

DEPARTMENT OF TRADE AND INDUSTRY

MONOPOLIES AND MERGERS COMMISSION REPORT ON THE SUPPLY OF BUS SERVICES IN MID AND WEST KENT.

The Secretary of State for Trade and Industry intends to make an order in relation to the supply of local bus services in Mid and West Kent. Before making the order he is required, under section 91(2) of the Fair Trading Act 1973 ("the Act"), to publish a notice so that anyone with an interest in the matter may make representations to him.

1. The Monopolies and Mergers Commission's report: "The supply of bus services in Mid and West Kent" ("the Report") was presented to Parliament by the Secretary of State for Trade and Industry by command of Her Majesty and published in August 1993 (Cm. 2309). Copies of the report may be obtained from Her Majesty's Stationery Office.

2. The MMC identified a number of practices carried out by The Maidstone & District Motor Services Ltd ("M&D") in response to competition on bus routes as being against the public interest. These included;

- (a) registering and operating additional services immediately before a competitor's services;
- (b) reducing fares on selected services immediately before a competitor's journeys;
- (c) the failure to provide other operators of local bus services with access on reasonable terms to the Pentagon Bus Station in Chatham to pick up and put down passengers.

3. The Secretary of State intends to make an order under sections 56(2) and 90(2) of, and paragraphs 4, 10 and 12A of Schedule 8 to the Act for the purpose of remedying or preventing the adverse effects specified in the Report.

The nature of the proposed provisions

4. The order will apply to the operation by M&D of local bus services in Mid and West Kent and will make provision for other operators of local bus services to have access to the Pentagon Bus Station. The provisions set out below are subject to the Secretary of State's consideration of any representations he receives.

5. The order will make it unlawful to withhold, or threaten to withhold, from any operator of a local bus service (other than M&D) the provision of a bus stand in the Pentagon Bus Station at which to pick up and put down passengers. The other bus operator will have to enter into a 12 month licence agreement with M&D (the lessee of the Pentagon Bus Station), agree to comply with reasonable operational rules, and pay a reasonable fee. This fee will be the appropriate percentage of the cost to M&D of leasing, operating and maintaining the Pentagon Bus Station. M&D will be required to provide the other operator with a bus stand which, so far as possible, is the same one from which any local bus services provided by M&D to the same destination depart. The order will provide that up to 10 per cent. of the total bus stand time in each hour will have to be

made available to bus operators (other than M&D) providing local services.

6. It will be unlawful for M&D to reduce fares on a service registered within 30 minutes before or after a service provided by another operator on the same route unless M&D reduces its fares for all services on that route by the same percentage.

7. The order will provide:

- (i) if another bus operator registers a service on a route on which M&D already operate a service; and
- (ii) (a) M&D subsequently registers a service on that route within a shorter interval before the service registered by the other bus operator than such service had been registered before M&D's following service; or
(b) registers a service on the route with a service interval such that the registration of the timing of individual services is not required and any service so registered could fall within the definition in paragraph (a) above;
- (iii) and the other bus operator subsequently withdraws all services from the route;

then it shall be unlawful for M&D to withhold from potential users any service which M&D operated on the route immediately before the other bus operator withdrew, or to alter the fare for any such service for a period of twelve months after the competitor withdrew from the route unless M&D raises its fares for all services on that route by the same percentage.

8. The order will require M&D to provide information to the Director General of Fair Trading about the operation of services subject to it and about the exercise of the rights of access by other operators to the Pentagon Bus Station.

9. The order will contain definitions including: "Bus stand" as meaning a parking place which is used as a point at which passengers on services provided by means of public service vehicles may be taken up or set down; "service" as meaning a local service as defined in section 2 of the Transport Act 1985; "M&D" will include other companies in the same group operating services; "route" will include a part of a route and a substantially similar route; "Mid Kent" will mean the districts of Maidstone, Rochester-upon-Medway, Gillingham, Swale, Tonbridge and Malling, Tunbridge Wells, Sevenoaks and Gravesham in the County of Kent; and "public service vehicle" has the meaning given by the Public Passenger Vehicles Act 1981.

Representations

10. If your interests are likely to be affected by the Order, and you wish to make representations about it then you should do so in writing to John Parsons, Room 536, Ashdown House, 123 Victoria Street, London SW1E 6RB. Your letter must say what your interest in the matter is and the grounds on which you wish to make representations. Your letter must be received before 9th September 1994.

C: Bridge, Assistant Secretary Department of Trade and Industry.

15 July 1994.

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