

TRANSPORT AND THE ENVIRONMENT COMMITTEE

Wednesday 12 June 2002
(Morning)

Session 1

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TRANSPORT AND THE ENVIRONMENT COMMITTEE

20th 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)

COMMITTEE SUBSTITUTES

Bruce Crawford (Mid Scotland and Fife) (SNP)

David Mundell (South of Scotland) (Con)

Iain Smith (North-East Fife) (LD)

*attended

WITNESSES

Alan Clark (Scottish Executive Development Department)

Iain Gray (Minister for Enterprise, Transport and Lifelong Learning)

Kenneth Hogg (Scottish Executive Development Department)

James How (Scottish Executive Development Department)

Kevin Lindsay (ASLEF)

Phil McGarry (RMT)

Jonathan Moore (Scottish Executive Development Department)

Tracey White (Scottish Trades Union Congress)

CLERK TO THE COMMITTEE

Callum Thomson

ACTING SENIOR ASSISTANT CLERK

Alastair Macfie

ACTING ASSISTANT CLERK

Rosalind Wheeler

LOCATION

The Chamber and Committee Room 4

Scottish Parliament

Transport and the Environment Committee

Wednesday 12 June 2002

(Morning)

[THE CONVENER opened the meeting in private at 09:37]

09:49

Meeting continued in public.

Items in Private

The Convener (Bristow Muldoon): We have received apologies from Maureen Macmillan, who is in Norway as part of her work on the aquaculture inquiry.

We must decide whether to take agenda items 5 and 6 in private. Agenda item 5 concerns evidence that has been taken as part of the inquiry into the rail industry. Under that item, we will consider our recommendations to the Executive about the directions and guidance that it is to issue to the Strategic Rail Authority. As the Executive intends to issue those directions and guidance imminently, the committee will need to decide within the next week what we want to say. Is it agreed that we consider that item in private?

Members indicated agreement.

The Convener: Is it also agreed that we take item 6, which is consideration of the committee's annual report, in private?

Members indicated agreement.

The Convener: At next week's meeting, we are to consider a revised draft report in phase 2 of our inquiry into aquaculture. We will also consider further lines of questioning for witnesses who are to be called to the next part of our rail inquiry. Is it agreed that we consider those items in private?

Members indicated agreement.

Petitions

Opencast Mining (PE346 and PE369)

The Convener: Item 3 is consideration of public petitions. We are to consider petition PE346, which was lodged by Scotland Opposing Opencast, and petition PE369, which was lodged by the Confederation of UK Coal Producers.

On 12 December last year, the committee considered the petitions and agreed to appoint Adam Ingram and Nora Radcliffe as reporters to investigate on its behalf the issues that the petitions raise. The context for the investigation was to be national planning policy guideline 16 and the cost of monitoring and enforcing mineral permissions.

Members have a copy of the paper, which reviews the written and oral evidence that the reporters gathered and makes recommendations for action in a number of areas. I invite the reporters to make additional comments, if they so wish, after which I will seek the committee's views on the paper.

Nora Radcliffe (Gordon) (LD): I do not want to add anything to the paper, which we will discuss in a moment. However, I want to put on the record our thanks to the people who put a great deal of time and effort into giving us evidence. I also thank Alastair Macfie for making the arrangements and for his support.

The Convener: I ask Adam Ingram whether he wishes to highlight any parts of the report.

Mr Adam Ingram (South of Scotland) (SNP): Yes. It is obvious that opencast mining raises a lot of passions in the communities that are affected by it. In essence, we were asked to examine the balance between conflicting objectives. On the one hand, there is a strategic need to produce coal to meet Scotland's energy needs. On the other hand, opencast mining is a form of coal mining that can be especially destructive to the environment. It can have an adverse impact on the amenity of local communities in terms of health and safety, infrastructure and degradation.

It is clear that communities need to be protected from the adverse impacts of opencast mining. The main focus of our investigation was to gather and weigh up evidence to determine whether the balance in the current planning framework is the right one. The framework is set by NPPG 16, which was published and introduced in 1999, when it represented something of a tightening up of the planning regime. Our main conclusion is that we favour a comprehensive review of NPPG 16 as soon as is possible. The policies that are set out in NPPG 16 are still being put into several local plans but, as soon as that process is

completed, we should consider a comprehensive review.

On balance, we believe that there is substance to the concerns that are expressed in PE346 about the need to protect local communities from adverse health impacts and to address the under-resourcing of the monitoring and enforcement aspects of opencast permissions.

We recommend that the Executive commission medical research into the effects of airborne particulates. New research is emerging from America, for example, suggesting that there is a direct correlation between PM10 particles in the atmosphere and respiratory and cardiovascular disease and mortality. However, no research has been done on the issue in a Scottish context. Given the heavy concentration of the opencast industry in Scotland, that serious omission must be rectified as soon as possible.

We also believe that the Executive should consult on the fees regime to meet the cost of monitoring and enforcing opencast permissions. That will require new legislative powers to be given to the planning authorities, which means that the Parliament will have to pass primary legislation. The opportunity for that may arise in the new planning bill that the Executive has recently announced. *[Interruption.]*

The Convener: As there has been a power failure, we had better suspend the meeting.

Mr Ingram: I had finished anyway.

09:57

Meeting suspended.

10:45

On resuming—

The Convener: I can now call the meeting back to order after the loss of power—although I am sure that the Parliament has paid its electricity bills. We had to suspend because, for formal meetings, committees require the official report and the official broadcast. We therefore could not continue when we lost power in the chamber. We have relocated to committee room 4, which is a bit inconvenient as it is relatively small. However, coming here will allow us to get on with our business.

We were considering the two petitions on opencast mining and the reporters' paper. Adam Ingram was close to the end of his introductory remarks when we had to suspend. Adam, do you want to add anything?

Mr Ingram: No—I had just concluded my remarks when the power was cut. My speech was obviously devastating.

The Convener: Do other members wish to comment on the paper?

Robin Harper (Lothians) (Green): Given the renewed pressures for the development of opencast mining and the closure of Longannet, it is urgent that paragraph 23 in the paper be stiffened up. I should have prefaced my remarks by saying that the paper is an excellent report; I congratulate our reporters. However, as paragraph 23 reads at the moment, its intention is not as clear as it might be. It says that it would be "premature" for the review of the operation of NPPG 16 to begin at present. However, elsewhere in the paper the reporters recommend that such a review should take place. The question is therefore when that review should start. "As soon as possible" is not a strong enough phrase; we should recommend that it take place within a year.

If some councils are not far enough on in their strategies to implement NPPG 16, the review of what they are doing could simply be done in parallel with the implementations. With other councils, it would be entirely appropriate to start the review soon after they have begun to implement NPPG 16. There is urgency because of the intense pressures to develop opencast mining in Scotland.

John Scott (Ayr) (Con): I welcome the comprehensive report and I congratulate the reporters. I am especially concerned about the health matters that Adam Ingram raised, which are of grave concern. I fully endorse the need for the Executive to consider doing some research on that issue.

I am not sure that I wholly agree with Robin Harper that further measures need to be implemented straight away. I take the view of the Royal Institution of Chartered Surveyors that the NPPG is bedding in and should be given some time to do so. Not all councils agree that more needs to be done. Fife Council seems to be managing quite happily.

If more fees are introduced for monitoring and enforcement, that will be an additional cost to the industry. I subscribe to the view that a more detailed study should be carried out. I am in no way belittling the value of the report, but perhaps the Scottish Executive should carry out a study to establish whether more needs to be done. I would be interested to hear what Adam Ingram and Nora Radcliffe have to say on the matter. I suggest that paragraph 52 should state, "The Reporters recommend that, after conducting a study into the need for and the impact of the introduction of formal monitoring fees, the Executive might wish to proceed with a consultation on a new fees regime." A study should be done before the consultation process goes ahead. I am interested to hear Adam Ingram and Nora Radcliffe's further

justification for the position that they have taken.

Mr Ingram: For John Scott's information, the Department for Transport, Local Government and the Regions has undertaken a detailed process in England. England has gone well down the route of establishing the need for a review of the fees regime. That evidence has been produced, so there is no need to replicate it, as the Executive acknowledges in its correspondence with us.

A problem clearly exists. All the local authorities bar one have indicated that they are under-resourced in terms of their ability to monitor opencast operations effectively. That is a significant problem. Some of the councils have a large number of opencast sites in their area, yet only one person is available to go out to them—that tends to be a fire-fighting exercise. The Executive and the department in England recognise that that is a major problem, on which we must make progress. The question is how we reform the fees regime. That is still open to debate. There is no question but that we must provide the resources to local authorities to do the necessary work, which is currently not being done.

Des McNulty (Clydebank and Milngavie) (Lab): It is almost certain that there will be a planning bill in the next parliamentary term. The most important point for the committee to signal is that we want to be involved in the pre-legislative process for the planning bill, which would take these issues on board. The work that Adam Ingram and Nora Radcliffe have done takes us a considerable way forward and can be a holding position until we get into the pre-legislative process for the planning bill. Opencast mining can be properly considered in that context. We should signal to the Executive that we want to be involved in a structured pre-legislative process for the planning bill. That might not happen between now and next May, but it will be an early task for the Transport and the Environment Committee thereafter.

The Convener: I will add a few comments. Members will be aware that some of the petitioners come from the area that I represent. The work that the reporters have done is worth while. The recommendation on introducing a new regime is sensible. I note that in the report the Scottish Executive indicates that it intends to consult on monitoring and enforcement fees. We should encourage the Executive to proceed with that consultation as timeously as possible.

The report also highlights the lack of detailed research on the health impacts. The Executive has a responsibility to fill that gap. We must also be conscious of the fact that, because many communities that are close to opencast developments were once mining communities, they have suffered from a fair degree of ill health

in the past. I do not leap to any conclusions about the health impacts, but we should ensure that appropriate research is undertaken on what those impacts are. That will also have an effect on how we regulate the industry. I support the reporters' recommendation for more research.

With that, I bring my comments on the report to an end and ask members about the way forward. The only alteration to the report has been suggested by Robin Harper, who recommends that we should put a time limit on when NPPG 16 should be reviewed. Do members want to go down that road, or should we leave the report as it stands?

Mr Ingram: I support Robin Harper's recommendation, which concerns a drafting issue. According to the Executive, NPPG 16 is under review all the time. A revision was introduced based on work on airborne dust and particulates that was carried out by the University of Newcastle upon Tyne. However, for a number of reasons, that research is not the definitive exercise. We need to establish good evidence that is based on Scottish conditions and that can lead to a proper revision of NPPG 16.

I prefer to amend paragraph 23 of the report in the way that Robin Harper suggested. In essence, we need a comprehensive review of NPPG 16 as soon as is practicable. The problem is that the local plans for some areas have not yet been finalised. Once that process is complete, we should move immediately to a comprehensive review. We also need to press the Executive urgently to commission the required medical research, which is lacking in Scotland.

The Convener: The report states that clearly.

Nora Radcliffe: I endorse what Adam Ingram has said. There are many issues concerning the consistency of interpretation of the NPPGs and how they are implemented in local structure plans. Many of those issues will be bound up in the long-term review of the whole planning structure that will precede the new planning bill. It makes sense for our recommendations to be made in such a way that they can correlate with, and dovetail into, the other long-term work that is being done.

On the health impacts, it became apparent that there were deficiencies in the research. That issue can and must be addressed straight away. We need evidence on which to base conditions for future permissions.

11:00

The Convener: Does the committee agree that we should amend paragraph 23 to reflect the comments that were made by Robin Harper, Adam Ingram and Nora Radcliffe?

Members indicated agreement.

The Convener: With that change agreed, are members happy to endorse the report and forward it to the Minister for Social Justice, Margaret Curran?

Members indicated agreement.

Rail Inquiry

The Convener: Agenda item 4 is the rail inquiry. I welcome the Minister for Enterprise, Transport and Lifelong Learning, Iain Gray, who is here to give evidence. Kenneth Hogg, Jonathan Moore, James How, Karen Watson and Alan Clark are here to support the minister.

I understand that the minister wants to make an opening statement. The committee will then ask questions.

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): I do not have a great deal to say at the outset, except that I am pleased to be here to give the committee advance sight of the directions and guidance for the next Scottish passenger rail franchise. We intend to give the directions and guidance to the Strategic Rail Authority in July. I am pleased to involve the committee and the Parliament in an important decision-making process.

The directions and guidance, which have been provided to committee members, are in draft form so that we can revise them before we hand them to the SRA in July. The committee has been given an indication of the time scale. We would welcome the committee's comments on the directions and guidance.

The Convener: I thank the minister. As you are aware, minister, the committee intends to comment on the directions and guidance and to make recommendations to you. In doing so, we will comply with the time scales that have been intimated to us.

John Scott: In evidence on the draft directions and guidance for the replacement ScotRail franchise, we heard concerns that the target for refranchising by April 2004 might not be met. How confident are you about the timetable for the franchising process?

Iain Gray: We are reasonably confident that we can achieve the targets in the timetable, which will allow us to roll out the franchise from April 2004. Perhaps more significant is that the SRA also believes that the timetable is achievable. It is responsible for running the franchise process all over the UK and has experience of the process, so we can set considerable store by its views.

The timetable that we intend to pursue is under way. As I said, the directions and guidance will be with the SRA in early July. We expect to seek expressions of interest over the summer, with a view to inviting bids in the autumn. Shortlisted bidders will be invited to submit best and final offers in spring 2003 and we are looking to announce the preferred bidder in autumn 2003. That would allow us to award the franchise for spring 2004.

John Scott: The issue of investment in rolling stock in the period before the franchise is agreed has also been raised.

Iain Gray: Our aim of refranchising at the end of the existing franchise in April 2004, and to do so on the basis of a longer franchise period—the committee will know that we hope that it will be 15 years—is in order to achieve maximum stability and improvement in the rail service in Scotland. We are always interested in possibilities for improving the existing service. If there was a possibility that new rolling stock could come into the services, we would consider that.

I am conscious that there has been discussion in the press about the possibility of new rolling stock being leased by the existing franchise holder and of that rolling forward into the new franchise. That possibility was raised relatively informally with me during a meeting with ScotRail and the National Express Group plc. The next step would be a formal proposal from them. We would consider carefully such a proposal because we are interested in improving the service.

The Convener: I have a supplementary question on that. You will be aware that the acting managing director of ScotRail referred to those proposals in his evidence to the committee last week. It seems to me that a danger in the rail franchising process is that there is a hiatus in investment towards the end of the franchise. Is the Executive pursuing the proposals with the NEG to assess whether the Executive could become involved in the proposed project?

Iain Gray: My officials discussed the suggestion further with the NEG earlier this week. The agreement is that we need a detailed and more formal proposal before we consider whether we can make progress. I am hopeful that such a proposal will be forthcoming.

The Convener: My other supplementary question relates to John Scott's first question, which was on the franchise process. Several industry figures have expressed scepticism about the SRA achieving the time scales. Is the Executive pursuing that with the SRA to seek reassurance that the SRA can deliver on the time scale?

Iain Gray: The process of developing the franchise involves constant joint work between the Executive and the SRA. We are responsible for the directions, guidance and service specification for the franchise. We will also be responsible for paying for the franchise. However, the SRA will be responsible for running the franchise process. Therefore, I expect there to be constant contact and dialogue. As I said already in answer to Mr Scott, the SRA assures us that the timetable can be achieved. In our contact with the SRA

throughout the process, we will ensure that we reach all the critical points in order to meet the timetable.

John Scott: I want to ask about funding. Does the Executive need to indicate minimum amounts of SRA and Executive funding for infrastructure enhancement over the next five years and, indeed, the five years beyond that?

Iain Gray: The question is about infrastructure.

John Scott: Yes.

Iain Gray: We indicated in the transport delivery report our key priorities for infrastructure projects. We undertook in the report to roll that forward into a plan. We aim to do that by the end of the year. Within that plan, we have to indicate how we will fund the projects and what time scale we want. The time scale and the nature of the funding package depend on several factors. Examples of such factors are—in the case of several of the project priorities—work that has been undertaken to identify what is required and, in a couple of cases, feasibility studies that were done even earlier in the process. The resources that we will make available will also depend on the outcome of the spending review process. We will develop the project priorities and build the way in which they will be financed and their timetables on a case-by-case basis. However, I expect to be able to give significantly more detail on that by the end of the year.

John Scott: Can you give us a commitment to funding beyond the current five-year proposal?

Iain Gray: If the question is whether I expect to see investment in infrastructure in the 10, 15 or 20-year period beyond our discussions, the answer is yes. The franchise that we decide on, which is a very important aspect of the process, will take account of that possibility and that desire. The franchise is about the services that are delivered on the infrastructure; infrastructural procurement will be entirely separate from that. However, the approach that we are taking is to create an enhanceable franchise in the expectation that we will see improvements and new infrastructure over the period of the franchise. The arrangements must ensure that the franchise holder can be asked to run services on the new infrastructure.

Des McNulty: I am concerned that nothing in the draft directions and guidance refers to innovation and that we will end up with a conservative reaction from those who are bidding. Do not we need some greater clarity about funding regimes, to ensure that the bids are neither conservative nor difficult to compare with one another, as was the case with the east coast main line? I appreciate the difficulties that are involved in phasing together the spending review and the

franchise process. However, there must be greater clarity so that we can get both innovation and comparability in the system. Could anything be done to ensure that?

Iain Gray: I do not accept that the approach that we have taken, through the directions and guidance, does not allow for innovation. It starts with the current service as its baseline, then sets out about 17 priorities for improvement of the service by the franchise. Those include improved reliability, shorter journey times, better integration and greater reliability of transport services. Those are the top four priorities.

I have two points to make. First, over the summer more detail will have to be developed for the service specification. I expect that to include, for example, services for which infrastructure is required but for which we have a date and an expectation of the way in which we will deliver that infrastructure. An example would be the Larkhall to Milngavie line. It is possible that that detail will be contained in the service specification.

Secondly, the process is competitive and there is some merit in allowing bidders to demonstrate ways in which they could bring innovation to the franchise and at what cost. There is a balance to be struck between drawing up a rigorous specification of what we want and allowing the possibility of new and innovative ideas.

Des McNulty: In considering procurement generally, we are trying to establish clear output specifications so that the contractor or bidder is clear about what the purchaser wants as part of the process. Do you think that a list of 17 outputs or priorities is adequately clear? Last week we heard evidence from ScotRail representatives, who said that they would prefer a framework that worked along the lines of three or four key priorities that they could build around, which might allow innovation. Having as many as 17 priorities creates some confusion about what weighting is given to different priorities in the framework.

11:15

Iain Gray: If you look at paragraph 3.8 of the draft directions and guidance, which lists the 17 priorities, the first five are probably the key priorities in that they are the ones that emerged most strongly from the consultation process that preceded the preparation of the directions and guidance. If the question is whether the directions and guidance give enough indication of the level of service that we expect in order to invite bids, the answer is no. That is why the directions and guidance develop to the service specification, which will include some of the performance measures that we would expect the franchise bidders to be able to meet. I will ask Kenneth

Hogg to add to that, because he has been involved in the preparation of the franchise process for longer than I have.

Kenneth Hogg (Scottish Executive Development Department): On leaving scope for innovation and creativity, bidders will be asked to give a range of prices. They will be asked to give a price for the current level of service and they will be asked to be creative and to say what else they could give us, either at no extra cost or at extra cost. At that point, they will be referred back to the list of priorities that we have compiled. We are encouraging bidders to be innovative and creative in the process.

Nora Radcliffe: You say that by the end of the year you will have a clearer idea of the funding for infrastructure. Are you conscious about how that dovetails into the franchise process? Surely if people want to make bids, they must have a firmer idea of the timetable for funding infrastructure. Will information on infrastructure funding dovetail into the franchise timetable?

Iain Gray: We have taken a different approach to the one that Nora Radcliffe describes. Our approach is that the franchise will invite bids for the existing timetable as the base service, plus the improvements in reliability and so on that we have discussed. We are also working to identify which new services that would require new infrastructure can be included in the service requirement. There will be some such services.

The Edinburgh crossrail project, which I was lucky enough to open last week, is not part of the franchise at the moment, but I expect that to be included. That is an improvement. We have a commitment and an expected delivery date for a service such as Larkhall to Milngavie. We will do our utmost to examine whether it is possible to include such services in the service specification. The SRA has a number of smaller improvements in its incremental output statement programme; I expect most of those to be included in the service specification.

The big question is about infrastructure projects for which a funding package and timetable are not in place. I think that we have taken the correct approach in including in the franchise a process that allows us to enhance the franchise. We must be able to go to the franchise holder when we have infrastructure in place.

For the sake of argument, suppose that we were able to develop schemes for links to Glasgow and Edinburgh airports—I hope that we will be able to do that—and that we had put in place the funding for those projects and had a timetable. The enhanceable nature of the franchise would allow us to go to the franchise holder to ensure that they would deliver a service on that new infrastructure.

There will be a procedure that will allow us to negotiate a price for delivery of such a service. Therefore, those who bid for the franchise will not be expected to bid for services on infrastructure that does not exist and that does not have a timetable for construction. However, they will be required to negotiate with us the additional cost of running that service if and when the time comes.

The Convener: I want to ask about enhancements. Would the agreement be flexible to the extent that if the franchise holder came up with a cost to run a service that the Executive felt was unreasonable, the Executive would be able to look to other providers to provide that service? For example, if the operator of an airport link came up with an unreasonable price, could another operator operate the route?

Iain Gray: Yes.

Nora Radcliffe: I want to return to the idea that you should negotiate on investment in rolling stock on the understanding that that rolling stock will transfer if the franchise moves on to another operator. Does that idea open up the possibility of having shorter, five-year franchises to ensure that you do not have to renegotiate when additional services are needed?

Iain Gray: We have the ability to go for shorter franchises if we want. We are going for a longer franchise because we believe that that will ensure stability for longer and that it will make the franchise a long-term investment for the franchise holder, which should ensure that the franchise holder tries harder to deliver the quality of service that we want than they would if they had a shorter franchise. Of course, some consideration has to be given to the problems that would arise if the franchise holder failed to deliver on the agreement. The 15-year franchise that we have in mind would have review breaks, which I think would occur every five years. If, at those reviews, it were established that the service was not being delivered, there would be a procedure for negotiating the improvements that would have to be made to reach the specified level of service. In the ultimate circumstance—if we believed that the franchise was never going to be delivered as agreed—the rail regulator would be able to remove the franchise from the franchise holder, although that would be a serious and draconian step.

John Scott: Some of our witnesses have suggested that the 17 priorities do not amount to a strong enough commitment to safety, because safety is listed at number 10. You have said that your key objectives were the first five priorities. Are you happy that there is enough commitment to safety written into the directions and guidance?

Iain Gray: It is clear that safety is our first

priority. When we talk about infrastructure improvements, safety is always the starting point. However, key to the matter is the assessment procedure that we use to assess the bids, which will be the Scottish transport appraisal guidance procedure. Those bids will not be judged solely on the basis of price but on the basis of improvements, including improvements in safety, sustainable development and environmental considerations.

In everything that we do with the rail service in 2002, safety must be the first thing that we think of.

Robin Harper: We have heard evidence that suggests that the level of operational support for rail services could be clarified and that a short cut could be made through the money-go-round by having track access charges being paid directly by the Scottish Executive to Railtrack's successor. Do you have a view on that?

Iain Gray: The committee pressed quite strongly the issue of the transparency of track access charges. From my reading of the *Official Report*, I understand that you intend to pursue that issue further. I will be interested in what the committee's deliberations uncover. Transparency is important in relation to the subject that we are discussing.

Robin Harper: Another issue that came through was that, apart from a reference to through-ticketing, the directions and guidance say nothing about fares. Some witnesses have suggested that a maximum standard fare should not usually be higher than the average cost of running a car over the same distance and that further concessions could be added for family travel, pensioners and other groups. Do you have a view on the suggestion that such a specification of fares should appear in the directions and guidance?

Iain Gray: There will be something in the service specification about fares. As we know, in the Strathclyde Passenger Transport area there is more rigorous regulation of fares. I expect that there will be protection for fares that are charged to particularly vulnerable groups. I have a relatively open mind on whether there should be more specification of fares in the directions and guidance and I am more than willing to listen to the views of the committee. The key point that should be borne in mind is that it is a swings and roundabouts question, because a service specification that puts caps on fares or insists on a comparison of fares with other modes of transport might lead to a reduction in the improvement in other aspects of the service that are offered in a bid. I am willing to listen to the committee's views on the balance between those things.

As the committee knows, the directions and guidance spring from an extensive consultation

that aimed to identify what rail passengers in Scotland and Scots more generally saw as being the priorities in improving the services that are offered by the franchise. What came out of that was a desire for increased reliability and frequency and less overcrowding. Control of fares did not come out strongly in the consultation, which seems to indicate that, on balance, the public would prefer improvements in reliability and less overcrowding. However, as I said, we are relatively open-minded on the issue and we will consider the committee's views on how the balance should be struck.

Robin Harper: Do you agree that, if we go down that route, it is important to consider the real costs of motoring, rather than the perceived costs?

Iain Gray: The short answer is yes. If the service specification attempted to control fares, we would be setting a difficult and complex task in trying to link that to the costs of alternative forms of transport. The link would need to be robust enough to stand up to the scrutiny that it would certainly receive. However, there would be considerable debate and that difficulty might be another factor that the committee might wish to consider in deciding whether it is a route that it wants to pursue.

11:30

Des McNulty: I appreciate that there was a consultation process, but there were problems because some of the key people were not consulted as fully as they might have been. If we want to move people from road to rail, the key people are those who are currently driving, rather than those who are currently rail passengers. If we focus on those people, issues such as access to rail, affordability of fares and journey times are crucial. We should not accept what came out of the consultation process as the be-all and end-all.

I understand that one of the things that has been agreed in the heads of terms for franchise for South Central Ltd and South West Trains is the establishment of a stakeholder board that will bring together rail industry experts, customer representatives and employee representatives. From your consideration of the draft terms, is such a stakeholder board something that we could consider in Scotland?

Iain Gray: The stakeholder board is quite an interesting idea, but I note that at least one of the pieces of evidence that the committee took earlier indicated that, in a sense, that almost happened in Scotland in any case. Such a board was almost in operation, because the relationship between the different stakeholders was good, both in the industry and between the industry and the passenger consultative committee and other bodies. I would have no objection to considering

the development of the idea, but I would ask what more it would add to the good relationships and discussions that have taken place.

I will ask one of the officials to respond to your first point about the consultation process, as I was not involved in that. However, I would like to say something about multimodal studies and the issue of treating different modes of transport separately and individually. I expect the central Scotland transport corridor studies to be with me later today, so I have not seen them yet, but I am led to believe that they contain interesting evidence that improving public transport and making it more accessible and affordable is good at increasing public transport usage. However, I believe that the studies suggest that that is not the whole answer to getting people to shift from the car to public transport. There is a complexity there that we must try to address.

Kenneth Hogg: The stakeholder board concept has now begun in Scotland—the term that is used is “virtual board”. The board comprises representatives of the Executive, Railtrack, the SRA, all the operators, the rail regulator, the Strathclyde Passenger Transport Executive and others. To an extent, that concept has got under way. The board has met once and will meet again next month.

Des McNulty: I would probably want the board to be constituted slightly differently. What you have described is very operator heavy. I am more interested in getting a bigger voice for rail users and the employees who are involved.

Jonathan Moore (Scottish Executive Development Department): The consultation was quite extensive. There were some 240 responses and I have just been refreshing my memory about who responded. There was a response from the Automobile Association—there may also have been a response from the Royal Automobile Club, although I cannot see it at the moment—so one of the motoring organisations certainly contributed. There were also responses from a wide spectrum of members of the public, from local authorities, as one would expect, and from transport user groups. The consultation was pretty wide ranging and we received responses from a good spectrum of people.

Nora Radcliffe: You ran through a list of those who are involved in the virtual boards, but I did not hear you mention passenger representation. Are passenger interests represented on the virtual boards?

Kenneth Hogg: I do not know. I would have to check.

Iain Gray: My point was that the stakeholder group or virtual board was, in essence, in operation in Scotland. However, if the committee

has views on the make-up or operation of the board, we are open to suggestions.

Nora Radcliffe: The strength of virtual boards is that they are ad hoc and informal, so they can be put together to meet different circumstances much more flexibly than if we tried to formalise the system. However, passengers are major stakeholders and that should not be forgotten.

The first question that I was going to ask—which the minister may have covered already—was whether paragraphs 3.8 and 4.4 of the draft directions and guidance provide adequate guidance. Should there be greater prioritisation? You more or less answered that question. Do you wish to add anything to what you said previously?

Iain Gray: No.

Nora Radcliffe: Would there be merit in having a concordat between the Scottish Executive, the SRA and SPTE to address issues relating to rail priorities for Scotland and rail delivery in the period before the new franchise is agreed?

Iain Gray: I think that I am right in saying that we have a memorandum of understanding, which provides a framework to proceed with discussions. I have made it clear, in the context of potential orders for new rolling stock, that the fact that we are looking to the franchise from April 2004 does not mean that we do not expect the current franchise to be delivered, nor do we expect to wait until after 2004 for any improvement. Indeed, we have taken forward and opened Edinburgh crossrail in the meantime. We will continue to work and put in place new services as and when we can. We certainly will not wait until after 2004 if we do not have to.

Des McNulty: The central Scotland study is coming out later today. How do we fit anything that comes out of that study into the process that we are undertaking? My understanding is that a number of different studies that do not necessarily relate to one another have been undertaken, so I anticipate that what comes out will require a considerable amount of further study to identify priorities. If priority developments arise from the central Scotland study, how can they be plugged in, first into the rail franchise process, and secondly into the public finance bids process that might be required to proceed?

Iain Gray: Neither of us knows all that is contained in the central Scotland corridor studies. I will not know until later today. I expect that we will be able to make the studies public tomorrow; I do not wish to delay.

We will look hard at delivering any rail improvements that are proposed in the central Scotland transport corridor studies, because we have a commitment to deliver the

recommendations of the studies. If the proposals are for improvements to services on existing infrastructure, there is no reason why we could not consider their inclusion in the service specification. If the improvements require new infrastructure, the enhanceable nature of the franchise will allow us to continue with the refranchising process, but will still give us the opportunity as soon as we can to build service on the new infrastructure.

The spending review process is under way. I am making arguments to the Minister for Finance and Public Services. We have built in resources to allow us to try to respond to the corridor studies, but we have had to do that on a speculative basis, at least initially.

Des McNulty: The committee will support you strongly in that respect. If something comes out of the central Scotland study that you feel is a high priority, and it is feasible to proceed with it, could it be added to the 10 transport priorities that are identified in the transport delivery report?

Iain Gray: The corridor studies are one of the 10 priorities, so in a sense if something comes out of the studies it will, de facto, be included in the list of priorities. The question is, can it be included in the priorities, even if it requires infrastructure investment in the franchise?

The danger is that, unless we are clear how and when the infrastructure will be provided, we will be asking potential franchise holders to bid for the provision of a service very much in the dark. Our fear is that we will receive neither sensible nor competitive bids, which is why we think that the enhanceable route is the more sensible one.

Mr Ingram: I want to follow up on some practical matters. When you spoke about the enhanceability of the franchise, you mentioned the possibility that franchisees might not come up to scratch. What checks will the Scottish Executive and the SRA introduce to assess the deliverability of bids? After all, I understand that not many people in the transport division of the Scottish Executive are involved in the railway side of things. Can you help us with that matter?

Iain Gray: I have some figures for that. Two divisions within development department two—I get confused between divisions and departments—deal with rail in one way or the other. I am aware of the committee's past concerns that the Scottish Executive appears to have more significant capacity on the road side than on the rail side. As far as the numbers of officials are concerned, it would be disingenuous to pretend that that was not the case. That said, the position with roads is quite different, because we are directly responsible for the trunk road network. However, over recent months and years, significant changes have been made to ensure

that we have the capacity to deal with the rail franchise and negotiations for rail infrastructure improvements.

Mr Ingram: Will you consult Railtrack or its successor organisation on the deliverability of franchise bids?

Iain Gray: We will. Indeed, the draft directions and guidance encourage such consultation. Of course, having the preferred bidder work up a preferred bid will be a crucial stage in the franchise process.

Nora Radcliffe: Why do the draft directions and guidance not mention either the proposed length of the franchise or the length of possible extensions to it?

Kenneth Hogg: We have directed the SRA to put the franchise in place and are tapping into its expertise on the length of franchise that the market will best support. We believe, as does the SRA, that that period is 15 years. However, we have not written that into the draft directions and guidance because, if something changes dramatically in the interim, the SRA might then be obliged to introduce a franchise model that was inappropriate for the market conditions at that time.

11:45

Nora Radcliffe: Has not the time come to mention that 15-year period in the guidance? Will anything much change in the timetable that you have outlined?

Kenneth Hogg: The 15-year period will certainly be set out in the specification, which is the next stage of the process.

Nora Radcliffe: So people will operate on the assumption that the franchise will run for 15 years, even though that figure is not mentioned in the draft directions and guidance.

Kenneth Hogg: Yes.

The Convener: Before we move on to Adam Ingram's questions about the structure of the industry and where responsibility lies, I have a question about franchises. The minister will be aware that the trade unions will give evidence after him today. The unions have expressed a preference for a publicly owned network or even a company limited by guarantee similar to the one that is proposed for Railtrack, which, although not the preferred option, is suggested in the written submission from the RMT. What, if any, consideration has the Executive given to such models as alternatives to the wholly private sector model?

Iain Gray: We operate the franchise by competitive bid. That is the structure that we have

developed and pursued to try to get the best deal financially and for service delivery.

The Convener: Has there been no major investigation of other models to date?

Iain Gray: Not to my knowledge. We have pursued with the Strategic Rail Authority the franchise process and how we can get the best out of it for passengers in Scotland.

Mr Ingram: I will move away from the franchise and on to rail structure and delivery. What measures are you considering to improve rail delivery?

Iain Gray: The key elements of what we are doing to improve rail delivery are, for the service delivered, the franchise process, which we have just discussed, and for infrastructure improvement, those priorities that are outlined in the transport delivery report.

Mr Ingram: What are your views on the relative importance of funding and structural reforms? You are probably aware that there has been substantial debate on that.

Iain Gray: If the question is whether the delivery of the service would be more effective if there were a Scottish equivalent of Railtrack, the priority at this time must be to get Railtrack out of administration. Further disruption or disintegration of the rail network would not be helpful. I am not convinced that having a Scottish Railtrack would allow us to deliver a better service for passengers in Scotland.

The key issues for the Executive are to deliver the best franchise that we can get, in terms of services, and to put together the funding for our priority infrastructure projects. It would seem to be more important to do that than to have a debate on the structure of the industry.

There are mixed views on whether such disintegration of the network would be advantageous. It does not surprise me that some of those who are involved in the delivery of the rail network see advantages in securing infrastructure investment in Scotland. However, the response to the public discussion on the subject has been fairly mixed. Virgin is against the proposal, as is GNER. The freight operating companies are very strongly against it and the trade unions are not in favour of it. It is clear that there are mixed views on the subject.

My priority is not to have a debate about the structure of the network, but to secure the best franchise to deliver services and the funding that we need for the infrastructure improvements that we want to see. The advantages of the UK network, which are significant, include the integration of the system and the consistency of the safety regime across the whole of the UK.

Those advantages could be compromised by a change.

The Convener: A number of members want to come in, but I will allow Adam Ingram one supplementary question.

Mr Ingram: The Executive has a complete range of powers with regards to the road network—we have mentioned that before. It can be argued that there is not a level playing field because the same range of powers does not exist across the rail network. Why is it okay for the Executive to have a full range of powers over the road network but not over the rail network? The arguments that you have said apply to the road network also apply to the rail network.

Iain Gray: I am not sure that they do. The rail infrastructure is significantly more complex than the road network, in terms of engineering and management.

Nora Radcliffe: Does the possibility of Railtrack coming out of administration offer an opportunity to put in place annual reporting and accounting that would make the Railtrack operation more transparent on a regional basis?

Iain Gray: I understand that the UK Government plans, by July, to bring Railtrack out of administration and set it up on a different basis as a company limited by guarantee. A number of opportunities to improve the way in which the rail infrastructure is delivered could result from that, two of which are better transparency and accountability. The simple answer to the question is yes.

Nora Radcliffe: Would it be useful to replicate the SPTE arrangements in other parts of the Scottish network? There is some discussion that it would be useful to do so.

Iain Gray: I am not sure what the advantages would be and I am conscious that such a move would change significantly the responsibilities of local authorities throughout Scotland. Local authorities would lose their direct responsibility for transport, as happened to the authorities in the SPT area. Such a step could not be taken lightly. The cities review report will have some things to say and questions to ask about how city regions can co-operate more effectively to integrate transport throughout and within their regions. I expect that debate to continue.

As I said, that action would have a significant impact on local authorities' responsibilities, so we would not take it lightly. Therefore, we must develop the franchise separately.

Fiona McLeod (West of Scotland) (SNP): I have two questions on transparency and accountability. Would not it be more transparent for the Scottish Executive to pay track access

charges directly to Railtrack or its successor? That would let us see how much support was being given to ensure that infrastructure met development priorities.

That leads me to my second question. Is not the Executive frustrated at being unable to achieve the transport priorities that depend on infrastructure improvements because they are not necessarily the SRA's priorities? Would not the Executive's frustrations be relieved and its priorities achieved if the SRA were an agent of the Scottish Executive?

Iain Gray: Fiona McLeod's second question presupposes that the SRA will not allow us to achieve our transport priorities. I do not accept that premise. I intend to work with the SRA to deliver our infrastructure priorities. If the premise were true, my answer might be different, but I do not accept the premise.

I have directly answered the question about track access charges before. Transparency on track access charges can only be helpful. I understand that the committee continues to pursue that and I will be interested in and watch carefully what happens. There is a connection between the two. My understanding of Railtrack's current figures is that Railtrack receives £120 million a year in track access charges in Scotland and spends £250 million a year in Scotland. A level playing field—that phrase was used earlier—might involve our finding an additional £130 million a year from the Scottish block to maintain infrastructure at the present level.

Fiona McLeod: That is not the evidence that we have received from the rail operators.

The Convener: Janette Anderson of Railtrack Scotland said that there was a deficit. The main operator, ScotRail, said that it was not in a position to comment, because it was not privy to Railtrack's accounts, so I do not think that we have received contradictory evidence.

Fiona McLeod: More transparency would help to resolve ScotRail's feeling.

Iain Gray: I have agreed about that. I made it clear that those figures came from Railtrack. I do not disagree that transparency is good. That is being pursued.

The delivery of infrastructure does not involve solely the delivery of improvement priorities. It is all too clear that, sometimes, we must deal with unforeseen difficulties. An example is the land subsidence at Dolphingstone, which has caused Railtrack a significant problem. I understand that the remedial diversionary work there is Railtrack's top priority in the UK and is therefore being funded from the UK-wide resource for dealing with such crises. If we in Scotland dealt with infrastructure in Scotland, we would have no access to that bigger resource for dealing with such unforeseen crises.

Des McNulty: We have heard evidence that Railtrack's prime function is to act as an engineering company and to deal with track maintenance, but that it is also responsible for managing track use and scheduling trains.

ScotRail's view was that it would be easier to deal with the priorities that the minister has laid down and that rail users wish to see if Railtrack's engineering and management functions were separated. ScotRail wanted the engineering function to be left with Railtrack and the operational management to be built into the franchise. Does the minister believe that the present arrangements between Railtrack and the operators should be set forever? Given the geographic circumstances of rail in Scotland, should we perhaps take the opportunity to pilot a different configuration?

12:00

Iain Gray: Consistency of safety is an issue. Des McNulty asked whether there is any capacity for re-examining that relationship. It would be wrong to say that the relationship could never be changed, but a key issue is that such changes are reserved matters and therefore not within our power to make. Our efforts are focused on our absolute priority, which is to deliver the best franchise that we can get and to deliver our infrastructure priorities. We do that in the context of regular and frequent discussions with our colleagues in Westminster. If a different arrangement was being considered that could be of any benefit in Scotland, we would discuss it, but I am not aware of any intention to make the sort of change that has been described.

Des McNulty: I have one further question, but it is on a different tack. The committee has heard much about the STAG mechanism for assessing investment. Although the identification of the STAG criteria is clear, we have found it difficult to discover what weighting is given to the different factors in the assessment process. Obviously, the way in which projects are assessed is crucial in discriminating for investment between individual projects and between rail projects and other types of transport projects. Will that assessment process be made more transparent so that, as we said in our budget report, we can see for ourselves the technical basis on which the Executive makes political judgments between the advantages of this or that project?

Iain Gray: The core of the question concerns the transparency of the assessment process or, rather, the information that will be available about the progress of that process. I will ask Kenneth Hogg to answer that question.

Kenneth Hogg: As in the 23 other UK

franchises, that process will be run and managed by the SRA. We will be involved in that process to ensure that the evaluation criteria that are used deliver what we want for Scotland. We would generally want to introduce more transparency but there are constraints because of the confidentiality of the bidding process. I am not an expert on that, but I think that there are rules about what commercial details can be made clear at any point in time.

Alan Clark (Scottish Executive Development Department): It is important to remember that the key part of the franchise is what we have already got. Determining how much it will cost us to get what we have got will be fairly straightforward. STAG is mostly about proposed enhancements. At least at first, we will look at short-term enhancements, such as the enhanced frequency or reduced overcrowding that bidders can deliver in the first few years. Because the SRA has already set values for the social benefits of reduced overcrowding and reduced journey times and waits, it should be relatively easy to assess such improvements by putting numbers on them. Difficulties come in when one starts talking about issues such as social impacts. Enhanced frequency should be less of an issue. The STAG assessment process should be relatively easy.

Iain Gray: I asked Kenneth Hogg to answer that because I was fairly sure that there were issues of commercial confidentiality involved, and I wanted to be a little careful. I thought that he was an expert in the matter—there you go.

The nub of the answer is that the assessment process will be made as open as is possible within the scope of commercial confidentiality and competition law. The key undertaking that I give to the committee is that we will keep you closely informed as to where we are in the process. As the process develops over the next year to two years, it will be possible for the committee to ask questions about the stage that we have reached.

Mr Ingram: There have clearly been problems with the delivery of new rail projects. You mentioned the Larkhall to Milngavie route, for example, which has been subject to many delays. We have received evidence to suggest that the current performance regime of the railways is acting as a disincentive to bringing forward new projects, because that has an adverse impact on existing services. Penalties kick in and, essentially, companies are getting fined for moving forward with new developments. Is there any prospect of your introducing a structural reform in that regard prior to the franchise for that line coming through?

Iain Gray: That is a serious issue, which concerns not just the Larkhall to Milngavie line but the provision of a new railway station at Edinburgh

Park, for example. We have to fix that. Clearly, that seems like a perverse incentive—although there may be different views from different parts of the industry. That performance regime is part of the performance measure set by the Office of the Rail Regulator. It is a UK issue. I intend to raise it with Whitehall colleagues over the next few days in order to pursue any possibility that exists of resolving it.

Mr Ingram: That is another good argument for bringing some powers back to Scotland. On that subject, have the powers to move ahead with such projects been transferred from Westminster?

Iain Gray: I will check the timing of this with colleagues, but my understanding is that the order that allows us to start new projects has already been lodged.

The Convener: I believe that the committee considered such a statutory instrument several weeks ago.

Iain Gray: Yes—the order has come before the committee. It is the one that gives us the power under the McLeish settlement to construct rail lines that start and finish in Scotland.

Mr Ingram: I return to the transport delivery report. One of the key priorities of that was to try to shift freight from road to rail—and indeed, as far as timber movements are concerned, to water. What further targets are being considered, and how are you going to encourage the momentum to be maintained? As I understand it, we are using up the funding for freight facilities grants. It seems to be taking longer and longer for such grants to be awarded.

Iain Gray: To some extent, the freight facilities grant is a victim of its own success. If it has taken longer to process applications, that is partly because there are so many of them and they must be rigorously assessed. The grant's success is demonstrable. We have overachieved in respect of the transfer target. By March 2002, we had already transferred 18 million lorry miles per annum off road—I think that the target was 15 million. We aim to transfer a further 3 million lorry miles per annum by March 2003 and I am confident that we are on target to do so. Beyond that, much will depend on the outcome of the spending review and the resources that are available for the freight facilities grant or any alternative mechanism.

Des McNulty: You have outlined a largely incremental process for improvement in respect of the franchise, but there is another dimension to transport policy, which might be called the big picture. That is dominated by issues such as tackling congestion and broader economic development and social inclusion issues. In the west of Scotland, Glasgow is a terminus and we

lack through services beyond Glasgow to Paisley, Clydebank and other places, which is a barrier to economic development there. Is there a way in which we can bring together the incremental process of development and big-picture thinking? I know that you think with your transport hat and your economic development hat, but can we move significantly towards a bigger vision for transport in Scotland?

Iain Gray: There are priorities and vision in the transport delivery report. The 10 priorities have been made priorities because we believe that they can have most impact on congestion in our cities and between our cities. That is the key priority. The priorities break down into a number of discrete projects, but by and large, that is how transport works. It is important that we focus on projects that will make the most difference.

The approach of the corridor studies is important. They consider transport links where we want to make a difference, particularly in respect of congestion, and movement of all the different modes of transport. I expect to see more of that approach—indeed, there already is more of that approach. We have supported the voluntary partnerships, which look at, for example, Aberdeen's congestion problems and, in respect of the west of Scotland transport partnership, the west of Scotland's problems. We are beginning to take action that allows us to focus on transport priorities that will make a difference to real problems. Incrementally, we have to do more of that. The cities review, which looks at the cities and the regions around them, will be one context for that approach.

The Convener: That concludes our questions. We have a range of detailed questions that we will submit to you in writing—I hope that you will receive them in the next few days. It would be helpful if you would respond to them to assist our inquiry.

I thank the minister and the Scottish Executive officials for attending the meeting.

Iain Gray: Thank you.

12:15

The Convener: I welcome the next group of witnesses, who are representatives of the rail trade unions and the Scottish Trades Union Congress. They are Tracey White, who is the assistant secretary of the STUC, Kevin Lindsay, who is the district secretary of ASLEF, and Phil McGarry, who is the divisional organiser of the RMT. We have received written submissions on the rail inquiry from the RMT and ASLEF. I understand that Tracey White intends to say some introductory words on behalf of the delegation.

Tracey White (Scottish Trades Union Congress): I appreciate that we are tight for time because of the power cut, so I will keep my remarks brief.

On behalf of the STUC and the rail unions, I welcome the opportunity to give evidence to the Transport and the Environment Committee as part of its rail inquiry. As the convener said, I am joined by colleagues from the main railway unions, which have a direct membership interest in the development and the success of Scotland's railway services. Those unions and the STUC have long campaigned for policies to support a truly integrated public transport system that is safe, affordable and accessible for all. Our interest in transport, particularly the railways, also arises from the recognition that all sectors of economic activity in Scotland rely on the efficient and sustainable movement of people and freight. It is interesting that freight has not been discussed much this morning, but I imagine that my colleagues will have something to say about it.

We favour the re-establishment of a publicly owned and publicly accountable railway system. The adverse impact of the fragmentation and deregulation of the transport system is particularly evident from the recent record of the rail infrastructure and train operating companies and of some of the maintenance contractors. I am sure that my colleagues will comment further on those matters.

The uncertainty about the future of Railtrack provides an opportunity to take a radical look at how the rail network is operated. It is important that we do not lose sight of the need to ensure integration within the United Kingdom, which is one reason why we would be concerned about any move towards vertical integration of the infrastructure and rail services in Scotland. That proposal has been mooted publicly on a number of occasions. We would be happy to develop the arguments on that issue.

On the future of the Scottish passenger rail franchise, we take the view that, given the significant subsidy that is given to the train operating companies, the public has the right to expect a high-quality integrated system in return. That requires a commitment to investment in the work force and work force development. It is important not just to recruit new drivers—although we need new drivers—but to have adequate sales and marketing staff, adequately staffed stations, and a sufficient number of properly trained safety staff on individual services. The draft directions and guidance to the SRA on the future of the Scottish passenger rail franchise acknowledge that those issues need to be taken into account when the new franchise is let, which is welcome. However, the guidance adds the rider that

investment in work force development is subject to affordability. In our view, if we want to ensure safety and to have rail services contribute to tackling congestion and promoting economic growth and development in Scotland, we cannot afford not to invest in the work force.

The Convener: Thank you for those introductory remarks.

John Scott: The RMT favours a return to a nationalised approach to both Railtrack and operations applying to Britain as a whole. How would such an approach be compatible with the devolution of rail powers to Scotland? Does the STUC support full public ownership and operation of the internal rail network in Scotland, as is the case in Northern Ireland?

Tracey White: We support the position of both the RMT and ASLEF, which advocate a publicly owned, publicly accountable rail service. However, as I indicated in my introductory remarks, we need to consider how such a system would operate in a UK context. In Scotland we do not operate in isolation, and no one would argue that we should. How we fit into the UK context is important. The Scottish Executive and the Scottish Parliament have some powers to deal with rail services, but those powers are not universal. The relationship with the UK Government remains important.

Phil McGarry (RMT): I support what Tracey White has said. The question of public ownership of railways is a reserved matter. The decision to bring the railways into public ownership is a political one, to be taken if such a step is deemed necessary.

In the Scottish context, we should seek public accountability, affordability and the running of the service to ensure best value. We do not apologise for wanting the industry to be returned to public ownership under one umbrella. That would have to happen on a national level and is a matter for Westminster. I hope that the committee will consider the option of public ownership and make recommendations accordingly.

John Scott: Assuming that the option of returning Railtrack and operations to public ownership is rejected, has the STUC other preferences for structural change to the railways in Scotland? Does it favour making the SRA an agent of the Scottish Executive for both infrastructure planning and franchising, extending the SPT-type approach to the whole of Scotland, or the creation of PTEs for those parts of Scotland that are not covered by SPT? We want to hear your ideas.

Tracey White: We do not favour adjusting the constitutional settlement and the powers that the Scottish Executive and Scottish Parliament have regarding transport matters. However, we favour

greater co-operation between the agencies that have an interest in transport matters—local authorities, economic development agencies and the like—to ensure that local and regional transport services are provided so as to meet objectives such as economic development, social inclusion and sustainability. We are not arguing for a change in the devolution settlement, but we think that changes could be made to the way in which services are provided in Scotland. We have submitted information on such changes in consultation exercises that have taken place over some time.

The Convener: You are not arguing for a change in the constitutional settlement with regard to railways. Does that mean that the STUC and the rail unions are not in favour of splitting the proposed company limited by guarantee that will replace Railtrack into separate models for Scotland and the rest of the United Kingdom?

Phil McGarry: We are not in favour of that proposal at all.

Tracey White: It is obviously important that the SRA should take on board specific Scottish requirements. It is important that services that start and finish in Scotland should be prioritised for future investment, but we do not feel that that would require a separate company for Scotland.

The Convener: Is that because, from a staff perspective, you want consistency and integrity in safety systems and equipment throughout the UK network?

Tracey White: That would certainly be a factor.

Kevin Lindsay (ASLEF): We do not want any further fragmentation of the railways. Privatisation of the railways has been the biggest disaster of all the privatisations—not that we favoured many of them. I do not think that anyone could say that privatisation of the railway system has been a success, so to fragment it further would be a further disaster.

Angus MacKay (Edinburgh South) (Lab): I will follow on from Bristow Muldoon's impressive leading of the witnesses. This may be an opportunity for everyone to contradict me, but I think that we would all, if asked to design a national railway system, say that we should not start from here. We would all have done things differently.

Rail privatisation was one of a number of major organisational changes and I am sure that it was the wrong path to take. Even if I had agreed that privatisation was the right path, I would now say that what was done was botched. Another major organisational change was Scottish local government reorganisation; other changes also come to mind. Whatever the benefits of any of

them may be, one of the disbenefits tends to be that a lot of staff experience is lost, either because people are bought out because of a reconfiguring of finances or because those people take the opportunity to move on. Very often, a skills gap ensues. We certainly saw that in Scottish local government after reorganisation in 1995.

Earlier, when the minister was here, we touched on the idea of virtual boards and on whether consumers and staff were sufficiently represented. What are your views on whether a skills gap exists in the rail service, from the bottom up, as a result of privatisation? What adjustments could sensibly be made to the way in which the various parts of the rail system talk to each other to ensure that front-end experience of the network is fed into management and bureaucratic strategic decision making?

Tracey White: I will ask my colleagues to comment in a moment but, as far as we are aware, there is no worker representation on the virtual board. If we are not aware of any such involvement, you can take it as read that there is none. One way of ensuring that the experience and expertise of the work force is fed in would be to address that point quickly. Phil McGarry and Kevin Lindsay will tell you about the skills deficits.

Phil McGarry: I will comment briefly on the stakeholder board. I was interested in what the minister said, but the hairs on the back of my neck stood up because no reference was made to trade union input.

Let me give a wee history lesson. In the days of British Rail, we had the Scottish region and a partnership arrangement whereby the trade unions, Strathclyde Regional Council, through the liaison committee, and the management of ScotRail—that covered everybody—sat down regularly to discuss the development of railway infrastructure and the extension of railway lines through innovative ideas that would benefit the community and the public at large. We were major players in that discussion and we gave firm commitments. When I returned to Scotland in 1993, I wanted that arrangement to continue, but disbanding and local government reorganisation made it extremely difficult. If, in future, we can return to a mechanism whereby there is that active involvement, I would welcome that.

12:30

On the skills shortage, I can talk only about the experience of an infrastructure company. One of the major contractors in Scotland, First Engineering, has 2,500 infrastructure workers on its books but is crying out for skilled engineers. It cannot get qualified people to fulfil its contractual needs. I do not know why that is. It is nothing to do

with low pay or the element of unsocial hours. The company is having to approach outside agencies to fill that recruitment gap. In fact, it is recruiting foreign nationals from the Philippines and Romania, which I find quite disturbing. I do not mean to be offensive to those foreign nationals, but it is disturbing that the company cannot get the people to fill the vacancies in Scotland.

When privatisation was on the cards, there was a massive reduction in job numbers at ScotRail. Masses of people also left the industry under voluntary severance. The company encouraged that to cut costs, because one of its heaviest burdens was its pay bill. It reduced staff numbers to the minimum, which is why we now have difficulties in running an effective service—we do not have the staff. A radical recruitment programme needs to be undertaken to fill that gap.

Des McNulty: If a proposal were put forward to establish a stakeholder board—Phil McGarry has made a case for reconsidering the model that operated in Strathclyde—would you be interested in being directly involved in that board and playing a role on it?

My other question concerns recruitment and retention. What kind of training programme do you envisage being required to deal with some of the problems of recruitment and retention that you have identified today and in the past? Are there issues of working hours to which you want to draw our attention?

Kevin Lindsay: As you will be aware, ASLEF represents train drivers and the RMT represents a wider range of employees. ScotRail has been mentioned quite a lot this morning in discussion of the refranchising. Prior to privatisation, ScotRail employed more than 850 drivers. At present, the figure is around 730. The company has given a commitment to take on 85 more drivers this year, which is fine, but it will be another 15 months before those people are out driving. That will be near enough the end of the franchise and there will still be a shortfall in the number of train drivers. Nonetheless, we welcome the fact that ScotRail is committed to training more drivers. We have been crying out for that for a long time.

There is an issue over drivers' hours. We believe that train drivers' shifts should not be longer than 10 hours. There have been instances in ScotRail, GNER, Virgin and English Welsh & Scottish Railway—the freight company—of train drivers' working 11-hour shifts. That cannot be right.

We are campaigning for legislation against that through an early-day motion at Westminster. Train drivers are the only drivers in the transport industry for whom no legislation exists. There is nothing to prevent a train driver from working a 16

or 20-hour shift, apart from the agreements that we have with the companies, which state that drivers will not work shifts of more than 12 hours. Even so, we do not want a guy or a female starting at 5 o'clock in the morning and still being there at 5 o'clock at night or—in a worst-case scenario—10 o'clock at night. We believe that there should be legislation to prevent that. Unfortunately, that is a reserved matter. I am more than happy to send the committee a copy of the proposals for legislation that we have sent to Westminster. If anyone wants to raise the issue in the Parliament, I will be happy to speak to them about it.

There are gross shortfalls in staff numbers in every department, from clerical workers right through to managers and supervisors. The reduction in staff numbers that has taken place at every grade is all down to cost cutting. The companies that came in wanted to make big savings and they did so instantly by reducing staff numbers.

Phil McGarry: I will pick up on a couple of points that Kevin Lindsay raised. The training schedule and the recruitment and retention of staff are problems for the employer. I do not want to sound provocative in any way, shape or form, but I suspect that, although employers say that they are endeavouring to recruit people into the industry, they secretly reject otherwise successful applicants because that is more cost-effective.

I reach that conclusion because of the long-hours culture that still exists in the railway industry. Staff work up to a maximum of 60 hours a week—some of my members end up like zombies because of that long-hours culture. They are loyal, public servants who are committed to the company and to delivering a service to the general public. The long-hours culture is actively encouraged by managers and the campaign for a shorter working week, which the trade union movement is inclined to pursue, means nothing. We cannot achieve quality time away from work for our members because a shorter working week only creates further opportunities for staff to work additional hours, perhaps at an enhanced rate of pay, depending on the employee's terms and conditions.

My argument about training is that a radical review needs to be undertaken. Employers should be a little more flexible in their approach, rather than being selective in their targeting of individuals. The industry has a tough regime. Under the drugs and alcohol policy, people have to be free from such substances before they can take up gainful employment in the industry. They have to have perfect eyesight and good communication skills. Quite a lot of people have applied for jobs but have been rejected for some reason or another. I do not know where the

funding to enable us to embark on that radical programme of investment will come from, but such a programme is the key to service delivery.

We can talk about innovative ideas and we can assure the general public that the railway is a safe environment—even in unmanned stations, where there are closed-circuit television cameras—but that is a load of nonsense. We cannot reassure women that it is safe to travel alone at night simply because a CCTV camera is in place. We need to have bodies on the ground at unmanned stations and unstaffed halts. In my view, that would encourage people back to the railways and would be the most cost-effective approach in the long run.

Angus MacKay: I was going to ask three questions, but as we have covered some of the ground that I was going to ask about, I will skip parts of them. Which is more important in the rail industry in Scotland, funding or structural change? Are both equally important or is there a mixture?

Tracey White: We would probably all agree that the rail infrastructure in Scotland—as in the rest of the UK, for that matter—requires significant investment. Funding for infrastructure is clearly important. Similarly, adequate funding is crucial to ensure the delivery of some of the service priorities that are contained in the new guidance to the SRA that the minister talked about.

I am not sure that one can take an either/or position. One of the problems that we face in the rail industry in Scotland—I am taking account of passenger and freight services—is the lack of integration. More generally, there is a lack of integration between rail services and other forms of public transport. If we are to make significant changes to the decisions that people make about the way in which they travel, we must improve that integration. However, we cannot do that without adequate funding. The two issues are bound together and cannot be separated.

Phil McGarry: As Kevin Lindsay said, further fragmentation, which some people have suggested, would only make matters worse. I believe that the funding regime is vital. I am intrigued by paragraph 3.8 in the minister's directions and guidance, which outlines the 17 priorities for the Scottish franchise that the Scottish ministers will ask the SRA to develop. The directions and guidance say that those priorities are subject to affordability. We cannot afford not to progress such matters. If the financial restrictions are to be the guiding principle, we will have to knock on the door of the Minister for Finance and Public Services to ensure that adequate finance is available.

I believe that the question of the transport needs of the people of Scotland should be a priority,

which is why my submission states that the portfolio of the Minister for Enterprise, Transport and Lifelong Learning is too big. In any case, the First Minister should address that. I use that argument because of what happened in Westminster, where Alistair Darling was given responsibility for transport and John Prescott retained responsibility for the environment and the regions. We should deal with the issue of the minister's responsibilities as a matter of urgency and should twist a few arms, particularly Jack McConnell's—whether it is his left arm or his right arm.

Angus MacKay: Some people are better placed to twist arms than others, but I understand your point. I was going to ask whether you have any views on the draft directions and guidance, but you have pre-empted me by giving one. Do you have any others?

Tracey White: Phil McGarry and I have both alluded to our main concern. Obviously, public services have to be provided in such a way as to provide value for money for the public—we have no problem with that. However, as we have said, we cannot afford not to take seriously a number of issues that are touched on in the 17 priorities in paragraph 3.8 of the draft directions and guidance. The first issue is the requirement to provide

“extra drivers, spare trains for emergency use”

and enhanced maintenance cover. There is no argument about the importance of delivering that as a priority. However, as we have said, we need not only extra drivers, but more staffed stations and more adequately staffed services if we are to persuade people to use rail services, particularly outwith regular hours.

Similarly, if we are to improve customer service, we need to address staffing and work force development issues. The 13th requirement in the list says that the SRA should

“secure sufficient adequately trained staff to deliver franchise obligations”.

Arguably, the order in which the requirements are listed does not matter, but, given that the minister has said that the first five are the top priorities, I would argue that we should move that requirement into the top five or six. Until we address the issues of staff training and numbers, we will not be able to implement some of the other welcome improvements that the document suggests.

Kevin Lindsay: The minister made it clear this morning that the first five requirements were the priorities. However, safety is not mentioned until the 10th requirement. I am surprised and disappointed that safety does not feature in the top five priorities of a new franchise. I would expect safety to be paramount in the awarding of any franchise.

Phil McGarry: I understand that the document is only a draft, but I support what Tracey White and Kevin Lindsay have said. The list of requirements needs to be reconfigured to ensure that safety is viewed as one of the core issues.

I alluded to what paragraph 3.8 says about affordability. I also mentioned the long-hours culture, but the issue is not just about extra drivers. We need an adequate number of staff to reduce the long-hours culture. My comments are documented for future use.

12:45

Priority iv in paragraph 3.8 is to

“improve standards of facilities for rail users at stations and on trains, through, for example, refurbished, or improved or new rolling stock, improved station signage, information, waiting rooms and ticket offices”.

It is important to state that staff assaults have increased 22 per cent over the past 12 months. Because our members are in the front line, they are the victims of that type of passenger abuse.

The British Transport Police have limited resources. That needs to be thoroughly examined. When the then minister addressed a British Transport Police conference some 18 months to two years ago, she said that money was being put into the British Transport Police. That money has not come through yet. The British Transport Police have a finite resource for responding to calls for assistance.

On unstaffed stations, CCTV is all very well but, as I said, it is a substitute and not a replacement for properly staffed stations. We must think about the vulnerability of women. We know that the undesirable elements in society—glue sniffers, vandals and muggers—will loiter at an unstaffed station. If you ask any woman whether she would travel on a train at night if she had to board at a station that is equipped with CCTV, I am sure that you would get the answer, “No way would I attempt to travel on a train if nobody was there to give me assistance should I be in trouble.”

On rolling stock and maintenance, ScotRail brought new rolling stock on board and had a lot of problems with it. I was appalled to learn that the contract had no penalty clauses on the inadequacy of the maintenance of the rolling stock and units. Some of the parts were not working properly and ScotRail had great difficulty trying to get the manufacturers to correct the faults.

Priority vii talks about improving

“levels of customer service in order to improve the whole journey experience”.

That goes to the nub of staffing levels. In the industry, we have driver-only operated services in the SPTE area, in which a driver is on his own

most of the time. Is that satisfactory to the general public? A second person may be on the train for revenue protection, but Lord Cullen's report on the Paddington and Southall disasters made it abundantly clear that any member of staff who is on a train should be trained in evacuation procedures, which was not the case in those disasters. We need work force development. I am a great supporter of that. The priorities for training staff are highly important for the franchise obligations.

On accessibility for disabled people, we have ramps on trains at the moment. That is insufficient, because there is sometimes a breakdown in communication. Stations need to have adequate facilities for disabled people.

On the extension of the railway network, I would like single-line track to be replaced. If we had the finance to replace it with double lines, that would reduce the risk of fatalities due to signals passed at danger because of two-way traffic on a single-line track, for example.

The SRA's strategic plan and the central Scotland transport corridor study talk about rail links between Glasgow and Edinburgh. Our submission welcomes that innovation. In fact, we put a detailed submission into the consultation on strategic priorities for Scotland's passenger railways. We set out our position regarding the political perspective. That aside, we were pragmatic and talked about the development of the industry in Scotland. We talked about what we want. I invite members of the committee to read that submission when they have the time. It goes to the heart of our position on the extension of Scotland's railways.

We have some concerns on the Larkhall-Milngavie line from a productivity point of view. We suspect that, if that project gets up and running, it will be an extension to driver-only operation. The RMT and ASLEF are totally opposed to that on safety grounds and we could create some industrial-relations difficulties if the company or the Scottish Executive insisted that that mode of operation should exist between Larkhall and Milngavie. I must give fair warning that there will be resistance from the railway unions if that is the proposal. We want to depart from that old arrangement because, in spite of the reassurances, experience has shown us that it is an unsafe method of working.

We agree with much in the draft directions and guidance, but I hope that the committee will take on board some of the points that I have alluded to.

The Convener: I hear what you say about unmanned stations—you do not believe that CCTV is an adequate alternative to staffed stations. There are many hundreds of unmanned

stations in Scotland. Are you proposing that every station should become manned, or is there any role for remote or rural stations, say, being supervised from a remote location using CCTV?

Phil McGarry: My preference would be for every station to be manned with a railway worker. That is always preferable, depending on such factors as the route, the line of traffic and the opening hours. Whether in urban areas or way up on the north-west Highland line, the role of railway workers is not just to provide a service to the general public. The workers who staff stations are well used during the peak periods and the tourist time in the summer and they act as a hub for the community, for example by keeping the gardens. As the convener is well aware, people lived in the area round a station and it served as a hub for the community. The station workers did everything and were expected to do everything, from keeping the station clean to having the best garden of the year in the railway station garden.

My preference would be to have all stations fully manned, because that would encourage people back on to the railways. The practical question is whether we must examine every station on its merit. CCTV is no substitute; it is an aid. We have been through the argument with the employers. When they say that they are de-staffing a station—moving the staff and shutting down the booking office—they say, “Don’t worry. There is a phone helpline and CCTV.” That is not good enough, because experience has shown that unmanned stations attract the wrong people in society, who make the station their playground.

I would like more staff to have face-to-face contact with the public. That would actively encourage the public and give them confidence that we are doing something to develop the industry.

Robin Harper: Being at an unmanned station late at night can be extremely intimidating—I have experienced that situation often. Do you have any figures for attacks on passengers at unstaffed stations?

Phil McGarry: I do not have figures with me, but they can be provided, if necessary. At our safety forums in the regular meetings that we have with employers, statistics on staff assaults and passenger assaults are produced. We could provide you with the figures.

Tracey White: There is another side to the discussion on staffed stations. Phil McGarry has spoken in detail about the safety implications, which apply to train staff as well as to passengers. The guidance makes points about improving customer service. There are also issues to do with tourists in rural areas. When tourists get off a train at a station, they want to know where to go next.

The obvious person to ask would be the person staffing the station, but if there is no one there, we might be missing an opportunity to maximise the impact of public transport services on economic development in a particular area.

I do not think that we should always look at staffing stations as a cost. There are specific and, presumably, tangible and measurable benefits that could accrue from taking on board and addressing that issue.

Nora Radcliffe: That is a good point. When the tourist information office in Aberdeen was looking for new premises, the station seemed to me to be the obvious place, but that went by the by.

What percentage of passenger trains are driver-only trains?

Kevin Lindsay: Virtually every service that is run by the SPT, although there are one or two that run out of Glasgow central.

Phil McGarry: The diesels that run from East Kilbride and Barrhead, for example, are not driver-only trains. The trains in the SPT area are electric trains.

Kevin Lindsay: Yes—in the north and south Clyde areas.

Fiona McLeod: What do you mean by driver-only trains?

Kevin Lindsay: There is no conductor.

Fiona McLeod: Or ticket collector?

Kevin Lindsay: The ticket collector does not have a safety role, but the conductor does.

Fiona McLeod: I see.

Nora Radcliffe: When you talk about a driver-only train, do you mean that there is a ticket collector on board but no conductor?

Phil McGarry: Let me clarify what it means from an operational point of view. Driver-only operation is the mode of operation that the industry in Scotland employs. The driver is responsible for the safety of the passengers. In the event of a delay or—heaven forbid—a derailment, or if the train is stopped at a signal or because of a breakdown, the driver is responsible for the safety and protection of his passengers. No other person on the train has that expertise, knowledge or training. There might be a second person on the train, but solely for revenue collection. The revenue that we depend and rely on is down to that person, but not every train has a second person on it. We therefore have what we call driver-only operation of trains, and those drivers have sole responsibility.

The rail unions’ preference is for a qualified second person who is trained in operational duties

for protection purposes, in the form of a guard, to be reinstated on to driver-only operated trains. His dual role, from an operational point of view, could be to collect revenue. That happens on most diesel services and on the Edinburgh to Glasgow route. The person you see coming through the train collecting and issuing tickets also has an operational function in the event of a train failure. He or she protects the rear and the driver protects the front, in accordance with the operational rulebook. Does that clarify the point?

Robin Harper: I would like one further point of clarification. Does that mean that some of the revenue collectors are not qualified guards or are all of them also qualified guards?

Phil McGarry: We have two separate and distinct grades. We have conductors, who are fully trained in operational protection duties as well as revenue collection, and ticket examiners. As their title suggests, that is what they do—they do not have an operational role or function on driver-only operated services. In other words, in the event of a failure, they do not have the expertise to protect the train. That is down to the driver. If—heaven forbid—the driver should be incapacitated, there would be real problems. However, there is communication, in the form of ship-to-shore radio, with the signal box.

Des McNulty: I asked the minister whether the results of the central Scotland study might influence investment. Do you have a view on the Glasgow crossrail scheme and the whole issue of whether there could be direct services from north Clyde and south Clyde to the west of Glasgow, through to Edinburgh and perhaps also to other Scottish cities? Currently there is a disjunction, as someone can arrive in Glasgow at one station and have to move to another to swap lines. Much has been done at King's Cross and St Pancras to deal with engineering difficulties. Is resolving that problem in Glasgow to permit such crossrail services the key priority for the opening out of the rail service in Scotland?

13:00

Phil McGarry: I joined the railway on 18 June 1978 and I supported the crossrail project then. Nothing has changed that view. That should be an urgent priority. I experienced the problems this morning. I intend to travel to London this afternoon for two nights. I had to walk for 10 minutes with my satchel over my briefcase and my laptop over my shoulder. Perhaps I must give up smoking—I barely caught the 9 o'clock service to Edinburgh in time for this meeting. Having to walk from one station to another is ridiculous. The crossrail project is vital, just as the airport links and the Dornoch rail link are vital and the extension of the Scottish rail network is vital for the country's

economic growth. We welcome any proposed projects.

Kevin Lindsay: My views are similar. The performance that is needed to reach Glasgow airport from Edinburgh is incredible. A train must be taken to Queen Street station, where a bus must be taken. If we are talking about having a modern, integrated transport system, we must have ways of providing airport links that do not involve people who want to take a train to Paisley in crossing cities and taking a bus back to Paisley. Reaching an airport in Scotland is a performance.

We want development of the whole railway network, including Glasgow crossrail, and further development of Edinburgh crossrail. The Secretary of State for Transport should know that a bus in Edinburgh city centre does not go anywhere apart from places in Edinburgh city centre. Edinburgh is crying out for a light rail system, development of crossrail and the opening of the south suburban line. Those issues should be addressed quickly.

The Convener: The mention of the south suburban line made the member for Edinburgh South happy.

Kevin Lindsay: I suspected that it would.

Des McNulty: In effect, Scotland has two railways—the Strathclyde system and the rest. The Strathclyde system and the intercity system could be linked better. In some ways, that would achieve a bigger bang for your buck than anything else. I take the point that a vast range of priorities exists, but linking the Strathclyde system and the intercity system is central to taking the rail industry ahead. Given that a concrete commitment has not been made to that, would that be your priority? If you were pinned to a wall and told that you could have one big investment, would that be it?

Tracey White: We are in the fortunate position of not having to make such decisions—you guys have to. Des McNulty made the case well for integrating the services in Strathclyde with the rest of the country. Crossrail would be a huge and significant step towards that.

The Convener: As we must conduct other business, I will ask the last question, on freight services, which Tracey White talked about in her opening statement. We have taken evidence from freight companies and people who are interested in promoting the transport of freight by rail or on water. The committee is interested in that as part of the development of the rail industry in Scotland. What are the key freight issues for the unions? What are the blockages to increasing the proportion of freight that is carried by rail? What structural investment is required?

Kevin Lindsay: Freight in Scotland is facing

massive problems on the railways. Access, never mind access charges, is a problem. There is difficulty in getting access, full stop. I am led to believe that the channel tunnel has cost EWS between eight and 14 trains a week. That freight automatically goes back on to road. The minister said this morning that the freight facilities grant has been a great success, but that success has caused a backlog. I have evidence that Grant Gordon of Girvan has been waiting for two and a half years for an application to take grain by rail to be dealt with. We must speed up the process.

I attended a rail freight group of mainly road hauliers who want to come on to rail. They face horrendous red tape problems and believe that nobody from the rail industry—when I talk about the rail industry, I mean all of us who are involved in the industry—is assisting them to get stuff off the roads and on to track. W H Malcolm Ltd, which is based in Grangemouth, did a presentation about the horrendous problems that it has faced.

As a trade union official, I want more freight on rail, not just for environmental reasons, but because there would be more jobs. However, companies are facing horrendous problems. We need to find a way of opening up the tracks for freight companies. Freight trains are put in the sidings at every opportunity to allow through intercity trains or even ScotRail suburban services. We need to find ways of proper pathing to ensure that freight gets through and that trucks are taken off the roads.

Phil McGarry: It is no secret that the channel tunnel causes problems for freight operators such as the English, Welsh and Scottish Freightliners. In addition, EWS, the main freight operator, is having great difficulties regarding movement and that is having an adverse effect on the Scottish economy.

I believe that when the Railways Act 1993 was first mooted it was thought that freight development would not take off. Perhaps it was not considered that road pollution and heavy lorries churning up our motorways would make rail more attractive to freight users and suppliers. However, there has been a welcome development of rail freight, which has risen, I think, from about 25 to 30 per cent during the past couple of years. We must consider having railheads that get into factories and other locations. Such movement can open up the opportunities that the channel tunnel brings. I support that type of thing, which is in tune with Westminster and the Executive's objectives on road pollution and getting heavy lorries off our roads. We must consider freight in that context.

When we talk about franchising, we are usually talking about the totality of passenger services, but we must not forget rail and freight users such as GNER Holdings Ltd, West Coast

Trains, CrossCountry Trains and Intercity Ltd. They are all competing for limited track and therein lies the problem. There is insufficient track for those companies to run effective services. There has been talk of monopoly and—with the greatest of respect to Mr Scott—the suggestion of having a separate, distinct arrangement in Scotland. My view is that that would create a monopoly whereby people would be champing at the bit, for want of a better expression.

The committee has asked us many questions and we have tried to give honest answers. The consultation paper "Strategic Plan for Scotland's Passenger Railway" lists 240 or so respondents. I invite committee members to look particularly at the RMT's detailed submission, which answers all the questions that members asked. We have set out our objectives from a policy and political point of view. That is where we want to be. I do not apologise for that—none of us does. The RMT has addressed pragmatically the issues of the development of Scotland's railways, franchising, the ticket regime, the development of projects and how we envisage the consultation being acted on. I urge members to have a look at the consultation document. I hope that we might get somewhere by that.

The Convener: I think that that brings us to the end of our questions. We could have gone on for a while longer, but constraints of time and the electricity problems that we had earlier have been a bit of a problem. I thank Tracey White, Phil McGarry and Kevin Lindsay very much.

13:10

Meeting continued in private until 13:53.

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