The Committee will meet at 9.30 am in Committee Room 2, to consider the following agenda items:

1. **Water Inquiry (in private):** The Committee will consider possible lines of questioning for witnesses on its inquiry into water and the water industry.

   *Not before 9.45 am*

2. **Items in Private:** The Committee will consider whether to take items 6, 7 and 8 in private.

3. **Water Inquiry:** The Committee will take evidence as part of its inquiry into water and the water industry from—

   Sam Galbraith MSP, Minister for the Environment, Sport and Culture

   *Not before 11.00 am*

4. **Subordinate Legislation:** The Committee will consider the following affirmative instrument—

   The Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2001

5. **Highlands and Islands Ferry Services:** The Committee will consider the Scottish Executive’s proposals for the future of the Highlands and Islands ferry service network.

6. **Water Inquiry:** The Committee will review evidence taken at the meeting.

8. **Witness Expenses:** The Committee will consider whether to approve two claims for expenses from witnesses on its inquiry into water and the water industry.

Shelagh McKinlay  
Clerk to the Transport and Environment Committee  
Room 2.02, Committee Chambers  
0131 348 (8)5208  
e-mail Shelagh.Mckinlay@scottish.parliament.uk

The following public papers are relevant for this meeting:

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TRANSPORT AND THE ENVIRONMENT COMMITTEE

Statutory Instrument
The Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.)
Order 2001

1. The Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2001 were laid on 1 February 2001 and have been assigned to the Transport and the Environment Committee for consideration (as paper TE/01/6/2).

2. The Order is accompanied by an Executive Note.

3. The Regulations are laid under an affirmative procedure which means that Parliament must approve the instrument before it may come into force. The sponsoring Minister (Sarah Boyack, Minister for Transport) has accordingly lodged a motion that the Transport and the Environment Committee recommend approval of the instrument to Parliament (S1M-1632)

4. Parliament has until 16 March 2001 to deal with the instrument and the Transport and the Environment Committee is required to report on the instrument by 12 March 2001.

5. The draft Order is made under Section 63 of the Scotland Act 1998. The draft Order transfers to the Scottish Ministers the function contained in the Transport Act 2000 relating to the making of grants to the Strategic Rail Authority (SRA).

6. The Subordinate Legislation Committee considered the instrument at its meeting on 6 February 2001 and agreed that no points arose on the draft Order. The Committee’s 7th Report 2001 indicated that the Committee did not wish to draw the attention of the Parliament to the instrument.

7. The Minister for Transport and supporting Officials will be attending the meeting of the Transport and the Environment Committee on 28 February to answer any questions members may have on the instrument. The Minister will then move the motion S1M-1632 and the Committee may formally debate the motion.

8. Under Rule 10.6 the Committee is required to report to the Parliament with its recommendation on whether to approve the instrument.

Alastair Macfie
Assistant Clerk to the Transport and Environment Committee.
February 2001
Introduction

Members will be aware that on 23 January the Minister for Transport, Sarah Boyack MSP announced details of the Executive’s proposals for the future of Caledonian MacBrayne’s ferry service network since, under EC law, the services are to be put out to tender.

Copies of the news release announcing the Executive’s proposals, a written answer of 2 February on the issue and a summary of responses to the consultation paper “Delivering Lifeline Ferry Services” (issued by the Executive) are attached for information.

Next Steps

The Executive is required to consult the Commission on the proposals and therefore they are provisional at this stage and subject to the Commission’s further approval and investigation.

Members are asked to consider whether and how the Committee might wish to examine the Executive’s proposals. Given the very full agenda which the Committee faces in relation to business at formal committee meetings, one option would be to appoint a reporter to consider the issue and report back to the Committee at a future date.

Recommendation

The Committee is asked to consider whether and how the Committee might wish to examine the Executive’s proposals for the future of the Highlands and Islands ferry service network, including whether they wish to appoint a reporter.

Shelagh McKinlay
Clerk to the Committee
23 February 2001
RESPONSE TO THE TRANSPORT & ENVIRONMENT COMMITTEE’S REQUEST FOR FURTHER INFORMATION ON CALMAC TENDERING

1. The Committee has requested further information on the timeframe for Commission approval of the CalMac proposals; the process for gaining this approval; and any 'next steps' subsequent to approval.

2. The timeframe for responding is within the control of the Commission rather than the Executive. The Executive forwarded the proposals in early January for the Commission's inspection, as it is required to do, and now awaits the Commission's detailed commentary.

3. The Minister for Transport met the Chef de Cabinet to the Transport and Energy Commissioner in Brussels on 5 February to present the case for the Executive’s proposals. The Commission was not in a position to offer a formal response but the Executive is confident that the Commission now has a sound understanding of the importance to Scotland of lifeline ferry services. It is likely that further exchanges between the Commission and the Executive will be necessary before agreement is reached on the appropriate way forward.

4. Once this position is reached, the key steps which will follow are:

   • to advertise in the Official Journal of the European Community (OJEC) and elsewhere that a tender exercise will commence, with an outline statement of what the tender bid is for;
   • to issue a Request for Initial Proposals to operators who have responded to the OJEC advert and who have passed the Executive's pre-qualification questionnaire;
   • to establish a publicly-owned vessel-owning company (VesCo) (assuming the Commission does not object to this element of the proposed framework) and to progress the organisational re-structuring of CalMac as necessary;
   • to develop a service specification which will be the subject of the tender (if the Commission does not agree the Executive’s proposal that the CalMac network should be tendered as a whole, separate specifications would be required for each ‘bundle’ of routes to be tendered);
   • to require the VesCo to prepare options for chartering arrangements for bidders;
   • to decide on a short-list of potential operators;
   • to issue the draft service specification to interested parties for wide-ranging consultation on the specification's detailed terms and to revise them, if deemed appropriate;
   • to issue an Invitation to Tender based on the conditions laid out in the service specifications and to evaluate bids received;
   • to award preferred bidder status;
   • to consider transitional arrangements and other issues relating to the implementation of the new framework;
   • to complete negotiations with the preferred bidder and agree contractual terms and conditions;
   • to draft an Undertaking and seek Parliamentary approval; and
   • to complete arrangements for re-structuring CalMac if and as necessary.

Scottish Executive Development Department
February 2001