

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



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C S Paterson Esq
Managing Director
Caledonian MacBrayne Ltd
The Ferry Terminal
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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

(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	<u>+2675</u>

(7) October 13th to December 31st 1987

As above at (4)

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

(8) SUMMARY - FINANCIAL EFFECT (1986)

Ref Period	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
Totals - 1986	<hr/> 13992	<hr/> 39225	<hr/> 92397	<hr/> 39180

(9) SUMMARY - FINANCIAL EFFECT (1987)

Ref Period	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
Totals - 1987	<hr/> 19716	<hr/> 49695	<hr/> 159128	<hr/> 89717

(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
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NET EFFECT	<u>+469</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
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NET EFFECT	<u>+1082</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>+1082</u>

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 Gourrock
1535 from Gourrock
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.

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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.

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 :
market should be noted that in the last year, we carried
154 single journeys additional to schedule, 48 in the winter
(mid May to mid May) and 106 in the summer, on the Gou
don

A MEMBER OF THE SCOTTISH TRANSPORT GROUP

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17th March, 1986

CSP/DP

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*copy to the bank
& back to me*

Dear Godfrey,

GOUROCK/DUNOON

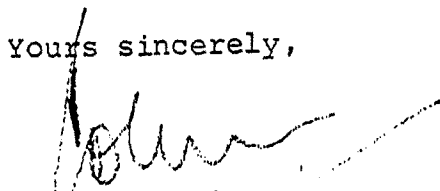
I refer to our recent telephone conversation and your letter of 7th March under the above heading.

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