

# **MEETING OF THE PARLIAMENT**

Wednesday 10 September 2008

Session 3

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## Scottish Parliament

*Wednesday 10 September 2008*

[THE PRESIDING OFFICER *opened the meeting at 14:00*]

### Time for Reflection

**The Presiding Officer (Alex Fergusson):** Good afternoon. As always on a Wednesday, the first item of business is time for reflection. Our time for reflection leader is the Reverend Dave Richards of St Paul's and St George's church here in Edinburgh.

**The Rev Dave Richards (St Paul's and St George's Church, Edinburgh):** What makes a good leader? Is it their charisma? Is it their character? Is it their energy or their experience? Is it their relative youth or their relative old age? Is it the change they promise or their past experience?

If you study leadership in books or at conferences, you will learn much. However, I have learned most by actually leading something—a church in the centre of Edinburgh—and have found that leadership is not easy.

It is not easy primarily because of leaders themselves. Leaders are not perfect; they make mistakes. If you look at leaders in the Bible, nearly all of them are flawed characters who at different times steal, lie, have affairs, murder, cheat, gossip or even refuse to lead. Yet God still uses them and asks them to lead.

Leadership is difficult because, to be a leader, you have to have followers. Leadership would be so much easier if you did not have to lead anyone, but that sort of misses the point. The ultimate test of leadership is this: is anyone following? I think that leadership, therefore, is harder in the United Kingdom—and possibly in Scotland—than it is in the United States of America. We are more cynical, less trusting and more critical and, although all of that can have its advantages, it does make us more difficult to lead.

Leadership is difficult because everyone thinks that they can do it—until they are asked to. The best leaders actually thrive in adversity; they are energised by problems, motivated when faced with difficulty or opposition and galvanised to action when things seem at their bleakest.

The Christian perspective on leadership is unique. Jesus knew the secret of leadership; he taught it but, what is more important, he did it. Jesus taught and modelled a way of leading that was revolutionary. He said that you do not lead

through status or authority, through power or position. You lead through one thing: service.

That is what the word “minister”, either in church or in government, means: it means “servants” or, literally, “slaves”. It does not mean that we do as we are told; it means that we should lead primarily through serving. It does not mean we always do what people want; it means that we lead through serving them.

The symbol of the leadership style of Jesus was not an entourage or a security detail. It was not a motorcade or official residence. Instead, it was a bowl and a towel; the night before he died, he washed the feet of his followers and told them to go and do likewise.

You are our leaders and are therefore our servants. You will lead us best when you serve us, not always doing what we want or doing as you are told, but doing what is right.

## Scottish Futures Trust

**The Presiding Officer (Alex Fergusson):** The next item of business is a statement by John Swinney on the Scottish Futures Trust. As the cabinet secretary will take questions at the end of his 15-minute statement, there should be no interventions or interruptions.

14:04

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** I announced in May that the Scottish Government intended to set up the Scottish Futures Trust over the course of the summer. I am here today to announce that we are doing what we said we would do. The Scottish Futures Trust is being registered today at Companies House.

I am also delighted to be able to announce that ministers have appointed Sir Angus Grossart as the chair of the Scottish Futures Trust. Sir Angus has vast experience in banking and commerce. He also has a deep knowledge of all things Scottish and has considerable expertise in the public sector. The combination of his lifetime's experience and expertise in the private commercial world and his lifetime's commitment to and enthusiasm for working in Scotland's best interests guarantee that his skills will be deployed to Scotland's benefit. I am very pleased indeed that Sir Angus has agreed to guide the new organisation as it turns our plans into reality and takes forward the proposals set out in the SFT business case, which we published in May.

The Scottish Futures Trust is being established as a company limited by shares and, reflecting the consultation responses, it will be wholly owned by the Scottish ministers in the public interest. Its structure provides the flexibility to bring on board other public sector stakeholders. We have already discussed the operation of the Scottish Futures Trust with our local authority partners and the Government will ensure that there is local authority expertise on the SFT board from its inception. We shall be considering carefully over the next few weeks how to include other stakeholders, and further appointments will be made shortly.

The Scottish Futures Trust will perform a key role in taking forward the Government's programme of infrastructure investment, which is vital in delivering public services and in supporting sustainable economic growth.

To quote from the trust's memorandum of association:

"It will encourage, facilitate, plan, fund, procure and deliver assets, infrastructure and other projects ... for the benefit of governmental bodies, local authorities, other

bodies ... funded through public funds, and non-profit-distributing bodies, in Scotland."

The SFT will act as a focal point for public sector action in infrastructure investment. It will identify common ground and encourage collaboration among public bodies responsible for providing infrastructure. It will recognise and build on good work already done. It will promote and disseminate innovation, good practice, experience and value for money in infrastructure investment. It will identify and promote opportunities for investment in infrastructure and it will be able to borrow and raise finance for that purpose.

When I updated Parliament in May, I made it clear that the SFT had as its central mission the identification and delivery of opportunities for better-value investment in Scotland's vital public services. That remains the case. My aim is to equip the SFT to achieve that central ambition. The appointment of Sir Angus Grossart as chair is a critical step in doing so.

I said that we would learn lessons from previous private finance initiative contracts. It is quite clear that the PFI approach used in the past has not delivered best value for the taxpayer. Excessive profits have been made on investments that were thought to carry significant risk. In the event, those risks did not justify the profits made. The ability to sell on investments once the construction risk has passed and to make very large returns means that windfall gains have been made. That does not deliver overall value for money for taxpayers and users of Scottish infrastructure.

A key role for the SFT will be to help reduce the cost of funding and to deliver more effective investment in planning, procurement and delivery. The business case in May identified the potential to release up to £150 million each year for increased investment in Scotland's infrastructure. After all, over the next 10 years, £35 billion of infrastructure investment—improvements in schools, hospitals, waste disposal and treatment and our transport network—is set out in our infrastructure investment plan. Over the period of the spending review that is £14 billion.

A key task for the SFT, which I have already discussed with Sir Angus Grossart, is getting more from that money. The SFT will be able to do so in several ways: first, by developing the non-profit-distributing model of finance and removing the equity gains that led to the excessive profits to which I have referred; and secondly, by becoming a reference point for all the public sector organisations investing in infrastructure that we know is essential to the future of Scotland.

That central expertise is something that other nations provide and is a significant gap in our present arrangements. By operating as a

reference point, the SFT will provide opportunities for swifter project planning and delivery, which in itself will save money by avoiding the high construction inflation costs that result from delays in project development. Better value can also be supported by better deals for services required for major infrastructure projects, such as insurance and financial advice. Key to all that is the focus on collaboration across projects and sectors. The positive discussions that are taking place locally in community planning partnerships need to be matched nationally. One of the benefits of being a small country is that it is easier to make the links that we need in order to make projects more economic and effective.

The Government is already delivering an ambitious programme of capital investment, which is making and will make a big contribution, not only to excellent public services but to our economy's resilience. Earlier this year, we announced the construction in Glasgow of one of Europe's largest hospital projects, at close to £840 million. We will also electrify much of the central Scotland rail network, among other projects.

**George Foulkes (Lothians) (Lab):** That is not new.

**John Swinney:** We have entrusted our local authorities with increased capital resources to expand their infrastructure programmes. That has allowed South Lanarkshire Council to announce £227 million of investment over the next three years in new schools and enabled Fife Council to commit to a £126 million investment programme in six new schools over a longer period. Those investments are a consequence of the Government's budget decisions.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Aberdeen?

**John Swinney:** With the Scottish Futures Trust, we will be in a position to deliver even more.

I will explain in more detail what the SFT will do and how we expect it to operate. As it will be a company that is owned by ministers, we will set its objectives and direction through a management statement, which we will publish, that is agreed between the Scottish Government and the new company's chair and board. It is important that the SFT operates in a framework that demonstrably supports the public interest. That framework will emphasise the importance of collaborative working throughout the public sector in Scotland.

The SFT's day-to-day operation will clearly and rightly be at arm's length from ministers. Operational decisions must be for the board and the trust's executive management. *[Interruption.]* That is how the SFT will innovate, collaborate and deliver.

**The Presiding Officer:** I asked for no interruptions during the statement and I would like that to be the case. There will be plenty of opportunity to question the cabinet secretary at the end.

**John Swinney:** I want the SFT to work hard and creatively in Scotland's best interests to maximise opportunities from infrastructure investment. I know from our discussions that Sir Angus Grossart completely shares that view.

Sir Angus has emphasised the importance of building in the SFT a strong team that is competent to deliver financing models and collaboration arrangements that work and win confidence. I agree with that 100 per cent, as I am sure every member does. I want the chair and his board colleagues to have the freedom to build such a team that draws together key skills and experience. The arm's length arrangements that I have described will allow them to do so.

I will describe briefly the three crucial features of the SFT's approach. The first is collaboration. The SFT will not work on its own. With collaboration, support and a willingness among partners to identify areas for common endeavour, there is huge potential to improve performance together. That is not collaboration for its own sake, but because it is important to achieving better value and better co-ordination in infrastructure investment.

We have a unique opportunity to work together in Scotland, to find common ground and shared goals and values. That will be reflected in our management statement with the Scottish Futures Trust and in the composition of the board of directors. I want it to be reflected in how the SFT works, and I am sure that it will be reflected in the response from local authorities, health boards and Scottish Government agencies. Sir Angus Grossart is firmly and clearly committed to engaging with partners in infrastructure investment, to seek out common ground and secure support. If there is a Scottish way of doing business, this is it.

The SFT's second feature is continuous improvement. We should never be satisfied with what we have achieved. Scope will always exist to achieve better value, better co-ordination and quicker delivery of vital investment. Achieving better value from an investment will generate money that can be recycled into more infrastructure for Scotland. That will be achieved not in a single step, but by searching and pushing constantly for improved ways of producing and delivering infrastructure schemes.

The third hallmark is innovation. We can continue to improve value for money, design quality, life-cycle sustainability and delivery speed

if we are prepared to take new approaches. That is not innovation for its own sake, but because it can offer better value, a more joined-up approach and better infrastructure that is in place more quickly. Innovation will be supported by expertise and will happen without ever losing our focus on the infrastructure results that we need to achieve.

Members are—rightly—interested in what the SFT's work programme will look like. We want the new body to be closely involved in setting its work plan, but I expect the SFT to take over several pieces of work to maintain the momentum of our capital investment programme. Key areas of activity for the SFT will include providing value-for-money guidance for infrastructure projects, in line with the Conservative amendment that the Parliament agreed to on 5 June; further developing the non-profit-distribution model, including consideration of the refinancing arrangements that local authorities in Scotland have used successfully several times over the past two years to bring forward vital local projects; developing proposals in partnership with local authorities for municipal bond issues; and finalising arrangements for the hub initiative.

The hub initiative is the first of two major programmes for development that the Scottish Futures Trust will take forward. The initiative will be a catalyst and focus for better development and delivery of community-based facilities across the public sector in Scotland by supporting the more effective planning, procurement and delivery of infrastructure in support of local services. It will support local authorities, national health service boards and other public sector bodies across Scotland in delivering their community-based premises requirements more effectively. The hub concept not only includes joint planning and provision of physical infrastructure, but embraces wider non-financial benefits of investment including increased joint working for the benefit of service users, scope for flexibility in providing key public services, and lower costs of property ownership through sharing and integrating services where that makes sense.

The second programme for development will provide a focus for ensuring and sustaining quality schools infrastructure for the benefit of all our children. In its report on the school estate, Audit Scotland made it clear that greater rigour, scrutiny and order is required. We accept that view. The establishment of the Scottish Futures Trust is a significant part of our response to that challenge. The Cabinet Secretary for Education and Lifelong Learning will discuss with our local authority partners the focus and direction of the next phase of our school investment programme. In taking forward those tasks, the SFT will follow the key approaches that I emphasised earlier: collaboration, engaging and working closely with

our local authority partners and the rest of the public sector; continuous improvement; and innovation. I emphasise that the work of the Scottish Futures Trust will be a wholly inclusive process.

Improving Scotland's infrastructure is vital. It is vital if we are to focus capital spend to support economic activity and to realise this Government's core purpose, which is to promote higher levels of sustainable economic growth. In our infrastructure investment plan, we set out our priorities and the scale of our ambition. The plan envisages investment of £14 billion over the next three years and a total of £35 billion over the course of the next 10 years. That is the largest ever investment in the fabric of Scotland and this Government is determined to secure the best possible deal for the taxpayers of Scotland in that investment. The SFT has a very important contribution to make towards achieving that objective.

As of today, we have the vehicle to build on our achievements to date. In Sir Angus, we have a leader with the skills, energy and expertise to deliver for the people of Scotland. I encourage the Parliament to engage constructively in this work. I look forward to co-operating with the trust and partners across Scotland on this joint endeavour to make Scotland renowned for the quality of its public infrastructure.

**The Presiding Officer:** The cabinet secretary will now take questions on the issues that were raised in the statement.

**Andy Kerr (East Kilbride) (Lab):** I thank the cabinet secretary for the advance copy of the statement.

I congratulate the Cabinet Secretary on convincing Unison to change its position on his much-derided Scottish Futures Trust. I draw the chamber's attention to the submission that the union made to yesterday's meeting of the Finance Committee:

"UNISON had earlier described the SFT proposals as 'PFI-Lite', but they are increasingly looking like full blown PFI/PPP, with attempts to mask this based on semantic debates over terminology."

So much for the SNP's commitment to end the public-private partnership. Prior to May 2007, the cabinet secretary was delighted to quote the union in defence of his argument against PPP. Is he as keen to quote it today in defence of his SFT proposals?

On 22 May, in response to a parliamentary question, the First Minister asserted that the SNP and the SNP Government were the first to apply the non-profit-distributing model, which had been done in Falkirk. As we all know, the First Minister is not prone to exaggeration. Imagine my surprise therefore to read in the cabinet secretary's

responses to parliamentary questions that approval had been given to Argyll and Bute Council back in July 2002 to develop its non-profit-distributing model—a project that reached its financial close in 2005. Who am I to believe—the First Minister, who said that it was the SNP, or the cabinet secretary, who said that it was Labour in Argyll and Bute?

The cabinet secretary makes great play of the establishment of the Scottish Futures Trust. He boasts that the trust will be registered today at Companies House—a task that any competent lawyer in any high street firm could accomplish in an average afternoon. Few will be impressed by such tardy progress. People are interested in what assets the trust will have and how much it will have in its bank account to stimulate investment. We have established that the trust is nothing more than an expensive, poorly managed rebranding of public-private partnership, with a quango on top, and that it is clearly an attempt to hoodwink the Scottish people. Will companies continue to take profits at the same rates to the public purse as before—or, indeed, at higher rates? Will deals still commit public authorities to payments 25 to 30 years into the future? Will Scotland be forced to wait as the SNP dithers and gambles with the future of our schools, hospitals and much-needed infrastructure?

Finally, does the Scottish Futures Trust have the power to reject projects that have already been approved by democratically elected local authorities? If so, is that not another power that has been grabbed to the centre?

**John Swinney:** In that lengthy proposition, Andy Kerr might have found it in himself to welcome the progress that the Government has made and the contribution that Sir Angus Grossart is prepared to make to developing the infrastructure of Scotland. I should have thought that Mr Kerr, a man who aspires to leadership—the subject, appropriately, of time for reflection today—would have demonstrated some of the attributes about which we heard so much. Perhaps that is why he is not likely to be doing so next week.

I am happy to address the issue that Mr Kerr raised. He will be familiar with the history of NPD and will know of the efforts that Falkirk Council put into developing an NPD proposal when it was led by David Alexander of the SNP. The principal obstacle to the proposal was the Labour Government that used to run this country very badly.

Mr Kerr asked me about the assets of the Scottish Futures Trust. The trust's assets will be anchored in its ability to encourage co-operation and collaboration between public sector bodies to secure greater efficiency and value for money,

which I regard as laudable aspirations at this time. Mr Kerr is absolutely right to say that, under the NPD model, repayments will be made over a period of time. That is sensible capital investment. It is not sensible capital investment to sign up—as Mr Kerr did in abundance—to projects that lead to poor value for the taxpayers of Scotland.

The Government has made it abundantly clear, and has evidenced by its actions in approving a range of projects since the election last May, that projects that were previously approved by other public authorities will go ahead. The one project that we did not allow to proceed was the Edinburgh airport rail link. We would have had to be off our heads to agree to that proposition.

**Derek Brownlee (South of Scotland) (Con):** I, too, thank the cabinet secretary for providing me with an advance copy of his statement. The Conservative party welcomes the appointment of Sir Angus Grossart, who brings to his role a wealth of experience in the financial and private sectors. We wish him well.

As we have said before, it is important that the infrastructure that we need is delivered in a way that maximises value for the taxpayer. The jury is still out on whether the SFT will achieve that. In his statement, the cabinet secretary said that members will be interested in what the trust's work programme will look like; so will the public and private sectors in Scotland. When will we see the final SFT work programme? What parliamentary scrutiny of it will there be? When will we see evidence of the £150 million of additional investment that, it is claimed, the SFT is to deliver?

**John Swinney:** The Government will, of course, be happy to update Parliament on the development of the SFT work programme. I am certain that, through committee scrutiny or parliamentary debate, we can find opportunities to update Parliament. The challenge that we have set the SFT is to take forward a business case that enshrines the ability to leverage more value out of existing investment. That is the core working priority of the SFT and we will report to Parliament on the basis of its achievement.

I am certain that the model that we have designed, with the ability to structure collaborative work between public authorities, gives us the best possible chance to maximise the value to the taxpayer of the public investment. With a £14 billion programme over three years and a £35 billion programme over 10 years, I am certain that the returns will be delivered.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** I, too, thank the cabinet secretary for the advance notice of his statement—with its solitary mention of the word

“fund”. Those scientists in Switzerland who are trying to create a black hole are wasting their time; the SNP has managed to create one in every council area with delay and uncertainty over the building programme for schools. Can the cabinet secretary explain why he says today that the SFT is a result of work with local councils, whereas yesterday Glasgow City Council and the City of Edinburgh Council said that they did not have a clue what the Government was planning to put in place?

Today’s statement says that the trust will fund infrastructure. Will the cabinet secretary say why it does not say how? The statement says that the trust will build infrastructure. Can the cabinet secretary tell us why the statement does not say when? It says that there will be a new advisory body, but why does it not contain any reference to the central Government centre of procurement expertise, which was recently set up with the same functions, partners and objectives? Why is there no mention in the statement of the new body’s payroll costs—as they were established in the business case—which alone come to £14.5 million out of an entire budget of £17.4 million? Why is there yet another quango to replace an existing piece of work? Why does uncertainty remain over level-playing-field support for local authorities?

**John Swinney:** First, I take the opportunity to welcome Mr Purvis to his new post on the Liberal Democrat front benches. It is the first time that I have had the chance to do that. I look forward to debating and discussing such issues with him in the years to come.

People in various parts of the country will be very surprised by Mr Purvis’s remarks about a lack of school buildings. Schools are being built in different parts of the country as we speak. If we had listened to the gloom of Mr Purvis, we would have come into office and stopped every building programme. We have not done that. Every building programme that was commissioned when we came into office is taking its course. The previous Executive was unable to get the M74 started; we have, although I concede to Mr Patrick Harvie that it is not universally popular. Let us stop peddling the myth that there is no building going on in Scotland; there is plenty public sector infrastructure getting built in Scotland.

Mr Purvis asked about the central Government centre of procurement expertise. It is doing a very good job in a variety of areas, but it is not focused on the type of strategic construction projects that are implicit in the announcement that I have made today.

On the costs of the Scottish Futures Trust, I do not think that the Government could have been more explicit about including them in the business case, which was published by the Government

and debated in Parliament some months ago. The money that we intend to spend on maximising efficiency in the public sector procurement programme will be justified by the achievements that we can deliver in doing so—and I would have thought that that objective was shared across the parliamentary chamber.

**The Presiding Officer:** We come to open questions. A large number of members want to ask questions, so if questions and answers can be kept short we will get there in the end.

**Joe FitzPatrick (Dundee West) (SNP):** I welcome the cabinet secretary’s statement, which represents another step towards delivering more cost-effective investment of taxpayers’ money and brings to an end the obscene profits that were made under PFI.

Will the cabinet secretary say more about the financial powers that could be available to the Scottish Futures Trust and about how the SFT will be able to assist in finding finance for public infrastructure projects?

**John Swinney:** As I said in my statement, the Scottish Futures Trust will be able to procure finance at a more efficient rate, because of the aggregation of projects. I also set out the opportunity that exists to create and structure a local authority bond for issue. Those are a couple of the attributes that the SFT will have at its disposal. The SFT will also be able to work closely and carefully with other public authorities, to maximise the ability to raise revenue to invest in capital infrastructure. That is the task on which the SFT is focused.

**Ken Macintosh (Eastwood) (Lab):** The cabinet secretary confirmed in his answer to my colleague Andy Kerr’s question that the SFT is a new quango that has no money in its bank account. However, despite his bluster to Mr Purvis, he failed to make it clear when the new body will commission its first school.

On behalf of all the pupils who started at Barrhead High School and Eastwood High School and the thousands of other pupils who started secondary school in summer 2007, who fully expect the Scottish National Party to fulfil its promise to match Labour’s programme brick for brick, I ask the cabinet secretary whether there is the remotest possibility that an SFT school will be commissioned and built before some of those pupils leave school in 2011.

**John Swinney:** The incoming Government has, with absolute clarity, matched the commitments of the previous Administration brick for brick. That is what we said we would do and that is precisely what the capital programme is delivering in Scotland.

Mr Macintosh made a material point, which I have discussed with the leadership of East Renfrewshire Council, as I am sure he knows full well. A couple of weeks ago I had a productive discussion with his colleague, the leader of the council, about the development of the proposal. East Renfrewshire Council has indicated that it wants to co-operate fully with the Government in developing the initiative. I welcome the opportunity to confirm to the Parliament that that co-operation will take place and that the SFT will engage clearly with the work of East Renfrewshire Council.

**Michael Matheson (Falkirk West) (SNP):** Will the cabinet secretary give more detail on who will own the facilities that are built under the SFT? Will he also assure members that there will be no repeat of the shameful situation whereby communities have been priced out of using facilities in PPP/PFI schools because of the commercial rates that are charged?

**John Swinney:** The public body that commissions infrastructure development will retain ownership of the asset that is created.

Throughout my statement I made it clear that a central ethos of the SFT must be to act in the public interest. For many years Mr Matheson has consistently raised issues about the importance of ensuring that communities have access to new and developed facilities in their areas. That will be made possible by the way in which projects are procured, which will guarantee that maximum community access can be delivered.

**James Kelly (Glasgow Rutherglen) (Lab):** If the cabinet secretary's statement represents the future for Scotland's capital investment programme, we are on shaky ground. At the meeting of the Finance Committee yesterday, Lynn Brown of Glasgow City Council expressed concern that there are no proposals on what funding will be available to Scottish local authorities under the SFT, whereas PPP support was set at 80 per cent of the capital cost of a project. Can the cabinet secretary clarify what financial support will be available to local authorities using the Scottish Futures Trust?

**John Swinney:** That is a material point in the discussions that the Cabinet Secretary for Education and Lifelong Learning will have with our local authority partners and it will be among the central detail in designing the next stage of our schools development programme. That work will go on, and I look forward to the participation of all local authorities in the discussion.

**Gavin Brown (Lothians) (Con):** Will the Scottish Futures Trust be involved in the commissioning and construction of the new Forth bridge?

**John Swinney:** As Mr Brown knows, the Government will be coming to Parliament before the turn of the year to explain our approach to the procurement and funding of the Forth replacement crossing. Details will be given to Parliament at that time.

**Margaret Smith (Edinburgh West) (LD):** Donald McGougan from the City of Edinburgh Council expressed concern at the Finance Committee yesterday that Edinburgh cannot make any inroads into its investment plan because there is no central Government support for the new programme. Will the cabinet secretary say how many new schools projects have been commissioned by the Government since it came to power? Why does the Scottish Government need to spend £17 million to set up a new quango that will realise savings? Why is it unable to act without setting up that quango?

**John Swinney:** Let me first address Margaret Smith's point about capital investment in Edinburgh. She must remember that the City of Edinburgh Council has made capital decisions on how it wants to spend its money. It has decided to invest in a comprehensive tram system—of which she has been an enthusiastic supporter—using capital that could have been invested in schools. The money cannot be spent twice.

The capital resources that are available to local authorities have increased significantly as a consequence of the funding settlement that has been delivered by the Government in the strategic spending review: there was an increase of 13 per cent in capital expenditure to local authorities in one year. The Government has been prepared to put financial support the way of local authorities to encourage them to support public investment.

As for savings, the Government is determined to ensure that by aggregating projects and drawing together all the interests in a variety of public bodies, we maximise the opportunity to secure more affordable investment resources than has been the case under PFI. That is the direction that we have set for the SFT. I look forward to seeing the results of that initiative for the benefit of public infrastructure in Scotland.

**Alex Neil (Central Scotland) (SNP):** I draw the cabinet secretary's attention to two of the downsides of the Lib-Lab PFI: the imposition of car parking charges for sick people in, and visitors to, PFI hospitals; and excessive charges for, and restrictions to, out-of-hours use of PFI schools. Will he give us an undertaking that, under the new form of funding, such charges will no longer be permissible?

**John Swinney:** Mr Neil makes a fair point. The Cabinet Secretary for Health and Wellbeing made an announcement recently on car parking charges

at hospitals, but a limitation in what she could announce was the fact that several car parks are owned as part of PFI contracts. As a consequence, it is enormously expensive to extract the public sector from those charges.

Those are material issues and, as I said to Michael Matheson, it will be part of the Scottish Futures Trust's job to guarantee that the investments are in the public interest and follow the ethos that lies at the heart of the development.

**Elaine Smith (Coatbridge and Chryston) (Lab):** It would help if the cabinet secretary were to admit that the SFT is PFI/PPP. He mentioned the hub, which is a PPP joint-venture arrangement that will allow the unbundling of primary care services into saleable commodities and give private companies market opportunities in the national health service. In other words, it is privatisation. Will the cabinet secretary admit that the hub will open up primary care services to the market? Why is the SNP Government promoting that when it has previously said that it is against the creeping privatisation of the NHS?

**John Swinney:** I am happy to tell Elaine Smith that we have absolutely no intention of opening up health care to the market through the hub development. We are interested in creating facilities that allow joint working at local level and improvement of public services for members of the public. That is at the core of a reasonable aspiration: to ensure that members of the public are able to access quality public services locally and in a joined-up fashion. I would have thought that Elaine Smith could welcome that in her comments to Parliament.

**Christina McKelvie (Central Scotland) (SNP):** As the cabinet secretary said, Labour-led East Renfrewshire Council offered to pilot the use of SFT funding for capital projects. Has the cabinet secretary had any discussions with other local authorities about piloting such projects?

**John Swinney:** I have certainly had discussions with other local authorities about the implementation of the Scottish Futures Trust. I look forward to continuing those discussions in order to enlist local authority interest. My statement has made clear the Government's enthusiasm for bringing together a range of public bodies to contribute to the formulation of the Scottish Futures Trust's work plan and programme. I look forward to local authorities' willing co-operation in that process.

**George Foulkes:** Will the minister cut through the verbiage and answer one simple question? The new school building programme in Edinburgh has been on hold for 18 months not—as he claims—because of the trams, but because of the wait for the SNP Government's alternative to PPP.

I understand that he and his colleague, the Cabinet Secretary for Education and Lifelong Learning, have had discussions with councillors in the SNP-Liberal Democrat administration in Edinburgh. Will he tell Parliament whether the Scottish Futures Trust will fund the new Portobello, James Gillespie's and Boroughmuir high schools and will he predict when the first brick will be laid on the now long-overdue Portobello high school?

**John Swinney:** It is more than a bit rich of George Foulkes to ask me to "cut through the verbiage" with all that we have to put up with from him. I confirm to him that the Government is currently financially supporting the construction of eight new schools within the city of Edinburgh. We are more than happy to discuss with the City of Edinburgh Council the development of further schools infrastructure as part of the Scottish Futures Trust. I had such discussions over the summer and look forward to more taking place.

**Patrick Harvie (Glasgow) (Green):** I noted the cabinet secretary's answer to Gavin Brown's question, but does he understand the concern that would be caused if a relatively untried and untested model were used on a project of the scale of the additional Forth bridge? That project is so huge and so expensive that he was unable to confirm or deny to the Transport, Infrastructure and Climate Change Committee yesterday whether it will be the most expensive bridge in all human history.

**John Swinney:** Mr Harvie will have the opportunity to take part in the discussion about the funding and procurement models for the Forth replacement crossing when that information is brought to Parliament in due course. I simply encourage him to engage constructively in the discussions that we are having about the Scottish Futures Trust to maximise the impact that the significant amount of infrastructure investment that we are undertaking will have on the Scottish economy and the fabric of Scottish society.

**Elaine Murray (Dumfries) (Lab):** The Scottish Futures Trust's memorandum of association states that it will fund, procure and deliver assets. I will give the cabinet secretary another opportunity to clarify the issue: will he advise how much funding will be available through the SFT as opposed to existing funding streams? When will it start to provide funding for public infrastructure? Will it be before May 2011?

**John Swinney:** The issue is straightforward. In the core of my statement, I said that the SFT will operate collaboratively and bring together different public bodies to aggregate investment and maximise its impact on Scotland's infrastructure. Members must understand that there is an opportunity for us to leverage maximum value

from the public purse by investing effectively and efficiently in Scotland's infrastructure. That is at the heart of the SFT and that is the model that the Government will take forward.

**Tom McCabe (Hamilton South) (Lab):** The cabinet secretary placed some emphasis on the excessive profits from risk that were enjoyed under the previous models. Has he had any discussions with Sir Angus Grossart about what pressures he will bring to bear on the market to convince it to accept a lower premium for risk, particularly when dealing with complex civil engineering projects such as a new Forth crossing?

**John Swinney:** Risk lies at the heart of many of the judgments that were made on PFI contracts. I have explained to Mr McCabe in the Finance Committee that, in a variety of cases, the unjustifiable pricing in contracts of identical risk has resulted in delivery of profits that the Government judges to be excessive.

Our initiative is about maximising the value that we can achieve through ensuring that we adopt a more consistent approach to risk management and to minimising the effect of risk in the formulation of contracts. That is the route that we will take to reduce the cost to the public purse of infrastructure investment and to deliver the better value that Sir Angus Grossart has agreed to help us deliver.

**Iain Smith (North East Fife) (LD):** It is important that ministers are accurate when they make statements to Parliament. In his statement, the minister said that his Government had

"enabled Fife Council to commit to a £126 million investment programme in six new schools over a longer period."

Can he confirm what those six new schools are, where and when they will be built, and how they will be financed? It is clear from the information that I have received from Fife Council that that money is not available or has not been identified.

**John Swinney:** That information is contained in the capital programme of Fife Council. I would have thought that, as a Fife member, Mr Smith would be well acquainted with that document.

**Peter Peacock (Highlands and Islands) (Lab):** How many schools in my region—the Highlands and Islands—does the cabinet secretary expect to be financed through the Scottish Futures Trust this year and in the coming two financial years? After today's announcement, which charges the SFT with procuring and delivering assets, should parents in my area and throughout Scotland now lobby their local councillors or Sir Angus Grossart about new schools?

**John Swinney:** What is important is that local authorities—the organisations that will have assessed the infrastructure requirements of particular areas—are in a position to participate constructively in the SFT, to make their propositions for infrastructure investment and to work with the trust to identify the resources to support that capital investment. That is the model that we advance as part of the SFT. Highland Council is already involved in the construction of a number of schools. That has been supported by the Government and through other capital programmes, and I look forward to the advancement of discussions to ensure that further activity can be undertaken in the Highlands.

**The Deputy Presiding Officer (Alasdair Morgan):** I can take a very quick question from Des McNulty.

**Des McNulty (Clydebank and Milngavie) (Lab):** In his statement, the minister identified two key tasks for the Scottish Futures Trust: to develop the non-profit-distributing model of finance and to act as "a reference point" for strategic capital projects. How are we expected to hold "a reference point" to account?

**John Swinney:** I probably dealt with that issue in my answer to Derek Brownlee. The Government will be extremely happy to ensure that Parliament has adequate opportunity to scrutinise the SFT's work and to question ministers, in order to ensure that the wishes of Parliament are heard clearly. The Government will, of course, facilitate that in every way it can.

**Iain Smith:** On a point of order, Presiding Officer. In response to my question, the minister claimed that the approved capital programme for Fife included funding for six new schools in Fife. I have a copy of the capital plan for Fife that covers the period until 2010-11, but it contains no mention of funding for any new schools. There is an aspiration in Fife for six new schools, but no funding has been identified to build them. The minister misled Parliament—

**The Deputy Presiding Officer:** Order. Will the member sit down, please? The member knows full well that that is not a point of order for the chair.

## Ferry Services

**The Deputy Presiding Officer (Alasdair Morgan):** The next item of business is a debate on motion S3M-2496, in the name of Patrick Harvie, on the Transport, Infrastructure and Climate Change Committee's 4th report 2008, on ferry services in Scotland.

14:51

**Patrick Harvie (Glasgow) (Green):** I am pleased to open the debate on the Transport, Infrastructure and Climate Change Committee's report on ferry services.

I thank all the members of the committee who participated constructively in the inquiry. I also thank the clerks: the team worked well and supported us not only in producing the report but in taking part in a series of events and visits around Scotland to explore the issues. Thanks are also due to the witnesses, to those who gave written evidence, to the ferry operators and to many others who we met on our travels around the country.

Ferries are a form of transport that many people in Scotland never or rarely encounter. I have to confess that before we began the inquiry, I was one of those people—dodging about between Glasgow and Edinburgh, I do not often find myself on a ferry. However, for those who rely on them daily as commuters, for people's family members and for local businesses their importance is difficult to overstate. When the economy of an area depends on ferries, we are expected to get right the policy as well as the services.

The committee was keen to hear as wide a range of views as possible. We conducted an online survey of ferry users, which was publicised in multilingual leaflets aboard ferries throughout Scotland. We received 330 responses and held full committee meetings in public in Oban and Lerwick. We also arranged a series of other committee meetings at which we took evidence from individuals and organisations that have an interest in the issue, and we had videoconferences with representatives from Orkney, Barra, Uist, Tiree and Stornoway, at which it was abundantly clear that those communities are far better versed in videoconference etiquette than the committee convener. We took part in informal fact-finding visits as well. Committee members visited Arran, Gourock, Dunoon and Mallaig to meet ferry users and operators. Our call for evidence received more than 110 responses.

The committee has come up with a series of recommendations, and I am pleased that the Scottish Government has chosen to accept several of them. That is an encouraging sign, and I

am sure that we will hear from the minister about that later in the debate. There are other areas where the Government is not yet persuaded of the strength of our recommendations—I am sure that we will also explore some of those issues.

To begin with, the committee considered some of the short-term measures that could be taken in advance of the Government's review—improvements that do not need to wait for the longer-term strategic thinking to be completed. I will run through some of those and then move on to the longer-term recommendations.

On short-term issues, there is scope to investigate whether more can be done to lengthen the sailing day and to maximise the use of vessels in order to allow greatest ease of commuting from the islands. We argue that Caledonian MacBrayne should investigate what can be done to improve that in the short term, and that the Government should investigate ways of speeding up the process of approving small and uncontroversial changes so that they can be implemented more quickly, and with less bureaucracy. We also argued that Calmac can investigate other forms of innovative working that could allow timetables to be improved.

On better integration with other transport modes, the committee has argued that operational flexibility could be built into contracts between the Scottish Government and both First ScotRail and CalMac ferries. We have also argued that the Government could establish a group under the auspices of Transport Scotland to ensure that operators regularly meet to discuss improvements. There is no reason why such work cannot begin in the short term.

On consultation, the committee has asked that the Government review how well the new ferry-user consultation arrangements have worked in practice. In evidence, we heard a wide range of views on the extent to which people believe that their opinions are being taken into account in the delivery of ferry services. Adjustments could be made to improve the lines of communication between operators and communities.

The committee argues that the Government's review has to treat accessibility as a priority, but we argue that even before that happens, work could be done to improve the pace of delivery, for both ferries and infrastructure, to bring them up to modern standards wherever possible.

On customer service, we have argued that the Scottish Government should instruct CalMac to make public how often it adopts ferry users' suggestions for improvements. That is a reasonable request; it would ensure that ferry users had some sense that their views were being heard. The Government should also instruct David

MacBrayne Ltd to review its customer service operations and to take into account how good practice in customer service can be shared between NorthLink Ferries and CalMac.

I will move on to some of the committee's longer-term recommendations. The first was that some of the immediate issues do not need to wait for the Government's review. We then moved on to argue that the specific timescale for completion of the review should be made clear. The Government should devote the necessary resources to guarantee the review's completion within a set timescale.

We have also argued that it is essential that the review be completed well in advance of the end of the current ferry contracts operated by NorthLink and CalMac. Several committee members detected no sense of Government urgency to move the review forward. Committee members felt that that should change. We also argued that the Government should take into account in its review the evidence that the committee received as part of the inquiry: I am glad that the Government has agreed to do that. We received a substantial body of evidence, which we hope will be of use in shaping the debate.

We have argued that the Government must fully assess the proposals that the committee identified for improving ferry services in the longer term. For example, there have been proposals on new, faster and more fuel-efficient vessels; on the use of a larger number of smaller ferries instead of a smaller number of larger ferries; on the use of catamarans; and on leasing arrangements. There is also scope for new routes—either through new routes being introduced or through existing routes being reconfigured. Such thinking should cover ideas of “island bridge” fixed links that some communities are talking about.

We recommend that the Scottish Government give full consideration to those and other ideas in its review. We have argued that many of the issues should be considered together and not on a piecemeal, issue by issue basis. The interconnection between them is unavoidable, so for a coherent overall strategy to be developed, the Government will have to examine all the ideas together.

We have argued that the review should outline how the Scottish Government proposes to address the constraints that have prevented delivery of improvements to ferry services. For example, any new flexible contracts must include appropriate safeguards for communities' lifeline services.

Recommendation 7 in our report is that a key feature of the Government's review should be an exercise to consider the transfer to a new maritime division of Transport Scotland responsibility for the

future strategic direction of ferry services, the development of gaps in the market, and the strategic management of the organisations involved. The Government's response describes it as being “agnostic” on the issue in the longer term. I must admit that I was a little disappointed by that cool response. The arguments in favour of the change were heard from a number of different sources and were well made. I hope that the minister can respond on that in more detail when he speaks in the debate.

Lastly, we have argued that a decision on the way forward for ferry services should be articulated in a single document, to be published following the review, and that that should be the subject of parliamentary debate, scrutiny by the committee and public input. The document must include full information on how proposals will be funded, the timescale for the implementation of changes and the body or bodies that will be charged with delivery of those changes.

I will address a couple of other issues on the road-equivalent tariff. It was unavoidable that a committee inquiry on ferries would include substantial discussion of the road-equivalent tariff, even at this early stage in the scheme. We recognise the fact that it is a pilot scheme that is in its initial stages. However, although we cannot comment on the effectiveness or the impact of the changes, several members of the committee were concerned about the views that were expressed regarding the possible impacts of the pilot scheme in various areas—different impacts in different parts of the country—and the capacity of the ferry services to support tourism, for example, in many parts of the country. We seek assurances from the Scottish Government that the planned evaluation will monitor those impacts. Further detail on how that evaluation will progress and the timescale for it would be useful.

We also need to recognise that a European process is under way to examine the competition issues. Although it is not possible for either the committee or the Government to pre-empt or second-guess that European process, we must recognise that it will have a substantial impact on how the debate moves forward. On balance, the committee does not believe that there is a need to restrict any input that the private sector may have in the future. Nevertheless, the Government review must include a full and genuine assessment of the opportunities that may exist in the light of the European process that is under way.

I look forward to the rest of the debate. I move,

That the Parliament notes the conclusions and recommendations contained in the Transport, Infrastructure and Climate Change Committee's 4th Report, 2008 (Session 3): Ferry Services in Scotland (SP Paper 138).

15:02

**The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson):** In responding to the outcome of the committee's inquiry, I was delighted to report that we are now pursuing our own comprehensive ferries review in Scotland, which will develop a long-term strategy for lifeline ferry services. Indeed, there is the urgency that the committee's convener looks for in our taking that forward. The review will, of course, be completed before there is a new contract. The evidence that was taken by the committee and the committee's recommendations—all valuable work—will be used to inform the review.

The review will include detailed consideration of funding, costs and affordability; procurement of lifeline ferry services; services and routes; fares; vessels; ports and harbours; accessibility; environmental issues; integration; lifeline air routes; and freight. It will also consider how lifeline ferry services should best be delivered, by which I mean that it will consider the correct split of responsibilities between the Scottish Government, local authorities, operators and Caledonian Maritime Assets Ltd. Of course, the review will also consider the issue of competition.

I have previously spoken out in support of CalMac and against the break-up of the ferry network. I remain supportive of the current structure. Nevertheless, I think that it is important to test whether the continued bundling of routes is the correct way forward. Therefore, the review will consider whether routes should be opened up to competition from commercial providers.

Arrangements are now being made to put in place a steering group for the review. We will invite representatives from the Convention of Scottish Local Authorities, Highlands and Islands transport partnership, Strathclyde partnership for transport, Zetland transport partnership, Highlands and Islands Enterprise, and others. The relevant councils, operators and other key stakeholders will also have the opportunity to participate in and contribute to the process.

On-board surveys on a number of ferry services—both private and those that are provided by us—have already started to capture initial data to inform the review. There will be a public consultation on the strategy next summer, and the review will conclude next autumn.

I met the boards of David MacBrayne Ltd and CalMac Ferries Ltd on 30 July. We had constructive discussions, and the board of David MacBrayne, which is responsible for CalMac and Northlink Ferries, looks forward to working with the Scottish Government to achieve early progress on adjusting timetables and frequency of services to better meet the needs of ferry users; improving

communication and co-ordination between ferry, train and bus operators; promoting more effective consultation of ferry users by operators; improving accessibility of ferries and passenger facilities for those in our communities with mobility difficulties; and improving ferry operators' standards of service. The convener of the committee referred to many of those aspects in his speech.

I am delighted to say that we are responding to the agenda for speeding up some changes. In the short term, we have made a number of improvements to the current timetable for Clyde and Hebrides ferry services, resulting in CalMac recently announcing 13 changes to the timetable. As the convener requested, those changes are focused on achieving better integration with bus and rail services and improving connectivity for businesses.

However, one of the most important changes is a change to the Oban to Lismore service, which will allow school pupils to commute daily rather than having to live in hostels in Oban. Patrick Harvie also referred to that in his speech.

The winter timetable will also see CalMac carrying bicycles for free for the first time, which is a significant gesture in supporting green, sustainable travel and a welcome boost to that sector of the tourism market.

Those changes have all been made following consultation with the communities concerned and demonstrate the flexibility in the contract. We are able to make changes to the timetable and improve services to better meet the needs of ferry users.

The winter timetable will also see the introduction of the road equivalent tariff pilot. RET has been a long-standing objective of the Scottish National Party. We understand the genuine concerns from our remote and fragile communities about the affordability of ferry fares and the impact that those fares have on island economies. The SNP's manifesto contained a commitment to

"Commission a study into Road Equivalent Tariff (RET), reporting on options for improved connection to our Northern Isles and Western Isles by end of 2007."

Our manifesto also said:

"As part of this we will undertake a pilot project on RET to the Western Isles which will include support for freight and tourist journeys."

We are delivering on that manifesto commitment.

The RET pilot study, along with the ferries review, will consider the scope for rationalising fares and will also consider how fares adjustments can provide greater support for particularly vulnerable island communities.

I understand that the committee took the ferry from Rosyth to Zeebrugge during its investigations. The Scottish Government is working very closely with Forth Ports and others to identify an alternative commercial operator for the Rosyth to Zeebrugge route. We will continue to do everything possible to secure a successful outcome. There have been constructive discussions so far with potential operators. Those discussions are continuing as we look to find a commercial solution.

We are conscious of the importance of the Rosyth to Zeebrugge ferry route for freight and for passengers. We need a replacement ferry service that can satisfy the substantial freight and passenger markets that clearly exist. We appreciate the importance of providing early assurance to the freight, passenger and tourism markets. We are looking to secure a Rosyth to Zeebrugge service that is commercially viable and capable of growth and of enduring. We continue to work with the European Commission to seek a successful conclusion to its investigation into ferries in Scotland in general.

On the Clyde services, we are setting up tripartite discussions with Argyll and Bute Council and Inverclyde Council to discuss how to deliver a town centre to town centre service between Gourock and Dunoon for passengers and vehicles that best meets the needs of the two communities. We continue to engage with the European Commission on the Gourock to Dunoon service to ensure that future services are compatible with European law.

The subject of services from Lochboisdale has been actively discussed of late, but any proposal that might exist for a standalone Lochboisdale to Mallaig service will require a dedicated vessel, which can only be acquired through an open and transparent procurement process. Typically, such processes can take a year or more to complete. It is important that I add that we will in no way consider solutions that would damage the accessibility of the mainland from Barra. The views of the people of Barra will be a very important consideration as we move forward on the issue.

With regard to the Mull of Kintyre, the assessment of the proposed ferry service between Campbeltown and Ballycastle under the Scottish transport appraisal guidance is nearly complete. Officials are working with the appointed consultants to ensure that the resulting report is available in time for them to put advice to me by the end of the month, and a similar process is happening in Northern Ireland. We value our communities, which is why successive Governments have continued to support vital lifeline ferry services.

I hope that it is clear from that update that the Government is taking a clear lead on ferry provision in Scotland. We are taking forward the committee's recommendations without delay. I thank members for the opportunity to debate this important subject, and I look forward to hearing members' contributions.

15:11

**Des McNulty (Clydebank and Milngavie)**

**(Lab):** This is the first transport debate of the new term, and I begin in a spirit of consensus by acknowledging the minister's changes of heart. First, although he proposed to abolish the Mobility and Access Committee for Scotland, following the vote by the Transport, Infrastructure and Climate Change Committee, he has had to retain it. The importance of MACS as a consultative forum is well reflected in the ferries report, and its evidence was influential in persuading the committee to make a series of valuable recommendations on accessibility issues.

The second change of heart was the minister's decision to bow to pressure from the Labour Party and the elderly lobby on the retention of existing arrangements for concessionary travel, which, from statements by Mr Stevenson and Mr Swinney, had appeared to be under threat.

**Stewart Stevenson:** The member will search long, hard and unsuccessfully to find a shred of evidence that I have ever wished to do anything other than support our elderly, if only for the very personal reason that I have a card myself.

**Des McNulty:** Nothing is more welcome than the return of the prodigal son.

I hope that we can continue in that consensual spirit by giving ministers an opportunity to rethink their treatment of ferry service users in Argyll, on the Clyde and on routes to the northern isles. Those routes have been excluded from the proposed RET pilot scheme and their users face considerable disadvantage as a consequence of the Government's discriminatory approach.

By 2007, a consensus had been reached that something needed to be done about the cost of travel to Scottish islands. All the major parties that were represented in the chamber recognised the need for action. The Labour Party proposed a 40 per cent across-the-board reduction in ferry fares for islanders who used ferry routes, building on the model of the highly successful and popular air discount scheme. We believe that that approach is the fairest and most effective method of reducing the barriers that are faced by those who depend on ferry services for fuel, food and other supplies, as well as those who need to travel from the islands for work or leisure or for other purposes.

The costs of that universal scheme would have been about £20 million, which we felt was affordable, desirable and properly targeted at the individuals and communities that faced those barriers. I cannot say what the response of the Conservatives or the Liberal Democrats would have been to our approach, but the success of the air discount scheme would have provided powerful evidence in support of it.

As we know, the Scottish National Party formed the Government in 2007, and its approach has been to introduce a pilot scheme for the Western Isles, which means that all users—whether they are residents of the islands or visitors from the mainland—will benefit from ferry fare reductions.

Labour is not opposed in principle to a road equivalent tariff scheme. It is reasonable to weigh up the arguments in favour of that approach, as opposed to other approaches, and consider the advantages and disadvantages based on the evidence. However, it is only fair to point out some of the implications of the approach that is being taken.

There is no doubt that residents in the Western Isles will benefit from the 50 per cent reduction in fares, which is 10 per cent more than the reduction that we proposed. However, the actual benefit will not be 50 per cent, because discount schemes for passengers and freight between the Western Isles and the mainland will be discontinued. Those discount schemes mean that islanders were not being charged the published amounts; it is relatives and tourists who will benefit the most, along with businesses that do not have a base on the islands. I have no doubt that the introduction of RET will give the Western Isles an economic boost, but it remains to be seen how great the boost will be and whether it will be significantly greater than would have been delivered by an across-the-board reduction for islanders.

It is abundantly clear that the Government's approach has created huge resentment on all the islands that are excluded from the RET pilot. The fares for islanders on Arran, Cumbrae, most of the Argyll islands and the northern isles will continue to increase for the next two and a half years while fares for those on the islands that are included in the pilot will be reduced following a substantial injection of cash from the SNP Government. People on the other islands will wonder what they have done wrong.

Ministers have offered two justifications for their discriminatory approach. The first is that the Western Isles deserve special treatment because of depopulation and the second is that RET meets an urgent need. I accept that the Western Isles are special. They have a unique history and culture and they do not have the same economic prospects as other Scottish islands. However,

many other Scottish islands have suffered from population decline and economic pressures. The impact of ferry fares on the local economy is a common concern for all island communities.

The SNP has offered no convincing argument why one group of islands should be singled out for support with travel costs while others are excluded. Mr Allan may be able to claim the credit for any advantages that are associated with the RET scheme, but what will Mr Mather, Mr Gibson and their SNP list colleagues in the Highlands say to their constituents, who feel greatly aggrieved at being denied not only the benefits of RET but the 40 per cent reduction in ferry fares that might have assisted them?

I suppose that Mr Stevenson might say that there is a prospect that RET will be extended more widely in future, but jam tomorrow is unlikely to satisfy those islanders who have been handed the placebo in an experiment that lacks both fairness and rigour. If the intention was to test RET against other approaches that involve reduced travel costs, surely those on the islands that have been excluded from the RET pilot should have been given the benefit of significant fare reductions. We could then have assessed whether RET works compared with the other approach.

If the Government had been more even-handed, people on the other islands might have been persuaded of the validity of its approach. The Government's policy clearly disadvantages some while benefiting others and it has rightly been regarded as unfair, discriminatory and politically motivated.

15:18

**Alex Johnstone (North East Scotland) (Con):**

Like Patrick Harvie, I have only limited experience of using ferries in Scotland, so the inquiry greatly assisted my understanding of the importance of ferries to the economies of our most fragile and distant areas. Industries such as farming and fishing depend on ferry services to access their main markets, and one of the fastest growing industries in our peripheral areas, tourism, depends on ferry services to bring visitors to the islands. Island economies are especially dependant on ferries, given the growing cost of air travel.

The inquiry gave us an opportunity to consider the situation that our ferry industry has got itself into. Conservatives have always been committed to ensuring that we have economically viable and usable services to our islands, but in the past 10 years there have been some interesting developments. The successive interventions of Nicol Stephen as the Minister for Transport and his successor Tavish Scott led us to an unusual

position. Believing that the tendering process was necessary to avoid European criticism, we now find ourselves under investigation by the European Commission for the very arrangements that were supposedly put in place to avoid that consequence.

**Stewart Stevenson:** Does the member recognise that the European Union is looking at issues that go back to the early 1980s and 1990s and that that period covers a number of Governments, including that of his colleagues?

**Alex Johnstone:** Indeed I do. However, as I have been keen to point out, trying to avoid the problems has not only compounded them but become a problem in itself. Ironically, the cost of supporting our ferry services has risen by a factor of four over the past 10 years.

The committee's report highlights a number of issues that have been mentioned already but which are worth repeating. The slow pace both of change and of accepting new and ingenious ways of providing services is unfortunately all too obvious. There are concerns about the aging fleet that provides ferry services to the Western Isles and the minister himself has pointed out the lack of flexibility, particularly in timetabling. The report also highlights concerns about crewing arrangements, which could be carried out more efficiently and effectively.

However, my argument—which I will put forcefully once again—is that Scotland's ferry industry has become so big, so unmanageable and so expensive that we must think about how to encourage commercial, privately owned ferry companies to compete for the running of services so that they can be provided more efficiently for the money. Such an approach will require either the partial or the total unbundling of services for the next tendering process, and I was delighted by the minister's hint that such a possibility was being considered in the review.

**Stewart Stevenson:** Will the member give way?

**Alex Johnstone:** The minister will have a chance to respond at the end of the debate. I am sorry, but I must make progress.

As for the road equivalent tariff—which, I noticed, was the main subject of the previous speech—I will avoid taking a position one way or the other on the matter, except to dare to suggest that it is an ingenious way of consolidating SNP support in the Western Isles.

That said, I feel that it is wrong to take the RET approach at this time. I look forward to finding out the results of the pilot, but surely we should have considered ways of cutting the cost to the public purse of providing ferry services instead of simply increasing those costs by providing what have

been described as affordable services to the Western Isles alone.

We need look no further than the Gourock to Dunoon route to see how unfair competition can damage an innovative and progressive private sector ferry industry, such as it is in Scotland. Indeed, we need look no further than the Pentland Firth to see how such damage could be caused all over again. However, the Government's review gives us the opportunity to consider how we might unbundle services and turn them into bite-size pieces that can be viably tendered for not only by our own private sector operators but by those from abroad. Such a move would deliver a much more effective ferry industry.

I suggested earlier that the minister's predecessor, Tavish Scott, could not see a great big muddy hole of a problem in front of him without jumping right into it. The minister should take the timely opportunity provided by his review to deliver changes that will give Scotland a more effective and affordable ferry industry.

15:24

**Alison McInnes (North East Scotland) (LD):**

This very interesting inquiry has given me a valuable insight into the daily constraints faced by islanders and I welcome our engagement with communities and the willingness with which people shared their experience.

Ferry services are of course only a means to an end. They allow islanders to go about their daily life, whether that means going to school or work, accessing health or leisure services, welcoming tourists on to the islands or exporting valuable goods off them. Ferries ensure the viability of the islands and enhance the economic and social fabric of island life.

In its evidence, the Scottish Crofting Foundation said:

"affordable reliable ferry services are probably the single most important factor in maintaining functioning economies and viable populations in the islands of Scotland."

It is clear to me that improving the reliability and responsiveness of ferries will be key to encouraging young people and families in particular to stay on or come to the islands.

There were many messages from the inquiry. We have heard some of them already, but they bear repetition. We heard about poor, unresponsive services and ageing vessels. We heard about the difficulties of winter sailings and the impacts of cancelled services, such as hospital appointments being missed, people incurring the expense of a hotel on the mainland or children not getting home from school for the weekend. All

those things had significant impacts on people's daily lives.

When I visited Mallaig informally with Charlie Gordon, we heard that the timetable for services to the small isles was such that stays of an additional one or two days were often necessary in order to meet routine appointments, such as hospital appointments, on the mainland. The length of stay on the mainland could of course be even longer if poor weather meant that sailings were cancelled. All that incurs not just financial costs but social and emotional costs, which impact on family life.

The committee also heard about poor customer service, although I note that there were telling differences between CalMac and NorthLink Ferries, with NorthLink being much more responsive to customers.

Another common theme that emerged was the need for timetables to allow island residents to commute to the mainland for work. There was an overwhelming sense that ferry timetables are designed to suit operators rather than users. Relatively simple adjustments to timetables could make a big difference. The Government must tackle that. It needs to give local communities a clear role in suggesting improvements and changes and it must respond quickly and positively. I welcome what the minister said about the small adjustments to timetables that have been made.

As others have already said, there is a real disconnect between different modes of transport. I think that everyone who gave evidence to us mentioned the lack of integration between ferries and other modes of transport. Many gave examples of poor connections and missed opportunities to make travelling easier.

Although I appreciate the complexity of timetabling for ferries and trains in particular, I urge the Government to accept our recommendation that it should establish a group, under the auspices of Transport Scotland, to ensure that operators of all transport modes meet one another regularly to discuss how integration can be improved.

I was particularly concerned to learn of the lack of investment in port infrastructure—and the lack of foresight in that regard. Much more priority must be given to upgrading terminals.

I draw particular attention to the submission from ZetTrans and Shetland Islands Council on the need for capital investment in interisland routes. It is vital that the Government recognises the need to support local authorities in maintaining port and ferry services.

I could not speak in this debate without mentioning RET. We heard a range of views about

RET. As Des McNulty said, it was welcomed by the communities that were involved in the pilot. I do not underestimate the economic challenges that the Western Isles face. However, the committee detected a real sense of disgruntlement from other island communities that were excluded from the pilot. Reducing ferry fares to help island economies is the right approach, but the pilot is expected to last for three years and targets only one Scottish island group. That is blatant discrimination; it is not a pilot scheme. It is perceived as nothing more than an electoral bribe. The SNP Government is, in essence, operating a permanent scheme in one part of Scotland but not in the other equally deserving island groups.

During the inquiry we heard a range of views on increasing competition and on breaking up CalMac. We have already heard a lot from Mr Johnstone on that issue. Ferry services are lifelines to some of the most remote communities in Scotland. Public subsidies were introduced, quite rightly, to protect routes that would not otherwise be commercially viable. The Scottish Government must not break up CalMac's monopoly if it would jeopardise those links. Already fragile communities must not be subjected to further uncertainty. At the risk of stating the obvious, ferries are not buses—there are not lots of ferry owners waiting in the wings to step in if something goes wrong.

I welcome the fact that the Government has now embarked on a full review. The minister has indicated some of the things that he would like to take on board. I hope that he will tackle the short-term issues that we identified, such as adjusting timetables; improving communication and co-ordination; promoting more effective consultation; and improving accessibility. In the review, the Government needs to focus on what best serves today's and tomorrow's communities.

A number of respondents remarked that ferry services are the same as they were 30 years ago and referred to:

“routes, timetables, vessels all fixed, providing an out of date service for a set of circumstances which have not prevailed for a number of years.”

That needs to change.

To secure the long-term future of a ferry network that is fit for purpose in the 21<sup>st</sup> century, the Government should examine innovative proposals such as faster and more fuel-efficient vessels; significantly improved timetables; new routes and the use of fixed links; replacing and upgrading ferry vessels and port infrastructure; and making it easier for ferry operators to change services within their contracts, if those changes are designed to promote improvements and facilitate innovation.

There is a reasonable time before the contract ends—let us ensure that that time is put to good use. Whatever the review brings about, I hope that it will never lose sight of the fact that ferries are a lifeline service.

15:30

**Rob Gibson (Highlands and Islands) (SNP):** I had great pleasure in participating in the inquiry. As I am a member for the Highlands and Islands, more than 90 per cent of ferry services are in my area. It was fascinating to see members from cities and those who had no experience of travelling on our ferries acknowledge that Scotland's geography must be served in a fashion that gives people who live in our island communities, and who can contribute much to the country's future, access at a fair rate and to fair timetables.

The inquiry was the first since devolution to go into ferries in depth, so it was inevitable that it would throw up many historical issues that have not been tackled for many years. The evidence that the committee heard and the committee's proposals to the Government break down into short-term changes and longer-term measures that will take considerable thought. That sets a benchmark for how ferries will be dealt with in the future.

I will explain one key issue of geography. The idea of island hopping has been mentioned, which would mean less time on ferries for travellers. That can work only if there are roads that can carry traffic. An obvious point is that if people on Islay were presented with the idea of travelling in that way, they would look aghast, given the state of the roads in Jura. Nevertheless, we must think into the future about such proposals and see whether shorter ferry journeys can be integrated with the use of roads. In the Western Isles, people look to reach the nearest road. That means that people in South Uist use the Lochmaddy service to Uig, from where a road goes to Dover, if need be. That is the message that people have sent us. We must put the ferries in that perspective.

I hope that my colleague from the Western Isles will speak about RET, but I will not ignore the history of why we now need to try RET or the remarks about political favouritism. We should not forget that although the 40 per cent reduction in air fares was a good short-term fix, it did not help freight or tourism; it helped people in the Western Isles to spend money on the mainland and abroad. A public service obligation on aircraft would have allowed the exchange of people, ideas and business, which would have helped the Western Isles.

As for how ferry services should be organised, we must await the European report on competition. However, public service obligations and the contracts that we establish could transform how ferries are used.

I am delighted that the SNP has picked for the RET pilot an area whose population loss is—I repeat—worse than that anywhere else, which has low wages and which has lost many major jobs in the past 10 years. When people in other areas were asked what they thought about choosing the Western Isles, they said, "Yes, indeed. That is the area that most needs such a pilot."

**Des McNulty:** As Rob Gibson said, it is disappointing that Mr Allan is not here and was not here during some of the opening speeches to talk about the Western Isles. However, what does Rob Gibson say to people on Islay, Jura and in other areas that he represents, who will pay higher fares than people in the Western Isles? Those people say that that is unfair. What does he say?

**Rob Gibson:** I say that we cannot have a pilot scheme that includes all services in the north and the Western Isles, and the proposed scheme is a pilot.

I believe that Mr Allan has informed the Presiding Officer that he has an interview to give on the subject. He will return to the chamber, at which time I and SNP colleagues will apprise him of what has been said.

We have an opportunity to think anew. The supply of ships and the proposed contracts do not necessarily address all the issues for people on the ground. The ferry inquiry report is important in addressing the fundamentals of providing services that meet the needs of people in our peninsulas and islands.

The working time of crews on CalMac and NorthLink ferries has to be examined. We need to consider whether services should operate at different times and, if so, whether more crews are required. Given the current stock of vessels, people recognise that some kind of investment would help.

Connectivity is an issue that affects the whole country. It affects councils that provide interisland services in the north, Shetland and Orkney and serves as a lesson in looking at services outwith Scotland. For example, the ferry service from Newcastle-on-Tyne to Bergen, Haugesund and Stavanger has just been shut down.

Huge costs are involved in running ferries nowadays. Part of the problem for the Government in setting up a plan for the future is how it tackles its ability to ensure that it connects our island communities to the mainland and Scotland to its

nearest neighbours. This important report opens the door to those opportunities.

15:36

**Charlie Gordon (Glasgow Cathcart) (Lab):** Patrick Harvie and Alex Johnstone mentioned their ferry experiences, or the lack of them. Rob Gibson attributed a similar lack of experience to what he called the city members of the committee, of which I am one.

**Rob Gibson:** Obviously, I recognise that some city members take their holidays on islands or have had responsibility for other than just their city area. However, I think that the member will agree that ferry travel is a shock to city people.

**Charlie Gordon:** I will meet Rob Gibson halfway. I was not going to count my experience as a small boy when I travelled free of charge back and forth from Partick to Govan on the Govan ferry.

I do not need to remind any member—it is in the report for them to see—that we took evidence from Strathclyde partnership for transport on the importance of an urban ferry service that is still extant on the Clyde and the upper Clyde—the Yoker to Renfrew ferry. I have spent many a happy time on the “Renfrew Rose” and the “Yoker Swan”.

In another incarnation, part of my business was visiting all the ferry services on the islands of Argyll. That said, I would be the first to admit that taking part in the committee inquiry, particularly making the field trips and visits during which we met people and gathered evidence in a less formal but more operational setting, was instructive.

Safe, reliable ferry services that are affordable at the point of use are essential to maintaining and developing the economic and social fabric of all of Scotland's islands and some of its peninsulas. The committee's inquiry has produced recommendations that are evidence based, reasonable, measured, achievable and incremental. The last point is important, given that, in addition to including recommendations on addressing current issues for Scotland's ferry users and operators, the report points to ferry users' aspirations for services and the standard that should apply a generation from now.

The Scottish Government has responded to the committee's recommendations for early operational improvements to be made on many ferry routes. It has also given its initial response to other recommendations. When taken together, the recommendations set out a vision for the future of ferry services in Scotland that reflects the aspirations of many people who gave evidence to the inquiry. The convener has highlighted the

recommendations on page 46 of the committee's report, which are well worth concentrating on. We discuss not just the future for ferries but benchmarking the future development of ferries against other possible means of transport, such as fixed links. When we think about new routes or improvements to existing routes, we should also think about whether there is justification for developing new fixed links, be they bridges, tunnels or causeways.

The Scottish Government has announced a year-long review of ferries policy and has confirmed that it will be informed by the committee's report. Are the decks clear for us to set sail for a bright new dawn for Scotland's ferry services? Not quite, as we face the European Commission inquiry into regulatory issues for Scotland's public sector ferry contracts, which may impact on the Scottish Government's review and the committee's vision. There is nothing that anyone can do about that.

The other issue that has the potential to distort the new review and the long-term vision that I described is the rather long RET pilot. There is potential for the diversion of tourist traffic from destinations outwith the RET pilot area to the pilot area, due to the lure of cheaper fares. When the minister gave oral evidence to the committee on 3 June, I pressed him to monitor the pilot for any sign of diversion. That will now be done, but I hope that it will be done conscientiously and that, if monitoring of the pilot shows evidence of diversion, remedial action will be swift and based on fairness rather than any considerations of political expediency.

These lifeline services merit a consensual approach by the Parliament, if such a thing is possible. We should all believe in ferries.

15:42

**Jamie McGrigor (Highlands and Islands) (Con):** I welcome today's debate and many aspects of the Transport, Infrastructure and Climate Change Committee's report. Ferry services play a massive role throughout my region of the Highlands and Islands. I hope that the committee's report will influence the Scottish Government as it conducts its review of ferry services. I am glad to hear from the minister that he will have regard to the wishes of people on the island of Barra.

The committee's recommendations on timetabling are important. I am sure that all members agree that CalMac must examine what can be done to lengthen the sailing day to maximise commuting opportunities to the islands.

The committee also talks about achieving better integration of transport services, which we all

want. That was the first pledge of the first Minister for Transport and the Environment, Sarah Boyack. Anyone who has tried to co-ordinate bus, rail and ferry services to and from Oban will know what I mean when I say that “integrated” is not the adjective that springs to mind.

The committee makes a number of positive suggestions in relation to the Scottish Government’s ferries review. Crucially, it talks about the need for new thinking. Can ministers confirm that their review will utilise the views of the private sector, not just in the consultation but in the make-up of any review steering group?

**Stewart Stevenson:** The surveys that we carry out will include surveys on private vessels. We will, of course, take on board the views of the private sector.

**Jamie McGrigor:** I am glad to hear that. The review team needs to be made up of more than CalMac and civil service representatives. The private ferry sector, which has shown its dynamism and ability to deliver on a number of routes in Scotland, has a big part to play in the improvement of our country’s ferry services.

I read with interest the section in the report on the RET pilot and I agree with the comments that were expressed effectively by the Scottish Islands Federation, which argued that, although the pilot is to be welcomed, all other islands will be disadvantaged compared with those that receive the benefits of RET.

I was in the Uists this summer, and my constituents there are looking forward to the beginning of the pilot in October. However, my constituents in some other islands, such as Colonsay, Mull, Shetland and Orkney, feel somewhat let down and badly treated by the SNP Government. It is incumbent on me as their representative to voice those concerns. The considerable length of the pilot scheme, which is identified as an issue of concern in the committee report, means that Argyll and Bute Council is right to say:

“if monitoring of the pilot shows that tourism has been displaced from islands that are not included in the scheme, the Government will have to consider how to redress the balance.”—[*Official Report, Transport, Infrastructure and Climate Change Committee*, 4 March 2008; c 479.]

Fragile communities such as Colonsay simply cannot afford to wait until the end of the scheme in 2011 if their economies are badly affected next summer.

It is vital that livestock transport to and from Scottish islands is put high up on the agenda whenever ferries policy is discussed. It is vital to crofters and farmers on the islands.

While I am talking about fragile communities, I will mention the economic problems facing Campbeltown and Kintyre, with the possible loss of up to 100 well-paid jobs should Vestas withdraw from the area. The campaign to reintroduce the Campbeltown-Ballycastle ferry has cross-party support and has been going for years, but we need a decision from ministers without delay. That is even more true now than it was before. It has been suggested that the lack of better ferry services contributed to the possible closure of Vestas in Kintyre. Everyone would agree that we will simply not attract new jobs and investment to Kintyre unless there are better transport links. The Campbeltown-Ballycastle ferry has the potential to open up tourism.

At question time tomorrow, I will be raising with ministers the possible introduction of a new mainland-to-mainland ferry service between Campbeltown and Ayrshire. I wonder if the minister will agree with me that such a new route could take a significant amount of freight from the roads and open up markets for Kintyre companies.

During my summer tour I tried to take the council-run ferry to the island of Luing. Unfortunately, I chose the day when the council was on strike, so the ferry was off. That frustrated me, and it often frustrates Luing residents—and it makes them rightly worried about what would happen in a health emergency. I had a positive meeting with the minister and the Luing fixed link action group just before the recess, which I hope he remembers. The minister pledged to engage with Argyll and Bute Council on the issue. I would be grateful if he could provide an update on the matter.

There is much in the Transport, Infrastructure and Climate Change Committee’s report that is positive and useful, and I thank its members for their work. The Government’s own review will now be the focus, and expectations are very high. The viability and economic success of dozens of remote communities, many of them fragile, depend on ferry services.

I commend the comments made by the SNP councillor Roy Pedersen, who has been so influential regarding RET. He said:

“There is a lot of scope for the private sector to contribute to ferry services in Scotland. The current tendering system seems almost designed to inhibit the private sector in contributing.”—[*Official Report, Transport, Infrastructure and Climate Change Committee*, 4 March 2008; c 486.]

I also commend Councillor Pedersen’s submission to the European Commission on state aid rules. I hope that it will guide the Scottish ministers. But that is enough praise from me for the SNP.

I look forward to debating the results of the minister’s review, and I hope that it will deliver the

changes in the areas where we have concerns—unlike the policies of the previous Government.

15:48

**Liam McArthur (Orkney) (LD):** Despite having been brought up in Orkney and now representing a constituency comprising 18 inhabited islands, it is fair to say that I am still awaiting delivery of my sea legs. Although I firmly believe that many ferry services are a genuine lifeline, when we find ourselves bouncing around in the Fall of Warness in a south-easterly gale, it is hard not to view the ferry more as a necessary evil.

I, too, congratulate the Transport, Infrastructure and Climate Change Committee on its report. An impressive amount of evidence was gathered during the course of the committee's inquiry, including from my constituency. That is very much reflected in the report's recommendations, which I hope ministers will take on board. I acknowledge the minister's early commitments on improving connectivity with buses and trains, on accessibility and on communications.

As my colleague Alison McInnes rightly said, ferries are not an end in themselves. Rather, they are an essential tool for helping to sustain, support and enhance island communities. Good, responsive and affordable ferry services will remain key to safeguarding some of our most fragile communities, not least through enabling our islands to attract and retain families and young people.

In Orkney, the internal ferry service is working flat out to meet the needs of the island communities that it serves, although it faces a number of serious and imminent threats. A number of its vessels—notably vessels that serve the outer isles—are rapidly reaching the point at which they will not comply with maritime regulations. They will need to be replaced, and the cost of that, along with the necessary port infrastructure, inevitably will be too high for the smallest council in Scotland to absorb. Orkney Islands Council representatives and I made that point directly to the Cabinet Secretary for Finance and Sustainable Growth in February, and I hope that the minister will update the Parliament on the work that OIC and Scottish Government officials are doing to identify a solution.

The soaring cost of fuel poses a serious threat and has had the dual effect of adding to the fares that ferry users pay and to the amount by which the council subsidises the overall service. Capacity issues on certain sailings on many routes continue to create difficulties, particularly during the important but relatively short tourism season in Orkney.

**Mary Scanlon (Highlands and Islands) (Con):** Does the member acknowledge and commend the contribution of Andrew Banks and Pentland Ferries, which carries thousands of passengers every year, as well as livestock, without charging a penny to the public purse or Orkney Islands Council?

**Liam McArthur:** As a resident of Burray and a regular user of the Pentland Ferries service, I am happy to give such a commendation.

Given the backdrop that I have described, the minister will not be surprised to hear that my constituents were less than impressed that the Government chose to introduce a cheap ferry fare scheme exclusively in the Western Isles. For the avoidance of doubt, I should say that for the reasons that I have given I am entirely in favour of keeping fares as low as possible, while ensuring that quality, capacity and frequency are not compromised. However, it is not good enough for the Government to say that it is piloting a RET system to ascertain what the impact will be. The impact that the Government seeks is to keep Alasdair Allan in a job after the next Scottish Parliament elections. For the record, I have nothing against Mr Allan—quite the contrary.

**Alasdair Allan (Western Isles) (SNP):** I will overlook that slur. The Liberal Democrats' criticisms would appear a little less grudging and would have a little more credibility if it were not the case that some routes on which they want RET—not least the route to Shetland—would be dearer if the formula were applied.

**Liam McArthur:** The point is that we would better ascertain where RET would or would not have an effect if the pilot encompassed more than a single constituency. I tire of being lectured by Mr Allan and other SNP members about how the previous Executive did not introduce or pilot RET: it did not pilot RET for the simple reason that to do so on an equitable basis, irrespective of the political make-up of constituencies, would have been prohibitively expensive. The three-year pilot that will run up to the next Holyrood elections will tell the Government nothing about the impact of RET were it to be introduced in Orkney, Shetland or on services that operate in Mr Mather's constituency.

On a more positive note, I acknowledge the painstaking work that the minister has undertaken to take forward proposals to safeguard and improve freight services to the northern isles, which was initiated by my colleague Tavish Scott. As we head into the crucial period for livestock movements, the minister will be aware that the general livestock trailers—GLTs—and lairage facilities have been greatly welcomed by the farming community in my constituency. I acknowledge Richard Lochhead's efforts in taking

forward work that was initiated under the previous Administration.

However, the minister will be aware of European Commission proposals to restrict further movements of live animals, which are out for consultation. Given that the current rules were agreed less than two years ago and have operated without a problem, all steps must be taken to ensure that the plans are shelved. We should be in no doubt that the proposed restrictions would close down the farming sector in Orkney and elsewhere in the Highlands and Islands.

I take this opportunity to highlight transport problems that affect the dead-stock sector. Restrictions on how waste product can be shipped mean that Orkney Meat is under serious threat. I have brought that situation to the attention of the Cabinet Secretary for Rural Affairs and the Environment, but I put on record my belief that resolution of the problem will require assistance from central Government, among others.

The minister referred to the on-going investigation by the European Commission into ferry services on the west coast and to the northern isles. When the SNP was in opposition, I well recall the bravado of SNP spokespeople who proclaimed that they would stand up for Scotland by facing down the Commission over EU tendering rules. I leave aside the U-turn that SNP ministers made after they came into office, but I was struck by comments that were made by one of their colleagues, Alyn Smith MEP, who recently bemoaned what he called the cottage industry in Scotland, whereby people are too willing to raise complaints with the Commission. I think that Mr Smith was right, so it was strange to discover that it was he who ensured that lifeline ferry services to my constituency have been put under the Commission's spotlight. I do not think that anything will emerge from the investigation and, like the minister, I hope that it will be completed quickly. How strange it is, however, that an SNP MEP should have put his own Government in the dock and put lifeline ferry services in my constituency under threat.

I welcome the committee's report and acknowledge the tremendous amount of work that went into producing it. It provides an excellent basis on which the Government can take forward its strategy, and I look forward to hearing the details of that in the minister's closing speech.

15:54

**Christopher Harvie (Mid Scotland and Fife) (SNP):** My thanks go to Patrick Harvie and the Transport, Infrastructure and Climate Change Committee for the report on ferry services. My one

regret is that reference to European practice is only indirect.

Scots ferries can roughly be divided into three types: international, potentially competitive and vital island links. All are currently newsworthy, although not for the best of reasons. I have been writing the introduction to the Scottish museums' survey of transport. In 700 and more pages and by 40 contributors, much attention is paid throughout to water and sea transport. Water was the great connector: until the 19<sup>th</sup> century, land tended to be the barrier. However, it must be said that MacBrayne was just as unpopular in the 19<sup>th</sup> century as it is today, making the pages of *Punch* in memorably long and tedious jokes.

We must remember that, up to 1914, water was dominant for freight. Even I can remember the River Clyde in the 1950s, bustling with coasters carrying oil, road stone, coal and general sundry traffic. I can also remember the Clyde steamers acting as tenders to the great liners coming in at the tail of the bank. We can still see that in the ports and fjords of Norway—the sea lorry still exists. Here, however, that gave way in the 1960s to the notion that road is best.

Until the 1960s, the bulk of land traffic in Scotland was carried by rail. We have had only just over 40 years of a dominant road system, and its days may be numbered. We have pushed water to the margin in our calculations, and we rarely think that a road can actually damage a local economy. However, the transport studies group in the University of Glasgow surveyed the impact of Scottish motorways, freight traffic and the income from them, and discovered that they had been of major benefit to one area of Britain: the midlands of England. The big logistic bases were down there, from where a lorry could make the trip to Scotland and back. A logistics base in Scotland was not needed.

If we are to plan effectively for the next 30 years, preparing for peak oil, we must consider water transport with a new focus, bearing in mind total economics and the ecology of transport. On that, water transport's record is very good in terms of horsepower for tonnes moved.

In 1996, Professor David Pearce of University College London suggested that we would have to multiply road haulage costs by three times to reach the total cost of road freight transport. As we have unfortunately seen in the case of the Zeebrugge to Rosyth ferry, an extremely powerful and unscrupulous road lobby—particularly at a European level—will exert itself to prevent that.

I could cite the career of my near neighbour in Germany, Willi Betz, right-wing boss of the biggest Speditionsfirma in Europe. Members will probably know his white and blue trucks, with Willi Betz

written across the back. However, the drivers are from Bulgaria, the lorries are registered in Azerbaijan, and Mr Betz himself is now serving five years at the pleasure of the German President in Stuttgart jail, having been found guilty of bribery, coercion, false accounting and fraudulent activity. That is not a rotten apple in a barrel; it is a barrel of rotten apples, and we must ensure that our people can compete with those people, whose influence still lies heavily on Brussels.

Internationally, I want to see the reinstatement of the Zeebrugge to Rosyth ferry—I hope in spring next year, as Stewart Stevenson has said—but with careful policing of real competition. On our potentially competitive routes, we should be competitive. We should assess our firths no longer as barriers but as connectors. We should be thinking of the same transits as in Sweden or Norway for the Forth and Clyde. Let us remember that the population of Inverclyde is expected to drop by 20 per cent. That should be considered a disaster that must be prevented.

We could take a bit of an example from Switzerland. Despite not being known for its maritime history, it has an admirable new catamaran service between Friedrichshafen and Konstanz that carries masses of new commuters; a ferry whose charges for crossing Lake Constance are considerably lower than those for the ferry between Gourrock and Dunoon; and the paddle steamer Hohentwiel—the Waverley of Switzerland, one might say—doing its runs in summer.

Members should remember that water is available for recreation and the pleasure of the country, as it was in the 19<sup>th</sup> century, when it opened up the golden road to the isles for none other than David MacBrayne. Perhaps his company could go back to that period and, as we say, think again.

16:00

**Rhoda Grant (Highlands and Islands) (Lab):** I welcome the committee's report. To say that ferries provide a lifeline to the communities they serve is to state the obvious. Such communities face disadvantage due to their distance from markets and services. Ferries bridge that gap, so we must provide a responsive service that is grounded in the community it serves.

We must deal differently with each community and its individual needs but seek to provide equity and parity to lessen the natural disadvantage. For that to happen, ferry users must be at the forefront of planning, and other service providers must be involved. It is unacceptable in this new millennium that children need to leave home to go to high school. I had to do it, and I know that it is far from

ideal to leave home and family when they might be needed most. The lengths to which people go to avoid it are striking: people with whom I went to school and who continue to live in the same area give up hours of their own time to get their children to and from school each day. They recognise the need for that, because of their own experience, and want better for their children. Families on Colonsay still face the prospect of leaving the island or waving goodbye to their children for a month at a time. Unfortunately, they are not the only ones. Ferry services need to address those issues.

Listening to ferry service users and meeting their needs is vital when ferry services are being put in place. There could be no better illustration of that than that in the Uists, where the local community has been campaigning for a new direct service between Lochboisdale and Mallaig, which would result in far faster links to the mainland and the new road link from Mallaig to Fort William and beyond.

The link to Mallaig would cut journey times dramatically for travellers to and from South Uist and could only be of benefit. It has overwhelming community support. The local community company, Stòras Uibhist, has managed to locate a vessel and an operator who, if necessary, would work with CalMac to deliver the service. In answer to parliamentary questions lodged by Peter Peacock, the minister said that he has the money to provide the route. I welcome that. The beauty of the proposal is that it would add a service and vessel that would run alongside the current service between Barra and Oban. As I love to visit Barra and therefore recognise the community's requirement for good transport links, I wish to ensure that its needs are fully accounted for and suggest that doing otherwise would cause division between communities and pit them against each another.

**Stewart Stevenson:** Will Rhoda Grant clarify in which answer I suggested that I have all the necessary money? I am certainly working actively with Stòras Uibhist and the Western Isles Council to improve communications by ferry to Lochboisdale, but I am not sure that I have written any blank cheques recently.

**Rhoda Grant:** That is not my understanding and I will certainly communicate the answer to the minister so that he can look it up with his officials.

The proposal would also offer more choice to people in Barra, who would have an alternative to use in bad weather. As I have visited the area and had holidays cut short—indeed, I have had to travel to Barra via Uig in Skye—I would really welcome the new service. I hope that the minister will work with the community to introduce it.

We need to find ways of developing routes outside the tendering framework. I welcome what the minister has said today, but many different arrangements need to be put in place, especially to cover bad weather, so that ferry services can be provided outwith the normal timetable. I hope that that will be dealt with both within and outwith the tendering process.

I could not speak without mentioning the road equivalent tariff. The committee report states that there was little consultation on the pilot's implementation. If the RET pilot is a true pilot, what is it being gauged against? In his intervention on Liam McArthur, Alasdair Allan admitted that the scheme would be unworkable in the Shetland Isles, so why is it being piloted? In its inquiry into the future of Scotland's hills and islands, the Royal Society of Edinburgh stated that the Government should review the means of supporting ferry services from the mainland to islands other than the Western Isles so that they can have a scheme that is similarly advantageous to that for the Western Isles. No one is arguing that the Western Isles do not need a cheaper ferry service; we are arguing that all island communities need to be treated equally.

There are many other issues that I want to discuss, but I will conclude by dealing with European policy. We need to examine the issue more closely. For example, the EU provides less favoured area support to farmers and crofters who operate on the periphery, which should be used to offset their natural disadvantage. Nowhere is more peripheral than our islands. Given that the public service obligation subsidy cannot be used for freight or animal transportation, surely we could use some of the LFA money to discount the freight services that farmers and crofters use for supplies and stock transportation. As the EU acknowledges and tries to alleviate the difficulties that farmers and crofters who work in our rural areas experience, surely it must recognise that business experiences the same disadvantage. Would the EU prevent a Government from attempting to mitigate such disadvantage? I think not.

The debate has many facets, but it is clear that the ferries are a tool for keeping disadvantaged communities together. To lessen that disadvantage, ferries must be provided in a way that best suits those communities' needs. All islands must be dealt with equally, and ferries should be used to address their natural disadvantage. In seeking to do so, this Government has built resentment in island communities. The solution is in the Government's hands, and I hope that it will address the issues that I have raised.

16:07

**Kenneth Gibson (Cunninghame North) (SNP):**

I thank the committee for an excellent report and for coming to the island of Arran in my constituency to take evidence. In that regard, I thank Mr Rob Gibson, Mr Gordon and the committee clerks, in particular.

People who do not use ferry services have been mentioned, but over the past 29 days I have been to Arran six times and to Cumbrae twice—I am becoming what is called on the islands, on which I have some 6,500 constituents, a ferry lowerer.

We have heard about RET and political expediency. If political expediency is being deployed I would like some of it to come my way, as I am the member with a wafer-thin majority of only 48 votes. Alasdair Allan has a thumping majority of 687 votes, despite having an electorate that is a third the size of mine. I would like to think that if politics had been involved, the minister would have given an RET scheme to my area rather than to Mr Allan's. The fact that my area did not receive such largesse is perhaps a tribute by the minister, the SNP leadership and possibly even the great helmsman himself to my ability to retain the constituency.

Displacement has been mentioned, but I am not too convinced by the argument that has been deployed; I do not think that many people will cancel their day trip to Millport in order to nip up to Stornoway for the day.

Many issues affect my constituency. All the ferry routes to and from Arran are essential and need to be enhanced. Even though the island is becoming increasingly popular as a tourist destination, it is served by only two main routes—Brodick to Ardrossan and Lochranza to Claonaig. Given its location, it could be a stopping-off point for new routes to Kintyre and/or Ireland, and a gateway to points north and south, such as those on the Highland whisky trail.

The timetabling of services to Arran is not optimised; islanders believe that the Brodick to Ardrossan run should be cut from 55 minutes to 40 minutes, which is quite possible and well within the capacity of the MV Caledonian Isles. That would allow a much more frequent service to be provided.

The Lochranza to Claonaig ferry is greatly valued on Arran, probably because it is very rarely disrupted by adverse weather, which had an impact on the Brodick to Ardrossan route on 95 occasions during the past year, but it is very small and can take only a few vehicles and a dozen passengers. A bigger boat is needed, and islanders would like to see an enhancement of the service in winter.

CalMac officials have stressed how the lack of capacity and infrastructure on Arran limits the number of travellers and vehicles that can arrive on the island. Infrastructure is therefore of key importance, as is the Ardrossan rail link, which needs to be exploited more. There are concerns at ScotRail's lack of flexibility if the ferry from Brodick arrives late.

Charlie Gordon touched on integration with buses and trains. I note from the report that only 5.8 per cent of people who responded believe that it is good. The anomaly whereby Transport Scotland integrates buses and trains but not ferries should be ended. Ferries should be included.

The port of Ardrossan is not currently fit for purpose. It requires substantial investment if it is to become a port of refuge during poor weather. It must become an all-weather port with a deep linkspan. Also, the young Scot discount, which gives young people one third off bus and train fares, should include ferry fares. Young people currently receive only two return tickets per year.

Of course, it is expensive to take cars to and from Arran and Cumbrae and island residents need a discount. On Cumbrae, where most islanders already benefit from free fares because of the large elderly population, there is a view that other islanders should be entitled to much greater discounting of tickets, particularly for cars. Islanders are not necessarily keen to see more cars on their islands—bicycles yes, cars no—but they believe that there should be a reduction in the price. CalMac is losing out on a possible revenue source because many residents who commute—approximately 80—leave their cars in Largs overnight, which is less secure, rather than pay a small fee to travel.

Des McNulty took my name in vain, so I have to respond to some of his comments. I really cannot let him get away with some of the nonsense he talked about Labour's alleged proposal to reduce ferry fares by 40 per cent, which of course was not done during the eight years in which Labour and the Lib Dems were actually in power. As I recall, during the three months of the Scottish Parliament budget process for 2008 to 2011, not one Labour MSP, Des McNulty included, tried to amend the budget in committee or in the chamber to implement that fantasy 40 per cent reduction, let alone say how it would be funded. The 40 per cent thing was a back-of-the-envelope attempt to hold on to the Western Isles. The Labour party did not realise that the Cunninghame North seat was at risk—shame on them—and CalMac was neither told nor consulted about the 40 per cent decrease.

Earlier this year, Mr McNulty got himself into something of a fankle regarding a supposed price hike. He said in *The Herald* that it was shameful

that prices on the Clyde went up more than 20 per cent. What he did not know, and what was pointed out to him, is in the following quotation from Hugh Dan MacLennan, CalMac's director of communications at the time.

"I simply do not understand Mr McNulty's analysis of our fares structure and I genuinely do not recognise the figures quoted. They bear no relation to anything in CalMac's books. There is no increase anywhere even approximating 20%. The 1.8% increase was announced on 10 October, widely publicised and extends across our entire network of routes ... Mr McNulty seems to be comparing winter rates before the increase with summer rates after it. This is a wholly invalid comparison. Winter rates should be compared with winter rates and likewise summer with summer".

If Mr McNulty is going to get involved in fares issues, he should try to find out about what he is talking about first and then he would not make a fool of himself in public.

16:13

**Mary Scanlon (Highlands and Islands) (Con):**

I hope that I do not make a fool of myself in public either.

I put on record my utmost respect for all the crews who work our ferries around Scotland and provide a vital lifeline for businesses, families and tourists all year round. They do so in weather conditions that would bring fear and trepidation to many of us. I have even more respect for them following a 15-and-a-half-hour journey from Aberdeen to Lerwick earlier this year; like Liam McArthur, I still have not found my sea legs.

The taxpayer's subsidy for ferries to the northern isles is questionable. No private business in a competitive market would continue to exist with operating costs that rose from 22 per cent in 1991 to 62 per cent in 2007. Although the Lib-Lab coalition and now the SNP Government have seemed content to throw taxpayers' money at NorthLink, Andrew Banks of Pentland Ferries is running an excellent service at a lower cost to travellers and businesses, without a penny of Government subsidy. He is buying boats and building harbours and linkspans himself. Orkney Islands Council and the Scottish Government gravely underestimated the grit and graft of the Orcadian when they presented him with every obstacle possible. However, despite them, he has succeeded; he has managed to overcome the obstacles, although Orkney Islands Council succeeded in delaying the operation of the crossing and making it cost more money.

It was mainly Orcadians who set up the great Hudson's Bay Trading Company, and such enterprising initiative still exists in Pentland Ferries today. The company is helping to increase tourism to Orkney, and it allows day trips in both directions

at prices that people can afford. Like Jamie McGrigor, I am going to quote SNP councillor Roy Pedersen, who said:

“While Andrew Banks was applying every ounce of his energy, enterprise and ingenuity to set up, launch and operate Pentland Ferries without any help at all from the public purse, a chain of events was unfolding at the western end of the Pentland Firth in which vast and ever vaster sums of public money were to be poured into propping up an ill-conceived rival ferry service.”

That was the SNP speaking. It is unusual for the SNP to acknowledge and commend private enterprise, but I commend Highland councillor Roy Pederson for doing so.

**Patrick Harvie:** Will the member take an intervention?

**Mary Scanlon:** No, I have quite a lot to say.

When I was preparing for this debate I lost count of the tens of millions of pounds of subsidy, but I did note that one written parliamentary answer said that a planned £29 million subsidy was increased to more than £60 million between 2002 and 2005.

Not only did the new NorthLink ships cost £30 million each, they use three times the fuel of the Pentalina, run by Pentland Ferries. It is difficult to understand the retendering process in 2005 when the minister responsible for transport announced a short list of three shipping companies that were invited to bid for the northern isles ferry services—V Ships, Irish Continental Group and CalMac. As we know, CalMac was wholly owned by the Scottish Executive and a 50 per cent stakeholder in NorthLink. All other bidders were excluded on the ground of poor financial performance, but state-owned NorthLink was included although the Scottish Executive had paid out £63 million because of NorthLink’s inability to meet the financial obligations of its contract. It is not surprising that the SNP—then in opposition—called for the matter to be investigated by the Auditor General.

Why was NorthLink—CalMac—invited to bid although it had failed to meet the financial obligations of its contract when others were excluded on the basis of poor financial performance? I go back to my friend Roy Pederson, the SNP Highland councillor, who described the tendering process as

“crass inequity, inefficiency and extravagance”

in contrast to the profitable, unsubsidised Pentland Ferries.

I appreciate that the SNP Government refuses to work with the private sector in health care, but I hope that it will not be so blinkered in relation to ferry services. A new, purpose-built catamaran has been ordered by Andrew Banks of Pentland

Ferries for the Gills bay to St Margaret’s Hope crossing, and I hope that the SNP Government—with the unique, entrepreneurial skills of Stewart Stevenson, the Minister for Transport, Infrastructure and Climate Change—will take a fresh approach to the provision of a quality service, an efficient and environmentally friendly service, and a service that provides value for money for the taxpayer, by recognising the contribution of the private sector as well as the public sector provision.

16:19

**Alasdair Allan (Western Isles) (SNP):** I commend the Transport, Infrastructure and Climate Change Committee for the work that it has done in its excellent report on ferry services in Scotland. Given the obvious importance of the issue to my constituency—I represent 15 inhabited islands containing 26,500 people—I have a personal interest in it. The Western Isles have five mainland and two internal ferry routes, all of which are operated by CalMac. The committee’s report is welcome not only for the light it shines on public ferry services, but for the welcome it gives to the Government’s review of ferry services.

It will come as little surprise to Parliament to hear that I welcome the introduction in October of a road equivalent tariff on every mainland route to the Western Isles, Coll and Tiree. People in the islands have been waiting for such an initiative for the best part of 40 years. I am glad that their wait will be ended in around five weeks’ time.

**Alison McInnes:** I am interested to know how Alasdair Allan would respond to the concerns of Ken Duerden, of ZetTrans, over the introduction of the RET only in the Western Isles. Mr Duerden told the committee:

“The non-pilot routes are at a disadvantage when it comes to perception. Given that occasional users and users who can choose their destinations will view the pilot routes as cheaper, they will be more likely to go where those routes take them. There will be a swing—especially of tourism, and possibly even of inward business investment—away from the non-pilot routes.”—[*Official Report, Transport, Infrastructure and Climate Change Committee*, 28 April 2008; c 607.]

**Alasdair Allan:** It is worth noting that the opposite effect has been observed in past years, when tourists who would have come to the Western Isles have not done so simply because it is massively more expensive to get to the Western Isles than to Skye, Mull or Islay. For a long time, the Western Isles have suffered from a lack of investment in their tourism industry. It is only reasonable that that situation should be rectified through the introduction of an RET that recognises the importance of tourism. I hope that the RET will do that.

I make no apology for supporting the Western Isles as the most obvious area for the pilot scheme to take place. Indeed, such a scheme was promised in the SNP's manifesto before the election for—despite various innuendos to the contrary—very good reasons, not least of which is the fact that incomes in the Western Isles are dramatically lower than those in most other parts of Scotland and significantly lower than those in other island groups.

Some members have made comments that have ranged from the plain silly to the grudging. Mr McNulty talked about my leaving the chamber, despite the fact that he was absent for three speeches himself. More important, we have heard members accuse the Government of political expediency. The people who made those comments can in no way be accused of political expediency. The Western Isles is a place of famously long memories, and I can tell those members that their party's comments are already being noted, recorded and talked about by the fireside.

It is in no way to denigrate the specific and considerable needs of island communities elsewhere to recognise that the Western Isles are in desperate need of economic regeneration. The Western Isles face the prospect of further depopulation unless the costs of living and doing business there are significantly reduced. It is not to take anything away from the needs of other island communities to say that RET is also particularly appropriate for a community that currently pays more per mile for its ferry services than is paid practically anywhere else. This new initiative—which was broadly welcomed by the committee—will help to make the economy of the Western Isles much more competitive with that of the mainland, with every islander and visitor benefiting from drastically cut ferry fares.

**Liam McArthur:** Listening to what Alasdair Allan is saying, it is hard not to draw the conclusion that RET is not a pilot scheme, as has been suggested by the minister, so much as a means of providing structural support to an economy that we all understand is going through challenging times.

**Alasdair Allan:** There is no doubt that part of the purpose of the pilot scheme is to monitor the economic effects of a reduction in ferry fares. I wish to take nothing away from the needs of other island communities; however, by definition, a pilot project must be tested somewhere. We are living up to our manifesto commitments and going beyond them in testing the scheme not only in the Western Isles, but in two other islands as well. Every islander and visitor who benefits from the scheme will notice the benefits that it brings to the community.

The report also points to other areas of concern to all ferry users. Recently, I found a note in my diary, written by my parliamentary assistant, that said I should get from Leverburgh to my home in the north end of Lewis by hitchhiking. I hope that any member who has had to hitchhike 50 miles across their constituency will understand how poor the connectivity is between different modes of transport in the Western Isles.

If one lesson can be learned from this report, by the Government and the rest of us, it is that the connections between ferries and other forms of transport in our islands must be improved.

I welcome the committee's report.

16:25

**Jim Tolson (Dunfermline West) (LD):** It is my pleasure to sum up for the Liberal Democrat team in my first debate as depute spokesperson on local government and transport. My colleague, Alison McInnes, a current and former spokesperson on transport, is more familiar than I am with the key issues regarding ferry services, but I have to say that, having read the Transport, Infrastructure and Climate Change Committee's report on ferry services, I have had my eyes opened to the needs of our island communities.

We must ensure, as far as possible, that the Government accepts the committee's report. It contains a number of sensible recommendations based on evidence from a number of sources that was heard in the Parliament and, crucially, when the committee visited the islands and spoke directly with ferry users, which enabled it to get a feel for the situation on the ground—or on the sea, as was more often the case.

Although the loss of the ferry service between Rosyth and Zeebrugge is not within the scope of the committee's report, I have to mention it in the context of the report's findings. Further, although I am the constituency member for the Rosyth waterfront area, which includes the ferry terminal, I would like to raise my comments in the context of the Scottish significance of the Belgian route.

I remember the build-up to and the arrival of the new ferry service and how uplifting the prospect was for the Scottish economy. Although rumours about its withdrawal have abounded in recent years, they seemed groundless until just a few months ago, but this Saturday, 14 September 2008, we will see the last sailing from Rosyth of the Superfast ferry.

I have lodged a number of parliamentary questions for the minister and, although I am not wholly satisfied with his answers, I am convinced that he and others, including Forth Ports, have been trying to attract another operator to this

critical route. Scotland needs better transport links to Europe, and this route is vital.

One of the most important points in the committee's report is about the lack of investment in the Scottish ferry fleet. It is not just a problem with large operators such as CalMac; it is also a problem with small private and public owners. The matter was most clearly raised in the evidence given by Peter Timms, the chairman of David MacBrayne Ltd. He stated:

"We have one vessel on order which is not due to be delivered until 2011. The calculations are not rocket science: if we have 30 vessels and each of them has a 30 year lifespan, we should be replacing one a year".—[*Official Report, Transport, Infrastructure and Climate Change Committee*, 13 May 2008; c 708.]

That just goes to show the urgency with which the Government needs to address this problem.

Ferry services are lifelines to some of the remote communities in Scotland and need protecting if they are not commercially viable. So far, the road equivalent tariff has been introduced in the Western Isles by the Scottish Government. What about the other remote areas and islands? Do they not deserve similar help? The northern isles and Argyll islands have been excluded. Their businesses will be at a competitive disadvantage once the cheaper fares in the Western Isles are implemented in October. The SNP's attempts today to defend its position have failed.

There are a number of short-term recommendations in the report, including improving timetables, customer service and co-ordination between ferries, buses and trains, and consulting ferry users. Implementing those recommendations will improve the service greatly for the customer and will most probably increase usage of the service, which makes good business sense.

I thank Patrick Harvie for opening the debate on behalf of the committee. He has certainly demonstrated that the committee has produced a good report, the recommendations of which deserve to be taken on board by the Government.

Stewart Stevenson talked about the comprehensive review of ferry services, which I welcome, and said that evidence will inform the review. There is plenty of evidence for him in the committee's report, and I hope that he will take more than just a review from it. He also mentioned the winter timetable, which is a key point, and the carrying of bicycles for free, which we welcome. He mentioned working closely with other operators with regard to the Rosyth to Zeebrugge ferry service, to get a new route up and running as soon as possible. I look forward to hearing his announcement on that in the very near future.

Des McNulty highlighted the treatment of ferry users from Argyll and the islands and made significant comments—as did other members—about RET, but the tone of the debate turned slightly negative when Alex Johnstone got to his feet and tried to blame Nicol Stephen and Tavish Scott for some of the problems.

**Alex Johnstone:** Shame. Shame.

**Jim Tolson:** It is maybe shameful—that is true.

We are left in the unusual position of being investigated by the EU, but Alex Johnstone highlights his lack of knowledge on the ferry issue. Tavish Scott helped secure lifeline services for many Scottish islands. Alison McInnes mentioned a number of key points, including the constraints that islanders experience every day in relation to health, leisure and schools; the poor service; the ageing vessels and the unnecessary expense of overnight stays in hotels.

The report calls for a national ferries strategy to deliver a network of routes that will meet the needs and promote the sustainability of the communities that rely on them. The Scottish Government's forthcoming ferries review will, I hope, manage to secure the long-term future of the ferry network, and I hope that the minister will take on board many of the comments that members have made today.

16:31

**Gavin Brown (Lothians) (Con):** The subject of ferry services in Scotland was an important choice for an inquiry by the Transport, Infrastructure and Climate Change Committee because, as we have heard from many members today, those services provide a lifeline for the communities and economies of many of our islands. The report is particularly strong, as a number of members have said. It is comprehensive and covers a wide array of evidence—Patrick Harvie told us that there were 110 responses to the call for evidence—and it has come up with short, medium and long-term proposals.

I will focus on a couple of points from the debate. First, the minister said that 13 timetabling changes had taken place following a meeting with the main board of David MacBrayne Ltd. Those changes are to be applauded, and I am sure that they will make a difference. However, the important point about inflexibility is that we should not need a nine-month, 300-page committee report and a ministerial meeting to get timetable changes for our ferries. I hope that that lesson is learned, so that we have a much less strict approach in which changes can be made in a much simpler fashion.

Alison McInnes spoke, from the Liberal Democrat point of view, about keeping ferry structures together—or, in effect, keeping them nationalised—because she was concerned about the danger of communities being left isolated if the private sector was allowed in. Although I empathise with her position, we have to consider areas in which the private sector has been allowed in, to which my colleague Mary Scanlon referred. Liam McArthur praised the private sector service in his constituency. We do not need to be as worried as Alison McInnes suggests.

Alison McInnes said that ferries are not like buses in that there are no ferry operators waiting in the wings, but there might well be, as we are an extremely entrepreneurial country. The Clyde and Hebrides tender was somewhat botched but, at the beginning of the process, before there was any political interference, there were nine expressions of interest. That was for a contract of some size; if we had unbundled the contract slightly, we might well have had more than nine. We do not need to be afraid.

**Patrick Harvie:** It is obvious that there will be a range of views on the role of the public and private sectors, and I understand the points that Conservative members have made in that context. However, is the member aware of the serious concerns of some committee members in relation to the evidence on issues such as disabled access? Some of the smaller private sector operators appeared to regard disabled access as not their problem and not an issue for them to deal with. That phenomenon can also be seen in some of the smaller private sector bus operators. Should not the advocates of greater private sector competition come up with some constructive answers on those issues, rather than simply arguing for competition on principle?

**Gavin Brown:** All operators are required to comply with the disability discrimination legislation. Of course private operators should be held accountable in the same way as public operators for the services that they provide. It is also important to note that we are not suggesting that routes should be put out to tender individually. If they were, there is a danger that private operators might cherry pick routes and not take a share of the pain.

We do come to the debate with answers. We propose the debundling of routes. For example, with the Clyde and Hebrides services, we propose the creation of a number of different contracts. More profitable routes should be bundled together with some routes that are not as profitable. Were that to happen, we envisage that CalMac would win some of the contracts but not others. As a result, we would have a better structured ferry service.

I note the minister's comment that he broadly supports the current structure, but he made it clear that he is not closing the door to what we propose. I think that he sees some merit in competition, change and commerciality. We certainly welcome his response to Jamie McGrigor's question about involving the private sector in the consultation.

The report contains many excellent ideas. It attacks the slow pace of change and the lack of leadership in the industry. Alex Johnstone expressed his concern about the age of the fleet and Patrick Harvie was right to ask whether we should have smaller, speedier, more fuel-efficient craft, which would be far more effective. One point in the report that jumped out at me is that the ferries and trains have different dates for the start of their winter timetables. Surely we do not want services that were integrated one day to be out of kilter the next. We can sort out that problem quite easily.

The committee is also right to point out the lack of flexibility in contracts. Service contracts should not be as prescriptive as they are. If they continue to be prescriptive, we will need committee reports and ministerial meetings to sort out the problems.

In conclusion, the previous changes were a missed opportunity. We need innovation and flexibility and we must focus on the needs of ferry users. In the short term, we need better timetabling and more flexible contracts. In the longer term, we need an unbundling of the network.

16:37

**David Stewart (Highlands and Islands) (Lab):** The debate has been an excellent one with incisive, stimulating and well-informed contributions across the political divide. As a member of the Transport, Infrastructure and Climate Change Committee, I confess to being one of the guilty parties who pushed for a ferry inquiry, although I regretted having done so when one of our number came down with a bad case of seasickness on the NorthLink ferry en route from Aberdeen to Lerwick. Nevertheless, I echo Patrick Harvie's comments and thank the committee clerks, witnesses and operators for their help, insights and understanding. I also echo the points that committee members made earlier about the high degree of professionalism that was exhibited by the ferry crews whom we encountered during the inquiry.

I have taken from this afternoon's debate the fact that we need a national ferry strategy if we are to break away from the Cinderella-service feel and atmosphere that ferries have in the transport family compared with road, rail and aviation. Ferries play a crucial role in stimulating economic

development, attracting inward investment, sustaining indigenous jobs and providing lifeline services. Many members made that point, including the minister, Liam McArthur and Rhoda Grant.

The mantra of better integration of different modes of transport has echoed through the lecture halls of every transport conference in history but, as we heard from Gavin Brown, we have a system that cannot co-ordinate the end of summer timetables for bus, rail and ferry services and the beginning of winter ones, so the ferry sails into Oban just as the train departs. Surely a Scotland that has the ingenuity and imagination to discover penicillin, radar and electromagnetism has the wit to get transport systems to talk to one another.

That is why the committee recommended that public sector ferry services be placed under the remit of Transport Scotland in a new maritime division. I regret that the Scottish Government could not support such a move, which would have aided integration and helped us to develop better co-ordinated services throughout Scotland. However, in fairness, I recognise that the Government has accepted a number of other recommendations.

There are, regrettably, too many examples of unco-ordinated services. Indeed, in one example that I have seen for myself, Dunoon's multimillion-pound linkspan and car marshalling area, built at public expense, lies vacant because the 30-year-old CalMac ferry from Gourock to Dunoon cannot use the linkspan.

What I have picked up from the debate and from evidence sessions has been, first, the need to develop new routes, about which Charlie Gordon was very articulate; the need to increase the speed of vessels; the need to improve the frequency of services, as mentioned by Alison McInnes, whom I welcome to her new post in the Liberal Democrats' shadow cabinet; the need to utilise vessels better; the need, as Alison McInnes and Jamie McGrigor made clear, to allow for greater commutability—if such a word exists; the need for a common design of vessels with greater automation to make utilisation easier; the need to upgrade piers to ensure a quicker turnaround in harbours; the need both to innovate and to provide greater capacity by using leased vessels in peak summer months; and the need to cut the time for commissioning new vessels. I realise that there is a world shortage in engine manufacturing but, with China coming on stream, there will be greater capacity in the world market.

The debate has been wide ranging and time does not allow me to mention every speech or cover every issue. However, almost every member, including Des McNulty, Alex Johnstone, Patrick Harvie and Rhoda Grant, raised the

subject of RET. The pilot study matched "War and Peace" in its length and there was outrage from many constituents, particularly those in Argyll and Bute, who missed out on it. Indeed, one such constituent, Andrew McGregor from Colonsay, wrote:

"To leave the routes to Mull, Colonsay, and Islay out of the scheme while including all other long-haul Hebridean routes is highly discriminatory and will distort competition in the tourist trade between the islands."

I suppose that a number of unanswered questions remain. For example, who in the public sector is responsible for locating gaps in the market and providing additional service? What, as Rob Gibson, Mary Scanlon and Alex Johnstone wondered, is the future role for private sector companies such as Western Ferries and Pentland Ferries, which has just set up the new Gills Bay catamaran service? As subsidy will be crucial to many, if not most, lifeline routes, we need to find out what determines whether state aid is illegal. Is subsidy EU-proofed as long as it matches the terms of the EU Altmark ruling? Are tenders always required and, if so, are public service obligations necessary? Are they, as Professor Neil Kay observed, a form of driving licence?

Although the EU investigation might provide some answers, it might well pose more questions for the industry. In that respect, I welcome the Government's lifeline ferry services review, which was a commitment that was made in the previous Administration's national transport strategy. Although the minister has outlined the various issues that the review will cover, will he confirm in his winding-up speech that an assessment of the use of hydrogen fuel cells for future vessel acquisition will also be considered?

We need to aim for a dynamic and responsive industry that not only reacts to consumer demands but predicts future trends. It should be not just a transport system but a crucial driver in the rural development of our island communities and beyond.

16:44

**Stewart Stevenson:** First, I welcome the fact that the number of Liberal Democrats shadowing me has doubled. I obviously presented a challenge to the previous single shadow spokesperson. I wish Ms McInnes and Mr Tolson well in their roles and every success short of actual victory.

The committee's report is a substantial piece of work that deserves a substantial debate in Parliament, and all who have participated this afternoon have made a substantial contribution to that debate. In the time available, I will try to pick up as many as possible of the points that have

been made. I apologise if I do not cover them all, but there were a substantial number. Members can talk to me afterwards if they wish to pursue anything.

It is important to pick up Patrick Harvie's point about faster ferries, which was raised in a number of contributions. With faster ferries, there is a tension with the climate change agenda and the cost of fuel. Cutting a single knot off a vessel's steaming time can save as much as 10 per cent of the fuel bill, with a corresponding reduction in the carbon impact. Yes, we want more efficient vessels, but not necessarily in a way that will compromise other agendas. We will have to consider the subject carefully. I do not take a particular view on that at this stage, but it is important to put it on the record to inform all our thinking as we proceed.

Des McNulty made much of the 40 per cent discount scheme, which might have been thought up by the Labour Party in the immediate run-up to the election. Certainly, no steps were put in place to implement it. I do not apologise in any way for the road equivalent tariff scheme being an economic scheme. Of course it has huge social benefits, but it is central to the Government's purpose to improve the economy of Scotland.

Rob Gibson put the air discount scheme into context when he said that it was an excellent scheme for getting people off the islands to spend their money elsewhere. The road equivalent tariff scheme is based on getting more people on to the islands to spend their money there. We will of course monitor pilot and non-pilot routes to establish whether RET has had an adverse impact on areas that are not included in the pilot. We will do that on a monthly basis, with quarterly reporting, too.

In the Scottish Parliament information centre briefing that was made available to all members it is calculated that the subsidy to CalMac over the period 1996 to 2006 was only two thirds of the increase in the subsidy that went to the northern isles ferry service. One could argue that there is a rebalancing implicit in some of the RET interventions.

Alex Johnstone talked about unbundling and showed his enthusiasm for breaking up the network. Gavin Brown was correct to point out the risks of going down to route level. The review that we are undertaking is the opportunity to test the arguments on both sides. I remain someone whose instincts are to keep a single network and to keep CalMac as a fundamental player in it. However, I will be driven by the evidence and I want the review to test the arguments. The door is not shut, but it is not my hand on the handle that is opening it to changes, because I am coming from another direction.

Alex Johnstone made some points about the increase in subsidies. That has been driven by successive Administrations' agendas to seek to improve ferry services and the quality of the journey. Generally, that has meant bigger vessels with more capability, which are more expensive to build and operate. It is not surprising, and neither should it be a matter for adverse comment, that costs have risen.

This minister—and, I am perfectly content to accept, other ministers—has sought to put the users' and the communities' interests at the heart of ferry policy over a significant period.

Alison McInnes raised the issue of integration. I am happy to say that Transport Scotland and the relevant transport providers are considering what can be done to improve integration. If this were a subject for which there was a simple intervention, previous ministers would have made such an intervention. Each minister can make a contribution. We are seeking to provide further integration.

I will illustrate some of the difficulties that exist. Can anyone find the one sign at Waverley station that tells people where to catch a bus? There is one, but it took me six months to find it. Of course, I do not have responsibility for Waverley station—Network Rail does. I think that I have got the matter sorted, by the way. That is an example of how detailed interventions can often be required.

I should have said that the road equivalent tariff is a key benefit to businesses as well as to individuals.

Jamie McGrigor made several remarks, one of which related to Colonsay, and, in his closing speech, David Stewart quoted Andrew McGregor of Colonsay. I gently point out that the introduction of the air service from Oban to Colonsay is a significant investment in the island's infrastructure and a significant financial contribution to Colonsay's future economic health. I say that not to take anything away from ferry issues, but to point out that Colonsay has not been wholly ignored or neglected.

I thank Jamie McGrigor for adumbrating his oral parliamentary question for tomorrow; I will rewrite my response to it when I remember what it is. I take on board his comments about livestock, which are important.

I noticed that Liam McArthur wanted to compete with Alasdair Allan and got his blow in first; Liam McArthur has 18 inhabited islands, whereas poor Alasdair Allan has only 15, but ho-hum—there we are. Alyn Smith MEP's intervention, which he discussed with me beforehand, was helpful. Like him, I thought that it was time for the EU to put up or shut up. I hope that the issue will be laid to

rest—it is important to do that. I confirm that my officials are talking to Orkney Islands Council.

I heard in the debate the longest advert for a private sector company that I have heard in my seven years in Parliament. It is clear that Pentland Ferries has a doughty advertising agency in Mary Scanlon.

I have travelled on many ferries throughout my life, several of which no longer operate, such as the service from Inverness to Eilean nam Muc; the Balblair service in the north of the Black Isle; the Kylesku free ferry, which has been replaced by a bridge; and the Connel ferry bridge, which was a railway bridge that was called a ferry.

Ferries are important to communities throughout Scotland. Being a part of the debate has been a privilege. I thank all who contributed to it. The Government has food for thought and I congratulate the committee.

16:52

**Cathy Peattie (Falkirk East) (Lab):** I thank our committee clerks and back-up teams for their commitment, hard work and patience throughout our inquiry.

The debate has highlighted the vital role that ferry services play in our island communities' economic and social lives. The committee's report concluded that

"ferries represent much more than simply a transport link."

They

"play an active role in promoting diverse communities and encouraging families and young people to live on our islands"

and

"They help promote inward investment in these communities to sustain their economic well-being and development."

The report contains key messages that the debate has reinforced. We have heard several interesting speeches. I cannot cover them all, but they raised lots of ideas, such as connectivity, the European inquiry, the importance of PSOs and an increase in services. The committee received information from many people, which I will speak about.

In closing the debate on the committee's behalf, I will say a few words about our inquiry, which—as other members have noted—was a substantial and wide-ranging piece of work. It was the first major inquiry in the Scottish Parliament into ferry services. The committee heard from almost 50 witnesses at seven public committee meetings. We received 100 written submissions and more than 330 people took part in online surveys. We publicised our call for views by placing leaflets in

English and Gaelic on board ferries throughout Scotland. We were certainly not short of information or suggestions on how to improve ferry services. The committee felt that it was important to hear at first hand from ferry users, trade unions and other stakeholders. In that respect, our inquiry was a good model of how to engage with the public.

The committee travelled outwith Edinburgh as much as possible. As we heard from the convener, committee members travelled to Oban and Shetland, arranged informal meetings and visits on Arran and in Mallaig, Gourrock and Dunoon, and held videoconferences with ferry users on Orkney, Barra, the Uists, Tiree and Lewis. I thank all the individuals and organisations who made time to give the committee their views, informally or formally. The number of views that we received is testament to the passionate opinion of ferry users on the use and future of ferry services in Scotland.

A key area on which the committee made important recommendations is accessibility. Members know of my long-standing interest in the issue. During the time that I was convener of the Equal Opportunities Committee, the committee examined in some detail accessibility, including in terms of public transport, and published its findings in the report "Removing Barriers and Creating Opportunities". A key recommendation of that report was:

"that the Scottish Executive develop a coherent and comprehensive strategy for achieving equality of mobility for disabled people across Scotland."

The committee made strong recommendations in its report on the accessibility of ferry services. We said:

"The Committee ... considers it essential that the accessibility of ferries is treated as a priority issue by the Scottish Government and that the pace of improvement in this area increases",

before going on to recommend

"that the Scottish Government fully integrates accessibility issues as part of its forthcoming ferries review and identifies scope for bringing existing ferries and infrastructure up to modern standards wherever possible."

I am pleased that the Scottish Government has agreed to include accessibility within the scope of its review. I hope that public transport users and MACS will form part of the steering group, so that the views of disabled ferry users can be made.

The Scottish Government told the committee that it will identify the

"scope for bringing existing ferries and infrastructure up to modern standards wherever possible",

but warned that

“modifications to existing vessels to improve access may in some cases be impractical.”

We recognise the challenges that many vessels, ports and landing stages present, but more should be done to improve accessibility of ferry services.

I turn to the ways in which I believe the inquiry has been a success. We recommended that the Government give a specific timetable for completion of its review. I am pleased that it has done just that. The report has also helped to shape the remit of the Government review. I will give just one example. We recommended that the Government consider the introduction of faster and more fuel-efficient ships and catamarans. I am pleased that it has included those proposals in the remit for the review and that it has taken on board a number of our other proposals. The review will also take account of the substantial written and oral evidence that we received. Most important, I believe that we have put ferry services firmly on the political agenda, given our demand in the report for the Scottish Government to adopt a bolder and more strategic approach to the subject.

The report sets out a clear vision for the future of ferry services in Scotland. We drew heavily on the views that we received from local communities and we made clear recommendations for the action that is needed to deliver service improvement. The Scottish Government has made a positive response to many of our proposals. Our role is now to monitor the work of the review to ensure that the Government fully meets the needs and aspirations of ferry users throughout the country.

## Business Motions

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-2520, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 17 September 2008

2.00 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Ministerial Statement: Scottish Ambulance Service

*followed by* European and External Relations Committee Debate: 3rd Report 2008: Inquiry into International Development

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 18 September 2008

9.15 am Parliamentary Bureau Motions

*followed by* Scottish Government Debate: Hill Farms and Less Favoured Areas

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm Themed Question Time  
Education and Lifelong Learning;  
Europe, External Affairs and Culture

2.55 pm Economy, Energy and Tourism  
Committee Debate: 6th Report 2008:  
Growing Pains - can we achieve a  
50% growth in tourist revenue by  
2015?

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 24 September 2008

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Scottish Government Business

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 25 September 2008

9.15 am Parliamentary Bureau Motions

*followed by* Scottish Government Business

11.40 am General Question Time  
 12 noon First Minister's Question Time  
 2.15 pm Themed Question Time  
 Health and Wellbeing  
 2.55 pm Stage 3 Proceedings: Judiciary and  
 Courts (Scotland) Bill  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business.—[*David  
 McLetchie.*]

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of business motions S3M-2522 and S3M-2521, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, on the completion date for stage 1 of the Damages (Asbestos-related Conditions) (Scotland) Bill and the completion date for stage 1 of the Sexual Offences (Scotland) Bill.

*Motions moved,*

That the Parliament agrees that consideration of the Damages (Asbestos-related Conditions) (Scotland) Bill at Stage 1 be completed by 6 November 2008.

That the Parliament agrees that consideration of the Sexual Offences (Scotland) Bill at Stage 1 be completed by 23 January 2009.—[*David McLetchie.*]

*Motions agreed to.*

## Decision Time

17:00

**The Presiding Officer (Alex Fergusson):** There is but one question to be put as a result of today's business. The question is, that motion S3M-2496, in the name of Patrick Harvie, on the Transport, Infrastructure and Climate Change Committee's report on ferry services in Scotland, be agreed to.

*Motion agreed to.*

That the Parliament notes the conclusions and recommendations contained in the Transport, Infrastructure and Climate Change Committee's 4th Report, 2008 (Session 3): Ferry Services in Scotland (SP Paper 138).

## Indian Chefs

**The Deputy Presiding Officer (Alasdair Morgan):** The final item of business is a members' business debate on motion S3M-2232, in the name of Brian Adam, on the shortage of Indian chefs in Aberdeen. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament notes that there is a shortage of Indian chefs in Aberdeen and elsewhere in Scotland and that the popularity of Indian food remains high, reflecting well on the appreciation of cultural diversity in our country; further notes the success of the Fresh Talent initiative in retaining overseas graduates, and commends consideration of a similar pilot scheme for Indian chefs in Scotland.

17:02

**Brian Adam (Aberdeen North) (SNP):** Chicken korma, beef dhansak, tikka masala, lamb madras—I am referring not to our First Minister's favourites from the curry house menu, but to authentic specialities of which we may see less and less in Scotland. Our local authentic Indian cuisine is under threat from new measures that are being poorly planned and implemented by the Home Office. The deadline for businesses to become registered sponsors of migrant workers is 30 November. I am informed that only around 200 of the thousands of businesses that were anticipated have signed up. The process gives the impression of being a complete shambles. Despite flashy advertising campaigns on the television, it is clear that something is amiss in the Home Office's methodology.

What we refer to as Indian cuisine comes from many parts of the south Asian subcontinent, including Bangladesh and Pakistan. I have met representatives of both the Bangladeshi and the Pakistani communities in my constituency in the north-east, and they are deeply concerned about the far-reaching effects that the new Home Office points system will have. The north-east Bangladeshi association informed me that more than 1,000 people are employed in the Indian food industry in the north-east. At the last count, there was a shortage in the area of about 65 trained chefs and kitchen staff from the subcontinent. I am confident that that shortage is reflected elsewhere in Scotland and the United Kingdom. The figure may now be considerably higher.

The fear of the association and many groups like it is that positions will not be filled by the specialised staff that they require. Skills in Indian cuisine are acquired through years of traditional cooking on location—in the home of the cuisine, using rather specialised cooking equipment. My colleague Mr Ahmad will tell us about some of the

technicalities, especially those relating to the tandoors.

Several groups put the case that I have outlined before the Migration Advisory Committee before it published its findings on shortage occupation lists. I am glad that, in the report that it published yesterday, the committee recognised that that is indeed the case, although I suspect that that is not enough, given the extremely high thresholds that are being set for people to be recruited and to be eligible to fill vacant positions.

One thousand employees in the Indian restaurant industry would account for a substantial input into the local economy. The figures will presumably be larger for Edinburgh and Glasgow, and the effects of the new system's introduction will go wider than just the Indian food industry. I have sought clarification on the issue from Westminster and the Home Office, but it is safe to say that the information that I was given was as clear as mud.

I was contacted recently by the British Hospitality Association, which informed me:

"currently, about 70 per cent of hospitality sector work permits are for chefs at NVQ/SVQ level 3 and above and the overwhelming majority of these chefs are from Asia, so it is important that this source is not reduced or cut off when the new Points Based System comes into effect at the end of November."

Some of my colleagues in other parties might wonder why we go to the trouble of debating what seems to be a reserved matter. The fact is that the figures involved are not small when it comes to potential shortages, and the impact on the industry will be fairly significant. The shortages will have serious financial implications for the industry and for the nation as a whole, which the Scottish Parliament and Scottish Government might well be expected to deal with.

My colleagues and I seek independence for Scotland, which would be the case in an ideal world, although colleagues in other parties might take a different view. We should realise the importance of our constitutional future, and immigration might well be a highly suitable subject for further powers to be devolved to Scotland. Our situation in Scotland is different from that in the rest of the United Kingdom. Scotland is not by any means full, and the number of immigrants coming to Scotland as a proportion of the UK immigration figures is absolutely tiny.

The British Hospitality Association has aired fears that, come the registration deadline of 30 November, which the Home Office has imposed, the supply of chefs will completely dry up. Having met groups from my constituency, it is clear to me that the Home Office needs to work rather more closely with local restaurateurs. Concerns are

higher, now that the Migration Advisory Committee has submitted that chefs are indeed a shortage occupation, which is due for special consideration under the new points system—but only if the chef earns more than £8.10 an hour after deductions for accommodation and meals. Folk may well take the view—perhaps rightly—that that is not a king's ransom, but the reality is that such chefs currently earn between £6.50 an hour and £7 an hour. The threshold has been set extremely high. It is very unlikely that the threshold as it has been set following the Migration Advisory Committee's consideration will address the shortages.

I have suggested to ministers north and south of the border that the fresh talent initiative is a good model—the motion makes that point—on which we might be able to build a solution. I hope that we can do that for skilled and semi-skilled workers, perhaps through a pilot programme in Scotland. We would not wish to allow any abuses—no one would want to see that—and we certainly do not want to have illegal immigration; rather, we want to have sensible, planned immigration to address the needs that we have been discussing.

I hope that a more sensible approach will be taken by colleagues in Westminster to allow the Scottish Government to press forward with plans to improve the Scottish economy in this area, and that a good Peshwari naan bread will not become a thing of the past.

17:09

**Richard Baker (North East Scotland) (Lab):** I congratulate Brian Adam on securing the debate. There will be unanimity in the Parliament on the need to secure a successful future for the Indian restaurant industry in Scotland, particularly in Aberdeen, by ensuring that there is the right number of skilled people to sustain the industry. There can be no doubt that the representatives of the industry who are involved in the campaign on the matter and who came to the Scottish Parliament to highlight the issues have succeeded in getting their message across.

It will come as no surprise to members that I am a great fan of Indian cuisine, but it would be invidious of me to mention my favourite Indian restaurants in Aberdeen, because there are several of them. Aberdeen rightly enjoys an excellent reputation for its Indian restaurants, some of which have won UK-wide awards. I hope that they will continue to enjoy such success.

It would be unfortunate if the lack of the right skilled workers were to put the industry at risk. A number of issues are at play. Brian Adam is right to point out in the motion the success of the fresh talent initiative in bringing skilled people to Scotland to work in areas in which there is a

specific need. I hope that the scheme's success can be built on through continued constructive discussion with the Home Office.

I am sure that all members are conscious that we must balance the desirability of bringing skilled workers into Britain and Scotland with the need for an effective immigration system. Such a balance is needed whatever the constitutional settlement—and, of course, I am an adherent of the current settlement. I understand that under the current system a special case can be made to the Home Office, so if shortages arise in the hospitality sector that affect restaurateurs there is scope for special arrangements to be made, on the advice of the Migration Advisory Committee.

As Brian Adam said, I understand that the committee has recommended that restaurants should be allowed to recruit chefs from overseas, provided that they have more than five years' experience and are paid a minimum of £8.10 per hour. That seems to represent considerable progress for the campaign. It is important that the people who take up positions are appropriately skilled and fairly paid—that is a principle in which Labour members strongly believe.

If there are further problems for Indian restaurants, I hope that consideration will be given to them. Every effort must be made to ensure that restaurant businesses are registered appropriately. I hope that greater efforts will be made to train people locally in the skills that are needed. If there is a need to assist the Indian restaurant industry in skills development for people locally, I hope that the Scottish Government will meet representatives of the industry to discuss the issue and that that it will take a positive view on support for the industry in that regard. It is important that the industry in Scotland should train people locally and not be dependent on bringing people from abroad to maintain crucial skills. I am sure that people from different backgrounds can enter the industry and develop their careers and skills.

I hope that the issues are addressed effectively and I am sure that all members look forward to continued success for Indian restaurants in Scotland—particularly in Aberdeen, of course.

17:13

**Nanette Milne (North East Scotland) (Con):** Brian Adam has raised an important issue, albeit one that cannot readily be addressed by the Scottish Parliament. I have no doubt that some members will discuss the problems that face the Indian catering industry with our counterparts at Westminster.

Apart from the rising cost of rice, which is squeezing profit margins, the main threat to the

industry appears to be a difficulty in recruiting skilled chefs, not only in Aberdeen but throughout Scotland and the UK. According to people in the industry, the main cause of the problem is the recent change in immigration rules, coupled with the fact that the offspring of many owners of Indian catering establishments do not want to follow their fathers into the trade and prefer to use their education to pursue professional careers in law, accountancy and the like.

Brian Adam dealt ably with the immigration issue. I will pursue a different line. It is clear that there is serious concern among people who think that they need to fill their staffing gap from the Indian sub-continent, but is that as much a cultural issue as it is an immigration issue? Is there a similar problem with ethnic chefs from outside the Commonwealth, for whom entry to the UK is even more problematic? For example, is there a shortage of Chinese chefs, or are second and third-generation Chinese in this country happy to follow the family tradition and run a catering establishment, whereas Indians are not happy to do so?

I do not know the answer to that, but we have to face up to the fact that, although we are increasingly eating out or consuming takeaway food—be it Indian, Chinese, Thai or even our own fish and chips—the catering industry is not regarded as the most attractive career option by many of our young people. It is hard work, with often unsocial hours, and it is not well paid. However, it is an extremely important industry, not only for those of us resident here but for the many tourists who visit us each year and who contribute enormously to our economic wellbeing.

We need to take a good hard look at the catering industry to make it more appealing to young people. In school, pupils should learn about international cooking and be allowed to experiment with Indian and other ethnic cuisines, with encouragement given to those with talent to progress to professional training as career chefs.

**Brian Adam:** All the suggestions that the member makes are eminently sensible, but some cooking equipment—the tandoor, for example—is not widely used other than in the Indian sub-continent and Indian restaurants. Does she agree that it might be rather difficult to start training people without any background in that equipment?

**Nanette Milne:** Yes, although young people could start learning in school, with specialist training coming after that.

I read with interest that restaurant owners in Birmingham have come up with a novel way to attract the children of Indian, Bangladeshi and Pakistani immigrants into the cooking trade by launching a major plan to open the world's first

balti academy. If it gets going next year as planned, with its centrepiece of an international academy where trainee chefs will be able to study for a one-year diploma in multiple styles of Asian cuisine, it could do a lot to improve the image of Indian cooking as a career choice and, I hope, attract young people into the trade—not necessarily only those from an ethnic background but other young people with an interest in cooking. I accept that that is unlikely to be replicated in Scotland, with our smaller ethnic population, but I see no reason why our further education establishments, such as Aberdeen College, should not offer similar opportunities and so talk up the benefits of training as a chef specialising in Asian cooking.

Clearly, that would not be a quick fix, and the case needs to be made strongly to those who control immigration that skilled chefs from the sub-continent are needed to support the Indian catering industry in Aberdeen and elsewhere in the UK. However, if the industry is to develop in a sustainable way, it is essential that we train our own young people.

Foreign cuisine, and probably most notably Asian cuisine, has revolutionised our eating habits in this country during my lifetime. Curry is one of our nation's favourite dishes, and Indian restaurants make a major contribution to our economy. It is clearly important for us all that the industry prospers, but in the long term that has to be done by training up our home-grown talent to become Indian chefs and to carry on the excellent work initiated by immigrants to this country in the 1950s and 1960s, which they built up into the major industry that we appreciate so much today.

17:18

**Bashir Ahmad (Glasgow) (SNP):** I congratulate my colleague Brian Adam on securing this most important debate.

It is no secret that I used to own an Indian restaurant in the 1970s. I take great pride in the fact that it was the first curry restaurant in the Rutherglen area. Even back in those days, when immigration laws were not so severe, it was difficult to recruit experienced curry chefs.

Making a good curry, and everything that goes with it, is a difficult process. It requires chefs of a high calibre who have experience of watching their parents making curry in the open air, day in and day out. That is not something that can be taught and is invaluable experience. Therefore, recruiting chefs from the sub-continent not only makes business sense but is often essential with regard to the skills that they possess.

Yesterday's recommendations in the Migration Advisory Committee report were well intentioned,

but they have done little to calm fears in Scotland's curry industry. The report recommended that chefs be allowed in from outside the European Union only on the condition that they be paid £8.10 an hour. That threshold is unrealistic and much higher than what curry restaurants in Scotland and much of the UK can afford. The average curry chef or tandoor chef currently earns between £6.50 and £7 an hour. An increase to £8.10 an hour will have a devastating effect on Indian restaurants throughout the country. Many will not be able to operate or will have to scale down vastly. That will have a negative effect on our economy, which we cannot afford at this time.

I will meet representatives of the curry industry in Scotland to discuss the matter further. We have five weeks before the UK Government finalises its policy on the matter. I will work tirelessly with our ministers and MPs to save our country's favourite dish: chicken tikka masala. I have no doubt that many members will wish to do the same.

17:21

**John Park (Mid Scotland and Fife) (Lab):** I congratulate Brian Adam on securing the debate. He made a little jibe at the First Minister in his opening sentence, so I hope that the much-mooted Cabinet reshuffle is not coming up shortly and that he has not blown his chances with that.

It is right that we should all declare an interest in the debate. I certainly have an interest in eating Indian food and many other types of cuisine from around the world. As I represent a big region—Mid Scotland and Fife—I would find it difficult, unlike Richard Baker, to list my favourite restaurants in the many constituencies in the region.

Takeaway and restaurant food from many nations has really taken off in Scotland over the past 25 years. It makes a valuable contribution to the economy by providing employment opportunities, particularly for people who are perhaps moving into industry and work for the first time. I know many people who get their first taste of employment working in such environments. It is important that we acknowledge that.

Brian Adam was right to raise immigration in the way that he did. This is the right place to have that debate. He will recall that Jack McConnell previously played a key role in raising the different migration issues—the different attitudes and challenges—that we have in Scotland. The Scottish Parliament exists to discuss such matters, and I am sure that Brian Adam agrees that some issues were worked through and dealt with at that time.

**Brian Adam:** I acknowledge the role that Jack McConnell played in instigating the fresh talent

initiative, which was widely supported, but we could also make representations to the Migration Advisory Committee to have a different threshold for expected salary levels, for example, or other measures that might allow a pilot programme in Scotland to tackle the issue that we are debating. I understand why people want to control immigration, but the committee's proposal will affect us all negatively, when we could find a Scottish solution that might be beneficial for the UK.

**John Park:** There is a UK solution to the matter as well. The issue that Brian Adam has raised applies not only in Scotland but has been dealt with in some of the research that I have done in the midlands and other parts of the United Kingdom. There are representations to be made, but they will not be Scottish representations only, although there will be a Scottish context to anything that happens in the UK Parliament. I hope that that will flow from this debate.

Levers already exist that this Parliament could use—Nanette Milne mentioned levers to do with skills and how we can improve the skills mix of people who work in restaurants and takeaway shops. There has been a reduction in investment in modern apprenticeships in areas other than construction and engineering, particularly for adults. Many companies rely on investment in hospitality. In that regard, there are some lessons to be learned from south of the border.

The academy of Asian culinary arts at Thames Valley University launched the UK's first curry course in 1999. Provision at the university has been developed over recent years, and I understand that it now runs a number of extremely successful courses. It would be good to consider similar provision in Scotland, because we are talking about making a part of the economy sustainable and enriching our country by learning from the different cultures that come here.

I will conclude by commenting on the wider issue of migrant workers who come to Scotland. As well as talking about immigration and its consequences, and the problem of skills shortages in Scotland, we should be talking about migrant workers' experiences, which are not all favourable. In an area of Perthshire that I represent, migrant workers have not been looked after properly by their employers. Such issues should form part of the debate, because we want to ensure that Scotland is a good place to live and work and that people have good experiences here.

I wish Brian Adam every success in his efforts.

17:26

**The Minister for Europe, External Affairs and Culture (Linda Fabiani):** John Park hit the nail on

the head when he said that this is a subject on which we should all declare an interest. As someone who comes from Glasgow, the curry capital of Scotland, I certainly have an interest to declare.

The Scottish Government has been aware of the issue for some time. In fact, the Cabinet Secretary for Justice wrote to the Home Secretary in January this year to raise the industry's concerns. Our economic strategy recognises the links between population and economic growth—that is why we have set ambitious targets to match the average EU 15 population growth by 2017. The Government believes that we should have more powers over immigration to allow us to meet Scotland's distinct needs.

The national conversation explores those issues. We feel strongly that greater control over immigration would enable the Scottish Government to boost Scotland's population and meet the skills needs of the Scottish economy. Flexibilities can work: the fresh talent working in Scotland scheme has been a Scottish success story. I pay tribute to Jack McConnell for starting it some years ago. Around 8,500 international graduates have stayed on in Scotland.

**Lewis Macdonald (Aberdeen Central) (Lab):** Will the minister describe for us the role of Scottish ministers in relation to the Migration Advisory Committee? Can she make representations to that body on behalf of Scottish interests?

**Linda Fabiani:** I will come on to that. We have discussed the issues in question with the MAC because they are extremely important to Scotland, and we will continue to do so in the country's best interests.

I recognise the terms of Brian Adam's motion and am glad that the subject is being well aired. I am not entirely convinced that it would be feasible to have a scheme specifically for the restaurant trade, but the motion asks merely that the idea be considered. All ideas on how to meet the needs of such a vital industry are considered.

We must ensure that the migration system is fit for purpose for all industries in Scotland, including the agriculture, oil and information technology industries. Sufficient flexibility needs to be built into the new points-based system to allow employers to bring in the skills that they need when those skills cannot be found locally. We are pressing the Home Office for further flexibilities in the UK's managed migration system, so that we can continue to attract and retain people in key areas of economic activity. We should not forget the economic activity that is generated by catering in general and by the specific form of catering that we are discussing this evening. Tonight's

discussions will help us to shape those discussions with the Home Office.

I have noted members' concerns. For example, Richard Baker expressed concerns about training, and I am happy to discuss those with the industry.

As members know, the Scottish shortage occupation list came out yesterday, so this is a timely discussion. The lists were compiled by the Migration Advisory Committee using, in part, evidence from employers on where shortages in the labour market might effectively be filled by migration. As well as the Government and its officials being in contact with the MAC throughout the process of collecting evidence, representatives of the south Asian restaurant industry fed in their views and I understand that they also attended discussions in Glasgow earlier this year.

Skilled chefs are included in the UK list and, to clarify what members have said, it is only skilled chefs who are, as we have heard, earning at least £8.10 per hour after deductions for accommodation, meals and so on. Those who are at national vocational qualification level 3, as discussed by Brian Adam, are not on the shortage occupation list.

Restaurateurs also have a responsibility to ensure that local people are given the necessary opportunities and skills to become contributing members of society—many restaurateurs do that. Nanette Milne, in particular, picked up on that point. I understand where she is coming from. I am particularly fascinated by the idea of a balti academy; it would be a good place to go to test the skills of those who were in training.

**John Park:** The minister has talked about making representations to the Home Office. Could she also make representations to the Cabinet Secretary for Education and Lifelong Learning about refocusing adult apprenticeships? Skills Development Scotland and the cabinet secretary will be looking at that in the future; I hope that Linda Fabiani agrees that we need a better mix within the industry, so perhaps hospitality and Indian cuisine should also be considered.

**Linda Fabiani:** I am sure that the Cabinet Secretary for Education and Lifelong Learning will be very interested to read the contributions to this debate. Of course, People 1st, the sector skills council for the hospitality industry, has identified and highlighted issues with the training of chefs. It is working with key bodies including Skills Development Scotland, colleges and universities to explore ways in which that can be addressed. Again, a lot of what has been said in the chamber this evening taps in to that. As John Park said, it is interesting that such a scheme is already under way at Thames Valley University.

Training is important, but we would also like Scotland to have more powers to allow our Government to reflect Scotland's needs and experiences by doing more to boost our population and add to the richness of our society. We are determined to create opportunities so that fewer Scots feel the need to leave, more Scots are encouraged to return, and other people are attracted to come and be part of Scotland.

We remain supportive of the industry, which is extremely important economically and culturally. It was good to hear Bashir Ahmad talking about his experiences in the industry—I will be interested to hear from him about the discussions that he has with people in the industry that he knows so well.

Asian food is a firm favourite in Scotland. We have always welcomed workers from the Indian subcontinent, and we in the Government and, as has been made clear tonight, across Parliament, will continue to work with the restaurant industry to ensure that that remains the case.

*Meeting closed at 17:34.*



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