

**A DEBATE IN SPORTS HISTORY**  
**ILLEGAL BETTING 1920/21 to 1970/71**

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Illegal betting (or, more accurately, unrecorded betting) covers betting with unlicensed bookmakers and totalisators, operating on-course and off-course, and the understatement of bets by licensed bookmakers (to avoid stamp duties and other indirect taxes). The main illegal betting is with off-course unlicensed bookmakers. This also takes a number of forms, including betting at private clubs (such as the Tattersalls Clubs), cash or credit betting in the streets or in shops, hotels, hairdressers and other premises, and credit betting by phone. The estimates in this section refer generally only to the betting in small establishments off-course.<sup>1</sup>

This is only a proportion of all illegal betting, and perhaps only about three-quarters of the total. Except in the early 1920s, there were relatively few unregistered bookmakers operating on-course.<sup>2</sup> Understatement of revenue, however, may be substantial; for example, understatement was reported to be 15 percent of revenue in three major metropolitan clubs in Victoria<sup>3</sup> and it was considered very large (as high as 40%) in the licensed off-course premises in Tasmania in the 1940s.<sup>4</sup> Probably the major omission is the large bet taken off-course either before or during races by licensed on-course bookmakers and large bets by unlicensed bookmakers at "sports clubs". In Queensland, for example, evidence was given by the chairman of the Brisbane Turf Club that two-thirds of illegal betting in Queensland was at Tattersalls Clubs and adjoining premises.<sup>5</sup>

The principal sources of information about illegal off-course betting are the reports of the Royal Commissions in South Australia in 1933 and 1938, in Victoria in 1959, and in New South Wales in 1962, the response to new legal off-course betting facilities, and qualitative information.

The method adopted here is to first estimate a bench-mark figure of illegal gambling in 1970/71, based on the new betting when off-course totalisators were legalised, and information collected for the Victorian and New South Wales Royal Commissions in the late 1950s and 1960s. We then propose the hypothesis that total betting (legal and illegal) is a constant proportion of personal consumption expenditure, and on this assumption (and with the known legal betting) calculate the illegal betting in the 1920s and 1930s.<sup>6</sup> We then assess whether in fact the implied amounts and trends in illegal betting was reasonable in the light of the information available from other sources.

The Victorian betting was £162 million (in 1957) and £275 million (in 1962).<sup>7</sup> The estimates were based on surveys made of the numbers of off-course bettors and an assumption about the average size of the bets. On-course betting in Victoria in 1956/57 was £53 million and in New South Wales in 1961/62 was £114 million, and the assumed illegal betting was 300 percent of legal betting in Victoria and nearly 200 percent of that in New South Wales. The actual level of betting on the off-course totalisators after they were legalised turned out to be well below these figures. In 1967/68, for example, the off-course totalisator betting in Victoria was £160 million, slightly less than the turnover of licensed on-course bookmakers, and the off-course turnover in New South Wales was only slightly more than one-half of the bookmakers. However, the totalisators did not cover all the state, and the average outlay was probably lower than the amount previously bet illegally.'

For this paper we make the simple (naive) assumption that the proportion of the illegal off-course to the on-course betting in 1960/61 is the same as the proportion of the recorded off-course betting on the totalisators to the on-course betting in 1970/71 (with an adjustment for Tasmania, which had not adopted the off-course totalisators in 1970/71). By 1970/71 totalisators had been generally operating in the States for up to 10 years and were by then well established. However, not all previously illegal bettors switched to the totalisator; bookmakers offered advantages in scope and types of betting, and particularly in country areas which were still often more accessible to punters.<sup>9</sup> On the other

hand, however, the totalisator attracted new punters. In Victoria, between 20 and 25 percent bettors were assumed new bettors." If we assume that the previous illegal betting was equal to the recorded betting with the licensed off-course totalisator, we imply that illegal betting remained at 20-25 percent of the legal off-course betting. On that assumption, we estimate total betting in Australia in 1970/71 to have been \$1773 million, or 15.3 percent of the consumption expenditure. Applying that percentage to the estimated personal consumption in 1920/21, 1930/31, 1931/32 and 1938/39 gives the figures of all betting, shown in Table 1, and the derived figure of off-course illegal betting.

Table 1: TOTAL BETTING (GROSS EXPENDITURE) (\$m)

	on-course	off-course		off-course as percent of on-course		illegal as percent of consumption expenditure
		legal	illegal	illegal	total	
1920/21	45.2		28.4	63	63	5.9
1930/31	28.0	-	48.0	171	171	9.7
1931/32	24.9		49.9	199	199	10.8
1938/39	68.6	6.4	29.0	42	52	6.2
1970/71	(\$m 932	701 <sup>(a)</sup>	140 <sup>(b)</sup>	15	90	0.7

Notes: (a) includes estimates for Tasmania

(b) estimated as 20 percent of \$701 (see text)

Estimates of illegal betting were made for the South Australian Royal Commission (1933).<sup>11</sup> These included a figure of £1.5 million which was accepted by the Commission and £2.6 million, which was adopted by the Betting Control Board in its first report. Other estimates were as high as £8 million. After legislation of off-course betting in December 1933, turnover was £3.5 million in 1934/35, rising to £4.6 million in 1936/37. The figure of £4.6 million was 220 percent of the on-course betting. On-course bookmaking was illegal in South Australia before 1934, and the off-course proportion of betting at the time was probably much higher than in other

states. In South Australia in 1936/37 betting with on-course bookmakers was 2.5 times the betting on the totalisators. For all other states the ratio was 6 to 1.

If we reduce the amount of off-course betting by 2.2 and add to the on-course betting, we obtain a ratio of the total of on-course betting to betting on the tote of 6 to 1. The balance of the off-course betting is 53 percent of on-course betting.

Table 2: PROPORTION OF ILLEGAL BETTORS

Date and Source	Reference (a)	Percent
1933 S.A. police enquiries	South Australia, 1933	13; habitual bettors
1935 Qld. police enquiries	Queensland, 1935	25 in Brisbane, 7 in the State; habitual bettors
1957 Vic. gallop poll	Victoria, 1959	17; bet off course
1962 N.S.W. Ashby Research Service	New South Wales, 1962	28.7; adult population engage fairly often in betting off-the-course

Note: (a) For full reference see notes to text

There are also some figures available of the percentage of illegal betting, and these are summarised in Table 2. The figure for South Australia was based on a detailed questionnaire circulated to police, and there is no reason to believe that the results are biased. The two figures, for South Australia and Queensland do not suggest that illegal betting was much more prevalent in the early 1930s than in the 1960s. Illegal betting was believed by the Royal Commission to have increased substantially following the introduction of the wireless and dissemination of racing information by press agencies and in newspapers in the latter half of the 1920s and as a consequence of the recession.<sup>12</sup> The increase in betting taxes in Queensland and New South Wales in the early 1930s also fostered illegal betting in these States.<sup>13</sup> After the early 1930s, the law against illegal gambling was strengthened in some states, and most states took action to reduce publication and

dissemination of racing information. One estimate (1938) is that in Queensland legalisation in 1936 stopped 80 percent of illegal betting.

The above information suggests that the figures in the last column in Table I probably indicate the general trend in illegal gambling in the 1920s and 1930s (although they may overstate the increase in illegal gambling to 1931), but that the level is perhaps too high. It is possible that illegal betting was about 50 percent of recorded on-course betting in 1920/21, that it increased to about 150 percent by 1930 and then fell again to about 40 percent in 1938/39.

NOTES:

- 1 Power over gambling is vested in the states, and legislation has varied in the different States. Table 3 summarises the status of different types of betting in each State from 1920/21 to 1980/81. It is approximate since the law was often ambiguous. For example, on-course betting may have been legal in Queensland before 1923, and it was tolerated in Western Australia before being legalised in 1954. Off-course credit betting was also probably legal in Western Australia between 1920 and 1954.

Table 3: THE LAW AND GAMBLING

<u>Off-Course Totalisators</u>		<u>Off-Course Bookmakers</u>	
1920	illegal in all States	1920	illegal in all States
1961	legalised in Victoria	1932	legalised in Tasmania
1961	legalised in Western Australia	1934	legalised in South Australia
1962	legalised in Queensland	1942	illegal in South Australia*
1964	legalised in New South Wales	1954	legalised in Western Australia
1966	legalised in South Australia	1962	legalised in Queensland
1975	legalised in Tasmania	1964	illegal in Queensland
		1974	illegal in Tasmania

Note: \* In South Australia racing and betting was banned in March 1942 until October 1943. After 1946 limited off-course betting was permitted, but now exists only in Port Pirie.

2. They operated in Queensland, Western Australia and South Australia.
3. NSW *Royal Commission on Betting* (1962), page 45.
4. Tasmania, *Select Committee on Horse-Racing* etc. (1981) page 6.
5. Queensland, *Royal Commission on Racing and Gaming* (1935) page 51.

6. But note the limitations. In the *Report on Inquiries into TAB Betting in Victoria and Queensland* (S.A. Betting Control Board, 1964) it is suggested that "comparisons between estimates of the pre-TAB illegal betting turnover and TAB turnover is likely to be misleading, because (i) the estimated illegal turnover included bets laid off; (ii) the limits of TAB betting?
7. *NSW* (1962) page 21.
8. See *SA* (1964) page 5.
9. *ibid.* The TAB do not in general pay winning bets until the first working day after the race. Accordingly, punters on the tote have less cash than punters with bookmakers. As well, bettors may be able to get better odds with bookmakers.
10. *SA* (1964) page 6.
11. *SA Royal Commission on Betting Aims and Practice* (1938) page 23.
12. See, in particular, *SA Royal Commission on Betting* (1933). It was, however, suggested that the average size of bets had fallen (*SA*, 1933, page 27), although it also appeared that there were more illegal bettors (*Queensland* (1935) page 60).
13. *Queensland* (1935) pages 15-16.