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## MEDIA RELEASE

**Date:** 12<sup>th</sup> Aug 2011

**Investigation Ref:** CCM/INV/011

### TITLE – TOTE OPERATORS AND CCM NEGOTIATE UNDERTAKINGS

The Executive Director of the Competition Commission of Mauritius (“**CCM**”), Dr Sean Ennis, announced today that the CCM is negotiating legally binding undertakings that Automatic Systems Ltd (“**ASL**”), the operators of SuperTote, and GlobalSports Ltd, (“**GSL**”), the operators of Tote LePep, may offer to resolve the CCM’s concerns about their proposed agreement to commingle their totalisator betting pools.

ASL and GSL are proposing to commingle the bets they receive on races conducted by the Mauritius Turf Club.

Parties with an interest in horse race betting in Mauritius are invited to put their views to the CCM, by 19<sup>th</sup> August 2011, for consideration before the undertakings are finalised and submitted to the Commissioners of the CCM for their decision.

‘ASL and GSL are significant participants in betting on horse racing and the undertakings will affect how they conduct their businesses. Now is the appropriate time to canvass the views of other enterprises that have an interest in betting on horse races, as we move towards the finalisation of these undertakings’, Dr Ennis said.

ASL and GSL approached the CCM before they signed the agreement and after they sought approval for the commingling proposal from the Gambling Regulatory Authority. The CCM commenced an investigation because it had concerns that the agreement included some terms that were collusive and could breach Section 41 of the Competition Act 2007.

Dr Ennis said today ‘The CCM had concerns that some of the terms of the proposed agreement could reduce or eliminate competition in the market for totalisator betting services in Mauritius, by removing the incentive for ASL and GSL to compete vigorously to attract punters. It is a fundamental principle of competition policy, that vigorous competition creates benefits for consumers of a service. Some terms of the agreement would have removed the incentive for ASL and GSL to strive to provide a better service for their customers’.

'At the same time, the CCM recognised that the commingling arrangements could offer benefits to punters if the potential anti-competitive effects could be removed.' Dr Ennis said.

The undertakings address the CCM's concerns by ensuring that ASL and GSL will:

1. not increase their commission rates for a period of five years;
2. be free to offer lower commission rates to their customers, without the agreement of the other; and
3. continue to act as independent competitors for totalisator bets.

The undertakings will also require ASL and GSL, among other things, not to include terms in their agreement that prevent each of them independently of the other:

1. advertising their brand names and services;
2. offering promotions or rebates to customers, or requiring them to consult each other before offering rebates or promotions; and
3. relocating any of their off-course outlets if they choose to do so.

Dr Ennis said 'The fact that we are close to having undertakings that the Commissioners of the CCM can consider is a great outcome for the customers of totalisator betting services in Mauritius, who will now have the benefit of commingled betting pools and the prospect of vigorous competition producing other benefits. It is also a significant development in competition law practice in Mauritius, because it shows that businesses which are willing to work co-operatively with the CCM can fulfill their commercial objectives while ensuring that they comply with the *Competition Act 2007*. I commend ASL and GSL for the positive approach they have adopted to resolving the Commission's concerns.'

End of media release

#### **Background for editors:**

#### ***The Competition Act***

The Competition Act 2007 came fully into effect on November 25<sup>th</sup> 2009, and is enforced by the Competition Commission of Mauritius, the CCM. Sub-part I of Part III of the Competition Act 2007 covers restrictive business practices described as 'Collusive Agreements'. Part VI covers 'Determination of cases by the Commission, Penalties and Remedies'

**Section 41** in Sub-part I of the Competition Act prohibits collusive agreements that have the object or effect of fixing the prices of, sharing markets for, or restricting the supply or acquisition of goods or services of the same description.

**Section 63** in Part VI of the Competition Act states that an enterprise may offer a written undertaking to the Commission to address any concern that has arisen, or is likely to arise, during an investigation into a restrictive agreement. If an undertaking is accepted by the Commission, it is published in the form of a decision of the Commission, and the enterprise must comply with its terms. The undertaking then operates like a direction issued by the Commission under section 60. If the enterprise does not comply with the undertaking (without reasonable excuse), Section 65 of the Competition Act permits the

Commission to apply to a Judge in Chambers for a mandatory order requiring the enterprise to make good its default.

- \* In totalisator, or pari-mutuel, betting the final odds are not known until after the conclusion of the race when the pool of money placed on a particular type of bet in each race is divided by the number of winning tickets for that type of bet. It differs from fixed odds betting where the punter and the bookmaker agree on odds that remain fixed irrespective of any other bets on the same race.
- \*\* Totalisators commingle their pools of bets on a race because the larger, commingled pool of bets can produce bigger dividends for the customers. It also reduces the impact larger bets can have on the odds. It is commonly used where the totalisator operators are in different jurisdictions.

***Further information:***

For further information see the CCM's website at [www.ccm.mu](http://www.ccm.mu) and the CCM's Procedural Rules and Guidelines: 'CCM 1 - Procedural Rules', 'CCM 3 – Collusive Agreements' and 'CCM 6 - Remedies and Penalties', all available on the website.