

Terms of reference and conduct of the inquiry

1. On 31 March 1998 the Department of Trade and Industry sent to the MMC the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that a merger situation qualifying for investigation, as defined in section 64(8) of the Fair Trading Act 1973 ('the Act'), has been created in that:

- (a) enterprises carried on by or under the control of Ladbroke Group plc (a body corporate incorporated in the United Kingdom) have within the four months preceding the date of this reference ceased to be distinct from enterprises carried on by or under the control of Bass PLC; and
- (b) the value of the assets taken over exceeds £70 million;

Now therefore the Secretary of State in exercise of her powers under section 64 and 69(2) of the Act hereby refers to the Monopolies and Mergers Commission ('the Commission') for investigation and report within the period ending on 7 July 1998 the following questions:

- (i) whether a merger situation qualifying for investigation has been created as a result of the matter described in paragraph (a) above; and
- (ii) if so, whether the creation of the situation operates, or may be expected to operate, against the public interest.

In relation to the question in paragraph (i) above the Commission shall exclude from consideration one of paragraphs (a) and (b) of section 64(1) of the Act if they find the other satisfied.

31 March 1998

(signed) ANN EGGINGTON
An official of the Department
of Trade and Industry

2. On 1 July 1998 it was announced that the Secretary of State had agreed to an extension until 31 July 1998 of the time allowed for the inquiry. The announcement said that the reporting period had been extended because of the unusually large number and the extensive nature of submissions by third parties and by Ladbroke, the large number of hearings required and the additional time needed by the MMC for thorough analysis of the views and arguments.

3. On 6 April 1998 the Chairman of the MMC, acting under section 4 of the Fair Trading Act 1973 and Part II of Schedule 3 thereto, directed that the functions of the MMC in relation to the reference should be performed through a Group of five members of the MMC. He appointed Mr P G Corbett, being a member of the Group, to act as Chairman of the Group. The composition of the Group of members of the MMC which was responsible for the investigation and report is indicated in the list of members in the preface.

4. Notices inviting interested parties to submit evidence to the MMC were placed in *The Daily Telegraph*, *Raceform*, *Raceform Update*, *Racing & Football Outlook* and *Sporting Life Weekender*.

5. In addition evidence and views were sought from bookmakers, trade and consumers' associations, regulatory authorities, the Trades Union Congress, the Confederation of British Industry, Government departments and several MPs and other interested parties. Evidence was received from a number of these and other parties and from private individuals. This evidence is summarized in Chapter 5 and in other parts of the report.

6. Ladbroke provided several written submissions and also attended three hearings. Members of the Group and staff visited Ladbroke's offices at Rayners Lane, Harrow, the horse racecourse at Ascot, the greyhound racetrack at Romford and a number of betting shops.

7. Hearings were held with the British Horseracing Board Limited, the Racecourse Association Limited, the British Greyhound Racing Board Limited, the National Association of Bookmakers Limited, the British Betting Office Association, the Horserace Totalisator Board, William Hill Organization Limited, Stanley Leisure plc, Bookmakers' Afternoon Greyhound Services Limited, Satellite Information Services (Holdings) Limited and Mr John McCririck. Two meetings with officials of the OFT also took place.

8. Some of the evidence obtained during the course of the inquiry was of a confidential nature and the report contains only such information as is considered necessary for a proper understanding of its conclusions.

9. The MMC's thanks are due to all those who helped in the inquiry, particularly the representatives of Ladbroke.