Dear Patrick,

As you may be aware, the Scottish Government has been working for some time on ensuring the community aspiration of a town centre to town centre vehicle and passenger ferry service between Gourock and Dunoon could be realised. This involved, first, working to enable investment in new ferries for the route. This approach proved contrary to the European Union's Maritime Cabotage Regulation, which has the force of law.

The Government, secondly, has been trying to ensure that the tender process as required by law did not also produce a commercial monopoly for the carriage of vehicles on the route. Early on we discussed with a commercial operator the option of operating on the town centre to town centre route as well as on its existing route, with protection for the public interest. This was an offer that the operator was unable to accept. Thirdly, the Government approached the European Commission last autumn seeking permission to delay the tendering to explore alternatives. This included the possibility of the community creating a social enterprise which could bid and would keep control in the hands of the community. The Government was unable to confirm this at the time owing to the confidentiality of the process. No comment from the Government was possible given the intense commercial lobbying of the Scottish Government and the ever present threat of legal action from some quarters.

Unfortunately, the Commission indicated last week that on the basis of present evidence they would not permit an extension to address our real concerns. We regret not being able to persuade them of the continuing danger of monopoly abuse. This is a concern we know is shared by the community. Accordingly, we now have no alternative but to publish the tender and to invite bids. However we remain very committed to the present situation in which there is competition and in which there is a town centre to town centre vehicle and passenger service even though the tender process can only be - because of European law - for the passenger element. Tender documents will be issued this week. The tendered service will protect services and fares for foot passengers. In addition, the Government has done three other things which it hopes will address the community's concerns.
First, we have given greater flexibility to CalMac in terms of hours and frequency of operation on their existing Dunoon/Gourock service. Secondly, we will make available finance for the development of a local social enterprise company if the community wish to bring one forward quickly with the aim of enabling it to participate in the development of the route. And thirdly, the Government makes clear it is now examining the scope for the introduction of a statutory ferry regulator which could have strong powers to ensure there is no predatory commercial activity on any Scottish ferry route.

JOHN SWINNEY