

David MacBrayne Ltd
Ferry Terminal
Gourock PA19 1QP

t: 01475 650100
f: 01475 650268

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Scottish Ferries Review Consultation
Ferries Division
Transport Directorate
Scottish Government
Area 2F Dockside
Victoria Quay
Edinburgh EH6 6QQ

Dear Sir/Madam

David MacBrayne Ltd and its subsidiaries welcome this opportunity to respond to the questions posed by Scottish Government in the first phase of the Ferries Review Consultation.

The Company is committed to its part in providing and improving transport services to people in island and remote communities, supporting the aims of the Scottish Government, and to making a good commercial return for our shareholder, Scottish Ministers.

While the companies, principally CalMac Ferries Ltd and NorthLink Ferries Ltd, have been happy to support the review process by providing statistics and information, this is our first formal opportunity to express an opinion on how ferry services may be provided in the future. We are also happy to share our experiences as the operator of most of the ferry services covered by the Review.

It is clear that some of the views being expressed elsewhere are based on a very limited understanding of the challenges which exist when providing ferry services, especially with regard to the regulatory regime which covers all parts of our ferry operations. I must stress that we support fresh and innovative ideas, but they must be practical and applicable to the real world, otherwise they are of no benefit to the remote and fragile communities who need this review to provide tangible outcomes.

This Government is to be applauded for recognising that ferry services and lifeline services in particular, are a key part of the country's infrastructure and need to be strategically planned for if they are to continue to play a meaningful part in the economic and social life of the nation. Efficient, affordable and "fit for purpose" ferry services are not merely desirable but absolutely essential.

Clearly the difficult economic climate which has emerged since the Review, means there will be short term pressure on capital for new vessels and port improvements, and on revenue to subsidise lifeline services. We would urge the Government not to let this pressure undermine the value of these vital services and infrastructure.

Our submission demonstrates how investment in new ferry infrastructure has been slipping behind for decades, reducing the quality of our services, and creating a situation where catch-up will have to be undertaken in emergency conditions, needing much more investment than if a continuous replacement policy had been adopted. It is clear that no matter how many assurances are given about responding to community needs, or providing lifeline services in order to enable rural communities to contribute to the national good, the ability to deliver these well intentioned aims very quickly comes down to the availability of funding for services that are vital to a special group of Scotland's people.

The urgency of the task cannot be overstated. MV Finlaggan which is due to go into service in May 2011 is the first new vessel in the CHFS network for four years and with plans for another for Stornoway/Ullapool vessel still up in the air, the paucity of the new vessel programme for the Clyde and Western Isles is startlingly evident.

No-one associated with the provision of ferry services should lose sight of the fact that ferry services are not an end in themselves. The existence of modern, efficient and affordable ferry services is a vital catalyst to other forms of investment and economic activity in the islands and communities served.

Across our network, people are making important decisions about where to live where to run businesses, where to bring up children and the ability to move themselves and goods freely is a key part of their decision processes.

This brings me to the question of where responsibility for ferry services should lie and how they are procured. The "bundle" approach to tendering lifeline ferry routes has been a source of much debate for many years, but we believe that the case for a single bundle is irrefutable. Indeed, when the CHFS contract was drafted, the Government of the time made a compelling case for a single bundle, and the current administration expressly stated that it supports the single bundle approach as recently as last year when the EU investigated state-aid for ferries.

We are therefore at a loss to see the justification for opening up the bundle, when the experience of the first three years of the CHFS contract amply demonstrates that a single bundle which allows redeployment of vessels and crews to maintain lifeline services as required was absolutely the correct decision.

We must therefore voice our strong concern at the proposal that the "bundle" of routes in both CHFS and Northern Isles contracts be "split" because we know this will bring loss of efficiency and scale economics, and will sweep away the capability to provide back-up when a vessel or port problem is encountered.

In addition, the 6-year timeframe for contracts is too short and discourages innovation. Contract periods of up to 11 years are tendered elsewhere in Europe and we would urge the Scottish Government to follow suit. The possibility of doing this has been identified in routine reviews of EU rules on Cabotage movements and we urge action to tender longer, more cost effective contracts. In addition to providing an environment which would encourage investment, longer contracts would also provide much needed stability for ferry users and the island communities the ferries serve, who have had to endure unhelpful uncertainty over future ferry provision for many years.

The contract terms which dictate routes, fares, timetables and vessels also need to be more flexible to allow operators to find creative ways of making improvements or increasing traffic, thereby decreasing dependency on the public purse, and providing a service better tailored to the needs of the user.

We trust that our genuine desire to provide the best ferry services we can is evident from our submission and request that all comments contained therein are viewed in that light. Given the will however, none of the points raised above are insurmountable, but the company would be failing in its duty to the communities it has the privilege to serve were it not to raise these concerns.

Our positive suggestions on how Government moves forward are included in our attached response.

Yours faithfully



Peter Timms
Chairman