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**FERRY UPDATE AND THE INTRODUCTION OF ROAD EQUIVALENT TARIFF (RET)**

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**1.0 EXECUTIVE SUMMARY**

Argyll and Bute Council owns 39 piers and harbours throughout the region which are an asset to the Council and generate considerable revenue. Whilst dues are received from the ferry and tenders from visiting cruise ships, it is known that certain other tourism operators use the Iona slipway and have not paid any berthing dues. To maximise the income generated by the piers and harbours consideration should be given to options for the collection of all berthing dues at these unmanned piers.

The refurbishment of Iona slipway was completed on 22 May which has been achieved within budget and within timescale. The project was initiated to ensure that the lower section of the slipway did not disconnect from the upper section and fall into the sea. Both sections are now secured but further work will be required in the future to repair some of the upper section which is damaged due to wear and tear. This damage is outwith the remedial work that has been completed and was never part of that project.

The introduction of Road Equivalent Tarrif (RET) on the ferry routes to the Isle of Mull is expected to increase the numbers of visitors to the island. Whilst the Isle of Mull is expecting an equivalent welcome increase in the numbers of tourists, there are implications and challenges to the existing infrastructure that will need to be overcome. A comparison of fares to the two islands is shown at the Appendix.

**2.0 INTRODUCTION**

- 2.1 Road Equivalent Tarrif (RET) is a distance based fares structure which underpins the Scottish Government's commitment to providing one single overarching fares policy across Scotland's entire ferry network. Following a progressive roll out, RET will be continued on all of the remaining ferry routes in the Clyde and Hebrides ferry services network in October 2015. RET may be seen to have implications for the Isle of Mull.

**3.0 RECOMMENDATIONS**

- 3.1 That the OLI Committee notes the report.

## 4.0 DETAIL

### Fees and Charges

- 4.1 Argyll and Bute Council owns 39 piers and harbours throughout the region which are an asset to the Council and generate considerable revenue. However whilst use of these piers and harbours can be monitored in places where there are pier and harbour staff, that is employees of the Council, it is much harder to ensure that berthing dues are paid to the Council when a pier is unmanned. Iona slipway is a good example. Whilst dues are received from the ferry and tenders from visiting cruise ships, it is known that certain other tourism operators use the slipway and have not paid any berthing dues. To maximise the income generated by the piers and harbours consideration is being given to options for the collection of all berthing dues at these unmanned piers.

### Iona Slipway

- 4.2 The refurbishment of Iona slipway was completed on 22 May which has been achieved within budget and within timescale. The project was initiated to ensure that the lower section of the slipway did not disconnect from the upper section and fall into the sea. Both sections are now secured but further work will be required in the future to repair some of the upper section which is damaged due to wear and tear. This damage is outwith the remedial work that has been completed and was never part of that project.

### RET

- 4.3 The introduction of RET pricing has seen a significant increased demand on the Ardrossan to Brodick ferry service. It is anticipated that a similar increase in demand will be seen on the services to the Isle of Mull. A comparison of fares pre and post RET to the two islands is shown at the Appendix. Of note is the Oban to Craignure service showing a reduction in a car fare from £33 down to £13.
- 4.4 **IMPLICATIONS FOR THE ISLE OF MULL.**  
Whilst the impact of RET on the Isle of Mull can be seen to be generally advantageous, the increase in traffic will bring some significant challenges.
- 4.5 **CRAIGNURE PIER.**  
Transport Scotland published their Scottish Ferries Plan in December 2012 and as part of their strategy it is envisaged that there will both be a vessel replacement programme and a commitment to deploy two vessels on the Oban to Craignure route. The second vessel may be significantly larger, which may impact on the pier infrastructure at Craignure and may necessitate an upgrade to enable that facility to be able to accommodate a larger vessel. A project team has been formed with representatives from Transport Scotland, Caledonian Macbrayne, Caledonian Maritime Assets Ltd and Argyll and Bute Council to investigate the feasibility of deploying a larger vessel on this route. This team will investigate designs that will offer the flexibility to accommodate a range of vessels.
- 4.6 **WIDER INFRASTRUCTURE IMPACTS.**

Caledonian Macbrayne and Transport Scotland are producing volume estimates of the increase in traffic on the ferry service which may impact on the wider infrastructure in Mull including the road system, capacity of car parks, the capacity of the marshalling areas at Craignure as well as social and economic impacts to the island community. However it is assessed that traffic to Mull is down by about 30% compared to that seen 10 years ago when visitor numbers peaked as a result of the Balamory affect, implying that the island may already have some capacity for an increase in trade.

#### 4.7 ONGOING LIAISON.

As well as continual liaison with this committee, the effects of RET and the economic benefits that it brings will be discussed with Area Committees and Community Councils.

### 5.0 CONCLUSION

5.1 Planned repairs to the Iona slipway have been completed. Further consideration is now being given to maximising berthing dues earned from this pier.

5.2 The introduction of RET pricing has seen a significant increase in the volume of traffic to the Isle of Arran. It is envisaged that a similar increase in traffic be expected to the Isle of Mull.

5.3 The economic and social benefits brought by RET to the island is to be welcomed, but it also brings some challenges to the infrastructure, particularly to the Isle of Mull that will need to be carefully managed to ensure maximum benefits.

### 6.0 IMPLICATIONS

6.1	Policy	Improvements to ferry services and harbours supports the Single Outcome priority for infrastructure that supports economic growth and in particular the aim of improving transport onnetivity across Argyll and Bute.
6.2	Financial	Unknown but possible cost implications to the Council if upgrades to infrastructure are required.
6.3	Legal	None
6.4	HR	None.
6.5	Equalities	None.
6.6	Risk	Major increase in traffic does not materialise.
6.7	Customer Services	Positive impacts to the local community of Mull.

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## APPENDIX 1

### Comparison of Fares

A comparison of fares to the Isle of Mull is shown in the table below:

Island	Route	RET Passenger Fare	Pre-RET Passenger Fare	RET Car Fare	Pre-RET Car Fare
Mull	Oban-Craignure	£3.45	£4.55	£13.00	£33.00
Mull	Lochaline-Fishnish	£2.35	£3.30	£6.90	£14.45
Mull	Fionnphort-lona	£1.70	£3.65	£6.05	
Mull	Tobermoray-Kilchoan	£2.65	£5.30	£8.40	£27.25