

Cabinet Secretary for Infrastructure, Investment and Cities
Keith Brown MSP



T: 0300 244 4000
E: scottish.ministers@scotland.gsi.gov.uk

Jason Nairn
Assistant Clerk
Infrastructure and Capital Investment Committee
Room T3.60
Scottish Parliament
Edinburgh
EH99 1SP

In 2014 Scotland Welcomes the World



2 December 2014

Dear Jason

Infrastructure and Capital Investment Committee 12th November

Further to Nicola Sturgeon's committee appearance of 12th November and your email of 13th November, please find below further information as requested. I am responding as the new Cabinet Secretary for Infrastructure, Investment and Cities:

Draft Budget Scrutiny 2015-16

Further information on innovative practice/programmes that the Scottish Government is considering for future investment/infrastructure plans that would contribute to meeting their GHG emission targets, improve traffic congestion and support sustainable and active travel.

Transport

The Scottish Government is leading a range of innovative programmes designed to promote sustainable and active travel, reduce congestion and to enable us to meet our world leading emissions reduction targets. We are committed to freeing Scotland's towns, cities and communities from the damaging effects of petrol and diesel fuelled vehicles by 2050, and phasing out half of all petrol and diesel fuelled vehicles from our urban environments by 2030.

'Switched On Scotland: A Roadmap to Widespread Adoption of Plug-in Vehicles' sets out the measures we and our partners will take to accelerate the uptake of electric vehicles in order to help us achieve that vision. Over the past two years, the Scottish Government has invested over £10 million in electric vehicles and infrastructure in Scotland and more than £17 million will be invested in a range of low carbon vehicle projects over the next two years, helping to make low emission vehicles more accessible to the Scottish public and Scottish businesses.



Funding will include continued development of the ChargePlace Scotland EV charging network, which currently comprises over 600 publicly accessible points throughout the country, and completion of a network of rapid charging points at least every 35 miles on Scotland's primary road network. We are also providing over £2.5 million to help the Scottish public sector analyse their fleets and replace polluting fossil fuelled cars and vans with low emission alternatives.

Hydrogen fuel cell electric vehicles provide another exciting solution to the problem of transitioning away from dirty fossil fuelled vehicles to lower emission cars and vans. The Scottish Government is taking an active role in the development of projects for hydrogen fuel cell vehicles and the roll-out of re-fuelling infrastructure. The SG is represented in the industry/government UKH2Mobility coalition and is also a funding partner in the Aberdeen Hydrogen Bus Project which will see Europe's largest fleet (ten in total) of zero emission hydrogen fuel cell buses entering service, as well as the UK's first large scale green hydrogen production and refuelling facility, when it begins operating later this year.

In addition we are also looking at options to decarbonise the heavy goods vehicles sector, with natural gas and biomethane offering the most promising opportunity to make progress in the coming years. Challenges to overcome include the lack of a network of gas refuelling infrastructure and high vehicle conversion costs for operators.

Transport Scotland has been involved in a project to better link policy leads across different elements of the Scottish Government (including, transport, waste, renewable energy, and enterprise) in order to better deal with wider bioenergy policy issues, including the production of sustainable liquid biofuels. Several of these teams also contribute to the funding of the Scottish Biofuels Programme – hosted by Napier University, but involving institutions across Scotland.

The Scottish Government has, through Caledonian Maritime Assets Ltd (CMAL), invested over £20m in the design, development and procurement of the world's first diesel-electric hybrid seagoing ro-ro ferries which were built by Ferguson Shipbuilders of Port Glasgow. The MV Hallaig and the MV Lochinvar are now in service with CalMac. On-board batteries, charged overnight, supply about 28% of the power and an additional 10% saving is achievable through the power management system. Work on a third vessel will commence shortly at Fergusons now that the yard is under new ownership, securing vital jobs in Inverclyde and providing a solid platform for the expansion of the business in the coming years.

CMAL are also working with a range of public and private sector partners including Scottish Enterprise and St Andrews University in the development of the world's first hydrogen-powered seagoing ro-ro ferry. The plan is to construct a prototype and the consortium is currently pursuing funding, in particular from the EU.

Housing

Scotland's Sustainable Housing Strategy was launched on 21 June 2013 setting out an ambitious programme and route map to 2030 to meet our vision for warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland. Recognising that action is required across multiple fronts the strategy sets out a holistic approach - a package of incentives, regulations and behaviour change - which will help to improve the energy efficiency of Scotland's housing stock, reduce greenhouse gas emissions and help to tackle fuel poverty.

Since we launched the £79 million per year Home Energy Efficiency Programmes for Scotland in April 2013, we have also launched our Energy Efficiency Standard for Social Housing which will improve the energy efficiency of social housing, helping reduce greenhouse gas emissions, reduce household energy bills and tackle fuel poverty. Next Spring we will also consult on minimum standards for energy efficiency in existing private sector homes.

More than 400,000 new homes are likely to be needed in Scotland to meet demand by 2035 and we want to maximise the potential of innovative design and construction techniques to deliver more sustainable homes and neighbourhoods, but also to create export and other economic opportunities. Scottish companies are already doing a lot of good work and we are committed to encouraging companies to utilise modern methods of construction. We have commissioned Homes for Scotland to conduct research into mainstreaming off-site modern methods of construction in house building. We are also funding two Saltire Fellowship programmes which contribute to this agenda, providing Scottish off-site companies with entrepreneur training and helping to promote Scottish off-site building methods internationally.

A breakdown of the £89m projected in 2015-16 on PPP project payments.

INFRASTRUCTURE, INVESTMENT & CITIES	2015-16 (£m)
SCOTTISH GOVERNMENT	
M6	52.0
M77	9.0
M80 Steps to Haggis	28.0
Sub Total	89.0

Glasgow Prestwick Airport

Andrew Miller, Chairman of the Board's CV is enclosed with this letter.

Further information on air freight movement around Scotland, broken down by airport and including particularly Prestwick's share of the market

The table below sets out the latest available information on air freight movement.

Air Freight Movement from Scotland's Main Airports
Tonnes

Airport	2007	% of Market	2008	% of Market	2009	% of Market	2010	% of Market	2011	% of Market	2012	% of Market	2013	% of Market	2014*	% of Market
Glasgow Prestwick	31,518	53.86	22,965	53.49	13,386	30.89	12,163	30.68	11,845	30.44	10,313	22.87	9,527	20.23	9,641	24.37
Aberdeen	3,435	5.87	4,005	9.33	3,822	8.82	4,211	10.62	5,310	13.64	6,165	13.67	7,102	15.08	4,718	11.93
Edinburgh	19,293	32.97	12,418	28.92	23,791	54.90	20,358	51.35	19,332	49.67	19,115	42.39	18,624	39.55	13,938	35.23
Glasgow	4,277	7.31	3,545	8.26	2,333	5.38	2,914	7.35	2,430	6.24	9,498	21.06	11,837	25.14	11,266	28.48
Total	58,523	100.00	42,933	100.00	43,332	100.00	39,646	100.00	38,917	100.00	45,091	100.00	47,090	100.00	39,563	100.00

Source: CAA Annual Statistics

*Figures for January to September

NB: Freight does not include Mail

I hope this additional information is helpful and look forward to appearing before the Committee on Wednesday 3 December.



KEITH BROWN
Cabinet Secretary for Infrastructure,
Investment and Cities

Andrew Miller's CV

Andrew is CEO and owner of CAPA Consulting. He was previously Chief Operating Officer of Air New Zealand and is an experienced CEO/Managing Director of substantial organisations in both privately held companies and publicly listed organisations which have been leaders in their fields.

His current focus as a consultant is on the development of airline and airport restructuring programmes, including the establishment of more viable and competitive structures. He has extensive knowledge of airline strategy, route systems and service development, particularly in the low cost sector.

Andrew's background covers aviation, retail and management consulting, with experience in New Zealand, Australia, UK/Europe, and USA. He has been a director of more than 40 companies, and managed operations employing over 16,000 people, revenues of \$6 billion and 780 retail stores. He specialises in enterprises which have lost their direction and need to be restored to their pre-eminent positions within short time frames where financial performance is a key goal.

Career History

CAPA Consulting
CEO

April 2006 to date

Purchased the consultancy division from The Centre for Asia Pacific Aviation and now, with a team of 10 people, have hived off the professional practice. The company is 100% owned by the CEO, Andrew Miller. Website for information www.capaconsulting.net.

Centre for Asia Pacific Aviation
CEO Consulting

January 2004 – March 2006

Joined the leading aviation advisory company for data, publications and conferences as CEO. Developed a management consultancy practice over this period from \$600,000 to \$4M in professional fees. Advisory and Consultancy advice given to airlines, airports and governments in the general field of aviation.

Air New Zealand Limited

April 1997- November 2003

During this period, Air New Zealand went through the acquisition and divestment of Ansett Australia, and a major \$1 billion refunding program. A recent restructure removed the position for a COO and deputy CEO position. Andrew's positions have been:

Chief Operating Officer

January 2002- November 2003

This position deputised for the CEO and sat on the board of 41 companies. Focus on strategy, planning, network development, pricing, aircraft acquisitions, alliances and Freedom Air (value based company brand – the first genuine low cost carrier in the Asia Pacific region).

Achievements:

- Secured government funding of \$1 billion following the aftermath of the Ansett Airlines (Australia) collapse. This required producing a 5-year strategic plan and negotiating creditor agreements, and resulted in keeping the airline of 10,000 employees solvent.
- Exceeded financial targets of the past two years in terms of gearing, cash flow, and level of profitability. These excellent results have doubled Air New Zealand's market capitalisation in less than 2 years.
- Established new strategies, marketing initiatives and commercial models to re-energise the Air New Zealand brand. This required reviewing global leaders best practice elements and reflecting these against the NZ market conditions.
- Targeted increase in productivity with reduction in labour costs from 27% of total costs to 21% in the last decade (some American airlines operate at up to 49%).
- Introduced new products such as "Express" which increased passenger numbers by over 20%. The introduction of internet selling and self-service kiosks at domestic airports achieved the highest uptake of self-service ticketing world-wide with greatly reduced costs.
- Set up new organisational structure post Ansett collapse and relocated key executives to NZ.
- Remodelled the way in which ticket distribution was handled with a new direct model for short haul travel.

**CEO Ansett International
and Senior VP Sales & Distribution**

January 2001 – December 2001

Responsible for the sales of the global group of A\$6 billion and CEO of Ansett International, a 49% owned J.V. with 4 major banks.

Achievements:

- Organised sales force into selling one brand.
- Pulled retail portfolios (\$2billion sales and 780 retail outlets) of Jetset, Traveland and

Air New Zealand Travel Centres together with common retail strategy.

- Achieved Best Business Class award for Ansett International for the Pacific.

General Manager Ansett Australia

August 2000 – January 2001

Reporting to the Group Chairman to run Ansett when Air New Zealand acquired the remaining 50%, the operation had turnover of A\$3 billion and 16,000 employees. The position was created to care take the company after the departure of the Air New Zealand CEO and the CEO of Ansett, who is now the CEO of British Airways.

Achievements:

- Establishing a new structure and filling positions for the challenges ahead.
- Working on exiting the poor performers post 100% acquisition.
- Holding the operation together and gently introducing the best of Air New Zealand culture.
- Working through the integration process of the financial, IT and management systems to merge and control the two businesses.
- Centralise commercial management in Melbourne, Australia.

General Manager Domestic Airline Group

1997 – 2000

Responsible for 4 national airlines in the domestic market, and a Director of Ansett Australia and Air New Zealand companies.

Achievements:

- Developed the first 5-year strategy for the newly formed Domestic Airline Group.
- Sales over 3 years from financial year end 1997 to 2000 up 27%.
- Market share rose gradually from 60% to 75% over the past 5 years.
- EBIT financial year-end 2000, 57% above budget and 39% above last year.
- Implemented a \$700m aircraft replacement plan and still achieved over 18% ROCE.
- Removed poor performing senior managers and developed key KRA's for the team.
- Developed one of the highest performing management teams in the NZ Group.

- Contributed to the NZ Group at a strategic level on sales and distribution, procurement, business monitors, and management information.
- Reduced costs by \$20m, improved levels of customer service, improved yields (margin) and increased load factors.

KPMG, Sydney
Director Retail Advisory Practice

1996 - 1997

Achievements:

- Set up the retail practice from zero.
- Recruit key members to the team.
- Prepared a business development plan.
- Achieved partner sign-off for the “investment”.
- Succeeded in introducing 5 new retail clients to the partnership.

DFS (Duty Free Shoppers Group)
President Oceania

1990 - 1995

President of the Australian Division before being promoted to President Oceania (Australia, New Zealand and the South Pacific). Reported to the Chairman and CEO of the Worldwide Organisation.

The company employs 10,000 people worldwide with revenues of US\$3.5 billion. DFS was privately owned by 4 shareholders at this time and derived 75% of its turnover from travelling Japanese tourists.

Achievements:

- Increased sales 1990 to 1994 by 50.4%.
- Increased profit before tax 1990 to 1994 by 63.7%.
- Increased return on capital employed ROCE from 6.8% (1990) to 59.5% (1994).
- Restructured the local Board, focused on the customer, removed 15% of the workforce, wrote the 5 year Regional Plan, stripped out non-productive assets, introduced marketing, product design and retail-planning programs.
- Developed a top management team of talent fit for the year 2000.
- Introduced differentiation into a “me too” commodity business without going down

market and still delivering the customer “value for money”.

- Open 3 new stores with combined capital investment of US\$12 million.
- Andrew won both the 1994 Tourism Award State (NSW) and National Award for the Best (most excellent) Retail Facility in Australia.

Dixons Stores Group PLC
Managing Director

1986 - 1990

The company employs 10,000 people worldwide with revenues of US\$3.5 billion. Dixons is a large retail electronics group with brands like Currys, Dixons, Sylo (USA), and Supa Snaps. Andrew was externally appointed to the position of Managing Director of Supa Snaps when the company was purchased from 3M (USA).

Achievements:

- Improved revenue from 1986 to 1990 by 40%.
- Generated profit swing from -£5 million to +£4 million in 3 years.
- Introduced new store design and trading formats and achieved 80% of sales through a private branding product programme from a zero base.
- Runner up in 1990 UK “Young Business Man of the Year”.
- The development of the Snappit promotional camera (2.8 million units sold in 10 weeks) was a milestone in British promotional retailing and gained the company worldwide acclaim.

Combined English Stores Group PLC
Group Deputy Chief Executive

1984 - 1986

Group Deputy Chief Executive of this holding PLC for 6 European retail companies for women’s wear, handbags/luggage, and a wholesale trading group.

Storehouse PLC
Corporate Development Director

1982 - 1984

Corporate Development Director for this retail holding group with High St names like British Home Stores, Habitat, Mothercare, and others. During this time Andrew worked exclusively for the Chairman of the group, Sir Terence Conran, who has been a lifelong business mentor.

PricewaterhouseCoopers
Management Consultant

1980 - 1982

This was based in the London office working in the strategy and consumer division.

British Airways PLC Graduate Management Trainee (entry) Product Manager Canada (exit)	1977 - 1980
--	-------------

After 3 promotions, he became Product Manager Canada based at British Airway's London headquarters

Personal Data

Marital Status: Divorced (no children)

Qualifications: Master of Arts Honours Degree (MA Hon.) - Aberdeen University
Economics, Statistics and Psychology Degrees – Aberdeen University

Business

Credentials: FIACD (Fellow of the Australian Institute of Company Directors)

Achievements: UK Young Business Man of the Year (1990) Runner Up
Private Pilots Licence (RAF Trained)
Seaman's Boating Licence (NSW)

Interests: Avid snow skier, keeping fit, sailing, opera, and cinema

Residency

Status: UK citizen with UK passport
NZ citizen with NZ passport
Australian Residency

Health: Excellent

Previous Directorships in Australia

ACN	Company Name	Appointment Date	Cease Date
-----	--------------	------------------	------------

1	010967683	Whitsunday International Aviation Pty Ltd	13 Oct 2000	16 Feb 2001
2	000924621	Westralian Aviation Pty Ltd	22 Sep 2000	16 Feb 2001
3	004153413	Wridgways (Vic) Pty Ltd	22 Sep 2000	16 Feb 2001
4	004444866	Anst Westsky Aviation Limited	22 Sep 2000	16 Feb 2001
5	004449085	Wridgways Holdings Limited	22 Sep 2000	16 Feb 2001
6	006555166	Ansett Finance Limited	22 Sept 2000	16 Feb 2001
7	008694157	Trans West Airlines Pty Ltd	22 Sep 2000	16 Feb 2001
8	008713880	Southern Aviation Leasing Pty Ltd	22 Sep 2000	16 Feb 2001
9	009204906	Aeronautical Industries Australia Pty Ltd	22 Sep 2000	16 Feb 2001
10	009257112	Planar Holdings Pty Ltd	22 Sept 2000	16 Feb 2001
11	009607069	Northern Airlines Limited	22 Sep 2000	16 Feb 2001
12	055258921	Walgali Pty Limited	22 Sep 2000	16 Feb 2001
13	081793446	Aircraft Leasing Finance Pty Limited	22 Sep 2000	16 Feb 2001
14	053976444	Airport Terminals Pty Limited	22 Sep 2000	16 Feb 2001
15	009611321	Northern Territory Aerial Work Pty Ltd	22 Sep 2000	16 Feb 2001
16	008529780	Traveland Discovery Holidays Pty Ltd	22 Sep 2000	16 Feb 2001
17	009302158	Westintech Nominees Pty Ltd	22 Sep 2000	16 Feb 2001
18	009694553	Whitsunday Affairs Pty Ltd	22 Sep 2000	16 Feb 2001
19	005477618	501 Swanston Street Proprietary Limited	22 Sep 2000	16 Feb 2001
20	055259008	Brazson Pty Limited	22 Sep 2000	16 Feb 2001
21	003286440	Moracl Pty Ltd	22 Sep 2000	16 Feb 2001
22	000240746	Anst Travel Pty Ltd	22 Sep 2000	16 Feb 2001
23	000063972	Eastwest Airlines Limited	22 Sep 2000	16 Feb 2001
24	008905646	Anst Westsky Holdings Pty Ltd	22 Sep 2000	16 Feb 2001
25	000258113	Aldong Services Pty Ltd	22 Sep 2000	16 Feb 2001
26	000259469	Eastwest Airlines (Operations) Limited	22 Sep 2000	16 Feb 2001
27	004209410	Ansett Australia Limited	22 Sep 2000	16 Feb 2001
28	007286660	South Centre Maintenance Pty Ltd	22 Sep 2000	16 Feb 2001
29	006827989	Ansett Equipment Finance Limited	22 Sep 2000	16 Feb 2001
30	009084039	Westintech Limited	22 Sep 2000	16 Feb 2001
31	005181215	Ansett Carts Pty Limited	22 Sep 2000	16 Feb 2001
32	008800155	Anst Westky Jet Charter Pty Ltd	22 Sep 2000	16 Feb 2001
33	089520696	Ansett Australia & Air New Zealand Engineering Services Ltd	22 Sep 2000	16 Feb 2001
34	010375470	Whitsunday Harbour Pty Ltd	22 Sep 2000	16 Feb 2001
35	0000653083	Aeropelican Air Services Pty Ltd	1 Dec 1997	16 Feb 2001
36	008997662	Skywest Airlines Pty Ltd	1 Dec 1997	16 Feb 2001

37	000579680	Anst Lednek Airlines (Aust) Pty Limited	25 Aug 1997	16 Feb 2001
38	001600406	Duty Free Security Co Ltd	16 Nov 1990	18 Jul 1995
39	002625809	DFS Australia Pty Limited	3 May 1990	31 May 1995