

John Davidson  
The Scottish Executive Development Department  
Transport division 4  
Area 2-F Bridge  
Victoria Quay  
EDINBURGH  
EH6 6QQ

29 May 2003

Dear Mr Davidson

### **Proposals for Tendering Gourock to Dunoon Ferry Services**

As you may be aware, the STUC, the umbrella organisation for Scotland's trade unions, represents in excess of six hundred and twenty thousand trade union members. Our annual policy-making Congress has consistently and unanimously highlighted concerns about the implications of the Scottish Executive's proposals to tender the lifeline highlands and islands ferry services currently provided by Caledonian MacBrayne. In particular Congress has expressed concerns about the need for assurances on the future of lifelines ferry services to fragile, remote communities and the need for guarantees on the job security, working conditions and pension rights of the CalMac workforce.

In a letter to the Deputy Minister for Enterprise, Transport and Lifelong Learning in September last year, STUC General Secretary, Bill Speirs, reiterated our enduring belief that because of their unique nature lifeline ferry services in Scotland should be exempt from European rules on Maritime State Aids and that the Scottish Executive and government at Westminster should use act to ensure that the European guidelines better reflect the needs of the communities served by CalMac operations. However, notwithstanding our principal position on these matters, then as now, we consider it important to respond to the Scottish Executive's proposals for the tendering of services.

Last September we welcomed the fact the European Commission had cleared the way for CalMac's mainland-to-mainland routes to be included within the single bundle for tendering purposes, but expressed concern about the proposed passenger-only restriction for the Dunoon to Gourock service. In particular we highlighted the potential dangers of an unregulated private monopoly on a strategically important transport artery.

We remain/...

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We remain concerned that to remove the Dunoon to Gourock route from the single-bundle will undermine the integrity of the network. We are not convinced that the draft invitation to tender document offers sufficient safeguards in relation to the promotion of integrated transport and tourism and would encourage that further consideration be given to what additional safeguards could be introduced.

We would also encourage the Minister to re-iterate in the strongest terms that the separation of this particular route is proposed in exceptional circumstances and does not set a precedent for the removal of others from the bundle.

In our earlier response we noted comments in the original Draft Invitation to Tender document about the need to avoid a complaint about the potential for cross subsidy should a PSO be offered for passenger service and unsubsidised vehicle services were allowed to continue alongside, but we recommended that further consideration be given to finding an accommodation which allowed for the on-going provision of passenger and vehicle services.

We note the Draft Invitation to Tender for the Dunoon to Gourock route allows for this eventuality but are extremely disappointed that this is not guaranteed despite the fact the route is now to be tendered separately. It would appear that the main justification for removing this route from the bundle will not necessarily be addressed by that action, despite the attendant risks in terms of the integrity of the network.

On the issue employment and pension rights, we welcome the commitment to apply the same conditions in line with those outlined in the main tender. We acknowledge that the application of TUPE is a matter of law, and we welcome the requirement that tenders, as a condition of contract, cost their bids as if TUPE applies and apply TUPE in the event that they are successful in their bid. As indicated in our previous submission, the commitment to reduce any subsidy to an operator equivalent to any reduction in the operator's costs should TUPE subsequently be found not to apply is particularly welcome. It is vital that this commitment is adequately implemented over the entire period of the contract.

Similarly, we welcome the commitment to require tenders to cost their bids so as to protect the actuarial equivalent pensions schemes and entitlements of transferring staff. However, we would again urge that consideration be given to the retention of the existing CalMac pension scheme, with an obligation on the successful bidder to contribute to the scheme.

I trust/...

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I trust that you will find these comments to be of assistance and ask that you take them into account together with any additional points submitted by the relevant STUC affiliated trade union.

Yours sincerely

**TRACEY WHITE**  
**ASSISTANT SECRETARY**