

[Better late than never: government heeds ASI's advice](#) [1]

Written by [Keith Boyfield](#) [2] | Friday 7 March 2008



The Government finally took heed of the Adam Smith Institute's advice and put the former state owned turf accountant – the Tote – up for auction. The Tote enjoys a valuable statutory monopoly of pool betting along with an empire of 450 betting shops across the country.

Originally, the Government was committed to selling the Tote at a knock down price to its own management – for the good of racing?, although this curious term was never defined by ministers. In reality, racing has been doing very nicely of late. Indeed, there never been so many racing events held in this country. Meanwhile, many prominent racehorse owners remain as tax exiles, huddled in offshore centres or clustered in the Gulf states. They hardly need a hand-out from the British taxpayer.

Auctioning the Tote offers the first real opportunity to identify precisely how much the business is worth. The sale of the Tote ranks as Gordon Brown's first privatisation measure. There is likely to be interest shown from various bookies, including Gala Coral, BetFred and Paddy Power.

Neil Goulden, Gala Coral's chief executive, is busy writing a letter to the government confirming its interest. Meanwhile, a clutch of private equity firms are likely to show an interest in the Tote. Currently, one of their main problems is to find a rewarding home for their stockpiles of money – a message underlined at last week's Super Returns conference held in Munich. Significantly, Gala Coral is itself owned by a consortium of private equity houses comprising Candover Investments, Cinven and Permira. All of them have deep pockets

Gerry Sutcliffe, the minister responsible for the sale, told MPs yesterday that the government would begin taking indicative offers straightaway. So, if you fancy a flutter, give him a call. The guide price is £400 million.

Keith Boyfield is the author of

[At Odds With Taxpayers: Why a Cosy Deal on the Tote is Bad for Punters and the Public](#)^[3]. In 2004 the Adam Smith Institute submitted a formal objection to the European Commission concerning the Government's proposal to sell the Tote to a Racing Trust for a figure well below its market value. The Commission agreed with our complaint and ruled that the Government's plan constituted an illegal use of state aid.

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