28 June 2018

Dear Convener,

The 2016 manifesto stated that this Scottish Government would take action to reduce ferry fares to Orkney and Shetland. Following a public and stakeholder consultation and development of fares options, in August 2017, the then Minister for Transport and the Islands, Humza Yousaf MSP, announced the intention to introduce reduced passenger and car fares on Northern Isles ferry services in the first half of 2018.

The intention was that Road Equivalent Tariff (RET), as applied on Clyde and Hebrides ferry services, would be introduced on the Scrabster – Stromness route. An RET variant, which was adapted to take account of the longer distances, would be rolled out on the Aberdeen – Kirkwall, Aberdeen – Lerwick and Kirkwall – Lerwick routes.

Introduction of reduced fares for the Northern Isles is much more complex than it was for the Clyde and Hebrides.

On routes to Orkney, it has been necessary to engage with commercial operators on the Pentland Firth and develop a scheme that included them in order to ensure compliance with relevant competition rules. We set out a very fair and reasonable proposal that would maintain competition enabling them to protect their existing market share. Unfortunately, not all the commercial operators have felt able to agree to our proposals. This means we cannot currently implement reduced fares on any of the routes to and from Orkney without the risk of legal challenge.

I can confirm that as a first step, we will cut fares on the Aberdeen-Lerwick and Kirkwall-Lerwick services from 30 June. These reductions will be around 20% for both passengers and cars which will maintain fare levels above those for Orkney services and will not affect competition in relation to those services.

This is both disappointing and frustrating, but I am determined to work through the issue to see what more can be done. I have asked Transport Scotland to undertake some further work to see what measures, if any, we can take. As part of that, we are willing to reopen talks with commercial operators. I will provide a further update as soon as I can, with a view to bringing the full benefits of the scheme to the people of Orkney and Shetland.