

Report to Partnership Meeting – 5th February 2010

STRATEGY DEVELOPMENT

FERRY SERVICE DEVELOPMENT THROUGH THE OBAN HUB STUDY

PURPOSE OF REPORT

This report introduces the output from the Study commissioned by HITRANS on Ferry Service Development through the Oban Hub. The hard copy of the full report has been provided separately to all Board Members and Partnership Advisors.

BACKGROUND

HITRANS commissioned a team of consultants led by Reference Economic Consultants to review the ferry services which operate from Oban to the following islands:

- Barra
- Colonsay
- Mull
- Coll
- South Uist
- Tiree

Lismore which is the subject of a separate STAG study commissioned by CMAL was deliberately excluded to avoid overlap with this more detailed work.

The research took place in the period from September 2008 to May 2009. It comprised:

- Development of an evidence base on the socio-economic characteristics of the islands and existing transport provision.
- Consultations with a range of organisations, including community councils, transport operators, infrastructure providers and hauliers.
- Desk-based analysis

ANALYSIS AND METHODOLOGY

In considering potential developments and interventions for access to each island the Reference team in association with the Client Group agreed a number of transport interventions that would be studied and considered in detail to establish their feasibility. These interventions are listed in the following table:

Transport Intervention	Description
A	New port facility on north / west Mull. Castlebay, Lochboisdale, Coll and Tiree ferry traffic routed via Mull rather than direct to/from Oban. Upgraded road connection between new Mull facility and Craignure.
B	Fixed link between Coll and Tiree and Oban – Tiree service ceases.
C	Mallaig-Lochboisdale service introduced. Oban-Lochboisdale service ceases. Castlebay continues to be served from Oban.
D	Mallaig-Lochboisdale/Castlebay ferry services introduced. Oban-Lochboisdale/Castlebay ferry services cease
E	Enhanced Oban-Craignure service, with commuter-oriented timetable and longer sailing day.
F	Extension of Oban-Colonsay air service to Islay.
G	Introduction of Oban-Barra air service.
H	Reduction in air fares on Oban-Coll/Tiree and Oban-Colonsay.

The transport interventions were appraised in terms of:

- Contribution to supporting the objectives identified for each of the islands.
- Performance against STAG criteria.
- Operational feasibility, cost to Government and public acceptability.

SUMMARY OF STUDY FINDINGS

For intervention **A** there appears to be sufficient evidence to suggest that this intervention should be discounted for the purposes of further transport planning.

Under **A1** (land bridge through Mull for access to Coll and Tiree) Coll and Tiree would benefit from increased sailing frequency and a direct link with Mull. However, these benefits are more than outweighed by a number of factors. Overall journey times between the islands and the mainland would increase by around 50 minutes. Generalised travel costs would increase for both passenger and car traffic. Passengers (and particularly those travelling on foot) would have the inconvenience and uncertainty associated with having to change between ferry services on Mull. In addition, significant capital investment would be required. First, to create the port and road infrastructure on Mull. The cost would be between £23 million and over £45 million, depending on the port location. Further, co-ordinating the schedules of the Mull-Coll-Tiree and Oban-Craignure services would require overnight berthing of the vessel at Tiree. To enable this, a breakwater would have to be created on Tiree at an estimated cost of £15 million-£20 million. In addition, there would potentially be considerable opposition to the new service proposals from residents of Coll and Tiree.

Similar points pertain to **A2** (land bridge through Mull for access to Barra and South Uist). Under this intervention, there would be increased frequency of sailing for South Uist all year round and for Barra in the winter. In addition, there would be a direct ferry link with Mull. Compared to some existing sailings overall journey times between the islands and the mainland would fall. Again, however, these benefits are outweighed by negative factors. The financial cost of travel between the mainland and the islands would increase for both passengers and cars. Compared to some

existing sailings overall journey time would increase, by around 30 minutes. Again, there would be the inconvenience and uncertainty associated with having to change ferry services on Mull. There would also be the significant capital cost for port and road infrastructure on Mull. We would also expect there to be opposition from residents of Barra and South Uist.

For intervention **B** there also appears to be sufficient evidence to suggest that this intervention should be discounted for the purposes of further transport planning. This is principally due to:

- A number of “showstopper” environmental designations in the relevant areas.
- Low levels of public acceptability.
- A likely capital cost of the order of tens of millions of pounds.

Intervention **C** would generate a number of benefits. These include, first, economic development gain from a significant increase in sailing frequency. Second, a reduction in overall journey costs for existing users of the Oban-Lochboisdale service. Total journey times would fall for South Uist traffic and also for Benbecula traffic. However, there would be a significant cost associated with providing a Mallaig-Lochboisdale service. An additional vessel would be required and a new build ship would cost in the order of £23 million. The service is forecast to incur an annual operating deficit of over £2 million. For those travelling on foot there would be fewer public transport connected sailings at Mallaig compared to Oban. Further, high vehicles serving the crofting and farming sector would not be able to use the service due to bridge height restrictions on the road from Mallaig. Further research would be required to fully establish the scale and nature of economic development benefits that could be realised from a Mallaig-Lochboisdale service. In addition, these should be compared against the benefits of investing in alternative access options to the Uists including an enhanced Uig-Lochmaddy service.

Similar points pertain to intervention **D**. There would be economic development gain from an increased frequency of sailing to both islands. There would also be benefits from lower total journey costs for cars and CVs. Total journey times would be reduced for South Uist and Benbecula traffic, and also for Barra traffic during winter months. However, an additional vessel would be required and a new build would cost in the order of £23 million. For those travelling on foot there would be fewer public transport connected sailings at Mallaig compared to Oban. High vehicles would not be able to use the service due to bridge height restrictions on the road from Mallaig. This is more of an issue for Barra traffic given that, unlike South Uist, there would effectively be no alternative direct ferry service to/from the mainland. There is likely to be some resistance to the proposal from the Barra community. Further research would be required to more fully establish the scale and nature of any economic development benefits to the areas served. In addition, there would need to be cognisance of the role of the Uig-Lochmaddy service in the context of development of transport services for the Uists as a whole.

The research findings suggests that intervention **E** is worthy of further development work. The benefits to Mull from an extended timetable and increased frequency could be significant given the island’s economic potential. This intervention could also provide greater sailing frequency for Colonsay. Further research could be used to compare these benefits to the:

- Additional vessel capital and operating costs required.
- Cost of capital investment at Craignure.

Each of the air service-related interventions (**F**, **G**, **H**) is worthy of further development work. There are potential economic and social benefits through the improved connectivity that the interventions would provide. These could be achievable at relatively limited cost and mostly through using existing aircraft and airports. In each case, there is a need to more fully

understand the nature of market demand and, in particular, the sensitivity of demand (and hence the level of benefits) to air fare levels.

NEXT STEPS

The study has been sent to the Scottish Government to help inform their work on the Scottish Ferries Review. Along with other studies that have considered ferry routes serving communities in the region this work and its ongoing extension to consider services out of Uig, will form the basis for HITRANS response to the Ferries Review as it enters the public consultation phase in Spring 2010.

The study conclusions identify a number of issues that would benefit from further investigation. In part HITRANS has already acted on some of these. The Partnership agreed to undertake work on ferry service development through the Uig hub to be delivered under the same contract and using the same methodology as that applied for the Oban work.

The Partnership is asked to consider the other conclusions reached in the study and include those that have been highlighted as requiring more investigation as areas we would like to see considered through the development of the Scottish Ferries Strategy.

RECOMMENDATIONS

1. Members are asked to note the report.
2. Members are asked to approve the Study as a source of information to be used in the preparation of HITRANS response to the Scottish Ferries Review consultation.

Report by: Ranald Robertson
Designation: Partnership Manager
Date: 5th January 2010