

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 9 May 2006

Session 2

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CONTENTS

Tuesday 9 May 2006

	Col.
ITEM IN PRIVATE.....	3695
DEPUTY CONVENER.....	3696
FREIGHT TRANSPORT INQUIRY.....	3697
MARITIME PASSENGER RIGHTS (EUROPEAN CONSULTATION).....	3723
FREIGHT TRANSPORT INQUIRY.....	3726

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

13th Meeting 2006, Session 2

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

COMMITTEE MEMBERS

*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)

*Dr Sylvia Jackson (Stirling) (Lab)

*Paul Martin (Glasgow Springburn) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

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

*Tommy Sheridan (Glasgow) (SSP)

*Ms Maureen Watt (North East Scotland) (SNP)

COMMITTEE SUBSTITUTES

Colin Fox (Lothians) (SSP)

Mr Bruce McFee (West of Scotland) (SNP)

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

Dr Elaine Murray (Dumfries) (Lab)

Murray Tosh (West of Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

David Eaglesham (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Gordon Fleming (Society of Chief Officers of Transportation in Scotland)

Mary McLaughlin (Scottish Enterprise)

David Patel (Scottish Executive Finance and Central Services Department)

Malcolm Reed (Transport Scotland)

Tavish Scott (Minister for Transport and Telecommunications)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Alastair Macfie

LOCATION

Committee Room 5

Scottish Parliament

Local Government and Transport Committee

Tuesday 9 May 2006

[THE CONVENER *opened the meeting at 14:01*]

Item in Private

The Convener (Bristow Muldoon): I welcome members of the committee, the public and the press to today's meeting of the Local Government and Transport Committee.

Item 1 is consideration of whether to take in private item 5, which is consideration of the committee's annual report. Our normal practice is to consider draft reports in private before they are agreed. Obviously, the report will become a public document in due course. Is it agreed that we should take item 5 in private?

Members indicated agreement.

Tommy Sheridan (Glasgow) (SSP) *indicated disagreement.*

The Convener: Tommy Sheridan wishes to note his dissent.

Deputy Convener

14:02

The Convener: Following the Scottish National Party's decision to change its members on the committee, the previous deputy convener, Bruce Crawford, is no longer a member of the committee so we need to elect a new deputy convener. The Parliament's standing orders set out the arrangements for allocation of convenerships and deputy convenerships. In 2003, the Parliament agreed to a motion that stated that the deputy convener of the Local Government and Transport Committee should be a member of the SNP. I therefore invite members to nominate a member of the SNP as the deputy convener.

Ms Maureen Watt (North East Scotland) (SNP): I nominate Fergus Ewing.

The Convener: Is Fergus Ewing the sole nominee for the position?

Members indicated agreement.

The Convener: On that basis, is it agreed that Fergus Ewing is the new deputy convener of the committee?

Members indicated agreement.

Fergus Ewing was chosen as deputy convener.

The Convener: Congratulations on your new role, Fergus.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Thank you once again for your support, convener.

The Convener: I look forward to working with you in a co-operative manner, as I did with Bruce Crawford in recent years.

Freight Transport Inquiry

14:03

The Convener: Agenda item 3 is our freight transport inquiry. I welcome our first panel: Mary McLaughlin is Scottish Enterprise's director of transport; and Maya Rousen is a senior executive in Scottish Enterprise's competitive place directorate. The witnesses have an opportunity to make some introductory remarks, after which we will move on to questions and answers.

Mary McLaughlin (Scottish Enterprise): Thank you for inviting Scottish Enterprise to contribute to the committee's freight transport inquiry. It might be helpful if I explain SE's role in transport and some of the projects in which we have been involved.

First, it is important to stress that Scottish Enterprise has no statutory responsibility for transport. Our concern over transport is principally related to economic development issues. We are interested in whether transport presents barriers to economic growth. We find that, if there is market failure in the provision of some services, we can sometimes stimulate the situation with our efforts and our experience of developing new services for Scotland. We are particularly interested in issues that affect the key sectors in industry, such as tourism, finance, life sciences, food and drink, electronics and energy.

Of course, Scottish Enterprise has no direct role in running transport services or funding road or rail infrastructure projects. Those are matters for the Scottish Executive's transport team, local authorities and transport providers. Likewise, we have no control over taxation, fuel costs or legislative issues.

We tend to focus on key projects and have been instrumental in getting projects together. We were involved in the Rosyth ferry project from the beginning. We considered potential operators and how legislation had to change to get the roll-on, roll-off facilities at Rosyth, so we were quite heavily involved in the development of that service.

We are currently working with Peel Holdings on the Hunsterston deep-sea container project. We are considering the possibilities for promoting that project and what opportunities might spin off the back of it if it were to go ahead.

In the past, we have also been involved in rail projects. Those have included the development of piggyback wagons in an attempt to move trucks on to trains. However, because no gauge enhancement was done, it was not possible for the trains to take standard trailers. We have also been

involved with various different road hauliers and, in the early days, tried to help them to apply for freight facilities grants to stimulate some interest.

We run the air route development fund for the Executive. That is a live project to support and encourage new services.

A new area of consideration for us is high-speed travel between our cities. In that work, we are not concerned with freight but purely with passenger travel.

Some of those projects relate directly to freight but, separately from that, we and Highlands and Islands Enterprise are working with the Executive on the freight strategy for Scotland. At the moment, scoping work is being done. That will form the backbone of the freight bit of the national transport strategy.

I hope that I have demonstrated that we believe that freight is important to Scotland and that it is important that we take the sector seriously to keep the economy moving.

The Convener: Thank you for those introductory remarks.

Tommy Sheridan: Has Scottish Enterprise's analysis of economic activity in Scotland provided any evidence of inward investment being deterred because of poor transport links, particularly poor freight links.

Mary McLaughlin: No. It is difficult to determine cause and effect with transport. An inward investor might come to Scotland because they are looking for a particular skill set or a particular location. Transport could be part of the overall mix of reasons why they come, but I have no evidence to show that a particular investor has not come here because of the transport links.

The road haulage sector is competitive on cost and Scotland has enjoyed a competitive freight market and competitive freight services. That has gone a long way towards reducing the perception of peripherality in Scotland. I do not know whether that will continue to be the case in future, which is one of the reasons why we are involved in the freight strategy.

The question that we are asking in the strategy is whether, as roads become particularly congested, the costs of road haulage will become a barrier. It is not enough to accept that the situation is how it is at the moment. We will have to move to alternative modes, but there are barriers to everyone doing so and issues to do with how competitive the industry will stay. However, we have no evidence that anybody has not come here because of our freight services.

Tommy Sheridan: In that case, is Scottish Enterprise's support for a freight strategy based on

environmental concerns or on bottlenecks within the road haulage industry? What is its motivation?

Mary McLaughlin: It is based on both, because we cannot be complacent about the current situation. We can envisage gridlocked roads and we are some distance from our markets. If we are to remain competitive, we have to ensure that we stay competitive.

Scottish Enterprise would be interested in moving freight on to more environmentally sustainable modes of transport, but we do not want to do so only to find that transport becomes less competitive, with fewer freight services available. We would not switch modes for environmental reasons only. We would have to ensure that, if we moved freight from one mode to another, the new mode was just as competitive as the previous mode, because we would not want to be disadvantaged by the distances involved.

Scottish Enterprise's interest is to ensure that Scotland keeps its competitive advantage and is not disadvantaged by distance. We cannot ignore freight or avoid issues that we can see coming at us further down the line, such as the working time directive, rises in fuel duty and other things that will start to make road haulage more costly. Therefore, it is sensible to find alternative ways of moving things about.

Tommy Sheridan: What, specifically, is available from Scottish Enterprise to improve rail freight services or depots?

Mary McLaughlin: At this point in time, Scottish Enterprise does not get involved in such work. The Executive has specific grants available, such as freight facilities grants and waterborne freight grants. If somebody came to us saying that they wanted to develop a particular service, we would help them to put together an application for a freight facilities grant to develop a site. We have done that in the past with numerous hauliers.

Transport is a restricted sector, so transport infrastructure schemes have to be approved by the European Commission. The Executive already has approved schemes. Our role is to help people to access those schemes, as opposed to putting in direct funding.

Tommy Sheridan: So Scottish Enterprise has no specific funding available.

Mary McLaughlin: No. Absolutely none.

Tommy Sheridan: Are you having discussions about the dilemma that Scottish Enterprise could face in trying to reconcile competitiveness with environmental awareness? You talked about competitiveness in the transport industry and in business as a whole. If the introduction of more rail freight made it more expensive to move goods and services across Scotland and from Scotland

to other countries, that would not make us more competitive but it might make us more environmentally friendly. What side of that argument does Scottish Enterprise come down on?

Mary McLaughlin: As an economic development agency, Scottish Enterprise wants to ensure that business is more competitive, and the fact that something is environmentally friendly does not mean that it has to be more expensive—that is not always the trade-off. If businesses have good enough access to rail and can run services and get the paths when they want them—if their freight makes use of the higher gauge—they can make that work for them. That does not necessarily have to be more expensive. If it was a lot more expensive and Scotland was at a competitive disadvantage, Scottish Enterprise, as an economic development agency that wants to make business as competitive as it can be, would not come down on the environmental side. There are always such trade-offs when we discuss projects and decide whether to go ahead with them. We must be aware of the environmental consequences, but rail freight does not have to be more expensive.

David McLetchie (Edinburgh Pentlands (Con): Can you elaborate a little on the relationship that will exist, in terms of functions and scope, between Scottish Enterprise—including your role in transport within Scottish Enterprise—and Transport Scotland? Would you like to tell us a little more about who does what, and why?

Mary McLaughlin: Sure. I think that, looking at future developments, we have a watching brief. At the moment, as I said, we are involved in projects that have, primarily, tended to be international projects. In some instances, we have been able to work between Westminster, Europe and the Scottish Parliament. We ask what the problem is that we are trying to solve for Scotland. For example, the reason for the Rosyth ferry was the fact that we wanted a link to Europe. In that instance, we considered what type of operator could run the service; what port it could run out of; what the right legislative powers were; and whether Europe could provide funding for it. We see the new transport agency as just part of the overall mix.

We are always reviewing what our role should be. It could be that, as we move forward, we will not become involved in something if somebody else can take that role. We would have to make a unique contribution to a project or there would be no point in our being involved in it. Our experience in transport is that a lot of people can spend a lot of time trying to do the same thing. We have tended to keep a very small transport team that

remains focused on the projects that it is working on. We have a good track record on being successful at the things that we have been doing.

The transport agency is new and will develop. At the moment, we are working on our response to the national transport strategy, and we will work with the regional transport partnerships. We have tried to ensure that we have somebody to represent the needs of economic development on each of the transport partnerships.

It is difficult to say whether the situation will change over time, but Scottish Enterprise will run the route development fund for the foreseeable future. I cannot envisage those powers shifting to another body, because we can use our international arm to contact airlines in other parts of the world, which I do not think Transport Scotland could do.

14:15

David McLetchie: So you think that your functions will remain discrete, rather than be brought under one umbrella with Transport Scotland's functions. You do not envisage that you and your colleagues will move and become part of a broader transport agency for Scotland.

Mary McLaughlin: No. We deal directly with Westminster on many issues. On aviation, some of the legislative powers are not devolved to Scotland but are United Kingdom powers. We have relationships not only with the Scottish Executive, but with the Department for Transport.

David McLetchie: Does Scottish Enterprise, as an economic development agency, have a priority list of transport projects that it feeds into Transport Scotland and the Minister for Transport and Telecommunications? Do you point out that, in economic development terms, projects A, B, C and D are the first four projects on which money should be spent, because they will generate maximum economic development advantage for the country?

Mary McLaughlin: The Scottish Executive has a 10-point plan of projects and we have a view on what each of those projects will contribute to our work—some of them will contribute more than others. As far as we know, all the projects will be funded, so there is no need for us to say that we prefer one over another. We have not conducted a prioritisation exercise in relation to the projects that are part of the Executive's plan.

David McLetchie: Are you saying that you do not have a priority list—at least, not a public one—because, at present, everyone thinks that there is enough money in the pot to complete the lot? Your comments suggest that you have a view on the priorities.

Mary McLaughlin: We know how each of the projects will contribute to our economic development work and that some will contribute more than others, but we have not carried out a prioritisation exercise because, as far as we know, all the projects will be done. If the list of projects were to be reviewed and we had to say, along with everybody else, which of the projects we would prefer, we would have to be clear why we would choose one over another, so we have developed a methodology for doing that. At present, we have information on what each project contributes to our strategy—for example, we can say what the airport rail links will contribute. However, if we had to rank the projects, we would need a scoring mechanism. That would not be easy, but we have tried to come up with a methodology in case we are asked to do that. At present, nobody has said that not all of the 10 projects will be done but, if that happened, we would have a way of deciding which should be first, second, third and so on.

David McLetchie: So you have a methodology in place to do that. If the kitty for the next few years ends up smaller than we presently envisage, you will be ready to produce a priority list for us to consider.

Mary McLaughlin: Yes, from an economic development point of view.

David McLetchie: Absolutely. I appreciate that other factors arise.

The Convener: I want to follow up that issue. In one regard, what you say sounds fine—there is no need for prioritisation of the 10 major projects, as they will all be funded. However, do businesses tell you of a need for major transport infrastructure projects in Scotland that are not on the list? If so, how are such projects compared with the existing projects on the list?

Mary McLaughlin: That is an interesting question. We take the view that the 10 projects are being done. We could have taken the view that we needed a review and that some other projects would be better, but we took the same view as the Executive took, in setting up the transport agency, on the projects that should be carried out.

There are issues to do with missing link projects, which is why there is a lot of debate about linking our cities. It has often been said that we need faster links and either maglev—magnetic levitation—or TGV-type links between our cities. Our view on that is to get industry involved and to ask what difference it would make to how we do business or to quality of life if we could reduce the journey times between our cities and, for example, have a journey time between Glasgow and Edinburgh of 10 minutes or a journey time to Dundee of 25 minutes. When it came to reviewing the new strategic projects, we could then say,

"These are the journey times that we would like new projects to achieve, because we can see the contribution that linking our cities like that might make to the economy." We would have some evidence. In transport, rather than asking at the start what we need, we often come up with the project first and then run around looking for a problem that it will solve, asking, for example, how fast the connections between the cities need to be to create the movement and the economic activity that we want.

It is early days. We will hold a workshop at the end of June with the different industry sectors, at which we will put forward such proposals and try to get those sectors engaged. Where would they place their workers? What would they do? We should also try to build in issues such as quality of life, rather than just saying that fast links, for example, are a good thing. We do not know whether they are a good thing. They might suck everything from Glasgow to Edinburgh. We will not know until we have looked into the scenario. That is where we see gaps in thinking on the way forward for transport. No matter what we ask industry about transport, the answer will be, "We want this," or, "We want that." Just like human beings, industry will always want better services than it has at present. There is no doubt that the links between our major cities is an issue that concerns industry. However, I do not know how fast industry wants those links to be, or even what types of links industry wants.

The Convener: When David McLetchie asked you about your interaction with the transport agency, you talked about the way in which you are linking in with the new regional transport partnerships. Is Scottish Enterprise nationally doing that or are the local enterprise companies involved? Have any of the RTPs invited a representative of Scottish Enterprise or the LECs on to their board?

Mary McLaughlin: Scottish Enterprise takes transport seriously—we see it as one of the major areas on which the development of the economy depends. We knew that the Executive was developing the national transport strategy, Transport Scotland and the new regional transport partnerships. The enterprise network took the view that we wanted to be involved as much as possible and that we wanted to be represented on the regional transport partnerships. In fact, we lobbied strongly for the network to have statutory positions on the RTPs. However, that did not happen, so we ensured that we put forward a candidate at a senior level in every RTP area. Some of them have been selected and some are waiting for selection. They are up against every other candidate—it is not a statutory role; it is just the luck of the draw. We took it seriously enough—we ensured that we put forward the best

candidates, such as chief executives and managing directors. I can supply you with a list of who got on to the RTP boards; I do not know whether I can supply you with a list of who did not.

The Convener: That would be useful.

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): Does Scottish Enterprise have a view on the impact of the Rosyth to Zeebrugge ferry, particularly given the reduction in service to every second day?

Mary McLaughlin: That is an interesting question. A number of years ago, whenever I went into a room and started talking about a fast ferry from Scotland into Europe, everybody thought that I was completely insane. However, the project was delivered and the two ships came. In my view, we have some of the best tonnage available. Few ships of that size or speed run out of northern Europe. The loss of one of the services was quite significant and the fact that the service runs only every second day now is an issue for us, particularly in relation to freight.

There is no subsidy, which creates difficulties in relation to issues such as the working time directive and everything that we foresaw for the future, as well as some of the things that I talked about earlier when I answered the question about having more competitive transport services. It is up to the market to decide what it is going to do. The ferry company felt that it was not making enough money and has since sold three of its ships. It seems to be quite happy with the single service that it is running at the moment, but you never know—there is always a risk. The company depends on the market and can decide to move its ships wherever it wants to move them.

The response of Scotland's market and the freight industry to the ferry service was good, but people continued to use ferries elsewhere. A company will stay only if the market can bear it, and perhaps one ferry between Rosyth and Zeebrugge is as much as the market can bear. Obviously, if demand increases, someone else might come along and start up another service. There is a possibility of someone running a freight-only service on that route as well as a freight and passenger service.

Mr Arbuckle: So you do not think that there will be a resumption of the daily service in the short term.

Mary McLaughlin: No. The company has sold the ship. You should know that the ferry has to be able to do more than 26 knots because it turned out that the service had to carry passengers as well as freight. If you look around the market, you will see that such ships are not readily available: it is not just about someone coming along to provide a service; it is about finding and procuring the right

vessel for the service. Superfast Ferries sold three ships, but it might procure a freight vessel, or someone else might come along, see a gap in the market and decide to provide a freight service.

Ms Watt: To continue the sea freight theme, you said that Scottish Enterprise was involved in the deep-sea container port project at Hunterston. Is it also involved in the proposals for Scapa Flow, any of the other east coast break-bulk services, or any of the projects that seeks to increase coastal freight shipping?

Mary McLaughlin: Scottish Enterprise is not involved in the Scapa Flow project because that is in the Highlands and Islands Enterprise area. Having said that, because the proposals are part of the Executive's partnership agreement, we have done some joint work with Highlands and Islands Enterprise and the Executive to look at whether both the Scapa Flow and Hunterston projects could happen. The results of that work showed that there was such a demand for deep-sea container facilities in northern Europe that both the projects could be done. Some of the work done recently by the Department for Transport shows that even if all the proposed deep-sea container terminals around Europe came online, there would still be excess demand. That reflects the way in which the container shipping global market is working at the moment.

From time to time, we have been involved in studies of coastal shipping. The difficulty with coastal shipping is that the goods travel much further than they would if they went by road. When things are moved by sea, they always go slower, which means that they are more expensive. The economics are beginning to change: as the cost of transportation by road goes up, shipping becomes more efficient.

I do not want to prejudge what will be included in the national transport strategy but there could be some opportunity to develop coastal shipping. If that opportunity arises, Scottish Enterprise could have a similar role to play in helping to develop the area as it had with the Rosyth to Zeebrugge ferry or the route development fund, assuming that we could put a business case to a shipping line and make it work. However, at the moment, we have not really had any role to play in the development of coastal shipping.

At Grangemouth, Forth Valley Enterprise has been involved in several projects around the development of rail freight at various different sites.

As part of the review of the freight strategy, we need to think about taking a strategic approach to freight. We cannot have 15 terminals in Scotland, because there is a derived demand and the terminals would compete with one another for the

same business. Ultimately, the private sector does what it wants to do, but the public sector can take a strategic approach to support and development. We are asking for such matters to be considered in the review.

14:30

Ms Watt: I know that you cannot answer for Highlands and Islands Enterprise, but are we moving forward fast enough on the Scapa Flow project, to ensure that Scotland has a facility in that strategic location for shipping lanes in northern Europe? Are we ensuring that we do not lose out to other countries in the development of such a facility?

Mary McLaughlin: I do not know what HIE's timetable is, so I cannot comment on Scapa Flow.

We can build all the facilities that we want—I know most about the Hunterston proposal—but if shipping lines do not run services out of a facility, the facility will not be used. Planning is one of the biggest issues for shipping companies when they consider whether to make use of a deep-sea facility in the UK. A number of companies have been stung in other parts of the UK. The view of Peel Holdings, with which we agree, is that the first step is to secure planning permission for the Hunterston facility. That would give Peel a huge competitive advantage when it approached shipping lines, because it would be able to say, "We have the planning consent to do this." If planning permission for a facility at Hunterston or Scapa Flow can be secured, it will be possible to persuade shipping lines to come to Scotland rather than go somewhere else.

Of course, after planning permission is granted investment in the facilities will be needed. Hunterston has an opportunity because of how it is designated. There are issues about rail access, for example, and we are working on such issues with the port authority.

Dr Sylvia Jackson (Stirling) (Lab): When you mentioned Superfast Ferries you seemed to say that the current arrangements, whereby just one ship is operating, are adequate. Is that view based on evidence from businesses that use the line?

Mary McLaughlin: I meant that the situation is adequate from the shipping operator's point of view. The operator seems to be able to make money with a one-ship operation; it could not make money with a two-ship operation. On the demand side, hauliers say that because the European working time directive is starting to bite, they would like a daily service. Indeed, they would like a faster service. However, no one will supply such a service, because there is an issue about ships and about the fact that demand does not always convert to use when additional services

are provided. When Superfast Ferries operated two ships, the ships were not full.

Dr Jackson: Thank you for clarifying the matter.

When you talked about the review of the freight strategy, were you suggesting that, in the past, there was no interchange between Scottish Enterprise and local enterprise companies, such as Scottish Enterprise Forth Valley, in the overall consideration of freight?

Mary McLaughlin: No. I can speak only about transport. Everything that Scottish Enterprise does on transport comes through my team, and we work with local enterprise companies and take a view on whether projects will contribute to Scotland as a whole. Transport cannot be considered in a way that is not joined up.

Proposals have been made for Grangemouth, which the local enterprise company is considering, but no funding is going directly from Scottish Enterprise into the Hunterston or Grangemouth projects. If we were asked to invest in future, we would have to take a view, as a public sector body, as to what we thought was the right priority but, at the moment, there is no conflict between what is happening in Scottish Enterprise Forth Valley and what is happening in Scottish Enterprise Ayrshire. It might happen that Scottish Enterprise Ayrshire leads on the Hunterston project and works with my team to use the transport expertise, while somebody at Forth Valley works on the Grangemouth project. However, there is no conflict between what happens locally and what happens nationally in transport.

Dr Jackson: My main question is about intermodal freight links, which I know you have been pursuing. What progress have you been making with the rail freight sector?

Mary McLaughlin: Rail freight is quite interesting. I have been involved in it for a number of years. In fact, one of the very first projects that I was involved with was the piggyback consortium, which looked into how to put trucks directly on to trains. A big theme of the debate was that we should look at railways in the way we look at ships—normal lorries, not specially kitted-out ones, should be able to go straight on the railways—because that was where the bulk of the market was. The big issue was that the infrastructure was not right, as no rail freight wagon could take standard trailers. No one was willing to develop a rail freight wagon, and no one was willing to develop the infrastructure until a rail freight wagon was developed.

We got involved with Babcock International Group and a Chicago-based company to develop rail freight wagons that intermodal trucks could go straight on and that could go on the standard

British gauge. The theory was that the Government would enhance the gauge in tunnels and move things along so that standard trailers could be taken on, but that is not what happened. We went ahead with the company to develop the rail freight wagons, but the gauge enhancement was never done, so the market for those wagons was for only small stuff, such as the small Tate & Lyle trucks that do not use the full height.

That experience has shown me that the challenges in moving forward with intermodal freight are to do with our current railway infrastructure and the fact that passenger services use the same railways that trucks use. There is a height restriction, so kit needed for road and rail will always differ. If we really want to make huge inroads and if we are really ambitious about shifting freight from road to rail, we must make rail capable of taking full, standard-type trailer kit, we must make enough paths available and we must give priority to rail freight.

You could say that, at the moment, passengers need to get on to the railway. If we give priority to passengers, we pay lip service to our claim that we want freight on rail, because there will always be only a small amount of rail freight unless we build separate infrastructures for passenger and freight services.

Dr Jackson: How are you working with the rail freight sector to deal with some of those problems?

Mary McLaughlin: With the sector itself or with the people who are trying to access rail?

Dr Jackson: With the sector itself.

Mary McLaughlin: We tend to do it on a project-by-project basis. We have assisted haulage companies, for example, in putting together freight facilities grant applications, so that they can develop services by having rail freight terminals in their premises. We have also helped them to make the case for the gauge being high enough to get lines into their premises.

That is the level of detail that we have to get down to at times. Companies have to ensure that a path is available, and we will help in making the case to Railtrack in that regard. There are all sorts of reasons for us getting involved in helping companies. I hope that I have managed to explain all of that—it is a complicated area. A couple of people in my team have a lot of experience in rail freight. They know a lot of the people in the industry and they help companies to get started. Getting something on to the rail network is a minefield for people who have never tried to do it before.

Fergus Ewing: Good afternoon. Over the course of the inquiry, future access for rail freight

through the channel tunnel has been raised. In our meeting in Motherwell, we were warned that the chunnel company has not reached a deal with English Welsh & Scottish Railway, which carries much of the Scottish rail freight through the tunnel, notably whisky and electronics. I understand that, as of the end of last week, EWS had still made no progress on the issue. It appears that the Department of Trade and Industry has not stepped in or otherwise facilitated a conclusion.

Does Scottish Enterprise agree that rail freight access through the chunnel is of key importance to the Scottish economy, notably the whisky and electronics sectors? If no deal is struck between the various parties involved, will that be a serious blow for them?

Mary McLaughlin: I am not aware of the issue to which you refer, Fergus. If you are saying that goods cannot get to market through the tunnel, I agree that that would be an issue for Scottish Enterprise.

Fergus Ewing: Okay. Perhaps we can ask the question of others.

In a great deal of the evidence that we have heard in the inquiry, concern has been expressed about the road network in Scotland, particularly the trunk road network. People say that it is not adequate for the efficient distribution of freight to, from and within the country. The Scottish Council for Development and Industry expressed that concern particularly moderately and well in saying:

"At present there are too many missing links, pinch points and inadequacies throughout our trunk road network to conclude that what is provided is sufficient".

I share that view. Does Scottish Enterprise share it, too?

Mary McLaughlin: As I said, the road network, road maintenance and bottlenecks are matters for Transport Scotland and the local authorities. Like everybody else, I say that there are bottlenecks on all our roads. Goods get delayed on their way to market, but the road hauliers manage to find a way round some of the problems. The experience of those companies is that, when they want to get their goods to market or get in supplies, they can do so. The question for us is whether the road network is sustainable in future. That is the kind of area that we are focusing on.

Fergus Ewing: Would it be sustainable in future if the Forth road bridge were closed to heavy goods vehicle traffic from 2013, as the bridge master has warned, and no replacement road crossing were in place?

Mary McLaughlin: If the Forth road bridge were shut down, of course it would be significant, especially in terms of freight transport up and down the east coast. There would also be the

issue of access to the ferry terminal. We have exactly the same situation on the west coast with the Kingston bridge. I agree that, if the Forth road bridge were shut down, it would be significant.

Fergus Ewing: It would be a disaster.

Mary McLaughlin: Yes.

Fergus Ewing: I will move on.

The inquiry was prompted by petition PE876, which a group of businesspeople lodged with the Public Petitions Committee. They were supported in so doing by the Road Haulage Association. I think that it was Rob Howie—a haulier with a base in the north-east of the country—who said in evidence that he made no apology for repeating that, if nothing were done about fuel duty, there would be no industry left. He was speaking from the point of view of the small and medium-sized hauliers that are hit particularly hard by our fuel duty, which is the highest in the European Union. Those hauliers are also hit hard by the consequences of the desirable aims of the working time directive and by the actions of foreign competitors, who pay much less for their fuel and come to the UK carrying with them enough fuel to travel the length and breadth of the country. Does Scottish Enterprise agree that that scenario poses particular dangers to the successful performance of sectors of the economy that are particularly reliant on haulage? In the current situation, such sectors, which include house building and whisky, might have a built-in incentive to relocate to England to avoid the high costs up here.

14:45

Mary McLaughlin: As I said in my opening remarks, we have no legislative power over fuel duty. However, we have no evidence that companies are being disadvantaged. Indeed, we are involved in the development of the freight strategy precisely to identify whether there are any significant issues. I do not know what else to say, except to repeat that we have received no evidence that companies have a problem.

Fergus Ewing: I refer you to evidence that the committee has received from companies such as the Stewart Milne Group, which has expressed concern and has suggested that, because of higher costs up here, it might have to expand into England. I do not expect you to have read all the submissions that we have received, but they consistently express great concern about the impact of such issues. I realise that, like me, Scottish Enterprise does not have the power to address such matters directly, but I would have thought that it could express the view that they do not represent good news for the Scottish economy.

Mary McLaughlin: I am not aware of such concerns. Obviously, we are considering many different issues in our work on the freight strategy. However, we get involved in something only if we think we can make a difference. We would be concerned if the company that you mentioned was having problems with a generic issue such as the fuel duty, but we cannot tell the Chancellor of the Exchequer to do something about it.

Fergus Ewing: I appreciate that, but I believe that Jack Perry could express a view if he so wished.

Mary McLaughlin: Yes, if he so wished.

The Convener: I want to return to the Rosyth to Zeebrugge ferry service. As you have pointed out, Superfast Ferries operates on a commercial basis without any Executive support. Have you, either alone or with the Executive, investigated whether companies can be encouraged to provide ferry services linking Scotland to the rest of Europe? For example, would it be possible to introduce a mechanism along the lines of the route development fund to provide initial subsidies to maritime services?

Mary McLaughlin: The waterborne freight grant, which has been approved by the European Commission, is already available to companies that want to start up and develop freight services. It primarily recognises the environmental benefits that such companies create in taking freight traffic off the road. The route development fund, on the other hand, was developed specifically to improve direct air services, particularly passenger services, and it supports routes on an individual passenger basis. As a result, the total grant allocated to each air route from the route development fund is much less than the funding provided to companies by the waterborne freight grant.

A similar route development fund for maritime services would have to secure European Commission approval but, in any case, it would be netted off by the funding available from the waterborne freight grant. Knowing the sums of money involved in both mechanisms, I think that I would rather have waterborne freight grant funding.

The Convener: Is the waterborne freight grant an initial one-off payment to allow a service to be launched, not an on-going subsidy?

Mary McLaughlin: Yes, as is the money from the route development fund. The fund cannot support a route for any more than three years.

The Convener: You said that the route development fund is aimed primarily at passenger numbers. When new air routes are developed, is any consideration given to carrying freight on them?

Mary McLaughlin: It all depends on the service. We have been involved in two routes in which there was some interest in moving freight. First, on the service to Dubai, the use of large aircraft meant that freight could contribute to the bottom line and the service did not have to rely solely on passengers.

A new service to Atlanta will start on 6 June. Our preparation on the business case for that included work on the freight side, because the 767 aircraft will be used. If carriers use big aircraft, they will be interested in freight capacity. The business case for routes further afield cannot be made without freight. In the past, airlines always saw freight as an add-on; it did not matter as much to the bottom line as it does now to carriers that use bigger aircraft.

Operators of short-haul European services do not consider taking freight because, given the demand for such services from Scotland, the operators use smaller aircraft without freight capacity. The low-cost operators do not want to carry freight, because their business model is based on quick turnaround—sometimes even luggage is an issue.

When we are scoring, we take into account whether a service is good for the economy, but we would never not support a service just because it did not take freight. If we did that, we would exclude all low-cost carriers and European carriers. Freight is a spin-off benefit for some carriers and it is important to the business case of others.

The Convener: Do you know whether the operators of the Glasgow to Dubai service have been successful in generating sufficient freight to be successful?

Mary McLaughlin: Absolutely. The Dubai service has been much more successful than we predicted. Almost from the word go, there was a demand for freight. Emirates is lucky, because it can divert its own freight to the Glasgow service. It will put freight on to whichever service is nearest to its consumers. We can get you the figures on that, if you like. The numbers show that the Dubai service is successful, and we hope that the same will be true of the Atlanta service, which will go into one of the biggest hubs in the world.

The Convener: That brings us to the end of questions. I thank Mary McLaughlin and Maya Rousen for attending; the session was interesting.

I welcome to the meeting Gordon Fleming, who is from the integrated transport group of the Society of Chief Officers of Transportation in Scotland—SCOTS for short. Gordon has provided us with a note about his society's general views on freight transport. I offer him the opportunity to

make introductory remarks before we go to questions.

Gordon Fleming (Society of Chief Officers of Transportation in Scotland): Thank you for the opportunity to speak to the committee on behalf of SCOTS. I offer the apologies of Mr Iain Sheriff, the chairman of the integrated transport group, for whom I am substituting. I hope that you will handle me gently.

What we have to say is fairly general. On freight transport, SCOTS thinks that the paramount issue is supporting the Scottish economy. Freight transport continues to be dominated by truck transport, because of a lot of the practicalities involved. It might come as a slight surprise that SCOTS does not see road maintenance as a result of truck activity as a critical issue, although it might see road maintenance as a critical issue. I gather that the secretary of SCOTS is investigating whether he can provide you with an update on road maintenance. However, SCOTS regards roads maintenance as related more to overall traffic levels than to trucks specifically. The general view is that trucks are becoming much more road friendly and that the argument for trucks causing serious road damage has been weakened to the point where it can be challenged.

SCOTS is generally in favour of modal shift, but it envisages big problems with the movement of goods from road to rail because of the shortage of train paths in the railway system throughout Scotland and the UK. There is little doubt that the movement of much more rail freight would quickly hurt passenger rail transport. The general view of SCOTS is that the railway does a better job in taking cars off the road than in taking trucks off the road. A passenger train removes an awful lot more cars from the road than it removes goods vehicles. Moreover, there has been a change in the mix of road freight traffic from larger to smaller and lighter vehicles.

The general theme is that SCOTS does not—possibly contrary to expectation—regard trucks as the baddies. SCOTS thinks that there is a roads maintenance issue, but that it is related to general traffic. Further, SCOTS does not think that there is a huge opportunity for changing from road to rail freight unless a lot of money is spent on sorting out the basic deficiencies of the rail network in Scotland, which are in its structural strength, gauge clearances and, in particular, the number of trains that can be shifted on any given track—there is a serious shortage of capacity.

I do not want to say much more than that. I am happy to answer questions on the paper that we submitted and on any other points that you care to raise.

Paul Martin (Glasgow Springburn) (Lab): In your paper, Gordon, you refer to the 40mph speed limit for trucks and the opportunity to consider increasing it to 50mph. You refer particularly to the technology of truck design and construction. Can you elaborate on that?

Gordon Fleming: Without going into the technicalities, trucks are much better built now, with better brakes, engines and overall design. The concept behind the 40mph limit was that trucks just could not stop once they got going, but that does not seem to be an issue any more. Trucks are increasingly of a more modern standard, so there is no strong case for retaining the 40mph limit. I suggest that you refer your question to the experts for the technical detail, but there is no longer the same case for the speed limit being as low as 40mph. It also seems evident that that limit is much breached in practice on much of the road system.

Paul Martin: You believe that I should pass that question over to the technical people because you do not know why there is a speed limit of 40mph rather than 50mph, and you do not have enough evidence to make a guess.

Gordon Fleming: I am not aware of any hard evidence about that. However, the general view is that trucks have got much better and they can handle a higher average speed on single carriageway roads. The issue is certainly worth investigating, though.

Paul Martin: So you are saying that that issue should be investigated, which your paper does not say.

Gordon Fleming: I do not think that SCOTS is in a position to be dogmatic and say that it is definitely okay to increase the 40mph speed limit for trucks; that issue would have to be considered in detail. I imagine that any change to the speed limit would require UK-wide legislation. However, there is a case for considering whether it is necessary to retain the 40mph limit, which is probably the main cause of irritation for truck drivers on the roads.

Paul Martin: I am interested in what you say about the latest design of trucks and their impact on roads maintenance. What independent research has been done to clarify that situation? Is there only anecdotal evidence?

Gordon Fleming: I would have to go back to the relevant people in SCOTS to ask them to provide you with evidence on that. All I can say is what the chairman of the integrated transport group told me to say to you today. I am sorry, but that is the best I can do at this stage. The general view among the chief transportation officers who are involved in road maintenance is that there does not seem to be a hard case that trucks are

causing significantly more damage to roads than other traffic is causing. They think that the overall volume of traffic is the main issue. They also think that not enough just-in-time maintenance is done. We know that roads deteriorate and that there is a big problem with their maintenance, but more rapid intervention is necessary when faults first appear. That seems to be the most important issue. Rather than trucks, the lack of just-in-time maintenance may well be the principal cause of serious damage to roads.

15:00

Paul Martin: You must accept that a truck will have a greater impact on a road than a car; that is self-evident. What you are saying is that you do not want the haulage industry to get the blame for all the maintenance problems that exist.

Gordon Fleming: The industry has been vilified too much.

Paul Martin: You think that it has been blamed disproportionately.

Gordon Fleming: That is a fair statement. However, if you would like me to take your point back to SCOTS to obtain a specific answer, I would be happy to do so.

Paul Martin: Has SCOTS obtained independent advice on the issue?

Gordon Fleming: The view that has been expressed is probably the opinion of the chief transportation officers.

Paul Martin: Do you accept that if they want to make that point, they must have some proof?

Gordon Fleming: Okay. I will take the point back to SCOTS and say that you want evidence on it. Is that fair enough?

Paul Martin: Yes. Thank you.

Fergus Ewing: I was interested in the evidence that is contained in paragraph 5 of the general summary of the views of SCOTS, which you have repeated today. It states:

"There is no strong evidence that modern trucks have a particularly severe effect on road condition, and there are increasing indications that loads in trucks are tending to become bulkier but less dense, and thus less inclined to produce high axle weights."

I mention that point because we have received conflicting evidence about the extent to which damage to roads is caused by trucks—heavy trucks, in particular. I would be grateful if we could obtain greater clarity on the technical aspects of an important issue that our inquiry must address. I am not sure whether you can help us to do that now.

Gordon Fleming: I cannot. Your point is probably the same as that which Mr Martin was making, in that you seek technical evidence on the impact that trucks have on roads.

Fergus Ewing: The committee respects the work of SCOTS and the role that it has played in our work through previous appearances, so I would like you to be given the opportunity to think about that specific issue and to find out whether you can produce evidence on it.

Gordon Fleming: That area is not my forte, but I will pass on your request.

Fergus Ewing: Thank you very much.

I move on to the issue of the 40mph speed limit on single carriageway roads, which covers the A9. We have the power to designate the A9 as a special road and to increase the speed limit to 50mph, because that is not a reserved issue. However, as Paul Martin said, we would need to be satisfied that that was the right thing to do before we made such a recommendation. My difficulty is that until there is a trial, we will have no evidence. I cannot see how else we could glean evidence. Is there any other way of obtaining evidence on whether it might be wrong—on safety grounds, for example—to increase the 40mph limit to 50mph on a specific road such as the A9?

Gordon Fleming: Any party that decided to make such a legislative change would first have to do detailed research. As car drivers—which all members of the committee probably are—you will have your own views about whether trucks obey the current 40mph limit on such roads. In my experience, that limit is fairly widely not observed, so one wonders whether increasing the limit to 50mph would make any difference, in practice.

Fergus Ewing: As a frequent user of many trunk roads, I have formed the impression that the 40mph limit is more honoured in the breach than in the observance.

The Convener: The one danger in the argument is that increasing the limit to 50mph might increase the tendency of some people to push the barriers further, so the lorries that now exceed the 40mph limit by 10mph might exceed the 50mph limit by 10mph.

Gordon Fleming: That is a fair point. Nobody would sit here and say on behalf of SCOTS that the limit should be increased to 50mph. However, people are saying that there is a case for investigating whether the limit needs to remain at 40mph. The comment is no stronger than that. The police and all sorts of other bodies would require to look into that and conclude what to do.

Fergus Ewing: We probably all agree that we need to have as much information as we can. However, until we try it, it is difficult to know what

will happen. J K Galbraith, who died recently, said that there were two kinds of forecasters: those who do not know and those who do not know that they do not know. I have no doubt that we will discuss that further in private deliberations.

In paragraph 9 of your submission, you say that rail freight's most significant contributions might be to the Highland economy, not least because of the longer distance between the Highlands, the central belt and the south. You point out that

"the Highland rail network would need investment to make it suitable for freight transport"

between Inverness and Perth and, I guess, between Inverness and Aberdeen. You suggest that

"Passing loops on single-track lines would appear to be important if freight is not to hamper passenger services."

As the MSP for Inverness, I am delighted to hear those views. Do you have other suggestions for taking more freight off the trunk roads between the south and the north of Scotland and putting it on rail?

Gordon Fleming: I cannot give a terribly firm view. I know that the business of transferring from road to rail is difficult. The issues that tend to deter people from using rail relate principally to the amount of goods that must be amassed to justify a train-load and to the effect of that on the just-in-time delivery system. For rail freight to be attractive, an operator needs to have a lot of goods and not to be terribly worried about when they will arrive. For a supermarket operator that wants the goods in a truck-load to be on a shelf in a shop in two hours' time, the railway is not the answer.

It is interesting that Tesco is considering train-loading enough goods to Inverness and Aberdeen to service its north of Scotland stores. That will become increasingly important after the company closes its Dundee depot because, whatever its other benefits are, the closure will focus more Tesco freight on the Forth road bridge.

Fergus Ewing: I am pleased that you mentioned that—I would have mentioned it if you had not. I met Tesco representatives last week and I hope that the work comes to fruition.

Michael McMahon (Hamilton North and Bellshill) (Lab): I agree with the point in paragraph 4 of your submission that congestion is a result more of cars than lorries on our roads. Some people think that one solution to congestion would be for lorries to travel when the roads are less busy, which means travelling at night. On the face of it, that would be a simple solution to the problem. However, the downside is that deliveries would be made at times that did not suit communities. No one wants an articulated lorry to

rumble into their village to deliver to the local supermarket at 3 o'clock in the morning. In your experience or that of local authorities, are companies seeking a relaxation of curfews that would allow such deliveries?

Gordon Fleming: Constant pressure is placed on such arrangements, but I know that restrictions have been placed on overnight deliveries, even at some large developments. That involves political judgments by local authority politicians about the impacts on sites and areas. Each site has to be considered individually. I do not think that many specific applications have been made for restrictions to be lifted. The matter arises principally when new developments come along and the local authority must decide whether to restrict delivery times.

The freight industry will have a big problem with efficiency if there is a clampdown and delivery times are restricted. As someone said to me, although the drivers might work standard hours, the trucks might work for 20 hours per day and deliver multiple loads. If we clamped down too hard on delivery times, there would be a serious effect on the cost of freight transport.

I do not have an easy answer, I am afraid.

Michael McMahon: As I said, a simple solution is sometimes suggested. People say that more freight should be carried at night so that track is freed up for passenger transport at other times, but no one wants to have trains rumbling through their community at 3 o'clock in the morning. I wanted to get your perspective on the practical difficulties with solutions that require night-time transport, given that local authorities deliver the restrictions that local people want.

Gordon Fleming: The practical difficulty is that many businesses are not there to accept deliveries outwith the ordinary working day—say, from 7 o'clock in the morning until the mid evening. Only businesses such as 24-hour supermarkets and night-loading supermarkets can take deliveries in the middle of the night. Many of them already do that. The big supermarket companies deliver overnight. I see the trucks coming back down the A9 in the early morning. Clearly, they have delivered to Inverness stores at the break of dawn, if not earlier. Such deliveries happen where they are possible, but in a lot of town centres and other places, the driver would turn up at 3 am and find a closed shop or factory that was unable to accept deliveries.

There would be cost problems for both parties—not just for the haulier, but for the business that would incur costs by keeping places open to receive deliveries.

Michael McMahon: My point is that the simplistic answer to the congestion issue—that is,

that we should deliver more at night—is just that. It is far too simplistic.

Gordon Fleming: Yes. I do not think that there are any such easy answers. To some extent, people regard trucks as an annoyance, but everyone likes to have the goods that they have ordered delivered straight away. The implication of that is that there will be trucks on the roads. That is the downside. People tend to forget that businesses have to take the deliveries if people are to get the goods.

Dr Jackson: We heard evidence that there are a number of bridges that have not been strengthened to accommodate 44-tonne trucks. How big a problem is that? What restrictions does it place on hauliers and the routes that they take?

Gordon Fleming: It is undoubtedly an issue and it will become an even bigger issue if the 60-tonne trucks are introduced. In particular, it is an issue for local roads in towns, where upgrading a bridge can cost a huge amount from the local authority's budget. It is difficult to get the political priority to spend that money because the sums involved are so huge and the benefits are not always tangible.

Bridges on local routes tend to be upgraded when the case is overwhelming and people are saying, "We want this to happen, but it will not happen unless you fix that bridge." Local authorities are under financial pressure and they tend to react in a general way. However, I would be surprised if there were many cases in which local authorities were not repairing bridges and that was hurting the local economy. They consider bridges on a case-by-case basis. There are a lot of bridge-cost issues and, the more that the truck weights are increased, the worse those issues get.

I will ask for the maintenance study that you have requested to include a comment on the bridge issue as well.

15:15

Dr Jackson: That would be useful.

My second question relates to the 60-tonne, 25m trucks. You seem to be suggesting that their use on non-trunk roads raises a safety issue. Is there also an issue about the maintenance of those roads? Some of us who regularly travel on those roads notice that, when you meet a large object, you and the truck are forced to the side of the road. That must damage the sides of the roads and have implications for their maintenance.

Gordon Fleming: Even SCOTS believes that there is no clear view either way in relation to the 60-tonne trucks. It is certainly not advocating their introduction. It is aware of all the issues. On narrower roads and in the Highlands and so on, 60-tonne trucks would be a large problem. I

cannot imagine them getting round many roundabouts and through narrow streets in cities, either.

On the issue of damage to roads, I understand that the number of axles that the trucks have means that the weight per axle would conform to the present limits, which means that they would not put any more pressure on the road. However, they would put more pressure on bridges, because of their absolute weight.

Mr Arbuckle: Do you see an opportunity to increase the amount of freight that goes short distances by sea?

Gordon Fleming: One of the bodies that I ended up on was the North Sea Commission's transport working group, which is composed mainly of Scandinavians who could bore for Scandinavia in the Olympics when it comes to talking about shipping freight. However, they said some useful things about the problems that are associated with shipping freight, which is a big thing in the Scandinavian context. They said that privately owned ports in Scandinavia and Germany, for example, and the shipping agents in those ports play a game of secret information. They do not tell one another what ships are coming in, when they are going out or what their freight rates are. If someone wants to bring goods into one port and send them out from the port up the road, they find that they cannot get co-ordinated information from the ports about the movements that are taking place. In other words, those ports see other ports and shipping agents, not other modes of transport, as their competitors. There is a great big cake out there to be grabbed, but they are fighting over the crumbs in the corner.

I suspect that that is an issue across the shipping industry. People in that industry need to look more closely at the big picture. Certainly, people in the North Sea Commission working group were trying to use studies to create computerised networks that would enable people who wanted to move freight to use a computer to see all the details of the ships that use those ports—the timings, the type of ship, the cargo that each ship can handle, the rate that can be achieved and so on. At present, it is fiendishly difficult to find out what can be moved, how it can be moved and what the cost will be. People and companies who want to move things by sea just get exhausted and give up.

More goods could be moved by sea, but we would need a culture change. Of course, because some of the ports that we would be shipping to are in other countries, it is not only this country's culture that would have to change. A change in European culture is needed if short-distance sea shipping is to become as effective as possible.

Paragraph 20 of my submission mentions Michelin's evidence, which is worth reading. I do not know whether members know about the Michelin factory in Dundee, which is the company's most remote factory. It works flat out to produce low-cost tyres, and the workforce has done extremely well. It is a 24/7 operation, which I think is almost unique in the Michelin group. That said, the factory faces problems with energy costs and it is putting up two gigantic wind turbines on its factory site to generate its own electricity. I think that it will get around a third of its electricity from those turbines.

Michelin's other big problem is freight transport. The Rosyth ferries have been a big benefit for the company, but the rug has been pulled from under it a little with the removal of one of the ferries and the company is hurting as a result. It has suggested that the ability to move its goods directly to Scandinavia would help. Perhaps that points towards another opportunity for freight shipping. Michelin is an example of a company that has been hurt by the reduction in the Rosyth ferry service. Its submission is in the committee's files. Generally speaking, there are sea freight opportunities, but there is a long way to go to make carrying freight by sea user friendly.

Ms Watt: I want to ask about facilities for lorries, and particularly about roadside facilities or lorry parks. Several witnesses have mentioned lack of provision for lorries in respect of such things as accommodation and toilets. How do organisations such as SCOTS lobby local authorities to provide such provision? Do you do that? How do local authorities know that such provision is required?

Gordon Fleming: I do not know the answers to those questions, so I will have to ask them on the committee's behalf. I did not expect the questions, but I will take up the issue for the committee.

I suspect that local authorities would consider such matters only if people had raised them specifically with them. People may have raised such matters with local authorities, which may have taken a view on them, but I do not know. I will have to go away and ask those questions. I am sorry.

Ms Watt: Lorries are often parked in lay-bys. I wonder whether lorry drivers park their lorries in lay-bys simply because they want to do so or because no other facilities are available. Perhaps no specific facilities are needed for lorries.

Gordon Fleming: There is certainly a major and very good overnight lorry facility on the Kingsway in Dundee, but many lorry drivers park their lorries overnight and sleep in their cabs within 2 miles of it. I suspect that there is a cost issue, but I do not know whether it is a cost issue for the driver or for the company. There are certainly indications that,

even where such facilities exist, drivers do not take full advantage of them.

The Convener: That brings us to the end of our questions. I thank Gordon Fleming for giving evidence.

Gordon Fleming: I am sorry that I had to dodge so many questions. I will try to get answers back to the committee.

The Convener: That is much appreciated. Thank you.

Colleagues, I understand that the minister is not available yet. To make the best use of our time, I propose that we move to agenda item 4, which we could probably consider in a relatively short period of time. I hope that the minister will be with us by the time that we have done that. Do members agree to consider agenda item 4 now?

Members indicated agreement.

Maritime Passenger Rights (European Consultation)

15:24

The Convener: Agenda item 4 relates to a European Commission consultation document on strengthening the protection of the rights of passengers travelling by sea or inland waterway in the European Union. The matter was brought to our attention by the European and External Relations Committee. Members have before them a range of documents, including a letter from me to the Minister for Transport and Telecommunications. That did not elicit an awful lot of information, because the United Kingdom submission will be made by the UK Government, and the Scottish Executive does not divulge the detail of its discussions with the UK Government on such issues.

We invited submissions from a range of organisations and we have received three—from the Disability Rights Commission, the Mobility and Access Committee for Scotland and the chair of the Clyde shipping services advisory committee. The consultation is open until the end of May.

The committee has a number of options. We could make a submission, drawing attention to the submissions that we have received and asking the European Commission to take them into account. We have still got time to express our views in addition to those that are expressed in the submissions that have been made to us. In other words, we could make a submission on our own behalf. I invite members' views on which avenue they wish to go down.

Michael McMahon: If we made our own submission, would that require us to return to the matter at another meeting? That might push us for time. Do we have to discuss the matter and make any recommendations here and now?

The Convener: I am looking for guidance from Martin Verity on this, but I think that we have time to return to the matter at another committee meeting. At our meeting on 23 May, we could have a brief debate during which members could put forward their ideas if they wished to do so.

Michael McMahon: Perhaps members could give the issue some thought and submit their ideas to the clerks before that meeting. The clerks could collate the submissions and bring them back to the committee for discussion on 23 May. We could conclude the matter at that meeting, rather than embarking on a big discussion.

Fergus Ewing: I agree that it would be sensible to consider the matter again before we reach any conclusion. I would like to see a little more in the

way of submissions from the ferry companies; I wonder what the general views are among the companies and whether they think that there will be an effect on their operations. I am sure that we would all subscribe to the aims that have been expressed if those with impaired mobility can get better access in the future than they have had in the past.

I had hoped that we might have had some input from the consumer side. The Scottish rail users committee, which used to deal with such matters, was disbanded and I do not know whether we are in a state of limbo, with no consumers' representatives. Since the rail users committee no longer exists and the new multimodal committee and the ferry committee have not come into being, it seems that there is nobody to provide input; perhaps that could be confirmed. That point is of concern among the circles that are active in highlighting such issues for disabled people and for ferry users in general. I do not know whether there is a way for us to tackle that; perhaps we could ask some of the people who used to be involved in that area of work before the committee was disbanded.

The Convener: It would certainly be possible for us to find out whether any of the existing organisations—you mentioned the ferry companies—have particular views. We cannot get involved in an extensive piece of work, because we have only got about a fortnight to conclude the work, but the clerks can explore whether any of the companies have views that they would wish us to draw to the attention of the Commission.

We will check the status of the ferry representation committee. I thought that an organisation was in existence, but I might be wrong. We can clarify that, find out the current position and establish whether any further views can be elicited.

Ms Watt: Our paper says that "tourist voyages/cruises" are included under shipping in this regard. We do not seem to have got much information back about that, although the cruise market in Scotland is growing. Have we consulted harbours about access? Sometimes there is no quayside access when large liners come in and transfers have to be made to a smaller vessel; in such circumstances, I wonder about access for people with mobility problems. I realise that there is not much time available, but I was not here to raise that issue previously. Could we ask about that? In particular, we should contact harbours where cruise liners have gone in the past and are likely to go in the future.

15:30

The Convener: I am pretty sure that we could make contact with the various port authorities and

ask whether they wish to submit views. We can take your point on board.

Michael McMahon's suggestion, which has been broadly supported by other members who have spoken, is that we put the matter on the agenda for our meeting in a fortnight and seek further views from the various organisations that have been mentioned. If members have points that they want us to consider making in our submission, it would be useful if they could e-mail them to Martin Verity before the meeting. He will draw together a paper that sets out members' views and which, if members have conflicting views, outlines the options that are before us. Is that acceptable to members?

Members *indicated agreement.*

Freight Transport Inquiry

15:32

The Convener: We now return to item 3, which is taking further evidence in our freight transport inquiry. I welcome the Minister for Transport and Telecommunications, Tavish Scott MSP, who is supported today by Malcolm Reed, chief executive of Transport Scotland and by David Patel, head of bus, freight and roads, and David Eaglesham, from the freight policy and inland waterways branch, both from the Scottish Executive Enterprise, Transport and Lifelong Learning Department. I welcome you all.

I invite the minister to make some introductory remarks about the Scottish Executive's views on freight transport and on the work that the committee has been undertaking over recent months. We will then move on to questions.

The Minister for Transport and Telecommunications (Tavish Scott): I am delighted to be here today in this lovely, cool committee room that I can see you are all basking in. It is slightly warmer in Edinburgh than it was in Glasgow an hour ago. I am happy to be here, having experienced a little freight traffic on the way through.

I strongly welcome the committee's initiative in setting up an inquiry into freight. In some ways the credit must go to the Road Haulage Association, which I recall submitted a petition to Parliament on the issue. That is a good example of business impacting positively on the work of our Parliament. As members know, we are planning a new freight action plan to enhance Scotland's connectivity and competitiveness in the local and national economy. It will be published under the umbrella of the national transport strategy, which we will consult on later in the year.

It is important to consider one or two trends across the various modes of freight transport that influence policy and which will determine much of the policy development over the next few years. The quantity of freight that is being moved by rail increased by nearly 20 per cent between 1999 and 2003, while road tonnages remained constant. Shipping tonnage dipped from 120 million tonnes in 1996 to 106 million tonnes in 2003, but recovered to 110 million tonnes in 2004.

Air freight dipped to 72,000 tonnes in 2002, most markedly because of the recession in the electronics industry, but it is picking up again—the most recent figures show that it had recovered to 77,000 tonnes in 2004.

Arguably the most important trend is that the fastest growing sector is the smaller van market. I

am sure that the committee's evidence will concur with my figures. That market is estimated to be growing around three times faster than general car and HGV traffic. Much of the van traffic appears to be based on online retailing and on different forms of delivery in the service sector.

Scotland is a net importer of road freight from the rest of the United Kingdom but a net exporter to Europe. For each tonne exported to England, 1.23 tonnes are imported; for every 5 tonnes exported to Europe, only 3 tonnes are imported. We are aware of the penetration of foreign hauliers into the domestic marketplace which, I guess, could be described as a mixed blessing. It has diverted business away from the indigenous haulage industry but, on the other hand, it has intensified competition and depressed haulage rates—especially on Anglo-Scottish and international routes—allowing Scottish exporters to cut their distribution costs. We must bear that in mind when we consider the trends.

There is certainly an increasing need for deep-sea port capacity and a modal shift from road to rail and water. I will not go over the figures on freight facilities grants because I assume that, even if the committee has not discussed them, it will certainly have them. If not, we can provide the details. I fully accept that—although we have moved 70 million lorry miles off Scotland's roads—we must do an awful lot more. Developing rail freight terminals such as the one at Inverness is one of our primary objectives. There has been a meeting on that subject during the past fortnight.

We have been dealing with skills in the workforce and the shortage of drivers by working with the industry on new technology such as the Scotsim simulator. Regional transport partnerships, the chambers of commerce and local authorities all have a role in our work in this area and others. We also stress the importance of making road freight more efficient. We have commissioned a report on action points agreed with an industry stakeholder group.

I very much welcome the work that the committee is doing; it will be extremely helpful to us as we develop our national transport strategy. I suspect that, through committee meetings, nuggets of intelligence and information will come out that we might not otherwise hear about. The committee's inquiry is a very helpful exercise and we look forward to receiving the final report.

Fergus Ewing: As the minister said, this inquiry was caused by the Road Haulage Association and others who petitioned the Public Petitions Committee. I welcome the fact that the Parliament is taking up the association's concerns.

The central message that we have heard from 60 per cent of the respondents to our inquiry is

that people believe that the combined impact of high fuel duty, the desirable aims of the working time directive and foreign competitors who bring in trucks from the continent and carry with them enough low-price fuel to travel the length and breadth of the UK is damaging to the Scottish economy. Does the Scottish Executive agree with that? Are any industrial sectors in particular being adversely affected?

Tavish Scott: That would certainly be the analysis of Scottish road hauliers, especially in relation to fuel duty, which is a reserved matter. Analyses that I have seen of the working time directive vary from industrial sector to industrial sector. I understand that some of the committee's evidence has revealed different perspectives. I do not mean to diminish the argument that the directive has had an impact, but we should be a little more sophisticated when we consider its impact on different industrial sectors.

From the perspective of a Scottish haulier based in Scotland, foreign competition is an issue. On the other hand, businesses that use foreign competition do so with cost considerations in mind.

I certainly recognise the three factors that the member mentioned, but there is a judgment call to be made about the overall impact that they have in combination with each other, and I look forward to the committee's evidence on that.

Fergus Ewing: I thought that the minister might reply in those terms—

Tavish Scott: I am glad that I did not disappoint.

Fergus Ewing: The minister fulfilled my expectations, but I felt that I should put the point to him nonetheless, because it has been a central tenet of the evidence that we have received.

I want to move on to three specific issues of concern, which I will put to the minister one by one. The first relates to the Forth road bridge issue, which I pursued at our previous meeting and on which we have received a clarificatory e-mail. As everyone knows, the bridge master has warned that the existing Forth road bridge may be closed to lorries over a specified weight—a fairly low weight, I believe—by 2013. My question for the minister is quite simple. Is there a risk that the current Forth road bridge may be closed to lorries before a new replacement crossing of the firth is open to them?

Tavish Scott: Yes, there is a risk. The exercises that are now being undertaken are to minimise that risk and to take appropriate remedial action. We will not know—nor will the bridge master know—where we are until those studies are complete. If I may say so, I would not always go just with what the bridge master says. That is why

we agreed with the Forth Estuary Transport Authority board that it should commission studies of the engineering capabilities of the cables and what impact cable corrosion will have on the bridge's lifespan. As with every risk analysis, the studies involve a range of scenarios. The FETA board is undertaking a lot of work on that in an appropriate way. We will see what that concludes, but I can assure the committee that the issue is very live. It is not in the interests of central Government or local government on either side of the Forth to have any disruption to the normal movement of traffic. We will do everything that we can to ensure that that does not happen.

Fergus Ewing: I fully appreciate that there are complexities, but how great is that risk in percentage terms?

Tavish Scott: I will absolutely not start speculating about percentages of risk.

Fergus Ewing: Let me put the question another way. Broadly speaking, I think that everyone in this room is concerned to see a continued road crossing over the Forth, with no lacuna during which there is effectively no road crossing for freight or, indeed, passengers. The related issue is the length of time that it will take from ordering a new Forth road crossing to it opening. My information is that the minimum period might be longer than the timetable that the minister has described would permit. Does the minister share that view?

Tavish Scott: I will ask Malcolm Reed to deal with the detail of the timescale.

We need to take forward the required studies to assess what the issue is. We can then see what window we have in which to take action, even if that action is as stark as having to move forward immediately with construction of a fixed link—of whatever variety—across the Firth of Forth. I hope that Mr Ewing will accept that we need to act in a way that is consistent with the requirements of Government projects, particularly given the scale of such an engineering project.

Before Malcolm Reed deals with the timescale, I point out that we went over the issue in detail in Parliament not so long ago and I set out the timescale then. I am keen not to contradict what I said on that occasion, but I do not have the transcript in front of me. Obviously, we can provide the details to the committee in writing. More to the point, the information is already in the public domain.

Malcolm Reed (Transport Scotland): I emphasise, as the minister has done, that we are at a very early stage of the analysis. It would be wrong to commit to timescales at this stage. If we were to start now, the most optimistic date for a replacement bridge would be into the middle of the

next decade. However, we do not even know whether a replacement bridge will be required.

Fergus Ewing: If it is the middle of the next decade—say, 2015—it will be after the date that the bridge master has given. The bridge master has said that he thinks that the bridge will have to be closed to lorries in 2013. Your evidence seems to be that there will be two years in which we will have no road crossings over the firth.

15:45

Tavish Scott: Mr Ewing, you are basing everything on a presumption that the bridge master is 100 per cent right. I beg to differ. We have not had the analysis. With the greatest respect to the bridge master, he does not know and nor do you.

Fergus Ewing: That is why I am asking the questions, minister. I was just repeating the answer that I got from the head of Transport Scotland.

Tavish Scott: I do not know either, which is why we are doing the studies. It would be extraordinary if, without any evidence, I laid out a timescale on an issue that is of such importance to Scotland. I am not going to do that.

The Convener: Fergus, I want to allow other members to ask questions. You will be able to raise further points later.

Paul Martin: The principle is that we want to move freight from the roads on to rail. What need is there for the industry to comply with that? SCOTS is concerned that the impact of that would be minimal and believes that the issue is to ensure that we take passenger transport from the roads to rail. How do we ensure that the industry complies in the first place?

Tavish Scott: Unless I am missing something, I am not familiar with a date that we have arbitrarily set by which freight—or whatever percentage of it—should be moved across. It is the Government's objective to remove lorry miles from the trunk road network because of the arguments that Mr Martin will be familiar with about environmental issues, the infrastructure of the roads and the maintenance of our trunk road network. I accept that the amount of freight that is moved by rail is small compared with the amount that is moved by road. I do not wish to blow the trumpet to say that that equation is anything other than very heavily weighted towards road transport. We need to address that.

Paul Martin: My question relates to the point that you raised about internet shopping leading to an increase in the white-van mode that you referred to. What if we continue with that mode? There is expected to be a boom in people using

the internet as a mode of obtaining goods. What happens if the industry says that it does not want to comply with the move towards rail freight? What measures can be taken—

Tavish Scott: I take your point. I am sure that the freight industry has made observations to you about the congestion on our trunk road network at certain times. I would not argue that there is always congestion on our trunk road network, but we know that there is congestion at certain pinchpoints. It would be fair to assume that, if we have an ever-rising, remorseless increase in traffic, including freight traffic, on our roads, the congestion at those pinchpoints will become worse and have a related impact. That cannot be in the interests of the Scottish economy or, by definition, the freight industry.

The Government's role is to be as persuasive as it can be, setting out the right business and cost arguments for why switching modes of freight transport—or, at least, exploring the cost benefits of switching modes of freight transport—is good for business. In my view, the highly desirable aspects of switching are that it is good for the environment and good for other policy objectives that we share. Nevertheless, I accept your argument that the approach to it must be based on a business argument. That is why David Eaglesham's team has worked hard on things such as the freight facilities grant to enable the argument to be put on a business basis. If it is not, companies will not sign up to it.

Paul Martin: SCOTS also made the case for an increase in the speed limit on single carriageways from 40mph to 50mph. Does the Executive have any views on that?

Tavish Scott: As you will know, speed limits are a reserved issue. I read the *Official Report* of the committee's previous meeting, at which the convener said that the committee's view was that any change in speed limit should be considered only if

"it would make the road safer and would have no undue impact on the quality of the road surface."—[*Official Report, Local Government and Transport Committee*, 25 April 2006; c 3686.]

Those are two good and sensible criteria. We have not taken the matter forward, although I understand the arguments that have been made. There needs to be clear evidence to support such a proposal. If the committee has established that and presents that in its final report, I will be interested to read it.

Paul Martin: Has the Scottish Executive examined the issue?

Tavish Scott: Obviously, we have proper engagement with the industry on the matter, we have discussed the issue with the industry and we

will continue to do so. However, like all my predecessors, I have asked for evidence to support the argument and to show that those two criteria and several others can be fulfilled.

Paul Martin: Has evidence been obtained or requested on the issue?

Tavish Scott: I will ask David Eaglesham to answer that, but I am not aware of any evidence that has been presented to us on road maintenance and road safety.

David Eaglesham (Scottish Executive Enterprise, Transport and Lifelong Learning Department): The Freight Transport Association has raised the matter in the past. Following that, an investigation was carried out into the possibility of raising speed limits on the A9 and the feasibility of a special road classification. The investigations proved that the matter is reserved to Westminster and falls under the Road Traffic Regulation Act 1984. Even if the A9 was classified as a special road, as is the case with the Edinburgh city bypass, the speed limits that apply in the 1984 act would still apply. There may be further work to be done on the matter, but we have no evidence, other than that.

The Convener: To be helpful, I point out that we have been informed that a decision to raise road speed limits for heavy goods vehicles was taken recently in New Zealand. It might be useful for the Executive to find out, in the interim and pending receipt of our report, whether it can obtain any informed opinion from New Zealand on the impact of the change there.

Tavish Scott: That is a perfectly sensible and fair suggestion. I can think of several officials who would lead the charge to the flight to investigate the matter—I might even have to go.

Michael McMahon: The minister mentioned the uptake of freight facilities grants, which are a welcome initiative. Those in the industry to whom I have spoken think that the grants are good. However, they also find that the hoops that they have to go through to obtain a grant are a problem. Those who have not yet attempted to get a grant can be put off by the experiences of those in the industry who have done so and who say that the system is overly bureaucratic. What are your comments on that aspect of the programme?

Tavish Scott: I will ask David Eaglesham to deal with the hoops, which is appropriate, as he is the man who is responsible for them.

I accept the need to streamline and improve the system as best we can within the audit requirements for the use of taxpayers' money. I am always open to practical ideas and suggestions about how we can do that. However, we have already done a lot of work on the matter,

of which I am sure David Eaglesham will give some details. The most recent announcement, on the Eddie Stobart FFG award, showed that we have got down to nine weeks the turnaround time from the initial discussion to the decision. I accept the principle behind Michael McMahon's point—we are working hard to improve the situation.

David Eaglesham: When I set up my team six years ago, Michael McMahon's comments might have been fully justified, but we have worked hard in the past few years to speed up the process and we have been reasonably successful in doing so, given the number of awards that we have made in the past few years. However, the process can always be improved or streamlined, as the minister said. We must make our investigations as rigorous as possible given the nature of the project. The awards can vary from £200,000 to £16 million, so differing degrees of investigation are required. For example, a consultant study is required for an award of more than £1.5 million. We are always prepared to look for improvements and we cannot sit back contentedly. We need to do a lot more work on the issue, as there is no point in having an underspent budget. We are keen to consider ways of improving the process.

Although the process of making the FFG award to Eddie Stobart took nine weeks, the process of making the £5 million award to JST Services (Rail) Ltd to set up a new railhead at Barrhill in south-west Scotland, which the minister announced earlier this year, took a lot longer because of the complexity of the case.

I certainly do not want to rest on my laurels, but some of the comments that were made to the committee earlier about how we looked at cases for awards were positive.

Michael McMahon: Do you support the continuation of the freight facilities grant programme because of the benefits that it creates?

Tavish Scott: Yes. The freight facilities grant has played a positive role and we will continue to develop it. It has helped to remove 70 million lorry miles from Scotland's roads, which has to be the beginning of a modal shift. I hope that we can do more with the programme. David Eaglesham's team has streamlined the process, but any analysis or practical examples from the committee would also help us.

Ms Watt: I noticed that you skimmed over deep-sea capacity at Hunterston in your introductory remarks. You said recently that Scotland will not participate in the development of a UK ports policy. Is that because you have decided that Scotland needs a separate ports policy?

Tavish Scott: Because ports are so essential to the development of Scotland plc, ports policy

should be part of our national transport strategy. My officials sometimes get a bit fed up with me about this, but if I have one concern, it is that we have too much strategy and not enough action plans. That is why David Eaglesham's team is developing a freight action plan from which I want outcomes.

I decided that we would benefit more from developing a ports policy with a Scottish perspective in our national transport strategy, which is what we will do. We have discussed the matter with the Department for Transport, which understands exactly our perspective. My officials on the ports side will continue to liaise closely with DFT officials to ensure that our position is well understood on any devolved aspects. Ports are integral to the delivery of transport throughout Scotland, in the context of freight in particular but also for other uses. I wanted to keep ports policy in-house, in our national transport strategy, rather than make it stand alone.

Ms Watt: What investigations has your department undertaken into the availability of waterborne freight grants for the Scottish freight industry?

Tavish Scott: We have developed the waterborne freight grant relatively recently, but I cannot lay my hands on the piece of paper that tells me about the numbers. Perhaps David Eaglesham or David Patel can give you a straight answer about that.

The waterborne freight grant is an important policy development because it has the potential to assist the transportation of a number of lower-value but high-volume commodities whose movement is not time critical.

Again, if the committee has observations about how we can make the process more effective, I will be happy to deal with them. I hope that someone has now found the right piece of paper that tells us what the numbers are.

David Eaglesham: As the minister said, the waterborne freight grant is a fairly recent scheme. We are at the forefront of the policy in Great Britain because the DFT has not yet been able to develop it.

We have made two awards: one to Superfast Ferries when it operated two vessels; and the other to fund the trial of taking timber and commodities through the Caledonian canal on a 1,000-tonner called the CaleMax Enterprise. The trial was relatively successful and received a fair bit of publicity. We hope that beneficial results will come from that.

The minister recently announced awards of £30,000 per annum to an organisation called Sea and Water, whose functions will be to promote

waterborne freight and to develop routes around and to and from Scotland.

16:00

Ms Watt: You mentioned Superfast Ferries. We have heard evidence on the impact of the ferry service being reduced from two ships to one. Has the Executive taken any steps to encourage the ferry operator to restore its service to two ships?

Tavish Scott: The Superfast Ferries service is a commercial service. The best that my team and I can do is to be in constant touch with the ferry operator and the businesses that use the operation and to try to assist the development of a business case. I assure you that we had plenty of discussions about the company's commercial decision to reduce its service and we will continue to press for a higher frequency of service, which is in our interest. From a commercial perspective, the case for having two ships must stack up. We will try to play a positive role in achieving the economies of scale that would allow the service to be reinstated.

The Convener: I have a question about the waterborne freight grants. We have heard that people are advocating our exploring routes such as direct routes between Scotland and Scandinavia. Are you considering using the grant initially to support any other routes?

Tavish Scott: You will understand that commercial discussions are being held with a number of partners about potential opportunities, on which the ports are working too. There is a parallel with the air route development fund and airports. I had discussions on the matter with Aberdeen port authority the last time that I met its representatives. Aberdeen is geographically well placed, given its existing links to Scandinavia and its oil and gas industry. There is potential and we will try to play any positive role that we can in enhancing economic activity.

Dr Jackson: I have a question on EWS and the situation on the Stirling-Alloa-Kincardine line. EWS is saying that it will not run the coal trains if it has to pay the additional charge. I gather that Network Rail said in evidence to the committee on 25 April that it was unusual—if not unique—to impose an additional charge. How do you think that we might resolve that situation?

Tavish Scott: I will let Malcolm Reed deal with the detail, because he has been involved more closely than I have in the negotiations. It is important to acknowledge that the negotiations are on-going. I cannot say a whole lot more than that; nor would you expect me to, given that we are talking about a commercial negotiation. My policy objective is not to have any additional charge put

on EWS. I think perhaps some of the press have been a little excitable.

Malcolm Reed: We are currently in discussions with the Office of Rail Regulation on that. We accept that a precedent would be set, which is probably why both Network Rail and the ORR want to handle the matter carefully. The basic point to get across is that EWS's track access agreement covers only the network as it was on 1 October 2001. The Stirling-Alloa-Kincardine line is an addition to the network so we feel that, in principle, there is a basis for charging for the use of that asset, which has been provided by the taxpayer. To echo the point that the minister made, there is certainly no intention that the total cost to EWS should increase as a result of any arrangement to which we come through the ORR.

Mr Arbuckle: I was trying to get my head round where the various plans, strategies—

The Convener: Sorry, Andrew. Fergus Ewing wants to ask a supplementary to Sylvia Jackson's question, which I will allow first.

Fergus Ewing: EWS states that it would not be able to absorb additional charges. I understand that EWS has a contractual right to use the Forth rail bridge until 2015, so there is no reason why the company should be expected to carry its freight, which I think is mainly coal, on the Stirling-Alloa-Kincardine line. The Scottish Executive can do nothing to shift EWS off the Forth rail bridge, because the company's contract is with Network Rail.

I understand that the estimated cost of the Stirling-Alloa-Kincardine line in 1999, when it was envisaged that it would carry just freight, was £7 million. The estimate rose to £13 million when the Executive decided that the line should also carry passengers. Given delays in planning, the cost of reopening the line is now estimated to be £65 million. If Malcolm Reed is taking the lead on the matter, will he say what is the "in principle"—to use his words—justification for charging? Is he saying that EWS should pay the capital costs? The company never agreed to do that, so why should it?

In 2003, Nicol Stephen said:

"There is no intention to impose toll charges on the Stirling to Alloa to Kincardine line."—[*Official Report, Written Answers*, 2 July 2003; S2W-914.]

Why has his successor minister with responsibility for transport, Tavish Scott, engineered a U-turn in 2006?

Tavish Scott: Mr Ewing may try as hard as he likes to draw me and my officials into a political discussion, but we will not be drawn on what is a commercial negotiation—Mr Ewing has a problem understanding commercial negotiations. I have

stated the position and Malcolm Reed has elaborated on the matter.

Fergus Ewing: Mr Reed said that when there is an addition to the network, operators must “in principle” pay new charges. That is the first time that such an argument has been developed. With respect, minister, the issue has nothing to do with commercial negotiations, to which I am not party. I am pursuing a matter that has arisen directly from new material that has been presented to the committee. If there is a new principle, will a toll be introduced for container trains between Mossend and Aberdeen when the route is cleared for larger containers, given that companies will benefit from that work?

Tavish Scott: No.

Fergus Ewing: Has EWS agreed to negotiate an arrangement about the Stirling-Alloa-Kincardine line?

Tavish Scott: Discussions are on-going. I do not know what more I can say.

Mr Arbuckle: What is the relationship between the consultations, strategies and action plans that are published or proposed? A consultation document has been published and an action plan on freight will be produced—we do not know when that will happen or what the plan will contain. Transport Scotland is busy formulating its freight transport policy and the regional transport partnerships are also involved in freight. Can you untangle that plate of spaghetti?

Tavish Scott: That is not an unfair question.

The national transport strategy—the consultation on the strategy is currently going on—will represent the blueprint and all other documents will sit below it. I am sure that you accept that a national transport strategy has component parts. Freight, which the committee has been considering for some weeks, will be a component, as will rail. As the committee would expect, Network Rail’s route utilisation strategy will be essential in the context of the planning that we want to do—obviously we want to share that work with the committee—in developing the national transport strategy, which will be published in the autumn and will contain the elements that I describe.

Transport Scotland is working on the strategic projects review, which will flow from the strategy. Malcolm Reed is directly responsible for that work. The review will assess the capital projects of various sizes in road and rail that will form part of future transport spending after the current capital transport programme, which we debated in the Parliament not many weeks ago, comes to an end in 2012. The work that we and Malcolm Reed’s team at Transport Scotland do to shape the next

programme is being done through the strategic projects review.

David McLetchie: You mentioned your interest in outcomes and your preference for the nuts and bolts of a freight action plan to the grander sweep of the many strategies to which Mr Arbuckle referred in his question. Will the freight action plan—or the national transport strategy as a whole—set down specific targets for encouraging the shift of freight from road to rail or other modes? If so, what form are those targets likely to take?

Tavish Scott: I could give the typical answer, which is that that is what the consultation is about. We will take into account the views of the committee and others on targets. In principle, I agree absolutely with the use of targets and do not mind being measured against them. We will hit some targets and, usually, be criticised for making them too easy, but we will miss others and be criticised for our inability to hit them. I do not back away from that or worry about it, because it is appropriate and right. The consultation that is taking place will be of considerable help in firming up our thinking about exactly what those targets are and how they should be framed. They will be subject to parliamentary and committee scrutiny.

David McLetchie: Evidence was presented to us earlier that it would be better to tackle congestion by getting cars off the roads and getting the people who are in them on to public transport, rather than by moving freight from road to rail. Is the objective of bringing about a modal shift in freight not prejudging what might achieve the best result on road congestion?

Tavish Scott: I accept that encouraging individuals to make a better choice about using public transport is advantageous to movement on our highways and to tackling the strategic congestion pinchpoints in the network. As Minister for Transport and Telecommunications, I have always said that we must ensure that we have the necessary public transport improvements in place, that people can see them and that we hit the right buttons on affordability, quality and user experience to make it desirable, efficient and easy for people to make the switch. I hope that, if we can do that in conjunction with capital transport spending and other incentives, we will be able to achieve such a shift.

I do not perceive any incompatibility between the questions on freight and normal passenger road traffic. They are inextricably linked and we need to work hard on public transport improvements to help with the passenger side of the equation, which I hope will have a beneficial effect on the road haulage side.

David McLetchie: I asked the Scottish Enterprise witnesses about the relationship between Transport Scotland and the transport functions that Scottish Enterprise performs, about their relative roles in developing a national transport strategy and about how the strategy relates to economic development. Will you comment on those matters? Perhaps Mr Reed might also like to comment.

Tavish Scott: I have a pretty simplistic view on those matters. Scottish Enterprise is an agency of Government and is responsible to the Parliament through the Scottish ministers. Its thinking on transport should contribute to and assist the development of policy for us. Scottish Enterprise representatives sit on numerous Executive working groups—not only on freight but on a range of our responsibilities and activities—and we need them on those groups. We also need HIE, which makes a very positive contribution to thinking on transport. I strongly enjoy working with HIE and I need Scottish Enterprise to be in the same ball park.

Can you add to that, Malcolm?

Malcolm Reed: No, except to confirm that that is the position. Dialogue takes place at a number of levels. In fact, only yesterday, the minister was at a meeting on a transport issue at which Scottish Enterprise was represented. That is the right forum for discussing such matters.

16:15

The Convener: Minister, you mentioned skills and driver shortages. A number of witnesses told us that there are problems with driver shortages in the industry, not just in Scotland but throughout the UK. The trade unions and others told us that one factor that contributes to driver shortages is the cost to the individual of gaining a licence to drive heavy goods vehicles. Has the Executive considered how we could support individuals who want to acquire the necessary licence, perhaps by reducing the cost to them?

Tavish Scott: I am not aware that we have considered that directly, although we do a lot of work on skills in relation to the enterprise networks.

Forgive me for looking at my notes, convener. In response to concerns about driver shortages, we have looked at funding to increase the pool of trained lorry drivers to nearly 1,100 through two training organisations. The figures that I have, which I am happy to share with the committee, state that 300 more drivers are to be trained in the current year through the relevant sector skills council.

We are taking action on that front. I suspect that that came from the industry's ideas about how we can help. Given the numbers, we are happy to consider where there are still gaps in the support systems that we have.

The Convener: I am sure that we will return to the matter in our recommendations.

My next question is also on road freight. Some witnesses told us that there is a shortage of appropriate rest places for drivers of heavy goods vehicles on the long-distance routes in Scotland, particularly the roads to the Highlands. The Executive manages the trunk road network. Has it considered—either directly or through Transport Scotland—whether we need more strategically placed rest points for HGV drivers?

Tavish Scott: I read that point in the evidence that you took the other day. That is an interesting perspective. We all have our own experiences as we drive on Scotland's trunk roads. The issue has been raised with the Department for Transport and transport ministers in London and there have been some discussions with motorway services operators and service station providers on whether we could further develop such facilities in Scotland, where that is appropriate. I am certainly happy both to listen to the committee's evidence on that and to take the matter forward in our discussions with the industry. There are some sensitive issues about siting.

The Convener: We heard quite a lot of evidence on what the key priorities should be if we want to invest in the railways to improve their ability to convey freight. An issue that keeps coming up is gauge enhancement for the larger containers. A number of witnesses argued that investment in gauge enhancement on the Glasgow and south-western line should be the number 1 priority. Does the Executive agree with that? What are the other key priorities that will make a difference and improve the railways' ability to take large containers?

Tavish Scott: I accept your point about enhancement, which matches the evidence that I have received. Any number of businesses and freight people have said the same thing to me. Your contention is entirely fair. I am loth to say what our number 1 priority is because one can get a bit stuck if one says that something is the top priority; lots of people then say, "Wait a minute." You will forgive me for not identifying a number 1 priority, but I am prepared to look again at the evidence on gauge enhancement.

I know of the particular project that you mention. I was going to say that it is a high priority, but one has to be careful about what are high priorities and what is the number 1 priority. However, we are taking the project forward through the strategic

projects review and I take gauge enhancement seriously. I suppose that I could also make the observation that businesses and industry organisations have made it clear that they think that enhancement of the network would be the most crucial strategic investment that we could make over the next period. That is a compelling argument.

The Convener: Would you accept that there is a need for us not to overestimate the importance of some of the statistics about recent growth in rail freight? Much of that growth appears to be to do with the transport of coal from Hunterston and some of Scotland's opencast mines to power stations in England. It seems to me that there is a danger that, if alternative routes of transport for that coal are identified and used at some point in the future, that could represent a dip in the amount of rail freight that is being carried in Scotland whereas, in fact, it would only be a logical progression in the way in which coal is transported.

Tavish Scott: That is a fair argument. I think that it says a lot about the status of the Scottish Parliament that, last week, you were able to get the deputy chief executive of Network Rail to appear before this committee. The evidence that he gave was compelling with regard to the point that you have just raised.

Another argument that is worth bearing in mind in relation to coal relates to the fact that the UK Government is conducting an energy review at the moment. Irrespective of our personal political view of that matter, it is an important issue in terms of the future energy needs of the country and it could have implications for the issue that we are discussing. We should not run away with the arguments about how coal is moved or about coal in the context of other energy sources. We must keep those issues alive. Malcolm Reed is doing so in the context of the strategic projects review.

Fergus Ewing: On the matter of skills, we have had evidence that suggests that there is a severe shortage of HGV drivers and that, in the past decade, the average age of lorry drivers has risen by nearly a decade. I acknowledge that some good things have been happening to try to address that, although it is clear that more needs to be done.

I wanted to raise that issue because new drivers have to pass their test and there is only one office of the Professional Driving Standards Agency in Scotland. It is in Edinburgh and is one of only five driving standards centres in the UK. Last week, the Public and Commercial Services Union warned that, according to a leaked consultants report, the Westminster Government is planning to close some of those offices. Union leaders say that the Edinburgh office in George Street, which

employs about 15 staff, is the most likely to go. The union has said that the closure plans would

"reduce the level of service driving test applicants and driving instructors received"

and that

"There would be a loss of local knowledge and people with queries and complaints about their driving test would have to deal with call centres."

In general, the union fears that this is the first step towards privatisation. Will the Scottish Executive resist strongly any moves to close the Edinburgh office, which is the only office in Scotland that services the administration of driving tests for private car users and the haulage industry?

Tavish Scott: I agree that we do not want there to be a reduced service to people in Scotland who currently benefit from the full service. I will certainly work hard, in conjunction with the Scotland Office, the new Secretary of State for Transport and other ministerial colleagues, to ensure that there is no diminution of what is an important service to Scotland.

If you will forgive me, I will not comment on what might or might not be going on until I get a full and proper report on the situation.

Fergus Ewing: I am grateful for the spirit of your reply. Were you aware of this threat?

Tavish Scott: I was aware that the PCS had raised issues. You will forgive me if I do not get into what it said. I need to bottom out exactly what is going on first.

Fergus Ewing: My expectations have been fulfilled again this afternoon.

Tavish Scott: I am glad to have done that.

The Convener: That brings us to the end of questions. I thank the minister and his officials for giving evidence.

16:25

Meeting continued in private until 16:27.

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