

Project Neptune

Review of Governance



What is Project Neptune?

Purpose – to perform a review of the governance and legal structures that deliver ferry services across the CHF's network.

Transport Scotland

- Sets policy
- Procures service

CMAL

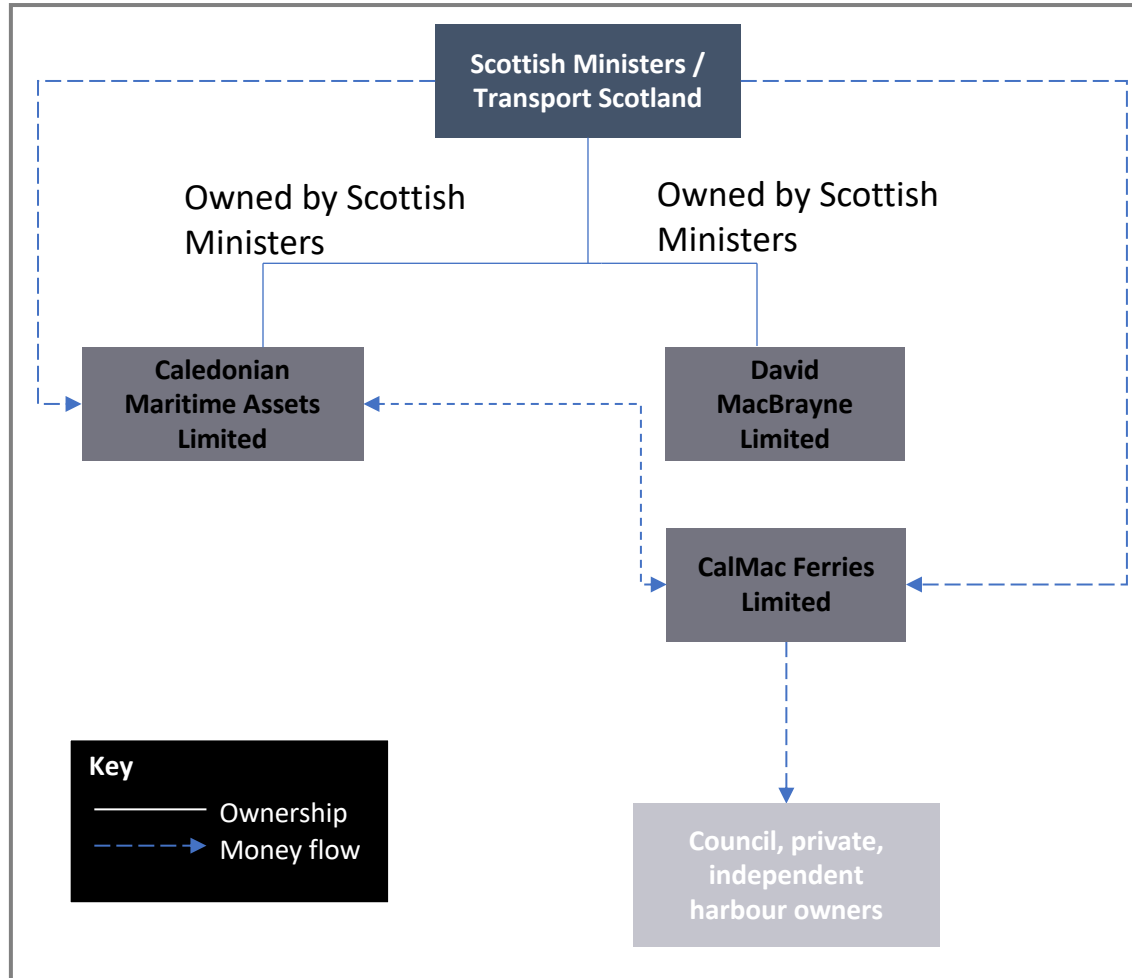
- Owns and manages assets

David Macbrayne Ltd (CalMac)

- Operates vessels
- Delivers services

What structures are needed to best deliver ferry services across Scotland?

Project Neptune



The CHFS network is primarily delivered by three parties:

1. TS, which acts on behalf of Scottish Ministers and is responsible for setting policy and procuring lifeline services. The Scottish Ministers wholly own both CMAL and DML.
2. CMAL, which is the owner of 36 vessels (31 of which are leased to CFL) and 26 harbours (used across both the CHFS and the Northern Isles Ferry Services (NIFS) networks). It receives its funding in the following three ways:
 - a. Income from the leasing of vehicles to CFL for use on the CHFS network. Leases are on a bareboat charter.
 - b. Harbour dues payable by CFL / other users for the use of its harbours.
 - c. Vessel loans and harbour grants payable via TS.
3. CFL is the operator and is responsible for the delivery of services under the CHFS2 contract. It receives income from TS in the form of subsidy and from CMAL for the provision of maintenance of its harbours. CFL is responsible for all maintenance of the leased vessels.

Key Recommendations from report

1. Engage local communities on their preferences for reform of the ferries sector
2. Identify the optimal commercial arrangements for delivery of the CHFS3 contract
3. Undertake a full economic assessment of the impact of introducing a commissioner or regulator
4. Consider whether structural change would help deliver better services

What were doing?

- Engaging across Scotland
- Speaking to island communities, ferry users and other stakeholders
- Asking how we can improve Scotland's ferry services
- Providing a report to Scottish Ministers

Session today is on Project Neptune. TS will consult on CHFS3 contract later this year. Views on other ferry issues will be fed back to relevant teams in Transport Scotland

What we'd like to discuss today?

1. Can the way ferry services are organised be improved to help deliver?
2. In what way does the current set up lead to issues?
3. What do you think is the best way to organise ferry services?
4. What other things can be done to ensure a first rate ferry service?