

APPENDIX 1.1

(referred to in paragraphs 1.4, 6.1, 6.4 and 7.18)

UNDERTAKING

by

THE SECRETARY OF STATE with the consent of The Treasury

and of

CALEDONIAN MACBRAYNE LTD and the SCOTTISH TRANSPORT GROUP in respect of assistance to Caledonian MacBrayne Ltd under the Highlands and Islands Shipping Services Act 1960.

WHEREAS the Secretary of State has agreed, with the consent of the Treasury, to undertake to make advances under the Highlands and Islands Shipping Services Act 1960(a) (hereinafter referred to as "the Act") as amended by section 151 of the Transport Act 1968(b) to Caledonian MacBrayne Ltd, a company registered under the Companies Acts and having its registered office at The Pier, Gourock (hereinafter referred to as "the Company") in accordance with the provisions hereinafter contained and subject to the provisions of the Act;

AND WHEREAS the Company is a wholly owned subsidiary of the Scottish Transport Group, established under the Transport Act 1968 and having its Chief Office at 114-116 George Street, Edinburgh (hereinafter referred to as "the Group") and it is desired that the Company and the Group should agree to comply with and observe the various terms and conditions imposed upon them as hereinafter contained, which they, by their execution hereof, hereby agree to do;

NOW THEREFORE, in exercise of the powers conferred upon him by paragraph (a) of subsection (1) of section 2 of the Act, but subject to the provisions of that section, the Secretary of State, with the consent of the Treasury and of the Company and the Group, hereby makes the following Undertaking:—

General

1. For the purposes of maintaining and improving sea transport services serving the Highlands and Islands, the Secretary of State hereby undertakes, in accordance with the provisions of this Undertaking, to make advances to the Company by way of revenue or capital grant or partly by way of revenue grant and partly by way of capital grant for the support of services (hereinafter referred to as approved services) which in the opinion of the Secretary of State are necessary to maintain or improve economic or social conditions in the area and which he may approve for the purposes of this Undertaking.

2. The advances which may be made by the Secretary of State from time to time to the Company shall be made in respect of sea transport services serving the Highlands and Islands approved by the Secretary of State and provided by the Company and in respect of which the Secretary of State

(a) 1960 c 31. (b) 1968 c 73.

is satisfied that, in any period of not less than one year as may be determined by the Secretary of State from time to time (each such period being hereinafter referred to as "a determined period"), the Company will be likely to incur a deficit in providing such services during that period which could not, in the opinion of the Secretary of State, be eliminated except by increasing the charges to be made in respect of those services in that period to an extent which would, in the opinion of the Secretary of State, be unacceptable, having regard to the social and economic effects of those charges on persons residing in the areas served by the services.

3. For the purposes of assisting the Secretary of State to estimate the amount of any deficit which the Company is likely to incur in providing services during any determined period, the Group shall, on behalf of the Company, submit to the Secretary of State, not less than three months before the commencement of that period, estimates in respect of that period which have been prepared in accordance with such methods and principles and shall be in such form and contain such information as may be agreed from time to time between the Secretary of State and the Group, on behalf of the Company.

Revenue Grant

4. (1) Subject to the provisions of this Undertaking, the amount of a revenue grant which may be made in any determined period shall be the amount of the deficit which the Secretary of State estimates that the Company is likely to incur in providing approved services during that period.

(2) Revenue grant in respect of any determined period shall be payable in such instalments during that period as may be agreed between the Secretary of State and the Company.

Capital Grant

5. Any capital grant which the Secretary of State may make to the Company on such terms and conditions as are specified in this Undertaking and on such other terms and conditions as he may specify at the time of approving the facility as hereinafter mentioned, shall be made in respect of the acquisition, provision or improvement of a facility (hereinafter referred to as "an approved facility") which the Secretary of State approves prior to its acquisition, provision or improvement, as the case may be, as being necessary for the purposes of maintaining or improving approved services provided by the Company.

6. The amount of any capital grant which may be made to the Company shall be determined in each case by the Secretary of State by reference to the amount of the capital expenditure to be incurred by the Company or its subsidiary Caledonian MacBrayne Holdings Ltd in acquiring, providing or improving, as the case may be, the approved facility, but shall not in any case exceed 75% of the actual capital expenditure incurred by the Company in doing so.

7. The amount of any capital grant shall not be payable by the Secretary of State to the Company until the approved facility, in respect of which the

capital grant is made, has been acquired, provided or improved as the case may be and has been brought into use by the Company:

Provided that the Secretary of State may, before the date when any grant is payable in terms of this Article, advance to the Company instalments at such times and of such amounts and on such conditions as he considers to be expedient.

TERMS AND CONDITIONS

Application of Advances

8. The Company shall, and the Group shall so exercise its control over the Company to ensure that the Company shall, apply any grant received under this Undertaking for the purposes of maintaining or improving approved services during the determined period in respect of which the grant was made.

9. (a) The Company shall, and the Group shall so exercise its control over the Company to ensure that the Company shall, operate those sea transport services approved by the Secretary of State for the purposes of this Undertaking.

9. (b) If the Group or the Company propose to discontinue any service or to make any alteration in the places to be served by a service approved for the purposes of this Undertaking any such proposal shall not be put into effect without the written consent of the Secretary of State, which consent may be given subject to such terms and conditions, including suspension or termination of any obligation to make advances to the Company, reduction in the amount of those advances and repayment of the whole or any part of those advances, as the Secretary of State may specify.

10. Without the written consent of the Secretary of State, the Company shall not, and the Group shall so exercise its control over the Company to ensure that the Company shall not, conduct any transaction (whether or not with the Group or with any of its other subsidiaries) otherwise than on arms length terms.

Accounts

11. The Group shall present to the Secretary of State, as soon as possible after the end of every accounting year of the Company

- (a) a copy of the annual accounts of the Company for that accounting year which have been audited by such accountants as the Group have, with the agreement of the Secretary of State, appointed for that year and
- (b) a certificate by the said accountants, in such form and containing such information as the Secretary of State may require, certifying that the annual accounts of the Company have not been materially distorted by any transactions conducted otherwise than on arms length terms, which have not received the prior consent of the Secretary of State under Article 10.

Information

12. The Group shall, on behalf of the Company furnish the Secretary of State with such information as he may reasonably require from time to time relative to any approved service provided by the company.

Commencement and manner of determination and termination

13.—(1) This Undertaking shall come into operation on the last day of the execution thereof, provided that this shall not preclude the payment of revenue grant during the financial year 1975-6 for the period from 1 January 1975 until the said date of execution hereof, and shall, subject to the following provisions of this Article, continue in force until determined in the manner hereinafter provided.

(2) If the Company at any time when the Undertaking is in force, ceases to be a person eligible for assistance under the Act, the Undertaking shall thereupon be deemed to be determined.

(3) This Undertaking may be determined by agreement between the Secretary of State and the Group, on behalf of the Company, or by not less than six months prior notice in writing given either by the Secretary of State to the Group, on behalf of the Company, or by the Group, on behalf of the Company, to the Secretary of State.

(4) Without determining the Undertaking itself, any obligation upon the Secretary of State arising from any of its provisions to make advances of any nature to the Company, may be terminated at such time and in like manner as the Undertaking itself may be determined.

(5) In the event of any failure by the Company or the Group to comply with any of the obligations which are imposed upon them by or by virtue of the provisions of this Undertaking (including any failure by the Company to comply within any of the terms and conditions which may be specified in pursuance of Article 5), the Secretary of State may

(a) overlook such failure; or

(b) determine the Undertaking; or

(c) terminate any obligation upon him under this Undertaking to make advances of any nature to the Company,

and, in the event of any determination or termination under this paragraph, it shall be sufficient for the Secretary of State to give to the Group, on behalf of the Company, notice in writing to the effect that the Undertaking is determined or, as the case may be, the obligation is terminated as from such date as may be specified in the notice, which date shall not be earlier than the date on which the failure occurred, or, in the case of a continuing failure, the date on which the failure first occurred.

Effect of determination or termination

14.—(1) In the event of this Undertaking being determined by agreement between the Secretary of State and the Group, on behalf of the Company, or, in the event of any obligation of the Secretary of State to make advances to the company being terminated by such agreement, the effect of such determination or termination, as the case may be, shall be as agreed between the Secretary of State and the Group, on behalf of the Company.

(2) Subject to the foregoing paragraph, in the event of this Undertaking being determined at a time when a revenue grant is payable or in the event of any obligation of the Secretary of State to make a revenue grant being terminated

- (a) the obligation of the Secretary of State to pay any further instalments of that revenue grant shall cease immediately upon the date of such determination or termination as the case may be;
- (b) the amount of the revenue grant which has been paid in advance in respect of the period before the date of such determination or termination as the case may be, shall not be recoverable by the Secretary of State, but without prejudice to his right to recover any amount of the revenue grant which has been paid in advance in respect of any period after such date;
- (c) not more than the amount of the revenue grant which is payable in respect of the period before the date of such determination or termination as the case may be, shall be recoverable by the company, or by the Group on behalf of the Company, and
- (d) the determined period in relation to which the revenue grant was payable shall be deemed to have terminated.

Interpretation

15.—(1) In this Undertaking, except insofar as the context otherwise requires, the following expressions shall have the meaning hereby respectively assigned to them:—

“facility” shall include (but without prejudice to its said generality) a vessel employed or to be employed in a service, a pier, landing stage or jetty and any other facility whether thereupon, adjacent, or annexed thereto or not, by means of which vessels so employed are moored or their freight, vehicles or passengers are taken on or off board; and “year” means any period of twelve months;

and other terms and expressions which are used in this Undertaking and which are also used in the Act have the same meaning in this Undertaking as they have in the Act.

(2) The Interpretation Act 1889(a) shall apply for the interpretation of the Undertaking as it applies for the interpretation of an Act of Parliament.

(3) Any reference in this Undertaking to an Article shall be taken as referring to an Article of this Undertaking.

IN WITNESS WHEREOF: these presents consisting of this and the three preceding pages and executed as follows, videlicet:—they are sealed with the common seal of Caledonian MacBrayne Limited and are subscribed on behalf of the said Company by Norman John Derek Whittle, Executive Director, and Thomas George Moore, Secretary, all at Edinburgh on the ELEVENTH day of AUGUST NINETEEN HUNDRED AND SEVENTY FIVE before these witnesses George Sutherland Sinclair, General Manager, 7 Cowal Crescent,

(a) 1889 c. 63.

Gourock, and John Mackenzie Cowan, A.C.I.S., 50 Hillpark Avenue, Edinburgh; they are sealed with the common seal of the Scottish Transport Group and are subscribed on behalf of the said Group by Sir Patrick Muirhead Thomas, Chairman, and Ian Sutherland Irwin, Deputy Chairman and Managing Director, all at Edinburgh on the day and in the year last mentioned before these witnesses Jasper William Pettie, Chartered Accountant, 45 Jordan Lane, Edinburgh and Hilary Margaret Forbes, Secretary, 10 McLean Place, Polton, Lasswade; they are sealed with the seal of the Secretary of State for Scotland and subscribed for him and on his behalf by David Connelly, Assistant Secretary of the Scottish Economic Planning Department, being an officer duly authorised by the Secretary of State to act on that behalf at Edinburgh on the day and in the year last mentioned before these witnesses Ronald Snedden McGregor and John Erskine Black, both Civil Servants in the Scottish Office, New St Andrew's House, Edinburgh; and they are signed by Thomas Pendry and Donald Richard Coleman two of the Lords Commissioners of Her Majesty's Treasury both at London on the FIFTEENTH day of August in the year last mentioned.

Signed
Jasper Pettie, Witness.

SEAL

Hilary Forbes, Witness.
G S Sinclair, Witness.

SEAL

John M Cowan, Witness.
R S McGregor, Witness.

SEAL

J E Black, Witness.
We consent.

T Pendry.
Donald R Coleman.

Signed
P M Thomas.

I S Irwin.
N J D Whittle.

Thomas G Moore.

D Connelly.

Date 15 August 1975

Two of her Lords Commissioners of
Her Majesty's Treasury.

APPENDIX 1.2
(referred to in paragraph 1.6)

Submission of evidence by third parties

1. In addition to material provided by Caledonian MacBrayne Ltd, the Commission considered representations and evidence submitted by:

Argyll & Bute District Council
Barra & Vatersay Council of Social Service
Convention of Scottish Local Authorities
Craigesk Plant Hire Ltd
Cunninghame District Council
Dunoon and Cowal Tourist Organisation
Federation of Highlands & Islands Councils of Social Services
Freight Transport Association
Glasgow Jura Association
Harris Council of Social Service
Harris Transport Action Group
The Highlands Distilleries Company Ltd
Highlands Regional Council
Highlands and Islands Development Board
Inverclyde District Council
Islay Council of Social Service
Islay Farmers Limited
Islay Transport Users Action Committee
Isle of Arran Ferry Committee
Isle of Arran Social Service
Isle of Jura Distillery Company Limited
Kildalton & OA Community Council
Kilmeny Community Council
Lewis Council of Social Service
Lochaber District Council
The Merchant Navy and Airline Officers' Association
Morrison's Bowmore Distillery Ltd
National Farmers' Union of Scotland
National Union of Railwaymen
National Union of Seamen
North Uist and Benbecula Action Committee
North Uist Community Council
Road Haulage Association Limited
William Scott (Stornoway) Ltd

Scottish Consumer Council
Scottish Development Department
The Scottish Milk Marketing Board
Scottish Trades Union Congress
Scottish Tourist Board
Strathclyde Regional Council
Transport Salaried Staffs' Association
Transport Users' Consultative Committee for Scotland
Uist Calf Producers Ltd
Uist Council of Social Service
Western Ferries (Argyll) Ltd
Western Isles Islands Council

2. In addition to those bodies listed above letters were received from seven individuals.

APPENDIX 1.3

(referred to in paragraph 1.18 and 4.36)

Ferry services provided by CalMac and results for 1981^{1, 2}

| Service | Frequency of service (round trips) | Passengers | Carryings Cars | '000 CVs |
|---------------------------------------|---|------------|-------------------|-------------|
| <i>Western Isles (North)</i> | | | | |
| Ullapool to Stornoway | 2 per day (1-2 per day in winter) | 76 | 17 | 11 |
| Uig to Tarbert/Lochmaddy | 3 per day (1-2 per day in winter) | 68 | 19 | 3 |
| Kyle to Kyleakin | Frequent shuttle | 572 | 198 | 22 |
| Mallaig to Armadale | 5 per day—summer (1-2 per day passenger-only in winter) | 70 | 12 | <1 |
| Mallaig to Small Isles | 4 per week—summer (4 per week in winter) | 15 | — | — |
| Scalpay to Kyles Scalpay ³ | 8-9 per day | 20 | 4 | 1 |
| Raasay to Sconser ³ | 3-5 per day | 19 | 4 | <1 |
| Mallaig to Kyle of Lochalsh | 3 per week (summer-only passenger service) ⁴ | | | |
| <i>Western Isles (South)</i> | | | | |
| Oban to Craignure | 6 per day (2-3 per day in winter) | 265 | 37 | 4 |
| Kennacraig to Islay | 3 per day (2 per day in winter) | 60 | 19 | 5 |
| Oban to Lochboisdale | Daily (3 per week in winter) | 20 | 5 | 3 |
| Oban to Coll/Tiree | 4 per week (3 per week in winter) | 24 | 3 | <1 |
| Fishnish to Lochaline | Every 40-60 minutes | 37 | 16 | <1 |
| Oban to Colonsay | 3 per week | 7 | 1 | <1 |
| Fionnphort to Iona | Frequent shuttle (8 per day in winter) | 157 | 1 | <1 |
| Tayinloan to Gigha | 5 per day | 29 | 3 | 1 |
| Oban to Lismore | 2-3 per day | 14 | 0.3 | <1 |
| Tobermory to Mingary | 4 per day (summer-only passenger service) | 4 | — | — |
| <i>Clyde</i> | | | | |
| Ardrossan to Brodick | 5 per day (3 per day in winter) | 373 | 51 | 6 |
| Wemyss Bay to Rothesay | 8-11 per day (7-9 per day in winter) | 581 | 72 | 12 |
| Gourock to Dunoon ⁵ | Hourly | 696 | 86 | 9 |
| Gourock to Kilcreggan ⁶ | 4-7 per day | | | |
| Largs to Cumbrae | Half hourly (hourly in winter) | 399 | 70 | 4 |
| Colintraive to Rhubodach | Frequent shuttle | 140 | 38 | 9 |
| Lochranza to Claonaig | 8 per day summer only | 23 | 6 | <1 |
| Largs to Millport | 6-7 per day (summer-only passenger service) | 56 | — | — |

Source: CalMac.

Notes:

< = Less than.

¹ All services are approved except for Gourock to Kilcreggan.

² Within the above three groups routes are listed in diminishing order of revenue in 1981.

³ CalMac pays for the ship depreciation, overhaul and insurance but subcontracts the service to a local operator who pays the running cost and keeps the revenue.

⁴ Figures are included in those of the Mallaig to Small Isles service.

⁵ Subsidy is in respect of passenger carryings only—see Chapter 7.

⁶ Partly operated by a sub-contractor.

APPENDIX 1.4
(referred to in paragraph 1.18)

Population trends on Islands served by CalMac

| Island | Population in year* | | | 1981 |
|------------------------------|---------------------|--------|--------|---------|
| | 1951 | 1961 | 1971 | |
| <i>Western Isles (North)</i> | | | | |
| Lewis and Harris | 27,722 | 25,222 | 23,205 | 24,149 |
| N Uist | 1,975 | 1,724 | 1,595 | 1,716 |
| Berneray | 246 | 201 | 131 | 144 |
| Skye | 8,342 | 7,561 | 7,201 | 8,236 |
| Raasay | 290 | 211 | 163 | 152 |
| Canna | 30 | 24 | 22 | 18 |
| Rhum | 23 | 40 | 40 | 41 |
| Eigg | 115 | 74 | 69 | { 103 } |
| Muck | 42 | 29 | 24 | |
| Small Isles—Sub-totals | 210 | 169 | 155 | 162 |
| <i>Western Isles (South)</i> | | | | |
| South Uist | 2,510 | 2,408 | 2,298 | 2,218 |
| Benbecula | 924 | 1,358 | 1,355 | 1,994 |
| Eriskay | 330 | 231 | 219 | 221 |
| Barra | 1,733 | 1,372 | 1,011 | 1,213 |
| Vatersay | 151 | 95 | 77 | 111 |
| Lismore | n/a | 155 | 166 | n/a |
| Mull | 2,654 | 2,343 | 2,210 | 2,654 |
| Iona | 173 | 130 | 145 | 263 |
| Coll | 210 | 147 | 144 | 161 |
| Tiree | 1,219 | 996 | 875 | 785 |
| Colonsay | 233 | 166 | 139 | 151 |
| Jura | 263 | 254 | 210 | 242 |
| Islay | 4,270 | 3,867 | 3,827 | 3,997 |
| <i>Clyde</i> | | | | |
| Bute | 12,547 | 9,793 | 8,423 | 7,679 |
| Arran | 4,656 | 3,712 | 3,576 | 4,727 |
| Cumraes | 2,079 | 1,646 | 1,310 | 1,641 |

Source: HIBD.

* The totals refer to 'population present' (ie including visitors)—these figures may differ significantly from the 'usually resident population'.

APPENDIX 1.5

(referred to in paragraph 1.21)

Department of Trade classification of ships

Passenger steamers

- Class I Passenger steamers engaged on voyages (not being short international voyages) any of which are long international voyages.
- Class II Passenger steamers engaged on voyages (not being long international voyages) any of which are short international voyages.
- Class II(A) Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class II(A)' being a certificate for ships engaged on voyages of any kind other than international voyages.
- Class III Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class III' being a certificate for ships engaged only on voyages in the course of which they are at no time more than 70 miles by sea from their point of departure and not more than 18 miles from the coast of the United Kingdom, and which are at sea only in fine weather and during restricted periods.
- Class IV Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class IV' being a certificate for ships engaged only on voyages in partially smooth waters, or in smooth and partially smooth waters.
- Class V Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class V' being a certificate for ships engaged only on voyages in smooth waters.
- Class VI Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class VI' being a certificate for ships engaged only on voyages with not more than 250 passengers on board, to sea, in smooth or in partially smooth waters, in all cases in fine weather and during restricted periods, in the course of which the ships are at no time more than 15 miles, exclusive of any smooth waters, from their point of departure nor more than 3 miles from land.
- Class VI (A) Passenger steamers in respect of which there is or should be in force a certificate entitled 'Passenger Certificate Class VI (A)' being a certificate for ships carrying not more than 50 passengers for a distance of not more than 6 miles on voyages to or from isolated communities on the islands or coast of Scotland, and which do not proceed for a distance of more than 3 miles from land.

Source: Department of Trade.

APPENDIX 1.6
(referred to in paragraph 1.21)

**CalMac—ships owned at 31 December 1981,
and their deployment by area**

| Vessels | Year built | Gross registered tonnage | Type | Passenger certificate | | Maximum car capacity | Deployment by area | |
|--|------------|--------------------------|--------------------------------------|-----------------------|-------------|----------------------|--------------------|--------------------------|
| | | | | Summer | Winter | | Regular | Relief |
| <i>Major vehicle ferries</i> | | | | | | | | |
| MV Hebrides | 1964 | 1,420 | Side-loading hoist | 600 | 400 | 50 | WI (N) | — |
| MV Suliven | 1974 | 1,908 | Drive through | 408 | 408 | 120 | .. | — |
| MV Pioneer | 1974 | 1,071 | Side-loading hoist and stern ramp | 273 | 273 | 30 | .. | WI(S) WI(N) and Clyde |
| MV Claymore | 1978 | 1,631 | Side-loading hoist and stern ramp | 500 | 300 | 47 | WI (S) | WI(S) |
| MV Iona | 1970 | 1,324 | Drive through and side-loading hoist | 415 | 165 | 50 | .. | WI(S) |
| MV Columba | 1964 | 1,420 | Side-loading hoist | 600 | 400 | 50 | .. | WI(N) |
| MV Caledonia | 1966 | 1,157 | Drive through | 650 | 132 | 48 | .. | Clyde |
| MV Glen Sannox | 1957 | 1,269 | Side-loading hoist and stern ramp | 1,100[817*] | 1,081[817*] | 55 | [Fleet reserve] | WI(S) in Winter |
| MV Clansman | 1964 | 1,707 | Drive through | 870 | 400 | 55 | Clyde | WI(N) and Clyde |
| MV Jupiter | 1974 | 849 | Stern and side ramps | 668 | 420 | 36 | .. | Clyde |
| MV Juno | 1974 | 854 | " " " " | 674 | 422 | 36 | .. | " |
| MV Saturn | 1978 | 851 | " " " " | 694 | 434 | 40 | .. | — |
| <i>Small vehicle ferries</i> | | | | | | | | |
| MV Kyleakin | 1970 | 225 | Double ended | 200 | 200 | 30 | WI(N) | |
| MV Lochalsh | 1970 | 225 | " " | 200 | 200 | 30 | .. | |
| MV Isle of Cumbrae | 1977 | 201 | " " | 160 | 160 | 16 | Clyde | |
| MV Kilbrannan | 1972 | 64 | Bow-loading Landing craft | 50 | 50 | 4 | WI(N) | |
| MV Raasay | 1976 | 69 | " " " " | 50 | 50 | 6 | WI(N) | |
| MV Coruisk | 1969 | 60 | " " " " | 70 | 70 | 8 | Clyde | WI(N) and WI(S) |
| MV Coll | 1973 | 69 | " " " " | 50 | 50 | 6 | WI(S) | |
| MV Rhum | 1973 | 69 | " " " " | 50 | 50 | 6 | .. | |
| MV Canna | 1975 | 69 | " " " " | 50 | 50 | 6 | .. | |
| MV Eigg | 1975 | 69 | " " " " | 50 | 50 | 6 | .. | |
| MV Portree | 1965 | 65 | " " " " | 60 | 60 | 10 | Clyde | |
| MV Bruernish | 1973 | 69 | " " " " | 164 | 50 | 6 | .. | |
| MV Largs | 1960 | 63 | " " " " | 77 | 77 | 9 | .. | Clyde |
| MV Broadford† | 1966 | 64 | " " " " | 60 | 60 | 9 | .. | |
| MV Morvern† | 1973 | 64 | " " " " | 142 | 50 | 4 | .. | |
| <i>Miscellaneous passenger and cargo ships</i> | | | | | | | | |
| MV Keppel | 1960 | 213 | | 341 | 200 | — | Clyde | |
| MV Lochmor | 1979 | 189 | | 130 | 36 | — | WI(N) | |
| <i>Passenger Launches</i> | | | | | | | | |
| Applecross | 1944 | N/A | | 42 | 28 | — | WI(S) | |
| Ulva | 1956 | N/A | | 35 | 23 | — | WI(N) | |
| Iona | 1962 | N/A | | 42 | 28 | — | WI(S) | |

Sources: CalMac and evidence of Scottish Office to the Committee on Scottish Affairs.

* Oban to Mull service only.
† Clyde relief and charters.
WI(N) = Western Isles (North).
WI(S) = Western Isles (South).

APPENDIX 1.7

(referred to in paragraphs 1.21 and 4.5)

Classifications and disposition of CalMac's major vehicle ferries

Drive-through ferries

- Calendonia**
1966 Summer, Oban to Craignure service, both fitted with end loading linkspans. DoT Class III certificate for 650 passengers.
Winter, Ardrossan to Brodick (Arran) service, both fitted with end loading linkspans. DoT Class IIA certificate for 132 passengers.
- Iona**
(also has side-loading hoist)
1970 Summer, Kennacraig to Islay service. Kennacraig and Port Askaig have sloping ramps. Port Ellen has a pier and linkspan. DoT Class III certificate for 415 passengers. Also has Class V certificate for 554 passengers for use on Gourrock to Dunoon route.
Winter, Islay services plus relief on the Oban to Lochboisdale service (both with linkspans) and to Castlebay (with conventional pier). DoT Class IIA certificate for 165 passengers.
- Clansman**
1964 Summer, Ardrossan to Brodick service (both linkspans). Has DoT IIA, III and IV certificates with specified limits, and summer passenger capacity of 870.
Winter, Arran service plus relief on Stornoway to Ullapool service. In past years has been chartered out as relief vessel on the Orkney service but will not be required this year.
- Suilven**
1974 All year except for annual overhaul on the Stornoway to Ullapool service, both fitted with end loading linkspans. Class IIA certificate for 408 passengers.

Side-loading hoist ferries

- Columba**
1964 Summer, Oban to Coll/Tiree and Oban to Colonsay, three sailings each route per week Coll, Tiree and Colonsay all have conventional piers only. DoT Class III certificate for 600 passengers.
Winter, relieves on Uig to Tarbert (Harris) route and in reserve. DoT Class IIA certificate with limits for 400 passengers.
- Hebrides**
1964 All year, apart from annual overhaul, on Uig to Tarbert (Harris) and Lochmaddy services. All three points have conventional piers only. DoT Class III summer certificate for 600 passengers and Class IIA with limits in winter for 400 passengers.

Side-loading hoist and stern ramp

- Glen Sannox**
1957 In summer in reserve as spare vessel. In winter operates Oban to Mull and Oban to Colonsay. Most recent use (as spare vessel) July 1982 on Wemyss Bay to Rothesay service while Saturn under repair. Oldest ship in fleet but also fastest and one of most flexible in use and has the largest passenger capacity at 1,100 in summer and 817 in winter. Has DoT IIA, III and V certificates on Dunoon, Rothesay and Craignure (Mull) routes.
- Pioneer**
1974 Summer, operates summer only Mallaig to Armadale (Skye) service. Winter, relieves on Kennacraig to Islay service, Mallaig to Small Isles and Clyde. (In winter operates a Friday-only sailing to Arran in addition to its normal schedule.) Mallaig and Armadale are both conventional piers. Has a number of DoT certificates in Classes IIA, IV and V with normal passenger capacity of 273. Class V certificate for use on the Clyde only allows 356 passengers.
- Claymore**
1978 Summer, Oban to Lochboisdale and Castlebay service. Castlebay has a conventional pier while Oban and Lochboisdale have linkspans. DoT Class III certificate for 500 passengers.
Winter, Oban to Lochboisdale service plus Oban to Coll/Tiree. DoT Class IIA certificate for 300 passengers.

Stern and side ramps

- Jupiter**
1974 All year on Gourock to Dunoon service plus MoD contract service to Kilcreggan and back-up on Rothesay service. Linkspans at all points except Kilcreggan which is a passenger only service. DoT Class IV certificate for 479 passengers in summer and 420 in winter. Has special Class V certificate for Kilcreggan run allowing 668 passengers plus a restricted Class III certificate for 270 passengers allowing use on the Arran service.
- Juno**
1974 Basically as for Jupiter but is normally kept on the Gourock to Dunoon service. Has DoT Class IV for 481/422 passengers and V certificates for 674 passengers as for Jupiter. It does not, however, have a Class III certificate.
- Saturn**
1978 Apart from annual overhaul all year on Wemyss Bay to Rothesay service—both with linkspans. DoT Class IV certificate for 495 passengers summer and 434 winter. Also has special Class V for 694 passengers.

Source: CalMac.

APPENDIX 1.8
(referred to in paragraph 1.22)

Ownership of terminals used by CalMac

| <i>Location</i> | <i>Owner</i> | <i>Facility</i> |
|------------------------------|-------------------------------|----------------------------|
| <i>Western Isles (North)</i> | | |
| Stornoway | Harbour Trust | Pier and linkspan (end) |
| Ullapool | Pier Trust | Pier and linkspan (end) |
| Uig | HRC | Pier |
| Lochmaddy | WIC | Pier |
| Tarbert | CalMac | Pier |
| Kyle of Lochalsh | BR(Pier) HRC(Slipway) | Pier and slipway |
| Kyleakin | HRC | Slipway |
| Mallaig | Harbour Trust | Pier |
| Armadaie | HRC | Pier |
| Scalpay | WIC | Slipway |
| Kyle of Scalpay | WIC | Slipway |
| Raasay | HRC | Pier and slipway |
| Sconser | HRC | Slipway |
| Eig | Private or Nature Conservancy | Jetty or Boat Landing |
| Rhum | | |
| Muck | | |
| Canna | Private | Pier |
| <i>Western Isles (South)</i> | | |
| Port Ellen | CalMac | Pier and linkspan |
| Port Askaig | SRC | Sloping ramp |
| Tayinloan | SRC | Slipway |
| Gigha | SRC | Slipway |
| Oban | CalMac | Pier, linkspan and slipway |
| Lismore | { SRC CalMac | Pier Slipway |
| Colonsay | SRC | Pier |
| Craignure | SRC | Pier and linkspan (end) |
| Iona | SRC | Pier and slipway |
| Fionnphort | SRC | Slipway |
| Fishnish | CalMac | Slipway |
| Lochaline | CalMac | Pier and slipway |
| Tobermory | CalMac/MacBrayne Haulage | Pier |
| Mingary | HRC | Pier |
| Coll | SRC | Pier |
| Tiree | SRC | Pier |
| Castlebay | CalMac | Pier |
| Lochboisdale | CalMac | Pier and linkspan |
| <i>Clyde</i> | | |
| Gourock | CalMac | Pier and linkspan (end) |
| Dunoon | SRC | Pier and linkspan (side) |
| Kilcreggan | SRC | Pier (passenger only) |

| <i>Location</i> | <i>Owner</i> | <i>Facility</i> |
|-------------------|----------------------|-------------------|
| <i>Clyde cont</i> | | |
| Wemyss Bay | CalMac | Pier and linkspan |
| Rothesay | CalMac/SRC | Pier and linkspan |
| Colintraive | CalMac | Slipway |
| Rhubodach | CalMac | Slipway |
| Largs | CalMac | Pier and slipway |
| Cumbræ | CalMac | Slipway |
| Millport | SRC | Pier |
| Lochranza | CalMac | Slipway |
| Claonaig | CalMac | Slipway |
| Ardrossan | Clyde Port Authority | Pier and linkspan |
| Brodick | CalMac | Pier and linkspan |
| Kennacraig | CalMac | Sloping ramp |

Source: CalMac.

SRC - Strathclyde Regional Council.
HRC - Highland Regional Council.
WIC - Western Isles Islands Council.
BR - British Rail.

APPENDIX 2.1
(referred to in paragraph 2.2)

CalMac—balance sheet as at 31 December 1981

| | 1980 | 1981 | £'000 |
|--|---------|---------|---------|
| <i>Fixed assets</i> net book value | 14,612 | | 13,866 |
| <i>Investment in subsidiary</i> | 74 | | 74 |
| <i>Long-term loans</i> | 111 | | 83 |
| <i>Current assets</i> | | | |
| Stock | 245 | 220 | |
| Debtors | 1,438 | 2,138 | |
| Long-term loans – current position | 26 | 23 | |
| Fellow subsidiaries | 10 | 61 | |
| Group relief receivable | 126 | 126 | |
| Cash at bank and in hand | 96 | 80 | |
| | 1,941 | 2,648 | |
| <i>Current liabilities</i> | | | |
| Creditors | 1,790 | 1,992 | |
| Long-term loans – current position | 788 | 744 | |
| Holding company | 5,970 | 5,534 | |
| Fellow subsidiaries | 223 | 697 | |
| Corporation tax – Current | — | — | |
| Future | — | 4 | |
| | 8,771 | 8,971 | |
| <i>Net current liabilities</i> | (6,830) | | (6,323) |
| <i>Deferred credits—capital grants</i> | 1,431 | 1,690 | |
| <i>Long-term bank loans</i> | 2,156 | 1,412 | |
| <i>Loan—subsidiary company</i> | 75 | 75 | |
| | (3,662) | (3,177) | |
| <i>Net assets/(liabilities)</i> | 4,305 | 4,523 | |
| <i>Represented by:</i> | | | |
| <i>Share capital</i> (authorised & issued £70) | — | — | |
| <i>Reserves</i> – General | 147 | 147 | |
| – Profit and loss account | 425 | 643 | |
| | 572 | 790 | |
| <i>Holding company—long-term indebtedness</i> | 3,733 | 3,733 | |
| | 4,305 | 4,523 | |

Source: CalMac Annual Report and Accounts.

APPENDIX 2.2
(referred to in paragraph 2.2)

**CalMac—operating profit and loss account
year ended 31 December**

| | 1980 | 1981 | £'000 |
|---------------------------------------|--------|-------|--------|
| <i>Gross receipts</i> | | | |
| Passengers | | | 4,215 |
| Accompanied vehicles | 5,562 | 5,785 | |
| General | 258 | 256 | |
| Parcels and mails | 64 | 63 | 6,104 |
| Catering | 873 | 877 | |
| Charter fees | 362 | 359 | |
| Miscellaneous | 117 | 162 | |
| | 11,332 | | 11,717 |
| Subsidy | 5,100 | | 5,800 |
| <i>Total receipts</i> | 16,432 | | 17,517 |
| <i>Ship operating expenses</i> | | | |
| Depreciation | 942 | 934 | |
| Overhaul and damage repairs | 1,480 | 1,550 | |
| Insurance | 244 | 328 | |
| Charter fees | 57 | 63 | |
| Running repairs | 795 | 626 | |
| Officers and crew costs | 4,883 | 5,275 | |
| Fuel, power and lubricants | 2,131 | 2,422 | |
| Other | 144 | 172 | |
| | 10,676 | | 11,370 |
| <i>Shore terminal expenses</i> | | | |
| Salaries and wages | 814 | 905 | |
| Harbour dues | 254 | 239 | |
| Other | 1,162 | 1,228 | |
| Less Allocated to fellow subsidiary | (85) | (92) | |
| | 2,145 | | 2,280 |
| <i>Catering</i> | | | |
| Materials | 323 | 315 | |
| Wages and salaries | 687 | 714 | |
| Other | 58 | 59 | |
| | 1,068 | | 1,088 |
| <i>Administration</i> | | | |
| Staff salaries | 705 | 730 | |
| Publicity | 140 | 189 | |
| Other | 1,075 | 1,176 | |
| | 1,920 | | 2,095 |
| <i>Total working expenses</i> | 15,809 | | 16,833 |
| <i>Operating profit/(loss)</i> | 623 | 684 | |
| Interest—net | (514) | (549) | |
| Profit/(loss) on sale of fixed assets | 2 | 37 | |
| Capital grants | 41 | 49 | |
| | 152 | 221 | |
| <i>Profit/(loss) before tax</i> | 152 | 221 | |
| Taxation | (48) | (4) | |
| <i>Profit after taxation</i> | 104 | 217 | |

Source: CalMac Annual Report and Accounts.

APPENDIX 2.3
(referred to in paragraph 2.10)

CalMac—source and application of funds

| | £'000 | | | |
|---|----------------|----------------|-----------------|----------------|
| | <i>Actual</i> | | <i>Forecast</i> | |
| | 1981 | 1980 | 1981 | 1980 |
| <i>Funds at 1 January</i> | | | | |
| Bank and cash balances | 96 | 79 | 96 | 79 |
| <i>Source of funds</i> | | | | |
| Trading profit/(loss) | 221 | 152 | 135 | 139 |
| Depreciation net of credit for capital grant | 1,069 | 1,071 | 1,099 | 1,095 |
| Less: Net gains on realisations | (37) | (2) | — | — |
| Funds generated from operations | <u>1,253</u> | <u>1,221</u> | <u>1,234</u> | <u>1,234</u> |
| Dividend received | — | 4,916 | — | — |
| Capital grants received | 308 | 251 | 274 | 173 |
| Capital realisations | 52 | 27 | 61 | 66 |
| Group relief received | — | 230 | — | — |
| Funds from other sources | <u>360</u> | <u>5,424</u> | <u>335</u> | <u>239</u> |
| Total funds available 'A' | <u>1,709</u> | <u>6,724</u> | <u>1,665</u> | <u>1,552</u> |
| <i>Application of funds</i> | | | | |
| Capital expenditure | 387 | 391 | 404 | 556 |
| Bank loans repaid | 788 | 788 | 786 | 786 |
| Group loans repaid | — | 4,916 | 400 | 50 |
| Tax paid | — | 86 | — | — |
| | <u>(1,175)</u> | <u>(6,181)</u> | <u>(1,590)</u> | <u>(1,392)</u> |
| <i>Decrease/(increase) in working capital</i> | | | | |
| Stock | 25 | (71) | (15) | (10) |
| Debtors and repayments | (721) | (150) | (17) | (50) |
| Creditors and accrued charges | 241 | (226) | 60 | 43 |
| Net decrease/(increase) in working capital | <u>(455)</u> | <u>(447)</u> | <u>28</u> | <u>(17)</u> |
| Total funds required—'B' | <u>(1,630)</u> | <u>(6,628)</u> | <u>(1,562)</u> | <u>(1,409)</u> |
| Funds at 31 December ('A'-'B') | <u>79</u> | <u>96</u> | <u>103</u> | <u>143</u> |

Source: CalMac Annual Report and Accounts.

APPENDIX 2.4

(referred to in paragraphs 2.20, 2.35 and 2.39)

CalMac—operating results compared with budget 52 weeks ended 31 December 1981 (initial estimate)

| Account description | 4 weeks | | | | Cumulative | | | |
|-----------------------------------|-----------------|-----------------|---|--------------|-----------------|--|---|-------------|
| | Actual £'000 | Budget £'000 | (+) Favourable* (-) Adverse variance £'000 | % | Actual £'000 | Budget for year 1981 £'000 | (+) Favourable* (-) Adverse variance £'000 | % |
| Passengers | 107 | 128 | - 21 | - 16 | 3,913 | 3,740 | +173 | + 5 |
| " (conc. schemes) | 10 | 12 | - 2 | - 17 | 133 | 147 | - 14 | - 10 |
| Cars | 104 | 118 | - 14 | - 12 | 3,322 | 3,298 | + 24 | + 1 |
| Commercials | 170 | 172 | - 2 | - 1 | 2,451 | 2,426 | + 25 | + 1 |
| Freight | 17 | 18 | - 1 | - 6 | 256 | 278 | - 22 | - 8 |
| Parcels & mails | 5 | 5 | — | — | 63 | 64 | - 1 | - 2 |
| Catering | 66 | 64 | + 2 | + 3 | 1,147 | 1,195 | - 48 | - 4 |
| Berths | 2 | 2 | — | — | 57 | 64 | - 7 | - 11 |
| Charter fees | 56 | 37 | + 19 | + 51 | 360 | 373 | - 13 | - 3 |
| Miscellaneous | 4 | 3 | + 1 | + 33 | 145 | 60 | + 85 | + 142 |
| Total revenue | 541 | 559 | - 18 | - 3 | 11,847 | 11,645 | + 202 | + 2 |
| Depreciation | 72 | 72 | — | — | 934 | 934 | — | — |
| Overhauls | 114 | 104 | - 10 | - 10 | 1,439 | 1,340 | - 99 | - 7 |
| Damage repairs | 8 | 8 | — | — | 100 | 110 | + 10 | + 9 |
| Marine insurance | 28 | 23 | - 5 | - 22 | 340 | 297 | - 43 | - 14 |
| Charters/sub contrs. | 6 | 4 | - 2 | - 50 | 53 | 55 | + 2 | + 4 |
| Running repairs | 104 | 166 | + 62 | + 37 | 662 | 746 | + 84 | + 11 |
| Staff costs | 475 | 463 | - 12 | - 3 | 5,287 | 5,228 | - 59 | - 1 |
| Fuel | 204 | 177 | - 27 | - 15 | 2,401 | 2,463 | + 62 | + 3 |
| Other | 34 | 26 | - 8 | - 31 | 211 | 219 | + 8 | + 4 |
| Ship operating | 1,045 | 1,043 | - 2 | — | 11,427 | 11,392 | - 35 | — |
| Depreciation | 12 | 10 | - 2 | - 20 | 151 | 136 | - 15 | - 11 |
| Staff costs | 80 | 75 | - 5 | - 7 | 900 | 909 | + 9 | + 1 |
| Harbour dues | 18 | 19 | + 1 | + 5 | 238 | 242 | + 4 | + 2 |
| Repairs | 440 | 121 | - 319 | - 264 | 723 | 589 | - 134 | - 23 |
| Other | 28 | 27 | - 1 | - 4 | 266 | 252 | - 14 | - 6 |
| Shore terminal | 578 | 252 | - 326 | - 129 | 2,278 | 2,128 | - 150 | - 7 |
| Cost of sales | 43 | 39 | - 4 | - 10 | 636 | 680 | + 44 | + 6 |
| Staff costs | 61 | 56 | - 5 | - 9 | 713 | 784 | + 71 | + 9 |
| Other | 9 | 11 | + 2 | + 18 | 57 | 64 | + 7 | + 11 |
| Catering | 113 | 106 | - 7 | - 7 | 1,406 | 1,528 | + 122 | + 8 |
| Depreciation | 2 | 2 | — | — | 29 | 26 | - 3 | - 12 |
| Staff costs | 69 | 69 | — | — | 741 | 780 | + 39 | + 5 |
| Publicity | 38 | 63 | + 25 | + 40 | 184 | 215 | + 31 | + 14 |
| Loan interest | 41 | 39 | - 2 | - 5 | 555 | 498 | - 57 | - 11 |
| Other | 288 | 281 | - 7 | - 2 | 1,046 | 878 | - 168 | - 19 |
| Admin/central services | 438 | 454 | + 16 | + 4 | 2,555 | 2,397 | - 158 | - 7 |
| Total expenditure | 2,174 | 1,855 | - 319 | - 17 | 17,666 | 17,445 | - 221 | - 1 |
| Net operating result | - 1,633 | - 1,296 | - 337 | - 26 | - 5,819 | - 5,800 | - 19 | — |
| Subsidies receivable: | | | | | | | | |
| SDD | + 1,296 | + 1,296 | — | — | + 5,800 | + 5,800 | — | — |
| Sect. 34 | + 2 | + 2 | — | — | + 35 | + 35 | — | — |
| Cruising | — | — | — | — | + 100 | + 100 | — | — |
| Net result after subsidy | - 335 | + 2 | - 337 | — | + 116 | + 135 | - 19 | - 14 |
| Gain/loss on sale of fixed assets | — | — | — | — | + 37 | — | + 37 | — |
| Capital grants-credit | + 2 | + 2 | — | — | + 49 | + 41 | + 8 | + 20 |
| Net profit/loss | - 333 | + 4 | - 337 | — | + 202 | + 176 | + 26 | + 15 |

*Source: CalMac.

*(+) indicates a favourable variance compared with budget.
(-) indicates an adverse variance compared with budget.

APPENDIX 2.5
(referred to in paragraph 2.27)

CalMac—cash forecast

| | £'000 | | | | | |
|--|--------------|------------------------|---------------------------------|-------------------------|--------------------------|---------------------------------|
| | <i>Total</i> | <i>Periods 1-3</i> | <i>1981 Periods 4-6</i> | <i>Periods 7-10</i> | <i>Periods 11-13</i> | <i>1982 Periods 1-3</i> |
| <i>Sources of finance</i> | | | | | | |
| 1. (a) Trading surplus/(deficit) | (5,220) | (1,564) | (1,104) | (96) | (2,456) | (1,712) |
| (b) Interest paid | (580) | (130) | (139) | (179) | (132) | (129) |
| | (5,800) | (1,694) | (1,243) | (275) | (2,588) | (1,841) |
| 2. Regional support (bus companies) | | | | | | |
| (a) Received direct from regions | | | | | | |
| (b) SBG settlement | | | | | | |
| 3. Shipping undertaking received | 5,800 | 900 | 2,000 | 1,450 | 1,450 | 1,450 |
| Other subsidies | 135 | 8 | 9 | 109 | 9 | 8 |
| 4. Bus grants received | | | | | | |
| 5. Other capital receipts | | | | | | |
| Linkspan grants | 274 | 56 | 100 | 118 | | |
| 6. Ship mortgage finance | (786) | (188) | (66) | (347) | (185) | (183) |
| 7. Internal sources of finance | 1,160 | 255 | 311 | 339 | 255 | 235 |
| 8. Total sources | 783 | (663) | 1,111 | 1,394 | (1,059) | (336) |
| <i>Requirements for finance</i> | | | | | | |
| 9. Capital expenditure | | | | | | |
| (a) New construction | 381 | 73 | 164 | 144 | — | |
| (b) Purchase of land and existing buildings | | | | | | |
| (c) Vehicles (including service vehicles) | 23 | 6 | 7 | — | 10 | |
| (d) Ships | | | | | | |
| (e) Plant and machinery | | | | | | |
| | 404 | 79 | 171 | 144 | 10 | — |
| 10. Other capital payments | | | | | | |
| (a) Acquisitions | | | | | | |
| (b) Inter-company transfers (net cash + or -) | | | | | | |
| 11. Taxation paid/group relief received | | | | | | |
| 12. Increase/(decrease) in working capital | (21) | (442) | 140 | 250 | 31 | (186) |
| 13. Total requirements | 383 | (363) | 311 | 394 | 41 | (186) |
| 14. Net excess or requirement equal to net remittance to (+) or from (-) STG | + 400 | - (300) | + 800 | + 1,000 | - (1,000) | - (150) |
| <i>Source: CalMac.</i> | | | | | | |

APPENDIX 2.6

(referred to in paragraphs 2.28 and 2.35)

The distribution of financial and statistical information within CalMac

1. Board of Directors

4 weekly

- (a) Operating results comprising actual against budget for each four-week period, the cumulative to date with variances by value and percentage (as per Appendix 2.4).
- (b) Operating results comprising actual against budget for each four week period, cumulative to date for current and previous year with variances by value and percentage.
- (c) General Manager's written report on (a) above and general matters.
- (d) Route carryings for the Clyde routes and Western Isles routes analysed as to passenger, car, commercial vehicle and freight traffic giving volume and variation for each four weekly period and cumulative to date with comparison against the previous year.
- (e) The Board meeting agenda includes reports on capital expenditure, capital commitments and exceptional maintenance, cash position and amounts outstanding on loans from Ship Mortgage Finance Company.
- (f) Statements of capital and revenue grants position.

Periods 3, 6 and 10

- (a) Revised cash flow forecast for the ensuing year.

Annually

- (a) Operating budget.
- (b) Five-year Corporate Plan.

2. Deputy Chairman, General Manager, Company Secretary, Marine Supt, Chief Supt Engineer, Traffic Manager, Catering Manager, Asst Company Secretary and Management Accountant.

Four weekly

- (a) Operating statement as per Appendix 2.4.
- (b) Cumulative summary of operating statement.
- (c) Detailed supporting schedules of operating statement covering revenue, ships' operating, shore terminal, catering and administration/central services expenditures.

3. Deputy Chairman, General Manager, Company Secretary, Traffic Manager, Asst Company Secretary, Asst Traffic Manager, Area Managers and Management Accountant.

Four weekly

Comparison of route revenues analysed as to passengers, cars, commercial vehicles, freight, mails and other revenue on a cumulative basis, the actual values and variance against budget in value and as a percentage.

4. Deputy Chairman, General Manager, Company Secretary, Catering Manager, Asst Company Secretary and Management Accountant.

Four weekly

Detailed catering revenue and expenditure statement for each vessel on a cumulative basis including the gross profit percentages for each vessel on sales of food, bar and kiosks.

5. Deputy Chairman, General Manager, Company Secretary, Traffic Manager and Management Accountant.

Four weekly

Statement of carrying by volume for Clyde, Western Isles, cruising, RNAD contract and other routes comparing actual against budget and showing variances by volume and percentage.

6. Deputy Chairman, General Manager, Traffic Manager, Management Accountant and Asst Traffic Manager.

Four weekly

Route traffic statistics on a weekly basis comparing current year against last year with variances by volume and percentage.

7. Deputy Chairman, General Manager, Company Secretary, Traffic Manager, Catering Manager, Asst Company Secretary, Asst Traffic Manager, Area Managers and Management Accountant.

Four weekly

Route carryings by volume for each four-week period and cumulative to date analysed into passengers, cars, commercial vehicles as compared with previous year with variance by volume and percentage.

8. Scottish Development Department.

Four weekly

(a) Operating statement as for Appendix 2.4.

(b) Route carrying as in 7. above.

Annually

(a) Five-year Corporate Plan.

(b) Estimated operating forecast.

APPENDIX 2.7

(referred to in paragraph 2.57)

CalMac—internal auditor

The job specification, as discussed with Arthur Young McClelland Moores & Co, Glasgow Office during the period December 1980/January 1981.

1. *Responsible to*

It was suggested that the Auditor report regularly to the General Manager with a copy of all reports to Executive Director and Company Secretary.

2. *General*

The Auditor's time must be flexible being divided between:

- (a) Fixed duties.
- (b) Regular testing of areas each period.
- (c) Special assignments or checks instituted by either Executive Director, General Manager or Company Secretary.

In a way the Auditor should represent higher management's interest and involvement in the day-to-day operations of the company and, with the exception of special assignments, he should not be the original checker but should undertake the function of ensuring that the necessary checks, corrections and procedures are being carried out.

A printed programme should be prepared which the Auditor would sign and submit each period to General Manager, Executive Director and Company Secretary.

3(1). *Fixed duties*

Cash Department—The following should be checked each period:

- (a) Cash book receipts.
- (b) Cash book payments.
- (c) Petty cash book.

3(2). *Sales*

All ships and pier returns should be scrutinised on a regular basis, ticket sales being agreed to the opening and closing numbers on the machine returns. Cash totals to be agreed with pay-in slips and catering returns agreed with pay-in slips. It is essential to ensure that all sources of revenue are included in the returns.

In the case of invoices issued, a test check should be carried out each period to agree with the appropriate weekly returns and a check also made on correct pricing, discounts, etc.

3(3). *Purchases*

Regular test checks to be made to ensure that all orders for materials etc are properly authorised and that invoices are received and married with all goods received notes.

Source: CalMac.

APPENDIX 4.1

(referred to in paragraph 4.42)

CalMac carryings—1972 to 1981

| | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <i>Passengers—Western Isles</i> | | | | | | | | | | |
| Islay | 27 | 28 | 37 | 42 | 45 | 59 | 62 | 60 | 64 | 60 |
| Oban to Craignure | 277 | 269 | 283 | 287 | 286 | 274 | 302 | 305 | 280 | 265 |
| Oban to Lochboisdale | 6 | 6 | 17 | 19 | 20 | 20 | 25 | 25 | 21 | 20 |
| Mallaig to Armadale | 89 | 89 | 89 | 92 | 89 | 82 | 85 | 88 | 75 | 70 |
| Uig to Tarbert to Lochmaddy | 94 | 84 | 80 | 71 | 77 | 79 | 76 | 76 | 72 | 68 |
| Ullapool to Stornoway | 44 | 62 | 82 | 88 | 91 | 85 | 85 | 84 | 79 | 76 |
| Fishnish to Lochaline | — | 29 | 36 | 34 | 41 | 45 | 33 | 36 | 38 | 37 |
| Kyle to Kyleakin | 553 | 604 | 564 | 558 | 636 | 647 | 624 | 588 | 605 | 572 |
| Scalpay to Kyles Scalpay | 6 | 5 | 6 | 6 | 6 | 6 | 7 | 7 | 21 | 20 |
| Mallaig to Small Isles | 16 | 23 | 24 | 17 | 19 | 18 | 18 | 19 | 19 | 15 |
| Oban to Coll/Tiree | 31 | 33 | 33 | 33 | 34 | 34 | 27 | 26 | 24 | 24 |
| Oban to Colonsay | 5 | 6 | 5 | 7 | 7 | 7 | 6 | 7 | 6 | 7 |
| Tobermory to Mingary | 5 | 6 | 6 | 6 | 7 | 7 | 8 | 6 | 8 | 4 |
| Oban to Lismore | 5 | 5 | 7 | 11 | 13 | 11 | 11 | 12 | 13 | 14 |
| Fionnphort to Iona | 2 | 113 | 140 | 153 | 151 | 143 | 150 | 157 | 158 | 157 |
| Gigha | — | — | — | — | — | — | — | 2 | 3 | 29 |
| Raasay to Sconser | — | — | — | 10 | 14 | 15 | 15 | 17 | 18 | 19 |
| <i>Cars—Western Isles</i> | | | | | | | | | | |
| Islay | 4,655 | 8,355 | 12,226 | 12,732 | 13,947 | 19,245 | 21,238 | 21,302 | 20,060 | 19,449 |
| Oban to Craignure | 30,818 | 29,479 | 32,073 | 32,104 | 33,680 | 32,792 | 40,023 | 40,438 | 39,072 | 37,274 |
| Oban to Lochboisdale | 1,203 | 1,411 | 3,587 | 4,125 | 4,247 | 3,773 | 5,824 | 5,744 | 4,993 | 4,653 |
| Mallaig to Armadale | 20,277 | 20,550 | 19,131 | 19,723 | 20,431 | 19,294 | 19,083 | 17,502 | 14,513 | 11,853 |
| Uig to Tarbert/Lochmaddy | 29,182 | 22,422 | 20,736 | 19,247 | 19,923 | 20,295 | 20,945 | 20,704 | 20,013 | 18,957 |
| Ullapool to Stornoway | 5,184 | 12,259 | 15,023 | 17,095 | 18,369 | 18,126 | 19,770 | 19,269 | 18,054 | 16,740 |
| Fishnish to Lochaline | — | 11,553 | 13,717 | 12,870 | 16,522 | 18,151 | 13,371 | 16,088 | 15,820 | 15,598 |
| Kyle to Kyleakin | 218,639 | 236,576 | 208,003 | 207,996 | 228,536 | 230,663 | 221,428 | 214,411 | 212,459 | 198,371 |
| Scalpay to Kyles Scalpay | 3,129 | 3,457 | 2,918 | 2,774 | 3,095 | 3,069 | 4,430 | 3,959 | 4,571 | 4,160 |
| Oban to Coll/Tiree | 1,248 | 1,889 | 2,109 | 3,337 | 4,563 | 4,438 | 3,197 | 3,286 | 2,848 | 2,867 |
| Oban to Colonsay | 765 | 729 | 737 | 772 | 566 | 996 | 1,105 | 1,082 | 984 | 949 |
| Oban to Lismore | — | 16 | 158 | 207 | 250 | 235 | 281 | 303 | 309 | 344 |
| Fionnphort to Iona | 7 | 6 | 6 | 16 | 17 | 13 | 11 | 90 | 493 | 861 |
| Gigha | — | — | — | — | — | — | — | 308 | 516 | 2,992 |
| Raasay to Sconser | — | — | — | 1,122 | 2,626 | 2,873 | 3,166 | 3,191 | 3,433 | 4,174 |
| <i>Commercial vehicles—Western Isles</i> | | | | | | | | | | |
| Islay | 412 | 2,038 | 3,494 | 3,343 | 3,739 | 4,396 | 4,996 | 5,153 | 4,494 | 4,973 |
| Oban to Craignure | 4,483 | 5,371 | 4,577 | 4,648 | 4,629 | 4,365 | 5,090 | 4,959 | 4,522 | 4,493 |
| Oban to Lochboisdale | 136 | 130 | 851 | 1,295 | 1,190 | 1,630 | 2,828 | 2,605 | 2,466 | 2,960 |
| Mallaig to Armadale | 372 | 371 | 194 | 245 | 98 | 65 | 116 | 208 | 192 | 144 |
| Uig to Tarbert/Lochmaddy | 5,093 | 4,308 | 3,059 | 2,586 | 2,467 | 2,693 | 2,685 | 2,648 | 2,888 | 3,436 |
| Ullapool to Stornoway | 3,477 | 6,634 | 7,831 | 8,366 | 8,999 | 8,824 | 9,143 | 11,056 | 11,025 | 10,727 |
| Fishnish to Lochaline | — | 685 | 617 | 360 | 197 | 511 | 852 | 671 | 431 | 362 |
| Kyle to Kyleakin | 23,022 | 22,870 | 21,956 | 21,223 | 21,545 | 21,765 | 20,347 | 21,911 | 23,076 | 21,730 |
| Scalpay to Kyles Scalpay | 133 | 114 | 123 | 133 | 175 | 167 | 207 | 224 | 521 | 901 |
| Oban to Coll/Tiree | 54 | 53 | 615 | 897 | 1,195 | 1,661 | 308 | 370 | 491 | 451 |
| Oban to Colonsay | 25 | 52 | 19 | 13 | 13 | 18 | 62 | 42 | 55 | 37 |
| Oban to Lismore | — | 2 | 66 | 164 | 102 | 94 | 138 | 206 | 286 | 205 |
| Fionnphort to Iona | — | — | — | — | — | — | — | 79 | 484 | 405 |
| Gigha | — | — | — | — | — | — | — | 58 | 152 | 1,263 |
| Raasay to Sconser | — | — | — | 92 | 152 | 754 | 310 | 661 | 432 | 335 |

Source: CalMac.

APPENDIX 4.1 *continued*

| | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | '000 |
|----------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|--------|--------|------|
| <i>Passengers—Clyde</i> | | | | | | | | | | | |
| Gourock to Dunoon | 879 | 958 | 1,014 | 1,084 | 1,045 | 908 | 830 | 788 | 713 | 663 | |
| Gourock to Kilcreggan | | 43 | 45 | 43 | 48 | 42 | 38 | 37 | 34 | 33 | |
| W Bay to Rothesay | 625 | 699 | 709 | 650 | 602 | 581 | 610 | 636 | 675 | 581 | |
| Ardrossan to Brodick | 346 | 372 | 397 | 392 | 396 | 376 | 410 | 416 | 389 | 373 | |
| C Lochranza to Claonaig | 12 | 23 | 20 | 22 | 28 | 25 | 33 | 31 | 28 | 23 | |
| A Largs to Cumbrae | 298 | 351 | 380 | 380 | 366 | 387 | 376 | 391 | 388 | 399 | |
| Colintraive to Rhubodach | 150 | 150 | 158 | 146 | 152 | 148 | 161 | 150 | 150 | 140 | |
| Largs to Millport | 224 | 172 | 127 | 131 | 129 | 94 | 74 | 66 | 59 | 56 | |
| <i>Cars—Clyde</i> | | | | | | | | | | | |
| Gourock to Dunoon | 98,397 | 123,032 | 142,369 | 159,269 | 159,054 | 134,931 | 117,906 | 114,663 | 99,496 | 86,474 | |
| W Bay to Rothesay | 41,713 | 50,629 | 60,841 | 60,486 | 59,120 | 59,935 | 67,605 | 72,218 | 72,120 | 71,568 | |
| Ardrossan to Brodick | 36,672 | 41,740 | 46,655 | 47,394 | 49,226 | 47,294 | 53,796 | 54,606 | 51,843 | 50,828 | |
| C Lochranza to Claonaig | 3,071 | 6,759 | 5,846 | 6,531 | 7,463 | 7,274 | 9,565 | 8,526 | 7,572 | 6,187 | |
| A Largs to Cumbrae | 34,107 | 48,379 | 49,395 | 50,485 | 52,846 | 59,600 | 61,650 | 67,624 | 66,028 | 69,554 | |
| Colintraive to Rhubodach | 47,144 | 50,018 | 46,491 | 42,375 | 42,351 | 44,417 | 46,543 | 41,398 | 42,079 | 37,795 | |
| <i>Commercial vehicles—Clyde</i> | | | | | | | | | | | |
| Gourock to Dunoon | 9,579 | 10,330 | 12,385 | 14,988 | 14,120 | 11,749 | 11,134 | 11,609 | 9,952 | 8,958 | |
| W Bay to Rothesay | 6,625 | 6,732 | 6,383 | 5,904 | 6,019 | 8,426 | 11,761 | 11,711 | 11,989 | 11,877 | |
| Ardrossan to Brodick | 6,117 | 6,758 | 6,559 | 6,190 | 5,787 | 5,733 | 5,450 | 6,911 | 6,102 | 6,095 | |
| C Lochranza to Claonaig | 41 | 289 | 181 | 93 | 136 | 76 | 95 | 113 | 96 | 74 | |
| A Largs to Cumbrae | 3,310 | 4,718 | 5,071 | 5,909 | 3,619 | 3,465 | 3,430 | 3,630 | 3,707 | 3,743 | |
| Colintraive to Rhubodach | 12,585 | 12,829 | 11,617 | 10,533 | 9,528 | 9,407 | 8,931 | 8,948 | 9,965 | 9,003 | |

Source: CalMac.

A—Largs/Millport vehicle ferry replaced by Largs/Cumbrae slip service March 1972.
 C—Fairlie/Brodick/Tarbert vehicle ferry replaced by Lochranza/Claonaig Ferry May 1972.

APPENDIX 4.2

(referred to in paragraph 4.43 and 4.48 and 6.33)

Passenger and vehicle capacity utilised on selected CalMac routes: 1981

| | | |
|-----------|--------------------------------------|--------------|
| Figure 1 | Ullapool to Stornoway | - passengers |
| Figure 2 | Ullapool to Stornoway | - vehicles |
| Figure 3 | Kyle to Kyleakin | - passengers |
| Figure 4 | Kyle to Kyleakin | - vehicles |
| Figure 5 | Mallaig to Armadale | - passengers |
| Figure 6 | Mallaig to Armadale | - vehicles |
| Figure 7 | Kennacraig to Port Ellen/Port Askaig | - passengers |
| Figure 8 | Kennacraig to Port Ellen/Port Askaig | - vehicles |
| Figure 9 | Oban to Coll/Tiree | - passengers |
| Figure 10 | Oban to Coll/Tiree | - vehicles |
| Figure 11 | Oban to Lismore | - passengers |
| Figure 12 | Oban to Lismore | - vehicles |
| Figure 13 | Ardrossan to Brodick | - passengers |
| Figure 14 | Ardrossan to Brodick | - vehicles |
| Figure 15 | Gourock to Dunoon | - passengers |
| Figure 16 | Gourock to Dunoon | - vehicles |

Sources: CalMac and MCC Study.

FIGURE 1, APPENDIX 4.2 Ullapool—Stornoway passenger carryings, capacity utilised 1981 (weekly).

194

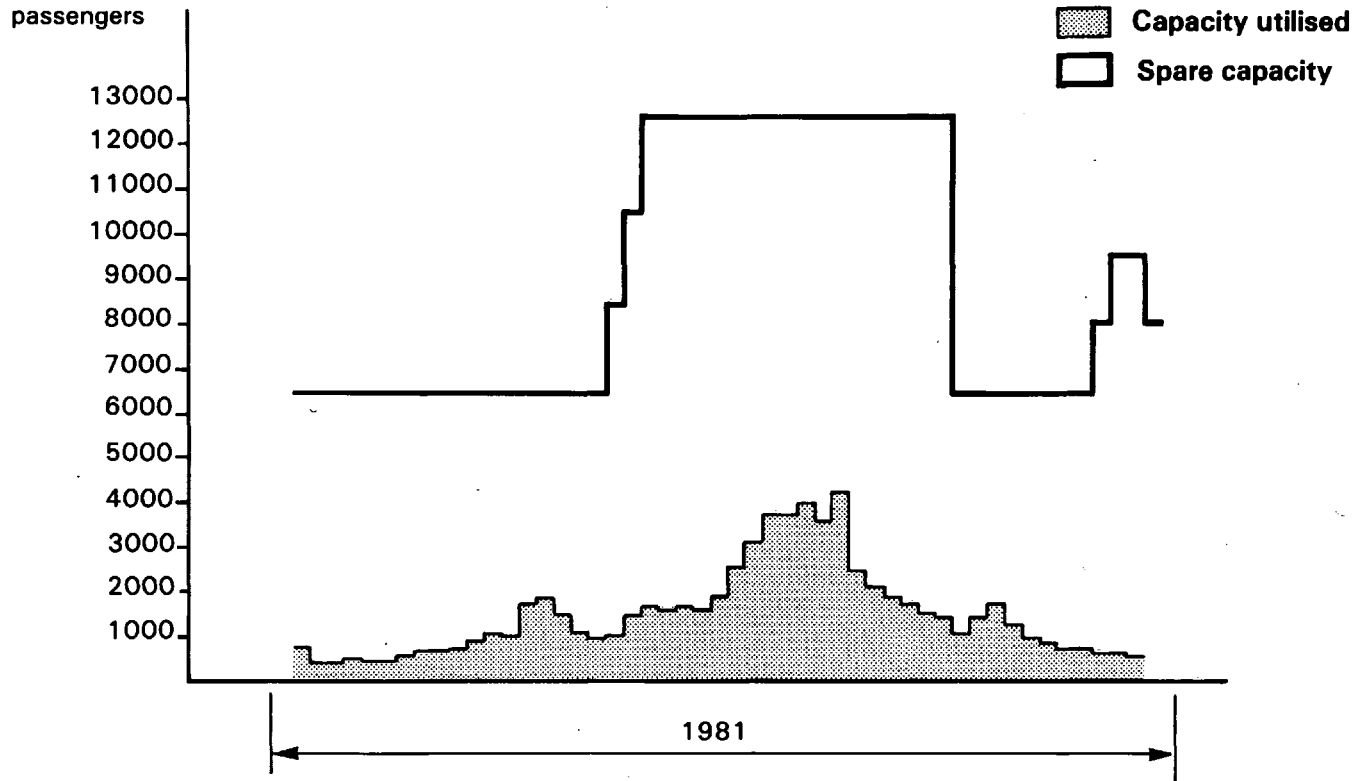


FIGURE 2, APPENDIX 4.2 Ullapool—Stornoway vehicle carryings, capacity utilised 1981 (weekly).

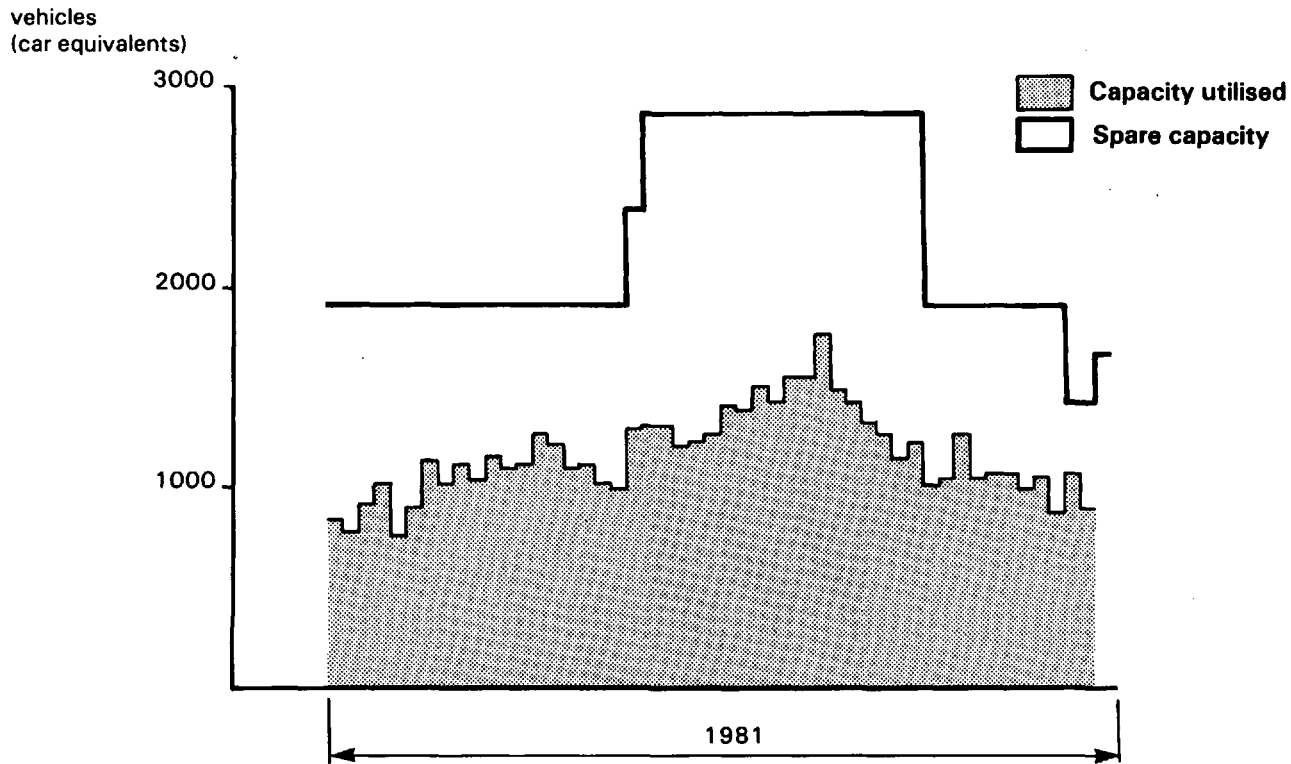


FIGURE 3, APPENDIX 4.2 Kyle—Kyleakin passenger carryings, capacity utilised 1981 (weekly).

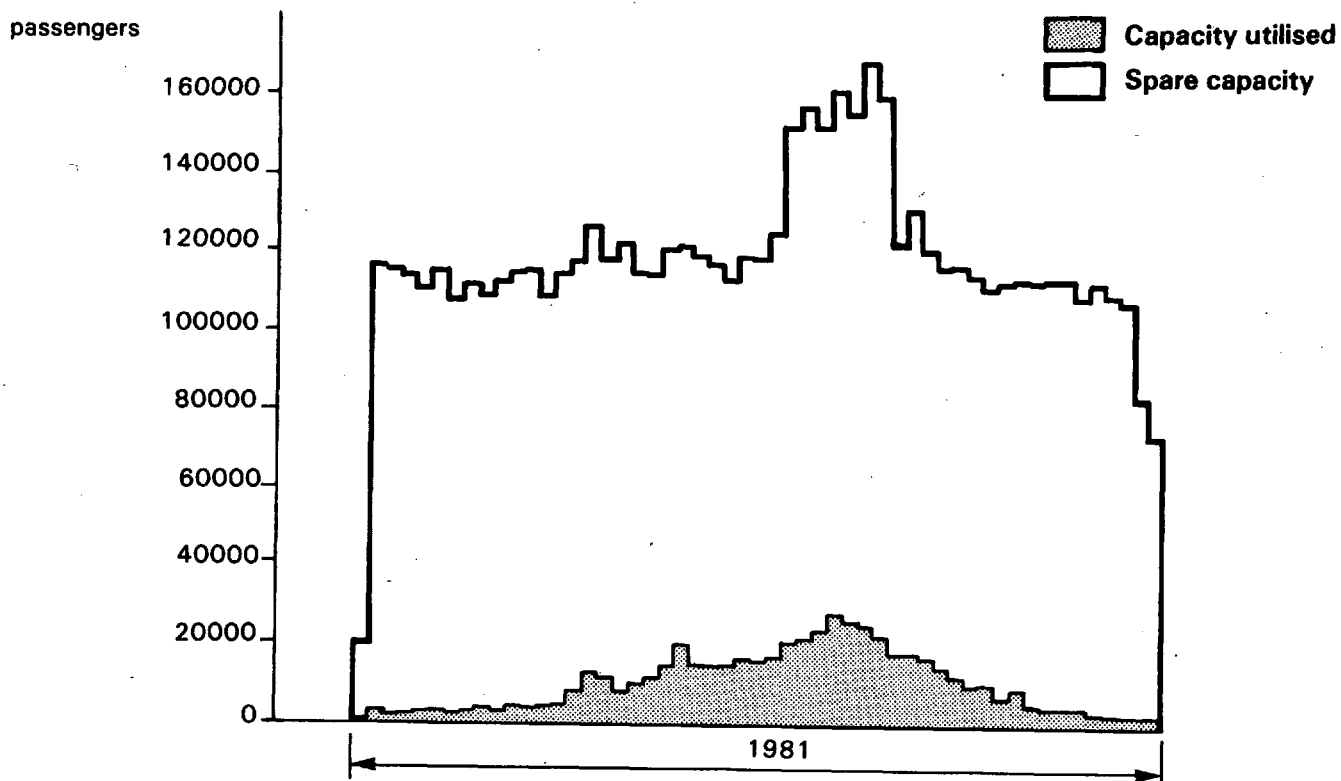


FIGURE 4, APPENDIX 4.2 Kyle—Kyleakin vehicle carryings, capacity utilised 1981 (weekly).

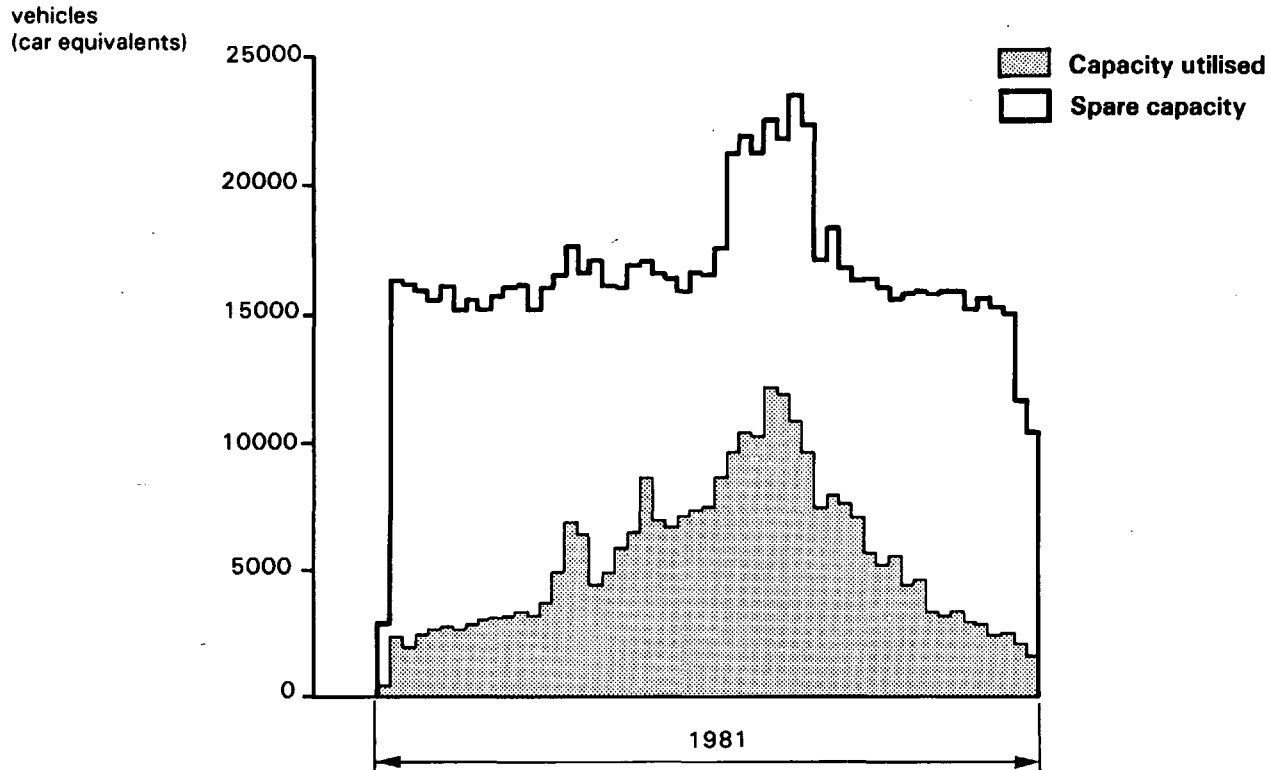


FIGURE 5, APPENDIX 4.2. Mallaig—Armadale passenger carryings, capacity utilised in 1981 (weekly).

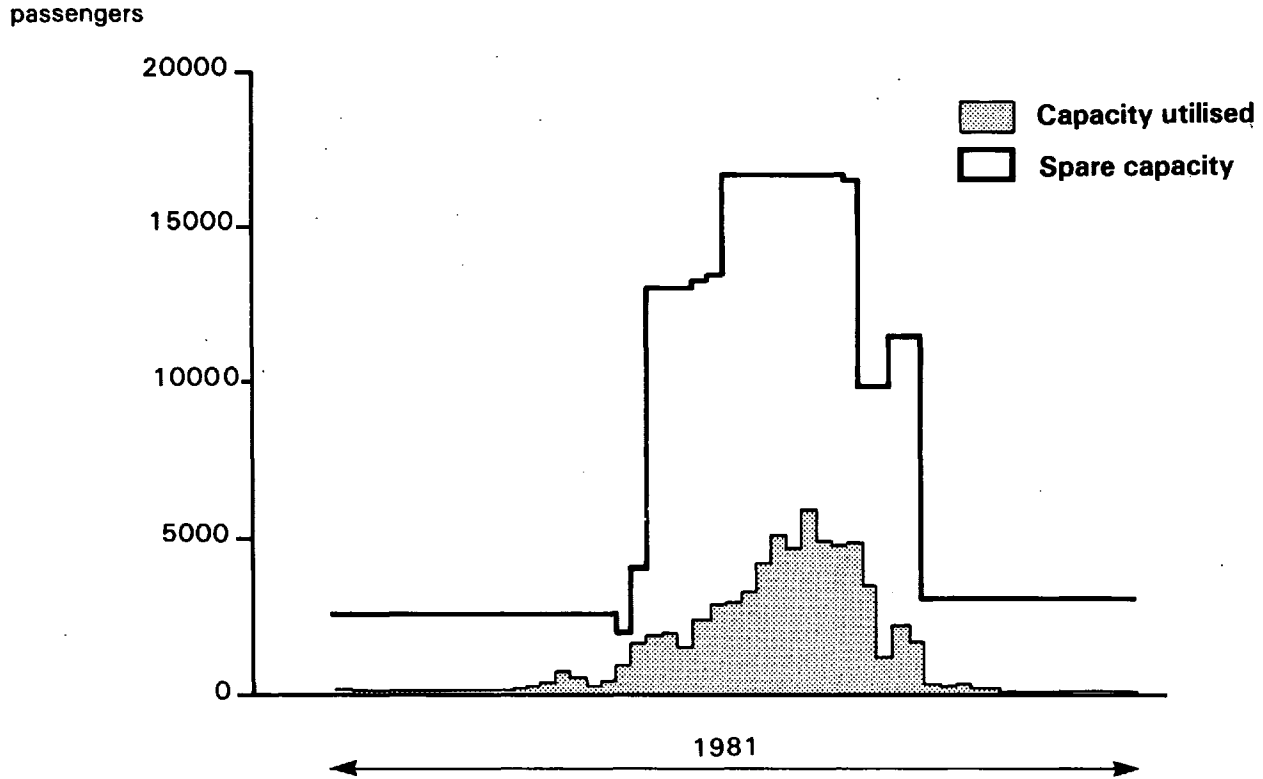


FIGURE 6, APPENDIX 4.2 Mallaig—Armadale vehicle carryings, capacity utilised summer 1981 (weekly).

vehicles
(car equivalents)

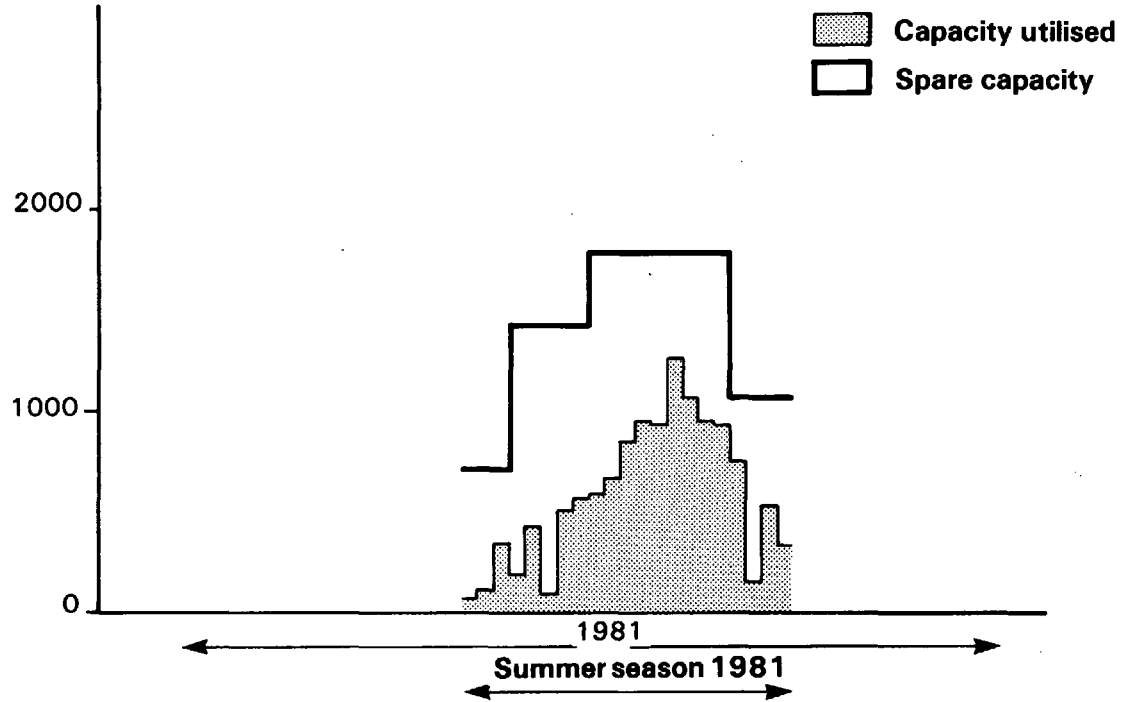


FIGURE 7, APPENDIX 4.2 Kennacraig—Port Ellen—Port Askaig passenger carryings, capacity utilised in 1981 (weekly).

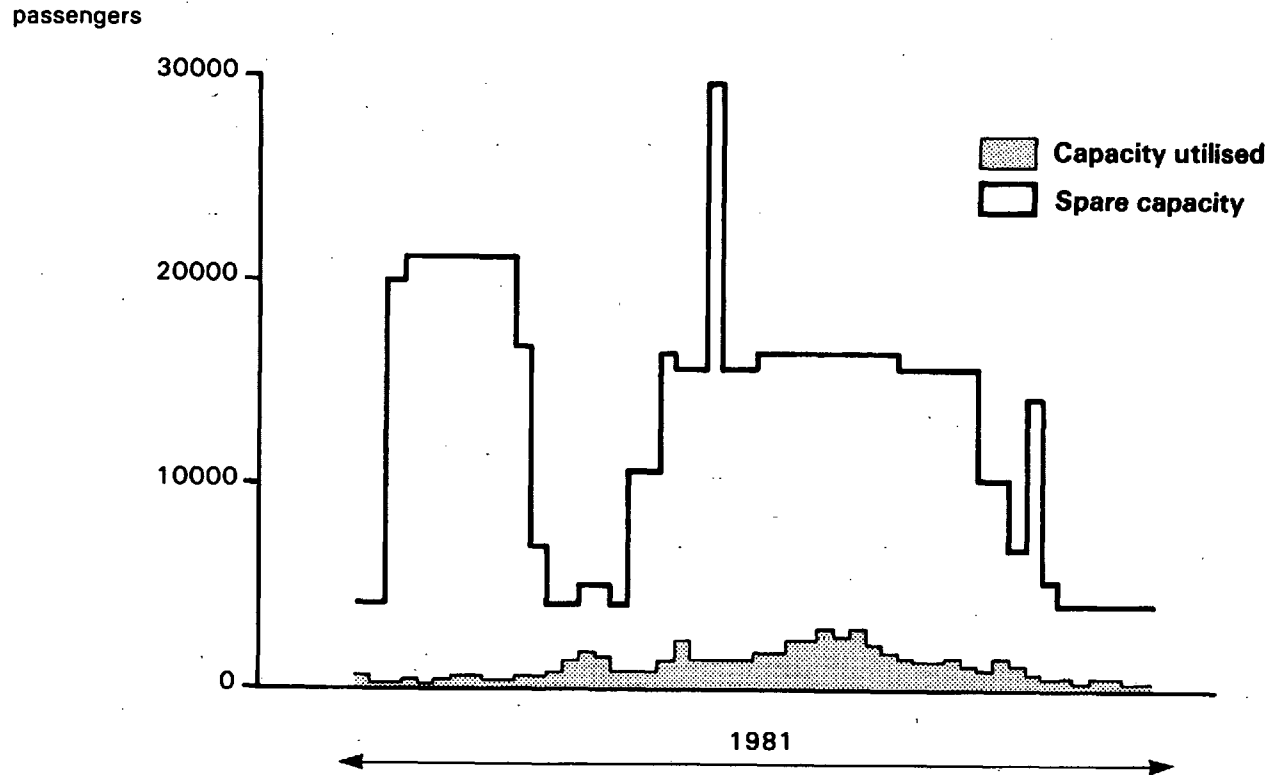


FIGURE 8, APPENDIX 4.2 Kennacraig—Port Ellen—Port Askaig vehicle carryings, capacity utilised in 1981 (weekly).

vehicles
(car equivalents)

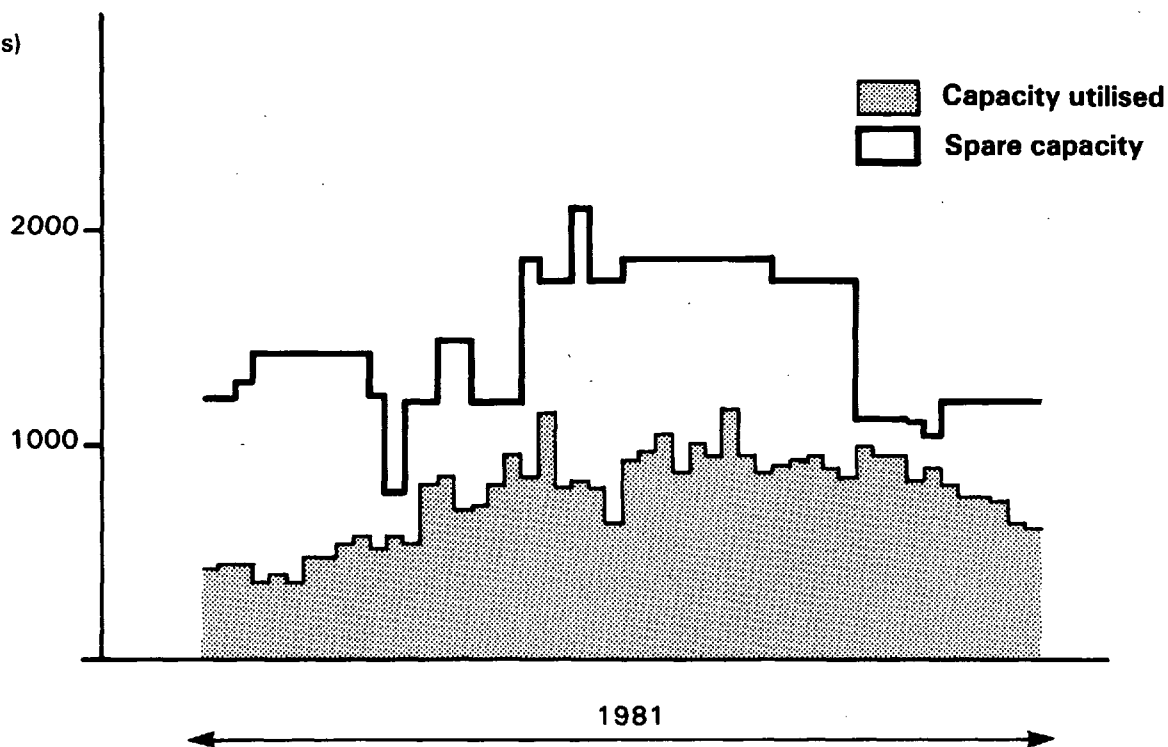


FIGURE 9, APPENDIX 4.2 Oban—Coll—Tiree passenger carryings, capacity utilised 1981 (weekly).

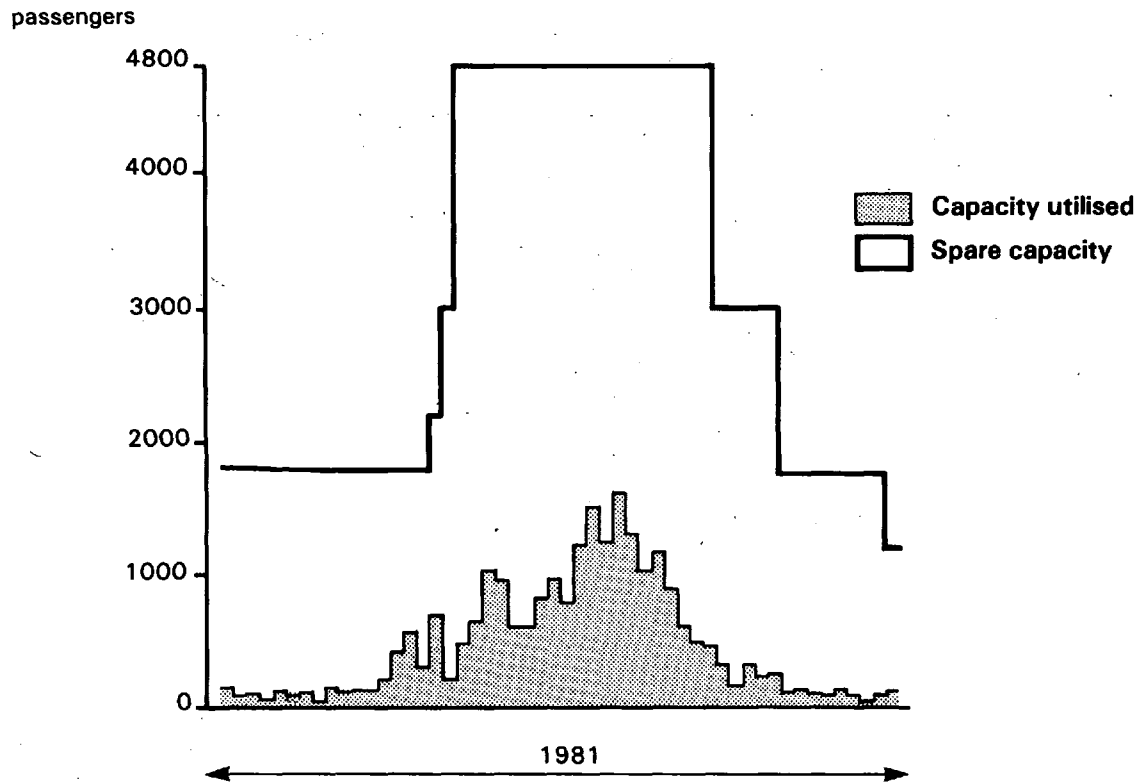


FIGURE 10, APPENDIX 4.2 Oban—Coll—Tiree vehicle carryings, capacity utilised 1981 (weekly).

vehicles
(car equivalents)

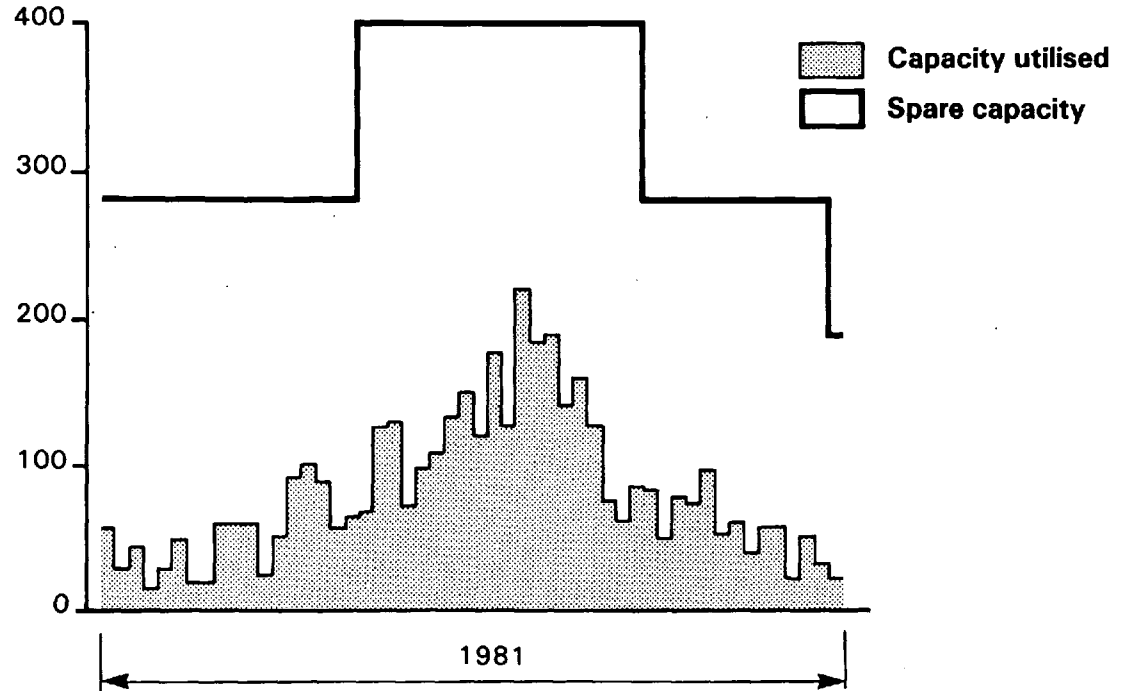


FIGURE 11, APPENDIX 4.2 Oban—Lismore passenger carryings, capacity utilised 1981 (weekly).

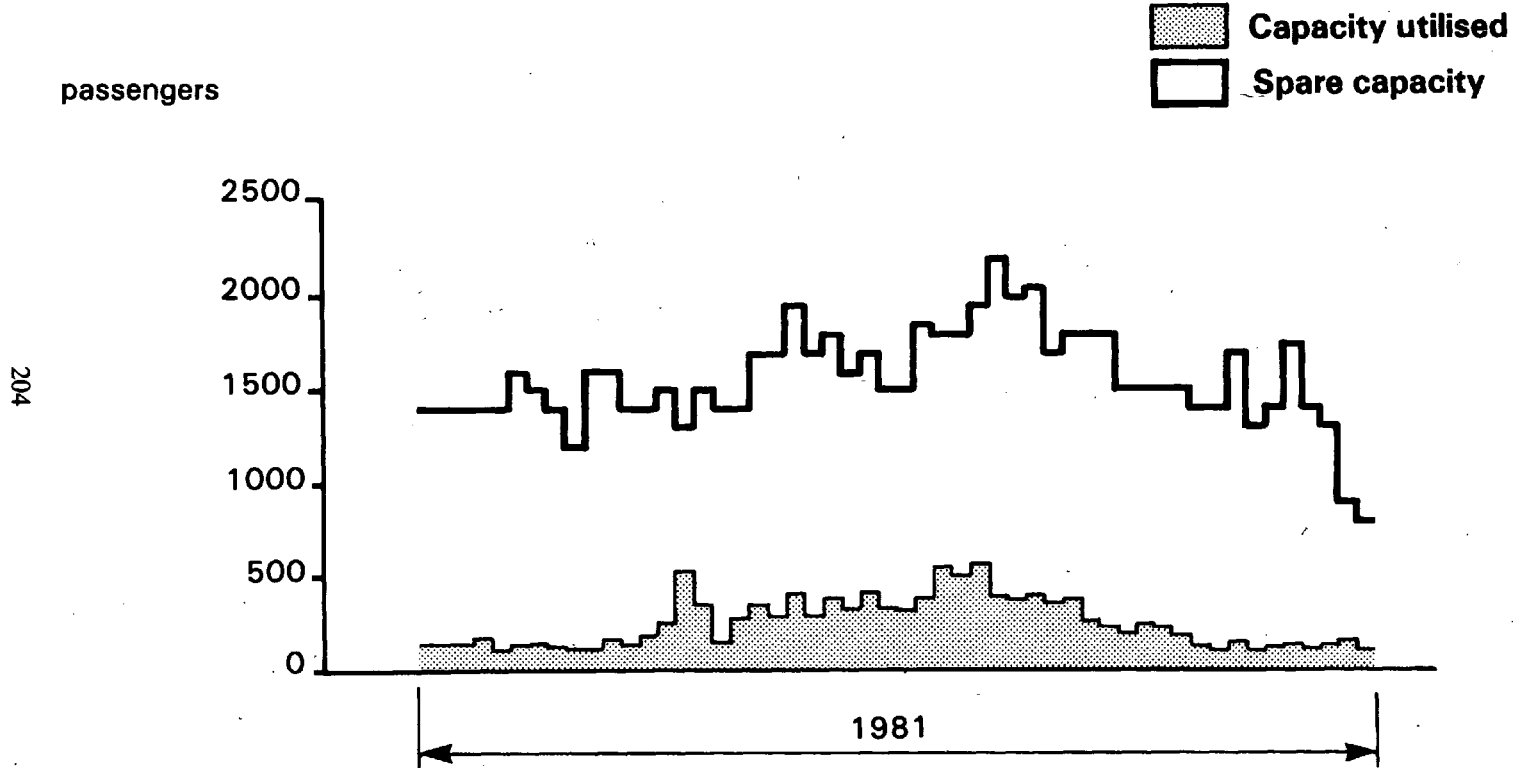


FIGURE 12, APPENDIX 4.2 Oban—Lismore vehicle carryings, capacity utilised in 1981 (weekly).

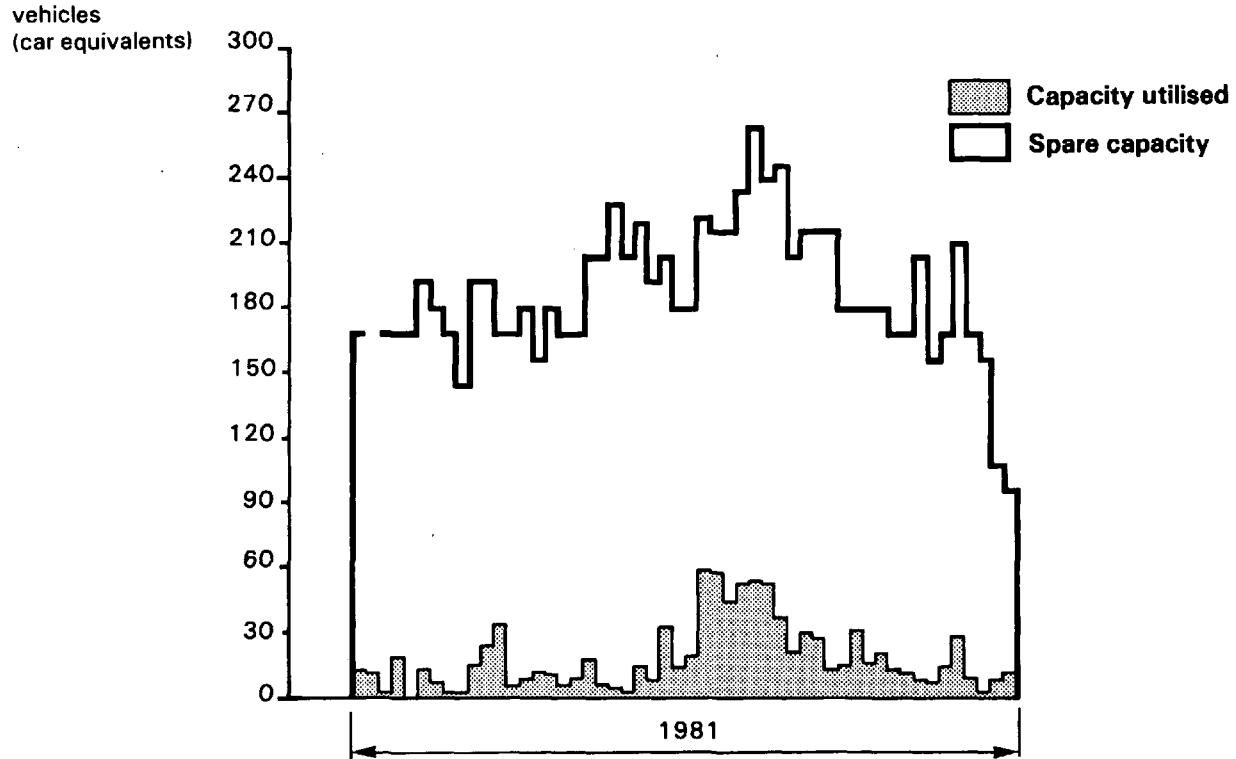


FIGURE 13, APPENDIX 4.2 Ardrossan—Brodict passenger carryings, capacity utilised in 1981 (weekly).

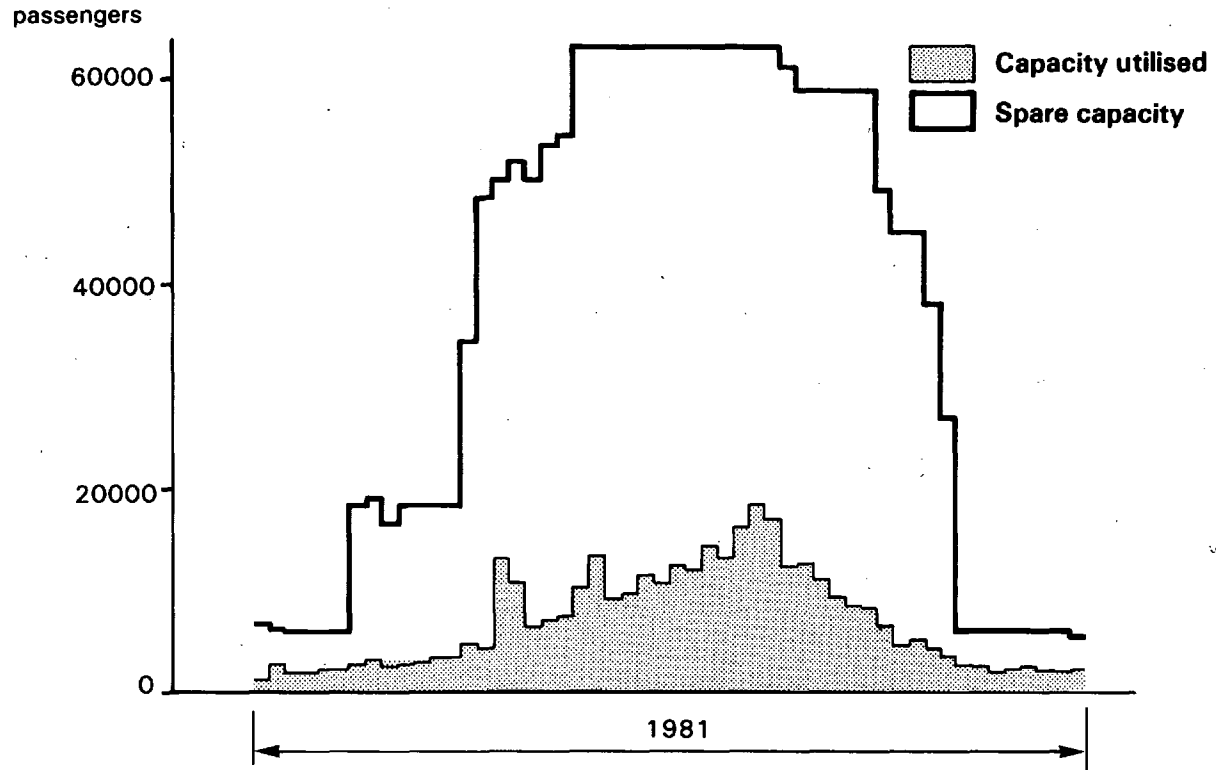


FIGURE 14, APPENDIX 4.2 Ardrossan—Brodict vehicle carryings, capacity utilised 1981 (weekly).

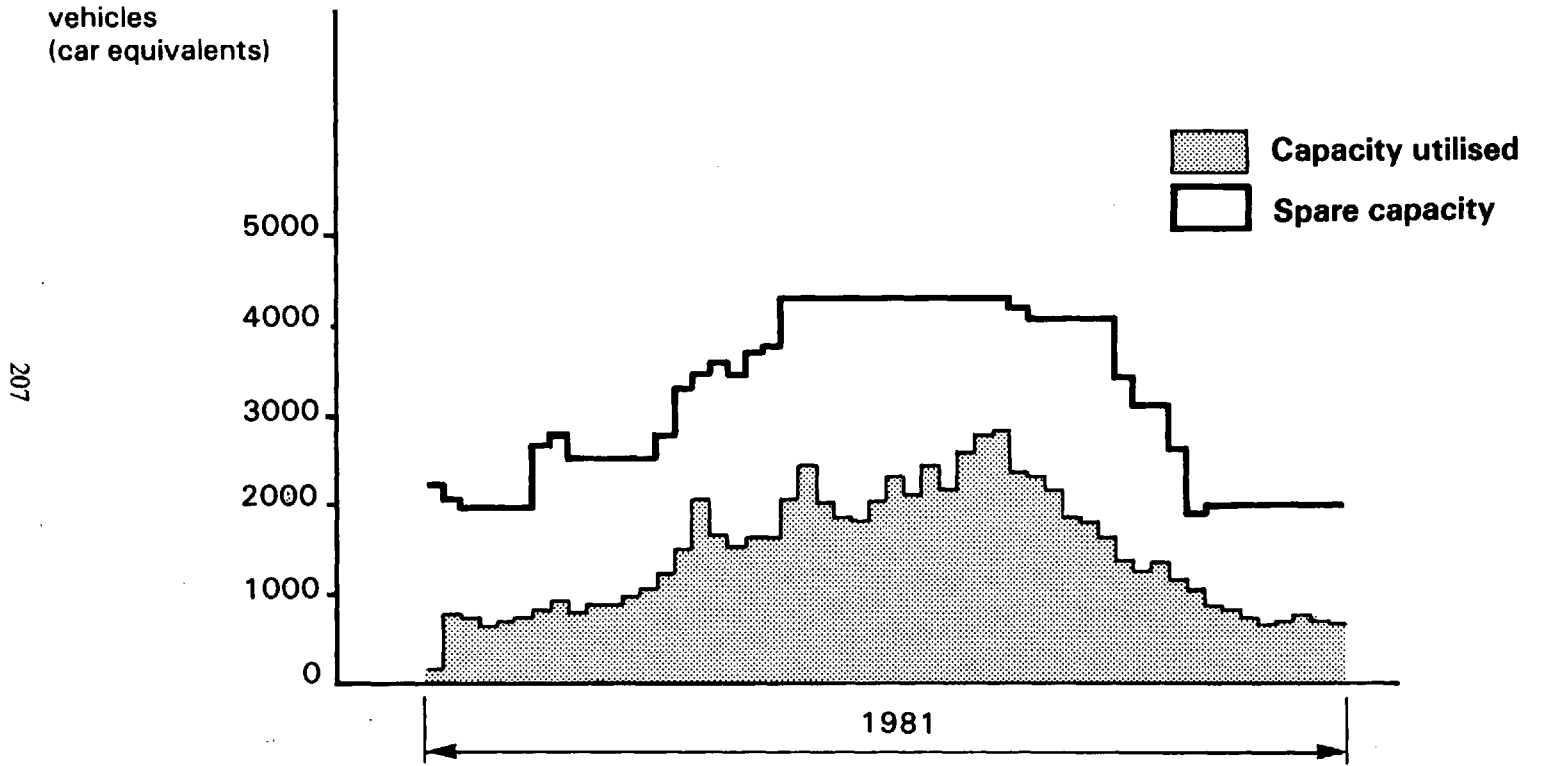


FIGURE 15, APPENDIX 4.2 Gourock—Dunoon passenger carryings, capacity utilised in 1981 (weekly).

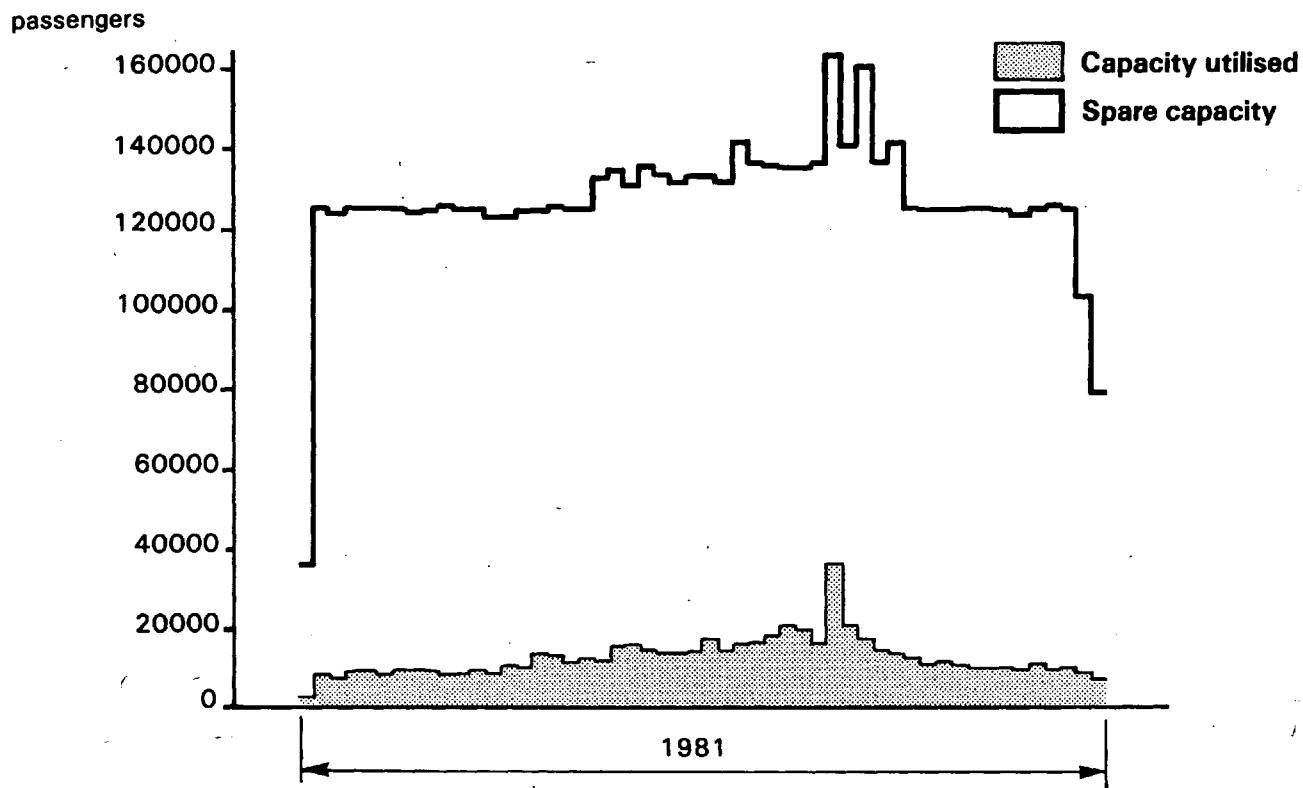


FIGURE 16, APPENDIX 4.2 Gourock—Dunoon vehicle carryings, capacity utilised in 1981 (weekly).

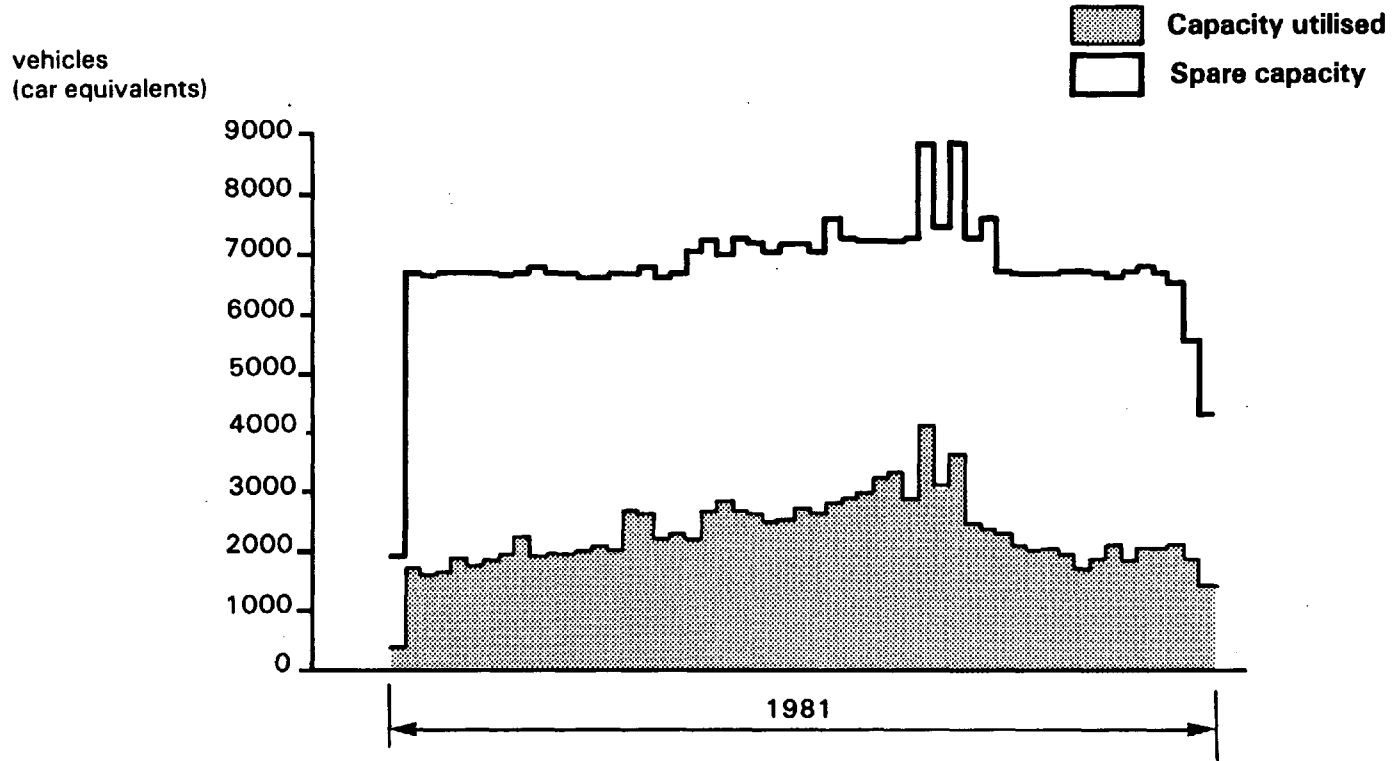
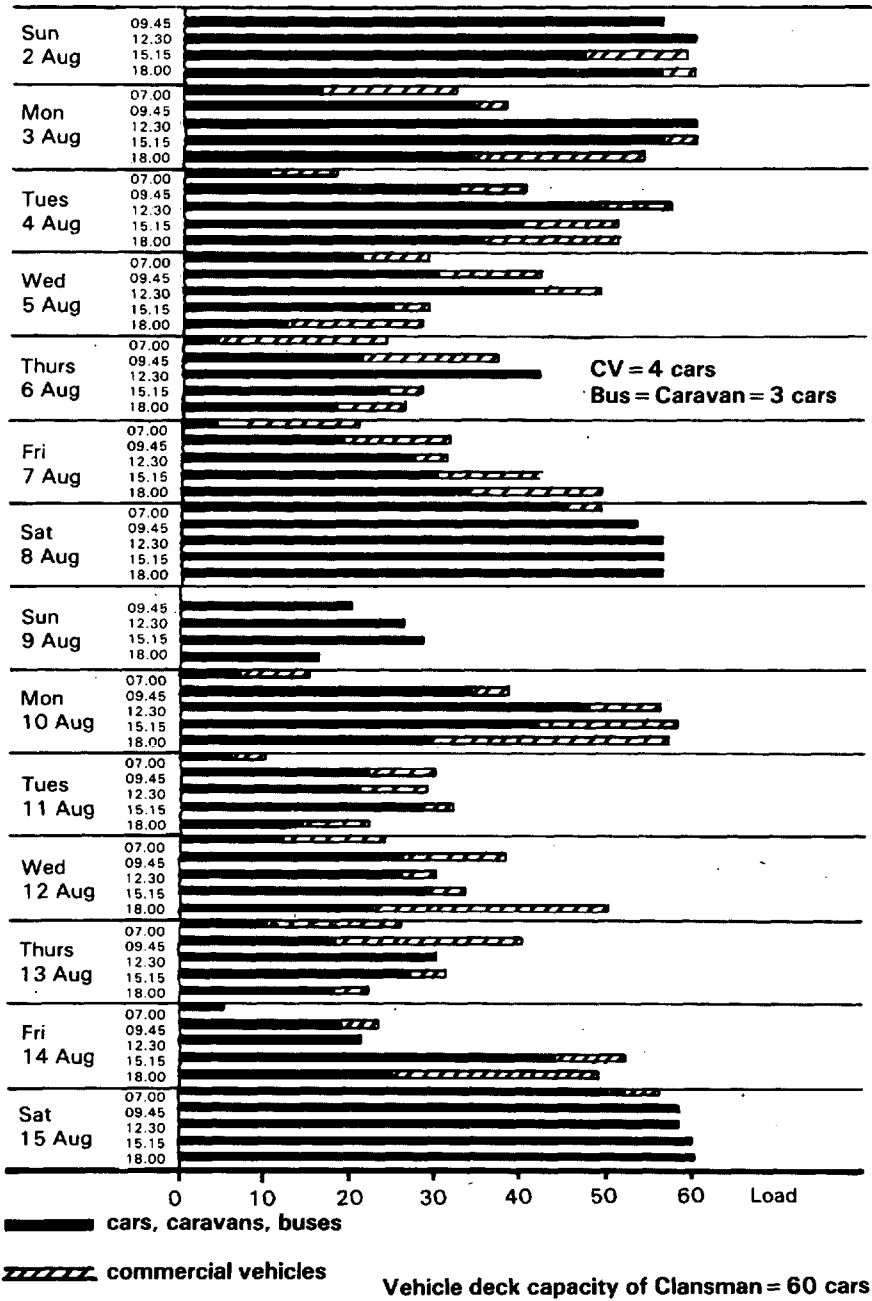


FIGURE 1, APPENDIX 4.3
 (referred to in paragraph 4.47)

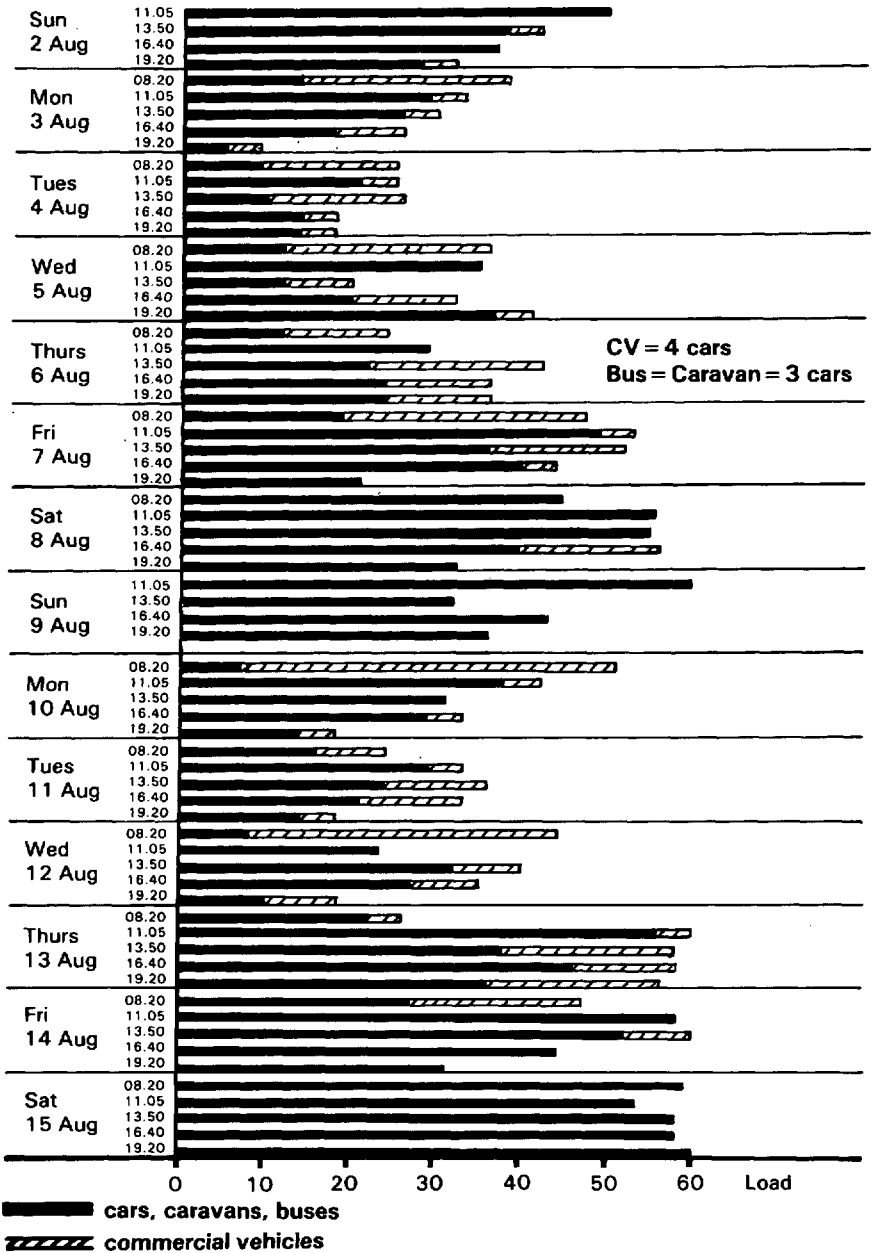
CalMac vehicle loadings Ardrossan—Broddick 2-15 August 1981



Sources: CalMac and MMC study.

FIGURE 2, APPENDIX 4.3
(referred to in paragraph 4.47)

CalMac vehicle loadings Brodick—Ardrossan 2-15 August 1981



Vehicle deck capacity of Clansman = 60 cars

Source: CalMac and MMC study.

APPENDIX 5.1

(referred to in paragraphs 5.2 and 5.9)

CalMac—investment in ships 1970 to 1981

| <i>Year</i> | <i>Ship</i> | <i>Cost (£)</i> <i>(current prices)</i> | <i>Investment</i> |
|-------------|------------------------------|--|---------------------------------|
| 1970 | Caledonia | 819,381 | Purchased second-hand |
| | Iona | 880,739 | Purchased new |
| | Kyleakin | 116,677 | Purchased new |
| | HM2-011 ¹ | | |
| | Glen Sannox | 54,858 | Converted to ro/ro |
| 1971 | Portree | 32,184 | Converted to bow loading |
| | Lochalsh | 122,279 | Purchased new |
| | Queen Mary II ² | 39,877 | Refurbished |
| 1972 | Broadford | 16,096 | Converted to bow loading |
| | Scalpay ³ | | Converted to turntable ferry |
| | Kilbrannan | 86,889 | Purchased new |
| | Maid of Cumbrae ⁴ | 92,558 | Converted to ro/ro |
| 1973 | Coruisk | 20,411 | Converted to bow loading |
| | Largs | 28,746 | Converted to bow loading |
| | Coll | 104,594 | Purchased new |
| | Rhum | 98,585 | Purchased new |
| | Bruernish | 101,476 | Purchased new |
| | Morvern | 93,010 | Purchased new |
| | Clansman | 344,232 | Converted to ro/ro and enlarged |
| 1974 | Arran ⁵ | 127,893 | Converted to ro/ro |
| | Juno | 917,035 | Purchased new |
| | Jupiter | 886,642 | Purchased new |
| | Pioneer | 1,125,098 | Purchased new |
| | Suilven | 2,748,573 | Purchased new |
| 1975 | Eigg | 101,740 | Purchased new |
| 1976 | Canna | 102,400 | Purchased new |
| | Raasay | 102,582 | Purchased new |
| 1977 | Isle of Cumbrae | 423,542 | Purchased new |
| | Glen Sannox | 456,046 | Re-engined and refurbished |
| 1978 | Claymore | 2,804,053 | Purchased new |
| | Saturn | 1,384,828 | Purchased new |
| 1979 | Lochmor | 552,706 | Purchased new |
| | Pioneer | 193,584 | Fitted with hoist |
| | Applecross | 1,500 | Purchased second-hand |
| | Kildonan | 1,100 | Purchased second-hand |
| | Staffa | 3,500 | |

Sources: CalMac.
STG Annual Report and Accounts 1981.
Ships of the Fleet.

¹ Experimental hovercraft sold in 1973.

² Sold 1978 to Glasgow District Council for £30,000.

³ Sold 1979 to Ardmaleish Boat Building Co for £200.

⁴ Sold 1978 to Panamanian buyers for £45,600.

⁵ Laid up in East India Harbour, Greenock 1979, sold in 1981 for £27,900.

APPENDIX 5.2

(referred to in paragraphs 5.9 and 6.13)

CalMac—investment in terminals 1970 to 1981 (excluding offices)

| <i>Year</i> | <i>Terminal</i> | <i>Cost (£)</i> <i>(current prices)</i> | <i>Investment</i> |
|-------------|-------------------|--|------------------------------|
| 1970 | Brodick | 209,608 | Link span installed |
| | Ardrossan | AHC | Link span installed |
| 1971 | Gourock* | 308,421 | Link span installed |
| 1972 | Dunoon | | Link span installed |
| | Largs* | 32,910 | Slipway terminal constructed |
| | Cumbræ* | 83,871 | Slipway terminal constructed |
| | Lochranza* | 32,550 | Slipway terminal constructed |
| | Claonaig* | 48,064 | Slipway terminal constructed |
| | Rhubodach | } 26,309 | Slipway terminal rebuilt |
| | Colintraive | | |
| 1973 | Oban | | Link span installed |
| | Port Ellen* | 307,485 | Link span installed |
| | Ullapool | HT | Link span installed |
| | Stornoway | HT | Link span installed |
| | West Loch Tarbert | 107,076 | New ro/ro terminal |
| | Fishnish | 49,075 | New slipway terminal |
| | Lochaline* | 192,950 | New slipway terminal |
| 1974 | Lochboisdale* | 304,216 | New link span installed |
| | Craignure | ACC | New link span installed |
| 1975 | Castlebay | 43,175 | Pier purchased |
| 1976 | Raasay | HRC | New slipway terminal |
| | Sconser | HRC | New slipway terminal |
| 1977 | Wemyss Bay* | 717,265 | Link span installed |
| | Rothesay* | 223,752 | Link span installed |
| | Kennacraig* | 576,334 | Terminal acquired |
| | Scalpay | WIIC | New slipway terminal |
| | Kyles Scalpay | WIIC | New slipway terminal |
| | Oban* | 153,573 | New passenger terminal |
| | Kennacraig | 72,400 | Land purchased |
| 1978 | Ullapool | | New passenger terminal |
| 1979 | Fionnphort | SRC | New slipway terminal |
| | Iona | SRC | New slipway terminal |
| 1980 | Tayinloan | SRC | New slipway terminal |
| | Gigha | SRC | New slipway terminal |
| | Kyleakin | 66,172 | Moorings replaced |
| 1981 | Port Ellen* | 399,179 | Re-development |

Sources: CalMac.
STG Annual Report and Accounts 1981.

* Grants obtained from SDD under Congested District Act.

Notes:

| | | | |
|-----|----------------------------|------|--------------------------------|
| AHC | Ardrossan Harbour Company. | HRC | Highland Regional Council. |
| HT | Harbour Trust. | WIIC | Western Isles Islands Council. |
| ACC | Argyll County Council. | SRC | Strathclyde Regional Council. |

APPENDIX 6.1

(referred to in paragraph 6.17)

Road Equivalent Tariff

1. The principle of basing ferry charges on a form of Road Equivalent Tariff (RET) was originally advocated by the HIDB.¹ The essential element of RET is that the charges for the carriage of commercial vehicles and cars on a sea crossing of a specified distance should be related to the equivalent cost of travelling this distance by road. This road equivalent cost would be estimated on a per metre basis from published data on lorry operating costs. In 1980 the Scottish Office issued a consultative paper.² This document recognised that passenger fares could not be related to lorry operating costs and proposed that these be based instead on the British Rail 'standard rate' of 5p per mile.

2. The nature of what is the appropriate 'cost' of travelling by road has been a matter of some debate. Two concepts of RET have arisen; operating costs RET, where the standing costs of a vehicle, such as insurance, are included, and running costs RET where only vehicle running costs are taken into account. The Government in July 1981 announced its commitment to a move towards a system of running costs RET.

3. Within this definition of running costs RET the Scottish Office have taken the view that vehicle depreciation should be included and given this, the strict application of RET would increase fares on some of the longer routes whilst substantially reducing those of the shortest routes. Whilst the overall application of this form of RET would reduce fares on average and increase subsidy, the balance of advantage would be clearly in favour of the shorter routes.

4. Given these factors, both the HIDB and STG have sought to adjust the concept of running costs RET by (a) an application of a fixed toll to all routes, usually taken as 4 km, and by (b) a cut off for the distance used to calculate the RET fare such that routes of, say, over 80 km are treated for RET purposes as being equal to 80 km. It is of course possible to consider various combinations of fixed tolls and cut offs which would introduce more flexibility into a rigid system of RET based pricing.

5. We note that the Scottish Office in its consultative paper raised the possibility that RET could be used not as an automatic fare-fixing mechanism, 'but as a guide, along with general public expenditure considerations and the scope for economy and efficiency in the ferry services in determining the amount of subsidy to be made available'.

¹ *Road to the Isles* 1974.

² Consultative paper *Sea Transport to Scottish Islands* Scottish Office March 1980.

APPENDIX 6.2
(referred to in paragraph 6.18)

Movement in fares (current prices) 1974 to 1981

| Service | Passenger fares | Percentage change | |
|---|-----------------|-------------------|------------------|
| | | Car fares | Commercial fares |
| <i>Western Isles (North)</i> | | | |
| Ullapool to Stornoway | 197.5 | 166.1 | 141.5 |
| Uig to Tarbert/Lochmaddy | 195.1 | 191.1 | 102.9 |
| Kyle to Kyleakin | 81.8 | 148.9 | 116.8 |
| Mallaig to Armadale | 190.9 | 210.5 | 169.4 |
| Mallaig to Eigg to Rhum to Muck to Canna | 211.4 | — | — |
| <i>Western Isles (South)</i> | | | |
| Oban to Craignure | 142.0 | 112.9 | 92.7 |
| Kennacraig to Islay | 216.4 | 238.8 | 112.5 |
| Oban to Lochboisdale | 201.2 | 149.1 | 89.5 |
| Oban to Coll/Tiree | 152.7 | 82.1 | 68.4 |
| Fishnish to Lochaline | 270.1 | 159.9 | 87.3 |
| Oban to Colonsay | 197.6 | 244.8 | 71.2 |
| Fionnphort to Iona | 240.0 | — | — |
| Oban to Lismore | 90.5 | -7.9 | 61.0 |
| Tobermory to Mingary | 233.3 | — | — |
| <i>Clyde</i> | | | |
| Ardrossan to Brodick | 178.6 | 159.2 | 106.1 |
| Wemyss Bay to Rothesay | 140.1 | 199.9 | 174.3 |
| Gourock to Dunoon/Kilcreggan | 130.6 | 199.0 | 231.8 |
| Largs to Cumbrae | 128.2 | 166.9 | 53.7 |
| Colintraive to Rhubodach | 247.3 | 235.1 | 54.7 |
| Lochranza to Claonaig | 185.0 | 211.2 | 171.8 |
| Largs to Millport | 180.3 | — | — |
| <i>Average all routes</i> | 147.9 | 173.0 | 126.0 |

Source: MMC study.

Note: Average realised fares on each route calculated from total annual revenue and carryings, thus all forms of discount are included, pier dues are excluded.

APPENDIX 6.3

(referred to in paragraphs 6.22 and 6.23)

TABLE 1

CalMac—summer standard fares as percentage of scale fare 1981

| Service | per cent | |
|------------------------------|----------------|------------------|
| | Passenger fare | 4 metre car fare |
| <i>Western Isles (North)</i> | | |
| Ullapool to Stornoway | 86 | 95 |
| Uig to Tarbert/Lochmaddy | 97 | 118 |
| Kyle to Kyleakin | 47 | 81 |
| Mallaig to Armadale | 140 | 172 |
| to Eigg | 94 | — |
| to Rhum | 135 | — |
| to Muck | 103 | — |
| to Canna | 124 | — |
| Scalpay to Kyles Scalpay | 81 | 114 |
| Raasay to Sconser | 156 | 150 |
| <i>Western Isles (South)</i> | | |
| Oban to Craignure | 99 | 200 |
| Kennacraig to Islay | 59 | 98 |
| Oban to Lochboisdale | 80 | 68 |
| Oban to Coll/Tiree | 57 | 86 |
| Fishnish to Lochaline | 144 | 153 |
| Oban to Colonsay | 91 | 99 |
| Fionnphort to Iona | 91 | 206 |
| Tayinloan to Gigha | 127 | 140 |
| Oban to Lismore | 66 | 206 |
| Tobermory to Mingary | 189 | — |
| <i>Clyde</i> | | |
| Ardrossan to Brodick | 108 | 145 |
| Wemyss Bay to Rothesay | 112 | 87 |
| Gourock to Dunoon | 110 | 71 |
| Gourock to Kilcreggan | 131 | — |
| Largs to Cumbrae | 108 | 132 |
| Colintraive to Rhubodach | 57 | 113 |
| Lochranza to Claonaig | 164 | 214 |
| Largs to Millport | 140 | — |

Source: CalMac.

APPENDIX 6.3 *contd*

TABLE 2

CalMac—multi-journey fares as percentage of scale fare 1981

| <i>Service</i> | <i>per cent</i> | |
|------------------------------|-----------------------|-------------------------|
| | <i>Passenger fare</i> | <i>4 metre car fare</i> |
| <i>Western Isles (North)</i> | | |
| Ullapool to Stornoway | 97 | 93 |
| Uig to Tarbert/ Lochmaddy | 104 | 103 |
| Kyle to Kyleakin | 23 | 84 |
| Mallaig to Armadale | 109 | 176 |
| to Eigg | NA | — |
| to Rhùm | NA | — |
| to Muck | NA | — |
| to Canna | NA | — |
| Scalpay to Kyles Scalplay | NA | — |
| Raasay to Sconser | 155 | 133 |
| <i>Western Isles (South)</i> | | |
| Oban to Craignure | 102 | 150 |
| Kennacraig to Islay | 84 | 105 |
| Oban to Lochboisdale | 85 | 62 |
| Oban to Coll/Tiree | 72 | 84 |
| Fishnish to Lochaline | 116 | 142 |
| Oban to Colonsay | 97 | 93 |
| Fionnphort to Iona | 79 | 129 |
| Tayinloan to Gigha | 110 | 260 |
| Oban to Lismore | 72 | 169 |
| Tobermory to Mingary | NA | NA |
| <i>Clyde</i> | | |
| Ardrossan to Brodick | 108 | 185 |
| Wemyss Bay to Rothesay | 101 | 108 |
| Gourock to Dunoon | 104 | 93 |
| Gourock to Kilcreggan | 121 | NA |
| Largs to Cumbrae | 98 | 126 |
| Colintraive to Rhubodach | 58 | 127 |
| Lochranza to Claonaig | NA | NA |
| Largs to Millport | 138 | 126 |

Source: CalMac.

APPENDIX 7.1

(referred to in paragraphs 7.11, 7.59, 8.21)

Recommendations by STUCC on proposals by STG to discontinue shipping services

1. The STUCC is required under the provisions of section 56 of the Transport Act 1962 (as amended by section 55 of the Transport Act 1968) to receive and consider representations (principally objections on the grounds of hardship) from users to proposals by STG to withdraw a shipping service or close a pier and to submit a report to the Secretary of State for Scotland and the Secretary of State for Trade giving its recommendations on the matter. STUCC has, to date, considered three proposals by STG to withdraw shipping services. Summaries of the details of the proposals and STUCC's recommendations are set out below.

The services between West Loch Tarbert and Gigha, Islay, Jura and Colonsay

2. On 1 December 1971 STG gave notice in accordance with section 156 of the Transport Act 1968 that after 31 March 1972 it proposed to discontinue the shipping services between West Loch Tarbert and Gigha, Islay, Jura and Colonsay operated by David MacBrayne Ltd. A total of 587 written objections were received to the proposal by the STUCC. A Public Hearing was held in Port Ellen, Islay, on 3 February 1972 at which interested parties were able to address the Committee. Among the matters considered by the STUCC during its deliberations were alternative ferry services to be provided by Western Ferries.

3. After considering both written and oral objections the STUCC unanimously agreed in March 1972 that until:

- (a) satisfactory replacement sea services were provided for Gigha and Colonsay;
- (b) the passenger accommodation at Kennacraig, Gigha, Port Askaig, Feolin and Colonsay was at least as adequate as the facilities then being supplied by David MacBrayne Ltd; and
- (c) adequate services for road passengers on Jura and for the carriage of livestock from the island to the mainland sales were provided, and because of the necessity for a sea service to be continued to be provided for Port Ellen and the inadequacies of the *Sound of Jura*,¹

serious hardship would be caused to the existing users should MacBrayne's shipping service be discontinued after 31 March 1972. It recommended, therefore, that these services should be maintained.

The service between Tobermory and Mingary

4. On 10 April 1980 STG gave notice that after 28 September 1980 it proposed to discontinue the ferry service operated by CalMac between Tobermory and Mingary. The route provided a link for passengers and freight between

¹ Western Ferries' vessel.

Mingary on the Ardnamurchan Peninsula and Tobermory on Mull with a frequency of four return trips per day on weekdays in summer and three trips per day in winter. There was an alternative service by minibus between Kilchoan and the Corran Ferry with a connecting service to Fort William on Oban. This alternative service did not, however, permit a return from Fort William or Oban on the same day; in the event of the withdrawal of the ferry service an each way service for a trial period on Thursdays between Kilchoan and Fort William was proposed. Fifteen written objections and a petition signed by 647 people were received to the proposal.

5. The STUCC unanimously came to the following conclusions:

- (a) An examination of the arguments submitted to it revealed no solid evidence of hardship likely to be experienced by the indigenous population. Almost all the evidence of hardship applied to tourists and other visitors.
- (b) In view of above and in the light of the arguments concerning the financial loss in operation of the vessel, particularly for the winter months, it was obliged to conclude that the STG was not acting unreasonably in seeking to withdraw the vessel. The carrying figures for 1980 showed some improvement over recent years, but the increase was not enough to erode substantially the loss.
- (c) Notwithstanding the points made above it could not regard the proposed alternative service as being even remotely suitable nor did it see it possible that any alternative arrangements based on bus travel to Fort William and/or Oban as being suitable. It was suggested that another alternative service existed—road to Lochailort and then by train—but it did not consider this alternative suitable.
- (d) Accordingly its overall recommendations were:
 - (i) The STG be allowed to withdraw the service for the winter months.
 - (ii) The STG should be expected to continue operation of the ferry service from Easter to 30 September each year, similar to seasonal ferries at Lochranza to Claonaig, and Largs to Millport Old Pier.
 - (iii) In the event of the STG declining and withdrawing from the route with the Secretary of State's permission, the Government should consider offering the ferry service to an alternative operator with at least the same subsidy appropriate to the summer months.
- (e) Another possibility was that the local authorities empowered to make subvention might care to subsidise the ferry operation.

The ferry service between Gourock and Dunoon

6. On 16 July 1981 STG gave notice that after 17 October 1981 it proposed to discontinue the ferry service operated by CalMac between Gourock and Dunoon. This route provided a link for passengers, vehicles, parcels and mail between Gourock and Dunoon. The service operated hourly in each direction from 06.45 until 20.35 on weekdays and from 08.45 until 20.15 on Sundays.

7. It was proposed that, as an alternative, a ferry service would be operated by Western Ferries between Gourock and Dunoon for passengers only. This service would run hourly in each direction Mondays to Saturdays from 07.00 to 19.00 in the winter and from 07.00 to 21.00 in the summer. The Sunday service would be from 09.30 to 18.00 in winter and 09.00 to 21.00 in summer. The vessel on this service would be the *Highland Seabird*, a catamaran.

8. A ferry service for both passengers and vehicles would also be operated by Western Ferries between McInroy's Point (Gourock) and Hunter's Quay (Dunoon); this service to operate half-hourly each day from 07.00 to 22.30, with slightly later services on Fridays, Saturdays and Sundays.

9. Three hundred and seventy-six written objections and a petition signed by 3,601 people were received to the proposal. A public hearing was held in Dunoon on 2 September 1981, attended by over 400 members of the public. The findings of the STUCC were:

- (a) The STUCC concluded that the number of objections received to this proposal was significant and particularly the high number of objections received from organisations and businesses. The number of people—over 400—who took the trouble to attend the public hearing also indicated the concern felt about the proposals. STUCC stressed, however, it was not the significant number who attended but the quality of the evidence laid by some that influenced it.
- (b) The STUCC was of the opinion that Western Ferries failed to make a case to be the sole operator on the route. It doubted whether there were the necessary back-up facilities to have an on-going operation.
- (c) Western Ferries' service was considered to be a weather stretched one and bore no comparison in quality to the present CalMac service.
- (d) The *Highland Seabird* was not the correct vessel for the proposed passenger service which was further endorsed by the views of such a competent body as the Civilian Management Services Department, Faslane.
- (e) A roll on/roll off service was required for Dunoon and Cowal and it was illogical to separate the passenger service from the cars and commercial vehicles.
- (f) Serious hardships, inconvenience and difficulty would be experienced by foot passengers if the service was withdrawn. The disabled, elderly, tourists and people commuting to work or for educational purposes would all suffer this hardship and inconvenience. Businesses in Dunoon and Cowal would be deprived of some of their livelihood and this must also be considered a severe hardship.
- (g) Western Ferries should not be classed as the villain in this case, any more than CalMac should be classed as an angel. During the Committee's investigations it had noticed that many people considered Western Ferries to be a helpful and caring operator and useful lessons could be learned in this respect by CalMac which should seek ways to better marketing, adopt a more friendly and caring approach to its customers, and provide greater accountability.
- (h) The STUCC unanimously recommended that CalMac should in no circumstances be permitted to withdraw from the route in view of the serious hardship, inconvenience, difficulty and the knock-on effect that would be caused to the users of the service.

APPENDIX 9.1
(referred to in paragraph 9.2)

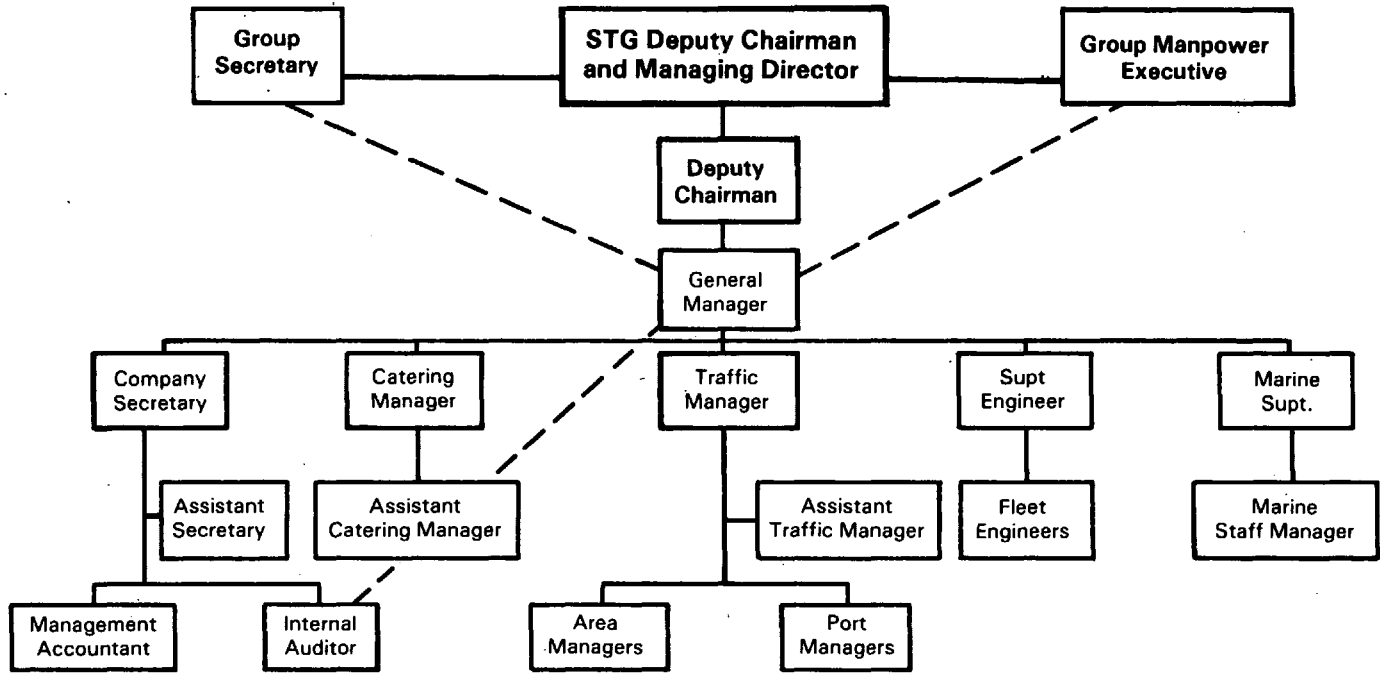
**Wholly-owned subsidiaries of STG as at
31 December 1981**

| | | 1981 Gross revenue £'000 | Staff employed 31 December 1981 | |
|---|-----------|--|--|-------|
| SCOTTISH BUS GROUP LIMITED | } | W Alexander & Sons (Fife) Ltd | 11,391 | 892 |
| | | W Alexander & Sons (Northern) Ltd | 11,369 | 849 |
| | | W Alexander & Sons (Midland) Ltd | 22,449 | 1,775 |
| | | Central SMT Co Ltd | 18,803 | 1,432 |
| | | Highland Omnibuses Ltd | 6,016 | 455 |
| | | Scottish Omnibuses Ltd | 28,042 | 2,033 |
| | | Western SMT Co Ltd | 29,097 | 2,224 |
| | | <hr/> | <hr/> | |
| | | 127,167 | 9,660 | |
| SCOTTISH TRANSPORT GROUP | } | CALEDONIAN MACBRAYNE LTD | 17,516 | 718 |
| | | | | |
| SCOTTISH TRANSPORT INVESTMENTS LIMITED | } | Scottish Transport Investments Ltd | 2,236 | 21 |
| | | MacBrayne Haulage Ltd | 2,595 | 131 |
| | | Sanderson Travel Service Ltd | 62 | 9 |
| | | Dryburgh Abbey Hotel Ltd | 508 | 57 |
| | | STG Information & Market Services Ltd (formerly Travel Press & Publicity Co Ltd) | 1,580 | 13 |
| | | SMT Insurance (Brokerage) Ltd | 219 | 6 |
| | | | | <hr/> |
| | | 7,200 | 237 | |
| | | <hr/> | <hr/> | |
| | Total STG | 151,883 | 10,615 | |

Source: STG Annual Report.

APPENDIX 9.2
(referred to in paragraph 9.11)

Organisation of CalMac



Source: STG.

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