

KERRERA FERRY LTD

Community Agreement Draft

12-1-13

Introduction

As a direct result of the Scottish Government Ferries Review and in keeping with the aims and objectives of the Review, Kerrera Ferry Ltd is pleased to put the following proposals to the Community on Kerrera for your collective consideration, opinions, comment and feedback.

It is only with the support and cooperation of Transport Scotland, Dunollie Estate Community and Scottish Sea Farms that the following proposals are possible.

It is proposed that the following fares and timetable will form the basis of a new Community agreement, with Kerrera Ferry Ltd.

The following proposals offered to you are not meant to be an all-encompassing, permanent fix and should be viewed as a new beginning and short term stepping stone towards the long term solutions. The longer term issues and options are being looked at through the STAG based study.

In order to put support in place quickly, Transport Scotland can provide a grant to Kerrera Ferry Ltd. Grant funding does not allow Transport Scotland to require specifics such as a certain timetable or a certain level of fares. Instead, there must be only a broad requirement for the Kerrera Ferry Ltd to run a ferry service. The wording that the grant agreement uses is "To fund Kerrera Ferry Limited to provide a ferry service for (1) passengers to the South of Kerrera, and (2) resident's and works vehicles and freight to both the North and South of Kerrera. Timetables and fares charged will be determined by Kerrera Ferry Limited in consultation with the Kerrera community, but subject always to the North and South ferry services being charged for on an equitable basis" Further detail would require Transport Scotland to tender for the service, meaning support could not be put in place for a significant period of time.

Given all the prevailing circumstances this short term support is vital to keep the service sustainable, while long term solutions can be viewed and implemented with the minimum disruption to service and the Community.

The objective is to provide a safe, reliable and sustainable ferry service for all of Kerrera that is on a par with services provided throughout the Clyde and Hebrides ferry network. The starting point was the routes and services methodology used as part of the ferries review. An outline service level was put to the Community for comment via David Keys in August and this is the basis of the proposed timetable.

Benefits

The proposed terms in this draft agreement bring significant benefits to the Community some of which are listed below :

- First and foremost there is the certainty of a continued service. The short term arrangements are for up to 2 years, with steps being taken to identify and provide what is required longer term.
- The service level will be improved with the operating day being extended from 8am to 7pm, 5 days a week thereby creating more opportunity for residents wanting to work in Oban.
- A vehicle and freight service will be provided to the North with the same fares as to the South of the island.
- Vehicle and freight fares will be reduced.
- More frequent ferries during winter months bringing greater flexibility for the Community making life easier to make and meet appointments.
- More frequent ferries allowing island businesses and enterprises to expand and grow, creating more opportunities for the Community and making life easier to make train and bus connections.
- Pier improvements will help to make service more reliable safer and robust particularly during bad weather.
- Resurface 10m length of existing Kerrera slipway
- Re-build eroded section of stone-built breakwater (Kerrera)
- Lift and re-position dumb barge breakwater on stable foundation (Kerrera)

Scottish Government are arranging for these repairs to be made urgently, and for further surveys to be carried out as recommended in the Slipway Study that was carried out.

Community meeting

Everyone is invited to attend a Community meeting where these proposals will be discussed before any amendments or implementation.

SCHOOL BUILDING ON 18th OF FEBRUARY AT 6:00 PM

It is proposed that a further public meeting be held after the new arrangements have been in place for a period of time, to review the success of the arrangements and discuss any changes that are required. Both meetings will be facilitated by Transport Scotland.

Tickets

A ticket system will be introduced at some point in the new year.

Tickets will be available for purchased at any time on board the vessel or in the ferry office during office hours but the default will be on the mainland side before your journey on to Kerrera .

I can expand on this more at the meeting and as information becomes available.

Fares

Regarding fares, Scottish Ministers' policy on fares is to provide equal fares for all – this includes the same fares for residents of the North and South, and the same fares for residents and visitors. The fares proposed are based on the Road Equivalent Tariff formula, the fares structure that Scottish Ministers plan to move to for all islands over a period of time.

The fares structure proposed replicates this. On this basis, a passenger return fare will rise from £2.50 to £4.00. Please bear in mind that the £2.50 fare has been in place since 2008 and before that there was a £2.00 fare in place from 1995. If similar fares increases had been applied to this that have applied to the Clyde and Hebrides fares since then, the current fare would be sitting at around £3.30. The commercial fare to provide the level of service that is proposed would be £7.80 return, almost twice the RET fare.

For those in the South, the cost of carrying a car will go down from £20 to £12 return . And the cost of carrying freight/trailer will rise very slightly from £10 return to £12 for a trailer return.

It is important note when viewing these charges that Vat will no longer be charged on cars as per the advice of HM Customs. Only passengers and cars are exempt from VAT. All other items of freight and vehicles are subject to VAT (currently at 20%) including trailers. Trailers are included in this on a RET basis The proposed fares are comparable or slightly cheaper than similar Calmac services on short inshore routes. In the past vehicles and general freight have been mostly covered in annual farm charges but as we move towards are more integrated system including ferry provision to Ardentrive for the first time via Kerrera ferry it becomes essential to have an equitable fare structure in keeping with other island Communities served by the Scottish Govt via Calmac. Gigha and Colintrive being relevant models for Kerrera where the sea crossing is a comparable distance.

Small sundry items and bicycles will continue to be free of charge for the time being.

There will be a £30 charge for bulk transport for large items/quantities such as general building supplies hard core etc. etc. or for goods that cannot easily fit into trailers.

When considering fare increase please keep in mind that in real terms the increases are in keeping with the general economic climate and inflation.

The overall financial burden being placed on the Community as a whole is considerably reduced when compared with future commercial charges that should have been implemented in 2010 / 2011. The normal routine fare increases have been delayed while this process has unfolded allowing various stakeholders time to consider the various options open to them.

The Longer Term

A STAG based study is currently being undertaken to ascertain the long term requirements of the island in terms of a road and the ferry service. This short term agreement is intended to keep Kerrera's ferry service going until such times as the long term requirements can be agreed. If the ferry service becomes the responsibility of the Scottish Government in the longer term, then the service will be put out to tender. This could be as part of the existing Clyde and Hebrides bundle or as a single route.

Summary

Scottish history shows that Estate ferries were once common place and one by one they have either stopped running or been transferred to Local Authority as they become uneconomic and unsustainable in modern society with modern legislation. Dunollie Estate / Kerrera ferry represents one of the last Estate ferries to transfer towards the public control.

If the free market were to prevail and there was no intervention then none of the improvements to service would be possible. Kerrera's future in the free market place or private sector would be very bleak indeed.

Please note existing Terms and Conditions of carriage currently in operation will continue to apply at all times, regardless of any new agreements and are similar for all Scottish Ferries.

(Terms and Conditions can be found on the web page www.kerreraferry.co.uk)

As members of the Community you also have a vital role to play in this process and you are asked for your on going cooperation as we start the intervention process in real terms.

There will be elements of this intervention that are unknown at this stage and we will work together to find the strengths and weaknesses as we go.

There has been a great deal of work carried out behind the scenes by the various stakeholders to get to this stage and Kerrera ferry Ltd is very grateful to all parties for their professionalism and diligence during this process.

Please feel free to raise any queries you have before during and after the meeting if you wish.

I would also ask while raising your individual concerns and how these changes will impact on you personally, please keep in mind that there is a whole range of interlocking factors impacting on what can and cannot be achieved in the short term time frame.

Thank you in advance for your cooperation and we look forward to hearing your views.

The following questions and answers are not complete so please bring any questions however trivial they may seem to the Community meeting, or directly to the appropriate person where we will do our best to answer your questions as best we can.

Q. How long will the short term agreement be in place for?

A. The agreement is initially for 1 year with the ability to renew for a further two 6 month periods.

Q. What about the Oban Marina ferry – will they get grant funding too?

A. Transport Scotland are still working with the Oban Marina to determine whether grant funding would also be appropriate for them.

Q. What about making improvements to the slips?

A. There are some urgent repairs that need to be made to the slips used by The Kerrera Ferry to make them safe to operate. These are listed under the Community benefits section

Q. How can this funding be provided without going to tender?

A. Transport Scotland recognises the fragile nature of Kerrera's ferry service. Given the urgent need for support, and the fact that the long term future of ferry services and infrastructure for Kerrera is yet to be determined, grant support is the quickest way to put support in place. Transport Scotland would wish to tender for the service if they are responsible for it in the longer term.

Q. Is there a limit to the number of trips for vehicles and freight that can be made to the North?

A. A maximum number of 12 trips per month was put to the community via David Keys in August and it was agreed that this was likely to meet the needs of those in the North. For operational reasons there will be a maximum of 1 trip per day.

Q. What if more services are needed?

A. Kerrera Ferry is committed to ensuring all the Communities needs are met within the practical constraints of Gylen Lady, weather and tides. I am hopeful you will understand when I say that we will spare no effort to meet your needs regardless of the number of trips already used and we will attempt to accommodate as many of your wishes as we can but please keep in mind that Gylen Lady is being asked to be in two places at the same time during summer months and peak season so the figure of 12 is being used as a starting point for the Community. Some of your wishes and hopes may have to wait for the long term solutions. There is concern that with RET rates applying to this route, we could potentially find demand for small non urgent items easily ferried on current vessels . Which is why we would ask you to limit or restrict use of the Ardentrive ferry service to pallets trailers and vehicles that cannot be easily transported by existing vessels currently in operation and 12 trips per month.

Please keep in mind that there is a significant element to this service that is unknown at this stage. So 12 trips per month max is being proposed as a start to the process.

We can expand on this subject more at the Community meeting .

Q. Who will make arrangements to use the Ardentrive slip?

A. The freight and vehicle service to the North is available for all, provided that they have the required permissions from Scottish Sea Farms for the slip to be used at the time requested. This permission needs to be obtained before booking the ferry, and confirmed to the ferry operator.

Q Who can use the service to Ardentrive and will it be publicly displayed on the timetable

A The service will not be displayed on the public advertising. The primary function of this service is for all the Community and to meet your needs. It is not aimed for the general public or as an alternative passenger service.

It will be available for essential services like British Telecom Hydro workers Emergency services Fire Police etc etc without impacting on your 12 per month Max limit.

Q. Will residents continue to receive a lower fare than visitors?

A. It is Scottish Ministers' policy that fares should be the same for all. The fares proposed use the RET formula. This ensures a simple and transparent fares structure for the users and the operator. Charging residents and visitors the same will ensure Kerrera can maximise its tourism potential.

Q. Will visitors be able to bring their vehicles on to the island?

A. The position with vehicles will be the same as it is at the moment with the current traffic exclusion still in place.

Q. What will the new ticketing system be?

The new ticket arrangement will be similar to CalMac ferries. Tickets will include a VAT receipt and Vat number for businesses.

Q. Where will I buy tickets?

A Tickets will be readily available from the ferry and the ferry office during office hours and you will be able to buy as many tickets as you wish.

More info and details on this topic to follow.

Q. If I book an early or late ferry, when will I pay?

A. Please book your ferries and all your freight requirements during office hours then follow routine practise by purchasing or presenting your tickets on board.

Q. What other additional charges will there be?

A. If you book a freight or vehicle service to Ardentrive and do not show for the booking, there will be a £30 charge.

This is to prevent the service from being misused and help to ensure we can deliver the Community's stated needs.

Q How much notice do I have to give for booking ferries

A You are strongly advised to give as much notice as practical as the ferry is asked to do more at peak times. There is increasing frequency when ferries are over- subscribed . Bookings will be taken for less than 48 hours but please be advised your booking may be subject to adjustments, delays or even cancelations as traffic and tide dictates.

Q What if I wish to catch the early train leaving Oban

A The 8:00 am request time can be adjusted to meet this requirement

Currently the train leaves Oban at 8:05 am

Kerrera ferry will sail at 7:45 am by request and ask other passengers who have also requested the 8:00 am sailing time to arrive 15 mins early to synchronise.

Q How will passengers using SPT (Strathclyde Passenger Transport) concessionary fares be affected by this arrangements

A Currently Kerrera Ferry Ltd waives residents contribution (£1:20 return) under this scheme and this arrangement will continue for the time being In short there will be no impact on SPT travel residents.

Q. If my vehicle is travelling on the Ardentrive service, can the driver and passengers travel with it?

A Yes, passengers and small sundry items can travel on the Ardentrive service if carrying a vehicle or trailer. It is the case that we do not want the service used only by small sundry items or only passengers. Otherwise the service will not sustainable.