

PROPOSALS FOR TENDERING CLYDE & HEBRIDES LIFELINE FERRY SERVICES

The STUC, as the umbrella organisation for Scotland's trade unions, represents in excess of six hundred and thirty thousand trade union members. At our Congress in April this year, there was unanimous support for a motion highlighting concerns about the implications of the tendering process; the need for assurances about the future of lifeline ferry service to fragile remote communities; and the need for guarantees on the working conditions and pension rights of the CalMac workforce.

Notwithstanding our enduring belief that lifeline ferry services in Scotland, due to their unique nature, should be exempt from European rules on Maritime State Aids and that the Scottish Executive and the government at Westminster should use the current review of the guidelines to ensure that they better reflect the needs of the communities served by CalMac operations, we consider it important to respond to your proposals in some detail. In the following paragraphs we comment on a number of issues raised in your consultation paper in the order in which they arise:

1) Single bundle

In previous submissions, we have indicated our strong preference for the single bundle option to help ensure security of service and reduce the propensity for the 'cherry-picking' of profitable routes to the detriment of the overall integrity of the lifeline network. We, therefore, welcome your commitments in this area and strongly urge you to maintain this positions in the preparation of the final invitation to tender (ITT).

2) Mainland-to-mainland routes

We also welcome the fact that the Commission has cleared the way for CalMac's mainland-to-mainland routes to be included within the single bundle. However, we are greatly concerned about the passenger-only restriction that you propose to apply to the Dunoon to Gourock service. Our view is that there is a case for expanding existing services rather than contracting them. Furthermore, the proposal raises the prospects of an unregulated private monopoly on a strategically important transport artery.

We note your comments 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 are allowed to continue alongside. However, we would urge you to give further consideration to what transparent mechanism could be applied to company reporting in this respect and to note that, to our knowledge, no complaint has been lodged about existing PSO arrangements for the Dunoon to Gourock route.

We would encourage you not to remove the Dunoon to Gourock route from the single-bundle, as this, in our view, would undermine the integrity of the network and would raise the prospects of others seeking the removal of additional routes.

Should you ultimately decide to remove the route from the single bundle and tender it separately we would expect all the conditions you have agreed relating to TUPE, staff transfers and pension rights to apply.

3) VesCo

We welcome your commitment to retain in public ownership the vessels, ports, quays and terminals currently operated by CalMac and to require the successful tenderers to lease all the vessels retained by VesCo.

However, we are disappointed by your assertion that VesCo cannot be the employer of the crew. Had this been the case, it would have prevented the workforce from suffering uncertainty every five years when the contract comes up for re-tendering, and would have allowed them to retain security of employment throughout, regardless of the application of TUPE or the Cabinet Office guidelines on Staff Transfers in the Public Sector.

We are also concerned that the successful bidder will not be bound to use existing ticket office and waiting room facilities. This leaves a number of shore-based staff in an unacceptable position of insecurity.

4) Out of undertaking Services

We welcome your decision to extend the list of services eligible for subsidy to include the Mallaig-Armadale winter vehicle service and the Tarbet-Portavadie winter service.

5) Draft Service Specification

As we have indicated on a number of separate occasions, we consider the five-year tender period to be too short, raising the overall costs of the exercise, increasing uncertainty and jeopardising the current operational infrastructure. We acknowledge the impact of EU State Aid guidelines in this area, but take the view that this is a matter that should be re-negotiated in the context of the on-going review. The State Aid rules must take better account of the economic and social importance of lifeline ferry services in the Highlands and Islands.

Fares

We support the proposed framework for fares believing it necessary to safeguard passengers' interests.

Level of Service

We also support the proposal that all current service arrangements are prescribed exactly as now. However, we do not think that this should preclude the development of new services, subject to appropriate local consultation.

Integrated ticketing

We support your desire to advance the Scottish Executive's integrated transport objectives and agree that bidders should be required to provide proposals on ticketing and for encouraging tourism. The existing CalMac shore-based staff have significant knowledge and experience of the communities and localities they serve.

They have much to contribute in the development and implementation of a tourism strategy. It is important that they are able to make an on-going contribution to the provision of Highlands and Islands ferry services.

Gaelic

We note that the Scottish Executive is of the view that setting requirements in relation to Gaelic speaking crew off shore-based staff would cut across European procurement rules. We are, however, concerned that the draft ITT requires a commitment to providing crews with "sufficient knowledge of English" rather than commitments regarding fluency.

TUPE

We acknowledge that the application of TUPE is a matter of law. However, we welcome your commitment to require that tenderers, 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. Your commitment to reduce the subsidy to an operator equivalent to any reduction in the operator's costs, should TUPE subsequently be found not to apply, is particularly welcome. However, it is vital that this commitment is adequately implemented over the period of the contract.

In addition, we expect that the conclusions of the on-going work between the STUC and the Scottish Executive on eradicating the two-tier workforce will have implications for new starts entering employment after the contract is let.

Pensions

We welcome your commitment to require tenderers to cost their bids so as to protect the actuarial equivalent pensions schemes and entitlements of transferring staff. However, we would urge you to give consideration to retaining the existing CalMac pension scheme and obliging the successful bidder to contribute to the scheme.

Users' Charter

It is, in our view, essential that any provisions of a 'Users' charter' are prepared in consultation and negotiation with the recognised trade unions.

Flagging and Crewing

We welcome your commitment to UK/British registration of all VesCo vessels. For the purposes of clarity we suggest that you use the terminology, "registered in a port in Great Britain". We also urge you to make it clear that the successful bidder may not flag out the vessels during the contract period.