

1958-59

VICTORIA

REPORT

OF THE

ROYAL COMMISSIONER

APPOINTED TO INQUIRE INTO

OFF-THE-COURSE BETTING

TOGETHER WITH

MINUTES OF EVIDENCE

PRESENTED TO PARLIAMENT BY COMMAND OF HIS EXCELLENCY THE GOVERNOR.

Ordered by the Legislative Assembly to be printed, 3rd March, 1959.

By Authority:

A. C. BROOKS, GOVERNMENT PRINTER, MELBOURNE.

Elizabeth the Second by the Grace of God of The United Kingdom, Australia and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith.

TO OUR TRUSTY AND WELL-BELOVED :

The Honourable FRED RUSSELL BEAUCHAMP MARTIN :

GREETING !

WHEREAS the Governor of the State of Victoria in the Commonwealth of Australia, by and with the advice of the Executive Council of the said State hath deemed it expedient that a Commission should forthwith issue to inquire into report upon and make recommendations concerning off-the-course betting with particular reference to—

1. (a) What social evil or evils are associated with illegal off-the-course betting as now conducted in Victoria ?
(b) What is the financial extent of such betting annually ?
(c) What net amount of revenue would be likely to accrue to the State annually if such betting was subjected to the State revenue laws now applicable to betting on licensed racecourses ?
(d) What measures, legislative or otherwise, are now provided to suppress such betting, to what extent are they effective, and what action, if any, can be taken to make any and which of such measures more effective ?
2. If off-the-course betting were made lawful in Victoria—
 - (a) Would any and which of the evils associated with unlawful off-the-course betting be likely to be mitigated to any and what extent ?
 - (b) Would any and what new social evils not now existing in connexion with unlawful off-the-course betting be likely to be created ? If so, would such evils be—
 - (i) more : or
 - (ii) less—detrimental to the general public interest than those now existing ?
 - (c) What additional net annual revenue would be likely to accrue to the State if such betting was subjected to the State revenue laws now applicable to betting on licensed racecourses ?
3. What method or methods of off-the-course betting could be adopted to institute a lawful system of such betting in Victoria, what are the advantages and disadvantages of each of such method, and which method is best suited for adoption in Victoria ?
4. (a) What advantage or advantages would be likely to accrue to the general public interest from making off-the-course betting lawful in Victoria ?
(b) What disadvantage or disadvantages would be likely to be suffered by the general public interest from making off-the-course betting lawful in Victoria ?
5. Is it desirable in the general public interest in Victoria that off-the-course betting should be made lawful and, if so, what are the principal considerations that make such action desirable ?

For the purposes of these terms of reference off-the-course betting means betting by way of wagering—elsewhere than on a licensed racecourse during the holding thereon of a race-meeting within the meaning of the *Racing Act 1957*—on the results of horse or trotting races run at such a race-meeting.

Now KNOW YE that We, reposing great trust and confidence in your knowledge and ability, have constituted and appointed and by these presents do constitute and appoint you FRED RUSSELL BEAUCHAMP MARTIN to be Our Commissioner for the purposes aforesaid :

AND WE do by these presents give and grant unto you full power and authority to call before you such person or persons as you shall judge likely to afford you any information upon the subject of this Our Commission, and to inquire of and concerning the premises by all other lawful ways and means whatsoever :

AND WE will and command that this Our Commission shall continue in full force and virtue and that you shall and may from time to time and at any place or places proceed in the execution thereof, and of every matter and thing therein contained although the same be not continued from time to time by adjournment :

AND WE direct that you do with as little delay as possible report to Us under your hand and seal the result of the said inquiry.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Seal of Our said State to be hereunto affixed.

WITNESS Our trusty and well-beloved General Sir Reginald Alexander Dallas Brooks, Knight Commander of Our Most Honourable Order of the Bath, Knight Commander of Our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Royal Victorian Order, Companion of Our Distinguished Service Order, Governor of Our State of Victoria and its Dependencies in the Commonwealth of Australia, &c., &c., at Melbourne, this thirtieth day of September, One thousand nine hundred and fifty-eight and in the seventh year of Our reign.

By His Excellency's Command,
HENRY E. BOLTE,
Premier.

DALLAS BROOKS.

To His Excellency General Sir Reginald Alexander Dallas Brooks, Knight Commander of the Most Honourable Order of the Bath, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Royal Victorian Order, Companion of the Distinguished Service Order, Governor of the State of Victoria and its Dependencies in the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY :

Pursuant to the direction contained in the Commission set out above I have the honour to report as follows :—

The first sitting of the Commission was held on 8th October, 1958, at which leave was sought and granted to counsel to appear to assist me and also to represent various parties, namely, one George A. Prince, who desired to present a plan for off-course betting based on the method adopted in the United Kingdom ; the four Racing Clubs which race in the Metropolitan area of Victoria and the Trotting Control Board ; and registered bookmakers, being members of the Victorian Bookmakers Association Limited and the Victorian Country Bookmakers Guarantee Company Limited. Application was also made for leave to appear on behalf of one R. J. Jose, who was described as a Press Agent. At that time did not know the occupation that description covered and, as it was not shown what interest the applicant had in these proceedings, I refused him the leave sought but reserved permission for him to renew his application at a later date. No further application was made.

During the course of the hearing, owing to evidence having been given reflecting upon members of the Police Force and employees of the telephone branch of the Postmaster General's Department, leave was sought, by counsel representing the Police Association and the Postmaster-General respectively, to appear and these applications were granted.

None of the Churches or other religious organizations formally appeared but Mr. Westerman, who represented the Social Questions Secretariat of the Church of England, Presbyterian, Methodist, Baptist, and Congregational Churches, and also the Salvation Army, gave evidence on behalf of that body and attended the sittings of the Commission regularly.

After the question of the order in which the various parties were to present their respective cases had been discussed and settled, the hearing was adjourned, until the 15th October, 1958, to enable them more fully to prepare such cases. On that date counsel assisting the Commission outlined the nature of the evidence he proposed to tender and such evidence was commenced.

Thereafter the hearing continued until the 18th December, 1958.

Since the conclusion of the second World War the problem of off-the-course betting has been a subject of enquiry and report by Royal Commissions and other bodies in Queensland, Western Australia, the United Kingdom, the Dominion of New Zealand and, in the State of New York, in the United States of America.

In every case the relevant report stressed the fact that a large body of opinion in each of the States or Countries concerned does not regard illegal betting as pernicious, and that, because of the strength of such opinion, and of the great desire of so many people to gamble on horse-racing, it has been found impossible to suppress such betting by the enactment of such punitive measures as the Legislature was prepared to enact.

It is clear that a number of citizens, who do not bet at all, share this opinion, on the basis that everyone has a right to venture what is his if he so wishes, but, if there were a legal outlet which would enable those, who cannot or who do not desire to attend race-meetings, to bet, it is probable that public opinion would harden against the illegal bookmaker.

As betting on races held in other States is common throughout Australia it seems advisable to consider briefly what is the position of the off-course bettor in each State.

Queensland.

Prior to the enactment of the *Racing and Betting Act* 1954 the only legal methods of betting on racehorses or trotters were through licensed bookmakers or the totalizator on the racecourse.

The Royal Commission in that State, which prepared its report in July, 1952, found that illegal betting was rife throughout Queensland, and recommended that bookmakers be licensed to operate in premises approved by a Control Board, that persons so licensed should issue betting tickets for all bets made whether in person, by telephone, by post or by telegram, that such tickets be subject to tax and that drastic penalties be provided for infringement of terms of the licence.

As the Commission considered there were ample facilities, for persons in Brisbane, and within a 100 miles of that city, and also, in Rockhampton, and within 25 miles of it, to attend race-meetings, it qualified its recommendation for betting shops by suggesting that no off-course bookmaker be licensed in these areas. The Act of 1954 provided for the establishment of an Off-the-Course Betting Control Board if and when a majority of electors in any one of four Electoral Zones (Metropolitan, South-Eastern, Northern, and Western) vote in favour of the licensing of off-course bookmakers in that zone, at a referendum held for that purpose. A referendum is to be held on petition of not less than 10 per cent. of the electors in any Electoral Zone.

Although requests have been made to the Queensland authorities to advise whether or not this legislation has been implemented at all, no reply has been received by this Commission.

New South Wales.

The only legal forms of betting are by means of registered bookmakers or the totalizator on the racecourse.

All betting off-course is illegal and the provisions of the relevant legislation are much the same as exist in Victoria.

Victoria.

As in New South Wales the only legal modes of betting are by means of registered bookmakers or the totalizator on the racecourse.

The relevant legislation in this State will be considered later when Questions 1 (c) and (d) of the Terms of Reference are considered.

Tasmania.

Prior to the enactment of the *Bookmakers Act* 1932 the on-course totalizator was the only legal method of betting.

By that Act bookmakers, both on and off-the-course, were entitled to be registered, the off-course ones being compelled to carry on their activities in licensed premises, subject to the approval of a Betting Control Board. A number of bookmakers may officiate in the one room known as the Bookmakers' Club, and commonly do so. Registered bookmakers may bet both on-course and in licensed premises but, in the latter case, only during such hours as the Tasmanian Racing Commission, constituted by the *Racing and Gaming Act* 1952, may direct. In fact, unless special circumstances exist, such premises which are within 15 miles of a race-meeting, must close at noon on that day and, in the cases of Hobart and Launceston, there are no exceptions to the rule that premises within 7 miles of either city cannot operate after 1 p.m., when races are held in the city concerned.

The Queensland Royal Commission reported that there was considerable evasion of the turnover tax imposed on Tasmania bookmakers and that was one of the reasons for the enactment of the *Racing and Gaming Act* 1952, which, *inter alia*, dissolved the Betting Control Board, constituted under the Act of 1932, and set up the Tasmanian Racing Commission to control not only betting but racing clubs as well.

South Australia.

Prior to the year 1933 the only legal mode of betting was by means of the on-course totalizator. Illegal betting flourished, so, in that year, a Royal Commission was appointed to make recommendations to suppress or mitigate it.

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This Commission recommended that bookmakers be licensed to operate on-course and that all off-course betting should be done on totalizators. The Legislature adopted the former of these recommendations but not the latter. In lieu it passed legislation to permit licensed bookmakers to operate in registered premises off-the-course. This legislation led to the opening of betting shops, which quickly won for themselves an evil reputation.

The Betting Control Board, which had the duty of registering both bookmakers and premises, and of formulating rules for their conduct, appears to have set out with the intention of attracting as many people as it could to these shops.

Not only were they permitted to open whilst races were in progress, but the customer was provided with details of all local and Victorian races, including barrier positions, probable riders, and favourites. Three times between each race the current odds furnished by Press Agents were posted and each race was broadcast. Comfortable seating accommodation and other amenities were provided and most of the customers must have regarded themselves as members of a sporting club. One witness spoke of women spending the afternoon there on a race day, gossiping, and shelling peas for the evening meal. Owing to a decrease in attendances at racecourses and a marked increase in off-course betting, which resulted in the number of registered premises increasing from 244 to 341 in the space of four years, a second Royal Commission was appointed, in 1937, to consider what changes in the existing betting laws were desirable and practicable.

In a review of the then position in South Australia the Commission found—

- “(a) Betting is more widespread ;
- (b) Many more people are betting ;
- (c) The predominant cause is the existence of betting premises, which furnish complete facilities for supplying the bettors with betting information and enable bets to be made during the progress of the race-meeting.”

Among other recommendations made by this Commission were the following :—

“That the Act be amended to provide that registered betting premises shall not be open on any day between the hours of 11.30 a.m. and 5 p.m. or after 6 p.m.”

“Special provision should be made for penalizing the conveyance of racing information from the racecourse to persons outside the racecourse in premises where betting is or might be taking place.”

After the outbreak of war, racing was suspended for some time in South Australia but, between 1938 and 1950, various amendments were made to the Lottery and Gaming Acts which now appear in the consolidated Lottery and Gaming Act 1936-1950.

Under the provisions of this Act the Commissioner of Police is authorized, subject to certain limitations, to licence the use of a totalizator to the committees of racing or trotting clubs, whilst the Betting Control Board, thereby constituted, is given power to licence bookmakers and register premises upon which they may bet. A bookmaker so licensed may not bet on any racecourse or trotting ground, unless he has first obtained a permit from the committee controlling the same. The power to register premises is subject however to great restrictions as, by Section 42 of the Act, the Betting Control Board is prohibited from registering any premises within the metropolitan area or any situated in a municipality or district council district outside the metropolitan area unless—

- (a) the council of that municipality or district council district has agreed as to the site and suitability of such premises ; and
- (b) the board has held a public inquiry in the town or locality where the premises are situated.

By clause (6) of the same section no person is permitted to carry on business as a bookmaker in registered premises, or keep any registered premises open to the public, at any time in a day on which a race-meeting is held within 10 miles of those premises.

Evidence was given that, in fact, only eight premises, all in Port Pirie, have been registered by the Board.

Another Section (42A) of this Act is worthy of note, since it provides, *inter alia*, that any person who bets with a bookmaker on the result of any horse-racing or trotting event at any time or at any place except in accordance with this Part of the Act, shall be guilty of an offence, and liable to a penalty of £100 for a first offence, and imprisonment for not more than three months for a subsequent offence.

Off-course betting, especially on races held in Sydney and Melbourne, is still a big problem in South Australia, but the general opinion seems to be that illegal betting does not supply the same temptations to bet, and evils associated with it are not so blatant, as was the case when betting shops were universal throughout the State.

Western Australia.

Before the enactment of the *Betting Control Act* 1954 the only legislative provisions against illegal betting were prohibitions against the use of premises—

- (a) for the purpose of bets being made therein by persons resorting thereto ;
- (b) for the purpose of money or other property being paid or received therein as a consideration for betting.

This meant there was no embargo on credit betting by telephone or on street betting. Accordingly bookmakers established offices and booked bets on credit by telephone, or led cash bettors into the street and there transacted business. In the latter case prosecutions were sometimes launched for obstructing the traffic. However, if the police became active, the bookmaker would hire a bus and invite intending bettors to ride around the block and, whilst being driven, booked their bets with impunity.

Illegal betting was rampant and, as the greater part of it was wagered on races in Eastern States, which began approximately two hours before those held in Western Australia, Saturday was a full working day for bookmakers.

On racecourses and at trotting meetings both bookmakers, registered by the Turf Club or Trotting Association concerned, and the totalizator operated, though the Royal Commission, which sat in 1948, to consider, *inter alia*, the best means of controlling and minimizing betting on horse-racing, considered the legality of the registered bookmakers was open to serious question.

Among other matters, this Royal Commission was requested to consider "the use of totalizators." For a number of reasons (including the technical difficulties in providing sufficient telephones for such a large State with a sparse population) the Commissioners, with some regret, concluded that a system of off-the-course totalizator could not be recommended.

They did recommend that office betting, whether on credit, or for cash, with persons who do not resort thereto, be permitted on premises registered, and by bookmakers licensed for the purpose by a Betting Control Board, but subject to the restrictions embodied in later recommendations.

Other recommendations were that no registered premises be open after 1 p.m. on a day when a race-meeting is held within 25 miles of such premises ; that restrictions be imposed on advertising, canvassing, and the employment of agents by bookmakers ; that all forms of organized off-the-course betting, other than office credit betting or cash postal betting carried on at premises registered and by persons licensed by the Board, be illegal ; that publication of information relating to betting or betting odds prior to a race-meeting be banned ; that communication to any person not on a racecourse at any time during a race-meeting of any information concerning the betting be prohibited ; and that penalties for the punishment of breakers of the betting laws be substantially increased.

The Legislature did not accept these recommendations in full but, in 1954, it passed the *Betting Control Act* 1954, which implemented some of them, and others were made effective by regulations made thereunder.

Under this legislation a number of those who had been illegal bookmakers were licensed to operate in registered premises, provision being made for premises to be registered where a particular bookmaker could carry on business, or for premises in which more bookmakers than one could operate.

It was made an offence to bet at any place other than a racecourse or registered premises, and licensed bookmakers were subject to a tax on turnover, as well as a licence fee for a right to operate.

Betting in registered premises began in August, 1955 and, these, in the early days, were sparsely furnished. However, the Betting Control Board soon permitted comfortable seating accommodation and other amenities to be provided and, once this had been done, it is difficult to see any difference between such premises and the betting shops of South Australia, which incurred so unenviable a reputation after 1933. Owing to the difference

between Eastern Standard Time and Perth Time customers begin betting on Sydney and Melbourne races soon after 10 a.m. and some continue to haunt the premises and bet until the local races finish between 4 and 5 p.m. on Saturdays and Public Holidays. In the evening they, or others, resort to the premises to bet on the trotting events and to listen to the broadcasts of such events.

For their edification, or otherwise, there are posted the starters and riders of all races forecast by racing experts of Perth and the Eastern States, photographs of the positions held by various horses at different distances in recent races, and plans of the local and interstate racecourses, with comments on the effects of barrier draws and other information.

Many of the registered premises are fitted with electric fans, fluorescent lighting, pot plants, and curtains, so it seems that everything possible is done to attract patrons to spend the day listening to broadcasts of the races amid comfortable and pleasurable surroundings.

As was said by an ex-member of the Betting Control Board, when speaking of the licensed bookmakers, "they are after business."

The result of legalising the illegal bookmaker was, according to the same witness, "the illegal men disappeared completely" and, in his belief, there is not a single illegal bookmaker to be found to-day in Western Australia.

Accordingly, the position now in that State is that, at both galloping and trotting races, there is betting, on-course, both with bookmakers and on the totalizator, and, off-course, by licensed bookmakers at registered premises.

As a great deal of evidence was directed to the merits and demerits of the off-course totalizator in New Zealand (hereinafter referred to as T.A.B.), and to the plan of Mr. Prince, based on the credit betting system in England, it is essential to give some details of each of these.

New Zealand.

Prior to the year 1907 there were no legal restrictions on bookmakers, save that betting shops were forbidden by law, and they operated, in competition with the totalizator, on-course, and also, with no competition, off-course. There was strong public opinion that betting on races should be confined to the racecourse, so, in 1907, an Act was passed prohibiting street betting and requiring all racing clubs, which were authorized to use the totalizator, to license fit persons to act as bookmakers. Owing to the poor type of man licensed under this legislation there was considerable dissatisfaction with the bookmakers, so, in 1910, an amending Act prohibited bookmakers from betting in any street, in any licensed premises or on any racecourse. This legislation brought about illegal off-course betting which quickly assumed very large proportions so, in 1920, another Act made the business of bookmaking unlawful and imposed a penalty on any person who made a wager with a bookmaker.

Despite these Acts off-course betting continued to flourish and illegal bookmakers also operated on racecourses, until discovered and turned out.

In this state of affairs a Royal Commission was constituted, in 1949, to consider the whole question of Gaming and Racing.

In Part II., Section 4, of its Report this Royal Commission dealt with the problem of off-course betting.

It emphatically opposed the licensing, in any form, of bookmakers, for reasons set out at length, and recommended that an off-course totalizator scheme, subject to certain restrictions and obligations, be established. Following on this report the Government held a referendum of electors on the proposal that provision be made for off-course betting on horse-races, through the totalizator. A majority voted in favour of the proposal and this led to the enactment of the *Gaming Amendment Act 1949*, which established a Totalizator Agency Board, and contained provisions prohibiting the payment of commission to any officer of the Board, touting for business, and all but a minimum of advertising, with the object of preventing the Board doing anything to encourage betting.

Under New Zealand legislation 17·35 per cent. is deducted from all money passing through the totalizator, both on-course and off-course, which is divided as follows :—

	Per cent.
Government Tax	9·35
Retained by clubs from on-course investments and payable to the Board from off-course investments	7·5
Capital levy on all totalizator investments	0·5

For the five years beginning 1st November, 1950, this capital levy was paid to the Board for expenditure on capital requirements. Thereafter for a further period of five years, it is being paid to the Racing and Trotting Conference—a body which controls all racing in the Dominion—for the purposes of providing, maintaining, and replacing, amenities for the race-goer and effecting improvements on racecourses and trotting tracks.

No provision has been made for the use of this capital levy when the second term of five years expires.

In the report of the Royal Commission it was stated that, in the 1945–46 racing year, an amount of £20,000,000, approximately, went through the totalizator (then all on-course), and a sum of £24,000,000 was, “with some show of credibility”, estimated by the secretary of the Bookmakers’ Association (an illegal organization), as having passed through the hands of the bookmakers.

During the six years from 1952 to 1958 inclusive, the net annual turnover of the T.A.B. has risen from £3,560,187 to £23,819,644, so approximating to the amount estimated as having been received by the illegal bookmakers in the racing year 1945–1946.

But the evidence of the extent of illegal betting now carried on in New Zealand is conflicting.

About two years ago the Chief Secretary of Victoria investigated the T.A.B. system, as it is commonly called, and had the advantage of full co-operation of the officers of the Board, of the Police, and Government officials.

He formed the opinion that illegal off-course betting has been reduced by approximately 50 per cent. and that such betting in hotel bars and back lanes was virtually non-existent.

In the Chairman’s report on T.A.B. operations for 1957 appears this passage :—
“The view that there is still room for the growth of legal off-course betting is supported by the volume of betting disclosed in prosecutions for bookmaking at various points in New Zealand, which indicates that a large amount is still being directed through illegal channels”.

Mr. Smythe, the General Manager of the T.A.B., submitted figures showing the number of prosecutions for illegal betting from the year 1949 onwards. These were as follows :—

1949	223	1953	200
1950	197	1954	99
1951	274	1955	68
1952	282	1956	75

He pointed out that the marked decrease between the number of prosecutions before 1954 and after that year was probably influenced by the fact that, in 1953, the law was amended to provide that second offenders were liable to be imprisoned for a term of three months. His opinion of the effect of such amending legislation is supported by the fear of imprisonment expressed by nearly all the illegal bookmakers who appeared before this Commission.

Mr. Smythe’s guess, and he emphasised that it could only be a guess, was that the illegal turnover in New Zealand now amounted to about £13,000,000 a year. He pointed out that the bookmaker enjoyed several advantages over the totalizator. To begin with he pays no betting tax and so had an approximate start of 3s. 6d. in the £1 on the tote. He also gives credit to bettors he feels he can trust, he can and does canvas for business, by seeking out customers in hotel bars and other places, he can accept bets up to the start of a race, and he pays out when totalizator dividends are declared.

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He has another great advantage in that he will bet on doubles throughout the day, whereas the off-course totalizator is restricted to a double on two races only.

Contrary to the opinion formed by the Chief Secretary and Mr. Smythe, several witnesses, who are greatly interested in New Zealand racing, expressed themselves satisfied that, since T.A.B. became well established, the illegal bookmaker has almost been eliminated. Mr. Alderton, an Auckland lawyer, who has had a long association with racing, and who had experience in betting with illegal bookmakers, held an official position in Australia for 7½ years from 1950. When he returned to New Zealand, early in 1958, he found that no doubles charts were being issued, contrary to the position obtaining before he left, and he has not seen any illegal betting at all, although he has tried to do so.

Mr. Goosman, a former Minister of the Crown, and for eight consecutive years the leading racehorse owner in New Zealand, is only a modest bettor and so would not be likely to have a great knowledge of bookmakers. However he said that, before T.A.B. he knew of fifteen people in his own district who made books, and, now, there are only two or three who do a small amount of betting.

Mr. Grigg, the President of the New Zealand Racing Conference, and also the Chairman of T.A.B., expressed the opinion that, "since T.A.B. came into full operation, bookmaking has gone a long way down".

He said, "It is difficult to estimate by how much but there is very little compared with what there was before".

He further stated that, before T.A.B., the public sympathy was with the illegal bookmaker, as he was regarded as necessary, whereas, now there is a legal facility for the betting man, there is no sympathy for him at all.

Mr. Bolt, who is Executive Officer of the Gaming Branch and Chief Inspector of Totalizators in New Zealand, travels, almost continuously, throughout the Dominion and he agreed that public sympathy had changed, since the institution of T.A.B., and was now against the bookmaker, since there was a legal alternative open to the would-be-bettor. He expressed the opinion that the turnover of illegal bookmakers had been reduced by at least 60 per cent. since 1950, and that the greater proportion of their business is done on doubles.

Mr. McBeath, the secretary of the New Zealand Racing Conference, considered there has been a marked decline in illegal betting since the introduction of T.A.B. Before then, he said, people in hotel bars were pestered with bookmakers' runners, handing out doubles charts and day cards, and some hotels had as many as three bookmakers operating at the one time.

Since T.A.B. he has not known of one instance of an illegal bookmaker being in attendance at an hotel.

He also stated that, in the period of twelve months ending on 31st July, 1958, no fewer than 416 persons who had been convicted of bookmaking offences, of whom eleven had been in a big way of business, had applied to the Board for exemption from the statutory disability of a convicted person entering a racecourse. Since 1951, when T.A.B. began operating, 50 to 60 of the biggest bookmakers have applied for and been granted exemption, after full inquiry has disclosed that they have definitely abandoned their illegal activities.

A Victorian horse-trainer, who pays an annual visit to New Zealand for the yearling sales, and who attends most of the race-meetings held during his stay there, states he never hears anyone speak of illegal betting.

Mr. Fairburn, an officer of Automatic Totalizators Ltd., was sent to New Zealand in 1956 to investigate the operations of T.A.B. During the six weeks he was in that country he made enquiries about illegal betting and found that, apart from a newspaper report of one prosecution for that offence, he could not locate any bookmaker and that none of the local people with whom he associated could advise him where he could make an illegal bet.

One witness, who, for some years, has spent three to four months in New Zealand each year, is a betting man who, whilst in Australia, receives New Zealand newspapers each week and studies the form of horses there. He travels throughout the Dominion, staying at hotels, and has never seen a bookmaker.

Another witness, who has been a punter for 25 years, worked at an Air Force station near Auckland throughout the year 1956. He said he never heard of illegal betting and there was none at his station. The personnel of the aerodrome used to go to Auckland on Friday nights to bet with T.A.B.

No one was called, on behalf of Mr. Prince, to speak of illegal betting in New Zealand, although it has been suggested by his counsel that such evidence would be available.

On the whole it seems that, whilst there is still illegal betting there, particularly on doubles, the volume has been greatly reduced since the introduction of T.A.B. and what betting is done is carried on unobtrusively.

England.

In 1845 legislation was passed enacting that all contracts or agreements by way of gaming or wagering were null and void. This led to the introduction of wholesale cash betting in shops and houses, which became so prevalent as to create a scandal. Accordingly, in 1853, it was made illegal to keep or use any house, office, room or other place, for the purpose of the owner or occupier—

- (a) betting with persons resorting thereto; or
- (b) receiving money in advance in respect of bets or transactions in the nature of bets.

This resulted in bookmakers going into the streets and lanes to bet, and although local authorities sought, by means of regulation and by-laws, to suppress this business, they were unsuccessful.

In 1906 the Legislature enacted the Street Betting Act which made it illegal for anyone to frequent or loiter in streets or public places for the purpose of bookmaking, or making or settling bets.

These Acts had the effect that the only off-course betting which was legal, subsequent to 1906, was where the bettor established a credit with a bookmaker and made his bets by telegram, telephone or letter, as these forms of betting did not constitute resorting.

However, illegal betting still flourished and a Royal Commission was appointed, in 1933, to enquire into and report on Lotteries and Betting.

This was followed by a further Royal Commission, charged with enquiring "into the existing law and practice thereunder relating to lotteries, betting, and gaming, with particular reference to the developments which have taken place since the report of the Royal Commission on Lotteries and Betting in 1933, and to report what changes, if any, are desirable and practicable".

The report of that Commission was presented to Parliament, in 1951, and is a most comprehensive and valuable document for all interested in the subjects with which it deals. In the result the Commissioners recommended that it be made legal to place bets at offices established and conducted in accordance with a strict system of control.

On-course betting is conducted by bookmakers, who are charged by the Racing Clubs five times the normal admission fee, and, to some extent, by the totalizator.

The Racecourse Betting Control Board is not permitted to conduct off-course totalizator betting directly, but is entitled to pay commission in respect of credit bets accepted by two independent companies—Tote Investors Ltd. and the London and Provincial Sporting News Agency Ltd.—which are forwarded to the racecourse and included in the totalizator pool.

The former of these companies was incorporated, about 30 years ago, by racing enthusiasts, to deplete the takings of the off-course bookmakers and direct them to the racecourse, so that the clubs would benefit thereby, and is not run for profit of its shareholders. The latter of the two companies deals, almost exclusively, with bookmakers, who use it to lay off bets.

In the Report of the Royal Commission of 1951 it was estimated that 75 per cent. of the total volume of betting on racecourses was done with bookmakers and that 46 per cent. of punters bet exclusively with them, whilst 26 per cent. bet both with bookmakers and on the totalizator.

Contrary to the law, street betting in England is still rampant.

Mr. Cullingford, who was a Sergeant in the Metropolitan Police Force, until 1952, when he came to Australia, considered the volume of street betting was probably greater than the legal credit wagering. Another witness (Mr. Evans), who had been an illegal bookmaker in England for 25 years, until the year 1950, estimated that about 75 per cent. of off-course betting was done illegally, but he further said there is little street betting as the bookmakers operate, for the most part, in hotels, factories, and shops in side streets.

Press Agents.

A feature of off-course betting in Australia which has no counterpart in New Zealand or England is the Press Agent.

His business is to supply information about betting odds to clients, most of whom are illegal bookmakers. He normally has an office equipped with a number of telephones, some of which are shown in the directory in the names of various employees or friends of his.

His is a competitive business and, to win and retain clients, it is essential that he receive speedy and correct information of the odds being offered by bookmakers on the course.

By Section 124 of the *Police Offences Act 1957* it is made an offence for any person, whilst a race-meeting is being held, to communicate or attempt to communicate to anyone not on the racecourse in question any information relating to the betting on such racecourse.

However, through agents who leave the racecourse whilst betting is in progress, by tick-tackers, and by telephonic advice from interstate sources, the Press Agent manages to get the information he requires. This is telephoned to his clients, sometimes two and sometimes three calls being made in the twenty minutes or so before each race, so that the client is kept advised of any fluctuations in the betting. Many illegal bookmakers give their customers the benefit of the advice so received but some keep the information to themselves.

In recent times the leading racing clubs in Melbourne have installed a teleprinter service of sending odds to a Sydney racecourse, where they are broadcast, and by telephone, to Tasmanian bookmakers.

An agent in Sydney or Tasmania then telephones the information so obtained to his Press Agent in Melbourne, who promptly relays it to his clients.

It was stated that eminent counsel has advised the Press Agents that this procedure is within the law, perhaps because the communication is made beyond the jurisdiction. However that may be, the Police Authorities believe the operation of the Press Agent to be legal and have launched no prosecution against any of them.

The customer of the illegal bookmaker has been accustomed to be provided with the betting odds over the years and, even if he intends to bet at starting price, frequently asks what the ruling prices are. It was stated in each of the reports of the Royal Commissions held in Queensland, South Australia, and Western Australia respectively that the information supplied by the Press Agents stimulates illegal betting very considerably and that they should be suppressed.

If no information were given by the Press Agents there can be little doubt that a great number of people, who now haunt the places where bookmakers operate, would not bother to attend and that others would not bet.

The impetus which the supply of betting information gives to the operation of the illegal bookmakers makes it surprising that the Victoria Racing Club should inaugurate a Press Agency of its own, since its Committee regard Press Agents as the deadly enemies of racing.

True it is that it stipulates the information sent interstate shall only be given to licensed bookmakers, operating there on races held at Flemington, and that it shall not be furnished to starting-price bookmakers; but the members of the Committee must have known that such information, when received interstate, was immediately telephoned to Press Agents in Melbourne and, by them, relayed to the illegal operators. The Club's Secretary said that it was brought about by the desire of his Committee to take away trade from the Press Agents and also to make money from the supply of the service.

The question of the employment of one Browning and, later, of Bowen and Colebrook to operate the Club's Press Agency was steeped in mystery and never satisfactorily explained. However, it is not germane to this inquiry so I do not propose to discuss it further.

I am in full accord with the condemnation of Press Agents expressed by the Royal Commissioners of the three States mentioned and consider that legislation which would lead to the suppression of their activities will be in the best interests of the community.

As the "betting market", by the use of which they earn their money, is made by the bookmakers and racing public at the racecourse—all of whom pay for admission and so contribute to the welfare of racing—the filching of information of such market, and its passing on to persons off the racecourse, has the effect that those who give nothing to racing obtain the same intelligence, at approximately the same time, as those who do, and there can be no injustice in placing them in a worse position than the paying patrons.

The large attendances at the places where illegal bookmakers carry on business strongly suggest that the facilities for betting offered by them are not primarily for those who, because of shift work or other reasons, cannot go to the races, but for those who regard betting and not racing as the sport, and racehorses, not as animals to be admired, but as the machines used to give opportunity for wagering.

As the information supplied by the Press Agents is quite a large factor in swelling these attendances illegal betting would be substantially reduced by their extinction.

It was alleged, on behalf of Mr. Prince, that the general public regards its members as having acquired a right to bet, without going to the trouble and expense of attending a racecourse, and that, by long custom, it also has a right to receive the information regarding betting odds distributed by the Press Agents.

There is a legal maxim—*Ex turpi causa non oritur actio*—no right of action springs from an illegal contract—and a like principle can be applied to those who have been acting illegally over the years. The idea that persistence in disobeying the law for a long time confers a right to go on disobeying it appears to be so extravagant that it only has to be stated to be rejected.

Again, although many who patronize the illegal bookmaker regard information of the state of the betting market as an indispensable requirement to making a bet, I am not at all satisfied that the bulk of bettors really value the information they receive of betting odds. Whilst it is true that most of them ask what the odds are, quite a number of them always bet at starting price, and the big bookmakers do quite a large volume of business on Fridays and Saturday mornings, before the on-course betting market is established.

It is possible that, to many, the asking for betting information is a matter of habit—part of the game—and something which, if denied them, might cause some initial grumbling, but would not really be missed.

In Western Australia information of the on-course betting market is supplied to bookmakers by a Press Agency, but this is not passed on to the customers, who bet at starting price, and do not complain of the lack of information.

Assuming that the advice given by counsel is correct, and that the activities of Press Agents do not violate the letter of the law, as contained in Section 124 of the *Police Offences Act 1957*, there can be little doubt that that section was designed to suppress those activities, among others, and, should the Courts uphold counsel's opinion, it might be amended to render any step taken in Victoria to transmit or receive betting information, whilst races are being held, an offence. Section 47A of the *Gaming and Betting Act 1912-1949* of New South Wales deals with this matter and appears to be more comprehensive than the relevant Victorian section.

CLASSES OF EVIDENCE ADDUCED.

Counsel assisting the Commissioner examined 46 witnesses, those representing the racing clubs—20, those appearing for Mr. Prince—5, those representing the registered bookmakers—1, and those for the Postmaster-General—2, making 74 in all.

These included the Chief Commissioner of Police, members of the Police Gaming Squad, illegal bookmakers, press agents, racing men from New Zealand, South Australia, Western Australia, and Victoria, members of the Clergy, racehorse trainers, an owner of racehorses, officials of the telephone branch of the Postmaster-General's Department, and others, who, as police, punters, or in some other capacity had knowledge of off-the-course betting either in Australia or overseas.

Police.

At an early stage of the inquiry counsel assisting me stated he intended to lead evidence from junior members of the police force that 60 per cent. of the police charged with administering the gambling laws are corrupt, 20 per cent. are apathetic, and only 20 per cent. were doing their work properly. He also said that the Chief of the Gaming Squad, Inspector Healey, considered that the proportion of corrupt members of the Force was less than 60 per cent. and that of apathetic members more than 20 per cent.

Inspector Healey, who was the first witness examined, stated that, when he was appointed to be Chief of the Gaming Squad in March, 1956, he made a thorough investigation of some 1,400 police briefs on betting offences and could not find one where any person had been arrested; he also checked on a great number of persons who had been prosecuted to conviction and discovered that, in a very high percentage of such cases, both the names of the defendants and the addresses given were fictitious, which meant that it was generally impossible to prove a prior conviction of any person charged, and that, as far as he could ascertain, the police concerned had made no effort to check the names or addresses given them.

He also discovered that the police kept identical statements of evidence, with the times of apprehension, the name of the defendant, the horses and amounts of bets left blank, to be filled in, but containing the same conversations and admissions in each case. It was also common practice to give back to the illegal bookmaker the betting sheets, which had been taken as evidence, or copies thereof, to enable him to make his settlements. He said that the reports on raided premises generally disclosed that there were only one or two telephones in the room raided whereas, when his Gaming Squad got into action, he generally found a number of telephones in the same bookmakers' premises.

The Inspector further stated that the really big illegal bookmakers "were never attacked with any great vigor or interest" until he took over.

From these and other facts he was forced to the conclusion that such things could not have existed had there not been corruption.

When asked to state what proportion of the police force charged with gaming duty are properly carrying out that duty he replied it was very difficult to say without making a complete survey but, when further pressed, he said he considered that 50 per cent. were doing a reasonable job, 30 per cent. were corrupt, and 20 per cent. inefficient.

This expressed opinion was given headlines in the newspapers and, naturally, provoked keen resentment among members of the Police Force.

Those members, whom counsel had stated would give evidence that 60 per cent. of those charged with enforcing the gaming laws were corrupt, either did not appear or, if they did, expressed no opinion on the matter.

It is most improbable that responsible counsel would have made the statement he did without instructions and one can only surmise that, either his instructions proved to be faulty, or else the storm raised by the reports of Inspector Healey's evidence led to the suppression of evidence which the "junior members" of the police force had intended to give.

At a later stage the Chief Commissioner of Police submitted a prepared statement and also gave evidence.

In his written statement he wrote that, during the early stages of Inspector Healey's activities, "attempts were made to bribe members of the Special Duties Squad to the extent of offering individual members £1,000 or more to co-operate with a representative of illegal bookmakers for the purpose of providing warning of raids by the squad".

But he disagreed with the opinion of Inspector Healey that there was corruption in the Police Force. He said he had examined all the matters from which the Inspector had drawn an inference of corruption and considered they were explicable by short-cutting methods, laziness, and inefficiency. He agreed that some of the circumstances were suspicious but was emphatic there was no evidence of corruption. He also said that the inefficiency of members of the Gaming Branch was very great before Inspector Healey

was given command and brought new men into his Squad. He further stated that the drive and enthusiasm of the men of this Squad had had a marked effect on the whole force, that its success had inspired police in various districts to intensify their campaigns against the illegal bookmaker and that the results had been very gratifying.

In his view Inspector Healey had drawn a wrong inference from the facts due to the high standards of integrity of his own squad members which led him and them "to view any effort of lesser efficiency with intolerance".

Without giving detailed consideration to the matters on which Inspector Healey relied to base his opinion that there was considerable corruption in the Gaming sections of the Police Force it is impossible to say whether the inference he drew was one which might well be made by a reasonable man. Had that step been taken it would then be necessary to give the various members of the Force concerned an opportunity of explaining the circumstances.

Such an inquiry would be lengthy and outside the scope of this Commission.

Accordingly I am not in a position to express any opinion whether or not the estimate of corruption given by Inspector Healey should be accepted.

Telephone Department.

Allegations were also made of corruption of employees of the Telephone Branch of the Postmaster-General by illegal bookmakers.

These were based on the discovery by Police of a number of telephones in unusual positions—for instance, 8 instruments under a flight of stairs, 6 in a cubicle in an old disused warehouse, 4 in a structure about 10 feet by 10 feet and so on; by as many as 16 telephones in one room; by calls to a number on a manual exchange being put through to another number where bets were taken; by inward calls ceasing soon after premises had been raided; by the fact that, on raids on bookmakers' premises, diaries were found containing telephone numbers (which were not in the 'Telephone Directory' of Departmental offices, where technicians could be had, and which were intended for Departmental use only, together with, in some cases, names of persons including one, which the police were told, by an Inspector of the Postmaster-General, was that of a technician of fairly high rank; and by other circumstances which led to the belief that installing technicians and telephone operators were paid by illegal bookmakers either not to report unusual installations to their supervisors or to give warnings when raids were in progress.

Clause 62 of the 'Telephone Regulations' gives power to the Department to cancel the telephone service of a subscriber who is convicted of carrying on an illegal business, and it has been the practice for the Department to act under this power unless special circumstances exist which call for leniency. However, until recent years, it does not appear to have taken any other action against illegal bookmakers. Both the report of the South Australian Royal Commission in 1938 and that of the Queensland Royal Commission in 1952 contain caustic comments on the failure of the Department to co-operate with State authorities to suppress illegal betting. However, the Chief Commissioner of Police in Victoria and Inspector Healey agreed that the Department had given them valuable assistance and co-operation in their duties, and it appeared, from the evidence of Mr. Skerrett, a high official in Telecommunications, that, since July, 1950, when a direction was issued that a full investigation be made, before granting a request for an additional telephone in a private house or a very small business establishment which already had a service, the Department has done much to ensure that illegal bookmakers do not use telephones for betting purposes. The direction mentioned was followed by another in October, 1956, which required members of the Engineering Division field staff to report:—

- (a) Any case where groups of services are required to be terminated on handsets instead of switch boards in one room or suite of rooms;
- (b) Any case where single line services are provided in business premises in the same room but under various names;

- (c) Any case where there is reason to assume that the name of the subscriber shown on the Telephone Order is fictitious and where the layout of the room in which the services are required suggests that they may not be used in the usual business manner; or
- (d) Any case where the listed business of the applicant as indicated on the Telephone Order appears to be fictitious.

This direction also required a close watch to be kept for any tampering with the telephones or lines of rotary services and also a check to be made on the daily calling rate and the normal hours of business observed in the premises where a rotary service was installed.

Investigation was also ordered in cases where the installation of a telephone raised a suspicion of irregular conduct on the part of Departmental officers, such as the service having been connected out of priority order, or having received unduly expeditious handling.

There was also an order to technicians, issued in August, 1953, not to install telephones in unusual situations, such as bathrooms or obscure locations in buildings, without the express authority of the Divisional Engineer.

Mr. Skerrett also stated that, after March, 1956, when Inspector Healey's Gaming Squad became active, the Department checked a number of establishments having multiple telephones, by making test calls on business days and Saturdays, and, if it were found that the calls were not answered on the former but were on the latter days, a detailed investigation of the premises was made.

He dealt with most of the cases on which the police witnesses had based their allegation of corruption on the part of employees of the Department and showed that in all, or nearly all of them, there was a possible innocent explanation of the happening, though he felt concern at some of the evidence given by the Police.

There can be little doubt that, in recent years, and particularly since March, 1956, in which period the Gaming Squad discovered a number of cases of numerous telephones in the one room, a circumstance which was given considerable publicity in the Press, since many citizens had been on the waiting list for telephonic services for a long time, the Department has given a great deal of co-operation to the Police, in investigating the bona fides of subscribers, and cancelling services but, it seems, there are still some things it could do without violating the obligation of secrecy of conversations which is an essential part of its policy. For example, it is not uncommon for a subscriber to ask that calls to his number be directed to another number. When this is done the operator puts a marker to remind her of the request so that her attention is drawn necessarily to every call made to the subscriber's number. Should there be many scores of calls to that number during a Saturday afternoon there is matter for suspicion that illegal bets are being made and there is no apparent reason why the operator should not report the circumstance to her superior officer, just as the technicians who install and inspect telephones are required to report any unusual matters, or as those who check multiple telephones do. Such a report could lead to a departmental investigation of the use to which both telephones concerned were put or whether the subscriber had given a false description of his business when making application for a telephone.

Mr. Skerrett knew of two cases where Departmental technicians had been proceeded against for not carrying out their duties properly, in relation to the installation of telephones for illegal bookmakers, and another case of an officer of the Department who had solicited money for arranging to have orders for telephones issued out of priority—including four for an illegal bookmaker—but he was emphatic that these were isolated cases and that there was no evidence of dishonesty of the great body of employees.

As is the case with the allegations made against former members of the Police Force charged with enforcing the gaming laws, no conclusion can properly be reached on those made against telephone employees without a full investigation of all the circumstances and such an investigation is not within the scope of this inquiry.

The Churches.

Mr. Westerman, a Methodist Minister, who gave evidence as the accredited representative of the Social Questions Secretariat of a number of Protestant Churches, and Mr. Mayes, a Presbyterian Clergyman, who has given much thought to the question of off-the-course betting, and who represented The Council of Churches before the South Australian Royal Commission in 1938, both submitted written statements and testified in support of them. Each of them was emphatically opposed to any form of legalized betting off-course both for moral and economic reasons.

The main reason for such opposition was that, as soon as off-course betting was made legal, it would acquire an aura of respectability, which would induce many people who are now non-bettors to patronise the facilities provided, and would greatly increase the volume of betting.

In their view the evil of illegal betting could be so greatly minimized, by legislation which imposed drastic penalties on offenders, and by increasing the strength of the Gaming Squad, that it would cease to be a major problem.

In the statement submitted by Mr. Westerman, figures taken from the *New Zealand Year-Book* are quoted. These show that, from 1948 to 1951—the latter year being the one in which T.A.B. began operating—on-course betting increased by approximately 17 per cent.

In 1955 the total of legal betting, both on and off-course, showed an increase of £16,610,229 over the 1951 legal betting figure, that is, over 60 per cent. more—but the on-course betting decreased by more than £3,000,000 over the corresponding 1951 figure, whilst the off-course betting was more than 45 per cent. of the total.

In 1958 the turnover was 71 per cent. higher than in 1951, and, of the total sum (£46,400,000), a little more than half was due to the operations of T.A.B.

These figures were cited to illustrate how betting increases once a legalized form of off-the-course wagering is instituted, but another possible explanation is that T.A.B. has taken the major part of the business formerly done by the illegal bookmakers.

In the same statement it is shown that in Western Australia, for the year 1956, the total bookmakers' turnover was £25,383,554, of which £16,704,011, almost two-thirds of the total, was attributable to the betting shops and that, for 1958, the comparative figures were £27,090,432 total turnover and £18,372,968 taken in betting shops.

From another source (Ex. P.14) it appears that the totalizator, which is only operated on-course in Western Australia, had a turnover of £2,263,653 in 1956, and of £2,497,728 in 1958.

It also is noted, in the statement in question, that, of £14,834,074 bet on galloping races off-course, no less than £8,213,568 was invested on horses running in the Eastern States which, Mr. Westerman contends, shows a serious tendency to regard racing as an occasion for gambling and not as a sport.

Mr. Westerman, who had attended many of the daily sittings of the Commission, returned to the witness box after the greater part of the evidence had been given, including all that called to explain both the off-course totalizator proposal and the "Prince Plan", as the telephone credit betting system was called throughout the hearing. He stated he had had a full discussion with the members of his Secretariat and they were still firmly of opinion that off-course betting should not be legalised in any way, but that it should be countered by additions to the Gaming Squad, legislating to make the activities of Press Agents illegal, and to make the penalty for a first offence of illegal bookmaking, imprisonment without the option of a fine.

If, despite their opinion, it was decided to legalize some form of off-course betting, the Secretariat was most averse to having betting-shops as in Western Australia: secondly, were more opposed to the establishment of a T.A.B. system than to the "Prince Plan", since, whilst it was considered that, to begin with, the turnover of betting done through the "Prince Plan" would be greater than through T.A.B., it was felt that the offices or shops in which the latter system would be conducted would become so accepted in the community that many people, who do not now patronize starting price bookmakers, would use them, particularly young people and housewives, so that, over a period of years, there would be a far greater number of people betting than there is now, and, in the long run, the turnover would probably be greater. It was also felt that, having regard to the demands of the betting public for prices and information regarding odds, it would be less satisfactory to that public and so render it more difficult to deal with the illegal bookmaker.

It was further considered by the Secretariat that the "Prince Plan" would not attract a new class of bettors to any great extent.

There can be no doubt that the body, for whom Mr. Westerman spoke, had given deep consideration to the whole question of illegal betting and to the evidence given before this and other Royal Commissions and that their views are entitled to great respect.

Illegal Bookmakers.

No fewer than fourteen illegal bookmakers, who either are still carrying on that occupation, or who have retired from active business within the past two years, gave evidence of their activities in, what appeared to be, a remarkably frank manner.

Of these some were telephone bookmakers, some operated in streets or lanes, at least one carried on both by telephone and in the street, and two were proprietors of foreign clubs who conducted a betting business on the clubs' premises.

The biggest of them, who has now retired, stated that his annual turnover was approximately £2,500,000; his average takings for a Metropolitan race-day amounted to £30,000, whilst Country and Trotting races averaged £20,000 weekly.

Quite a considerable amount of his business was done with registered bookmakers and big punters, on the night before or morning of a race-day, and with bookmakers laying off bets during the afternoon.

His system was to change the premises from which he operated frequently, and he found no difficulty in obtaining up to nine or ten telephones wherever he moved.

In his last place of business—a single room—he applied for seven telephones under one of his christian names and all were allotted to him and installed in that room.

When Inspector Healey's squad became active he realized that "my time had to come" so began operating on telephones in private houses. This proved to be an unsatisfactory way of doing business and, owing to that fact, and to his suffering an accident, he decided to give up business.

The general picture to be drawn from the evidence given by these bookmakers was that, until Inspector Healey came on the scene, they were not unduly worried by police action, or of the consequences, if detected and prosecuted.

The monetary penalties provided in legislation dealing with betting offences were fixed more than 40 years ago, and it is obvious that, owing to the fall in the value of money, and the general increases in wages and other remuneration, fines, which may have had a deterrent effect then, though, having regard to the small amounts, that is unlikely, are now of little concern to those who carry on as illegal bookmakers. Most of those who gave evidence had been convicted one or more times but they regard any fine imposed as a business expense and do not cease their operations. Some of them, after having been convicted, carry on by means of agents, to avoid further prosecution with a possibility of a sentence of imprisonment.

Should such an agent be convicted he is dealt with as a first offender and, generally, he is then replaced by another who has no prior conviction. Any fines inflicted on an agent are paid by the principal.

From the fines actually imposed on those who admitted having been fined, and from police and other evidence, it is clear there is a marked tendency, on the part of most Stipendiary Magistrates and Justices of the Peace, to regard illegal betting as a venial offence, which is adequately punished by the imposition of a fine at or about the minimum amount allowed by law.

There is one notable exception to this, and the fines imposed by the magistrate in question have caused great consternation to persons convicted before him of betting offences, as they regard him as "not playing the game".

Although there was not unanimity of opinion it seems reasonably clear that, on metropolitan race-days, there is a bookmaker operating in close proximity to almost every hotel in Victoria. Two of the bookmakers called disputed this, and named localities in which they said none of their kind worked, but, on the police checking these places, it was found they were in error.

As there are 1615 hotels in Victoria, of which 571 are in the metropolitan area or within 20 miles of the General Post Office, and, as many clubs, billiard and wine saloons have a bookmaker, who operates there on race-days, it is obvious that street betting is a big and widespread business.

The street bookmaker generally carries on business in a lane or on vacant land adjacent to an hotel and employs from six to eight men as pencillers, silver clerks, runners and "nit-keepers". Some of them will bet at starting price only but most of them will give prices based on the information received from a Press Agent, which prices are often displayed for the benefit of customers.

Settling is done as soon as correct weight is announced over the radio.

The other class of bookmaker does practically all his business by means of the telephone and will not permit those who wish to bet to call at his premises. He also receives information of the ruling odds from a Press Agent, which he uses for those bettors who wish to bet at a fixed and not at starting price.

Should he be convicted of a gaming offence, or should the police show what he regards as undue interest in his premises, it is a common practice to move to another office, or else to pay for the use on race-days of telephones in private houses. In the latter case he advises his clients where to telephone, assigns clerks to take bets there, whilst racing is in progress, and, so, is enabled to carry on his business with little fear of being discovered.

One such bookmaker stated that, after members of his staff had been convicted for illegal betting and the authorities had taken away his telephones, he rented up to 25 other telephones in private houses or offices at an average rental of £12 weekly. The same man admitted he had employed about twenty agents to canvass for bets, in factories and residences, who were paid a commission of 10 per cent. on all losing bets booked by them, and that a good agent would return him up to £100 weekly.

The telephone bookmaker does a much greater volume of business than does his brother of the street, since the big bettors deal with him, and sometimes goes to extraordinary lengths in erecting barricades and other obstructions to defeat or delay a raid by police.

One of them built a block of flats, the top floor of which was designed to be, as he said, "police proof" and which was divided into about twelve cubicles each occupied by a bookmaker. By taking great risks a policeman got into this floor and obtained evidence which led to the conviction of the owner and others. This man had not done any betting business before he built, what he termed, "the fortress", but acquired a clientele by taking over the customers of another for a commission of 10 per cent. on all losing bets made by those customers. As this commission amounted to £3,000 for the first twelve months of the take-over, it can be seen there is a substantial goodwill in the business of illegal bookmaker.

The same man also said that a fine of £500 would not stop his operating, but that a threat of imprisonment would do so.

Evidence of the same kind as this last statement was given by many of the bookmakers who gave evidence.

Most of them, apart from violating the gaming laws, have no criminal records. Some of them have children at expensive schools and almost all of them admitted they feared the disgrace of being imprisoned, and would give up bookmaking entirely if they

thought there was a prospect of a gaol sentence for them. It is to avoid such a prospect that, after his first or second conviction, a bookmaker generally employs an unconvicted agent to carry on the business, whilst he himself goes to golf or the races on race-days. Mr. Alderton, a New Zealand witness, already mentioned, stated that a bookmaking friend of his in that country told him that, when the relevant legislation was amended, to make a penalty of three months imprisonment for illegal betting, he retired from the business so, apparently, the fear of imprisonment is not peculiar to the Victorian bookmaker.

The street bookmaker is also subject to threats by "standover men" to which, since he can hardly go to the police with a complaint, he is vulnerable.

A Detective-Sergeant, who had been attached to the Consorting Squad, which is charged with the duty of checking the movements of criminals in that State, stated that a group of seven or eight men, all of whom had criminal records, made a business of providing, what they termed, "protection" for street bookmakers and demanded money to permit them to operate.

The method adopted by this group was to visit a particular district on a race-day, and, by force of numbers and threats, extract money from the bookmakers operating in that district. Many of these paid rather than become involved in court proceedings with the attendant publicity. Others resisted and the detective knew of vicious assaults, and even murders, as a result of such tactics.

That the business of illegal bookmaker is a lucrative one is evidenced by the fact that almost every one of those who gave evidence stated he was prepared to pay a licence fee of £500 per telephone used by him, if the "Prince Plan" was made legal.

Racing Clubs.

Members of the Committee of the Victoria Racing Club, the South Australian Jockey Club, the Western Australian Turf Club, and committee members of most of the Victorian Country Racing Associations, gave evidence, and, with one exception—the Secretary of the Hamilton Turf Club—all were strongly in favour of provision being made for an off-course totalizator, modelled on the T.A.B. of New Zealand.

In addition, the President of the Victorian Racehorse Trainers Association, who appeared to present the views of the committee of that body, and another trainer, of 25 years experience, and a member of the committee of the Association, testified that 90 per cent. of active horse-trainers in this State were in favour of an off-course totalizator.

The President of the Racehorse Owners Association stated that its members comprised about half the owners in Victoria, and that it was in favour of some form of off-the-course betting, though it had not expressed approval of any particular method. He himself preferred the licensing of off-course bookmakers, as he considered the totalizator would result in a substantial amount of illegal betting still being carried on.

The Chairman of Stewards and Handicapper for the South Australian Trotting League who, until 1956, had been the secretary of the Inter-Dominion Trotting Conference—a body which co-ordinates the policy of the Trotting Control Leagues in the various Australian States and New Zealand—stated that, in that year, at a meeting of the Conference, a resolution was passed, unanimously, in favour of the establishment of an off-the-course totalizator, as operated in New Zealand.

At a conference, held in November, 1958, at which representatives of all the principal racing clubs in Australia, with the exception of one Tasmanian club, were present, the following resolution was passed viz :—"This Conference which represents the racing clubs throughout the Commonwealth, being thoroughly of the opinion that any form of off-the-course betting by bookmakers would be disastrous, favours the introduction of off-the-course betting by means of the totalizator".

All Conference members, save those representing the Queensland Turf Club, voted for the resolution. Those of that Club stated they agreed that the licensing of off-course bookmakers would be disastrous to racing, but did not favour any form of off-course betting being made legal.

Sir Chester Manifold, the Chairman of the Victoria Racing Club, who said he was authorized to speak on behalf of all the Victorian Metropolitan Racing Clubs, the Country Associations and unaffiliated clubs, and the Trotting Control Board, gave three reasons

why those bodies considered that the legalizing of off-course bookmakers should not be sanctioned. In the first place the turnover of such people or the number of telephones they made use of could not be policed effectively; secondly, their activities could not be supervised which would make it difficult to detect any wrong-doing on their part, such as the bribery of jockeys and doping of horses instigated by them; and, thirdly, a system based on credit betting is dangerous and often gets inveterate gamblers into great trouble. To these reasons there may be added a further one, spoken of by other witnesses, that many licensed bookmakers would canvass houses, factories, and offices for customers, and thereby induce non-bettors to bet, so increasing the number of gamblers.

There is, undoubtedly, considerable force in these objections. Almost all the illegal bookmakers who gave evidence stated that, if off-course bookmakers were licensed, they would apply for licences. It is improbable that men, who have been offenders against the Gaming Laws for years, would be solicitous in observing revenue measures, and the evidence given before this Commission of the extensive hiring of telephones in private houses and offices, which are frequently changed, shows how difficult it would be to ensure that a licensed bookmaker confined his business to telephones for which he paid a licence fee. The checking of turnover would be just as difficult. It would be simple for the licensed bookmaker not to record some bets in his books, or to record bets, made in pounds as shillings, and keep a private note to enable him to make correct payment to the bettor if his horse won. The registered bookmaker on the course is subject to keen scrutiny both by revenue officers and the bookmakers' supervisor appointed by the club. His betting sheets can be seized at any moment, and he can never know who is observing the wagers he records.

Prior to 1st January, 1957, when five-twelfths of the 1957-1958 season had expired, the racing clubs did not participate in the tax imposed on registered bookmakers.

When given a share, then, the supervisor warned the bookmakers that any failure to record accurately their bets would be regarded seriously by the clubs.

The result was that the recorded turnovers of bookmakers for three of the Metropolitan Clubs rose from £22,380,583 in 1956-1957 to £28,011,254 in 1957-1958. Even with the warning before them about twelve registered bookmakers were detected in making false entries of bets, within the eighteen months following 1st January, 1957.

Where there could not be the close supervision which is possible on a racecourse it is easy to understand the great temptation to defraud the revenue to which the off-course bookmaker would be subjected, and the ease with which he could do so, if he succumbed to that temptation.

The second objection of the Racing Clubs to licensed bookmakers is that the volume of money passing through their hands would be so great that the result of a particular horse winning might be disastrous, and so there would be every reason for unscrupulous members of their fraternity to indulge in dishonourable practices to prevent that horse winning.

Several instances of well-fancied horses having been doped by a "go-slow" drug, and of jockeys and trainers, who had been suspended for not permitting horses to do their best, were cited. Of course the fact that dishonest conduct such as this happens does not mean that illegal bookmakers are responsible. Corrupt owners, trainers, registered bookmakers and big punters may be implicated in such doings, for the same reason as illegal bookmakers may be. The point made on behalf of the Racing Clubs is that a totalizator has no motive for and cannot be guilty of bribery and doping, whereas the other classes can, and that bookmakers off-the-course cannot be subjected to immediate examination of their betting sheets and to questioning by the stewards, if occasion arises, as is the owner, trainer or registered bookmaker. That results in the off-course bookmaker having the opportunity, if a horse's condition or running can be challenged by the stewards, to alter his books or betting-sheets before inquiries can be made of him, which is denied to his on-course brother.

The third reason given on behalf of the Racing Clubs—that credit betting is dangerous—comes rather strangely from them, as the evidence shows that a large proportion of betting on the racecourse, particularly in the members' enclosure, is on credit, and there was no suggestion that any club had taken steps to prohibit or limit that form of betting.

Although not included in the stated reasons, I gathered that one of the main objections the Racing Clubs had to off-course bookmakers was that they and their customers receive and act upon the information of the on-course betting market, which

is the result of the activities of the paying public and registered bookmakers, without contributing anything to the revenues of the clubs which provide the sport; that many big bettors are kept from attending the races, since they can be accommodated off-course, and that these men would not be interested in wagering on a totalizator, and so would be compelled to go to the racecourse if they desired to bet.

Owing largely to increased costs of labour and materials, the expenses of maintaining racecourses and providing amenities for those who attend them have risen in an alarming manner and the clubs have not felt able to try and meet these increases by charging more for admission, since they feel that course would result in decreased attendances.

From exhibits in evidence it appears that the average attendance on a race day at all meetings held by the Victoria Racing Club in 1949 was 41,300, that attendances progressively decreased until, in 1958, it reached a low-water mark of 31,063. Over the same period the club's total expenditure (which included prize money, racing costs, course maintenance, salaries, rates and taxes) increased, also progressively, from £308,238 to £436,377.

Details of attendances at meetings of the other three Metropolitan Clubs were only supplied for the years 1955 to 1958 inclusive. These showed a fairly constant average attendance, over that period, of, approximately, 32,000, in the case of the Victoria Amateur Turf Club; 22,500 for the Moonee Valley Racing Club, and 27,500 for the Melbourne Racing Club. The latter club has no course of its own, so races on those belonging to the other three clubs, and its attendances are inflated by the fact that members of the club at which its races are held are admitted without payment.

The total expenditure of each of these three clubs also rose progressively between the years 1949 and 1958—that of the Victoria Amateur Turf Club going from £207,260 to £331,935; of the Moonee Valley Racing Club from £197,382 to £258,478; and that of the Melbourne Racing Club from £163,378 to £261,806.

Although actual figures of attendances and expenditure of country clubs were not given, it was agreed by all the representatives of those clubs who gave evidence, that a like position prevails and that, despite the large voluntary effort of working-bees of members, the costs of maintenance have increased to such an extent that the continued existence of some of these clubs is threatened.

Another effect of increased costs is that it is difficult to increase prize-money and, as training costs have also shown a marked growth, as have also incidentals, such as shoeing, plating, transport, and track fees; many owners, particularly non-betting ones, have ceased to race.

The standard fee for training a horse, as laid down by the Trainers Association, is ten guineas weekly and the owner who gave evidence said it cost at least fifteen pounds per week to have a horse trained and to race it.

In support of its advocacy of the T.A.B. system; the Racing Clubs called, as a witness, an executive officer of Automatic Totalizators Ltd., a company which has installed totalizators throughout the world, who, in 1956, had made a detailed investigation of the operations of T.A.B. in New Zealand. In his opinion there would be no difficulty in applying that system to Victoria, and, to cater for those who desired to bet on Sydney races, another totalizator could be provided, which would enable this to be done, as is now done at Randwick racecourse for Melbourne races.

After consulting with officers of the Postmaster-General, the General Manager of the T.A.B. stated that the time for closing the betting at off-the-course totalizator agencies in Victoria could be reduced to 40 minutes before each race, instead of the 90 minutes necessary in New Zealand, where the population is more dispersed than it is here.

POSSIBLE METHODS OF LEGAL OFF-THE-COURSE BETTING.

(A) THE OFF-COURSE TOTALIZATOR BASED ON THE NEW ZEALAND T.A.B. SYSTEM.

As already mentioned, following on the report of a Royal Commission, and the holding of a referendum to determine whether the electors were in favour of its recommendations, legislation was passed in New Zealand establishing a Totalizator Agency Board, the members of which were to be appointed by the New Zealand Racing Conference and the New Zealand Trotting Conference.

The scheme began by the establishment of two branches, in March, 1951, with money, provided on loan, by the two Racing Conferences. Further branches were established during the ensuing years and all branches acquired agents in smaller towns, who booked bets and telephoned them to the branch to which they were attached. Each agent is recompensed by a fee, based on the volume of business in relation to the estimated annual administrative costs, hours of work, and degree of responsibility likely to be involved, and, from this fee, he pays all costs of operating his agency, with the exceptions of rental and maintenance of premises, betting tickets, forms, record books, telephone rentals, and hire charges.

By 1958 the number of branches had increased to 25, of which 23 provided betting facilities, the other two operating as collecting centres only, and, approximately, 280 agencies, at all of which bets were booked.

Each branch collects the bets, booked there and received from its agencies, and transmits the results to a District office which in turn, collates and transmits those results to Head Office. There the totals for each horse are found and the resultant figures telephoned to an officer of T.A.B. at the course, where they are shown on the totalizator, when on-course selling of totalizator tickets begins, so that the bettors there learn the details of off-course betting before they make their wagers. This means that Head Office must notify the officer at the racecourse at least 45 minutes before the start of each race of the total off-course bets recorded for that race. To enable this to be done bets for a win or a place must be received at branches not later than one hour and a half before the advertised starting time of a race, and those for a double not later than two hours before the time of the race nominated for the first leg of the double.

At most of the branches, and at considerably more than half of the agencies, facilities are available to place bets by telephone against cash deposits. One who wishes to use these facilities applies to the branch or agency concerned and makes a deposit—the minimum accepted being £2.

He is allotted an account number and asked to select four code numbers, each of four figures. When he desires to bet he gives one of these code numbers to the telephonist and may be required to give another of them. He may bet up to the limit of the sum standing at his credit. Each such bet is recorded in duplicate.

As results are received, details of the dividends of successful bettors are recorded and the balance available for further betting amended accordingly, thus enabling the telephone bettor to make further bets against his winnings.

When making application for a credit the applicant is required to state what he wants done with any winnings—left as a further deposit, or sent to him—but, in any event, a copy of each bettor's account operated during the week is sent to him on the following Monday, so that he may check the details.

A bettor can also bet by letter, with remittance, sent to a branch at each of the four main centres, but this service is little used and accounts for only 0.12 per cent. of the weekly T.A.B. total receipts.

Approximately 94.25 per cent. of bets received by the Board, at its branches and agencies, is in cash over the counter, in a form similar to racecourses totalizator sales.

Over 60 per cent. of racing and trotting meetings are held on Saturdays, with the result that the major portion of off-course business is transacted in branches and agencies on Fridays and Saturdays. All major offices are open for business from 10 a.m. to 8 p.m. on Fridays and 8.30 a.m. to 3.30 p.m. at branches and 8.30 a.m. to 3 p.m. at agencies on Saturday. Sales after 12.30 p.m. on Saturday are negligible. Some small agencies open for only four hours on Fridays. A large proportion of Friday's business is handled between the hours of 5 p.m. and 8 p.m., this being the general "late shopping night" in New Zealand.

Except where mid-week racing is operating, all branches are closed on Wednesday, this being regarded as the weekly break. Staff work normal hours on Thursday, but the office is not open to the public. Agencies observe a more restricted attendance and are closed on Tuesdays, Wednesdays, and Thursdays, unless mid-week racing is operating.

Payment of dividends is made within the ordinary hours of business on any day the offices are open to the public, except that dividends earned on any day are not payable until the next business day. All offices are open to the public on Mondays, or the next business day after a race day, for the express purpose of pay-out.

Bettors ascertain, from race lists displayed, the meeting, race number, and horse code number in which they are interested, and quote to the seller the meeting, race number, horse number, and amount of the bet, and whether for win or place or both. A ticket is then written according to the directions given.

In the case of a double the bettor notifies the seller the meeting, first-leg horse number, second-leg horse number, and amount of the bet, and is issued with a corresponding ticket.

It should be noted that the names of horses are not required. Instead, the system is based on horse numbers which correspond to the names of the horses concerned, as shown on the race lists. The Board has established code for each meeting—e.g., the code for Wellington meetings is "WEL", and the relative code is written or stamped in capital letters in the space provided on the ticket as issue is made.

Although in theory the race list horse numbers should be the same as those shown in the official race book for each meeting, this is not always so, because of late "bracketing" of horses after the lists have been printed, or of mistakes made in recording acceptances.

For these reasons, by means of notices prominently displayed, clients are warned against using the numbers shown in the official race book. Any discrepancies between the Board's horse code numbers and the official race book numbers are adjusted at the Head Office collating centre prior to transmission of betting details to the racecourse.

Bets are for win, place, and double. Only one double available to off-course bettors is run on each day of a meeting, the two horses must be selected when the ticket is purchased at a branch or agency. Clubs may, and some do, run two doubles in the one day, but in such circumstances they notify the Board which double is available to off-course bettors.

The minimum amount of an off-course bet is 5s. for doubles and 10s. for win and place. With on-course bets the usual minimum for doubles and win and place is 10s., although some clubs are conducting a 5s. doubles totalizator.

Written tickets are issued in triplicate. The original is handed to the bettor, the duplicate is treated as the collation copy, and the triplicate is retained by the seller for subsequent balancing of cash and as the office audit copy.

For doubles on main meetings, special 5s. and 10s. "preprinted" tickets are used at branches. These tickets are supplied with the first-leg horse number already preprinted. They are made up in blocks of up to 100 tickets in multiples of 10 and attached to a special ticket board. The blocks of 10's are interleaved with "flag cards" of a size larger and different in colour from the tickets and numbered 0 to 9, thus indicating in tens the number of tickets sold. Tickets, when issued, are stamped with a rubber stamp which shows the meeting code and date, with the impression so placed that it bisects the top and lower halves. The ticket is then folded upwards at the perforated centre, and the second-leg horse number written on the folded portion of a carbonised square, thus imposing a carbon impression on the top half of the ticket.

The lower portion is then detached and handed to the bettor, and the butt retained as both the collation and audit copy. Each ticket is also printed with a consecutive number in series of ten 0 to 9, so that, at the close of selling, the number shown on the butt of the last ticket sold, plus the figure on the "flag cards" previously mentioned, gives the total number of tickets sold on that horse.

Where several horses are selected in one leg of a double and it is desired that each horse be coupled with one, several or all horses in the other leg, a special "multiple double" written ticket is issued.

The duplicate copies of written tickets sold at a branch or agency are regularly collected from the sellers and, using the special sorting boxes provided, are sorted into order of meeting, race, or double.

When selling ceases on a particular race or double, all the relevant tickets are taken from the sorting box, sorted into a sorting tray and then collated to separate totals of bets on each horse and to a grand total for the race for win, for place, or for double.

Agencies and branches are allowed 18 minutes for collating each race to win and place and 25 minutes for the first-leg of the double.

Collating of preprinted tickets for the first leg of doubles is done by reading the numbers from the last ticket sold on each horse. When the winner of the first-leg is known, all duplicate tickets sold on such horse are sorted to the second-leg horse nominated and bets on each mentally added and recorded on the collation strip.

Prior to race-days, club secretaries inform head office collating centre of the names of horses that have been scratched or withdrawn from a particular race.

This information is circulated by telegraph to all branches and agencies and the necessary action taken to delete the scratched horse numbers and names from race lists on exhibition in the branch or agency. On race-days, when scratching notifications for later races are received from the on-course representatives, details are immediately telephoned to branches for transmission to agencies. Scratchings thus notified are marked off all race lists exhibited at branches and agencies, so that off-course bettors have the latest possible up-to-the-minute notification of horses starting in the race concerned.

When race results are received from on-course representatives, details are given to officers of the New Zealand Broadcasting Service, which maintains a broadcasting studio in the Board's Head Office.

By arrangement with that Service this information is supplied by the Board for regular broadcast over a New Zealand-wide radio link, and all branches and agencies obtain race results by this method, which is regarded as the official means of distribution.

When there are more than three meetings on the same day, race results are broadcast every quarter-hour; where there are three or fewer meetings, the broadcasts are at half-hourly intervals.

Dividend calculation is undertaken at branches and agencies throughout race-day, and, at the end of the day, branches controlling agencies balance with each agency individually, and then, where necessary, with sub-collating centres, which in turn balance with the Head Office collating centre.

After each agency and branch has balanced, money, surplus to the amount needed for the payment of dividends, usually results.

When this occurs at an agency the agent, on the next business day, remits the excess to the controlling branch by means of telegraphic bank transfer, and the controlling branch, which has balanced with Head Office collating centre in "area" total, remits all surplus for the district to the Accounts Division, Head Office, Wellington, again by telegraphic transfer, after having deducted sufficient money to reimburse the branch account, in meeting payment of administration items, such as casual wages, agents' fees, &c.

Sometimes a branch or agency requires money additional to the total value of ticket sales in order to make up the dividend pay-out. Where this happens, a telegraphic bank transfer is arranged to the branch or agency concerned.

As all off-course betting with the Board is placed on the totalizators to form a common pool, the dividend paid by the totalizator on course is also paid to off-course bettors.

As a safeguard against fraud, and to save reference to schedule of dividends due, the bettor's copy of the ticket, when presented, is matched with the duplicate copy held by the pay-out clerk, and, if in order, payment made accordingly.

Branches and agencies calculate dividends as taken from the official radio results, and are therefore in a position to balance shortly after the result of the last race is known.

Progressively, during the day, the collation copies of both dividend-bearing and scratching refund tickets are separated from non-winning tickets, and marked in red ink to indicate the payment due.

When the balance is agreed the tickets are sorted into either numerical order or meeting and race order, depending on the volume of business. They are then ready for pay-out on the first business day after race-day. Payment is made only from the branch or agency at which the ticket was purchased.

If a bettor cannot present the ticket personally or arrange collection it may be posted to the branch office or agency concerned and a remittance is then forwarded through the post.

T.A.B. now occupies about 300 properties throughout New Zealand, of which approximately 40 are freehold and the remainder leaseholds. These latter, for the most part, are leased on a five-years term with options for renewal.

(B) THE TELEPHONE CREDIT BETTING SYSTEM.

This method, referred to throughout the hearing as the "Prince Plan", depends on the establishment of a credit by the man who desires to bet.

His reputation or the status he has, as an employee of a known business, may be sufficient to establish his credit or he may lodge money or a guarantee from some source acceptable to the bookmaker.

When he has arranged credit he can bet, by telephone, telegraph, or letter, up to the limit of that credit, and, should he win on an early race, the credit arranged for him is augmented by the amount of such winnings.

There is to be no resorting to the premises at which the bookmaker receives bets during the hours of racing. In fact the proposal is that these premises should be closed to all except the bookmaker and his licensed clerks at least two hours before the first race of a racing day.

To enable would-be bettors to establish credits, and for settling purposes, a settling office, apart from the betting premises, where such a course is practicable, is to be opened.

On race-days the bookmaker would be supplied with the prices ruling on the racecourse, with any material fluctuations, either by means of Press Agents or by an officer of the Club at which the races are being held, for a fee, which, in the latter case, would accrue to the Club's revenue.

Each bookmaker, his clerks, and the premises at which he conducts his business would be licensed by a Betting Control Board and he would pay a registration fee and also a licence fee for each telephone used by him for betting, and a licence fee for each clerk employed in the business. He would also lodge money with the Government or the Board, as a guarantee that he would meet his obligations and observe the terms of his licence.

The proposal is made that the fees paid should be so fixed to return 2 per cent. on the estimated turnover, thus placing the licensed bookmaker in the same position, as regards tax, as the registered on-course bookmaker.

On the assumption that the present turnover of illegal bookmakers amounts to £100,000,000 annually, it is said, this would mean that, for each telephone employed, the registration fee would be £260 and the licence fee £250.

It is suggested that the Government would retain the registration fees for its own purposes and have the use of the fund created by the guarantee moneys paid, unless it decided to pay interest on the amounts so received, and that the licence fees, both for bookmakers and clerks, should be given to the Racing Clubs, which would defray, therefrom, all the expenses of the Betting Control Board, and, in addition, pay 10 per cent. of the amount received to charitable organizations.

The number of telephones necessary to implement this plan is estimated, by Mr. Prince, at 4,279 approximately, which, at a registration fee of £260 for each telephone, would return £1,112,540 annually to the State.

The estimate is based on the assumption that a telephone can only receive about 25 calls between races, owing to the bettors' habit of not betting until a few minutes before each race.

However, one large telephone bookmaker stated each telephone operator could handle about 45 calls between each race and Sub-Officer Miller of the Gaming Squad said that, on the occasion of a raid, he himself took about 30 calls in five minutes. Accordingly, it seems that the number of telephones required, and, consequently, the amount of revenue to be derived therefrom may well have been exaggerated by Mr. Prince.

There is no provision in the "Prince Plan" for the casual or small bettor who cannot or will not bother to establish a credit so, it is recognized, the scheme would not eradicate the illegal bookmaker, since there would be men prepared to meet the demands of the casual and small punters, but it is claimed that this system would result in illegal betting becoming a minor problem.

To ensure that the licensed bookmaker did not violate the terms of his licence it is suggested that the Betting Control Board be given powers similar to those which the Racing Clubs exercise over registered bookmakers, which include power to cancel or suspend any licence.

(C) THE BETTING SHOP.

This method exists, in different forms, in Tasmania and Western Australia, and, to a very restricted extent, in South Australia. Quite a body of evidence was given regarding the shops of Western Australia so I propose to consider them as typical of what similar shops would be, if sanctioned in Victoria.

They owe their origin to the provisions of the *Betting Control Act 1954*, whereby the Betting Control Board of Western Australia was constituted with power to grant licences to persons, not subject to certain disqualifications in the Act mentioned, to carry on the business of bookmaker, either:—

- (a) in person upon a racecourse if he holds a permit to do so from the authority controlling the racecourse;
- (b) in person or, subject to certain conditions, by his employee, at registered premises specified in the licence.

It also has authority to register such number of premises as it considers necessary in which betting could be carried on by licensed bookmakers.

There are express provisions in the Act declaring legal any bet made on a racecourse, during the holding there of a race-meeting, or at or in registered premises but no bet or transaction arising out of or in connexion with a bet is to be enforceable at law. It is made illegal for any person to bet at or in a place (as defined in the Act) or public place, unless in accordance with the Act.

Every bookmaker was charged with the duty of making true and full returns of monies paid or promised as the consideration for bets made by him and of paying tax thereon at the rate imposed by the *Bookmakers Betting Tax Act 1954*. Provision was also made for the distribution, by the Commissioner of Stamps, of a percentage of the tax so paid, to the Western Australian Turf Club and to the Western Australian Trotting Association.

A wide power to make regulations for giving effect to the Act was vested in the Governor and, in fact, regulations of a most comprehensive kind were made thereunder.

Apart from Good Friday, Anzac Day, Christmas Day, and Sundays these shops are open for business every day during such hours as are specified in the relevant regulations.

The result of this legislation, and of the licensing of the majority of those who had formerly been illegal bookmakers, was that illegal betting was eradicated or, so nearly so, that it is not now even a minor problem in the State.

The popularity of this form of betting is evidenced by contrasting the increase in turnover obtained in them with the decrease in bets taken on the racecourse as shown in the following table:—

	Off-Course Gallops.	Off-Course Trots.	On-Course Gallops.	On-Course Trots.
	£	£	£	£
1955-1956	14,068,510	2,635,501	6,035,028	2,644,515
1956-1957	13,940,325	2,941,220	6,050,840	3,011,495
1957-1958	14,834,074	3,538,894	5,730,917	2,986,548

Of course the betting shops are spread throughout the State and enable many thousands of persons who cannot attend a race-meeting to bet, which explains some of the differences shown in the turnovers of galloping races, off-course and on-course, respectively. On the other hand, subsequent to the establishment of betting shops, both the racing and trotting clubs instituted a device, known as "the jack-pot tote", which, for a year or so retarded the decline in course attendance, to some extent. A striking feature of the off-course betting is that more than 50 per cent. of the turnover derived from gallops is received for bets made on galloping races in the Eastern States, which are run during the Western Australian morning and early afternoon.

Three witnesses, each of whom holds, or has held, a responsible position under the Western Australian Government and a fourth, who is the President of the Licensed Bookmakers Association of Western Australia, all spoke, in glowing terms, of the success achieved by the betting shops in extirpating the illegal bookmaker, of the decorous manner in which they are conducted, and of the general satisfaction of the public with this mode of betting. One of these witnesses, who had held the position of Under-Treasurer and Commissioner of Stamps in the State, stated he was certain there was no evasion by bookmakers of the turnover tax, and his Department collected 100 per cent. of what was due to it from that source, even though telephone bets are booked in a part of the registered premises of the betting shop bookmaker to which the public has no access.

The same witness said that, in every 30 or 40 minutes, whilst racing was in progress, there would be three or four radio broadcasts of different races—both local and interstate—in each shop, and that people could stay in a shop as long as they desired to do so. The wireless stations which broadcasts the races are subsidized by the Licensed Bookmakers Association, doubtless, with the intention of inducing people to frequent their shops.

The President of that Association, who attended the sittings of this Commission, for many weeks, stated that his Association had paid the sum of £1,500 towards the costs of Mr. Prince in presenting his plan as, in Western Australia, it had been "fighting a bias, almost amounting to a phobia" of some people against the betting shops, and, as its members felt the result of the findings here might affect opinion in their State, this was their battle also. That Association also paid all of the expenses incurred by two of the witnesses, the ex-Under-Treasurer and Commissioner of Stamps and an ex-Chairman of the Betting Control Board, brought from Western Australia to give evidence in support of licensing off-the-course bookmakers. The reason given for the Association's paying these sums does not support the claim that there is general satisfaction in Western Australia with betting shops.

Under cross-examination, one of the witnesses, Mr. Andersen, the first Chairman of the Betting Control Board, admitted that, when an enquiry was made by the Board, pursuant to the requirement in Section 8 of the *Betting Control Act 1954*, whether the establishment of a system of betting by means of the totalizator is possible and advisable, all representatives of racing and trotting clubs, breeders, owners, trainers, and reinsmen spoke in favour of such a system and adversely of the betting shops. In the result the Board, by a majority of three to two, reported that the establishment of the totalizator was not possible and advisable in Western Australia. Two others from that State—a committee member of the Western Australian Turf Club and the ex-Secretary of the Inter-Dominion Trotting Conference—were not at all enthusiastic about the betting shops and stated that, since they became legal, attendances at both galloping and trotting races have declined appreciably—those of the gallops by as much as 35 per cent. Such a loss has a snowball effect on the Clubs' receipts, since the revenue from the totalizator, bar takings, catering, &c., is affected proportionately.

There is also in evidence an affidavit by the Secretary of the Western Australian Trotting Association, who deposes that, in the three years which have elapsed since the licensing of off-the-course bookmakers, admission moneys to trotting meetings have declined by 26 per cent.

As these witnesses are supporters of clubs, which, in their opinion, had been prejudicially affected by betting shops, they can hardly be regarded as representing the general public opinion of the State, nor, do I think, can those who testified in favour of those shops be so regarded.

I now come to consider the specific questions contained in the Commission issued to me.

QUESTION 1 (a).

What social evil or evils are associated with illegal off-the-course betting as now conducted in Victoria?

Crime.

It is common knowledge, gained from reports of Court proceedings, that some cases of stealing and embezzlement are caused by people, who are not in flourishing financial circumstances, taking what does not belong to them, for betting purposes, but there is nothing to suggest that these people wager with illegal rather than with registered bookmakers.

As has been mentioned already there are a few men who resort to "standover" methods to extort money from illegal bookmakers and, of course, that is an evil directly associated with illegal off-the-course betting. Inspector Healey however is of the opinion that this form of betting is by no means a significant cause of crime and there is no evidence that it is.

The conclusion reached by the 1951 Royal Commission in England, as set out in Paragraph 177 of its Report, viz—"gambling is of no significance as a direct cause of serious crime, and of little importance, at any rate at the present time, as a direct cause of minor offences of dishonesty" can be applied to Victoria, with the qualification that the violent behaviour of the few men who practice "stand over" tactics here is attributable to illegal gambling.

Distress in the Home.

As gambling is often associated with drinking to excess, social workers find it difficult to assess what influence betting beyond one's means has in impoverishing families and lowering the standards of living. In a lengthy experience as a Minister, the Reverend Mayes could only remember two cases in which gambling, by itself, was the cause of family unhappiness or economic distress. The Reverend Westerman said he had discussed the question with several social workers and that one of these, a mission sister, could recall a number of specific examples of decreases in money coming into the home and difficulties in relation to marriage resulting directly from excessive gambling, but, generally, the judgment of these social workers was that the consequences of reduction in the standards of living and marital troubles were also related to other evils, such as intemperance, so that it was difficult to produce a statistical survey of the social consequences of excessive betting. Inspector Healey stated he received some three or four letters weekly, from wives, alleging that their husbands were betting beyond their means, a number which he regards as very few in relation to the number of punters.

Another witness knew of four cases, in each of which trouble had come to a home, through the breadwinner betting on credit.

As the majority of those whose betting does result in economic or marital troubles are, probably, men on a low wage, who would not spend money in going to the races, the illegal bookmaker is the most likely source of his betting losses.

However, on the evidence before the Commission, it cannot be said that distress in the home is a major result of illegal betting.

Contempt of the Law.

It is patent that a great number of citizens, who would hesitate long before breaking laws, other than those relating to gaming, have no compunction in betting with illegal bookmakers.

Even many people who do not bet regard the laws against gambling as an unwarrantable interference with the right of a man to do as he likes with his own.

A number of those who find it impossible to attend race-meetings—because of distance from the course, shift work, being in hospital, or other good reason—are interested in betting on horses and resent the fact that there is no lawful facility for them to make wagers.

People such as these regard the illegal bookmaker as one who meets a public need ; their sympathies are with him and against the Gaming Police who are trying to suppress him, and they have no hesitation in betting with him, whether their action be legal or illegal. Under the statute law of Victoria there is no express prohibition against a person betting off-the-course—as there is under the laws of some of the other States—so, unless he can be prosecuted as the aider or abettor of an illegal bookmaker, a subject which has not yet been decided in the Courts, he is not guilty of an offence if he bets elsewhere than in a common gaming-house or place (as defined). Accordingly, the person placing a bet may well have the comfortable feeling that, even if caught in the act, he is immune from punishment.

Several representatives of Racing Clubs in country districts said that the illegal bookmakers in their respective towns were respected by the townsmen and that no stigma attached to them because of their operating without the law.

An ex-Inspector of Police, who recently retired and is now residing in a country town, submitted a memorandum to the Commission, extracts from which, I consider, are worth quoting, since they put views which were not covered by other witnesses and which appear to be sensible conclusions drawn from a long experience.

Such extracts are :—

“ My type of service brought me into close contact with the public and I claim to speak with knowledge on aspects of S.P. betting as it affects the country policeman and the communities under his charge. Many people consider that the present law on S.P. betting is unfair, particularly to country people. For example, after an S.P. bookmaker had been caught in one town a former friend of mine, a man of excellent repute, said to me ‘ Don’t you personally think that the law is wrong. Look at me. I’m too old for football or cricket and I’ve no time for golf or tennis but I do like horse-racing. It’s my hobby. I’m a moderate bettor and I can afford the money I bet with, more so than a lot of city people who can legally go to the races and bet. I get a kick out of it when I back a winner and I get a lot of pleasure out of talking horses and horse-racing. The law is not fair ’.”

“ A law which cannot be enforced is not good law, it tends to bring all law into disrespect. Under present conditions the law on S.P. betting cannot be properly enforced. On one side we have an apathetic public, sometimes even hostile, with newspapers and wireless commentators lawfully stimulating the public mind with racing news and descriptions and creating an appetite for betting. On the other side a law which many consider unfair and which is without public support and to enforce it policemen well known and easily avoided. A policeman may suspect that S.P. betting is being actively carried on in his town but rarely does he see any sign of it. It is kept out of his sight but not out of sight of other townspeople. Every town has its share of malicious people, of dull and ignorant people and of gamblers with families short of comforts. Seeing the bookmaker operating they cannot understand why the policeman doesn’t stop him. Their minds become receptive to the thought that the policeman is being bribed and that he just doesn’t care and isn’t doing his duty. They become critical or resentful and lose respect for him.”

“ A law which brings those charged with enforcing it into contempt is not good law.”

“ Many policemen realize that the S.P. bookmaker is satisfying a public demand, and, if he catches the bookmaker, someone else will start up. If the bookmaker is a reputable type the policeman is strongly tempted to leave him alone on the assumption that, ‘ The devil you know is better than the devil you don’t know ’ and if he stops the present operator a worse one may start up.”

"A law which a conscientious policeman considers it wise not to thoroughly enforce is not a good law unless it has the backing of a moral law. The present law on S.P. betting has no such backing. It has to be remembered that policemen are individuals, representative of the community, if many of the community see no wrong in S.P. betting then it can be safely argued that many policemen see no wrong in it. Most are aware of the gossip coupling police with bookmakers and the various allegations of bribery. An S.P. bookmaker could therefore be a continual temptation to a dishonest policeman or to one short of money through sickness or other misfortune. A law which continually creates a temptation to bribery is a dangerous law."

"I have tried to outline the more obvious faults in the present law on S.P. betting. I believe that it has a bad effect on public morale and a bad effect on youthful minds. Youths see a law broken with impunity, hear adverse criticism of those charged with the enforcement of it and the general effect is to breed within them a disregard for law generally."

Several witnesses, some of whom were bitterly opposed to illegal bookmakers or to the making of them legal, admitted that they themselves bet with them, on occasions, and felt no great sense of wrong-doing in so doing.

It is certain, I think, that many people, who know that men in responsible positions bet with those who are law-breakers do tend to lose respect, not only for the law so being defied, but for law generally, but there is little evidence to suggest how widespread this tendency is.

Corruption of Members of the Police Force and Telephone Employees.

In an earlier part of this report there appear references to the evidence which led Inspector Healey to believe that a large percentage of members of the Police Force and some employees of the Telephone Department had been bribed by off-the-course bookmakers to condone their illegal activities. As already stated, a full inquiry into the circumstances relied upon by the Inspector, with an opportunity given to the personnel involved to explain such circumstances, would be necessary before one could come to the conclusion that his belief was justified.

For the purposes of this Commission it is sufficient to say that the circumstances so relied on do raise a deep suspicion that there has been bribery by illegal bookmakers of police and telephone employees.

The enormous sums which are wagered, off-the-course, on racing and the lucrative nature of the business carried on by them, almost certainly, must result in many bookmakers being prepared to expend money to gain immunity from interference with that business.

So far as the police are concerned all witnesses agreed that the present members of the Gaming Squad are incorruptible, but their number is only 21, and all other members of the Police Force have a duty to enforce the laws against gaming.

In any large body of employees there are certain to be some "black sheep" who, either through financial stress, or cupidity, are open to bribery, and, so long as there is no legal way of betting off-course, there can be little doubt that there will be corruption of some members of the Police Force and Telephone personnel.

Effect on the Public.

There is evidence that the street bookmaker generally carries on his business in a lane, in close proximity to an hotel, and that there is a constant passage of persons between the two places.

As the day lengthens some of these persons become intoxicated, or nearly so, and misbehave, by using foul language, urinating against the fences, squabbling among themselves, and in other ways, to the annoyance of the adjoining householders, particularly those who have children playing in the yards.

All these bookmakers are protected from raids by the police by "nit-keepers" which tends to render the making of a bet a furtive undertaking which, some witnesses suggest, is degrading to the decent citizen who desires a wager.

It was also suggested that a goodly proportion of young people mingle with the customers of the bookmaker and, seeing how the law is flouted by their elders, are inculcated with a disrespect for law generally and led to believe that off-course betting is a manly pastime.

The evidence concerning these matters was of a vague nature and one can only say that they are probable social evils resulting from off-the-course betting.

QUESTION 1 (b).

What is the financial extent of such betting annually?

It is impossible to answer this question with any certainty, since the off-course bookmaker generally destroys all evidence of each day's betting, shortly after he has settled for that day, and does not keep books of accounts.

To approach the problem of estimating the financial extent of such betting it is advisable to consider evidence relating to street and telephone bookmakers separately.

Practically all street betting is done in cash, at either a fixed or at starting price, and the pay-out on winning horses normally takes place as soon as "correct weight" is declared.

As already reported the weight of evidence is that there is at least one bookmaker operating in the vicinity of nearly every hotel in the State, on race-days, and there are also some who take bets in clubs, billiards and wine saloons. As already mentioned there are 1,615 licensed hotels in Victoria, so it seems reasonable to assume that there are at least 1,500 bookmakers carrying on in the State, exclusive of those who bet by telephone only.

Of the 15 illegal Victorian bookmakers who testified, 1 operated both a street and a telephone business separately, 5 were street men only, 6 worked by telephone only, 2 in clubs, and 1 in his own café at a seaside resort.

The café proprietor said he was encouraged by the storekeepers of his town to begin as a bookmaker, to keep holidaymakers from visiting a neighbouring resort, where they could bet, on Saturdays, which is some indication of the manner in which the ordinary citizen regards illegal betting.

As most of these men gave evidence under an assurance that their names would not be published, they will be referred to by letters only.

Bookmaker A, the one who had both a street and a telephone business, originally had three street locations in South Yarra, two conducted by agents and the other by himself. He now has only one, the turnover of which averages £1,000 for a Metropolitan race-meeting, £40 each race for a Country day, and £50 per race on Trotting meetings. On the basis of 63 Metropolitan, 100 Country, and 25 Trotting meetings annually, this would result in a yearly turnover of, approximately, £100,000.

For his telephone business he had, originally, seven telephones situated in three different places but, owing to the activity of the Gaming Squad he now uses only four, which he changes from week to week, by hiring them from private homes at a rental of £5 daily. With seven telephones his average turnover was £20,000 a day for Metropolitan, £5,000 to £6,000 for Trotting meetings, and £4,000 for Country days, making a total annual turnover of £1,785,000.

At the present time these figures have been reduced to £8,000 (Metropolitan day), and £2,000 (Trotting meeting), and he no longer bets on Country meetings.

On these latter figures his average annual turnover, from telephone betting, is now about £554,000.

Particulars of the holdings of the five bookmakers who operate in a street or lane only are as follows:—

Bookmaker B, who carries on in Richmond, averages £500 on Metropolitan and something under £100 on Country meetings, which would result in an annual turnover of approximately £40,000.

Bookmaker *C*, whose location is in Camberwell, has an average holding of £800 on Metropolitan and from £200-£400 on Country meetings, giving a turnover of about £80,000 yearly.

Bookmaker *D*, who operates in Benteigh, averages takings of £800 for Metropolitan and £200 to £300 for Country race-days, which would amount to approximately £75,000 per year.

Bookmaker *E*, located in Armadale, averages about £700 for a Metropolitan meeting and was not questioned as to his activities on Country or Trotting races. Assuming he does not operate on them his yearly takings would total about £45,000.

Bookmaker *F*, operating in Preston, holds from £900-£1,000, on a Metropolitan race-day, but does not bet on Country or Trotting meetings. His annual turnover would be a little over £60,000.

Most of the bets taken by these bookmakers are cash bets and some of them will not allow credit save in exceptional circumstances.

Of the other three cash bookmakers, one—

Bookmaker *G*, operated in a foreign club and said his holdings were about £1,100 for Metropolitan and £300-£350 for Country meetings which means about £100,000 yearly in turnover.

Bookmaker *H*, also a foreign club operator, said his average takings were for Metropolitan £600-£700, Country £300-£350, and for Trotting meetings £180-£200 which would total about £78,000 annually.

Bookmaker *I*, who bet in his café at a holiday resort, average from £300-£400 per day on Metropolitan races but did not bet on other meetings. His annual return would be, approximately £22,000.

The telephone bookmakers had much bigger totals. It has been shown that the results from this side of Bookmaker *A*'s business alone approximates £554,000 at the present time, and was more than three times that amount before the Gaming Squad harassed him.

Of the others :—

Bookmaker *J*, operating six telephones, averaged about £1,000 per race on Metropolitan meetings, which equals £6,000 to £7,000 a day and held "some hundreds of pounds" per meeting on Country races. Probably his annual turnover was not less than £500,000.

This man was one of twelve who occupied the same "fortress" which was divided into separate rooms. He stated that the average holdings of the others would be about the same as his own, so the total holdings for the "fortress" would be £6,000,000, or thereabouts yearly.

Bookmaker *K*, had nine telephones, of which one was kept exclusively for the use of small bettors showed bets of £70 to £80 per race-day on a Metropolitan race-day, or, about £500 for the day.

On the remaining telephones, bets, on a Metropolitan race-day, would average £4,500 with a like amount for Country and Trotting races held in the same week. Later he conceded he would hold about £10,000 weekly.

Takings of approximately £10,000 a week throughout the year—as there is no time at which this business closes down—would result in a turnover of about £520,000.

Bookmaker *L*, had eight telephones. He said his average holding on Metropolitan races was £1,000 per race but he might hold £7,000 or £9,000 for the ordinary day and, £10,000 on a good day, such as a Cup Meeting.

He gave no evidence of betting on other days. Even without any such, and taking his average holding for a Metropolitan race-day at no more than £7,600 his annual turnover would amount to £475,000 at the least.

Bookmaker *M*, who when most active, operated 22 telephones, of which 16 were in one room, had from 3,000 to 4,000 customers, of whom 700 to 800 would bet on an ordinary Saturday meeting. His takings averaged £10,000 to £12,000 for Metropolitan days, £7,000 to £8,000 weekly for Country races, and £4,000 for Trotting meetings. He had not worked out the annual turnover but conceded it would be about £1,220,000.

Bookmaker *N*, before limiting his business because of the Gaming Squad's activities, had ten telephones and about 1,000 customers, of whom about 400 would be described as "very active". He took a little in excess of £10,000 weekly—to which the Metropolitan meeting would contribute between £7,000 and £8,000, and considered his annual turnover to be about £600,000.

Bookmaker *O*, who was said to be the biggest of the illegal bookmakers whilst he was operating, but who says he has retired recently from business, had from seven to ten telephones at different times.

His average holdings were as follows:—

Metropolitan race-day, £30,000 ; Country and Trotting Meetings, £20,000 with an annual total turnover of approximately £2,500,000.

Not only was this man the biggest of the bookmakers but he did a considerable amount of betting, pre-post, with registered bookmakers and others.

With the exception of Bookmaker *I*, the café proprietor, none of the men, whose approximate annual takings are given above, operated outside the Metropolitan area. This man cannot be regarded as typical of the country bookmaker since he worked at a small town which has a rush of visitors at holiday periods, but only a small population at other times.

It is clear that in every town and hamlet in Victoria there is at least one illegal bookmaker, and, in the larger towns, several, operating each Saturday, but there is no evidence of the volume of money which passes through the hands of the fraternity in the country. As only an insubstantial number of countrymen can attend Metropolitan race-courses it is probable that quite large sums are handled by the country bookmakers, but, as any estimate of such sums, would be wild guess-work, it is better to confine any deduction of the financial extent of betting off-the-course to the evidence given by the bookmakers called, to a survey made by a Press Agent, one Jose, and to that of members of the Gaming Squad.

Caution is called for in accepting the figures of turnover given by the illegal bookmakers themselves for the following reasons:—

The President of the Licensed Bookmakers Association of Western Australia stated that, in his experience, bookmakers tend to under-estimate their turnovers. This is quite understandable as they know full well that Income Tax officials are on the alert for information concerning their takings, and, doubtless, all have furnished returns for that tax.

One of those who gave evidence (Bookmaker *G*) admitted, under cross-examination, that the Commissioner of Taxes, had recently required him to pay £45,000 of which £28,000 was for tax owing and £17,000 as penalty. It is not known whether more years than one were involved in this assessment, but the fact is some corroboration of the experience of the Western Australian President, even allowing that income is a very different thing from turnover.

Again, Bookmaker *J*, at first stated his average holding on a Metropolitan meeting was about £500 a race.

When confronted with the information the police obtained when they raided his premises shortly before the first race on one Saturday, he admitted he was holding "possibly £1,500" on that race and that the betting on it had not finished. On being further pressed he conceded that his average turnover would be about £1,000 each race.

Other matters which have to be considered with regard to the turnovers admitted by the various bookmakers are that the amounts shown do not all represent money of the betting public, since some of the larger of the bookmakers include sums which are "laid-off" with them by other bookmakers, both registered and illegal; and that the figures do not purport to show present-day betting results in all cases as, since Inspector Healey's Squad became active, three of the biggest of them (Bookmakers *K*, *M*, and *O*) have all ceased business, at least temporarily, and some of the others have had to limit their operations.

However, from other evidence, including that of Press Agents, who say that, although the names of their customers have changed over the years, the numbers taking their service have not altered appreciably, it is more than probable that former employees of these men, and others, have continued the work and it is problematical by how much, if at all, the activity of the Gaming Squad has decreased the volume of telephone betting.

Also, it was stated by Mr. Prince, that the telephone operators, whose figures are set out above, were among the biggest in the business but, he further said, he had no knowledge of the affairs of any other bookmaker, that he had never heard of Bookmaker *A* until he gave evidence, and, when asked to write the names of the eight biggest telephone bookmakers, he included the names of three who did not give evidence. Bookmaker *O* was also requested to write the names of those he regarded as the biggest and, of the six names written by him, two did not testify, of whom one was not included in Mr. Prince's eight. Neither Mr. Prince nor Bookmaker *O* included Bookmaker *A* as one of the biggest, though, at the present time, he admits to a yearly turnover of about £654,000, and, until recently, it was nearer £2,000,000.

Accordingly I do not feel confident that most of the biggest illegal bookmakers were called before the Commission.

The members of the Gaming Squad made estimates of the extent of illegal betting based on the contents of betting sheets seized in raids and conversations with bookmakers.

Inspector Healey considered the street bookmakers took about £63,000,000 and the telephone operators about £190,000,000 annually, thus estimating the latter class to do three times as much business as the former, but, he admitted later, that was only an approximation and might be less, though, he said, it is at least twice as much. He concentrated more on the big telephone bookmakers, forcing some of them out of business, with the result that he considered the turnover of the telephone operators had been reduced by at least one-third.

Sub-Officer Miller, of the Gaming Squad, considered that the average book of the street bookmakers throughout the State would be £500 to £700. He gave no estimate of the turnover of the telephone operator but stated, in his opinion, the success the Gaming Squad had had in limiting his operations was a "negligible factor". Mr. Jose, with the assistance of two others, made a survey of illegal bookmakers, over a large part of the State, some eighteen months ago, in furtherance of a plan he had formed on the lines of the "Prince Plan".

As a result of such survey he found there were at least 1,000 substantial off-course bookmakers in Victoria (of whom 10 to 12½ per cent. were street bookmakers), each of whom was prepared to pay something like £4,000 annually for the right to operate an off-course telephone betting service.

Mr. Prince, who emphasized that his answers were "sheer guess-work" estimated that, before Inspector Healey took charge of the Gaming Squad, there were about 1,000 telephones in the country districts and 2,000 in the city area used for illegal betting and that the turnovers of illegal bookmakers for the State was between £100,000,000 and £150,000,000 before Inspector Healey's activities reduced the total, which he considers is about £70,000,000 now.

In the document showing details of his plan (Ex. R.41), which he had circulated to a number of bookmakers before this Commission was constituted, Mr. Prince estimated that 4,279 telephones would be required to give effect to it, but of course, that was on the basis that street betting, would be much reduced from its present flourishing condition.

There was very little evidence of the extent of illegal betting outside the Metropolitan area, but what there was did suggest that it is prevalent throughout the State. Although some business is done in the country through telephones, the greater part appears to be done by personal contact by the bettor with the bookmaker, who ensures he can be found at a certain place on race-days.

Mr. Byrne, a solicitor of Ballarat, who does legal work for illegal bookmakers, thought there were several in that city who operated only by telephone, whilst racing was in progress, and one would assume that was also true of Geelong and Bendigo, but, generally the country bookmaker, whilst he may take some bets by telephone, relies mainly on personal approach by would-be bettors.

Mr. Prince holds the opinion that, per head of general population, illegal betting in the country is a more popular pastime than it is in Melbourne, which may be the result of the fact that the opportunities for the countryman to bet on-course are much more restricted. As, according to the last census, it appeared there were 1,025,000 adults in the metropolitan area and 565,000 in the country districts, it would seem fair to assume that the volume of betting in the latter districts is more than half as great as that of the metropolitan area, were it not that the big telephone bookmakers in Melbourne do quite a lot of business with country customers.

How many people patronize off-the-course bookmakers

During the Spring racing season of 1957 a Gallup Poll was held, throughout Australia, and showed results as follows:—

	Per cent.
Bet in last week	12
2-3 weeks ago	4
4 weeks ago	3
2-3 months ago	4
4-6 months ago	8
1 year ago	9
2-4 years ago	8
5-9 years ago	4
10 or more years ago	10
Never bet on races	38

Of course this is not an accurate guide to assessing the number of Victorians who bet off-the-course, since the figures given are based on replies by a limited number of persons throughout Australia, there is no obligation on or incentive for the questioned to give thoughtful, or truthful, answers; it includes those who bet on-course and there is not means of telling just what proportion these bear to the whole.

Taking the Gallup Poll results as a rough guide only, it appears that 16 per cent. of Australian adults bet regularly and another 24 per cent. bet spasmodically. It is notorious that very many people in Victoria, who have no interest in racing generally, have a wager on one or two races each year, such as the Victoria Derby and Melbourne Cup, and, probably, such are well represented in the 9 per cent. who bet "one year ago".

As at 30th June, 1958, the population of Victoria was estimated to be 2,741,397. Applying the percentage (65 per cent.), which the census of 1954 showed was then the proportion of adults to the total population, to this figure, it appears that the present number of adults in the State is now, approximately, 1,780,000. Assuming that 20 per cent. of them bet more than a negligible number of times yearly, one finds there are about 350,000 people who are really interested in betting, either on or off-the-course. As the average attendance at a Metropolitan race-meeting is 30,000, some of whom would not attend all the courses but would bet illegally on races they did not attend, it seems probable that more than 300,000 of the adult population are potential customers of the off-the-course bookmaker.

I find it impossible to draw any certain inferences from the material set out above, and from other oral and documentary evidence to which I have not referred, but the deductions I make will be based on a consideration of that material, together with a number of other facts, drawn from documents on the file and answers by witnesses under cross-examination, which can hardly be given in detail.

Having regard to the widespread interest in illegal betting in country areas, I regard 1,500 as the number of street bookmakers in the State as conservative, since, in the term "street bookmakers" I include the country operators who take bets both by telephone, and by personal approach to bettors. Because of their limited number I will also consider those in the country who operate on the telephone only as "street bookmakers", to obtain one figure for all country betting. There is absolutely no evidence of the extent of the actual business done by country bookmakers who use the telephone exclusively, but—although, generally, the metropolitan telephone bookmaker has a much greater turnover than does his street confrere—since many country residents bet by telephone with Melbourne bookmakers, it would not be safe to assume their turnover was any greater than that of the country bookmaker who operates through personal contact with his customers only.

Bearing in mind that there are 571 hotels in the Metropolitan area—that is, within 20 miles of the General Post Office, Melbourne, it can be said safely there are at least 500 street bookmakers operating in that area.

The average annual turnover of the five suburban street bookmakers (those referred to by the letters *B* to *F* inclusive), is, approximately, £60,000.

Sub-Officer Miller's estimate is that the average for the whole State would be between £500 and £700 for each Metropolitan race-day, and that perhaps 20 per cent. of that sum would be wagered on country and trotting meets with the street bookmaker. Taking the mean of £600, the result would be an average annual turnover of approximately £45,000. At least one street operator (Bookmaker *A*) takes about £100,000 yearly, and there may be others in a high category of whom we have not heard.

On the whole it seems safe to say that £50,000 is a conservative sum to work upon as the average holding of the Metropolitan street bookmaker. Multiplied by 500 that results in a total of £25,000,000 but, it will be obvious to all, who consider the facts on which this estimate is based, that there is much room for error in the sum stated.

The figures given by the five bookmakers (under the letters *B* to *F*) were for present-day trading and, as Inspector Healey stated he had reduced the number of street bookmakers "to a small extent but not greatly", their turnover is probably much the same now as before he became active.

On the assumption that the volume of betting in the country is about half that done in the streets in the Metropolitan area, and that there are at least 1,000 illegal bookmakers operating outside that area, it follows that the country turnover would be approximately the same as that of the Metropolitan street bookmakers, viz., £25,000,000 which would result in a total for the State of £50,000,000 as the turnover of "street bookmakers", including, in that term, the country telephone operators.

It will be seen that this results in giving each of the 1,500 "street bookmakers", an average turnover of less than £35,000, which is considerably below the estimate of Sub-Officer Miller, and which is, I consider, a very conservative result.

There is no doubt that the Gaming Squad activities severely hampered a number of the big telephone bookmakers and drove some of them out of business.

As already mentioned, Inspector Healey estimated that, when he commenced his campaign, the volume of betting done on the telephone was twice or thrice as much as that done by street bookmakers. He assessed the volume of street betting at £63,000,000 and, multiplying that sum by three, arrived at an approximate figure of £190,000,000 as the betting done by telephone.

At the time he appeared before this Commission he was of opinion that this latter figure had been reduced by at least one-third, which would result in a present telephone betting turnover of about £127,000,000.

Inspector Healey admitted this was only an approximation, and, perhaps, more help can be had from considering the figures of turnover given in evidence by some of the telephone bookmakers.

Omitting three of the biggest of them (Bookmakers *M*, *N*, and *O*) it appears that, before the onslaught made by the Gaming Squad :—

Bookmaker *A* booked £20,000 on 7 telephones on a Saturday
 Bookmaker *J* booked £6,500 on 6 telephones on a Saturday
 Bookmaker *K* booked £4,500 on 8 telephones on a Saturday
 Bookmaker *L* booked £7,500 on 8 telephones on a Saturday

The total of £38,500 on 29 telephones shows a return of £1,327 per telephone on each Metropolitan race-day. Multiplying this sum by 63 gives the average annual turnover of each telephone as £83,601 for those race-days.

There is no evidence of the number of telephones used for off-the-course betting but Inspector Healey stated that between March, 1956, and October, 1958, no fewer than 934 had been detected and they were in 515 different premises.

Mr. Prince made a guess of 2,000 as the figure for the Metropolitan area and, as he should be as well-informed on that subject as anyone, I propose to work on that figure.

If the four bookmakers *A*, *J*, *K*, and *L* be regarded as constituting an average, their figures show an annual "take" of £83,601 per telephone for Metropolitan races alone. Multiplying this sum by 2,000 makes £167,202,000 as the turnover for telephone betting in the pre-Healey era on Metropolitan race-days. This does not include betting on country and trotting meets which, in the case of some of the bookmakers who gave evidence, is quite substantial, but, as there are probably a number of telephone bookmakers with smaller turnovers than those who gave evidence, and, to keep the estimate a conservative one, I propose to ignore betting on races other than those held in the Metropolitan area, and to regard the sum mentioned as the State total for telephone betting prior to 1956.

For reasons already given I have included those bookmakers in the country who use the telephone as "street bettors".

If, as Inspector Healey thinks is the case, he has cut this form of betting by at least one-third, the present turnover would be about £112,000,000. Add to this sum £50,000,000 for street betting and the financial extent of illegal off-the-course betting in this State is about £162,000,000. Again I emphasize that this answer is, and can only be, an estimate, based on uncertain facts, and may well be very erroneous.

QUESTION 1 (c).

What net amount of revenue would be likely to accrue to the State annually if such betting was subjected to the State revenue laws now applicable to betting on licensed racecourses?

This question appears to be based on the assumption that all the present illegal betting would cease if some legal form of off-the-course betting was instituted, and that there would be no evasion of tax by legal off-the-course bookmakers, unless the word "likely" is inserted to require me to guess at the extent of such illegal betting and evasion, in the case of a legal system being brought into force.

Again one of the sources of revenue from betting under the State revenue laws is the impost charged for Bookmakers' Certificates, Bookmakers' Clerks Certificates and Authorities under the Third Schedule to the *Stamps Act* 1946, as amended by Section 15 of the *Bookmakers Act* 1953. This impost varies in amount, according to the racecourse, and location there, where a bookmaker operates, so there is no certain sum which could be applied to licensed off-the-course bookmakers.

There is also a tax on betting-tickets imposed by the *Stamps Act* 1946 at the rates set out in the Third Schedule thereto. Such rates vary according (as in the case of Bookmakers' Certificates) to the racecourse (whether within or without 20 miles of the Melbourne General Post Office) and to the reserve thereon in which a bet is made, so again, there is no certain sum for betting tickets which could be applied to off-the-course bookmakers.

The basic tax on betting on the racecourse is that on Bookmakers Statements, contained in the Third Schedule to the *Stamps Act* 1946.

This tax amounts to 2 per cent. of the aggregate of the amounts wagered by backers on all bets made with a registered bookmaker at any of the three Metropolitan racecourses and at the Royal Showgrounds Trotting Course, and $1\frac{1}{2}$ per cent. on the aggregate of all bets made with a registered bookmaker at any other racecourse.

Of the sums so obtained there is paid annually, therefrom, one-eighth of the amount received in that year from the Metropolitan race-meetings to the racing clubs which held meetings during that year, in proportion to the amounts of stamp duty paid by bookmakers for bets made at such meetings of the respective clubs.

Similarly one-eighth of the amount received from stamp duty on bookmakers statements in respect to bets made at the Royal Showgrounds trotting meetings is paid to the Trotting Control Board.

From the amounts received as stamp duty on bookmakers statements at Country race-meetings one-sixth is paid to Country Racing Clubs, as recommended by a committee appointed for the purpose, and, likewise, one-sixth of such amounts received at Country trotting meetings is distributed among such Country trotting clubs as the Trotting Control Board recommends.

These provisions were enacted by Division 2 of Part VI., of the *Racing Act 1957* and the result of them is that the net return to the State from the tax imposed on Bookmakers Statements is $1\frac{3}{4}$ per cent. of the amounts received from betting on Metropolitan courses and $1\frac{1}{4}$ per cent. of those received from Country courses, in the cases both of horse-racing and trotting.

On the assumption that the whole of the present illegal betting would pay tax at the present rate charged on Bookmakers Statements, it is necessary to determine what proportion of it would be wagered on the three Metropolitan racecourses and the Royal Showgrounds.

The details of betting tax collected for the year ending 30th June, 1958, show that, of a gross turnover of £58,342,129 for the State, no less than £43,343,737 was attributable to bets made at those four courses.

That means that only 24 per cent. of the total turnover was gained from country racing and trotting meetings.

The details for the two preceding years show much the same result, so it seems reasonable to assume that 75 per cent. of bets will be Metropolitan and so subject to betting tax of 2 per cent. and 25 per cent. will be country and pay tax at $1\frac{1}{2}$ per cent.

This means that from a total turnover of £162,000,000 the State would receive 2 per cent. on £121,500,000, or a sum of £2,430,000 from Metropolitan meetings and $1\frac{1}{2}$ per cent. on £40,500,000 or a sum of £607,500 from country racecourses.

But it has to pay one-eighth of the amount received from Metropolitan meetings to the clubs which hold such meetings and one-sixth of that gained from country racecourses to the country racing clubs so that the amount of revenue likely to accrue to the State, annually, if off-the-course betting was subjected to the same tax as is now applicable to Bookmakers Statements, would be £2,632,500 less such expenses as would be incurred in the administration and collection of the tax, of which there is no evidence, provided, of course, illegal betting was totally suppressed and there was no evasion of tax by bookmakers licensed to bet off-the-course.

If the word "likely" in the question requires me to assess what portion of the sum of £2,632,500 would be lost by a continuance of illegal betting and evasion I cannot give any estimate of such, since it would vary greatly according to the system of legal betting adopted, and also to the penalties provided for breaches of the gaming laws.

To this sum would be added the amounts levied on Bookmakers Certificates, Bookmakers Clerks Certificates and Authorities and betting tickets at such rates as the Legislature saw fit to impose. As already set out, these rates vary at present so it is impossible to say what the amount gained therefrom would be.

Although no guide to what might be expected to accrue to the State if off-the-course betting was legalized, it is, perhaps, worthy of note that, for the racing season 1957-1958 the gross turnover of registered bookmakers on horse-racing was £58,332,000 on which £1,091,651 was collected as turnover tax and £145,830 of that sum returned to the racing and trotting clubs.

The duties collected on betting tickets and bookmakers certificates (including their clerks) amounted to, approximately, £90,000 and £38,000 respectively.

It is clear on the evidence that, if off-the-course totalizator takings were subjected to the same revenue laws as are now applicable to those from the on-course totalizator, there would be no annual revenue accruing to the State, since it could not function unless the State took considerably less than it does from the on-course totalizator, and would, accordingly, have to cease operations almost immediately.

The scheme advocated by the racing clubs here is that the State would receive 3 per cent. of a 12 per cent. levy, which might not be acceptable to the Legislature.

Again, under the provisions of Section 103 of the *Racing Act 1957*, all revenue derived from on-course totalizators is directed to be paid annually, into the Hospitals and Charities Fund established by the *Hospitals and Charities Act 1948*, to be applied as therein specified.

Accordingly such revenue does not accrue to the State for its own purposes but, as a trustee, merely.

In any event the probability of a continuance of illegal betting on a large scale, should the off-the-course totalizator be adopted, renders any estimate of the likely return from its operations so unreliable as to be useless.

QUESTION 1 (d).

What measures, legislative or otherwise, are now provided to suppress such betting, to what extent are they effective, and what action, if any, can be taken to make any and which measures more effective.

For the most part the relevant legislative provisions are contained in Part IV. of the *Police Offences Act 1957* (No. 6069), which will be referred to throughout this part of this report as "The Act".

By Section 96 of the Act it is enacted that all contracts or agreements by way of gaming or wagering shall be null and void; and no action shall be maintained in any court of law for the recovery of anything alleged to be won upon any wager or which has been deposited in the hands of any person to abide the event on which any wager has been made.

It is provided, in Section 97, that no house or place (as defined in Section 85 of the Act), shall be opened, kept or used for betting with any persons, in person, or by messenger, agent, post, telegraph, telephone, or otherwise, or for the purpose of any money or valuable thing being received by any person for the consideration for any undertaking to pay or give thereafter any money or valuable thing, on any sporting contingency.

Every house or place opened, kept or used for any of the purposes stated is declared to be a common nuisance.

By Section 98 penalties of not less than £20 nor more than £100 or imprisonment for a term of not more than three months, for a first offence; of not less than £100 nor more than £200 or imprisonment for a term of six months, for a second offence; and for any subsequent offence imprisonment for a term of twelve months, are imposed on the persons mentioned in Section 97 or anyone assisting in conducting the business of any house or place, opened kept or used for any of the purposes mentioned in that section.

By Section 125 of The Act every house or place opened kept or used for the purposes mentioned in Section 97 or any of them, shall, for the purposes of Part IV. of The Act be deemed and taken to be and to be used as a common gaming house or place; and, under Section 148, every person who at any time is found in any common gaming house or place without lawful excuse, the proof of which lies on him, is liable to a penalty of not more than £5.

Other sections, in Division 4 of Part IV., of The Act provide for penalties, on the owner or occupier of any house or place or on any agent of his who receives any money or valuable thing on condition of paying out on the happening of any sporting contingency (Section 99)—the penalty in such a case being a fine of not more than £50 or imprisonment not exceeding three months; on any person exhibiting notices that any house or place is used for betting purposes, or with intention to induce anyone to resort thereto for betting (Section 102)—the penalty being not more than £100 or imprisonment for a term of not more than six months; and on any person who gives notice that, on application, he will give information or advice for the purpose of or with respect to any bet or wager on a sporting contingency (Section 103)—the penalty being the same as in the case of offences against Section 102.

Division 5 of Part IV. of the Act deals with Street Betting and, by Section 104, penalties of not less than £20 nor more than £100 or imprisonment of not less than fourteen days nor more than three months, for a first offence; for a second offence, not less than £100 nor more than £200 or imprisonment for a term of not less than three nor more than six months; and for any subsequent offence imprisonment for not less than six nor more than twelve months, are imposed on anyone who, either himself or by means of any agent, frequents or uses any street (as defined in Section 106) for betting. The agent betting is also made liable to the same penalties.

Anyone committing such an offence can be apprehended by a policeman, without a warrant, if he refuses to give his name and address, or gives a name and address which such policeman reasonably suspects to be false in any material particular.

Division 6 of Part IV. of the Act prohibits either the betting with or the sending of an invitation to bet to any infant under penalty of not more than £20 or imprisonment for not more than three months, or to both fine and imprisonment.

By Section 120 of The Act every person who uses or conducts or assists in using or conducting a totalizator is guilty of an offence, but the wholesale prohibition contained therein is modified by the provisions of Part V. of the *Racing Act 1957*.

Division 9 of Part IV. of The Act prohibits the publication in any newspaper of information relating to betting notices of any intended horse-race, or advertisements that any person will bet or give information of the probable result of any race or as to the betting odds on any race. It includes a section (124), which provides for a penalty of not more than £50 or imprisonment for not more than six months or to both, on any person, who, whilst a race-meeting is being held, communicates by any means or attempts so to do to anyone not on the racecourse in question, any information relating to the betting on such racecourse or any betting odds in connexion therewith.

Under the provisions of Section 126 of The Act any Justice may, by special warrant, authorize any policeman to enter any suspected gaming house, arrest any person therein and seize all money and securities for money found therein and also, if the house or place so entered proves to be a common gaming house, provide penalties on the keeper or manager thereof and any other person assisting in conducting the same.

There are further penalties provided for preventing or obstructing the police from entering any such house or place.

By Section 155 of The Act, the discovery of lists, books, cards, papers, documents or things relating to racing or betting in any house or place, in circumstances which, combined with such discovery, raise in the mind of a Court, a reasonable suspicion that the purposes and provisions of Part IV. of The Act has been contravened, shall be prima facie evidence that such house or place is and is used as a common gaming house or place.

Where no penalty is expressly provided for any offence under Part IV. of The Act, Section 160 sets out the penalties which may be imposed.

Under Section 200 of the *Licensing Act 1928* any licensee who bets or permits or connives at betting on his licensed premises is made liable to penalties of not less than £20 nor more than £100 for a first offence, and of not less than £100 nor more than £200 for a second offence. Should he be convicted twice within a period of three years, his licence is forfeited and he is disqualified from holding another for a term of three years.

The display of notices or information relating to betting in licensed premises is forbidden under a penalty of not less than £5 nor more than £20 (Section 201).

Measures, other than legislative, to suppress off-the-course betting comprise:—

- (a) The strengthening of the special squad in the Gaming Branch of the Police Department under Inspector Healey from seven men, consisting of three sub-officers and four men, to 21, of whom four are sub-officers and the remainder constables. This took place in March, 1956.
- (b) The formation of a special squad in a Police District, consisting of a senior constable and two or three men, who concentrate on gaming duties for a fortnight or so at a time.
- (c) The general obligation of all members of the Police Force to suppress betting.
- (d) The supervision and control exercised by officers of the Postmaster-General's Department over unusual telephonic installations.

Until March, 1956, the results of the legislative and other measures were meagre and disappointing.

Then Inspector Healey had those who had been members of the special squad of the Gaming Branch transferred to other duties and selected others to take their places and also increased the number in the squad.

These men showed great diligence and enthusiasm with the result that, by October, 1958, the Inspector was of the opinion that most of the major operators had either ceased operations or had been convicted. Of necessity this squad has to keep secret its intentions of raiding premises in a particular area, and its sudden advent in that area has sometimes brought about an atmosphere of hostility among the police stationed there.

Owing to its small numbers Inspector Healey's squad cannot cover much ground on any one day and he believes that, unless it achieves more than it has to date in suppressing illegal betting, its members will eventually feel a degree of frustration which will militate against their present enthusiasm and their efforts will be restricted to routine supervision.

As the squad has been engaged, for the most part, in detecting and raiding the bigger bookmakers, it does not appear to have had much impact on the street operators.

The special squads formed in some of the Police Districts have had considerable success.

For example, that of the Bourke District was formed in 1957 and, in that year, 745 offenders against the Gaming Laws were prosecuted. Up to October, 1958, the same squad detected 740 persons in offences against those laws.

In the Richmond District, for the first ten months of 1958, 160 were prosecuted for gaming offences.

So far as the general body of police is concerned, little is done to suppress off-the-course betting.

To begin with the sub-officer in charge of a metropolitan station has to detail men on Saturdays and Public Holidays—the days on which the illegal bookmaker is most active—to duties at race-meetings, football matches, and other sporting events. Secondly, as the Chief Commissioner of Police pointed out, the enforcement of the Gaming laws is only a small part of police activities, and other duties take up much of a policeman's time.

Again, particularly in country districts, many police do not wish to incur the unpopularity which follows on their proceeding against an otherwise reputable citizen, for betting; especially as they feel that, if that citizen be convicted, another will take his place immediately.

As regards what action can be taken to make measures for the suppression of betting more effective, I suggest the following for consideration :—

- (a) Abolition of Press Agents, by legislating to make it an unlawful occupation, or otherwise.

The business carried on by these people seems to be confined to Australia. As already reported, the three Royal Commissions held in other States have reported adversely on them. There can be no doubt that the information they relay to their customers stimulates betting and that, if they were suppressed, there would be a great diminution in off-the-course betting.

- (b) Penalties for all illegal betting offences to be greatly increased.

Almost all the bookmakers who gave evidence were extremely fearful of a sentence of imprisonment and many of them stated they would give up betting altogether if they thought such a sentence was likely. Towards the conclusion of the sittings of the Commission, Mr. Westerman said that the members of the Social Questions Secretariat of the Churches, having considered the evidence given, believed that the relevant legislation should be amended to provide for a term of imprisonment without the option of a fine on conviction of an illegal bookmaker. In view of the numbers who bet such an amendment to the law, probably, would meet with considerable opposition, especially if no legal form of off-the-course betting were provided, but it would have a great effect in diminishing the volume of the present illegal betting.

As an example of what might be done, penalties on one carrying on as a bookmaker in New Zealand were increased by the *Gaming Amendment Act 1953*, Section 3, and are now :—

For a first offence, a fine not exceeding £500 or imprisonment for a term not exceeding one month ;

For a second offence, imprisonment for a term not exceeding three months ;

For any subsequent offence, imprisonment for a term not exceeding twelve months.

The figures, previously set forth in this Report, of the great decline in prosecutions, in New Zealand, subsequent to the enactment of this legislation, are impressive evidence of the efficacy of a threat of imprisonment to bookmakers in that Dominion, and there is every reason to suppose that similar legislation, in Victoria, would be just as effective. But other possible results of a penalty of imprisonment are that the man who fears imprisonment might retire from the business and his place be taken by one of a criminal type who would not be so apprehensive of a gaol sentence, and the bookmaker would have a greater incentive to try and corrupt those charged with exposing him.

- (c) Section 74 of the *Justices Act 1957* be amended to take away from a Court power to impose a fine instead of imprisonment even in the cases of subsequent offences against the betting laws ; as has been the case with corresponding legislation in New Zealand.

- (d) Steps be taken to change the belief, said to be common among some Magistrates, that a bookmaker, detected in illegal betting on more than one occasion during the same day, can only be charged with one offence.

- (e) It be made an offence for any person to bet with an illegal bookmaker.

It may be that such a person is guilty of aiding and abetting, but this had not been decided by the Courts.

In the *Lottery and Gaming Act 1936-1950* of South Australia there is an express provision making it an offence subject to a penalty of £100 for a first offence and to imprisonment for not more than three months for a subsequent offence—see Section 42A of that Act.

- (f) An increase in the numbers of the special squad of the Gaming Branch charged with the detection of off-the-course bookmakers and encouragement to District Superintendents in the formation of special squads for their respective Districts to campaign against illegal betting there.

QUESTION 2.

If off-the-course betting were made lawful in Victoria—

(a) *Would any and which of the evils associated with unlawful off-the-course betting be likely to be mitigated to any and what extent?*

- (i) Any lawful system of off-the-course betting would lead to the reduction in the numbers of illegal bookmakers and diminish the volume of illegal betting, but the extent of these results would vary according to what mode of lawful betting was adopted. Probably the betting shops, if conducted in the manner in which they are in Western Australia, would almost eliminate the evil; and the telephone credit system would reduce illegal operations more than would the off-course totalizator.

It is impossible to estimate by what proportion either of these two latter systems would have the result of diminishing the volume of betting.

- (ii) The temptation to corrupt members of the Police Force and employees of the Telephone Branch of the Postmaster-General's Department would not be present to those in charge of the off-course totalizator system, but the illegal bookmaker still would have a motive to try and corrupt those members.

Under the telephone credit system it would still exist, to conceal telephones used for betting on which licence fees had not been paid.

The proprietor of a betting shop would have the temptation to corrupt policemen, to induce them to turn a blind eye to any breach of the regulations under which they operated.

Again it is impossible to say by what extent the evil of corruption would be eliminated by either of the last two systems.

- (iii) As, under any system, there would be a reduction in the numbers of illegal bookmakers, the "stand-over" men would have a more restricted scope for their operations and should be more easily controlled.
- (iv) Once a lawful system were established, a large body of public opinion which is now favourable to the illegal bookmaker and antagonistic to his being interfered with by the Police, would probably change. This should result in a greater respect by the public for observance of the laws of the State.

QUESTION 2 (b).

Would any and what new social evils not now existing in connexion with unlawful off-the-course betting be likely to be created? If so, would such evils be—

(1) more; or (2) less—detrimental to the general public interest than those now existing?

- (i) Under any system of lawful off-the-course betting there would probably be an increase in the numbers of those who bet, since there must be a number of people who either because they wish to observe the law, or because they will not bet in furtive or clandestine manner, do not patronise the illegal bookmaker, but would bet under a scheme authorized by law.

- (ii) Unless there were regulations made and strictly enforced prohibiting loitering, there would be in all probability, more loitering if the betting shop was made lawful.

It is doubtful if either an increase in the volume of betting or loitering is properly described as a new social evil, since both betting and loitering, in the case of the street bookmaker, exist now.

- (iii) Recognition by the State of off-course betting may induce a wrong moral approach to social responsibilities and economic life on the part of the rising generation.

This possibility, however, has not the same force, as an evil, as it would have had before the lottery known as Tattersall's was given legal sanction.

These evils, probably, would be less detrimental to the general public interest than those now existing.

QUESTION 2 (c).

What additional net annual revenue would be likely to accrue to the State if such betting was subjected to the State revenue laws now applicable to betting on licensed racecourses?

Save for the insertion of the word "additional" this question is almost word for word the same as question 1 (c) with which I have already dealt.

So far as I understand this question the additional net annual revenue would be the sum of £2,632,500 mentioned in the answer to question 1 (c), less the costs of administration and collection of the tax, less also the revenue lost by illegal betting and evasions of tax, and deducting the amount of fines which would have been received during the year from such bookmakers who, if licensed to bet, by reason of a lawful betting scheme having been established, would no longer be subject to fines.

The sums involved in these deductions are so speculative that no estimate can be made of what the total of them would be.

QUESTION 3.

What method or methods of off-the-course betting could be adopted to institute a lawful system of such betting in Victoria, what are the advantages and disadvantages of each of such methods, and which method is best suited for adoption in Victoria?

Any one of the three systems already referred to viz:—The off-course totalizator, based on the New Zealand model; the telephone credit betting system, as set out in the "Prince Plan"; and the betting shop, as in Western Australia or Tasmania, could be adopted in this State. Considering the merits and demerits of each in turn:

- A. (i) If subjected to strict regulation, as I assume would be the case, the off-course totalizator offers a somewhat drab form of betting, which is unlikely to excite bettors to excessive wagering. The offices would not have seating accommodation, there would be no loitering, no radio broadcasts of races, no publication of the odds being offered on-course, in fact nothing but the facility to make a bet or bets. Unless an agent of the Authority charged with conducting it disobeyed regulations, there would be no canvassing or touting in offices, factories or homes for business.
- (ii) As betting would close 40 minutes or more before each race was timed to start, when the public could not have any information of the state of the on-course betting market, there should be no unseemly rush to bet in the last few minutes, as is the case now with street bookmakers, so betting would be done in a more dignified and sedate manner than it is at present.
- (iii) No one interested in the totalizator would be tempted to attempt the corruption of police or telephone employees, nor would he have any incentive to try and bribe riders or trainers or to give a "go-slow" drug to a horse.
- (iv) There would be no credit betting: as opposed to betting against an actual deposit made in advance.
- (v) There would be no evasion of tax and the supervision necessary to safeguard the revenue would be negligible.
- (vi) The opinion of those administering racing in New Zealand is that the T.A.B. has not caused any decline in attendances at racing and trotting meetings.

If no information of on-course betting was available at off-the-course totalizator establishments this should also be the case in Victoria.

These are solid advantages but there are also great disadvantages of installing an off-course totalizator, such as:—

- (i) It would not have as great appeal to the Victorian bettor, as it had to the New Zealander, and so would not diminish the turnover of the illegal bookmaker to the same degree as in New Zealand.

It has already been shown that, from the year 1910 onwards, there were no legal bookmakers in New Zealand, with the consequence there was no "betting market" on the racecourse and the illegal man always bet at "tote odds".

So for nearly 50 years, the betting public of that Dominion have been accustomed to hearing no prices called. Nor was there anything in the nature of a Press Agency which relayed information of the sums being wagered for particular horses, as shown by the totalizator on-course, to those outside.

On the other hand the Victorian off-course bettor has been accustomed, for a long time, to postpone placing his bet until a few minutes before each race, and to have given him the prices ruling on the racecourse two or three times in the twenty minutes preceding each race, and, doubtless, many of his kind would be resentful if this service was terminated over-night and would try and bet elsewhere. Again the Victorian bettor has been accustomed to choose between betting at a fixed price or at starting price, and be paid his winnings on a race as soon as "correct weight" is announced and he would dislike having to wait a day before he could collect his winnings. If he were a "progress punter", who uses the winnings on one race to bet on the next, he would be restricted in his operations and this too would cause dissatisfaction. Should he desire to bet on a double, a popular form of betting in this State, he could only do so on one combination of two races, selected not by him, but by the officials of the club which was racing that day, which would be a further source of annoyance.

The popularity of the double as a form of betting can be gauged from the fact that, on-course, where the registered bookmakers are not permitted to operate on doubles, the total investment on the totalizator, for the three past racing seasons, amounted to £32,863,303 of which sum £7,649,398, or approximately 23 per cent. was attributable to betting on doubles and quinella. In the last of the said three seasons the investments on doubles and quinella was 30 per cent. of the total.

Unless a separate totalizator was installed on the course for Interstate races, or some arrangement could be made with the Government and racing clubs of another State, he could not wager here on races being run in that State; and he could only bet on such Victorian country races as were held at a course where a totalizator was operating, whereas, in New Zealand there is a totalizator on almost every racecourse.

All these departures from the accustomed habits of bettors would cause many of them to shun the totalizator and seek an illegal bookmaker with whom to wager.

But perhaps the chief handicap under which an off-course totalizator in Victoria would suffer, in comparison with the T.A.B. in New Zealand, is that, in the latter country, there are no bookmakers stationed beyond its borders, looking for bets on races held there.

But there would be a horde of bookmakers, both legal and illegal, in neighbouring States, only too anxious to do business with Victorians on the results of Melbourne races and, when one considers how easy it is for Press Agents and others to give and send information by telephone to other States on race-days, in all probability, large amounts of Victorian money would be wagered interstate.

As the President of the Licensed Bookmakers Association of Western Australia said, his members would be "in the market" for Victorian bets, but he feared the neighbouring States of New South Wales and Tasmania would get the bulk of the business.

Not only as a matter of increasing business would the interstate bookmakers be "in the market", but it is probable they would see in the off-the-course totalizator a threat to a continuance of their activities in their own States, since, if it were a success in Victoria, there would, almost certainly, be agitation in other States for a like system.

Consequently, it is not unreasonable to assume there would be a concerted effort, by both legal and illegal bookmakers, throughout Australia, to make it a failure.

Another matter which would militate against the off-the-course totalizator and be in favour of the illegal bookmaker is that the former, as it is planned at present, would not take bets of less than five shillings in amount, whereas the evidence of most of the bookmakers who gave evidence, including big ones, is that there is a great demand for bets of a smaller denomination, even down to sixpence.

Again the fact that, throughout New Zealand, Friday is a late shopping night tends to bring people into the streets where the T.A.B. establishments give them an opportunity to make their bets for the following day, and so leave them free to pursue sporting or gardening or other activities on Saturday.

For these reasons it seems certain that an off-the-course totalizator in Victoria would be much more unsuccessful in competing with the illegal bookmaker than is the T.A.B. in New Zealand.

This conclusion renders it necessary to consider whether an off-the-course totalizator would have a reasonable chance of earning sufficient revenue for the Government and the racing clubs, to justify the expense of installing the system.

Mr. Smythe, the General Manager of T.A.B. in New Zealand, who was in charge of the inauguration of the system there, stated that it was financed originally by loans advanced by the Racing and Trotting Associations which were repaid from the half per cent. capital levy, charged against the turnover of the totalizator, both on and off the course, for the first five years of T.A.B. Over that period the sum of £920,000 was received from that source.

This is represented in the books of T.A.B. as £480,000 for freehold premises, at cost, and £440,000 for capital expenditure other than freeholds, including furniture and office fittings.

The running costs of T.A.B. for the last financial year were slightly under 6 per cent. of its turnover so there was a profit of approximately 1.5 per cent. to be distributed to the racing and trotting clubs.

In addition to the "take" of 7.5 per cent. from off-course investments on the totalizator, the unclaimed dividends and fractional amounts resulting from the declared dividends, and interest from investments of T.A.B. go to swell the profit, so that the clubs really receive about 3 per cent. instead of 1.5 per cent.

Mr. Smythe, after studying the population figures and other factors in Victoria, expressed the opinion that, due to higher costs here, compared to New Zealand, the actual running costs would be 8 per cent. on a turnover of £23,000,000 but that, as overhead costs would not increase in proportion, it would be about 5 per cent. if the turnover reached £50,000,000 a year.

Under cross-examination he conceded that these estimates were purely speculative, and that an off-course totalizator could not be run at a profit if the Authority controlling it were to receive no more than the 7.5 per cent. allowed under the New Zealand legislation, as its share of off-course investments.

The scheme put forward by the racing clubs here is that an off-course totalizator, be established, under the control of a Board, with branches and agencies throughout Victoria.

That all investments made on it be subject to the same deduction (12 per cent.) as is now taken from the on-course totalizator, but that, instead of the State Treasurer receiving therefrom the amounts which he receives under the provisions of Sections 102, 104 (1) (c) and 105 (4) of the *Racing Act* 1957, he would take 3 per cent. of the total investments

The remaining 9 per cent., together with the sums representing unclaimed dividends and fractional monies, would go to the Board which, after paying expenses of operating the scheme, would distribute any balance remaining among the clubs, both metropolitan and country in proportions to be arranged.

Of that 9 per cent. retained by the Board one-ninth would be treated as a capital levy to finance the establishment of the off-course totalizator, for such period as was deemed necessary. It is not proposed that any sum should be taken from the on-course totalizator investments to meet establishment expenses, as was done in New Zealand, but the racing clubs are prepared to advance £200,000 on loan to the Board for that purpose.

Under this scheme, on a turnover of £23,000,000 the State Treasurer would get £690,000, the Board £2,070,000—from which it would have to pay the costs of operation, if Mr. Smythe's estimate of 8 per cent. be correct, £1,840,000—so leaving £230,000 annually for distribution among the clubs, once the costs of establishment had been written off.

The sum of £23,000,000 has been used as an example, as that is the approximate amount now received on the off-course totalizator in New Zealand.

What sum would be wagered on such a totalizator in Victoria, in view of the factors militating against it already noted, would be pure guesswork, but, having regard to the volume of illegal betting in this State, it should be at least £23,000,000, when fully established, and, as time went on and a new generation of bettors arose, it should be considerably more. However, the risk of little or no revenue to the State or to the clubs must be listed as the second disadvantage of the off-course totalizator.

Other disadvantages of the proposed system are :—

- (iii) It would almost certainly have offices in thoroughfares which are reasonably populous, and the accessibility of such might well tempt persons who are not now interested in betting to gamble.
- (iv) The deduction of 12 per cent. from the total investments would mean that the investor who won was contributing about two shillings and five pence in the pound to the State and racing clubs, and many who had been accustomed to bet with bookmakers would resent this impost. This may well be so, although the evidence shows that totalizator dividends are, generally, much the same as the bookmakers pay out at starting price, and, owing to the limits imposed by most illegal bookmakers on what odds they will pay on a winning horse, are often considerably greater.

B. The advantages of the telephone credit betting system, under the " Prince Plan " are :—

- (i) The betting public would get a mode of betting to which it is accustomed, which would detract from the appeal the illegal bookmaker would have if an off-the-course totalizator were established. Consequently there would be less illegal betting.
- (ii) The offices in which it was carried on would be unobtrusive and free from any advertising.
- (iii) It could be put into operation speedily, and, if it proved to be inimical to the public interest, it could be terminated promptly.
- (iv) It would relieve the Police Force of much of its present anti-gaming activities and so permit greater pressure on the illegal bookmaker.

- (v) There would be no loitering at the offices, since bettors would not be permitted to enter them. Consequently there would be no reason for bettors to leave their homes.
- (vi) The Social Questions Secretariat of the Churches, though opposed to any form of legalized betting off-the-course, is of opinion that this mode of betting presents less danger to the moral and economic life of the community than any other.

The disadvantages of the "Prince Plan" are, as follows:—

- (i) It makes no provision for the small cash bettor who will not or cannot establish a credit, nor for the casual bettor who suddenly decides he wishes to bet, nor for him who has not got easy access to the telephone. Consequently there would still be a large number of prospective bettors who would do business with illegal bookmakers, as has proved to be the case in the United Kingdom.

It is not without interest, in this connexion, that, although it is possible to bet by telephone against an established credit at any T.A.B. agency in New Zealand, no less than 94.25 per cent. of all investments made on the off-the-course totalizator there, are made in cash, and the evidence is that, in England, the volume of illegal cash betting is greater than that under the legal telephone credit system.

Again, even if the small bettor did establish a credit it is probable that, with the great pressure there would be on bookmakers' telephones in the last minutes before each race, his bets would not be welcomed, as the bookmakers would be striving to get as big a turnover as possible and they might miss some big bets by attending to the shilling bettor. This could mean that the latter's messages would receive such scant consideration that he would revert to the street bookmaker.

- (ii) There would be great temptation to the bookmaker to increase his business by employing touts and canvassers in factories and other places or by allowing a commission to illegal bookmakers for the bets obtained by them.
- (iii) It would be easy for a licensed bookmaker to enter into a secret partnership with one who had been refused a licence or with a registered bookmaker on the course.
- (iv) There would be a temptation to some bookmakers to try and bribe policemen and telephone employees to conceal knowledge of telephones used in the business on which licence fees had not been paid.
- (v) It would add to the number of persons with big financial interests in certain races who are prepared to bribe jockeys or trainers or arrange for a horse to be given a "go-slow" injection.
- (vi) The evasion of tax would not be difficult. Should the "Prince Plan", of a fixed rate per telephone, be adopted, the temptation to hire other telephones in private houses on race-days and advise trusted customers to use them, would be great.

On the other hand if a turnover tax were levied it would be easy not to record bets of known customers, who could be relied upon not to inform against the bookmaker, or record them for a lesser amount than was wagered.

In either case, adequate supervision of Revenue officers would be impossible.

- (vii) A fixed fee per telephone used would give the big bookmaker a great advantage over the small one, and would mean, almost certainly, that he would pay much less than 2 per cent. on his turnover.

It is reasonable to assume that, if this mode of betting were made legal, the volume of money wagered would be at least as great, and, probably greater, than before Inspector Healey began his campaign against the big telephone bookmakers.

The position of those of them who gave evidence, had they had to pay the licence fees suggested on the telephones used, is that none of them would have paid even 1 per cent. on his turnover, in the period before Inspector Healey began to raid, as shown in the following table :—

Bookmaker.	Number of Telephones Used.	Annual Turnover Admitted.	Licence Fees at Suggested Rates.	Percentage of Fees on Turnover.
		£	£	%
A	7	1,785,000	3,570	0·2
J	6	500,000	3,060	0·6
K	9	520,000	4,590	0·88
L	8	475,000	4,080	0·85
M	22	1,220,000	11,220	0·9
N	10	600,000	5,100	0·85
O	10	2,500,000	5,100	0·2

These results may be contrasted with the, by no means unlikely, case of a small bookmaker, using one telephone only, whose annual turnover would not exceed £10,000.

The percentage of the licence fees paid by such a one would be 5 per cent. of turnover.

It seems that a fixed rate for a licence would be much to the advantage of the bookmaker who deals with the big bettors and unfavourable to him who dealt mainly with the modest ones.

C. The advantages of the betting shop system, as operated in Western Australia, are :—

- (i) It would result in almost total elimination of illegal betting, since, as it was put during the hearing, for all practical purposes, it results in bringing the racecourse, minus only the horses, into every shop.
- (ii) As cash bets are made in view of those present in the shop, and, in Western Australia, are in the proportion of nine to every one taken on the telephone, supervision would be easier and evasion of tax more difficult than in the case of the "Prince Plan" system.
- (iii) It could be put into full operation more quickly than the off-the-course totalizator scheme.

The disadvantages appear to be—

- (i) Establishment of such shops would lead, almost certainly, to an increase in gambling. The Royal Commission in South Australia in 1938 found that the legalization of off-the-course betting and the establishment of betting shops was a prime factor in the increase in betting there, and there is every reason to believe that a similar result would follow if such shops were made legal in this State.
- (ii) It would be difficult to stop evasion of a turnover tax.

If the evidence of the ex-Commissioner of Stamps for Western Australia can be relied upon there is no evasion of the turnover tax in that State.

Despite the official position the witness held, I find it difficult to believe that such is the case, and I would be surprised if Revenue officers throughout Australia did not feel a like difficulty.

As already mentioned, the telephone betting in the shops is recorded in cubicles not open to the public. The record of evasion of tax by registered bookmakers in Victoria, where approximately twelve of them were detected evading tax in eighteen months, and the failure of a turnover tax in Great Britain to produce a large part of the revenue expected, do not incline one to consider that such a system would be free of tax evasion.

Mr. Fitzgibbon, the officer of the Stamps Duties Office of Victoria, suspected some bookmakers here evaded tax by not entering bets in the betting sheets at all, or by entering them with the final nought or noughts omitted and also by whispering lay-off bets to other bookmakers. It would be remarkable if similar tactics were not employed in Western Australia.

It is true that a provision for automatic cancellation of the licence coupled with a heavy penalty would be a deterrent to evasion, but I am not at all satisfied that evasion would be on a small scale only.

- (iii) The manner in which the Western Australian betting shops are conducted is abhorrent to a great many people. The "make-yourself-at-home" atmosphere, by the provision of comfortable seating, toilet facilities, decorative interiors, and radio broadcasts, tempt people to resort to these shops for hours at a time and, almost necessarily, to bet whilst they are there.

There is no apparent difference between them and the shops which created such a scandal in South Australia, in the years subsequent to 1933, and neither counsel nor witnesses could suggest any point of difference between them.

- (iv) The attraction of the betting shop has adversely affected the attendances at racing and trotting meetings in Western Australia. This was also the experience in South Australia, when that State had a number of such shops, and is a probable result if betting shops be established in this State.

Before leaving the subject of betting shops, it should be noted that some of the obnoxious modes of conducting them, which have drawn seething criticism from more than one Royal Commission, could be prohibited by regulations made under an appropriate Act.

For instance, in Tasmania, betting shops, within 15 miles of a course on which races are being run, must close at noon.

The object of any regulation should be to discourage or prevent resorting to the licensed premises and this could be done, to some extent, by prohibiting race broadcasts, the provision of seating and other amenities therein and the posting or announcement of betting information.

But, if betting shops are open during racing hours, it is possible there would be a stream of customers before each race, many of whom would spend the intervening times in the bars of neighbouring hotels.

The Royal Commission, in England, of 1951, which recommended licensed betting offices, considered the question whether or not such should be open during racing hours. It recognized that it was during those hours that the dangers of loitering and continuous betting by individuals are greatest, but, also, that a closed shop during those hours would deny facilities for legal betting to many, which might lead to a continuance of illegal betting. In the end it recommended that the offices be open whilst racing was in progress. In Victoria, where a great proportion of the population does not work on Saturday mornings, the reason against closing offices in racing hours is not so cogent as in England.

The concluding part of this question—"which method is best suited for adoption in Victoria"? poses a difficult problem. Best suited for what purpose?

Is it to be the method best suited to suppress illegal betting; or to produce revenue for the State and racing clubs, or to satisfy the betting public, or to benefit racing, or to give satisfaction to the community generally?

Any of the three methods discussed would provide a lawful means of betting and so would appeal to a body of the public who dislike the subterfuges and other undesirable concomitants of the present off-the-course method.

But, as already shown, each of those methods is subject to serious disadvantages. Without recapitulating these more than is necessary I will summarize my impressions of each method thus :—

The off-course totalizator.

I consider this system would be the one which would give most satisfaction to the community generally, because of the absence of any striving for private gain, of any motive to corrupt police, telephone employees or the connexions of horses, or to interfere with the horses themselves and also because there would be no evasion of tax.

When I use the expression "community generally" I am not unmindful of the fact, if the result of the Gallup Poll previously referred to gives an approximately accurate number of those interested in betting, that at least 300,000 of the adult population of the State are interested, more than casually, in off-the-course betting. This number is about one-ninth of the total population and one-fifth of the adults in Victoria. A proportion of the 300,000 doubtless would welcome any mode of off-course betting and would have no objection to wagering on the totalizator.

But it is certain that a great number of bettors would not patronise it and would continue to bet with bookmakers, with the consequence there would be a risk that the totalizator would not be a success financially nor make any decided impact on the illegal bookmaker.

If information of the on-course betting market were denied these bettors, by the abolition of Press Agents and other means, and substantial penalties imposed on both them and the bookmakers, it would be more difficult for the latter to satisfy them, but big bettors could still get information of the betting market and bet by telephone with interstate bookmakers.

Whilst it is true that the desires of a substantial minority of the population should not be disregarded lightly, if the legalizing of the off-course totalizator would benefit the great majority, those desires should not prevail.

The Gallup Poll in question revealed that 38 per cent. of those interrogated had never had a bet on races and a further 22 per cent. had not bet for more than two years. So, subject to the limitations of such an inquiry, it seems that 60 per cent. of the adult population has no interest in betting, either on or off the course.

As Mr. Westerman's evidence showed not all of these would favour the totalizator in preference to the licensed bookmaker, but, I feel convinced, that the great majority, if the merits and demerits of each scheme was known to them, would consider that the totalizator was more beneficial to the community at large than either of the other two systems discussed.

It seems probable that, if such a totalizator were established, illegal betting would be greater than that upon it for a considerable time but, as people got accustomed to it, and the punitive measures against bookmakers were made more drastic than at present, it would have more than a moderate chance of being successful, both financially and in seriously affecting the volume of illegal betting. But there would be little hope of its reducing that volume to the status of a minor problem for a long time, unless Press Agents were put out of business and penalties for breaches of the gaming laws made more severe.

The desired results probably would be expedited if it were practicable to conduct an off-the-course totalizator, with tickets of two instead of five shillings, as a minimum, since this would meet the needs of the small bettor and should divert to it a great deal of money which now goes to the street bookmakers.

But this is a matter which does not appear to have been considered by those in favour of establishing the totalizator, and there may be difficulties in catering for the lower minimum bet which were not discussed at the hearing.

The telephone credit betting system.

This would satisfy the big bettor and also the moderate one who has easy access to a telephone but not the man who bets in small amounts who is unable or will not bother to establish a credit or to telephone his wagers, so it would not eliminate illegal betting by any means.

It would be difficult, if not impossible, to fix a licence fee per telephone which would secure an adequate and proper return to the Revenue which would not unduly favour the big bookmaker or be equitable for the small one.

It would be impossible to police this sufficiently well to ensure that the appropriate licence fee per telephone used, or, alternatively, the correct tax on a bookmaker's turnover was collected, although a statutory provision that any instance of wilful defrauding of the Revenue would result in the cancellation of the licence for all time, together with a drastic penalty for the offence, should prove to be a strong deterrent to a bookmaker who was inclined to use unlicensed telephones or to minimise his turnover.

The betting shop system.

If permitted to open whilst races were in progress and allowed to supply customers with full information of the on-course betting market this method should result in practically eradicating illegal betting, but, if the shops were closed during those times and denied permission to give betting information, there would still be considerable scope for the illegal bookmaker.

Again, if opened during racing hours, and allowed to broadcast races, supply betting information, and keep their customers there as long as they desired to stay, not only would there be resorting and loitering, which all Royal Commissions on the subject have condemned as the great evils of betting shops, since they lead to persons being induced to bet, but the attendances at the racecourse and trotting tracks would be diminished and, consequently, the sport of racing impaired.

Although bets made in cash would be subject to some supervision, the number of shops necessary to service the whole State would mean that supervision, if not perfunctory, would be an expensive matter, and it would be extremely difficult to supervise at all the bets booked by telephone.

In addition, the history of betting shops in South Australia and Ireland shows that, when permitted to be used as places of resort, they offend a very great number of citizens and inevitably lead to an increase in the volume of betting.

From this summary it can be seen that there is no method which would suppress illegal betting, safeguard the Revenue, satisfy the betting public, benefit racing, and meet with the approval of the community at large.

Of the three methods discussed, it appears to me that, although it would be the most innocuous to the present volume of illegal betting and would least satisfy the majority of the betting public, the off-the-course totalizator would be the best of them to safeguard the Revenue, eliminate corruption, benefit the sport of racing and give most satisfaction to the community at large.

There is a decided risk that a long time might elapse before it produced any worth-while return to the racing clubs, and, if there were concerted opposition to it, by bookmakers throughout Australia, as may well be the case, it is possible it would fail altogether.

There would be the great advantage of whatever Board was selected to control it having the experience and aid of the T.A.B. in New Zealand to guide it and, as the racing clubs are prepared to support their opinion that a totalizator would prove successful, to the extent of £200,000, they would be the ones damnified should that opinion prove to be fallacious.

QUESTION 4 (a).

What advantage or advantages would be likely to accrue to the general public from making off-the-course betting lawful in Victoria?

The advantages are :—

- (i) There would be a decrease in illegal betting.
- (ii) It would permit persons who wish to bet, and who cannot or will not attend races, but who are unwilling to bet illegally, to do so lawfully.
- (iii) By providing a legal means of betting it should result in public opinion being strongly in favour of the police in their efforts to suppress illegal betting and, therefore, should lead to greater co-operation and better relations between members of the public and of the police force.

- (iv) Dependent on which method of lawful betting was adopted, it would remove or mitigate corruption of those charged with the suppression of illegal bookmakers or with the inspection of their premises.
- (v) It would result in added revenue to the State and, though perhaps hardly a matter of general public interest, to the clubs which provide racing for the public.
- (vi) Magistrates would have less compunction in inflicting heavy penalties on those convicted of illegal betting, if they knew the would-be bettor could bet legally.

QUESTION 4 (b).

What disadvantage or disadvantages would be likely to be suffered by the general public interest from making off-the-course betting lawful in Victoria?

The only disadvantage I envisage is that probably more people will bet and gambling will increase.

QUESTION 5.

Is it desirable in the general public interest of Victoria that off-the-course betting should be made lawful and, if so, what are the principal considerations that make such action desirable? —

This seems to me to be hardly a question for an individual to answer but rather one for the Legislature, on consideration of all the facts.

My personal opinion is that an increase in the numbers of the Gaming Squad and the imposition of severe penalties might well make a serious impact on illegal betting, but would not stop it. However, there are a great number of persons, particularly in country districts who are interested in racing and wish to bet, but who cannot attend race-meetings, and these should be given a lawful means of betting. Accordingly, for that reason in particular, and for the other reasons set out as advantages in the answer to Question 4 (a), which, in my view, outweigh the disadvantage of an increase in gambling on racing, I consider it is desirable that off-the-course betting should be made lawful.

In conclusion I desire to express my appreciation of the assistance I received from all counsel engaged in this inquiry and from Mr. John Cook who, as Secretary to the Commission, has been of great help to me, both whilst the hearing of evidence was in progress and in the preparation of this Report, which I now respectfully submit for Your Excellency's consideration.

(Signed) F. R. B. MARTIN.

27th February, 1959.

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NOTE.—Minutes of the evidence given before the Commissioner are not printed.