

TRANSPORT AND THE ENVIRONMENT COMMITTEE

Wednesday 1 May 2002
(Morning)

Session 1

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TRANSPORT AND THE ENVIRONMENT COMMITTEE

14th Meeting 2002, Session 1

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Nora Radcliffe (Gordon) (LD)

COMMITTEE MEMBERS

*Robin Harper (Lothians) (Green)
*Mr Adam Ingram (South of Scotland) (SNP)
Angus MacKay (Edinburgh South) (Lab)
*Fiona McLeod (West of Scotland) (SNP)
*Maureen Macmillan (Highlands and Islands) (Lab)
*Des McNulty (Clydebank and Milngavie) (Lab)
*John Scott (Ayr) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Brian Adam (North-East Scotland) (SNP)
Mr David Davidson (North-East Scotland) (Con)
Alex Johnstone (North-East Scotland) (Con)
Richard Lochhead (North-East Scotland) (SNP)
Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)
Elaine Thomson (Aberdeen North) (Lab)

WITNESSES

Lewis Macdonald (Deputy Minister for Enterprise, Transport and Lifelong Learning)
David Reid (Scottish Executive Finance and Central Services Department)

CLERK TO THE COMMITTEE

Callum Thomson

SENIOR ASSISTANT CLERK

Tracey Hawe

ASSISTANT CLERK

Alastair Macfie

LOCATION

Committee Room 1

Scottish Parliament

Transport and the Environment Committee

Wednesday 1 May 2002

(Morning)

[THE CONVENER *opened the meeting at 09:38*]

The Convener (Bristow Muldoon): I welcome members to the meeting and open it to the press and public. No apologies have been intimated.

Items in Private

The Convener: The first item on the agenda is to consider whether to take items 3 and 5 in private. Item 3 is consideration of the evidence that we have taken on the budget process. We will discuss with our adviser Austin Smyth how we want to shape our response. When members arrived, they should have received a draft paper with some of Austin's initial thoughts. Item 5 is to consider details of our work programme up to the summer recess; we generally take items on our work programme in private. Do members agree to take items 3 and 5 in private?

Members *indicated agreement.*

Subordinate Legislation

The Convener: Item 2 is on a number of pieces of subordinate legislation.

Producer Responsibility Obligations (Packaging Waste) Amendment (Scotland) Regulations (SSI 2002/147)

The Convener: Given that no member has raised any points on the regulations to date and that no motion to annul has been lodged, I take it that the committee is content that it has nothing to report.

Fiona McLeod (West of Scotland) (SNP): I do not wish to report anything, but can the committee take the opportunity to write to the Executive to ask for an explanation of the imbalance between recycling targets and recovery targets? There seems to be a huge gap between the targets of 19 per cent for recycling and 59 per cent for recovery. It would be useful for us to understand why there is such a difference.

The Convener: Where are the figures that you are referring to?

Fiona McLeod: The last page of the Executive's explanatory note sets out its programme. The Executive has set targets of 19 per cent for recycling, but 59 per cent for recovery. It would be useful for the committee's general view of how we manage waste to find out why there is such an imbalance between the targets for recycling and the targets for recovery.

Nora Radcliffe (Gordon) (LD): The imbalance might be to do with the ability to recycle the materials that are recovered. Plastics and mixed plastics are difficult to recycle. However, we should ask the question.

Fiona McLeod: We should ask the question, rather than speculate.

Nora Radcliffe: It would also be interesting to find out about sanctions. What sanctions does the Government impose on the industry when it does not meet the targets? There was concern that the sanction that was imposed on a particular company that did not comply and that did not do what it said that it would do was inadequate.

The Convener: We can ask ministers for further clarification on the difference between the targets. On that basis, I will consult the clerks and draft an appropriate letter to the minister. Do members agree that we have nothing to report on the regulations?

Members *indicated agreement.*

**Scottish Water (Rate of Return) (Scotland)
Order 2002 (SSI 2002/165)**

**Water Industry (Scotland) Act 2002
(Consequential and Savings Provisions)
Order 2002 (SSI 2002/166)**

**Water and Sewerage Charges (Exemption)
(Scotland) Regulations 2002 (SSI 2002/167)**

**Scottish Administration (Offices) Order
2002 (SSI 2002/801)**

The Convener: No points have been raised with the clerks and no motion to annul has been lodged on these instruments. Do we agree that we have nothing to report on the instruments?

Members *indicated agreement.*

The Convener: That deals with all the items of subordinate legislation.

Fiona McLeod: Before we move on to the next agenda item, it would be worth recording in the *Official Report* the comments that the Subordinate Legislation Committee made on many of the above statutory instruments and the difficulties that poor drafting have caused. I do not want to report on that, but it is worth recording our dissatisfaction with the quality of drafting in many statutory instruments.

The Convener: I do not think that we need to comment to the Executive as a committee. The Subordinate Legislation Committee plays a useful role in keeping the Executive on its toes in the drafting of instruments. Having served on that committee for a while, I know that it draws a number of issues to the Executive's attention. We really just need to note the instruments; the Subordinate Legislation Committee will continue to play its role in considering the appropriate drafting of instruments.

That brings us to the end of item 2. We will move into private session for item 3.

09:46

Meeting continued in private.

11:24

Meeting continued in public.

Budget Process 2003-04

The Convener: I welcome back members of the press and public. Agenda item 6 is consideration of the budget process 2003-04. I also welcome Lewis Macdonald, the Deputy Minister for Enterprise, Transport and Lifelong Learning and everything else in government. In a second, I will give Lewis the opportunity to introduce the officials who are here to support him in giving evidence.

I welcome a number of MSP colleagues who are visiting the committee today. We think that Richard Lochhead, David Davidson, Elaine Thomson and Mike Rumbles are here primarily for agenda item 7, which is consideration of petition PE357 on transport issues in Aberdeen. I advise those members that, although they are more than welcome to stay to listen to the minister's evidence on general transport expenditure in the 2003-04 budget, I anticipate that we will spend at least 45 to 50 minutes on the budget process before we consider the petition. Therefore, they may wish to conduct other business during that period.

If Lewis Macdonald wishes to make introductory remarks on the budget process, I ask him to do so now. I also ask him to introduce the Executive officials who are with him.

The Deputy Minister for Enterprise, Transport and Lifelong Learning (Lewis Macdonald): Thank you, convener. I am accompanied by David Reid, who is from the transport finance division and has a particular interest in budgetary matters. I believe that a number of members have met him in relation to previous budgets. The other officials present are Jonathan Pryce, who is the head of transport division 1, which deals with transport policy in the round, and Keith Main and Karen Watson, who are also from transport division 1. Karen has a particular responsibility for north-east Scotland and will therefore be involved in the second of the two items under which I am to give evidence this morning.

I thank the committee for giving me the opportunity to discuss the budget with members. The budgetary year 2003-04 will be significant for the transport budget for a number of reasons. First, it is the final year of the three-year spending review period that was launched by the spending review 2000, which the committee and the Parliament have discussed in some detail. Secondly, significant increases are planned in a number of programmes across the budget. Thirdly, 2003-04 will be a transitional year in which a number of projects that began in 2000—a number of priorities, policies and programmes were set in

train in 2000—will draw towards completion. We will also begin to bring through the new priorities and objectives for longer-term spending that were set out in the transport delivery report a month or so ago and that will follow on from the spending review 2002, which will get under way shortly.

I would like to take a few moments to look at the objectives of the three-year period that is coming to an end and at what I believe we have achieved. The transport budget increased significantly following the spending review 2000. Transport has been recognised as a priority—Jack McConnell made it plain that transport continues to be one of the Executive's five major priorities. On that basis, we have been able to carry through a long-term programme of improvements across all modes of transport.

In the transport budget, we sought to achieve a balance between road spend and public transport and other non-road spend and have made great progress. By 2003-04, we anticipate that the proportion of road spend will be, in Executive cash expenditure terms, below 40 per cent. If we were to look back at 1996-97, we would see that road spend accounted for more than 80 per cent of the Scottish Office's transport budget. It is clear that there has been a significant shift in the balance of the budget as a result of our deliberate policy.

Nonetheless, investment in roads remains a significant part of the budget. The motorway and trunk road network accounts for most of the transport assets that we own and on which we pay capital charges, as laid out in the budget document—it remains, and will continue to remain, of central significance to the Executive. As the budget document shows, we will continue to implement an ambitious programme that addresses the motorway and trunk road network. We anticipate that a total of 63 major schemes will be substantially under way or completed by the end of the budget period in March 2004. Those schemes are part of a £660 million programme over the three years and include the development of the five major schemes that were identified in the strategic roads review: the A830, the A1, the A78, the A96 and the M77/Glasgow southern orbital. Work is under way on many of those projects and preparations for others are well advanced.

11:30

In partnership with local authorities, we have also committed ourselves to a new crossing of the Forth at Kincardine by 2007 and to completing the M74 northern extension by 2008. Those are long-term projects that go beyond 2004—in some cases, well beyond that date—but it is important to recognise that provision for them is included in the budget for 2003-04.

At the same time, we have increased our investment in other modes of transport. In the current period, and continuing through 2003-04, we have made substantial investment in public transport programmes. We are supporting bus services, particularly in rural areas; improving airport facilities in the Highlands and Islands, where we own Highlands and Islands Airports Ltd; and investing in new ferry services for Scotland's islands. By March 2004, we will have invested around £175 million through the public transport fund in order to tackle a variety of urban and rural issues. A further £15 million from the rural transport fund will be used specifically to provide new and better bus services, to support community bus services and, in some cases, to provide ferries in rural areas. So far, we have also spent £52 million on supporting local bus services through the bus fuel duty rebate.

As part of our aim of tackling congestion, we have made substantial awards in the form of freight facilities grants—£36 million in the three years to March 2004—to transfer freight from road to more sustainable modes, particularly rail. This year, by making awards, we have achieved our aim of moving 18 million lorry miles a year from road to rail. We have set new targets for the coming two years.

Those achievements are significant. Our spending plans for 2003-04 will continue to develop our schemes and priorities. The details of the plans are in the published budget document. No doubt members will want to discuss some of the details further, but it is worth highlighting one or two of the main points. Investment continues in maintaining and improving the strategic road network—around 20 new schemes are due for completion in 2003-04, including the stretch of the A830 between Arisaig and Kinsadel and important maintenance work on the A8 between Newhouse and Baillieston.

As a result of the award of the northern isles contract to NorthLink Ferries, three new vessels will serve Orkney and Shetland. We have made provision for two new ferries for Caledonian MacBrayne on the west coast and major harbour developments will be completed within the time frame. We intend to continue to develop Traveline Scotland and Transport Direct to improve the information that is available to travellers. The budget for 2003-04 will also support existing rail services as we move towards the new long-term franchise. The budget document makes it clear that our objective is to award the new franchise in March 2004. We also plan to proceed with our commitment to providing free local off-peak bus travel within existing schemes. There is around £45 million for that in the budget for 2003-04.

The committee has raised the issue of

underspending in the past. There can be many reasons for the slippage that occurs, but I share members' concern. It is important that we seek to address the issue. I believe that in 2003-04 we will deliver major improvements across all modes, which will help towards meeting our transport objectives. I hope that we will do that in such a way that the financial slippage of the past 12 months will be more than made up for by the end of the spending review period. I am sure that we will discuss that matter further.

As I said, 2003-04 is a transitional year in the sense that we will seek to carry forward some of the objectives that are set out in the transport delivery report. The report was significant in that it identified overall objectives and particular priorities for beyond 2003-04, although we can lay the foundations for tackling those priorities in 2003-04. As part of the process of laying the foundations for carrying forward those objectives in the longer term, Wendy Alexander and I are working closely with ministerial colleagues and officials to shape our spending plans in the context of the spending review 2002.

It will be several months before final decisions are taken and I do not intend to anticipate them today, but members can be assured that the programme that is set out in the transport delivery report and the priorities that we have identified will be uppermost in our minds as we conduct the process and as we argue for the funding that will be required to support the programme. Members can also rest assured that we will be bringing the results of our thoughts on the spending review 2002 to Parliament, so that all members will have the opportunity to discuss the long-term spending plans and priorities that we are setting out now. I hope that, on that basis, we can now turn to the budget for 2003-04—I am happy to attempt to address any questions.

The Convener: Thank you for your introductory remarks, minister. We have structured questions on a number of areas. We will start by considering the transport delivery report and its relationship with general funding issues.

Mr Adam Ingram (South of Scotland) (SNP): Good morning, minister. The transport delivery report has received a broad welcome from most witnesses who have spoken to us about it and from the wider public. There have been criticisms, however. One is that it is too short on detail. Another is that there are inconsistencies between some sectors and geographical areas. A further criticism is that it shows little by way of being joined up with other Executive policies, such as enterprise development. Would you care to respond to those criticisms?

Lewis Macdonald: I will attempt to do so. We aspired to achieve a joined-up approach. We have

recognised the need for transport investment and planning to reflect the importance of transport and transport infrastructure to the economy, to enterprise and to carrying forward the enterprise agenda elsewhere in government. We have clearly identified the fact that the biggest constraint on economic success in transport terms lies in urban and inter-urban congestion. The economic cost of that is such that it has to be given the highest priority as we move forward our transport policy.

That does not deflect us from recognising the priorities of transport in rural areas. If you are referring to rural transport when you imply that there is a lack of balance between different areas, I would contest what you say.

We recognise that the economic drivers of the Scottish economy, although they are not exclusively located in urban Scotland, are particularly concentrated in and around Glasgow, Edinburgh and Aberdeen. Those urban areas face the greatest economic threat from the projected increase in road traffic and traffic congestion. Therefore, we have stated in the transport delivery report that tackling that issue in the longer term—15 to 20 years—is critical not just for people who live and work in those cities, but for the Scottish economy as a whole. We have sought to address that.

At the same time, I hope that we have made it clear that our support for lifeline services will continue and that those services will continue to be delivered. Wendy Alexander and Ross Finnie have reaffirmed that the rural transport fund will continue in the next spending period, because we recognise the benefits that the fund has delivered and the importance of addressing the issues of rural Scotland.

Mr Ingram: You have said that the report focuses on congestion, which you view as the key problem. Others might suggest that the key problem is the historic underspend in investment in Scotland's transport infrastructure. Indeed, it is argued that spending per capita on transport in Scotland is substantially less than it is in England and that we should increase our expenditure on transport. Will you respond to that argument? Given the First Minister's recent pronouncement on additional funds, how can a substantial increase in funding for transport be secured?

Lewis Macdonald: You will certainly not find me arguing against the proposition that transport is a Government priority area and that it should attract appropriate financial support. We need to consider how to make the most of resources, how to make the case for attracting the resources that we require and how to draw in partners who have an interest in developing and supporting the transport infrastructure in the years ahead.

There is potential. I will take a local example. The Edinburgh New Transport Initiative Company—the public-private company that is being established in Edinburgh to help to carry forward Edinburgh's plans for improving public transport and introducing road user charging—brings a good deal of private sector expertise to the table and it is possible to conceive of projects in which it is involved attracting private sector capital. There are ways through which we will seek to maximise the involvement of other partners.

You asked about increased funding. As I said, I do not wish to prejudge the outcome of the 2002 spending review, which has begun, but the Cabinet clearly recognises the wider importance of transport. Even in the definition of our ministerial portfolios, there is a clear recognition of the links between the economy, enterprise and transport. That is important.

It is true that transport was not identified as a key priority at the time of the 2000 spending review. The discussion on the 2002 spending review will define priorities in the next period. It is worth bearing in mind the fact that, following the 2000 spending review, transport expenditure significantly increased. We will continue to make our case. I am sure that the Transport and the Environment Committee will also continue to take a view on what the Government's priorities should be.

Mr Ingram: I thank the minister for that answer. Perhaps we can look forward to spending levels on transport that are nearer to the English levels.

To what extent can the Executive move expenditure between headings in the transport budget? How receptive are you to recommendations of increased or new funding for transport programmes for this year and next year? For example, is the Executive reviewing funding as it did when it realigned money prior to the summer recess last year?

Lewis Macdonald: The budget document for 2003-04 outlines our expectation and prediction of what we will require to meet our transport commitments, as the document for the current financial year does. We have made commitments to particular projects and to finding the resources to meet those projects and we expect to continue with those commitments. As with other budgets, sometimes the transport budget does not produce the outturns that were predicted at the beginning of the year. There may be good reasons for that—for example, efficient and effective management may produce savings in construction contracts—or less good reasons.

The foot-and-mouth disease in Dumfries and Galloway a year ago, for example, was clearly detrimental in respect of making the spend that we wished to make on projects. If such a

circumstance arises, our responsibility is to ensure that funds are invested in the transport system in projects that we have already identified or that we judge should be a priority. For example, in the financial year that finished a month ago, we were able to allocate an additional £20 million to assist local authorities to deal with the backlog of repairs to local roads and bridges. We were able to do that because the funds were available at the end of the financial year and we were keen to find the most effective way of using those funds quickly.

11:45

Des McNulty (Clydebank and Milngavie) (Lab): Minister, you mentioned underspend in your initial comments—I understand from Peter Peacock that underspend should be called “carry-forward”—but you did not quantify it. Can you forecast the underspend on transport programmes in 2001-02? Last year, the transport department was criticised for the level of underspend in transport programmes compared with some other areas of expenditure. If you can quantify the figure, can you break it down into planned and unplanned capital and revenue?

Lewis Macdonald: I can respond to some of that—it follows logically from Adam Ingram's question. Where we have found funds that have not been spent on schedule, we have sought to reallocate them, to adjust our priorities and to allocate the money in a way that reflects our priorities. The potential for carry-forward in the transport budget this year has been affected by a number of things. I mentioned foot-and-mouth disease, which had an impact on rural Scotland, particularly the south of Scotland.

As for a general description of the potential underspend, it would be fair to say that the gearing-up that was required for the major roads projects that are coming on stream in the next two or three years has been a challenge in terms of achieving the expenditure on schedule in the initial year. However, we have reallocated resources. Despite the fact that we were predicting in February that we might be £80 million or so adrift from our expenditure targets, we have carried forward an underspend of £32 million on the roads programme for 2001-02. That money relates to projects that are under way or in the programme and it will be spent in the current financial year. We anticipate that, by March 2004, the capital funding targeted at the roads programme that has not gone out of the door as quickly as it might have done will have been spent on those projects. David Reid might have something to add on breakdown between capital and revenue.

David Reid (Scottish Executive Finance and Central Services Department): At this stage—the end of the year—the numbers remain fluid to an extent. We expect to be firming up on the

underspend position over the next month, with ministers making announcements before the summer recess on changes and implications for plans. I do not have more detailed information to hand on a split between capital and revenue.

Lewis Macdonald: At this stage, we cannot say what the precise split is, although the underspend generally relates to capital. I can indicate the likely figure of £32 million underspend on the roads programme but, until the returns are complete, as David Reid has said, we cannot be absolutely precise. I will write to the committee with the details when they come to hand.

Des McNulty: One of the themes of the transport delivery report is the shift towards tackling congestion. However, it is not clear from the report what kind of measures you are using to identify success in dealing with congestion—whether you are talking about, for example, cars being off the road, traffic flows, journey times or the take-up of public transport. What are your success measures and how do they relate to identified priorities? That is unclear.

On a local point, people in the west of Glasgow would highlight their area as having particularly high levels of congestion compared to most areas of Scotland. However, the fact that no project is being carried out in the area seems to question the extent to which congestion is dominating your thinking.

Lewis Macdonald: We recognise that congestion is a key challenge. I responded recently to a parliamentary question that sought to identify how we had measured congestion over the past years. Some evidence seemed to contradict itself, so it was clear that there were difficulties in defining congestion and finding the appropriate measurements. We are currently working up the criteria—or progress indicators—that will define whether we are successful.

The global target—which, I am sure, the committee will ask us about in a number of years—is to restrain traffic growth to 2001 levels by 2021. If we ensure that, over the 20 years, we do not exceed or return to the 2001 levels, we will feel that we have achieved our overall objective and contained traffic growth within manageable proportions.

It could be argued that all 10 priorities in the transport delivery report are designed, directly or indirectly, to tackle congestion. Their aims are to promote effective alternatives to road traffic, to create a more integrated public transport system and to integrate the road network with other transport modes to create a more efficient transport system overall.

Des McNulty: If congestion is the key criterion, I am not entirely convinced by your arguments in

relation to the projects.

Another issue is the signals that you give people by the measures that you take. Taking cars off the road and improving journey times might be done by different means. Unless we know exactly what tackling congestion means and the targets that you give to different agencies, it will be difficult to measure the effectiveness of what you do.

What is your current thinking on road charging? Is your attitude to urban road tolling and local road user charging different from Sarah Boyack's when we discussed the issue in the run-up to the Transport (Scotland) Bill?

Lewis Macdonald: You will be aware that the City of Edinburgh Council and its partners are developing road user charging proposals, which we expect to consider in detail later this year. Our fundamental approach continues to be that we will support local authorities that develop coherent and effective schemes for road user charging that deliver the benefits that we require. Those benefits are that the funds that are raised by charging are used to tackle the priorities that we agree with local authorities.

In Edinburgh, we expect road user charging to raise funds that will sustain Edinburgh's strategies, which have been agreed with ministers, for tackling congestion on journeys into and in Edinburgh. We also expect real enhancements of the public transport system in and around the city. Indeed, our advice to Edinburgh is that the existence of such enhanced services on the ground in advance of charging will make it more likely that charging will succeed and deliver its intended benefits. Other local authorities in Scotland may choose to follow that lead. If they do, and if they develop strategies that deliver benefits, they can expect our support.

As far as other aspects of road charging are concerned, the provisions of the Transport (Scotland) Act 2001 are confined to road user charging on local roads in the circumstances that I have described, such as those that relate to Edinburgh. That remains the legislative position and is likely to remain so in future.

We have requested that those conducting the central Scotland transport studies and the corridor studies—on the busy corridors of the A8, A80 and the M74—consider the consequences of a tolling option. That request in no way indicates our intention of taking up that policy; it is simply an indication that it is important to consider the consequences. We will examine the recommendations of the studies carefully; we will have to satisfy ourselves that they have considered all the realistic options that relate to those corridors.

Des McNulty: I return to the issue of what we

mean when we talk about tackling congestion. It would help the committee if you could clarify the directions that you will give to the local authorities that are considering road user charging. What measures would attract your support or would you deem to be acceptable? What policies or mechanisms other than road user charging would help you to achieve your traffic targets? You seem to be setting an ambitious traffic target. What other measures are under consideration?

Lewis Macdonald: We are setting ourselves a challenging target. We have done so consciously because we recognise the economic imperative of doing so. We are not saying that there is a single formula for funding projects of the type that we have described or that local authorities may introduce if they consider that the projects offer the outcomes that we desire. The measures that Edinburgh is considering include the development of light rail or tram systems to link the city centre with west and north Edinburgh, which are the city's centres of economic activity.

Another interesting example is the Forth Estuary Transport Authority, which I discussed with the committee two or three months ago. The authority, which was established on 1 April, has been given new powers in addition to its primary responsibility for the maintenance of the Forth road bridge. Those powers allow the authority to consider public transport improvements or other enhancements that will deliver benefits for users of the bridge. I expect the authority to consider the possibility of road improvements in the infrastructure around the bridge, rail alternatives to car travel and other ways of encouraging modal shift or of getting the best out of our existing road system.

We will encourage local government or local transport partnerships to examine alternatives such as effective forms of public transport that permit and allow modal shift, measures that make better use of the road system and measures to take out of the road system some of the causes of congestion, which result in time and money being wasted by all concerned.

Des McNulty: How and by whom will progress towards achieving those challenging targets be monitored?

Lewis Macdonald: As I said, as part of the process of putting together the package that I have described, we are working on progress indicators. We expect to continue to work in partnership with the local authorities that introduce road user charging schemes. We will seek to agree with them how they monitor the effectiveness of those schemes in delivering their objectives. Clearly, there will be an element of continuing co-operation in ensuring that monitoring is consistent across the country, that the criteria

used are compatible and that they provide real measurements of the schemes' success in delivering change.

Des McNulty: I just want to push you half a yard further on that question. What if Edinburgh introduced a road user charging regime and over the first five years there was still an incremental increase in the number of cars on the road? How would you prevent the City of Edinburgh Council or any other council in that situation from imposing more draconian mechanisms to achieve their targets, which might not necessarily sit with your objectives at one level but might fit the narrow congestion targets? I can see the tensions and contradictions in such a situation.

12:00

Lewis Macdonald: Clearly, as with the development of any policy, tensions will arise. However, I do not see any fundamental contradiction, because we will approve any scheme at the outset and maintain a close working relationship with the council during the scheme's development. We are now at a stage prior to the introduction of the first such scheme, which will be launched in Edinburgh—we will watch carefully how it develops. We have had detailed discussions with the City of Edinburgh Council in advance of the submission of their final proposals, because we want to ensure that they are credible and that they will work and deliver the changes that we seek.

If such a scheme—in Edinburgh or anywhere else—does not turn out to be successful, we will want to sit down with the council and discuss the reasons for that. Of course, we will continue to take seriously our strategic responsibility, which we have identified in the transport delivery report. In other words, we have made it clear that, as these issues are of national importance, we as central Government will engage with them. At the same time, we recognise that such schemes will be most effective and will command the greatest support within communities if they are seen to be led by local authorities and partners. We will seek to encourage that. This is the old question: is the cup half full or half empty? We can see these issues as problems or as creative tensions that allow national and local policy to work together constructively.

The Convener: I have a couple of supplementaries on that point. You said that one measurement of the schemes' success will be that, by 2021, traffic volumes are no higher than they were in 2001. To what degree is that target achievable through investment in public transport services alone, without the triggers on behavioural change that form part of pricing mechanisms such as congestion charging? I am aware that only the

City of Edinburgh Council seems to be seriously considering such proposals. However, even if the council were successful in alleviating congestion in the east of Scotland, there would still be increased congestion across Scotland as a whole unless other areas took the same approach. We should also remember that the council's proposals are unlikely to come to fruition for several years yet.

In your response to Des McNulty's question, you said that the Executive's current position is outlined in the Transport (Scotland) Act 2001. Is the Executive closely monitoring developments in schemes such as workplace charging that are being introduced in several English cities, with a view to revisiting the issue in future?

Lewis Macdonald: Because we are discussing the budget and the substantial document in front of us, I have concentrated mostly on infrastructure construction and expenditure, which are the big spends. However, you are right to say that simply building better infrastructure or providing more good-quality public transport alone will not bring about the kind of shift that we need. We also need a shift in attitude or culture so that the wider public recognise that the levels of traffic growth and congestion that have developed over the past couple of years are unsustainable.

It is interesting that, although most people around this table might take it as read that the levels of traffic growth of recent years are unsustainable, that does not necessarily reflect the views of all the general public. There are those in the community who believe that, if we allow the numbers of cars on our roads to continually grow, it is possible that a solution will somehow be found. In our view, that is not a sustainable attitude. We must therefore raise public awareness of the options that are open and encourage people to consider those options.

We have already sponsored some awareness campaigns. For example, "Learn to let go" has been running for the past year or so and has been quite successful. The campaign has certainly produced measurable recognition levels of the message that we have tried to convey, which is that we need to get out of the habit of always jumping into the car if we are to address the transport difficulties that we might otherwise face.

Another aspect is capital spend and what we do with the budget. If we are to encourage people to consider alternatives to the private car, we need to create attractive alternatives that people will be prepared to use. If a significant number of travel-to-work commuters perceive that buses are noisy, dirty and uncomfortable, they will not get out of their cars until their cars become noisier, dirtier and more uncomfortable than the buses. That is never likely to happen. The perception that we need people to have is that travelling by public

transport will get you from A to B just as comfortably and in just as pleasant an environment as if you were sitting in a private vehicle. Alternatively, people must have the perception that, even if the bus is not quite as well designed for their personal needs, the compensation is that it will get you quickly and efficiently to where you need to be.

I agree that there is a cultural issue but we must also continue to support, and seek to achieve, quality public transport. A number of the objectives that we have set for the rail franchise and for the promotion of bus growth are related to that.

We are in constant discussions with the Department of Transport, Local Government and the Regions south of the border on all sorts of matters, including the transport policies that the DTLR is developing for its areas and the transport policies that we are developing for Scotland. Those discussions are, as it were, an exchange of views and information.

We operate within the legislative framework as it stands. That framework is provided by the Transport (Scotland) Act 2001 and by the New Roads and Street Works Act 1991, which provides some legislative framework for the kinds of roads projects that we can take forward. There is no proposal to reconsider the legislative basis for road user charging, which is what Des McNulty asked about, or for workplace parking, which the convener asked about.

The Convener: We will now move on and concentrate on rail.

Robin Harper (Lothians) (Green): Before I ask my three questions, I want to ask the minister for one point of clarification. Is it fair to say that the Executive has moved away from a traffic reduction policy to an overall traffic growth control policy?

Lewis Macdonald: The distinction is a fine one, but I appreciate that there is a distinction. The position remains that we have asked local authorities to provide road traffic reduction targets. Some authorities have provided ambitious targets, some have provided targets that are less ambitious and some have not provided targets at all. The transport delivery report recognises that the approach to road traffic reduction in our congested urban areas matters more than the approach to road traffic reduction in the more sparsely populated areas. On balance, we seek to constrain traffic growth throughout Scotland to the levels that we have described. Clearly, a reduction in traffic levels in the most congested areas will be required to achieve that.

Robin Harper: I have three questions on rail. There has been a debate on the authority of the Scottish Executive and of the Scottish Parliament over the development of a rail system. We will

focus on that issue in our rail inquiry. The Executive does not have direct responsibility for railway infrastructure. Given that different techniques and evaluation methods are employed by the Strategic Rail Authority and by the Executive in relation to roads, how can you ensure that a level playing field is maintained between investment in trunk roads and investment in railways in Scotland?

Lewis Macdonald: The Strategic Rail Authority is the key agency in this regard. Our mechanism for achieving the outcomes that we want for rail infrastructure in Scotland is the work that we do with the SRA. Earlier this year, the authority produced its strategic plan. In that plan, it identified the redevelopment of Waverley station as a key strategic objective that is not merely of interest to Edinburgh, but of strategic significance to the whole east coast and central belt of Scotland. That was an important recognition by the SRA of one of our strategic priorities. The proposals for multimodal studies of rail links to airports are also significant to us. We operate through the SRA to identify what we believe requires to be done.

I take the point that the member makes. In my opening remarks, I indicated that one of the differences between road and rail is that we own a significant chunk of road infrastructure, but do not have the same relationship with the railways. To achieve the outcomes that we want, we need effective joint working with the SRA. Achieving the railway service that we need involves infrastructure projects that are mediated through the SRA. However, the terms of the Scottish rail passenger franchise, which I mentioned at the outset, are also important. On that issue, we take the lead.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): In my constituency, there is a campaign to reopen Laurencekirk railway station. From your answer to Robin Harper's question, I am confused about the responsibility that the Scottish Executive has for Laurencekirk. As you are from the north-east, I am sure that you know about the case to which I refer. Does the Scottish Executive have a locus regarding Laurencekirk, or is that a reserved issue that I should ask my Westminster colleague Sir Robert Smith to take up?

Lewis Macdonald: As with all issues of this sort, the best advice is to knock on as many doors as possible. That applies particularly to issues such as the one that Mike Rumbles raises, which relates to both devolved and reserved responsibilities. Local authorities that would like to have Laurencekirk or any other local station reopened may seek Scottish Executive support for such initiatives by taking part in the public transport fund bidding process. Equally, because

the reopening of a station relates to infrastructure, it would be legitimate for members to talk to the SRA about where it places a project in its list of priorities. Events may prove this not to be the case, but it is probably fair to say that the SRA's overall focus is on big infrastructure projects such as Waverley station. With all due respect to Laurencekirk, it is not yet on the level of Waverley.

Robin Harper: The current financial and operational problems facing rail in Britain seem likely to impact on the future development, or even retention, of the Scottish rail network. By how much have rail operation costs and subsidy requirements risen as a result of the Hatfield disaster, Railtrack's going into administration and other events? By how much have the estimated costs of new investment risen? What are the implications of those changes for rail's overall budget requirement? Can they be accommodated within the existing budget heads, without forcing reallocations either within the transport budget or outside it?

Lewis Macdonald: Those are big questions. Although the infrastructure developments that are required as a result of Hatfield will have knock-on effects throughout the rail industry, those do not impact on our budget. The rail budget that is set out in the annual expenditure review relates to the delivery of service rather than the delivery of infrastructure. Going back to Mike Rumbles's question, it is an issue for our Westminster colleagues, as the infrastructure budget lies with the SRA rather than with us directly.

There are two significant lines in the budget document that relate to rail: one is the direct rail services line; the other is support for Strathclyde Passenger Transport. Both those lines will decline between the current year and 2003-04, as an arrangement was made at the outset of the franchise for that decline in expenditure from the public purse. You will also be aware that we have reprofiled the franchise over the remaining period and invested an additional £70 million in it. That investment is designed to achieve the services that we require, rather than the infrastructure improvements that are necessary following the Hatfield disaster.

Robin Harper: That is a useful clarification, minister.

Much of the discontent that was expressed about the rail system at earlier meetings concerned the lack of transparency in rail funding, financing and appraisal. There is concern that Scotland is not getting value for money in the absence of detailed information about rail costs, including track access costs, the circulation of revenue from track access charges and the valuation of scheme costs and benefits. Can you offer a commitment that more detailed information

will be made available in the future to reassure members about the cost-effectiveness of rail expenditure?

12:15

Lewis Macdonald: I know that the committee plans to hold an inquiry on the subject in future and I expect that you will pursue such questions in detail at that time. In the areas for which we have responsibility, we aim to achieve as much transparency as possible about what we are doing. Besides the franchise spend, we make a significant investment—which I mentioned earlier—in rail freight carriage. We are keen that people should be aware of what that involves, so that we can be held accountable for that money and what it achieves. Effectively, it is a spend that is designed to improve the sustainability of freight carriage by moving it from the roads to rail or sea transport or the inland waterways. The money is invested through the freight facilities grant.

We also make grants to freight operators to meet some of the costs of track access charges. We have a responsibility for only part of the area about which you ask. However, I hope that the budget document and the other documents about that area that we will make available will address your concern satisfactorily.

Robin Harper: To what extent are you able to co-operate and discuss matters with the SRA?

Lewis Macdonald: To a very large extent. Wendy Alexander and Richard Bowker, the head of the SRA, have held several meetings over the past few months, at which they have addressed specific projects such as those that we have touched on. They have also discussed other projects, including those for links from Larkhall to Milngavie and from Stirling to Alloa, the Aberdeen crossrail project and the Gourrock project, which have been in the programme but have not yet come to fruition. Such discussions are held regularly between the chief executive of the SRA and the minister, as well as at an official level. There is a constructive relationship, which we expect to develop and grow. The SRA is becoming increasingly conscious of the issues in Scotland and is determined to engage with them.

Maureen Macmillan (Highlands and Islands) (Lab): When we took evidence from rail experts last week, it was pointed out in no uncertain terms that conditions outside the central belt did not make rail investment viable elsewhere in Scotland. We were told that any development north of Perth or any projected rural rail development south of Edinburgh was not economically viable. That is worrying to me, as someone who lives in the Highlands and Islands and who is concerned about the north Highland and west Highland lines.

I am sure that colleagues are equally concerned about rail links to Aberdeen.

How do you see development for the railway lines in the north? The witnesses have talked about the economics of development. What implications does that have for such projects as the Waverley line? It has been suggested that it would be better to have a good bus service rather than to build a railway.

Lewis Macdonald: You have identified two separate aspects. In relation to the north lines, it is important to say that, when we reconfigured the ScotRail franchise a few weeks ago, our intention was to add into the franchise those additional services that were not in the existing franchise but were being provided by ScotRail. That included a number of services on the line to Inverness, as I recall. That should give comfort that services that were not in the old franchise will be in the new one.

We have said that the minimal starting place for the new rail franchise will be the existing franchise. That now includes those enhancements that were being provided on a commercial basis by ScotRail, but which were not in the existing franchise. In that sense, we have already added to existing services. We have also made it clear that the starting point will be existing services. That means that those who use the north line from Inverness to Caithness, the west Highland line or the Kyle line can also take comfort from the fact that that is the stated position on which we will begin to lay out directions and guidance for the new franchises that will be developed this year by the SRA on the basis of what we indicate.

I was recently in Caithness to open a new freight facility, which had been funded from the freight facility grant. For users of that line, the fact that there is a growing volume of freight traffic is encouraging. Since then, a track access grant has been awarded for freight traffic to and from Caithness. There is good reason for the users of those lines to be optimistic about the future.

As far as the Waverley line is concerned, I am aware of the discussions that have taken place. We indicated in the transport delivery report that we regarded a rail initiative in the Borders as significant and as having potential benefits. However, it is clearly for Scottish Borders Council and its partners to develop that idea and to make the case. They are in the process of doing that now. We will respond to the case that they bring forward, and we expect them to do that according to the schedule that has been laid out.

Des McNulty: How do you see priorities in investment being decided between trying to speed up the Edinburgh-Glasgow line—the most intensively used line—and speeding up the

network? Does it not make more economic sense to improve the quality of services rather than launching new projects to open the rail service out?

With a west of Scotland hat on, Malcolm Reed asserted that Strathclyde Passenger Transport suffered from some specific anomalies, such as inherited pensions obligations, privatisation of the SPT bus service, which costs around £500,000, and a heavy non-domestic rate burden on operations such as the Glasgow underground and bus stations. Given that those are intensely used services, should we not be considering how we can provide financial support for the SPT executive's rail activities in terms of economic efficiency?

Lewis Macdonald: You are talking about the balance between new and existing services and how they are best supported and addressed. The circumstances in Strathclyde are as you describe, although quite a lot of advantages also arise from having established a passenger transport authority some years ago, which other parts of Scotland have as yet not emulated. There is a balance between the pluses and the minuses of the arrangements that exist in Strathclyde, where there is effectively a single authority operating on behalf of a dozen local authorities, making investments, making decisions and providing transport services.

The balance of the argument between new and existing services is not a simple one. If you consider the potential new services that we have identified in the transport delivery report, you will recognise that services to Glasgow airport, Edinburgh airport and the central Borders are the ones that come closest to a definition of a new service. Two of those are specifically urban and one is more rural, but they all relate to our overall objectives of increasing the integration of our transport networks, promoting modal shift and delivering improvements across the board.

Obviously, there is no existing rail service to Glasgow or Edinburgh airports but that is not a reason why we should not consider that option, as such projects might deliver real benefits not only in terms of the people who would use those services in those places but in terms of the integration that would allow people access to the airports from across the railway networks. The choice between investing in new services and investing in existing services is not simple.

Des McNulty: I appreciate that it is not simple but I think that we are getting a bit confused about what the objectives are. The transport delivery plan said that tackling congestion was one of the key issues. That would suggest that priorities would be improving the usage of existing rail infrastructure in Glasgow, for example, and further

examination of the rail alternative between Edinburgh and Glasgow. If those are the key priorities, that is where the money should be going. If there are other objectives, such as economic development, the priorities might be different. I am unclear about how the Executive's identified priorities link to its allocative decision-making processes. If that link is not clear, we cannot measure in performance terms the extent to which that expenditure is meeting the objectives that you have set.

Lewis Macdonald: I am sorry if there is any confusion but I do not think that there is any contradiction. We are saying that we want to tackle congestion not as an abstract objective but because it is an economic and transport benefit. The solution involves improving existing services and nothing that I have said refutes your central point, which was that, if we are to effectively tackle congestion, we need to make existing alternatives to the private car more attractive.

Des McNulty: Strathclyde Passenger Transport Authority says that it cannot spend money on improving existing services—by building new platforms, providing more information or developing integrated bus and train stations—because it has to pay burdensome overheads.

Lewis Macdonald: We are having discussions with Strathclyde Passenger Transport Authority on that issue. Like any other body that receives significant sums of public money, we expect it to make its case. It has done so and I am sure that it will continue to do so.

The point of principle that you were asking about was whether our objectives in relation to congestion, economic development and integration contradicted each other. The critical point is that I do not think that they do.

Des McNulty: I am trying to get you to tell me what the key driver of transport policy in Scotland is. If it is reducing congestion, certain allocative decisions follow from that. If we can have more effective measures for determining what congestion is and the various mechanisms that we can use for getting rid of congestion, that will help us to make the decision-making process more transparent. Whether you are talking about the railways or congestion, I am unclear about the extent to which what you have identified as the key objective is driving the way in which you make decisions about the way in which you use the budget.

The Convener: I ask the minister to respond to that point as briefly as possible because I want us to examine other areas.

Lewis Macdonald: I am conscious of that. Congestion is the key driver nationally but it is not the only driver. In some parts of Scotland, we will

make decisions that do not relate to congestion because there are parts of Scotland that do not face problems with congestion.

The Convener: David Davidson may ask a brief supplementary question.

Mr David Davidson (North-East Scotland) (Con): My question is about the extra charges on different authorities, which Des McNulty raised. Will the minister clarify how the effects of resource accounting will be dealt with in his department? There will have to be a valuation of the capital assets of public agencies and councils. How will council roads and trunk roads be valued? Will there be an allowance in the budget for charges for capital assets? The straight charge for capital assets will become an issue of top slicing.

12:30

Lewis Macdonald: I am not sure that I follow the question.

Mr Davidson: In simple terms, if there is a move to resource accounting, which is starting to happen, there will be a charge on holding assets. At present, there seems to be no allowance for any of the agencies to meet such charges. I am asking whether councils or the Executive will have to meet those charges and how the issue will be dealt with in the budget process.

Lewis Macdonald: The budget documents lay out the levels of capital charges that apply to the Executive's assets. David Reid will give an answer on the agencies.

David Reid: Local authorities are outside what is known as the boundary. In the circumstances that we are talking about, I do not think that road user charging schemes would have an impact on authorities' or the Executive's budget, if that is David Davidson's concern.

Mr Davidson: I was not asking about road user charges, but about the capital charge of 6 per cent that will exist under resource accounting, to which we are moving.

David Reid: In the Executive's budget, the capital charges are fully funded. The Executive has a mechanism for the calculation of capital charges and there is provision for them in the budget up to 2003-04. When we draw up the plans for the new spending review period, which will be to 2005-06, the charge provision will roll forward. There is a particular difficulty with capital charges for the trunk road network because of a certain volatility in the valuation of the network and the consequent effects on capital charges. Those charges are kept outwith the Executive's departmental expenditure limit, which is the cash-limited or fixed part of the budget, and are kept to one side in what is known as annually managed

expenditure. If there are changes—whether unforeseen or not—in capital charges between what goes into the budget up to 2005-06 and what is charged, that will not hit the Executive's budget.

Local authorities are not within the boundary, which means that resource accounting and budgeting does not impact on them at this point. Therefore, there is no flow through to the Executive's budget.

The Convener: I propose that we make progress. We have a number of other issues to work through.

Nora Radcliffe: I want to return to the transport delivery report, which makes little explicit reference to freight. Will the minister elaborate on how the interests of the freight sector will be addressed?

Lewis Macdonald: There are a number of aspects to that. I have already referred to rail freight and the support that we have given it through freight facilities grants and track access grants, which encourage operators to transfer freight from road to rail. As the budget document shows, those grants will feature as a budget heading for the next couple of years. We will keep a weather eye on that modal shift and on how successful the grants are in encouraging it.

The issue is the same as for the use of cars. Roads should carry freight but, where possible, freight should be moved by other means. If that can be done on a commercial basis, it will allow freight operators who continue to operate by road to have less competition for road space. We do not anticipate anything other than that the majority of freight will continue to be carried by road, but we want to find ways of encouraging the transport of freight by rail.

Through the freight facilities grant, we have also supported the development of the Rosyth to Zeebrugge ferry, which may take a considerable number of freight vehicles off the roads and will allow for the transport of freight by sea to and from the continent. That has clear benefits and is part of the same approach.

Nora Radcliffe: We all support a modal shift in the transport of freight from road to rail, but the evidence that we have taken suggests that there is limited scope for that. What measures could be taken to improve the effectiveness and reduce the environmental impact of road freight?

Lewis Macdonald: There are a number of aspects to that issue. I do not disagree with the evidence that the committee has heard, which indicates that the scope for growing rail freight is limited, but there is still significant scope for further growth and we will continue to work to achieve that.

A number of measures can be taken to improve the effectiveness of road freight, although some of them relate to reserved areas. We operate the road haulage modernisation fund, which is designed to provide retrofitting for vehicles, to make them more environmentally friendly, and skills and training for vehicle operators in that connection. We are in discussions with industry bodies to identify the best ways of using that support. As Nora Radcliffe knows, taxation and other measures have been taken at Westminster to encourage greater use of more environmentally friendly vehicles. We support those measures.

Nora Radcliffe: There have been calls for a vertically integrated rail franchise. What is your reaction to that proposal? If the franchise were reformed in that way, how would the interests of the rail freight sector be safeguarded?

Lewis Macdonald: The Scottish Executive does not agree that there should be a separate Scottish network operator, in part because there is a need to protect the interests of freight operators and of cross-border rail providers that are not included in the franchise. The idea that has been floated of having one operator that would operate both the passenger rail franchise and the infrastructure does not appeal to us. We are concerned to ensure that the successor company to Railtrack reflects Scottish interests and is conscious of particular Scottish concerns about infrastructure. Through our effective relationship with the SRA and the Department for Transport, Local Government and the Regions, we are working towards that end.

Nora Radcliffe: This is an unscheduled question, but do you see the east coast main line as ending at Edinburgh or at Aberdeen?

Lewis Macdonald: Personally, I think that it runs at least as far north as Aberdeen, and arguably further.

The Convener: We move to the subject of road maintenance.

John Scott (Ayr) (Con): Repeatedly, witnesses have mentioned the backlog in addressing the maintenance requirements of trunk and local roads. We have heard that there is a significant gap between spend on local authority road maintenance and what is needed to maintain the existing backlog. For Glasgow, the figures are £8 million and £16.5 million respectively. A Society of Chief Officers of Transportation in Scotland survey indicated that there is also a shortfall in revenue expenditure of about £85 million. I am sure that the minister is aware of that. If additional funds for transport could be levered in through the spending review or by other means, what would the minister's attitude be to making road maintenance one of the top priorities for that expenditure? Does the Executive have plans to add to the £20 million

figure that was announced in February and which is only for one year?

Lewis Macdonald: I recently discussed that issue with SCOTS and I am aware of the work that it has done. My officials in the road network management and maintenance division work closely with SCOTS to give technical support to its road condition survey.

You mentioned the £20 million figure. In fact, SCOTS is carrying out a more comprehensive and scientific study of the state of the local road network. We have put personnel resources into supporting that work. It is clear that local councils are responsible for the provision and maintenance of the local road network. The additional £20 million that we provided in the financial year that has just ended helped councils to address their backlogs and also specifically addressed the requirement that arose from the Selby rail disaster to examine road bridges over railways.

The Executive has made significant additional contributions to local government. Members will be aware that revenue and capital allocations to local authorities for 2000 to 2004 have increased significantly: by 16 per cent and 39 per cent respectively. An additional £70 million of grant-aided expenditure has been provided to local authorities for capital spend on the local road network for 2001 to 2004. Local authorities must decide how they spend that money.

We are working with local government. We recognise its priorities and give support to some of them. We will continue to work with local authorities and to encourage them to address the issues, but it is better for local authorities to take many of the decisions about local spend. We do not seek to impose hypothecation or ring fencing. However, transport ministers are keen to encourage councils to give a high priority to their transport infrastructures.

Nora Radcliffe: I have a supplementary question on the road condition survey. Are data being collected on the inappropriate use of roads, which is use of roads that does not match their classification? I am thinking in particular of minor country roads, which are built to a particular specification but are used as unofficial bypasses. I can name two such roads in the north-east. Has the survey taken into account such unplanned, heavy use of roads?

Lewis Macdonald: You should address that question to local government because it leads the road survey. I am unsure of the survey's terms of reference, but I imagine that it will consider what needs to be done and why.

John Scott: Notwithstanding what you have said, will you press for extra funding from the spending review this summer for those

requirements that are conspicuous by their absence?

Lewis Macdonald: I am impressed that it has taken until nearly a quarter to 1 for me to be pressed on a spending review bid. Unfortunately, I cannot reveal what we will bid for. Suffice it to say that we recognise the importance of the local road network as part of the overall Scottish transport network. We will found our bids in the spending review on our overall view of the transport network.

John Scott: My second question was dealt with in the minister's first answer.

Maureen Macmillan: I have questions about air transport. As the minister will know, air transport plays a vital role in the provision of lifeline services. We had interesting evidence from Highlands and Islands Enterprise, which said that if the Executive gave more support to airline services to the Argyll islands, for example, the Executive would not have to spend so much on ferries. There are perhaps better ways of delivering lifeline services than by ferry.

The evidence that we have heard suggests that there may be merit in streamlining the financing of air services within a more integrated approach to planning transport provision in the Highlands and Islands. What is the current position on integrated transport planning in those areas, following last year's study on a possible Highlands and Islands transport authority?

12:45

Lewis Macdonald: As you may know, the study on a possible Highlands and Islands transport authority concluded that there was not yet an appetite in the Highlands and Islands for a full-blown authority on the model of Strathclyde. The report indicated areas in which local authorities and other local partners in the Highlands and Islands might work together on projects, and we have encouraged that. The former Highlands and Islands strategic transport partnership is now the Highlands and Islands transport partnership—HITRANS—and Moray Council has joined it, thereby extending the partnership's area. It is for that partnership to suggest to us any further proposals that it might have on the improvement of integration. Specific cases and issues have been raised with me, as the minister with responsibility for air and ferry services.

In the course of the year, two documents will be produced, in which the committee will take a close interest. The first is the draft service specification for Clyde and west coast ferry services. We expect to produce that document in the next few weeks. The second is the aviation industry consultation document, which is a UK-wide consultation on

aviation strategy. Scottish ministers will lead the consultation on aviation strategy in Scotland, which will include external aspects of aviation—for example, links overseas and to London—and domestic issues relating to airlines operating in the Highlands and Islands.

Maureen Macmillan: Will the document include consultation on the potential for targeting public service obligations and other subsidies at services rather than infrastructure?

Lewis Macdonald: I expect a wide range of proposals to emerge from the consultation process, including some relating to PSOs.

Maureen Macmillan: You said that we are waiting for the specification for the lifeline ferry services to the Western Isles, the Argyll islands and the Clyde to be produced. When might that be published?

Lewis Macdonald: As I said, we expect to receive it in the next few weeks and we will consult on it for a considerable period thereafter.

Maureen Macmillan: What about progress on the restructuring of Caledonian MacBrayne?

Lewis Macdonald: That is running in tandem. When we are in a position to make an announcement on that, we will. The process of identifying the service specification—what the operating company will need to deliver—and the process of establishing the separate vessel-owning and operating companies are running in tandem. We hope to make progress on them this year.

Maureen Macmillan: How long is the consultation process likely to be after the draft specification is published?

Lewis Macdonald: I cannot answer that off the top of my head, but I will let you know. It will be a matter of months—perhaps three months, but I am not sure.

Maureen Macmillan: How long after that will the tendering process begin? I am trying to put together a time scale.

Lewis Macdonald: We will produce the draft service specification and consult on it, then consider the responses to the consultation—I think that we will do that over the summer and into the autumn. We will produce the full service specification after that. It is probably too early to predict precisely when the tendering process will begin.

Des McNulty: I have a general question. Over the past couple of years, we have had difficulty in identifying—fully and transparently—the levels of subsidy for ferries, rail, airways and so on, and how they are directed. How do you plan to make the process more transparent and how do you

intend to control the flows of expenditure? For example, the subsidy to CalMac has increased substantially over the past two years, but we are not sure how much the rail subsidy has changed. What transparency and control measures are being introduced?

Lewis Macdonald: I suspect that the single biggest change involving the west coast ferries will be the franchising process that we discussed. We will separate the vessel-owning company from the operating company. That will mean that the operating company will be engaged in a competitive bidding process with other potential operators that bid to provide the same services. The nature of the process will result in a greater level of transparency.

We have a clear and continuous responsibility to control the flow of expenditure across the board. We will seek to do that in rail and sea transport in the same way as we do it across all modes of transport. I do not envisage that we will face fresh challenges in relation to CalMac, other than the challenges that we have described in the new franchising and tendering process.

Within a couple of years, there will be a new rail franchise. Again, we will seek to specify the services that we require and to maintain a degree of supervision of how they are delivered. We will ensure as much transparency as possible. It is fair to say that some of the confusion and uncertainty about rail over the past couple of years has happened as a result of the process of transferring responsibility. We are now responsible for the whole of the rail franchise. That will make it easier for the Transport and the Environment Committee to come to grips with the detail of how the franchise is to be funded. It will certainly be easier for ministers.

The Convener: That brings us to the end of that aspect of our questioning. I thank the minister for giving evidence on the budget process.

Given that time is marching on, I propose that we go straight to the next item, which is also evidence from the minister.

Petition

Transport Infrastructure (Aberdeen) (PE357)

The Convener: Item 7 is consideration of petition PE357, on investment in transport infrastructure in Aberdeen and the Aberdeenshire areas, which was submitted by Aberdeen City Council. I noted earlier that a number of the members who are present represent constituencies in the area or close to it. They are here because they are interested in the item. In addition to the members whom I welcomed earlier, I welcome Alex Johnstone MSP to the meeting. I note that Brian Adam MSP was also present in anticipation of the item that we are about to consider. I suspect that other commitments mean that he is no longer with us.

Before I invite the minister to make his introductory remarks about PE357, I appeal to members to steer away from speeches and stick to questions when they are given an opportunity to participate. I know that several members who have a direct interest in the area might want to make statements, but I am sure that there will be an opportunity to do so on another occasion. I ask members to be as brief as possible.

I ask the minister for his response to PE357 and his update on Aberdeen transport issues.

Lewis Macdonald: Thank you. I will take the convener's general admonition as an encouragement to be as focused as possible. However, it is important to give a sense of where the Executive stands in relation to PE357 and the modern transport system that is proposed by the north-east Scotland transport partnership. I want to indicate where that fits into our national transport priorities.

We acknowledge that, in a number of ways, NESTRANS has given a lead to Scotland. NESTRANS is a voluntary, regional partnership with its origins in the economic development agenda. It began life as the north-east Scotland economic development partnership. It has demonstrated in a practical way the link between economic development and transport, which we discussed under the previous item. The Executive has endorsed at national level the approach that NESTRANS has taken. The involvement of the business community, first in NESEDP and then in NESTRANS, is relevant. That has informed the strategy that the partnership has developed.

The development by partners in the north-east—local authorities and their partners in the business community—of a modern transport strategy has, in some respects, put the region ahead of the game in a national context. The strategy now stands to

be examined according to national criteria, but I strongly suspect that the work that local partners have done will assist in carrying out the further assessment that we need to do.

It is fair to say that considerable progress has been made in taking the strategy forward over the months since the committee first considered the petition. On 19 March, Wendy Alexander and I visited Aberdeen to meet NESTRANS representatives and to see the Kingswells park-and-ride facility, which is part of the modern transport strategy. The meeting with NESTRANS was extremely productive and has been followed by a number of meetings between officials. There will be further meetings in the coming months.

Immediate action as a result of the meeting in March included our agreement to provide further matched funding to NESTRANS to help it to develop its strategy. The sum approaches £600,000 and matches the collective contributions of Aberdeen City Council and Aberdeenshire Council. In addition, we have provided a further £600,000 to Aberdeen City Council to enable it to take forward its urban realm proposals. The Executive has also developed a free-standing Aberdeen sub-area transport model in order to apply the mechanisms that were in use in central Scotland to the particular circumstances in the north-east. Wendy Alexander invited NESTRANS to proceed with modelling traffic movements in and around Aberdeen, including the impact of the western peripheral route, by using the model that we have provided. It is precisely because of the work that NESTRANS had done that it was possible for us to ask local partners to continue the work, instead of having to begin at the beginning, as has been the case with the corridor studies in the central belt, for example.

We expect NESTRANS to produce appraisal outputs under the Scottish transport appraisal guidance towards the end of the year. That information will inform further discussions on the western peripheral route and other aspects of the modern transport strategy.

During that week, Wendy Alexander launched the transport delivery report, which identifies transport initiatives that have already been taken or have been committed to and sets out our key objectives for the period ahead. For the first time, as we discussed at some length earlier, we identified tackling urban and inter-urban congestion as the key objective and we identified a number of priorities that we would have to undertake to address our priorities. One of those top 10 priorities was fixing Aberdeen's congestion problems. Again, I believe that that recognition owes a great deal to the work that had been done by NESTRANS and to the constructive approach that it had taken, working in partnership with the

Scottish Executive, to achieve shared objectives and present the evidence—with which I am, of course, very familiar—of the link between transport pressures and economic pressures and opportunities in the north-east.

On the issues raised in the petition, we recognise that transport is a major issue for business across Scotland and that transport issues in and around Aberdeen not only affect the city and the north-east region but have an impact on Scotland's economic competitiveness. The petition requests that we acknowledge that that is the case and I assure the committee that we do. That is why tackling Aberdeen's congestion is one of our top priorities.

Before a decision can be made on progressing the western peripheral route, it is essential that we determine the character of traffic in and around the city. That is why the development of the Aberdeen traffic model, to which I referred, is important. It will provide NESTRANS and the Executive with the data that we require.

We are investing in public transport throughout Scotland through the public transport fund, the integrated transport fund and other measures. As part of that, bus priority measures and park-and-ride scheme provision in the north-east have been allocated around £17 million. Investment in those aspects of the modern transport strategy has taken place or is programmed for the near future. The funds are targeted at tackling congestion and promoting modal shift, as we have discussed. Clearly, NESTRANS and its local authority components are entitled to make further proposals for funding through the public transport fund.

13:00

Previously we discussed the freight facilities grant. That included an award to BP, which has an impact on the delivery of air fuel to Dyce. That is a good example of the kind of thing that we are doing directly, as well as through the public transport fund and other measures. Both city and shire councils receive dedicated funding for cycling, walking and safer streets projects, to spend at their discretion.

We support travel awareness and have continued to invest in that. The 2002 travel awareness campaign is under way. All councils have been invited to participate actively in that campaign, through TravelWise and the regional transport partnerships, such as NESTRANS.

We have already spoken about our overall investment in transport, and I do not want to go back over that. The transport delivery report, in addition to identifying Aberdeen's congestion as a key national priority, identifies other priorities that will have an impact on traffic and transport issues

in the north-east. I have mentioned the proposals for redevelopment of Waverley station, which will have an impact on the east coast main line. As *The Press and Journal* said yesterday, the decision to seek a 15-year franchise for ScotRail services is good news for Aberdeen as well as for other major centres in Scotland. That is why we identified it as a priority.

I mentioned briefly Aberdeen crossrail as one of the four projects in the Scottish railway system that have suffered delay as a result of Railtrack's being put into administration. We are working hard with others to advance the project. Aberdeen crossrail will be a significant public transport feature of our modern transport system. I am pleased to report that, with the support of the Strategic Rail Authority, we are now making progress on freeing up that project from the delays that it has suffered. We hope to have level 4 costings for Aberdeen crossrail by the autumn. That will allow us to move to the new stage of the project.

We are making real progress nationally—as we discussed earlier—and, in that context, we are making real progress in the north-east and will continue to do so. The transport delivery report indicates the route map for the priorities that we have set and the direction in which we need to move to meet them.

I am happy to discuss aspects of the report with members.

The Convener: A number of members—Elaine Thomson, Mike Rumbles, Richard Lochhead, Nora Radcliffe, David Davidson and Des McNulty—have indicated that they would like to ask questions. I propose first to take questions from members of the committee. I will then take questions from the members who are attending because they have a local interest in the issues that we are discussing. Nora Radcliffe also has a local interest in those issues, so we will hear her question first.

Nora Radcliffe: I will be fairly brief and brutal. The north-east is up with and, in some ways, ahead of the game as regards the current priorities of the Scottish Executive. The transport delivery report indicates that in the 1960s the priority was to create an infrastructure. However, unlike other parts of the country, which benefited from new bypasses and so on, the north and north-east missed out on that objective. There is a clear feeling in the north-east that we are owed from long ago. Does the Executive recognise that that is the case? We are convinced that the missing link that we seek will stack up against the national criteria and appraisal outputs. At some stage we are going to need in the order of £300 million for the road that we feel that we are owed. Are we going to get it?

The Convener: Have you brought your chequebook, minister?

Lewis Macdonald: That was certainly very direct and absolutely fair. Comparing the priorities that we have set out in the transport delivery report with the situation in the 1960s, Nora Radcliffe is right to highlight the fact that 40 years ago, the Government identified the need for effective links between our major centres, but it was not until the 1990s that Aberdeen, in particular, had the benefit of that.

Nora Radcliffe: The partial benefit.

Lewis Macdonald: In setting out our vision for the next 15 or 20 years, we have begun with the recognition that Aberdeen is part of the agenda. In other words, we have not said that there is an issue of urban and inter-urban congestion and that we will get round to places other than Glasgow and Edinburgh in due course. We have started by saying that Glasgow, Edinburgh and Aberdeen in particular—although not exclusively—are the urban centres that face the greatest potential traffic growth and therefore that is where the problems must be addressed first. Nora Radcliffe should take some reassurance from that.

The key question is whether the proposals that are introduced to achieve that end stack up and will gain support. We have made it clear in working with NESTRANS, as the body responsible for making proposals, that we will consider all proposals on a level playing field. Many of the things that we have done in the past year are designed to ensure that that level playing field is in place.

I mentioned the extension of what used to be the central Scotland traffic model to become the traffic model for Scotland. That will have a specific Aberdeen sub-area model that will allow the measurement of the character and volume of traffic on a level playing field with other urban centres in Scotland. Similarly, the Strategic Rail Authority used to cover only central Scotland but has now been extended to cover the line from Perth-Dundee-Aberdeen. We have sought to ensure that any unevenness in the playing field is levelled out. That is the basis on which judgments shall be made. We would expect NESTRANS to come forward with an appraisal in the course of the year and on that basis we will sit down and discuss how to carry it forward.

The Convener: I repeat my appeal to members to make questions and replies as short as possible.

Des McNulty: NESTRANS has set a model. Getting the business and political communities to agree on a broad approach and take a longer-term view is highly commendable. I am pleased that we have received the additional information that we

asked for when we were in Aberdeen. I have no problem with the vast bulk of the issues that the committee is asked to pick up on or endorse.

There are three questions that we need to ask about the current proposal. First, is the solution the best one? NESTRANS has made its case, but that needs to be subjected to scrutiny. Secondly, would the proposal pay? Last week, Matthew Farrow said that we must consider the net present value of schemes. The schemes that have huge net present values of hundreds of millions of pounds under the criteria used by the roads review are the ones that should come to the top of the queue. On the basis of the evidence that the committee has received, I have no idea—although I am sure that you must, minister—about how the proposal stacks up against other projects in terms of net present value and economic development. Thirdly, will the proposal deliver congestion reduction, which you have said is your key objective? I venture to suggest that the experience in Edinburgh shows that building a motorway ring road does not reduce congestion.

There is a question whether the solution, although it might be good economically, will deliver a reduction in congestion. I believe that the minister should ask his technical experts that question. If he gets the right answer, the solution should be supported, but we must ask questions and ensure that the answers are correct, both in comparative and in absolute terms.

Lewis Macdonald: I agree with the thrust of what you say, which is that we must assess proposals that come before us as objectively as we can. That is precisely why, in response to Nora Radcliffe, I identified the ways in which we have sought to ensure a level playing field.

The application of the Scottish transport appraisal guidance to the proposed western peripheral route at Aberdeen is designed to identify its net present value and the economic case for it. A case has been made for the peripheral route, but it has not yet been subjected to detailed scrutiny. That will happen at the next stage. The proposal will be acted on only after it has been measured and has shown its worth.

You asked whether building a ring road solves congestion. That is a fair question but, to be equally fair, NESTRANS has not suggested that building a ring road will alone solve congestion. That is why NESTRANS has produced a comprehensive strategy that encompasses roads and public transport elements. The Executive has sought to respond to both those elements of the proposals. Evidence from throughout Britain and the world indicates that building another road does not, on its own, solve congestion; it simply encourages further traffic growth. Well-targeted road building is only part of the solution; it should

not stand alone.

The Convener: Robin Harper and John Scott have indicated that they want to ask questions. I will give the members who indicated earlier a chance first and will then tag Robin and John on the end.

Robin Harper: I must leave soon. I want only one point to be clarified.

The Convener: I will allow one quick point.

Robin Harper: Will the modal study identify clearly and effectively an alternative to building a road if there is a better way of solving the specific traffic problems that have been identified, or will we have to make further progress on that?

Lewis Macdonald: The study will examine the range of options that NESTRANS has put on the table, which include some options that are entirely about roads, some that are not about roads at all and everything in-between. NESTRANS's favoured options are those that are in-between, but the study will also consider options that exclude some modes.

Elaine Thomson (Aberdeen North) (Lab): The minister has talked a lot about congestion. The people of Aberdeen welcome the Scottish Executive's commitment that existing and projected congestion in Aberdeen will be tackled and the fact that further funding has been given to the development of the modern transport system in the urban realm. However, the minister will recognise that there is a lot of frustration with the slow progress that has been made in improving the infrastructure in the north-east. Does the minister believe that sufficiently rapid progress is being made in developing the modern transport system? Will the transport needs of the north-east form part of the discussions in this summer's spending review?

I will put all my questions together because I know that we are busy. As has been mentioned, the modern transport system is based on a fully integrated transport strategy, an important part of which is that we should not simply build roads to allow for more cars. What importance does the Executive place on the future development of park-and-ride schemes? We already have a successful park-and-ride scheme at the Bridge of Don, which is an area of acute frustration with congestion on roads and bridges. Another scheme has been developed at Kingswells, but we have run into a hiccup with the development of a third scheme near Stoneywood on the A96. What importance do you place on such schemes?

13:15

Lewis Macdonald: Considerable importance. I mentioned our frustration at the lack of progress

on the Aberdeen crossrail proposals, which has been due to circumstances beyond our control. We are anxious to make progress on those proposals, and there are now signs of progress—that is very important.

You will be familiar with the time scale for the western peripheral route proposal. We anticipate that, if it goes ahead, the major spend will be some way down the track. However, we are subjecting the proposal to the kind of scrutiny that has been described. The speed with which that scrutiny will take place is a matter for NESTRANS. As I said in my opening remarks, we made a deliberate decision that, because NESTRANS had shown its initiative and competence in developing the proposal, we would leave it to NESTRANS to subject the proposal to scrutiny using the tools that we provided. It is, therefore, for NESTRANS to do that on whatever time scale it is able to achieve. We expect NESTRANS to undertake the scrutiny as quickly as it can—I am sure that it takes the same view—while protecting the integrity of the process. There is no point in hurrying the matter only to find that the project does not stand up to scrutiny. That would not be acceptable to ministers or the Parliament.

On John Scott's question, on local authority roads, I am not in a position to prejudge the content of the spending review. Suffice it to say that, now that we have set our priorities, each of those priorities will be reflected in our approach to the spending review process.

Your final question, on park-and-ride schemes, is an important one. The debate on transport in Aberdeen and the north-east has been plagued by a false dichotomy between provision of the western peripheral route, on the one hand, and provision of good quality, effective public transport alternatives, on the other. There is no such choice to be made. NESTRANS's strategy is to consider those two things together. I return to the point that was made about the Edinburgh bypass. Anyone who believes that simply building a road will solve the problem of congestion has paid little attention to the evidence in other cities.

When Wendy Alexander visited the park-and-ride facilities at Kingswells, she was immediately struck by the quality of provision—not just the fact that there were regular fast buses to take people into the city, but the fact that they were high-quality buses leaving from a high-quality waiting area. If we and NESTRANS are serious about encouraging commuters and business travellers to use public transport, we must ensure that the public transport that is provided is of a sufficiently high quality and is reliable enough to be an effective alternative to the car. That is an important part of the overall strategy for the north-east, and we support that. We do not view park-and-ride

schemes in any way as an alternative to better use of the road network, but as one of the ways in which we can ensure better use of the road network.

Mr Rumbles: There is some good mood music—if I can put it that way—coming from you today, minister, which is good to hear. However, I have two brief points to raise. You mentioned the fact that rail is essential to the whole NESTRANS project. We are not talking just about the western bypass.

First, let us focus on the rail link from Inverurie, in the north, to Stonehaven, in the south. It would be a missed opportunity if we did not reopen Laurencekirk railway station, in the south. It is within a 30-mile radius of Aberdeen and would add to the plans.

Secondly, I have received a letter from Peter Cockhead, the co-ordinator of NESTRANS. He says:

“there is still no agreement by the Scottish Executive to the projects or their funding.”

In answer to my question in Parliament last month, you said that you expected to make a decision within 12 months. Today is 1 May 2002. Will we have a decision by 1 May 2003?

Lewis Macdonald: I recognise the fact that May day is a significant date every year, no less so next year than any other year, for reasons of which we are all aware.

We have provided some funding for the Aberdeen crossrail project. The Executive invested £500,000 in the initial developmental work at Aberdeen, Stonehaven and Inverurie stations, and at the initial stage of the proposals for the project as a whole. Earlier, I indicated that we expect this autumn to receive level 4 costings from the study. Those costings will form the basis for further discussions on the scope of the project, how it should be developed and how it should be funded. As I said in answer to Elaine Thomson's question, the spending review will be under way shortly. I expect that to address a range of issues that are relevant to the discussions to which I have referred. However, I do not want to anticipate what may be contained in the spending review.

If the member envisages the reopening of Laurencekirk station as part of the Aberdeen crossrail project, he should probably knock first on the door of NESTRANS. The Aberdeen crossrail project is geared specifically towards creating a commuter service, with trains running back and forth between Stonehaven and Inverurie, carrying commuters in and out of Aberdeen. The member may find that there are different views on how far that line should be extended. For every argument for Laurencekirk, there is an argument for Inch.

We all know how important it is to get decisions of this sort right. At this stage, Laurencekirk is an issue more for NESTRANS than for the Executive.

Once level 4 costings are achieved and if they stack up—I return to the point that Des McNulty made about the importance of scrutiny and of the economic case for a project being certain—the Aberdeen crossrail project can be developed.

Richard Lochhead (North-East Scotland) (SNP): Thank you, convener, for putting up with the cross-party north-east region once again.

I will cut to the chase. A few days ago, the minister published a written answer to a question from me, in which he stated that the average spend per capita on transport improvements in the north-east of Scotland between 1999 and March 2004 will be £75 per head, compared with a national average of £130 per head. That puts the north-east not just bottom, but clearly bottom of the league. There is clear blue water between the region that is last in the league—the north-east—and the region that is second last.

What sort of message does the minister think those figures send out to the north-east of Scotland in the context of this debate? Does the minister agree that they strengthen the case for more transport improvements in the north-east?

My second question, which follows on from what Mike Rumbles said, concerns the time scale for a decision. Will the minister indicate when he will tell Parliament whether the main component of the plan—the western peripheral route—will proceed? I will allow him a three-month margin of error. Many people in the north-east are concerned that, if the minister's answer is negative, it will be held back until after May 2003. They also fear that, if the answer is positive, the good news will be held back until a month or two before the election.

Lewis Macdonald: I cannot imagine from where Richard Lochhead obtains such a cynical view of these matters.

The point that the member made about per capita transport spending in the north-east is a fair one. However, it is also fair to point out that the answer to which Richard Lochhead referred indicated that per capita transport spending in Scotland varies widely. At the other end of the range, the northern isles attracted three times the national average figure for transport spending and the Highlands and Islands twice the national average.

We should not read into the figures more than they contain. When determining our transport and budgetary priorities, we examine the evidence and provide funding for the projects and services that we identify as priorities. That means that each project is dealt with on its merits and that, as much

as possible, we assess projects according to common criteria. The judgment that we reach on the proposal for a western peripheral route for Aberdeen will be based on the rigorous scrutiny process that we have described, involving a Scottish transport appraisal and the application of guidance on the same basis as it is applied elsewhere. The process will involve the use by NESTRANS of the Aberdeen sub-area traffic model that we have developed with it to enable it to reach conclusions.

One of the underlying features of spend on transport in the north-east over the period described is the fact that NESTRANS has developed a strategy that looks towards long-term expenditure. In that respect, NESTRANS is leading other parts of the country. While it is perfectly possible to highlight shortfalls in short-term expenditure, the real issue is how we address transport priorities and demands across the country and across a longer period of time.

It has been said that one snapshot might show the northern isles with an expenditure that is several times greater than that of the north-east. However, a different snapshot of a different project might show a completely opposite picture. Our job is to balance the competing demands. We have to measure them in an objective way that will stand up to scrutiny. We have to ensure that where we invest is where we will get the best return in terms of improvement to the transport system and in the economic benefits that those improvements will bring.

Mr Davidson: I assure the minister that, following our discussions about Laurencekirk, I went to NESTRANS with the proposal.

In your earlier evidence on the budget process, you spoke about the economic threat to Edinburgh, Glasgow and Aberdeen. While we may talk about people using public transport as an alternative mode of transport to access employment, the fact is that the north-east economy runs on wheels. We are talking about road use by heavy lorries and so on. Traffic constriction in Aberdeen is affecting economic development north of Aberdeen and towards the Moray coast. If the western peripheral route project meets the Scottish transport appraisal guidelines and the NPVs work out okay, will the Executive fund the route from the public purse, as it has done in the case of other peripheral routes, or will road and congestion charges be inflicted on the north-east?

Lewis Macdonald: We will not inflict anything on the north-east. The Executive and NESTRANS will consider the evidence. I imagine that we will then hold fairly full discussions around the conclusions that are reached in the evidence. Last year, a commitment was given that the basis for

decision making would reflect the same decision-making process that took place with the M74 in Glasgow. The M74 was developed by a partnership of the Scottish Executive and the local authorities in the area. I suspect that a similar approach will be adopted when we progress the Aberdeen proposals, should they stand up to scrutiny and should the NPVs add up.

At this stage, the Executive is not making any presumptions about the outcomes. It is clear, however, that we have encouraged the work to be developed. We can see that the proposals have a substantial momentum and weight of evidence behind them. However, we will not presume or prejudge the outcome, the discussions that will follow or the views of the various partners.

In the case of the M74, the partners judged that funding should reflect the split between the potential strategic and local traffic flows. We do not know, and I do not wish to prejudge, the split in the case of Aberdeen. The first stage is a necessary preliminary stage. Once we have the information and evidence in front of us, the partners would have to hold further discussion about how each of the aspects of the overall picture should be addressed.

Clearly, it is inevitable that there will be further discussion among local partners as to how local aspects should be addressed. That is a matter for local partners. The Executive will not have a lead in those discussions.

John Scott: This is a minor point related to Des McNulty's points about the idea of reducing congestion effectively in Aberdeen. The University of Aberdeen has proposed that a system of tunnels might do that. Have you any comment on that?

Lewis Macdonald: I shall refine your point a little. The proposal came from a professor of geology, who may well be interested in what lies underneath Aberdeen, and a professor of engineering, who may see opportunities in an innovative approach. I jest, although I do not scoff at the general principle.

In addressing the congestion problems of Aberdeen or any other city, it is entirely right that people should make a range of proposals. In the modern transport strategy, NESTRANS has produced a range of options. The appraisal to which NESTRANS is currently subjecting those options will give us a clear steer as to which the best options are and which are most likely to be productive. My guess is that a tunnel from the Dee to the Don is unlikely to feature at the end of that process. However, far be it from me to preclude anything that NESTRANS may consider worth its attention.

13:30

The Convener: We will take a final question from Alex Johnstone.

Alex Johnstone (North-East Scotland) (Con): I, too, am interested in the written answer that you gave to Richard Lochhead's recent question. I am sure that the minister will join me in expressing gratitude to Richard for not suggesting that, in an independent Scotland, every region would receive above average expenditure.

Last night, the Finance Bill was voted on at Westminster. Once again, a disproportionate level of taxation will fall on the north-east of Scotland—specifically on Aberdeen and the industries that are located there. Given the fact that the Grampian region appears to have significantly the lowest per capita spend on transport in Scotland, there is some injustice in that. Is the minister concerned that, by failing to address that issue—and we all know that it is a question not just of congestion, but of economic activity—ultimately, we may strangle the goose that is laying the golden eggs?

Lewis Macdonald: Far from failing to address the issue, the process in which the Executive has been engaged with transport partners in north-east Scotland recognises the need to produce a coherent, effective strategy that will address the transport needs of Aberdeen. The snapshot to which you refer is a specific period of time and does not include, for example, probably the single largest capital project in the north-east—the Fochabers-Mosstodloch bypass, which lies just beyond March 2004. One or two major projects can change completely the way the picture appears.

The Executive is committed to investing in the transport infrastructure to improve our economic competitiveness. I refute entirely your suggestion that we are failing to do that. On the contrary, we are seeking to implement the strategic approach that we have discussed and make those investments in a way that produces the best return to the regional economies and to the Scottish and UK economies. Aberdeen's economic performance clearly has an impact on the wider economy as well as on the regional economy.

The Convener: That brings us to the end of members' questions. Thank you for your attendance and the evidence that you have given, minister. I also thank Karen Watson, Jonathan Pryce and Keith Main for their attendance and, in his absence, David Reid.

Let us turn to the way in which we should deal with the petition. As we have reached the end of a very long meeting, I propose that we do not enter into a debate on the issue now, but that we schedule a discussion on our response to the

petition for our next two meetings. The clerks can draft a series of options for us and members can reflect on the evidence that we have heard today.

Mr Rumbles: As there is cross-party interest in the issue in the north-east, I would appreciate a copy of the clerks' list of options and notification of when discussion of the petition might appear on the agenda, so that I can attend the committee. I am sure that other members would appreciate that, too.

The Convener: I am sure that that will be possible, if not essential, given the obvious interest in the matter that has been expressed by all the political representatives of the north-east.

Des McNulty: At the end of the document that NESTRANS gave us, there are six bullet points indicating the way in which NESTRANS would like the matter to be dealt with. We should perhaps consider how we might address those six bullet points.

The Convener: Okay. Are we agreed on that course of action?

Members *indicated agreement.*

The Convener: Thank you all for your attendance. I am thankful that the committee is not so big every week.

Meeting closed at 13:34.

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