

REPRIORITISATION OF THE NATIONAL TRANSPORT PLAN

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KEY ISSUES

This first section deals with questions 1, 3, 4 and 5 set out in the letter (19 December 2012) from the Chair of the Enterprise and Business Committee.

Introduction

As with all plans the 1st National Transport Plan published in July 2009, was a dynamic document which should be reviewed every two to three year and is the delivery process for transport policy. It can then remain the same, or change to reflect new priorities so that expenditure meets current transport needs and challenges. This paper sets out some priority options.

However there is a constraint on the extent to which the Plan can be changed to any significant extent. It emerged in the preparation of the first NTP that a Strategic Environmental Assessment (SEA) was required. This was a process which took about six months to complete. Consequently if the Minister wished to push forward with some reprioritisation of the Plan then it had to be within the confines of the first Plan. No major additional projects such as rail electrification (which in 2009 was a pipe dream for transport advisors), could be included. One would expect to see a more fundamental change in the next National Transport Plan which could be expected by late 2013 / early 2014.

Policy Objectives

There are five primary objectives inherent in the Government's stated policies in respect of transport. The Plan and the Minister's Statement (& December 2011) moves towards achieving those objectives

1. Mobility – improvements for deprived, low income, communities particularly in relation to improved access to employment, health and education and retailing of a more affordable nature. (The economics of large supermarkets brings economies of scale and thus in general lower prices; and a wider range of food and clothing when compared with locally owned shops or even small neighbourhood stores within a larger procurement and distribution network.
2. An efficient and effective transport network within Wales to enhance inter - area economic activity

3. International connectivity to enable Wales to compete in an increasingly contestable market. This includes connections for our exports of food and manufactured products and for inbound tourism to / from England's large conurbations and the mainland of Europe where other European Union member states are important markets. The entry of low wage economies in the eastern parts of the EU means that Wales has more difficulty in competing for production on a wage basis. Other aspects of the production process costs have therefore to be as low as possible. Given that in the list of criteria for factory location produced annually by Lloyds Bank / British Institute of Management transport is always in the top four, then the international links have to be a key policy objective. These links must be efficient in terms of journey times (particularly so following the recently reduced driver's hours directive) and the reliability of the network to enable producers to achieve their own *just - in - time* logistics targets.
4. Urban congestion – reduction in these economic power houses whose efficiency and economic growth can be restricted by congested roads or even the perception of congestion
5. Access particularly in rural areas with new radically changed means of providing public transport
6. Healthy and more sustainable travel choices

Later in this paper several individual schemes are referred to. Most are included in the Plan; some are not as a consequence of the SEA requirement referred to above.

Key issues for discussion

1. Before determining what schemes to prioritise the above list has itself to be put into priority order?
2. What budget is available in both capital and revenue divisions. The priority list must be affordable?
3. What are the Benefit Cost Ratios for each of the capital proposals; and using WelTAG (Stage 1) and what are the scores for smaller schemes e.g. public transport individual route subsidy?
4. Is the National Transport Plan a policy strategy document or is it a costed delivery programme?

Conclusion

The primary objective of any transport policy given the current state of the economy has to be Wales' ability to trade, remain competitive, generate jobs and increase social and economic inclusion. The last is dependent on successful achievement of the first three. This the initial National Transport Plan and the reprioritised Plan move towards achieving.

For that reason the order of priority for Wales is an efficient and effective transport network to make us internationally competitive, followed by urban congestion

solutions, easy and affordable access to jobs and services by car, bus and rail services particularly from low income communities and rural areas through a revolutionary change in public transport provision.

So how does the new National Transport Plan meet these priorities?

High quality connectivity with our markets in England and other EU countries is essential for exports of manufactured goods and earnings from tourism and commercial activities. But one misconception has to be dealt with. Financially the new M4 and many other road and rail schemes only become financially affordable if the Welsh Government had borrowing powers, used with its Standard & Poor's AAA credit rating to obtain rates as low as 2.5% per annum. Thus for example, a Severn Bridge / new M4 combined toll of £2 per car from 2018 would give a cost neutral position rather than a PFI scheme costing £120m per annum. Only then could such major capital expenditure schemes be in the Plan.

The second misconception relates to the question – why is there nothing new in this Plan? Answer: European Union regulations would have required another full strategic environmental appraisal. Thus the Government was restricted to reprioritising schemes in the existing Plan. For that reason, the electrification of the Valley Lines commuter railway and the South Wales Main Line between Cardiff and Swansea were not included.

Similarly it was disappointing that the proposed rail link to Cardiff Airport was not in the Plan but the EU rules prevented its inclusion here. It is an essential part of the longer term infrastructure of the Vale and of the extended Enterprise Zone which encompasses Cardiff Airport and the inclusion of the Five Mile Lane road to the airport goes partly towards its road links requirement.

AREAS OF PRIORITY IDENTIFIED BY THE COMMITTEE

The Committee have set out in the Chair's letter (19 December 2011) a series of strategic priorities as follows (views sought in question 2) derived from the Wales Transport Strategy (2006, 2009):

1. Reducing greenhouse gas emissions
2. Integrating local transport
3. Improving access between key settlements and sites
4. Enhancing international connectivity
5. Addressing safety and security

This part of the submission concentrates on the first four elements. Expertise and experience in the final element is best sought elsewhere.

The change in priorities is always going to be a balance between these elements. The initial Plan had in mind the Wales Transport Strategy; consequently one would not expect there to be a radical move away from the Strategy in this resetting of priorities.

A selection of schemes included in the Minister's Statement is set out below. Against each one is the priority number identified in the Committee's list (above) which is most applicable to that scheme. This modal scheme based format has been chosen as individual schemes may serve more than one priority

RAIL

Included in the Plan

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The present rail franchise agreed in 2003 between Arriva Trains Wales and the Strategic Rail Authority was a no growth, low investment railway operating over a fifteen year period. That would not have satisfied demand growth of over 8% per annum without considerable additional financial input from the Welsh Government. This preparation of the new franchise (or not for dividend company) specification has to begin soon to be on time for a 2018 franchise start coincidental with electric train operation. But this time with growth rates and track and rolling stock investment to match expected demand growth.**(3)**

More frequent, longer trains on routes between Cardiff and Pontypridd, Caerphilly and the Vale of Glamorgan providing a *Valleys – Vale Metro* to serve the Cardiff economic powerhouse where the demand for both road and rail capacity continues to increase. The road increase is not sustainable in special terms. The solution to the increased Cardiff commuting particularly into the city's central business district has to be the railway with park and ride and feeder buses into rail heads. In Swansea the success of the bus based park and ride has to be encouraged, while improving use of railway stations to the east and the track redoubling to the west will enable a reintroduction of Swanline commuter services into Swansea (and, indeed, into Cardiff). **(1,2,3,)**

In other parts of Wales, the Cambrian coast line now has capacity for an hourly train service – rolling stock is therefore awaited. Doubling the tracks between Llanelli and Gowerton and between Wrexham and Chester (the latter reduces north – south journey times by 20 minutes) will increase reliability and capacity. Rail electrification from Wrexham to Bidston and Wrexham to Chester linking into the Merseyrail service would form the core of a north east Wales / Merseyside / Chester Metro with

feeder, local and longer distance bus services. This would attract an increasing number of cross border commuters into Liverpool and north Cheshire and thus reduce the need for road capacity increases once planned for the A55 / A494 near Ewloe. **(2, 3)**

A new direct rail link to Cardiff Airport (part privately funded) would give the Airport a more attractive land side connection than Bristol. However this investment has to be included in the Network Rail 2014 – 19 investment plan (see above) alongside a considerable increase in destinations and point of origin for inward travellers especially tourists and convention / games travellers. **(1, 2, 3)**

The Plan (and other parallel schemes) accepts a continued growth in rail passengers with additional park and ride spaces, a low cost effective way of switching commuters on congested routes into e.g. Cardiff from car to rail. Any future station should have 400+ spaces while any developments following rail electrification should now be considered for the 2014 Plan. **(2)**

The preferred solution for north south travel is an hourly service between Cardiff and Holyhead with a fast service every two hours and a new air service from Cardiff to Maes Awyr Mon calling at Swansea and Haverfordwest and in the right market and operational circumstances extending to Dublin or Belfast. Between them they would effectively link the four corners of our country. **(3, 4)**

The future and value of the Gerallt Cymro Premier Service should also not be underestimated. It would be one of the inter hour fast services between north and south Wales. It also serves as an advertisement for Wales in that it promotes Welsh produce and quality through a medium of the train not readily available on many services in England. One might be surprised at the increasing number of references it receives in transport and more general media. **(3)**

The new Network Rail – Cymru Wales Route (division) will be an attractive proposition but it must be adequately funded. **(2, 3)**

Not included in the Plan

On the rail side the challenging priority is to ensure electrification of the South Wales Main Line extends to Swansea and that of the *Valley Lines* metropolitan network. This by implication means the lines from Ebbw Vale to Maesteg via Bridgend, Cardiff and Newport thus creating a south east Wales high frequency train service. The total track cost will be £500m (my estimate) plus reasonably priced refurbished cascaded trains. **(2,3)**

To persuade The Department of Transport (DfT) in London to fund this high level of investment, the Welsh Government has provided a robust business case. This analysis was completed by January 2011 so that it could be included in the Office of

Rail Regulation High level Output Statement (HLOS investment plan) for the 2014 – 2019 Network Rail financial period and be largely funded by the DfT. The business case for the Cardiff to Swansea main line has to be contiguous with the valley Lines and Great Western Main Line between London and Cardiff if the greatest value for money and best rate of return on investment is to be achieved. Convergence funding would reduce the capital cost and give a better rate of return but here a decision has to be made on the opportunity cost of such funding allocation. **(3)**

ROADS

The Government's national roads forward programme has more, but lower cost, schemes along the northwest - south east trunk road (A 470), and thought now has to be given to the other national trunk road link (A483). However these two roads also provide a key link into the Canolbarth from the A55 / M4. Expenditure has to be prioritised on the east - west strategic connections between Wales and our manufacturing and tourism customers which are keys to economic regeneration. **(3,4)**

Road developments can be small and effective for the most part. The Plan shows how for example the junction of the M4 and A470 eastbound and the A55 Pont Britannia to Ynys Mon can be improved by considering the detailed flows of traffic and constructing extra low cost but effective capacity. **(4)**

Some bigger capital intensive schemes will have to be phased over several years to improve our connectivity. Links into the Canolbarth from the M4 / A55 corridors via the A 470 and capacity work on the A 483 (excluded by EU rules) should be considered for the next Plan. **(3, 4)**

The A 465 Heads of the Valleys road at Hirwaun and Clydach George (expensive but necessary), the A 55 Expressway at Ewloe and an imaginative development of the existing A 48 south of Newport to double the capacity of the M4 Brynglas Tunnels section are key routes. But all this is of course in the context of significant expenditure to resurface roads badly damaged by two periods of freezing conditions in 2010 and 2011. **(4)**

The reason for the new M4, at £1 billion being unaffordable stems from the private sector being income risk averse on such infrastructure schemes. Historically the return required by private finance initiative companies investing in such schemes is 13% per annum – a required toll income of £130m. This scheme could at best generate an annual income of £20m, based on the Severn Bridge annual income of £77m, and given that demand would be mainly at peak times when the original toll - free M4 was congested and there are alternative routes. The consequent financial impact on the Welsh Government who would have to take the revenue risk would be £110m per annum for 25 years. That is not affordable

Its construction and that of any other major scheme should also be considered in the context of the reduction in traffic mileage flows since 2006 (according to UK government statistics).

Building a new set of tunnels at Brynglas would cost £400m and widening of the adjacent motorway, £600m. A cheaper but more unsatisfactory option would be to turn the hard shoulder into a running lane (as at junction 33) - again an expensive scheme.

.The A 48 Expressway upgrade, would cost £120m with five grade separated (i.e. motorway style) intersections, and flyovers at other junctions in place of the current roundabouts and traffic lights.

This would give a high quality, four - lane Expressway providing the necessary additional capacity on the east west road route at an affordable cost and with few environmental disbenefits. **(4)**

The road would run from M4 junction 23a via a new section of road to the Llanwern steelworks dual carriageway recently purchased by the Government, along the route of the SDR and via another new piece of road way to junction 29 at Tredegar House or for a small additional cost link into the A48 for junction 29a.

This new M4's toll would add to the cost of entering south Wales thus making the region less attractive to inward investors and tourists compared with Bristol and the West of England. A new road is needed in the short term to provide good connectivity and a solution, achievable and affordable, is at hand in the upgrade of the Newport SDR (A 48 Expressway). The new M4 is a medium to long term solution

BUS / COACH NETWORKS

In terms of the rural bus network, Ceredigion and north Carmarthenshire have benefitted from the introduction of *Bwcabus*, a radical method of rural bus service improvement in Britain. It has transformed travel opportunities and service quality using a radical approach to operations and the newest communications and scheduling technology developed at the University of Glamorgan, Wales Transport Research Centre (WTRC).

These areas in west Wales, together with the Newtown – Llandrindod - Merthyr – Cardiff corridor, will further benefit from a new *TrawsCymru* service integrated into the national rail network I have to declare an interest as the person responsible for creating, researching and initially developing both of these service developments. **(2, 3)**

The buses, rural Wales has benefited from the successful introduction of *Bwcabus* and *TrawsCymru* (specifically mentioned in the Minister's statement). The former has

transformed rural travel, increased demand by 40% and last week was extended from Carmarthen to Lampeter, Aberaeron and Tregaron. **(2, 3)**

The *Cerdyn Cymru* (the All Wales Public Transport Entitlement Card referred to in the 1st National Transport Plan) has to be developed to provide multi ride travel for all. Some cards will be free (e.g. for those over 60) and some will be paid for; they can be local regional or national and will be smart cards similar to the London Oyster card and the Cardiff *Iff* card.**(2)**

It would make Wales only the second European country to have a national public transport card after The Netherlands (to whom our public transport system should aspire) following the success of our over 60's pass and the Flexipass.

PORTS

Wales' ports have also a considerable potential. The development at Blackbridge pier, Milford Haven will result in containers loaded with biofuel being moved by eight trains per day. Although not obvious at first, this requires integrated transport planning for train paths at Cardiff. **(4)**

The potential to transfer cruise business away from the Baltic Sea to the Celtic Sea is not moving anything like fast enough. As we have two deep water ports for big cruise ships and tidal ports for the smaller, often more exclusive (i.e. more expensive) ships, the development of piers at Milford haven and Holyhead becomes a vital economic regeneration tool. The economic benefits to north- west Wales and to Pembrokeshire and Carmarthenshire are significant. **(4)**

At Holyhead a low cost (£3m) 'dolphin' extension (a long concrete mooring slab) to the disused Anglesey Aluminium jetty will allow large cruise liners (2,500 passengers) to dock alongside the quay. This is an essential element as it allows servicing of the vessel and avoids expensive tendering of passengers from ship to shore. Expended spend per passenger is £100 thus injecting, with one ship per week, £12.5m per annum into the local economy. The high benefit cost ratio is clear. **(4)**

The benefits to communities and their retention of jobs and people cannot be underestimated. As cruise lines have a 4 year lead time these should have already been built and no further delay should occur.

CONCLUSION

The re - prioritised Plan concentrates on employment generation through improved connectivity but sensibly within the current public sector financial constraints. Those of my preferences not included were a disappointment, but when they have been

fully evaluated I would expect to see them included in the next Plan or in individual future schemes.

These priority options emphasise the importance of following an integrated transport plan where it may not be road solutions that are required to reduce road congestion. The development of rail or bus (with traffic priority) Park and Ride around big cities – Cardiff, Swansea, Newport and Wrexham will have a significant impact and the integrated public transport hub will help facilitate the Cardiff Sustainability City plan

Now is therefore an appropriate point at which to reconsider the national Transport Plan. The impending reductions in UK public expenditure and in the Welsh Government block grant will also require hard decisions on transport investment priorities in the coming years.

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