

## The reference and background

1. On 9 May 2002 the Department of Trade and Industry sent to the CC the following reference:

Whereas it appears to the Secretary of State that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation, as defined in section 64(8) of the Fair Trading Act 1973 ('the Act'), in that:

- (a) enterprises carried on by or under the control of Group 4 Falck A/S will cease to be distinct from enterprises carried on by or under the control of the Wackenhut Corporation (at least one of which is carried on in the United Kingdom); and
- (b) the value of the assets to be taken over exceeds £70 million.

Now, therefore, the Secretary of State, in exercise of her powers under sections 64, 69(2) and 75 of the Act, hereby refers to the Competition Commission ('the Commission'), for investigation and report within the period ending on 30 August 2002, the following questions:

- (i) whether arrangements are in progress or in contemplation as described in paragraph (a) above which, if carried into effect, will result in the creation of a merger situation qualifying for investigation;
- (ii) if events so require, whether the actual results of those arrangements are the creation of such a situation; and
- (iii) if so, in either case, whether the creation of that situation may be expected to operate or (if events so require) operates against the public interest.

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

9 May 2002

(signed) JANE SWIFT  
*An official of the Department  
of Trade and Industry*

2. On 22 August 2002 the Secretary of State for Trade and Industry announced that the reporting period for the inquiry had been extended to 27 September 2002.

3. The composition of the Group of members responsible for the present investigation and report is indicated in the list of members in the preface.

4. Notices inviting interested parties to submit evidence to the CC were placed in *The Financial Times*, *Professional Security* and *Security Management and Industry Today*.

5. In addition we sought evidence and views from competitors, customers, associations and other interested parties and we held hearings with eight of them.

6. The enlarged G4F group, acting on behalf of G4F and TWC, provided written submissions and attended two hearings. WCC and Premier provided separate written evidence and attended separate hearings.

7. During the course of the inquiry members and staff of the CC visited HMP Altcourse, a privately-run prison operated by Premier, Tinsley House IDC, operated by WUK, and Hassockfield STC, operated by Premier.

8. Some of the evidence obtained during the course of the inquiry was of a confidential nature: our report contains only such information as we consider necessary for an understanding of our conclusions.

9. We should like to thank all those who helped in our inquiry.