# TRANSPORT AND THE ENVIRONMENT COMMITTEE

Wednesday 21 June 2000 (*Morning*)

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### **TRANSPORT AND THE ENVIRONMENT COMMITTEE** 16<sup>th</sup> Meeting 2000, Session 1

#### CONVENER

\*Mr Andy Kerr (East Kilbride) (Lab)

#### **D**EPUTY CONVENER

\*Nora Radcliffe (Gordon) LD)

#### **COMMITTEE MEMBERS**

\*Helen Eadie (Dunfermline East) (Lab)
\*Linda Fabiani (Central Scotland) (SNP)
\*Robin Harper (Lothians) (Green)
\*Janis Hughes (Glasgow Rutherglen) (Lab)
\*Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab)
\*Mr Kenny MacAskill (Lothians) (SNP)
\*Des McNulty (Clydebank and Milngavie) (Lab)
\*Tavish Scott (Shetland) (LD)
\*Mr Murray Tosh (South of Scotland) (Con)

\*attended

#### WITNESSES

Sarah Boyack (Minister for Transport and the Environment) Bob Christie (Convention of Scottish Local Authorities) Matthew Farrow (Confederation of British Industry Scotland) Phil Flanders (Road Haulage Association) Trond Haugen (Convention of Scottish Local Authorities) George Heaney (Strathclyde Passenger Transport) Councillor Alison Magee (Convention of Scottish Local Authorities) Rodney Mortimer (Convention of Scottish Local Authorities) Dr Malcolm Reed (Strathclyde Passenger Transport) Gavin Scott (Freight Transport Association) Jane Todd (Federation of Small Businesses)

CLERK TEAM LEADER

Shelagh McKinlay

SENIOR ASSISTANT CLERK Richard Walsh

ASSISTANT CLERK Alastair Macfie

LOCATION Committee Room 2

## **Scottish Parliament**

## Transport and the Environment Committee

Wednesday 21 June 2000

(Morning)

[THE CONVENER opened the meeting in private at 09:07]

09:33

Meeting continued in public.

## Transport (Scotland) Bill: Stage 1

**The Convener (Mr Andy Kerr):** I welcome members of the press and public to the 16<sup>th</sup> meeting this year of the Transport and the Environment Committee. I have received no apologies for absence from members.

Today we shall be taking evidence on the Transport (Scotland) Bill, for which we have been designated as the lead committee for stage 1. We shall be hearing evidence from the Minister for Transport and the Environment, the Convention of Scottish Local Authorities, Strathclyde Passenger Transport, the Confederation of British Industry in Scotland, the Federation of Small Businesses, the Freight Transport Association and the Road Haulage Association.

I welcome Sarah Boyack, who is accompanied by three officials—John Dowie, Bob Tait and Bill McQueen. Please begin by saying a few words, minister, and then we shall begin our questions.

The Minister for Transport and the Environment (Sarah Boyack): I am grateful to the committee for giving me the chance to introduce the bill. I will keep my opening remarks brief so that when we discuss each part of the bill, I can take a couple of minutes to outline the key issues at that point rather than try to cover everything at the start.

This bill is the product of considerable thought, consultation and debate over a long period. The starting point was the commitment in the Labour party's 1997 manifesto to establish and develop an effective and integrated transport system. Following on from that commitment we had "Travel Choices for Scotland", the Scottish white paper on integrated transport in 1998 and, in the partnership agreement last summer, we agreed to take forward those objectives into a bill to be presented before Parliament. There has been a great deal of consultation since last summer on different aspects of the bill, which culminated in the most recent proposals that we published in early February. It is fair to say that that consultation has shaped the bill that members have in front of them. However, I do not think that the debate is finished. Over the summer I expect to hear views from this committee and from a wide range of organisations, which will, I hope, enable amendments that strengthen the bill. I will reflect on the considered views of the Transport and the Environment Committee once it has surveyed the evidence that has been presented to it.

There is consensus that we must act to sort out Scotland's transport problems. We face an unsustainable rise in traffic levels—53 per cent over the next 30 years. This bill gives us the statutory framework to provide a step change of improvements to deliver high-quality public transport, with road user charging having a key role to play in tackling unrestricted traffic growth in our main urban centres. It also marks a step in delivering for pensioners and disabled people in Scotland.

Members of the committee will know that local authorities already support varying levels of concessionary fare. The bill enables us to require local authorities to set up concessionary fare schemes with a minimum level. We are examining the various modes in the research that is currently under way, and we are also examining the resources that are available to us in the context of our spending review.

This bill will make an essential contribution to the delivery of our transport vision. However, it is not by any means the whole story. There are also the local transport strategies, the public transport fund, the rural transport fund, safer routes to school and work with the shadow strategic rail authority. We are also working on improvements in ferries, airports and our motorway and trunk road network. A great deal of work is taking place. Many of the measures are non-legislative. We know that legislation is not a panacea, but this bill will be critical in setting the framework for the future.

I know that there are different views on the devolution settlement and the powers of this Parliament—we can debate that on some occasions—but this bill is within the powers of the Parliament and it tackles the issues that we have powers over. I believe that consultation with our colleagues in Westminster will provide the framework that we need throughout the UK, but this is delivering what we want in Scotland.

There is a large consensus on what needs to be done and on key measures in the bill. I hope that the bill strikes the right balance and gives local authorities the powers that they need to address the transport challenges in their areas. I look forward to the discussion on the bill.

**The Convener:** Thank you very much. We also look forward to the short, sharp interesting few weeks ahead of us on stage 1.

We have tried to group our questions so that there is some order in our discussion. I invite Tavish Scott to start on joint transport strategies.

**Tavish Scott (Shetland) (LD):** I take your point about this being a Scottish bill, but why does this bill not contain—as the English and Welsh bill did—a statutory requirement on local authorities to produce a local transport strategy to a specified level of detail? Given the varying quality of draft strategies produced voluntarily so far, is there not a case for putting that in statute?

Sarah Boyack: In a sense the point that you make is the critical one. The local authorities are producing their transport strategies and a legislative requirement to do that does not necessarily affect the quality of those strategies. There has been a learning curve and the guidance that we have produced is helping local authorities to focus on the key issues and meet our objectives. I do not think that legislating for transport strategies guarantees quality. I believe that the commitment that local authorities have already shown demonstrates that we do not have to legislate for their provision. The strategies are being produced. We must now focus on how to improve them.

**Tavish Scott:** So you believe that there is a mechanism in place to improve their quality?

**Sarah Boyack:** The guidance that we have produced is assisting the local authorities in those discussions.

**Tavish Scott:** I will not go into the subject of guidance today. Are there no proposals to establish regional transport strategies through regional transport partnerships? Have you given that concept any thought?

Sarah Boyack: We have referred to regional transport partnerships in the bill and we would expect them to set out their objectives and how they intend to achieve them. It depends on the purpose of the transport partnerships. We will be producing guidance for authorities on working in such partnerships. We can learn from the good work that has already been done by the south-east Scotland transport partnership and in the west of Scotland. We are focusing on what will be key to the different regions, which may have different problems and opportunities.

**Tavish Scott:** Can you envisage circumstances in which ministers would require a joint transport strategy to be prepared? For example, the quality of local strategies might vary and therefore there could be a need to pull them together. Can you foresee cases in which you would require a joint strategy to be prepared where one party was unwilling at a certain stage?

Sarah Boyack: It would not be about the quality of the local transport strategies, because if they were not good enough, we would focus on them anyway. The critical issue is the extent to which there is a need for a strategic overview and action. That is where regional partnerships come into play. For example, if we are considering congestion or travel-to-work issues, a local transport strategy, however brilliant, will not be able to deal with cross-boundary flows. Every local authority will have a transport strategy, but they will also need something wider in order to engage with the transport operators and to consider traffic flows and public transport improvements in a broader context.

**Tavish Scott:** If two areas were producing perfectly acceptable local transport strategies, but no regional overview was being taken, can you envisage circumstances where ministers would intervene to ensure that such an overview was in place?

Sarah Boyack: That would be the purpose of the regional transport partnerships and that is why we have said that we would identify the need for such partnerships in consultation with the local authorities.

**Tavish Scott:** Finally, what is the time scale of the proposed Highlands and Islands transport authority? When will the consultation that is about to begin be acted upon?

Sarah Boyack: We hope to be able to take a decision on how to proceed by the end of the year. We have already started work with local authorities and enterprise companies on the scoping study on what we are going to consult on over the summer. The work is already in progress and we should be able to make a decision by the end of this year.

**Tavish Scott:** Was there not a case for including a provision for a transport authority for the Highlands and Islands in the bill?

Sarah Boyack: That would have delayed the progress of the whole bill. It would be a major exercise, requiring many changes to several other bills. When Calum MacDonald carried out the initial consultation, there was less enthusiasm for the transport authority than there is now. Times have changed. We must move forward swiftly, but we must get it right.

**Tavish Scott:** If the Highlands and Islands transport authority works, is there a case for establishing authorities along similar lines in the rest of Scotland?

Sarah Boyack: We already have the Strathclyde Passenger Transport Authority. Other rural areas, such as Dumfries and Galloway, are fairly self-contained. I would be keen to reassure the authority that we believe that it has the right geographical boundaries to deal with the transport issues that it faces. The Borders is very plugged south-east Scotland into the transport partnership's work. I am keen not to apply one model to the whole of Scotland. The issues in the Islands—lifeline Highlands and services. remoteness and the need for major subsidiesrequire a different approach.

The Convener: I ask Janis Hughes to address the issue of bus services.

Janis Hughes (Glasgow Rutherglen) (Lab): I would like to ask about quality partnerships. I wonder why there is no provision in the bill to allow quality partnerships to include a reference to the frequency and timing of bus services. Do you believe that there could be circumstances in which it would be advantageous for such a reference to be included?

Sarah Boyack: We are keen that local authorities and bus companies should identify their priorities and focus on the areas where they think improvements are needed. Frequency is one issue that partnerships could consider. That is happening for key routes in Aberdeen, Edinburgh and Glasgow, where it is felt that to tackle major commuting flows a higher frequency of service is needed, as well as a higher quality of service. In that context, it would be appropriate for local authorities and bus companies to identify key routes where frequency of services is an issue.

#### 09:45

Janis Hughes: Do you think that quality partnerships are strong enough? There has been some criticism of them by local government, which is not sure that the partnerships will give them the power to provide a better service than exists currently.

Sarah Boyack: We need to provide the statutory backing for some of the voluntary work that is already under way. The fleets of buses that are being delivered in the three areas where strong quality partnerships exist are evidence of success. We are aware of increased passenger numbers where there have been targeted improvements both to the quality of the stock and to the frequency of services. There is evidence that partnerships work, but the process needs statutory weight for local authorities and bus companies to have a better understanding of the kind of relationships that are envisaged. We can build on the experience that already exists.

Janis Hughes: Do you think that there is a risk

that quality contracts may break competition laws? Is that the main reason for not making them the preferred option?

Sarah Boyack: No. This is about our policy objective and has nothing to do with competition laws. Our objective is to get the local authorities and the bus companies to work together in the common interest of improving quality, standards and the range of bus choices that are available. That is why partnerships are our first choice. However, where they have not worked and where it is clear that they would not work, for whatever reason-that is discussed in the policy memorandum-quality offer contracts an alternative approach for local authorities.

These are very different approaches: one would give a statutory backing to voluntary partnerships and the other would involve, in effect, re-regulation for an entire local authority. We believe that it is necessary in this bill to provide local authorities with a choice. We have not done that because of competition law. Both the contracts and the partnerships are required to comply with competition law, and the bill is worded to ensure that they do.

Janis Hughes: I understand from what you have said that you would prefer authorities to go down the road of quality partnerships and to use quality contracts only where those have not worked or where local authorities decide that contracts would be the best first option for them. Given the fact that most local authorities want a framework that gives them more teeth in their quest to secure better bus services, do you think that the bill may lead to quality contracts being used more readily than quality partnerships?

Sarah Boyack: I am keen that over the summer people should get to grips with the detail of the bill and see just how extensive the powers are, both for partnerships and for contracts. Local authorities want more teeth so that they can provide greater certainty and quality of bus services throughout their area. When considering their investment, the bus companies have to make a fine judgment. They also have a social obligation. Bus quality partnerships are an opportunity for the bus companies to demonstrate that they can deliver new stock, higher frequency and higher quality of service all round.

There are other powers in the bill to tighten up the bus market and move away from the complete deregulation that took place under the previous Government. For example, we are introducing de minimis regulations and tightening up timetabling, and we are providing more powers on information. That will provide some of the things that local authorities are looking for.

I want local authorities to consider how to apply

the provisions of the bill in their areas. They should not dismiss bus partnerships out of hand, but consider to what extent the powers are relevant to them. There should be services on the high-volume routes and the after-hours routes. Those are the services by which one judges a public transport system. Are there services on a Sunday afternoon, for example?

There is a choice between partnerships and contracts. Whichever route local authorities choose, their key objectives will be what is most appropriate for their areas. During the summer, I want to engage in discussions about the detail of those powers and how we expect them to be exercised.

Linda Fabiani (Central Scotland) (SNP): Janis Hughes asked about partnerships and quality contracts, and I would like to follow up on that. The idea that local authorities are to have choice is admirable, but they know their area best and know what is required, so they should have the choice to opt for a quality contract straight away rather than having to go down the partnership route. It could take 21 months for a local authority to get a quality contract, so it seems as if the cards are stacked in favour of the bus operators. We should be relying on the local knowledge of local authorities to—

**Sarah Boyack:** What did you say about bus operators?

**Linda Fabiani:** I said that the cards seem to be stacked in favour of the bus operators. They are getting a better deal than the local authorities are.

Sarah Boyack: I certainly refute that. The bill does not stack the cards in favour of the bus companies. It concentrates on what will work and how authorities can deliver high-quality services throughout Scotland. A number of authorities are already working in partnership with bus companies, and we want to give that statutory weight. There are good examples of how that collaboration is beginning to improve quality, frequency and choice for customers. It is getting new people on to buses and enabling us to tackle some of our congestion problems.

We know that it can work, and we are providing a choice for bus companies and authorities to engage in partnerships. The objective is not about the form—partnerships or contracts—but about the outcomes. The critical issue is not whether local authorities are allowed to deliver contracts or partnerships; it is about the service that they can deliver for people in their area. That is why partnerships and contracts are critical and that is why I am prepared to enable contracts where appropriate. However, I do not want all the local authorities in Scotland to follow their first instincts and go for contracts, as that would lead to complete deregulation of the bus system. There are downsides to contracts, as well as the certainty and sense of power that they give local authorities. We must take a balanced approach and consider the advantages of each option. The advantage of partnerships is that they allow local authorities to work with the grain of the bus industry. That allows new investment to be targeted on buses, as well as enabling authorities to focus on their social obligations. The bill also enables joint ticketing schemes and a higher quality of information than is currently available.

If every local authority had contracts, every route in Scotland would be subject to a contract and to tendering and there would be only one bus company on each route. That is a major step for us to take, and that is why I am keen to focus on partnerships as the first port of call. I am prepared to admit that, in exceptional circumstances, as specified in the memorandum, quality contracts would be a better option, but I do not believe that they should be the first or only option. If partnerships and contracts are both available, local authorities can consider what they want to deliver and what the outcomes will be. There are some downsides to contracts, as well as some upsides. That is why it is critical to consider the context of the bill.

Linda Fabiani made a point about the 21 months being seen as a delaying process—I am sure that we will come back to that when we get to the detail. I wish to say a couple of words about the context of the 21 months. It comes from our experience of trunk roads and maintenance contracts, and ferry tendering. The 21 months begins when the local authority starts the tender process. It takes local authorities about three months to advertise for tenders from bus companies and the processing of contracts takes six to nine months.

Certainly in the first round of contracts, the bus companies—those that were successful and those that were not—would need time to readjust. The 21 months is not meant as an obstacle but as an assessment of how long it would take to go efficiently through the correct process. I am sure that we will debate this in depth. If members consider the memorandum, they will see how we arrived at that calculation. It is based on our experience of other contract processes.

**Linda Fabiani:** I can take on board the philosophy of what you are trying to do, but my concern is that if a local authority goes through a quality partnership and then the 21 months—if that is how it ends up—to form a quality contract, it will take a long time to deliver a decent service to end users. A compromise may be to offer a choice—perhaps local authorities could justify that choice to ministers at the start.

Another matter raised by a few of the people

who responded to the consultation was the interests of bus users. Is there a case for some kind of statutory bus user representative body?

Sarah Boyack: That is one of the issues that we discussed in the transport proposals documents. I am keen to come back with a precise formulation at the amendment stage of the bill. We are still in consultation with interested parties on that, and I am sure that the committee will take evidence over the summer. I am happy that you have raised that question now—the issue is important.

I am not convinced that a parallel with the Central Rail Users Consultative Committee would be appropriate. On bus issues, we are looking for something that meets local needs as well as national ones. I do not want us automatically to go down the route of a parallel system. I am keen to explore that over the summer months.

Linda Fabiani: I am pleased to see that there are proposals to extend fuel duty rebate. Has much consideration been given to extending it to dial-a-ride and community, or indeed school, bus services? Local authorities could do with the income that that would generate, if it were ringfenced back to them.

**Sarah Boyack:** We have put powers in the bill to give us that flexibility. If we needed to make adjustments to take into account new circumstances, we would be able to do that. A piece of work is being carried out by the Commission for Integrated Transport, to consider the issue of fuel duty rebate throughout the UK. I am keen to see the results of that work before I consider change in Scotland. We need to get that right.

We pay in the region of £45 million a year on fuel duty rebate; any changes to expand the system would require to be paid for and would have to be weighed up against other transport priorities. I am not ruling out future change; the mechanism in the bill is to enable us to do precisely that.

**Des McNulty (Clydebank and Milngavie)** (Lab): When we discussed planning arrangements in connection with mobile phones, one of our ideas was that the authority should have the capacity to encourage the operators to meet and to consider the way in which they provided different facilities. Translating that example into buses, was any consideration given in the drafting of the bill to a process whereby authorities could require the various bus partners to consider strategically their different services as part of the process of partnership formation? Or are we looking purely at one authority operating a dialogue?

**Sarah Boyack:** The quality partnership approach enables that dialogue to take place. The discussions on quality partnerships would include

discussions with different bus companies on what an authority needed in its area—what bus services were required and where improvements were needed.

**Des McNulty:** Will the bill require a more coherent discussion between different operators and the authorities or will the discussions be held separately, on a one-to-one basis, between the authority and each operator?

**Sarah Boyack:** The guidance that we will issue later this year will make that clear. We did not feel that it was appropriate for the bill to be prescriptive on the way in which that process would be run between the authorities and the bus companies. Such discussions would be critical, however, when drawing up any quality partnership.

#### 10:00

**Des McNulty:** I have a question on bus information. How will the arrangements in the bill induce the bus operators to make financial contributions to the process of providing bus information? What powers will authorities have in practice to acquire information from the operators? The structure that you are proposing seems to give the operators considerable discretion in their co-operation. How will the bill deal with that? In Strathclyde, an electronic scheme is in operation that the operators do not provide information on.

Sarah Boyack: There are two levels of information, one of which is the development of national timetable information, on which we are working. We are keen to have such a timetable in place by the end of the year. It would mean that, regardless of where someone was in the country, they could phone up and get the relevant information. That is a baseline that should be in place across the country. It would be a step change from what we have now.

The other level is the provision of information locally and publicly. There is room for a great deal of improvement. I am keen for best practice in certain local authorities to be adopted as best practice throughout Scotland. For example, the Lothian Regional Transport system in Edinburgh is a good model for other authorities and bus companies to aspire to. It is now possible to work out what bus someone needs to get, which bus stop they need to get it at and how much their fare will be. That level of best practice should be encouraged throughout Scotland.

The provisions in the bill enable local authorities to recover money from the bus operators where they are not playing ball. First, however, we want to encourage best practice. There is evidence of good experience throughout the country, which we must standardise. The bill gives the powers to do that; the guidance will set out how best practice can be delivered in reality.

**Des McNulty:** That will be based on voluntary arrangements between the operators and the local authorities, so the operators will have some discretion when providing bus information.

Sarah Boyack: No, the provision of information would be statutory. The authorities would have the power to recover resources if the bus companies had not provided adequate information. We are quite clear about that. The guidance will provide information on circumstances in which we would expect such action to be triggered. We would provide examples of best practice so that the bus companies would know what they were expected to deliver.

Mr Kenny MacAskill (Lothians) (SNP): It will take 21 months for the quality contracts to come into operation, as is stated in section 15(2). Your answer seems to be predicated on preventing local authorities from introducing quality contracts without embarking on partnerships and, to an extent. replicating what has happened in Strathclyde. Do you accept that many authorities may want to opt for quality contracts on specific problem routes, and that they will want to act speedily to address the problems? In such circumstances, should we not provide the authorities with the opportunity to create a contract on a problem route as a matter of urgency, through some expeditious method rather than through a 21-month requirement?

Sarah Boyack: Your first point is based on a misconception. The period of 21 months is not a delaying period; it is included in the bill as an assessment of how long it will take to go through the tendering process to deliver a contract. There are requirements on advertising. I have already suggested that I expect there to be a three-month tendering period. If the tendering process is to be fair, bus companies must have the right to bid to be part of it. The process will be based on our experience of contract processes for trunk roads and motorways and on the ferries tendering process that we carry out in the northern isles.

That is not a delay mechanism, but an honest assessment for the authorities of how long we think it will take them to implement the scheme. Whether local authorities choose partnerships or contracts has nothing to do with the 21-month period, but everything to do with what the authorities want in order to deliver quality bus services.

There is already provision for local authorities to tender on specific routes. In the bill, we have abolished the de minimis approach, which requires an arduous tendering process even for very small financial contracts. We are trying to make things easier for local authorities, so that they have options short of a full-blooded quality contract covering the whole local authority area.

**Mr MacAskill:** Am I correct in saying that the time scale for local authorities, through their partnerships, to set up the tendering process for trunk-road maintenance contracts was nothing like 21 months? If my memory serves me well, it was considerably less than that.

**Sarah Boyack:** I am confident that the assessment that is made in the bill will be accurate for bus contracts.

**Mr MacAskill:** You say that the Commission for Integrated Transport is investigating fuel duty rebate. However, do you accept that that is now a devolved power—although one administered by the Department of the Environment, Transport and the Regions—and that it would be within the competence of this Parliament and the Executive to proceed along those lines? Has any consideration been given to extending fuel duty rebate, particularly to school buses? Has an estimate been made of the cost of doing that?

Sarah Boyack: In answer to Linda Fabiani's question, I made the point that fuel duty rebate is a devolved issue. That is why there is provision in the bill for us to change the current arrangements, if we wish to do so in future. That is entirely within our power. However, given that the Commission for Integrated Transport is carrying out an in-depth study of the issue, I would like to see its conclusions before I announce any changes in Scotland.

**Mr MacAskill:** Does that mean that no consideration has been given to this and that no costings have been made?

**Sarah Boyack:** At this stage I have no intention of changing the eligibility criteria for fuel duty rebate. However, the bill would give us the opportunity to do that in the future.

**Nora Radcliffe (Gordon) (LD):** Is there scope within quality partnerships to make special requirements for improvements that would cater for groups of potential passengers such as disabled people?

**Sarah Boyack:** The Disability Discrimination Act 1995 is critical, because it is pushing up standards across Scotland. One welcome result of partnership work is that the new bus services that are being provided are more accessible—kneeling buses are being used, for example. The Stirling bus station has been designed to enable people in wheelchairs to access buses as a matter of course. The information system is also designed to enable people with disabilities to access it. That is a good example of partnership, with the local authority providing some of the facilities and the bus companies providing others. There is already good practice, and I am keen for it to be extended.

We might want to target particular types of routes, such as inner-city routes or routes to hospitals, where there is a high demand from local disabled groups that could be fed into the partnership process. That is why we regard consultation as an important part of the process. That brings us back to the outcomes that the authority and the bus companies are trying to deliver for people in their area.

**The Convener:** No other members have indicated that they wish to ask a question about bus services, so we will move on to road user charging and the workplace parking levy.

**Robin Harper (Lothians) (Green):** Do you have any indication of how many local authorities are likely to use the bill's enabling powers to implement road user charging?

Sarah Boyack: When we carried out our consultation on road user charging, about a third of local authorities said that they would be interested in the powers. However, we are aware that three authorities are giving in-depth consideration to the detailed provisions either for road user charging or for the workplace parking levy.

**Robin Harper:** In your view, are road user charging and the workplace parking levy a necessity in some urban areas, or can other solutions be identified?

Sarah Boyack: This is about having an integrated approach that includes improvements to public transport and park-and-ride schemes as well as congestion charging. Charges must be part of a wider package. That is why we have suggested that any authority that wants to introduce a congestion-charging package has to argue its case through its local transport strategy and ensure that the package fits logically into a wider integrated approach to tackling congestion problems and to improving the range of transport choices in that area.

**Robin Harper:** What is the likelihood of the Executive introducing trunk-road charging or motorway charging?

**Sarah Boyack:** I have made it clear that we will not introduce that in this bill or before the next election.

**Robin Harper:** I want to press you further on that and ask whether you would favour the idea in principle. Did you consider including enabling powers in the bill in case the need for such charging arose?

**Sarah Boyack:** Following our lengthy discussions last year, we have been clear about the variety of powers that we will introduce in the

bill. With regard to the workplace parking levy and road user charging, we need to tackle the areas where there is most congestion—our city centres. Powers to deal with the problems there are needed now and that is why they are in the bill and others are not.

**Robin Harper:** Can you envisage alternative means for controlling traffic flow on motorways and trunk roads?

Sarah Boyack: With the transport partnerships, we are keen to examine cross-boundary flows. We want to find ways in which to improve public transport to give people more choice in terms of convenience, flexibility and affordability. The regional transport partnerships are critical to that.

There is an opportunity to improve the bus quality partnership or contract side. When the ScotRail franchise comes up, we can consider where we need more services and what services it would be appropriate to target with investment. The regional transport partnerships will be critical in informing that discussion.

**Robin Harper:** Do you have a view on limited trunk-road charging as part of a local scheme?

Sarah Boyack: Yes, but that has not been included in the bill.

**Robin Harper:** The rail services between Edinburgh and Glasgow have been considerably improved recently. Is there any evidence yet that there has been a move from the car to the train on that route?

Sarah Boyack: We have no evidence as yet, but we are carrying out a multi-modal study on the M8 and the M80 and we will deal with the point that you raise.

We are aware that there is a perception that the number of services on the Glasgow to Edinburgh route and on the south Fife route has increased and that the quality of the stock has improved. We have to identify improvements over time so that people can see a step change taking place.

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): A concern has been raised about ensuring that any revenues that are raised go back into the local area and are seen to be additional expenditure on public transport improvements. How would the principle of additionality be ensured in practice and how could we demonstrate to people that that had happened?

Sarah Boyack: That issue goes to the heart of our proposals. In giving the commitment on 100 per cent hypothecation to transport, we are absolutely clear that any money raised through road user charging will have to be reinvested in the transport system to bring about transport

#### improvements.

The mechanisms in paragraph 5 of schedule 1 to the bill set out the process of transparency for accounting arrangements. An annual accounting process will enable people to see the flows of money being invested in transport. People will also be able to see the investment that is already in the local authority's pot. The mechanism will show the existing budget and the new revenue from road user charging.

You mentioned local improvements and local investment. One of the critical issues is that we need fair treatment for those who are affected by a charging scheme. Schedule 1 sets out a mechanism to ensure that those who pay also benefit. That is an important point. It means that a local authority that is proposing a road user charging scheme will have to consult neighbouring local authorities whose residents would be affected by the imposition of that scheme. When I am approving a charging scheme, local authorities will have to demonstrate that they have taken into account the differing needs in relation to investment in new facilities and transport choices. The authority will have to demonstrate that that investment would be in not only a road user charging area, but the areas that feed into that charging area. That is important for fair treatment, not only for local authorities, but for residents in those areas. It is important to get that on the record

#### 10:15

**Cathy Jamieson:** Would that mean that an urban area with a neighbouring rural area would have to take into account the benefits for both areas?

Sarah Boyack: That discussion is already taking place in the SESTRANS area. In last year's consultation process on congestion, some rural authorities expressed strong concerns about the fact that neighbouring areas might consider congestion charging. Their perception is that the funds would only be for the area to be covered. We are clear about the fact that the investment would have to be spread; it would not be the preserve of the authority that implements the scheme. A local authority must demonstrate that it has consulted the neighbouring local authorities and that there is an acceptance that the investment will be appropriate to give choice to people at the start of the journey, not just to those who end their journey in the road user charging area.

**Cathy Jamieson:** Thank you—that is helpful. To what extent is the technology and administrative infrastructure that is necessary to introduce road charging currently available? If it is not available,

#### when might it be?

**Sarah Boyack:** The scheme at Hermiston Gait, which is paralleled by a scheme in Leeds, gives us the opportunity to develop technology that would be identical across the UK. It is important that we have that technology tested in Scotland to examine the critical issues that arise when a large number of cars, or other types of vehicles, pass the equipment. We would have to ensure that the equipment was up to the job. We are testing that out; the Hermiston Gait project is our contribution to that process. That will let us examine the mechanisms and technology that would need to be developed for a full-scale technological approach.

There is also scope for having a simpler paperbased licensing scheme, of which there are examples around the world. That would be cheaper to establish and might be a better way for us to start in Scotland, given that local authorities are keen to get going on this. However, we have the work in place to deliver the technology that would be appropriate and reliable.

**Cathy Jamieson:** To what extent is there a danger that town-centre areas where road charging is introduced will lose out economically to out-of-town centres where charges are not introduced? That concern has been expressed.

**Sarah Boyack:** That is where the bill must be seen in the context of our planning process and the framework of national planning policy guidelines on retailing and on transport. It is critical that those are implemented effectively and provide certainty for investment in town centres. Concepts of the vitality and viability of a town centre must be applied to planning applications. That is a critical part of the equation.

**Cathy Jamieson:** I have a couple of points on workplace parking levies. What do you believe are the main economic effects of workplace levies for parking?

Sarah Boyack: I am sure that we will debate this issue over the summer. From the information and studies that we have examined, we think that workplace parking levies would be a small proportion of the costs of the firms that would be covered by them, although that would depend on the level at which a workplace parking levy was set—the levy would have to be reasonable. It is important to think about the other charges and costs that firms must already pay; we should not exaggerate the impact of the workplace parking levy.

Part of the process is to concentrate minds. The bill contains a provision whereby firms that consider implementing a green transport plan might be exempt from a workplace parking levy. We are keen not only to have a workplace parking levy that tackles congestion problems and raises revenue to do so, but to encourage firms to think more innovatively about ways of getting their staff to work and about the new opportunities presented by the bill's improvements in public transport. It is important to have a range of approaches. In the same way that we would expect local transport strategies to have an integrated approach to road user charging, we would expect workplace parking levies to be a fully integrated part of the local transport strategy and relate demonstrably to tackling congestion or air-quality problems.

**Cathy Jamieson:** Some business organisations have suggested that there is no evidence that workplace parking levies will reduce congestion. Does such evidence exist?

Sarah Boyack: There is some evidence to that effect. For example, research carried out for the DETR has examined the issue of costs. A similar workplace parking scheme in operation in Perth in Australia combines parking licensing with public transport improvements. Schemes elsewhere are trying to tackle the problems that our bill addresses. The critical element in the whole process is that local authorities have carefully investigated alternative approaches and have concluded that workplace parking levies can provide an integrated approach to their overall transport strategies.

**Cathy Jamieson:** Another issue that has been raised concerns the types of vehicles that should receive national exemptions from road user charging schemes and workplace parking levies. There has been particular concern about emergency vehicles and vehicles parking at national health service facilities. Which types of vehicles should receive exemptions? If emergency vehicles are to be exempted, will such exemptions include all NHS parking?

**Sarah Boyack:** We want to keep exemptions to a minimum, because the more exemptions we add, the less effective the proposal. That is an important point of principle.

We think that emergency vehicles and people who are registered as disabled should qualify for national exemptions and that such exemptions should apply anywhere, regardless of where a scheme is implemented. Moreover, it is important that local authorities should provide for exemptions. There was much discussion about this issue when the Transport Bill was going through Westminster. However, we should remember that the workplace parking levy is aimed at the number of parking spaces, not at the people who use those spaces, and individual workplaces will have to decide how to identify the number of those spaces. We will also need to examine the detail of the exemptions and how emergency vehicles might be defined.

**Cathy Jamieson:** On concessionary travel, you indicated that you were keen for pensioners and people with disabilities to be eligible for the national concessionary travel scheme. How do you propose to define which disabled people would be eligible for such benefits? Furthermore, how would you extend the scope of legislation to make such a benefit available to other people besides pensioners and people with disabilities?

Sarah Boyack: When we identified pensioners and disabled people as the groups that would be eligible for concessionary travel, we were very much taking into account provisions and definitions that local authorities currently apply across Scotland. There is no great debate about who would be in those categories. Could you repeat the second part of your question?

**Cathy Jamieson:** You have indicated that you are not currently considering extending the scope of concessionary schemes beyond the groups that I mentioned. Would there be a possibility of doing that in the future, especially as some organisations have highlighted the needs of young people and people on low incomes?

Sarah Boyack: In both those categories, the public transport system offers opportunities to identify affordable fares. That is something that we are keen to consider in relation to the bus elements of the legislation. There are specific issues of access to the system for pensioners and people with disabilities; that is partly about affordability and partly about social justice. That is why we have specified those two groups. We would expect them to be covered by any scheme that would be overseen by ministers.

We are keen to consider the opportunity to extend schemes. That is why we are carrying out research over the summer; by the time we reach detailed discussion of the bill, that research will have been completed. Extending the level of concession will require investment. The more categories we add and the bigger the scheme we create, the more it will cost. Over the summer, in discussion with colleagues, I will examine the costs of concessionary schemes. However, progressive extension of the scheme will result in increasing costs. There are strong social justice arguments for pensioners and for people with disabilities, which is why I have included those two key categories.

**Cathy Jamieson:** Do you intend to try to include a range of modes of transport within the concessionary scheme, rather than just buses?

**Sarah Boyack:** The bill's provisions on concessionary fares currently apply to bus and domestic ferry services. Since we began drafting the detail of the bill, my officials and I have been in discussion with ministers and officials in the DETR

to consider ways in which to extend those provisions. We have agreed that an order should be made under section 30 of the Scotland Act 1998. That order would give the Scottish Parliament legislative competence for concessionary fares in respect of pensioners and disabled people travelling wholly within Scotland on rail services-that would include the Glasgow underground-and on intra-Scotland air services. Any such schemes would be implemented at no net cost to the train operators or air carriers and the legislation would leave the rail franchise arrangements unchanged. That would enable us to deliver a range of modes. That is a good example of devolution working in practice.

**The Convener:** That was a useful piece of information.

**Linda Fabiani:** I notice that under section 52(1)(c) the workplace parking provision also applies when someone is attending a course of education or training. Further education colleges are already hard strapped for cash. Will they now, by nature of their business—they have a lot of mature and part-time students who use cars—have to pay the levy not only for their staff, but for the students who use their cars to attend the college?

**Sarah Boyack:** The charge relates to the spaces; it is not for the individuals. We are keen to explore opportunities for more public transport choices. I hope that the bill will make people aware of the increasing problem of congestion—it is expected to rise by 53 per cent over the next 30 years—which must be tackled. We must consider areas in which we can provide high-quality public transport. Where many people go to the same place at the same time, that has to be an opportunity for public transport. We have to do better than we are doing at the moment.

Innovative schemes are already being developed. Some employers have operated such schemes for years. Scottish Amicable in Stirling has run a bus service for its employees for many years, in recognition of the fact that not everyone has access to a car all the time. Traditional public transport services often do not meet the needs of shift workers. Last week, I visited Inchinnan business park where the bus companies, the enterprise company and local business are running a high-quality dedicated service for employees. I want to see the development of similar schemes.

The bus companies are beginning to wake up to the fact that there is an opportunity for them. If an organisation knows that its local authority is thinking about applying a workplace parking lew and we know that one authority is interested—now is the time for that organisation, whatever kind of company it is and whatever kind of car-parking provision it currently has, to look at whether there are better ways of getting people to the organisation more effectively and perhaps more cheaply. Now is the time to begin those discussions.

#### 10:30

**Linda Fabiani:** With respect minister, not only could further education colleges not afford the workplace levy, they could not afford to put on a bus for their students if the quality partnership was not delivering in their area.

The Executive has made clear that local authorities are not to charge purely to raise revenue. That is fine, but I cannot see anything in the bill that would ensure that that will not happen. Are you confident that the procedures that you intend to put in place will ensure that it does not happen?

Sarah Boyack: If the workplace parking levy were applied only to the business community, it would not begin to tackle our congestion problems and it could be perceived as unfair that the public sector would not have to engage with the problem of congestion but the business community would. We will all have to consider that in the summer when we examine the exemptions.

I am confident that the messages we are sending out in this bill and in the detailed memorandums address the points Linda Fabiani raised. I have been absolutely clear that workplace parking levies are not to be used just to raise revenue; they must fit in to an integrated transport strategy, the mechanism for identifying which is the local transport strategy. We are clear that any workplace parking levy scheme must identify clearly the congestion problems or the air quality problems that it is intended to address.

**The Convener:** I remind committee members of the time scale that we are working to.

**Mr MacAskill:** The only reference that I can see to possible exemptions is in section 57. If this is not simply to be a tax across the board and if we are to encourage alternative, green transport plans, should not we specify that if an organisation has a green plan we will not tax it, rather than laying down in the bill that local authorities can tax without making any reference to what the possible exemptions would be and whether they would be exemptions in full or in part? Can you clarify that and amplify it? What is the nature of the exemption?

Sarah Boyack: Under "Licensing schemes: exemptions etc" section 57 states that we will make

"regulations requiring licensing schemes to contain provision for or in connection with exemptions from licens ing."

That is the reference in the bill to green transport plans. Guidance on green transport plans was issued last summer to businesses and to all organisations with an interest in this issue.

I remind Kenny MacAskill that these are charges; they are not taxes. We have no competence in this Parliament to levy taxes. These are charges that must be seen in the context of the requirements of the Chancellor of the Exchequer's provisions, such as those on the tax side with regard to green transport plans and incentives for employers. It is important to take all the issues together and not to look at them in isolation.

**The Convener:** Thank you. We are looking to make some progress on bridges and joint boards.

**Mr Murray Tosh (South of Scotland) (Con):** Sarah Boyack's final point was useful. She has focused on the fact that the lew is a charge for something, not a tax.

I would like to start by picking up a point that Cathy Jamieson raised. The minister spoke about the principle of fair treatment. Will the guidance to local authorities allow them to invest some of the proceeds—or all the proceeds if they wish—in roads expenditure? When we talk about public transport we tend to think about the buses or the trains. Would these powers allow a local authority to maintain or enhance the services that it struggles to fund, such as road networks and street lighting, for example?

**Sarah Boyack:** Yes. In the explanatory notes, we refer to "local transport improvements". That was deliberately drafted in that way to allow the local authority flexibility when it identifies its top priorities for tackling congestion.

**Mr Tosh:** Extending that principle to the bridges, where we are talking about charges and benefits, why is only the Forth road bridge in the frame for a joint board? I gather that the bill talks about the Tay estuary and the Tay road bridge, but not about the Clyde. Why focus on the Forth?

**Sarah Boyack:** We are focusing on the Forth because there are tremendous congestion problems on the Forth road bridge. The average growth rate over the past couple of years has been 3.7 per cent and the congestion problems on the bridge are lasting for longer. I am keen to put proactive measures in place. Fife Council is already taking steps to provide alternatives for people and the Executive has provided funding for south Fife rail services. Everyone on both sides of the bridge accepts that we need a step change of improvements. Once a joint board has raised resources to cover investment and maintenance on the bridge, funding can be spread out to the

transport infrastructure around the road to tackle congestion problems. There is a huge, urgent need to tackle those problems. That is why they are given prominence in the bill and why they have been prominent in the speeches that I have made recently.

**Mr Tosh:** I understand that. Would it be fair to say that the funding raised on the strength of the charges may be invested in alternatives such as park-and-ride facilities and the road network rather than in the bridge itself and that there will be more investment in the whole area?

**Sarah Boyack:** Investment will be made in the bridge and the important maintenance work that needs to be carried out on it—we must provide the reassurance that that work will not be affected. Any surplus collected by the new bridge board above the money required for maintenance will be available to be spent on transport improvements in and around the area. That is the critical difference—the bill will enable the board to do that, whereas the existing powers of the bridge board enable it to spend money on the bridge only.

**Mr Tosh:** I will not ask you to say, "Yes, these things will happen," but it would be useful if you would outline your view of how wide the area that immediately surrounds the bridge will be. Will the local authorities be able, if they wish, to fund the A8000 upgrade from the toll? Will they, if they wish, be able to fund the Rosyth bypass? Do the proposals have any bearing on the proposals to upgrade and replace—or supplement—the Kincardine bridge? Would that fall within the remit of the Forth joint board?

Sarah Boyack: The discussions that are already taking place with the Forth transport infrastructure partnership authorities and with Clackmannanshire Council and Falkirk Council indicate that those authorities are well focused on their priorities. Without saying yes or no to each of his questions, I can reassure Mr Tosh that those authorities are considering carefully the key stretches of improvements, whether for roads, new investment in bus priority measures or park-andride facilities. They are switched on to the choices that are available to them. Until they have the powers, it is difficult for them to produce a checklist and a time scale for investment. Without giving you an answer, I can reassure you that those issues are being considered. The answer should be given by those who will make the decisions.

**Mr Tosh:** I appreciate that and I would expect the councils in question to examine those issues carefully. I am looking for the parameters within which the councils are likely to be allowed to operate. If, having considered those issues, the councils decide that they want to invest in those areas, would you rule such schemes as eligible under the terms of the powers that the councils are to be given? Would you permit such action if the councils wished to take it?

Sarah Boyack: I do not expect any problems with the discussions the councils are having already.

**Mr Tosh:** So you are not going to tell me. Transparency is one of the Parliament's buzz words. I had hoped for a slightly less opaque answer. We will judge what your answer meant and react accordingly. I am quite certain that Kenny MacAskill will have his press statement ready.

Sarah Boyack: Let me clarify that. We have said that we do not see the Kincardine bridge proposals being linked to the Forth road bridge proposals. It would be invidious of me to draw a line round the Forth road bridge and say that improvements are allowed within it and not allowed outwith it. I know that the sorts of schemes you mention are being discussed by Forth TRIP, Clackmannanshire Council and Falkirk Council. How they would rank them and whether you would agree with that ranking is another matter.

**Mr Tosh:** Motorists who read about it in the press may get the impression that they will be subject to swingeing increases in Forth bridge tolls. Can you assure us that there will be some ministerial control of that? In granting powers to the joint boards, will caps be put on tolls—a fair and transparent upper limit beyond which boards will not go?

**Sarah Boyack:** For the past six to nine months, there has been a lot of speculation about potential increases. The new joint board will decide on tolls, but it cannot raise them without having extensive local consultation and the approval of Scottish ministers. It must also employ the principles that are associated with the road user charging scheme, such as improvements and investment before tolls can be raised and investment directly into local transport improvements. Those are the kinds of reassurances that people will want.

**Mr Tosh:** You will be responsible for approving any increase but you would not set a maximum level—you would allow the local authority to make the case?

#### Sarah Boyack: Yes.

Linda Fabiani: I am delighted to hear that reassurance because I want to ask whether you will give us an assurance—in fact a guarantee that people in the kingdom of Fife will not suffer the nightmare scenario of really high tolls on both the Kincardine bridge and the Forth bridge. It might force them to go for independence as a kingdom, of course.

Sarah Boyack: Fife Council will have an important say in any future level of tolls, both through involvement in the Forth road bridge board and as the council for the area adjoining the bridge. I want to put on the record that any nightmare scenarios are dreamed up and without basis. It would be very unhelpful to have the kind of speculation we saw last summer-that anything goes for tolls. Changes to tolls must be consulted on and demonstrably provide benefits for those who have to pay them. I ask members to be responsible and not to spend the summer sending out press releases making wild speculations that only worry people and are not based on the tolls that will actually be discussed by the councils and the bridge board.

**Des McNulty:** Does the minister have estimates of the financial impact on local authorities of the measures proposed in the bill? Has she had discussions with the Minister for Finance about the consequences for the overall financial settlement for local authorities?

Sarah Boyack: Funding for local authorities and hypothecation or ring-fencing for transport are live issues on which the Convention of Scottish Local Authorities, in particular, has very strong views. I expect to discuss appropriate levels for transport investment and for local authorities in the future with Jack McConnell this summer. It would be difficult to go into more detail at this stage.

**Des McNulty:** Do you have a figure for the potential impact on local authorities of the measures?

**Sarah Boyack:** The accompanying document to the bill talks about the financial impact but it does not give a precise figure.

**Des McNulty:** Do you think there is a case for ring-fencing local authority capital spending on transport? What about other authorities responsible for public transport? The way the bill is framed does not allow the SPTA to receive money directly from workplace parking charges, for example.

Sarah Boyack: A moment ago, I alluded to the fact that local authorities are not enthusiastic about ring-fencing, as they see it as an imposition on their ability to set local priorities and decide their own budgets. We have discussed that with local authorities and I know that COSLA holds strong views on the matter.

#### 10:45

**Mr MacAskill:** My first question is about additionality. It is one thing to publish accounts, but can you satisfy people who have to travel into the areas in question that the charges will not be used to supplement a reduction in local authority

expenditure on filling in potholes and maintaining the road?

My second question is about bridge tolls. You have had discussions with the Commission for Integrated Transport. Which bridges in England have had major infrastructure access roads paid for out of bridge tolls? If there are none, why should the Forth bridge traveller have to pay for the A8000 when the commuter on the Severn bridge has not had to pay for the M4?

Sarah Boyack: To answer your first point, on additionality, I return to my earlier point on the process of transparency, which is critical. Local community charge payers will be able to inspect the local authority budgets on transport expenditure. They can do that at the moment. They will also be able to see annual accounting on expenditure through the road user charging or workplace parking proceeds. By looking at those two sets of information they will be able to see the extent to which additional moneys are invested in new transport opportunities.

On bridges in England and Wales, I cite the examples of the Severn and Dartford crossings. Investment for roads approaching those bridges has been provided by tolling mechanisms.

**Mr Tosh:** You mentioned the Commission for Integrated Transport. Can you tell us what role it has in Scotland and how that relates to the National Transport Forum for Scotland, which is not mentioned in the bill?

Sarah Boyack: The Commission for Integrated Transport does not have a role in relation to the bill. We have the opportunity to engage in discussions at UK level on the future of transport and to participate in the discussions and studies that are relevant to Scotland.

**Mr Tosh:** Is that also true of the National Transport Forum for Scotland?

**Sarah Boyack:** I will soon make proposals for the National Transport Forum for Scotland. In the 1998 white paper "Travel Choices for Scotland", the National Transport Forum for Scotland provided an opportunity for a range of organisations to engage in policy discussions with the then Scottish Office about the future shape of legislation. Since that white paper, a number of sub-groups have been set up by the National Transport Forum for Scotland. They have been extremely helpful as sounding boards when discussing potential policy directions that would come through the bill. For example, the subgroups on buses and on freight have been useful in shaping Executive policy and in drafting the bill.

**Mr Tosh:** The bill does not have targets for reductions in road traffic or increases in the use of public transport. Why are there no overall targets,

as there are in the climate change consultation?

Sarah Bovack: The short answer is that circumstances vary among local authorities and they have different problems to tackle. I do not think that a Scotland-wide target would be appropriate for all local authorities. The more remote rural authorities have different agendas and problems compared with urban authorities, and a single target would therefore not be appropriate. We have asked local authorities, through guidance on local transport strategies, to examine their key areas and consider how they can reduce traffic in the areas in which they have problems. There is also a need to fit those targets into the action plans for the air quality strategy where there are traffic emission problems that need local targeting.

**Mr Tosh:** Is that a two-way process, or do you simply invite them to state their own targets? Are you trying to negotiate with them or get them to set more demanding targets for themselves? How actively are you engaged in the process?

Sarah Boyack: The guidance that we produced for local authorities enables us to take an overview of local transport strategies. It is not my view that we should add up all the targets and then average them across Scotland. That would be futile. It is up to local authorities—especially when we have the regional transport partnerships—to consider the cross-boundary flows, which will be important. I do not intend to set national targets at this stage. The handle that local authorities have on their key congestion problems will always be more accurate than I would be if I invented targets.

Mr Tosh: Another area that the bill does not address is that of freight transport. There are big strategic issues there, but there are also issues in each conurbation. If we strengthen the role of town centres as shopping centres, we will focus more vehicles into the arterial routes in and out of cities. Will there be guidance on how freight should be handled in charging schemes or quality partnerships, for example? Will you consider charging exemptions, or whether freight vehicles should be allowed to use bus routes? Are you considering how you can ease the burden on freight companies and service town centres better, or will the companies just get the spin-off-if such spin-off can be created-from general reductions in congestion?

Sarah Boyack: We need a more focused approach than hoping for beneficial spin-offs. The local transport strategies are important—we have asked local authorities to consider the interests of freight in their areas so that the strategies do not consider only public transport or private cars. That is important in the wider context of an integrated transport strategy. If we are considering congestion flows, for example, freeing up our roads to enable freight to travel at appropriate times has to be part of the agenda.

We would see freight as an important issue in charging schemes—we would expect authorities to consider it. At the moment, the work that is being done on the planning side—for example, to consider the planning regime and how that engages with freight—is important in how we address town centre and freight access issues.

The issue has cropped up when I have met representatives of the retail industry to discuss how they can manage their freight transport flow better and to what extent charging schemes would shape their use of the road network. There is awareness on the freight side of the potential impact of road user charging and enthusiasm on our side about seeing that being addressed at every available step, whether it be the local transport strategy or the development of regulations for charging schemes.

**Mr Tosh:** Finally, to show that this committee is multi-modal, can you tell us what is in the bill to support your policy objective of making walking and cycling preferred modes of transport?

**Sarah Boyack:** It is a long time ago now, but in my opening remarks I said that legislative action is not the only thing we need. On walking and cycling, the action taken by local authorities, through the local transport strategy, is critical. We see providing a higher quality environment for the pedestrian and the cyclist as an essential part of that process and of linking walking and cycling to other modes of transport. People's train journeys do not begin and end at the train station.

Local authorities are critical to our investment. Over the past year, the safer routes to school initiative and the investment I announced for local authorities a few weeks ago have been about being able to tackle walking and cycling, especially around schools, to make it safer. Everybody will agree with that, but we need the investment to make it possible at the local authority level.

**Tavish Scott:** Was there not a case for including in the bill enabling legislation to allow local authorities to designate home zones, with legal priority for pedestrians and cyclists?

Sarah Boyack: We felt that in advance of conducting our home zone trials—we have suggested that pilots take place in Scotland this year—it would be inappropriate to include a legislative provision in the bill. I am keen to encourage local authorities to use their existing powers to introduce 20 mph zones. Over the past year, we have given authorities more flexibility in the application of those powers. We have also conducted research into the possibility of using 20 mph zones that are signed, without the full raft of traffic calming measures. We want local authorities to consider a range of appropriate measures. We did not feel that it was right to include measures in the bill without having done the background work on how they might be implemented or whether they would be appropriate.

**Robin Harper:** I accept the good sense of the minister's statement that she will not require every local authority to achieve the same amount of traffic reduction. In her opening statement she said that she has figures that show that traffic will increase by 53 per cent by 2030. That seems unnecessarily precise. Will the success of the Executive's transport strategies over the next few years be judged against that prediction or according to whether traffic reduction has been achieved in at least some areas?

**Sarah Boyack:** It will have to be both. Using national forecasts based on traffic patterns and projections, it is easier to come to a precise-sounding figure than to identify an appropriate level of traffic reduction for the whole of Scotland, given the varying circumstances that exist. We will measure success over the years by a variety of criteria. One is air quality. Last week, in the context of the Scottish Environment Protection Agency's report, we discussed the action plan work that will be required to tackle hot spots.

This is about traffic choice and offering people different ways of getting from A to B. Through the planning process, we need to consider the whole issue of travel. I am keen to do that with the sustainable Scotland joint ministerial team. I want to examine travel demand per se, not just existing routes. We need to consider whether technology offers us opportunities to do things differently and whether firms can operate in ways that make it unnecessary for us to continue to generate traffic at the projected levels.

None of us welcomes the projected 53 per cent increase in traffic, but we all agree that there is no one solution to this problem and that a series of measures are needed. Thev include improvements to public transport, measures to tackle problems with air quality, examining the road user possibility of charging and improvements to the range, quality, frequency and affordability of public transport.

The vast majority of trips are short and local and there is evidence that many of us do not use our cars for short trips. There is plenty of good practice and evidence that people are thinking, "What does this mean for me?" However, a raft of measures is needed to deliver improvements. There is no easy solution; if there were, I suspect that we would have identified it. Implementing this bill and the other measures the Executive has already taken—on the public transport and rural transport funds, for instance—will involve a great deal of hard work. Measures need to be implemented in concert, not on their own.

The Convener: I think that that is an appropriate place to end, as I do not see any members of the committee indicating that they wish to ask further questions. I thank the minister and her officials for attending our meeting this morning. We will have a short break while the witnesses from COSLA take their seats. I ask members to return as quickly as possible.

#### 10:58

Meeting adjourned.

#### 11:06

#### On resuming—

The Convener: I welcome everyone back after that short break. We have been joined by representatives of COSLA, some of whom have attended the committee before. In line with previous practice, we will allow the witnesses to make some short opening remarks.

**Councillor Alison Magee (Convention of Scottish Local Authorities):** Thank you very much. COSLA warmly welcomes the opportunity to join the committee today. We also welcome the bill and support its intent. I would like to make three general comments.

First, the date of today's meeting was, unfortunately, not convenient for a couple of my colleagues, who are unable to join us. Like everyone else, we have had the bill in our hands for just over a week. For both those reasons, we presume that the committee accepts that our evidence today will be only our initial comments. We hope that there will be a reasonable time scale for scrutiny and a thorough consultation process, so that we will be able to feed our evidence into the bill process as we would like.

Secondly, we are concerned to emphasise the role of the Executive, which will be a partner in the process. As it stands, the bill contains much that we welcome—doing nothing is not an option for resolving Scotland's transport problems. The bill refers to public bodies that have responsibility for transport—we would like to point out that the Executive is also a body that has extremely important transport responsibilities for trunk roads, ferries and airports. If we are to arrive at a truly integrated system, the Executive must be a partner in developing strategies and driving the agenda forward.

Rail travel is also important to many people in Scotland and we would like all matters related to that to be addressed in a national context. In the bill, reference is made to joint ticketing. The public would be better served if we were able to provide multi-modal ticketing whereby bus, rail and ferry ticketing could be co-ordinated. That is just one way in which the Executive could be involved as a partner in the process.

The third point that I want to make—the committee would be surprised if I did not make it concerns the financing of public transport. We heard the minister's answers and COSLA's policy is that we have major reservations about ring-fencing. There has been a significant reduction in investment in local authority roads, although the bill's consultation document highlighted the Executive's increasing investment in trunk roads. The Executive must recognise the need to invest in infrastructure.

We are considering the economic and social impact of factors such as road closures and weight restrictions on bridges to help us to make a case for increased infrastructural investment. We feel that many councils in Scotland will be unable even to consider congestion charging—rural and island councils in particular—and the additional income that that might provide. We might want to address that in more detail. If we want to develop transport strategies—as we should—funding should follow those strategies and accord with them.

The Convener: Thank you very much. There will be many opportunities to discuss the time scale and consultation process as the bill is only at stage 1. The committee would probably like to address strategies, which you mentioned in your final point.

**Tavish Scott:** Are the proposals for transport strategies detailed enough concerning the issues that strategies may address, such as dispute settlement procedures, arrangements for consultation and the financial implications? Is the proposed power to give the Executive the right to require the preparation of a joint transport strategy appropriate?

**Councillor Magee:** We would like more detail to emerge; some areas of the bill lack detail. As we feed into the process, we will try to address that.

We are concerned that the Executive might impose a strategy on local authorities. It should not be for the Executive to say, "This is your strategy—follow it, please." Good examples of working together exist already in local authorities. Those examples can be built on as the details of the strategies develop. We would like clarification of the Executive's role as a partner in those strategies—that will inform everything that we say. The strategies should not be forced on local authorities in isolation. My colleagues may want to add something to that.

Rodney Mortimer (Convention of Scottish Local Authorities): It is important that we try to

use voluntary arrangements for regional working. There are already several such arrangements in Scotland, including the west of Scotland transport partnership group in the west of Scotland and the SESTRANS group in the south-east of Scotland. They are working well together in arranging local regional transport strategies. WESTRANS has begun that process, and we are hopeful that it will work well.

**Tavish Scott:** You obviously welcome the decision not to have a statutory element or power to create regional transport partnerships. Is it your belief that the voluntary principle will work in all circumstances throughout Scotland and that, therefore, there is no need for that power to be in the bill?

**Councillor Magee:** We hope that the partnerships will work. A statutory partnership might be set up in the Highlands and Islands and I am aware that the Highlands and Islands are cautiously welcoming of the idea of such an authority. At the risk of repeating myself, it is critical that the Executive—which is responsible for airports and ferries—is on board for that scheme.

A statutory partnership has been proposed in the Highlands and Islands and I would like to speak in that context for a moment. Authorities in that region would be concerned that very large items of expenditure, such as investments in ferries or causeways, were simply being passed on to an authority to be dealt with. It has been pointed out that that expenditure is very lumpy people want to know how it would be managed. It is understood that the Scottish Executive has had slight problems with prioritising and funding such expenditure. The problem should not simply be passed on to another body.

Neither do we want a set-up that is like a joint board, which can simply requisition funding from its constituent partners. There must be a consensual process in which the Executive is fully involved. That is not to say that there could not be great benefits from an integrated transport authority in the Highlands and Islands, in which all the players would come together. Transport, as I am sure members are aware, is very high on the agenda of all rural authorities.

**Tavish Scott:** I am well aware of transport problems in that part of the world. I want to be clear about COSLA's attitude to the regional transport partnerships. If, as you say, the voluntary principle is appropriate—you gave some examples of where that might work—do you think that a Highlands transport authority could be a model for other parts of rural Scotland? Should there be not one model, but provision that evolves according to circumstances in different parts of the country? 11:15

**Councillor Magee:** I agree with your second option. Scotland might not be a very big country, but it is diverse. Strategies must be developed that are useful, coherent and helpful to the regions that they serve. What is right for the Highlands and Islands might not be right for the Borders or the central belt. I come from the Highlands, as you know. My colleagues are better informed on their local priorities, but we do not support the imposition of a prescriptive model on the whole country. There must be consultation with local authorities and communities.

**Tavish Scott:** Do you think the proposed consultation on the transport authority for the Highlands and Islands is adequate? Is the documentation in support of the proposals sufficiently clear on the objectives? Earlier you raised important points about the scale of the task if Caledonian MacBrayne, Highlands and Islands Airports Ltd and other big areas of expenditure are brought together.

**Councillor Magee:** I know that a transport forum has been set up in which all the councils are involved—although it might be that Moray Council has withdrawn. I have not heard of any dissatisfaction with the consultation procedure and consultants have been asked to go into it in some depth. Funding is the main concern—both because of the very large areas of expenditure that I described but also because the proposal has received a lot of publicity, which raises public expectations. If funding does not follow the proposal and there are still single-track, pot-holed roads, those expectations will not be fulfilled.

**Tavish Scott:** Would you prefer to have seen enabling legislation in the bill rather than a consultation period, which the minister said this morning will not finish until Christmas? Primary legislation—which will be needed—will not then be introduced until there is an opportunity to do so. It could be this time next year before we see progress on the bill and we could be at least two years away from setting up a transport authority.

**Councillor Magee:** I am reluctant to speak on behalf of the Highlands and Islands transport forum—

**The Convener:** We will hear from that forum at a later date.

**Councillor Magee:** My view is that the forum should wish that the work and the consultation are done properly, but they might take a different view. I know that the forum is consulting on integrated transport strategies. That is not quite the same thing, but there is consultation on transport going on and we need to get feedback from that. Although two years seems a long time, it might be premature to include something on a transport

authority in the bill.

**Nora Radcliffe:** "Highlands and Islands" trips off the tongue, but the area is geographically wide and diverse. Could a statutory transport authority sensibly cover the whole jingbang?

**Councillor Magee:** That issue has been raised. The Highlands and Islands is an enormous area but it also has extremely important links to outside the area. The Shetland-Aberdeen link is important, as are the links from Argyll and Bute.

The area is a recognisable body—it is served by organisations such as Highlands and Islands Enterprise—but we should not expect that a ring fence or a boundary will be placed around the Highlands and Islands. It is important that the differing needs of and links between the area's local authorities are fully recognised. That point was made in responses to the overall transport strategies. It has been pointed out that the links from the Borders to England must be recognised. All of that has to be taken on board when a strategy is developed.

Janis Hughes: I want to talk about quality partnerships. Your submission mentions that you welcome statutory backing for quality partnerships. Would the partnerships, as proposed in the bill, be strong enough? Would they be sufficiently binding on both parties to make a difference?

Councillor Magee: I speak on behalf of colleagues who live further south than I do, but the general view that we get from consultation with councillors is that the partnerships are not strong enough and that some of them are not working as effectively as they might. Another concern relates to the quality contracts, particularly the difficulty in moving from a quality partnership to a quality contract in a reasonable time scale. We are concerned that maximum fare ceilings and minimum service frequencies are virtually explicitly excluded from the bill. Those are important ways of providing a quality service to the public. If local authorities invest in quality partnerships, they need to see some return on their investment in terms of frequency of service and fare ceilings.

Trond Haugen (Convention of Scottish Local Authorities): Fare ceilings and minimum frequencies are important. Surveys that have been done by the Department of the Environment, Transport and the Regions have shown that those two issues are of the greatest concern to the travelling public. They are also concerned about shelters and the quality of vehicles, but fares and frequencies are the most important issues. Those concerns must be taken on board if quality partnerships are to serve the public well. Fares have not been specifically excluded from the bill, but neither have they been included.

Janis Hughes: Why do you think that, rather

than being a last resort, quality contracts should be considered as a first line of action?

**Councillor Magee:** We are particularly concerned about the hoops that must be jumped through before a quality contract can be set up. An ineffective quality partnership cannot be replaced for a long time and the creation of a quality contract must be justified. The procedure that must be gone through to provide effective bus services is cumbersome, if not bureaucratic. Quality partnerships—when they work—are preferable to quality contracts, but there are cases in which they are not as effective.

**Trond Haugen:** Given the way in which quality partnerships are structured in the bill, the measure is primarily for cities and larger towns. They tend to be geared towards an expensive infrastructure that includes such things as bus lanes. Outside the cities, the measures that can be included in partnerships are more limited. Outside the cities, competition more or less disappears; rural areas tend to be monopoly areas. Most of the public transport network tends to be operated commercially, except in deeply rural areas. That means that authorities have very little control over and cannot influence fares and frequencies as much as they might want or feel is necessary to provide the best service to the public. One could suggest that quality contracts would enhance competition because, although operators are guite prepared to tender for supported services where they feel they have protection, they are very reluctant to start head-on bus wars with the big operators. Quality partnerships could create competition where there is none.

Janis Hughes: Do you envisage a scenario in which there is, for the reasons that you have outlined, a mix of quality partnerships and quality contracts? In mixed local authorities, might rural areas be better served by contracts and urban areas by partnerships?

**Trond Haugen:** Yes. I do not expect quality contracts to cover whole council areas. We need measures that are best suited to the problems in individual areas.

Janis Hughes: Why do you think that the 21month delay before a quality contract comes into force is unhelpful? Can you envisage a more realistic time scale?

**Councillor Magee:** If a quality partnership is failing, it is obvious that it is likely to have failed utterly within the 21-month period for setting up a quality contract.

The Convener: This morning the minister said that there is a technical process that must be gone through: the council has to prepare the spec, advertise the contract, assess the bids, award the contract and allow the winner to gear up to supply the service. Could you focus on some of those issues?

I accept that certain Trond Haugen: circumstances might necessitate a fairly long period for setting up a contract. However, under current legislation, if an operator withdraws, local authorities are expected to assess the situation and accept and assess tenders within six weeks. There is a big leap from six weeks to 21 months. I accept that if, for example, current operators have to move out of an area, that will raise issues that must be addressed. At the moment, operators can pull out very quickly. In my authority, one operator gave us two months' notice before disappearing. The question is whether 21 months is excessive; I believe that it is rather on the high side.

The Convener: We might want to hear later what you consider to be a reasonable time scale, taking account of the need to advertise, to allow fair competition, to prepare the spec and to allow the operator who wins the contract to gear up to provide the service. That is an interesting area that we would like to examine further. I am sorry for interrupting, Janis.

Janis Hughes: You have covered the rest of my questions, convener.

The Convener: I apologise.

Linda Fabiani: We have covered bus services, but I have a couple of questions about other matters. Councillor Magee, in your opening statement you said that rural councils would not regard congestion charging as a revenue raiser. Do COSLA and some councils view congestion charging and workplace parking levies as revenue raisers?

**Councillor Magee:** I base my comments on what is contained in the bill and the policy memorandum to it. The policy memorandum claims that councils will benefit from that income stream. It states:

"The enabling powers on charging will provide local authorities with an important new instrument for addressing congestion and air quality problems and an income stream to fund transport improvements".

Our feeling—and perhaps the feeling of rural councils—is that the enabling powers might provide some local authorities with that opportunity. However, congestion charging is not a practical option for some authorities. If some local authorities opt for congestion charging and have identified the income stream that they will get from that, what sort of funding will the other local authorities get?

Congestion charging should not be used as a substitute for revenue funding to councils—it must be additional to it for any authority to consider it. There is an assumption in the policy memorandum that all councils will benefit from the provision, but I disagree. Congestion charging would not be appropriate in the Western Isles or even in the Highlands or the Borders.

#### 11:30

**Linda Fabiani:** Is there a problem in that the perception is that overall council funding might be cut because of the assumption that all councils will make use of congestion charging to balance the books?

**Councillor Magee:** The funding would have to be absolutely transparent. The bill refers to annual reports, which—I presume—would highlight that issue. However, congestion charging should not be used as a substitute for mainstream transport funding.

**Linda Fabiani:** My last question is on fuel duty. The bill enables the Executive to consider allowing fuel duty rebate to other kinds of vehicles than it does at present. What kinds of vehicles do you think that the Executive should consider?

**Councillor Magee:** We would welcome consideration of an extension of the fuel duty rebate. School transport that is not also public transport should be considered—rural authorities build up immense mileage in school transport.

Bus transport has changed in recent years, particularly with the introduction of rural transport funds and the funding of community transport. If the groups that we are discussing are to get the maximum benefit from the funding that is being made available, there is a case for fuel duty rebate being allowed for community transport. COSLA considers that there would be great benefits in extending the fuel duty rebate to school and community transport. Mobile libraries have been mentioned—they should also be considered.

**Trond Haugen:** It is important that local authorities are consulted extensively on whatever measures replace the current fuel duty rebate arrangements. Local authorities have an important role to play in allocating grants because they are most aware of the various transport needs in particular areas.

Bob Christie (Convention of Scottish Local Authorities): COSLA has urged the Executive to consider the option of extending the fuel duty rebate to all buses and coaches, which are regardless of their day-to-day use—better than the private car.

**The Convener:** We will move on to the issue of road user charging and workplace levies.

**Mr Tosh:** I have a follow-up to Linda Fabiani's question on the impact of charges on councils' revenue streams. The minister confirmed this

morning that congestion charging revenues can pay for essential road maintenance. Can you envisage a situation in which councils whose roads budgets are sorely pressed will introduce congestion charging mechanisms as a means of repairing the basic fabric of their roads?

**Councillor Magee:** That is where our comments would tend to lead, although I do not want to go that far at this stage. It would be unfortunate if councils felt compelled to go down that route unless it was justified. Congestion charging is not necessarily meant to be a tax or a revenue-raising exercise; it is meant to solve congestion and provide a cleaner environment. There are areas of Scotland where there is no congestion and the environment is clean. You seem to be suggesting that councils would use congestion charging as an income raiser, which is getting away from what it was intended to achieve.

Mr Tosh: That is closer to what Sarah Boyack said.

**Councillor Magee:** The point that COSLA would highlight in this whole debate is that congestion charging should not be seen as the beall and end-all of revenue raising for councils.

**Bob Christie:** COSLA would want congestion charging revenue, which should be additional and transparent, to be applied to the agreed priorities identified in the local transport strategy. One can assume that, where there is a congestion charging scheme, all the local partners in the community have agreed that the issue of congestion needed tackling. However, it might not be the only problem that needs to be tackled, and funding should be available for any aspect of transport that the strategy recognises as a priority.

**Mr MacAskill:** In your opening remarks, you mentioned existing problems and I noted that you included road closures in that list, which follows on from Murray Tosh's point about what income streaming is used for. Are Scottish local authorities considering road closures? Secondly, how can we include a mechanism in the bill to ensure that the transport strategy philosophy mentioned by Mr Christie is maintained instead of simply filling the potholes to keep the roads open, which is a problem highlighted by Murray Tosh?

**Councillor Magee:** Communities can be disadvantaged by something less drastic than a road closure. We have certainly seen temporary closures, if not permanent ones. However, measures such as weight restrictions on bridges can have a strong economic impact on a community. Forest and fish farm access roads are clear cases in point. I can give the committee one example, admittedly from the Highlands, but we must bear in mind the fact that this is becoming a national problem. A road in Caithness with a

weight restriction has 200 jobs at the end of it in an oil fabrication yard that is the largest private employer in Caithness. The difficulty is, first, the potential economic impact on the community and, secondly, that local authorities are firefighting to deal with bridge or road collapses, which means that routine, cyclic maintenance is not being undertaken in the way that it should be.

COSLA is currently researching those issues and Sarah Boyack is well aware that we will be raising those matters with her. Although it is an open question whether we want to place transport investment alongside social work and education, we need to put together the evidence and formulate the argument, which is the process that we are currently halfway through.

**The Convener:** Do committee members have any generic questions about road user charging or the workplace parking levy?

**Cathy Jamieson:** What will be the potential effect of road user charging on urban developments and town centres?

**Councillor Magee:** Although I do not want to go into specific detail on that issue, it is essential that it is thoroughly investigated. I am certain that authorities that are considering congestion charging are taking that matter very much into account. No one wants business flight to another place because congestion charging has been introduced.

**Cathy Jamieson:** Is there a danger that workplace parking levies would act as a disincentive to businesses that are considering locating in a particular local authority area?

**Councillor Magee:** Some local authorities are considering that on a partnership basis, if at all. If one of three towns in a certain area were to introduce such levies, it could lead to what you suggest, Cathy. Our consultations have shown that local authorities are bearing that in mind.

**Rodney Mortimer:** Any local authority that is considering implementing any congestion charging scheme will be taking such factors into account. There needs to be wide consultation with the business community and other stakeholders before a scheme is proposed. Each authority that proposes one will have to produce a regulatory impact analysis to consider the various factors. No authority will want to propose a scheme for its area if the effect is to move business out.

**Cathy Jamieson:** Do you believe that road charging measures and the workplace parking levies will have the desired effect of reducing congestion? That is the crux of the matter.

**Rodney Mortimer:** The whole purpose of both the road charging measures and the workplace parking measures has to be to reduce congestion.

Authorities would want to introduce them only if the effect was to reduce the level of traffic. The answer to your question is yes.

Helen Eadie (Dunfermline East) (Lab): Does COSLA have any views on exemptions for NHS facilities?

**Councillor Magee:** To be frank, we have not gone into that much detail on the subject yet. Our view was that, if there were to be exemptions, they should be pretty limited, or that the local authorities should have the right to make local exemptions. We have not got as far as considering NHS bodies specifically, but we take your point on board, Helen, and will give some thought to it.

**Bob Christie:** We are conscious that this issue has been debated more in England, but we are also conscious that the NHS recognises the health impacts of poor air quality and traffic congestion. It has been one of the leading sectors in developing green travel plans, often in partnership with local authorities. In the interim, we would stick with the line that there should be an absolute minimum of concessions, except for certain categories of vehicle users such as disabled people.

**Nora Radcliffe:** How many authorities might use the enabling powers for road user charging or workplace parking levies? Can you comment on what technology and administrative structure to implement road charging is and could be available?

**Councillor Magee:** Pretty few authorities are considering congestion charging and workplace parking levies. It is really the major cities.

**Rodney Mortimer:** As far as I am aware, only two authorities, with the authorities whose areas surround them, are actively considering any congestion charging: Edinburgh and Glasgow.

**Councillor Magee:** Other authorities will wait and see what happens there. Perhaps Rodney has some thoughts on the technology that might be used. Are we that far forward?

**Rodney Mortimer:** Technology trials will take place on the M8 at Hermiston Gait. Some are also taking place in Leeds. When the results of those two trials are available, we will know more about how the technology will work. I am sure that the technology will be available to implement a road user charging scheme within the next few years.

**The Convener:** Cathy Jamieson will now ask a question on a subject close to her heart: concessionary travel.

**Cathy Jamieson:** I will try to keep the question short. Do you support an expansion of the groups of people who are eligible for concessionary travel benefits, beyond the people already specified in the bill, who include pensioners and people with

#### disabilities?

**Councillor Magee:** We support discussion on that. We do not wish to identify particular groups at this stage, but the whole issue of concession requires further debate. Local authorities are concerned about how a national scheme will be funded. Most, if not all, have their own schemes at the moment.

Those concession schemes are diverse. What do they cover? Do they cover the local authority area or the whole of Scotland? The Highland Council scheme covers travel all the way to Edinburgh. It is large, but its terms might not be as generous as those of the schemes that other authorities can provide. We need to examine both funding and the question of whether exemptions could be extended to other groups. The answer to the question is therefore yes. We would like more debate on that.

#### 11:45

**Cathy Jamieson:** You presumably welcome the indication from the Minister for Transport and the Environment this morning on an expansion to cover rail and other services under a concessionary travel scheme.

**Councillor Magee:** Yes. As I said in my opening remarks, the more we can integrate all transport modes, whether they are the responsibility of local authorities or not, the better the public will be served. We all travel by a variety of means.

Somewhere in the bill, I think under congestion charging, a contract with the motorist is mentioned. We feel that a contract with the community and with the transport users within that community, whether cyclists, motorists, public transport users or pedestrians, is more appropriate. The bill does not address that idea, which covers road safety issues, as it might.

**Des McNulty:** One concern about funding is the potential leakage of money away from transport. Would you favour hypothecation of local authorities' capital spending on transport? Alternatively, would you consider hypothecation of the revenue gathered from workplace parking or road charging specifically to public transport?

**Councillor Magee:** COSLA's views on ring fencing are quite well known. The bill provides for hypothecation for congestion charging, and we have no difficulty in supporting that. The groups that are considering that possibility are doing so on a broad basis. The idea is not confined to the city centres, and there is a partnership approach to dealing with people coming into the cities. Some of us would like hypothecation for reducing fuel prices. Investment should follow and be directed towards the strategies that we are drawing up. I think that that can be done without specific ring fencing.

**Des McNulty:** Do you have a figure for the potential burden of the proposals on local authorities? Are there any additional costs attached to the proposals in the bill?

**Councillor Magee:** We are not at that stage consideration is on-going. There are substantial costs in many of the proposals and it is not clear from the bill's policy memorandum how they are intended to be funded. The information is pretty vague on that.

**Bob Christie:** We would welcome the opportunity to work with the Executive to try to put more detail on the bill and to quantify the costs. The costs of concessionary travel and the upfront costs of setting up a congestion charging scheme are potentially huge. It is invidious that the 32 authorities—or at least those concerned—should have to work out, on their own and unfunded, what that will mean for them. There should be a national effort to put some financial flesh on the bones.

**Mr Tosh:** This morning, the minister talked about integrating her transport strategy with the land use planning system. I think that she was specifically considering concentrating retail activity in existing town centres. Is that something with which you agree? Can you envisage a better relationship between aspects of transport policy and planning policy? Has the whole game moved on so much, with out-of-town hospitals, retail parks and manufacturing sites, that there is little scope for integrating land use planning and transport further?

**Councillor Magee:** We suggest that transport strategies should conform to the structure plans that local authorities must draw up. It would be counterproductive for a transport strategy to be drawn up that was completely at variance with the structure plan. We expect transport strategies to conform, by and large, to local authorities' structure plans.

**Mr Tosh:** You are not hammering for revised guidance on a whole range of NPPGs, are you?

**Bob Christie:** Local authorities welcome the challenge of preparing local integrated transport strategies. They see the sense in ensuring that those strategies are compatible with structure and local plans, with air quality management plans, with health improvement plans and with community plans. Unfortunately, all the integration is taking place locally; there is no national context.

**Mr Tosh:** I was going to say that you could be a minister, but that last phrase probably disqualifies you from that. [*Laughter.*]

My other question relates to the submission that we have received from you. You say that nothing will change unless the Executive accepts its responsibilities as a partner for change. In that context, you are asking for more resources. Could you speak more broadly about that issue? Are there any other forms of support that you want from the Executive? A partnership is a relationship between equals. Are there areas in which you think that the transport bill's proposals are overregulatory or over-prescriptive and require you to do things that are burdensome?

**Councillor Magee:** That question takes us back to my initial remarks. We do not want the Executive to impose strategies on local authorities. In her final comments, the minister spoke a great deal about local authorities doing this or that, but, as Bob Christie has said, there must be a national context to the plans. The Executive is responsible for trunk roads, ferries, airports and the rail system in Scotland. We are not going to have an integrated transport system unless those who are responsible for those national aspects of transport are fully integrated into the process. Local authorities cannot deliver the strategies on their own. Other partners must be signed up to the scheme, not to impose strategies on local authorities, but to consult the public and to make progress through a partnership approach.

That concept of partnership should go beyond funding. Funding is obviously a vital component of it, but basic initiatives such as multi-modal ticketing would benefit the public. We have talked about the proposed Highlands and Islands transport authority, in which the Executive must be a partner. The Executive must do more than tell local authorities to do this or that, and local authorities must ask for more than just additional money. COSLA takes the comprehensive view that, if the scheme is to succeed, there must be a proper partnership and a better-informed approach.

Helen Eadie: Can you amplify that point about the partnerships? Do some people in Scotland assume that only local authorities will be involved in those partnerships, and does COSLA take a wider view than that?

**Councillor Magee:** We can go only on the content of the bill, which concerns buses, congestion charging and everything that we have been discussing. We welcome the bill—there is no doubt about that. However, we want to address the detail of its contents, and we have reservations about parts of it. More needs to be done, and we feel, as Bob Christie said, that the changes should take place in a national context.

**Helen Eadie:** Do you envisage the companies that will be involved in the partnerships sitting around the same table as the local authorities?

Councillor Magee: Certainly. The operators

must be signed up to the partnerships, and we must work with them. I would not want local authorities to impose strategies on companies either. Partnership is the key to the whole idea. For example, the voluntary partnership in the Highlands includes all the rail companies— ScotRail, Railtrack and the freight company—and has resulted in much significant investment. One or two stations have reopened and freight, specifically timber, has been transferred from the roads to rail. Although that partnership is voluntary and anyone could walk away from it, that level of investment and joint working could not have been achieved if the companies had not signed up to it.

**Bob Christie:** COSLA does not want only transport companies to be involved in the strategies. Major employers and generators of staff travel, and major businesses that need regular and timely deliveries of goods and services, are also legitimate stakeholders in local transport strategies. Good practice around the country shows that those companies should be involved in the strategy planning process.

**The Convener:** There are no more questions from the committee. Thank you very much for your interesting evidence. I am sure that we will see a lot more of each other over the coming year.

Councillor Magee: Thank you very much.

**The Convener:** I invite the representatives of Strathclyde Passenger Transport to join us. I remind committee members of the time pressures and our need to get through the business on today's agenda.

I welcome Dr Malcolm Reed and George Heaney to the committee. In our time-honoured fashion, we extend the generous offer of allowing you to make a few opening remarks.

Dr Malcolm Reed (Strathclyde Passenger Transport): Thank you very much, convener. I am the director general of Strathclyde Passenger Transport.

My colleague George Heaney is head of operations for SPT. He is responsible for monitoring the bus network in the SPT area and for arranging contracts for subsidised services. He is also responsible for procuring school transport contracts on behalf of 11 of the 12 unitary authorities in our area, and he looks after all the support services that SPT provides or manages for bus operations in its area, including bus stations, passenger information, the sale of bus operators' own tickets and the multi-modal tickets that are promoted by SPT, and the maintenance of bus stops and shelters, which we manage on behalf of the roads authority in our area.

We are grateful for this opportunity to appear before the committee today. I pass on the

personal apologies of the chairman of SPT, Councillor Eric Ross. He wanted to join us in giving evidence to the committee today, but he had an unbreakable prior commitment.

I shall be brief in my preliminary statement. We have submitted written comments, which have been made available to committee members. As SPT is a public transport body, our direct interest in the provisions of the bill is restricted mainly to the elements that relate to joint transport strategies and public transport. However, as we also have an interest in the outcome of road user charging, we have commented briefly on that section of the bill.

I join the previous witnesses in welcoming and endorsing the Government's integrated transport strategy. That strategy is clearly based on the recognition that sustainability and social inclusion require a greater emphasis on public transport than has been evident in the recent past. They also require a more effective cohesion between the different elements of public policy that affect transport demand and usage. We welcome the underlying principles behind many of the detailed proposals in the bill.

However, that welcome in principle must be qualified in practice. SPT's considered view is that, in many respects, the provisions of the bill may not be sufficient to deliver the Scottish Executive's stated objectives. That view is consistent with the responses that SPT has already given as part of the various consultation processes that were carried out in the UK and in Scotland and led to the drafting of the bill. In that context—and commenting on one of the issues that I have been asked to comment on by the clerk—I must confirm that SPT does not feel that the bill as drafted addresses its previous concerns to the extent that we would have wished.

Those comments are sufficient for a preamble. We will do our best to answer any questions that members want to put to us.

The Convener: Thanks very much, Malcolm.

**Tavish Scott:** On joint transport strategies, you say that the bill proposes to give unlimited reserve powers to ministers. Could you expand on your concerns? In particular, I would like you to elaborate on the statement that

"these powers should provide transparency for the resourcing of the specific obligations that would be placed on the affected public bodies."

**Dr Reed:** One of the stated principles of the policy memorandum is that the Scottish Executive wishes to empower local government to develop local solutions to transport needs. It is ironic that ministers also want to take powers, in effect, to tell local government what to do and what the priorities should be in drawing up transport plans.

As an executive, we are responsible to a politically accountable body that sets our priorities and budget. That body's views on the needs of the area determine the priorities for the work that should be carried out by the passenger transport executive. I have no problem at all with the fact that some proposals may be of such overriding national importance that we should be directed to give attention to them, but that should not happen at the expense of locally determined priorities. For example, we should not have to take staff off urgent work that is required to deliver local needs to address something that ministers have given priority to.

#### 12:00

**Tavish Scott:** So your concern is that there is not enough detail on those provisions.

#### Dr Reed: Indeed.

**Tavish Scott:** Do you have a view on the creation of additional statutory transport authorities?

**Dr Reed:** As the only statutory passenger transport authority and executive in Scotland, our position is different. The stated position of the PTA and the PTE is that different solutions are required for different parts of Scotland. Our area in the west of Scotland contains 42 per cent of Scotland's population, and is heavily built up. The conurbation is interdependent. The PTA-PTE model is appropriate for delivering public transport in an area of such complexity, especially because most transport flows across local authority boundaries within our area.

There are specific needs in Strathclyde, for example the heavy dependence on rail services, which is unique in Scotland—indeed in Britain, outside greater London. Those needs require SPT's current special powers. If other parts of Scotland feel the need to argue for similar powers, we would not discourage that; equally, we would not seek to impose on other parts of Scotland our view of how transport should be organised.

#### Tavish Scott: That is helpful.

Given that you have 42 per cent of the population and work across a number of local authority areas, you will be familiar with the concept of joint transport strategies. Does the manner in which SPTE carries out its work have lessons for other parts of Scotland?

**Dr Reed:** We start from the principle that we are a strategic authority. We are empowered to take an overview of the needs of a diverse area. For example, the needs of East Ayrshire are different from the needs of the city of Glasgow. Nevertheless, there are strong transport connections between, for example, Kilmarnock and Glasgow, or across other boundaries within the area. I speak for the political members, as well as the executive staff, of the authority when I say that we have consciously tried to ensure that issues are addressed from a strategic perspective. For example, successive chairmen have discouraged members from taking a parochial view of priorities, and have encouraged them to stand back to see the bigger picture.

The bigger picture is essential, because—by and large—long lead times are involved in transport; it takes a long time to plan and deliver a scheme. One must have a reasonably sound forward-planning context that will not be driven off course by a particular local pressure, no matter how important that pressure may be. Such pressures must be considered in the wider context. We have tried to develop that means of working since local government reorganisation.

**Tavish Scott:** Is the strategic overview that you describe consistent with local decision making?

**Dr Reed:** Yes. We are a special purpose authority, so we have a different range of functions from a local authority. One accepts that local authority boundaries reflect a wide range of functions. In the west of Scotland in particular, the pattern of local government is fragmented, but just as other strategic services, such as police, fire or water, have to be delivered on a wide-area basis, the regional basis that is embodied in the SPT structure is appropriate for decision making of the type that we have to undertake.

Janis Hughes: In your submission you describe defects in the current legislative framework for bus services. How will the proposed quality partnerships help?

**Dr Reed:** We have some experience of quality partnerships. I think that we introduced the first quality partnership in Scotland. Our view has always been that quality partnerships, even with the legislative buttressing that is proposed in the bill, will only go some way to addressing the fundamental problems that are being experienced with the delivery of bus services through, in essence, an unregulated market. We are not alone in holding that view. The Audit Commission in England and Wales produced a report last year that was critical of the effectiveness of quality partnerships as a policy tool.

I echo some of what previous witnesses have said. In effect, local government is being asked to invest heavily in quality partnerships with no reciprocal guarantee from the operators that issues that are important to passengers—such as fares and the stability and frequency of services will be delivered by those partnerships. My view, which is shared strongly by my chairman, is that the public need confidence that a public service will be delivered as part of any agreement between local government and the bus industry.

**Janis Hughes:** You mentioned fares and frequency of services, but there is no mention of them in the bill. Is that a problem? Would you have liked them to be addressed in the bill?

**Dr Reed:** We would like those issues to be incorporated in the bill. We are aware that there is strong policy resistance to that, which is echoed in clauses in the Westminster bill. However, there is a strong body of opinion—as expressed by previous witnesses—on the part of local government and bodies that represent users of the bus industry that we need a stronger delivery mechanism to regulate bus es more effectively.

Janis Hughes: In your submission you say that

"the Bill places . . . obvious obstacles in the way of . . . quality contracts",

and that that is "surprising" given the Executive's

"road traffic reduction aspirations and its Kyoto commitments".

What are those obstacles? Why do you believe that quality contracts would help the Executive to achieve its environmental obligations?

**Dr Reed:** The previous witnesses referred to the 21-month notice. Our view is that the realistic length of time that it will take to deliver a quality contract—when the prior consultation and the decision-making process that the Scottish Executive requires have been added in—is three years, possibly four. On present trends, within such a three-year period in the SPT area, there will be a loss of something like 15 per cent of bus patronage if we cannot intervene more effectively at an earlier stage to address deficiencies in the bus market.

The clock is ticking, but the measures that are urgently required to stem the haemorrhage of bus users are being delayed by bureaucratic obstacles. We feel that that is at odds with the urgency of the situation that has been described by the UK and Scottish Governments in addressing sustainability issues.

The Convener: I will pursue that matter with George Heaney, as you said that he worked on the ground with those issues. I will ask a question that I put previously to the COSLA representative: what is the minimum time scale for specification, development, advertising, assessing of bids, and preparation for the winner to put its service in place? Does the 21-month time scale equate to anything in your experience?

George Heaney (Strathclyde Passenger Transport): I would be concerned if we were talking about the introduction of quality contracts in three or four years from now. That would suggest that issues that are being highlighted now would not be resolved until then. I cannot specify a time by which quality contracts should be introduced, but it should certainly be sooner than is proposed.

I am conscious of the need to look after the interests of the bus operating fraternity when quality contracts are being devised. I would hate quality contracts to be designed to be so large that only certain operators could consider them. Much work has to be done to design ground rules and to work up the fine detail of how quality contracts should operate so that such a situation does not arise, but I am concerned about the time scale that is proposed in the bill.

Janis Hughes: How would quality contracts help the Executive to meet its environmental obligations?

**Dr Reed:** If the overriding objective is to achieve modal shift and to persuade people to give up their cars for a reliable transport service, the quality contract model offers opportunities that are not available in the quality partnership model. One has only to consider the situation in London, where, in effect, there is a form of quality contract and where bus patronage has increased.

I referred earlier to the need for the public and local government to have confidence in delivery. The stable framework that quality contracts offer would give local government the confidence to invest in measures such as bus priority and upgraded bus shelters, in the knowledge that operators would run on those routes. That would provide the means to capture, and to re-circulate for public benefit, some of the profits that are being made on the more heavily used and commercially attractive bus routes.

That does not mean that we advocate that the bus industry should lose the opportunity to make profit. We suggest that a more controlled environment, in which bus operators were not exposed to unregulated competition, would give the bus industry greater confidence to invest in new rolling stock. Established operators' profits would not be diluted by short-term competition from operators who constantly come on to routes with substandard vehicles to cream off the profits of the established operators, who are doing their best to provide a public service.

**Linda Fabiani:** We have covered quality contracts, so I will ask about ticketing arrangements and schemes. First, I would like some information, then I will ask for your opinion on some aspects. Currently, SPTE has buses, trains, underground trains and even a ferry. Do you have a through-ticketing scheme on those modes of transport?

Dr Reed: Yes. We operate two main multimodal tickets. One is the zone card, which is available on all forms of transport and covers various zones in the SPTE area. It is designed for commuters and is available weekly, monthly or yearly. The other ticket that we offer is, in essence, a leisure ticket, which allows people to travel through most, although not all, the SPTE area on rail, bus and ferry services.

**Linda Fabiani:** But somebody cannot get on a bus and ask for a ticket that will allow them to carry on their journey on another bus or a train?

#### Dr Reed: No.

Linda Fabiani: Will the bill allow you to offer such a ticket?

**Dr Reed:** The bill will provide for such a facility on buses, but not on other modes of transport. We think that that is one of the defects of the bill.

**Linda Fabiani:** That is the case, even though all those modes of transport are under your authority.

**Dr Reed:** We can offer through-ticketing at the moment by agreement, but it sometimes takes a lot of negotiation to achieve that agreement. We are concerned that bus operators who are promoting their own products may be less willing to enter into a multi-modal ticketing arrangement if they perceive that that will undermine their share of the market.

Linda Fabiani: Unless such a scheme were compulsory.

Dr Reed: Yes.

**Linda Fabiani:** You say that the other area in which you worry about non-compulsion is provision of public transport information. Could you expand on that?

#### 12:15

**Dr Reed:** We share the minister's vision that comprehensive, one-stop travel information should be available to potential public transport users.

In Strathclyde, we have a system that is close to delivering that. Our concern is that, from the way in which the bill is drafted, it appears that any operator who chooses to provide information themselves can, in effect, opt out of making any financial contribution to the local government funded system. That would mean that local government would have to choose whether to provide comprehensive information, knowing that it could not recover fully from the bus industry the costs of doing that, or to provide defective information—someone ringing up about the services of an operator who provided their own information service would have to be redirected to another source.

An opportunity has been missed in the bill. There was a clear statement in the daughter document on buses, "From Workhorse to Thoroughbred", that a duty would be placed on local government to provide information, but that it would also be given the power to recover from operators the reasonable costs of doing that. We are concerned that that power seems to have been diluted.

**Robin Harper:** What are your views on the proposed arrangements for road user charging and the workplace parking levy, as they may affect SPTE?

Dr Reed: I can answer that question on two levels. First, on a technical level, we are concerned that the bill does not appear to give SPTE access to any funds that are generated by road user charging or workplace parking levies. We hope that that is just a drafting defect, because it is the clear intention of the bill that the proceeds should be used to fund public transport improvements, and, indeed, that those improvements should be made before charging is introduced. To that extent, we would like a closer examination of who can benefit from such schemes. We certainly do not seek the power to impose road user charging directly, as in the transport for London model. However, as a partner in the provision of integrated transport in the west of Scotland, we should be able to take a seat at the table.

At a second, higher level, I speak purely as a representative of a public transport body, without the political authority of the individual members of the passenger transport authority. It seems to me that sustainability requires some measure to make motorists aware of the external costs that car journeys impose on society and to use the charging system to send signals that might encourage people to alter their behaviour. If that encouragement results in more journeys by public transport, that is in line with SPTE's objectives. You will be aware, from what previous witnesses have said, of the political sensitivity that surrounds that issue. Like many people, we think that it might have been appropriate to pursue some of the options for trunk road charging at the same time, rather than leaving very difficult choices for local government.

**Robin Harper:** Dr Reed, I could not possibly disagree with you.

**Cathy Jamieson:** I want to return to issues that I raised with previous witnesses about concessionary fares schemes. What would be the resource implications for the SPTE of meeting the requirements of the scheme that is outlined in the bill?

My second question concerns a point that you make graphically in your submission. If there is no public transport concessionary fares scheme, public transport is not much use to people; that may well apply particularly to rural areas. Has the bill got the balance right between the costs and benefits of the proposed public transport improvements?

**Dr Reed:** It is difficult to say that at this stage. The minister has signalled clearly that there should be further study of the issue before anything is done under the powers in the bill. We welcome that, and would be happy to provide evidence to any further inquiry that the minister chose to set up.

There is a danger that, by concentrating on extending the coverage or availability of concessionary travel schemes, you might divert resources from the underlying transport service. In Strathclyde, we have a pretty comprehensive scheme that was inherited from the regional council and applies not just within our area, but in parts such as Argyll that are largely outwith the SPT area. The scheme offers concession holders the opportunity to travel approximately 10 miles for 40p and at the full fare thereafter. In many respects, the scheme is financially less generous than others in Scotland, but it has wide area coverage and the advantage of simplicity and operation. Although ease of we get representations from pensioners' groups when we have to increase the costs-as we did this yearthere does not seem to be any significant impact on usage. As a result, we think that the scheme, as it is presently structured, works reasonably well.

Our calculations show that any move to a national half-fare scheme would not impose any additional costs on the operation of the Strathclyde scheme; in fact, it might make some marginal savings. Although we are not concerned by the financial implications of such a change, there might well be groups of users—who presently benefit from having to pay no more than 40p for 10 miles or even further—who might feel that a half-fare scheme was not a good bargain. The real risk is that we might find costs creeping up if we were required to finance both the existing scheme and a half-fare scheme together.

**Mr MacAskill:** On the separate issue of bridge boards, do you see any merit in the creation of a Clyde estuary board from takings from the Erskine bridge? If so, given that you run the Renfrew ferry, what other ferry services are possible based on an estuary crossing on the Clyde?

**Dr Reed:** We note with interest the bill's provisions for bridge boards. The main example is obviously the Forth bridge and, to that extent, we are interested in the prospect of a buoyant source of revenue that could be applied for other public transport purposes. Realistically, the Erskine bridge will not generate as much money as the

Forth bridge; nevertheless, if the principle is that sums that are raised from what is, in effect, a form of trunk road tolling should be made more widely available for transport purposes, that would help us to operate a better service.

We accept that the Clyde estuary is a significant barrier. We subsidise a number of local crossings, such as the crossing from Gourock to Kilcreggan and Helensburgh, directly from our own funds. If alternative sources of funding were available, that would allow us to investigate other destinations such as Dumbarton and Greenock further upriver, where river crossings might be an advantage, given the fact that one health board area covers both banks of the river. We would be interested in considering the matter further.

**Helen Eadie:** Is it the case that the Erskine bridge receives all its maintenance money from central Government, whereas the Forth road bridge joint board has to raise its own moneys?

**Dr Reed:** Absolutely. There is no longer a local board for the Erskine bridge; it is a national road.

The Convener: As members have no further questions at this stage, I thank Dr Reed and George Heaney for a most useful evidence session.

I now welcome to the meeting representatives from the Confederation of British Industry Scotland, the Federation of Small Businesses, the Freight Transport Association and the Road Haulage Association. I understand that some of you have some opening remarks, which we would be happy to hear. We have received briefings and a summary of points from you, but a short introduction will be useful for you and the committee.

# Matthew Farrow (Confederation of British Industry Scotland): I will kick off, convener.

Thank you for inviting us to give evidence to the committee. I will keep my opening remarks brief, as committee members have received a short briefing paper that we submitted. As the bulletin sets out, business is disillusioned with the Executive's broader transport policy and the bill does not do much to allay that.

Our concerns are very much focused on the bill's charging elements, especially the workplace parking levies, and on some issues around road user charging. Parking levies will not work; they are a tax on business and will be damaging. Road user charging has a role to play if it is done in the right way, but again, we are concerned that the bill does not give any impetus to the right schemes.

In conclusion, the similar bill that is going through Westminster will receive royal assent with much the same flaws as the published bill in Scotland. That gives the committee and the Scottish Parliament the opportunity to use devolved powers to improve the bill and to ensure that we end up with better legislation for business in Scotland than in the rest of the UK.

**Phil Flanders (Road Haulage Association):** When I come to Edinburgh, I have the choice of taking the car, train or bus. However, freight coming to the city has no such choice. Road charging has a zero effect on congestion for freight, and any charge that goes on to freight will be passed on to the end user. We are very concerned about the state of the freight industry in Scotland and the UK, and feel that any extra charges that are imposed will have a detrimental effect on the economy.

Furthermore, we feel that there should be consultation at local authority and ministerial levels for statutory consultees and major stakeholders. I also want to emphasise that we support the new joint bridge boards, so long as the users receive the benefits.

**Tavish Scott:** On joint transport strategies, do the bill's provisions for local transport strategies have merit? I take it that you would all want to be involved in their formulation, if you feel that they would be effective.

I was particularly taken by the submission from Gavin Scott of the Freight Transport Association. In relation to section 1(3), he asks:

"What is the mechanism for 'banging heads together' if authorities cannot agree?"

I would be grateful if he would expand on that interesting suggestion.

Gavin Scott (Freight Transport Association): Our view is that part 1 of the bill is—perhaps intentionally—a bit vague. There seems to be an awful lot of scope for the minister to do not very much. I will say no more about that, but the bill says that the minister "may" require, "might" do, something "might" happen and so on.

We are concerned about what happens when an order is made. Section 1(3) states:

"Where an order is made under this section, the public bodies to which it relates may consult".

Throughout the bill, it says that local authorities may consult rather than that they shall consult. The Freight Transport Association considers that there should be statutory consultees for that sort of thing, as well as for traffic orders, particularly given the importance of some of the proposals in the bill.

History suggests that sometimes heads need to be knocked together. There is a list of examples from the past, such as the Avon gorge road—West Lothian has built its bit to a reasonable standard, but Falkirk has not—and the famous road to nowhere between Clackmannan and Stirling, which is being sorted out only now, after several years. That is the sort of thing that we are concerned about when we talk about banging heads together. There does not seem to be a mechanism whereby the Executive can say to councils, "Come on. Let's get on with it."

#### 12:30

**Tavish Scott:** Do you have a view on what that mechanism should be?

**Gavin Scott:** No. I do not have an answer. I do not think that anybody wants to be overprescriptive, but there has to be a mechanism so that, if there is disagreement—or lack of agreement—between authorities and it seems to the Executive that something needs to be done, a solution can be imposed.

**Tavish Scott:** That is fine. Do the other witnesses have views on the role that they can play in local transport strategies and on the business relationship with such strategies?

Matthew Farrow: Do you mean joint transport strategies?

Tavish Scott: Yes.

Matthew Farrow: I do not have much to add to what Gavin Scott said. When we consulted members on the bill, there was a range of views. Members recognised that many business issues, particularly freight, are joint issues—between authorities. Gavin Scott's organisation is an expert on the inadequacies of many local transport strategies. There is, therefore, recognition that the bill needs to do something about it. There are also concerns about ending up with another tier of government that does too much, that what we have might not be enough to solve the problems and about the fact that there is no statutory consultation with business, which is a concern that we have about the whole bill.

Janis Hughes: I want to ask about bus services. I know that it is not the area in which you have most interest, but it is a major part of the bill. Do any of the organisations have a view on the merits of quality partnerships and quality contracts for bus services?

**Matthew Farrow:** I do not want to get into a detailed discussion, because I know that the committee is taking evidence from some of our members who are bus operators, but I would like to make two broad points. When talking to members in that field, I am struck by two things. First, they are committed to increasing the volume of bus traffic. We all have the same objective. They are in a market position and are obviously trying to satisfy their own requirements. Secondly, they are committed to the partnership approach.

They point to schemes where they feel that they have turned round the decline in bus use, which might have started before deregulation, through the partnership approach. They think that the bill is broadly right and support it, but they have some specific issues that they will raise with the committee—I am not competent to speak about them.

Janis Hughes: When you say partnership approach, do you mean in its generic form, or do you mean that those people would support quality partnerships over contracts? Are you able to go into that level of detail?

**Matthew Farrow:** I sense that they feel that the current partnership arrangements for which there is statutory backing in the bill are the right approach. I would be cautious about saying anything beyond that. They have the expertise.

**Robin Harper:** We have had a hint of the answer to this question. Under what circumstances would you accept the principle of trunk road charging or motorway charging?

**Matthew Farrow:** I will speak for the CBI on this. Other colleagues' views may vary.

Last autumn, in our response to the original document, "Tackling Congestion", we expressed, as we have done frequently, many concerns about the lack of investment in trunk roads. I will not rehearse the arguments-they are well known. After talking to members, we decided, reluctantly, that we would support an enabling power for the Executive to introduce trunk road charging, provided that provision was made for the revenue raised to be used on key strategic links. Ideally, we would like funding for such links to come from other sources, either from reallocation from the Scottish budget and/or through increased UK spending. Business people live in the real world, so in the end there was support, albeit reluctant, for charging, but the Minister for Transport and the Environment decided that she would not proceed with it.

Gavin Scott: Our view was along the same lines. Our association's concern is that almost all the way through, there seems to be an assumption that any money raised from such charging will be spent on public transport of some description. Given the necessity of goods transport-we can argue until the cows come home about whether the goods could be sent by rail or any other means-it seems inequitable that goods vehicle operators should be required to pay charges, only to provide a bus service or whatever. It could, I suppose, be argued that if such a service lessened congestion, the road would be freed up. However, if any money is raised from charging, we would like an increase in investment in decent infrastructure. We have spoken several times

about the A8000 and the M74. Taxation on operators in this country is the highest in Europe. To put another tax over and above fuel duty and vehicle excise duty, which I am sure Phil Flanders will have something to say about, would be to cripple the industry.

**Robin Harper:** Would you, therefore, like there to be a clear link between the charges and freight?

**Gavin Scott:** If such charges, or anything like them, are to be introduced, we would like to see a clear link, hypothecation and transparency. Most important, we want additionality, which even the minister has agreed will be impossible to show.

Jane Todd (Federation of Small Businesses): The small business community shares the concern that public transport cannot meet its needs delivery and movement of business goods—and the needs of its customers and employees across Scotland. Small businesses perceive a need for substantial investment in the roads infrastructure and were bitterly disappointed by some of the decisions made in the strategic roads review in January.

We recognise that resources are not limitless, but we would like money to be put into the roads infrastructure. Although members of the opposed Federation of Small Businesses motorway and trunk road tolling, the benefits to the economy and competitiveness of Scotland of improving the roads infrastructure are seen as a clear and worthwhile objective, which must be financed from somewhere. There would therefore be some acceptance for using that route to finance it, much more so than there would be for using revenue from urban congestion solely for public transport, which the business community has major reservations about.

**Phil Flanders:** Adding charges to trunk roads would increase the costs to industry and the fabric of the economy of Scotland. Many Scottish companies—not hauliers, but customers—are struggling to compete in Europe and in England. Any additional costs would make them susceptible to moving south, which a few have been considering, or going out of business. It would be more acceptable to have to pay charges for new roads. I am sure that there are many hauliers who would rather pay £10 to use the M74 extension than sit on the Kingston bridge on the M8 for a couple of hours.

**Robin Harper:** There is a view that limited trunk road charging could be introduced as part of a local scheme to alleviate congestion. Have you a view on that?

**Gavin Scott:** Aberdeen City Council is considering some system of charging, although I have reservations about its motives. The council discovered, however, that it could not put a charge

on Anderson Drive because it is a trunk road. Drivers would be charged for leaving that road but not for using it, which seems stupid. If there were to be charging in that area, it would make sense that the charge be on Anderson Drive.

**Phil Flanders:** Anderson Drive is a good example of a link between the north of Scotland and the rest of the UK. It would not be fair to charge freight traffic for using Anderson Drive, because most of the traffic using it is merely passing through and there is no alternative route.

**Robin Harper:** I have views on that, but this is not the time to discuss them.

Do you support the bill's proposals on road user charging?

**Matthew Farrow:** We differentiate between road user charging and the parking charge. We are wholly opposed to the parking charge while we believe that road user charging could have a role to play in some areas as part of a package of schemes. However, our support is cautious and fragile. In our response to the bill, we have set out a range of caveats and I expect that others have expressed the same views about hypothecation, additionality, exemptions and so on. The bill does not allay any of those concerns and does not do much to allow us to shore up our fragile support.

We are disappointed that the bill includes nothing real about consultation. It does not say that it is illegal to consult, but the provision for consultation should be written into the bill strongly.

This morning, we have heard the minister talk about additionality and hypothecation. When the consultation document came out. various assurances were made about ensuring that schemes would be hypothecated and additional. In our response, we welcomed those assurances but said that we would be interested to see how they were included in the bill. We were disappointed that more imagination did not go into the drafting. The minister said that some sort of moral pressure would be brought to bear on authorities that are cheating, but business is concerned about the fact that that might not work.

We think that a broad charging scheme would be beneficial but, as others will emphasise, much business use of roads is derived demand—freight demand is derived from demand for other goods and is therefore not discretionary—and there needs to be some sort of exemption because of that. Similarly, with changes in working patterns and working hours, it is difficult for public transport to meet the needs of all commuters.

The Convener: I see that Gavin Scott has an opinion.

Gavin Scott: I have an opinion on everything. I would back up what Matthew Farrow said. We are

greatly concerned about the lack of a statutory requirement to consult.

We are also concerned about the reasons for having the charging scheme. Supposedly, the aim is not to create revenue, but we have heard many hints that we are discussing a way of raising money, and I am aware that one or two council officials are selling the concept of road user charging to their councillors as a way to reduce the roads budget. However, that is not the concept behind the proposal and I hope that that view will be stamped on. The concept of additionality must be proved.

Studies on road user charging show that it would take charges of around £5 or £6 to reduce congestion. The Leicester experiment suggested that a lower charge would not discourage people from bringing their cars into town. The English consultation document on goods vehicle charging suggested that a multiplier of two or three times would apply to goods vehicles. Fortunately, the Scottish white paper said that the multiplier might not be as much as one—it might be nothing, which would be ideal for us, although I doubt that we would get away with that.

The charge on a goods vehicle must be balanced by the saving in time, otherwise it is just an extra cost to the company that will become an extra cost to the consumer. I do not know, however, how we would prove what the time saving would be in advance of the scheme's being introduced.

#### 12:45

**Robin Harper:** Are you saying that the majority of goods movements in and out of Edinburgh are not discretionary?

**Gavin Scott**: People do not run goods vehicles for fun—not even Eddie Stobart. It costs about £1 a mile to run the things. It is not discretionary; it is a service operation.

Jane Todd: The small business community perceives much of the congestion charging as being a means of raising revenue for the local authorities. We all understand the arguments about funding for local authorities and the pressure that local authorities are under. They are considering imposing tourism taxes and increasing the charges for dog fouling as a means of raising revenue. It is clear that they view congestion charging in the same way. We are concerned about the fact that the bill does not offer sufficient prescription in relation to hypothecation and additionality, which is what the business community would like it to do.

Small businesses are also concerned about the fact that many of their vehicles are not goods vehicles, technically speaking. There is

considerable room for growth in the private service sector, an area in which Scotland underperforms. However, much of the vehicle use of that sector does not fall into the goods vehicle bracket. The Federation of Small Businesses has talked about the concept of a working vehicle and I understand that civil servants have considered it. It is a complex area, even with the European examples, and more work should be done on it.

**Robin Harper:** Do you think that areas subject to road charging, such as town centres, might lose out economically to areas that are not subject to charging, such as out-of-town shopping centres? Could that be evened out by having parking charges in retail parks?

Jane Todd: Road charging would have a profoundly damaging effect on town centres and would displace, rather than remove, congestion. We note that the bill talks about managing congestion, rather than reducing congestion, which could mean moving the traffic out to the retail parks.

The small business community has always had concerns about parking provision at out-of-town developments and the damaging impact that that has on the vitality of town centres. We are opposed to the workplace parking levy but, in the event of its introduction, we would want it to be introduced in out-of-town retail parks as well.

**Cathy Jamieson:** Do you believe that work place parking levies will actually reduce congestion?

Matthew Farrow: We do not. I was very taken with the minister's answer when a member asked whether there was any evidence to support the idea that they do-she said that they did it in Perth, Australia. There are many things that they do in Perth, Australia that are probably good things, but we would not automatically use them as policy solutions in Scotland. There is no evidence, and the fact that such schemes are hardly ever used in other countries suggests that they do not work. There are no studies of which we are aware that have shown convincingly that there will be any significant effect on congestion. Many of our members say that they would have to absorb the costs and are therefore opposed to such levies.

There would be significant costs to the business community—both administrative and cash—with almost no effect on congestion. However, I suspect that it might be impossible to prove the effect either way.

**Gavin Scott:** Looking at the proposals in the bill, I am concerned that it refers to visitors' spaces as well as working spaces. One interpretation could suggest that goods vehicles operating centres would be subject to the charge. In other words, the statutory places where operators are required to keep their vehicles when they are not being used could come under the levy if councils chose to implement it in that way. Furthermore, loading bays at the back of shops could be construed as workplace parking spaces under the bill. That seems ridiculous.

**Cathy Jamieson:** I was struck by the Federation of Small Businesses' suggestion that there should be a minimum number of 10 places before a levy were applied. Is there a general view that there should be some kind of minimum?

**Matthew Farrow:** We oppose levies and we hope that they will be withdrawn from the bill. If not, we hope that no local authority will introduce them. However, trying to be realistic about the matter, we want to build into the bill measures to make the provision less damaging. There are two reasons for opting for a minimum number of parking spaces. First, our smaller members will find it difficult to absorb the costs. Secondly, as Gavin Scott says, many premises need several spaces simply for servicing requirements, and to put a charge on those is clearly a tax rather than a congestion measure.

In order to be a bit more constructive, we made the point that the section of the bill on parking levies, which talks about having a licence system for the premises, is very restrictive. Some of our members have told us that they do not like the lew idea at all, but that they understand that local authorities hope that it will have an impact on congestion and assume that the authorities want them to pass on the cost to the employees. They are not sure that they can do that in practice, but suggest that the bill be rewritten to allow some sort of pay-and-display system to be operated. That would make the local authority responsible for collecting fines and issuing tickets for workplace parking. Our members do not want the system, but they think that that would make it more palatable, particularly as they would not have the administration burden and local authorities would be able to see some sort of direct impact.

We were disappointed that the bill is determined to follow the licence route, which is almost certain to push the cost on to the employer, as opposed to adopting a different definition, which might create an incentive for more innovative thinking.

**Cathy Jamieson:** What are your views on which vehicles should be exempt from such a scheme? Would you be content for local authorities to have the power to decide which vehicles were exempt on a scheme-by-scheme basis, or do you think that exemptions should apply nationally?

Jane Todd: The small business community has major problems with the definition of workplace parking spaces and of working vehicles. It has a clear understanding that it is a revenue-raising exercise, so the interests and motivations of local authorities would be diametrically opposed to the interests and motivations of the small business that was attempting to negotiate with them. Small businesses would be very uncomfortable with local authority definitions of vehicles that should be exempted because of their working status. We would prefer a nationally understood exemption scheme.

**Cathy Jamieson:** Given that we all have a responsibility to the environment, what are the social and ethical responsibilities of the business communities in trying to meet some of the targets that have been set to reduce congestion? Do you have alternative proposals?

**Gavin Scott:** The members of our association work in many different modes and have been at the forefront of moves to reduce congestion and the environmental impact of the transport sector. Nowadays, vehicles are much less noisy and the emissions are less than a tenth of what they were ten years ago. The transport industry in this country is acknowledged as being by far the most efficient in the world. People come to study our supply chain system. We work in a multi-modal industry.

Safeway acquired a lovely grant to send wagons to Inverness and on to Thurso on the back of trains. That is super because it means that I do not get held up at 40 mph behind their lorries on the A9. It costs Safeway more, even with the grant, to send goods by train than it does to send them by road.

However, we have to accept that there is no foreseeable alternative to the use of goods vehicles in towns. I am working on my "Beam me up, Scotty" machine, but it is not yet ready. We can shop by internet or do whatever we like, but we still expect the goods to be delivered and they will come on the back of a lorry, however big or small it might be.

**Matthew Farrow:** I agree with everything that Gavin Scott has said. The two issues are road congestion and air quality. Those issues are not automatically linked; if we can improve vehicle quality, it will help.

Business is being hit pretty hard through other policy instruments directed at improving air quality, such as the climate change levy. Business is deeply unhappy about the fact that, for political reasons, the Government is refusing to exert any pressure on domestic and household fuel consumption, so the burden falls on business. Business is playing its part.

I was heartened by the minister's comment that she will suggest exemptions from the levy if companies produce green transport plans. The feedback that I get from members is that the Executive's approach seems to be all stick and no carrot. Perhaps the Executive could do more to encourage companies to do the good things that some of them are already doing. Companies are making a big contribution in a range of ways. However, hitting companies in areas where they cannot change their behaviour will simply add costs that will eventually impact employment or inflation.

**Nora Radcliffe:** On a more positive point, have small businesses considered the potential of people being on the pavement rather than in their cars? After all, they say that a customer is not a customer until he is out of his car. If we persuade people who work in town centres to use public transport, might there be significant benefits to small businesses, particularly retailers?

Jane Todd: Small businesses would be enthusiastic about their customers using public transport if it presents a genuine alternative for those customers. There remains an issue about moving the products that have been purchased in a town centre out of the town centre. It is one thing if a person has been shopping in a department store, but quite another if they have been shopping in a furniture store.

The business community is interested in sustainability and environment issues. After all, our members are also members of the public and they participate in public matters as fully as everyone else does. Their concerns relate to the efficiency of congestion charging in improving the situation and the genuine usefulness of the alternatives that are being presented. I strongly support Matthew Farrow's comments on green commuter plans. There is a lot of room for such initiatives and we would like those to be developed in such a way as to be accessible and useful for small businesses as well as large companies.

#### 13:00

**Mr MacAskill:** I agree with what has been said about the problems of a workplace lew rather than a retail levy. However, section 57 of the bill, which refers to exemptions, does not have any details. If the logic of workplace charging is to encourage people to go by public transport and to discourage them from going by car, should that be a national plan as opposed to a local authority plan, given that you are talking about cross-border local authority aspects? In the City of Edinburgh, the people who will be charged will often come from other local authorities.

Secondly, if we are actively to encourage people, as opposed to making attacks, would it be better to deal with this matter through tax breaks and national insurance concessions to encourage employers to implement green transport plans? As Matthew Farrow mentioned, would it be better to have the carrot as well as the stick? Would this be better dealt with nationally and through tax and national insurance concessions, as happens at the moment? The minister mentioned Perth, Australia. Am I right in saying that some areas in Europe also operate in that way? Employers are encouraged, through tax and national insurance concessions, to provide season tickets or whatever to their employees.

Matthew Farrow: I will pick up on a couple of those points and my colleagues will pick up on others.

I do not think that you were saying that you wanted a parking levy across Scotland. If you were, I think that we would be even more exercised than we are and would be jumping out of the window. I agree that, if this part of the bill goes forward, we think that exemptions to the parking levy should be written into the bill.

The minister made a remark this morning in response to a question about local exemptions. She said: "Well, yes, freight is important. We would certainly ask local authorities to think about freight." We think, "For God's sake, they are going to think about freight"—that is not much of a reassurance to our members.

There is a role for more innovative thinking through national insurance and the tax system. The message that I get from members is that they perceive that this is all about sticks. The Executive will not build the roads that are needed, for economic reasons, and it is bringing in all those charges. Even on the charges that might in some cases work, the perception is that the Executive is determined to have no exemptions.

A broader consideration of transport taxation on a UK basis, which we have called on the Chancellor of the Exchequer to undertake, would be a good step forward.

**Gavin Scott:** I agree with what Matthew Farrow has said, but if we look back at the proposals, there is no stick on the user of the car, because the parking space levy at the workplace—it is not a workplace parking levy, as it is a visitors' parking and everything else levy—will be levied on the company, not the individual. Whether he brings his car in will not make any difference financially to the individual; it is an extra tax on the company. For goodness' sake, we might as well add it to the rates. There is no disincentive for the driver of the vehicle.

**Mr Tosh:** One possible exemption might be that delivery vehicles could be allocated more road space than is proposed. In Edinburgh, during the day a lot of road space is reserved for buses at a time when there are relatively few buses. Might it assist delivery vehicles if space was made available to them, away from the peak travelling hours? Would that be an incentive that might reconcile you to some of the other measures?

**Gavin Scott:** We have been in discussion about this matter, not only with the City of Edinburgh Council, but with many councils throughout the country. There have been a series of experiments, which are now permanent schemes, throughout England. Newcastle was probably the first one. Even London now has a no-car lane, as it is called, whereby the goods vehicles can use bus lanes.

The problem that we have with councils generally is that their usual answer is, "It's no wir policy", or "It would be awfully difficult" or "If we allow them in, we will allow everybody in." The City of Edinburgh Council is trying to ban cars from Johnston Terrace; it is going to put a bus lane in and will ban goods vehicles as well. Its response is that, "We consulted the police and they said it would be awfy difficult." That is not helpful to the goods transport industry in this country.

We have suggested to many councils, when they are thinking about bus lanes, that they should consider—not necessarily for the whole bus lane and, as Murray Tosh said, not necessarily for the whole day—that goods vehicles should be allowed into the bus lanes in the outer limits and at offpeak times. At the moment a lot of the bus lanes are used as congestion prevention devices to discourage car drivers from using their cars. They say, "If the bus can go down that lane, I will take the bus next time." It is a nonsense that so much space is allocated to buses when, for great wodges of the day, it is not being used by anybody.

**Mr Tosh:** Thank you for giving us "The Outer Limits" as well as your earlier reference to "Star Trek". Do not be at all surprised if one of the diaries picks on your earlier statement that "We want to see transparency."

I will pick up on the point about the joint board that was made by Phil Flanders in his presentation and in a couple of the submissions. The minister has said quite a lot about that this morning. Do you feel that it is a reasonable proposition as she has now defined it—that the investment that it is thinking about is not just on the bridge and the immediate approaches, but could encompass the A8000 and other comparable roads? Is that satisfactory, or is it going too far away from work on the bridge?

**Phil Flanders:** If that were the only way to get a road, we would accept it. We would not like to do so, but that road is a disgrace to Scotland. Other roads are equally bad, but I am sure that my members would be more than happy to pay an extra wee bit on the tolls to save sitting there for

half an hour. I came through at half-past 9 this morning and it was just as bad as it was at halfpast 7. I would not mind paying an extra 20p to get home, if it meant that I got here 20 minutes earlier. Most hauliers would say the same. Time is vital to hauliers, more so now that the working time directive will be with us shortly. They will not have time to sit around. We will do our best to encourage the implementation of any measure that would help.

**Gavin Scott:** If we are going to go down this road, we must have a system whereby we can see that the net proceeds—or the profits, if we can use that expression—are used in such ways that the people who pay those charges are seen to benefit. There is the possibility of raising tolls on the Forth road bridge, which is making 100 per cent profit at the moment.

Helen Eadie indicated disagreement.

Gavin Scott: We will choose to disagree on that.

If we are going to use that money to build the A8000—an issue on which, I am sorry to say, there was a cop-out by the minister in the strategic roads review—I can see that as being a direct benefit. If we were to go further along those lines and say, "We have this money; let's put new lamp standards in on Princes Street," I think that we would be pushing things a wee bit beyond the limit. If we are going to go down that road and the money is to be raised by increased tolls, the payers of tolls must see some benefit to them.

Jane Todd: Small businesses clearly like to see that the pounds, shillings and pence are going to an identifiable end result. On that basis, modest charging would be acceptable. We share the disappointment expressed at the ducking of the A8000 issue in the strategic roads review. Our membership felt that was crucial. A lot of this comes down to the charging levels. If we are looking at 20p, that would probably be acceptable. If we are looking at more substantive amounts, that would have a severe impact on the small business community and would not be welcomed.

**Mr Tosh:** I will pick up on the minister's comment that she would be responsible, ultimately, for agreeing any increases in tolls, but would not specify a maximum in advance. Is that a sufficient protection for the road user?

**Gavin Scott:** I think not. We had a case some years ago with Edinburgh District Council; it wanted to put an open-ended order through for the increase of parking charges. That was about 25 years ago and the council wanted to put a maximum of £5 an hour, "Not with the intention of doing it, you understand, but just so that we do not have to put an order through every time." I think that we would like an order to go through each

time so that we could argue the toss on that matter.

The Convener: As no other members want to speak, we will move to the final frontier that is lunch. I very much enjoyed the presentations this morning and thank the witnesses for coming along. We will take due cognisance of your comments.

I seek the agreement of the committee to take a couple of items in private at a future meeting. First is the draft annual report of the committee, which is a fairly short report that we must agree. Secondly, at our next meeting we will take further evidence on the Transport (Scotland) Bill, and I suggest that we meet in private beforehand to agree lines of questions.

#### Members indicated agreement.

Meeting closed at 13:10.

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