



## Highlands & Islands ENTERPRISE

HIE 2004/04955

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Anne Jolly  
Inquiry Secretary (Scottish Citylink)  
Competition Commission  
Victoria House  
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*Dear Mrs. Jolly*

### SCOTTISH CITYLINK INQUIRY - NOTICE OF PROPOSAL TO ACCEPT UNDERTAKINGS

I thank you for your invitation (letter dated 1 February 2007) to respond to the consultation on draft undertakings in relation to the Scottish Citylink inquiry.

Highlands and Islands Enterprise (HIE) is the Government agency responsible for economic and community development in the north of Scotland. Our interest in this matter is to ensure that attractive and competitive public transport services are provided linking Inverness and intermediate communities along the A9 corridor with Perth, Edinburgh and Glasgow. To this end, I would like to reiterate our concerns expressed in our letter of 1 December 2006.

Firstly, HIE notes that the Scottish Citylink / Megabus Joint Venture has been very successful at providing an improved public transport service along the Inverness-Perth-Glasgow/Edinburgh corridor, with the result that patronage has increased 41% year on year. The combination of increased frequencies, with express and stopping services, plus cheaper fares has been a clear benefit to the travelling public, and is in line with UK and Scottish Government objectives to improve the services offered by public transport. In a relatively sparsely populated region where much of our public transport networks are reliant on Government revenue support or have limited scope for commercial development, this is a significant achievement.

Secondly, we note that the Joint Venture is operating in a competitive environment, where travellers have a choice of private car and rail services (operated by First ScotRail and GNER), in addition to coach services. Scottish Citylink / Megabus have also offered to agree to behavioural undertakings that would be acceptable to the Competition Commission, and which would make divestment unnecessary.

It is our belief that, in this case, the forced divestment of Scottish Citylink / Megabus services would not be in the best interest of the travelling public. This may lead to diminution of services, especially for some of the intermediate communities where demand is low. A reduction in service frequency, or clustering of competing services at peak times is also likely, and future investment in new coaches may be put at risk.



HIE therefore encourages the Competition Commission to accept the behavioural undertakings proposed by the Joint Venture, rather than to force divestment of services.

*Yours sincerely*  
*Sandy Lanning.*