

From: Alan Howes [mailto:Alan.Howes@cbuchanan.co.uk]
Sent: 13 February 2007 14:58
To: Anne Jolly
Subject: Stagecoach / Megabus / Citylink - Undertakings

To the Inquiry Secretary

Dear Ms Jolly

I write in connection with the "Notice of proposal to accept undertakings pursuant to section 82 of and Schedule 10 to the Enterprise Act 2002 and public consultation on the proposed undertakings" anent the joint venture between Stagecoach Bus Holdings Limited and Braddell PLC in relation to megabus.com, Motorvator and Scottish Citylink (31st Jan 2007).

In the short time available for consideration I have been unable to read all the relevant documents. Nevertheless, I consider the Disposal Obligations to be neither necessary nor desirable, for reasons set out below.

I am a qualified Transport Planner, currently working for Colin Buchanan, transport consultants (although my representations are made in a personal professional capacity). I have been involved in the Scottish bus operating industry in various capacities as manager or consultant since 1979. From 1987 to 1991 I was Managing Director of Scottish Citylink Coaches Ltd - for most of that time it was part of the Scottish Bus Group.

I live in Dunblane and have worked variously in Aberdeen, Glasgow and Edinburgh, as well as making frequent visits to the A9 corridor between Aviemore and Inverness. I am thus pretty familiar with the Saltire Cross routes and the territory they serve - I travel over them regularly by train, and somewhat less regularly by coach or car.

Firstly, while I have not dissected your analysis (indeed, the editing made makes it difficult so to do), I am most surprised that you do not consider rail a significant competitor on the ten flows listed in Appendix J of the proposed undertakings. I would agree that rail is an insignificant competitor on Edinburgh - Perth, and you may have a good case on Perth / Dundee to Aberdeen and Perth - Inverness. But from my perspective, rail is certainly strongly competitive from Edinburgh and Glasgow to both Aberdeen and Inverness, and from Glasgow to Perth and Dundee - at least as much so as between Edinburgh and Dundee. My professional experience has given me a good eye for the Scottish travelling public - I can assure you that the significant numbers I see travelling north from Glasgow on Friday evening trains to Perth and beyond are just the sort of people who might also travel by coach. I have little doubt that the same is true on other corridors.

Secondly, my experience in general of intra-modal competition on coach services in Scotland has always been that neither out-and-out competition, nor the exercise of a monopoly, are sustainable for any length of time on the major routes. There has always been a coming and going of competitors (particularly on the Edinburgh - Glasgow corridor). I have not seen the figures, but from observation it is pretty obvious that passenger numbers on the Saltire Cross routes are now much higher than when I was directly involved in the late 80s. (At that time, as far as I can remember, profitability was pretty marginal and competition was therefore limited.) I have little doubt that, were the joint venture to abuse their monopoly position, a competitor would appear on the routes before very long. True, some potential competitors may be deterred because they are contractors to Citylink - but I would be very surprised if there is not also a ready supply of disgruntled ex-contractors with coaches available and itching to "have a go".

Thirdly, I am no apologist for Stagecoach or any other major bus company, and have no interest in them, financial or otherwise. I cannot pretend to be particularly happy with the current state of the UK bus operating industry - at least from the point of view of a transport planner and bus user. Nevertheless, I must say that Stagecoach have generally shown

themselves much the better of the big firms at keeping fares down and service levels up. Over a considerable period of time they have demonstrated their belief that keeping fares down will attract custom - even when the out-turn figures seem not to uphold this belief. I do tend to agree that the fares initially offered by megabus were unsustainable, and that some increase was inevitable - but I have just checked out the megabus website, and was amazed at the low fares available for travel two weeks from now.

I really do believe that disposal is not necessary to ensure that travellers on the Saltire Cross continue to get a good deal, and that the inevitable consequent disruption - plus the introduction of a new operator who may well not serve the public as well as the existing ones - would in fact act against the public interest.

With kind regards,
Alan Howes

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