well.

[239] **Mr Pittard:** I think it's very important that cross-border connectivity is kept. There's a large movement of passengers between Wales and England and vice versa for both economic work and recreational purposes, so it's important that the cross-border services, as we see them, are kept. There are many cases where there could be an improvement to cross-border services. For example, David mentioned the Bristol area, or the south west. There are flows of up to 25 per cent of passengers out of south Wales, for example, going into that south-west area. Yet, there is no through train from west of Cardiff into the south west.

[240] We had, at the peak of franchising, through services every two hours from Cardiff to Scotland, the international service set up by Virgin Trains at that stage—that has disappeared. So, there's no direct connectivity to Scotland, unless passengers go to Crewe or go to Bristol Parkway. When one looks at Bristol Parkway, although set up as an ideal station to allow connectivity between north-south routes and east-west routes, it does not achieve its potential in any way, the connections from west of Cardiff are into trains going to Manchester. And west Wales is already served by through trains from Manchester. So, the connections at Parkway are wrong. So, there are issues of connectivity not working to its best for the Welsh travelling public, or people travelling into Wales, at the crucial connecting points.

[241] The other issue, I think, on cross-borders is the cost of travel on cross-border journeys. Some of the cross-border journeys into England become exceptionally expensive when you cross the border, say, at Lydney, to go to Birmingham or when you cross the border at Severn Tunnel to go to London; the fares become quite expensive for those long-distance cross-

border journeys. So, there should be some equitability of the fares structure to enable people to use cross-border services to a much greater extent, and therefore it would take car traffic off the various motorway systems. So, I think cross-border, yes, it is important, but connectivity is also important and when you have a number of operators working, it is important that those operators come together to give the connectivity that is wanted by the travelling public, rather than the perceived connectivity to suit the timetables that are actually in place.

[242] **Jeff Cuthbert:** Okay, thank you. Linked to this, there are developments in terms of devolving rail services within England. What do you think are the implications for us in Wales, and how ought the Welsh Government to respond?

[243] **Mr Hewitson:** There are. I think there are opportunities and there are risks. Certainly, Transport for the North is probably the one that's moving the quickest outside of London, and even TfL's trying to grow. It's consulting now on taking over a lot of the suburban services in London, which are throwing up—. It's a similar issue across all devolution. From people outside the boundaries it's, 'What will this mean for my services? Will there still be space for trains from outside Manchester, outside London, outside Birmingham, if you like, to come into the middle of towns?' And the people within those towns as well are saying, 'Well, we're not going to become a little republic, are we? We still want to be able to travel from Manchester to Birmingham without having to have passports and such.' So, that comes through quite strongly in everything we do—this sense of, 'Yes, I can see the logic in having local people making local decisions and how it would certainly improve integration between modes of transport, but, please, it still has to be a network. It's a rail network. Don't remove that.'

[244] So, I think that's the challenge, and I think the way that, certainly, Transport for the North and London are looking at things is, 'How do we bring people outside into the decision-making process? What governance can be put in to ensure that there's a voice for these people who want to travel to our region, as well as people who live in?' I think it's the governance where the opportunities come from. That's how you can preserve services into Manchester Airport and through. That's how you can get space from Reading up to London, for instance, and Shrewsbury into Birmingham when the west midlands catches up, as well. So, I think it's through those governance arrangements, through partnership, through joining with these areas to just reinforce the value to their economy, to their business, from

having links to other regions.

[245] **Jeff Cuthbert:** Okay, thank you.

[246] **Mr Beer:** I think also including others along the way—. Some of the big players like Transport for the North are going to have big voices, but there are the Herefords, the Shropshires and the other people along the way, as well, that equally need to have an input and need to have a say.

[247] **Mr Pittard:** It's essential that Wales engages with the bordering organisations that are set up, for example, Transport for the North and the midlands. But there's also been talk about the powerhouse of bringing together Cardiff, Newport and Bristol, and I feel that there is an important need there for travel needs of the public in that particular area to be looked at and provided for. So, I think it's very important that Welsh Government engages with these neighbouring bodies to ensure that the Welsh public does benefit from developments in these areas, and is not held back by the preferences of these devolved areas of organisation in England.

[248] I think one of the best examples is the problem in Manchester, where Arriva Trains Wales has, ever since they started the franchise, made provision in their services to get to Manchester Airport, and they only now have about two or three services, completely off-peak, going to Manchester Airport, and that is the desire line of a large number of the people living in north Wales—to get to Manchester Airport.

[249] We also see the development of the Ordsall Curve in Manchester, which is going to put even more trains on that crucial link going into Piccadilly that is used by the north Wales trains. That's going to obviously put even more pressure on the north Wales services getting into Manchester.

[250] The other contesting development that appears to be within the new Northern franchise is that there's to be a new service from Chester to Manchester, operated by the Northern, running in parallel to the service at present offered by Arriva. So, I think it's important to engage with these bodies so that Wales doesn't lose out on developments that take place within the adjoining regions of England.

[251] **Jeff Cuthbert:** Thank you.

[252] **William Graham:** Thank you. Joyce.

[253] **Joyce Watson:** I want to ask questions on rail infrastructure and rail franchising. I want to ask about what you think are the key issues of procurement of the next Welsh rail franchise, whether that will ensure that the current infrastructure is fully exploited, and any benefits of enhancements that might be included.

[254] **Mr Hewitson:** I think it's always really difficult to deliver infrastructure through a franchise, because the franchise isn't long enough. A 10-year franchise doesn't give you the time to pay back a 30-year asset life and such. So, it's always been difficult, with rolling stock being the obvious example. So, sometimes, it gets purchased centrally and leased back; you can put clauses into the franchise that say the first franchisee has it for 10 years and then the debt and the liability go on to the second and on to the third, so whoever's buying the trains has some assurance they'll get their money back, rather than trying to recoup everything in a 10-year period. Certainly decisions on new trains in the new franchise, I think those are crucial, but, to get that, you've got to have some clarity on where the electrification is and what power source is going to be used. So, you've got to tie the franchise into the route plans and you've got to have some assurance that, if it's going to be electrified by a certain date, it will be. We've all seen what's happened with the Great Western electrification so far and the fact it's gone back a year or a bit further—it's playing havoc with the cascade of rolling stock throughout the country. Delays to electrification in the TransPennine area and such are having similar effects. So, that rolling stock and track interface—that's absolutely key to the next franchise. If that doesn't work, it's really difficult to get anything else going.

[255] **Joyce Watson:** What about any improvements that might come out of the franchising? Have you anything to say on that?

[256] **Mr Hewitson:** In terms of infrastructure—

[257] **Joyce Watson:** Yes.

[258] **Mr Hewitson:**—in particular? I think stations are a prime area that the franchise can get at. There's a lot you can do with a station, and I think a lot of the passenger needs for stations aren't that elaborate. Our work comes up with a really basic set of—'I want a toilet, I want a cup of tea, I want a newspaper and somewhere to stay out of the rain.' The levels of expectations—they're not in the millionaire levels; they're quite basic.

12:00

[259] So, I think we can get a lot of that through a franchise, because I think some of that is deliverable within a 10-year framework. I think you can get a lot of infrastructure in terms of integration. It might not seem high-end, but bike racks, every time they're put in, they're filled up, particularly if there's some security around them as well. I think you can put infrastructure in around passenger information onto platforms and onto trains and such as well. It's not necessarily high-end engineering, but it's the sort of infrastructure that delivers benefits for passengers. I think that's more realistic than trying to get new track or new routes out of a franchise. I think that needs that sort of longer term planning horizon.

[260] **Mr Beer:** I think also that new track is also part of the package, and to be able to give that flexibility of routing so that newer, different routes can be served to take people where they want to go. Again, it's about looking at where passenger journeys need to happen, but it's also about giving some of that resilience to the network so that there are alternative routes and the flexibility so that the route planning can be taken so that a particular train can maybe go up the Valleys network and then maybe go out to Penarth, if that's where the passenger flows need to be, which might be difficult if you haven't got those particular links in place on the track network. Some of that is being delivered through the signalling programme that's going on at the moment, but I think that that needs to continue into the future and that other areas of Wales also need to be included when that's being looked at.

[261] **Joyce Watson:** We had evidence about signalling and the difficulty of getting people to do smaller jobs, rather than major projects. Have you got anything to say on that?

[262] **Mr Hewitson:** There's a shortage of skilled staff. We see that with signalling, and we see it particularly at the moment with electrification. It's part of a traditional stop-start investment cycle. So, firms don't tend to build up great reserves of people waiting for jobs, so they staff for that sort of low level, along comes a sudden glut of orders and there aren't enough people to do it sometimes. So, I think that is a particular issue. I think the railway—. It's getting better, but it's not as good as it ought to be in working down the supply chain. We see that with apprenticeships and all that side of things as well.

[263] **Joyce Watson:** Okay. I'm going to move on because of time. I'm going to ask Railfuture if they want to elaborate on the size of the new Wales franchise, when they say that that could be smaller than the existing franchise.

[264] **Mr Pittard:** There's a number of outcomes, I think, from that. One statement that was made earlier this morning that struck me was on engaging in small projects—Network Rail is not good at engaging in small projects. You know, the large projects, and its contractors—. The large projects get carried out, and carried out quite successfully, but, very often, the small projects are left, and those small projects can make a big difference to the operator. So, I think, when one looks at the franchise, the larger the franchise is and the more people it is serving, the more clout it has with organisations such as Network Rail and the Government. A smaller network is going to result in less subsidy funding coming through, and it would be very dangerous if it was pro rata in Wales, because the bulk of the system that would remain in Wales are lines that need a subsidy, they are not high-income-generating lines. We've got the problem in Wales where the two major operators on the north and south Wales coasts, for example, are companies that are based in England. Is there any way, then, to get the revenues that those companies get to be left in Wales for the development of railways within Wales?

[265] A smaller franchise gives less teeth and less flexibility in ordering rolling stock. Smaller operators—and we've seen this in the bus industry—use older vehicles. So, there could be a danger that Wales would have cascaded, rather than new, vehicles. There isn't the opportunity to order in bulk, such as Arriva has done for the northern franchise. I query why, if Arriva can go in and order that stock for the northern franchise, there can't be a pro-rata order of stock for the Welsh franchise.

[266] Then you come to the ability of the management team. If you're a small franchise, the salaries for people at the top are not going to be commensurate with the salaries that are paid in other parts of Britain. So, how are you going to attract a strong management team to look after the franchise and develop the franchise if it's a small one? It's not going to be one that, perhaps, people will desire to look after.

[267] Then, when you come down to the actual maintenance of the rolling stock, there are huge depots in Britain maintaining large numbers of coaches at night time. You can look at the one here in Cardiff—Canton—and how

much stock they service, look after, clean, fuel, water and examine at night, or go to Swansea with Great Western—quite a large depot there, with 10 trains looked after at night. But if the franchise is going to get smaller, the number of trains is going to get smaller. If you're going to have strategically placed depots maintaining trains throughout Wales, they're going to cost more to do this particular overnight maintenance, because you've still got to have the professionals there to look after the trains. So, a smaller franchise would be an economic disaster for Wales. A smaller franchise would not be one, I think, people would want if connectivity is reduced. It's not going to give good messages out on the development of Wales as a transport network nation. If you look at what's happening in England, London is pushing its routes out of the London boundary. London Underground is now serving towns that are outside the London boundary. So, you've got something completely different that is happening with devolved transport in London to what could happen to a transport network in Wales.

[268] **William Graham:** Rhun.

[269] **Rhun ap Iorwerth:** And, in addition to that, what would be the effect on the viability of the franchise if routes that are taken out of that franchise are some of the most profitable ones?

[270] **Mr Pittard:** Most definitely, because probably the most profitable routes are the ones into Manchester and into Birmingham. They convey a large number of people into those particular centres—probably just as many as come into Cardiff in a day.

[271] **Rhun ap Iorwerth:** And your thoughts on that.

[272] **Mr Hewitson:** The franchise has got to be coherent. It's no good just having straggly ends of routes, it's got to have a whole. You've got to plan it around where people want to go. So, you may as well put it around the existing structure now. Certainly, the Marcher line is the spine, I think, as Professor Cole was saying earlier, that binds it all together. Without that, it's quite hard to get some coherence; they're the ends of someone else's routes. With that, it becomes more of a network. There has to be some sense to that. I think, where you have routes that go across boundaries, well, railways do that, it's one of the things they're good at. So, the franchise goes around that flow of people. Now, if it's sensible to put it at one end or the other end of that franchise, there's a discussion to be had, but it's important that it stays together. I think the best example is the Gatwick Express, when it used to be

a separate railway that used to run from Gatwick Airport to London. There were two passenger committees at the time: one that dealt with London, and one that dealt with southern England. The original proposal was to share that route. Now, that's just nonsense. It's either part of London, or it's part of the south. Choose one, so it's got some coherence in terms of what it's doing. I think there's a lot of that that can go into planning the railways as well. If there's a flow to the airport, then it's either owned at the Manchester end, or it's owned at the north Wales end. Pick it, and make sure it's run as a coherent flow.

[273] **Rhun ap Iorwerth:** If we can move on to the periodic review process, which exists to ensure that at regular intervals there is consideration of possible investment decisions for control periods ahead, does that process take adequate consideration of the needs of Wales in general terms?

[274] **Mr Beer:** I think there's the opportunity to do more. I think, particularly, something that came out of the Bowe review was the fact that there hadn't been the opportunities taken to engage that there could have been. So, I think there are improvements. I think there is engagement that happens, and I think Wales is taking part in that, but I think that that could be done to better effect. I think there could be more opportunities to bring in rail user groups and their thoughts and to actually have their input into that process as well.

[275] **Mr Hewitson:** Yes, I think you could take it back a stage as well to the high-level output statement that sets targets. If it disaggregates those targets, so there's a capacity target for Wales, for England and for Scotland—a performance target—then the periodic review follows that structure as well. So, I think, set the targets and then a review and how it's all funded will flow through. I think as David said, there is an opportunity and some of it surrounds the transparency of what things cost and there's a proper breakdown of what's been spent in Wales, on Wales and for Wales, in comparison with other routes and such. I think that helps as well.

[276] **Rhun ap Iorwerth:** Mr Beer pointed out what came out of the Bowe review and that there was a lack of consultation with rail users in particular. Moving on to the next control periods, what do you think will come out as a response to that Bowe report?

[277] **Mr Pittard:** There's one difficulty, I think. I agree that Welsh Government has tried to engage with users; there has been a number of

consultations taking place, but the consultations, I think, need to be far more focused on certain demands or more structured on demands rather than open-ended, because so many people and so many rail users have different agendas as to what they require. So, it is difficult to bring them all together with a common consensus, as we've seen recently with the Carmarthen-Aberystwyth issue. But I digress.

[278] The problem is now the new control period for which discussions have just started—they started before Christmas—. The problem is that a lot of the decisions have already been made for what is going to happen by Government nationally because of the slippage in what is happening with the present programme. So, we see the Cardiff to Swansea electrification slipping back into period 6. Some things such as the Cardiff signalling improvements will be completed in the period, but the Swansea area improvements will not be completed, and they will move into period 6. So, people will get the impression that Wales is getting a very good deal in period 6 with the electrification from Cardiff to Swansea, with the Swansea re-signalling, hopefully a start to the re-signalling in north Wales, but what do we really need? You know, the freight users were on about flexibility this morning. We want more railway tracks that are bidirectional, so they can switch trains from one track to the other. There are quite large sections on the high-speed lines as you go towards Paddington, but we haven't got that flexibility in Wales other than between Bridgend and the marshalling yard in Margam; that's the only bidirectional stretch we have. So, to have more flexibility, that type of smaller project, not involving track but involving signalling, should be encouraged and carried out to give this better flexibility, better reliability and less disruption to the Welsh network. So, I think there are things that need to be in period 6, but perhaps not larger projects but smaller projects that are going to give us a more reliable and flexible network.

[279] **Mr Hewitson:** Can I just add briefly to that? I totally agree, but I think it's really important that the passenger voice and stakeholder voice is heard in these control periods and the big planning decisions, and we always argue now that the passengers are the major funder of the railway. And why shouldn't the major funder have a say in what's being delivered with their money? I'd imagine that the Welsh Government would have a similar feel as well with its investment. So, there's a right, in the first place, to be involved.

[280] As to what form that should take, well, ask us what we want in the first place, and then, as I mentioned earlier about that accountability mechanism, it's also how it's delivered. I think there's real value in the users

of the service being able to comment on these big disruption plans. You know, the plans at Reading affect here as much as they do Reading to London. Is there any say in how and when and the timing? I think there's a real opportunity there to get more value out of the investment, because if people understand why and they're being consulted on alternatives and those desires, as Rowland was saying about 'I'd rather stay on the train diverted onto another route; don't put me onto a bus.' If that gets translated back into things like bidirectional signalling, then you can see that sort of aspiration delivered in an engineering sense.

[281] **Rhun ap Iorwerth:** But is it not the case that the passenger will always say, 'We want more and more and more, sooner and sooner, better and better, with no disruption whatsoever'?

12:15

[282] **Mr Hewitson:** We did some big surveys on the work at Reading and Bath last year and it was mainly about the awareness of it. What we found was that people understand why it was being done, and they had been told early enough, and they had been told what the alternatives are. When they rolled up on the day—and this involved the commuting week as well as weekends—their attitude to it was far more positive than it would have been in an old-school disruption, which was turn up on Monday morning and find it's not working. And because of that, their satisfaction was higher, so there's a passenger dividend in that consultation. They accept it as a necessary evil because it's not going to get better—to do the work—but you can actually get some credit out of the way you do it, and you can get some discredit out of doing it badly. So, there's a dividend in there for doing that consultative element to it.

[283] **Rhun ap Iorwerth:** Thank you.

[284] **Mr Pittard:** Can I add something to that, Chair?

[285] **William Graham:** No, I want to make some progress please. Mick, please.

[286] **Mick Antoniw:** I want to ask a few questions about, I suppose, the effectiveness of Network Rail and the Wales route and a few bits about finance. But, just before that, a more general one: I've listened very carefully to a whole series of comments you've made, which I'm sure many of us very

much take on board and are thinking in the same way. But you're the statutory watchdog for passengers and so on. You've presumably expressed all these views to governmental bodies and so on. It doesn't sound as though anybody's listening to what you say. What are your powers, and to what extent are you satisfied that anything you say is actually being listened to as a watchdog?

[287] **Mr Hewitson:** We don't have any powers, in essence. We're not an ombudsman in that sense and we don't have the big stick. We do have the contacts with the regulator and such, who have the stick, and to the franchising authorities—we can point out things out to them. But we're very much a body that uses evidence to gather up what people are saying, and tries to influence people; we don't have the power to force it, so it's all about influence. In terms of what we've been doing, particularly in these big-picture things, we've been feeding and discussing into Bowe, and the Shaw review of Network Rail, and the Hendy review, and we're very pleased that the Bowe review took on board that importance of engagement.

[288] I mentioned earlier that we'd been discussing with the Department for Transport how we can get passenger voice more into franchising, so we've managed to see that through, and we can point to some tangible improvements. We have a day-to-day engagement with train companies, probably less so with Network Rail, but more with the train companies as the main interface with passengers about particular problems. David here was part of the work we did in the Cardiff area with some signal failures. When was that—two years ago now or 18 months?

[289] **Mr Beer:** Eighteen months ago.

[290] **Mr Hewitson:** So, we can get into what went wrong, why, and ask those passenger questions. But, no, we don't have any particular powers.

[291] **Mick Antoniw:** So, do you sometimes feel you're shouting in the wilderness?

[292] **Mr Hewitson:** Yes. But I would also say that a passenger group would always do that to a degree, because there's the sort of Oliver Twist mentality, isn't there—we'd always want more. But that still doesn't stop people listening when we engage with people, and, obviously, the media as well is a powerful tool sometimes.

[293] **Mr Beer:** I think what we do is seek to amplify the passenger voice, and, ultimately, the network is there to serve the passengers. And if we're not being listened to, it's because the people we're talking to are not listening to their passengers.

[294] **Mick Antoniw:** Okay. I'll take that point and pursue that further perhaps another time. One of the issues arises very much from a lot of what you've been saying, and you've touched on it, which is the whole relationship between Network Rail, Wales and the whole funding regime. There appears to be almost no mechanism for properly planning consistently needs, whether they be short term, medium term or even long term. Do you see that as a significant flaw in actually being able to put together a cohesive strategy?

[295] **Mr Hewitson:** There are five-year funding plans, and 30-year engineering plans, and there can be an uncomfortable mix. It's really hard to envisage a longer term funding plan. Five years was a big step forward to what it used to be. Ideally, you'd have 20, 30 years to match trains and signals and such, but that's a big commitment for a Government, I suspect. So, five years, at the moment, we see that as a positive

[296] I think there's a distinction between the ongoing maintenance and renewal of the railway, which is a bit more predictable and plannable. People ought to know how long a stretch of track takes and a signal takes and such; it's the difference between that and the big enhancement schemes, where I think a lot of the problems have come through, when we're suddenly entering into a major electrification scheme without really understanding what's involved, and some of the skills of that have gone. So, I think they were a bit more guesstimate than facts. And I think there is merit in what Bowe said, in splitting some of those major projects out of that five-year funding stream—setting up a separate governance and funding structure, a bit like Crossrail and Thameslink have done, and putting the governance through that whilst you're working out exactly how much things will cost and exactly how long it will take, rather than having that destroy that whole five-year, ongoing railway process. I think there's definitely some merit there.

[297] **Mick Antoniw:** We've talked about and you've touched upon, and it's there in your evidence, the issue of, for example, Network Rail, there being greater devolution of it or control over it, but it seems to me that what, effectively, is happening is that there's a very strong central voice. Network Rail is basically listening to that central voice and that is directing. I suppose the point that I'm coming to is this: the relationship between Welsh

Government and Network Rail doesn't seem to be working very well—there are tensions there. In order to actually really achieve some progress in this area, do you think there's going to be a necessity to have greater Welsh governmental control over Network Rail or over those parts of Network Rail that come into Wales?

[298] **Mr Hewitson:** There are two elements to Network Rail, aren't there? There's the route maintenance and management and such, where you can have that much more local identity, and a lot of the major projects are managed centrally through the investment side, which is more headquarters driven. So, it's potentially in that split where I think some of the contact is lost. There's a route director, who will be in charge of an area, but along will come the major projects team and say, 'We're now going to build this in your area', and I think there's a potential conflict there.

[299] I think you will always have to have, no matter what degree of control—it is a single network, so there's still going to be this system operator requirement and you're still going to have to have some Network Rail timetabling division that makes it all work together. You can't have 10 different timetable teams; it's just not going to dovetail at the joins. So, you'll still need a common set of safety requirements and stuff. Ideally, from a passenger perspective, you'll have a single communication system for passenger information. So, no matter how much control you might get, you're still going to have this crossover into the GB Network Rail function. So, I think—.

[300] **Mick Antoniw:** But it doesn't seem to be working. It's all very well—we talk about that we need more collaboration and we need better co-ordination and so on, but what would actually change the situation to make it more effective and more comprehensive?

[301] **Mr Hewitson:** The Shaw review at the moment is looking at the future shape and size of Network Rail and looking at whether it splits it into different structures and such. From a passenger perspective, we're fairly agnostic, to be perfectly honest. We're looking at what comes out: will my train run? Will it be on time? Will I get a seat? That's how I'll judge the success of structures rather than whether there's four, five or six different divisions.

[302] **Mick Antoniw:** But surely you're going to be concerned about how quickly trains are going to get from A to B or if it's actually going to go from

A to B, et cetera.

[303] **Mr Hewitson:** Yes, indeed. Passengers don't tend to see boundaries. The train that goes from here to London goes from here to London; it doesn't cross between this division to that division to that route. I think that's how we tend to see it. Present the different structures to me in terms of, 'What am I going to get from it?', and then I'll make a decision, rather than present me with structures and say, 'Which one works?' I don't go to work on an ideology; I go to work on a train. Make the train work and I'll pick the ideology that makes it work the best.

[304] **Mick Antoniw:** But even around just the area of planning and maintenance issues, there have been a lot of delays there, there have been a lot of complications, a lot of confusion and so on. How do you overcome that because that clearly isn't working either? I have to say, the more I look at this, the more I just see a state of almost total anarchy in terms of the way our railway system is actually operating. Is that an unfair comment?

[305] **William Graham:** Attempt some answer on this. [*Laughter.*]

[306] **Mr Hewitson:** A state of anarchy? I don't think—. I think there are some huge problems and I think, certainly, some of the interface between the train companies and Network Rail, there's a lot of space to improve that. There are alliances underfoot now that are actually improving things in some areas. But, yes, undoubtedly, there are problems. I think that one of the biggest problems is that far more people are using it now than was envisaged and that's having such a domino effect on a small delay somewhere; it instantly turns into a huge delay. The solution is to do a lot of the infrastructure work that's going on, which, of course, is adding to the disruption and the problems. So, I think we're going through a very painful period at the moment. I think that if we get a big enough capacity on the railway, we've got some flexibility then to do some of these more structural changes.

[307] **Mick Antoniw:** Okay.

[308] **William Graham:** Thank you very much. Eluned.

[309] **Eluned Parrott:** Thank you, Chair. One potential way of enabling the Welsh Government to have more input and control over the rail network is, of course, the full devolution of powers and funding responsibility for the rail

infrastructure itself, rather than this situation where we have a UK Government-controlled, devolved structure within Network Rail. Can you give me your assessment, really, of the risks and the potential opportunities of going down that route?

[310] **Mr Hewitson:** I think the opportunities of devolution, for me, are that ability to plan things with local knowledge, and particularly the way that feeds into other transport systems. So, how you can hook up bus networks with rail networks. I think that's a huge benefit of devolution. The ability to introduce new products that reflect local flows, as well; I think that could be very powerful.

[311] The risks, I'd say, are financial—very deep pockets to run railways these days. I think that's probably the biggest risk.

[312] **Eluned Parrott:** Clearly, the Welsh Government's entire budget is £15 billion. Do you think that, given unforeseen, perhaps, maintenance obligations, like, for example, we've seen with the Cambrian Coast line in the very recent past—? Do you think those kinds of risks would—that this devolution would increase or decrease the likelihood of being able to plan in the long term in the way that you say is ideal for improvements and developments on the rail network?

[313] **Mr Hewitson:** I think it would improve the ability to plan, but whether there are the finances there to then deliver those plans, or whether events such as a Dawlish or there's a viaduct needs replacing—those are two examples. All of a sudden, that's an awful lot of contingency money going in. Presumably, that detracts from the long-term planning at some point. And resilience of the network to weather now is becoming a particularly big and expensive issue.

[314] I think there's another point as well in terms of—Network Rail at the moment can buy equipment on economies of scale. If you had to duplicate all of that, so you've got your track-laying equipment here and there and everywhere—. I think the ability to take some that isn't being used from one part of Network Rail and bring it to another part does make things cheaper. If everything had to be duplicated, I think that that would add to the cost as well, but there's no reason why that sort of—

[315] **William Graham:** Can we have some last comments now from Roland? We're just about out of time—please, from you.

[316] **Mr Pittard:** Thank you, Chair. I think the risks would be tremendous to actually take over full control of the Welsh infrastructure. There are various points on the Welsh coast where the railway is quite vulnerable, and, with climate change taking place and sea levels rising, I don't think that threat is going to go away—the legacy of the north Wales coast wall to protect a large number of properties in north Wales and various caravan sites in that particular area, the Cambrian coast, and even in south Wales along the Carmarthenshire coast. So, there are lots of problems in a country such as Wales—a mountainous country with railways along the coastline—that could eat a tremendous hole in any budget to maintain those particular lines.

[317] I am concerned about the flow of money coming into Wales, because it's never been made clear what proportion of Network Rail's funding is actually being spent in Wales, whether we are getting our fair share or whether we are not. I think that there needs to be some form of transparency coming out in that. It is difficult when there are shared assets that are used in both Wales and in south Wales, such as engineering trains, engineering equipment and the expertise of people, specialist people. In fact, Railfuture put together a paper, which we gave to the rail team in Cardiff a few years ago, showing all these particular problems that would arise and would have to be considered. You know, you've even got insurance problems about what if there was a major accident, what if the major accident was the fault of the network? Who would be responsible for that? So, there are quite a number of issues.

[318] Another area I am concerned about is that there are a whole range of discretionary funds that are operated by the Government and whether we get our fair share of those discretionary funds.

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[319] One of them, which you may be familiar with, is the Access for All fund, and there are other funds such as for improving the passenger comfort at stations and various things like that—there's a whole range of funds. Now, are those being accessed by Welsh Government, are we getting our share? Are they being used to the full? So, we've got to look at that side of the funding.

[320] The other aspect—and it struck me when I saw that there was European funding going towards the development of a station at Old Oak

Common, for example, to link HS2 with the Great Western main line, and I thought, 'Well, what is the position of funding coming from Europe into Wales where the Welsh Government does have the full say on that?' But the problem then comes—where does the match funding come from? Because there are a number of desirable projects that one would like to see developed in Wales. They could be developed using European funding, but there is always the need of, you know, the thought of: where does the match funding come? Probably that's the best way to look at funding to improve the Welsh infrastructure rather than to think that Welsh Government can take it over and get all the expertise that is needed to look after the infrastructure.

[321] **William Graham:** Thank you very much for your attendance today. I'm afraid we're out of time. We're most grateful to you for coming today. Thank you very much for your evidence.

[322] The public meeting is now closed.

Daeth y cyfarfod i ben am 12:31.

The meeting ended at 12:31.