RURAL ECONOMY AND CONNECTIVITY COMMITTEE

DRAFT BUDGET 2019-20

SUBMISSION FROM SLEAT TRANSPORT FORUM

Introduction
The Sleat Transport Forum (STF) was established in 2014 to champion improvements in public transport to, from and within the Sleat peninsula. It is a sub-group of the Sleat Community Council, receives no funding for its work, and represents ferry users, residents, businesses and organisations across the area. Its officers are all volunteers with varying roles in the community. The group’s first and now ongoing challenge was for the campaign to restore a robust and resilient ferry service on the Mallaig-Armadale route following the announcement on 22nd September 2015 by then Minister for Transport, Derek Mackay MSP, on significant changes to the CHFS network from Summer 2016. The CalMac Ferries Ltd Press Release1 on this event included a ‘10% increase in sailings from Mallaig to Armadale from the commencement of the Summer 2016 season’. What it did not say was that this change would result in the re-deployment to the Oban-Craignure route of the ‘MV Coruisk’, the vessel that was specifically commissioned for the route and introduced into service in August 2003. This directive was a consequence of the publication of the Scottish Government’s Ferries Plan published on 19th December 2012 which called for a second vessel on the Mull route. For the Sleat community this was the first manifestation of the woeful lack of investment in ferry and port infrastructure that resulted in the removal of a vessel that had operated successfully for 12 summer seasons and which was the optimal ship to meet the growing demand for the route, particularly from the final roll-out the Road Equivalent Tariff (RET) which was enabled on the route from October 2015. The decision to redeploy the MV Coruisk as a second vessel for Mull and approved by Transport Scotland and the Scottish Government, without consultation, replacing it with vessels unfit for purpose has had significant and detrimental effects on communities either side of the Sound of Sleat and beyond. It forms the basis of this submission challenging the minimal levels of capital investment in the CHFS area that has now spread throughout the entire west coast and islands network and seriously challenges the economic survival of remote and island communities that rely on a robust and reliable service to develop those communities leading to economic prosperity.

The STF formally responds to the statements made in the consultation from the Rural Economy and Connectivity Committee as shown below.

1. Is the current and proposed level of investment in vessels procurement and port infrastructure enough to ensure the resilience of the Clyde and Hebrides ferries network in future years?

Absolutely not.

1 https://www.calmac.co.uk/press/enhanced-timetables-summer-2016
We quote from the covering letter\textsuperscript{2} from Peter Timms, then chairman of CalMac Ferries Ltd, in the Company’s submission to the 2010/1 Ferries Review, dated 20\textsuperscript{th} September 2010 when Mr Timms wrote:

‘Our submission demonstrates how investment in new ferry infrastructure has been slipping behind for decades, reducing the quality of our services, and creating a situation where catch-up will have to be undertaken in emergency conditions, needing much more investment than if a continuous replacement policy had been adopted. It is clear that no matter how many assurances are given about responding to community needs or providing lifeline services in order to enable rural communities to contribute to the national good, the ability to deliver these well-intentioned aims very quickly comes down to the availability of funding for services that are vital to a special group of Scotland’s people.

The urgency of the task cannot be overstated. MV Finlaggan which is due to go into service in May 2011 is the first new vessel in the CHFS network for four years and with plans for another for Stornoway/Ullapool vessel still up in the air, the paucity of the new vessel programme for the Clyde and Western Isles is startlingly evident. No-one associated with the provision of ferry services should lose sight of the fact that ferry services are not an end in themselves. The existence of modern, efficient and affordable ferry services is a vital catalyst to other forms of investment and economic activity in the islands and communities served. Across our network, people are making important decisions about where to live where to run businesses, where to bring up children and the ability to move themselves and goods freely is a key part of their decision processes.

This brings me to the question of where responsibility for ferry services should lie and how they are procured. The “bundle” approach to tendering lifeline ferry routes has been a source of much debate for many years, but we believe that the case for a single bundle is irrefutable. Indeed, when the CHFS contract was drafted, the Government of the time made a compelling case for a single bundle, and the current administration expressly stated that it supports the single bundle approach as recently as last year when the EU investigated state-aid for ferries.

Comment: This extract clearly demonstrates the view, some eight years ago by the operator, wholly owned by Scottish Ministers, that a defined programme of investment in vessels and port infrastructure to meet future demand was not in place at all, and that sporadic investments in ships would be haphazard and without any formal plan. For example, in the Ferries Plan of 2012 the tables below show the intended vessel replacement programme, during the lifetime of the plan to 2022 and beyond, proves that what was planned and what has happened is far apart.

\textsuperscript{2} https://www.calmac.co.uk/media/1259/Covering-Letter-SGFR-Response/pdf/Covering_Letter_SGFR_Response.pdf?m=1421865306720
## Appendix 1: Investment Plan

### Routes and Services Proposals

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Estimated Timing</th>
<th>Estimated Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>All short-term measures:</td>
<td></td>
<td>£4.3 m</td>
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<tr>
<td>Second vessel on Ardrossan-Brodick during more of summer</td>
<td>2013 onwards</td>
<td></td>
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<tr>
<td>New summer only pilot on Campbeltown-Ayrshire, via Arran</td>
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<tr>
<td>Deploying MV Isle of Arran during winter on Colintraive-Barra/South Uist</td>
<td></td>
<td></td>
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<tr>
<td>Additional sailings on Cumbrae route</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significantly improved service to Small Isles</td>
<td></td>
<td></td>
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<tr>
<td>Extend operating day on Colintraive-Rhubedach</td>
<td></td>
<td></td>
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<tr>
<td>Introduce a Saturday service from Colonsay, via Islay to Kennacraig</td>
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### Medium-term proposals:

<table>
<thead>
<tr>
<th></th>
<th>Interim CHFS contract</th>
<th>£2.5 m (capital) £1 m (Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase passenger only vessel</td>
<td></td>
<td></td>
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<tr>
<td>Increased passenger + ro-ro service for Small Isles</td>
<td></td>
<td></td>
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<tr>
<td>Increase in level of service for Colonsay during summer and winter</td>
<td></td>
<td></td>
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<tr>
<td>Additional winter sailings on Oban-Craigmore</td>
<td></td>
<td></td>
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<tr>
<td>Zero fares on Jura service[6]</td>
<td></td>
<td></td>
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</tbody>
</table>

### Long-term proposals:

<table>
<thead>
<tr>
<th></th>
<th>Main CHFS contract</th>
<th>£20 m* (Capital) £4.5 m**</th>
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</thead>
<tbody>
<tr>
<td>Purchase additional passenger and vehicle vessel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional sailings on Oban-Craigmore - all year</td>
<td></td>
<td></td>
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<tr>
<td>Continuation of improved winter service on Oban/Coll/Tiree and Barra/South Uist</td>
<td></td>
<td></td>
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<tr>
<td>Provision of augmented winter service on Ardrossan-Brodick</td>
<td></td>
<td></td>
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<tr>
<td>Subject to pilot - provision of winter Campbeltown - Ayrshire service</td>
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</table>
Similar tables for port infrastructure investment are shown (in the plan) below vessel investment and it is recognised that each of these programmes are required to be running entirely in parallel given the significant variation in port infrastructure across the CHFS network as outlined below.

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Estimated Timing</th>
<th>Estimated Funding</th>
</tr>
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<tbody>
<tr>
<td><strong>Short-term</strong></td>
<td></td>
<td></td>
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<tr>
<td>• Purchase 2 Hybrid Vessels</td>
<td>Current</td>
<td>£63 m</td>
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<tr>
<td>• Secure new Stornoway-Ullapool vessel</td>
<td></td>
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<tr>
<td><strong>Medium-term</strong></td>
<td></td>
<td></td>
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<tr>
<td>• Replace MV Isle of Cumbrae</td>
<td>To 2016</td>
<td>£45 m</td>
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<tr>
<td>• Replace MV Hebridean Isles</td>
<td></td>
<td></td>
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<tr>
<td><strong>Long-term</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace MV Isle of Arran</td>
<td>To 2019</td>
<td>£90 m</td>
</tr>
<tr>
<td>• Replace MV Loch Linnhe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace MV Loch Riddon</td>
<td></td>
<td></td>
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<tr>
<td>• Replace Isle of Mull</td>
<td></td>
<td></td>
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<tr>
<td>• Replace MV Lord of the Isles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace MV Loch Fyne</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace MV Loch Dunvegan</td>
<td>To 2025</td>
<td>£97 m</td>
</tr>
<tr>
<td>• Replace MV Caledonian Isles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace Loch Tarbert</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Replace MV Loch Bule</td>
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</table>

Note: In addition 2 further vessels are identified under Routes and Services proposals.
• Many ports are owned by Caledonian Maritime Assets Ltd on behalf of Scottish Ministers, others are owned by local authorities and some by Harbour Trusts run as private companies, funded by harbour dues and related income. Investment by local authorities has been falling behind for years with one such example of Craignure Pier in Mull, owned by Argyll and Bute Council, which under the Ferries Plan of 2012 would have enabled the deployment of the MV Isle of Lewis on the Oban Craignure route from 2016 as outlined in the first Vessel Replacement and Deployment Plan 2014\(^3\) shown here:

8.2 **Ports impacted, ownership and the year of introduction of New Vessels are as follows:-**

8.2.1 **By 2016**

61. Deployment of MV Isle of Lewis to Oban-Craignure:
   • Craignure - port owned by Argyll and Bute Council, passenger access system owned by CMAL
   • Required to support deployment of MV Isle of Lewis
   • Anticipated extent of work – Moderate to major

8.2.2 **By 2018**

62. New Vessel for Uig based services to Tarbert and Lochmaddy:
   • Uig – port owned by the Highland Council
   • Required to support a vessel of similar capacity to MV Loch Seaforth
   • Anticipated extent of work – Major

It is remarkable that from the publication of the Ferries Plan which identified MV Isle of Lewis as a second (and primary) vessel on the Mull route there was little assessment of work that would be required to enable operation of the MV Isle of Lewis until June 2015, some 3 ½ years later when berthing trials deemed the vessel incapable of operating from the port without major investment. The STF asks ‘were Transport Scotland, Argyll and Bute Council and CalMac Ferries ‘asleep’ for over three years”? This is a clear example of lack of coordination between all agencies involvement in ferry operations on the network leading, in this instance, to the deployment of the MV Isle of Lewis to the Oban/ Castlebay service from April 2016, a vessel with capacity far more than the demand on the route even with growth from RET.

Comment: Transport Scotland regularly put out a standard Press Release when media articles require a response. One such example was on 14 August 2018 as reported in the Press and Journal

Transport Scotland said in response:

‘**Over £1 billion has been invested in ferry services across the Clyde and Hebrides since 2007, including the MV Loch Seaforth and harbour upgrades at Stornoway and Ullapool. We are continuing to invest in new vessels and ferry infrastructure to renew the fleet.**

“Work is also already underway to appraise, and subsequently to deliver on, further improvements to the ferry services to the Western Isles, including the important Ullapool-Stornoway route.

“Following local feedback last year, extra sailings have been incorporated in timetables for this summer, including on the Stornoway-Ullapool route, and the introduction of the new Mallaig-Lochboisdale service, the deployment of the MV Isle of Lewis to Oban-Castlebay, and using demand management measures around the network, will all help alleviate forecast pressure on services to the Western Isles.”

The simple fact is that the head-line statement of over £1bn investment belies that the fact that over 80% of the investment is subsidising the ferry services (revenue) as outlined in the table from the Audit Scotland Ferries Report\(^4\) published 19th October 2017 (this includes CHFS, NIFS and Gourock-Dunoon). The capital spend on vessels and ports falls far behind.

It is misleading for Transport Scotland to use the term £1bn in such press releases and even more irrelevant is referring to the new Mallaig-Lochboisdale service and the deployment of the Isle of Lewis to Barra both of which have now been operating for three full summer seasons. Successive Scottish Transport Ministers have consistently been advised that a programme of vessel construction, over a minimum period of at least 10 years, with potentially one major vessel built every other year, alternating with a non-major vessel. This realistic programme, with related port infrastructure, could be £500m over that ten year programme, with the sole aspiration to reduce the average age of the fleet, and provide service resilience with the opportunity of a ‘hot lay-up’, that is having a major vessel available at short notice to provide cover in the event of breakdowns, as was experienced with the MV Clansman early in Spring 2018. 

*It is worth noting that then Minister for Transport and*
Islands Humza Yousaf MSP announced on 17th June 2017\textsuperscript{5} that as part of works proposed for the A82 trunk road, plans for the upgrade of an eleven-mile stretch at Loch Lomond were to be unveiled at a capital cost of between £290m and £380m.

Comment: The Committee called the Managing Director and Chairman of CalMac Ferries to give evidence on 30\textsuperscript{th} May 2018\textsuperscript{6} and in that evidence\textsuperscript{7} the Chairman and MD said:

David McGibbon: I think that, when the minister was here, he said that we have had about eight new vessels in the past 11 years. From memory, I think that that is about right. We have had the three hybrids; we have had the Finlaggan, the Loch Seaforth, and the Loch Shira; and, before that, we had the Argyle and the Bute. There has been regular investment over the past few years, but, in essence, that has been making up for the period before that. When I first joined the board, my predecessor said to the minister that we needed a new vessel every year for the next 20 years. We have not had that, but, to be fair, the Government is investing. I believe that the minister, when he was here, also

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\textsuperscript{6} [https://www.scottishparliament.tv/meeting/rural-economy-and-connectivity-committee-may-30-2018](https://www.scottishparliament.tv/meeting/rural-economy-and-connectivity-committee-may-30-2018)

mentioned a new vessel for Islay, which is good news and is going to help.

The more vessels we have in the fleet, the more resilience we have. However, in a sense, we are victims of the success of the RET that Stewart Stevenson introduced. The RET has been a huge success across the network—everywhere you go, you will see the impact of it, particularly at the height of summer. It gives us issues in the sense that we are carrying a lot more people and cars, but that is great for the economy, it is great for tourism and it is great for the islands. The RET gives us pressures, but it has been a success.

Colin Smyth (South Scotland) (Lab): I will pursue some issues around the replacement plan. It is clear, from what we have heard today and from what we have read, that the current fleet is not fit for purpose. It is an ageing fleet—the average vessel is 23 years old. In fact, 15 out of your 31 vessels are over 23 years old.

The current VRDP has not enabled us to avoid the disruption that we have seen in recent months, and we have talked about growing demand. How confident are you that the existing plan will avoid a repeat of that disruption in the future?

Robbie Drummond: The VRDP process is led and managed by Transport Scotland. We work closely with it, as we do with CMAL, but you probably need to put that question to Transport Scotland. The fleet is fit for purpose now—it runs a service. The question that we are looking at is around the sustainability of that service and how future investment needs to bring more resilience into the fleet.

Colin Smyth: In your view, what needs to change in that plan to avoid similar disruption in the future?

Robbie Drummond: The plan needs to look at the long-term future of the service, and it does. I would like us to look forward 20 years and have an investment plan for the next 20 years for both vessels and ports. When I talk to other ferry operators, that is the timeframe that they are using in relation to their fleets. They are looking 20 or 30 years ahead, thinking about what sort of fleet they want to have in place in 30 years and what the infrastructure will need to look like. They are then plotting a path, over that longer timeframe, from where they are today to where they want to be. These are long-term assets. Ferry life spans are, on average, 25 years, but the infrastructure that we operate in is also important—it is a long-term asset, too.
In conclusion there are numerous examples, too many to mention in this response, demonstrating the view that there has been a lack of investment in vessels and port infrastructure for many years. This has resulted in:

- An ageing fleet that is now struggling to cope with demand, and with several vessels and port infrastructure items frequently breaking down, causing widespread disruption to services with no ‘quick fix’ on the horizon
- Capacity that has not grown with demand, attributable in part, to the introduction of RET where car fares were reduced on average by over 50% and passenger fares 44%, with the simple conclusion of reducing fares but not increasing capacity leads to communities, visitors, businesses and organisations being offered poor services and at times a network of ferry operations not fit for purpose
- A flawed Ferries Plan that did not fully reflect community views, i.e. the lease of the MV Seaforth for the Ullapool Stornoway route for a single vessel service, as against a community led approach of having two smaller vessels with a wide range of benefits from such a plan. Equally, the decision to procure a 100m vessel to replace the MV Hebrides on the Uig Triangle route when communities in Harris and North Uist both viewed that, as with Stornoway, two small vessels each dedicated to a route would give greater resilience to the service and allow local flexibility in the event of disruption. This would have resulted in reduced harbour upgrades at considerable and perhaps unnecessary costs, but allowing for ‘end of life’ activity
- The economic prosperity of remote and island communities is seriously jeopardised by this lack of investment, totally contrary to the ethos of ‘The Islands Bill’ recently passed by the Scottish Government.
- It is important to note that in the 2012 Ferries Plan the definition of a lifeline route states ‘A lifeline ferry service is required in order for a community to be viable’.
- Mr McGibbon mentioned in his evidence that a second dedicated vessel for Islay is planned ‘which is good news and will help’. As of 7th September, despite this being agreed in principle more than two years ago, no order for a vessel has been placed!

2. Has sufficient investment been made to handle increased demand and passenger numbers, particularly since the introduction of the Road Equivalent Tariff? What impact could state aid and procurement rules have on ferries investment? Do you have any route specific examples to support your view?

Absolutely not.

The Forum will use the Mallaig-Armadale route to demonstrate how unprepared the Scottish Government were in enabling the final roll-out of RET in October 2015. RET did not come as a surprise to successive Scottish Governments and was mentioned in this article in the Independent Newspaper of 15th October 1995 at the time of the opening of the Skye Bridge, the outcome of which was the requirement to terminate the ferry service between Kyle and Kyleakin. We quote ‘The Skye Bridge issue

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should be seen in the context of the past 16 years of Conservative government. In their 1979 manifesto, the Tories pledged to introduce the Road Equivalent Tariff for all Scottish ferry routes - under which high-cost ferry fares would have been brought down to the level of comparable road journeys. It would have been a shot in the arm for the fragile islands' economies.’

NB: The Forum cannot find mention of this item in the 1979 manifesto, but the article was written by the late Charles Kennedy MP.

This stark statement relating to the Skye Bridge shows that plans to reduce fares on ferry routes in the Highlands and Islands have been considered for nearly forty years and in one early 80’s statement Michael Forsyth, Secretary of State for Scotland deferred RET as it was expected to cost some £10m in subsidy.

The Skye Magazine published an editorial in November 2012 commenting on some assumptions made by Transport Scotland in the 2010-2011 Ferries Review. It is reproduced below the extract from both Sleat and Mallaig Pages 45-47 at that time in the Ferries Review submission to Transport Scotland. Some examples of comment in that consultation is shown in the panel below.

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10 [https://www.margaretthatcher.org/document/110858](https://www.margaretthatcher.org/document/110858)
13.6 The Mallaig-Armadale route is seen as vital to the local economy and there was occasionally a view, expressed mainly by organisations, that this route is not secondary. It was described as an important stepping stone for the Road to the Isles and comments suggested that an increase in local connectivity could help revitalise other communities such as Elgol and Rum.

"It is very short-sighted to reduce the subsidy on this route, as this would lead to an increase in fares, a reduction in passenger numbers and then a reduction in the service. Tourism in this area and all Scotland is a huge part of the economy, and to imply that "only tourists" use the Skye Ferry is to dismiss the enormous economic benefit they bring to Scotland. Without the ferry to Skye, Mallaig would suffer severe economic downturn, as 90% of people have tourism as part of their income directly or indirectly. Breaking the connectivity link of the ferries up the west coast would reduce visitor numbers greatly".

(Mallaig resident)

13.7 The route is also described as being "of key strategic importance to Sabhal Mòr Ostaig (SMO) the National Centre for Gaelic Language and Culture, based in Sleat... As well as its primary academic role, Sabhal Mòr has become a popular year-round venue for conferences and cultural events which contribute significantly to its annual income. The attraction and convenience of the Mallaig-Armadale service is a major factor in facilitating such business" (other community/local group).

13.8 There were also comments that the Skye Bridge is not an alternative for some parts of Skye and that the Mallaig-Armadale route is vital especially for the transportation of goods and freight.

"The investment in the Road to the Isles – both in the actual road itself and as a marketing concept – has been so great precisely because connectedness is so important for this part of Lochaber. For us the Skye bridge is hardly an alternative from where we are. For us Mallaig/Armadale is more than a secondary route because without it there would be no through traffic at all and through traffic, particularly in the summer, is for many our economic lifeblood".

(Community council)
At a meeting of the Scottish Parliament on 25th November 2015 then Minster for Transport and Islands Derek Mackay MSP said:

Further into that debate, then MSP for Skye, Badenoch and Strathspey, Dave Thompson said of the Mallaig-Armadale route proposals for Summer 2016 (at this time the new vessel deployment plans were in disarray and required significant changes from what CalMac Ferries had proposed on 11th November 2015) (the first summer season of RET fares):

This for the Mallaig-Armadale route was a chilling prophecy of what was to come on the route from April 2016, and this was from an MSP of the governing party. The Committee’s question is to ask if enough investment has been made to handle increased passenger numbers (and cars) for the introduction of RET. This route from that time, extensively documented across three years, is the most relevant example of the dysfunctionality of the ferries regulatory and operational system. There is totally insufficient time in this paper to document the disruption and chaos caused to the route and the resultant economic threats to the communities that rely on the ferry service for their livelihoods. This was clearly demonstrated in the Vessel Replacement and Deployment Plan of 2015 published December 2016 in which Transport Scotland commented:

8.2.4 Mallaig-Armadale (Skye)

81. Of all routes operated by CFL this is the route which is forecast, in 2016, to have the highest levels of vehicle deck utilisation. With levels forecast to be near 90% volumes of unsatisfied demand could be high. Following changes in vessel deployment in 2016, which resulted in this route being served by MV’s Lord of the Isles, Lochinvar and Loch Shrusda, a small increase in the capacity available was quickly consumed with the roll-out of RET to the route. The modelling in the table above assumes a continuation of the summer 2016 vessel deployment but this does not prejudice decisions on future vessel deployment.

82. The Ferries Plan did not include any commitments for the provision of services on this route.
In the 2014 Vessel Replacement and Deployment Plan 2014, published 2nd October 2015 Paragraph 54 states.

54. For Mallaig-Armadale, this highly seasonal tourist route is likely to see considerable levels of unsatisfied demand post the introduction of RET. As the route has an alternative fixed link connection it will be looked at in the longer term.

The Forum comments that Mallaig-Armadale service is consistently the fifth most popular route in the summer season, yet the deployment of vessels not fit for purpose requiring tidal timetables and the subsequent disruption for three years has been catastrophic for the communities who rely on this service for their economic prosperity. In the latest VRDP\textsuperscript{13} published on 30\textsuperscript{th} January 2018 the narrative describes the Mallaig-Armadale service for the past two summer seasons as ‘sub-optimal’.

16. The route between Mallaig and Armadale has undergone a change in the way the service is provided. Since RET was introduced the summer single vessel service (which was provided by MV Coruisk prior to its re-deployment to provide additional capacity on the Oban-Craignure service) has been changed to a two/three vessel service. A combination of tidal restrictions and a vessel (MV Lord of the Isles) shared with another community (Lochbualldale) has resulted in a sub-optimal service. Short term ‘fixes’ have been considered and, within the resources available, some adjustments were made in an effort to improve the service in Summer 2017. A Mallaig-Armadale Infrastructure Working Group has commenced work to consider medium (from Summer 2019) to longer term route options. The scope of the work includes both ports as well as future vessel provision.

\textit{The Sleat Transport Forum is willing to give evidence to the Committee using the Mallaig-Armadale service since 2016 as an example where investment to handle RET growth has been an embarrassment and has stifled investment by local businesses and organisations in planning for the future solely because of the total loss of confidence in the route because of its diminution in recent years.}

Finally, we refer to the debate\textsuperscript{14} in the Scottish Parliament on 5\textsuperscript{th} September 2018 on the Scottish Government’s Programme for Growth when Cabinet Secretary Michael Matheson MSP in his speech said: ‘\textit{the other major change that we have made to support our vulnerable communities is the introduction of RET on our ferries’}.  

In the Forum’s view that this is outrageous and shows how out of touch this Minister is in his first 9 weeks of office. This is the only reference to the CHFS network when the Minister spoke of infrastructure and is the clearest evidence yet that this Scottish

\textsuperscript{14} http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11641&i=105507&c=2107692
Government considers the CHFS network and its required investment to be a significantly less priority than other transport infrastructure. Moreover, when the Minister was asked recently regarding the further delays to vessels 801 and 802 being built by Ferguson Marine Engineering Ltd (announced on 14th August) he said, ‘it is disappointing’. The disastrous decision to award the contract to the winning bidder will be explored later in this response.

Communities across the entire CHFS rely almost exclusively for a safe, reliable and punctual ferry service. They are being let down by the Scottish Government in delivering investment that sustains those communities and promotes growth and development in these fragile regions of the country.

3. What would be the impact on services and island life if ferry services are not appropriately funded?

In our opinion this question needs to be re-worded to reflect the areas of the CHFS network that are not islands but as communities that rely on ferry services to contribute to their prosperity, whether that be in the fields of sustainability and growth of population, increase in tourism and its related benefits, greater inclusion in Scottish society, particularly in light of the explosion of City/Region Deals that are benefitting the Central Belt and regional cities, to the exclusion of fragile remote communities but whose contribution to Scotland cannot be underestimated.

It must also be remembered that the destination of Campbeltown and the Kintyre peninsula is not an island, yet receives a subsidised ferry service, Skye is an island with a bridge but also has the 5th busiest summer route on the CHFS network and Dunoon is not on island but receives a massive subsidy for its passenger only service to Gourock. In the October 2017 Audit Scotland Ferries Report two tables demonstrate the percentage of subsidy to operators on the three national service contracts with Transport Scotland.

19. Transport Scotland’s subsidies are intended to cover the difference between the ferry operator’s costs of running the contract and income received, while allowing a capped profit to be made. Transport Scotland will claw back a proportion of any profit in excess of this cap. There is variation across contracts in the percentage of total costs that are covered by Transport Scotland subsidies (Exhibit 5, page 18). For example, in the contract years ending in 2016, subsidies were equivalent to:

- 83 per cent of the total costs of the Gourock-Dunoon service
- 71 per cent of the total costs of CHFS
- 51 per cent of the total costs of NIFS.
It has been evident, particularly in 2017 and 2018, in part to the significant increase in tourism to Scotland, and to include islands, that the level of investment in ferries and ports, is having a profound and negative effect on island life. The huge impact of RET has led to a situation where, at many times of the year, summer and winter, that the ferry network with its ageing fleet can’t cope. Add to that the increase in length, width and weight of cars mean that some major vessels, built in the 80s have seen a huge reduction in space for vehicles, in some instances a reduction of 20-30%.

Inevitably the DCU (Deck Capacity Utilisation) has reached unprecedented levels on some routes, with no effective capture of data tracking ‘Unmet Demand’. We refer to the Skye Magazine comment shown above that as far back as 2012 no data was being collected for ‘unmet demand’. The rigidity of the 8-year CHFS2 contract, signed between CFL and Scottish Ministers is so heavily restricted that any attempts to implement variations to the contract are often met with refusal by Transport Scotland. This further inhibit growth in fragile communities.

Life has been changed in many ways in rural and remote communities by the introduction of RET, for some good and some bad. In the Outer Hebrides, for example, the extensive disruption in 2018 caused by unserviceable vessels. The dramatic rise in tourism has not been running in parallel with investment in vessels and ports and with an ageing fleet the situation can only get worse, causing disruption and rerouting for passengers, hauliers, coach operators, and residents who need to get on and off of islands and remote areas as required. Restrictive fare practices favour motor-homes over coaches/minibuses taking schoolchildren to mainland sports events, educational visits, and cultural and familiarisation exchanges with other schools and arts opportunities. This is deplorable in the ‘Year of Young People 2018’.

Referring to the example of the Sleat community (almost an island with a ferry service to the mainland and one good road in and out), there has been a huge effect
on life. What should have been a celebration of growth through RET and tourism is now causing economic impact, particularly visitor attractions that rely on a punctual and resilient ferry service for their customers. The deployment of vessels not fit for purpose, combined with a vessel based in South Uist that provides 3 daily rotations to Armadale has seen three years of disruption, with over 400 cancellations in 2016, 252 in 2017, and now well over 250 so far in 2018. Much of this is attributable to the vessel plan and subsequent tidal timetable introduced in 2016 and still in place today.

If routes are not appropriately funded, and at that entails, under the current levels the CHFS network will deteriorate still further, which WILL lead de-population in some areas, restricted tourism growth and business pulling out of investment due to an unreliable ferry service that, currently, has two new vessels running up to two years late, and at a significant cost to the taxpayer, propped up by Scottish Government bail-outs of at least £30m.

4. **Do you have any concerns about the accessibility of ferries and port/harbour facilities and, if so, what investment might be needed to address these concerns? (‘Accessibility’ in this question means that anyone with a disability or mobility issue is able to access Clyde and Hebrides ferries, ports and harbours without difficulties.)**

The Sleat Transport Forum has worked with the Skye and Lochalsh Access Panel since its establishment and there have been several occasions where we have invited their representatives to attend meetings with CalMac Ferries Ltd. This has ensured that this experienced group has a voice in accessibility issues relating to vessels and ports and we have provided this as a conduit for improvement. There have been concerns about availability of lifts, trip hazards and toilet facilities on boats and as one member of the Forum who is also a CalMac Communities Board member this gives further opportunity for engagement. Whilst no specific major issues of concern are known for the Mallaig-Armadale route we have provided a platform for those with less mobility to raise any items that we can use the offices of the Forum or Communities Board to progress.

5. **What level of priority should the Scottish Government give to funding Clyde and Hebrides ferry services within the overall transport budget, which also covers spending on other transport modes, including trunk roads, rail, aviation, buses, walking and cycling and low carbon vehicles? Please specify whether it should be high priority, medium priority or low priority and describe your reasons.**

We refer to the Scottish Government’s Infrastructure Investment Plan 2015:

Section 3.7 on page 67 states:

3.7 TRANSPORT Objectives and purpose of investment

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16 [https://www.whatdotheyknow.com/request/ps30m_loan_to_ Ferguson_marine_en](https://www.whatdotheyknow.com/request/ps30m_loan_to_ Ferguson_marine_en)
Investment in Scotland's transport is a key enabler for delivering sustainable growth by increasing competitiveness, supporting employment and opportunity across all of Scotland: we all use transport, or rely upon it for the movements of goods, services and people, as part of our daily lives. This supports the vision of Scotland as a connected place where we make better use of our existing infrastructure and have improved internal and international transport links to facilitate our ambition for growth and our commitment to an inclusive society. Transport investment is across all modes, on roads, railways, buses, ferries, inland waterways, air services and active travel.

The NTS sets out three key strategic outcomes for transport: • improving journey times and connections – to tackle congestion and the lack of integration and connections in transport which impact on our high level objectives for economic growth, social inclusion, integration and safety; • reducing emissions – to tackle the issues of climate change, air quality, noise and health improvement which impact on our high level objective for protecting the environment and improving health; and • improving quality, accessibility and affordability – to give people a choice of public transport, where availability means better quality transport services and value for money or an alternative to the car.

This we contend is a fair statement in defining investment, however on Page 70 it states:

Ferries
We have invested in our ferry services with the deployment of the new MV Loch Seaforth on the Stornoway-Ullapool route, the delivery of the first hybrid ferries to operate in Scotland, MV Hallaig and the MV Lochinvar, and the launch of the third, MV Catriona, on 11 December 2015. Contracts worth £97 million for two new major ferries for Clyde and Hebrides services have been awarded to Ferguson Marine Engineering Ltd of Port Glasgow.

The Scottish Government is committed to supporting Scottish remote and fragile island communities with recent investments at Ullapool and Stornoway harbours of approximately £30 million. In addition, around £30 million will be invested in Brodick harbour redevelopment over the next two years to secure a safe, efficient and reliable ferry terminal and service. The Scottish Government will support the project by providing £17.8 million.

It is noted that this contains just 12 lines of text to cover ferry services and harbours. This is in stark contrast to the full page of narrative on Pages 70/71 where a full page is attributable to ‘Sustainable and Active Travel’ and other significant narratives of road, rail and aviation.

The Scottish Government provided an update18 for 2017 of the Infrastructure Investment Plan published April 2018. Using the same format as above we note:

Ferries
Works for the redevelopment of Brodick started on 11 January 2016 and are complete with exception of the Passenger Access System (PAS). This is a major investment of around £30 million to secure a safe, efficient and reliable ferry terminal and service. The new terminal facility is expected to become operational in March 2018. The Scottish Government is supporting the project by providing a £17.8 million contribution.

On 16 October 2015, a contract for two 100 metre dual fuel vessels was awarded to Ferguson Marine Engineering Ltd. The contract value is £97 million. The first vessel, the MV Glen Sannox, was launched 21 November 2017 and is scheduled to be delivered in winter 2018-19.

Again, comment by the Scottish Government is now devalued to just 10 lines of narrative, including the now disproven statement that the MV Glen Sannox being delivered in Winter 18/19.

If the Committee’s representatives take time to read the 2015 Infrastructure Investment Plan and its 2017 update, then this clearly highlights the low priority that the Scottish Government gives to CHFS Ferry services investment.

Nothing more can be said, other than the unfolding national disgrace of Ferguson Marine Engineering Ltd and its £97m contract to build two vessels, which in the Forum’s view should be the subject of a Scottish Public Enquiry to be convened at the earliest opportunity.

The Sleat Transport Forum thanks the Committee, its Convener and Members for the opportunity to respond to the Consultation.