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C.S. Paterson  
(Chief Executive)  
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J. Stark  
A. Douglas  
R.S. McNeill  
General Manager:  
I.L. McLean  
Secretary:  
J. Kirkwood

## Caledonian MacBrayne Limited

Registered Office

(Registered in Scotland No 1854)

THE FERRY TERMINAL  
GOUROCK  
PA19 1QP

Telephone 0475 33755-Telegrams 'CALMAC' Gourock-Telex 779318.

CSP/DP

17th March, 1986

Godfrey Robson Esq.,  
Scottish Development Department,  
New St. Andrew's House,  
EDINBURGH  
EH1 3SZ.

*copy to the bank  
& back to me*

Dear Godfrey,

GOUROCK/DUNOON

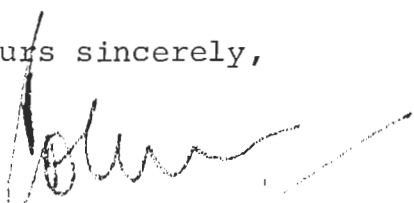
I refer to our recent telephone conversation and your letter of 7th March under the above heading.

I attach two copies of a paper which has been produced internally in respect of the extra sailings introduced from the 3rd March, proposals for introduction of additional sailings for the period 11th May to 12th October 1986 and finally, for the extra sailings proposed from the 13th October 1986 in addition to those introduced already.

You will see that there is a distinct financial advantage to the Company both in 1986 and for a full year, where we have forecast the benefit using 1986 levels of fares and costs.

In my letter of 5th March, I mentioned that extra summer sailings were being considered and as this paper shows clearly the financial benefit to the Company and therefore the Government as well, may I formally ask you for agreement to proceed with these extra sailings subject only to the approval which I have yet to obtain formally from S.T.G. Board.

Yours sincerely,

  
C.S. PATERSON  
CHIEF EXECUTIVE

Enc.

c.c./I.S. Irwin Esq., C.B.E.,  
Managing Director,  
Scottish Transport Group

# CALEDONIAN MACBRAYNE LIMITED

## GOUROCK/DUNOON SERVICE

Extra sailings introduced from 3rd March, 1986  
(Attached revised Winter Timetable)

The traffic needed to clear ourselves for each extra sailing is relatively small. We expect to be attaining this support by the commencement of the summer season and thereafter. See Financial Statement (Appendix A (1)).

The number of extra crossings is 4 single journeys Monday to Saturday with a further 1 single journey only operating on Monday at 0645 hrs. and 4 others operating only on Fridays.

Naturally, everything possible has been done to promote these extra sailings, which have been continually requested. There are some waiting to assure themselves these extra sailings are here to stay, some using up already purchased Western Ferries tickets and, in respect of commercial vehicles, some waiting whilst they re-organise operating patterns or waiting until we introduce additional sailings to satisfy them completely. However, we expect to build up traffic to achieve an average support of the equivalent of 10 cars and 35 passengers per each extra single crossing by mid May.

At the recent S.S.A.C. Meeting held on 4th March at Rothesay, the news of these extra sailings was unanimously welcomed by all members, including representatives of Strathclyde Regional Council, Argyll & Bute District Council, Highlands & Islands Development Board and tourist representatives.

In order to advertise the extra sailings, leaflets have been distributed to all houses in the area of Dunoon, as well as notices being posted on ships, terminals, hotels, shops, filling stations and other outlets on both sides. Publicity has been obtained through BBC Radio Scotland, STV, AA, RAC and this has been supplemented by calls by our staff on hotels, camping/caravan sites, certain shops and C.V. operators.

The greatest snag, and this is the reason we are conservative in forecast of support, is that none of these sailings are in our published schedules and are also not in our summer brochure, as we produce these in November (summer) and August (winter). This restricts the impact of the extra sailings, particularly for the summer.

Proposals for introduction of additional sailings for  
period 11th May 1986 to 12th October 1986

We wish to extend the service by a further 9 single journeys Monday-Friday, with 7 on Saturday, and these have been selected as the times most likely to produce extra traffic based on experience when we have been unable to accommodate in the past.

The proposed schedule is as attached and the extra sailings marketed. It should be noted that in the last year, we carried 154 extra journeys additional to schedule, 48 in the winter (mid August to mid May) and 106 in the summer, on the Gourock-Dunoon serv.

## CALEDONIAN MACBRAYNE LIMITED

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On the financial side, most of the extra direct costs for these sailings is already covered by the sailings introduced on the 3rd March, there being, for instance, no extra crew cost as the sailings are within the working day and vessels are already double manned in the summer. Therefore, we are left with additional fuel cost. Appendix (3) gives the financial implications with the total summer period being (2) and (3) for 1986.

It is difficult to forecast how the build-up of support will be achieved but have assumed for these extra 9 single crossings an average support of the equivalent of 5 cars and 17 passengers on each single crossing during the summer period, this being an overall increase in traffic carried. Further, we expect for the summer of 1987 to achieve an average equivalent of 10 cars and 35 passengers on each single crossing. The basis for this assumption is that we will have all these sailings scheduled in our brochures. At present, any extra sailings only carried extra traffic available alongside the hourly service and by scheduling, extra traffic will be naturally generated.

Other decisions are as follows:-

- (1) 0645 sailing ex Dunoon daily Monday-Friday rather than Monday only. Commuter pressure for this sailing each day rather than Monday only. Also, considerable interest from C.V. operators especially Blacks of Dunoon, who wish to transfer to us completely once the 0645 is each day and the timing suits their operation. They have already supported the Monday sailing introduced from 3rd March.
- (2) Tourist cars in the summer will not wait if they miss the present hourly service, but with the extra sailings at convenient times are more likely to wait.
- (3) Coach traffic. There is great potential and this is the business we have, through being unable to accommodate, lost to Western Ferries. With the extra sailings, we will have space to offer when they wish to travel. For example, we have given them a Dunoon to Wemyss Bay sailing from mid June to end August at 0900 hrs. on Saturdays when the vessel is proceeding to Wemyss Bay to back up this service. We are obtaining support for this run even though Western Ferries are not full at this time.
- (4) Commercial vehicles need to be accommodated and it does not take too many occasions when disappointed for them to move to Western Ferries. The extra sailings proposed should enable us to attract more support.
- (5) We are introducing by the peak summer period a special promotion with British Rail from intermediate stations on the Gourock line to encourage visits to Dunoon. The extra sailings will give greater choice for potential passengers. This traffic is very important as it is new and will not affect our vehicle capacity or, for that matter, Western F

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## CALEDONIAN MACBRAYNE LIMITED

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- (6) We have had preliminary discussions with Strathclyde Regional Council (Education Department) and if extra sailings become a reality, we are likely to obtain exclusive support for their vehicles both for official and staff use. This would be a great boost in support for the Caledonian MacBrayne service and could lead to even greater support from other Departments.
- (7) Two smallish points, but important and these are
  - (i) The movement of funeral parties to Greenock Crematorium from Dunoon. In view of the better passenger facilities, they prefer to use Calmac and would welcome additional sailings as they cannot always obtain timings to suit sailings.
  - (ii) Ambulances return always to Dunoon on the next available vessel due to having to be on station again as quickly as possible and with extra sailings, more support will come from this source.
- (8) The fact that there will be a better service at prime times will mean hotels etc. will send out our brochure/leaflet to their clients as bookings are received. We are also hopeful of these organisations extending packages to include ferry ticket as part of the deal.

We have complete co-operation from our staff aboard, who are delighted we are going to compete at last. It was becoming difficult to maintain morale and many were very concerned as to their future.

### Winter 1986/7

From 13th October 1986, we would propose an increase to the sailings at present operating from 3rd March 1986. These are 4 single journeys Monday-Saturday as follows:-

0645 each day from Dunoon, not just Mondays

0935 from Gourock

1535 from Gourock

1605 from Dunoon

These follow on from the initial increase from 3rd March 1986 and will be satisfactory for the winter period, being far less than the summer schedule. See Appendix A (4) for financial implications.

In Appendix A (5), (6) and (7), we show the financial implications of the additional sailings for a full year 1987, using 1986 levels of fares and costs.

CALEDONIAN MACBRAYNE LIMITEDGOUROCK/DUNOON SERVICE  
ESTIMATED FINANCIAL EFFECT OF ADDITIONAL SAILINGS(1) March 3rd to May 10th 1986

4 additional single crossings per day Monday-Saturday plus 5 other single crossings per week (total 29 additional sailings per week).

Financial effect:	WEEKLY £
Wage cost - net additional cost of double manning	636
Fuel - additional	435
	<hr/>
	1071
Revenue - (5 cars, 17 passenger per single crossing)	696
	<hr/>
NET EFFECT	<u>-375</u>

(2) May 11th to October 12th 1986

as above at (1)

Financial effect:	WEEKLY £
Wage cost - no additional costs as vessel already double manned	-
Fuel - additional	435
	<hr/>
	435
Revenue - (10 cars, 35 passengers per single crossing)	1392
	<hr/>
NET EFFECT	<u>+957</u>

(3) May 11th to October 12th 1986

9 additional crossings per day Monday-Friday plus 7 additional single crossings on Saturday (total 52 additional sailings per week).

Financial effect:

...../

(3) May 11th to October 12th 1986 (Cont'd)

Financial effect:	WEEKLY £
Wage cost - no additional cost as times confined to existing working week	-
Fuel - additional	780
	<hr/>
	780
Revenue - (5 cars, 17 passengers per single crossing)	1249
	<hr/>
NET EFFECT	<u><u>+469</u></u>

(4) October 13th to December 31st 1986

As above at (1) + 3 additional sailings (Monday) and 4 additional sailings (Tuesday-Saturday). Total - 52 additional sailings per week from that operating prior to 3rd March 1986.

Financial effect:	WEEKLY £
Wage cost - net additional cost of double manning	636
Fuel - additional	780
	<hr/>
	1416
Revenue (10 cars, 35 passengers per single crossing)	2498
	<hr/>
NET EFFECT	<u><u>+1082</u></u>

(5) January 1st to May 10th 1987

As above at (4)

Financial effect:	WEEKLY £
Wage cost - net additional cost of double manning	636
Fuel - additional	780
	<hr/>
	1416
Revenue (10 cars, 35 passengers per single crossing)	2498
	<hr/>
NET EFFECT	<u><u>+1082</u></u>

(6) May 11th to October 12th 1987

Combination of (2) and (3) above.

Financial effect:	WEEKLY £
Wage cost - additional	-
Fuel cost - additional	1215
	<hr/>
	1215
Revenue - (10 cars, 35 passengers per single crossing)	3890
	<hr/>
NET EFFECT	+2675
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(7) October 13th to December 31st 1987

As above at (4)

Financial effect:	WEEKLY £
NET	+1082
	<hr/> <hr/>

(8) SUMMARY - FINANCIAL EFFECT (1986)

<u>Ref Period</u>	Additional Costs		Additional Revenue	Net Benefit Disbenefit to Company
	Wages	Fuel		
	£	£	£	£
(1) March 3 - May 10 (10 wks)	6360	4350	6960	(3750)
(2) May 11 - Oct 12 (21 wks)	-	9135	29232	20097
(3) May 11 - Oct 12 (21 wks)	-	16380	26229	9849
(4) Oct 13 - Dec 31 (12 wks)	7632	9360	29976	12984
	<hr/>			
Totals - 1986	13992	39225	92397	39180
	<hr/>			

(9) SUMMARY - FINANCIAL EFFECT (1987)

<u>Ref Period</u>	Additional Costs		Additional Revenue	Net Benefit Disbenefit to Company
	Wages	Fuel		
	£	£	£	£
(5) Jan 1 - May 10 (19 wks)	12084	14820	47462	20558
(6) May 11 - Oct 12 (21 wks)	-	25515	81690	56175
(7) Oct 13 - Dec 31 (12 wks)	7632	9360	29976	12984
	<hr/>			
Totals - 1987	19716	49695	159128	89717
	<hr/>			





IMMER TIMETABLE (12 MAY-12 OCTOBER)

P SERVICE GOUROCK/DUNOON

- FRIDAY

0645	0805	0840	0905	0935	1005	HOURLY	1305	1335	1405	1435	1505	1535	1605	1705	1745	1815	1905	2005	
0705	0825	0900	0925	0955	1025	UNTIL	1325	1355	1425	1455	1525	1555	1625	1725	1805	1835	1925	2025	
0645	0730	0815	0835	0905	0935	HOURLY	1235	1305	1335	1405	1435	1505	1535	1635	1715	1735	1815	1840	1935
0705	0750	0835	0855	0925	0955	UNTIL	1255	1325	1355	1425	1455	1525	1555	1655	1735	1755	1835	1900	1955

AY

0645	0805	HOURLY	1405	1435	1505	1535	1605	1635	1705	1745	1815	1905	2005
0705	0825	UNTIL	1425	1455	1525	1555	1625	1655	1725	1805	1835	1925	2025
0730	0835	HOURLY	1405	1435	1505	1535	1605	1635	1705	1735	1815	1840	1935
0750	0855	UNTIL	1425	1455	1525	1555	1625	1655	1725	1755	1835	1900	1955

0845 0945 HOURLY 1945  
 0905 1005 UNTIL 2005

0915 1015 HOURLY 2015  
 0935 1035 UNTIL 2035

Code A - On Fridays sails to Wemyss Bay, arriving 1840

Directors:  
I.S. Irwin  
(Chairman)  
C.S. Paterson  
(Managing Director)  
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Telephone 0475 33755-Telegrams 'CALMAC' Gourock-Telex 779318.

CSP/DP

6th April, 1987

*9.11.87 12.4*

G. McHugh, Esq.,  
Scottish Development Department,  
New St. Andrew's House,  
EDINBURGH  
EH1 3SZ.

Dear Mr. McHugh,

GOUROCK/DUNOON

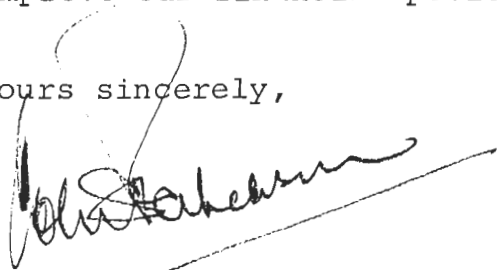
Further to my letter of the 25th March, we have pleasure in enclosing a simple paper outlining the effectiveness of the extra sailings operated on the Gourock/Dunoon service from March 1986.

I am aware that you already have a number of letters concerning Gourock/Dunoon on file and would therefore not repeat all the arguments or points that have been made in previous correspondence.

It must be appreciated that Western Ferries do have freedom and many "cards up their sleeves" when dealing with customers, particularly in the way that they are able to offer a frequency of service. There are many instances where we have lost business to them - for example, recently a contract for a very large movement of timber was lost due to the fact that they can guarantee and advertise a sailing at least every 30 minutes.

As explained in previous correspondence, if we were given the freedom to operate it does not mean that we would revert to a 30 minute service, but we would at least have the ability to do so when we were convinced that an extra sailing would improve our financial position.

Yours sincerely,



C.S. PATERSON  
MANAGING DIRECTOR

CALEDONIAN MACBRAYNE LIMITED

GOUROCK/DUNOON SERVICE

Additional sailings were introduced on 3rd March 1986.

The attached statement shows that in the 52 weeks ended 1st March 1987, the carryings on the additional sailings were:-

Passengers	40,402
Cars	7,157
Commercial Vehicles	718

The total carryings on the route for the 52 weeks were:-

Passengers	702,344	674,000
Cars	122,080	115,000
Commercial Vehicles	9,626	10,000

The revenue on the additional sailings for the 52 weeks to 1st March 1987 was:-

Passengers	£ 27,069
Cars	17,463
Commercial Vehicles	10,181

The revenue on the service for the year 1986 was:-

Passengers	£ 469,000	496,000
Cars	299,000	300,000
Commercial Vehicles	157,000	150,000

The carryings and results for 1986 were, of course, affected by the Clyde dispute during June and July. Nevertheless, there was an increase of 28,127 passengers or 4% which, realistically, without the Clyde dispute could have been half as much again, or 6%.

Our conservative estimate is that at least 50% of the carryings on the extra sailings were new business as far as this Company is concerned. We are unable to comment whether or not this was transferred from Western Ferries or was completely new business to the area. We feel, however, that these additional sailings are more than justified.

TRAFFIC CARRIED ON EXTRA SAILINGS GOUROCK/DUNOON SERVICE 1986

WEEK STARTING	TRAFFIC ON EXTRA SAILINGS		TOTAL TRAFFIC FOR WEEK OF 1986															
	PAX	CARS	CV'S	PAX 1986	1985	+	-	%	CARS 1986	1985	+	-	%	CV'S 1986	1985	+	-	%
3/3	484	88	14	10,304	10,432	128-	128-	1.2-	1,991	1,940	51+	51+	2.6+	201	182	19+	19+	10.4+
10/3	557	123	17	11,031	10,455	576+	576+	5.5+	2,050	1,967	83+	83+	4.2+	195	187	8+	8+	4.3+
17/3	693	141	21	10,518	10,726	208-	208-	1.9-	2,095	2,057	38+	38+	1.8+	206	175	31+	31+	17.7+
24/3	765	138	9	13,119	9,151	3,968+	3,968+	43.4+	2,509	1,871	638+	638+	34.1+	215	170	45+	45+	26.5+
31/3	790	141	9	15,959	11,308	4,651+	4,651+	41.1+	2,886	2,318	568+	568+	24.5+	179	171	8+	8+	4.7+
7/4	846	148	20	11,627	12,976	1,349-	1,349-	10.4-	2,194	2,582	388-	388-	15.0-	244	171	73+	73+	42.7+
14/4	709	149	15	11,082	10,639	443+	443+	4.2+	2,200	2,284	84-	84-	3.7-	222	192	30+	30+	15.6+
21/4	845	144	15	11,754	11,151	603+	603+	5.4+	2,267	2,048	219+	219+	10.7+	226	216	10+	10+	4.6+
28/4	789	104	14	13,034	11,775	1,259+	1,259+	10.7+	2,342	2,306	36+	36+	1.6+	201	223	22-	22-	9.9-
5/5	649	134	14	12,395	12,560	165-	165-	1.3-	2,456	2,400	56+	56+	2.3+	206	201	5+	5+	2.5+
12/5	843	161	19	13,808	13,459	349+	349+	2.6+	2,591	2,592	1-	1-	0.0+	220	217	3+	3+	1.4+
TOTAL	7,970	1,471	167	134,631	124,632	9,999+	9,999+	7.4+	25,581	24,365	1,216+	1,216+	4.8+	2,315	2,105	210+	210+	9.0+

TRAFFIC CARRIED ON EXTRA SAILINGS GOUROCK/DUNOON SERVICE 1986

WEEK STARTING	TRAFFIC ON EXTRA SAILINGS		TOTAL TRAFFIC FOR WEEK OF 1986												
	PAX	CARS	CV'S	PAX 1986	CARS 1986	CV'S 1986	+ - %	+ - %							
19/5	816	164	14	14,309	13,407	902+	6.7+	2,520	2,659	139-	5.2-	212	232	20-	8.6-
25/5	928	183	14	15,909	16,149	240-	1.5-	3,054	2,879	175+	6.1+	202	199	3+	1.5+
2/6	791	151	15	14,692	15,305	613-	4.0-	2,492	2,621	129-	4.9-	224	209	15+	7.2+
9/6	890	177	19	14,908	13,844	1,064+	7.7+	2,688	2,484	204+	8.2+	199	202	3-	1.5-
16/6	644	131	21	11,434	14,614	3,180	21.8-	2,059	2,699	640-	23.7-	205	214	9-	4.2-
23/6	573	103	16	9,468	15,501	6,033-	38.9-	1,511	2,672	1,161-	43.5-	168	175	7-	4.0-
30/6	964	155	18	14,690	16,727	2,037-	12.2-	2,049	2,792	743-	26.6-	195	198	3-	1.5-
7/7	942	162	15	15,542	15,841	299-	1.9-	2,688	2,947	259-	8.8-	175	204	29-	14.2-
14/7	852	161	17	15,482	15,725	243-	1.5-	2,820	2,918	98-	3.4-	203	199	4+	2.0+
21/7	1,055	177	20	16,387	16,940	553-	3.3-	2,791	3,086	295-	9.6-	188	213	25-	11.7-
28/7	812	160	15	16,268	16,977	709-	4.2-	2,935	3,228	293-	9.1-	189	226	37-	16.4-
TOTAL	9,267	1,724	184	159,089	171,030	11,941-	7.0-	27,607	30,985	3,378-	11.0-	2,160	2,271	111-	4.9-

\* Industrial Dispute started on Clyde 18/6

\* Clyde Industrial Action all week

\* Clyde Industrial Action finished Friday 4/7 \*

TRAFFIC CARRIED ON EXTRA SAILINGS GOUROCK/DUNOON SERVICE 1986

WEEK STARTING	TRAFFIC ON EXTRA SAILINGS		TOTAL TRAFFIC FOR WEEK OF 1986						
	PAX	CARS	CV'S	PAX 1986	CARS 1986	CV'S 1986	PAX 1985	CARS 1985	CV'S 1985
4/8	1,409	195	19	17,798	3,115	181	17,751	3,203	195
11/8	883	210	14	19,043	3,268	196	15,541	3,044	207
18/8	883	178	15	17,134	3,207	217	14,702	2,972	203
25/8	1,041	204	20	36,106	4,018	218	30,654	3,936	347
1/9	1,019	174	7	18,259	3,158	198	17,368	3,134	236
8/9	1,307	194	18	17,776	2,934	191	14,454	2,676	240
15/9	1,087	159	17	16,862	2,548	199	13,073	2,455	235
22/9	927	130	18	15,375	2,293	199	14,140	2,481	230
29/9	1,009	113	9	14,668	2,374	177	13,430	2,726	183
6/10	1,087	165	17	13,747	2,206	195	12,864	2,396	208
13/10	906	122	13	15,164	2,500	172	12,938	2,500	208
TOTAL	11,198	1,844	167	201,532	31,621	2,143	176,915	31,523	2,492

\* Excluding Saturday 30/8 - Cowal Games Day.

TRAFFIC CARRIED ON EXTRA SAILINGS GOUROCK/DUNOON SERVICE 1986

WEEK STARTING	TRAFFIC ON EXTRA SAILINGS			TOTAL TRAFFIC FOR WEEK OF 1986					
	PAX	CARS	CV'S	PAX 1986	CARS 1986	CV'S 1986	PAX 1985	CARS 1985	CV'S 1985
20/10	1,031	188	21	12,508	2,185	193	11,603	2,124	196
27/10	721	118	14	13,120	2,244	190	12,157	2,265	214
3/11	764	108	11	12,683	2,088	175	10,995	2,050	204
10/11	744	124	17	11,445	1,948	174	11,218	2,089	209
17/11	576	98	12	10,827	1,993	173	11,045	1,965	186
24/11	782	128	10	11,879	2,117	173	11,360	2,091	203
1/12	603	116	5	11,311	2,120	172	11,130	2,037	194
8/12	640	103	6	11,507	2,114	166	11,649	2,151	186
15/12	743	137	12	12,102	2,247	168	12,167	2,273	221
22/12	462	94	12	10,127	1,835	92	8,832	1,764	96
29/12	655	94	10	10,151	1,897	80	8,472	1,652	73
TOTAL	7,721	1,308	130	127,660	22,788	1,761	120,628	22,461	1,982

\* Week ending 3/1/87

TRAFFIC CARRIED ON EXTRA SAILINGS GOUROCK/DUNOON SERVICE 1987

WEEK STARTING	TRAFFIC ON EXTRA SAILINGS			TOTAL TRAFFIC FOR WEEK OF 1986											
	PAX	CARS	CV'S	PAX 1987	1986	+ -	%	CARS 1987	1986	+ -	%	CV'S 1987	1986	+ -	%
5/1	486	86	8	9,941	9,084	857+	9.4+	1,801	1,745	56+	3.2+	158	183	25-	13.7-
12/1	326	76	3	7,605	9,026	1,421-	15.7-	1,366	1,747	381-	21.8-	113	214	101-	47.2
19/1	570	107	8	9,562	9,521	41+	0.4+	1,694	1,896	202-	10.7-	165	177	12-	6.8-
26/1	657	120	10	10,437	9,589	848+	8.8+	1,835	1,822	13+	0.7+	155	177	22-	12.4-
2/2	347	74	12	9,495	10,094	599-	5.9-	1,775	1,761	14+	0.8+	147	198	51-	25.8-
9/2	689	123	7	10,240	10,029	211+	2.1+	1,937	1,939	2-	0.1-	158	193	35-	18.1-
16/2	752	142	14	11,253	10,456	797+	7.6+	2,050	2,012	38+	1.9+	162	195	33-	16.9-
23/2	419	82	8	10,499	10,399	100+	1.0+	2,025	1,897	128+	6.7+	166	197	31-	15.7-
TOTAL	4,246	810	70	79,032	78,198	834+	1.1+	14,483	14,819	336-	2.3-	1,224	1,534	310-	2,010-





# SCOTTISH DEVELOPMENT DEPARTMENT

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C S Paterson Esq  
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Caledonian MacBrayne Ltd  
The Ferry Terminal  
GOUROCK  
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16 November 1987

*Dear Colin,*

As you know there has been a fair amount of correspondence over the past two years over Caledonian MacBrayne's service between Gourock and Dunoon and I think it would be helpful to state the position clearly.

The basic arrangement for this crossing is that a commercial operator (Western Ferries) provides the main service, carrying vehicles and passengers between Hunter's Quay and MacInroy's Point. However, since this crossing is not as convenient for foot passengers as the Caledonian MacBrayne crossing, the Secretary of State subsidises, as part of his overall undertaking with Caledonian MacBrayne, an hourly service between Gourock and Dunoon, using CalMac's terminals. This service also carries vehicles. Given that there is adequate capacity on the route with the CalMac hourly service and the Western Ferries service, there seem to be no grounds for increasing the frequency of the CalMac service above the hourly service which forms part of the undertaking.

However, CalMac have added four scheduled services to this hourly service pattern. We have studied the figures you have produced on these sailings and it appears that you are making a surplus on these sailings. They are, nevertheless, a departure from the pattern contained in the undertaking but since they are now part of the established pattern of sailings we would accept that they should continue although not within the undertaking. However, we could not accept any further increase in the number of scheduled sailings since these would be contrary to the spirit of the arrangements for the route and unnecessary in terms of demand. I fully accept that outside the undertaking CalMac is free to undertake any business, provided that it is not at a loss and we welcome the commercial initiatives you have taken elsewhere as a contribution to reducing the subsidy for services as a whole. However, in this case, where you are in competition with an unsubsidised operator and where allocation of costs is always going to be a problem, it is necessary to operate with restraint. For this reason I can see no case for any additional services, scheduled or otherwise (with the exception of the period of the Cowal Games when there is exceptional demand on the Gourock-Dunoon crossing) beyond the hourly service and the four additional crossings mentioned. Extra unscheduled crossings will lead to expectations among the travelling public and may build up a pattern of

additional sailings which would be contrary to the spirit of the arrangements on this route and unnecessary in terms of overall demand.

We have discussed this difficult question a number of times and I hope this is a clear statement of the position. I am sending a copy of this letter to Mr Irwin.

Yours sincerely

*Niall Campbell*

N G CAMPBELL