

Mull and Iona Ferry Committee

Press Release

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Island community considering running their own ferry service.

An influential users' group on Mull and Iona has today launched an investigation which could lead to a Norwegian-style community takeover of ferry services from Scottish Government-owned CalMac. The Mull and Iona Ferry Committee (MIFC) is to undertake a feasibility study looking at community ownership as an alternative to the current monopoly run by CalMac and CMAL, which has led to unprecedented disruption on Scotland's west coast ferry network in recent years, and the well-publicised delay to two new ferries being built on the Clyde.

Joe Reade, chair of MIFC, said:

"The Scottish Government itself has undertaken a root and branch review of ferry services but remains completely wedded to centralised control of ferries in Gourock and Edinburgh, many miles from the island communities who are being badly let down day in day out.

"Why should it be assumed that only CalMac and CMAL know how to run a ferry service? We get mistake after error after delay – and at massive cost to all taxpayers, whether the live on the islands or not. We've had to tolerate the eye-watering amounts of public money spent on bloated bespoke ferries, and accept the £150 million (and rising) given to David MacBrayne every year to keep them solvent.

"Rather than doing the same thing over and over and crossing our fingers for a different result, we need to ask ourselves if there might be a better way of running our ferry services and putting control and accountability in the hands of the communities these lifeline ferries serve."

MIFC are investigating the suggestion made by ferry expert Roy Pedersen in 2021, that a community-owned ferry company could provide a far better service at lower cost to the taxpayer. "With competent business management and the optimum vessel choice, my estimates show that the Craignure – Oban ferry service could be maintained with less than half of the subsidy that would otherwise be required if CMAL's new 'Islay type' ferries were used on the route. That includes the cost of buying new vessels – which I recommend to be medium-speed catamarans similar to those operated by Pentland Ferries. In addition, by using shore-based crews the timetable and operating hours could be hugely improved. And on top of all that, profit generated from the ferry service could be returned to the community."

"Hebridean ferry services are some of the most inefficient, wasteful and high-cost in the entire world." claims Reade. "CMAL have an obsession with making each ferry larger than the one before, which in turn requires millions to be spent 'upgrading' piers. Each one of those expensive vessels runs with twice the number of crew compared with international best-practice, as well as being hugely fuel-thirsty. Rather than protecting the failing status quo at huge cost, we should modernise both our vessels and our working practices."

"As representatives of islanders and users, we need higher capacity, higher frequency, better reliability, more weather-resilience, longer operating hours and more convenience. Those improvements can only be afforded if the ferries are cheaper to buy and operate. Right now, no-one in the 'tripartite' (CalMac, CMAL, Transport Scotland) has a vested interest in improving value for money. So the same expensive decisions keep getting repeated – for evidence of that, look no further than the exorbitant build cost and profligate crewing of the newly-ordered Islay vessels. And now Scottish government are charging ahead to buy another two for £115 million. So those four vessels - together with the port upgrades needed to accommodate them – will ultimately cost the taxpayer around £230 million. Eleven medium-speed catamarans of the type Roy Pedersen recommends for Craignure-Oban could have been bought for that sum. We could be getting so much more for our money."

"Unlike the increasingly unaccountable CMAL, communities have a huge interest in getting value for money – because service improvement will be unaffordable unless we do so. This is not rocket science. It's just basic business

common sense. Run smaller, more fuel-efficient vessels but more of them. Keep the same total number of staff, but have them driving boats rather than serving chips in the cafeteria. If Transport Scotland, CMAL and CalMac still don't get it, then it's time we were given the opportunity to run our own ferry services."

With £15,000 funding from Highlands and Islands Enterprise, MIFC are commissioning a feasibility study of how ferry services to Mull could be owned and run by islanders themselves. The report builds on earlier work on the idea by Roy Pedersen, which is being published on the MIFC website today.

The MIFC initiative comes hot on the heels of 'Project Neptune', the Transport Scotland funded study by accountancy firm Ernst and Young. Project Neptune assessed options for re-structuring the companies and agencies delivering West-coast ferry services. One of the options assessed is 'decentralisation' (also known as 'unbundling'), whereby routes would be tendered individually on a Norwegian model, rather than putting the entire network out to tender as one package.

But the First Minister Nicola Sturgeon and Transport Minister Jenny Gilruth appear to have ruled out 'unbundling' before consultation on Project Neptune even began. According to Dr. Alf Baird, retired Professor of Maritime Business at Edinburgh Napier University (and one-time advisor to Scottish Government and select committees at Westminster, Stormont and Isle of Man on ferry and maritime policy), unbundling is one of the main reasons Norwegian ferries are so much better than Scottish services:

"Norwegian ferries are far more reliable, more frequent, and operate for longer hours at far less cost to the taxpayer, yet they are still rigorously controlled in terms of fares and service levels by national government and local authorities through a rapid tender process. They achieve those higher service levels at lower cost because real competition is allowed when it comes to tendering. Prospective operators compete for public ferry contracts by offering improved services with newer vessels, provided by the winning bidders at the lowest cost to the taxpayer. Over the past 20 years some 200 new ferries have been built for tendered Norwegian ferry services by several private and community-based operators. This form of competition incentivises the ferry companies to operate efficiently and productively, including investing in their own ships for each route. The users get a better service and the taxpayer gets value for money. In Scotland however, the government seem to be wedded to the monopoly model in which only the state via CMAL provides the vessels which any winning bidder must use. This is clearly a failed model and a block to innovation and service improvement. The Scottish government seem bizarrely intent on delivering the Hebridean and Clyde ferry contract to David MacBrayne on a permanent monopoly basis. Since when have monopolies ever delivered value for money?"

MIFC chair Joe Reade thinks the apparent aversion to unbundling may be down to mis-understanding of what it actually means:

"When asked about unbundling, the government's stock response seems to be 'we are against unbundling and privatisation', which deliberately muddies the water. Defenders of the status-quo put unbundling and privatisation in the same breath in order to raise fear and uncertainty that serves only to protect the CalMac monopoly. But unbundling is not the wild-west private ferry free-for-all that is implied by such a highly charged term. It's just a more efficient and competitive way of allocating public ferry contracts. We already put ferry services out to tender to all-comers, but do it in one large whole-network bundle. Only big corporates like David MacBayne and Serco have the ability to bid. If the contracts were smaller, there would be more competition – not just allowing a community enterprise to bid, but getting better value for the taxpayer. Government have said they are against unbundling, but aren't able to give any coherent argument for the alternative, which is the continuation of a protectionist monopoly. Whether it's David MacBrayne, Serco, P&O, or whichever corporation has the resources needed to bid for a whole-network contract, the problem is monopoly, not ownership. Dogmatic protection of that monopoly is to the detriment of both island communities and the tax payer, and seems to have been decided before island communities have even been given a chance to offer their opinion."

"The last thing islanders want is for their ferry services to be left to the whims of market forces – our ferry services are essential public infrastructure, just like roads on the mainland. But just as independent private companies are contracted to provide public-service bus services or mend roads, independent companies could be contracted to operate public ferry services. If it's good enough for Norway, it's good enough for Scotland.

“The proposal we want to look at for Mull and Iona goes one step further – we want the operating profit to be invested back into the islands themselves, rather than being used to feather-bed the salaries and pensions of complacent central-belt Quangos.”

“This government espouses community empowerment and has been world-leading in advocating for island communities through ground-breaking legislation like the Islands Act. Community-owned ferry companies can only enhance that progress, and I am sure that the government will recognise that.”

Moray Finch, General Manager at development charity Mull & Iona Community Trust believes the community-ownership model could bring big benefits to the island. “Community empowerment is at the core of SNP policy, and rightly so. But that is contradicted by a controlling tendency and a central-belt focus. Backed up by advice from those organisations with a vested interest in maintaining the status quo, it seems that the idea of a community owned ferry is not palatable under the current system. We hope that this piece of work will identify a way for community ownership to deliver a better service for our community within the constraints of a modified Clyde and Hebrides Ferry Services contract”

In their tender invitation, MIFC are looking for an independent consultant to examine the different forms a community-owned ferry company could take, and to assess the feasibility of such an undertaking. Once complete, the proposals will then be presented to the island community for their views. “This is a hugely exciting idea, but not without hurdles and risks. We need an independent consultant to investigate the detail, assess the options and identify pros and cons. Then we will take it to the community to see if it has their backing. This is a community endeavour, for the benefit of the whole community. Only if it is viable, and only if it has the support of our islands will it go ahead. But ultimately it will be up to the Scottish Government to decide if they will allow a community company to take on a part of the ferry network. We look forward to exploring the options and possibilities with them.”

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For further information contact Joe Reade, Chair of Mull and Iona Ferry Committee – joe@islandbakery.scot or 07766 241505.

See the MIFC website at <https://mullandionaferrycommittee.org/could-we-run-our-own-ferry-service/>

Other recent and relevant investigation by MIFC includes:

A critique of the Islay ferry procurement [here](#).

A critique of CMAL’s treatment of catamaran options for Islay [here](#).

A critique of CMAL’s treatment of a second-hand catamaran on offer for Mull [here](#).