

From: Nora.Radcliffe.msp@scottish.parliament.uk
[mailto:Nora.Radcliffe.msp@scottish.parliament.uk]
Sent: 13 February 2007 19:23
To: anne.jolly@cc.gsi.gov.uk.
Subject: Submission re Scottish Citylink Inquiry

Ms Anne Jolly
Inquiry Secretary (Scottish Citylink)
Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

9th February 2007

Dear Ms Jolly,

Scottish Citylink Inquiry into the Joint Venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink

I am the Member of the Scottish Parliament for the constituency of Gordon in the northeast of Scotland, some 150 miles north of the Central Belt, where obviously good connectivity to the major cities of Edinburgh and Glasgow is important to my constituents.

Stagecoach's extension of Megabus services to Aberdeen in the autumn of 2004 was welcomed, and our experience following the Joint Venture agreement has been maintenance of low fares and the introduction of improved services late in 2005. We enjoy hourly direct links from Aberdeen to Dundee, Perth and Glasgow, and by connections at Perth to Edinburgh. That frequent, affordable transport is appreciated is reflected in the increased numbers of passenger using this service.

Your own report of October 2006, *Stagecoach and Scottish Citylink: A report on the completed joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink*, states

“The joint venture has tended to change frequencies, cut fare quotas for Scottish Citylink, and increase fares for megabus (which the parties submitted was related to increased costs, especially fuel costs). Since these changes, average revenue has increased on most flows on the Saltire Cross and passenger numbers have continued to increase.”(the underlining is mine, and is not in the Report.)

I was surprised by some of the conclusions drawn in the October 2006 Report, in particular in relation to the degree of competition from rail and private car, which was effectively dismissed. I noticed, however, that members of the Group visited the Perth Park and Ride facility (and, incidentally that they did not seem to have penetrated any further north!). I would argue that the selection of a pick up point available exclusively to car-users illustrates my belief that the car is the real competitor to the service offered by the Joint Venture, and that the Joint Venture is

successfully reducing car use by attracting motorists to a fast, frequent, affordable service to major cities in Scotland.

I also believe that there was little understanding shown by the Group of the dynamics and constraints of a more sparsely populated area and smaller cities, in which the potential customer base is considerably smaller than in more urbanised parts of the United Kingdom.

The Report stated that “several third parties stated that they did not consider that there was sufficient demand to support more than one operator on many routes.” and that “several third parties considered that the Glasgow–Edinburgh route was one of the few routes in Scotland on which competition was viable.” There was a grudging admission in Appendix I of the Report that “we concluded that it was likely that lack of demand could make entry less attractive on certain routes.”, but I do not think sufficient weighting has been given to this factor in arriving at the conclusion that the remedy should be divestiture.

The main point that I wish to make in this submission is that I disagree strongly with the conclusion reached by the Competition Commission that the appropriate remedy for what they perceive to be a substantial lessening of competition is divestiture and the break up of a successful, integrated service.

Undertakings on fares, service levels and service quality were considered but disregarded, but I believe you have been wrong in so doing and that the interests of my constituents, and indeed Scottish Executive policies, would be far better met by a requirement for the Joint Venture to operate within such undertakings.

I urge the Competition Commission to take heed of the cross-Party representations made to them by colleagues in the Scottish Parliament and by many other voices from Scotland, and to re-consider their decision.

I note that you publish submissions on your website, and I should be obliged if you would publish this letter on your website also.

Thank you.

Yours sincerely

Mrs Nora Radcliffe M.S.P.

Gordon Constituency