

Ulsterbus Limited and Citybus Limited

A report on bus services in Northern Ireland
supplied by the undertakings



THE MONOPOLIES AND MERGERS COMMISSION

Ulsterbus Limited and Citybus Limited

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Ireland supplied by the undertakings

**Presented to Parliament by the Secretary of State for
Trade and Industry by Command of Her Majesty
June 1989**

Members of the Monopolies and Mergers Commission as at 31 March 1989

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Mr S Wainwright CBE
Professor G Whittington¹
Mr R Young

Mr S N Burbridge (*Secretary*)

¹These members formed the group which was responsible for this report (see Appendix 1.1, paragraph 2).

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1 Summary

1.1. On 3 October 1988 the Secretary of State for Trade and Industry asked us to examine certain questions concerning the efficiency and costs of, and the service provided by, Ulsterbus Limited and Citybus Limited in supplying bus services in Northern Ireland. Our assessment of the companies' performance is in Chapter 12 and our summary of recommendations in Chapter 13.

1.2. The companies have had to cope with a high level of civil disorder which has presented many severe problems, not least the destruction of over 1,100 buses since 1969 and many more damaged. Nevertheless, we found an efficient, low-cost, lean organisation with short chains of command, supported by loyal, hard-working and frequently courageous staff.

1.3. As to the specific questions in the terms of reference, we found that there was little scope for the companies to reduce costs without affecting the quality of service provided. We also found:

- (a) manpower and vehicles were efficiently used and maintenance procedures were effective;
- (b) methods for determining the nature, amount and timing of capital expenditure would benefit from the use of systematic appraisal techniques and of whole-life costing;
- (c) further studies and experimentation were needed to refine the relationship between fares and costs; and
- (d) the companies' efforts to take more account of the impact of quality of service on demand and to make greater use of minibuses were worthy of support.

1.4. In addition to answering the reference questions, we also make recommendations on the financial framework and management information systems, comment on the competition from the Black Taxis and discuss the question of fares evasion.

1.5. In terms of priorities for action, we first endorse and make recommendations about implementing the companies' new market-led approach with its emphasis on the needs of the customer and, secondly, recommend a clear financial framework in line with the 1978 White Paper on nationalised industries.

1.6. We found that neither company was pursuing a course of conduct which operated against the public interest. On the contrary, the companies run a very efficient operation in spite of the severe problems presented by civil disorder. We have been more than impressed by the dedication of the companies' staff at all levels to maintaining their services to the public in the face of severe harassment.