

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

Tuesday 27 November 2007

Session 3

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2007.

Applications for reproduction should be made in writing to the Licensing Division,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by RR
Donnelley.

CONTENTS

Tuesday 27 November 2007

Col.

SUBORDINATE LEGISLATION	253
Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007 (Draft)	253
Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 (Draft) ..	253
Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007 (Draft)	253
BUDGET PROCESS 2008-09	263
FERRY LINKS	303

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE 12th Meeting 2007, Session 3

CONVENER

Patrick Harvie (Glasgow) (Green)

DEPUTY CONVENER

*Cathy Peattie (Falkirk East) (Lab)

COMMITTEE MEMBERS

*Rob Gibson (Highlands and Islands) (SNP)
*Charlie Gordon (Glasgow Cathcart) (Lab)
*Alex Johnstone (North East Scotland) (Con)
*Alison McInnes (North East Scotland) (LD)
*Shirley-Anne Somerville (Lothians) (SNP)
*David Stewart (Highlands and Islands) (Lab)

COMMITTEE SUBSTITUTES

Alasdair Allan (Western Isles) (SNP)
Gavin Brown (Lothians) (Con)
John Park (Mid Scotland and Fife) (Lab)
Tavish Scott (Shetland) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Stewart Stevenson (Minister for Transport, Infrastructure and Climate Change)

THE FOLLOWING GAVE EVIDENCE:

Garry Clark (Scottish Chambers of Commerce)
Valerie Davidson (Strathclyde Partnership for Transport)
Iain Duff (Scottish Council for Development and Industry)
Dave Duthie (Highlands and Islands Strategic Transport Partnership)
Councillor Alison Hay (Convention of Scottish Local Authorities)
Frazer Henderson (Scottish Government Transport Directorate)
James King (Passenger Focus)
Alex Macaulay (South East of Scotland Transport Partnership)
Ron McAulay (Network Rail)
Gerard O'Hanlon (First ScotRail)
Neil Renilson (Transport Edinburgh Ltd)
Marjory Rodger (Confederation of Passenger Transport UK)

CLERK TO THE COMMITTEE

Steve Farrell

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Clare O'Neill

LOCATION

Committee Room 6

Scottish Parliament

Transport, Infrastructure and Climate Change Committee

Tuesday 27 November 2007

[THE DEPUTY CONVENER *opened the meeting at 14:00*]

Subordinate Legislation

Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007 (Draft)

Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 (Draft)

Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007 (Draft)

The Deputy Convener (Cathy Peattie): Good afternoon. I welcome everyone to the 12th meeting of the Transport, Infrastructure and Climate Change Committee. I have received apologies from the convener, Patrick Harvie. I ask committee members and members of the public to turn off their mobile phones and pagers.

The first item on our agenda is consideration of the draft Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007, the draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 and the draft Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007.

I warmly welcome to the meeting Stewart Stevenson, Minister for Transport, Infrastructure and Climate Change, who is accompanied by Frazer Henderson, from the transport strategy division, and Andrew Brown, who is the senior principal officer.

The instruments have been drawn to the committee's attention by the Subordinate Legislation Committee and have been laid under the affirmative procedure, so Parliament must approve them before their provisions come into force. I invite the minister to make some brief opening remarks on the instruments. Members will then have the opportunity to ask questions, after which there will be a formal debate.

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): Good afternoon.

Previously, promoters of transport schemes such as tram or rail developments were obliged to pursue a private bill in the Scottish Parliament. The mechanism was cumbersome, unwieldy and time-consuming, and in the previous session, Parliament voted to remedy those deficiencies by approving the Transport and Works (Scotland) Act 2007. In giving that approval, Parliament also agreed that ministers be given certain powers under the act to ensure that they could put in place an appropriate and effective regulatory framework to deliver a modern, transparent and efficient process.

The three draft instruments will, in combination, deliver the new regulatory regime. The draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 sets out in a straightforward manner the statutory procedure for making and considering applications for an order under section 1 of the 2007 act. The application of the rules will ensure that procedures will operate efficiently, effectively and fairly.

It is in everyone's interest to have an efficient process; indeed, potential promoters acknowledge that the process's efficiency will, to a large extent, be conditioned by the standard of information that is provided in support of applications. To that end, we have set great store by our front-loading of the process, which is why we have made provision for pre-application scrutiny of documentation. Moreover, promoters should consult interested parties not only to inform their proposals' design and development, but to reduce the likelihood of objections being fostered through lack of information or engagement. Although we are asking promoters to provide a comprehensive set of information with their applications, potential promoters recognise that such investment at the outset will reap benefits later in the process.

The applications and objections procedure rules also provide a mechanism for objectors to a proposal to make their objections known. Under the private bills regime, objectors were charged £20 to lodge an objection. That barrier will be removed under the new rules. We believe that emphasis on consultation and engagement should ensure that promoters can consider proactively ways in which to address the interests of any potential objections in advance of applications.

We also recognise that efficiencies can be realised if a promoter, in making an application for an order, can obtain at the same time all the other consents that are necessary to enable the proposal to progress. Along with section 2(3) of the 2007 act, the draft Transport and Works

(Scotland) Act 2007 (Consents under Enactments) Regulations 2007 make provision to facilitate pulling together, in so far as it is possible, consideration of consents for such projects. The committee will, I hope, agree that both promoters and objectors will derive genuine benefits from that approach.

The draft Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007 will regulate the conduct of proceedings prior to, during and after an inquiry or hearing. The rules will provide statutory objectors with a fair and public opportunity for detailed examination of their concerns by an independent reporter. Under the 2007 act, the Scottish Government is obliged to consult the Council on Tribunals before making such rules. In its response, the council commented:

"The rules as drafted are properly comprehensive".

We welcome that endorsement.

Together, the instruments will give substance to the policy behind the 2007 act. I remind the committee that that policy, as set out in the original policy memorandum, is

"to provide a modern efficient process to authorise transport-related developments which has the confidence of promoters and those directly affected by proposed developments as well as the wider public."

The instruments will ensure that we have an efficient, fair and straightforward decision process that requires and encourages public engagement and participation, recognises the rights of interested parties and delivers well-founded decisions that are informed by evidence and are publicly explained.

Over the past 18 months, my officials have worked closely with a range of consultees on construction and refinement of the rules and regulations. The proposed legislation is the better for that engagement. I wish to record publicly my thanks to those involved for their input and advice. I have given a broad overview, which I hope is sufficient to start us off. I am happy to answer any questions. If the questions get unduly technical, I will, of course, ask my officials to assist as required.

The Deputy Convener: I will start with a question on consultation. How widely did the Scottish Government consult on the provisions of the Transport and Works (Scotland) Act 2007 and on the draft rules and regulations? Have changes been made based on the responses to the consultation exercise? People often talk about consultation, but consultation may be meaningless if no changes are made. I am interested in hearing what kind of responses emerged from the consultation.

Stewart Stevenson: When the bill was introduced some considerable time ago, draft regulations were provided at that time because it was recognised that it would, with key provisions being enacted via secondary legislation, be difficult to consider the impact of the legislation as the bill went through Parliament without understanding what the secondary legislation would say. At the outset, the subordinate legislation that is before the committee today—in not quite the same but in substantially similar form—was provided to Parliament and to the wider range of bill consultees. Therefore, the previous and current Administrations have consulted extremely widely.

If I may, I will ask one of my officials to explain the detailed changes that have been made since the original drafts.

Frazer Henderson (Scottish Government Transport Directorate): In the light of the consultation, the provisions of what are now schedules 3 and 4 to the draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 were strengthened to place a greater requirement on promoters to consult a much wider range of consultees. We listened to the responses to the consultation and enhanced those provisions.

Another issue was the setting of fees, which drew much concern because it is a financial matter, as members will appreciate. We listened to consultees' views on that and have set two fees for two classes of applicant. We agreed that a fee of £10,000 is appropriate for a public or private sector body. We listened to charities and the Heritage Railway Association and provided a lesser fee of £1,000 for interests such as theirs.

We were pleased that no substantive comments were received on the draft Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007. We listened to consultees' views about the draft Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007, but we have not taken forward their comments because they were not appropriate to the policy or legislation. However, we will consider them in the future when we consider how the process develops. We have told the consultees that we might return to the 2007 act.

Stewart Stevenson: It might be useful to draw the committee's attention to schedules 3 and 4 to the draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007, which give extensive lists of people on whom documents are required to be served. They include people as diverse as

“The relevant constituency member, and each relevant regional member, of the Scottish Parliament”,

the British Waterways Board, the Royal Yachting Association, many environmental organisations, Sustrans Scotland and Cycling Scotland. Those substantial lists are written into the secondary legislation, which helps to show the engagement that has taken place.

The Deputy Convener: In general, the legislation has been well received here and elsewhere. Will the Scottish ministers be able to promote a transport scheme under the instruments? If so, how will they ensure impartiality in the decision-making process when they will be both promoter and decision maker?

Stewart Stevenson: Ministers—particularly the transport minister—will indeed be able to promote works under the arrangements. The same process will apply to them. As members are aware, the process has considerable public parts, so the minister's input is as likely to be public as that of anyone else who may promote an order.

The Deputy Convener: We have several questions to get through, so I ask members to be as brief as possible. I hope that replies will also be brief.

Rob Gibson (Highlands and Islands) (SNP): Under the draft Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007, the Scottish ministers will have the final say on whether an application for a transport and works act order will be considered through written representations, a hearing or a full public inquiry. How will ministers decide which format is to be used?

Stewart Stevenson: To an extent, we are guided by objectors. It may be worth making the point that hearings are extremely rare in the planning system—the format is almost invariably the inquiry. Some statutorily listed objectors automatically cause an inquiry or a hearing to occur. Broadly, the approach that is being taken is similar to that which applies in the rest of the planning system.

Rob Gibson: Ministers will have the power to appoint an assessor to sit with the reporter in any public inquiry or hearing. Will you explain the role of an assessor and how they will influence the outcome of any inquiry or hearing?

Stewart Stevenson: The assessor is an important part of ensuring that the reporter has the technical support that may be appropriate to complex projects. The assessor's role is to provide technical input so that when the inquiry reporter produces the report, matters of fact are precisely that and are unlikely to be open to challenge on

the basis that the reporter did not have the necessary technical information.

14:15

David Stewart (Highlands and Islands) (Lab):

Let us stay with inquiries and hearings. How easy will it be for a member of the public to produce the statement of case that is required for a public inquiry? Will support be available to lay individuals to assist them in drafting the statement of case?

Stewart Stevenson: Again, the process will be broadly similar to what happens elsewhere in the planning system. There is publicly funded advice and assistance in matters of Scots law, eligibility for which requires passing of the usual tests. The Scottish Legal Aid Board can provide information on public funding. In addition, a unit exists within the Government to assist people with procedural matters related to objecting and inputting to the process.

Charlie Gordon (Glasgow Cathcart) (Lab):

The draft inquiries and hearings procedure rules contain provisions for dealing with situations in which the Scottish ministers dispute the facts on which a reporter has based recommendations. When will those procedures be used and how they will work in practice? You may have alluded to them.

Stewart Stevenson: The minister can obviously come to a different conclusion both after an inquiry and after a hearing. The provision for the inquiry is in section 18 of the 2007 act, and the provision for the hearing is, I think, in section 30. The reporter comes up with findings of fact and will make recommendations. There is a special procedure for use when the Scottish ministers disagree with a recommendation of findings of fact. Basically, it boils down to the fact that the Scottish ministers must give notice to people who have objected within three weeks of the minister's coming to that conclusion and give such people the opportunity to provide more input to the process. The minister can also cause an inquiry to be reopened if that appears to be appropriate.

Charlie Gordon: Let us move on to questions about the draft applications and objections procedure rules. Are there any substantive differences between the information that must be provided to the Scottish ministers by applicants for an order under the Transport and Works (Scotland) Act 2007 and the information that was required under the previous private bill regime? If so, can you explain what they are and why they are necessary?

Stewart Stevenson: I repeat the obvious one to which I referred in my opening remarks: there will be no £20 fee for the privilege of lodging and

objection. I invite my officials to answer the question.

Frazer Henderson: We are asking for a report that will summarise the consultations that have taken place and a memorandum that will describe any alternative approaches that were considered and the reasons for their rejection. In terms of the consents, permissions and licences, many more of those can come forward—we are asking for more details on that. We are also asking for much more detailed information about the plan sets of the land that will be affected by proposals. Similar information was required under the private bills process, but we are requiring that more detail be provided.

Alison McInnes (North East Scotland) (LD): What have you done to ensure that transport project developers make efforts to engage hard-to-reach groups in both the pre-application and formal consultation exercises? Will you monitor that in any way?

Stewart Stevenson: Great stress is placed on the pre-application process. As that process will take place in public, there are key opportunities for people to be involved in it. There is also considerable opportunity for involvement post applications.

The key point is that it will not be in the interests of a promoter to fail to consult at the pre-application stage. If promoters fail to engage at the outset, their plans will inevitably be at greater risk of not progressing in the way they want at a later and more expensive stage. I am pretty confident that the emphasis on the pre-application stage, the duty that is placed on the promoter, and it being in that person's interest, will mean that they will want to make every effort to reach out to hard-to-meet groups. However, because the process is public, there is a safety net that should mean that the groups should be able to come forward.

Alison McInnes: Do you intend to monitor that and review it if it is not successful?

Stewart Stevenson: We do not expect there to be huge numbers of orders so it will be relatively straightforward for us to see whether the pre-application phase is resulting in orders moving forward smoothly. It will show us whether the process is working and reaching all the people who feel that they will be affected by it. Of course, as part of the process, there is a report on the consultations that shows what has happened and with whom at the time of the applications.

You seem to be asking me about something further on in the process—post hoc. Are we going to look at how the project worked afterwards? Of course we are. There being so much in secondary legislation means that, if we need to, we will be able to respond to and refine the process, which

would clearly be more difficult if the provisions were in primary legislation.

Alison McInnes: That is helpful; thank you.

In your introductory remarks, you referred to £10,000 and £1,000, and you said that you had responded to the consultation by reducing the latter fee. Will the fees that you charge private developers cover the costs that will be incurred by the Government in processing any application?

Stewart Stevenson: They will not, but we do not believe that the costs will be so substantial that they will be a drain on the public purse or cause alarm in any quarter. There will be a relatively small number of such applications: of course, it is in the interests of the public that we have a process that enables us to proceed.

It is also worth bearing in mind the fact that the majority of the projects for which an application will be made will be public projects, so the fee might not be where the costs are borne. By and large, the public purse is going to bear the costs in any event. The number of private applications is likely to be pretty modest.

Charlie Gordon: On the consents under enactments regulations, can you explain why the Scottish Government chose coastal protection orders, hazardous substances consent and listed building and conservation area consent as the only other types of consent that ministers can grant alongside the award of a transport and works act order?

Stewart Stevenson: I will take advice from my officials but basically there is a range of parallel processes. Section 15 of the 2007 act allows us to deem planning permission. As Charlie Gordon pointed out, the consents under enactments regulations will allow other things to be considered at the same time. Section 2(3) of the act also provides a mechanism for other consents. It says that an order may

“apply, modify or exclude any enactment”,

which means that an order might contain a provision overriding the need for a consent under other enactments, provided that power is devolved. Our philosophy was to get all the orders that we can running in parallel.

The Deputy Convener: We now move to the formal debate on the draft Transport and Works (Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007. I invite the minister to speak and to move motion S3M-790.

Stewart Stevenson: In the light of all that the questions have covered, I move,

That the Transport, Infrastructure and Climate Change Committee recommends that the draft Transport and Works

(Scotland) Act 2007 (Inquiries and Hearings Procedure) Rules 2007 be approved.

Rob Gibson: I welcome the process that was started in the previous session; all members will recognise that it is going to be much easier to deal with such matters in the future. Obviously we will have to see how the process works but, generally speaking, we all agree that the 2007 act is a good step forward. It is a good day for Parliament because we are simplifying procedures.

The Deputy Convener: I agree.

Motion agreed to.

The Deputy Convener: Next is consideration of the draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007. The rules were laid under the affirmative procedure, which means that Parliament must approve them before their provisions come into force. The Subordinate Legislation Committee has drawn the regulations to the attention of the committee as detailed in the cover note. Stewart Stevenson may take part in the debate. Questions on the regulations were put informally along with those on the previous instrument. I invite the minister to move motion S3M-791.

Motion moved,

That the Transport, Infrastructure and Climate Change Committee recommends that the draft Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 be approved.—[*Stewart Stevenson.*]

Motion agreed to.

The Deputy Convener: Next is consideration of the draft Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007. The regulations were laid under the affirmative procedure, which means that Parliament must approve them before their provisions can come into force. The Subordinate Legislation Committee has not drawn the regulations to the committee's attention. Stewart Stevenson may take part in the debate. Questions on the regulations were put formally during our discussions on the first two instruments. I move to the formal debate and ask the minister to move motion S3M-792.

Motion moved,

That the Transport, Infrastructure and Climate Change Committee recommends that the draft Transport and Works (Scotland) Act 2007 (Consents under Enactments) Regulations 2007 be approved.—[*Stewart Stevenson.*]

Motion agreed to.

The Deputy Convener: I record the committee's thanks to the minister, Mr Henderson and Mr Brown for attending this afternoon.

14:28

Meeting suspended.

14:30

On resuming—

Budget Process 2008-09

The Deputy Convener: Item 4 is the budget process 2008-09. Three panels of witnesses are here to give evidence. I remind members that we have been allocated 45 minutes for each panel. I will do my best to ensure that we do not overrun and would be grateful if members and witnesses could keep their remarks as focused as possible.

I warmly welcome this afternoon's first panel: Valerie Davidson, the assistant chief executive of Strathclyde partnership for transport; Dave Duthie, the director of Highlands and Islands strategic transport partnership; Councillor Alison Hay, the environment, sustainability, and community safety spokesperson for the Convention of Scottish Local Authorities; and Alex Macaulay, the chief executive of the south east of Scotland transport partnership. I thank all the witnesses for providing written evidence in advance—that is always very helpful for committee members. I invite the witnesses to make a brief introduction before we go on to questions.

Councillor Alison Hay (Convention of Scottish Local Authorities): I am a councillor in Argyll and Bute Council and I am also COSLA's spokesperson for regeneration and sustainability—there has been a wee change in my title and it is now much easier to say. COSLA has signed a constructive concordat with the Scottish Government, which we hope will underpin everything that we do for the next three years. It aligns the Government and COSLA to a new and more democratically accountable means of producing services. In drawing up the concordat, we have made progress. There is a clear statement that there will be no reorganisation. Top-slicing has disappeared, and we will have a single outcome agreement and a reversal in the trend towards receiving less money—although the budget is tight, we will get more money. We will also have regular contact with cabinet secretaries.

Valerie Davidson (Strathclyde Partnership for Transport): I am the assistant chief executive for Strathclyde partnership for transport. My remit includes financial aspects. SPT welcomes the opportunity to give evidence today. There are aspects of the announcements last week that SPT welcomes, particularly the continued ring fencing for capital infrastructure. It is important that transport contributes to economic growth in the west of Scotland. However, we have one or two concerns with regard to revenue funding, particularly for socially necessary bus services.

Dave Duthie (Highlands and Islands Strategic Transport Partnership): I am the director of the Highlands and Islands strategic transport

partnership. I, too, welcome the opportunity to speak to the committee and to provide evidence. From a HITRANS perspective, there are good things in the budget, particularly the announcement of a trial of the road equivalent tariff and the continuation of the air discount scheme. With the tight settlement and with the concordat directing funding very much to local government, there is a concern that there may be issues that are more pressing for councils in the short term than transport. That may have an impact on transport and on the development of the Highlands and Islands as a whole in the longer term. Without knowing exactly how much money is being given, we do not know the pressure that will be on councils. At this stage, we would like to raise those issues, particularly in relation to the delivery of public transport. I am talking not just about public transport per se but about support for demand-responsive transport and services supplied by the third sector.

Alex Macaulay (South East of Scotland Transport Partnership): The budget is a bit like the curate's egg: it is a bit of good news and a bit of bad news as far as SEStran is concerned. There is good news about the continuation of core funding for regional transport partnerships, for which we are grateful. There is also good news about the continuation for another year of travel plan grant direct funding, for which we are also grateful. Although the budget is at a high-level stage at the moment, the signs are that it may grow in future years.

On the other hand, the decision that the demand-responsive transport and rural public passenger grants will go directly to the local authorities rather than via the regional transport partnerships is a serious concern to us. We consider it to be a missed opportunity to provide economies of scale on a region-wide basis at a time when local authority budgets will be tight.

There are other apparent changes. Transitional costs, which were previously part of the funding to regional transport partnerships, have gone. That is not surprising in a tight budget round, so I simply note it. However, the total amounts of capital and revenue funding that appear to have been made available fall far short of the levels that the draft regional transport strategy identifies as necessary if we aspire to make a significant improvement to transport within the region. We never expected to get all the money for which we bid in the strategy, but we seem to have gone in the opposite direction in that there is a reduction in capital and revenue funding, rather than potential increases.

What causes us the greatest degree of concern is the decision that, outside Strathclyde, capital grant will go directly to the local authorities instead of being channelled through the regional transport

partnerships. In the context of a tight budget settlement, that means that any region-wide bid for transport funding would involve the regional transport partnerships bidding to their partner local authorities. The potential for erosion of that capital allocation to transport is significant in that there will undoubtedly be other perfectly valid, justifiable local priorities in other service areas that may take priority. We are also concerned about other logistical aspects of the decision, in that the ability to move funds from one local authority to another within the region will disappear if the individual local authorities are in control of their own capital budgets for transport.

Those are the main areas of concern, which are covered in my written evidence. I will happily take questions.

The Deputy Convener: I will start the questioning, although Alex Macaulay has partly answered my question already. Is the planned transport budget sufficient to deliver a meaningful contribution to the Government's goal of matching the United Kingdom growth rate by 2011?

Alex Macaulay: That is the matter on which we have significant concerns. As I said in my introductory comments, the capital allocations fall far short of the capital investment that was identified as being required to make the improvements to the economy and environment that were identified in the regional transport strategy. That is particularly the case for the south-east of Scotland, but I am sure that it is true for all the regional transport partnership areas. We knew that the current financial year's capital allocations fell short of the required level. Although the transport allocation is rolled up within the local authority settlement, if the amount of money is as I have interpreted it in my evidence, we are facing a significant reduction in regional transport investment in the SEStran area. I can only conclude that the step that has been taken is a retrograde one, rather than a beneficial one.

Councillor Hay: I am not quite as pessimistic as Alex Macaulay. The fact that money is coming directly to local government is welcome from a COSLA perspective. We feel that local knowledge lies at a local level. The fact that the funding is coming to us does not mean that, for some unknown reason, it might suddenly go elsewhere. We are all of a government family: whether we are in regional transport partnerships or local councils, we are all local government people. The challenge for us is to sit round the table and decide how to spend the money that we have been given wisely, including on the projects that we have jointly agreed and which appear in our transport strategies.

I appreciate that we do not have all the money that we need—I do not think that we ever will

have. COSLA has said that we need about £1.5 billion just to get some of our non-trunk roads back into a fit state. We are never going to get that sort of money. We are in a tight settlement. COSLA negotiated as well as it could under the tight circumstances that we found ourselves in. We—not just local government but regional transport authorities and national Government—have an opportunity to discuss how to spend the money on the priorities that best suit everyone. We should try to work with what we have.

Dave Duthie: It might appear that we know how much money is coming to transport. In reality, however, we do not, until the councils all decide how they are going to spend their budgets. Given that there is no allocation for transport within those amounts, it is not possible at this stage to say how much we are going to get in the transport sector. I take the point that Alison Hay makes—that COSLA and councils will try to deliver what they can under their budget allocations—but transport is a sector where movement occurs across council boundaries. One council might make a substantial investment in transport but, if the adjacent council does not do the same, one can quickly end up with a mismatch in the provision of services across an area. People move across council boundaries when they go to work or access health services. The advantage of having a spread, which is managed in such a way as to give best overall service, might become lost.

The Deputy Convener: Is it not true that transport suffered very badly previously when there was a reduction in ring fencing? Alex Macaulay spoke about the difficulties of identifying money and the absence of ring fencing for transport. Will transport in Scotland enter a worse situation? Alison Hay is indicating that she does not think so.

Valerie Davidson: I can offer SPT's view. SPT is the largest regional transport partnership and it has experience of trying to galvanise revenue funding and capital funding for transport projects. There is a legacy there.

I welcome the opportunity to work with councils—and I note Alison Hay's views on how councils and SPT can work together to arrive at outcomes, particularly in relation to the national outcomes that have been arrived at as part of our agreement. Where there is no ring fencing, it will always be inherently difficult to secure funding for transport, particularly at a local level, within councils. Transport will be competing with education, social work and other local priorities. The harsh reality in the past has been that progress tends to be made at the rate of the council that can afford to do least. For instance, SPT needs to negotiate with 12 councils for revenue contributions in support of transport. If

one council can afford 4 per cent but another council can afford only 1.5 per cent, the need for a flat increase means that we tend to go with the lowest. That must be a concern for us for the future.

14:45

Alison McInnes: I have a supplementary question before I ask my own question. Councillor Hay mentioned that councils need to sit down and discuss transport priorities. I am interested in hearing from the regional transport partnerships what kind of standing and buy-in their existing strategies have. Have the RTPs already done some work on what the priorities for their region should be?

Alex Macaulay: In my area, we have a very good level of buy-in to the regional transport strategy that we submitted to the minister at the end of March. However, all eight partner authorities realise that the strategy was ambitious. To that extent, the strategy was largely a bidding document that set out what we would all like to achieve. That is fundamentally different from the position in which we now find ourselves, where the local authorities have been given a very tight settlement and each local authority will have direct control over the capital spend that is allocated to transport within its area and over the share of its money that is to be distributed on a regional basis. I fear that it will be much more difficult for transport to operate in that environment than it is at present.

I mention in my written evidence that, in managing the SEStran capital budget over the past two years, we have been able, through the timely intervention of the SEStran board, to respond to changing circumstances by shifting funding from one authority area to another to meet the regional transport priorities and the spending targets that capital budgets represent. I fear that making such changes during the management of capital budgets will now be much more difficult because, in the event of an identified underspend within a particular authority area, other services within that local authority will have first call on that underspend. Local authorities will not necessarily volunteer to forgo such spending by giving it to another authority area in the hope that the transfer will be rebalanced in the future. The settlement makes life that much more difficult for us. To be honest, I think that the local authorities will—quite rightly—set their own local priorities. That is the environment that is proposed in the budget.

I must say that it is a bit confusing that the tables in the concordat and in the budget specifically identify ring fencing of the regional transport partnership capital grant. Subsequent advice from the civil service has clarified that the ring fencing applies only to Strathclyde. If that is good for

Strathclyde, it should be good for the rest of Scotland.

Alison McInnes: Moving on, I am interested in exploring whether ministerial priorities—for example, the delivery of the national transport strategy and the reduction of emissions in order to tackle climate change through modal shift—are adequately reflected in the draft budget. In light of those stated ministerial priorities, is it appropriate to prioritise expenditure on trunk roads, motorways and ferries ahead of other transport sectors?

Dave Duthie: I think that we should welcome the focus on strategic transport initiatives. If we are to grow the Scottish economy, the effective movement of freight and people around the country is important. Obviously, the trunk roads system and the ferries system are the strategic network on which all that is based. I would not like to comment specifically on whether the allocation in that area is correct. However, it is important to maintain those roads to a high standard to allow freight to move about. Equally, there is a level below that provision at which the old principal road system has to function to allow areas to develop and to enable all areas to perform within the Scottish economy as a whole. In its economic strategy, the Government has said that it wants to enable all areas to add value to the Scottish economy. We can do that only by investing in all regions as necessary. Obviously, some areas are better served by trunk roads than others. For example, in the HITRANS area, the Western Isles have no trunk roads, so investment in the trunk roads network adds nothing to the situation there.

Alison McInnes: My question was more about investing in roads ahead of other transport sectors than about investing in different levels of road provision. I am interested in the balance between investment in public transport and investment in road provision.

Dave Duthie: There is a realisation that road transport will continue to be the major means of transport for freight and other general transport movements, for example by bus. We will continue to need to invest across all sectors. I agree that we are all looking for modal shift but, in the Highlands and Islands, we are stuck with a single-line rail system, so we can improve capacity only to a certain extent in that regard. We want to move towards transport movements being made increasingly on the rail system and by ferry, but the road system has to be maintained. In terms of budgetary allocations, it is difficult to move quickly from one sector to another.

Alex Macaulay: Obviously, the situation in the central belt is fundamentally different from that which prevails in the Highlands. We are faced with rapidly increasing congestion levels—our urban centres are clogging up. In terms of road

investment, there is also the general realisation at United Kingdom level that the policy of predict and provide is discredited. That is now the generally held view of the transport planning profession.

That said, there are different solutions for different parts of the country. I accept fully that issues of accessibility in rural areas mean that investment in roads is eminently appropriate. However, in our heavily congested city centres, it may be less appropriate to invest in roads rather than in public transport.

The budget document shows the high-level spend. The next stage is when the flesh is put on the bones, which is when we will have a better feel for the balance between the different modes and geographic areas. That is important, because Scotland's mix of rural and urban accessibility is widely diverse.

Rob Gibson: Clearly, the M74 and the likes are projects that the Government has taken on from decisions that previous Administrations made. A reasonable amount of money is being spent because the Government is carrying out decisions that were made previously. Am I right, or am I wrong?

Valerie Davidson: If I may, I will answer the question in a slightly different way—

Rob Gibson: It depends on whether I get an answer to my right-or-wrong question. [*Laughter.*]

The Deputy Convener: Let Valerie Davidson answer the question, Rob.

Valerie Davidson: In its regional transport strategy, SPT identifies the importance of a number of modes. The allocation of priorities depends on circumstances and where one is coming from. The issues in urban areas are very different from those in rural areas. SPT recognises the importance of all those interventions and believes that they all have a role to play. The setting of priorities is very much dependent on where the intervention is to be made in the region, as well as the economic benefit that it would contribute. All modes give benefits. Setting priorities will always lead to very difficult decisions on whether to fund one mode over another. All modes have a role to play in economic generation. Certainly, that is true in the west, given our urban conurbation.

Rob Gibson: But my point is that there are no motorways in the Highlands. We are talking about schemes that were agreed beforehand. Each area can be served, but I assume that the M74 must be a priority for people in west central Scotland and, probably, nationally.

Councillor Hay: We keep talking about priorities on roads, rails and ferries, but we must not forget that there are other modes of transport. I

am talking about cycling, walking and the healthy agenda—COSLA has been leading on that recently.

Charlie Gordon: How should the transport sector contribute to the Government's target of 2 per cent per annum efficiency savings across the public sector in the budget?

The Deputy Convener: Anyone? Alison Hay?

Councillor Hay: I am just thinking.

The Deputy Convener: It is not compulsory.

Rob Gibson: Thinking is.

The Deputy Convener: Yes, it is compulsory to think, but it is not compulsory to be the person who gives the answer.

Councillor Hay: Sorry, Charlie—did you say 2 per cent?

Charlie Gordon: The Scottish Government's budget assumes 2 per cent efficiency savings, and everybody will need to contribute towards that. How can transport do that?

Councillor Hay: A 2 per cent reduction in transport generally?

Charlie Gordon: Well, efficiency savings—that does not necessarily mean cuts. Does your part of the transport industry in Scotland have any views on how you might contribute to those savings? Will the partnerships let their constituent local authorities make those savings for them?

Valerie Davidson: Perhaps I can detail how the SPT has approached efficiency savings. SPT has delivered services on behalf of the councils in our area for a number of years as an enabling authority, and part of that has been to gain efficiencies and economies of scale. For instance, we have delivered school transport, recognising that because of SPT's purchasing power we can generate efficiencies. That has allowed authorities to reallocate funding in their areas.

In addition, we have been working with councils to deliver a number of other services on a region-wide basis and to try to achieve efficiencies from that. That has allowed us to plough funding into other areas on behalf of the 12 councils. For instance, we have put a lot of the resources that we have generated through efficiencies into bus action areas, which improve bus services on the streets in all parts of the SPT area.

We are working as an enabling authority and using scale to generate savings. That is a contribution to the 2 per cent savings, albeit indirectly.

Dave Duthie: SPT has also done some positive work on transport demand response. It has organised that from one core centre for the whole

area, which is obviously far more cost effective than each council doing it. It has done that almost by itself, without having been asked.

HITRANS has been considering staff resources in delivering capital projects. For many years, councils have been forced, due to a lack of people in their organisations, to go to outside consultants to deliver major projects. We are now looking at sharing resources positively among councils to encourage employment in the area and the provision and delivery of better and more effective services by people who know what does and does not work in the area. We are doing that at the moment. That adds to efficiency because it reduces the cost of delivering any project.

Alex Macaulay: SEStran is looking at economies of scale in a number of areas. First, we are inviting tenders to roll out real-time information for public transport throughout the region. The ability of authorities outside Edinburgh to deliver such a project is severely limited, and it is only through economies of scale that we can do that and provide the service much more cost effectively.

Secondly, we are providing a region-wide public transport information strategy, rather than having eight public transport information strategies, each of which has to go through the consultation process and so on. Thirdly, we are currently halfway through the process of commissioning a number of framework contracts for professional services, which will be available to the partner authorities—particularly the smaller ones—to tap into individually or via SEStran.

Those are three examples of how operating on a regional basis can produce the economies of scale that will help to contribute towards Government efficiency savings targets.

15:00

Councillor Hay: I should add that, on top of that, the fact that our efficiency savings are not being top-sliced will make them even more valuable.

Charlie Gordon: I appreciate that the Scottish Government is not top-slicing your funds, but whether constituent authorities top-slice regional transport partnerships' funds is an open question—however, that is, as they say in Castlemilk, entirely by the way.

What are the likely implications of the reductions in annual support for rail and bus services that have been identified in the draft budget?

Valerie Davidson: SPT is slightly concerned that any reduction in revenue will have a knock-on effect on the services we can deliver, even with the gain from the efficiency savings. We are

considering a number of ways of delivering things differently, such as using council fleets for community transport, which will bring some standards and quality into community transport. At the moment, that area is non-regulated, so we would like to improve standards in that way.

The cost of bus provision runs higher than the cost of inflation, so any reduction in funding has a disproportionate effect on the level of service that can be offered. That has to be taken into account. Our industry standard in relation to bus costs is 10 per cent, over a three-year period, whenever we renew contracts. That does not reflect the increased cost that we receive from councils. We have to tie up those two elements by finding efficiency savings to maintain a stable quality and cost of service. That involves a difficult balancing act.

Alex Macaulay: Any potential reduction in bus service support is a major concern to us. We were encouraged, earlier in the year, by the proposal to combine the funding for rural public passenger transport, community transport and demand-responsive transport—DRT—into one budget that would be dealt with by the regional transport partnership. The objective of that proposal was to provide economies of scale by having, for example, common dispatch centres. Such initiatives are being replicated in a number of smaller organisations that have picked up on what is happening in Strathclyde.

The other advantage of combining the budgets was that it gave us the opportunity to tailor the service to the demand rather than be constrained by a particular budget. To be fair, that constraint in a local authority area has been removed because the money is part of the local authority block allocation, which means that people are no longer constrained by tight, ring-fenced budgets. We had hoped that we would be able to deal with the issue on a regional basis—thereby producing economies of scale—but we will not be able to do that if the current decision prevails.

Councillor Hay: People keep taking a negative view and saying that they are not able to do things. My view is that we are all in the local government family and there is no reason why we should not be progressing with the very things that Alex Macaulay has been talking about. It is local government people who sit on the regional transport partnerships. They need to make the case that the current initiatives should continue. I see no reason why councils that have proposals worked out will suddenly decide that, because they have not got a ring-fenced budget, everything will change. We need to take a pragmatic look at the situation. Things will continue, but people will have to prove their cases.

Alison McInnes: The local government settlement is opaque. It is hard to tell, in real terms, what the increase is. Although I accept what Councillor Hay says, the real issue is whether the budget is large enough to cover everything that is happening at the moment. Because of the removal of ring fencing, it is difficult to identify matching elements between last year's budget and this year's budget. Those may be issues that we need to consider further.

The Deputy Convener: Absolutely.

We will move on. I remind members that we must keep our questions as brief as possible because we have three panels of witnesses this afternoon.

David Stewart: I want to ask the panel about the concessionary fares budget. As you will all be aware from the blue book, the budget for next year is likely to be reduced to around £8 million. Is that wise when we have a growing elderly population?

The young person's pass has not been as successful as it might have been. Does the panel feel that better promotion might have led to better take-up?

Expenditure on the smart card programme is doubling to £6 million. It is good to have efficiency in the scheme, but I wonder how we will track the number of elderly people who use bus services.

My general question is whether it is wise to reduce the budget for concessionary travel when the elderly population is growing.

Valerie Davidson: Concessionary travel is an issue for Transport Scotland; it will have a view on the level of funding required for concessions on buses and for the scheme for young persons. At one time, SPT administered concessionary travel in the west, and it is on record that SPT raised concerns about the level of funding. SPT has never challenged whether concessionary travel is a good use of funds, but we have wondered whether we could get more out of it. Perhaps that should be looked into.

A total of £180 million has been earmarked for concessionary travel. That is a substantial sum of money, but if bus services are being reduced because socially necessary services cannot be met through the local government settlement, the capacity to make use of concessionary travel will be affected. If there is no bus, there is no concessionary travel. We often consider the two issues separately, but they are directly related.

David Stewart: Good point.

The Deputy Convener: Absolutely.

Dave Duthie: The aim of concessionary travel is to give people in all parts of the country access to travel. The rural public passenger grant system

was set up to allow access to areas that were not covered by commercial bus services.

There is a question about whether there should be more funding for more usage. As I understand it, the concessionary travel scheme is designed to ensure that bus companies are no worse off as a result of the scheme. At present, companies receive more money if more people use the buses. The question is whether extra costs are incurred because more people use the buses. That question is not for the regional partnerships, but the committee might wish to consider it.

Rob Gibson: I want to ask about specific regional projects. It is possible that some projects might not go ahead if funding for RTPs is radically reduced. Will fewer projects go ahead?

Dave Duthie: In my written submission, I expressed concerns about a project on the A82 that had previously been committed to. The A82 serves the whole of the west Highlands. The project was scheduled to be completed in 2011-12, so it would have to start in 2010-11, but it seems to have been missed out from the list. That may simply be the result of an error when the list was drawn up, but it would certainly concern HITRANS if the west Highlands—one of the areas that has benefited the least from development over the past 20 years—were adversely affected.

Alison Hay spoke about councils having opportunities, if so minded, to put money into major projects. It is very unlikely that small councils such as Orkney Islands Council and Western Isles Council will be able to make the investments that are required for the sort of developments they want in order to generate their economies. When the transport strategy for the Highlands and Islands was developed, it was reassuring that all the councils signed up to commitments that showed that they realised that the whole area had to be developed, but it will not be possible for smaller councils to deliver on major projects in their areas. That issue remains on the table.

Rob Gibson: Will you comment on rail? You mentioned that the railway in the Highlands is extremely limited. The Government is considering speeding up transport between the main centres. Will the fact that routes such as the one between Perth and Inverness will become national priorities help to deliver the transport partnership's aims?

Dave Duthie: The rail priorities are identified in a separate document from the budget. There is money in the budget for small rail projects and, although specific projects are not identified, I hope that the money will support measures to improve journey speeds and journey times. Our strategy identifies the Inverness to Aberdeen line, the Inverness to Perth line and the far north line as

important if we are to deliver the benefits that we seek for the region.

David Stewart: The panel will be aware that the budget contains an increase in spending on ferries but a swing away from spending on air services, particularly the air discount scheme and the air route development fund. I am interested in the panel's views on that, particularly those of Mr Duthie and Councillor Hay, although the other witnesses are welcome to comment.

Dave Duthie: We need to continue the investment. The investment in ferries is a reflection of the contract arrangements that are being entered into and the commitment that must be made to fund those arrangements. It is encouraging that there is a budget for the air discount scheme because, in theory, funding for the scheme was to be completed in March 2008—there was no commitment beyond that. A review of the scheme is being carried out and we hope that it will be extended and improved. Air services in the Highlands and Islands are almost the equivalent of rail services elsewhere. The ferries can be compared with the road system in other places and the air system is comparable with the rail services that the rest of the country takes for granted.

We need to support ferry and air services. Air services are improving with time, but costs continue to rise, which is having significant impacts on development in our island communities. We want to find a way of ensuring that island communities have the benefits that they need to be part of the country as a whole. In general, journeys within the country are improving and becoming more effective, but the islands seem to be disproportionately adversely affected. In particular, air services need increased investment to improve the situation.

Councillor Hay: I agree with all that Dave Duthie said. At the local level, we have just instigated lifeline services to the islands. We must acknowledge that people who live on islands such as Orkney and Shetland are part of the country: their travel needs should be met accordingly. We should consider road equivalent tariffs and so on.

David Stewart: This is probably more of an observation than a question. If the route development fund is reduced, the cost to Highlands and Islands Airports Ltd will increase, because it has pre-existing deals with companies that, in effect, have subsidised those companies' access to Inverness and the other routes that HIAL serves. We must be careful in considering the budget, because some masking is going on with the reduction in the air route development fund.

Rob Gibson: Would it benefit the Highlands and Islands services if there were public service

obligations on all of them? Some have PSOs, but others do not. Such an arrangement would allow people to travel in and out at a far lower price and it would be for the longer term—it would not just be a quick fix.

The Deputy Convener: Can I have a yes or no answer, please?

Dave Duthie: I will say slightly more than that. HITRANS is supportive of a PSO network for the Highlands and Islands. We have the air discount scheme, which provides most of what we are after, but it does not provide the lower fares that we want for everyone who uses the network. That is where we are missing out and not getting the benefits.

Shirley-Anne Somerville (Lothians) (SNP): We had a lot of discussion about the relaxation of ring fencing in local government finance. I noticed, during that discussion, that Alison Hay tried to comment a couple of times but did not, so I ask her to comment on the impact of the measures. There seems to be a negative perception or assumption about what will happen.

Councillor Hay: Mainly, I was trying to say that COSLA has argued long and hard that we should do away with ring fencing so that the decisions on how to proceed are taken by local government. It should not frighten people that that has now happened. There is a huge opportunity for us, the regional transport partnerships and the Government to work out how to spend the money.

I am despairing slightly at the negativity of the discussion. There is a huge opportunity—if we are able to make the point that getting a proper transport infrastructure will benefit economies, tourism and business. Huge benefits are available. We must ensure that local authorities take decisions in the right way and support transport. Part of my remit is to promote transport and to say to local authorities that they must treat it as a key service. If they do not do that, businesses will not come to areas and tourists will not visit them, because they will have a bad experience. Transport is integral to what we are doing.

15:15

Valerie Davidson: We do not mean to take a negative view—SPT welcomes the opportunity to work with councils and does so—but there is a difference between capital funding and revenue funding in all areas. SPT is in dialogue with all its stakeholders and is working with all 12 councils in the SPT area to put meat on the terms of the outcome agreements, to establish what they mean for transport. The main point for us is that risk has been introduced to the transport plans by the proposal to place funding with councils. We must acknowledge that. One council may choose not to

proceed with a plan. That is not a negative comment, but we must acknowledge the risk that has been introduced to the process.

Councillor Hay: It should be recognised that capital grants for regional transport partnerships are still ring fenced. The second-last page of the concordat makes it clear that they will come to local authorities but will go back out to regional transport partnerships. There is work for us all to do that in that area.

Alex Macaulay: I am enormously encouraged by what Alison Hay has just said. There has been confusion about capital grants. If COSLA is making a commitment on behalf of local authorities, I am enormously encouraged.

Councillor Hay: I am pleased to give you some good news.

The Deputy Convener: I am pleased that you are encouraged. I thank the witnesses for their evidence this afternoon. I will suspend the meeting for a few moments to allow for a changeover of witnesses.

15:18

Meeting suspended.

15:21

On resuming—

The Deputy Convener: I welcome our second panel, which comprises Garry Clark, who is the policy manager at the Scottish Chambers of Commerce; Iain Duff, who is the chief economist at the Scottish Council for Development and Industry; Neil Renilson, who is the chief executive of Transport Edinburgh Ltd; and Marjory Rodger, who is the director of Government relations at the Confederation of Passenger Transport UK. I invite each witness to give a brief introduction.

Iain Duff (Scottish Council for Development and Industry): I thank the committee for inviting the SCDI to give evidence on the Scottish budget. I will provide a little context as introduction. The SCDI's broad membership consistently ranks transport and infrastructure issues in its top three priorities for the economy. That implies that our members feel that the transport system in Scotland is not all that it might be and that it is impeding their performance. However, we acknowledge that over the years significant progress has been made on many of the key missing links, pinchpoints and general inadequacies throughout the network, which are being, or have been, addressed.

Given that the Government has forged a close relationship between its economic strategy, that strategy's purpose of increasing the economic

growth rate and the budget, we regard transport spending as being an important part of that. We hope that the momentum that has been built will continue, to help to provide the transport infrastructure that our members feel is crucial to enhancing our economic development and competitiveness.

Garry Clark (Scottish Chambers of Commerce): Thank you for inviting the Scottish Chambers of Commerce to give evidence. We represent 20 affiliated chambers of commerce throughout Scotland, from Caithness and Sutherland Chamber of Commerce in the north to the District of Wigtown Chamber of Commerce and Scottish Borders Chamber of Commerce in the south.

In that network, transport issues vary widely from area to area. However, the consistent message from all our members throughout the country is that transport is a priority for them. They see it as a driver towards Scotland's future economic prosperity. We welcomed the previous Administration's placing of economic development at the top of the transport agenda and we welcome the new Government's being forthright in placing economic growth at the heart of its economic plan for Scotland. We very much want that progress to be maintained within the transport environment.

Neil Renilson (Transport Edinburgh Ltd): Thank you for inviting me along today. I am the chief executive of Transport Edinburgh, which is the holding company for Lothian Buses plc and also has responsibility for the Edinburgh tram scheme. Lothian Buses operates about 700 buses in the greater Edinburgh area, including Midlothian and East Lothian, which carry approximately 114 million passengers a year. We represent 25 per cent of the Scottish bus industry—one in four bus passengers in Scotland makes their journey on a Lothian Buses bus. We are also Scotland's only publicly owned bus company—the one that got away.

I have been in public transport—primarily buses, but also trams and heavy rail—for my entire career since I left school. I have been in Edinburgh for the past nine years. Prior to that, I was with Stagecoach for 10 years and, before that, I worked in various public and private sector public transport operations. I am happy to answer whatever questions you have for me.

Marjory Rodger (Confederation of Passenger Transport UK): CPT—the trade association for bus, coach and light rail—appreciates the opportunity to give evidence today. We are coming to grips with the new scene and the new way of working. It was interesting to hear the previous evidence session, as we had great concerns about going back to work at local authority, as opposed

to regional, level. The last exchange with the Convention of Scottish Local Authorities was exceedingly welcome to hear. We have been concerned that the spending review's seven purpose targets and the strategic objectives do not name transport; however, we accept that transport is an enabler. We hope that we will get the opportunity to feed into the development of the outcome agreements.

The Deputy Convener: Members will now ask questions. I will start. Is the planned transport budget sufficient to deliver a meaningful contribution to the Government's goal of matching the UK growth rate by 2011?

Iain Duff: As I have said, our members feel that transport is a crucial contributor to our economic competitiveness, and real-terms increases of about 0.5 per cent over the three periods are not as generous as we might have hoped for. Within that, there are increases in specific funding streams, but we feel that the aggregate increase is rather meagre.

The Deputy Convener: I should say to the panel that, if there are questions that you do not want to answer, do not feel that you have to answer them.

Alex Johnstone (North East Scotland) (Con): That is how we work.

The Deputy Convener: By the same token, if you want to answer the questions, please indicate that you wish to do so.

Garry Clark: I agree with a lot of what Iain Duff said about the size of the overall transport budget. As I said at the outset, our members view transport as being a key priority, and the geographic spread of our membership throughout Scotland means that there are differing transport needs. We want to look behind the headline figures in the budget to see what the breakdown is—what will actually be delivered as a result of the budget. The priority for most of our members is the roads network. We are keen for the roads spending plans, which were announced earlier this year, to be adhered to by the Government and to be delivered on time, preferably within this session of Parliament.

We are also concerned that there is a lack of funding for the air route development fund, which we believe has been of great benefit to the Scottish economy. It has been very productive for the investment that has been put into it, so we are disappointed to see funding seeping away. The Government has said that it is under review, but we had hoped to see progress on that front.

Similarly, progress on public transport is important to us. Our members are keen to ensure that they are able to access as wide a labour pool

as possible. In a number of areas in the country, particularly areas of economic need, it is important that we get public-transport access to and from places of work so that businesses in, for example, Lanarkshire and West Lothian are able to access that labour pool.

15:30

Neil Renilson: The one-word answer is no. I do not believe that the transport budget is adequate. For example, spending on bus services is flatlined at £57 million a year each year for this year and the next three years. Spending on that and other relevant sectors is not going up with inflation and thus will go down in real terms; clearly, £57 million will be worth less in three years than it is worth this year. The impression that I get from my reading of the budget proposals is that there will be a real reduction in spend on public transport operation. I am not qualified to comment on road building or the like.

Marjory Rodger: Neil Renilson has kicked it off. The Confederation of Passenger Transport UK has concerns about the bus service operators grant and about concessionary fares during the life of the spending review. We have a three-year review of the concessionary fares scheme, when a lot of debate will have to happen and a lot of hard decisions will have to be made.

Alison McInnes: You mentioned the three-year agreement on concessionary fares. Is the budget for the forthcoming year adequate to meet the needs of the concessionary fares scheme?

Marjory Rodger: That depends on how much flexibility Transport Scotland has within its budget. We hope that we can make it through. We want to start the third-year agreement as soon as possible. We do not want to wait to the end of it; we want to start and then to see what happens. Demand must be managed. We have had a baby boom, more people are becoming eligible and more people are travelling, so the scheme must be made sustainable all round.

Alison McInnes: Is it correct to say that there has already been a real-terms cut in the budget for the bus service operators grant this year?

Marjory Rodger: That is correct. The Treasury gave a 4p rebate last April, of which 2p was to be applied in October and 2p next April. The first part has been awarded in England but is not being awarded in Scotland. If we assume that the second 2p will not be given in April, that will translate into about 10 per cent of the £57.2 million not going into the bus services for bus operators to keep fares down, which is the purpose of the bus service operators grant.

Alison McInnes: That represents a reduction of something like £6 million. Is the reality that the other pressures on the bus industry, such as rising fuel costs and driver-training costs, will result in a rise in fares or a reduction in bus services?

Marjory Rodger: That is correct. Two and a half years ago, small operators buying a tanker load of fuel got their diesel at 62p a litre; today, they are quoted 89p a litre. On top of rising fuel costs, the driver certificate of professional competence is coming in next year. Compulsory training of all drivers for that will be a huge cost to the industry. I am not saying that the driver CPC is a bad thing, but it will be an additional overhead. There are also retention and recruitment wage pressures.

I am waiting to be asked for 2 per cent efficiencies. We are trying hard: we want to keep fares down because increases in fares turn passengers off, but there comes a point at which the decision must be taken that it is impossible not to increase them. Something has to give if we are to keep up investment and meet other costs.

Rob Gibson: Are the bus companies efficient in recording who travels on concessionary fares? Would savings increase if the figures were more precise?

Neil Renilson: A programme is under way to fit all buses in Scotland with smart-card enabled ticket machines so that we will be able to record electronically the concessionary journeys that are being made, and information such as the point of boarding. That equipment was ordered off the drawing board some time ago but is not in place yet.

We are three years into the scheme, but the equipment is not yet to hand and operational. Once it is in place, fully detailed and accurate information will be available that will reveal whether the current manual method of recording is bang on, is under-recording or is over-recording. At the moment, the system relies on the bus driver pressing a button on the ticket machine. Inevitably, some drivers will press the button more often than others. Until we have accurate electronic recording, we cannot be sure.

My gut feeling, based on my current operation and on operations for which I have been responsible in the past, is that at the moment there is probably under-recording. It is likely that now and again bus drivers do not bother or forget to press the button. I fear that electronic recording will reveal that more journeys are being undertaken than are currently being recorded and claimed for.

Marjory Rodger: I can do better than Neil Renilson's gut feeling: Department for Transport research confirms that under-recording is a bigger problem than over-recording.

Rob Gibson: How do you record bookings for services, or is that information not recorded?

Neil Renilson: Do you mean bookings for long-distance coach services?

Rob Gibson: Yes. Could recording in that area be tightened up?

Marjory Rodger: The only services on which people pre-book are services such as Megabus and Scottish Citylink.

Rob Gibson: That is not the case. There are long-distance services that people use in the Highlands.

Marjory Rodger: Those are Scottish Citylink or—

Rob Gibson: I do not want to get into the detail of the issue. Concessionary fares are available on the services, and people book to get a seat.

Marjory Rodger: They book so that demand can be managed. I think that I know where Rob Gibson is coming from, so I will explain the reason for the 50p booking fee. It is easy for a long-distance operator to put on a duplicate bus from a main interchange point, if one is required. However, a problem arises if a driver does not know that 20 people are waiting at Blairgowrie for a two-hourly or four-hourly service. The system is designed to ensure that there are enough places and to encourage passengers to take longer journeys. Those journeys are recorded.

Alison McInnes: Is it appropriate to prioritise expenditure on trunk roads, motorways and ferries ahead of spending on other transport sectors?

Iain Duff: How spending is divided up is always a big issue. As Garry Clark said, priorities differ throughout the country. As the committee heard in the previous evidence-taking session, ferries are incredibly important to the Highlands and Islands. The trunk road network is also important because it allows freight to move around the country, exporters to get to ports and service markets, and people to get into towns and cities. There is a big backlog on local road maintenance and there are pinch points and inadequacies in the trunk road network that need to be, and are being, addressed.

It is always difficult to say what the specific priorities are and where the balance should lie. Regional transport partnerships and local authorities provide a proper analysis of the needs of each community and region. We can build those up into a plan, above which is the strategic transport projects review. That is the right way of identifying priorities and where spending is needed so that we can establish a hierarchy of need. Different areas have different priorities, so I would not like one spending stream to be reduced to

fund another. There are many issues that need to be addressed through the budget; politicians and Government must make decisions on those. However, the approach that we have taken recently—to try to build up a prioritised list—is appropriate.

Garry Clark: It is difficult for those who make the decisions to prioritise, and we are obviously not dealing with an unlimited pot of money. Priorities have to be set, otherwise nothing will be delivered. As Iain Duff said, the situation varies from area to area. The priorities of the chambers of commerce network in central Scotland are M74 completion and M8 upgrade. The Caithness and Sutherland Chamber of Commerce wants action on the A9 north of Inverness. Those projects are extremely high priorities for those areas, and decisions have to be made.

That is just the situation in road spending. There is also the need to increase capacity on the rail network, as the number of passengers increases. It is not just passengers; freight traffic on the rail network is also on the increase, which we are pleased about. As I said earlier, we felt that the air route development fund produced a good result for the investment that was put into it.

There are also the ferries, not just in the Highlands and Islands but elsewhere in Scotland. Perhaps more money could be invested in enhancing our international ferry links to mainland Europe and Scandinavia. The same goes for the freight side. There are a lot of things there, and I would not like to be the one making the decisions, but they have to be made.

Neil Renilson: Road maintenance, rather than additional road building, is higher up my agenda and, I would think, those of most road transport operators. We can have the cheapest fares, the most frequent and warmest buses and the friendliest drivers, but when people's false teeth are being shaken out of their mouths because of potholes, the investment in high-technology vehicles with expensive suspension systems and so on is, in some respects, all for nought. It varies across the country but, in the worse areas, improving the standard of road maintenance is of a higher priority than building new roads, from our point of view.

Marjory Rodger: The strategic transport project review consulted widely with stakeholders, who were able to feed into it. Furthermore, we understand that Transport Scotland has been carrying out an evaluation of the business case for each project. We realise that there is a big trade-off between the business case and social inclusion.

David Stewart: Marjory Rodger predicted my question about the effect of the Government's

target of a 2 per cent efficiency saving across transport. What is the panel's view on that? How can you achieve that while keeping up services and maintaining the staff levels?

Neil Renilson: Two immediate thoughts come to mind. First, let us take the concessionary fares budget, which is a substantial element of the overall budget. We are giving free travel to people over 60. That is a political decision, not one for transport operators, but we sit there in the mornings and watch the suits piling off the buses on St Andrew Square with their briefcases and going into their offices, having travelled into town on their concessionary travel passes. I accept that the prospect of removing eligibility from people who are currently eligible will not be politically popular, but one way of generating an efficiency saving would be to move the age from 60 to 65. We could simply not issue passes to people who become 60, 61 and so on, thus taking a five-year holiday on issuing new passes. Nobody who currently has a pass would lose, but the scheme could be rolled back to start at the higher age. That saving in the concessionary fares budget would, I am sure, yield at least 2 per cent over this session of Parliament.

Turning to the second issue, if we take the budget line on bus services, we note that some services are being tendered. In other words, secured services are being bought in from bus operators. Again, it is a political decision, but one might wonder whether it makes good sense to buy in bus services for which, if the subsidy that is paid is divided by the number of passengers who are carried, we get subsidies per passenger of between £10 and £20. I realise that that is an issue for the local authorities that tender and secure such services, but it might strike the man in the street that a few percentage points could be saved by removing some services that are inordinately expensive to provide and extremely lightly used.

15:45

Marjory Rodger: I agree with Neil Renilson, but I will come at the issue from a different angle. We have followed every stage of the regional transport strategies, from the first drafts. We had hoped for a full audit that would match all the transport that is provided in each area to the services that are required, because we think that there is waste and duplication. That will be harder to achieve now that the 32 local authorities are to have more control, because of the difficulties of prioritisation, plus the lack of key transport people in local authorities. When the regional transport partnerships were created, some people in key posts took early retirement, some went to consultancies and some joined the RTPs, so the local authorities are short

of transport people. That staff resource is a worry for us, as is the issue of prioritisation. I am sure that if an audit could be carried out to match provision with the networks that we are looking for, significant savings could be made.

David Stewart: Can Marjory Renilson give examples of “waste and duplication”?

Marjory Rodger: One of them—

Neil Renilson: Let me give a simple example. An ordinary public bus service runs down a road while, along the same road at broadly the same time, a contracted school bus carries children to school. The number of empty seats on the service bus is at least adequate to carry the number of children who are on the school bus. The council's roads and transport department buys in an ordinary bus service, while the education department hires a contract bus to provide transport to and from a school. Do not get me wrong—I am not saying that that happens everywhere all the time, but many cases of obvious duplication arise because transport departments have not spoken to education departments or, alternatively, education departments are not aware of the services that commercial bus operators provide.

The Deputy Convener: Is the regulated market the problem?

Neil Renilson: No—the problem is that one council department does not know what another department is doing, or an education department has not looked at bus timetables to find out whether kids could travel on a service bus.

David Stewart: We seem to have our 2 per cent saving there, but it would be useful to have some more examples sent privately to the committee. That is an interesting issue.

Marjory Rodger: We will provide examples. DRT is involved and I would like to broaden out the issue to include transport for non-emergency health care, which incidentally is one of my real worries about the move to greater local authority control. One good measure in the Transport (Scotland) Act 2005 was that health boards had to get involved with the RTPs—that was a real big win. It will be far harder for the local authorities to engage with health boards than it would be for the RTPs, as they have already made inroads on that. The service for non-emergency health care is seriously underutilised. If we include the council-owned vehicles that park up at 4.30, DRT and social work taxis, we can see that we are talking about provision right across the transport network.

Alex Johnstone: When we consider devolved matters, we find that transport is one of the key economic levers over which the Scottish Government has power. Given current congestion

levels, is the transport capital programme sufficient to meet business needs and improve economic competitiveness?

Garry Clark: The key is delivery. We have a fairly ambitious transport capital programme for the next few years—although it is perhaps not as ambitious as everyone would like—but the key issue is delivering the programme. I mentioned the M74 completion, which has been on the drawing board for 40 or so years, since the road was built, but the project has been held up by delay after delay ever since. The business communities of Glasgow and the west of Scotland want the project to be delivered during this session of Parliament. I hope that sufficient money is in the budget to do that—we were certainly assured that it was when the programme was set out.

Often, the question is not whether we can afford to go ahead with a project but whether we can afford not to. That is particularly true of the M74 and the M8, which is the major arterial link between our two key cities. We must also consider an additional bridge to take the strain off the current Forth road bridge, which might be closed to heavy goods vehicle traffic within the next seven years. It is imperative that we get on with delivering those projects.

Iain Duff: I agree with much of that. If I look at the list of the SCDI's priorities for road building and railways, and at other documents such as those on Scotland's railways and route utilisation strategy, and if I then look at the list of projects in the budget document, I see that not a lot has been missed out. The only one that I noticed—and you have already heard from HITRANS—was the A82. We will have to wait and see whether that has been missed out on purpose.

As has been said, the question is when the projects will be delivered. A parliamentary answer has been given with the delivery deadlines for most of the road projects, but a delivery date for the M74 was left out. That was because of the situation with the tender process, which is fair enough. However, along with others, we have supported that project. It has been on the cards for a long time.

In the list of projects, and in the associated documents, no project has been left out that should have been included. However, the timing is important. We have to consider delays. Across the portfolios, a lot of spending on infrastructure is building up. There will also be pressures because of the London Olympics, for example.

We have to get the people and the resources, across portfolios, to provide the infrastructure that Scotland is planning for. We hear worries from the civil engineering industry, and from our members, that although plans are in place and moving, they

may not be moving fast enough. The greater the delays, the greater the cost overruns. Other issues also arise with big infrastructure projects.

Marjory Rodger: My answer to congestion is not to build more roads but to use existing roads more efficiently. We must also consider the important issue of emissions.

At the moment, 70 per cent of public transport journeys are by bus, so I would make a plea for buses to be given greater priority. Punctuality improvement partnerships allow us to analyse a stretch of road carefully, so that we can determine where the pinchpoints are. For example, there can be cheap solutions for right turns at traffic lights—solutions that are much cheaper than bigger projects. Such solutions can make a real difference and can encourage modal shift so that more people think about leaving their car at home at least some of the time.

Neil Renilson: A simple, cheap and effective way of reducing urban traffic congestion is park-and-ride sites. Near Edinburgh, two new park-and-ride sites have opened over the past couple of years—one at Ingliston and one at Hermiston. Both have 500 spaces and both are full each day. In other words, each day 1,000 cars coming in from West Lothian and down the M9, which would in the past have driven past the ring road and on into the centre, are now parked on the edge of the city, with their occupants taking the bus instead. That is not a high-tech solution and it does not require huge investment. It is not building a railway, a new road or a tramway; it is building a car park on the edge of town. Another example is the Ferrytoll park-and-ride site on the far side of the Forth road bridge, which is so successful that it has been expanded. Also, a further 500 spaces will be provided at Ingliston.

There is a lot of scope for having significant impact on urban area congestion by using park-and-ride sites. They will not be particularly expensive when compared with the major civil engineering works for new rail, road or tram projects.

Alex Johnstone: I want to probe a bit further, to assess the priorities of the business community. Like you, I believe that transport is a key driver for economic growth. It is very important, but it is not the only key driver. If transport is the number 1 priority, and if there is a tight budget settlement—as there is—where should money be taken from to underpin transport?

Garry Clark: That will always be a tricky question. We have a budget and a list of priorities that the Government has set and which it says are affordable within the budget. We want the projects that I have mentioned—the M74 extension, the M8 upgrading, the A9 improvements, the Forth road

bridge and improvements to rail services, particularly between Glasgow and Edinburgh and between Inverness and the central belt—to be delivered. We want the upgrading of the M8, the extension of the M74 and the Aberdeen western peripheral route, which has been put back to 2012-13, to be delivered within the existing budget.

It would be difficult to trim an awful lot off the budget as it stands. It is difficult to imagine making 2 per cent efficiency savings on the projects when we want those projects to be delivered and every penny that is available to be spent on producing, whether it be roads, railways, park-and-ride schemes or getting people to utilise the spare capacity that exists in our public transport network at different times of the day. We want to find new and innovative ways of doing that, and we want the projects that have been promised to be delivered within the budget that has been set out.

Alex Johnstone: Before we move on, I ask Iain Duff, on behalf of the SCDI specifically, to answer this question. As we sit here, other committees in other committee rooms, with witnesses before them, may be talking about the budget and suggesting that their particular area is a priority. They might be targeting major road projects, for example, as areas in which savings could be made in order to divert resources to their own projects. How would you react to anyone who made that argument?

Iain Duff: I return to what our members tell us when we survey them regularly. Their top priority is skills and education, which has not been given a huge increase in the budget. Transport comes third, and in between those two comes public sector reform or efficiency. Those are the top three priorities for us. Linking across to the factors that our members believe are growing the economy—what they believe will be key to making them perform better and what are the big issues for them in terms of the economy—those are the top three.

As a broad-based economic development organisation, we understand that economic development and growing the economy can concern health, regeneration and other things. However, those are the three factors that our members consistently cite as being key to helping them to perform better and to make a bigger contribution to the economy so that we are a more competitive country. They are the three factors that our members believe will grow the economy and create the wealth that will allow the budget to grow so that, over time, we will have a bigger cake to split up.

As Garry Clark has said, it is difficult to say that we do not want another hospital or that we want another spending stream to be cut back. Also, it is

difficult—it always has been—to say that, if spending on a certain project is increased, the economy will grow by X per cent. The linkages, levers and mechanisms are not as clear cut as that. Nevertheless, those are our members' three priorities, and—linking it back to economic growth and economic prosperity—they are the areas that we would have liked to have been given priority in the budget.

Neil Renilson: I do not see it as my role to suggest which particular Peter should be robbed to pay for Paul. Sitting here as a Paul, I will be slightly repetitive and say that I see our role as being to suggest ways in which the budget circle could be squared. I cite the two previous examples that I gave on concessionary fares. If the funding is not there to pay for the current or projected levels of demand, how can we adjust the scheme to reduce demand to a level that is affordable—for example, by gradually increasing the age of entitlement from 60 to 65? Or, if the funding is not there to allow at least an inflation-level increase in bus service funding, to what extent can we consider thinning out the least beneficial secured bus services to allow the services that are left to continue to prosper?

16:00

David Stewart: Does the panel share my concern about the possible effect of the reduction in the air route development fund on inward investment, tourism and support for indigenous industries?

Garry Clark: Very much so. For a relatively small amount of money, the air route development fund has been one of the greatest drivers that we have. It has generated wealth and jobs in Scotland and has linked businesses to key marketplaces throughout the world. Routes such as those from Glasgow to Dubai and from Edinburgh to North America have been hugely important to the Scottish economy. There are concerns about whether the fund conforms to European Union policy on state aid, but we are keen that the Government should find ways of establishing a similar system that complies with EU regulations. If Scotland does not do that, someone else will.

Iain Duff: I agree almost word for word with what Garry Clark has said. We have been a long-time supporter of the fund and have worked with the airlines and BAA, which has its own route development fund, to develop the direct links that our members feel are important. Direct links reduce the need for them to interline with the busier airports in London and enable them to go straight to their destinations. We must think innovatively about how we can provide support that keeps within the EU guidelines on state aid. It would be disappointing if the growth in direct links

with our key markets and other areas that has supported the economy, brought in investment and supported trade and exports were to be curtailed in any way. However, the EU regulations are tight, and it is difficult to imagine an arrangement that would comply with them without problems.

Marjory Rodger: I will pick up on the reference to tourism. I am also a director of the Scottish Tourism Forum, so I am interested in tourism figures, although I am not speaking on the forum's behalf. The main market for Scottish tourism is England, especially the northern half of England, but tourism from that area has decreased. That has a great deal to do with the fact that we take as many Scots and people from the north of England out on flights from Scottish airports as we bring in. There is a trade-off.

Rob Gibson: Can we consider the budget in isolation, without acknowledging that we will later discuss climate change mitigation and adaptation with you all? Business flights are an issue that must be examined carefully.

Garry Clark: We would much rather have direct flights from Scotland to our key international trading destinations than have to take two or three flights to get to those destinations. Hopefully, having more direct flights from Scotland to international markets, in particular, will free up space on our railways, where we want to see development. That will give people the choice to use rail internally, instead of flying internally. Taking a direct flight is better than taking two flights to get to a destination.

Alison McInnes: We have heard a great deal about revenue subsidy and concessionary fares budgets. We have heard that the budget that is allocated at the moment will not deliver the current service, and suggestions have been made about how the service will be trimmed and cut. Putting that issue to one side, how can transport operators give us value for money for the big investment that the public sector makes in bus services?

Marjory Rodger: Operators have made exceedingly heavy fleet investment. There is also the disability discrimination legislation timescale—there is an end date by which every bus in the Scottish fleet must have a low floor and be accessible. Significant training has been carried out. We are providing more and more information, and developments are taking place in Traveline to help with batch journey planning. We want everybody to be able to get a personalised journey plan. We are pushing information improvements and we are keen to work with any partners on any developments to improve services and achieve growth.

Neil Renilson: Fundamentally, we can get better value for money by moving more people in

a more attractive and efficient way. To achieve that aim, we want to make public transport services more attractive. One of the biggest factors is having the ability to use our vehicles and staff more efficiently. If our average operating speed can increase from, say, 8 mph to 9 mph as a result of better traffic management and bus priorities, better control of parking and so on, clearly we can move more people with the same number of vehicles or fewer vehicles and we can therefore be more efficient.

I will say something similar to what I have said before. It does not matter how clean or modern a bus is, how cheap the fares are or how free of potholes the roads are—a bus should not spend more time than it needs to spend stationary in congested traffic. The more we prioritise public transport passengers, the more attractive we will make public transport and the better value we will deliver.

The Deputy Convener: I thank the witnesses for giving evidence and suspend the meeting to allow for a change of witnesses.

16:07

Meeting suspended.

16:10

On resuming—

The Deputy Convener: I welcome the third panel of witnesses on the budget: James King, a board member of Passenger Focus; Ron McAulay, director of Network Rail Scotland; and Gerard O'Hanlon, head of business planning at First ScotRail. Would you like to make a brief statement before questions?

Gerard O'Hanlon (First ScotRail): Thank you for giving us the opportunity to speak to the committee. I hope that First ScotRail does not need too much introduction. We operate about 95 per cent—perhaps slightly more—of the trains in Scotland, which is about 2,000 trains a day. So I am here to represent a large operator of public transport in Scotland.

Ron McAulay (Network Rail): I, too, welcome the opportunity to give evidence to the committee. As I am sure that you know, Network Rail is responsible for the railway infrastructure across Great Britain. We have been in existence for about five years, and in that time we have seen significant steps forward across the rail industry. Performance on our railways in Scotland is now almost at 90 per cent, which is a tremendous improvement from when we started. We have also taken significant steps to take costs out of the industry, and we are due to meet our regulator's efficiency targets.

It would be wrong of me to suggest that we have done that on our own. We work closely with our colleagues in First ScotRail and with the Scottish Government through Transport Scotland.

My final point is that we welcome the level of investment that is being made to enhance the railways. This is a period of what I would describe as railway renaissance. It is an exciting time to be involved, and I have no doubt that the investment will have a positive impact on Scotland's economy.

James King (Passenger Focus): Thank you for the opportunity to speak this afternoon. As you know, Passenger Focus is the British statutory passenger watchdog that looks after passenger interests throughout the country. Our structure and resources permit us to direct our work in Scotland according to the needs of the Scottish rail passenger, just as they do in other parts of the country, but our work particularly reflects the differing and diverging rail agenda north of the border. We have an executive individual devoted to Scotland as well, so we reflect the need for a slightly different organisation in Scotland compared with the rest of the country. We look forward soon to representing the passengers of five different train operators in Scotland—an increase on the current three.

The Deputy Convener: Thank you. Members have several questions, and I will start.

Is the planned transport budget sufficient to deliver a meaningful contribution to the Government's goal of matching the United Kingdom growth rate by 2011? Ron McAulay, you talked about a railway renaissance. Will that now be stopped at the buffers?

Ron McAulay: I take it that you are asking whether the budget is sufficient for what we need for the future. I am sorry, but I have a fairly convoluted answer to that. The reason for that is the heavily regulated industry in which Network Rail works. The regulator—the Office of Rail Regulation—sets our income for each of the control periods within which we work. The next one starts in April 2009 and we are in the throes of preparing for it. First, we established what we think that the needs of industry and business will be by producing the route utilisation strategy—the RUS—which I think Iain Duff of the SCDI referred to earlier. The RUS was produced in consultation with lots of different people, and it set out how we saw the rail industry growing in Scotland.

16:15

Secondly, the Scottish Government used the RUS to prepare a thing called the high-level output specification, which we refer to as the HLOS. It does exactly what it says: it specifies the high-level outputs that are required of the railway.

Thirdly, we prepared a strategic business plan that sets out how we will deliver those outputs. At the moment, that business plan is being reviewed by the regulator to see whether it meets the needs of the Scottish Government and to determine whether sufficient funds are available to finance it. That is called the matching process and the information on that will probably not be available until towards the end of this year—that is, next month. At that point, we will be in a position to say whether the available funding is sufficient.

The Deputy Convener: Is that matching process carried out in the rest of the United Kingdom?

Ron McAulay: Yes, it is a GB-wide process.

James King: I would like to make a few points from the demand side. Preliminary analysis of the transport budget, conducted by Glasgow University's centre for public policy for the regions, indicates that spending across Scotland's transport portfolio will rise by 0.5 per cent per annum, but that rail faces a real terms spending cut of 1.2 per cent per annum. Set against that, passenger numbers have increased significantly. Since 1995-96, passenger numbers have increased by the high 40 per cents and official forecasts for the next 10 years are that passenger numbers will increase by 3 per cent per annum. Evidence from elsewhere in the country indicates that the official forecasts of growth in passenger numbers have considerably underplayed the real growth.

From our extensive programme of passenger research, we know that growth in passenger numbers is leading to considerable pressure for the improvement and expansion of facilities—more trains, faster trains—to cope with the demand, including that of a longer working day. A key point about growth in passenger numbers is that, for many of the people who now use rail there is no alternative; the roads are too congested and people are making journeys that were not previously possible. Scotland's economy has moved from a manufacturing to a service base. The travel-to-work area of the Edinburgh and Glasgow city regions has expanded considerably over the past 15 years. Therefore, the process that Ron McAulay has just outlined notwithstanding, the key question for the Parliament is whether funding will be found to meet the demand created by the growth in passenger numbers, or whether some passengers will be squeezed off the railway. Our concern is that growth will outstrip the rail industry's forecast.

Ron McAulay: I agree with those numbers—we expect there to be a 3 per cent growth in passenger numbers over probably the next 10 years or so.

One of the ways in which investment is being and can be made in the railways in Scotland is through a process called the regulated asset base, which provides Government with a means of financing projects on the railway, some of which could address issues of growth. A number of projects in the HLOS document will, in time, develop into ways of addressing some of the growth constraints that James King is referring to.

Gerard O'Hanlon: I support what Ron McAulay has said. First ScotRail has provided input to the process of understanding what the industry requires over the next five to 10 years.

As regards the budget, First ScotRail is on a fixed-subsidy profile, which we set several years ago as part of a competitive process. That means that our funding is set until 2010-11. That enables us to run the services that are specified by Transport Scotland in our contract.

Alison McInnes: Is it appropriate to prioritise expenditure on trunk roads, motorways and ferries ahead of other transport sectors, as the budget does?

Ron McAulay: As you might expect, my view is that it is hugely important that we get the balance of investment right across the whole of the transport infrastructure. It is extremely important that we have a steady flow of investment—a boom-and-bust approach to investment in railways and roads is a complete waste of time, as it calls on scarce resources and costs a lot more money. It will make a difference if a steady programme of work can be built up.

We should be taking an integrated approach to transport. Although I am keen to see investment in rail—which we believe is the most sustainable form of transport for moving large numbers of people into cities, and the safest form of transport in the country—it is important that we do not lose sight of the fact that we need to get people to the stations to get on the trains. There is a need for investment in roads that link things together. We have heard about park-and-ride schemes for buses; park-and-ride schemes for railways are just as important.

James King: I endorse Ron McAulay's remarks. A steady flow of investment is essential, and, although there is a role for the car, integrating transport modes is fundamental. We note with concern that lack of car parking facilities is one of the biggest issues that comes up in the national passenger survey that we carry out. The survey interviews 25,000 passengers across Britain every six months—over 1,000 of those passengers are in Scotland. The level of satisfaction with car parking at railway stations is only 55 per cent. There is a lot of talk about building new park-and-ride schemes. As well as doing that, we should

make a real effort to expand the car parks that we already have at stations. One of the key restrictions on using capacity at off-peak times, when the trains are half empty, is that people cannot park at the stations. If they cannot park, people will drive the whole way. We urge that car parking is addressed as part of making better use of the mix of transport modes.

Rob Gibson: There is a 0.5 per cent increase in the allocation from the Treasury, on which you are making interesting demands. You must agree, however, that there is an increase in spending on the railways, because of the amount that Network Rail is going to spend in its part of the equation. It is a revenue-neutral budget, rather than a great loss, despite all the things that you say that we should be doing.

James King: As I said, the analysis is preliminary and—when we take the RAB into account—the budget is revenue neutral. The point that we make on the passengers' behalf is that growth in passenger numbers looks set to continue exponentially—3 per cent per annum might be an underestimate.

Ron Gibson: I hope so.

David Stewart: The panel will be aware of the Government's policy of having a 2 per cent efficiency saving across the public sector. What are the implications for transport, with regard to services and staff levels across the board?

Ron McAulay: Two per cent! How lucky you are. Network Rail will have delivered 31 per cent savings over the past five years if we meet the efficiency targets that have been set by the regulator. I am certain that our regulator will place onerous efficiency targets on us for the next control period. I would be surprised if they were as low as 2 per cent per annum.

Gerard O'Hanlon: To reiterate my earlier point, First ScotRail's funding is fixed until 2011, so we have to manage a fixed level of subsidy with increased cost pressures, which we are trying to do while driving up performance and quality standards.

James King: Our concern about efficiency savings is that they can be read in two ways. The most straightforward is to read an efficiency saving as a cut, whereas we would prefer that more was produced for less. Our concern is that if cuts were imposed on the railway operation, there might be fewer staff at stations. We know from the national passenger survey and other research that passengers want more staff at stations—they feel more secure and are more prepared to travel if there are staff at stations—and staff numbers are one of the first things that could be cut. We know from initiatives that have already been taken to bring automation into the process that, although

the performance of the rail journey might be speeding up, the problems with queues at automatic ticket machines—which replace staff selling tickets on trains or at the station—mean that the end-to-end journey for many passengers is getting longer. They have to queue for up to 20 minutes, in some cases, to buy tickets before they get on the train. That is not the walk-up-and-go railway that passengers are used to or want. We ask for clarity on what is meant by efficiency savings. Instead of cuts, we would prefer to see more for less.

David Stewart: If you were in the room at the time, you will have gathered that previous witnesses referred to a flatlining of budgets for rail and bus. What are the likely implications of those reductions for your services?

Ron McAulay: As I said, the matching process between what we believe we need to run the railways and the figure that the regulator believes is the right one has yet to be determined. It is too early to say what the numbers will look like.

Again, as I said, by the end of our control period—which is in just over a year's time—we will have taken 31 per cent out of the cost of running the railways in Great Britain. That is what we will have achieved. Nowadays, we expect to have demanding efficiency targets, the result of which can be what looks like flatlining or even decreasing budgets over the years. The issue is one of driving in efficiencies. We should not be scared of that; it should be seen as a challenge to which we should all rise.

I understand James King's comments on ensuring that the efficiencies are true efficiencies and not simply a means of deferring work or not doing the things that we used to do. However, there is scope for us all to get smarter. I am talking not only about the railway industry, but the public sector—everywhere.

David Stewart: Is it true that it was initially quite easy to make savings? Surely, in any organisation, easy gains can be made immediately, but it gets harder and harder to make long-term savings.

Ron McAulay: That is a fair description. At the outset of the process, there will always be what can be described as low-hanging fruit. We have taken out something like £1.7 billion thus far, which is a significant figure by anybody's standards. As we move forward, our cost cutting will become increasingly challenging.

James King: It is safe to say that it seems to cost more for Network Rail to do things than is the case for others. There is no question other than that the regulator is looking to Network Rail to drive out more efficiencies. As Ron McAulay said, the situation is part of an on-going process.

Ron McAulay: I should respond to that. Working, as we do, in a heavily regulated industry—which is also a very safety conscious industry—adds costs to whatever we do. Increasingly, we are building up a high degree of confidence in our ability to deliver lots of projects on time and on budget. Recently, we reached the end of the Waverley station project. We finished five minutes early. *[Laughter.]* I am glad to be able to say that, as five minutes late would have been a disaster. It is important to have delivered the project in that way. We were also well within the budget, which is typical for many of the projects that Network Rail is delivering across the rail network, not only in Scotland, but in Great Britain.

Rob Gibson: I want to probe the strengths and weaknesses of the industry structure since 2005, particularly in respect of operational efficiency. What are the comments of the gentlemen of the panel on that?

Ron McAulay: We welcome the devolution of powers to the Scottish Parliament to allow the Scottish Government to specify the outputs that it wants from the rail infrastructure. Local decision making is important: it will help many of the railways that are close to your home, Rob—

Rob Gibson: Eventually.

Ron McAulay: If they had been left in DFT control, you might have had more concerns.

The current structure allows us to get the best out of the mix of public and private sectors. The public sector specifies what it wants in terms of outputs, which leaves the private sector to deliver in the most efficient way that it can. The mix is a good one, and we all should take advantage of it.

In my opening remarks, I said that performance in Scotland has improved dramatically over the past five years. That is the result of good co-operative working between First ScotRail and Network Rail. The relationship is working extremely well. We are seeing improvements as a result. We are a victim of our own success in that the better the performance, the more people use the railway and the greater the growth in the number of passengers.

So, the devolution of powers is very welcome. The partners in the industry need a clear steer from the funders and specifiers—the Scottish Government—on what outputs are required and then need to be left to get on and deliver. That is hugely important.

16:30

Gerard O'Hanlon: We have been running the ScotRail franchise since October 2004, and the stability in the level of funding has enabled us to get on with the job of driving up the quality of our

services. I am not qualified to comment on what happened under the previous franchise, but one could conclude that it was, perhaps, inadequately funded.

James King: I endorse those remarks. The closer lines of communication that now exist enable faster decision making and a greater responsiveness from the industry, which allow passengers' needs to be met faster.

Shirley-Anne Somerville: We have heard briefly about the potential cost overruns or savings in relation to some of the projects that are coming to an end. Some projects have been less successful than others—I am thinking particularly of the overruns for the Stirling-Alloa-Kincardine line. Can we have some more detail about the lessons that have been learned from projects such as that, to ensure that such overruns do not occur in the future?

Ron McAulay: It is quite simple. One of the main lessons to learn is that there must be clear corporate governance in any project. There must be clearer lines of responsibility and fewer people involved in trying to deliver. Also, the organisation that is delivering must have experience of delivering within the rail industry—it must have the right project management skills and understand the constraints and issues within the industry. Get those right and the project will be delivered.

I have mentioned examples of projects that are being delivered properly. Others include the Mossend to Elgin gauge clearance project and the Airdrie to Bathgate project, which is on budget and on target. I could go on. There must be crystal clear governance with clear lines of accountability, and the experts must be allowed to get on and deliver.

Alex Johnstone: Hear, hear.

Ron McAulay: It is as simple as that.

David Stewart: You have talked about the target of 2 to 3 per cent growth in the number of rail passengers. There is no doubt that many people want to travel by rail, but there are lots of constraints in the system that you will know more about than I do. I am thinking of constraints on the capacity of trains, track or signalling; planned and unplanned maintenance; and, in the case of routes in the north, the presence of single track rather than double track. Do you feel that the target of 2 to 3 per cent growth in the number of rail passengers is achievable, notwithstanding those constraints?

Ron McAulay: Yes. We forecast an overall growth of 3 per cent a year over the next 10 years. However, the figures will vary across the network. Some areas will experience a lower level of growth and others will experience a higher level of growth.

The key constraints will be on major routes such as the Edinburgh to Glasgow line. The Government recently announced plans to carry out a number of improvements not just to the infrastructure but to the rolling stock on that line. Those projects—which are probably a number of different packages that will all come together—will help to increase passenger numbers and improve journey times between Edinburgh and Glasgow, which will have a tremendously positive impact on the Scottish economy. The projects are referred to in the HLOS. Their funding has yet to be determined, but a lot can be done to design and develop the schemes to a stage at which funding can be found. I imagine that the involvement of Transport Scotland and us in many of the schemes will see us back before committees of the Parliament to get orders under the Transport and Works (Scotland) Act 2007.

James King: I will supplement what Ron McAulay said. When the board of Passenger Focus had a presentation from Network Rail's chief engineer recently, we were greatly encouraged by some of the innovations that Network Rail is exploring, such as signalling systems that allow much closer headways to allow many more trains on to the track, systems that allow platforms to be extended modularly much more quickly and easily than has been the case hitherto and even clever pebbles that sit on hillsides and are linked to satellites that notify the headquarters if there is likely to be a slippage or a landslide.

We look to innovation as part of Network Rail's agenda to try to find clever ways of solving problems and operating more efficiently. We have heard about some of those innovations for quite a period and would like to see action on some of them. I wanted to bring that into play and to turn the committee's attention towards achieving efficiencies through innovation.

Gerard O'Hanlon: First ScotRail is starting to see things happen. For example, we are starting on the procurement process for the trains that will come with the Airdrie to Bathgate rail line and the cascade of trains on to other routes. Work is happening on the Airdrie to Bathgate line. I work for a company that runs rail franchises in England as well, and we certainly perceive Scotland as a place where things are happening on the railways.

The Deputy Convener: How can routine Network Rail maintenance and enhancement be best aligned with larger Scottish Government-funded projects for new and improved infrastructure to maximise the returns on rail investment overall?

Ron McAulay: A good example of a project on which such things are happening is the Glasgow airport rail link. We have a signalling renewal

project on the same piece of railway. Instead of renewing the signalling there only to have to rip it all out and replace it with what is needed for the airport rail link, we have brought the projects together. We think that the industry as a whole will see substantial savings because of that.

In addition, we work closely with the Transport Scotland roads people on their investment programme so that we can match their peaks and troughs with our troughs and peaks and balance out the demand for resources over an investment period.

I recently had discussions with the chairman of Scottish Water about a similar possibility of getting together to examine Scottish Water's investment programme. If we try to plan it out at a high level, we will be able to see where the great demand for resources will be and, it is to be hoped, be able to balance it out a bit.

The Deputy Convener: That sounds good. Will the fact that organisations are working together and perhaps saving money by doing so create new investment to put back into transport projects?

Ron McAulay: As Network Rail is a not-for-dividend company, any money that we save gets reinvested in the railway. In Scotland, it gets reinvested in Scotland's railway.

The Deputy Convener: That sounds like good news.

Gerard O'Hanlon: The key to that is the long-term planning process, which Ron McAulay has already outlined. The route utilisation strategy and the strategic business plan enable us to identify the synergies that we can achieve.

Rob Gibson: I want to explore some governance issues a little further. We must look ahead and, in the next three years of the budget period, the Government must prepare for the next ScotRail franchise. Should there be a wider re-examination of the industry's structure, which has been changed within the past five years? How might reform release further efficiency savings?

Ron McAulay: There is a bit of me that says, "If it ain't bust, don't fix it."

Gerard O'Hanlon: I do not want to comment.

James King: I have about seven points to make under that heading, just to make up for the others.

The transition from Railtrack to Network Rail shows that the industry does not handle change well. Only recently has performance begun to recover to pre-Hatfield levels. Network Rail has been successful, but there has been a bit of a struggle to control its costs and bring maintenance in on time. However, it is improving, and it is improving in Scotland faster than it is in other parts

of the country. I will give credit where it is due. After struggling a bit in the early days, ScotRail, too, has been improving to get back up to pre-Hatfield levels. The joint performance improvement plan, which has been alluded to, shows the benefits of effective co-operation. We think that there is room for a lot more of that.

How would vertical integration work? There are 10 freight and passenger operators in Scotland. Which one would vertically integrate? How would that leave the others? Do passengers really need another round of musical chairs, given all the disruption that it brings? We believe that the talks on Network Rail should focus on what it does best and should help to deliver the improvements that passengers need, rather than playing both halves of the field at the same time. The committee might note that only at the point when track and train were separated was there an improvement in rail's fortunes, with a reversal of long-term decline. The two things might not represent cause and effect, but they might.

None of the owning groups has an exemplary record at running passenger services. Perhaps they should focus on getting that right first.

Ron McAulay: Nice to be damned with faint praise.

Rob Gibson: We have the current situation, but we must plan ahead and think about how Network Rail and the operators work together. A lot of discussions have to take place, and delays tend to occur. There might be some areas where we need to probe more deeply—although not this afternoon. Would you agree that the relationship between the train operators and the rail operators might be due some scrutiny, to see whether efficiency savings might be gained?

James King: Yes.

Rob Gibson: Thank you.

Ron McAulay: I hope that you are not taking that as a combined response from us.

You need to be careful. There is no question but that the relationship between the train operating companies and Network Rail is hugely important for helping things go forward. The relationships that we have in place are working extremely well and are delivering the goods for Scotland. I mean that seriously.

Rob Gibson: I would certainly hope so.

Ron McAulay: I am not sure that I would agree entirely with everything that James King said about the industry not liking change. What industry likes change? There are always people who will resist it. I think that Network Rail has made some significant changes over the past five years. We brought maintenance back in-house, literally

doubling the size of our organisation overnight. That was a massive undertaking, which was done with very little disruption to the rail network.

At the moment, we have the benefit of the public sector specifying and the private sector working hard to deliver, in the most efficient ways that it can find. The system is working quite well at the moment; I suggest that you need to be careful before you start tinkering with it.

Gerard O'Hanlon: We have considerable clarity over our roles, so we can very much focus on the job of delivering improved service quality and punctuality.

Rob Gibson: So you do not think that there is any possibility of achieving clearer governance.

Ron McAulay: I am not going to suggest that there is no room for improvement; there is always room for improvement, wherever we look.

Rob Gibson: But you are not going to specify how that can be done.

Ron McAulay: It would be wrong of me to go into too much detail.

James King: We have seen an end to some of the ambulance chasing that used to go on—delay attribution and that sort of thing. Such things have become smoother under joint control and so on. There have been some big improvements.

If efficient operating were to be expanded out to the passenger experience, there could be a lot of improvement to how information is conveyed to passengers, which would allow them to make more efficient journeys and would let them know what is happening when things go wrong. Perhaps the spotlight could be turned more towards that area.

The Deputy Convener: Thank you very much for your evidence this afternoon.

16:44

Meeting suspended.

16:46

On resuming—

Ferry Links

The Deputy Convener: Members will recall that we discussed having an inquiry into ferry links in Scotland. I refer members to the briefing paper that has been circulated. In light of the minister's letter outlining the Scottish Government's proposal for a review of lifeline services, do members wish to proceed with an inquiry?

David Stewart: I thank the clerks for the paper, which is a good summary of where we are at. It is important that we go ahead with an inquiry. The issues to resolve are the terms of reference and whether the inquiry should be carried out by the whole committee or by a number of its members. On the terms of reference, the key issues that the clerks have identified—routes, frequency, timetables, capacity and integration with other services—make a lot of sense. I flag up the issues of competition and the effects on the economy.

On the issue of capacity, members will be aware of the controversy over the Mallaig to Lochboisdale route. I discussed it with some of the operators and learned that the situation now is that Caledonian MacBrayne has no spare vessel for the route. I am not making excuses or saying whether that is a good or a bad thing. However, there are only two options. The first is to buy another vessel, which has an average lead-in time of five years due to world shortages, particularly in engines. The second option is to lease, but there is a world shortage of leased vessels that would be suitable for the west coast. Without boring the committee, I will say simply that there are issues to do with cargo arrangements and compatibility with harbours. There are huge constraints. Although I would welcome any increase in ferry services under the road equivalent tariff or any other model, the huge issue that we must address is the difficulty in bringing new capacity on to the market. If anyone listening wants to develop a passenger service industry in Scotland, or indeed the United Kingdom, they would be welcome. The lead-in time constraint is a nightmare that we will have to address in any inquiry.

The point that the member for Orkney has made to the committee makes sense. I stress the importance of looking at Shetland, the Western Isles and Arran, which are a good reflection of different sorts of markets. Whether we physically go in a ferry or use videoconferencing is an issue for the committee to sort out. If we are doing a ferry inquiry, it would seem sensible to cross the doors of a ferry at some stage, but I will leave that to the common sense of the committee.

Alex Johnstone: I reinforce what David Stewart said about the importance of including issues of

competition. Although we are dealing with a heavily subsidised industry, that industry must remain competitive. It is vital that we consider competition at all levels in the industry, and how that contributes to assessing a fair price for a fair service.

Rob Gibson: The structure of CalMac, and the amount of money that has been spent on creating that structure as a result of our relations with Europe—good or bad—is an inherited situation. I agree with David Stewart that it would be useful to tackle the issues that he raised. It will be difficult to do them all but, as long as we are not trying to do the whole job, it would be helpful to produce a report that can be compared against the Government review. We should be careful about the issues that we pick out to consider.

Alison McInnes: I acknowledge what Rob Gibson said about not being able to get through the whole list of things. I hope that we will be able to consider integration with other transport modes as part of the inquiry.

The Deputy Convener: Is the committee agreed that we should proceed with the inquiry?

Members indicated agreement.

The Deputy Convener: Can we agree therefore to call for evidence?

I am told that we have to agree the inquiry's remit first. A paper has been circulated about that. It might include routes, frequency, timetables, capacity, integration with other transport services, and so on. Alex Johnstone raised the issue of competition.

David Stewart: The elephant in the room is obviously RET. It would be daft to do an inquiry and not focus on that, because it is very important to the future.

The Deputy Convener: Are people happy with that?

Members indicated agreement.

The Deputy Convener: Is there anything to add? Are members also happy to invite comments on the other issues that have been laid down in the terms of reference? Do you want me to read them out?

Rob Gibson: No.

The Deputy Convener: Are members happy with that?

Members indicated agreement.

Rob Gibson: We should make clear what the inquiry's emphasis will be and make clear that we would prefer to receive written evidence about what we have discussed today rather than about anything else. That will be clear from the *Official Report*.

The Deputy Convener: Yes. The clerks should refer to the *Official Report* to be clear about what the emphasis should be in the call for written evidence. The committee agrees to the terms of reference that are outlined in the paper and agrees to call for written evidence. Is that right?

Members indicated agreement.

The Deputy Convener: Should the clerks develop proposals for reporters to visit some areas? It might make sense to have a reporter to link into the inquiry. Is that agreed?

Members indicated agreement.

The Deputy Convener: The idea has been discussed that the committee, or part of it, should take some time to go to Orkney, Shetland, the Western Isles or Arran. We should at least have a couple of meetings outside the Parliament and go on a ferry.

Alex Johnstone: I would love to take evidence on a ferry.

The Deputy Convener: I do not know how that would work logistically, but it is a good idea. We should certainly go to the islands and listen to people's experiences. All of this is laid out in the paper. Are members happy with that approach?

Members indicated agreement.

The Deputy Convener: I understand that we have to seek the approval of the Conveners Group for any expenditure associated with the proposed visits. Are we agreed that we should go forward with that?

Members indicated agreement.

The Deputy Convener: The final item on my list is to agree suitable locations for external committee meetings. Alex Johnstone suggested a ferry.

Rob Gibson: Not the Shetland service, please. It takes 12 hours.

The Deputy Convener: The clerks can make suggestions in a further paper and we can discuss them later. Are people happy with that?

David Stewart: To back up Rob Gibson's point, if we get to Shetland by some other means, there is always an interisland ferry service, which would be a lot more manageable logistically.

The Deputy Convener: Yes. Can we do it when the water is slightly calmer, not in January or February?

Rob Gibson: "Heel ya ho boys".

The Deputy Convener: Exactly. I do not think I could even sing then.

Are members agreed?

Members indicated agreement.

The Deputy Convener: Thank you.

Meeting closed at 16:54.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Thursday 6 December 2007

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Standing orders will be accepted at Document Supply.

Published in Edinburgh by RR Donnelley and available from:

Blackwell's Bookshop

**53 South Bridge
Edinburgh EH1 1YS
0131 622 8222**

Blackwell's Bookshops:
243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

Blackwell's Scottish Parliament Documentation
Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries
0131 622 8283 or
0131 622 8258

Fax orders
0131 557 8149

E-mail orders
business.edinburgh@blackwell.co.uk

Subscriptions & Standing Orders
business.edinburgh@blackwell.co.uk

Scottish Parliament

RNID Typetalk calls welcome on
18001 0131 348 5000
Textphone 0845 270 0152

sp.info@scottish.parliament.uk

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers