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**OFT REFERS STAGECOACH BUS ACQUISITIONS IN
EASTBOURNE TO COMPETITION COMMISSION**

The OFT has referred the acquisitions of Eastbourne Buses Limited and Cavendish Motor Services by Stagecoach Bus Holdings Limited to the Competition Commission.

Eastbourne Buses and Cavendish Motor Services provided local bus services in Eastbourne and the surrounding areas of Hailsham and East Grinstead, while Stagecoach is one of the largest bus and coach companies in the UK, with operations in over 100 towns and cities.

As a result of these acquisitions, Stagecoach has become the monopoly provider of commercial bus services in Eastbourne. Given the absence of any evidence of likely entry in the short to medium term by other bus operators, the OFT was concerned that the acquisitions could result in higher prices and/or decreased service quality to Eastbourne bus users.

The OFT considered whether to exercise its 'de minimis' discretion which allows it not to refer small markets to the Competition Commission given the overall value of the affected market is around £6 million per year. However, given the strength of the OFT's competition concerns and the deterrent effect that a decision to refer would have on similar deals in the future, the OFT considered it proportionate to refer the case to the CC for further investigation.

Amelia Fletcher, OFT Senior Director of Mergers, said:

‘Cavendish and Eastbourne Buses had been close competitors, but the acquisition of both companies by Stagecoach effectively removed all competition for commercial bus services in the Eastbourne area.

‘The OFT is concerned that this could have a negative effect on not only price, but also on service quality, which is especially important for the sizeable elderly population of Eastbourne who rely heavily on a local bus service.’

NOTES

1. Prior to their acquisition by Stagecoach, Eastbourne Buses provided bus services in Eastbourne, Hailsham and Grinstead. Cavendish also provided a service in Eastbourne and Hailsham.
2. The Reference Test — the OFT has a duty to make a reference to the Competition Commission if the OFT believes that it is or may be the case that a relevant merger situation has been created, and the creation of that situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.
3. Own-initiative merger inquiries - while the majority of mergers reviewed by the OFT arise from voluntary notification by the parties, the OFT's own-initiative inquiry programme has led to remedial action by the OFT or CC in 20 cases under the Enterprise Act 2002 regime. In some of these cases, it is always possible that the parties would have voluntarily notified the OFT of their merger at a later date. The OFT has a dedicated Mergers Intelligence Officer responsible for monitoring non-notified merger activity and liaising with other competition authorities. That person can be contacted confidentially at mergers.intelligence@oft.gov.uk if any interested party wishes to make the OFT aware of a merger that it considers might potentially be anti-competitive.
4. Under the Enterprise Act 2002 a relevant merger situation is created if two or more enterprises have ceased to be distinct enterprises; and the value of the turnover in the United Kingdom of the enterprise

being taken over exceeds £70 million, or as a result of the transaction, in relation to the supply of goods or services of any description, a 25 per cent share of supply in the UK (or a substantial part thereof) is created or enhanced.

5. The full text of this decision will appear in the mergers section at a later date.

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