



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Rural Economy and Connectivity Committee

**Wednesday 10 March 2021**

**Session 5**



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**RURAL ECONOMY AND CONNECTIVITY COMMITTEE**

**9<sup>th</sup> Meeting 2021, Session 5**

**CONVENER**

\*Edward Mountain (Highlands and Islands) (Con)

**DEPUTY CONVENER**

\*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

**COMMITTEE MEMBERS**

- \*Peter Chapman (North East Scotland) (Con)
- \*John Finnie (Highlands and Islands) (Green)
- \*Jamie Halcro Johnston (Highlands and Islands) (Con)
- \*Emma Harper (South Scotland) (SNP)
- \*Richard Lyle (Uddingston and Bellshill) (SNP)
- \*Angus MacDonald (Falkirk East) (SNP)
- \*Mike Rumbles (North East Scotland) (LD)
- \*Colin Smyth (South Scotland) (Lab)
- \*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Jo Blewett (Scottish Government)  
Alison Irvine (Scottish Government)  
Debbie Kessel (Scottish Government)  
Ben Macpherson (Minister for Rural Affairs and the Natural Environment)  
Michael Matheson (Cabinet Secretary for Transport, Infrastructure and Connectivity)  
Bill Reeve (Scottish Government)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

Virtual Meeting



# Scottish Parliament

## Rural Economy and Connectivity Committee

Wednesday 10 March 2021

*[The Convener opened the meeting at 10:00]*

### Transport (Update)

**The Convener (Edward Mountain):** Good morning, everyone, and welcome to the Rural Economy and Connectivity Committee's ninth meeting in 2021. I ask everyone to ensure that their phones are on silent. The meeting will be conducted in a virtual format.

Agenda item 1 is an evidence session on transport. I welcome the Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson, and his Scottish Government officials: Bill Reeve, who is the director of rail; Alison Irvine, who is the director of transport strategy and analysis; and Jo Blewett, who is the head of the design team.

Before we move to questions—the cabinet secretary may wish to make a brief opening statement, too—we have a declaration of interests from Stewart Stevenson.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I draw the committee's attention to my entry in the register of members' interests, which shows that I am honorary president of the Scottish Association of Public Transport and honorary vice-president of Railfuture UK.

**The Convener:** Thank you, Mr Stevenson.

I invite the cabinet secretary to make a brief opening statement.

**The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson):** Good morning, committee. In the current session of Parliament, the Government has made significant progress across all areas of transport, and we have shown a strong commitment to the long-term future of transport. In February 2020, we published our "National Transport Strategy", which set out a compelling vision for Scotland's transport system over the next 20 years. We introduced the bill that became the Transport (Scotland) Act 2019, which was Scotland's first major piece of transport legislation in 14 years, and we recently published our "Update to the Climate Change Plan 2018-2032" document, which sets out Scotland's pathway to 2032 through reaching net zero by 2045 and

achieving a green recovery from the pandemic that is also just and fair.

The Covid pandemic has had a significant impact on the ways in which people travel and on public transport operators. That is why the Scottish Government has committed to providing some £765 million of additional support for transport operators. We know that challenges lie ahead, but our transport transition plan continues to evolve, and officials continue to work to ensure that we meet the country's needs and keep Scotland moving.

The Scottish Government has delivered major transport infrastructure projects across Scotland. The Aberdeen western peripheral route has delivered much-welcomed improvements to journey times for local road users in the north-east, and it has cut the level of heavy goods vehicle traffic along the A82 corridor through Aberdeen. The Edinburgh to Glasgow improvement programme for rail has delivered a journey time of 42 minutes between the two cities, and we have opened stations in communities such as Robroyston and Kintore.

We are already investing a record £100.5 million per annum in active travel, which is assured for the next five years in the programme for government, and that will increase next year to £115.5 million. Our strategic transport projects review has made recommendations for phase 1 and will report later this year, setting out a future transport investment plan for the next 20 years.

Today, the United Kingdom Government published its "Union Connectivity Review: Interim Report". Decisions on transport are a devolved matter, but the union connectivity review was established without any discussion or consultation with the Scottish Government. We will always seek to engage constructively with the UK Government, and never in a way that would undermine the devolved settlement.

We have robust processes in Scotland for identifying our investment priorities. Those processes are not undertaken in isolation and are in place to allow the assessment of spending priorities across Government. The committee will be fully aware of that, as I come before it regularly to face scrutiny of those processes, priorities and decisions. We are already evidencing future transport investment in Scotland through the second strategic transport projects review, and not through the union connectivity review. What Scotland needs now is an infrastructure-led economic recovery to deliver new jobs and to speed up the transition to net zero. With a 5 per cent cut to our capital budget in the UK's spending review for 2021-22, that becomes more difficult.

On that note, I am happy to respond to questions from the committee.

**The Convener:** Thank you, cabinet secretary. There are quite a lot of questions—I am sure that members will keep them short in order to allow you to answer in the same way.

I ask Colin Smyth to start. Are you going to roll up your rail questions into one, Colin? It would seem logical for you to go with all of them together.

**Colin Smyth (South Scotland) (Lab):** Okay, convener—I was not going to do that, but I will.

Good morning, cabinet secretary. As the convener said, I will kick off with a question on rail. The emergency measures agreements with Abellio and Serco for the ScotRail and Caledonian sleeper services are due to expire at the end of this month. Does Transport Scotland intend to continue with EMAs from April onwards? What is the estimated cost to the taxpayer of the extra support that is being paid to Abellio and Serco?

**Michael Matheson:** Yes—we are taking forward work to put in place further EMAs for both the Caledonian sleeper and ScotRail franchises. We intend to take those EMAs to the end of the franchise period, in March 2022, and we are currently drawing together a case to put to the Cabinet Secretary for Finance. At this stage, the figures on that have still to be finalised, but we estimate that approximately £452 million in additional support has been provided between March last year and March this year. I expect that a broadly similar level of support will be required for the remaining year, through to March 2022.

We face a significant challenge in trying to give the committee more specific figures on that. We hope that, later this year, we will start to see recovery and a return to the use of public transport at significantly higher levels than we have seen in the past year. It is possible, therefore, that further revenue returns will be achieved; however, at this stage, it is difficult to predict what those might be. The EMA will be designed on the basis that we need to continue to provide financial support so that staff have security of employment and travellers have access to rail services.

**Colin Smyth:** You mentioned the estimated cost up to March this year. Last month, Transport Scotland eventually published figures that confirmed that, between March and September 2020, the Government paid Abellio and Serco £499.1 million. That was £231.5 million more than the franchise agreement for the first EMA, which ran until September 2020. Can you confirm how much of that extra money was for management fees for the two companies? When will we know the cost of management fees for the EMA that has been in place since September?

**Michael Matheson:** I do not have the specific figures on management fees in front of me; Bill Reeve might be able to provide you with that information. The management fee for the initial EMA was slightly higher than that which was set out in the second EMA, and the provisions in the third EMA are likely to be similar.

**Bill Reeve (Scottish Government):** Good morning. I am afraid that I do not have that figure to hand, but I will write to the committee with it. I can confirm what the cabinet secretary said: the figure for the second period is anticipated to be a little lower, and we are looking at appropriate and entirely performance-related incentives for any future agreement.

**Colin Smyth:** Thank you for that. Turning to the future, cabinet secretary, what discussions have you had with the UK Government on the future provision of rail services, and the planned rail white paper in particular?

**Michael Matheson:** Officials have engaged with colleagues at the Department for Transport, but there is no clarity as yet from the UK Government on the publication of its white paper, which is now more than a year late. We have had a few false dawns with regard to its possible publication. A few weeks ago, I heard that it might be published at the beginning of March, but we are almost in the middle of March and it has still not appeared.

I do not have any clarity on exactly when it will be published. However, prior to the white paper being drawn together, I engaged on several occasions with Keith Williams, who is carrying out a UK rail review, to set out what I believe is important in order to ensure that Scotland has a more integrated rail system that will improve services for passengers. I know that those factors were taken into account in his report to the UK Government. However, we do not yet know how that aspect will be manifested in the white paper, and we will not know that until it is published.

**Colin Smyth:** It looks as though the new arrangements may not kick in before March 2022, when the current Abellio ScotRail franchise ends. What, specifically, do you intend to do with regard to the running of services from March 2022 if the new provisions have not been put in place? Will you extend the Abellio ScotRail franchise?

**Michael Matheson:** The arrangements that we will put in place after March 2022 are, to some degree, subject to changes that may be afforded by the white paper. However, we are looking at several different options, and I intend to update Parliament before we go into recess on what approach we will take in March 2022. To some extent, that depends on what is in the white paper, but I will certainly update Parliament before the

recess period starts on what measures we will put in place at that time.

**Colin Smyth:** Thank you, cabinet secretary. As you know, my preferred option would be that we have a public sector organisation running the franchise from March 2022. Are you looking at that option? Are you absolutely ruling out any prospect of extending the Abellio franchise from March 2022?

**Michael Matheson:** As I said, I will, prior to the recess, set out exactly what approach we will take after March 2022. I believe not only that we should have a public sector-controlled railway but that we need an integrated railway system so that there is a direct connection between the infrastructure arrangements and passenger services. The franchise system is broken—I think that that is now universally accepted. We need a system that allows for greater integration between infrastructure and passenger services, and that is what we will be looking for in the white paper.

As things stand, we do not have the legal powers to effect that change in a way that could deliver better services for passengers and a more effective and efficient railway system in Scotland. However, it will be part of our planning and thinking should those powers become available to us. As I said, I intend to set out the details prior to the recess so that members and, in particular, those who work on Scotland's railways have a clear understanding of what action the Scottish Government is going to take.

**Colin Smyth:** The Scottish Government took the decision to break up the ScotRail franchise into two separate parts. Although we know that the Abellio franchise ends in 2022, as things stand, the Serco franchise for the Caledonian sleeper runs until 2030. Can you confirm whether the plans that you will outline in the future will cover the Serco franchise? You say that you are in favour of a public sector-run railway, but—to be frank—Serco is not in the public sector and you currently have a commitment for that franchise to run until 2030. Will you end that franchise, too, and bring the Caledonian sleeper under public control?

**Michael Matheson:** I intend to set out the direction of travel for the ScotRail franchise after 2022; decisions on the Serco franchise will be determined more by what is set out in the UK Government's white paper. The immediate action that we take will relate to the ScotRail franchise rather than the Caledonian sleeper franchise.

**The Convener:** Before we move on, cabinet secretary, I would like you to clarify something. You said that there is additional extra money to the tune of £450 million. Can you confirm that that means that the railways cost, as part of the

budget, between £1.3 billion and £1.4 billion to run? Is that right, or have I got the figures wrong?

**Michael Matheson:** No—I think you might be correct. I will ask Bill Reeve whether he has to hand the overall figure for the operation of rail services. The £452 million that I mentioned is additional support that has been provided for rail services. I do not have the overall figure in front of me—I do not know whether Bill has it to hand.

10:15

**The Convener:** I am sure that he has. Bill, can you confirm that?

**Bill Reeve:** You are exactly right, convener—the incremental figures take us up to between £1.3 billion and £1.4 billion. The cabinet secretary is also correct in saying that the extent to which the level of additional subsidy needs to continue depends on the rate at which passengers are able to return safely to the railway service. In essence, the increment over our normal expenditure is to fill the gap left by the missing passenger revenue. The sooner the revenue comes back, the lower we expect the overall level of support to be next year. Of course, we do not yet know how quickly, to what level or at what rate that will occur.

**The Convener:** If passenger growth is in line with predictions, it will be fairly slow and incremental in the last part of this year as we come out of lockdown, so the revenue levels will probably remain roughly the same and there will not be a huge leap in fare incomes.

**Bill Reeve:** During summer last year, revenues moved back towards the 30 per cent level, and they continued to increase until we started to move back into lockdown. I have no doubt that there is an appetite to travel around our wonderful country when it is safe to do so. I am afraid that my crystal ball is a little cloudy, but I am cautiously optimistic that there will be a return to leisure and tourism travel, in particular, as soon as that is safe and legal.

**The Convener:** Time will tell.

**Michael Matheson:** Bill Reeve makes an important point. Some of the recovery that we saw last year was largely in leisure travel rather than in business travel. The uncertainty as we move forward concerns not just the rate of recovery but the nature of that recovery. At present, there is quite a high level of uncertainty, so the figures are provisional and could change markedly.

**The Convener:** That is noted. The next questions are from John Finnie.

**John Finnie (Highlands and Islands) (Green):** Good morning, cabinet secretary and officials. Do you anticipate that there will be any further rounds

of support for bus, tram and subway services? If so, what form will that support take and how much might be available?

**Michael Matheson:** As I announced on Monday, we have provided additional funding of around £61.4 million in financial support for public bus operators. The purpose of that funding is to fill the gap left by revenue that has been lost as a result of reduced passenger numbers and to enable operators to maintain services while keeping in place social distancing measures, which have an impact on their fare box.

As I mentioned in my opening comments, we have provided around £765 million overall in support for rail, bus, light rail and ferry operators since March last year. I anticipate that the level of funding that bus operators will need after June this year, which is when the £61 million will take us up to, is unclear because it depends on recovery and the level of passenger return, as well as on whether social distancing has to be maintained.

I suspect that some of the light rail services will require further financial support. We will consider those services individually, as we have done in the past year. I also anticipate that ferry services will require financial support. Although they are planning to ramp up for a full summer timetable if necessary, they will probably still have to maintain a level of physical distancing, which will have an impact on their revenues.

There will be a need for continued financial support, and I will submit a request to our colleagues in finance to enable us to meet those requirements at the appropriate time.

**John Finnie:** Thank you for that. I appreciate that, looking ahead, there is a significant measure of uncertainty.

I will stick with buses. In July last year, the Scottish Government allocated £10 million for coronavirus-related pop-up bus infrastructure. What has been installed using those funds, and what impact has it had on bus travel?

**Michael Matheson:** The £10 million was allocated to local authorities and their partners, and they have taken that work forward. The final details of the work are due to be completed by the end of this month, and by the end of March we should have all the returns from local authorities. Some authorities have been using the money specifically for pop-up bus infrastructure such as temporary bus stops close to vaccination centres or hospitals, and some of them have been using it to support some of the permanent bus infrastructure that they are putting in place—we have agreed to that. It is supporting a variety of types of infrastructure, including temporary infrastructure and, to a certain degree, some elements of permanent infrastructure. We expect

to get information on the full outcomes from local authorities at the end of this month—I will be happy to share that directly with the committee once we have had those returns from our local government colleagues.

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** Good morning, cabinet secretary. With regard to pop-up bus infrastructure, I hope that you will carry out a good review of how the money was spent throughout local authorities. It should focus on Aberdeen, where bus stops were moved from their normal places and street furniture was put in, although it has now been totally removed. The work was so unnecessary, and it meant that bus stops were not near where the real-time information boards were. It was a complete waste of time, and a waste of a lot of money. The whole thing—certainly Aberdeen City Council's use of that money—needs to be reviewed.

**Michael Matheson:** We will certainly look at that specifically. I know that some local authorities have used some of the spaces for people money alongside the bus infrastructure funding. Some of the streets and roads that have been closed off have been supported through the spaces for people programme. Nonetheless, I will be happy to take the issue away and look at it. As I said, we are expecting feedback from all local authorities by the end of March.

**Maureen Watt:** In Aberdeen, none of the changes was made in consultation with the bus companies.

**The Convener:** Thank you, deputy convener—there is some food for thought there.

The next question is from Stewart Stevenson, and then I will bring in Jamie Halcro Johnston.

**Stewart Stevenson:** I see what Jamie Halcro Johnston is going to ask, so I will not tread on that area.

I have a simple question, cabinet secretary, as an extension to what you have already said. When do you expect that CalMac Ferries will transfer from its winter timetable to its summer timetable? Will the usual summer timetable be in place? You commented on the reduced carrying capacity of ferries. Will the usual frequency and destinations apply?

**Michael Matheson:** You will be aware that, last summer, we operated what is termed a “shoulder” timetable to try to meet an increased level of demand, while understanding that demand would not return to its normal levels because of the restrictions that were still in place at that time.

This year, we have asked CalMac to put in place arrangements so that, if the restrictions are eased sufficiently to enable people to travel again,

it can step up to a full timetable. It has taken forward planning on the basis that it will be able to recruit in order to operate a full timetable across the network this summer.

However, capacity will be limited. Decisions in that regard will be taken in the next couple of months, when we can see potential indications that travel restrictions are starting to ease. CalMac has put in place an arrangement to enable it to step up to run a full timetable this summer if necessary. In April—I cannot remember whether it is at the beginning of the month or later on—CalMac will look to update its timetable booking system to allow people to start booking travel over the summer months. Over the next couple of weeks, we will get a better idea of the situation and then, over the next couple of months, CalMac will be able to operationalise its plans for summer, depending on what the travel restrictions look like.

**The Convener:** I go to Jamie Halcro Johnston for a question, before I go back to Stewart Stevenson.

**Jamie Halcro Johnston (Highlands and Islands) (Con):** Good morning to the cabinet secretary and his team. Today's edition of *The Orcadian* highlights frustrations from Pentland Ferries that the much-promised reduced ferry fares on the Pentland Firth routes have still not been delivered. Those were promised in 2017 by Humza Yousaf, who actually visited Orkney to make that promise. Delivery was planned by 2018, but that deadline was missed.

At the time, cabinet secretary, you blamed that on state aid rules and the failure to agree a deal with the operators. European Union state aid rules no longer apply, and the legal challenge from Pentland Ferries has concluded. Can you advise me what the barriers are now to delivering reduced ferry fares on those routes? Given that you previously intimated to me that only partial funding has been earmarked for that commitment in the 2021-22 budget, its delivery is not expected any time soon. When do you expect to fulfil the promise to reduce fares on the Pentland Firth routes?

**Michael Matheson:** The member is right to say that there were legal challenges from Pentland Ferries around the introduction of the road equivalent tariff on the northern isles routes, which delayed progress on the matter. Given the current legal standing of the challenge, and the European Commission's view on the matter, officials are currently working through the implications of moving forward with any changes to ferry fares on those routes.

At present, I cannot give you the exact timeframe for taking that forward, because there are still some legal issues that need to be resolved

internally within Transport Scotland. However, I can assure you that we are taking the necessary action to try to resolve the matter, and we will address it when we can.

Equally, I am sure that you will welcome the significant additional funding that we allocated in our budget yesterday to support the northern isles councils in meeting the costs that they face for local ferry services. I have no doubt that that will be welcomed by your constituents in Orkney and Shetland, given that that has been a long-standing issue for them.

**Jamie Halcro Johnston:** Can I come back on that very quickly, convener? I welcome that funding, because we have been campaigning for it for many years. My concern, however, is that we will have to wait as long for the promise on reduced fares to be delivered as we did with the promise on funding internal ferries.

I am from Orkney, and I recognise the importance of these routes. It seems that my constituents have been promised something for which we are still waiting four years later. Although I welcome the fact that it is still a live issue that is being worked through, I do not have a huge amount of confidence—and nor do people in Orkney, in my view—that the Scottish Government is likely to resolve the matter any time soon.

**Michael Matheson:** I will just respond—

**The Convener:** Hold on, cabinet secretary. I caution everyone that I like questions rather than statements. That goes for everyone. I know that something is coming up in a couple of months' time, but we are here to ask questions. Cabinet secretary, I am happy if you want to make a statement, but I do not take a good view of political points being made in questions or in answers.

10:30

**Michael Matheson:** I will just respond to the statement, convener. I am disappointed that the member feels that way, because he will be aware that we put in discount schemes to help to address the challenges that we face because of the legal challenge. However, I welcome the fact that he has acknowledged and welcomed the additional funding that we have provided for local ferry services in the northern isles—although I am disappointed that he chose to vote against the budget that will provide that.

**The Convener:** Cabinet secretary, you could not help yourself, but you are not going to get away with that again. Stewart Stevenson, will you come in with your questions?

**Stewart Stevenson:** Thank you, convener. I do not think that we will travel into similarly murky water, here.

I will consolidate my questions into one. The reduced use of public transport is associated with reduced travel altogether, and we do not know what travel patterns or modes will look like post coronavirus. How will the Government and Transport Scotland make sure—to the extent that it is possible—that people who might be using cars instead of making public transport journeys do not simply continue to do that? Just to roll up the other aspect of it, we are all keen for active travel to be encouraged, so can the cabinet secretary say anything about the active freeway proposals and the timetable for the implementation of those?

**Michael Matheson:** You have raised a number of important issues and the significant challenge that we face in coming out of the pandemic. There is a danger that some of the habits that have been formed by people making use of their private car during the pandemic become a lasting legacy once the pandemic ends.

A number of factors are important. The first is to reassure the public that it is safe to use public transport at the present time, but people should travel only if it is absolutely essential, and should follow the guidance about using face coverings, keeping socially distanced and so on. What will be important—and we have engaged with transport providers on this—is that we help to incentivise people to move back to public transport once we can encourage them to do so. For example, could more attractive ticketing regimes or discount schemes be offered to incentivise people back on to our rail network? ScotRail is doing that work by looking at various options, and I know that some bus operators are doing likewise.

Secondly, we need to support people who have chosen to make greater use of active travel during the pandemic. The ramping up of our funding for active travel, and the provision of the long-term security of a five-year investment programme, will support our colleagues in local government and other sectors that invest in active travel to put that infrastructure in place in a way that encourages people to continue to use active travel.

Thirdly, and importantly, particularly when it comes to bus travel, is the need to increase the prioritisation of buses in our road space, with dedicated bus routes and bus priority lighting at junctions, all of which can help to improve journey times and make using buses much more attractive. That is why we are providing such a significant amount of money—more than £0.5 billion in the next five years—through the bus partnership fund.

We can do a variety of things, some in the short term and others in the medium to long term, to encourage people back on to public transport and to encourage more people to make use of public transport in the future.

Finally, on active freeways and the £50 million that we have allocated for those, the concept is about providing active travel links to major cultural settings, for example, or links between towns, so that people can commute between towns or access major tourist events. Part of the work that we are doing now involves working with partners in local government to consider some of those options and how they can be developed and progressed during the next couple of years.

**Stewart Stevenson:** Cabinet secretary, do you share my frustration about the way in which the costs of different alternatives for travel are presented? For example, the fully amortised cost of using my little Honda Civic to travel from Banffshire to Edinburgh is approximately 50 per cent higher than the total cost of travelling by train, even without using a senior rail card. However, people think otherwise. Similarly, when we see comparisons between flying to London and getting the train, the air fares shown are often ones that apply when bought three weeks in advance to get discounts, but the rail fares that are shown are walk-up ones. What role could the Government play in helping us to understand the relative economics of different travel modes?

To encourage us more, can you tell us when catering will be back on trains? People definitely cannot have that in their car, and it makes their journey so much more pleasant.

**The Convener:** Cabinet secretary, you will have to provide coffee to get Stewart back on the train.

**Michael Matheson:** I get the message, convener. You will be aware of the reasons why there is no catering at present. It will, of course, be reintroduced as early as possible. I appreciate that the convener and Stewart Stevenson have fairly long journeys as they return to the north-east of Scotland.

In response to your wider point about what we can do, very often we are not comparing apples with apples when it comes to comparing prices. The cost of running your Honda Civic from your home to Parliament does not involve only the fuel cost; it also involves all the wear and tear on your car and road tax costs that are associated with that journey. Those are often not presented when costs are compared with rail.

The same applies to some aspects of aviation. The costs that are associated with flying include getting a taxi to the airport or parking there, and so on. All those things are not often factored in. You are right that we need to have more accurate comparative data to reflect that. I am more than happy to take away that point, and I think that there is something that the Government can do to give a more accurate comparison between

different modes of transport and the true costs that are associated with them.

**The Convener:** I should say at this stage that there are other vehicles in addition to those that have been mentioned. However, that probably goes without saying.

**Emma Harper (South Scotland) (SNP):** Good morning, everybody. I have a couple of questions about the national transport strategy. I know that a lot of work has been done on that and on the strategic transport projects review. In your opening statement, you spoke a little about the union connectivity review. I have concerns about that, because there has already been a lot of hard work on the strategic transport projects review. In my region, there are big issues with the A75, the A76 and the A77, which need investment. The cabinet secretary has heard me bleat on about that for a long time. I am concerned about the union connectivity review and whether it will detract from the work that has already taken place on the STPR.

**Michael Matheson:** I recognise that Emma Harper has raised that issue with me on a number of occasions.

The national transport strategy is critical in helping to shape our transport priorities for the next 10 to 20 years and the process of determining what those priorities will be. We have set out in the NTS the transport hierarchy, which is reflected in our investment hierarchy. Issues such as active travel and new roads are within that structure.

The STPR2 process is the strategic process that we use for determining the transport investment priorities in any given area. Ms Harper will be aware of the south-west Scotland transport corridor study in her constituency area. If I recall correctly, it has identified around 23 interventions that should be considered for investment in the area to improve connectivity. Those interventions cover all modes, from active travel to rail and road. The study identifies some of the key roads that Ms Harper has mentioned, including the A75, the A76 and the A77, and it identifies areas for priority investment on those roads—for example, bypasses or road realignment. Significant work has already been undertaken in the appraisal process for the south-west of Scotland, including the A75, to identify what changes require to be made to roads in the area.

Putting the politics of it aside, the problem with the union connectivity review is that it is a very shallow process. Something like 100 individuals throughout the UK made representations to the review. I think that the south-west Scotland transport corridor study engaged almost 2,500

local people and stakeholders to identify their priorities.

I will be perfectly frank with the committee. The discussion that I had yesterday with the Secretary of State for Transport, Grant Shapps, was not about working in partnership with us or recognising the appraisal process that we have undertaken. In fact, the discussion was bizarre to the extent that the transport secretary in England was not aware of the transport corridor study that we had already carried out. He was not aware of the fact that we had identified the nature of the investment that is required on roads such as the A75. He wanted me to accept that the A75 should be our key priority, over and above any other road project in Scotland—over and above the Rest and Be Thankful, the A83, the A82, the A96, the A9 and the A1. It had to be the A75.

You cannot operate a system when you are quite literally being told that one road should be your key priority. There has to be a balance across all the other competing demands not just in the south-west of Scotland but throughout Scotland, such as rail investment, investment in the A75, the A76 and the A77, and investment in active travel, to make sure that they reflect the feedback that we received during the consultation process.

It is the STPR2 process that will determine our investment, not the union connectivity review, which is very superficial in its engagement. Significant work has already been carried out in the south-west of Scotland, which will help to inform the finalised STPR2 when it is published later this year.

**Emma Harper:** In addition to what you have described, there are other processes, including a discrete piece of work to look at a fixed link between Britain and Northern Ireland. How can we follow the public money in such processes? Is it the modus operandi of the UK Government to do discrete pieces of work without engaging local communities? People in Stranraer want to be consulted on any plans, but I am not sure how that would work if discrete pieces of work went ahead without engaging the people who will be directly impacted by the infrastructure investment.

**Michael Matheson:** Yesterday afternoon, I had a discussion with Sir Peter Hendy, who drafted the union connectivity review report and who has been commissioned by the Prime Minister to take it forward. I cannot speak for him, but I get the distinct impression that, whatever the feedback was on the idea of a bridge or a tunnel, that had to be in the report one way or the other.

10:45

Last night, I discussed the union connectivity review with my counterpart Nichola Mallon, who is

the Minister for Infrastructure in Northern Ireland. Her view was absolutely the same as mine, which is that a bridge or a tunnel—regardless of whether the feasibility study is on one of those options or both, and given all the other infrastructure priorities that they, like we, have—is not a priority for Northern Ireland. Given that, in December last year, the Institution of Civil Engineers, which knows a thing or two about building infrastructure of that nature, suggested that it could cost between £40 billion and £50 billion, the danger in trying to plough ahead with, and give priority to, such a project would be that it would just suck financial resource away from other infrastructure projects—not just transport infrastructure projects, but projects for building schools, hospitals and housing.

That is the whole problem with the union connectivity review. It is not about our grounding decisions on the basis of local needs that have been identified through assessment; rather, it is about what has already been identified as the outcome that is wanted. The report has been designed in such a way as to deliver on that.

The bridge or tunnel is nothing more than a vanity project and, as I have said previously, it will not happen in my lifetime. With all due respect, I suspect that it will not happen in the lifetime of anybody on the committee.

**The Convener:** I have given everyone quite a lot of leeway, and I am deliberately trying to steer people away from going down political routes. Emma Harper wanted to ask other questions. I ask people to be mindful of the difficulties that we have in conflating two things.

**Emma Harper:** Thank you, convener. I just wanted to take the opportunity to ask that question while the cabinet secretary is here. You are right: I have a couple of other questions.

First, in yesterday's debate, we talked about the fact that there should be a reduction in the distance driven by cars by 20 per cent over 10 years. How confident is the cabinet secretary that we will be able to reduce the distance travelled by cars?

Secondly, CO<sub>2</sub> emissions from cars have increased over the past four years in Scotland, despite the Scottish Government's support for ultra-low-emission vehicles. What action can the Scottish Government take to reverse that trend?

**Michael Matheson:** The target of a 20 per cent reduction in distance driven over 10 years is very ambitious, particularly given that transport is a derived demand. That cannot be delivered by the transport sector on its own; it will require a range of actions across different areas. A key part of that will be making public transport as attractive a proposition as possible to encourage people to

use it, and encouraging people, where they can, to make use of active travel options, particularly for short local journeys. The investment that we are making in public transport, such as in bus prioritisation, and active travel options is critical in supporting the modal shift away from car use, particularly for short journeys.

The other necessary aspect is behaviour change. That could be aided by the pandemic, given the way in which business practices have changed. More people are working from home, for example. Some businesses that had staff in the office five or six days a week might decide to have staff in on only two or three days a week. Those who commuted by car would therefore reduce their car journeys.

A change of behaviour would be required alongside incentives to encourage people to make greater use of active travel and public transport. I emphasise that the transport sector cannot deliver the reduction on its own—that will require co-ordinated action across a number of areas.

On your second question, which was about CO<sub>2</sub> emissions, it would be fair to say that there has been an overall reduction in CO<sub>2</sub> emissions in Scotland over the past 10 years, but any emissions increase in any sector, or in any element of a sector, is always a matter of concern. A key part of the challenge is supporting people to move to ultra-low-emission vehicles. We have a programme in place to support people to move to electric and ultra-low-emission vehicles. That involves not only supporting them to purchase those vehicles, but making sure that we have in place the infrastructure to allow them to make that move. Scotland now has the highest number of charging points per 100,000 of the population in the UK, and we already have in place plans to look at how we can reinforce and develop that infrastructure even further.

Our measures are a combination of supporting people in the transition to ultra-low-emission vehicles and providing the infrastructure so that, when they do that, they are able to charge their cars as conveniently as possible.

**The Convener:** The deputy convener wants to come in. If Emma Harper has a supplementary, I am happy to bring her back in after that.

**Maureen Watt:** On the increase in vehicle usage, can you drill down into what types of vehicles those are? If people are staying at home and getting deliveries rather than going out to shop, has that led to the increase?

We do not have control of vehicle taxation, which is still a reserved matter. How can we encourage people who do not need a sport utility vehicle not to buy one? I am talking about people who drive around the centre of Edinburgh and

Aberdeen. They are not driving around fields, like the convener does in his SUV. Sorry, convener.

**The Convener:** Thank you. I am pretty happy to admit that I have not met a vehicle that can go off-road that is not an SUV.

**Michael Matheson:** I will not get into a trade war about which vehicle folk should have, and whether that should be a Honda, a Toyota or a Land Rover—although, personally, I am a Honda fan. On the wider question about vehicle types, I will ask Alison Irvine to come in, because she is our data guru on that.

During the pandemic, we have seen quite an uptick in local van deliveries, because of the increasing amount of people making use of online delivery services, whether that be Amazon or anyone else, including shops, for goods.

On tax incentives, there is a need for a carrot-and-stick approach to incentivise people to move towards greater use of ultra-low-emission vehicles. We have only to look across the North Sea to Norway to see how it has been successful in getting a significant transition to ultra-low-emission vehicles, particularly electric vehicles, through tax incentives. I do not think that they apply VAT to their electric vehicles, which makes their cost significantly lower than combustion engine vehicles.

I believe that there is a need to look at how we can use tax incentives as a means by which we encourage people to move to ultra-low-emission vehicles. Tax is a reserved matter. My understanding is that the UK Government is looking at the issue, but it is not clear yet exactly how it intends to go about doing that.

If there is time, convener, Alison Irvine might be able to give you a bit more in the way of hard data on some of the behaviour patterns that we have witnessed during the past nine to 10 months.

**Alison Irvine (Scottish Government):** I am happy to do so. As the cabinet secretary outlined, we have been monitoring travel demand over the course of the pandemic, and we publish that weekly. It is very definitely related to which of the restrictions are in place. From an emissions perspective, and particularly in relation to cars, we are seeing overall that fewer new cars are being purchased and people are holding on to their vehicles longer. A myriad of reasons will lie behind that, and it will be a driving factor in determining the level of car emissions.

On what we would describe as large goods vehicle emissions, the pandemic has accelerated a behaviour that we had already started to see, which is a move from individual personal trips to retail parks and high streets to online deliveries. That is one reason why I would suggest that—in

fact, I think that this one of the committee's recommendations for the climate change plan—there should be a continued focus on freight and the emissions that come from it as we move forward.

As has been touched on in various questions and answers during the meeting, we are in relatively deep uncertainty about what the future might hold for transport. We are quite well sighted on where some of the risks lie, in terms of emissions and achieving the national transport strategy priorities and outcomes overall. I will leave it there.

**Emma Harper:** During Covid, we have seen more e-bikes and e-cargo bikes being used. I have raised this with the cabinet secretary on his previous visits to the committee. We have 20mph zones popping up in loads of towns, including Dumfries, and I assume that that reduction in the speed limit for cars will increase safety. I also assume that the Government will be able to look at measurements of the use of e-cargo bikes and other bikes in town centres, and correlate those figures with the introduction of 20mph zones, which make cycling safer.

**Michael Matheson:** There is a funding system through which third sector organisations and some businesses can secure funding to purchase e-cargo bikes, particularly for carrying out local deliveries.

The work that Scottish Borders Council is taking forward is a very good example of a local authority using its powers to introduce 20mph zones on a very localised basis that is specific to their area. We want to share the experience in Borders with other local authorities across Scotland, because they already have very extensive powers in that area.

We have carried out review work with local authorities on the use of 20mph zones. Some authorities have strategies and some do not; some prioritise and some do not. We are now going to take forward further work to help support them to deliver a more effective introduction of 20mph zones in their local areas.

The committee will be aware of my view, from our previous consideration of the matter, that decision making on 20mph zones is best taken at a local level, to reflect the local circumstances. We want to help support that, and that is part of the work that we are taking forward.

All of that can help to support and encourage people to make greater use of active travel locally.

**John Finnie:** I note that you are rightly trumpeting the approach that has been taken by Scottish Borders Council. Do you see any irony in the resistance that there was to my colleague

Mark Ruskell's very sensible bill, which focused on the position of Scottish Borders Council? Welcome though the progress is, given that it will result in fewer injuries and deaths, is that ironic?

11:00

**Michael Matheson:** No, I do not see it as ironic. As I said at the time, I recognised the intention behind Mark Ruskell's bill, and I agree with many parts of what it intended to do. The problem was that it sought to take a one-size-fits-all approach, which was highlighted as being inappropriate and not effective for some local authorities. The problem with applying a blanket legislative approach is that it creates unintended consequences. That is why the approach that we are taking is about ensuring that local authorities take a strategic approach to the introduction of 20mph zones at local level. Many local authorities are doing that. For example, major local authorities such as Glasgow City Council have set out their plans for rolling out such zones.

Councils have the powers and capability to do that. We are considering what further measures we can put in place to support them in introducing 20mph zones in their areas, including in relation to some of the associated technical and financial aspects. We are doing that in a way that is reflective of the local circumstances and local decision making by local councillors.

**Angus MacDonald (Falkirk East) (SNP):** I turn to the Transport (Scotland) Act 2019. At our meeting on 2 September last year, we asked you about progress in developing secondary legislation on a range of transport matters, and you informed the committee that officials were working on those issues but that no timescales for delivery were available. Specifically, given that pedestrians are at the top of the sustainable transport hierarchy in the national transport strategy, can you explain what action the Scottish Government is taking to expedite the introduction of a ban on pavement and dropped-kerb parking?

**Michael Matheson:** You are correct that that was the position back in September, because officials had had to move away from dealing with the introduction of the provisions in the Transport (Scotland) Act 2019 to deal with matters relating to the pandemic. Towards the latter part of summer last year, we were able to start moving some staff back to dealing with issues relating to the act.

We restarted the process on the parking provisions, and there is currently a development programme for secondary legislation, which aims to bring those provisions into force. We introduced further commencement regulations in December last year, which bring sections of the act into force that will enable us to issue directions to local

authorities to require them to support the associated guidance that will be necessary, to undertake the assessment of streets and to identify streets where potential exemptions will be required for on-street parking. That process has started. The commencement regulations have been laid, and officials are now consulting with local authorities to develop the parking standards guidance, which will underpin the provisions in the act.

Early last month, we issued to local authorities for their consideration the latest draft of the chapters that will allow them to undertake the assessment of their streets, and asked them to provide us with feedback. We are also consulting colleagues in local authorities on the exemption order process, which will be taken forward in the next few months, with a view to making the regulations in the area by the end of the year.

We are making progress on the issue, and I hope that we will continue to make good progress on it in the coming months.

**Angus MacDonald:** That is good to hear. I am sure that that will be welcomed not just by the committee but by our colleague Sandra White, who had a member's bill on the issue in the previous session of Parliament that was dropped just before the previous election. It is good to hear about that progress.

Sticking with the Transport (Scotland) Act 2019, when do you expect the key bus-related provisions of the act to enter into force and when can passengers expect to see service improvements flowing from those changes?

**Michael Matheson:** The bus elements of the 2019 act were impacted by the pandemic, in the same way as the parking provisions were. Work has now started on the bus provisions. A stakeholders workshop is due to take place next week, the primary purpose of which is to inform the public consultation exercise that will be necessary on some of the regulations that are associated with the provisions. Our intention is that the consultation exercise should take place later this year, after the election.

Once we have completed the consultation on the provisions, we will be able to introduce the relevant secondary legislation to Parliament and issue the associated guidance. Work has started. I expect the consultation to be completed in the months ahead and, once it has been completed, we will be able to consider the introduction of the secondary legislation to Parliament, which I hope will be later this year.

**Jamie Halcro Johnston:** On 10 February, you told me in the committee that the Scottish Government remains committed to dualling the A9 and the timeframes that have been set out for that.

You then helpfully wrote to me to confirm that the 2025 date was “a very challenging target”. The First Minister told me last week that work is being done “as quickly as possible” and that the Scottish Government is working to the original target dates, if possible. She said:

“if that is not possible, we will do it as close to the original target dates as possible.”—[*Official Report*, 4 March 2021; c 18.]

That is not exactly encouraging.

Given that you have said that a meaningful update will not be available until the summer, after the Scottish election, can you confirm now whether work to dual the A9 is on target or is behind the projected timescales? If it is behind the projected timescales, how far behind is it—months or years? Do you still expect the project to be delivered within its projected budget of £3 billion? If not, what is the new projected cost?

**Michael Matheson:** The project is still on target to be completed by 2025 and within the budget that was set for it. Significant progress has been made. The member will be aware of the announcement that I made just over a week ago that the section from Tomatin to Moy will progress to procurement. That will involve £115 million-worth of investment and will result in the dualling of the most northerly section in the project. This morning, I have announced that we are moving to complete the process of made orders for four further sections of the A9, which will allow us to progress the statutory procurement process later this year. Significant progress is being made.

The pandemic has had an impact on the existing works. You will be aware that there was a closure of construction works during the pandemic last year, and the contractors are seeking to catch up in that regard. At present, the contractors still indicate that, if all goes well, they expect the section to be complete by the winter of this year, which we hope will be the case.

We are making progress with the procurement of the most northerly section and the made orders for four further sections. Completing the statutory process for the remaining sections later this year will allow us to continue to make progress with the construction of the road.

Between now and the summer of this year, we will work with the construction sector to do further assessment work. Some of the construction companies that are involved have been impacted by Covid in relation to not just projects that they are operating on at present, but commitments to future projects. Transport Scotland’s major projects team is engaging with a variety of commercial operators to understand their capability and capacity to take on further major infrastructure projects over the next couple of

years. When that process is completed in the summer, we will have a better line of sight of the capacity in the commercial sector to undertake major works.

**Jamie Halcro Johnston:** I know that Maureen Watt has questions on the A96, but I have another question on the A9. Do you have an estimate for the percentage of the work that still has to be done on the A9 project by the 2025 completion date? If there is time, I might ask a question about the A82.

**Michael Matheson:** The programme of made orders for four further sections of the A9, which I announced today, and the public local inquiry reports for the next three schemes, which we expect to be submitted, will take us pretty close to the statutory process being complete for 92 per cent of the road. We are taking forward the one remaining area on a co-productive basis, whereby the local community is involved in the process, and that is taking longer than anticipated. However, I expect that, by later this year, the statutory process will, by and large, have been completed for 92 per cent of the whole route.

**Jamie Halcro Johnston:** You are certainly more confident about that than I am.

Of the A82—now Scotland’s deadliest road—the Cabinet Secretary for Finance, Kate Forbes, who is currently the local MSP, has said that

“it’s definitely one of the most challenging roads in the country. Over the years, I’ve seen or heard about accidents, near misses, branches falling onto the road, tyre-shredding potholes, convoys of slow-moving vehicles, lengthy delays and closures. Change must, can and will happen.”

When will it happen?

**Michael Matheson:** Kate Forbes is an effective representative for her constituents, and she regularly raises issues about the A82 on their behalf with Transport Scotland officials and directly with me. Provision for improvements to sections of the A82 is included in the second strategic transport projects review—STPR2—which is the gateway to progressing identified required improvements to the A82, as is the case for all other aspects of the trunk road network in Scotland.

**Maureen Watt:** My questions are similar to Jamie Halcro Johnston’s, but they relate to the A96 dualling project, which is due for completion in 2030—five years later than the A9 project. The recently published infrastructure investment plan states that only £20 million of the £3 billion estimated cost of the project is due to be spent between 2021-22 and 2025-26. Why is that figure so low?

How often are delays to infrastructure projects caused by protracted discussions with landowners on land purchases in and around the project area? Inveramsay bridge took for ever because of protracted discussions with landowners about land purchases. Perhaps more use could be made of compulsory purchase if delays are for that reason.

**Michael Matheson:** We remain committed to the original timeframe for the A96 project. The funding to which you refer is the level of funding that is necessary to continue taking forward the planning and design work and the statutory process. With major infrastructure projects such as roads, the ramping up of investment comes when we move towards procurement. We are still some time away from construction work on the A96—hence the present level of funding. I will ask Jo Blewett to say a wee bit more about that, given her expertise in that area.

However, what you also see in major infrastructure projects is a yo-yoing of funding. Sometimes funding increases, then it drops down, particularly as it goes through its statutory and design processes, when the time is very much spent on consultation, the legal issues associated with the planning and design work, and the consultant's role, as opposed to the actual construction work, when the costs increase again. Jo Blewett can say about more about that.

11:15

On the point about delays in major infrastructure projects, what is often forgotten or missed in relation to such projects, particularly when it comes to roads, is that a statutory process has to be gone through and that we do not control all elements of that. At times, that involves going to a public local inquiry, and a project can be challenged in the court when the made orders are issued around the process, which can be taken to the Court of Session. All those issues can add to the timeframe.

Although ministers can set out the target timeframe for completing a project, there are elements of the process involving legal issues that can have a significant impact on the final delivery timeframe. A good example of that is the Aberdeen western peripheral route, which was delayed by a number of years as a result of legal challenge around some of the order-making process. Such matters can have a significant impact. That is frustrating, but it is important that, when we look at using compulsory powers, we fulfil our legal obligations and that those who will be affected by a project have their legal rights protected and considered.

I ask Jo Blewett to say a bit more about the seesawing around the funding of major projects.

**The Convener:** Jo, you can definitely contribute, but if you can do it succinctly, that would help me.

**Jo Blewett (Scottish Government):** To reflect what the cabinet secretary said, one thing that is difficult for everyone to understand is that, behind the scenes, there are often hundreds of people working on such programmes. For a project on the scale of the A96 or the A9, when we start off, we have to set direction, engage with stakeholders and put all the pieces together, and we will have substantial-sized teams working on that stuff. That is what builds the evidence that helps to support the compulsory purchase order case further on, so it is important that we have broad multidisciplinary teams looking at all those aspects.

As we move into the statutory process, we are, in effect, defending that position and the team naturally contracts to a smaller group of specialists who will work together to build the case to take through the compulsory purchase process. There is a general contraction in that sense, but when we move into the procurement and construction stage, the nature of the workforce changes and the teams expand again. It is a kind of moving feast, if you like.

**The Convener:** Maureen, do you want to come back on that or are you satisfied?

**Maureen Watt:** That is fine.

**The Convener:** The next question comes from John Finnie.

**John Finnie:** I have a question about the Rest and Be Thankful. First, though, I put on record my thanks and the thanks of my constituents for the hard work of the workforce at that site. It is a demanding location and the weather is difficult.

Cabinet secretary, can you provide an overview of the access to Argyll project, including how the Scottish Government intends to maintain continuity of travel on the route while a permanent solution is developed?

**Michael Matheson:** I am happy to do that. I associate myself with the comments that John Finnie made about the staff who have been working on the Rest and Be Thankful, particularly in recent months, when they have experienced some significant challenges. I am extremely grateful for their work, although I am disappointed that I cannot go to meet them in person to thank them. However, I hope to be able to do so when it is safe.

The access to Argyll project is now at the point at which we have completed the consultation on the 11 different options that we set out. In the next few weeks before the recess, I hope to set out the preferred corridor that has been identified through the consultation exercise. We will then draw down

to the specific options in that corridor for delivering a permanent long-term solution to the challenges that we have on the A83 at the Rest and Be Thankful.

I have also asked officials at Transport Scotland to consider how they can compress the timeframe for the completion of the project. I know that there is anxiety locally about how long major projects of such a nature can take, so I have asked my officials to look at ways in which we can compress the timeframe as much as possible, while meeting our legal obligations to deal with the statutory elements that might be involved if compulsory purchases are necessary to take ownership of land.

That is where we are with the travel corridor process. As I say, I hope to set out the preferred corridor within the next couple of weeks.

The third element is that we are continuing our mitigation work on the hillside above the A83 at Glen Croe and on the old military road. We are looking at whether there are further mitigations that we can put in place, in addition to the work that is already being done on the hillside and the roadside to provide greater resilience on the old military road and the A83 itself. That financial commitment will continue into the future.

I want to protect what we have while setting out a clear direction for the future and looking at how we can compress the timeframe as much as possible to deliver a new access route into Argyll that is much more reliable than the people of Argyll have at present with the Rest and Be Thankful, which in my view is simply not acceptable.

**John Finnie:** I appreciate the challenges, and I know that everyone has public safety at the forefront of their deliberations, but are you able to give us any sort of timeframe? Everyone wants a sustainable permanent solution but, in the best-case scenario, when might we get that?

**Michael Matheson:** Again, I am hesitant to give a timeframe, not because I wish to be evasive but because I know that, if I set a timeframe, folk will just say, "That's when it's gonnae be delivered by," and there is a whole range of things that I do not control, including the statutory process, which could have implications.

However, I can say that I have made it clear to my officials in Transport Scotland that they should be looking at the project as an emergency project that requires to be proceeded with rapidly, as opposed to a normal major infrastructure project. That is the mindset that I have asked them to have, and they are looking to make progress. For example, they are already considering some of the work that will be necessary on various options around the corridor that we choose, some of the

pros and cons of those options, and what we can do in advance in an effort to progress the project as quickly as possible.

As I have said, I do not want to be evasive, but I assure Mr Finnie that my officials recognise that we need to deal with the issue on an emergency basis, and that is the way in which the team and the process have been set up.

**Richard Lyle (Uddingston and Bellshill) (SNP):** Cabinet secretary, numerous members have asked you about roads this morning, so I, too, will mention a couple of roads. You mentioned the M8 corridor—excellent. There is noise reduction fencing along sections of the route but, when we come to the M74, we see that trees have been destroyed, and noise levels severely increased when the extra lane was constructed. We see no noise reduction fencing, and tree twigs and small bushes have been replanted.

I have written to you on numerous occasions about a constituent of mine who cannot sell their house because of the noise. I believe that they have now written to you. When will the fencing go up, or when will anything be done on the M74?

**The Convener:** Mr Lyle—

**Richard Lyle:** Everybody else has asked about their areas, so I am asking about my area.

**The Convener:** Mr Lyle, I will, of course, let the cabinet secretary answer your question. However, I urge you to consider that this session is about national policy and not constituency questions.

**Richard Lyle:** Other people have asked—

**The Convener:** My Lyle, with the greatest respect, let us not fall out over it. Cabinet secretary, please answer the question briefly. Mr Lyle should then move on to what he was going to ask about. He and I will then remain able to work together.

**Richard Lyle:** Other members have deviated from their questions.

**The Convener:** Mr Lyle!

**Michael Matheson:** I think that the best thing for me to do would be to write to Mr Lyle specifically on the matter. I know that that is an important issue for his constituents. He has pursued it diligently over the past couple of years, and I responded on it in the chamber fairly recently. I will write to Mr Lyle directly with further information specifically for his constituent.

**The Convener:** Thank you for steering a line through the middle, cabinet secretary.

**Richard Lyle:** I thank the cabinet secretary for that reply.

As you know, cabinet secretary, I have been resolute in defending Glasgow Prestwick airport and in suggesting that it is the jewel in the crown and should be used more. The Scottish Government had hoped to sell that airport to a private sector bidder in 2020. I believe that negotiations between the airport management and an unnamed preferred bidder had been under way, but the sale fell through and the airport was again put up for sale on 5 November.

On 23 February 2021, you wrote to the committee and advised that the Scottish Government had accepted a recommendation that was made by TS Prestwick HoldCo Ltd to appoint a preferred bidder. Can you provide an update on the potential sale of Glasgow Prestwick airport? I think that it is an underused airport, and it is now well connected by new roads that have been constructed through the area.

**Michael Matheson:** As you said, I wrote to the committee to advise that the management team at Prestwick airport had identified a preferred bidder. I recommended that bidder to the Scottish ministers, and we accepted the recommendation. The sales negotiation diligence process is ongoing. I am unable to say much more than that, because I have to respect the integrity and confidentiality of the sales process, but my understanding is that good progress continues to be made.

You have correctly pointed out the importance of that aviation facility to not just the local economy but the regional economy and the Scottish economy as a whole, given the number of aerospace jobs that are associated with the airport. I will endeavour to keep the committee informed as progress is made over the next couple of months.

**Richard Lyle:** As you said, cabinet secretary, it is an important airport to many people in that area.

I thank you and wish you well.

**Mike Rumbles (North East Scotland) (LD):** I want to follow on from Richard Lyle's question. The issue is, of course, a national one. It is certainly not a regional issue for the north-east of Scotland.

I have two questions for the cabinet secretary. First, regardless of what happens with selling the airport, what is the current plan for the return of the £43.4 million in loans that the Scottish Government has given—that is taxpayers' money—to the management company? What is the plan for the repayment of that money to the Scottish Government?

**Michael Matheson:** If the airport is not sold, the loan will remain on the books of the operating company at Prestwick airport. The loan is on

commercial terms and will have to be repaid to the Scottish Government. How the company repays that will largely depend on the commercial income that the airport receives and the airport's success. If the airport is sold, the operating company will have to repay that loan.

**Mike Rumbles:** That is very helpful, and it takes me to my second question. You have just said that, if the airport is sold, the money will have to come back to the Scottish Government, because it is taxpayers' money in that loan. Just like any other commercial enterprise, if you lend money, you expect it to be repaid.

It is interesting that there is not a plan to repay the money; rather, there is just a commitment to repay it to the Scottish Government. Can we safely assume that the public money that has been expended is safe in your hands, if I can put it that way—I am sure that you would like to confirm that—and that, if the airport is sold, the money will at that point come back to the Scottish Government as part of the commercial deal?

11:30

**Michael Matheson:** What I said was that, if the airport is not sold, the debt of that loan will remain with the operating company at Prestwick airport and it would have to be repaid to the Scottish Government. You will recognise that the company has the loans on the basis of the commercial challenges that it has faced. Had the Scottish Government not made that funding available, the likelihood is that the airport would have closed and the jobs that are associated with it, directly and indirectly, would have been lost. Some jobs would have been lost directly and many indirect jobs would have been put at significant risk.

The funding that has been made available by the Scottish Government relates to sustaining the facility overall, given its importance to the local economy and to the wider aerospace industry that it supports. Obviously, the negotiations that are taking place just now between the management team and the preferred bidder will explore all those issues, and we will have to wait to see what the outcome of the negotiations is. I am not going to pre-empt any sales process or any negotiations that are taking place at present.

**Mike Rumbles:** I understand that entirely. My question was not based on the fact that the loans were given. I understand, accept and agree with what you have said about the loans being given for the sustainability of the airport. However, when the Scottish Government made the loan, there was an expectation, as you confirmed in answer to my first question, that it would be repaid. You said that it should be repaid if the airport is sold. I am not asking—

**Michael Matheson:** That is not what I said.

**Mike Rumbles:** Have I misunderstood?

**Michael Matheson:** Yes, you have. I said that, if Prestwick airport is not sold, the loan will remain with the operating company, and it would have to be repaid at some point because it was provided on commercial terms to the operating company for the reasons that I have outlined. If the airport is sold, issues around the loan will be part of the negotiation process and any sales process that the operating company—[*Inaudible.*]

**Mike Rumbles:** Thank you for clearing that up. I was very happy with what I thought your first reply was, but I am not so happy with the reply that you have just given because, in any commercial operation in which assets are being transferred from one company to another company, it would normally take on those liabilities, just as the Scottish Government took on the liabilities of Prestwick airport when it bought it for £1.

My question is a very simple one. I am not asking you about the negotiations with the particular bidder; I am asking in general terms whether, because the Government has issued that £43.4 million loan to that company, it is your expectation that that money will be returned to the Scottish Government. We have to be vigilant and make sure that we are proper guardians of taxpayers' money. It is not the Scottish Government's money; it is taxpayers' money. Surely if the liability and ownership are being transferred from one company to another, we would expect that the Scottish Government would get that money repaid to it. I do not mean at once, but there would be a commitment to repay the money to the taxpayer.

**Michael Matheson:** I understand the point that you are making, but you are asking me to give an insight into the negotiation process with the existing preferred bidder, and I am not prepared to do that. However, I can tell you that the management team at Prestwick airport is pursuing the best possible deal for those who work directly at the airport, businesses that are dependent on the airport, and taxpayers. We will need to wait and see what the outcome of the negotiation process is, but we should allow that to be taken forward. When we get to the point at which any sale is finalised, I will be able to set out exactly what the financial implications are for Scottish taxpayers, what sale has gone through, and what it means for staff and the businesses that are linked to the airport.

**Mike Rumbles:** Thank you, cabinet secretary. I have exhausted my line of questioning to the cabinet secretary, and I am sure that he is very happy about how he has dealt with it.

**The Convener:** Cabinet secretary, as I enjoy figures, I thought that I would ask you a few questions about this subject myself. Can you confirm that, in the period from April 2020 to March 2021, Prestwick airport required no subsidies from the Scottish Government?

**Michael Matheson:** I do not have the figures in front of me, but I would be more than happy to come back to the committee with the details of that.

**The Convener:** You confirmed to me that no money was allocated to Prestwick airport in the budget negotiations. That was probably because, as at 31 March 2020, Prestwick airport was sitting on £14.3 million of cash in the bank, according to its figures. On the basis of that situation at the end of the financial year, in March 2020, why did you feel that it was necessary to give the airport a loan of £3.5 million just prior to that time, when it had so much cash at the end of the year?

**Michael Matheson:** Again, I do not have the specific figures in front of me, but I would be more than happy to check and come back to the committee with that detail. However, you are right: as I confirmed during our budget discussion, there is no provision for providing financial support to Prestwick airport for this coming financial year, on the basis that the management team has been able to commercialise different aspects of the business. I do not have the details before me on your specific figure of around £3 million, but I would be more than happy to get that checked and to come back to you.

**The Convener:** It makes me slightly concerned that, at the end of the financial year, on 31 March 2020, we had bumped up the airport's figures to £14.3 million by giving it a loan, which it clearly did not need. I question that. It would be helpful if you cover that when you write back to me.

Part of that £14 million came from the radar mitigation and sales of property coming to about £7.4 million, which represents non-recurring income. Some of it came from the heavy use of the airport by military aircraft from the US, Canada and Kuwait. Can you confirm that, if we take out the sales and the mitigation as well as the military aircraft, the airport will not draw down on the money that it got at the end of March 2020? It does not appear that the airport is making money, which you have claimed it is; it appears that it is using its reserves to fund its continued operation.

**Michael Matheson:** It is using some of its reserves to continue operations at Prestwick, some of which it has achieved through non-recurring sales. Some elements involve radar mitigation, which you mentioned. Alongside that, the airport has increased the level of funding that it has secured through the provision of refuelling in

recent years. That has been a significant factor in improving the airport's balance sheet overall.

It would be wrong to say that the airport has not improved its financial position—I would not wish to give the impression that it has not improved its financial position—but it now has a preferred bidder with a view to purchasing the airport potentially, and we will now wait and see what the outcome of the negotiation process is.

**The Convener:** I am not sure that that answers the question.

My last question follows on from Mike Rumbles's question about the £43.4 million that was loaned to the airport. I want to be entirely clear. I think that it is really important that the airport succeeds, but you have excluded any interest that is due on those payments. If you look at the accounts, the accruals and the deferred income, you will see that that has risen. That suggests to me that there might be £5.1 million or £5.2 million-worth of interest due on the loans. I want confirmation that the loaned money and specifically the interest on it will come back to the taxpayer.

**Michael Matheson:** I am always interested in those who qualify their challenge on the loans that have been given to Prestwick airport by saying that they support and recognise the airport's importance to the regional economy and the national economy. Had those loans not been provided, the facility would be closed; it would not be there, and there would have been a significant financial and employment impact on the jobs that are directly associated with it and the businesses that depend on it.

If I recall correctly, you raised that point with me previously, Frances Pacitti agreed to come back to the committee on it, and you were provided with information on whether the interest levels were included in the figure. That information was provided to the committee. Is that incorrect? Was that not provided? If not, I will ensure that it is.

**The Convener:** I would be delighted if you would provide it. I look at the latest accounts, and it has been some time since Ms Pacitti gave evidence to the committee. I am trying to consider the accruals, the deferred income and the increase to work out exactly how much has been put in.

Please do not complicate the fact that money is put forward to support businesses. It is important that money is put forward to support them, but I want to understand that that has been done wisely. That is what I am checking.

As you do not have the figures, we will have to wait for the answers, which will, no doubt, come before the purdah period.

**Peter Chapman (North East Scotland) (Con):** My questions are about the Queensferry crossing and the issue of the closure of the bridge due to ice on its cables. BEAR Scotland tested an emergency diversion on to the old bridge in December last year and again in January of this year. What did you learn from that process? How quickly can a diversion be put in place when necessary, and is that now the preferred option when ice on the cables is an issue?

**Michael Matheson:** The operational management of incidents on the bridge continues to be the main way in which issues will be dealt with. That includes issues relating to ice build-up on the towers of the cables.

The learning from the diversion on to the Forth road bridge identified a number of operational issues that need to be in place to minimise the timeframe for a diversion on to the Forth road bridge. That includes pre-deployment of traffic management equipment and ensuring that there is early communication of the plan that is being put in place.

The timeframe for introducing the diversion is approximately five hours from making the decision through to putting in place the diversion. When it is decided to divert on to the Forth road bridge, the Kincardine bridge will be used in the short-term as the principal diversion route until the diversion on to the Forth road bridge is completed. As I said, that will take around five hours.

The learning from BEAR Scotland was that the test went well. However, one factor that could have an impact on the switching over to the Forth road bridge is adverse weather. Adverse weather might impact on them being able to put in place traffic management arrangements. That is because of—as you can imagine—the practicality of doing that.

BEAR is still working through some of the details. However, in practice, it takes around five hours for the diversion to be operational.

**Peter Chapman:** I take it from that answer that that is the preferred option if the weather is suitable. We know that the old Forth bridge would have to close if there were high winds.

Is there a technical solution to the ice issue? We believe that there are discussions going on about finding another way to alleviate the problem of ice on the cables. What are the parameters of that project? What are the expected timescales and costs? Is there a practical way forward? Can something be done?

11:45

**Michael Matheson:** That is a fair question. The problem affects other cable stay bridges across

the world. The research that has been carried out suggests that operational changes, such as having diversion routes or using only one carriageway, should be the principal solution. Across the world, the sector principally uses such operational arrangements. In our case, that would mean switching to the Forth road bridge.

The good thing is that the Queensferry crossing is far more resilient than the Forth road bridge. There is a night and day difference between the number of times that the Queensferry crossing has still been operational or has been kept open for high-sided vehicles and the number of times that that happened to the Forth road bridge. It has been transformational. We have far greater resilience.

There have been a couple of occasions on which ice accretion has resulted in the bridge having to be closed. The research is looking at a number of possibilities, such as using hydrophobic coating on the cables, or deploying a different type of de-icing system. Laboratory research will be carried out later this year to test those options. If the research indicates that they could be helpful, there is a possibility of piloting a few of those options next winter to find out if they offer a long-term solution.

There is research, lab testing and then piloting. The research has been completed and options have been identified. Lab testing will follow, and then perhaps some piloting of options next winter before we consider wider deployment on the bridge structure.

I hope that that reassures you that we are taking the matter seriously. We are trying to identify a long-term solution to the occasional issue of ice gathering on the towers and cables.

**Peter Chapman:** When traffic is diverted, there is a huge increase in the volume of traffic crossing the old bridge. Are we content that the old bridge is robust enough to deal with that? At the moment, the traffic on that bridge is very light. If everything was diverted on a busy Friday morning, the bridge would be full of traffic. Is there any concern about significant wear and tear to the old bridge?

**Michael Matheson:** That is a fair point. After one closure last year, Transport Scotland and I faced criticism for not opening up the Forth road bridge. That was because the bridge was undergoing major refurbishment to ensure that it was safe and fit for use. Most of that work has been completed. Some of it was suspended during the winter so that traffic could move on to the bridge if that became necessary. The Forth road bridge is now up to the expected standard and is safe for use by the expected volume of traffic. It is in better shape now as a result of refurbishment work to replace some decking sections. That work

is now complete. I assure Mr Chapman that the bridge is in good shape if he is crossing it.

**The Convener:** That brings us to the end of this part of the meeting. I thank the cabinet secretary and his officials for attending and giving evidence.

I now suspend the meeting to allow the next panel of witnesses to come on board.

11:50

*Meeting suspended.*

11:55

*On resuming—*

## Subordinate Legislation

### Plant Health (EU Exit) (Scotland) (Amendment) Regulations 2021 [Draft]

**The Convener:** Item 2 is consideration of subordinate legislation. The committee will take evidence on one affirmative instrument: the draft Plant Health (EU Exit) (Scotland) (Amendment) Regulations 2021. The motion that seeks approval of the affirmative instrument will be considered at item 3.

I welcome, from the Scottish Government, Ben Macpherson, the Minister for Rural Affairs and the Natural Environment; Debbie Kessel, branch head of plant health policy; and Rachel Coutts, a lawyer.

I ask the minister to make a brief opening statement on the draft regulations.

**The Minister for Rural Affairs and the Natural Environment (Ben Macpherson):** Good morning, convener. I thank you and the committee for making time today to consider the draft Scottish statutory instrument.

The draft regulations amend Scottish legislation in the field of plant health, particularly provisions relating to charges for inspections of certain plant, plant product, timber and timber product consignments. It is now necessary for fees to be charged for imported consignments from European Union member states, Liechtenstein and Switzerland, according to the level of plant biosecurity risk that is posed to Scotland. The charges will now align with charges from non-European third countries. For exports, the draft regulations introduce provision to remove the fee that is paid for phytosanitary certificates on consignments of timber and timber products that leave Scotland for Northern Ireland. That will serve to support the sector.

In addition, offences are being created in relation to the type of plant passport health certificate that must be held for consignments that enter Scotland from Northern Ireland. The provisions will support compliance with plant health rules and will, therefore, protect Scotland's plant biosecurity. Northern Ireland traders are familiar with the plant passport system.

The draft regulations are therefore necessary and appropriate. My officials and I are happy to take any questions from the committee.

**The Convener:** Thank you, minister. The first question is from the deputy convener, Maureen Watt.

**Maureen Watt:** As a result of Brexit, the seed potato industry was thrown completely under the bus. I notice that potato tubers are mentioned on the list of plants and other things. Is there any way in which the draft regulations can help the lucrative and important Scottish seed potato industry to export products not only to the EU but to the rest of the world?

**Ben Macpherson:** The very concerning situation for the seed potato industry has been a matter of attention for me—and particularly for the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing—since the Brexit deal was agreed in late December. There has been extensive dialogue, on behalf of seed potato farmers, with the industry, the UK Government and the European Commission in order to help those farmers with their situation and to promote their interests.

The draft regulations relate to the implementation process following the deal that was agreed with the European Union. As far as I am aware, there are no definitive means by which the legislation would support the situation for seed potato farmers, but it is the intention of the Government, working with others, to bring about a better scenario for them. That remains an issue of priority. I would be grateful if Debbie Kessel could come in at this point to elaborate further on the issues.

12:00

**The Convener:** I am happy to let her come in. If the members have read the papers that they all have, they will see that “tubers of potatoes” are specifically excluded under the amended schedule 2 on page 6 of the regulations. However, I am happy if you would like to give further confirmation of that. Having made that comment, I should remind members that I have an interest in a farming partnership in Moray, which I did not declare because there was nothing on the agenda to do with agricultural products, as far as I could see.

**Maureen Watt:** Potatoes are mentioned on page 9, convener.

**The Convener:** Having been excluded on page 6—okay.

**Debbie Kessel (Scottish Government):** As the minister mentioned, the regulations are just regarding fees. Our concern around seed potatoes is their export to the EU and Northern Ireland. Unfortunately, the instrument does not allow us to help that situation at all.

**The Convener:** Okay—it is on fees.

**Emma Harper:** My concern in relation to the fees and inspections is around where we would

put the inspectors. Would they be in Cairnryan as part of a port harbour health inspection authority? Are we concerned about any risks to the phytosanitary products that are coming into Scotland? For the fees in relation to this SSI, would we need to make sure that we had appropriate numbers of inspectors in place at specific port authorities, including the likes of Cairnryan?

**Ben Macpherson:** For clarity, the inspections for which this legislation brings in fees are already being undertaken. A system is already in place. It is all about biosecurity—that is the absolute focus of the inspections. The provision that we are bringing in now is necessary to make sure that we are feeing as appropriate to cover the cost of inspections. As a result of the Brexit process, there has obviously been an impact on considerations concerning the border more generally in terms of imports and exports, but the inspections are already in place and the legislation before us is simply about making sure that there is appropriate feeing to cover costs.

**The Convener:** Thank you. Is that all right, Emma? Did you get your answer?

**Emma Harper:** That is fine.

**The Convener:** There do not appear to be any more questions, so we will move to item 3, which is formal consideration of the motion. I invite the minister to move motion S5M-24145.

*Motion moved,*

That the Rural Economy and Connectivity Committee recommends that the Plant Health (EU Exit) (Scotland) (Amendment) Regulations 2021 [draft] be approved.—[*Ben Macpherson*]

*Motion agreed to.*

**The Convener:** That concludes our consideration of the SSI. I thank the minister and his officials for their time.

The next meeting of the committee will be on Wednesday 17 March, when the Minister for Energy, Connectivity and the Islands will give us a digital connectivity update. There will be three SSIs, three SIs—possibly more—and a discussion of our legacy paper and annual report.

That concludes our business for today. Thank you all for your attendance.

*Meeting closed at 12:05.*



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