



THE NORTHERN ISLES FERRY SERVICES

[Published 11, June 2010]

CONSULTATION DOCUMENT

RESPONSE – 5 October 2010

1. Introduction

Orkney Islands Council welcomes the opportunity to comment on the ferry services to and from the Northern Isles (of Orkney and Shetland) to/from the Scottish mainland. The Council acknowledges the fact that the current contract is due to terminate on 5 July 2012 and, recognises the importance of continued services after this date so as to ensure the delivery of an effective lifeline service to the Orkney and Shetland Islands.

2. Background

2.1. Orkney Islands Council recognises that the Consultation in relation to the Northern Isles ferry services is being run in parallel to the wider Scottish Ferries Review,¹ which seeks to consider the future of ferry services across the whole of Scotland over a longer timeframe; a commitment that was made in Scotland's National Transport Strategy² (2006), and which sought to, "develop a long term strategy for lifeline service to 2025."³ The review was specified to include, "a detailed appraisal of routes to determine whether a better configuration could be developed in response to calls for new and faster connections serving those isolated communities and a review of fares structures as part of a broader review of the affordability of public transport."⁴

2.2. Orkney Islands Council presents its responses to the Northern Isles ferry services Consultation Paper with the knowledge that the current policy for delivering lifeline ferry

Consultation Document published on the web 11, June 2010.

¹ <http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canal/14342/Review>

Orkney Islands Council would express concern that potentially the simultaneous timing of the two Consultation documents (Northern Isles Ferry Service Consultation Paper and the Scottish Government's Ferry Review Consultation Document) may stand to have a detrimental effect on one or both of these processes; highlighting, in particular the submission of responses by those that stand to be the most affected. The Council would identify that there has been a degree of confusion expressed in the Community in relation to having these two Consultation processes running together.

² Scotland's National Transport Strategy. ISBN 0 7559 5189 1

<http://www.scotland.gov.uk/Publications/2006/12/04104414/0>

³ The review period is now until 2022.

⁴ Scotland's National Transport Strategy. ISBN 0 7559 5189 1

<http://www.scotland.gov.uk/Publications/2006/12/04104414/0>. At paragraph 189.

services in Scotland is detailed in ‘Delivering Lifeline Ferry Services: A consultation paper on meeting European Union requirements (2000).’⁵ The Council supports the aims specified within this document namely;

- to ensure the provision of a suitable standard of transport connection, in terms of quality, frequency and capacity, to islands (or, in some cases, remote peninsula) communities which would otherwise suffer social and economic disadvantage;
- to ensure ferry fares and freight charges are not excessive;
- to ensure that ferry services are delivered efficiently; and
- to ensure that the necessary level of service is provided for the minimal amount of public subsidy.

The Council also emphasises the synergy of such to the three key strategic outcomes of the National Transport Strategy; which support the Purpose of Government⁶ and respond directly to the five strategic objectives⁷ to:

- **Improve journey times and connections** between our cities and towns and our global markets to tackle congestion and provide access to key markets - ***wealthier and fairer, safer and stronger***
- **Reduce emissions** to tackle climate change - ***safer and stronger, wealthier and fairer***
- **Improve quality, accessibility and affordability** of transport, to give people the choice of public transport and real alternatives to the car - ***greener, healthier, smarter***

2.3. In responding to the questions within the Consultation document, Orkney Islands Council also wishes to reaffirm the stated identified purpose of the Scottish Ferries Review.⁸ The Council highlights that the Scottish Government identified that such review had the purpose of informing of a long term strategy for ‘lifeline’ ferry services; and, to influence the next round of procurement of ferry services and supporting infrastructure. The Scottish Government identified that it had as a purpose, the analysis of the current ‘lifeline’ ferry services and network, and the revision of how this element links to other modal networks. Importantly emphasis was accorded to developing a “**shared vision and outcomes for lifeline ferry services in Scotland**, in the context of the Government’s Purpose, Economic Strategy and National Transport Strategy.”⁹

⁵ <http://www.scotland.gov.uk/consultations/transport/fese-00.asp>

⁶ <http://www.scotland.gov.uk/About/scotPerforms/purposes>

⁷ <http://www.scotland.gov.uk/About/scotPerforms/objectives>

⁸ Orkney Islands; however also recognises the need to comply with the EU Treaty [*Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community*, signed at Lisbon, 13 December 2007 O J C 306 of 17 December 2007 (Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union O J C 83 of 30.3.2010)] and the relevant secondary legislation (rules applying to competition; undertakings; aid granted by States; [including State aid for maritime transport services]. Orkney Islands Council remains mindful of the recent Decision of the EU Commission and the concerns raised during the review concerning public financing for the operation of ferry shipping services in Scotland. The Decision, it is noted concluded, although “compatible with State aid rules” was nevertheless subject to transparent and non-discriminatory public tenders. [State aid: Commission closes investigation into public financing of ferry shipping services in Scotland. (Brussels, 28 October 2009)].

⁹ <http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canal/14342/Review>

Orkney Islands Council provides its responses accordingly to the questions within the Consultation Paper.

3. Current services

Consultation Question 1: It asks:

a) Should the ferry services be retained broadly as they are? b) Would you be willing to pay more for these services in order to retain them as they are? c) Given the difficult financial situation, where should we be looking to save money within the delivery of our ferry services?

The response to 1

a) Should the ferry services be retained broadly as they are?

Yes, in broad terms the services, as they stand, (including routes, ports and the provision of the ferry service in the Northern Isles) should remain; albeit subject to a transparent and non-discriminatory public tender,¹⁰ and compatible with State aid rules.

Orkney Islands Council would identify that the Northern Isles ferry service(s) connections to/from Orkney, to/from Scotland, are essential. In the peak summer months, and during the main livestock-shipping period, availability of space on the ferries can still be limited. The current provisions cater for different needs; for example, providing a range of travel times; ensuring the reliability of connections and a range of pricing options.¹¹

b) Would you be willing to pay more for these services in order to retain them as they are?

In reality there is insufficient information or breakdown of options to consider this.

This is an integral part of the invitation to tender the routes and service. Any monetary increase would need to be substantiated by data and considered against the service, benefits and improvements of such and therefore considered against alternative options of retaining the services as they broadly are.

Any proposed increase would need to consider the equality aspect (plus other factors) for determining a fair, fares policy (especially when concessionary and subsidised transport form part of such an equation.) In essence, fares should support the

¹⁰ See above at 2.3.

¹¹ The current 'lifeline' route for Orkney, in relation to the Pentland Firth, is from Stromness to Scrabster, and between 70,000 and 80,000 people use this route in each direction each year.

The popularity of the Aberdeen and Shetland route has grown significantly over recent years, and beyond the expectations of the operator, NorthLink. Between 2003-2009 passenger numbers increased by 19%; Freights by 62.3% and Units by 35%. (Data supplied by Orkney Ferries.) – Also other supporting information within this response.

Purpose of Government¹² and the aims specified in delivering Ferry Services to Scotland.¹³)

Any proposed fare increase (whether for passenger or freight) would necessitate carrying out a full social and economic impact assessment in relation to the respective service(s) identified.

See question (4) 'Fares' of this document.

c) Given the difficult financial situation, where should we be looking to save money within the delivery of our ferry services?

Firstly, it is important to state that all options to save money should be carefully considered against the Purpose of the Scottish Government and the strategic objectives identified.¹⁴ The 'best fit' option, which accounts for the stated Purpose and overarching intention, should be the preferred choice.

The 'ferry service' should be measured and considered against the policy objectives and specific aims for delivering, what is after all, recognised as being 'lifeline' ferry services in Scotland.¹⁵

Therefore our lifeline services require to be appropriately funded, effective and efficient, but not subject to arbitrary cuts in funding which puts service delivery in jeopardy.

- **Most importantly the needs and requirements of the communities should be considered a major factor in this tendering process and subsequent delivery of these essential services.**
- **Ultimately, the needs and requirements of the Orkney (and Shetland) Community must be the primary objective for ferry services – and must come before efficiency and saving measures.**

4. Fares

The Consultation Paper¹⁶ addresses the fares structuring on the Northern Isles routes.

Consultation Question 2: Asks in relation to fares:

What is your preferred option in terms of setting fares in the future?

If you think that another option should apply, then please specify?

Fares should be fair. In the absence of RET being extended to routes in Orkney. **The importance of ferries to island communities should not be underestimated.¹⁷** The

¹² See above at 2.2.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ See above at 2.2.

¹⁶ At paragraph 8.

Scottish Government has stated that it recognises the vital importance of lifeline ferry services in supporting Scotland's island communities and understands the genuine concerns that **“remote and fragile communities have about the affordability of ferry travel”** and the impact of this on islanders.¹⁸ The Scottish Government has stated that **“providing cheaper fares could also boost island economies by attracting tourists and supporting businesses.”**¹⁹

Orkney Islands Council welcomes such statements of intent and supports this philosophy. The Council would identify that this is a **“shared vision and outcomes for lifeline ferry services in Scotland,”**²⁰ one which is specifically specified as an aim of delivering lifeline services in Scotland.²¹

Orkney Islands Council is eager to explore options that would make these statements of intent, a reality and on that basis feels that RET should be extended to routes in Orkney.

Orkney Islands Council would advocate the need to develop a tariff structure that includes integrated ticketing in order to satisfy demand.²²

Orkney Islands Council would remind the Scottish Government of its stated ‘Purpose’ which related to a strategic approach for delivering increasing sustainable growth across the nation of Scotland, **‘with opportunities for all of Scotland to flourish’ and which Orkney is still keen to develop.**²³

5. Ports and Routes

Consultation Question 3: addresses the issue of ports and asks:
Should the invitation to tender continue to specify these ports?

The ports used (as under the contract 2006-2012) should be specified within the tender for the new contract, 2012-2018.

Orkney Islands Council would also identify that it does not consider the two (current) NorthLink services/routes to be interchangeable and that there is a need to retain a high level

¹⁷ Ferries provide for passengers with cars and those without that require connections to public transport to continue their journeys, this includes those who are aware (sensitive) of ticket price and costs.

In Hitrans Origin and Destination Study of the Strategic Sea Crossings, 70% of users on the Aberdeen-Kirkwall ferry reported that fares were the main reason that they chose to travel by ferry rather than to fly on this specific route. (Final report completed in 2005; although this data comes from a follow-on survey in 2007.)

¹⁸ <http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canals/14342/TARIFF>

¹⁹ Ibid.

²⁰ In the context of the Government’s Purpose, Economic Strategy and National Transport Strategy. See <http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canals/14342/Review> and paragraph 2.4. above.

²¹ See above at 2.2. ‘Delivering Lifeline Ferry Services: A consultation paper on meeting European Union requirements (2000).’

²² See above and below footnote.

²³ Including the aspect of ferry fares/tariff structuring.

of service on both (i.e. it would identify that there should be different routes (as currently is) and not just one service), as there are different needs to address within the community.²⁴

Aberdeen remains a vital part of lifeline services to Orkney (and indeed Shetland).

For example:

- The Kirkwall to Aberdeen route operates directly into a city (the port at Aberdeen) and thus, also provides, good onward transport links almost immediately; plus offers the convenience of a city straight off the ferry and on the travellers' door-step (without the need for a vehicle or the ability to drive).
- Importantly, it should also be identified and indeed stressed that, as a Community, Orkney residents are heavily reliant upon many of the services that are only available in a large city and specifically Aberdeen.

For example:

- in relation to health and hospital facilities;²⁵
- education – and the Universities in Aberdeen etc.

Consultation Question 4: Asks in relation to routes:

Should the invitation to tender continue to specify the routes?

This could potentially be viewed as a continuum of the above, insomuch as alternatives to the current routes should not instantly be discouraged but considered in line with the policy objectives and aims of delivering 'Lifeline Ferry Services' to Scotland's island communities (and therefore, the needs of the Communities - as above).

Any proposal or tender that deviated from the current routes and services would have to be seriously measured against the social, economic and environmental implications of such. (This should also be viewed within the larger framework, i.e. the Purpose of the Scottish Government.²⁶) This would necessitate compliance with Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) legislation.

It should therefore be understood that any variance to routes or ports would be subject to serious challenge and scrutiny by the Community of Orkney and therefore by Orkney Islands Council. Again emphasis must be accorded to the reliance of such 'Lifeline Ferry Services,' and indeed other lifeline service,²⁷ in sustaining community life, from a social and economic perspective.

Consultation Question 5: This question groups together the two previous questions and asks:

²⁴ The Stromness to Scrabster route is more heavily dependant upon a connection enabling the traveller to continue onto their destination, be it by means of a vehicle (such as a car) which has also travelled on the ferry; or, an onward bus or a train into a city/town.

²⁵ NHS Orkney have identified that Aberdeen is essential to the health and wellbeing of patients. The ferry operating to Aberdeen is therefore vital to not only patients directly, but to the family and friends of patients.

²⁶ <http://www.scotland.gov.uk/About/scotPerforms/purposes> (and the strategic objectives identified).

Also see section 2 of this response paper – The Purpose of the Scottish Government and related strategic objectives for 'Delivering Lifeline Ferry Service' to Scotland.

²⁷ Specifically, in this regard, identifying the hospital in Aberdeen (see above at Question 3.)

Should the invitation to tender allow bidders to nominate other ports/routes?

Orkney Islands Council would not readily support any proposal that considered deviating away from existing ports or routes.

Orkney Islands Council supports entrepreneurship, initiative and development. However, it would also question the feasibility of such in view of the need for suitable infrastructure support mechanisms and the possible impact on local communities; again from an environmental, economic and social sustainability perspective. **Serious analysis would have to be given and undertaken should either or both variants occur.**

In answering this reference must be made to the two previous answers.²⁸

- In itself, this could result in excessive costs at a time when, as the Scottish Government identified in the Consultation Paper, “it is clear we are entering a period of public spending constraint[s].”²⁹
- In view of this, logic would tend to dictate that existing and confirmed infrastructure is utilised, which is ultimately tried and tested and recognised as suited to purpose from a social, economic and environmental view.

6. Dedicated Services

Consultation Question 6: Asks:

a) Should the current policy of sharing ferry resources across the two Island groups be retained or b) is there a need for each Island Group to have its own dedicated services? Please tell us why.

The issue of managing common pool resources is not new.

Logic dictates that there is a commonality of issue(s) relating to human demographics and associated needs and wants across the two Island groups; this being viewed from a social, economic and environmental sustainability viewpoint; which, integrates the connectivity need to the mainland of Scotland and factors into the equation cost. Simplified this deals with sustainable management of resources, which is cost determined. This would have to be measured against the feasibility and cost of each Island group having a dedicated service; which, ultimately, would not necessarily be achievable.

Bundling services and sharing ferry resources (including back office functions and administrative costs, etc) are recognised as, on the whole, an effective means to save money, and add to efficiency with fewer negatives and more positives; where economies of scale and needs should be factored in.

²⁸ Questions 3 & 4.

²⁹ Consultation in relation to the Northern Isles ferry services (June 2010) Page 3, at paragraph 2.4.

In simple terms, there is a recognised demand for services to/from Aberdeen from Orkney and Shetland, and sharing this link would seem like the most efficient way to satisfy these demands.³⁰

7. Onboard services

Paragraph 7 of the Consultation Paper refers to the wide range of services which are currently available on board the ferries to the Northern Isles.

It is stated, “given the length of the journeys to the Northern Isles it would be appropriate for the tender to include the provision of facilities to purchase food and drink on board the ferries.”

Consultation Question 7: Asks:

What do you think would be an appropriate food and drink provision on board the services?

Whatever provision is provided should not be done so at a loss.

In answering this question it is recognised that there are several different lengths of crossing and therefore related time factors that are significant and may stand to influence the response.³¹

Any operation to provide food and drink must be provided economically; run at a profit it is a revenue provider; whilst, run uneconomically it is a loss that stands to affect profit and possibly pricing.

It could therefore be argued that catering facilities should be separately procured or considered as a means to increase efficiency within a single (bundled) tendered contract.

The need for food and drink provisions become of more relevance on a longer journey, such as on the Aberdeen, Kirkwall, Lerwick crossing; however, the provision of such should operate in profit to be sustained.

The operator should be encouraged to innovate in terms of the provision and integration with other functions/staffing that must be performed/undertaken.

³⁰ There has also been an increasing demand for transport connections between Orkney and Shetland, with around 7,000 trips being made between Orkney and Shetland in both directions each year.

* *However also see the response to question 8, re-disruption to services.*

³¹ The response is therefore provided based primarily on the services and current contract and the provisions of food and drinks on these routes.

For example, the crossing on the Scrabster to Stromness ferry route currently takes (on average) 90 minutes. (Based upon the current contract (2006-2012) information). In relation to this, it would have to be questioned as to what beverage facilities are needed and what are sufficient for purpose.

8. Timetable

The current timetables are attached at Appendix 3 to the Consultation Paper.

Consultation Question 8: Asks:

Do the current timetables meet your needs? If not, what changes to the timetables would you like to see introduced?

The current timetables taken in isolation, as is stated in the question, are believed to be implemented to satisfy known demands.³²

However the following are identified:

- On the Stromness Scrabster route it has been identified on occasions, and certainly by the summer tourism industry, that there are no onwards intermodal transport links on arrival at Scrabster at 18:15 hours. Orkney Islands Council is a fervent advocator of the need for greater modal connectivity of transport services, which was highlighted as part of the purpose of the Ferries Review.³³
- Orkney Islands Council is concerned that, on occasions, the community has experienced disruptions to the scheduled timetable; for example due to the withdrawal of the MV Hamnavoe during the 'ash cloud crisis' in 2010.
- Likewise, although appreciating the need for what is planned maintenance, Orkney Islands Council is disappointed that, on occasions, there have been further disrupted service during the winter months on the Aberdeen, Kirkwall, Lerwick (and vice versa) ferry service, resulting in the withdrawal of calls to Kirkwall. The Council would argue that the Scrabster to Stromness (and vice versa) can not be viewed as a comparable alternative route.
- Concerns have also been raised (in some quarters) as to the hour when the Aberdeen ferry arrives in Kirkwall, namely 23.00 hours.³⁴ (Those expressing dissatisfaction would comment that this time is considered to have a detrimental effect economically - especially on the tourism industry, as well as additionally from a social perspective).

Both the Scrabster to Stromness and the Aberdeen to Kirkwall³⁵ routes are viewed as essential to the wellbeing of Orkney. Disruptions and changes to timetables ultimately stand to affect this wellbeing and status-quo of the Community.

³² Meaning, that it is recognised that there maybe compromises but that this is generally accepted by the Community of Orkney.

³³ As at point 2.3. above.

³⁴ This became particularly apparent when discussions occurred relating to the ferry arriving at a later hour and therefore departing (also) later (see the rejection of such expressed in the Northern Isles Ferry Services – proposed, efficiency saving options.)

³⁵ Onto Lerwick (Shetland).

Any amendments to the timetables³⁶ would be subject to serious consideration and review, so as to ascertain (in general) the social and economic impact to the community.

Better provisions or services and reliability are however always welcomed.

9. Bundling of the Routes

Under the existing contract, NorthLink Ferries Ltd operates an integrated passenger, car and freight service over a number of routes as one bundle.

Consultation Question 9: Asks:

- a) should the Northern Isles ferry services be retained as one single bundle or**
- b) should prospective operators be able to bid for each route separately?**

As has already been outlined above,³⁷ the advantage lies in the approach of retaining one single bundle, in that it provides consistency and economies of scale. Although it is acknowledged that this approach may be a barrier to some operators, who may only be interested in bidding for a particular route, bundling essentially provides a more reliable service.

As these are essential ‘lifeline services’ there is a need to ensure the provision of relief vessels (and reliability of service). ‘Fragmentation of the network may not be the most efficient way to ensure the continuation of safe and reliable services.’³⁸

10. Freight

The Consultation Paper³⁹ refers to the fact that, under the terms of the current contract, passenger and freight ferry services to the Northern Isles are fully integrated with the passenger services. Acknowledgment is given to the fact that, for freight, there is also the additional load on/load off containerised freight service to Orkney and Shetland from Aberdeen, which is provided by Shetland Line (1984) Ltd.

Consultation Question 10: Asks:

- a) should the Northern Isles freight services remain integrated within the current bundle or**
- b) should freight be tendered for separately?**

³⁶ As within the current ferry service contract period (2006-2012) or the new contract (2012-2018).

³⁷ See the response to question 6.

³⁸ As stated within the Scottish Ferry Review Document Appendix at page 104.

Also see, Commission Decision of 28.10.2009 on State Aid in relation to ‘Subsidies to *Calmac* and *NorthLink* for maritime transport services in Scotland.’ Brussels 28.10.2009 (specifically, paragraph 186; and the arguments presented in respect of justifying the, then, bundling of the 26 routes.)

³⁹ At paragraph 14 of the Consultation Paper.

All measures to ensure an efficient and effective service should be considered; and therefore there remains scope to consider re-bundling the provision of passenger services with freight; which basically mirrors the current services.⁴⁰

11. Vessel Utilisation and Capacity Issues

Consultation Question 11: Asks:

Should additional uses for the vessels be explored?

The Consultation Paper refers to the fact⁴¹ that at the moment the vessels used by NorthLink Ferries Ltd to deliver the approved services as set out in the contract are dedicated to the Northern Isles routes.

Whilst in general, Orkney Islands Council supports the principle of ensuring efficiencies in operations, it would emphasise, that, it is of paramount importance that disruptions to lifeline ferry services are kept to a minimum.⁴² Orkney Islands Council would not wish to see a continuance to the disruptions in its shared service with Shetland⁴³ for instance, as occurred this year; or, to the Pentland Firth crossing. The Council would identify that both services serve a different market and thereby different needs. These should not be viewed as interchangeable. Both must be reliable and available to meet the needs of the Community.

Consultation Question 12: Asks:

Would you be prepared to consider changes to the current timetables to allow additional uses for the vessels to be explored?

Orkney Islands Council is unable to comment on hypothetical futuristic changes in the current timetable to allow such use of the vessels in a new contract period.

Reference should be made to previous comments concerning the timetable and the need for a safe, reliable, dependable, comfortable 'lifeline' ferry service that satisfies the Communities needs.

12. Contract duration

Consultation Question 13: Asks:

a) Should the current contract duration of six years be retained or

⁴⁰ In responding to this question recognition is given to the fact that Shetland Line (1984) is part of the Streamline Shipping group. Their current contract to operate this service runs from May 2008 to May 2014.

⁴¹ At paragraph 15.1.

⁴² As stated in paragraphs 6 & 8 of this response document.

⁴³ As stated at paragraph 8 (and also as occurred during a sickness bout in June 2010).

b) Should the Scottish Government explore the possibility of extending the contract duration – please specify?

Orkney Islands Council recognises the EU Commission’s view, that, “a contract of a period of more than 6 years does not normally meet the proportionality requirement.” The Council is not aware that this view has changed and would add emphasis to the fact that it was identified that, “public service contracts should have a limited duration in order to allow regular and open prospecting of the market.”⁴⁴

However, if it could be shown that the Community of Orkney would benefit from a longer contract then it would support the Scottish Government exploring this possibility.⁴⁵

13. Performance

Consultation Question 14: Asks:

Are you satisfied with the current performance monitoring? If not, please outline what changes you would like to see introduced.

On the whole Orkney Islands Council is satisfied with the current performance monitoring to ensure that the company meets certain standards in terms of reliability, punctuality and quality.

Orkney Islands Council advocates transparency in operations and believes that further mechanisms to enhance and provide accountability should be considered.

14. Conclusion

As stated above, Orkney Islands Council welcomes transparency and openness. The Council is grateful for the opportunity to express its views and that of the Community. It would identify, in this regard, that it sees this Consultation Paper as merely a starting point in the procurement process of the Northern Isles ferry services; one that will lead onto further meaningful discussion, in order to assure the provision of suitable lifeline ferry services in the Northern Isles.

⁴⁴ Orkney Islands Council recognises that the Council Regulation (3577/92/EEC. OJ L 364, 12.12.1992) applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage) does not set any maximum duration for public service contracts; nevertheless, in responding to this question it is mindful of the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions interpreting the fore mentioned Regulation. (COM(2003) 595 final. Brussels, 22.12.2003.)

⁴⁵ However, Orkney Islands Council would also identify the converse argument that, on occasions and depending upon circumstances, in order to allow for innovation and better prices, (including the fact that operators may need to be encouraged to bring their own vessel) - six years, potentially, may not be a sufficient length for a contract. From this perspective six-year duration could be viewed as a limiting factor on some less competitive routes and particularly inter Island routes.

APPENDIX A

Although the current income from fares is not at the present time known, concerns have been identified as to the fairness of tariff and fare structuring on the NorthLink Services, as well as more specifically in Scotland.

Summary

A.1. Historically, fare increases have been made by implementing a fixed percentage applied to all fares.

A.2. Orkney Islands Council would question the structuring and formula used for determining fares per se in Scotland.⁴⁶

A.3. In relation to the NorthLink routes, and based purely on a single adult fare, the following examples would highlight some anomalies associated with the current structuring system in place in the Northern Isles.

ABERDEEN TO LERWICK			ABERDEEN TO KIRKWALL		
Low	Mid	Peak	Low	Mid	Peak
22.60	28.80	34.60	17.30	21.70	26.40
			SCRABSTER TO STROMNESS		
			14.10	15.30	16.50

A.4. Kirkwall to Lerwick⁴⁷ is virtually the same distance again as Aberdeen to Kirkwall.⁴⁸ Yet the difference is not reflected in the fare pricing. Likewise, Scrabster to Stromness is a distance of only some 26 nautical miles.⁴⁹

A.5 When the Scrabster to Stromness route is further analysed this unfairness appears to be intensified.

A.6. For instance, on the Scrabster to Stromness route there would be the initial ferry payment plus the onward cost of travelling,⁵⁰ be it by car, train or bus, making the journey, per mile, far more expensive than their Shetland counterparts.⁵¹

A.7. Orkney travellers (those travelling to and from) should not have higher costs to bear.

⁴⁶ See section 4 of this response document in relation to RET.

⁴⁷ 100 nautical miles (Provided by NorthLink).

⁴⁸ 134 nautical miles. (Provided by NorthLink).

⁴⁹ Data supplied by NorthLink.

⁵⁰ With Scotland, for example to a city such as Aberdeen or Inverness.

⁵¹ The distance of a direct sailing Aberdeen to Lerwick is 188 nautical miles.

A.8. Revision of the current fare structuring on the Northern Isles routes should be undertaken (cars, cabin, freight etc.) as part of a Scotland wide investigation into fare and tariff structuring on all Scottish ferry routes.

A.9. Orkney Islands Council supports such a Scottish wide investigation in order to achieve fairness and equality of opportunity for all.

A.10. *Fares should be fair.*⁵²

⁵² In this respect Orkney Islands Council would also draw attention to the fares-reduction scheme (RET) pilot on the Western Isles, Coll and Tiree; and the inequality aspect of such a differential fares policy and structure/system operating there as compared to that in the Northern Isles.

RESPONDENT INFORMATION FORM: NORTHERN ISLES FERRY SERVICES

Please note that this form **must** be completed and returned with your response to ensure that we handle your response appropriately. Thank you for your help.

1. Name/Organisation: Orkney Islands Council
2. Postal Address: Council Offices, School Place, Kirkwall, Orkney
- Post Code KW15 1NY
- Phone number 01856 873535
- Email address chief.executive@orkney.gov.uk

3. Permissions

I am responding as ...

Individual	Group/Organisation
<input type="checkbox"/>	<input checked="" type="checkbox"/>

<p>3a. Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government Website)?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>3b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please check one of the following boxes)</p> <p>Yes, make my response, name and address all available</p> <p>Yes, make my response available, but not my name or address</p> <p>Yes, make my response and name available, but not my address <input type="checkbox"/></p>	<p>3c. The name and address of your organisation will be made available to the public (in the Scottish Government library and/or on the Scottish Government website). Are you content for your response to be made available?</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>
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<p>3d. We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
