

## **COUNTING BETS: A COMMENT**

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Haig's paper illustrates clearly the near futility of attempting to measure the volume of illegal betting in Australia. His method, involving the establishment of a bench-mark figure for betting as a constant percentage of total personal consumption expenditure, and then using known legal betting figures to derive illegal betting figures, appears at first reading, to provide a genuine means of measurement; especially when he suggests that the results can be tested against other available information.

However, when the method is applied, its weaknesses become apparent, for Haig has been forced to make assumptions which have little demonstrated validity and even the "other information" available for testing the results, is highly questionable - and

and based as much on guesswork as on any more scientifically based estimate. Furthermore the paper suffers from inadequate definition of its terms.

A major difficulty arises from the use of the word "betting" in Haig's hypothesis. If he had chosen to widen his inquiry to include "gaming" the hypothesis might have approached reality more closely. As it stands the hypothesis is open to serious question, as demonstrated by the impact of increasing legalisation of gaming in the 1970s. This can be illustrated most clearly by reference to the Tasmanian experience.

Between 1973-74 and 1982-83 the total legal gambling turnover for the state increased from \$94.2m to \$250.6m (167%); a rate roughly in keeping with the Consumer Price Index rise over the same period.' However, the increase in legal betting over that period (which included the introduction of the off-course T.A.B.) was only 73.1%.<sup>2</sup> The turnover for legal gaming over the same period grew from \$30.6m to \$154.3m, an increase of 404.2%.<sup>3</sup> More importantly these figures represent a decline in betting's share of the legal gambling dollar from 67.5% in 1973-74<sup>4</sup> to 43.9% in 1982-83; and a corresponding increase in gaming's share from 32.5% to 56.1%.

These figures demonstrate that, even if the total volume of gambling remains a constant proportion of personal consumption expenditure, competition for the gambling dollar ensures variations in the distribution of gambling expenditure between betting and gaming. Given that the history of Australian gaming and betting since 1920 has been largely a story of increasing legalisation of various forms of gaming, it appears certain that legal betting's share of personal consumption expenditure must have declined consistently. Legalisation of lotteries, poker machines, bingo and more recently, casinos, lotto, pools and instant lotteries, have all contributed to a decline in betting's share of gambling turnover.

Haig's assumption of a constant distribution of personal consumption expenditure is also fundamentally ahistorical. It ignores such things as changes in lifestyle and consumption patterns over the five decades discussed. Australian post-war obsession with home-ownership and maintenance, and the boom in household technology and other forms of consumerism, must have resulted in changed

expenditure patterns which make Haig's assumptions of consistency highly suspect. The difficulty with this assumption is also highlighted in his Table 1 by the figures for 1930/31 and 1931/32. Because on-course betting in these years slumped dramatically, compared with the figure for 1920/21, Haig's formula demands that the figures representing illegal betting turnover must rise accordingly. This exercise makes no allowance for the depressed economic circumstances of the early 1930s. Whilst it is indeed quite possible that the *proportion* of betting which took place on course declined, as bettors were less inclined to spend money on racecourse admission fees, it must be unlikely that this decline was compensated for fully by a rise in illegal betting turnover.

The paper is also flawed by estimates or guesses which are open to question. The suggestion that the estimates of illegal betting the paper is concerned with, represent about three-quarters of the total illegal betting and "refer generally only to the betting in small establishments" is confusing. Does this mean that the betting turnover in the large clubs is ignored, and if so why? Perhaps the missing one-quarter really refers to illegal betting on events other than horse or dog racing. Football, boxing, cycling, athletics and other common objects of betting are certainly ignored elsewhere in the paper.

Another source of confusion concerns the assumption that "the [pre- T.A.B.] illegal betting was equal to the recorded betting with the licensed off-course totalisator". In this case there are simply no grounds for this assumption. Haig recognizes that not all punters who previously bet illegally patronised the T.A.B. once it was introduced, but he claims that those who did not were counter-balanced by the 20-25% new bettors attracted by the legalised tote. This leads to the subsequent claim that the volume of illegal betting in 1970/71 can be identified as 20-25% of legal off-course betting. Even if we could assume that 20-25% of old illegal bettors continued to patronise illegal bookmakers-in preference to the T.A.B., that would tell us very little about their betting turnover. Given the nature of T.A.B. betting (especially in its early years) it is far more reasonable to assume that the 20-25% new bettors attracted to the T.A.B. were small investors, whilst those who continued to bet illegally were the bettors with

the greatest turnover. To assume that these two balanced each other is quite unreasonable in the absence of any further information.

Haig does attempt to test his calculations by reference to official estimates of illegal betting (and even modifies his conclusions accordingly). However, the estimates available are too unreliable and vary too much to be given much credence. Those listed in his Table 2 tell us nothing about betting turnover, but suggest that almost twice as many Brisbanites and New South Welshmen, bet illegally than do Victorians and South Australians. If the four surveys referred to, had arrived at similar conclusions they might have a greater aura of credibility.

Other calculations by Royal Commissioners are just as confusing. A 1958 Victorian estimate suggested that £25m was turned over annually in that state.<sup>5</sup> Five years later a N.S.W. Royal Commissioner estimated a turnover for his state of £275m.<sup>6</sup> These estimates should not however be taken as further evidence that the people of N.S.W. were more inclined to bet illegally than were Victorians. The Commissioners did agree on one thing at least, that their estimates were little more than guesses. Both expressed the opinion that there were too many unknown factors involved to make reliable calculations possible.

Brian Haig has attempted to do the impossible, but he too is dependent upon too many unknown factors, for which his assumptions are insufficient substitutes.

#### NOTES:

1. *Tasmanian Racing and Gaming Commission Report*, 1983, p. 8.
2. In Tasmania off-course bookmakers were allowed to operate in centrally located premises, prior to the introduction of the T.A.B.
3. *Tasmanian Racing and Gaming Commission Report*, 1983, p. 8.
4. 1973-74 was the first full year of operation for the Wrest Point Casino, which accounted for \$29.1m of the legal gaming turnover.
5. Victoria, *Royal Commission into Off-Course Betting*, 1959, p. 39-41.
6. N.S.W., *Royal Commission into Off-Course Betting*, 1963, pp. 18-22.