



## News Release

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### **COMPETITION COMMISSION AND FIRSTGROUP REACH AGREEMENT ON UNDERTAKINGS**

The Competition Commission (CC) and FirstGroup have finalized undertakings ahead of the company taking control of the Scottish rail franchise on October 17.

The undertakings include restrictions on FirstGroup's ability to raise fares, and, among other things, to reduce or alter services on routes of concern identified by the CC in its report on the acquisition. The undertakings, which follow detailed discussions with FirstGroup, also include remedies in relation to the broader effects on competition expected to arise from FirstGroup becoming the largest public transport operator in Scotland and provision for the appointment of a Monitor to ensure the effective administration of the Undertakings.

In its report published in June, the CC concluded that FirstGroup's proposed acquisition of the Scottish rail franchise may be expected to result in a substantial lessening of competition and adverse effects such as higher bus fares and poorer services for, and a reduction in the choice of service available to, passengers on some bus routes, mainly in the Glasgow and Edinburgh areas.

However, the CC took the view that the SLC and consequential adverse effects identified could be remedied by behavioural undertakings, rather than requiring the acquisition to be prohibited and these have now been agreed and accepted by the CC.

The full undertakings are available on the CC's web site:

[www.competition-commission.org.uk](http://www.competition-commission.org.uk).

#### **Notes for editors**

1. The FirstGroup/ScotRail inquiry group consists of four members—Professor Paul Geroski (Chairman of the CC from the start of May 2004), Robert Bertram, Chris Goodall and Charles Henderson—supported by the CC's staff. The case was referred to the CC by the Office of Fair Trading on 13 January 2004.
2. The award of a rail franchise is treated as a merger under the Enterprise Act.

3. Further information can be obtained from the CC's web site at: <http://www.competition-commission.org.uk/inquiries/current/first/index.htm>.
4. Enquiries should be directed to Francis Royle, Press Officer, 020 7271 0242, or Rory Taylor on 020 7271 0488/[rory.taylor@competition-commission.gsi.gov.uk](mailto:rory.taylor@competition-commission.gsi.gov.uk).
5. The full text of the OFT's referral of this case can be found on the OFT web site at <http://www.of.gov.uk/Business/Mergers+EA02/Decisions/Clearances+and+referrals/First+Group+Plc.htm>. There is also a link to this from the CC web site.