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Members of Gourock Dunoon Ferries
Service Steering Group

Our ref:
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Dear Member

Gourock Dunoon vehicle ferry feasibility study – final report and publication

I am pleased to attach an advance copy of the final version of the MVA/TMG study into the feasibility of a future passenger and vehicle service with the vehicle portion being non-subsidised.

I was grateful to everyone who attended the last Steering Group meeting, and previous meetings, for the positive and constructive way in which we have approached the conclusion of this study and the finalisation of the report by the consultants. I have previously stressed my commitment to achieving consensus whilst noting that this means not everyone can be happy with every single point.

Having read the final report, I believe that it represents a fair and balanced assessment based on the available evidence and reasonable assumptions.

I am therefore proposing to publish the report on Wednesday 3 July. The report and its contents should remain confidential until that date but this does give you time to prepare for questions, including those from the media. If this proposed date presents any problems for you then please let me know as I am keen for publication to happen as soon as possible.

It was beyond the scope of the study to consider whether feasibility on paper will translate into commercial attractiveness sufficient for one or more operator to bid on this basis for a future tendered contract. Any potential operator will make their own assessment of the market potential and the likelihood and consequences of a competitive response. As I said at the last meeting, I am therefore keen for my officials in Transport Scotland to engage with potential operators, as they would in preparation for any new tendering exercise, and I indicated that I would like it to be open to the Steering Group to be involved in that process in some way. That is something we will take forward in the coming months.

Equally, we must continue to work within the parameters set by the European Commission in their Decision of 18 October 2009; in particular, that subsidy can be only be paid for passenger traffic and that a vehicle ferry service, provided on a commercial basis by the operator, will be subject to appropriate accountancy measures and audit monitoring to prevent cross-subsidisation from the passenger service to the vehicle service. I will be sharing this report with the Commission very soon after publication.

Once I have the feedback from potential operators and the Commission, as well as local reaction to the report, I will be in a position to consider the way forward in the longer-term. It would probably therefore be appropriate for us to meet again sometime after Parliament's summer recess .

I would like to take this opportunity to reiterate the Scottish Government's policy objective: that there shall be a safe, reliable, frequent, commuter ferry service between Dunoon town centre and the rail terminal at Gourock. The report demonstrates that this objective can be achieved by either an enhanced passenger service or, as is my wish and yours, a vehicle and passenger service. The status quo is not an option. It is likely that new ferries will be required to achieve the level of reliability previously achieved by the "streakers"; procuring and constructing such vessels will take time and we continue to look for interim solutions; I will keep you updated on any developments there.



NICOLA STURGEON