

# **LOCAL GOVERNMENT AND TRANSPORT COMMITTEE**

Tuesday 21 September 2004

Session 2

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## LOCAL GOVERNMENT AND TRANSPORT COMMITTEE 19<sup>th</sup> Meeting 2004, Session 2

### CONVENER

\*Bristow Muldoon (Livingston) (Lab)

### DEPUTY CONVENER

Mr Andrew Welsh (Angus) (SNP)

### COMMITTEE MEMBERS

\*Dr Sylvia Jackson (Stirling) (Lab)

Mr Bruce McFee (West of Scotland) (SNP)

\*Michael McMahon (Hamilton North and Bellshill) (Lab)

\*Paul Martin (Glasgow Springburn) (Lab)

\*David Mundell (South of Scotland) (Con)

\*Tommy Sheridan (Glasgow) (SSP)

Iain Smith (North East Fife) (LD)

### COMMITTEE SUBSTITUTES

Bill Butler (Glasgow Anniesland) (Lab)

Colin Fox (Lothians) (SSP)

Mr Kenny MacAskill (Lothians) (SNP)

Mr Brian Monteith (Mid Scotland and Fife) (Con)

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

\*attended

### THE FOLLOWING ALSO ATTENDED:

Alex Fergusson (Galloway and Upper Nithsdale) (Con)

Alasdair Morgan (South of Scotland) (SNP)

### THE FOLLOWING GAVE EVIDENCE:

Colin Douglas (Dumfries and Galloway Council)

Douglas Kirkpatrick (Dumfries and Galloway Council)

John MacEwan (MacEwan's Coach Services)

Councillor Dr Joan Mitchell (Dumfries and Galloway Council)

### CLERK TO THE COMMITTEE

Eugene Windsor

### SENIOR ASSISTANT CLERK

Alastair Macfie

### ASSISTANT CLERK

Euan Donald

### LOCATION

North West Castle Hotel, Stranraer



## Scottish Parliament

### Local Government and Transport Committee

*Tuesday 21 September 2004*

[THE CONVENER *opened the meeting at 10:00*]

### Transport (Scotland) Act 2001 Inquiry

**The Convener (Bristow Muldoon):** I open today's meeting of the Local Government and Transport Committee. This is the first time that a Scottish parliamentary committee meeting has been conducted in Stranraer. It is good to be here and I hope that the meeting will be constructive. I will explain why we are down here.

The Local Government and Transport Committee has decided to conduct an inquiry into how transport systems, in particular public ones, are working in Scotland following the introduction of the Transport (Scotland) Act 2001. We want to hear about experiences from a range of areas in Scotland, but particularly from the more rural areas. Therefore, it was suggested, I think by David Mundell, that we come down and take evidence in Stranraer and hear from the local authority and the bus operators in the area.

This part of the meeting is a formal committee meeting and only the witnesses will be able to give their views. However, later this afternoon we will have a session in which ordinary members of the public can give their views on transport systems in the Dumfries and Galloway area. Any members of the public who are here and who want to participate in that will be welcome to do so. Indeed, a number of members of the public have already signed up to take part in that session.

Given that we are here, we have taken the opportunity to have informal discussions with some of the main ferry operators. To come down to Stranraer and not hear from such a major economic driver in the area would have been a missed opportunity. While we are here, we want to hear as much as we can about the different transportation issues that affect this part of Scotland.

We have apologies from three members who cannot be here today: Bruce McFee, Iain Smith and Andrew Welsh. However, I welcome to the meeting two non-members of the committee: Alasdair Morgan MSP and Alex Fergusson MSP. Alex is the constituency MSP for the area and Alasdair is a regional MSP for the area. I welcome

them both to the meeting and look forward to any contributions that they wish to make.

I now introduce our first group of witnesses. From Dumfries and Galloway Council we have Councillor Joan Mitchell, Douglas Kirkpatrick and Colin Douglas. I invite Councillor Mitchell to make an introductory statement, after which we will go to questions.

**Councillor Dr Joan Mitchell (Dumfries and Galloway Council):** Thank you. I will make a few introductory remarks. I am Joan Mitchell and I am the chair of the planning and environment committee of Dumfries and Galloway Council. I would first like to welcome the committee to Dumfries and Galloway. We appreciate the opportunity to talk to MSPs about public transport issues in what is a very rural area. I welcome you particularly to Wigtownshire and Stranraer. My own ward is in Wigtownshire. We appreciate your coming to the most rural part of what is one of the most rural authorities in Scotland. Undoubtedly, the nature of the area gives us a particular view of public transport issues.

You have received a written submission, but the point that I want to flag up is the fact that 99 per cent of public transport services west of Dumfries are subsidised. The region has restricted commercial services, but in the Galloway area outside Dumfries town they are very restricted indeed. That means that our relationship with bus companies is probably different from that of authorities that have a higher percentage of commercial services. We probably have a different way of working, which is dictated by that fact.

I emphasise that there are three aspects to this issue: the network of bus services, which can be provided, I stress, only with the necessary council subsidy; concessionary fares; and service quality, which includes the types of bus, infrastructure and so on. I stress that, from the council's point of view, the financing of those is interrelated. If I may put it bluntly, there is not much point in having free transport if there is no bus.

Since 1991—to go back to the days of the regional council—Dumfries and Galloway Council has been proactive and generous with its concessionary fare scheme. At one point, the service was completely free for pensioners, then we put on 10p. I can remember the heated arguments in the regional council about charging 10p for bus fares, and making the point that some money would have to go on subsidies and some on concessionary fares. There is not a lot of point in having a free service if it is so poor and intermittent that it does not do the job.

That is all that I want to say by way of introduction.

**The Convener:** Thank you. Michael McMahon will begin the questioning.

**Michael McMahon (Hamilton North and Bellshill) (Lab):** On contracts, you state in your written submission:

“Contracts are currently awarded on a least cost basis”.

There must be more to any tendering process than cost. Last week at Holyrood we heard evidence from disabled users and people with accessibility issues. Do you take them into account? Are disabled access or accessibility issues built into the tendering process?

**Colin Douglas (Dumfries and Galloway Council):** As the transportation manager, I will take the global view. My colleague Douglas Kirkpatrick works with the fine detail, so if I miss some of the fine points perhaps he will come in and keep me right.

We are trying to pitch our contracts at a level that will be affordable to the council, while at the same time providing the level of service that we feel is appropriate for our travelling public. We are always trying to strike a fine balance and to push the quality issue in contracts as far as we can. We tender a range of options, from the lowest cost to the highest cost, which involves new, low-floor, fully accessible buses. We then report on the costs to the council, which can make up its mind about which contracts to award in the light of the funds that it has available for transport, which is the problem that we keep coming up against.

Every time we tender lots of factors come into play, never mind the up-front cost of providing low-floor buses. The committee has probably heard that costs are rising quite dramatically in the public transport industry. In successive rounds of tendering, it is difficult just to stand still, without trying to build in further enhancements.

**Douglas Kirkpatrick (Dumfries and Galloway Council):** I agree. When we tender, our specifications include vehicle age, vehicle quality and other factors, then all the options are put to our committee. The least-cost option is always in there to show the basic option, and if we can afford anything on top of that we will put it into the network.

**Michael McMahon:** But do you set a target for accessibility? Have you set a challenging figure that you say you must deliver, regardless of cost, because you know that being able to get on and off a bus with a pram or as an elderly person can be much more important in rural communities than it is in urban areas? Do you build in criteria and ensure that a certain level is delivered?

**Colin Douglas:** We have not done that yet. In the coming months, the council will consider how the Disability Discrimination Act 1995 impinges on

all the services that it provides. We will probably develop standards and, given the possible cost increases, put them to the planning and environment committee to see how it views the matter. We have been working with operators to try to ensure that, where needed, the vehicles that we provide are hybrid ones, with wide doors and fairly easy step entry. Most of the time, we have to work with the existing vehicles in the fleets because, as you have heard, we cannot afford new vehicles. However, we have been trying to encourage operators to provide better vehicles with easier access. We have made enhanced funding available to operators to run such vehicles on all-day services. I hope that most of the old buses with narrow entrances and very high steps have been eradicated from services in Dumfries and Galloway.

**Michael McMahon:** But no target has been set on accessibility.

**Colin Douglas:** Not yet but, as I said, we will consider the issue as part of our work on the implications of the Disability Discrimination Act 1995, and when we draft our next local transport strategy.

**The Convener:** Aside from bus schemes, what other transport schemes does the council provide for people who have significant mobility problems? Perhaps you have a taxi scheme.

**Douglas Kirkpatrick:** We have a taxi card scheme in the region, which provides residents who are unable to use conventional public transport with reduced taxi fares—they pay 60 per cent of the fare and the council pays 40 per cent. Through our legal services department, we are also trying to increase the accessibility of taxis in the region.

**The Convener:** What percentage of taxis are accessible at present?

**Douglas Kirkpatrick:** It is difficult to judge that and we do not have any figures. Our legal services department deals with the licensing of taxis and we run the taxi card scheme.

**Colin Douglas:** The figure is fairly low. Again, we rely on commercial operators providing the facilities; the council simply subsidises the cost of journeys.

**The Convener:** Some local authorities put conditions on the accessibility of new vehicles when they issue licences. Has Dumfries and Galloway Council considered that approach?

**Colin Douglas:** Again, we will consider that as part of our consideration of the implications of the Disability Discrimination Act 1995. The council now has a full-time accessibility officer and we are starting dialogue about how to develop the services.

**Alasdair Morgan (South of Scotland) (SNP):**

Paragraph 3.6 of your submission lists the services for which low-floor, accessible vehicles have been introduced. What made you pick those particular services? I can understand why you picked the Dumfries town network—it is probably one of the busiest services—but I am not sure why you chose the other three from all the services in the region.

**Colin Douglas:** The feedback that we have received from our customers through our bus user group meetings and in regular correspondence has highlighted the desire to have low-floor buses on some services in preference to others. Top of the list was the Dumfries to Edinburgh service. We were grateful for the offer of funding for bus improvements from the Executive through the west of Scotland transport partnership and we recommended that much of the money should go to the service 100 to realise that desire.

The other services were chosen as a result of approaches from operators that were willing to operate low-floor buses on their services if they could get a little bit of additional income to fund the difference in cost between a low-floor bus and, say, a second-hand bus.

We have tried to convert town and interurban services into low-floor services. Next month, it will be recommended to the planning and environment committee that part of the next tranche of Scottish Executive funding be used to convert another batch of services. Ultimately, we hope to convert all of our town services and a number of our interurban services to low-floor services through the additional funding.

10:15

**Dr Sylvia Jackson (Stirling) (Lab):** Is all the funding that is needed for that coming from the Scottish Executive?

**Colin Douglas:** We are negotiating with all our bus operators and have found that they have differing thresholds. For example, some are prepared to put up half of the cost of a new bus and require funding only for the other half. Fairly detailed negotiations are going on. We are trying to make it economically viable for the bus operators to enter into finance agreements to purchase new buses and are trying to determine how much money they need, over and above what they get from the council or, through the fare box, from the public.

**David Mundell (South of Scotland) (Con):** In your written submission, you state:

“the high cost of creating a Quality Contract to a small rural authority would not be feasible.”

What are those costs? Why do they particularly affect small rural authorities? What could be done to remedy the situation?

**Douglas Kirkpatrick:** We have found that the amount of administration that would be involved in getting a quality contract up and running in the region would be excessive. We do not have the staff or resources that would enable us to do the detailed consultation that would be required. We would likely need to get consultants involved to do all of the background work. I believe that we can deliver quality services through our existing contracts if we get the revenue and capital funding that is necessary to improve them.

**David Mundell:** Are you saying that you do not see a role for the quality contract even if the process could be amended because what it can deliver can be delivered by different means?

**Douglas Kirkpatrick:** There is a role for the quality contract, and the Transport (Scotland) Act 2001 contains a good set of rules that can be used to bring quality to the bus industry. However, at the moment, we do not have the resources to enable us to have such a contract. If the consultation process were slightly easier, it might be possible for us to make progress in that regard.

Dumfries and Galloway is a rural region and it is difficult to put a quality contract in that context. We think that we can deliver quality through our existing contracts.

**Colin Douglas:** As we tried to say in our submission, the circumstances in this region are quite different from those elsewhere, given that we are regulating the industry through the awarding of contracts for the bulk of the services. There is probably a place for formal quality arrangements in areas such as central Scotland, where competing operators are driving quality down and there is a need to bring quality back into public transport. We are working as best we can with the budgets that we have available. Every time that we retender, we try to increase the quality within the constraints of the budgets that are available. In the past couple of years, we have been fortunate, in that the additional money awarded by the Executive has enabled us to increase the quality of the vehicles. However, I do not think that the council could afford to enter into formal quality agreements with bus operators, given the additional costs that would be involved. There is not enough funding in the kitty for that.

**David Mundell:** Part of this investigation is to consider the limited number of quality contracts that have emerged since the 2001 act. My recollection is that the point about rural authorities not being able to use the set of tools that the contracts provide was not raised when the bill was being considered in Parliament. I would be

concerned if there was evidence that they cannot, because clearly a number of authorities are not dissimilar to Dumfries and Galloway Council. If the tools cannot be used by rural authorities, is not there an argument for making them usable?

**Colin Douglas:** We have to be careful that we are providing the level and quality of service to meet the needs of a particular area. In many parts of Dumfries and Galloway—the deeply rural parts in particular—it is more important to people that they have a basic bus service that perhaps starts at half past 6 in the morning, so that people can access job opportunities and so on. We are struggling to fund even that basic level of provision.

Early morning, late evening or Sunday buses are a problem for rural authorities such as Dumfries and Galloway Council. We have to consider where we can get enough funding to provide them. If we up the quality of the service on those buses, would it make much difference? For an awful lot of people, the answer is no. There is a fairly high level of car ownership in much of the region and it would take an awful lot to get people out of their cars and on to buses. We are trying to provide a basic public transport network for the people who must use public transport because they have no option, but that is about as far as the resources will stretch at the moment. We probably do not even have enough resources to provide such a service in some of the deeply rural areas. If very little fare-box revenue is coming in, it gets very expensive to provide the additional journeys that one or two individuals need to have a reasonable quality of life.

**David Mundell:** An issue that has been raised locally is the availability of contractors who want to provide public bus services. Is that a difficulty for the council and how do you see that going over the coming years?

**Colin Douglas:** We are trying to be open and honest with all our operators and we are trying to give them as much assistance as we can. We do not want to end up with a dearth of operators and monopoly situations. If we can spread the awarding of contracts fairly among all our operators and give them incentives such as funding to allow them to get better-quality vehicles through moneys from WESTRANS we can keep a fairly healthy stock of local operators. Because we have such close contact with the operators, we have a fairly good idea of all their problems and we try to give them every assistance that we can. Recently, to address the shortage of bus drivers, we tried to get funding from the local enterprise company to train people to become bus drivers. Wherever there is a problem and we can help, we will do our utmost to ensure that we have a healthy local bus industry.

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** I understand what you say about not wanting to get into a monopolistic situation, about trying to encourage competition and about the number of operators on a given route. Where you have a number of operators on a given route, particularly where one of them is a contracted operator and there are commercial operators running the same route, what degree of co-operation can you encourage? What powers do you have to ensure ticket acceptance and equality of fares among operators on the same route?

**Douglas Kirkpatrick:** There are very few instances in which there are commercial and tendered operators on the same route, but one example is in Stewartry. We retendered the Stewartry area network last year, but Stagecoach still has a small commercial operation there. Stagecoach accepts all return tickets issued by the other operators in that area. We talk to the operators and get agreement that they will accept one another's returns. Subsidised operators will accept Stagecoach returns and Stagecoach will accept subsidised operators' returns as well.

**Alex Fergusson:** Earlier, we mentioned the Edinburgh route in a different context. Does the same arrangement apply to the Edinburgh route?

**Douglas Kirkpatrick:** On the Dumfries to Moffat route, the operators also accept one another's tickets.

**Alex Fergusson:** But not beyond Moffat?

**Douglas Kirkpatrick:** That is out of our region and out of our control. Mr MacEwan is giving evidence later and he might be able to give you more information.

**Paul Martin (Glasgow Springburn) (Lab):** The question that I was going to ask has already been answered, but I have another question about subsidies. I was interested to learn from Councillor Mitchell's opening statement that 99 per cent of the services are subsidised. Should we expect the Scottish Executive to fund operators to that level? I appreciate the complexities of the transport industry, but there are many other businesses and industries that do not receive a 99 per cent subsidy. Is there an argument for reducing the subsidy and allowing the operators to take much more of a hit?

**Councillor Mitchell:** I will ask Colin Douglas to respond on the legal and statutory situation. However, as a local councillor, I have to say that the provision of a decent public transport service is an important function of a rural authority. There are also cultural difficulties to get over to encourage rural people to use bus services. There is certainly now wide usage of bus services by elderly people, for whom having a free or very cheap service is a tradition. For the younger



generation, there is perhaps a perception that the car is the one and only method of transport. That is why it is important to encourage younger people to use buses. Whithorn is a poor rural community in Wigtownshire, 18 miles from the A75, but car ownership there is by no means universal. It is vital that we have provision of transport services to give people work opportunities and other opportunities that we take for granted.

**Paul Martin:** It is important to recognise that, but should we continue to accept the subsidy culture in the transport industry or should we expect the operators to take the good with the bad? There are many industries in rural communities that have to deliver a service in different ways. Is there an argument for reducing the subsidy for transport operators? I appreciate the need for transport services, but should we expect more of the transport industry that delivers those services in rural communities across Scotland? Should we legislate to ensure that they have to take on those services?

10:30

**Colin Douglas:** You have to look at the root of the present system, which was the deregulation of bus services in the 1980s. Before that we had a system whereby we gave a blanket subsidy to one operator in our part of the world, and the operator cross-subsidised unprofitable routes, either from that blanket subsidy or from the money that it was earning from the profitable routes. If we had a debate on bus deregulation it might last for hours; there were good and bad things about it.

Nevertheless, under the terms of the various acts of Parliament that are still in force, the council has a number of duties in relation to transport. The most important of those is that it must procure socially desirable local bus services where no alternative commercial bus operations exist. We are also required to provide transport for children who live more than the specified distance from their school. In addition, we must operate a concessionary fares scheme and we must provide public transport information. Those are still statutory requirements, which the council is fulfilling as well as it can in the present climate.

We try to encourage our bus operators to innovate and to operate commercial services, but at the end of the day the big companies that have shareholders to satisfy consider making a profit to be their number 1 priority, to which running a public service comes second. That is the culture that we are up against. The situation is perhaps different with the smaller operators, but they do not have the comfort of being able to take the gambles that the bigger operators can in trying to run commercial bus services.

Apart perhaps from in Dumfries town, no bus services in Dumfries and Galloway have much chance of becoming profitable or of being run commercially, so an element of subsidy will always be required. In Dumfries town, we are pinning our hopes on the kick-start initiative to help the commercial bus services that are failing in the town. We hope that the funding that is provided through that initiative will return those services to commercial viability so that the council will not be forced in three years' time, or whenever, to dip into its coffers to fund more services for its residents.

In the present circumstances the car, especially in rural areas such as Dumfries and Galloway, is the dominant form of transport and there is little chance of bus services being run commercially as a viable alternative to the car. We are trying to provide socially desirable services to meet people's basic needs.

**Dr Jackson:** Before I ask my question, will you clarify what you meant when you said that 99 per cent of the service is subsidised?

**Douglas Kirkpatrick:** In the west of Dumfries, only one route within the Stewartry is a commercial operation, run by Stagecoach. We subsidise the other routes through our tendering exercises for local bus services.

**Dr Jackson:** What does that mean in terms of the money that the council puts in?

**Douglas Kirkpatrick:** Overall, we invest some £2.8 million in bus services throughout the region—obviously, only a chunk of that goes to the west. Dumfries and Galloway College provides us with £300,000 to provide college services and we receive £500,000 from the rural transport fund. The remainder comes from our council budget, which we receive through the concessionary travel scheme or through our grant-aided expenditure for local bus services.

**Dr Jackson:** Your submission highlights your concessionary fares scheme, on which you have had a good track record for some time, given that you have had a scheme in operation since 1991. If I understand you, your concessionary travel scheme provides free travel 24 hours a day, seven days a week. That is to be applauded. We know that some local authorities have experienced difficulties with concessionary fares for the elderly. What difficulties have you had in operating this good scheme? Will you also comment on the financial support that you receive from the Scottish Executive?

**Douglas Kirkpatrick:** The funding that we receive from the Executive for concessionary fares is more than adequate for Dumfries and Galloway. We have run a free scheme since 1991. Well, virtually free; at one point it was free and 10p and passengers had the option of one or the other.

The GAE that we receive for concessionary travel is sufficient for the Dumfries and Galloway scheme.

We have not had a big change. Unlike other authorities, we did not have to go from a half-fare scheme to a free scheme. The numbers are increasing, but the curve has been steady, rather than the sharp one that they have had in Strathclyde, where the numbers have gone very high. Our curve has been very stable and it has risen gently. We are now spending £1.2 million on concessions.

**Dr Jackson:** I have a follow-up question. As in my constituency, you have an arrangement for bus journeys to Edinburgh and, I imagine, to other destinations. You mentioned earlier that ticketing could not be used beyond Moffat. Are there any other difficulties with those longer routes?

**Douglas Kirkpatrick:** Our principal area is the region plus a little bit beyond. Journeys to Edinburgh and Glasgow come under a commercial concession. The operator offers the concession. The service to Edinburgh is £2.50 single for a concessionary user, but it is a commercial concession offered by the operator. We pay for journeys within the principal area; outside that area, the operator takes it on board.

**Tommy Sheridan (Glasgow) (SSP):** You talked about the authority spending £2.8 million on supporting bus services as a whole, then you mentioned £1.2 million that is spent on the concessionary fare scheme. Is that £1.2 million Executive support that is intended for concessionary travel, or is it part of general transport funding that you have decided to spend partly on concessionary travel and partly on general support? What is the breakdown?

**Douglas Kirkpatrick:** The funding that we receive for concessionary travel is about £1.9 million and we spend about £1.2 million of that on concessionary travel. That is based on the returns that we receive from the operators for operating the scheme. We plough the remainder of that funding back into the local bus service network and cross-subsidise that.

**Tommy Sheridan:** I am sorry but I might have picked you up wrong. Did you say that you receive £1.9 million from the Executive for concessionary travel?

**Douglas Kirkpatrick:** I believe so, yes.

**Tommy Sheridan:** Of that, £1.2 million is spent on concessionary travel.

**Douglas Kirkpatrick:** Yes.

**Tommy Sheridan:** So £700,000 from the money for concessionary travel is spent on the

general subsidising of bus services. Is that correct?

**Douglas Kirkpatrick:** Yes.

**Tommy Sheridan:** If the Scottish Executive reduced or withdrew that level of funding, what effect would that have in your region?

**Douglas Kirkpatrick:** Approximately 31 per cent of our network is funded in that manner so a withdrawal of that funding would be difficult for the network.

**Tommy Sheridan:** Your submission mentions the importance of subsidising public transport, particularly given the nature of your area. Colin Douglas earlier mentioned that the level of car ownership in the area is quite high. What is the level of car ownership in Dumfries and Galloway?

**Colin Douglas:** I cannot quote a figure at the moment. We are currently working with our partners in community transport on a more detailed study of accessibility problems that people have. We have shown that although the level of car ownership in the rural hinterland might be slightly higher than the Scottish average, there are pockets within that where the level of car ownership is extremely low. That is not just in the housing estates in some of the larger towns; it is also in some of the remote villages in Dumfries and Galloway. Between 31 and 35 per cent of people do not have the use of the family car during the day anyway. Unless a bus service is provided for them, they will have severe mobility problems.

**Tommy Sheridan:** I come from an urban rather than a rural area, and the level of car ownership in Glasgow is less than the Scottish average. You appear to have a large elderly population, and that is why I ask for the percentage. It appears that buses are particularly essential for the elderly community in this part of Scotland.

**Colin Douglas:** That is correct. It is difficult to tell what the level of need is. Our elderly residents are happy, given the free concessionary travel scheme, as long as there is a reasonable bus service. They have all the time in the world, if you like, to use a bus rather than think about taking out a car, if they own a car. We are trying to ensure that, through provision of a reasonable level of basic public transport services, all our residents can get access to basic services. In Dumfries and Galloway, such services tend to be located in the 12 important towns. If someone happens to live 20 or 25 miles away from one of those towns and they do not have access to a car, a bus service is vital.

**Tommy Sheridan:** Who provided the bus service before bus deregulation? Was it a municipal service or was it provided by a single operator that was 100 per cent subsidised?

**Colin Douglas:** Before the mid-1980s, the bulk of the services was provided by the Scottish Bus Group.

**Tommy Sheridan:** Have you compared the level of subsidy in those days with the level of subsidy that you pay now?

**Colin Douglas:** It will probably have decreased in recent years because of our greater influence on the management of the situation. I am sure that the subsidy of the Scottish Bus Group just before bus deregulation was £1 million per year. That was in about 1985.

**Tommy Sheridan:** That is interesting, because according to your figures you spend about £4 million per year on general bus support and concessionary travel in the area. That expenditure is to support commercial bus services, but you said that you spent £1 million per year when services were municipalised.

**Colin Douglas:** It is difficult to put the matter in those terms. The bus industry went through a huge transition in the 1980s; in some areas there was over-provision, given the number of people who needed to use the services. We were perhaps paying more than we needed to pay at that time. Many unnecessary journeys were operated and services were operated at the wrong frequencies. We had to get heavily involved in bus service provision and we are having to fine-tune services, both to needs and to the available finance. We are providing the optimum level of service that we can provide, which meets the current needs of passengers in Dumfries and Galloway.

**Tommy Sheridan:** We will leave the point for another day. You say that you might have paid too much, but it is worth bearing in mind that you are paying an awful lot now.

You operate a free concessionary travel system for senior citizens. The committee is interested in developing a national scheme instead of the patchwork of schemes that we have just now. Does Dumfries and Galloway Council support the rolling out of a national scheme or is there still a role for marrying together the various regional schemes?

10:45

**Colin Douglas:** We have no problems with a national scheme as such. We have stressed all along, whenever we have been asked, the cross-subsidy that we are forced to make from our concessionary travel budget to our local bus service budget. If a national scheme is set up and the whole GAE allocation for concessionary travel is taken away from Dumfries and Galloway Council, our great fear is that that would leave a severe shortfall for the council to find to pay for its

local bus service network. There would be no point in having a national free scheme for the elderly if there was then a severe cutback in the number of services that we could afford to run in Dumfries and Galloway.

**Tommy Sheridan:** My final point is in relation to your interesting local exercise of a subsidised fare scheme to try to encourage more young people to use public transport. Unless things have moved on since you wrote your submission, you do not appear to have feedback on that. You said that 750 extra journeys may have been undertaken because of the scheme. Have you any more details? Do you have any feedback from young people? I was also a wee bit worried about the fact that you have chosen under-16s rather than under-18s for the scheme. Is there any chance of your considering changing that?

**Douglas Kirkpatrick:** I will give you a bit of background on the scheme. We went to primary schools and asked the children a couple of questions, including when the last time was that they were on a bus. None of the primary 7s had been on a bus. That started to worry us slightly, so we then went to the secondary schools in the Wigtownshire area—Douglas Ewart High School and Stranraer Academy—and undertook a large consultation process with all the kids. The main feedback was that they did not use public transport because they thought that the fares were too high.

We decided to get all the bus operators together and we got funding through agenda 21 moneys to run a trial scheme, which has been going on since the beginning of the school holidays. The numbers are impressive and we are very pleased with them. At the same time last year, we were running at about 350 journeys a week, but we are now running 1,000 journeys a week. We are in the process of consulting the children again. A questionnaire is just about to go out to them to get further feedback so that we can assess whether the scheme meets all their needs or only some of them, and whether we need to do anything else.

Other parts of the exercise are to do with bus shelters and so on and we are trying to address those with the kids as well. We have small working groups within the schools and we are trying to address the kids' concerns. If we do not get them as public transport users at that age, we will not get them as adults. We regard the exercise as a good opportunity. If the trial works, we would like to continue it and roll it out as far as we can throughout the region. Incidentally, the scheme is for under-18s, not under-16s.

**Tommy Sheridan:** Sorry, I misread that.

**Douglas Kirkpatrick:** The scheme is for those who are under 18 and in full-time education. The

bus companies need something with which they can ensure that the kids are the appropriate age. We use the passes that they have within the schools.

**Tommy Sheridan:** I am sorry, but I have a final point. I do not ask this question as a way of trying to undermine your scheme. I think that it is very important and that it should be supported. However, what are the costs so far of rolling out the scheme?

**Douglas Kirkpatrick:** We have had only about six weeks' worth of returns from the operators, but the costs are in the region of £3,500 to £4,000 for that period.

**Tommy Sheridan:** How many months would that be?

**Douglas Kirkpatrick:** That is for a month and a half.

**The Convener:** Before bringing in David Mundell again, I will go back to the issue of the concessionary fares scheme because I want to understand a bit more about its cost. You said that you received about £1.9 million in support from the Executive, of which £1.2 million is paid directly into the scheme, with the other £700,000 being used to subsidise the network. I fully appreciate that you need to subsidise the network to ensure that there is a network for people to use. However, has that £700,000 surplus been used to expand the network or did it substitute for existing funding that the council had already undertaken to provide?

**Colin Douglas:** We have tried to work within the budgets that we thought we had available to us when we retendered some of the contracts, and we have tried, in some instances, to lift the service from an absolute basic service and to put a bit of quality into it.

A recent example of that, which Douglas Kirkpatrick mentioned, is the 500 service between Stranraer and Dumfries, which has operated on a two-hourly frequency for the past year. Rather than taking the absolute lowest cost option, which was for old buses running less frequently, we went for the second option, which cost us an extra £240,000 a year over and above what we would have paid had we gone for the cheapest, bare-bones option. The terms of the service are the same sort of terms as those of a quality partnership. We have refurbished, branded vehicles running on a two-hourly frequency operating a fast service between the two centres. In a year, we have doubled the number of people using that service. That shows that the additional investment of £240,000 and the increased quality that we can offer because of that has produced results.

We try to work within our budgets and if there is an opportunity we recommend that we spend a little bit more, because we can vire a bit of money from concessionary travel, to allow us to make quality improvements. However, if there is no such opportunity I am afraid that we have to think about providing a bare-bones service, which would be fairly poor.

**The Convener:** I appreciate that. Has all the £700,000 surplus been devoted to public transport schemes, or has any of it been used in other parts of the council's budgets?

**Colin Douglas:** It has all been ploughed back into local bus services.

**Tommy Sheridan:** I am confused. I just want to be clear about the figures that we are talking about here. As a local authority you are spending through GAE £2.8 million on generalised bus services. In addition you receive £1.9 million from central funding for concessionary fares, of which £1.2 million is spent on that and there is £700,000 left. Is that on top of the £2.8 million, or is it included?

**Colin Douglas:** It is included.

**Tommy Sheridan:** So the £2.8 million and the £1.2 million, adding up to £4 million is the amount of local expenditure on bus service support.

**Colin Douglas:** Yes.

**Councillor Mitchell:** I emphasise how important quality is in encouraging people on to longer route services. There is no doubt about that. One of the most common complaints that I received about the bus service was about the poor quality of the vehicles on the Dumfries to Stranraer route, which is a 75-mile journey. Realistically, if we are going to get people on to public transport we have to provide a comfortable and quick-as-possible ride. Quality is vital in those services.

**David Mundell:** I have a follow-up and general wrap-up question. Where do you see rural bus services going? How do you see the network emerging? Is it a question of maintaining the status quo or developing the service in a different way? If it is the latter, what is required to do that, if not quality contracts and partnerships? What can be done that is within the control of the Scottish Parliament, other than providing finances?

**Colin Douglas:** We have probably spent as much as we need to spend on providing basic conventional local bus services. What we are not managing to do is meet needs in remote areas. We are looking to move away from conventional bus operation and consider things like demand-responsive transport and community transport as a way of plugging some of the gaps. Those are lower-cost options, which have a great role to play in a diverse area such as Dumfries and Galloway.

As I have mentioned, we are currently doing research work with our colleagues in community transport to see what range of services is presently provided through the different organisations and to consider how that provision can be enhanced. We are also conducting trials with ring-n-ride bus services in some of our more remote areas, and we are using the council's own bus fleet, which is provided expressly for education transport. We have a fleet of about 40 vehicles, which are spread right across Dumfries and Galloway. If we can use those vehicles between school runs to provide ring-n-ride services, that will be a very low-cost option indeed for providing services to people whom, until now, we have not been able to bring into the conventional bus network.

**Alex Fergusson:** This is a horribly parochial question; I meant to come in before David Mundell. I wanted to ask about the extra £240,000 that you mentioned you had used to increase the quality of the bus service between Stranraer and Dumfries. I think that you said that that had increased the number of passengers by 50 per cent. Is that right?

**Colin Douglas:** The number has doubled.

**Alex Fergusson:** How many people does that actually amount to? How many people a week use that service?

**Colin Douglas:** I have a graph showing those figures; you can look at it later. Prior to the change, the bus was carrying 3,100 passengers every four weeks. That has now gone up to 6,500 passengers every four weeks.

**Dr Jackson:** You have talked about innovative schemes such as postbuses. Do councils with responsibility for rural areas get together to share best practice about such innovative ideas?

**Douglas Kirkpatrick:** I am a member of the Association of Transport Co-ordinating Officers, which has regular meetings and various sub-committees. I am chair of the information and ticketing sub-committee, and there are also social services and demand-responsive sub-committees. We get together to share best practice. Best-value reviews are going on throughout the country. I have just responded to one for Stirling. Again, that helps us to share information among authorities. We steal ideas from other authorities and they steal ideas from us.

**Dr Jackson:** Good.

**Alasdair Morgan:** Do you run some scheduled services with your own fleet?

**Douglas Kirkpatrick:** We operate under section 46 of the Public Passenger Vehicles Act 1981—sorry to quote acts at you—which allows us to run

a local bus service on the back of a school service.

**Alasdair Morgan:** Am I right in thinking that the use of that has recently expanded? I assume that that trend is in the opposite direction to what is happening in the rest of the country.

**Douglas Kirkpatrick:** As Colin Douglas said, we have been expanding into ring-n-ride services and expanding the network as we can. We have trouble getting drivers, as the other operators will tell you later. We sometimes have to hire a driver for 37 hours a week rather than for school time only, so we have to use the buses to the best of our ability.

**Alasdair Morgan:** Does the council pay itself a subsidy for running those services?

**Douglas Kirkpatrick:** No.

**Colin Douglas:** It just covers the costs, which are marginal when it comes to running the odd additional journey in between school runs.

**Alasdair Morgan:** What I am trying to get at is whether money comes out of the £2.8 million that we are talking about. Is any of that included in paying for those services?

**Colin Douglas:** Yes, obviously, because we have got to find the money somewhere. We find that the rural transport funding from the Executive increases marginally every year, and that allows us to think about running the odd additional one or two journeys using our own buses. Residents have come to us and said, "Please can we get a bus service? We're stuck." We say, "Well, we can't afford to put a tender out and get a Stagecoach bus in to do it, but we can get the council to do it itself for about £3,000 or £4,000 a year."

**Alasdair Morgan:** That was my next question. Those services are not tendered for?

11:00

**Colin Douglas:** No, but as Douglas Kirkpatrick said, and as I mentioned earlier, there is a huge problem in recruiting bus drivers at the moment. It appears that the only terms that will satisfy people who are currently unemployed are a full-time 37-hour-a-week job, so we are being forced to employ drivers on those terms. If we are paying their wages for 37 hours a week but they are driving a school bus for only 20 hours a week, it makes sense to find something else for them to do in-between times.

**Alasdair Morgan:** I understand the logic that is driving you but, if you expand in that way, you could get to a stage where you are running services that could be put out to tender. How do you draw those lines?

**Colin Douglas:** By considering best value. Our best-value report on the council's bus operations showed quite clearly that, in every comparison that we made, the council could provide the service miles cheaper even when exactly the same costs as the private operators face were built in. We have to work to a best-value regime. However, we are not talking about taking away work from people out there. Where the odd extra journey is needed, the council will run a service if it has the capacity to do so.

**The Convener:** In reviewing the Transport (Scotland) Act 2001 today, we have emphasised bus services, but I have a brief question on rail services. I know that you have limited opportunities for working with railways, but are concessions available for elderly or disabled people in the areas where rail services operate?

**Colin Douglas:** The only rail concession that is currently available is the senior citizen rail card, which I think costs about £10.

**The Convener:** Does the council have no contract with ScotRail for any other concession?

**Colin Douglas:** No. I do not think that we have been permitted to think about subsidising such services. If the council had surplus moneys available for transport, it could consider the possibility of paying that £10 a year for the old folk, but so far that idea has never got to the top of the heap—it has never become a budget priority.

**Tommy Sheridan:** I am sorry for returning to this point, but did your best-value review of the services that you provide cover the whole of the local authority area or was it limited? If it covered the whole area, are you saying that the local authority could provide bus services more cheaply than the commercial operators?

**Colin Douglas:** We are saying that if we consider only the marginal costs associated with using the council's existing resources to run a few additional journeys, it is cheaper for the council to run those services. However, if we were to undertake the operation of all bus services in Dumfries and Galloway, the overheads would rise substantially. Our exercise did not look at that.

**Tommy Sheridan:** So you do not know whether it would be cheaper for the council to run the whole operation.

**Colin Douglas:** No. That is not council policy as such. Council policy is to support all its local bus operators, but we try to be imaginative in responding to communities who are stuck for a bus service. We might be asked, "Can you provide a journey at 10 o'clock into Castle Douglas and a journey back at 12 o'clock?" We have no sizeable amounts of money left in our budget, but we might be able to provide the service by squeezing the

odd £2,000 or £3,000 and by using one of our own buses.

**Councillor Mitchell:** It is important to compare like with like. We are talking about achieving best-value use of an existing capital resource—the vehicle that is already there—by providing extra hours of work for the bus driver. For example, when the bus was not needed for the school run, we could provide a service to an elderly day centre in my area that would bring folk in from rural areas. That seems like a good idea.

**Alex Fergusson:** My question follows on from that point. Since you began to maximise the use of your own resources—as you rightly put it—have you had to expand the fleet to cope?

**Colin Douglas:** Our only expansion of the fleet took place when we had a tendering situation in which the costs that a bus company presented us with appeared unreasonable. We declined that offer and suggested to the council that, under such circumstances and given the tender prices that we received, it would be sensible and save a considerable amount of money if the council invested in more vehicles and undertook the work. We can regulate the market if we need to do so, but that is not our first option. We want to keep the fleet at its current levels and leave enough work for all the other independent operators.

**Alex Fergusson:** When you decided to expand the fleet, did that have a knock-on effect on other, smaller private contractors, such as those that undertook school runs?

**Colin Douglas:** In fact, the major—and potentially the monopoly—operator suffered as a result.

**The Convener:** That brings us to the end of our questions for Dumfries and Galloway Council. I thank the witnesses for their evidence.

**Councillor Mitchell:** Thank you for allowing us the opportunity to give evidence.

**Alex Fergusson:** Forgive me, convener, but I have to go to another function.

**The Convener:** Okay. We move on to our second panel of witnesses. Actually, we have only one witness, Mr John MacEwan, who is the proprietor of MacEwan's Coach Services. Mr MacEwan, as you have heard some of the questions that we asked the representatives of Dumfries and Galloway Council, you will know about the committee's areas of interest. We are examining the operation of the Transport (Scotland) Act 2001 and its impact on the provision of bus services throughout Scotland. I invite you to make some introductory remarks, after which members will ask questions.

**John MacEwan (MacEwan's Coach Services):** Nineteen years ago, I founded my company with £300 and, on the back of deregulation, it has grown into a business that turns over about £1.5 million a year. We have had to dedicate all our resources to local authority contracts, because margins have become tighter and tighter and drivers have become scarcer and scarcer. We now have to concentrate on bus services to deliver the most economical package. For example, we cannot hire out coaches to people any more, because they might not pay for them. Things are so tight that we cannot take such a loss.

I heard part of the previous conversation—or interrogation—and I am worried that you might be putting money before service; I hope that you do not go down that road. I have nothing else to say by way of an introduction. There are great and mounting problems in the bus industry, some of which have already been touched on. My job is not an easy one—I would rather have yours. I am here to answer your questions, whatever they may be. I have come here fairly blinkered.

**The Convener:** I assure you that our job is not always easy. You referred to problems in recruiting bus drivers, an issue that the witnesses from Dumfries and Galloway Council raised earlier. What is the problem? Is there a lack of people with appropriate public service vehicle qualifications, or are people moving to the central belt to take up employment opportunities? What are the wage rates for full-time drivers in the Dumfries and Galloway area?

**John MacEwan:** When I started 19 years ago, if you could offer an annual reward close to double figures, in thousands of pounds, you would get quite a good driver. Now if you drive in Edinburgh, as I am sure all members do, you will see stickers on the back of Lothian buses offering annual average earnings of £20,000 a year. We have had to move towards that, through productivity allowances and so on. We do not employ an organised labour team; we employ individuals.

Over the weekend, I advertised for trainees or qualified bus drivers in five local newspapers, offering £7.25 an hour, which is the highest hourly rate in this part of the world. We have received just two phone calls. Even with the carrot of an expanded wage, based on a productivity allowance, penalties and a number of other criteria, not many people want to be bus drivers. That frustrates me, because my company is held back by it. I cannot give Dumfries and Galloway Council as many competitive tenders as I would like because I cannot overextend or over-commit myself. I do not have or cannot be sure of having the driver resource—the manpower—to do the job for me. I cannot enter into a five-year contract that

is improved by a whole lot of Scottish Executive money that I may have to pay back because I cannot fulfil the contract. That makes things very hard.

**The Convener:** In informal discussion with some of the ferry companies, we heard that in the Stranraer area the unemployment rate is still above the Scottish average. I do not know what the situation is in Dumfries and Galloway as a whole, but it seems surprising that, despite the fact that the unemployment rate in Stranraer is above the Scottish average, you cannot find people who are interested even in taking up the qualifications.

**John MacEwan:** The word “suitability” comes to mind. The job is important. Whether we are talking about flat-cap drivers who are 50 years old, have paid for their car and house, are stable financially and want to drive a school bus for four hours a day or people who want to be out as professionals in pristine uniforms for 45 hours a week, they must be suitable for the industry and want to do what the industry requires of them. We will not train or take on to our books anyone who will not deliver the goods—the job is too important for that.

The bus industry played second fiddle to the haulage industry for a long time on wage structure. Someone could make more money driving an 18-wheeler than a service bus, a coach or a tour coach. The difference is now narrowing. We hear cries from the haulage industry that it, too, is short of drivers. There are no longer enough people who want to do a hands-on job.

How do we bring the two sides together? We now run an advertising campaign roughly every two or three months. We place adverts in jobcentres, but we are minimising those, because we end up with dole jumpers who want to be able to say that they did a job for two or three weeks but were not suitable or did not fancy it. We do not want to feather-bed these people. We want people to come in and—even if it costs £1,000 of whoever's money to train them—we want to be able to keep them. We do not want them for life—that is not realistic, because a job is not for life any more. No one wants to retire at 65 having been a bus driver for 40 years. The modern term for that would be “sad”. People want to do different things in their life now. Realistically, we are looking for someone who will be a good driver for five to 10 years and is worthy of the training that we will have to give them, whether the local enterprise company pays for it or whether the company pays for it.

11:15

In January, I introduced a scheme involving car drivers on eight-seater work. MacEwan's is not unique, but we are one of the few companies that

can do that in Scotland. Because we have so many low loadings, we can use eight-seaters that are up to full public service vehicle specification and that satisfy the insurers, the traffic commissioner's office, the health and safety people and all the different agencies. We can therefore take in car drivers, give them a ticket machine, a destination blind, an electric door and a timetable and say, "Right, after three or four days' training, you are now a bus driver. You're going to drive the quiet journeys. See what you think about it and, if you're still here in three months' time, we'll put you through a test."

Since we started doing that in January, we have had 12 people in total and we have put one person through the test. I think that another person is being put through the test this afternoon. However, there will be four real drivers who will, after a month, say, "Och, I didnae fancy it." Somebody's resources will have been spent on them, because they are not going to pay for it themselves. One of the most positive things is that we can do things within our tender network and get the right type of person. If you find out that people cannot get up in the morning, or that they have a hangover on a Monday morning and cannot come to work till Tuesday, you will know that they are not people whom you want to employ. The people have to be dependable and ready to do the job. They can aim for a reward of £7.25 an hour, which, I think, makes the arithmetic quite good.

**Michael McMahon:** Earlier, we heard about some good practical examples of the local authority trying to provide services to local communities that demand them. The Scottish Executive has tried to address such issues through legislation that allows local authorities and private operators to enter into quality contracts. You have highlighted a few issues that exemplify the problems that you have with that, but would you in principle be willing to enter into a quality contract that would allow you to deliver a service that local communities requested and that would allow the local authority to provide support for the bus facilities required?

**John MacEwan:** Are you talking about replacing a council service, or are you talking about an add-on for quality? Is it just the top-up that you are talking about?

**Michael McMahon:** I am talking about providing the quality service that each community requires. You said that you would not want to enter into a five-year contract if you did not think that you could deliver the service over a five-year period. However, we are talking about firm contracts, in which you would, in return for a subsidy, deliver a particular service to a community that required it.

**John MacEwan:** Of course I would do that. I am an industry professional; I do my best all the time.

I have not increased bus fares in the Stewartry of Kirkcudbrightshire for 14 years. We have not increased bus fares on the historic Edinburgh corridor for 16 years. People say that only a stupid businessman would do that, but it is my attempt to say, "Come and try me," to people who do not use the bus service. When they realise how cheap it is, they might replace their regular means of transport with a bus.

It is difficult to give comparisons. I know that some of you will want figures, but I am not in a position to give figures here today—although I could perhaps respond in writing. It is difficult to have yardsticks. The last time it went out to tender, we won the contract for the Dumfries to Kirkcudbright and Castle Douglas services—the 501 and 502 routes—on a best-value basis. They were much-enhanced services. They did not cost the local authority an awful lot more and travel opportunities are much greater.

I wish I had been better prepared for today—you should have asked me to bring those figures. We see a big increase, albeit that the free travel for concessionary entitlement—or entitlees, if you like—has clouded the issue. Again, though, there is no real comparison that we can use to say, "That is better than 10 years ago; look at the benefit," because things have been tweaked and souped up to respond to requirements and free travel for the elderly has been introduced.

Mr Sheridan asked the council witnesses about the £2.8 million and mentioned the figures of £4 million and £1 million. I understand what he was saying, but circumstances have changed. The network has been enhanced and we need money back for elderly passengers. We base our tenders on previous experience. We assume that, if there were 10,000 pensioner journeys on route A to B last year, there will be roughly 10,000 again this year. Tendering is a precise thing. It cracks me up. I go into a sort of nervous state before we tender, because we have to get the funds right. We know that we will not get the contract unless we have the best price. Circumstances can make a big difference.

I am pleased to hear that you are considering bringing in nationwide free travel. That is important. I am paying £2.50 to myself for all the pensioners that go to Edinburgh on the bus. There is no safety net on that. Perhaps things would be different if there were not a parallel service—if I can call it that—to Glasgow. I feel that we are competing with that service. I serve the Scottish capital and Stagecoach Western buses, tied up with Citylink, serves Glasgow. We want the passengers to go to Edinburgh, because we want to take them there. We want the money for it. A kind of equilibrium has come about between the



two main Scottish cities in relation to concessionary travel.

**Michael McMahon:** As Councillor Mitchell rightly said, we can have all the concessionary travel programmes that we want but, if we do not have a bus service, people cannot use the concessionary travel. You may be able to consider providing a service from A to B, but if village C does not have a bus service and you can identify the possibility of setting up a service there, would you engage with the local authority to try to enter into a contract with it to deliver that service?

**John MacEwan:** I would make the suggestion, but my working time is not infinite. I have enough to do in my working day without writing letters to local authorities, asking whether communities are being deprived. There are community councils with plenty of clout at council level that can make those suggestions. Those suggestions ought to come from the people, direct to the council.

**Michael McMahon:** But, as a businessman, if you saw a market, would you not go after it?

**John MacEwan:** Aye, definitely, but I have not seen one for a long time in Dumfries and Galloway.

**David Mundell:** What is your view of partnerships? Obviously, the Transport (Scotland) Act 2001 provides for the formal partnership agreement, but the word "partnership" is bandied about a lot. How do the small operator, the local authority and all the other stakeholders in public transport fit together?

**John MacEwan:** I have nothing against the way in which the quality partnership scheme works, but you have to be careful to ensure that favouring one stakeholder does not cripple another. We have to go back to the terms of the Transport Act 1985, which kicked in in 1986 and effectively brought about deregulation.

Basically, there are two types of services: commercial services, which do not require any taxpayers' money other than concessionary fare top-up funding; and non-commercial or procured services, which are subsidised by the local authority. I was amazed when I heard that 99 per cent of services in Dumfries and Galloway are subsidised. I thought that the figure was just over 90 per cent, which means that it has crept up again. Someone is not doing their job properly. Services in the area have not remained commercial even though patronage has increased.

**The Convener:** In fairness, the figure is 85 per cent for the whole of Dumfries and Galloway and 99 per cent for the area west of Dumfries.

**John MacEwan:** Thank you, convener. I missed that bit in the submission.

As far as quality contracts are concerned, I have to say that I have a different list of priorities. I think that at the top of the list is no longer the bus but the person who is the company's ambassador. People who work in the job matter more than investment in the vehicle. I accept that the vehicle matters because of profile and so on. Last year, I successfully brought two vehicles into the area, for which I received a wee bit of funding—it will not sound like a lot of money to you people—to meet additional costs over the contract period. You have to understand that all my buses become mine several years later, which means that they are older before they are paid for. We have to fund them. It is all part of the science involved in the job. I can pay for very few of my buses right away because my cash flow does not allow for that. In effect, we are working on credit to create a fleet of buses. So—

I am very sorry. I have lost my thread.

**David Mundell:** We were talking about the relationships that involve you, the council and the other people in the industry and in public transport. Would such relationships be enhanced if you were in quality partnerships and if you proceeded on the basis of quality contracts? Would that make a significant difference?

**John MacEwan:** A case can definitely be made for such an approach, especially if money for enhancements is not available. After all, we are fighting the car. At the moment, we are hearing about all kinds of issues, including pollution. Indeed, last week, the Prime Minister said that environmental changes would mean the end of the world. No one has mentioned that yet.

The issue is just as important in Dumfries and Galloway. People from Castle Douglas who take their car into Dumfries town and have to drive around for half an hour looking for a parking space might as well get the bus, no matter whether they are travelling free. The environment is one of the main issues in this respect.

The relationship between the local authority and the public has evolved over the years and the fact that we do not have to go blind into any scheme gives some stability. For example, local authority officers know every bus route's annual revenue, load and number of passengers. Despite what you might think, your money is not being spent badly. It is all needed.

**David Mundell:** Do you agree with the council's statement in its written submission that there was "insufficient funding for better quality buses"?

**John MacEwan:** I agree with that completely, because there is not enough of a return to justify the investment. It might be possible to soften that slightly by extending the length of a contract. I

believe that, at the moment, the legal limit of a procured contract is five years. If we could make the limit eight or 10 years, that would give a longer write-down period for the vehicle. In any case, the vehicle will need to be changed at the end of 10 years. Guess who will be standing out with his hand out the next time around if the contract is won?

We have to examine the industry's capital costs, of which the vehicle is a major element. On-going costs include wages, fuel and everything else that must be paid for to make things work. However, no matter whether you fund the business through borrowing the money, leasing or hire-purchasing, the issue of the original investment has to be addressed, which means that a longer contract period is required. If the short period is retained, we need some means of cascading a vehicle within a network or within the general scheme of things, which might mean a change of ownership within a scheme to a lesser route.

Bus technology has moved forward quite a bit. First, we had low-floor buses, then we had super low-floor buses; now all our new services have to be compliant with the Disability Discrimination Act 1995 by 1 January. That is a swine of a thing. As MSPs, you have failed because you let that go forward—you should have rejected it. Although it might have been pertinent on certain routes, the requirement is not the same on my rural services, on which buses carry five to 10 passengers each. I know what you might have been thinking in introducing a blanket requirement for DDA compliance across the country but—by Jove!—it is expensive. You could get better value by having half as many journeys again during the day and increasing travel opportunities.

11:30

**The Convener:** On that point, evidence that we heard last week from the Mobility and Access Committee of Scotland would strongly disagree with that viewpoint. After all, it is a basic human right that people should be able to get around their community. I, too, disagree strongly with the view that the Disability Discrimination Act 1995—which is actually UK legislation—is the wrong way forward. The quicker we can give all members of our communities the ability to move freely, the better. It is true that delivery of the provisions will incur costs, but we will simply have to manage them.

**David Mundell:** As the DDA is a reserved matter, I think that we should move on.

Am I right in thinking that you said that lengthening the contract might help to improve bus services?

**John MacEwan:** It would soften the capital requirement.

**David Mundell:** Apart from your simply receiving more money, is there any other way of getting better buses into the system?

As a supplementary to that question, I do not want to get bogged down in the issue of DDA compliance, but in his evidence Mr Douglas suggested that having a bus was more important than the quality of the bus.

**John MacEwan:** To be honest, I would go along with that. In fact, that is quite a good way of putting it, particularly as far as the rural environment is concerned.

Do not get me wrong—I am not against the DDA, but you have mentioned money more than I have. The issue is all about cost and how things will be paid for. Speaking as someone who does not increase bus fares, I want to make buses more attractive to the general public. I do not think that in this part of the world service improvements are self-financing. It is as simple as that. If in the next round of tenders I tendered for every contract that I have—or maybe more—I would not win many of them. For a start, the local authority could not afford it. Moreover, my margins are so tight now that I really do not want to tighten them any more.

**David Mundell:** What will happen if, as you suggest, the current situation is not sustainable?

**John MacEwan:** The situation has not been sustainable for years. We need outside help, which is where the Scottish Parliament comes in. A major company adopted the term kick start for one of its initiatives; however, I do not think that it is possible for the industry to kick-start itself anymore, unless the price of petrol is increased to £4 or £5 a gallon or whatever it takes to break car drivers' psyches and make them use the bus out of necessity. However, doing that might well raise the issue of civil liberties.

**David Mundell:** What do you want the Parliament and the Executive to do? Do you simply want financial assistance?

**John MacEwan:** What else is on offer?

**David Mundell:** Part of the aim of our evidence gathering is to find out what can be done—other than simply to put more money in—to deliver and improve the quality of sustainable rural transport services.

**John MacEwan:** Money is the crux of the matter. When I started 19 years ago, I was paying 23p a litre for diesel. The chitty that came for my 9,000 litre delivery last week was for 71.5p a litre, net of VAT. Costs are going up all the time. We hear that inflation is around 2.75 per cent, but the price of spare parts is going up faster than that.

Because of the shortage of drivers, wages are going up a lot faster than inflation. We have had to push the wages issue in the productivity deal that we are now offering. Those increased costs have to be paid.

**Paul Martin:** Before I come on to the main question that I was going to ask, I want to ask whether investment is required now because of a lack of investment in transport in recent decades. I appreciate that you will have to make a significant investment, but has there been a lack of investment in the transport industry since deregulation?

You are no different from any other business that has to meet disability access requirements. For example, supermarkets have had to evolve over the years and to invest in providing level access. Many industries have had to invest over a period of time, with the result that some no longer require to make significant investments. Is that a fair point?

**John MacEwan:** It is a fair point. However, you have to remember one thing: the greatest capital cost in our industry is the vehicle. A vehicle's value does not appreciate; it depreciates. As a result, vehicles must be renewed.

Before we fell out over the good and bad aspects of DDA compliance, I was going to say that technology has moved forward quite a lot. As in the national health service, new things come on stream all the time because of research. We have had step-entrance buses, low-floor buses, then super low-floor buses. If my memory serves, the DDA will come in full flight on 1 January 2005. The shopping list has been changing for companies. I have three 1999 buses from Dart buses in Paisley, which came by way of the finance company. They are only four years old, but they are step-entrance buses and are no longer acceptable. Somebody could have bought those buses with the best of intentions in 1999 or 2000 when they were new, but things have moved on since then.

**Paul Martin:** Is that situation any different from the situation in any other industry?

**John MacEwan:** Possibly, but the capital—

**Paul Martin:** I am sure that in order to meet current technological requirements a number of industries have had to invest over the years—some of them with no public subsidy whatsoever. I appreciate the complexities of the transport industry, but I want to make the point that people have had to invest in industry. Have smaller operators such as you not been able to do that?

**John MacEwan:** We have a totally procured work load—if that is the right way of saying it. I tender for all my work. Circumstances change. Vehicles have a shorter lifespan and depreciate

more quickly now than ever before; they are not built to last the way they were in the 1950s and 1960s. On-costs are higher and there is less time to make the vehicle earn its keep in its working life.

I accept the point about supermarkets. However, if a supermarket puts in a ramp for wheelchairs, that is it—once it is there, it is there. Indeed, unless the doorway is changed, it will be there for the next 40 years. It is a one-off investment and a bolt-on. In our industry, the complete vehicle must be changed.

**Paul Martin:** My main question was on your relationship—or perhaps there is no relationship—with the larger companies such as Stagecoach. Are those large operators seen as predators that take over smaller operators' services and prevent them from operating?

**John MacEwan:** Very much so. When I am awarded a contract in which I have committed myself to putting in a newer vehicle, I am sometimes concerned about whether the contract will run its term. After all, a predator might turn up who will say that they will operate the contract for nothing. There is a moral requirement on operators not to take taxpayers' money if a service that they were going to charge people for can be operated for nothing—that is fair dos. However, what about an operator who buys a vehicle or has a vehicle built in a factory in the four-month run-up to the beginning of the contract period? Who takes the hit on that? Someone talked earlier about operators taking hits; I take them every day.

To deflect predators, the operator needs a water-tight contract. In that respect, I give Dumfries and Galloway Council its due; it has already protected the procured operator on a contract when other companies have moved to take it over. However, such a system makes the term of a contract—especially the start of it—a white-knuckle ride. While everyone is ooing and aahing at your wonderful new bus, you are thinking, "Christ—will I be able to keep up the payments if I lose the contract?"

**Dr Jackson:** I want to return to concessionary fares, which you mentioned a wee while ago. Do you get the full fare level?

**John MacEwan:** No.

**Dr Jackson:** So what happens? What other problems do you have with the concessionary fare system?

**John MacEwan:** Dumfries and Galloway Council gives us 54.56p in the pound and Scottish Borders Council gives us 60p in the pound. I hate to think what we get from Midlothian Council. Even though our ticket system accounts for every passenger on every journey, that council does not

work the system the way we want it to and has a different means of assessment that does not seem to be fair. It is all done on averages and suppositions. When the cheque arrives, we simply look at it, say, "Well—that must be what it is," and put it into the bank. It seems to be impossible to work out what we should be getting from Midlothian Council.

On-bus experiences have been a lot easier now that the travel card carries a photograph; for example, we do not get any fare dodgers. That said, an awful lot of people still claim that they are children when the scheme deems them to be adults. We have now put up signs on the buses asking passengers to produce identification that lets us know that they are under age. Although the onus is on the passenger to prove their entitlement, that does not make the driver's job of collecting the proper fare any easier. I am not saying that it is a big problem, but very few young people start saying, "I'm an adult," when they think they are children. It probably takes them about six months to get over that and they will claim the half fare in the meantime.

Five years ago, we invested in what was at the time a state-of-the-art ticket system; indeed, competitors are still trying to catch up with elements of it. At the time, I urged Dumfries and Galloway Council to introduce a smart-card system for all schoolchildren, not just to stop fare dodgers but to help them to prove their entitlement. After all, the card would carry a passenger's date of birth, which would be programmed into the system.

Such a scheme would also create a greater degree of accountability for schoolchildren. If a child went missing, we or the police could ask drivers whether the child's number had come up on their buses on a particular day. That would have been a positive move, but it would have cost a good few thousand pounds just to introduce the cards into the whole region. At the time, my assessment was that the number of scholars that we were carrying every day would have cost my company about £3,000. If the system had been introduced throughout the region the eligibility problem could have been sorted quite easily, but that did not happen because Dumfries and Galloway Council had better things to spend the money on. It would have been a waste of time for my company to go ahead unilaterally, given that children who attend schools that we do not serve might want to travel.

11:45

**Dr Jackson:** I want to ask about concessionary fares for elderly people—

**John MacEwan:** Please excuse me. I waffle. If I am not answering a question, please ask it again as bluntly as you like in order to save time.

**Dr Jackson:** I want to raise two matters. First, have you been involved with the pilot scheme for under-18s and if so, do you want to comment on it? Secondly, do you want to comment on the concessionary fares scheme for the elderly? Are the reimbursement figures that you gave the same as those for the concessionary fares scheme for the elderly?

**John MacEwan:** The figures referred to concessionary fares for the elderly; we do not get anything—

**Dr Jackson:** That is fine; it was just that you went on to talk about children and I was a little confused.

**John MacEwan:** If children who should pay the full fare pay the half fare, we get no money back. Drivers have no control other than to ask them for identification, which they never have.

**Dr Jackson:** I understand that, but I think that a concessionary fares scheme for under-18s operates in part of the area. I was confused by the different schemes.

**John MacEwan:** I am sorry, Dr Jackson. The scheme is negligible and there has been no awful big change on our routes. However, it is early days.

**Dr Jackson:** Are you talking about the under-18s scheme or the scheme for older people?

**John MacEwan:** Plenty of older people are travelling—at 54p in the pound reimbursement you need not worry about that. The concessionary fares scheme for the elderly has been a great success. One driver refers to his bus on a cold winter's day as a heated waiting room; people take the bus, wherever it is going, because it is warmer than staying at home. I had reservations about the scheme—purely from a financial point of view—but the reimbursement system kicked in and the scheme has gone from strength to strength. We encourage people to come and live in Dumfries and Galloway and many people who can afford to retire here regard the scheme as a safety net. It is part of the package.

**Dr Jackson:** Alex Fergusson talked about the long journey to Edinburgh and issues such as through-ticketing. Have you been involved with those issues?

**John MacEwan:** It costs me about £28,000 a year to offer people the concessionary fare and subsidise the discount myself. I will be happy to collect that money from the Scottish Executive any time it wants to pay it.

I do not know whether the scheme generates extra passengers. I talked about the two similar services that go to Glasgow and Edinburgh and I think that we would lose out to the Glasgow service if we charged the full fare, as we are entitled to do, given that people in Dumfries and Galloway can travel on their concessionary tickets to Carlisle to shop. I think that people would choose to go north if we imposed the full fare to Carlisle—although the fare would still be reduced because we have never increased it.

**Tommy Sheridan:** You mentioned the different levels of reimbursement from three different local authorities. Do you run services that pass through several local authorities? For example, who reimburses you for concessionary travel on the Dumfries to Edinburgh service? Do you receive a combined reimbursement from the different local authorities? The situation seems to be confusing.

**John MacEwan:** We periodically send returns to the local authority in question. Our ticket system is precise enough to identify how many Scottish Borders travel card holders asked for reduced or free fares, and how many Midlothian, Strathclyde or Dumfries and Galloway passengers did the same.

What clouds the issue a wee bit is that the Dumfries and Galloway scheme on the service from Dumfries to Edinburgh goes as far as Biggar; the Strathclyde scheme starts just above Carronbridge—which is above Thornhill on the A76, for those who know the area—and goes as far as Dolphinton. The Scottish Borders scheme starts at Biggar and goes as far as Edinburgh and the Midlothian-cum-City of Edinburgh Council concessionary scheme starts at Carlops and goes to Edinburgh. I am glad that I am not the computer programmer who set that up, but we can deal with that. We allocate the fare to the card that is tendered for entitlement. That system needs to change, to be honest. As long as it is administered properly and does not cost me money, I will be pleased to see the nationwide scheme.

**Tommy Sheridan:** So your evidence would be that, as a bus operator, you would much prefer having a single-rate reimbursement across the country, which would be operated via, perhaps, the Scottish Executive, rather than having five, six or seven different rates of concession.

**John MacEwan:** That would be easier for me, yes—but where would that leave the local authority?

**Tommy Sheridan:** Sure—we have to examine that side of things, too. I think that the majority of us are keen to have a unified system that allows unified travel throughout the whole of Scotland, instead of having the current regional patchwork. Would you have any concerns if the

concessionary scheme were to be expanded to include young people? I take it that, as long as you were being reimbursed, you would not have concerns, but would you like to share any comments about that with us?

**John MacEwan:** With a view to young people becoming accustomed to using the bus and being potential bus travellers for life, it would be good marketing.

**Tommy Sheridan:** So you are quite positive about the idea.

**John MacEwan:** Yes—if the money is there to pay for the scheme. If I run a bus from Dumfries to Edinburgh with 10 passengers who pay me 10 adult fares, that is £50, which does not seem to be a lot. If I run a bus with those 10 passengers paying £50 of adult fares, along with 10 children who pay nothing, and I get reimbursed for that, there must be a benefit there, but how many of those children might have used the bus anyway, even if it was not free? That shows the intricacy of the scheme.

When the travel entitlement for 60 to 64-year-old men was introduced, with a generation factor of 19 or 22 per cent or something like that, that was a con. A lot of people up to 65 years old are still working. That was intended to harmonise men's entitlement with the entitlement for 60-year-old women.

It comes down to money—we are all agreed on that. I need an income to make my system work. Since I started 19 years ago I have bought £3.2 million-worth of brand-new buses. That has involved four different schemes and four different contracts. Those buses are not all there now, because they depreciate and things move on. The lifespan of Mercedes 29-seater and 33-seater buses—which are soon to be outlawed under the DDA anyway—is 1 million miles. They do not sit, parked in a corner, getting titivated every day by a driver polishing them; they are out carrying passengers and doing bus miles. I need a finite amount of money to pay all the bills and maybe to get a return myself.

**Tommy Sheridan:** You recognised that my earlier questions were about money, and it is important to clarify that my argument is a political argument. I argue that bus services should be provided as a service, not as a commercial enterprise, and that is where you and I disagree. Bus deregulation has been a problem, not a boon. Local authorities, or the Executive, are now spending a lot of money on subsidising services and I wonder how much extra it would cost them to provide those services.

Your company has been running for 19 years and you say that you have a turnover of £1.5 million. Is your company profitable? It has been

going for 19 years, so it must have been able to wash its face, but what are the profit margins in your industry at the moment?

**John MacEwan:** That is difficult to say, because we have write-downs, capital allowances and years in which there is more investment for a new contract. Some years I lose money and some years I make a profit. Last year's profit—whisper it—was £23,000 on a turnover of £1.5 million. Do you see why I am nervous about costings?

**Tommy Sheridan:** Absolutely, and you must see why I support the municipalisation of the bus services, because, at that level of profit—

**John MacEwan:** That is the polite term for renationalisation.

**Tommy Sheridan:** Yes, absolutely.

**John MacEwan:** You would lose a lot more than you would gain on that, but we are not here to discuss that matter.

**Tommy Sheridan:** You mentioned the shortage of drivers and said that you are offering drivers £7.25 an hour but not getting much of a response. What is your £7.25 an hour based on? You talked about a productivity deal; is that deal negotiated with a local trade union? Do you have a trade union in your company?

**John MacEwan:** As I said, we have non-organised labour and have seen fit to pitch the wage at £7.25 an hour. In April, I introduced a scheme with a productivity allowance, whereby the basic pay was topped up with a professional bonus of £8 a day, but that has not been enough to sort the problem; we still do not have a queue of bus drivers or people who want to be bus drivers. I understand that the Stagecoach rate will go up to £7.01 quite soon and I felt that my old retainers deserved more respect for the work that they do than to be seen as second-class citizens. We have therefore kick-started—if you will pardon the pun—the new pay scheme simply to reward drivers and make the job more attractive to young people.

**Tommy Sheridan:** Do you have a contracted arrangement over a certain number of hours a week or is it simply a casual work force?

**John MacEwan:** We have a contracted agreement, but it depends on the drivers' shifts. We do not start everybody at 6 o'clock in the morning and finish them at 5 o'clock at night.

**Tommy Sheridan:** Does everybody work a certain amount of hours a week?

**John MacEwan:** Yes.

**Tommy Sheridan:** What would those hours be?

**John MacEwan:** Drivers work an average of 45 hours a week at the moment.

**Tommy Sheridan:** We discussed the same matter earlier with the ferry operators, who told us that they pay £17,500 a year for caterers. At your top line, you are talking about £15,400, so there is a couple of thousand pounds difference between what the ferry operators offer for what they consider not particularly skilled, although important, labour and what you pay for driving buses. That is the competition with which you are dealing.

12:00

**John MacEwan:** Stop—there is another influence over that. Drivers who start at 7 o'clock in the morning will work to 7 o'clock at night and have four hours off during the day when the bus is not required. Under the agreement, they are paid for the first hour of their breaks at £7.25. We do not harmonise the agreement with holidays like the national health service does to meet the working time directive—we are not as tight as that—but we reward our drivers for work done. The pay for a 10-hour day comes in at £72.50 gross, but drivers do not work for 10 hours. I cannot employ them to drive a bus for 10 hours a day every day of the week because of the drivers' hours regulations and the European Community regulations that we are faced with. There is a wee discrepancy there. It is possible for people to earn in a five-day week, we think, about £18,500. If they want to go on to a domestic-regulated six-day week—which is still permissible just now, before the working time directive comes in—it is possible for drivers with my company to earn just over £20,000.

**The Convener:** Broadly how many hours would drivers work in a six-day week to earn that?

**Tommy Sheridan:** They would work a hell of a lot of hours.

**John MacEwan:** Yes—a lot of hours.

**Tommy Sheridan:** I based your £7.25 rate on a 40-hour week, but you say that you have a working average of 45 hours, so you are talking about more than 50 hours a week to get to £20,000.

**John MacEwan:** You have to satisfy yourself with your own definition of the word "work". Is work being parked in a lay-by, going for a haircut, taking your car for an MOT or going to the garden centre to get some plants in the gap between your journeys? Drivers are not on standby; that time is effectively their own. It may be within the day's work, but is it work? If we plan our roster a fortnight in advance, a driver can say, "Well, I've got a dentist's appointment on such-and-such a day. I'll go there in between my journeys. I'll ask for that shift on that day so that I can still be paid

for the day but achieve something that I need to do as well."

**Tommy Sheridan:** I am sure that we could discuss your concept of work. It is a pity that you do not have trade unions in your company, but perhaps your definition of work helps to reinforce my idea of why I would like to see the remunicipalisation of bus services, which would encourage better contracts of labour and more secure labour. Perhaps that explains why Lothian Buses is able to offer the wages that it offers and to attract bus drivers. However, you obviously saw an opportunity 19 years ago and you went for it. Whether that opportunity still exists remains to be seen, given the level of subsidy that the public pays for bus services, not just in your area but across Scotland. That is perhaps a question for another day.

**Alasdair Morgan:** Over the past 19 years, what has been the trend in full-fare passengers on your services? I take it that you do get some.

**John MacEwan:** Oh, aye, from time to time. The modification from the old, historical, pre-deregulation days, when the bus service was virtually a state-owned monopoly—with only one or two private companies dating back to the 1920s, when local authorities and politicians had no hands-on influence over the bus industry—and when there were blanket subsidies, or rather blank-cheque subsidies, was difficult for some companies. I know that, with deregulation in 1985, when socially necessary services had to be subsidised and tendered for, private companies found it very hard to adjust to the new regime.

**Alasdair Morgan:** Just over the past 19 years—

**John MacEwan:** That is the period of deregulation.

**Alasdair Morgan:** Yes, but I am talking about the period over which you have been running your firm. On the routes that you have run over that period, what has been the trend for full-fare passengers?

**John MacEwan:** It has responded to service improvements.

**Alasdair Morgan:** Do you mean that you are carrying more full-fare passengers now?

**John MacEwan:** I would think so, but more people of that age group may not want to drive. There is more congestion and there is free travel for older people, who might draw other people along with them.

**Alasdair Morgan:** Can I ask whether—

**John MacEwan:** I am sorry. I am not not answering you; I am just trying to find an answer.

**Alasdair Morgan:** You have had your new ticket system for the past five years. Is that right?

**John MacEwan:** Yes.

**Alasdair Morgan:** Presumably you have fairly good statistics for that period. Do you know what has happened to full-fare passengers over that period?

**John MacEwan:** Yes.

**Alasdair Morgan:** What has happened to them?

**John MacEwan:** Every route is different. Some have gone down and some have gone up.

**Tommy Sheridan:** Are you sure you are not involved in politics?

**John MacEwan:** I am not trying not to answer.

**Alasdair Morgan:** Given that you want the full-fare passengers, because you receive the most money for them, I would have thought that you would be interested in which numbers are increasing or not increasing and why. I do not want you to give me any commercially sensitive data that the Stagecoach spy will run away with, but does a trend exist? We want more people to travel on the bus. If you have noticed success somewhere and failure somewhere else, what are the reasons for that?

**John MacEwan:** I am thinking of a polite answer. There is no yardstick. Innovative services that have been provided have improved timetables. The Dumfries to Castle Douglas and Dumfries to Kirkcudbright services that now run every hour and half-hour have increased adult passenger numbers because of the greater flexibility. Passengers no longer have to stand about for a full hour to go home from Dumfries; they have to stand about for only half an hour. They can tailor their day better, because more travel opportunities are available. That investment by the local authority and the Executive has improved the number of passengers.

As Alasdair Morgan says, the Stagecoach spy could be sitting behind me, so I will not give complete figures for the Edinburgh corridor but, in general terms, I have seen a 2 per cent decline in that corridor in the past 18 months. I wonder why that has happened. Is it because of congestion in Edinburgh? People might wonder what the point in taking a bus is when they can take a rat run and arrive there more quickly.

Many issues are involved. The reason is not that we have let the bus quality reduce, because it has been increased. Some of the Executive's money helped to increase quality on two vehicles. The average age of the vehicles concerned is about five years. With a slight tweak, that average age could be improved and reduced, but at what cost?

**Alasdair Morgan:** You have said that if service frequency is increased, there will be more passengers, which is what we would all expect. On routes whose frequency you will never increase, such as those up to Corsock or Laurieston—I am sorry for being a bit parochial—I take it that travel by full-fare passengers is virtually negligible.

**John MacEwan:** We no longer serve Corsock.

**Alasdair Morgan:** A bus passed my front door this morning.

**John MacEwan:** I am sorry—there is an early-morning bus, which is the college service. You are right and I stand corrected. However, that service—service 521, which provides the link to Dumfries from New Galloway—involves only one bus in the morning and one at night from Monday to Friday.

I was thinking of the Dalmellington service, which does more: it creates a link between Ayrshire and Castle Douglas and goes into the heart of Dumfries and Galloway. It is popular with and useful for holidaymakers who are going to their hut, caravan or whatever at Sandy Hills in the summer.

To be honest, I would rather write to you with statistics than commit myself now. I think that the figures are fairly uniform. Perhaps keeping the fares static for years on different routes has made a difference, too. Perhaps we would have lost more if we had not done that.

If a line of people is waiting and one bus turns up, we might get 30 complaints saying that we are all so-and-sos because it was raining at the time. That is the end of the world for our regular passengers, because to them the service is nearly an entitlement, but one failure in six months is not a bad rate for me. Let me give an example. The service 525 from Edinburgh failed to perform once because the starter jammed and we could not get a garage mechanic through the Edinburgh traffic to sort it out quickly enough. The service was late and we had to adopt a tumble effect, so the next bus was at half-past six. Logistically, that was the only way in which we could solve the problem.

The following morning, we had a furore of complaints. It was said that the bus failing was not good enough. I had to reply to some of the complaints verbally and in writing. Office staff attended to the softer complaints and I took the main ones. I tried to explain to people that, for example, their car could break down once every six months and inconvenience them. These things happen. We can buy brand-new buses, but they break down, too.

**Dr Jackson:** I have a quick question, which is related to what Alasdair Morgan has asked about.

I would like the committee to have a true overall picture. As you have said, things have changed over the past 19 years. Has your company changed its excursions or any other enterprises in which it has been involved, which might have changed how much money it has received from its normal work?

**John MacEwan:** Not as such. The best way to put things is that, now that we are nearly completely funded by the public purse and passengers' fares, we have tried hard to get better at what we do to attract more passengers—hence the static fares commitment, although I do not know how much longer I can continue with that. Diesel is getting dear again, but there are no noises or blockades as protests on the M1 or M25 motorways this time. The situation seems to have been accepted this time, or somebody has said that there is no point in doing such things, and that there are wars to pay for, for example. I suppose that we are going to have to live with the fact that money is needed, so fuel tax revenue is also needed. Is that bad preparation for the dark day in 20 years' time when we are not going to have any fuel anyway? Should we not be thinking along such lines now?

**Dr Jackson:** So you have made no significant changes over the 19 years. You have talked about a £1 million turnover and the profit that you have made, but you have been involved in the same type of enterprise, more or less.

**John MacEwan:** From a revenue point of view, the whole benefit of any personal investments or initiatives in my company can be lost at the stroke of a pen at the next tender. We have done things to nurture and to try to promote services to the public, as it is the public that matters at the end of the day, although some people say that nobody is going to travel on a bus and that buses should not be there because they cough out fumes. The marketing point matters most.

On recruitment and how we reward drivers, I know that Mr Sheridan does not think that I pay enough, but what I pay seems to be a lot of money to me compared with what I paid previously. Five years ago, an advert could be put in the *Dumfries and Galloway Standard* and there would be five applicants to choose from. Now, we have to try to get somebody who might want to be a bus driver, bring them in as a car driver and start them on the eight-seater scheme. That is the difference. People simply do not want to do the job any more. If members look at the average pay structure in Dumfries and Galloway, they will find that £7.25 an hour is a pretty good reward. We are talking about different latitudes.

**The Convener:** We are drifting back into an area that we have already been into.



That brings us to the end of questions. I thank John MacEwan for giving evidence to the committee. His evidence has been informative and pretty interesting at times.

I advise the committee that the final panel is not coming, so we will break for lunch. I advise members of the public who are in the public gallery that if any of them wishes to take part in the public participation event this afternoon and has not yet registered, they should do so at the desk in the hotel lobby.

I thank all the witnesses whom we have seen today and all members of the public who have come along and listened to proceedings.

*Meeting closed at 12:13.*



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