

# **TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE**

Tuesday 15 April 2008

Session 3

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2008.

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 15 April 2008

	Col.
<b>FIRST SCOTRAIL FRANCHISE</b> .....	549
<b>FERRY SERVICES INQUIRY</b> .....	550
<b>SUBORDINATE LEGISLATION</b> .....	591
Road Works (Scottish Road Works Register, Notices, Directions and Designations) (Scotl and) Regulations 2008 (SSI 2008/88) .....	591
Road Works (Settlement of Disputes and Appeals against Directions) (Scotland) Regulations 2008 (SSI 2008/89) .....	591
<b>MAINSTREAMING EQUAL OPPORTUNITIES</b> .....	592

---

## TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

### 7<sup>th</sup> Meeting 2008, 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 GAVE EVIDENCE:

Graham Bell (Scottish Chambers of Commerce)  
David Eaglesham (Road Haulage Association)  
Gavin Scott (Freight Transport Association)  
Lisa Webb (National Farmers Union Scotland)  
Stewart Wood (National Farmers Union Scotland)  
Libby Woodhatch (Seafood Scotland)

#### CLERK TO THE COMMITTEE

Steve Farrell

#### SENIOR ASSISTANT CLERK

Alastair Macfie

#### ASSISTANT CLERK

Clare O'Neill

#### LOCATION

Committee Room 1



## Scottish Parliament

### Transport, Infrastructure and Climate Change Committee

*Tuesday 15 April 2008*

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

#### First ScotRail Franchise

**The Convener (Patrick Harvie):** Good afternoon and welcome to the seventh meeting this year of the Transport, Infrastructure and Climate Change Committee. We have no apologies to record. I remind everybody present that mobile phones, BlackBerrys and so on should be switched off.

There are three items on the agenda.

**Cathy Peattie (Falkirk East) (Lab):** I would, with your permission, like to raise an issue that is not on the agenda. I am concerned about the ScotRail franchise situation. Given the committee's remit, we need an opportunity to consider that franchise. Can we ask the minister to come to the committee to discuss it, which would give us that opportunity so that we could decide how to progress matters?

**The Convener:** Members have already informally mentioned the recent announcement on the extension of ScotRail's franchise. Do members agree that we should invite the minister to give evidence on that?

**Members indicated agreement.**

**The Convener:** Okay. The clerks can consider dates. A possible date that has been flagged up is 6 May, but we will confirm to members whether evidence can be taken then as soon as we can.

## Ferry Services Inquiry

14:02

**The Convener:** Agenda item 1 is our inquiry into ferry services in Scotland. I welcome to the meeting Graham Bell, who is a press and policy officer for the Scottish Chambers of Commerce. We hoped that someone from the Confederation of British Industry Scotland would also join us, but unfortunately no one from that organisation can be here. Do members agree that we should invite CBI Scotland to provide written evidence so that we can consider its views?

**Members indicated agreement.**

**The Convener:** As members will be aware, this is the third of seven evidence sessions in the committee's inquiry into ferry services in Scotland. After we have heard from the Scottish Chambers of Commerce, we will hear from the National Farmers Union Scotland and Seafood Scotland. We will then hear from the Road Haulage Association and the Freight Transport Association.

I invite Graham Bell to give a brief introduction.

**Graham Bell (Scottish Chambers of Commerce):** Good afternoon and thank you for inviting me to the meeting.

I will give a little context. The Scottish Chambers of Commerce has 8,500 members throughout the country, from Stranraer to North Unst, and from Eyemouth to all points west, including the outer Hebrides. The organisation is probably the most representative business organisation in Scotland, as its member companies cover every sector and it represents every size of company, from the smallest to the largest. I have done research on ferries with people in various parts of the country and have detailed points that we will go into later.

There is something beautifully sacred about a land that is joined by water. I remember being on the ferry from Barra to Oban. There is a point in the Minch at which one can see from Lewis to Barra and from Tiree to Skye. When I was on the ferry at that point, dolphins were diving under the boat and riding the waves. It was a truly spellbinding experience, and it occurred to me that although the islands support only a small part of our population, they are a key part of what makes Scotland what it is. It is a beautiful characteristic. When the largest archipelago in the world, Indonesia, measures its territory, it includes the sea as well as the land. If we consider the wealth that the sea offers us—as well as the challenges—and its great contribution to transport, water is no less important in Scotland. Clearly, we cannot have ferries without water.

There are some challenges. Argyll has a longer coastline than the whole of France. Mull, small as it is, has 220 miles of coast. Travel in Scotland can be difficult. I live in the Borders, and people often say, "Oh, you're just inside Scotland." True—as are Glasgow, Edinburgh, Aberdeen, Dundee, Perth, Inverness, Stirling and Dumfries. Why? Because until the 19<sup>th</sup> century, one of the only ways in which to travel was by water. We did not really have roads, and it was a difficult country to get around. If, for example, you wanted to move an army, you put them on boats and took them round the coast. That is why all our major conurbations sit at the sea's edge. Until that point, we would have seen the lords of the isles as having as good a transport network as anybody else. Now that has been turned on its head, and we tend to think of islands as being remote and isolated. In the days when we were utterly dependent on water for transport, lallanders were probably worse served than highlanders and islanders in terms of their ability to get about.

The position of the Scottish Chambers of Commerce today is that we are happy to be here to discover the potential of the sea and to explore how we might use our support for ferries as a means of economic regeneration. The Western Isles have just over 26,000 inhabitants, and Orkney and Shetland together have a little over 41,000 inhabitants. Those areas might be seen as a dwindling part of our population and our economy. However, from examples such as Gigha, whose wind farm investment contributes £1,000 per person per annum to its economic development, and the thousands of people who applied to move to Fair Isle to occupy the two vacant houses, we can see that there is potential for us to use ferries greatly to enhance Scotland's economy.

**The Convener:** A host of other issues will come up, but I begin our questioning by asking you about the existing routes. Do those routes meet the needs of Scottish business? If not, what changes would you like to be made?

**Graham Bell:** We do not get the message that there is a shortage of ferry routes between the islands, but the people in Campbeltown would be keen to have a ferry between there and Northern Ireland. As I am sure the committee is aware, various attempts to set up such a route have been made, but it has been difficult to make it work economically because of Campbeltown's isolation and its particular challenges. It would be lovely to find a way to make that work, especially given Ireland's booming economy. Circumstances may have changed since the most recent attempt.

We were greatly heartened by the arrival of the Zeebrugge route from Rosyth, but we have been disappointed that we did not get better take-up of

freight transport. The service is therefore less frequent than it was when it first started. There is potential to develop many more ferry routes out of Rosyth or, for freight, out of Grangemouth. We should target the Norwegian service to Shetland, which is looking for a mainland landing point and we favour Rosyth as opposed to, for example, Hull. We suggest considering the whole of Scandinavia and the Baltic for access to the new European Union accession states. There is great potential for Scotland to develop its international trade in that area.

**The Convener:** You do not see the focus as being on routes within Scotland—you are talking about services from Scotland to other countries.

**Graham Bell:** Yes, and it might be from Rosyth to Shetland and onwards. For example, a ferry service does the circuit around Bergen, Iceland and so on, and it is much more expensive to travel from Aberdeen to Shetland than it is to travel from Shetland to Iceland.

**Cathy Peattie:** Forgive me, convener, obviously we are looking at ferries, but Mr Bell mentioned increased freight. Mr Bell—do you accept that the work that has been done in Grangemouth on new facilities and so on has seen a fair increase in the amount of freight coming into and going out of Grangemouth? Is that a positive thing?

**Graham Bell:** It is positive, and I suggest that we continue to enhance that role. The key issue is our ability to exchange freight between rail heads and ships, and so on. At the end of the day, freight will ultimately get to wherever it is going by road, but the more we can put on the water in between, the better things will be.

**Alison McInnes (North East Scotland) (LD):** On infrastructure development, do the current ferry fleet and the associated ports infrastructure provide the necessary facilities, capacity and reliability for efficient conduct of business? If not, what changes would you like to be made?

**Graham Bell:** Economics is a difficult driver, especially for the Caledonian MacBrayne routes, where we often see ships on which catering leaves something to be desired, for example. It does not matter for a short route, but if you are going from Ullapool to Stornoway, it must be quite depressing to be faced with the poor choice that is on offer. Making ferries more attractive to people could be considered.

When I go on a ferry, I always check out the information about the ship and I have been pleasantly surprised: the state of the fleet is, by and large, reasonable. We could improve our port facilities, especially if we are looking for more international routes. For example, there is great potential to do better with Rosyth's landing and

departure facilities, but that could only be justified by greater income and usage.

**Cathy Peattie:** Do the current ferry timetables allow for efficient carriage of goods, and for travel by staff to and from the Scottish islands and peninsulas? If not, what changes should be made?

**Graham Bell:** That is a key question. Islanders have a strong feeling that the ferry services are driven by the needs of mainlanders rather than by the needs of islanders. If the first boat in the morning is from Oban to Tobermory, that is not helpful to someone from Mull who is trying to do business on the mainland, helpful as it is to the person from Oban who is trying to do business on Mull.

If we consider all the challenges that face our peripheral population, our first question should be about the needs of the people who live in those areas. If we consider rail transport and what matters for Moffat, Berwickshire or Thurso, we should be looking at the needs of the people there and not those of people in Inverness and Edinburgh. The same applies to ferries.

We could do better by having a greater number of smaller ships. For example, there is justification for having one large ferry that lands on Mull every day, but two smaller boats would mean that one could go out in the evening and at midday, and the second one could go out at midday and again in the evening. That would mean double transit at midday, which would be helpful to freight and to the working population, which needs to get out and back and would therefore be much better off.

We should also consider having greater reserve capacity in the fleet. One additional CalMac ship might help us with situations such as that in Colonsay this year, when they were down to their last 10 tins of caviar and four packets of cornflakes. Perhaps we could alleviate problems like that if there were a little more spare meat on the beast.

**Cathy Peattie:** So there should be less focus on the mainland, and there should be more and smaller vessels.

**Graham Bell:** Yes. The services should also be more frequent.

14:15

**David Stewart (Highlands and Islands) (Lab):** Do you recognise the picture that CalMac painted of the problems in trying to acquire new ships? As you know, CalMac is commissioning a new boat via Poland. It told us that it takes at least three years from commissioning to receiving a new boat, not least because there is a world shortage of engine manufacturing for new ships. It is also

difficult to lease boats because of issues of compatibility with piers.

**Graham Bell:** That is a good point. A professor at the University of Dundee wrote an interesting study of the history of shipbuilding in Scotland, which was published recently. One of the points that he made, which I have heard reinforced when speaking to ship brokers in London, is that demand for new vessels exceeds supply worldwide, which is a problem. As I said, I do not think that things are easy, given the huge economic challenges that exist, such as determining which routes are profitable. I have proposals that will probably make routes less profitable, but supporting the islands is crucial.

**Cathy Peattie:** How responsive are the major ferry service providers—CalMac and NorthLink Ferries—to the needs of business? How could communication between ferry operators and business be improved?

**Graham Bell:** I encourage the committee to consider a more flexible approach. Vans under 5m travel at car price and vans over 5m have to pay goods vehicle rates, which is expensive. Increasingly, motor vehicle companies are making vans that are 5.1m long, which takes them just out of the car category. The fact that such vans have to pay goods vehicle rates makes transit of goods much more expensive. It would not be difficult to introduce a bit of flexibility to extend the range to count vans of 5.1m as small vehicles and charge them at the lower rate.

I have mentioned Mull a few times. Mull is very close to Oban, so the difficulties in getting there should be fewer than the difficulties in getting to Barra or the Uists. However, it costs £50 to land one pallet on Mull. Anything that we can do to reduce that cost has to be useful. One of the net effects is that Mull is building up a road-repair deficit of about £1 million a year, simply because of the additional cost of taking road-building materials offshore. We have seen massive investment in the roads on the Uists in recent years. We know how expensive that is. Anything we can do to keep down the cost of freight can only benefit those communities, which we are trying to enhance.

**Cathy Peattie:** The other part of my question was about communication between ferry operators and business. What you have said about Mull and issues of capacity suggests that there is a lack of communication. Have you any suggestions about how to facilitate communication that would make the services better for the people who use them?

**Graham Bell:** I had not considered that point, but it is worth taking into account. Scottish Chambers of Commerce would be happy to facilitate such dialogue in the future. You can have

too much information, but you cannot have too much communication.

**Cathy Peattie:** Is there no dialogue at the moment?

**Graham Bell:** There is some dialogue, but there can always be more.

**Rob Gibson (Highlands and Islands) (SNP):** I note your interest in serving the islands. Do you agree that if we had shorter links, rather than longer ferry services, that would make commerce easier? For example, there could be a short route from Jura to the mainland or a route between Lochboisdale, Barra and Mallaig?

**Graham Bell:** That is interesting. Shorter routes benefit commerce. In some of the southern islands, there are an awful lot of stops on some of the routes, which can make the passage lengthy. If it were possible to shorten the journey times, that would be beneficial, especially given that a lot of fresh produce is being shipped, so delays should be avoided.

**Rob Gibson:** Would you expect the ferry companies to talk to business about that and their needs?

**Graham Bell:** That would be a good thing.

**Shirley-Anne Somerville (Lothians) (SNP):** Do you think that the current Clyde, Hebrides and northern isles ferry service contracts allow the operators sufficient flexibility to meet the changing needs of their customers, and particularly the needs of businesses?

**Graham Bell:** I would not confess to being an expert on the matter. When I look at what services are available, I think that we could do better. The Scottish islands are a phenomenally expensive part of the world to travel to. Obviously, there are difficulties with weather, distance and so on, which are not of the ferry companies' making, but if we can fly to New York or Los Angeles cheaper than we can fly to some of the islands, we need to look hard at what we are doing, particularly from the islanders' point of view.

In Sweden, islanders do not pay to travel on ferries; only mainlanders do. Government policy is such that, in order to include islanders within the state, they need to be supported. Although I do not suppose that that is about to happen in Shetland and Orkney, we need to think hard about how to serve that sector of our population better.

**Shirley-Anne Somerville:** In gathering your evidence, have you had any feedback about whether the contracts that are in place at the moment are stifling innovation and change? Do people feel that there has been a difference since the current contracts were put in place?

**Graham Bell:** I do not hear many people talking about them favourably. There is a difficulty with all such things. Generally, a business support organisation such as ours will always argue in favour of full and fair competition. However, we must ask what "full and fair" means. In the case of CalMac, to cherry pick the profitable parts, rather than buy the whole bag, would not be full and fair, to my mind. It is like allowing TNT to take post where it wants to take it, rather than requiring it to take it to every part of the country at a single price, like the Post Office has to. That sort of approach means competition that is not full, free and fair. If we are to review the situation and ascertain how things can be done better, we must compare like with like. I do not see a queue of people going down the street trying to acquire the ferry routes to which I am referring.

**David Stewart:** Does your organisation have a view on the Government's road equivalent tariff pilot?

**Graham Bell:** Yes. It is very welcome, but with one drawback: it disfavours the islands that do not receive it. We suggest that mechanisms could be used to prevent that disfavour, such as discounts for islanders during the two years for which the project is going to run. Unlike islands such as Colonsay, Islay, Mull and Arran, which do not get the benefit of RET, the islands that have been chosen for the pilot could become favoured in the tourism market. It begs the question whether there should be further tourism support to ensure that islands such as those that I have mentioned do not lose out.

Tourism is a significant part of business in the Western Isles. The lack of capacity on the ferries means that the lack of capacity in tourism is never seriously challenged—apart from during games week in Barra and other times when special events fill up a particular island. We never reach the point when all accommodation is booked and the local population is challenged to grow its tourism industry, and the reason is partly that we do not have enough capacity on the ferries. Anyone who has tried to get a ferry out of Harris on a Saturday will have shared the distress of the local population—it is extremely difficult to do that. That matters to people because it means that they cannot go shopping on Skye or whatever else they want to do. Those factors go hand in hand.

**David Stewart:** Is it likely that capacity will be an even greater problem once RET is introduced?

**Graham Bell:** I hope that any increase in traffic will result in increased investment in vessels. However, it would be an optimistic person—not me—who would bet on that happening, although that is the direction in which I would like to see us go. Clearly, the Government has a key role in determining and supporting such developments.



**David Stewart:** I made the point that capacity cannot be increased magically. Three main options are available: a new vessel can be purchased, which takes at least three years; frequency of services can be increased, but that is not always possible because of issues such as the working time directive; and finally, competition can be introduced on a route by bringing in other companies. What is your view on that option?

**Graham Bell:** It would be helpful if other companies were willing to enter into competition, which works well on the Dunoon route. One reason why Western Ferries does well there is that it has a down-to-the-bone service—there is no catering, for example. The company has cut back its costs to ensure that the service runs okay. However, that is a busy route that will always be at the more desirable end of the market. If competition is introduced, it must not simply take the more profitable routes away from existing operators, leaving them worse off than they are now. I understand that that creates difficulties under European law.

**David Stewart:** We could have a separate debate on issues of European law, especially in relation to the Gourock to Dunoon service, but that is for another day.

Have any of your members in island communities, especially in the Western Isles, expressed concern about loss of commercial trade when RET is introduced, as it will make it easier for people in island communities to go to the mainland, where goods are often cheaper, to shop?

**Graham Bell:** No. The main concerns were expressed by islanders who will not get RET, who fear that they will be outcompeted by neighbouring islands that will get it.

**Charlie Gordon (Glasgow Cathcart) (Lab):** My question relates to the other end of the spectrum of competition. The committee has heard calls for all ferry services to be provided by one operator. Would you support such a move?

**Graham Bell:** That is broadly what I have been saying. If there is to be a mixture of operators, they must all be subject to the same terms and conditions of competition. If other operators come in, they must take the rough with the smooth; they should not get to pick the cream of the routes. Under those conditions, competition would be okay, but I do not see operators queuing up to provide it. Generally, competition is thought to improve things: time and again it has been proved that it makes people get their act together to keep their market share. However, it comes with a price. It is unlikely that ferry services in Scotland will ever be a major profit centre, so they cannot be opened up to competition as an entirely commercial

proposition. However, if operators are asking to compete, they should be heard and the option should be considered.

**Alex Johnstone (North East Scotland) (Con):** What else may have discouraged private sector operators from becoming involved in ferry services in Scotland?

**Graham Bell:** At the end of the day, willingness to invest capital in any project is dependent on whether there will be a return on that investment. We have seen instances of wealthy Scottish businesspeople investing in projects for philanthropic reasons—that is a growing trend in recent times—but there is no rush to deliver a service to the equivalent of half the population of the Borders, spread between Jura and North Unst. That is not a large commercial market, and the costs and risks are high. Greater competition and interest will be encouraged only if we grow the economies of the islands, which will make services more attractive. Extension of our services to Iceland, Scandinavia and the Baltic represents a bigger growth opportunity than interisland services.

14:30

**Alex Johnstone:** Should we encourage private sector operators to get involved in providing ferry services? If so, what would encourage them?

**Graham Bell:** We certainly should encourage them. However, as I have said, the problem is how to make an opportunity attractive to commercial interests if there is no profit in it, which moves us into consideration of subsidy. If subsidy is sufficient to make an opportunity profitable, a greater number of commercial companies will be interested.

We are not talking just about difficult sea crossings made by inshore ferries over quite large distances for small populations; we are talking about areas in which hundreds of lives have been lost in the past. We cannot cut safety margins on any measures that make travel between the islands a safe proposition and welcome proposition. There is therefore not a great deal that commercial companies can do to run services more cheaply than they are being run now. The only way to make progress is to create more income for those companies. I do not see islanders wishing to pay a whole lot more to travel; in fact, I suggest that they should pay less. I therefore cannot see a way of attracting people to commercial interisland services unless subsidy balances the books.

**Alex Johnstone:** You rightly point out that many ferry services between the islands are heavily subsidised. You represent an organisation with members all over Scotland, and not only in the

areas that are dependent on ferry services; my final question is therefore difficult, and I am sorry to put you on the spot. Investment in transport in Scotland is necessary, but Government resources are finite, so where on the scale of priorities would you put ferry services? Would you rather the money was spent elsewhere?

**Graham Bell:** I do not think that we have the choice of spending money elsewhere, but we do have a choice about the level at which the spending is set. The landscape for Scottish chambers of commerce is very uneven. Being a member of District of Wigtown Chamber of Commerce is very different from being a member of Edinburgh Chamber of Commerce. The big metropolitan centres are passionate about the metropolitan region strategy, and they think that growing core centres of excellence and growing profit and employment will create wealth that will then be passed out to the periphery.

Some people criticise investment in the Borders rail link—they ask, “How does that stack up? Why would we want it?”—but the amount of investment required to repair the damage done by Beeching and link the Borders to the capital is much smaller than the investment required to keep ships running across the Minch, and the former would potentially benefit a much larger population.

Because of Scotland’s geography, we will always have to subsidise our rural areas to some extent. However, if we do not connect our rural areas, we will increase the amount of subsidy that we have to provide to those communities as more rural schools and shops close. The end result would be depopulation, and I do not know anyone in Scotland who wants that.

Services for remote areas remain a priority, and they are already heavily subsidised. Large metropolitan chambers of commerce complain about the business rate redistribution mechanism, whereby Edinburgh loses something like £200 million a year from its business rates to other parts of the country. They appreciate that the money is, for example, going to support water-borne transport in the Western Isles or to do something about Campbeltown’s isolation, but they also say, “If we had that money here, we could invest it in the festival and help our city to grow.” So you are absolutely right to say that there is a conflict between smaller rural and remote rural businesses and what goes on in the urban centres. I am glad that we elected you, not me, to sort it out.

**The Convener:** I hope that you will not take this the wrong way, but that was the longest way of saying “I don’t know” that I have heard. You should be a politician.

There are a couple of brief, supplementary questions to ask before we finish. At one point, it

was suggested that all services could be brought under one operator. At another point, it was suggested that a wider range of operators could be encouraged to enter the market. You seemed to agree with both propositions. Do you have a preference, or are you just saying that something must be done?

**Graham Bell:** I do not have a mandate from 8,500 businesses on the matter, so I am expressing a personal view. In my view, a single operator is the better option at present. If we could find ways to encourage commercial competition, that would be welcome, but the whole CalMac process that we have recently been through showed that not a lot of people were up for it. Maybe that was just because of the conditions of the bid. Maybe people would bid differently if the circumstances were different. We should certainly leave the door open to competition, but we must find a way to make it work, and I do not see that at the moment.

**The Convener:** Are you saying that competition is desirable but that you find it improbable?

**Graham Bell:** Exactly.

**Rob Gibson:** Casting your mind back slightly, should the private sector be encouraged to run ferry services? There has been no mention of NorthLink or of Orkney Ferries. A successful, privately owned ferry service is about to launch a catamaran because of the expected profits and potential. That is a private, unsubsidised service. We have talked about the need for ferry contracts to be more flexible. Should NorthLink have considered taking a different route from the one it takes to Orkney at the moment, thereby perhaps gaining some of the benefits that Mr Banks sees for his service between Gills Bay and St Margaret’s Hope?

**Graham Bell:** I am not aware of the catamaran project. That is good news. Will it run from Aberdeen to Orkney?

**Rob Gibson:** No, from the north of Caithness along the shortest possible route.

**Graham Bell:** That is a very short route, along which there is considerable tourist traffic, so it is a hotspot in terms of generating traffic and being profitable. John O’Groats is, after all, named after the ferryman who, for a groat, made the service work in times gone by. I would be delighted to hear of someone making it work with a modern craft and a frequent service.

Running a boat across that stretch of water is a very different kettle of fish from running a service from Ullapool to Stornoway, for example. If we could attract to such services investors and vessels of that quality—they would need to be larger—it would be fantastic. However, we have

seen swithering on the northern Irish routes over the use of high-speed, large-scale catamarans, and we have seen Greek ship owners swithering over the Rosyth to Zeebrugge route. Commercial enterprises will be driven by whether they can make a route pay—that is the end of the story.

**The Convener:** I thank Mr Bell for joining us and answering our questions. I suspend the meeting briefly to allow the changeover of witnesses.

14:38

*Meeting suspended.*

14:40

*On resuming—*

**The Convener:** I welcome to the meeting Stewart Wood and Lisa Webb from the National Farmers Union Scotland and Libby Woodhatch from Seafood Scotland. Before we move to questions, would you like to introduce yourselves and say a few words?

**Libby Woodhatch (Seafood Scotland):** As you said, I represent Seafood Scotland, which is a trade association for the seafood sector working with fishermen and processors throughout Scotland on quality improvement, supply chain issues and promotion and marketing. We literally work from boat to plate.

**Stewart Wood (National Farmers Union Scotland):** I am vice-president of the National Farmers Union Scotland. As someone who lives and farms in the Orkneys, I have quite a grasp of issues related to shipping services to the islands. I would prefer to make my points in response to members' questions, so all I will say for the moment is that strong and reliable ferry services are important to the agriculture industry on all the islands.

**Lisa Webb (National Farmers Union Scotland):** As NFUS's regional manager for Argyll and the islands, I have more experience in dealing with CalMac ferry services.

**The Convener:** Do the current routes meet your members' needs? If not, what changes should be made?

**Libby Woodhatch:** When we asked that question of seafood processing companies and fishermen in the Shetland Islands, the Orkney Islands and the Western Isles, they all gave different answers. However, in summary, our findings tend to echo Stewart Wood's comments: those on Orkney had the fewest issues with transport. Indeed, their only real concern is something that could be said about all the products that we deal with. When your job is to catch something from the sea, you cannot say, "I

will ship two tonnes of this or that every Monday"; it all depends on the weather and whether you actually find the fish or shellfish. I should point out that the catch in the Western Isles is predominantly shellfish. Much of the catch in Orkney is also shellfish, but there is more of a mix there and in Shetland.

The fact is that you would need a crystal ball to know three days in advance the volume of crabs, say, that you were going to put on a ferry, and the price difference is quite significant if you book any later than that. Fishermen are often penalised as a result.

In Shetland, members wondered whether the introduction of RET would make fares more expensive and concern was expressed about the age of the vessels on the main routes. However, one of the biggest issues was the cost of getting product from the other islands to Lerwick to catch the ferry to the mainland. Indeed, some told us that sending freight to Lerwick from the outer isles was dearer than sending freight from Lerwick to Glasgow, which obviously puts people at a competitive disadvantage.

Related to the fact that fishermen simply do not know how much fish or shellfish they are going to catch in a day is the issue of ferry times. If a significant quantity is landed, it has to be processed before the ferry can be caught. Some members felt that the ferry times were not conducive to the activity of their businesses. Time is critical, because live or fresh products need to get to market as quickly as possible. After all, communities are completely reliant on European export markets, and ferry journeys are only the first part of a very long transport chain.

Members in the Western Isles raised more complex issues related to the size of the industry and geographical spread. RET is welcome there, although there is concern that, if it creates an increase in traffic, the shellfish lorries—it is predominantly shellfish that comes out of the Western Isles—could be bumped, as they may not be able to book days in advance because they do not know what volume will be landed. The routes are getting busy and there is concern about whether priority would be given to shellfish lorries and whether the vessels would be large enough to cope with any increase in demand. Western Isles members are broadly in favour of RET and would like it to be applied interisland as well.

14:45

Some members felt that some of the timetables and interconnecting services between islands were not conducive. We are trying to make it to the European market. Large quantities of live shellfish come out of the Western Isles and the

main markets for them are France, Spain and Italy. If the timetabling of a ferry service means that a shipment misses the connection to Glasgow, it will miss the lorry to Bologna, Madrid or Barcelona and will be 24 hours behind where the producer would like to be. It is possible to keep the product live for a number of weeks but, when a live product is in the lorry, it is critical that it gets to market as quickly as possible. In some cases, the timing of interisland connections can mean that a shipment misses an onward connection by something like 10 minutes.

There was also a concern that, if RET were introduced, the service to Ullapool should be better and faster to cope with any increase in demand. In general, producers in the Western Isles were in favour of RET but had concerns about timetables, schedules and the availability of service to an industry that cannot predict its output. In some of the islands, such as Barra, some fishermen were considering giving up, because the times and cost of the ferry did not make it economic for them to compete in the European marketplace.

**The Convener:** I pose the same question to the NFUS. Other members will ask questions about RET, so I ask you to respond on routes and timetables.

**Stewart Wood:** Three different operators come into three different jetties or terminals in Orkney, so the service is very good from that point of view. The ferry routes are all well supported and well organised and there is a good structure to most of them.

The one big loss was the Kirkwall to Invergordon service, which ceased five or six years ago. For the agriculture industry in Orkney, that was a big hit. We had a constant service that let us take cattle and other livestock out every day of the week if we wanted to. After that, it was four or five hours to the central belt of Scotland and to a slaughterhouse, auction or mart.

A private operator ran that service, but when competition came in with the new NorthLink contracts he started to struggle. On the back of that service ceasing, another private operator—Mr Banks—started up the Pentland Firth service, as has been mentioned, so we still have a third operator coming into the islands. However, the agriculture industry still misses the Invergordon route. We had a good cattle freight vessel on that route, and its loss has been a huge hit to the industry.

As far as services to Shetland are concerned, there is one harbour, which is well serviced, and Shetland gets two ferry sailings almost every day—it certainly gets one every day and two every

second day, or something like that, so it gets a good service.

In Orkney, the ferries from the islands to the mainland went to a roll-on, roll-off service 20 years ago and really opened up the islands, but the service has stagnated over the past few years and needs investment. The point is that there is no way of getting between the islands—if somebody wants to go to another island, they must go back to Kirkwall every time. It is a big disadvantage to some of the bigger northern islands of Orkney that they cannot interisland link and instead have to go back to the mainland. That hits the seafood industry—crab and shellfish—more than the agriculture side. There is also a container service from Aberdeen to Kirkwall, which takes a huge amount of stuff into the islands.

Between all the services, the ferry routes for the northern isles are pretty well covered. We get most of the services we want.

The timetabling is not too far off. On the NorthLink Scrabster to Stromness route there used to be a 4 am sailing from Orkney to Scrabster and a 6 o'clock sailing back. The first sailing was changed to 6 am, which has been a huge loss, especially to the people who transport fresh fruit and vegetables. They used to start their day half a day earlier in the central belt, come up overnight for the first ferry from Caithness, and the goods would be in the shops by 10 or 11. It is now late afternoon before the stuff gets into the shops. Some of the wholesalers fought against the change. The people of Orkney are putting up with the service because they have no other option. However, it is classed as a lifeline service. If we cannot give people the lifeline service that they want, that part of the service should be reviewed.

**Lisa Webb:** An issue on the west coast is the north Lismore vehicle ferry. Further, there is potential demand for routes between Mull, Coll and Tiree. It was suggested to us that there could be a ferry from Bute to Dunoon and the Kyle peninsula.

The winter timetable for Tiree runs from October to late March. If you want to go to a meeting on a Tuesday in Oban, it means that you are away from home from Saturday until Thursday. If you are trying to run a farm on Tiree, you need to get somebody in to cover, which is quite a big issue. With regard to timetabling for Mull, it has been suggested that the boat could stay in Craignure overnight, so that people could commute to Oban to work. At the moment, the boat does not leave Craignure till 9 o'clock, so it is not useful for people who want to work in Oban.

**Alex Johnstone:** There has always been a lot of dependence on the Aberdeen to Orkney and Aberdeen to Shetland ferry services that NorthLink

provides. We have heard that there is also private investment in the journey across the Pentland Firth. Is there a change in market demand for ferry services to Shetland and Orkney? In future, is it likely that there will be a gradual shift away from the Aberdeen ferries to the shorter ferry routes that join up to the road network in Caithness?

**Stewart Wood:** That was one of the advantages of the Invergordon route. Once you got past Inverness, the quality of the A9 started to deteriorate quite quickly. However, there was good linkage up to Invergordon. One disadvantage of the Pentland Firth routes for the heavy wagons that go up there is the price of fuel, which is a deterrent. The strength of the Pentland Firth routes is in tourism.

Going back to frequency and timetabling, NorthLink has a freight boat that comes into Orkney on Sunday nights, ready for Monday morning at about 7 or 8. We have been given a discount to fill the ferry with freight, and the ship is full every Sunday night. That seems to be working. It has taken haulage off the roads—it comes up by sea. If you provide an incentive and a service that fits in with what customers want, they will support it.

For haulage on the two Pentland Firth routes, there is a 60:40 split in favour of the private sector. The private sector gets slightly more of the lorries that come into Orkney. The timetables are slightly different, especially in the summertime. With the private sector, there is a sailing earlier in the morning, which gets your fresh fruit and vegetables in at a better time than with the NorthLink ferry.

**Rob Gibson:** I will concentrate on Lisa Webb's remarks. I asked the previous witness about the land bridge option of having shorter routes. I am surprised that you were thinking about a Bute to Dunoon route. A ferry goes from Rhubodach to Colintraive, after which people can travel by road. When we consider services between Islay, Jura and the mainland, between Bute and the mainland and perhaps another service, should we try to stick to shorter routes?

**Lisa Webb:** That was just a suggestion from one of our members. Obviously, the Rhubodach ferry is available to people.

**Alison McInnes:** Some witnesses have touched on concerns about capacity if RET is successful. Are you concerned that the carrying capacity of ferry routes now constrains the development of agriculture or seafood businesses?

**Libby Woodhatch:** The main concern is that, because the industry cannot always predict its volumes, vehicles might have to wait for or be bumped from a ferry at busy times of year. That concern tends to be seasonal at the moment, but if

RET is implemented the capacity might not exist to meet demand.

**Alison McInnes:** If we set aside RET, is any route routinely subject to such constraints at the moment?

**Libby Woodhatch:** I do not know the details. We received a general answer from our members in the Western Isles.

**Lisa Webb:** We have reports that Islay, Tiree and Mull are all short of capacity and that the Lismore ferry is short of capacity in the autumn, when livestock and other agricultural vehicles have difficulty in finding space.

**Stewart Wood:** This will be the first year in a long time that Orkney and Shetland have had no livestock freighter for the back end of the year. For six or eight weeks, a freighter used to service Orkney and Shetland, and probably took about 1,000 head of cattle and 5,000 or 10,000 sheep through Shetland each week on three round-trip sailings.

As members probably know, livestock containers will be used on freighters this back end. NorthLink is comfortable with the situation and we have seen the timetables. If everything goes according to plan, the arrangement should just about work, but the ships will be at full capacity from 1 September to at least the end of October. Slaughterhouses and auction marts want cattle and sheep in the first half of the week, which puts huge pressure on vessels on Mondays, Tuesdays and Wednesdays. NorthLink's timetable says that a ferry will sail with livestock on Sunday nights, which is good, because that will take the pressure off later in the week. Capacity overall into Orkney and Shetland—especially into Orkney—is very good. Between the two companies on the Pentland Firth, six round trips are run every day, so sailings are frequent.

We in Orkney have a query about the ferry that leaves Shetland and calls in at Orkney, because Shetland always seems to have a good part of its capacity. Okay, shellfish and white fish are going out, but I would like to have not a fairer booking system but a system that gives us the same chance to put an equal amount on that ferry, which we often do not have.

**Alison McInnes:** Are any of you suggesting priority bookings to protect slots on ferries for the seafood and farming industries?

**Stewart Wood:** Orkney and Shetland are competing for the same deck space, especially at the back end of the year. Shetland mostly transports fish and Orkney transports cattle and sheep, although Shetland also transports sheep. As I said, at the back end of the year we will have no livestock freighter, so that will test whether the

capacity exists. The new crates are a fantastic step forward from what we have had in Orkney. I was the chairman of the NFUS in Orkney and Shetland when the tendering process occurred and I had a lot of input into the crates. If the new system works, it will be a big step forward. However, the best and cheapest way of shipping cattle is to use a livestock freighter and to put as many head of cattle as possible on the deck. The previous ship, though, had reached the end of its life and we had to move on. If the new system works, it will not be far off from what the industry wanted.

On that point, shippers sometimes try to do things without consulting the industry. The NFUS in Orkney and Shetland put real pressure on the shippers to listen for a change to what we wanted. I hope that the new system works, because we got 90 per cent of what we wanted. The shippers eventually bowed to our requests, which is important not only for us but for all island areas. The ferry infrastructure provides lifeline services for the islands, so it is important that the islanders have a chance to say what they want.

15:00

**Alison McInnes:** Do freight handling facilities at any ferry ports need to be improved? If so, where?

**Lisa Webb:** There is potential for improvement in ports that do not have lairage facilities. A farmer could get to such a port with their livestock but find that the boat could not sail, which would mean that the animals would have to stay on the boat or the farmer would have to take them back home, and transport legislation would then impinge on that.

**Stewart Wood:** The big advantage that we have in Shetland is the use of crates. When livestock is in crates on the ferry it is standstill time, which means that, after it reaches Aberdeen, there is still eight hours of movement time for going up and down Scotland.

A disadvantage of the freight boat coming into Aberdeen with 1,000 head of cattle is that there is a logjam of wagons. However, with the crate system, each trip will have 500 head of cattle at most, which means a better and more controlled system at the Aberdeen end. There has been investment in new lairage and transport facilities on each of the islands and in Aberdeen, which is a great investment for the future of the agricultural industry in the northern isles.

**Rob Gibson:** Lisa Webb referred to a problem about travel hours. Where exactly does that have an effect? Clearly, it will not affect every port, but it will be useful to know whether it affects a particular port.

**Lisa Webb:** The problem arises when animals—perhaps a bull—are travelling by lorry from, say, the central belt to Islay but cannot get on the boat. No lairage facilities are available at Kennacraig so, if the animals were still on the lorry, it would be unable to travel back to the central belt because doing that would contravene the transport regulations. The same problem can occur when trying to transport animals to Tiree and other outlying areas.

**Rob Gibson:** It is helpful for us to know that because we must be specific when commenting on facilities.

**Cathy Peattie:** Before asking my question, I am interested in what Lisa Webb said about animals being left on board lorries. What are the animal welfare implications of that and is any legislation involved?

**Lisa Webb:** The Welfare of Animals (Transport) Order 1997 would impinge in that situation.

**Cathy Peattie:** Is that a frequent problem?

**Lisa Webb:** It happens only at certain times of the year. We cannot predict the weather, so if it is a wild day, the ship's master might not be prepared to sail.

**Cathy Peattie:** Is there a role for the private sector in providing freight ferry services? If so, how could private sector involvement be encouraged?

**Stewart Wood:** The private sector is already involved in freight in Orkney—Mr Banks's services can carry freight.

I do not understand how the private sector ferry route can be profitable without subsidy, when the subsidy received by the competition that works alongside the private sector beggars belief. I accept that Mr Banks has used old vessels, but the investment that he has made in the new ship must mean that the future is looking good and that the route is profitable. However, I am not sure whether he could get a freight system for Aberdeen to Orkney or Aberdeen to Shetland to be a profitable route. Passengers are a good way of making money in the tourism industry. That is what the Pentland Firth routes are about. A short route can be profitable for the private sector.

**Cathy Peattie:** Would private sector involvement enhance capacity? You spoke about capacity. There is a lack of freight capacity at some stages.

**Stewart Wood:** I would say that it would.

**Libby Woodhatch:** Some of the processors to whom we spoke picked up on the fact that there is competition in Orkney. Their view was that, because private companies are in competition, they are more flexible, for example when people

are rushing and have a lot of fish or shellfish to process. They felt that if a company is subsidised, that will be it—the ship will be off. There was envy of the position in Orkney because elsewhere there is no competition, so the service does not accommodate the customer.

**Cathy Peattie:** Could you outline any specific problems with access to ferry services that the people and organisations that you represent face, for example in transporting livestock or getting goods to market on time? Lisa Webb highlighted some issues, but what other problems have people faced in using the ferry services?

**Stewart Wood:** On the northern isles routes?

**Cathy Peattie:** Yes.

**Stewart Wood:** As I said before, we have a new livestock freight system. Such a system has been used before in the quiet months, and it has not been a problem, but difficulties arise when the pressure really comes on. I doubt whether enough crates are being built. People could do with a few more. I think that 35 crates will go out on one vessel. Therefore, 35 crates must be emptied, washed and put back on it. That is done in the space of around four or five hours, which is almost impossible. I would like 15 crates in Aberdeen washed and ready to put on the vessel. Only the first crates off would then have to be washed and put back on the ferry; it would then be away. Small things like that, which would involve a wee bit more investment, are important. Quite a large investment has been made, but another 15 crates, which could make the service work, would cost little.

**Cathy Peattie:** So increased capacity is required to enhance the service.

**Stewart Wood:** Yes. Deck space is the big thing with such crates. The number of crates is limited on a sailing—there can be 500 head of cattle and that is it.

**Rob Gibson:** How can communication between ferry operators and major users of ferries such as your members be improved?

**Lisa Webb:** We have had good communications with Caledonian MacBrayne recently. Our members have twice-yearly meetings with it, which it organises, and things work quite well. It is always willing to speak to us. It is good in that respect.

**Rob Gibson:** You said that there used to be a service that ran between Mull, Coll and Tiree.

**Lisa Webb:** No. I did not say that there used to be such a service. That is one of the ideas that—

**Rob Gibson:** But there was such a service.

**Lisa Webb:** Right. Okay.

**Rob Gibson:** However, the ferry company did not consult people. It simply made a change when it changed its timetables. Would you say that that is the kind of thing that—

**Lisa Webb:** I was talking about Caledonian MacBrayne being pretty good with things to do with day-to-day farming issues. However, I have received quite a lot of complaints from people on Mull that it does not consult local communities.

**Libby Woodhatch:** When I spoke to companies on Shetland, they seemed quite happy. They have meetings that involve NorthLink, Tavish Scott and people in the industry, and they thought that they had opportunities to discuss issues and consider potential solutions. They have picked up on some issues, but they thought that they had a good process for addressing issues.

**Rob Gibson:** The issue was raised a couple of years ago of the difficulty of getting NorthLink to provide space and proper storage for fish being transferred from Shetland to Orkney because of an excess of fish in Shetland or a lack of fish in Orkney. We talked about that earlier. Have your members raised that issue? If so, how has the ferry operator responded?

**Libby Woodhatch:** The matter was not raised by anybody. In fact, when we canvassed companies' views, I was surprised by how positive a lot of their opinions were. It is appreciated that one of the biggest problems is that they cannot say that they are going to send 10 sheep to wherever because they do not know whether they are going to have 10 sheep. The situation varies. The companies are happy at the moment, but if something happens next week—if some of their lorries get bumped—I am sure that they will be on the phone to us about it.

The primary issue is that we have a perishable product and time is of the essence. Most of it is transported by refrigerated lorry or container, although the live product is transported in vivier lorries with recirculating seawater. Those are units on their own, and the person who is driving the lorry is responsible. The lorry may be going all the way to Spain, so they are able to monitor what is happening to the product in their vehicle.

**Rob Gibson:** Stewart Wood, you think that you have solved your problems with communication.

**Stewart Wood:** That is because we have had good communication. NFU Scotland has done a huge amount of work on both islands, especially at the last ferry tender. We had a lot of input into that. It was not only NorthLink—two other companies were involved in the process. They were quite naive about shipping livestock, so we spent a lot of time going through the process with them. The local members of Parliament have taken an interest in it as well, and a working group has been

set up that involves people from both islands. We have a pretty strong relationship with both companies.

There is a wee bit of an issue in Orkney right now with the identification system that NorthLink wants to introduce. It has created a bit of—

**Rob Gibson:** The system is for people rather than sheep.

**Stewart Wood:** Yes. It is for humans. That is an issue that has raised its head, and I guess that there will be a bit of consultation on it.

**Rob Gibson:** That is, indeed, a matter to discuss with others, but people are not yet being farmed.

From your experience, do you think that the current Clyde and Hebrides and northern isles ferry service contracts allow CalMac and NorthLink sufficient flexibility to meet the changing needs of their customers?

**Lisa Webb:** I am not experienced in all the intricacies of it, but CalMac likes to say that they do not. Whenever we ask whether the ferry companies can provide an extra service somewhere, they tell us that that is not in the contract.

**Rob Gibson:** Thank you. That is helpful.

**Stewart Wood:** As I said, at the start of the tender process we sat down with the three or four ferry companies and stressed the need for appropriate timetables, especially when livestock is involved. It is essential that slaughterhouses get livestock in the first half of the week—they do not want them on Thursday or Friday because, if a sailing is missed, the cattle are stranded and have to be left over the weekend. NorthLink and the other companies took such issues on board at the time.

**Rob Gibson:** There is, nevertheless, an element of inflexibility built into where the routes are.

**Stewart Wood:** Yes, I guess so. However, NorthLink is going to provide a Sunday night sailing for livestock to get more cattle and sheep to the slaughterhouses in the first half of the week. We have asked for flexibility and NorthLink is doing that for us.

**Libby Woodhatch:** The biggest issue regarding flexibility concerns the links between the islands—particularly the Western Isles—for goods that are being transported to the mainland. The timetables do not seem to have any coherence. The issue was raised by the Western Isles Fishermen's Association. The person who runs the association sits on the board of Highlands and Islands Enterprise and wears about 10 other hats as well, so I assume that HIE has had a conversation

about that with the ferry companies. However, it has not had much sway in getting services more co-ordinated. If we could tell the ferry operators how much shellfish we would need to transport every day, the argument might have more clout. However, as we cannot guarantee what loads we will be putting on their services, the argument is not always a good one in their eyes.

**Rob Gibson:** We are going to Lerwick soon, and we can ask people there about services between the outer isles and Lerwick.

**David Stewart:** What are your organisations' views on the road equivalent tariff pilot scheme? Libby Woodhatch has covered some of the points, but I would welcome any additional points that you want to make.

15:15

**Stewart Wood:** Orkney and Shetland have missed out on the scheme—that is the first point. All the islands, western and northern, that have subsidised routes should have the same chance to find out whether RET would work. In the Western Isles, where the scheme is being tried on some routes but not on others, that will be a huge disadvantage to the people who are not getting the scheme. It is one thing to have RET, but if farmers lose their concessions along with it, it might cost them more in the end. If so, the scheme would be of no benefit to the farmer—he would be better off with the concessions to get his hay and straw out to the Western Isles.

Because of the tariff rebate subsidy system that used to run in the northern isles, at one time we had a good coaster trade that brought in items such as coal and grain for the Highland Park distillery. It was a huge disadvantage to the coasters when the TRS system was lost—it made them uncompetitive. It is cheaper to get stuff in bulk, such as sugar beet pulp and dark grain. With a road system, that will immediately add £30 a tonne on 20-tonne loads. So 1,000-tonne bulk loads are a cheaper option, but the loss of that system has made those ships uncompetitive—the wee coasters just cannot make money now.

**David Stewart:** Is there a strong feeling among NFU Scotland members in Orkney and Shetland about the fact that the islands will not be covered by the road equivalent tariff scheme?

**Stewart Wood:** Yes. We should at least have had the chance to find out whether the scheme could work in the islands. We are not even going to get the chance to run the scheme. It would have been an advantage to get that chance.

**Libby Woodhatch:** I reiterate that the Shetland seafood companies said no to RET, because they felt that it would be more expensive. The



companies in the Western Isles welcome the pilot, although they have concerns about the increase in traffic. They want the capacity of the ferries to be increased if traffic increases. They would also like the scheme to apply to interisland routes and not only on selected routes.

**David Stewart:** My understanding is that when the RET pilot comes to an end in 2011—which is significant for us, because there might be an election about then—there will be a review of all the routes. The pilot is in the Western Isles, but my reading is that the routes that are covered will be compared and contrasted with those that are not before a decision is made on roll-out. What are your feelings about that? Do you see any prospects for Orkney and Shetland at the end of the pilot?

**Stewart Wood:** Do you mean wanting it or having it?

**David Stewart:** I mean having it, after the three-year pilot. RET has not been ruled out for Orkney and Shetland.

**Stewart Wood:** No, it has not. In the end, we want to send away our produce and take in our inputs as cheaply as possible and with the best service possible. We have tried to weigh up whether RET can provide that and whether we would be better off, but until we know in black and white and see where it is coming from, we cannot make a decision.

**The Convener:** I have a quick supplementary question. We have not yet had the minister in to respond to points that have been raised, but it is a reasonable guess that, when we put some of those points on RET to him, the response will be that it is the right decision to have a pilot on selected routes, rather than apply a system universally before it has been tested. Given the caveats about the longer term, do the witnesses agree with the decision to run a pilot for a certain length of time, or would they have preferred a different approach?

**Stewart Wood:** If that is what is being done, it is probably the right option. I do not know what the cost implications of running RET are, but I guess that the scheme could be applied on a third of the services to give an idea of how it would work for the rest of the services. However, the Western Isles and the northern isles are totally different operations. If RET works in the Western Isles, I am not so sure that we can figure out whether it will be the right thing for the northern isles. There has to be a trial in the northern isles. Even Orkney and Shetland are totally different. When we were working out our needs and livestock requirements for the shipping tender, we found that the needs in Orkney and Shetland are totally different. It was not easy to pull them together and come to a

compromise on issues such as crates, fishing and shellfish. It is difficult to look to the future and work out whether RET will be good for the islands.

**Libby Woodhatch:** It is always wise to pilot a scheme just in case it does not work, because we do not want it not to work everywhere. However, Stewart Wood is right that the issue is difficult. Each island is different and the northern isles are different from the Western Isles, so it may be difficult to do a direct comparison. I do not know how we can get round that without having a limited pilot in each place. It is difficult to give a straight answer.

**David Stewart:** I have an observation on Stewart Wood's comments, rather than a question. The witnesses might want to get their hands on the helpful question-and-answer brochure that CalMac produced that breaks down the calculation on RET—it is the 60p per mile rate, multiplied by the number of miles, plus a fixed sum for different categories, such as private individuals or commercial vehicles. The sums can be done easily. The witnesses will know what the mileages are, so they can work out whether RET would result in larger or smaller fares. From the sums, it seems that RET will not work in Shetland, because it would be more expensive than the current fares.

**The Convener:** That brings us to the end of our questioning. I thank all three witnesses for giving up their time to answer our questions.

I suspend the meeting for a comfort break. We will resume at half past 3.

15:21

*Meeting suspended.*

15:30

*On resuming—*

**The Convener:** We move on to our third panel on the ferries inquiry. I welcome to the committee David Eaglesham from the Road Haulage Association and Gavin Scott from the Freight Transport Association. Will you briefly introduce yourselves and your organisations?

**David Eaglesham (Road Haulage Association):** I am the policy adviser with the Road Haulage Association, which has 1,000 members in Scotland, a number of whom either operate from Scottish islands or haul goods to the islands from the mainland. Inevitably, opinion on ferry services among the relevant members is somewhat mixed, in that some think that the existing services are, by and large, satisfactory, whereas others have a number of complaints.

On the services to the Western Isles, there is concern that the road equivalent tariff, which I know you will come back to, could adversely affect the available ferry capacity for heavy goods vehicles. The substantial lowering of fares, particularly for car users, could result in difficulties for lorries that are carrying lifeline supplies to the islands in accessing the appropriate services. The RHA will certainly want to keep an eye on how the RET proposals develop.

There is concern about CalMac's monopoly and the associated yearly price rises, which are an extra burden for the haulier on top of the punitive extra fuel costs that must already be borne. Some hauliers resent what they perceive as CalMac's take-it-or-leave-it attitude, although they recognise that services are constrained by the finite amount of available ferry business.

The cost of ferry crossings for hauliers is a recurring theme, particularly for those who use services to the Hebrides and to Northern Ireland, although I appreciate that the remit of the committee's inquiry perhaps does not extend to services to Northern Ireland.

Another common theme about ferry services around Scotland is the unpredictability of travel arrangements for hauliers and businesses as a result of cancelled sailings due to bad weather. Of course, measures to combat climate change aside, we cannot do anything about the weather, but the number of cancelled sailings could be reduced by increased investment in infrastructure improvements at vulnerable ports and harbours. There is a particular problem at Ardrossan, where 41 sailings were cancelled in February. As some members might know, the harbour there is exposed to the south-west wind. Aberdeen is vulnerable to a strong east wind.

I have a number of specific points on the various segments of the inquiry, but it is perhaps best that I come to those as and when.

**The Convener:** I am sure that questions will cover most of the issues. If any issues have not been covered, you can raise them at the end of the evidence session.

I invite Mr Scott to give us a brief introduction to his organisation.

**Gavin Scott (Freight Transport Association):** As usual, David Eaglesham has stolen my thunder.

I am the head of policy for the Freight Transport Association in Scotland. Strangely enough, we also have about 1,000 members in Scotland. Many of them are island based or use island ferries. However, particularly when it comes to companies such as the supermarkets, a good number of our members tend to use island

hauliers rather than their own vehicles to deliver to the islands. I urge the committee to meet some of those hauliers. About half a dozen hauliers on the west coast of Scotland probably give CalMac more than 30 per cent of its income. Although David Eaglesham and I can speak in general terms and in the round on these matters, it would be well worth the committee meeting at least some of those hauliers. I have a list of their names, which I am happy to give the clerk. We have had meetings with those people, and they will be able to speak to you in much more depth than I can about the problems that they have in the islands. I urge you to meet them.

**The Convener:** We will certainly take that suggestion seriously.

**Gavin Scott:** Thanks.

**The Convener:** Do the routes that are operating at present meet the industry's needs? If not, what revisions would you suggest?

**David Eaglesham:** The general view among our members is that the ferry routes largely meet current needs. However, some routes could be developed, such as links between Arran and Argyll via an enhanced Lochranza route. Thinking beyond internal ferry services, Scotland would benefit from developments in North Sea ferry routes—Graham Bell from the Scottish Chambers of Commerce mentioned that—with triangulation between Scotland, the continent and England, say at Felixstowe. In that regard, we noticed the recent announcement about a proposed weekly service between Rosyth and Kristiansand in Norway.

**Gavin Scott:** Generally speaking, the services probably satisfy the demand. In the past, there has been a lack of lateral thinking about what other services might be put on. For example, we service Lochboisdale from Oban because David MacBrayne's steamers always went from Oban—that seems to be the top and bottom of it. There could be a bit more lateral thinking about the ports from which islands are serviced, particularly if we are to introduce RET.

Under RET, it will be sensible for ferry trips to be as short as possible. I return to the example that I happened to pull out of the air. On the Lochboisdale to Oban service, the ferry is landlocked for about half the trip—you could literally spit on the land on either side. Would it not make sense at least to consider servicing Lochboisdale from Mallaig? That would be a much shorter trip. When the A830 is at least a full carriageway road all the way, it might be well worth thinking about that. RET fares would be an awful lot less than they would be from Oban.

That is one example, but I am sure that there are many others. We have been hidebound for so long by the idea that services to the Western Isles

start at Oban that we have not thought through the other opportunities. A similar thing has happened in the northern isles with the Scrabster to Stromness service. A private individual is about to put on a service without subsidy from Gill's Bay. The route is much shorter, so under RET the trip will be an awful lot cheaper.

**The Convener:** Can you give any examples of capacity constraints for freight transport on the ferry network? What needs to be done to remove those constraints?

**Gavin Scott:** There is a continuing problem with Arran—the Ardrossan to Brodick route. I am not sure whether that is compounded by the fact that Arran is often shut for business because of the unsuitability of the ferry port at Ardrossan, but there are always capacity constraints on that route. It would probably be quite expensive to protect Ardrossan harbour and make it safer so that it was not closed for business as often. I return to my point about the need for lateral thinking. Should we consider servicing Arran from Troon rather than sticking with Ardrossan, which we have always stuck with just because it has always been there?

**David Eaglesham:** On the point about Ardrossan, I will not be too nautically technical, but funds are available under the Government's harbour capital grant scheme to help develop harbours. I am not sure about Ardrossan, but funds have been available for such developments, which could have an impact on sailings.

With regard to capacity, I mentioned in my initial remarks our members' concerns about RET. Certainly, hauliers who travel to the Western Isles are uncomfortable with the prospect of the fares structure encouraging inefficient part-filled wagons from new users, which would contribute to capacity problems. On other routes, capacity can be a problem at peak times.

I was interested to hear the remarks from the NFUS and Seafood Scotland about capacity and the problem of hauliers turning up and not being certain of getting a sailing, with a strong possibility that the next sailing is already block booked. That issue concerns livestock hauliers in particular, as there are attendant animal welfare issues if the lorry is held up for any length of time.

Hauliers also face problems with what they view as fairly arbitrary decisions by CalMac, which can rule that a four-deck lorry, for example, is not allowed on a certain sailing even when the insurance liability lies with the haulier. As the NFUS witness mentioned, that seems to occur on the Islay route from Kennacraig. However, capacity seems to be satisfactory on other routes, such as the Ullapool to Stornoway route and the run to the northern isles, although in the case of

the latter, there can be problems at peak times such as Easter. I do not know whether we will return to the issue of frequency of service, but there are associated points that I would like to cover.

**The Convener:** We will be moving on to timetables in a few minutes.

**David Stewart:** I have a question on the issue of capacity. As you have probably picked up from the questions that we put to previous witnesses, it is very hard to turn capacity on and off with regard to providing new vessels. CalMac took around three years to access their Polish vessel. ShipBiz International, which is a Swedish consultancy, provided a report for CalMac that suggests that we consider the second-hand market, which, unlike the second-hand car market, is actually quite good. For example, Croatia acquired two very reliable vessels from the Philippines at a knock-down price. There is still a market about, but one has to be aware of when the market is weak and when it is a good time to buy. Croatia did that successfully. What is your view on increasing capacity by that route?

**Gavin Scott:** There has always been an argument in relation to CalMac about the suitability of vessels. I am not qualified to judge this, but the arguments go back and forth and round in circles about whether catamarans would be suitable.

I do not have a problem with the concept of buying or leasing older second-hand vessels, although there might be a problem with the islanders one was wishing to serve. Islanders are used to getting a new vessel every so often, and you might get a bit of a reaction if you told them, "We are going to give you a better service—absolutely super—with a second-hand vessel." However, I do not have a philosophical problem with that whatsoever.

There have been arguments back and forth time and again about the types of vessels that might be used. Caledonian MacBrayne—which we seem to be concentrating on—is very conventional when it comes to that sort of thing. It has an adverse reaction to the concept of using anything that is slightly outside the single-hulled, twin-screwed type of ship. I do not know if catamarans are the right or the wrong answer, but people have suggested that using them would be much better in some instances.

**David Stewart:** Having a uniform policy of bow and stern loading and unloading is certainly very important—we know about the problems with linkspans, for example, on the Gourock to Dunoon route. That uniform policy has been recommended in relation to new ships.

**David Eaglesham:** As I recall, the trend in the market seems to be towards larger vessels, so

perhaps there is a growing market of second-hand smaller vessels that might be useful on the west coast. I also heard the Confederation of British Industry's evidence on using smaller ships. My members would not necessarily be wholly in agreement, because there is a particular issue relating to frequency and timetabling on the Coll to Tiree route, and smaller ships pose problems for HGVs. Although I can see that there might be uses for smaller ships going to certain islands, they would pose problems for hauliers who have only certain types of lorries.

**The Convener:** For the record, your reference to the CBI's evidence should have been to the evidence of the Scottish Chambers of Commerce.

15:45

**Rob Gibson:** Would capacity be improved if the most reliable vessels—such as the MV Hebrides, which sails between Skye, Harris and North Uist—were used for more services instead of sitting tied up for so long?

**David Eaglesham:** That seems logical, but I do not have a particular view on that.

**Cathy Peattie:** Do the ferry operators strike the right balance in allocating capacity between freight and passengers? Please justify your views on the issue.

**Gavin Scott:** That issue has done the rounds for years and years. Caledonian MacBrayne had a problem some years ago when hauliers block-booked space on the Western Isles ferries in the expectation of taking fish-farm produce to the mainland. In some instances, bad weather would prevent the fish from being harvested, so two or three—possibly even four—vehicles might be cancelled at literally a moment's notice. Locals were okay with that because they knew damn fine that, if they were told that their car was third on the waiting list, they would get on. However, there was a fair chance that tourists who were told that they would be third on the waiting list would not bother travelling because they would not expect to get on the ferry. I think that the issue was sorted out by an agreement that any operator who gave insufficient notice would be fined by not being given their money back or not being given credit. I understand that things are now working relatively well. CalMac tells us that it always does its best to satisfy the freight demand. To an extent, it really must satisfy the freight demand, because if it satisfies only the tourist demand, the tourists ain't going to have a bed and breakfast when they reach the islands.

I am not aware of any particular problems with capacity, apart from the issue with the Arran service that I mentioned earlier.

**David Eaglesham:** I agree with Gavin Scott. However, our members are concerned that the introduction of RET will generate increased travel by private users that may impose capacity problems that will affect hauliers. There is a particular issue with winter sailing timetables, but I assume that we will come on to that.

**Cathy Peattie:** We will indeed. What, if any, timetable changes need to be made to key ferry services to reduce both freight journey times and transport costs to and from Scotland's islands?

**Gavin Scott:** The problem for the ferry company is that it needs to balance demand against service. I suppose that the ferry company would tell us that it would be nice to service a small island five times a day, but that would mean that three out of the five trips would not carry any freight. However, vehicles would then be able to travel to the island and return immediately after doing their delivery or pick-up. At the moment, once a vehicle has delivered its hay—let us use hay as an example for argument's sake, as it is a fairly common thing—it may need to wait until late afternoon for the return ferry if there are only two ferries a day. That means that the vehicle and its driver are tied up for a complete day. Somebody has to pay for that. The haulier cannot bear the cost. The person who bears the cost of having a vehicle and a driver tied up for four, five or six hours has to be the customer who is buying the hay. That obviously makes the price of the commodity much higher than it would be on the mainland.

It is a difficult situation to resolve. It would be easy to say, "Right, Mr Caledonian MacBrayne, you've got to go across to the island, wait for my vehicle for an hour until it discharges its load and then bring it back again." However, Mr Caledonian MacBrayne would say, "Just a minute. The ferry is away servicing another island at the moment." It is difficult to strike a balance, but there is no doubt that the bottom line is that the cost is dashed expensive.

**David Eaglesham:** I agree with Gavin Scott that it is a question of economics. A finite amount of business is available. I have heard quite a lot of comments from our members about the services being affected by winter timetabling, particularly between Arran and Ardrossan, where the two-ferry summer service provides flexibility and is a welcome boost to the island's economy.

Another example is the sailing from Oban to Coll and Tiree, which other witnesses have mentioned. Between October and March, the sailings are reduced in frequency from daily to only three a week, perhaps as a consequence of the end of the tourist season, and there are problems with private users affecting available capacity. There is also a commensurate reduction in the size of the vessel used, which means that it cannot take certain

sizes of HGV. The hauliers who use the service find that awkward. The timing of the sailing is also an issue. The current departure time prevents a return to Oban at a useful time to get on the road. Communities as well as hauliers have made many representations to CalMac for an increase in winter frequency, but so far they have had no success.

On other busy routes there is inevitably a desire from a number of hauliers for the ferries to operate from early morning to late evening, but they appreciate that there are staffing and cost issues associated with regulations on rest for the crew.

I want to widen the envelope a bit by talking about the Rosyth to Zeebrugge route. Hauliers' confidence in Superfast Ferries was eroded when sailings were reduced from six to three a week. We found that particularly disappointing, given that the Road Haulage Association promoted the service heavily in the first place. Despite what was said earlier, freight levels on the service were starting to increase, but now confidence has been greatly eroded.

**Alison McInnes:** Do you think that there is a need for major improvements to the freight facilities at any of Scotland's ports? If so, what key improvements would you like to see?

**Gavin Scott:** Over the years, CalMac has gone across completely to roll on, roll off. A good number of years ago, CalMac carried loose freight or provided trailers and boxes so that people could drop off loose freight to be taken on the ferry. That meant that there was no need to tie up a vehicle by taking it on the ferry. I understand that CalMac withdrew that service for reasons of efficiency. A number of my members who send small parcels or post office type consignments tell me that even though all they are sending to the island is a mailbag, they have to put it in a vehicle and use the RORO system to get it to the pier at the other end. The vehicle has to be driven on to the ferry and the driver has to sit there. The vehicle goes off at the other side, the mailbag gets dropped off and the driver has to sit and wait until the next ferry comes. There is a degree of frustration for people who do such deliveries. I understand CalMac's argument: it wants to have a service that does not involve it in lugging bits and pieces back and forth, putting them on little trailers and hauling them on to the ferry, given all the security aspects. People might ask, "What happened to my box? I saw it going on to the ferry, but it wasn't there at the other end." There is pressure on that side and I doubt whether we will achieve much in that regard. However, there is also some pressure from people who do not want to take a lorry or a van on board because all they want is a box taken across. If they ask CalMac whether it would do that for them, the answer is no.

**David Eaglesham:** I do not have much to add to that. However, I feel that a lot could be done through Government investment in harbours, which could improve the facilities provided. Sufficient funds are available to the Scottish Government through the freight facilities grant scheme to provide extra facilities at ports, which is what was done at Rosyth. Speaking of Rosyth, hauliers who use that port believe that the handling arrangements that are made by Forth Ports could be improved in a number of ways.

**Alison McInnes:** Could you expand on the improvements that should be made at Rosyth?

**David Eaglesham:** They mainly concern handling arrangements. Hauliers have had difficulties co-ordinating things with Forth Ports. It is also the case that, until recently, a lot of hauliers would not use Grangemouth because they felt that the handling arrangements there were inefficient. That might have changed, but remarks have been made to me about the arrangements at Rosyth.

**Alison McInnes:** You have both mentioned drivers having to sit around waiting for a ferry to come back. Do you have any comments on the rest facilities and so on that are available at ports?

**Gavin Scott:** Drivers seem to be quite happy to look after themselves. Certainly, I have had no feedback from any of my members in that regard—no one has said, "The drivers' facilities are bloody awful." Drivers are very flexible people. Once a driver is in his cab, he is probably very happy, because he has his book and his kettle and what have you.

**David Eaglesham:** I have heard many remarks about the poor dining facilities and the poor quality of what is on offer on the longer sailings in the Western Isles, especially in comparison with services that go to the continent—that corroborates what another witness said earlier.

**Shirley-Anne Somerville:** Mr Eaglesham, you said earlier that CalMac had a kind of take-it-or-leave-it attitude. That suggests that communication between your organisation and CalMac is not that great, or at least that CalMac does not listen when you try to communicate with it. What is the communication like between you and CalMac and other operators?

**David Eaglesham:** The Road Haulage Association—like the Freight Transport Association, no doubt—is a broad church, so communication takes place largely between the individual members and the ferry operator. As you will have picked up, there appears to be no great problem with NorthLink, but there are considerable problems with CalMac because of the fact that it does not listen and has a take-it-or-leave-it attitude.

**Shirley-Anne Somerville:** Are there designated meetings at certain times of the year so that strategic discussions can be entered into?

**David Eaglesham:** I am not aware of any.

16:00

**Gavin Scott:** Before the tendering process, what were called shipping services advisory committees had regular meetings with CalMac. There was one committee for each of three areas: Clyde, Western Isles south and Western Isles north. The committees usually consisted of councillors from the local authorities concerned and representatives of the NFUS, the Scottish Crofters Union, the FTA and the Road Haulage Association. Much of the discussion in those committees revolved around timetabling: people wanted earlier ferries, longer ferries, later ferries and so on. Following the tender, those details were set in stone—for example, the facility to extend the shoulder period or the summer period has been lost.

The committees were valuable not so much because of what was said at meetings but for the networking and sub-meetings that took place. Theoretically, they were replaced by a series of shipping services advisory committees, one for each of the five or six area managers; northern isles services were also involved. There were to be two levels of shipping services advisory committees. The first was very local—people from the island that was being served who had a problem were to be able to go to the area manager to get it sorted out. If that did not happen, the issue would go up a level, to a committee involving regional transport partnerships, the FTA and the RHA, and an attempt would be made to knock heads together. If no decision could be made at that level, the issue would go to ministers.

The level 1 committees may have met—although I am not aware of that happening—but I do not think that the higher tier of committee has met. If there has been such a meeting, I was not included on the invitation list.

**Shirley-Anne Somerville:** What are the barriers to such meetings taking place? Do the problems arise in regional transport partnerships or in CalMac and other ferry operators?

**Gavin Scott:** The level 1 meetings may have happened. It was not intended that I should be involved in those committees—we were asked to nominate members from each of the regions to serve on them. I have received no feedback from members indicating that they have been to such meetings, but that may be the nature of the beast. Level 1 meetings may be happening, and the fact that nothing has been referred to the next level may indicate that everything is working well.

However, I have a funny feeling that such meetings have not taken place. I have no evidence one way or the other on the issue.

**Charlie Gordon:** Mr Scott, you anticipated my question to a degree when you spoke about timetables being set in stone. Do you think that the current Clyde, Hebrides and northern isles ferry service contracts allow CalMac and NorthLink sufficient flexibility to meet the needs of hauliers?

**Gavin Scott:** I understand that the contracts are relatively tight and that there is little flexibility to allow changes in timetabling and so on. I want to move the discussion away from goods vehicle operators—the fact that hauliers or others may want the timetable to be changed is not the issue. We are doing our best to integrate transport, but if First ScotRail decides to change its timetable—which it does, occasionally—we get the stupid situation of the ferry arriving in Oban just as the train is leaving, or the train getting into Oban just as the ferry goes out of the bay. That happens and has always happened, for all sorts of funny reasons.

I might be wrong, but my understanding is that the service agreement is so tight that it does not allow for the necessary flexibility. I might have misunderstood the situation, but the stories that I get suggest that such things are still happening. I can understand why, because ScotRail does not provide services only to Oban—there are knock-on effects. The same is true of bus services. However, I would have thought that it would not be totally beyond the wit of man to join up transport services, at least to a certain extent.

**Charlie Gordon:** So your concern is about operational flexibility in a given situation.

**Gavin Scott:** Yes.

**David Eaglesham:** CalMac seems to have more flexibility to increase costs than NorthLink Ferries does under its contract. With NorthLink services, the hauliers know what is coming—whereas with Calmac, each year there are annual cost rises of between 3 and 4 per cent. The committee has already discussed the punitive cost of putting HGVs on to boats. For example, the 20-minute sail to Gigha costs £250 for an HGV. The cost of sailing toIslay is similarly high. The view is that CalMac services are particularly expensive. It is recognised that only limited changes could be made because of the level of demand, but the costs are pretty high.

As regards Gavin Scott's point about trains, I understand that the Ardrossan to Arran ferry will occasionally wait for a late train, but a train will not wait if the ferry is late. I understand that the compensation rules that apply to ferry operators are different from those that apply to rail operators,

which obviously causes a problem—for the public, rather than for freight transport.

**Gavin Scott:** The problem is that each of the companies has a service level agreement to satisfy. If the conditions of the agreement are broken, a company will have to go in front of the beak to explain why. ScotRail will say that if it gets a service to hang on, it will have to answer for the train being late. There seems to be a great deal of rigidity in the various systems. Just a wee bit of come and go would help. I understand that that used to happen, but that is no longer the case in the modern age, when people are under much more pressure.

**Rob Gibson:** I refer members to my entry in the register of members' interests, which states that I am a member of the Scottish Crofting Foundation.

My point is about the need to transfer vehicles to other routes to get traffic moving when there is bad weather. As the Crofting Foundation's submission shows, the Stornoway to Ullapool route is subject to a large number of cancellations—there were 16 in November, 20 in December and 22 in January. The equivalent figures for the MV Hebrides, which goes to Harris on the same island, were none, two and two. Should CalMac be flexible enough to be able to shift your hauliers on to the route from Skye if there is a likelihood of major interruption to the Stornoway to Ullapool service continuing?

**Gavin Scott:** It is partly a question of communication. We should give people the information that the service is likely not to run and should suggest an alternative.

Yesterday I attended a meeting with the Forth Estuary Transport Authority, at which we talked about high-sided vehicles blowing over in high winds. We agreed that much more information needed to be provided much sooner. Someone who comes from Grangemouth will not find out that the Forth bridge is closed until they are on the motorway, by which time they are already committed. The necessary information needs to be made available much further back down the line.

We should be able to say to people, "Look, guys, this is the situation and this is what we can do." That would be better than waiting until people turn up at Stornoway or Ullapool and then saying, "Aw, gosh." We have to warn people much further down the line. I do not think that VMS—variable message signs—is the sort of thing that you would use for that, but we need a communications system that helps people rather than just saying to them, "Sorry, guys."

**David Eaglesham:** Giving hauliers sufficient notice of such situations is paramount. I have been making the point that CalMac has to be more flexible. That would be welcome.

**Rob Gibson:** Is the kind of situation that we are discussing a prime example of when CalMac should be more flexible?

**David Eaglesham:** It is one example.

**Charlie Gordon:** What involvement did your organisations have in the development of the road equivalent tariff pilot scheme? What are your views on the scheme and how it should develop?

**Gavin Scott:** I had very little involvement in the current scheme, although I have had discussions on the road equivalent tariff over many years. If the clerk would like a copy, I produced a paper in—would you believe—1984. It was for the Chartered Institute of Transport. The Scottish Parliament information centre probably has a copy, but I have another one here.

People were wondering earlier why the northern isles had not had a shot at the scheme, but the obvious thing to do was to run a pilot and it was sensible to choose the Western Isles for that pilot. It is a discrete system, if you like, and all the services within it will be piloted for RET.

We have to think about the services involved. For example, if you apply RET from Oban to Barra or Lochboisdale, people will be asked for a dashed expensive RET fare. However, if for argument's sake we considered a hop from Oban to Craignure, a drive to Tobermory, and then a trip from Tobermory to Barra—which might sound stupid—or if we serviced Lochboisdale from Mallaig, the RET cost would be much more reasonable.

The whole idea of RET is to make it cheaper to visit the islands but, if we make it cheaper, more people will go. That would be absolutely wonderful, but the worry—David Eaglesham mentioned it in passing—is that they will take up too much car space on the ferries. We will have to consider carefully the ferries' capacity, or we will be in severe soapy bubble. There is potential for the kind of queues that we used to see at Ballachulish, when it was cheaper to go 20-odd miles round by road than it was to queue up and take the ferry. The same sort of thing happened at South Queensferry before the Forth road bridge was opened.

The road equivalent tariff is a super idea if it works, but I am not so sure that the northern isles will benefit particularly. It will depend on the method that you introduce, and there are a host of different ones. I have not looked into every single service, but I think that RET would be an advantage on most of the west coast services. I also doubt that there would not be an advantage for freight operators on each of the services.

However, if introducing RET makes the islands more popular and if more people want to visit

them, we will have a severe capacity problem, especially in the summer.

**David Eaglesham:** In answer to Mr Gordon's question, I would simply add that the RHA's involvement in the most recent exercise has been limited.

**David Stewart:** Does the private sector have a role in providing freight ferry services?

**David Eaglesham:** Yes, absolutely. We have heard about examples up in the north. It is a question of economics and of how much business is available. If it is soundly based, there should be a case for a successful service. Earlier attempts at freighter services between the northern isles and the north of Caithness have foundered; on the other hand, some services have been successful.

As far as the CalMac situation is concerned, an element of competition would be very helpful. Shipping services around Scotland operate under tight European Union rules and we have heard plenty about the issues around tendering. If competition can be levered in, that would help, but it is another matter whether or not enough business is available to sustain extra services.

16:15

**Gavin Scott:** There is the historical example of the service that was put on between Ullapool and Stornoway by a private operator and, by goodness, didn't that moderate the fares for goods vehicle operators on the CalMac services? The other operator—albeit not just for that reason—went out of business. However, that modified the costs for operators in that area.

There are other examples. The Gills Bay service that is about to start will be an unsubsidised service using fairly modern craft. The example that has always been around is that of Western Ferries, which carries more freight vehicles across to Dunoon than the Caledonian MacBrayne service. It does that unsubsidised. However, I very much doubt whether, apart from one or two such instances, a private operator could provide an unsubsidised service, even on a freight-only basis, unless CalMac was told "Hands off". However, that would be skewing the market in any case.

**David Stewart:** You will be aware that Highlands and Islands Enterprise is carrying out a study into freight transport as we speak. It is considering how it might be done more efficiently. One issue that has always interested me is the fact that, although rail passengers aspire quite legitimately to faster services, we do not tend to talk about the speed of ferries much. It has hardly changed in a decade, although technology has improved dramatically. Fast ferries can now do 25 knots and above in areas that are suitable for

that—for example, the Clyde. What are your views on access to faster ferries and reducing journey times? For your members, time is money. If they are spending longer on a boat, it costs them money and makes their businesses less competitive.

**David Eaglesham:** I am all for faster ferries, but I know from previous and current experience of horrendous fuel price increases that some services might not be economically viable. The Rosyth-Zeebrugge ferry service is bedevilled by fuel costs: Superfast Ferries have had to throttle back to keep within reasonable costs. In general terms, however, I am very much in favour of faster ferries. Witness my earlier comments about the Coll to Tiree sailing, whereby the haulier is able to undertake extra journeys when he gets on to the mainland at the end of the sailing.

**Gavin Scott:** Before David Eaglesham said it, I was thinking of the Superfast example. The ferry has slowed down simply to save fuel, because of massive fuel price increases. An extra 1 knot requires an awful lot more than an extra 1 per cent of fuel. The faster a vessel goes, the more fuel it uses up. CalMac has recently changed its fuel. It has gone from gas oil to black oil to cut down its fuel costs. You might say that that is not very green, but it is still well within the limits that are set out.

There is no doubt that fuel is an extremely touchy subject. The cost of the fuel that ferries and trains use has effectively doubled over the last year, because of the difference in the tax regime. If a ferry is similar to a goods vehicle, the cost of the fuel is a third of the running costs. It does not take a lot in percentage terms to add up the cost. If you increase the cost of fuel by 10 per cent, you will increase the running cost of a vehicle by 3 per cent in round terms. We know that the cost of fuel has gone up by well over 10 per cent in the past year.

**David Eaglesham:** I have not been in the transport business as long as Mr Scott, but I have been in it for 15 years. When you go round Scotland with its massive coastline, you see a vast expanse of sea with very few boats on it. Many people have tried over the years to get more boats onto the sea, but the problem is the economics of providing such services. One hopes that, from a technical point of view, vessels will eventually be able to travel faster at a cheaper cost. Many attempts have been made to create motorways on the sea, but not many have come to fruition. We await technical advances.

**David Stewart:** Notwithstanding your comments about the cost of fuel, which is a real worry, if you could increase the speed of vessels and the frequency of sailings, you would increase your



capacity. As I said, it is sad that speed has not changed in a generation, while technology has.

**Gavin Scott:** Neither has the shape of the ferries changed.

**The Convener:** Thank you. We have come to the end of members' questions. Would you like to make any final comments or address any issues that have not been touched on?

**David Eaglesham:** I mentioned the problems of integrating rail and ferry services at Ardrossan.

From a haulier's perspective, developing the land routes to a port is also extremely important. We heard earlier about block bookings, which are a problem on a number of sailings, including those to Northern Ireland from Stranraer and Cairnryan. I know that this is not wholly within the committee's remit, but we heard a lot from Northern Ireland hauliers about the problems on the A75. Although much has been done to improve the A75, more needs to be done. If there are delays along the route and hauliers cannot access their sailing, they might be held up. That could have catastrophic effects on animal welfare for livestock hauliers in particular. Road links to the port are extremely important.

Overall, it is vital for the committee not to underestimate the lifeline role played by hauliers in servicing the daily needs of the many Scottish islands. Ferry services must be developed to cater to the needs of the freight industry in the 21<sup>st</sup> century. I endorse Gavin Scott's point about the need to meet some of the main hauliers who operate to the Western Isles. I, too, would be prepared to supply some contacts, although some of them would be the same as Gavin Scott's. We would urge contact with them if the committee can afford the time.

**Gavin Scott:** As a supplementary to what David Eaglesham said, if we are looking at the A75, the narrative in the national planning framework talks about the wonderful advance that we will make by completing the Cumberland gap—the 6 miles of non-motorway between the M6 and the M74—and what an advantage that will be for operators shifting stuff out of Ireland. There is another 100 miles with a 40mph speed limit for goods vehicles between there and Stranraer, so you wonder whether those 6 miles will make much difference.

We talked about other routes earlier and I said that a bit of lateral thinking would not go amiss sometimes. Two things, which have been mentioned once or twice, cross my mind. The first is the possibility of a Campbeltown to Ayr service, which would mean that instead of going all the way up the A83—a terrible road—and all the way back down to Glasgow, people in Argyll could nip down to Campbeltown, hop over to Ayr, and use a reasonably good road to get into west central

Scotland. There is also a possibility of a crossing between Campbeltown and Ballycastle in Northern Ireland. A lot of barley goes into the distilleries on Islay from Northern Ireland. Some of it goes by boat but some goes by road and it is a hell of a long way round for a short cut if you are going to the Stranraer or Cairnryan ferry ports.

I am not saying that those routes must be put in place, but they could at least be looked at and the question asked whether they would be sensible. We shift timber across there and that would be a fantastic way of subsidising the routes. If we could hop from Campbeltown to Ayr instead of going all the way round, we would save something like 168 miles for a matter of a 20 or 30-mile ferry trip. It seems daft not to consider that.

**The Convener:** I thank both witnesses in the panel for their evidence and time.

## Subordinate Legislation

### Road Works (Scottish Road Works Register, Notices, Directions and Designations) (Scotland) Regulations 2008 (SSI 2008/88)

### Road Works (Settlement of Disputes and Appeals against Directions) (Scotland) Regulations 2008 (SSI 2008/89)

16:26

**The Convener:** Item 2 on our agenda is subordinate legislation. The Subordinate Legislation Committee had no comments to make on SSI 2008/89, but it sought further clarification from the Scottish Government on SSI 2008/88 and it was satisfied with the response.

No comments have been received from members of this committee and no motions to annul have been lodged in relation to either of the instruments. As members do not have any comments to make, are we agreed that the committee does not wish to make any recommendations in relation to the instruments?

**Members** *indicated agreement.*

## Mainstreaming Equal Opportunities

16:27

**The Convener:** For the final item on today's agenda, we are being asked to consider a letter from the convener of the Standards, Procedures and Public Appointments Committee on whether committees should be obliged to report periodically on how we include equalities considerations in our work. Specifically, we are being asked whether we support the principle of reporting on those issues near the end of each session or in annual reports, and whether we think that a change in standing orders is necessary to ensure that that happens.

I invite comments.

**Cathy Peattie:** I welcome this and think that it is very important. I do not favour a tick-box approach to saying that we are taking equalities on board. It is important that committees report on how they are working with issues around mainstreaming, so it should be included in annual reports. Regular reporting is very important.

Likewise, committees might also want to consider people's understanding of what mainstreaming actually means. There has been some very good training on asking questions for committee members and there should be appropriate training for committee members on mainstreaming.

I support a change to standing orders to ensure that mainstreaming actually happens. Equalities has underpinned the work of the Parliament since it started and we all have a responsibility to ensure that that continues.

**The Convener:** I share that view. Such mechanistic approaches could be useful ways of reminding ourselves to take a proactive approach to the issue. It would be a shame if we thought that the reporting mechanisms were enough on their own, but we need a reminder to ourselves to take the issue seriously on a day-to-day basis.

**Alex Johnstone:** I am not convinced that a change in standing orders is necessary, but I am prepared to go along with it if it is appropriate. It is the right way to go to ensure that the issue is dealt with as part of the committee's annual report, so it is important for me to reiterate my belief that committee annual reports are important and should be continued. In certain circles it is believed that they are neither necessary nor important. The reason that it is important to deal with equalities as part of the annual report, rather than at the end of a four-year session, is that if we

are mainstreaming we have to think about it all the time, not just at the end of a four-year session.

*Meeting closed at 16:30.*

**The Convener:** As there are no further comments, are we agreed that I will respond to the Standards, Procedures and Public Appointments Committee in light of members' comments, and that I will circulate the response to members?

**Members** *indicated agreement.*



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:

**Monday 28 April 2008**

#### 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