



Communication
and
Transport

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Transport in Wales – Working Towards a Strong, Fluid and Sustainable Freight Network

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An economy cannot thrive without a competent and reliable logistics network. As the Welsh economy grows, so do its businesses, communities and their visitors who all rely on an unimpeded flow of people and goods.

Sometimes, however, we underestimate the importance of a fluid and reliable freight network to our daily lives and we take for granted the services that keep it up and running. Our food, tools and technology are all sourced as raw materials, manufactured, packaged and then delivered to the shops before we can purchase them and take them back to our homes and offices. Then, after we have finished with these things, our waste and recycling needs to be collected. Meanwhile, our hospitals need drugs, our schools need books, while post and parcel services – even in the digital age – remain fundamental to our way of life. It is the freight network that makes this happen.

As freight clearly plays such a large role in the functioning of the economy, it inevitably generates a huge amount of employment. In Wales, freight logistics account for some six per cent of employment while our industry contributes some £2.5bn to the Welsh economy.

However, as the economy and our demand for consumer goods grow exponentially, the freight-distribution industry needs to continually maintain and upgrade its supply chains to providers and markets in the UK, Europe and beyond. In addition, the globalisation of

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trade will have implications for Wales' existing freight distribution networks, as well as its manufacturers and retailers.

Partly to address concerns such as these, Associated British Ports' (ABP) operations in South Wales have become closely involved with the Wales Freight Group, which comprises providers and users of freight services from the road, rail, ports, shipping, airports and pipeline industries. The Group also includes transport planners and key stakeholders such as the Regional Transport consortia in Wales, the Freight Transport Association, Road Haulage Association, Rail Freight Group, port and shipping operators, representatives from Cardiff-Wales Airport and Skills for Logistics.

The Wales Freight Group has produced the Wales Freight Transport Strategy – working with the Welsh Assembly Government and other key players in the industry – which is intended to deliver a modern, efficient freight-transport system to support and balance economic, social and environmental objectives, in line with the wider Wales Transport Strategy.

The transport and communications industry must make a concerted effort to develop a sustainable distribution system that links road, rail, air and seaports together, and it is my belief that initiatives such as the Wales Freight Transport Strategy have made some hugely important headway towards this.

As well as ensuring that the freight network performs well for the growing Welsh economy, there are also plenty of environmental benefits that could be achieved through the innovative management of an inter-modal transportation network, to ease pressure in some areas while generating growth in others. One of the primary ways that the ports industry, for example, helps with this is by the increase of short-sea shipping of goods around the coast, which can help reduce the pollution that can come about through convolution on the country's motorways. An example of this is Civil & Marine Cement Slag Co. Ltd, based at Port Talbot, who export blast-furnace slag from the South Wales steelworks to ABP Teignmouth in South Devon.

Looking to the future and how our

industry can continue to expand and benefit from emerging markets, it is my belief that that ABP's five South Wales ports – and by extension all those involved in the logistics chain which begins and ends at our quaysides – will become a major hub for renewable energy. ABP, as the owners and operators of 21 ports around the UK, sees the renewable energy sector as an exciting growth market and a number of our ports are already engaged in working with customers to support renewable energy initiatives.

Recently, for instance, the government gave the go-ahead to the Prenergy renewable energy plant which is great news for Port Talbot. The port's deep-water harbour has the capacity to service

the large bulk carriers that will deliver the wood-chip cargo needed to fuel the plant. While ABP's South Wales ports were developed on the back of exported energy cargo in 19th and 20th Centuries, renewable fuel is one of the energy streams of the future and we are well placed to facilitate such a development as this.

Working together, I believe that Wales' transport and communications industry can achieve a great deal in the future, including a freight network that satisfies both business and home alike, environmental benefits brought out through the decongestion of some parts of the industry, and the ability to grow as an industry by exploiting new markets.



Through Change the Strongest Survive and Thrive



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Cardiff Bus is the main provider of local bus services in Cardiff and the Vale, around 100,000 passenger journeys per day being made on their services. With a turnover approaching £30m, a staff of 750, and some 240 buses, both the company, and the service it provides, are very much at the heart of the community.

Sustainable transport systems (including rail, cycling and walking as well as bus) are at the heart of economic, social and environmental agendas, and it is no surprise therefore that bus travel is very much centre stage in 2008.

Cardiff Bus as a company often talks about the Capital City Dividend – the benefits to the City from having a modern and efficient bus service, operating from early to late, seven days a week, and covering an integrated and comprehensive service network. So what does this mean in practice?

Firstly Cardiff Bus have recently completed our £25m fleet renewal

programme, with all buses now low floor and under ten years old. With an average age of five years this makes their bus fleet one of the youngest and most environmental friendly in the UK.

Additionally a minimum specification for all the buses includes high visibility destination blinds, CCTV, GPS, two-way radio, and smartcard enabled ticket machines. The latest buses have a media centre with live BBC News 24, designer branding, and air conditioning amongst many other features and must be one of the highest current specifications for service buses anywhere in the world. They believe that they have developed a

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Exterior shot of some of our new single deckers which we launched in October



product that is a genuinely realistic alternative for everyone (and especially commuters).

Cardiff Bus is also aware of the importance of travel information, and ease of use. In 2007 they fulfilled their aim of having a timetable display at every bus stop they serve. In 2008 they will be ensuring that every household receives a comprehensive guide to Cardiff Bus and the services they provide, together with a smartcard allowing electronic ticketing and an electronic purse.

A simplified fares system has been introduced, and will be refined further in 2008. The £3 "Day to Go" tickets have been a tremendous success – these allow the user unlimited travel for a day in the Cardiff area, and are one of the key factors in Cardiff Bus achieving passenger growth of over 6% in 2007, unprecedented in the recent history of the company.

Sir Rod Eddington in his recent report explored the link between transport and the economy. This link is very apparent in Cardiff. With the new St. David's 2 development estimated to generate an additional footfall of some 30,000 people per day and our road system already at capacity, it is obvious that much of this additional demand will have to be met by public transport. There is the potential for an excellent public transport system to generate inward investment – transport is one of the key factors that inward investors look at as part of any location assessment.

Cardiff Bus is entirely owned by Cardiff County Council. Whilst the ownership model is currently under review, there is no doubting everyone's commitment to public transport being delivered in a manner that maximises social inclusion. Cardiff Bus is at the heart of the community it serves, and works on a wide variety of initiatives to address social issues within the City. Whether it be visiting family and friends, or a senior citizen taking advantage of the WAG free scheme to come into town for a cup of coffee, there is no doubt as to the role that public transport plays in ensuring a more inclusive and community based society.



Interior shot of some of our new single deckers which we launched in October - it shows the media centres and next stop display facility on the bus

Increasingly the company is aware of its environmental responsibilities, and the modernisation of the fleet has been at the heart of their more recent contribution to improving the environment. The most modern double decks are some 20 times less polluting than the buses they replaced. Perhaps the greatest contribution that public transport can make to the environment, however, is assisting modal shift from car to public transport. Having an attractive viable alternative to the private car for many journeys is key to this. Cardiff Bus are also working closely with all stakeholders to develop the technology of the future, and we do not believe it will be long before we see hybrid buses (or indeed the first experimental fuel cell buses) introduced into the fleet.

At the time of writing the company are also considering the development of a new state of the art depot at Trident Park

that will complete the transformation of the Cardiff Bus into what they believe will be one of the best bus operators in the UK, if not in Europe.

As Darwin pointed out, it is not necessarily the strongest, but those who are best able to adapt to change, that ultimately survive and thrive. In the last few years the company has had to change more than it has done in the previous two decades, but there is further work to do. The journey has encompassed partnership working, the development of a culture based on Cardiff Bus's recent achievement of Investors in People standard, and a more process based management approach linked to their of achievement of ISO9001. With the restoration of profitability to more sustainable levels in 2007, the company can look to the future with considerable optimism.

Modernisation moves Royal Mail Group Businesses Forwards



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"You cannot fight against the future" - the prophetic words of 19th century British Prime Minister William Gladstone apply equally in the technologically advanced 21st century - no more so than in Royal Mail Group, where falling mail volumes, intense competitor activity and Post Office network losses, have put the future of the 365-year-old organisation under scrutiny.

Huw Roberts, Director of Welsh Affairs, Royal Mail Group, assesses what the future holds for the postal group that prides itself on providing a First Class service to its customers in Royal Mail, Parcelforce Worldwide and Post Office branches.

MODERNISATION

"The simple fact is that in everything we do, both now and in the future, we have to modernise - whether it is by introducing new machinery and modern working practices in our delivery operations or by developing new products and services in our Post Office branches.

"We are not immune from change - we

are all sending fewer letters, the alternative electronic communication channels are growing and our competitors are taking a larger share of a smaller postbag. In Post Offices too, the climate is changing in a virtual world, where online banking and telephone ordering are becoming increasingly popular, resulting in fewer people using our branches.

...we are proud of the fact that more First Class letters arrive the next day than ever before. In Wales, in recent years, we have produced the most consistently successful quality of service results we have ever achieved...

"For the first time in years, we have been provided with an opportunity to invest in new technology, to transform our operations with a major commercial funding package from the UK Government - including £1.2billion for Royal Mail to compete successfully and £1.7billion to enable Post Office Ltd to re-shape and modernise its network and return to profit by 2011.

Huw Roberts





ROYAL MAIL

On Royal Mail, Mr Roberts says: "We can't go on running a business based on sorting millions of items by hand every day, when newer companies are now using modern technology to do it faster and more cheaply. And none of our competitors has shown any interest in carrying ordinary post or delivering to the 1.56 million addresses in Wales or the 27 million letterboxes in the UK.

"We are proud of the fact that more First Class letters arrive the next day than ever before. In Wales, in recent years, we have produced the most consistently successful quality of service results we have ever achieved. But the reality is that we are no longer a monopoly and rivals are now handling one letter in every five posted. They are winning an increasing share of the mail market because technology has made them more efficient.

"The Government loan is offering us a challenging, but achievable, way forward to enable our businesses to modernise. And, as many of our customers already acknowledge, Royal Mail has good quality, reliable products to offer.

"Our ability to offer a service to everyone, everywhere, six days a week is dependent on success in winning contracts worth many millions of pounds from large mailers. The average household now spends just 50p a week on postage and unless Royal Mail succeeds in competing for business mail from large

customers, we will not be able to generate the profits that are needed to fund the one-price-goes-anywhere universal service for stamped mail to the UK's 27 million addresses.

"This business has a fantastic heritage and plays a vital role in our society. But society is changing, which means we need to change too. This is the only way we will continue to play our vital role in the UK and to help the nation thrive and grow."

POST OFFICES

Post Offices are the biggest retailers in the UK and offer more access to cash than all the banks and building societies put together.

The 14,000 plus branches in the UK - 1150 in Wales - offer more than 190 different products and services to customers, from foreign currency and travel documents to HomePhone, mobile phone top-ups and Broadband services. One in 50 people now insure their cars at the Post Office.

Mr Roberts says: "However, with network losses of over £4m per week, the UK Government funding package investment, involving the compulsory compensated closure of up to 2,500 branches across the UK, will help us to build a long term, sustainable Post Office network.

"The majority of branches - more than 80 per cent - will not change as a result of the programme but the UK Government



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has set us a very challenging target for the completion of the programme. It started in Wales in October 2007 and will continue until October 2008.

"We are continually looking at offering more products and we are negotiating with the Welsh Local Government Association to offer their products through our branches. We are also concentrating our efforts on investigating more efficient ways of serving the local community, such as mobile Post Offices, branches in village halls and community centres, a single branch running satellite offices and individual home delivery services, so that we can maintain the service that our customers trust and rely on.

"We know and understand that in many communities, the local Post Office branch is still very much the focal point of the village. Whether it is the centre of a city, a suburb of a town or in a rural village, it is vital for the future of the network that people really do USE their branches, just as it is important for us to concentrate on our continuing journey to become the world's best and most trusted postal service.

"We cannot fight the future, so we are working hard to create the platform from which we can achieve success in the competitive market and secure a strong future for the business."

Five Ports in Wales



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Associated British Ports (ABP), the UK's largest and leading ports business, owns and operates the south Wales Ports of Newport, Cardiff, Barry, Port Talbot and Swansea.

In the late 19th and early 20th centuries, these five ports were at the heart of the industrial revolution, exporting coal, metals and manufactured goods throughout the world. Following the demise of the deep-mined coal industry in South Wales, however, the ports have diversified the trades they handle and adapted their cargo-handling capabilities to meet the requirements of the modern Welsh economy.

ABP has the ability to handle virtually any type of cargo. In South Wales, trades currently imported and exported include iron ore, coal, animal feeds, agribulks, aggregates, steel and forest products and liquid bulks including petroleum and chemicals. Regular vessel calls from the

Far East, Americas and Russia, in addition to established services to and from the Baltic States, Continental Europe, the Mediterranean and Irish Republic, may be accommodated in vessels all of sizes, from small coastal ships to deep-sea 'capesize' bulk carriers.

In 2006, the five ports handled almost 16 million tonnes of cargo, an increase of 4.6 per cent on the previous year. This rise in volumes reflects not only new business for the ports, but also a significant increase in steel imports through existing services at Newport and Cardiff, as well as extra forest-products movements made possible by substantial investment in the dedicated terminal at the Port of Swansea.

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In a recent report by the Welsh Economy Research Unit, it is estimated that ABP's South Wales Ports directly and indirectly support over £1.7bn of gross output in Wales, and account for over 16,000 jobs. The same report also homed in on the critical role ABP has in supporting economic development, enabling businesses to compete with European counterparts and global competitors. The Welsh Assembly Government regards port development as so central to the Welsh economy that it has developed an integrated freight transport strategy, to which ABP is a key partner.

Just as the nation's economy has changed in recent decades, so have port operations evolved to accommodate the increasingly globalised nature of world business and the new challenges brought by the rise of shipping containers as a mode of transportation. The Ports of Cardiff and Swansea boast dedicated, rail-linked tri-modal container terminals with regular services to the Mediterranean, Mainland Europe and various locations in the Irish Sea. Opportunities to increase the range of destinations are also being pursued by ABP.

No longer just places where goods are loaded on or loaded off ships, ports now have a far more central role in the international supply chain, with competitive port operators adding value by providing extra facilities and services to customers. One example of this is the Bob Martin Company, based at the Port of Cardiff, which imports cat litter in bulk form. As well as being unloaded at the port, the material is also stored, processed, bagged and then distributed from the company's dockside facilities.

Changes to the distribution model, driven by higher road-freight costs, congestion (on road, rail and in major European hub ports) and environmental factors, are resulting in increased use of sea transport. Consequently, ports are central to accommodating increases in coastal and short-sea shipping. Such a strategy is more environmentally sustainable, compared to road transportation, and serves to offer an alternative to rising road-haulage costs and congestion. All of ABP South Wales' ports benefit from rail connections to the national network, as well as links to the motorway system, connecting customers to the South Wales industrial heartland,

the midlands and beyond.

The Ports of Cardiff and Swansea are increasingly seen as attractive ports of call for the growing cruise industry. Both ports offer facilities for "call-in" cruise visits, bringing day visitors to the many attractions in South Wales and the surrounding areas. "Turnaround" operations for passengers embarking on their holidays are also provided as cruise operators look to shift to regional ports of departure.

ABP's South Wales Ports have a tradition of adapting to meet the requirements of their customers and investing in new facilities where they are needed for trade to grow. Such projects vary dramatically in size and scale and are backed by the availability of an abundant bank of development land across the five ports. Plans to construct the world's largest wood-fired power station on a site at Port Talbot, for example, have been given the planning green light. The proposal includes developing new facilities to import the material and installing special equipment to handle it, in addition to constructing a purpose built, dedicated storage facility adjacent to the site. At the Port of Barry, a rail-linked scrap metal terminal has also been developed, for Dunn Brothers Ltd, with the aid of a freight facilities grant. Class 66 locomotives, turbines for local power stations and structural steelwork for regional construction schemes are examples of project cargoes handled across the South Wales region in recent times.

John Fitzgerald, ABP's Port Director for its South Wales ports, says: "It's an exciting time for our five ports in South Wales, and as the Welsh economy grows in new directions, so we are on-hand to facilitate the supply of its imports and the delivery of its exports. The ports may have originally been constructed to handle exports of coal from South Wales' mining heartlands, but they are now in a prime position to become a major energy hub focused on the growing renewable power sector. It is this adaptability and forward-thinking philosophy which is key to the success of the ports in the future.

Stena Line Sails with Success

Glyn Môn Hughes



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Topping the list of companies linking Wales with Ireland is Stena Line. In days when budget airlines seem to be offering to pay passengers to travel and when rival ferry companies are battling to reach the crest of the same wave upon which Stena finds itself, the company prides itself in providing seamless customer service and is continuing to invest in its ships, ports and staff.

Not long ago, the call of the Celtic Tiger was little more than a purr. But as the Irish economy has grown at a pace which could even make the Chinese look envious, that purr has grown into a mighty roar.

And as the economy has grown – along with increasing prosperity on the Welsh side of the sea - so has demand for fast, efficient transport links.

At present, some 600 staff work on the central corridor and 250 on the southern corridor – both figures including ship and shore.

Over the last five years, Stena has invested heavily on its central corridor services linking Holyhead with Dun Laoghaire and Dublin. These investments include £65m on the new superferry – Stena Adventurer – in 2003 as well as an additional £15m in a new berth at Holyhead Port. Since 2003, around £10m has been spent upgrading its onboard and shore-based facilities on the important and strategic route linking North Wales with Ireland.

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Stena Adventurer



growing freight demands. Now, in the first quarter of 2008, there are plans to spend a further £5m to improve the vessel's technical performance and upgrade on-board facilities.

"The Stena Seatrader, which joined the central corridor in October 2006, has exceeded expectations and provided us with greater frequency of sailing times and much greater capacity for freight customers," said Vic Goodwin, Stena's route director for services between Wales and Ireland. "This is in addition to the alternative services on our high-speed services, the HSS Stena Explorer and the superferry Stena Adventurer."

Holyhead has grown hugely in importance in recent years.

"For freight customers, Holyhead is now the main gateway for transport to and from Ireland," added Goodwin. "We carried around 180,000 freight units in 2007 and it is remarkable to recall that, in 2001, we carried around 97,000 units. We expect this positive development and growth to continue."

But competitive pressure is intense. Despite this, 1.2m passengers along with 270,000 cars and coaches used services on the central corridor in 2007 – figures which saw an improvement on 2006, despite the fact trippage on high-speed services was reduced by 30 per cent.

The southern corridor, operating between Fishguard and Rosslare is another Stena success stories, carrying around 600,000 passengers and 153,000 cars and coaches. Some 55,000 freight units were also carried on the route.

"The company has worked hard not only to develop the routes but also to control costs," noted Goodwin. "At Holyhead, we reduced trips if they were not economically viable and we had to do this to combat escalating fuel prices."

Investment in training is also high on the Stena agenda, with the company constantly striving to meet customer demands. "We believe supreme service standards and hospitality are a vital key component in our fight against competition," added Goodwin, pointing out that Stena Line is currently the only ferry company to hold the Hospitality Assured accreditation, the standard for



Vic Goodwin

service and business excellence.

The company also received the Modern Apprenticeship Employer Award at the National Training and Modern Apprenticeship Awards for 2007. The awards, which are supported by the Welsh Assembly Government, showcase modern apprentices, businesses, providers of learning and collaborative projects that have made outstanding contributions to training.

Stena also seeks new opportunities and has recently announced the formation of a strategic partnership with London-based Conygar Investment Company with a view to developing surplus non-operational land at the waterfront along the outer harbour at Holyhead.

Though detailed plans have yet to be announced, the new scheme will include residential, leisure and tourist-related facilities, an expanded marina development with associated commercial and marine engineering elements, all aimed at raising the profile of Holyhead

as a residential, commercial and tourist centre.

"Conygar has enormous experience in this field and are currently involved in a £100m marina project at Pembroke Dock," said Goodwin. "The proposals of the waterfront strategy at Holyhead are being produced by Anglesey County Council, the Welsh Assembly Government and the Holyhead Forward Board and we look forward to working closely with these bodies."

Conygar is also in discussion with Stena over a new marina development at Fishguard Harbour, which is also owned by Stena Line.

The company is also closely involved with plans to bring more cruise ships to Holyhead.

"Seven years ago we were in a loss-making situation but we have turned the business back into a healthy profit through careful investment in the harbour, new ships and through the commitment of our workforce."