



# News Release

12/06

8 March 2006

## **CC CLEARS FIRSTGROUP ACQUISITION OF GREATER WESTERN RAIL FRANCHISE**

The Competition Commission (CC) has formally cleared the acquisition by FirstGroup plc (FirstGroup) of the Greater Western passenger rail franchise (GWF).

In its final report published today the CC has concluded that the acquisition may not be expected to result in a substantial lessening of competition in the supply of passenger transport services on point-to-point journeys or wider network markets within the GWF area. This confirms the verdict of the provisional findings report, published in February.

The inquiry considered the effect on competition of FirstGroup operating overlapping bus and rail services in the GWF area.

Diana Guy, Chairman of the inquiry group, commented:

'Our analysis found only a few routes where there was scope for competition between buses and trains. Even in those areas, we concluded that the profit incentive was very small for an operator of both bus and train services to shift passengers from bus to rail by raising fares or altering services.'

The final report is published at:

<http://www.competition-commission.org.uk/inquiries/ref2005/western/index.htm>.

### **Notes for editors**

1. The Enterprise Act 2002 empowers the Office of Fair Trading (OFT) to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The acquisition of a rail franchise is treated as a merger under the Railways Act 1993.

3. FirstGroup's proposed acquisition of the GWF was referred to the CC by the OFT on 30 September 2005. The Department for Transport awarded the franchise to FirstGroup on 13 December 2005.
4. The GWF inquiry group consisted of five members: Diana Guy, (Group Chairman), Barbara Donoghue, Mahendra Raj, Anthony Stern and Richard Taylor.
5. Enquiries should be directed to Rory Taylor on 020 7271 0242 ([rory.taylor@cc.gsi.gov.uk](mailto:rory.taylor@cc.gsi.gov.uk)).