

# **Wagering and racing reform in Australia: A case study in co-operation**

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## **Introduction**

Lane (1997) argues that viewing public sector reform as government choosing between the options of deregulation, privatisation or marketisation is far too simplistic. The reform process is by its nature a complex business, and entails not only searching for efficiency in service delivery but also increases in political accountability. Australian Federal and State governments have been reforming their respective public services since 1983 and have been the subject of various analyses (Alford & O'Neill, 1994; Halligan, 1997; Walker & Walker, 2000). One area of public sector reform in Australia that has received scant attention has been the transformation of state government involvement in the Australian thoroughbred horse racing industry.

The racing industry can be divided into two sectors: firstly, racing activities involving race clubs and members, breeders, owners, trainers and jockeys; and secondly, wagering activities conducted through bookmakers, on-course totalisators and off-course totalisator agency boards (TABs). A totalisator is an electronic system of race betting that pays out a fixed proportion of investments to those who make correct decisions.

In the last decade, state governments have deregulated the governance of racing activities and privatized many of the state run TABs in Australia. These reforms present a unique case study of government seeking to ensure high levels of accountability in the conduct of racing and wagering (activities that are susceptible to corruption but generate significant taxation revenues) whilst selling off their direct involvement in highly successful commercial entities.

## **Method**

Data for the study were collected from a variety of archival records (annual reports, government reports and Hansard extracts) and through semi-structured interviews with key informants from racing governing organisations, regulatory agencies and wagering organisations. The data were used to generate two case studies of the reforms to the racing and wagering industries in two Australian states: Victoria and New South Wales.

## **Results**

The results of the study highlight the rationale and mechanisms of government reforming the wagering and racing sectors of the racing industry, and the resultant co-operative arrangements developed between industry governing bodies, government regulatory agencies and the commercialized wagering organizations. These rationales include the need to create more flexible organizations separate to government to take advantage of increased gambling opportunities in the Australian market, the need to retire state government debt by selling off state assets, and the need for government to act as a regulator and promoter of the wagering industry without actually providing wagering services.

## **Discussion**

The paper documents the rationale for the privatisation of the TABs, examines the impact such changes have had on the racing and wagering sectors of the industry, and explores the regulatory challenges posed by the privatisation process. The focus of the discussion is how these reforms have led to the nonprofit, private and government sectors to work co-operatively for the development of racing as a sport and a significant industry. Joint venture agreements between racing industry peak bodies such as Racing Victoria and the privatized wagering companies, such as TABCORP, that provide significant revenue streams from activities outside of wagering are analyzed in detail, together with the inherent complications in a state based regulatory regime attempting to control increasingly nationalized and globalised wagering companies.

**References**

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