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Stuart Todd
Assistant Clerk to the Public Petitions Committee
The Scottish Parliament
Edinburgh
EH99 1SP

17 May 2012

Dear Mr Todd

Consideration of Petition PE1421

The Committee wrote to Ms Pollock on 20 April 2012 seeking a written update by 17 May 2012 on a new petition raised by Gail Robertson, on behalf of the Outer Hebrides Transport Group. I am responding as the Policy lead for ferries issues.

The Petition by Gail Robertson on behalf of the Outer Hebrides Transport Group calls on the Scottish Parliament to urge the Scottish Government not to remove Road Equivalent Tariff (RET) for freight vehicles that would lead to an increase in fares for commercial traffic to and from the Western Isles and to conduct a socio-economic impact study before any policy changes.

As requested in your letter I have provided a response below to each of the questions raised by the Public Petitions Committee in relation to this petition.

Q. What is your response to what the petition seeks?

A. We removed RET fares for commercial larger commercial vehicles from spring 2012. We have been clear from the outset that we recognise that the removal of RET for commercial vehicles in the Western Isles, Coll and Tiree would have an impact on hauliers and the wider community. I have set out below details of the significant steps taken to reduce the impact on hauliers and businesses affected by this change.

Ministers' announced on 7 February that RET will be extended to include small commercial vehicles up to 6m in length using the RET ferry routes to the Western Isles, Coll and Tiree from Spring 2012. The position previously was that RET applied only to vehicles up to 5m in length. Typically, we would expect to see savings for these vehicles of between a third and a half compared to previous fares. In addition, Ministers' announced on 13 February that we would provide of an extra £2.5m in 2012/13 to support new transitional arrangements for all commercial vehicles, regardless of size, using routes to the Western Isles, Coll and Tiree. This will mean no haulier will see fare rises of more than 50% in any year. The new transitional scheme will bring fare parity across all sizes of hauliers.

To provide additional clarity for all communities relying on ferry services to the Western Isles, Coll and Tiree, we have agreed to work with hauliers and stakeholders on a six month study which will look in detail at the impact of all costs on hauliers and the local economy. A first meeting of a working group established to oversee the study took place on Friday 27 April in Stornoway. Gail Robertson, as a representative of the Outer Hebrides Transport Group was invited, and accepted an invitation to be part of the Working Group overseeing the Study. In addition to the Outer Hebrides Transport Group, the other organisations represented on the Working Group are Transport Scotland, Hitrans, Highlands and Islands Enterprise, Western Isles and Argyll and Bute Councils, the Road Haulage Association and the Freight Transport Association. The meeting on 27 April was worthwhile and allowed us to consider and further develop the Terms of Reference for the Study.

Q. During the Road Equivalent Tariff (Commercial Vehicles) debate on 23 February 2012, the Minister for Housing and Transport stated that "evidence shows that only 7 per cent of hauliers and businesses were able to pass the full savings on to customers". This evidence and the reasons for it have been contested. Please provide further details of this evidence.

A. The Minister for Housing and Transport was citing a finding in the "Final Report: Assessment of the Impacts of the Road Equivalent Pilot" for the Western Isles (and Coll and Tiree). The report was commissioned by the Scottish Government of the Halcrow Group Limited and summarises the findings from a monitoring programme conducted during the pilot period. The report was published in July 2011. The report in full can be found at <http://www.transportscotland.gov.uk/water/ferries>.

The specific issue in question relates to the findings from a business survey that formed part of the monitoring programme. Participating businesses were asked whether (a) since the introduction of RET, are any potential haulage savings being passed on to your business and, (b) do you in turn pass on these savings to your customers/clients? Seven per cent of participating businesses reported they always received cost savings from hauliers and subsequently always passed these savings on to their customers. The relevant text can be found at paragraph 6.2.11 of the evaluation report.

The monitoring programme included a telephone survey of 160 businesses from within the study area. Quota controls were used to ensure that the final sample reflected companies from a range of sectors and different locations within the study area. The sampling framework was also designed to ensure that there was adequate representation from businesses of different size.

The fieldwork was carried out by a reputable market research company, NEMS Market Research. The research was carried out in accordance with the code of conduct and quality assurance criteria of the Market Research Society (MRS). The questionnaire was piloted prior to the full survey to ensure that it was fit for purpose. The questionnaire covered a range of issues from how the business uses the ferry service to business performance and the impact of RET on that performance.

I trust that this response is helpful.

Yours sincerely

GRAHAM M LAIDLAW
Head of Ferries Unit