

APPENDIX 4.6
(referred to in paragraph 4.105)

BAGS computer forecasts

1. SIS calculates the BAGS computer forecast for greyhound racing on a race-by-race basis using the formula agreed by a Joint Computer Committee (which consisted of representatives of NAB, the National Sporting League (which was amalgamated with BOLA in 1997) and BOLA) for implementation within the industry after considering recommendations by a technical committee. The basic form of the current formula was introduced in February 1986. In early 1996 the technical committee recommended that this formula needed changing to improve the margin on BAGS forecast betting. A revised formula was introduced in May 1996.

2. In a press notice dated 1 May 1996 BOLA said that four factors had necessitated a review of the formula. These factors were: first, that turnover had remained, at best, static for 18 months; second, costs had continued to escalate; third, there had been a shift in business mix, partly caused by the introduction of SIS; and fourth, that monitoring exercises conducted by off-course bookmakers had revealed that during 1995 bookmakers' yield from BAGS forecast bets was less than 12 per cent.

3. The effect of the change was to increase the theoretical margin built into the BAGS forecast by 5 per cent. It was anticipated that this could increase the actual yield to bookmakers on BAGS forecasts to nearer 15 per cent.

4. We were told by Ladbroke that actual gross margins on BAGS forecast business had been lower than gross margins on win-only business on greyhounds; the former should theoretically have been higher than the latter as the formula included both a win margin element and a further margin element for the part of the bet which forecast second place.